



Maendeleo Bank Plc **Prospectus 2017**



MAENDELEO BANK PLC

(Incorporated under the Companies Act 2002 in the United Republic of
Tanzania with Certificate of Incorporation No. 81006 dated 18 January 2011)

PROSPECTUS

For a Public Offer by Maendeleo Bank Plc of 17,612,417 New Ordinary
Shares of TZS 600 per share.

Offer opens: 18th Sept, 2017
Offer closes: 3rd Nov, 2017
Expected listing date: 5th Dec, 2017

Prospectus Date: September, 2017

CAUTION

This Prospectus has been prepared in compliance with the Capital Markets and Securities Act, Cap. 79 of the Laws of the United Republic of Tanzania (Act No. 5 of 1994) and the Companies Act, Cap 212 of the Laws of United Republic of Tanzania (Act No. 12 of 2002).

A copy of this Prospectus has been delivered to the Capital Markets and Securities Authority (CMSA) for approval and the Registrar of Companies (BRELA) for registration. Approval of this Prospectus by the Capital Markets and Securities Authority is not undertaken as indication of the merits of the Maendeleo Bank Plc or its shares. The securities offered in this Prospectus have not been approved or disapproved by the Capital Markets and Securities Authority.

Prospective Investors should carefully consider the matters set forth under the caption “Risk Factors” in section 7 of this Prospectus. If you are in doubt the contents of this Prospectus, you should consult your Investment Advisor, Stock Broker, Lawyer, Banker, Dealer or any other Financial Consultant.

Prospectus in respect of a public offer of 17,612,417 New Ordinary Shares of Maendeleo Bank Plc at TZS. 600 per share.

IMPORTANT INFORMATION

The information given in this Prospectus is in compliance with the requirements of the Companies Act Cap. 212 (Revised Laws 2002) of the Laws of Tanzania, the Capital Markets and Securities Act No. 5 of 1994, as amended in 2010, the Regulations of the Capital Markets and Securities Authority (CMSA), Capital Markets and Securities (Prospectus Requirements) - Amended (Second Schedule) and the Rules of the Dar es Salaam Stock Exchange (DSE).

This Prospectus has been prepared in respect of the issue of and subscription for the offer shares and the subsequent listing of the shares along with existing listed shares in the EGM segment on the Main Investment Market Segment (MIMS) following the approval of the existing shareholders through the AGM resolutions passed on 6th May 2017.

The Directors whose profiles are provided in Section 6, have taken all reasonable care to ensure that opinions stated and expressed herein are true and accurate in all material respects.

The Prospectus also contains the Reporting Accountant's opinion from Mhasibu Consultants, which constitutes a statement made by an expert. Mhasibu Consultants have given and not withdrawn their consent to the issue of the said statement in the form and context in which it is included in this Prospectus in Section 9.

Abenry & Company, the Legal Advisors to the transaction, have given and not withdrawn their written consent to have their legal opinion included as part of this Prospectus in Section 10.

The offer shares applied for, pursuant to the public offer, shall rank pari passu in all respects with the existing issued shares.

FORWARD LOOKING STATEMENTS

This Prospectus includes “forward-looking statements” that express or imply expectations of future events or results. They are defined as statements that do not have historical facts and they include, but are not limited to, financial projections, financial estimates, their respective underlying assumptions, statements regarding plans, objectives and expectations with respect to future production, operations, costs, products or services, or statements regarding future performance of MBP.

Despite the fact that forward-looking statements have inherent risks, uncertainties and other factors, MBP believes that the expectations that have been reflected in all their forward-looking statements are reasonable.

However, in view of the risks and uncertainties involved, it is important for Prospective Investors to know that it is difficult to predict precisely and therefore it is generally beyond the control of the Issuer. Actual results and developments may differ materially from those expressed in, or implied or projected by, the forward-looking information and statements contained in this document.

Some of the factors that may cause differences between the predicted or expected performance or achievement and actual results, include among others, competition, changes in laws, political, economic and business conditions, industry trends, and fluctuations in exchange rates, local and foreign inflation.

Based on the above factors, all Prospective Investors are advised to make their own inquiries with appropriate professional advisors before reaching a decision on whether or not to make an investment in the bank’s shares. They should not place absolute or sole reliance on forward looking statements contained in this Prospectus.

It is important to note that shares of MBP are being offered to both Tanzanian and non-Tanzanian persons.

In case of any doubt as to the meaning of the contents in this Prospectus or what action to take, please consult your Broker, Lawyer, Banker, Accountant, Lead Transaction Advisors or Licensed Investment Advisors for advice.

DIRECTORS' DECLARATION:

As Directors of MBP we have made all our reasonable inquiries. We accept the responsibility for and confirm that this Prospectus contains all information with regard to the MBP and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions misleading in any material respect.

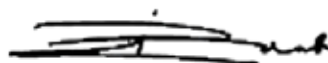
We hereby declare that we will comply with the Company's Act on the age of retirement of the Directors, and in compliance with the good corporate governance requirements of the CMSA.

We further declare, that MBP will have adequate working capital for the current and future needs of the Bank.

We also confirm that none of us has ever been involved in bankruptcy, liquidation or other regulatory prohibitions and that we are not aware of any material litigation or proceedings that may have material impact on MBP.



BOARD CHAIRPERSON



BOARD SECRETARY

TERMS AND ABBREVIATIONS

Accountants' Report Application Form	The report of the Reporting Accountants The Share Application Form set out in Appendix 2 of this Prospectus
Authorized receiving agents	Authorized licensed dealing members and banks in Tanzania whose details are set out in Appendix 1 of this Prospectus
Bank	Maendeleo Bank PLC.
Banking Act	Shall mean the Banking and Financial Institutions Act, Cap. 342;
BMI	Business Monitor International
BoT	Shall mean the Central Bank of Tanzania, established under the Bank of Tanzania Act, Cap 197
Business Day	A day on which Maendeleo Bank Plc is open for business in Tanzania
CSD	Central Securities Depository at the Dar es Salaam Stock Exchange Plc
Closing Date	The last date and time for submission of Application Forms for this offer for subscription, which is at 1600 hours on 4 th October 2017.
CMSA or Authority	Shall mean the Capital Markets and Securities Authority established under the Capital Markets and Securities Act, Cap 79;
CMS Act	Shall mean the Capital Markets and Securities Act, Cap 79;
Companies Act	Shall mean the Companies Act, Cap. 212;
Company	Maendeleo Bank Public Limited Company, a company incorporated in Tanzania on 18th January, 2011 under Certificate of Incorporation No.81006.
Directors	The Directors of the Company whose names are given on page 30 - 36.
DPS	Dividend Per Share
DSE	Dar Es Salaam Stock Exchange or the Exchange
ECD	East and Coastal Diocese
EIU	Economic Intelligence Unit
ELCT	Evangelical Lutheran Church of Tanzania
EPS	Earnings Per Share
FDIs	Foreign Direct Investment
FSDT	Financial Sector Deepening Trust
Final Allotment	13 th November 2017
GDP	Gross Domestic Product
Green shoe option	An agreement that gives the issuer the right to issue shares to investors who have subscribed for more shares than are on offer, subject to a stated limit above the offer shares

TERMS AND ABBREVIATIONS

IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Initial Allotment	Allotment to be made on 13 th November 2017, to investors who had paid for their shares in advance.
IPO	Initial Public Offer
“MBP” or “the Issuer”	Maendeleo Bank Public Limited Company
MFIs	Microfinance Institutions
NBFI	Non-Bank Financial Institution
NGO	Non-Government Organization
Offer Price	TZS 600 per share
Official Listing	The date, in this case 5 th December, 2017, when shares on Offer in the PO can be listed for sale at the DSE
Opening Date	The first date for acceptance of applications for the offer of shares which is 18 th September, 2017
Ordinary Shares	Ordinary shares of TZS 600 each in the share capital of the Company
Oversubscription	Money collected in the IPO that is more than the value of shares issued on offer
PE	Price Earnings ratio
POS	Point of Sales
Prospectus	This Prospectus, dated July 2017
Qualifying Shareholders	All holders of ordinary shares qualifying shall be on the register of members of the Company
Rules	Rules of the Dar Es Salaam Stock Exchange
SACCOS	The Savings and Credit Cooperatives Society
SELF	Small Enterprise Loan Facility
SMEs	Small and Medium Enterprises
TACH	Tanzania Automated Clearing House
“TMRC”	Tanzania Mortgage Refinance Company
TZS	Tanzanian Shillings
USD	United States Dollar



BOARD CHAIRMAN'S STATEMENT

Dear all Prospective Investors

Maendeleo Bank PLC is in the process of both growing and transformation. It was registered as a community bank operating within the Dar es Salaam Region. Now it is gearing to operate nationwide as a commercial bank.

For those of you who are founder shareholders you will recall that we started off with TZS 4.5 billion worth of shares. When we wanted to expand our branch network we were directed to increase our share Capital base by at least TZS 1.5 billion to which you responded through the Rights Issue by injecting an additional TZS 2.8 billion and by that response we were allowed to open two more branches - Mwenge and Kariakoo branches.

Our share capital now stands at TZS 7.3 billion.

We now need to raise an additional TZS 10.567 billion through this new PO for which we invite both the existing and new shareholders country wide.

I have stated above that entities and individuals who neither save nor invest are robbers. They survive off the sweat of the savers and investors. We therefore urge all serious Tanzanians to decide to invest in Maendeleo Bank PLC because our results in the past three years have been positive. As I wrote in the Prospectus for the Rights Issue, I again recommend that Maendeleo Bank's increased capital base, following the Rights Issue, and now this PO will position Maendeleo Bank PLC to meet its objective as envisioned. I would, on behalf of the Board, strongly recommend that you exercise your chance to buy shares being extended through this PO.

Please read in full the Prospectus and take action within the time table as detailed there in.



Amulike S.K. Ngeliama

Chairperson

MANAGING DIRECTOR'S STATEMENT

Dear Investor,

On behalf of the Management and Staff of Maendeleo Bank Plc, it's indeed my pleasure to welcome you existing shareholders and potential shareholders to invest in Maendeleo Bank Plc. I am delighted to present this Prospectus in connection with the Offer for Subscription of the Company's shares. The Offer for 17,612,417 ordinary shares at an offer price of Tzs. 600 per share is open to Tanzanian and non-Tanzanian persons.

Maendeleo Bank Plc is a regional bank which started its operations in September 2013 after obtaining a banking license from the Bank of Tanzania to operate in Dar es Salaam Region. The bank was established by the Evangelical Lutheran Church in Tanzania – Eastern Coastal Diocese and was listed at the Dar es Salaam Stock Exchange Plc (DSE) after obtaining approval from the Capital Markets and Securities Authority (CMSA) to raise capital through sale of shares to the public, where its first PO (Public Offer) was issued in August 2013 and managed to collect enough capital for the bank's establishment. The bank is now owned by over 3,000 shareholders, regardless of their faith, origin and nationalities.

The broader goal of the bank is to provide banking services to the emerging Tanzanian businesses at affordable prices to enable the emerging businesses and financially excluded people in the country to have access to financial services. Our business model is characterized by convenience, affordability, accessibility and flexibility. The bank's strength lies on humility, courage, and passionately caring for our communities across the country.

Maendeleo Bank became the first bank and company in Tanzania to be registered into Dar es Salaam Stock Exchange Plc (DSE) from its EGM inception under the Enterprise Growth Market (EGM) window. In September 2016 the bank was recognized as the best listed bank under Enterprise Growth Market by Dar Es Salaam Stock Exchange Plc (DSE) which was a recognition of good practice in cooperate governance, good leadership, consistent reporting and corporate social responsibility.

Over the three years of operations, Maendeleo Bank has emerged to be a rapidly-growing bank in Tanzania with about 15,000 customers, customer deposits of Tzs. 32.54 billion, outstanding loans of Tzs. 24.97 billion and total assets of Tshs. 41.60 billion. As per the audited financial statements of 2016, the bank realized an after tax profit of Tzs. 555.0 million.

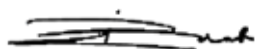
Maendeleo Bank's vision is 'To be the premier bank in Tanzania which is customer need driven with competitive returns to the shareholders'. Throughout its existence, Maendeleo Bank successfully lived this vision by providing quality customer service to its customers and this has enabled the bank to attain the above mentioned levels of success. We are grateful to the Government and to the Bank of Tanzania in particular for the great initiatives and transformation that Tanzania's banking and financial sector is undergoing to which we are committed to be part in contributing significantly to this exciting journey.

The main reasons for the bank to raise capital through this PO includes: to capitalize the bank to meet the Bank of Tanzania requirements of minimum core capital of at least Tzs. 15.0 billion for a nationwide commercial bank, to upgrade its core banking system so that it can cope with the business growth and to meet the planned network expansion across the country and establishment of alternative delivery channels and development of new products.

This PO will enable the bank to accomplish two main historical milestones which are: the graduation from regional bank status to a full-fledged commercial bank and to graduate from the Enterprise Growth Market (EGM) window at the DSE to the Main Investment Market (MIM) window and by which we will continue to lead and maintain the legacy of being the first bank and company to be listed at the DSE from its inception and the first to graduate from EGM to MIM.

We therefore, kindly invite all Tanzanians and non-Tanzanians to have a stake in Maendeleo Bank Plc.

May God Bless You All.



Ibrahim Mwangalaba
Managing Director.

Maendeleo Bank Plc Prospectus

CORPORATE DIRECTORY:

CERTIFICATE OF INCORPORATION NO: 81006 dated 18 January 2011

Important Notice:

Registered Office:

Maendeleo Bank PLC
Luther House
Sokoine Drive
PO Box 216
Dar es Salaam
Tanzania

Company Lawyers:

BM Attorneys
P.O Box 4681
Dar es Salaam
Tanzania

Bwana Attorneys
IPS Building
PO Box 20437
Dar es Salaam
Tanzania

Main Bankers:

CRDB Bank PLC
Mbagala Branch
PO Box 700134
Dar es Salaam

Bank of Africa
NDC Branch
PO Box 3054
Dar es Salaam
Tanzania

Auditors:

Ernest & Young
Certified Public Accountants
Tanhouse Tower (4th floor)
Plot No.34/1
Ursino South,
New Bagamoyo Road
Dar es Salaam, Tanzania

Correspondent Bank:

Diamond Trust Bank
Main Branch
PO Box 115
Dar es Salaam
Tanzania

Whether it's cloudy or sunny,
your savings is safer with us





MEMBERS OF THE BOARD OF DIRECTORS

S/No	Name	Title
1	Amulike S.K. Ngeliama	Chairperson: Non-Executive
2	Dosca K. Mutabuzi	Vice Chairperson: Non-Executive
3	Amb. Richard E. Mariki	Non-Executive
4	Naftal M. Nsemwa	Non-Executive
5	Rev. Ernest W. Kadiva	Non-Executive
6	Felix H. Mlaki	Non-Executive
7	Anna T. Mzinga	Non-Executive
8	Ibrahim Mwangalaba	Executive & Secretary to the Board



TRANSACTION ADVISORS:

LEAD TRANSACTION ADVISOR & SPONSORING BROKER



NIC Life House, 2nd Floor, Wing C,
P.O Box 38024,
Dar es Salaam, Tanzania
Tel: +255 22 2112844
Email: archfia@gmail.Com

REPORTING ACCOUNTANTS



Mhasibu Consultants
Sokoine Drive, Nic Life House
P.O. Box 78047
Dar Es Salaam, Tanzania
Tel: +255 22 2120238/732991002
Fax: +255 22 2124782
Email: mhasibuconsultants@mhasibu.com

AUTHORISED COLLECTING BANK



CRDB Bank PLC
P.O. Box 268,
Dar es Salaam, Tanzania
Tel: +255 22 219 7700
Web: www.crdbbank.com.

SHARE REGISTRAR



Dar Es Salaam Stock Exchange Plc
14th Floor, Golden Jubilee Towers,
Ohio Street, P.O. Box 70081,
Dar Es Salaam, Tanzania
Tel: 255 22 2123983:
Email: info@dse.co.tz

LEGAL ADVISORS



Abenry & Company
Golden Jubilee Towers, 3rd Floor,
Main Tower, Ohio/Kibo Street
P.O.Box 3167, Dar Es Salaam,
Tanzania.
Tel: +255 22 2129461/2129462
Website: www.abenry.com

RECEIVING BANKS



Maendeleo Bank Plc
Luther House, Sokoine Drive
Po Box 216,
Dar Es Salaam, Tanzania
Phone: +255 22 2110518
Email: shares@maendeleobank.co.tz

AUTHORISED COLLECTING BANK

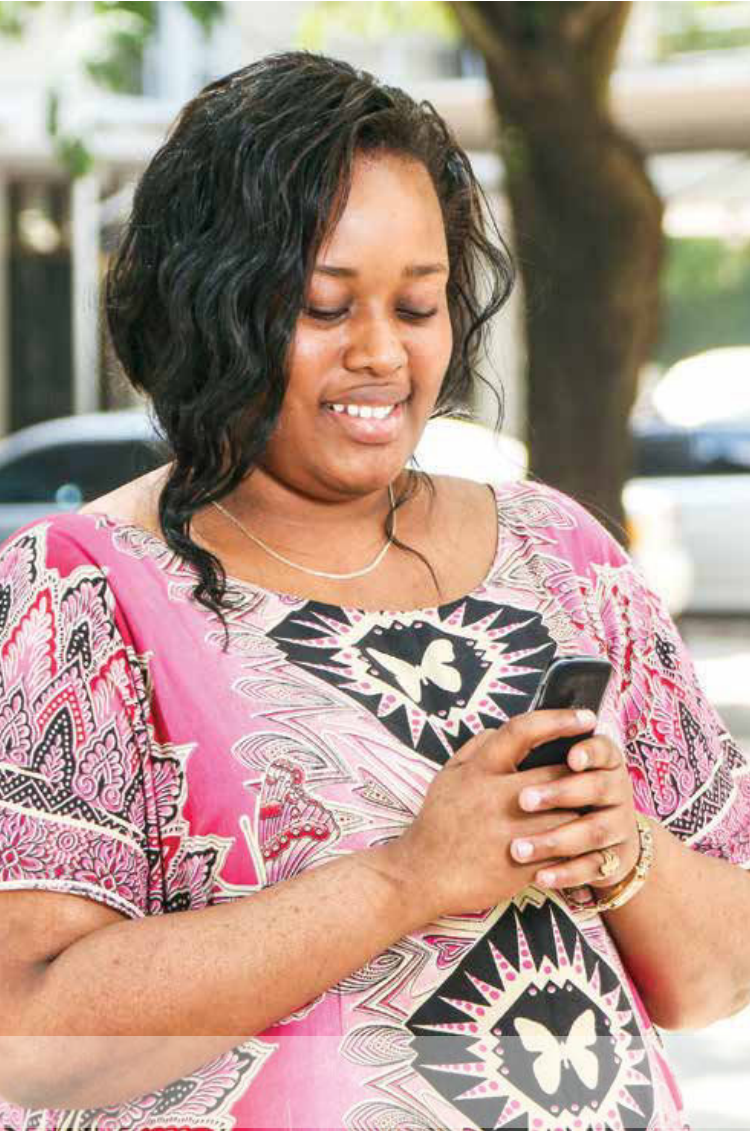


Uchumi Commercial Bank Ltd
P.O.Box 7811
Moshi, Tanzania,
Tel: 027 275 0491
Email: ucb@uchumibank.co.tz

PR FIRM



EAG Group Ltd
5th Floor Ngome Building
Sinza Africasana
P.O.Box 33971, Dar es Salaam,
Tanzania.
Tel 255 22 2774692.



MB Mobile

Benki mkononi mwako

MB MOBILE INAKUWEZESHA:

- Kujua salio kwenye akaunti yako
- Kuhamisha fedha toka kwenye akaunti yako
- Kununua Luku
- Kuangalia taarifa fupi ya fedha
- Kupata taarifa ya miamala yako

1.0 FEATURES OF THE OFFER

Offer Key Statistics

Offer price per ordinary share	TZS	600
Number of shares offered for sale		17,612,417
Gross proceeds of the offer	TZS	10, 567,450,200
Estimated net proceeds of the offer (after expenses)	TZS	10,000,000,000
Estimated Public Offering Cost	TZS	567,450,200
MBP's total authorized shares	TZS	50,000,000 Ordinary shares 10,000,000 Preference shares
MBP's authorized share capital	TZS	30,000,000,000
Number of issued & fully paid up shares before the offer		14,590,691 Ordinary shares
Issued & fully paid up capital before the offer	TZS	7,350,962,480
MBP's shares per value	TZS	500

This Offer has a CMSA approval for a Green Shoe option of up to 50% of the shares on offer.

Table of Key Events

Opening date	18 th Sept 2017
Closing date	03 rd Nov 2017
Allotment	13 th Nov 2017
Delivery of Share Register to DSE	14 th Nov 2017
Announcement of Results of the offer	15 th Nov 2017
Electronic Crediting of CSD Accounts	15 th Nov 2017
Processing of Refunds	16 th Nov 2017
Printing of CSD Receipts	16 th Nov 2017
Listing date and commencement of trading of shares on the DSE	05 th Dec 2017

ESTIMATED PUBLIC OFFERING COST

Items	TZS.
Lead Advisor & Sponsoring Broker	45,000,000
Legal Adviser fees	15,000,000
Reporting Accountant fees	11,000,000
Receiving Banker, Collecting Agents success fees	200,000,000
DSE Listing	10,000,000
CMSA Prospectus Approval Evaluation Fee	50,283,725
CSD Processing fees	10,000,000
Printing of CSD Receipt TZS 1000 per CSD (est.)	10,000,000
Advertisement costs	74,966,475
Printing of prospectus, brochure and Share Application form	70,800,000
Other expenses including education and awareness visitations	70,400,000
Estimated Total PO Costs	567,450,200

Note 1: Cost of printing CSD receipts might increase depending on number of applications during public offer.

Authorized and issued share capital:

Maendeleo Bank Plc has a total authorized share capital of TZS 30 billion consisting of 50million ordinary shares and 10million preference shares valued at TZS 500 each. Total issued ordinary share capital amounts to TZS. 7,350,962,480. An additional 17,612,417 ordinary shares will constitute a Public Offer at a value of TZS 600 per share.

- Total of issued & paid up shares after the Offer will be 32,203,108 Ordinary shares
- Fully paid up MBP's share capital after the Offer will be TZS 17,350,962,480
- MBP's Market Capitalization at the Offer Price will be 19,321,864,800.00



2.0. OFFER DETAILS

2.1 The Basis and Offer Price

The Board has set the Offer Price at a value of TZS 600 for each new Ordinary Share based on the current market price of Maendeleo Bank Plc share which is being traded at the Dar es Salaam Stock Exchange. The price has taken into account the price of Yetu Microfinance Plc which is listed at the Dar es Salaam Stock Exchange Plc and is more or less similar to Maendeleo Bank Plc.

2.2 Offer for Subscription

A total of 17,612,417 new ordinary shares are hereby offered to the public by Maendeleo Bank Plc at a price of TZS. 600 per share payable in full in accordance with the eligibility criteria outlined in Section 2.5 below.

2.3 The Purpose of the Offer

The main objective of the offer is to enhance the capital base of the bank so as to raise the status of the bank from Regional to Commercial bank.

2.4. Use of Net Proceeds

The net proceeds of TZS 10,000,000,000 from the sale of 17,612,417 shares will be used to capitalize the Bank to meet the Bank of Tanzania requirements of minimum core capital of TZS. 15.0 billion for a Commercial Bank. In particular, the amount raised will be used

- to expand bank operations. The bank intends to open more bank branches within Dar es Salaam and upcountry so as to increase financial inclusion and enhance its capital base, which will ultimately increase shareholders wealth.
- to purchase of new bank information system so as to accommodate the new expansion of the bank,
- for establishment of alternative delivery channels and
- for development of new products to meet client's needs.

2.5 Eligibility

The offer to subscribe for shares is open to all Tanzanians and non-Tanzanians, subject to Section 15 (1) & (2) of The Banking and Financial Institutions Act, 2006, that restrict ownership in banking and financial institutions as hereunder:

- A person shall not own or control, directly or indirectly, a beneficial interest of more than twenty percent of the voting shares of any bank or financial institution, except as provided in this section.
- Any transfer of ownership or control of a beneficial interest in shares of a bank or financial institution that results in ownership or control of five percent or more of voting shares shall be void unless the Bank has granted prior approval of the transfer.

2.6 Minimum number of shares per application

The minimum number of shares that may be applied for is 100.

Investors may apply in multiples of 10 shares.

Subject to the eligibility requirements in section 2.5 above, there is no maximum restriction on the total number of offer shares that may be applied for.

2.7 Allotment Policy

Subject to CMSA approval, in case of oversubscription, subscribers will be allotted in full for the amount of shares applied for and there will be a Green Shoe option to retain proceeds up to 50% of the PO size.

2.8 Rights and Transferability

The offered shares are issued subject to the Memorandum and Articles of Association of the Bank and will rank *pari passu* in respect of the voting rights, dividends, capital, and pre-emptive rights to subscribe to new issues of shares.

2.9 Dividend Policy

The declaration of dividends will be recommended by the Board of Directors and approved by the shareholders. This will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial position of the Bank. The Dividend Policy is to pay out not less than 40% of profit after tax.

2.10 Tax Implications

Applicants should consult their own professional tax advisors in regard to the tax implications of subscribing for, holding and disposing of the shares under the offer. The Bank, its staff and advisors do not accept any responsibility or liability for any tax consequences to applicants subscribing for, holding and disposing of offer shares as a result of the offer. Holders of shares in companies listed at the DSE are subject to a 5% withholding tax on dividends as opposed to 10% for unlisted banks. There is no stamp duty payable on transactions in shares listed on the DSE compared to transaction outside the DSE which are charged at 6%. Capital gains tax is also zero for DSE transactions compared to 10% outside the Exchange.

2.11 Central Securities Depository Account

All applicants will have to have a CSD account for the purpose of subscribing for the offer shares. Those who do not have a CSD account will have to submit a duly completed and signed CSD account application form with any of the authorized collecting agents. The offer shares will be credited electronically to the holder's respective CSD account as per the timetable of principal events. All transfers of shares will be effected through the CSD account. It is the responsibility of the applicant to ensure that their CSD account details are correct.

2.12 Time Table & Application procedure

2.12.1 Time Table

- Applications for the shares will be open at 9am on 18th Sept 2017 and will close at 4pm on 3rd November 2017.

- Applications for the shares must be received by any of the Authorized Receiving Agents listed in Appendix 1 below, by not later than 4pm on 3rd Nov 2017.
- Application has been made to list all the shares on the Dar es Salaam Stock Exchange in the Main Market on 5th December, 2017.
- Dealings in Maendeleo Bank Plc shares are expected to commence on 5th December 2017.

2.12.2 Application Procedure

The summarized procedures below should be read in conjunction with the detailed instruction for applying for Offer Shares as contained in this Prospectus, as well as the instructions on the Application Form.

Copies of this Prospectus and Application Forms are available to prospective investors during normal working hours on Business Days until 4:00 pm on the Closing Date from all collecting agents.

- An applicant wishing to apply for offer shares must duly complete and sign the accompanying Application Form and return the same accompanied by proof of payment in TZS, by way of electronic funds transfer, cash or a banker's or authorized selling agent's cheque (as may be applicable) so that it is received by the receiving bank before the Closing Date. All such application forms must be accompanied by proof of payment by way of electronic funds transfer and/or mobile money payment, cash or an authorized cheque for the full amount due for the offer shares applied for by that applicant.

Late application will not be considered. Acceptance of application will only be considered if received by the receiving bank or any of the collecting agents by the Closing Date and Time. Accordingly,

neither the Lead Transaction Advisor nor the Company will accept any responsibility for any applications that are, or may be misdirected.

- Applicants may make their applications for shares through the DSE Platform by dialing *150*36# which has been designed for potential shareholders who may not be able to access normal banking systems or stock brokers. Upon making an application for share purchase, the applicant will receive a reference number which can then be used to make payments via M-Pesa by dialing *150*00# or other mobile payment platforms.

- Application by/for Minors
Minors are permitted to apply for Offer Shares with the assistance of their parents or a legal guardian who should sign the Application Form on their behalf.

2.13 Payment Procedures

- Mobile money payment: Details for Maxmalipo payment procedure is presented in the last page - Applications using mobile.

- Applicants through other mobile money services may use Maxmalipo platform.

- Banker's cheque: Payment for the shares shall be in the form of Banker's cheques for values below TZS 10million. Banker's cheques must be drawn by a licensed bank which is a member of the BOT Clearing House. Addressed to Maendeleo Bank PLC Public Offering Collection Account.

- TISS: Payment for shares shall be made through TISS for values above TZS 10.0 million.

- Authorized cheque or cash should be made payable through Maendeleo Bank PLC Collection Account Number 20500023, SWIFT CODE MBLTZTZ, Branch LUTHER HOUSE.

- Cash Payment: Cash payments may also be made through Authorized Collecting Agents or may be deposited by the applicant to the dedicated collection account.

- All payments must be made in TZS.

- No interest will be payable by the receiving bank or the collecting agents on money paid for the Offer Shares.

2.14 Applicant's agreements

Signing an application form implies that each applicant:

a) Has agreed that neither Maendeleo Bank Plc, its advisors nor any of the authorized collecting agents shall be liable for delay should an application form not be received by the Closing Date; and that having had the opportunity to read this Prospectus, they shall be deemed to have had notice of all information and representations concerning Maendeleo Bank Plc contained herein.

b) Confirms that in making such application they are not relying on any information or representation in relation to Maendeleo Bank Plc other than that contained in this Prospectus and accordingly agrees that no person responsible solely or jointly for this prospectus or any part thereof shall have any liability for any other information or representation.

2.15 Acceptance and Settlement

Arch Financial & Investment Advisory Ltd who are the Lead Advisors and Maendeleo Bank Plc reserve the right to reject any application not complying in all respects with the terms and conditions spelt out in this Prospectus or if any Application Form is not completed as required, subject to CMSA approval.

Upon acceptance of any application, the Bank and the Lead Advisors will as soon as possible allot and thereafter the Registrar will transfer the ordinary shares concerned into the name of the applicant.

Applicants will receive allotted offer shares in electronic form by way of crediting their CSD Accounts with the allocated number of offer shares. If the applicant has indicated in the appropriate block on the Application Form that S/he wishes to collect the CSD Receipt or any refund cheque, the CSD Receipt and refund cheques will be forwarded to the Authorized Receiving Agent through whom his Application Form was submitted. No CSD Receipt or refund cheques will be released by the Authorized Receiving Agents at which the application was lodged unless the receipted and numbered original receipt/counterfoil of the Application Form is produced. Otherwise share certificates and refund cheques will be dispatched by ordinary mail to the postal addresses set out in the Application Forms at the applicant's risk. Interest will not be paid on any amounts refunded or indeed deposited at the time of application.

By signing the Application Form, an applicant agrees to accept transfer of such number of shares (not exceeding the number applied for) as shall be allotted to the applicant upon the terms and conditions of the Prospectus and subject to the Company's Memorandum and Articles of Association and agrees that the Bank may enter the applicant's name in the register of members of the company as the holder of such shares.

In the event of a discrepancy between the number of shares applied for and the value thereof, the Lead Advisors and the Bank may, in their discretion, adjust the number of shares to correspond with the value received for their application.

2.16 Rejection Policy

Maendeleo Bank Plc, in consultation with the Lead Transaction Advisors and CMSA, may reject any applications in the following cases, including but not limited to:

- Missing information in the application forms;
- Inaccurate Application forms;
- Offers applied are not in multiples set out in this Prospectus;

- Application form together with the application money paid in accordance with the sections above is not received by any authorized Collecting Agent within the dates and times stipulated in this Prospectus.

2.17 Refund Policy

All refunds shall be by way of electronic funds transfer to the bank account details provided in the application form or banker's cheque or bank draft in case the electronic transfer fails. No interest will be paid on any application monies refunded as a result of the oversubscription of the Offer.

2.18 Underwriting

The offer is not underwritten; however, the Issuer has firm written commitments for subscription from some prospective investors like Diocese Institutions of the Evangelical Lutheran Church in Tanzania (ELCT).

2.19 Withdrawal of Offer

The Company reserves the right, in consultations with CMSA, not to proceed with the Offer at any time before the PO opens.

2.20 Governing Laws

Any contract resulting from acceptance of any application to purchase shares of Maendeleo Bank Plc shall be governed by and construed in accordance with Tanzania Laws.



3.0 SUMMARY OF TRANSACTION

3.1 Legal Status of the Bank

Maendeleo Bank Plc was initially registered as a Limited Company on February 2011. On September 9th 2013, Maendeleo Bank Plc started business as a regional bank after being incorporated as a public limited liability company in Tanzania under the Companies Act, [Cap. 212 R.E. 2002]. It holds Certificate of Incorporation No: 81006 issued on 11th July 2013 and license number NBA 00026 issued by the Bank of Tanzania allowing Maendeleo Bank Plc to carry out banking business.

3.2 Legal Basis of the Offer

The Annual General Meeting of the shareholders of Maendeleo Bank Plc approved the PO on 6th of May 2017 during the meeting held at Diamond Jubilee Hall.

3.3. Background of Maendeleo Bank Plc

MAENDELEO BANK PLC is the result of a strategical decision made by the Evangelical Lutheran Church in Tanzania-Eastern and Coastal Diocese in 2008. Maendeleo Bank Plc. (MB) was registered as a Limited Company in February 2011, later changed to Public Limited Company in June 2013.

On September 9th 2013, Maendeleo Bank PLC., started business as a regional bank. The bank was issued with a license number NBA 00026 to carry out banking business. Maendeleo Bank became the first company and bank in Tanzania to be listed at the Dar es Salaam Stock Exchange Plc (DSE) through the Enterprise Growth Market Window and hence became a Public Limited Company (PLC) from its start. Since then, the bank has been targeting micro, small and medium enterprise markets in Dar es Salaam. Since its launch of operations in September 2013, MB has maintained the underlying vision of building a Tanzanian bank for Tanzanian enterprises.

Its core objective is to create investment value to its shareholders and optimize the growth of the bank through synergies and common development plans. Along with this, the bank is set to deliver excellence by serving customers with efficiency and courtesy.

The Micro, SME and middle corporate segments are the bank's preferred markets. The bank targets customers who operate with a modest risk profile and have a fairly well defined structure.

The Board of Directors is currently composed of eight directors. The Board has deep sector knowledge and the dedicated Board Members have turned out to be an important contributor to MAENDELEO BANK's success. There are currently two committees of the Board, including Audit & Risk Committee and Credit Committee, which meet quarterly and/or when required.

Maendeleo Bank has two distinct business segments to effectively service the differentiated needs of its existing and target customers. These include:

- **SME & Institutional Banking:**
To cater for the needs of the Small and Medium Enterprises as well as other community Banks, Microfinance Institutions, SACCOs and other Microfinance promoting agencies/institutions.
- **Retail & Microfinance Banking:**
To cater for Micro and very small enterprises, Salaried Employees and Working families.

Current Product Lines:

Maendeleo Bank funds its loan portfolio through its deposit products which have provided a stable source of funding for the bank. These deposit product lines include:

- Current Account with and without cheques;
- Savings Accounts;
- Fixed Term Deposits;
- Special Savings Accounts (compulsory for solidarity groups).

In addition to current, savings and credit products, Maendeleo Bank offers fee based services such as foreign exchange, bank guarantees, money transfer and ATM transactions.

Current Main Loan Products:

The bank currently offers about six main loan products which include the following:

- Individual Working Capital Loan for Very Small, Small and Medium Enterprises (MSME);
- Solidarity Group Loans (SGL) for Micro Enterprises;
- Salaried/Consumer Loan for Salaried Individuals;
- Overdrafts for SME and Microfinance Institutions;
- Temporary Term Loans for short term funding need;
- Jamii Loans for Non Profit Organizations (Institutions working for the Community).

Other Services:

Maendeleo Bank has also launched mobile phone payment services whereby clients can make airtime and utility payments remotely

using their mobile phones. Maendeleo Bank intends to expand its payment services using mobile phones, POS and internet technologies to make services more convenient and accessible for clients, in turn providing a revenue stream for the bank.

Financial Performance:

Since commencement of operations, the bank has demonstrated strong financial performance, as evidenced by historical financials shown below in the Income Statement and Balance Sheet. While the Income Statement shows an improved position from a loss of TZS. 281.0 million generated during the year 2014 to a net profit of TZS. 554million generated during the year 2016, the Balance Sheet shows an increase in the total assets of the bank from TZS. 19.0 billion as at 31st December 2014 to TZS. 42.0 billion as at 31st December 2016.

Total Equity of the Bank grew from Tshs 4.5 billion to Tshs 7.3 billion over the span of three years from 2013 to 2016.

Profit and Loss Account and Other Comprehensive Income

	Un-audited	Audited	Audited	Audited
	30/06/2017	31/12/2016	31/12/2015	31/12/2014
	TZS 000	TZS 000	TZS 000	TZS 000
Revenue				
Interest and similar income	2,969,388	7,438,888	5,589,976	1,508,385
Interest and similar Expenses	-1,061,329	-3,408,632	-2,922,061	-257,212
Net Interest income	1,908,059	4,030,256	2,667,915	1,251,173
Written off bad loans	-269,850	-282,298	-	-
Impairment of Loans and Advances	-	-599,357	-352,314	-94,778
Net Interest Income after Impairment	1,638,209	3,148,601	2,315,601	1,156,395
Fees and Commission Income	504,617	1,036,141	890,428	390,714
Fees and Commission Expenses	-31,165	-47,027	-37,999	-12,209
Net Fees and Commission Income	473,453	989,114	852,429	378,505
Net Operating Income	2,111,661	4,137,715	3,168,030	1,534,900
Foreign Exchange Gain/(Loss)	32,885	26,213	-14,974	12,918
Employee Benefit Expenses	-1,078,047	-1,407,947	-1,037,862	-761,144
General and Administration Expenses	-969,059	-1,727,380	-1,644,082	-895,788
Depreciation and Amortization	-229,908	-267,703	-295,044	-211,660
Operating Expenses	-2,244,130	-3,376,817	-2,991,962	-1,855,674
Profit /(Loss)for the year Before Tax	-132,468	760,898	176,068	-320,774
Income Tax Expense	-33,800	-206,358	1,725	39,540
Profit/(Loss) for the Year	-166,268	554,539	177,792	-281,234
Profit/(Loss) and Other Comprehensive Income	-166,288	554,539	177,792	-281,234

Balance Sheet

	Un-audited	Audited	Audited	Audited
	30/06/2017	31/12/2016	31/12/2015	31/12/2014
	(TZS 000)	(TZS 000)	(TZS 000)	(TZS 000)
ASSETS				
Cash and Balances with BOT	3,608,480	5,302,308	6,793,705	2,537,166
Placements and Balances with Other Banks	8,236,180	8,777,313	27,466,284	8,458,378
Government Securities	-	-	994,364	-
Loans and Advances to Customers	27,026,294	24,913,340	17,714,204	7,650,887
Other Assets	1,002,625	968,986	252,309	254,024
Deferred Tax	260,134	260,134	122,773	13,570
Property, Plants & Equipment	1,998,903	1,457,619	1,162,329	797,365
Total Assets	42,132,617	41,679,702	54,505,968	19,711,390
LIABILITIES				
Deposits	34,431,593	32,451,131	48,722,834	15,824,321
Other Liabilities	579,688	1,797,667	362,188	172,002
Income Tax Payable	3,773	147,069	66,610	-
	35,121,054	34,395,869	49,151,632	15,996,323
EQUITY				
Share Capital	7,295,346	7,295,346	4,514,528	4,514,528
Share Premium	55,616	55,616	-	-
Advance Towards Share Capital	-	-	1,461,477	-
Regulatory Reserves	37,031	37,031	315,599	15,348
General Reserve	216,776	216,776	-	-
Retained Earnings	-320,937	-320,937	-937,268	-814,809
Profit & Loss	-166,268	-	-	-
Total Equity	7,117,564	7,283,832	5,354,336	3,715,067
Total Equity and Liabilities	42,132,618	41,679,702	54,505,968	19,711,390

Operational performance overview during the year 2016

During the year 2016, the bank was awarded recognition by Dar es Salaam Stock Exchange as the best listed bank under Enterprise Growth Market window which is a good sign of seriousness and commitment on excellence which the Board and Management have invested in managing the banking business.

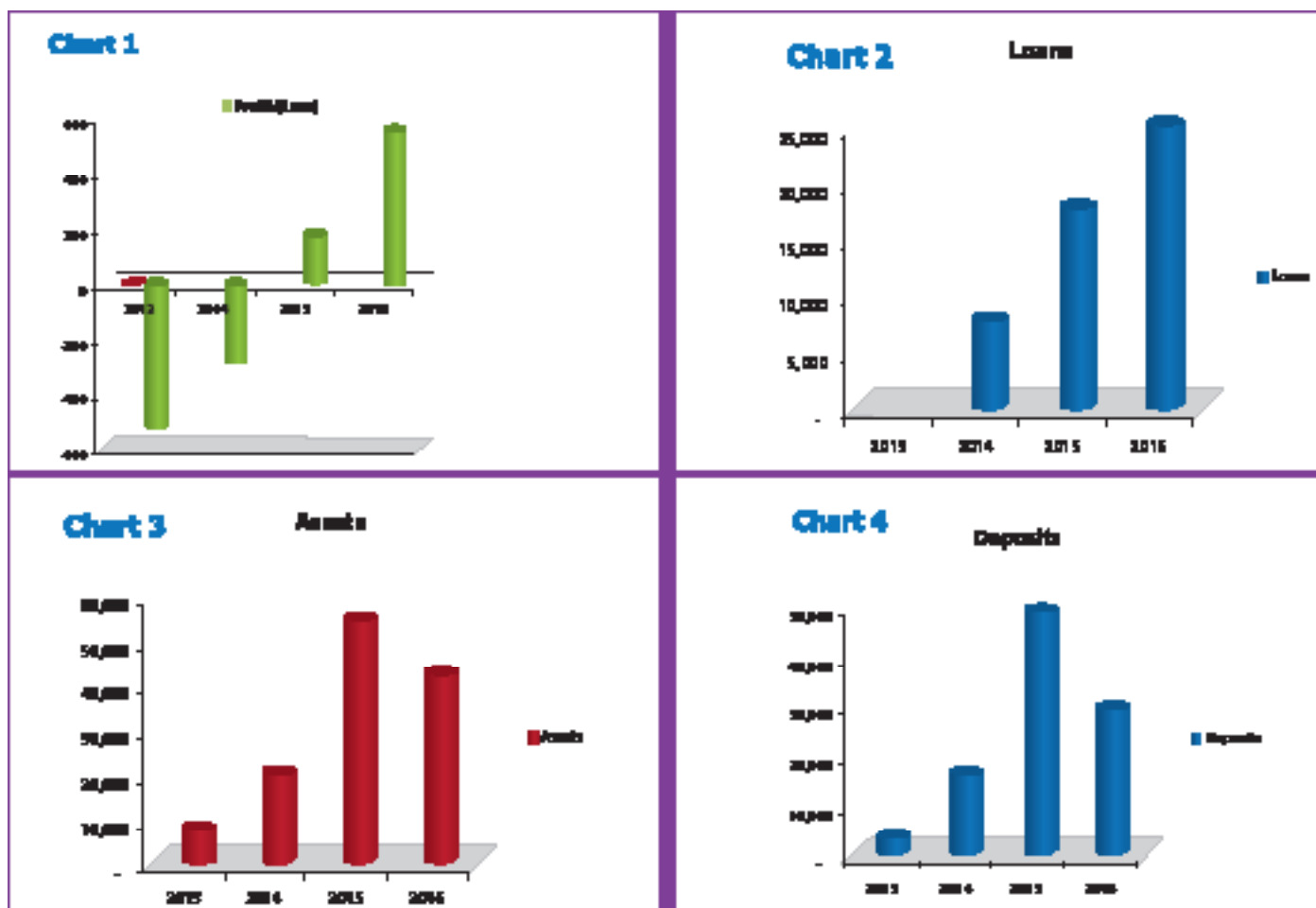
The bank also managed to open one new branch at Tumaini University – Mwenge in October 2016 and the second new branch at Kariakoo which was opened in January 2017, making a total of three branches.

During the year 2016 the bank hosted a delegation of guests from the Republic of Rwanda being a special task force assigned to establish a bank in Rwanda. The main reason of selecting Maendeleo Bank as a case study was due to its performance trend since opening the doors to the public on 9th September 2013. UEM, one of the Bank's major shareholders, referred them to Maendeleo Bank for the study tour and case study. The Bank requested the Board Chairman to visit their Country for sharing with their entire Church Leadership the experience and success story of Maendeleo Bank, which he did and the collaborating churches were very happy and encouraged.

Total number of employees increased from 15 in 2013 to 53 as at 31st December 2016, implying that the bank is fast growing. The employment composition is currently 21 Women and 32 Men.

Summary of performance trend

The bank recorded a profit of TZS. 554.0 Million. Total assets of the bank reached TZS. 41.7 billion. Whereby Loans and advances reached TZS. 25.0 billion and deposits of Tzs. 32.50 billion. The number of customers grew to 14,193 customers. Chart 1 through 4 shows the trend of the major components of the financials.



Profit and Loss and Other Comprehensive Income Projections					
Amount in million shillings					
	Project ed Dec, 2017	Proj. Dec,20 18	Proj. Dec,20 19	Proj. Dec,202 0	Proj. Dec,202 1
INTEREST INCOME					
Interest Income	7,093	10,005	13,006	15,607	18,729
Interest Expenses	(2,705)	(5,002)	(6,503)	(7,804)	(9,364)
Net Interest Income	4,388	5,002	6,503	7,804	9,364
OTHER OPERATING INCOME					
Fees and Commissions	894	1,501	1,951	2,341	2,809
Foreign Exchange Income	52	100	190	156	187
Other Income	-	500	650	780	936
Fees and Commission Income	945	2,101	2,791	3,278	3,933
Total Income	5,333	7,103	9,234	11,081	13,297
Operating Expenses	(4,444)	(5,110)	(5,877)	(6,758)	(7,772)
Operating Profit	890	1,993	3,358	4,323	5,525
Less: Impairment of loan and Advances	(288)	(667)	(867)	(1,040)	(1,249)
Operating Profit/(Loss) Before Taxation	602	1,326	2,491	3,282	4,277
Less: Tax Expense	(129)	(332)	(623)	(821)	(1,069)
Net Profit / (Loss) for the period	473	995	1,868	2,462	3,208
Earnings Per Share	14.52	30.55	57.37	75.62	98.53

Balance Sheet Projections

"Amount in million shillings"

	Proj. Dec, 2017	Proj. Dec, 2018	Proj. Dec, 2019	Proj. Dec, 2020	Proj. Dec, 2021
Cash	1,050	1,365	1,775	2,129	2,407
Balance with Bank Of Tanzania	3,500	6,525	8,873	10,647	12,776
Placements and balances with other banks	19,166	14,489	16,655	19,159	22,026
Debt Securities	7,000	6,000	6,000	7,500	8,500
Loans And Advances (Net)	28,861	38,550	52,704	65,422	82,014
Other assets	1,352	1,487	2,136	2,177	2,612
Fixed Assets	1,603	1,764	2,182	2,400	3,133
Total Assets	57,633	71,473	90,324	109,429	134,469
LIABILITIES					
Customer Deposits	35,000	43,500	56,150	70,880	85,177
Other Liabilities	2,215	2,885	2,818	4,628	6,449
Borrowings	-	1,100	2,938	4,041	5,351
Total Liabilities	37,215	47,485	61,907	79,549	96,977
EQUITY					
Share Capital	17,295	17,295	17,295	17,295	17,295
Share Premium	56	56	56	56	56
Advance Toward Share Capital					
Profit and Loss	284	1,948	2,296	3,224	4,562
Retained Earnings	(321)	(37)	1,311	3,607	6,831
General Reserves	2,896	3,164	4,218	5,234	8,201
Statutory Reserves	108	162	243	365	547
Total Equity	20,418	21,988	25,417	29,780	37,492
Total Equity and Liabilities	57,633	71,473	90,324	109,429	134,469

Underlying assumptions for the projections:

	Assumptions used for Projection 2017-2021		
1	New branches opened Kariakoo & Mwenje to break even on third quarter		
	Deposit Mobilisation Campaign on August - October 2017 expected to bring in 5Bn.		
2	Funds raised from Public on sales of shares 15Bn		
3	Interest income rates		Annual
	Solidarity Group Loans(SGL)		25.00%
	Salaried Workers		15.00%

	Assumptions used for Projection 2017-2021		
	Over r-draft		18.00%
	FDR/ Placements		12.00%
	Micro loans		18.00%
	Term Loan		18.00%
	Salaried Executive Loans		15.00%
	Small Medium Enterprises(SME)		15.00%
	Insurance Premium Financing(IPF)		15.00%
	Saccos & Microfinance Institutions		15.00%
	Staff Loans		5.00%
	Agro Loans		22.00%
	Advance Bills		0.00%
4	Interest expense rates		
	Current Accounts TZS		0.00%
	Current Accounts USD		0.00%
	Savings Accounts TZS		3.00%
	Savings Accounts US D		0.50%
	Term deposits TZS		13.00%
	Term deposits USD		3.00%
5	Deposits growth rates		
	Current Accounts TZS		5.00%
	Current Accounts USD		5.00%
	Savings Accounts TZS		7.00%
	Savings Accounts USD		7.00%
	Term deposits TZS		4.00%
	Term deposits USD		4.00%
6	Advance growth rate		13%
7	Other		
	Minimum Cash Balance / Net Loan Portfolio		3.00%
	Balance with BOT		3.00%
	Minimum Central Bank Reserves		10.0%
	Accrued Interest Receivable (of gross portfolio)		3.00%
	Loan Loss Allowance		1.00%
	Fixed Assets Increase rate		0.50%
	Other Assets (of total assets)		2.00%
	Accrued Interest Payable (of borrowings)		0.00%
	Other Liabilities (of total liabilities)		5.00%

3.4 Shareholding Structure

The authorized share capital of the Bank is TZS. 30billion divided into 50million ordinary shares and 10million preference shares valued at TZS. 500 each. So far, total issued ordinary share capital amounts to TZS. 7,350,962,480/= constituting of 14,590,691 ordinary shares.

Share capital after the offer will depend on the actual subscription of shares; however, in the meantime the structure stands as follows:

Type of Shareholder	No. of Shares Held	Value of Shares Total "000"	% of Shares held
United Evangelical Mission	2,808,815	1,418,040	19%
Diocese Institutions	1,797,816	905,672	12%
ELCT – Eastern and Coastal Diocese	1,389,216	700,000	10%
Companies & Saccos	817,558	414,785	6%
Hans Macha	426,783	215,100	3%
Other Individuals	7,350,503	3,697,365	50%
Total	14,590,691	7,350,962	100%

3.5 Number of Ordinary Shares held by the Directors

Name	Position	Number of shares	%
Amulike S.K. Ngelima	Chairman	892	0.0061
Dosca K. Mutabuzi	Vice Chairperson	29,608	0.2029
Anna T. Mzinga	Member	30,000	0.2056
Felix Mlaki	Member	147,255	1.0092
Reverend Ernest Kadiva	Member	400	0.0027
Naftal M. Nsemwa	Member	39,608	0.2715
Amb. Richard Mariki	Member	10,000	0.0685
Ibrahim Mwangalaba	Member	11,882	0.0814

4.0 ECONOMIC OVERVIEW

4.1 Tanzania Economic Overview

According to the 2017/18 budget real Gross Domestic Product (GDP) is forecast to grow by 7.1% in 2017 as compared to 7% in 2016, being driven by rising private consumption and strong growth in the telecommunications (13%), construction (13%), mining and extractives (11.5%), transport and storage (11.8%) manufacturing industry, transport, port, service sectors, energy and gas. Also increased enrollment of pupils in primary schools owing to increased subsidy in education costs, has a hand on the expected GDP growth. Services contribute almost 50% of GDP and, spurred by private-sector activity in telecommunications and financial services, further expansion over the outlook period is expected. Overall, Tanzania ranks 139 out of 189 economies in “Starting a Business” as per the Ease of Doing Business Report, 2016. Poor access to finance, corruption and inadequate infrastructure are seen as the largest barriers to doing business in Tanzania. In this regard the Tanzanian government named these sectors as some of the main focus areas in its 2017/18 budget.

Despite this, continued investment in infrastructure is expected to drive demand for credit as well as to have positive linkages to employment. In particular Tanzania’s ports industry will be a key driver of growth, amid ongoing efforts to improve services and expand capacity. In late 2015 began the construction of a USD11 billion port and associated industrial zone in Bagamoyo, which will be a catalyst for investment in the country. According to 2017/18 budget, Tanzania is expected to narrow down its budget deficit to 3.8% of GDP from 4.5% in 2016/17 budget. Export growth will continue to be driven by manufactured goods (which increased by 9% year on year in 2016), overtaking minerals as Tanzania’s primary export), as well as rising re-exports as the ports industry expands. Growth of the import bill will remain subdued due to low oil prices.

According to BOT Economic Review Report for April 2017, the economic performance continues to rank among the highest in the region with real GDP growth rate consistently

outpacing that of its peers in the East Africa Community. Furthermore the country recorded a stable macroeconomic environment in 2016 scoring strongly on a number of indicators, for instance, low inflation, improved current account position, stable currency and availability of adequate foreign exchange reserves to cover 4 months of imports.

With this in mind the Tanzanian government has committed to a tighter fiscal policy marked by plans to reduce civil service overheads, postpone several infrastructure projects and crack down on tax evasion.

4.2 GDP

According to EIU, Tanzania’s GDP is forecast to average 7.0% per year during 2017-21. This growth trend reflects a relatively sturdy domestic demand as well as growth in the construction and service sectors. Manufacturing is also expected to continue registering steady growth, aided by a more reliable power supply, the availability of domestic gas and Tanzania’s growing integration into regional markets.

Growth in GDP is expected to be sustained in the medium and long term, underpinned by continued regional integration; serving as a transit route for the three landlocked EAC countries, Burundi, Rwanda and Uganda, as well as the Democratic Republic of Congo. Uganda, in particular, is expected to generate considerable business for Tanzania as it will grow at a robust rate over the coming years. Sustained growth in GDP should drive demand for credit and other banking services, as larger sections of the population become accessible and financial inclusion deepens.

4.3 Inflation

According to Bank of Tanzania Monthly Economic Review Report for April 2017, the average inflation is expected to rise slightly in 2017 to about 6.4% compared to 5.4% which was experienced in 2016, with the effects of continuing depreciation of the Tanzanian shilling (TZS) offset by the impact of lower oil and food prices. According to the 2017/18

budget the government is aiming at containing the inflation at a single digit in a range of 5% to 8% in 2017 as fiscal policy is tightened and the introduction of the Bank of Tanzania's (BoT's) planned inflation targeting regime to bolster the effectiveness of monetary policy. A relatively stable inflation environment bodes well for future investment planning and consumption, which would spur demand for credit from corporates and individuals.

4.4 Interest rates

Lending rates in Tanzania are primarily driven by liquidity requirements of major corporations and government institutions, and to a lesser degree, monetary policy which is in turn driven by inflationary pressures.

¹National Bureau of Statistics (Tanzania), IMF

²Bank of Tanzania, Economic Review, April 2017

Average Lending rates stood at 17.58% in March 2017 compared to 16.26% in March 2016 an increase by about 21.5%.

Weighted average yield of 91 Day T-bill rates decreased from 15.02% in February 2017 to 14.52% in March 2017 while on annual basis the T-Bill rate decreased from 17.39% in March 2016 to 14.52% in March 2017. According to BoT this was as a result of decreased demand for domestic financing occasioned mainly by recent cash crunch experienced across the country and decreased demand for internal borrowing by the government.

Savings rates stood at 10.84% in March 2017 compared to 8.64% in March 2016 while the spread between 1 year lending rate and Deposit rate increased from 3.26% in March 2016 to 6.34% in March 2017

4.5 Exchange rates

The Tanzanian shilling (TZS) depreciated by 1.6% against USD in March 2017, compared to March 2016, due to effects of a relatively stronger United States dollar (USD), and increased demand for USD to meet imports.

According to 2017/18 Budget, the government is geared to contain inflation within a single

digit between 5% to 8% with a resultant effect of improving the value of Tanzania shilling against USD and other foreign currencies. The Tanzanian shilling is also poised to benefit from an improved political environment and greater policy certainty over the near term. According to EIU a projected increase in exports should also positively impact on demand for finance, credit and other banking products in the coming months.

4.6 Financial services

According to the National Bureau of Statistics (NBS) of Tanzania, up to December 2016 the economy witnessed remarkable improvement in the financial services sector with increased number of regulated financial institutions hitting 67 (59 banks and 8 non-bank financial institutions) compared to a total of 63 financial institutions (56 banks and 7 non-bank financial institutions) recorded in 2015. Coupled with the above factors there was an increase in financial inclusion owing to increased usage of mobile banking using mobile phones to reach rural areas. The year 2016 saw a total of 18 Agency banks versus 10 agencies in 2015 suggesting an increase of 80%.

Furthermore there was a growth in the level of deposits from TZS 19.29 trillion in 2015 to TZS 19.729 trillion in 2016 while lending to private sector grew by 7.2% to reach TZS 16.6

³BOT Economic Review Report for April 2017

⁴Bank of Tanzania Economic Review Report April 2017,

IMF Economic Intelligence Unit

Trillion in 2016 from TZS 15.49 Trillion in 2015. There was also an increase in the services provided by insurance companies. Proposed in the 2017/18 budget are measures to reduce bureaucracy, expedite decision making, facilitate availability of credit through TIB Development Bank and other financial institutions to attract investors and the private sector.

4.7 Banking

Tanzania has emerged as a regional leader in its push to provide a conducive environment for financial inclusion, because of the bold policy approach by the BoT to allow non-banking institutions to provide financial services.

In May 2015, the state implemented the Tanzania Automated Clearing House (TACH), which has increased the security features on cheque instruments while reducing clearing days, to the benefit of clients. Additionally, electronic funds transfers can now be processed more quickly and efficiently by providing multiple settlement windows within a day. Ultimately, the new system will allow cheques to be processed within hours, while introducing penalties for banks that incur delays for cheque clearance.

According to BMI Research, continued growth in mobile phone usage and an expansion in mobile money services have driven the performance of the mobile banking and financial sector. This in tandem with provision of micro-loans will continue to be the main drivers of growth within the sector.

The Tanzanian banking sector's funding structure is relatively strong. The sector's loan-to-deposit ratio sat at 78% in 2016 which though higher than its five-year average of 69%, remains comfortable. This implies that Tanzania's banks are predominantly domestically funded, less reliant on external financing, and thus less exposed to external shocks.

4.8 Structure of the Tanzanian Banking Industry as at 31st December 2016.

Largest Banks:

This group is made up of the six largest banks in the country which collectively control about 60% of industry deposits. These are CRDB Bank Plc, NMB Bank Plc, Standard Chartered, Stanbic, Exim and NBC Bank Ltd, each with a balance sheet in excess of TZS 1 trillion. They control over 60% of the industry assets, loans and advances. The group leader is CRDB Bank with a market share of 31% of total assets.

^aBank of Tanzania

They employ 53% of the staff in the industry and have the largest number of branches in the country (NMB - 166, CRDB – 119, NBC – 52, Exim 27, Stanbic 10 and S/Chartered 6). Their large branch network and traditional roots in Tanzania creates an image of strength, resilience and safety. This endears them to the retail segment of the market, providing a stable and affordable source of deposits that enables the offering of competitive interest rates to their borrowing customers.

Middle-sized Banks

The second group has banks that hold between 4% to 13% of industry deposits and about 21% of total assets, equity, loans and advances.

Medium Banks

This is the third group having a market share of deposits of 1% to 2%. They control 21% of the industry total assets, 20% of industry deposits and 21% of loans and advances.

Small and Regional Banks

This is comprised of banks having less than 1% market share each and holding 8.6% of industry assets, 6.6% of deposits, 8.7% of loans and advances and 9.8% of equity.

Other Market Players

There are community-based organizations established as MFIs. These are not fully-fledged banks but operate to serve particular geographical or sectional communities.

Most of these institutions lend primarily through village bank or solidarity group mechanisms.

While some have reached significant numbers of borrowers, their loan portfolios remain relatively small due to the concentration in small loan sizes.

5.0 MAENDELEO BANK PLC OVERVIEW

5.1 Vision

The vision of Maendeleo Bank Plc is;

To become the premier bank in Tanzania, which is customer need driven with competitive returns to shareholders

5.2 Mission

The mission of Maendeleo Bank Plc is;

TTTo grow our business whilst investing on communities that we serve and improving the lives of our employees. We strive to provide competitive and innovative financial services to all stakeholders and the society.

Maendeleo Bank Plc plans to achieve this vision through offering both direct retail financing to the urban areas, as well as leveraging its robust ICT platform to increase outreach to more rural areas of Tanzania through branchless delivery channels.

5.3 Values

All employees of the Bank are expected to demonstrate the following values in their daily activities and in their decision making:

Accountability:

We are accountable for our own actions and decisions.

Integrity:

We act with honesty and honor without compromising the truth.

Respect for the Individuals:

We value diversity and unique contributions.

Caring for Community:

We are responsive to our community in which we operate.

Empowerment:

We encourage our employees to be innovative and use their skills for the best interest of the bank.

Innovation:

We are skilled, competent and innovative. We create new ways of life to our customers.

5.4 Target Market

5.4.1 Economically Active Population and Segmentation

According to the 2012 FSDT study, employees of companies operating in the formal sector represent only 6% of the economically active population or 1.34 million Tanzanians. The potential for providing banking products and services to this market segment is more limited as most commercial banks have targeted this segment.

In contrast, owners of informal sector businesses represent 11% of the economically active population or 2.46 million Tanzanians. Since they work in the informal sector, they are less likely to have access to bank products and services. In distinguishing Maendeleo Bank PLC from the competition, the bank will continue to prioritise this market segment in offering its products and services to all working families in both the formal and informal sector.

5.4.2 Access to Financial Services and Market Penetration

The 2012 FSDT study further shows that, the population of adult Tanzanians has relatively limited access to financial services. The key categories of service providers currently serve the following number of customers:

- Formal providers (banks, insurance companies, supervised by financial service regulator): 12.4% or 2.77 million customers;
- Semi-formal providers (SACCOs, MFIs): 4.3% or 0.96 million customers;
- Informal providers: 27.3% or 6.1 million customers.

More than half of the adult population (56% or 12.52 million people) does not have access to any financial services.

Among the 6.12 million adult inhabitants of urban areas, financial institutions have been more successful in providing access but market penetration is still low. The following figures outline the situation in the urban centers of Tanzania:

- **Banks/Insurance companies:** 22.1% or 1.36 million customers;
- **Other formal providers:** 0.8% or 0.05 million customers;
- **SACCOs:** 1% or 0.06 million customers;
- **MFIs:** 1% or 0.06 million customers;
- **Other Semi-Formal (non MFIs or SACCOs):** 3% or 0.18 million customers;
- **Informal:** 26.5% or 1.6 million customers;
- **Non-monetary services:** 11% or 0.68 million customers;
- **No services:** 34.7% or 2.14 million people.

Approximately 77% of the adult population in urban centres (4.75 million people) does not have access to formal or semi-formal financial services. This represents an important market opportunity for Maendeleo Bank PLC.

The degree of market penetration by formal and semi-formal financial institutions is even lower in rural areas. Among the 16.18 million economically active people in rural areas, the key categories of service providers currently serve the following number of customers:

- **Banks/Insurance companies:** 8.3% or 1.3 million customers;
- **Other formal providers:** 0.2% or 0.3 million customers;
- **SACCOs:** 2% or 0.3 million customers;
- **MFIs:** 0.4% or million 0.6 customers ;
- **Other Semi-Formal (non MFIs or SACCOs):** 1.6% or 0.3 million customers;
- **Informal:** 27% or 4.5 million customers;
- **Non-monetary services:** 29% or 4.7 million customers;
- **No services:** 31% or 5.0 million people.

The strong presence of informal customers indicates the potential for group lending in rural areas. This category is larger (in terms of numbers) than the formally unserved urban population.

5.6 Strategy

Maendeleo Bank PLC continues to focus its commercial strategy on the mobilization of deposits to meet the credit needs of entrepreneurs and households. While the bank has a strong reputation as a provider of credit, it will seek to strengthen its reputation as a safe custodian through network expansion by opening branches, high quality client service and an effective brand building campaign.

Additionally, the bank will use technological innovation to make its savings service more convenient and accessible for clients through a branch network and self-service delivery channels such as ATMs, mobile phones, internet and third-party agents.

5.7 Material Contracts:

All material contracts have been disclosed in the Legal opinion.

6.0 CORPORATE GOVERNANCE

6.1 Board Responsibility and Accountability

The Bank's Board is responsible for the governance of the business and is accountable to the shareholders to ensure that the bank complies with the law and the highest standards of corporate governance and business ethics. The Directors attach great importance to the need to conduct the business and operations with integrity and in accordance with generally accepted International Standards of corporate practice and governance.

The bank undertakes to comply with the requirements of the Capital Markets and Securities Authority Guidelines for Corporate Governance Principles for listed companies in the Dar Es Salaam Stock Exchange.

In view of this, the Board of Directors continues to strengthen good governance system by reviewing policies in the areas of the Board and Board committees' activities and general management of the Bank.

6.2 Board of Directors

The full Board meets at least four times a year. The Directors are normally given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority to conduct day-to-day business to the Managing Director. The Board none-the-less retains overall responsibility for establishing and maintaining the banking overall internal control of financial, operational and compliance issues.

6.3 Chairman and Managing Director

The Chairman is a non-executive Director, and the roles of the Chairman and the Managing Director are separate, with their responsibilities clearly defined. The Chairman is responsible for leading the Board and ensuring its effectiveness. The Managing Director is responsible for the execution of the Bank's strategy, policies and the day-to-day business of the Bank, supported by management and executive committees which he chairs.

6.4 Board Structure

The Board comprises of eight Directors among them one Chairperson and Vice Chairperson. Members of the Board are appointed by Annual General Meeting, (AGM) after being vetted by Bank of Tanzania. The Board serves for a period of three years from 2015. Continuation is subject to the Company's Act 2002.

6.5 Board Meetings

The Board of Directors and the Committees are each required to meet at least four times a year, i.e. once in every quarter, one annual General Meeting for Shareholders and Extra Ordinary Meetings when required or once when an urgent matter arises.

6.6 Committees of the Board

The Board Committees constitute of the Board Audit & Risk committee (BARC) and the Board Credit Committee (BCC) in line with the requirements of the CMSA and DSE rules to meet regularly under the terms of reference set by the Board.

The BARC meet at least four times a year. The responsibilities of the committee includes reviewing the financial statements, compliance with Accounting Standards, liaison with the external auditors, remuneration of the external auditors, and maintaining oversight on internal control systems. The Chairperson of the Audit & Risk Committee is appointed from the Board Members other than the Chairman of the Board.

6.7 Internal Control System

The bank has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. The identified procedure includes:

- Systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations of the bank that have significant financial implications.
- Ensuring that assets are subject to proper physical controls and that the bank remains structured to ensure appropriate segregation of duties.

- In reviewing the effectiveness of the systems of internal control, the Board takes into account the results of all the work carried out to audit and review the activities of the bank.
- A comprehensive management accounting system is in place providing financial and operational performance measurement indicators.
- Weekly and monthly meetings are held by the management to monitor performance and to agree on measures for improvement.

6.8 Code of Ethics

Maendeleo Bank Plc is committed to the highest standards of integrity, behavior and ethics in dealing with all its stakeholders. All employees of the Bank are expected to avoid activities and financial interests that could clash with their responsibilities with the Bank.



Supporting your
Business to
Grow



6.9 Profiles of Directors and Management Team

6.9.1 Profiles of Directors



**Mr. Amulike S. K. Ngeliama (67 years)-Tanzanian- Chairman
(B.A Hons-Economics, University of Dar es salaam)**

Mr. Amulike Ngeliama has had a long career in banking, business administration and Project management. He began his career in 1976 at TRDB and later CRDB for which he has worked in the banking industry for more than 20 years as a bank officer, development banking trainer and Chief of HR Planning and Development. He worked with ELCT-ECD for six years as Secretary for Projects and later as Deputy General Secretary.

He has a vast experience in SACCOS promotion and mobilization of over 30years (since 1984) countrywide. At the time of taking the position as Board Chairman at MB Plc, he was also a Board member of OIKO Credit International (Netherlands) and UTT-Microfinance Plc.

He has attended professional courses in Credit Administration, Training of Trainers in USA and UK. Currently he operates as a Private Consultant in Training and Project Planning and preparations of Feasibility Studies. He is an active member of the Institute of Directors Tanzania.

He has also worked with different SACCOS as Consultant around the country including Mtoni Lutheran Church SACCOS.



**Dosca Kemilembe Mutabuzi (59 years) Tanzanian
Master of Business Administration (MBA) in Finance, University of Wales – UK, Bachelor
of Laws (LL. B), University of Dar es salaam.**

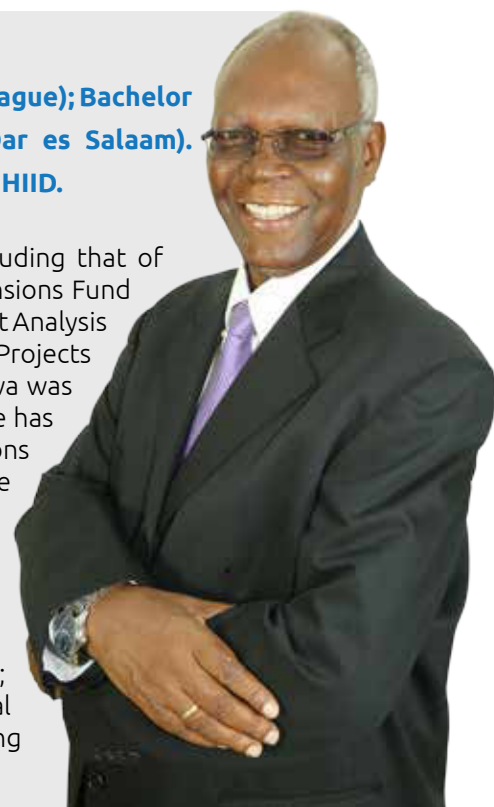
Ms Dosca Mutabuzi is an Advocate of the High Court of Tanzania and a Notary Public and Commissioner for Oaths at the law firm Mutabuzi & Co. Advocates. She has also worked as State Attorney Grade III at the Attorney General's Chambers and at the Tanzania Legal Corporation – DSM.

She is also a member of Tanganyika Law Society (TLS); Tanzania Women Lawyers Association (TAWLA); the East Africa Law Society.

Naftal Mathayo Nsemwa (71 years) –Tanzanian

Postgraduate Diploma in Project Analysis (Institute of Social Studies, The Hague); Bachelor of Arts (Economics, Management and Administration) (University of Dar es Salaam). Certificate in Investment Appraisal and Management, Harvard University - HIID.

Mr. Nsemwa has worked with national institutions at the highest levels, including that of Director General – PPF. Before his appointment as Director General in PPF Pensions Fund (PPF). Mr. Nsemwa worked in the Tanzania Investment Bank (TIB) as Head of Credit Analysis and Coordinator, Director of Planning and Development; and Director of Projects Appraisal. At a critical moment of the TIB's corporate repositioning, Mr. Nsemwa was appointed by the Board as Coordinator of the TIB Restructuring Programme. He has authored many technical papers and professional treatises, including presentations to such august forums as the Economic Development Institute (EDI) of the World Bank and to the Industrial Public Enterprise Reform about economic restructuring, privatization reforms and divestiture of public enterprises in Tanzania. Mr Nsemwa is currently Board member of SANLAM General Insurance Tanzania Limited, and Kioo Limited, the leading manufacturer and distributor of container glass items. He is a past Chairman of the Azania Bancorp Ltd.'s Board of Directors; Vice Chairman of the Tanzania Re-insurance Ltd. Board of Directors; and a member of the Board of Directors of PTA - Reinsurance Ltd., a Regional re-insurance company based in Nairobi, Kenya. Mr. Nsemwa is currently Managing Director of INTERFINI Consultants Limited.

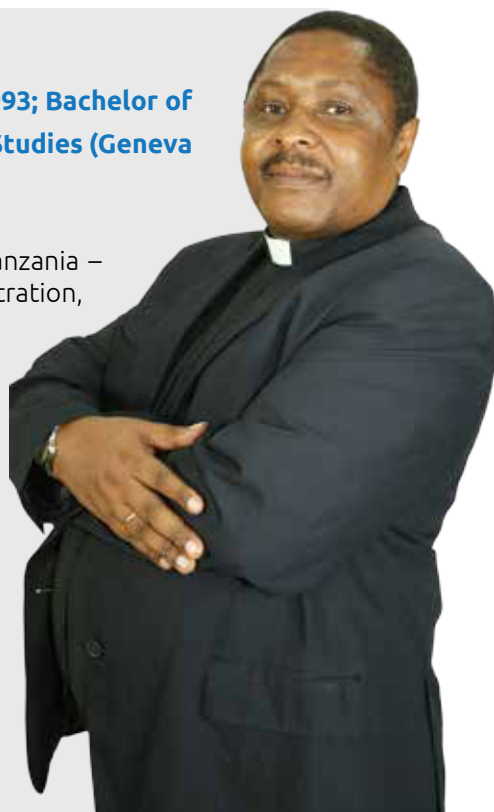


Reverend Ernest William Kadiva (50 years) -Tanzanian

Bachelor of Commerce and Management University of Dar-es-Salaam in 1993; Bachelor of Divinity, Makumira University in 2002, Master of Theology and Ecumenical Studies (Geneva University 2011). Currently, he is pursuing Doctorate degree in Theology.

Reverend Kadiva is currently working with the Evangelical Lutheran Church Tanzania – East and Coastal Diocese as the Church's Deputy General Secretary Administration, Operation and Estate Affairs.

He has also attended numerous courses and seminars in Church leadership and Management Skills in Singapore Haggai Institute; Senior Managers Course in "Governance and Accountability in Tanzania: an Overview of Civil Society" organized by the University of Dar-es-Salaam in 2000. He has written professional papers and research works that were presented in different forum and workshops in Tanzania and overseas.





Anna T. Mzinga (41 years)-Tanzanian

MBA – Finance, Open University of Tanzania (2009); Professional Savings and Credit Societies Management Course, Moshi University College of Cooperatives and Business Studies; Advanced Diploma in Accountancy - Institute of Finance Management (2000); Certified Public Accountant, CPA(T).

Ms Anna T. Mzinga is a professionally qualified accountant with senior-level experience in accounting, finance and project management. She is currently working with Benjamin William Mkapa HIV/AIDS Foundation as Grant Manager. Prior to holding that position, she worked with the Higher Education Student Loans Board as Senior Accountant (2009-2010); with Dunduliza Company Limited in partnership with Desjardins International Development as a Director of Finance (2005-2009); and with the Open University of Tanzania as Assistant Accountant.



Felix Mlaki (43 years), Tanzanian

He holds Masters of Business Administration (MBA), Edinburgh University Business School – Scotland, UK, 2003

Mr. Mlaki is currently Executive Director of the Economics & Business Foundation (T) Ltd dealing with Consultancy, Capacity Building and Advisory. Prior to that, he worked at the Kenya Commercial Bank Tanzania as Director of Retail Banking; and Standard Chartered Bank Tanzania as General Manager – Shared Distribution. He has recently appointed to join board of directors of Geita Gold Mines Ltd. He also sits in the School board of Baobab Secondary School.

His main areas of expertise include Strategic Transaction Management, Government Relations, Business Advisory (Finance and Investment), Public Sector Assessment and Reforms, Capacity Assessment and Building.

He has also attended various courses and seminars in various countries such as Global Banking Services and Product Pricing – India; A Talented Manager – Kenya; Profit Management – USA; International Financial Leadership – USA; Service Excellence – Ghana; Global Wealth Management – UK; Building Value Leadership – Singapore; and Leadership for Growth - Indonesia. He is a member of Tanzania Institute of Bankers and is registered as an International Business Executive.

Ambassador Richard Elisante Mariki (73 years) –Tanzanian

(MSC Management Arthur D. Little Management Institute, Cambridge Mass- 1978; B.A University of East Africa-Dar es salaam Campus-1969); Atended a course in Project analysis and Policy at the IMF Institute in Washington DC.

Ambassador Mariki is a retired Civil Servant having worked in senior position in the Ministries of Finance; Foreign Affairs; Information; Home Affairs and Planning Commission.

He has participated in numerous International meetings, including the Annual Meetings of the World Bank, IMF and the African Development Bank.

After his retirement he worked as a Project Coordinator in the World Bank Funded Project in the Ministry of Water and Tanzania Revenue Authority.

He has also worked as the General Secretary of ELCT: Eastern and Coastal Diocese. He was the First Chairman of the Tanzania Communications Regulatory Authority (TCRA) and currently is a Non Executive Director of Geita Gold Mining Ltd.



Ibrahim Mwangalaba (48 years) Tanzanian - Masters in Business Administration (MBA) in Finance, Bachelor of Commerce & Management - both from the University of DSM. He is Certified both as a professional Banker by Tanzania Institute of Bankers and Director by the Institute of Directors (Tanzania).

Mr Mwangalaba is a Board Member and the Managing Director of the bank and, before his appointment at Maendeleo Bank Plc, worked at KCB Bank (T) Ltd as Head of Operations and Technology. He has also worked with CRDB and Mbeya Cement Company Limited for 6 years each.



6.9.2 PROFILE OF SENIOR MANAGEMENT



Ibrahim Mwangalaba (49 years)

Ibrahim Mwangalaba (49 years) Tanzanian - Managing Director Masters in Business Administration (MBA) in Finance, Bachelor of Commerce & Management - both from the University of DSM. He is Certified both as a professional Banker by Tanzania Institute of Bankers and Director by the Institute of Directors (Tanzania).

Mr Mwangalaba is the Managing Director of the bank and, before his appointment at Maendeleo Bank Limited, worked at KCB Bank (T) Ltd as Head of Operations and Technology. He has also worked with CRDB and Mbeya Cement Company Limited for 6 years.



Richard Mashiku (48 years)

He is a Graduate of Social Science; pursued Bachelor of Arts in (Public Administration) from the University of Dar es Salaam; 1993-1996. He is well versed with Tanzania Labour Laws.

Mr. Richard Mashiku, who is Head of Human Resources, is a matured and seasoned Human Resources Management Practitioner with extensive exposure of more than 15 years hands-on experience across diverse key human resources functions. He has exposure in Multicultural environment, banking sector as he worked with NMB, NBC and DCB, Mining Sector and in the Manufacturing industry. His last employer before joining Maendeleo Bank PLC was Kilombero Sugar Company Limited.



Mumi Philip (41 years)

She is a holder of Bachelor degree in Business Administration from Tumaini University, Iringa College and Master of Science Degree in Finance from Strathclyde University of England.

Ms. Mumi Philip is the Head of Credit of Maendeleo Bank. Before joining the bank, she worked for over 10 years as Credit Administrator at Azania Bank where she acquired a solid credit management experience coupled with a strong educational background.

Silvan Makole (34 years)

He is Holder of M.Sc. Finance and Investment from Institute of Finance Management (IFM), Certified Public Accountant (CPAT) registered by the National Board of Accountant in the Category of Associate Certified Public Accountant (ACPA), Professional level 3 Procurement and Supplies Management-National Board for Material Management, Advanced Diploma in Accountancy from the Institute of Finance Management (IFM).

Mr. Makole is the Head of Internal Audit since May 2016. Prior to that he was branch Accountant at Maendeleo Bank Luther house Branch, Senior Finance officer at Maendeleo Bank Head office. Before joining this bank, he worked at Access Bank as Credit Officer before joining Tanzania Women's bank as an Accountant. He also worked at Bank of India as a Senior Finance Manager.



George Wandwalo (48 years)

He is a holder of Certificate in Land surveying, Higher Diploma in Computer science, BSC in Computer science, Post Graduate Diploma in Project Management & Certified Microsoft system Engineer (MCSE).

Mr. George Wandwalo is the Head of ICT & Operations, he has extensive experience in Banking for over 11 years and also he has worked in various organizations including construction industry & ICT companies for 7 years. Prior to Maendeleo Bank George worked with KCB Bank Tanzania Limited as ICT Manager for 8 years and has attended several professional courses locally and internationally.



Peter Tarimo (42years)

He is a holder of (C.P.A -T), Associate Diploma in Banking, M.Sc. in Supply Chain Management and Procurement from Mzumbe University and B.Sc. in Mathematics and Statistics of the University of Dar es Salaam. He is a member of (IIA), (GARP), (NBAA) and (T.I.O.B). He has attended various trainings internationally and locally.

Mr. Peter Tarimo is the Head of Finance since June 2015. Before joining Finance Team he worked as Internal Audit Manager since the bank establishment in 2013. He has over 13 years' experience in banking, holding various positions including Finance Manager (Bank of Baroda), Head of Risk Management (DCB Bank), Risk and Compliance Manager (ACB Bank).



6.10 Maendeleo Bank Plc Organization Structure

Figure 1: MAENDELEO BANK – EXPECTED ORGANIZATION STRUCTURE

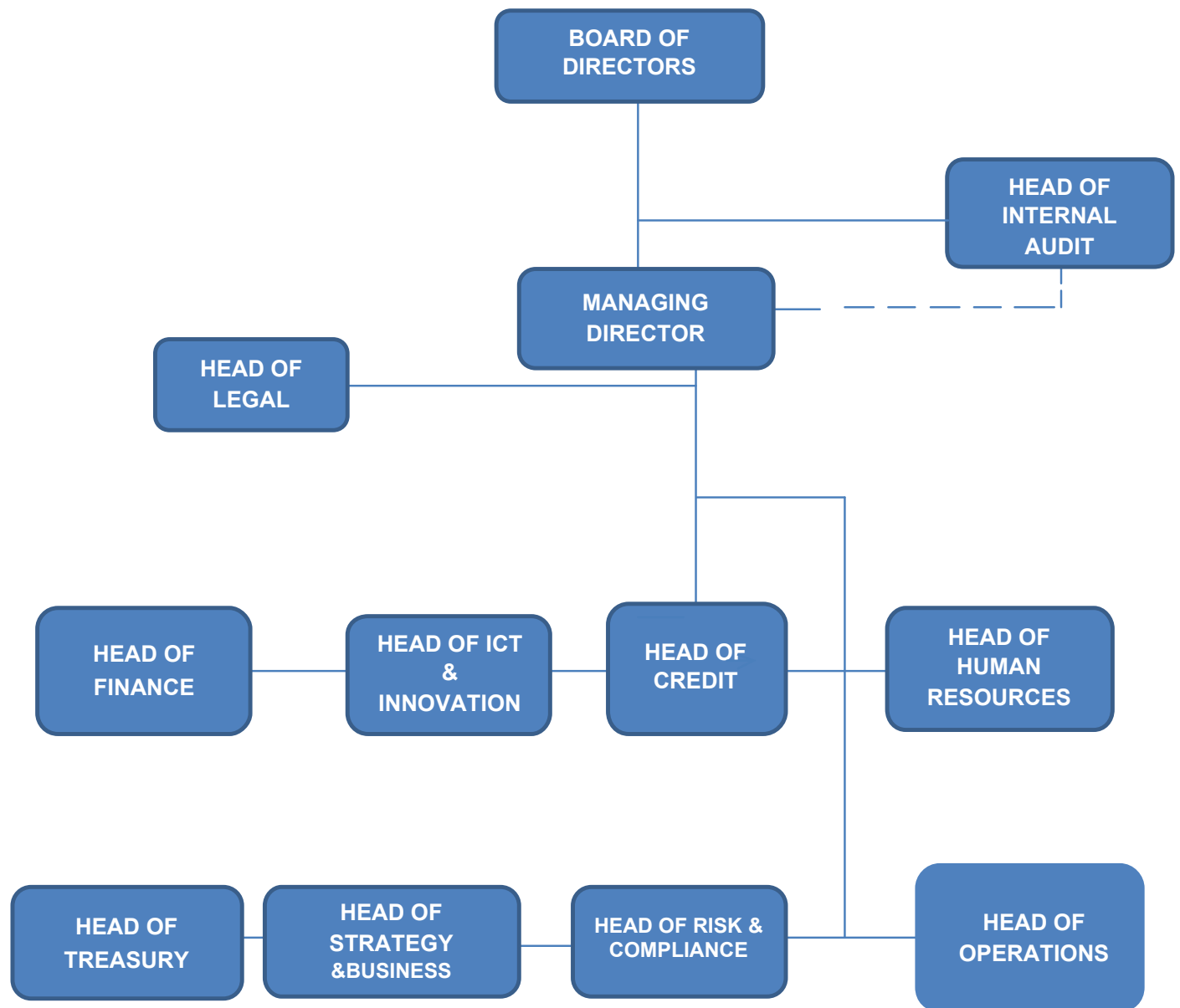
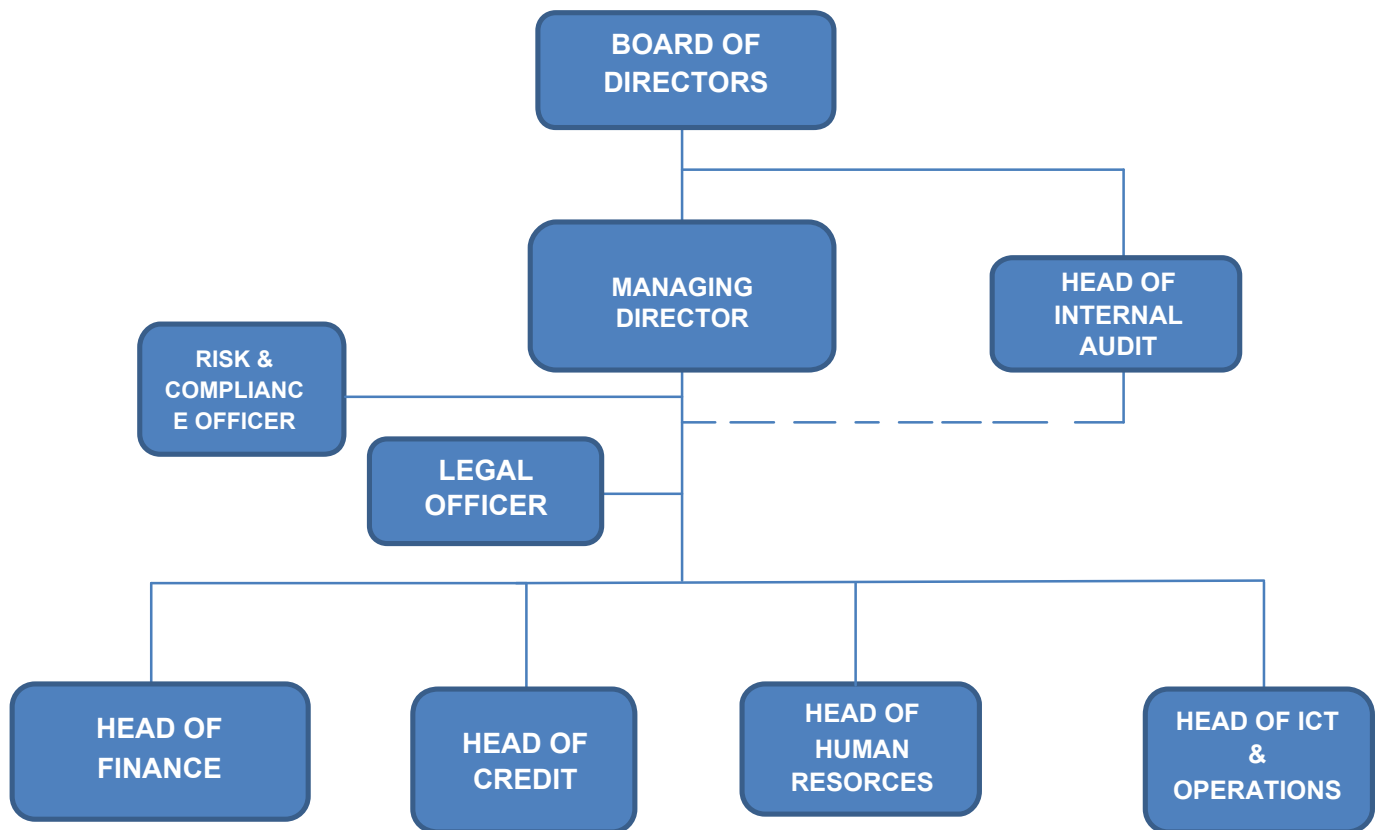


Figure 2: MAENDELEO BANK - CURRENT ORGANISATION STRUCTURE



6.11 Human Resources

Dedicated human resources at both the management and branch levels of MBP continues to drive the success of the bank, providing a solid foundation to support business sustainability and growth in the medium and long term. Both management and staff exhibit and operate with appropriate levels of commitment to the mission of Maendeleo Bank PLC.

Maendeleo Bank employs highly qualified personnel at the field and various levels with a variety of social and professional backgrounds. This diversity continues to be one of MBP's core strengths and it helps the bank to be most effective in serving its client segments.

7.0 RISK FACTORS

7.1 Risk Relating to Issuer

There are risks factors associated with the operations of the banking business which are external to management, board and shareholders. The bank has identified the key risks relating to the operations of the bank as follows:

7.1.1 Credit Risk

Credit risk (or default risk) is the possibility that a borrower will not meet his or her contractual obligations. In order to mitigate this risk, the management of the bank would issue loans based on exiting professional standards and principles. The ability of banks to meet their repayment commitments is subject to a number of external factors, including the stability of general economic conditions. The lack of proper identification system and credit bureaus could also affect the risk exposure of the bank. Maendeleo Bank reviews innovative selection, review, disbursement and monitoring policies and procedures to reduce the credit risk level and ensure repayment of debt by clients. These procedures are based on global "best-practices" but adapted for the Tanzanian context.

7.1.2 Liquidity Risk

A bank or other financial entity bears liquidity risk when it holds illiquid assets. If it has to meet demands for cash, it may have to sell the assets at a loss; if the market is very illiquid, it may not be able to sell them at all. Maendeleo Bank Plc has acquired the appropriate skills at all levels, particularly Board and management level to mitigate such risks.

As its loan portfolio grows, MBP ensures that there are adequate and diverse sources of long-term capital. In this context, the bank plans to finance its loan portfolio growth through the mobilization and intermediation of deposits. It is essential that the bank meets its deposit mobilization targets to ensure sufficient liquidity.

7.1.3 Operational Risk

Internal fraud and customer theft represent major operating risks for MBP. The procurement of a new core banking system is key to mitigating such risks. Management shall also invest significant time in supervision and change management activities.

In the short-term security is not a significant operational risk in the areas that MBP is operating or planning to expand operations.

7.1.4 Strategic Risk

Strategic risks are those risks that arise from formulation of strategic plans, business plans and implementation of plans that are inappropriate and inconsistent with internal factors and the external environment which may in turn affect earnings, capital fund or viability of the business. To avert strategic risks, the Board of Directors and Senior management carefully formulates strategic and business plans, supportive to corporate governance and putting in place internal infrastructure appropriate for implementation of the strategic plan. Strategy performance implementation is reviewed from time to time based on new market dynamics.

7.1.5 Compliance Risk

This risk exposes the Exchange to fines, civil money penalties, payment of damages, and the voiding of contracts.

The risk evolves from non-compliance with the regulatory guidelines which is the current and prospective risk to earnings or capital arising from violations of, or noncompliance with, laws, regulations, prescribed internal policies and procedures, or ethical standards.

The Maendeleo Bank Plc is exposed to tax risk which is risk associated with the changes in tax rates and laws, misinterpretation of tax laws and regulations which could have an adverse impact on the Maendeleo Bank Plc and its customers. In this regard, Maendeleo Bank Plc has set a compliance function that oversees the policies governing the detection, prevention, monitoring and reporting of compliance risk for both regulatory and internal controls.

7.2 Risk Relating to Market

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices. The Company separates exposures to market risk into either trading or non-trading portfolios.

7.2.1 Interest rate Risk

Interest rate risk arises mainly due to the fluctuations in the interest rates in the market. The Maendeleo Bank Plc exposure on interest rates fluctuations is mainly on its investment in fixed interest securities. Interest related investments have an impact in the Maendeleo Bank Plc's cash flow whereby the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Maendeleo Bank Plc management has taken due care on mitigating interest rate related risk by monitoring and regular review on interest rate movement in the money market and adjusting its interest related investment portfolios accordingly. Currently the Company is not exposed to significant interest rate risk as it does not have external funding or debt instruments.

7.2.2 Foreign Exchange Risk

Foreign Exchange risk arises on financial instruments that are denominated in a foreign currency. Maendeleo Bank Plc undertakes certain transactions denominated in foreign currencies. However, the exposure to the exchange rate fluctuation is low.

7.2.3 Price Risk

The Company is not exposed to equity securities price risk as it currently has no investment in listed shares.

7.2.4 Regulatory Framework

The Maendeleo Bank Plc operations are affected by local, regional and other international regulations such as CMSA and the International Organization of Securities Commissions (IOSCO). The Regulator has powers to license/approve another Stock Exchange. In such an event this will create competition to Maendeleo Bank Plc.

7.2.5 Country and Political Risks

These are risks that arise as a result of investing in a country whereby possible changes in the business environment may adversely affect the revenues of the company. Country risk varies from one country to another depending on political atmosphere within that country.

Tanzania, like the majority of developing countries, is subject to certain political, economic and social events that may individually or collectively, create risks for investors. These risks are more difficult to predict and measure than in developed countries. However, Tanzania's political arena is safe for business practice.

7.3 Risk Relating to the Issued Shares

Investing in shares involves some risks that are related to:

7.3.1 Loss of Capital

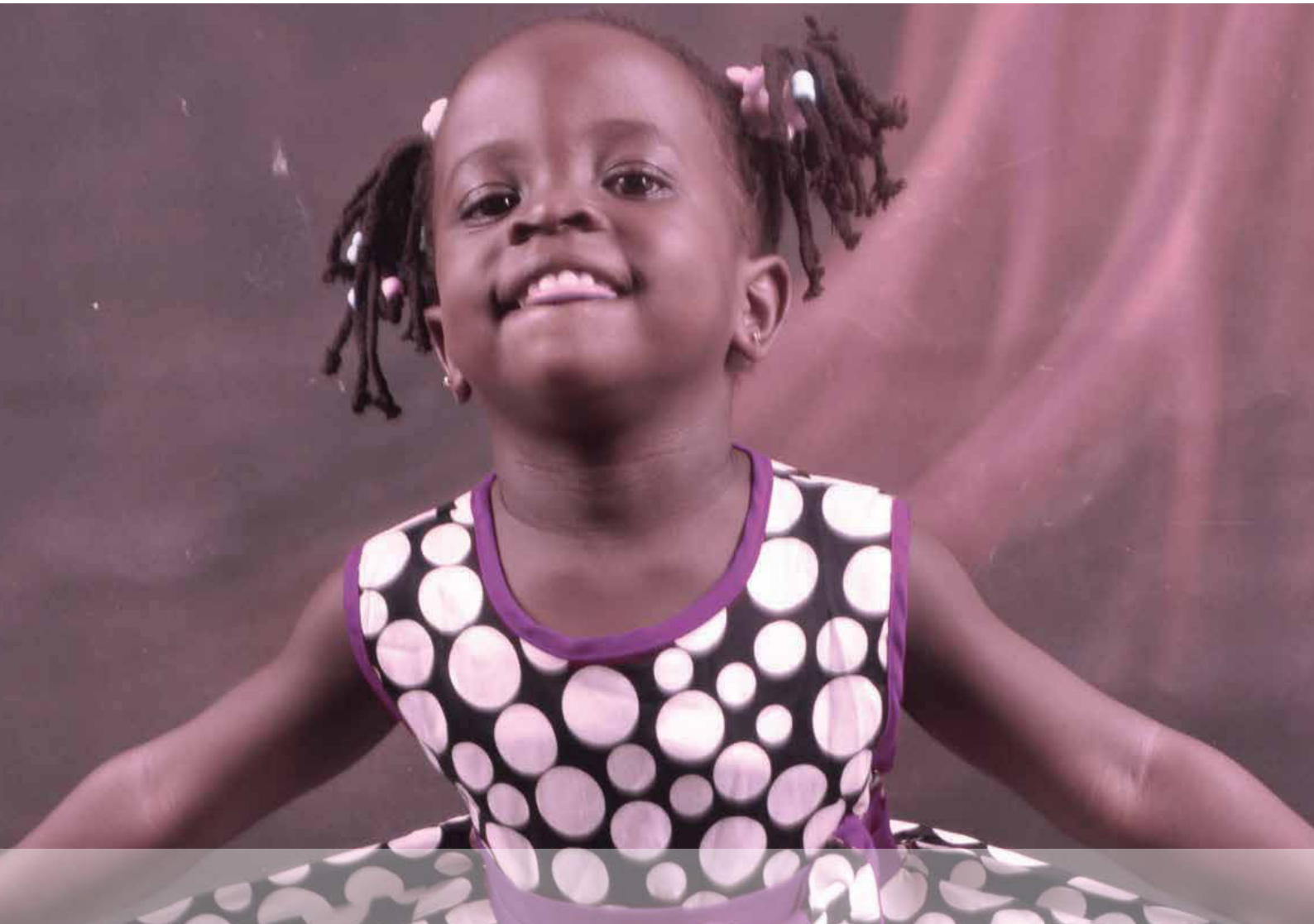
An investment in the share market has no guarantee as share prices can fluctuate depending on the market forces and risk related to particular sector of the listed companies. The fluctuations may affect investor's share value. Investors should consult their Stockbrokers, Investment Advisor, Financial Advisor, Bankers or other relevant professional advisor, who specializes in advising on the acquisition of shares.

7.3.2 Company Delisting

Noncompliance with the regulations and rules set by the relevant Authorities (CMSA and DSE) may lead to suspension of share trading and/ or delisting of the shares.

7.3.3 Timing risk

Due to market movement circles, shares can have a higher degree of risk when the overall share market price rise or fall sharply. Understanding business cycles and how different companies perform during the different stages of the business cycle can help to manage the effects of timing risk



Maendeleo Junior Account

PRODUCT FEATURES

- Designed for children within the age group 0-18 years
- Minimum account opening balance Tsh 10,000 or USD. 10
- One bankers cheques at no cost cost for each school term
- Free statements – monthly , quarterly
- No Monthly Maintenance fee
- Junior Maendeleo account card with photograph of child and parent

8.0 EXTRACTS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Extracts from the Memorandum and Articles of Association as Amended as amended through a special resolution passed on 8th July 2013

The key features of the Company's Memorandum and Articles of Association are as follows:

Memorandum of Association

The Memorandum of Association set out the Company's main objects, the principal one is being object number one which says:

“(a)” To carry on the business of micro-finance in all its departments, branches and agencies including:

Primary Objects

Receiving deposits of money, including savings and time deposits.

- Lending money to individuals, small scale business, industrial, commercial, or agricultural micro enterprises, Savings and Credit Cooperatives Societies (SACCOS), Savings and Credit Associations, nongovernmental organizations against borrower's character and risk assessment such as prior credit performance, group guarantee or personal property or mortgages or real property, borrowing, raising or taking up money, accepting drafts, granting and issuing letters of credit and circular notes, bills of exchange and other debt instruments.

- Providing money transfer services

- Facilitating payment systems through operating current account and other accounts for individuals, Government Departments, NGOs, SMEs, companies, religious organizations and other institutions.

- Acquiring marketable instruments evidencing indebtedness of the government or of any person, firm, association or company, in the form of government securities, stocks, bonds, notes or debentures.

- Investing in equity of other companies which are engaged primarily in activities allied or relating to banking.

- Discounting or factoring commercial papers or accounts receivable.

- Buying and selling contracts, leases, chattel mortgages, or other evidences of indebtedness.

- Leasing of machinery and equipment or other movable property.”

“Ancillary Objects

(b) To engage in the business of mortgage finance by granting loans or credit facilities for the purpose of the acquisition, construction, improvement, development, alteration or adaptation for a particular purpose of land in Tanzania.

(c) To act as financial agent and to buy and sell by order of and for the account of its customers, shares, debt instruments and all types of securities.

(d) To perform functions related to the registration of transfers and issue of share certificates and similar documents.

(e) To make collection, payments and transmissions or remittances of money for the account of others.

(f) To receive in custody money, documents, and valuables and rent safety deposit boxes for safeguarding of such effect.

(g) To do all such other things and services as are considered or conducive to the above objects or any of them as the company thinks fit for its normal activities and as they are not incompatible with the business of banks/financial institutions.”

Articles of Association

Transferability of shares

The major provision reads as follows:

“10. Subject to the restrictions of these Articles and in particular Article 4, and the provisions of the Banking Act shares shall only be transferable to investors who can be identified belonging to each class of shares by an instrument which must be lodged at the Registered Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Board of Directors may require to prove the title of the intending transferor.

11 The instrument of transfer of a share shall be executed by the transferor. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of shareholders in respect thereof.

12 Any share may be transferred at any time by a shareholder to his father or mother, or to any lineal descendant of such father or mother, or to his wife or to his children or in the case of shares held by a corporate person to any shareholder as the case may be and any share of deceased shareholder may be transferred by his executors or administrators to the widow or widower or any such relative as aforesaid of such deceased shareholder, being a cestuique trust (a person for whom another is trustee) (beneficiary) or specific legatee thereof, and shares standing in the name of any deceased shareholder may be transferred to or placed in the names of the executors or trustees of his will, and upon any change of trustees may be transferred to the trustees for the time being of such will.

Alteration of Capital

The Share capital of the Company can be increased by an Ordinary Resolution, as spelt out in Articles 18 to 21 of the Articles which reads as follows:

“18. subject to the provisions of the Banking Act, the bank may from time to time by Ordinary Resolution:

- consolidate and divide its share capital into shares of larger or smaller amount than its existing shares; or
- cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;
- divide its share capital or any part thereof into shares or smaller amounts than it is fixed by its Memorandum of Association by sub-division of its existing shares or any of them, subject nevertheless to the provisions of the Companies Act and by Special Resolution; reduce its share capital or any capital redemption reserve or share premium account in any manner authorised and subject to any conditions prescribed by the Companies Act.

19. The Bank, at a Shareholders' General Meeting may, from time to time whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts.

General Meeting

The relevant provisions in the Articles of Association pursuant to the General Meeting are as follows:-

“22. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of the annual general meeting of the Company and that of the next. Provided that so long as the company shall hold its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at the registered office of the

Company or at such other place in Tanzania as the Directors shall appoint and shall be held within four months following end of the company's financial year.

24. The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisition, as provided by Section 114 of the Companies Act."

Proceedings of General Meetings

The proceedings of the Company are governed by Articles 28 to 37 of the Articles. The Clause reads as follows:

"28. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of declaring a dividend, the consideration of the account and balance sheets and the reports of the Directors and Auditors, and any other documents accompanying or annexed to the balance sheets, the election of Directors in place of those retiring and the appointment and fixing of the remuneration of the Auditors.

29. No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, twenty members entitled to attend the meeting and holding a total of not less than 75% of the shares if present shall be a quorum.

32. The Chairperson of any meeting at which a quorum is present may, with the consent of the meeting, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for fourteen days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at an

adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Votes of Members

The relevant provisions in the Articles of Association relating to the votes of member are as follows:

"38. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one for each share which he is the holder.

39. A member in respect of whom an order has been made by any court having jurisdiction (whether in Tanzania or elsewhere) in matters concerning mental disorder may vote whether on a show of hands or on a poll by his receiver, curator bonis or other person authorized in the behalf appointed by that court, and such last mentioned persons may give their votes either personally or by proxy.

40. If two or more persons are jointly entitled to a share, then in voting upon any question the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members.

41. Save as herein expressly provided, no Member other than a Member duly registered who shall have paid everything for the time being due from and payable to the Company in respect of his shares be entitled to vote on any question either personally or by proxy, or to be reckoned in quorum, at any General Meeting.

Directors

The business of the Company is managed by the Directors who are eight (8) including the Managing Director and appointed as stipulated hereunder:

"50. The number of Directors shall not be less than eight (8). The first Directors of the Company shall be as named in the particulars delivered to the Registrar of Companies pursuant to the provisions of Section 45 of the Companies Act.

51. The Directors shall have power from time to time and at any time to appoint any person who is willing to be a Director, either to fill a vacancy or as additional Director. A Director so appointed shall hold office only until the next Annual General Meeting and shall not be taken into account in determining the Directors who are to retire by rotation at the Meeting, but shall be eligible for re-election at that Meeting.

52. The Company at a general meeting may fix the shareholding qualification for Directors, and unless and until so fixed no person shall be appointed a director unless he holds at least one share in the equity capital of the Company.

53. The remuneration of the Directors shall from time to time be determined by the Company at the General Meeting. Unless otherwise directed by the resolution by which it is voted, any such remuneration shall be divided amongst the Directors as they may agree, or, failing agreement, equally. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses properly incurred by them including their expenses of travelling to or from Board Meetings. If by arrangement with the other Directors any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration may be by way of salary, commission or participation in profits, or by any or all of those modes, or otherwise as may be arranged."

Vacation of Office of Directors

Articles 59 and 60 make provisions on how a director may cease to hold office as follows:

"59. The office of any member of the Board shall be vacated, if the member:

- (1) without the consent of the Bank in a general meeting holds any other office

of profit or gain under the Bank;

- (2) becomes bankrupt;

- (3) becomes prohibited from being a director by reason of any order made under section 213 or 269 of the Companies Act or by any other law for the land;

- (4) is found lunatic or becomes of unsound mind as assessed by a competent medical doctor;

- (5) resigns his office by notice in writing to the company;

- (6) is directly or indirectly interested in any contract with the Company and fails to declare the nature of his interest in manner required by section 150 of the Companies Act and the Banking Act: A director shall not vote in respect of any contract in which he is interested or any matter arising therefrom, and if he does so vote his vote shall not be counted;

- (7) is punished with imprisonment for a term exceeding six months without the option of a fine;

- (8) is a director of another Bank or a financial institution; or

- (9) if he absents himself from the meetings of the Board for three consecutive sittings without special leave of absence from the members of the board and they pass a resolution that he has by reason of such absence vacated his office.

60. A Shareholders General Meeting may by resolution remove any member of the respective boards before the expiration of his period of office, and in that event a new member shall be elected/appointed. The new member so elected/appointed shall be subject to retirement at the same time as if he had become a member on the day on which the member he had replaced was last elected/appointed."

Dividend Policy

Pursuant to Articles 73 to 78 the Articles of Association, dividends are payable as follows:

“73. Subject to any rights or privilege for the time being attached or any shares in the capital of the Bank preferential, deferred or other special rights in regard to dividends, the profit of the Bank which it shall from time to time be determined to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid upon thereon respectively otherwise than in advance of calls, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

74. Subject to the provisions of the Companies Act and the Banking Act, the Bank at the General Meeting may from time to time declare Dividends, but no such Dividend shall exceed the amount recommended by the Board of Directors.

75. With the sanction of a General Meeting, dividends may be paid wholly or in specie, and may be satisfied in whole or in part by the distribution amongst members in accordance with their rights of fully paid shares, stock or debentures or any other property or assets suitable for distribution as aforesaid. The Board of Directors shall have full liberty to make arrangements, and to issue all such

certificates or documents of little as may in their opinion be necessary or expedient with a view of facilitating the equitable distribution amongst the members of any dividends or portions of dividends to be satisfied as aforesaid or to giving them the benefit of their proper shares and interests in the property, and no valuation, adjustment or arrangements so made shall be questioned by any shareholder.

76. The Board of Directors may, before recommending any dividend, set aside out of the profits of the Bank such sums as they think proper to a reserve fund or reserve account, which shall at the discretion of the Board of Directors be applicable for any purpose for which the profits of the Bank may lawfully be applied. The Board of Directors may also from time to time carry forward such sums as they may deem expedient in the interest of the Bank.

77. The Board of Directors may deduct from any dividend or other moneys payable in respect of any shares held by a member, all such sums or money (if any) as may be due and payable by him to the Bank.

78. Any dividend, instalment of dividend or interest in respect of any shares shall be credited in an account maintained by the shareholder at any of the Bank's branches.”



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Bonds (All type of bonds)
Product Liability
Employers Liability etc.

9.0 INDEPENDENT REPORTING ACCOUNTANT'S REPORT



Mhasibu Consultants

Certified Public Accountants ,Auditors & Tax Consultants

29th June 2017

The Directors
Maendeleo Bank Plc
P. O. Box 216
Dar es Salaam
Tanzania.

Dear Sirs

REPORTING ACCOUNTANT'S REPORT ON MAENDELEO BANK PLC

We are pleased to submit our Accountant's Report in accordance with the requirements of the Capital Markets and Securities (Prospectus Requirements) Regulations, (hereafter referred to as "the Regulations").

RESPONSIBILITY

We have reviewed the accompanying Statement of Financial Position of Maendeleo Bank Plc for three years ended 31st December 2016 and unaudited financial statements as at 30th June 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows for the period then ended. These financial statements are the responsibility of the bank's management. Our responsibility is to issue a report on these financial statements based on our review.

REVIEW PROCEDURES

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

OPINION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view in accordance with International Accounting Standards.

Yours faithfully,

Acknowledged and agreed on behalf of GS 1 (TZ) National Limited, by

CPA. John M. Lyanga
MANAGING PARTNER
MHASIBU CONSULTANTS

Maendeleo Bank Plc Prospectus

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	Unaudited Jun-17 TZS 000	Audited Dec-16 TZS 000	Audited 2015 TZS 000	Audited 2014 TZS 000
Revenue					
Interest Income	1	2,969,388	7,438,888	5,589,976	1,508,385
Interest Expenses	2	(1,061,329)	(3,408,632)	(2,922,061)	(257,212)
Net Interest income		<u>1,908,059</u>	<u>4,030,256</u>	<u>2,667,915</u>	<u>1,251,173</u>
Written off bad loans		(269,850)	(282,298)	-	-
Impairment of Loans and Advances			(599,357)	(352,314)	(94,778)
Net Interest Income after Impairment		<u>1,638,209</u>	<u>3,148,601</u>	<u>2,315,601</u>	<u>1,156,395</u>
Fees and Commission Income	3a	504,617	1,036,141	890,428	390,714
Fees and Commission Expenses	3b	(31,165)	(47,027)	(37,999)	(12,209)
Net Fees and Commission Income		<u>473,453</u>	<u>989,114</u>	<u>852,429</u>	<u>378,505</u>
Net Operating Income		<u>2,111,661</u>	<u>4,137,715</u>	<u>3,168,030</u>	<u>1,534,900</u>
Foreign Exchange Gain/(Loss)	4	32,885	26,213	(14,974)	12,918
Employee Benefit Expenses	5	(1,078,047)	(1,407,947)	(1,037,862)	(761,144)
General and Administration Expenses	6	(969,059)	(1,727,380)	(1,644,082)	(895,788)
Depreciation and Amortization	7	(229,908)	(267,703)	(295,044)	(211,660)
Operating Expenses		<u>(2,244,130)</u>	<u>(3,376,817)</u>	<u>(2,991,962)</u>	<u>(1,855,674)</u>
Profit /(Loss)for the year Before Tax		(132,468)	760,898	176,068	(320,774)
Income Tax Expense	8	(33,800)	(206,358)	1,725	39,540
Profit/(Loss) for the Year		(166,268)	554,540	177,793	(281,234)
Other Comprehensive Income		-	-	-	-
Profit/(Loss) and Other Comprehensive Income		<u>(166,268)</u>	<u>554,540</u>	<u>177,793</u>	<u>(281,234)</u>
Basic and Diluted Earnings Per Share	9	<u>(11)</u>	<u>38</u>	<u>19.69</u>	<u>(31.15)</u>

STATEMENT OF FINANCIAL POSITION

	NOTES	Unaudited 30.06.2017 TZS 000	Audited 31.12.2016 TZS 000	Audited 31.12.2015 TZS 000	Audited 31.12.2014 TZS 000
ASSETS					
Cash and Balances with Bank of Tanzania	10	3,608,480	5,302,308	6,793,705	2,537,166
Placements and Balances with Other Banks	11	8,236,180	8,777,313	27,466,284	8,458,378
Government Securities	12	-	-	994,364	-
Loans and Advances to Customers	13	27,026,294	24,913,340	17,714,204	7,650,887
Other Assets	14	1,002,625	968,986	252,309	254,024
Intangible Assets	15	191,803	171,647	173,142	167,541
Leasehold Improvements	16	1,039,117	767,020	544,203	285,234
Property and Equipment	17	767,983	518,952	444,984	344,590
Deferred Tax	18	260,134	260,134	122,773	13,570
Total Assets		42,132,617	41,679,700	54,505,968	19,711,390
EQUITY AND LIABILITIES					
Liabilities					
Deposits from Customers	19	31,231,593	29,151,131	48,722,834	15,824,321
Deposits from Banks	20	3,200,000	3,300,000	-	-
Other Liabilities	21	579,688	1,797,667	362,188	172,002
Income Tax Payable	22	3,773	147,069	66,610	-
Total Liabilities		35,121,054	34,395,869	49,151,632	15,996,323
Equity					
Share Capital	23	7,295,346	7,295,346	4,514,528	4,514,528
Share Premium		55,616	55,616	-	-
Advance Towards Share Capital	24	-	-	1,461,477	-
Regulatory Reserves	25	37,031	37,031	315,599	15,348
General Reserve	26	216,776	216,776	-	-
Retained Earnings		(320,937)	(320,937)	(937,268)	(814,809)
Profit and Loss		(166,268)	-	-	-
Total Equity		7,117,564	7,283,832	5,354,336	3,715,067
Total Equity and Liabilities		42,132,618	41,679,702	54,505,968	19,711,390

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

	Share Capital	Share Premium	Advance Towards Share Capital	Regulatory Reserve	General Reserve	Retained Earnings	Total
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
At 1 January 2017	7,295,346	55,616	-	37,031	216,776	(320,937)	7,283,832
Transfer to Regulatory Reserve	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-
At 30th June 2017	7,295,346	55,616	-	37,031	216,776	(320,937)	7,283,832
At 1 January 2016	4,514,528	-	1,461,477	315,599	-	(937,268)	5,354,336
Transfer to Capital	2,780,818	55,616	(1,461,477)	-	-	-	1,374,957
Transfer to Regulatory Reserve	-	-	-	(278,568)	-	278,568	-
Transfer to General Reserve	-	-	-	-	216,776	(216,776)	-
Profit for the year	-	-	-	-	-	554,539	554,539
At 31 December 2016	7,295,346	55,616	-	37,031	216,776	(320,937)	7,283,832
At 1 Jan 2015	4,514,528	-	-	15,348	-	(814,809)	5,354,336
Transfer to Capital	-	-	1,461,477	300,251	-	(300,251)	1,374,957
Profit for the year	-	-	-	-	-	177,792	554,539
At 31 Dec 2015	7,350,962	-	1,461,477	315,599	-	(937,268)	7,283,833
At 1 January 2014	4,514,528	-	-	1,843	-	(520,070)	3,996,301
Transfer to Regulatory Reserve	-	-	-	13,505	-	(13,505)	-
Loss for the year	-	-	-	-	-	(281,234)	(281,234)
At 31 December 2014	4,514,528	-	-	15,348	-	(814,809)	3,715,067

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED

	Unaudited Jun-17 TZS 000	Audited Dec-16 TZS 000	Audited 2015 TZS 000	Audited 2014 TZS 000
Cash Flows from Operating Activities				
Profit/(Loss) for the year before tax	(132,468)	760,898	176,067	(320,774)
Adjustments for:	-			
Depreciations and Amortization	229,908	267,703	295,044	211,660
Loss on disposal	-	-	2,674	
Impairment on Loans and Advances	-	599,357	-	-
Provision for written off loans and advances	269,850	282,298	-	-
	367,290	1,910,256	473,785	(109,114)
Changes in Operating Assets and Liabilities	-			
Increase in loans and advances	(2,112,954)	(7,685,288)	(10,063,317)	(6,311,049)
Decrease in inventories	-	3,810	945	3,754
(Increase)/Decrease in placements with other banks	-	18,688,971	(14,019,650)	(6,315,094)
Decrease/(increase) in other assets	(33,639)	(278,429)	770	(132,357)
Increase in customer's deposits	1,980,462	(16,271,703)	32,898,513	12,805,104
Movement in statutory minimum reserve	606,097	1,471,908	(3,246,009)	(1,228,500)
Decrease in other liabilities	(601,055)	1,435,479	190,186	143,416
Cash Generated from Operating Activities	206,200	(724,996)	,235,223	(1,143,840)
Income tax paid	(33,800)	(196,650)	(40,868)	-
Net Cash Generated/(Used) in Operating Activities	172,400	(921,646)	6,194,355	(1,143,840)
Cash Flows from Investing Activities				
Purchase of government securities	-	994,364	(994,364)	-
Acquisition of intangible assets	(35,223)	(14,032)	(94,157)	(82,831)
Acquisition of property and equipment	(388,988)	(257,031)	(284,808)	(56,300)
Leasehold improvements costs incurred	(319,791)	(307,589)	(301,717)	(27,951)
Proceeds from sale of fixed assets	-	-	18,000	-
Net Cash Used in Investing Activities	(744,003)	415,712	(1,657,046)	(167,082)
Cash Flows From Financing Activities				
Paid Up Share Capital	-	1,374,957	1,461,477	-
Net Cash Generated from Financing Activities	-	1,374,957	1,461,477	-
Net Increase/(Decrease) in Cash and Cash Equivalents	(571,602)	869,023	5,998,786	(1,310,922)
Cash and Cash Equivalents 1 January	9,969,759	9,100,736	3,101,950	4,412,872
Cash and Cash Equivalents 31 December	9,398,157	9,969,759	9,100,736	3,101,950

NOTES TO THE FINANCIAL STATEMENTS

	Unaudited Jun-16 TZS 000	Audited Dec-16 TZS 000	Audited Dec-15 TZS 000	Audited Dec-14 TZS 000
1 INTEREST INCOME				
Loan and Advances to customers	2,570,466	4,898,115	2,930,109	1,027,252
Placement and Balance with other Banks	398,921	2,440,144	2,554,230	481,133
Interest on Government Security	-	100,629	105,637	-
	<u>2,969,388</u>	<u>7,438,888</u>	<u>5,589,976</u>	<u>1,508,385</u>
2 INTEREST EXPENSE				
Time Deposits	899,847	3,287,927	2,864,275	232,907
Saving Deposits	22,780	59,645	57,786	24,305
Borrowing from Banks	138,702	61,060	-	-
	<u>1,061,329</u>	<u>3,408,632</u>	<u>2,922,061</u>	<u>257,212</u>
3 NET FEE COMMISSION AND OTHER INCOME				
(a) Fees and Commission and other income				
Commission received from insurance serves	45,531	127,587	90,826	21,875
Commission received from other services	103,218	208,870	191,961	67,511
Application Fee	108,751	212,342	42,956	-
Management Fee	154,388	322,411	421,564	232,484
Payroll Processing Fee	8,921	16,716	15,761	10,671
Other Fee	72,979	116,362	117,209	57,639
Penalties	10,829	31,853	10,151	534
	<u>504,617</u>	<u>1,036,141</u>	<u>890,428</u>	<u>390,714</u>
(b) Fee and Commission Expenses				
Financial Charges	31,165	47,027	37,999	12,209
4 FOREIGN EXCHANGE GAIN				
Exchange Gain on Trading	17,867	84,370	126,457	16,076
Exchange Loss on Revaluation	15,018	(58,157)	(141,431)	(3,158)
	<u>32,885</u>	<u>26,213</u>	<u>(14,974)</u>	<u>12,918</u>

5 EMPLOYEE BENEFIT EXPENSES	Unaudited Jun-16 TZS 000	Audited Dec-16 TZS 000	Audited Dec-15 TZS 000	Audited Dec-14 TZS 000
Salary and Allowance	899,590	1,171,581	857,821	662,019
Pension Costs-Defined Contribution plan	86,549	117,696	82,306	66,025
Skills and Development Levy	47,316	59,041	42,875	33,100
Leave Allowance	34,739	49,085	50,416	-
Workman Compensation	9,854	10,544	4,444	-
	<u>1,078,047</u>	<u>1,407,947</u>	<u>1,037,862</u>	<u>761,144</u>

6 GENERAL AND ADMINISTRATION EXPENSES

Office Expenses	617,473	983,199	691,128	642,719
Deposit Mobilization Fee	11,544	137,963	409,202	11,293
Annual General Meeting	62,499	61,149	48,094	-
Legal Fee	18,250	23,843	20,000	-
Board Expenses	38,650	19,739	37,501	3,161
Director Remuneration		93,451	62,160	29,590
Auditors Remuneration	1,373	42,301	20,000	18,000
Accounting Fee	-	27,687	5,689	240
Rent Expenses	121,658	200,449	172,591	76,853
Maintenance of Property & Equipment	36,256	39,684	47,803	31,339
Fuel Cost	35,014	48,500	24,992	16,641
Staff Welfare	15,089	21,698	94,616	53,993
Other Expenses	11,253	27,717	10,306	11,959
	<u>969,059</u>	<u>1,727,380</u>	<u>1,644,082</u>	<u>895,788</u>

7 DEPRECIATION AND AMORTIZATION

Depreciation of Property and Equipment	139,957	183,062	163,740	116,131
Amortization of Intangible Asset	20,216	15,527	88,556	63,907
Amortization of Leasehold Assets	69,735	69,114	42,748	31,622
	<u>229,908</u>	<u>267,703</u>	<u>295,044</u>	<u>211,660</u>

8 INCOME TAX EXPENSE	Unaudited Jun-16 TZS 000	Audited Dec-16 TZS 000	Audited Dec-15 TZS 000	Audited Dec-14 TZS 000
Current income tax (Note)	(33,800)	343,719	107,478	-
Deferred Tax (Note 18)	-	(137,361)	(109,203)	(39,540)
	<u>(33,800)</u>	<u>206,358</u>	<u>(1,725)</u>	<u>(39,540)</u>

The tax from banks profit differs from the theoretical amount that would rise using statutory income tax rate as follows

Profit/ (loss) for the year before tax	(166,268)	760,899	176,067	320,774)
Tax Expense (Calculated at statutory income tax Rate of 25% (2015: 30%, 2014: 30%))		190,225	52,820	-
Tax Effect of:				
Expenses not deductible for tax purposes		237,666	213,138	-
Allowable expenses for tax purpose		(84,172)	(62,228)	-
Losses from previous years		-	(96,232)	-
Deductible temporary difference		(137,361)	(109,203)	(39,540)
Income Tax Expense	<u>-</u>	<u>16,133</u>	<u>(54,525)</u>	<u>(39,540)</u>

9 BASIC AND DILUTED EARNING PER SHARE

The calculation of Basic Earnings per share was based on the profit attributable to ordinary shareholders divided by weighted average number of ordinary shares outstanding at the close of the year. Calculated as follows

	Unaudited Jun-16 TZS 000	Audited Dec-16 TZS 000	Audited Dec-15 TZS 000	Audited Dec-14 TZS 000
Profit/(Loss) Attributable to Shareholders	(166,268.11)	554,541	177,790	-281,234
Weighted Number of Share in Issue (Note 22)	14,596	14,596	9,029	9,029
Basic and Diluted Earnings per share	(11.39)	37.99	19.69	(31.15)

There being no dilutive or potentially ordinary share outstanding as at 30th June 2017 (2016: NIL, 2015: NIL, 2014: NIL). The basic and diluted earnings per share are the same

	Unaudited 30.06.2017	Audited 31.12.2016	Audited 31.12.2015	Audited 31.12.2014
10 CASH AND BALANCES WITH BANK OF TANZANIA	TZS 000	TZS 000	TZS 000	TZS 000
Cash in Hand	1,289,980	927,257	750,793	673,093
Clearing Account with Bank of Tanzania	(128,003)	1,322,451	1,518,403	585,573
Statutory Minimum Reserve	2,446,503	3,052,600	4,524,509	1,278,500
	<u>3,608,480</u>	<u>5,302,308</u>	<u>6,793,705</u>	<u>2,537,166</u>
11 PLACEMENT AND BALANCE WITH OTHER BANKS				
Placements with other local banks	7,736,221	7,657,575	26,173,955	7,805,556
Balance with local banks	239,857	707,564	949,257	525,065
Cheques and items for clearing	260,102	412,174	343,072	127,757
	<u>8,236,180</u>	<u>8,777,313</u>	<u>27,466,284</u>	<u>8,458,378</u>
12 GOVERNMENT SECURITY				
Treasury Bill	-	-	994,364	-
13 LOAN AND ADVANCE TO CUSTOMERS				
Term Loan	22,032,837	20,655,987	16,482,314	6,912,858
Overdraft	3,772,575	3,160,454	614,096	204,488
Staff Loans and advances	840,426	739,053	406,265	461,054
Interest Receivable	1,583,700	1,291,090	658,621	167,265
Gross Loan and advances to customers	28,229,538	25,846,584	18,161,296	7,745,665
Less: Provision for Impairment	(1,203,244)	(933,244)	(447,092)	(94,778)
Net Loan and advances to Customers	<u>27,026,294</u>	<u>24,913,340</u>	<u>17,714,204</u>	<u>7,650,887</u>
Maturity Analysis				
The Maturity analysis is based on the remaining period to contractual maturity from 31 December				
Maturity within one year	10,025,441	8,333,055	7,261,118	978,376
Maturity after 1 year but within 3 years	17,000,433	16,580,285	10,453,086	6,672,511
Net Loan and advances	<u>27,025,874</u>	<u>24,913,340</u>	<u>17,714,204</u>	<u>7,650,887</u>
Credit Impairment of Loans and advances to customers				
The movement for impairment losses on loans and advances as per International Financial Reporting Standard (IFRS) are as follows				
At 1st January	933,244	447,092	94,778	-
Increase in allowance for loan repayment	270,000	599,357	352,314	94,778
Write Offs		(113,205)	-	-
At end of Period	<u>1,203,244</u>	<u>933,244</u>	<u>447,092</u>	<u>94,778</u>
	Unaudited 30.06.2017	Audited 31.12.2016	Audited 31.12.2015	Audited 31.12.2014
14 OTHER ASSETS	TZS 000	TZS 000	TZS 000	TZS 000

Prepayments	482,302	228,810	84,848	120,766
ATM Cards	22,600	10,484	13,894	15,239
Stationery	-	-	400	-
Staff Salary Advances	24,032	15,567	14,290	5,934
Withholding Tax receivables	95,536	95,533	71,522	51,976
Other Assets	378,156	618,592	67,355	60,109
	<u>1,002,625</u>	<u>968,986</u>	<u>252,309</u>	<u>254,024</u>

15 INTANGIBLE ASSETS

Cost

At 1st January	358,033	344,001	249,844	167,013
Additions	35,223	14,032	94,157	82,831
End of Period	<u>393,256</u>	<u>358,033</u>	<u>344,001</u>	<u>249,844</u>

Amortization

At 1st January	186,386	170,859	82,303	18,396
Additions	15,067	15,527	88,556	63,907
End of Period	<u>201,453</u>	<u>186,386</u>	<u>170,859</u>	<u>82,303</u>

Net Book Value

At 31st December	<u>191,803</u>	<u>171,647</u>	<u>173,142</u>	<u>167,541</u>
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16 LEASEHOLD IMPROVEMENT

Cost

At 1st January	962,275	654,686	352,969	325,018
Additions	319,791	307,589	301,717	27,951
At 31st December	<u>1,282,066</u>	<u>962,275</u>	<u>654,686</u>	<u>352,969</u>

Amortization

At 1st January	195,255	110,483	67,735	36,113
Additions	47,694	84,772	42,748	31,622
At 31st December	<u>242,949</u>	<u>195,255</u>	<u>110,483</u>	<u>67,735</u>

Net Book Value

At 31st December	<u>1,039,117</u>	<u>767,020</u>	<u>544,203</u>	<u>285,234</u>
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17 PROPERTY AND EQUIPMENT

	ATM & Generators TZS 000	Computers TZS 000	Office Machines & Equipment TZS 000	Furniture & Fittings TZS 000	Motor Vehicle TZS 000	Total TZS 000
Cost-Jun-2017						
At 1st January 2017	149,662	178,490	336,332	149,465	182,396	996,345
Additions	30,060	45,464	192,744	61,826	58,895	388,988
At 30th June 2017	179,722	223,954	529,076	211,291	241,291	1,385,333
Depreciation						
At 1st January 2017	80,651	82,750	165,773	64,205	84,014	477,393
Charge for the year	24,901	35,718	34,933	16,884	27,521	139,957
At 30th June 2017	105,552	118,468	200,706	81,089	111,535	617,350
Net Book Value	74,170	105,485	328,370	130,202	129,756	767,983
Cost-Year 2016						
At 1st January	118,662	90,400	236,870	110,987	182,396	739,315
Additions	31,000	88,090	99,462	38,478	-	257,030
At 31st December 2016	149,662	178,490	336,332	149,465	182,396	996,345
Depreciation						
At 1st January 2016	56,109	57,420	103,470	38,917	38,415	294,331
Charge for the year	24,542	25,330	62,303	25,288	45,599	183,062
At 31st December 2016	80,651	82,750	165,773	64,205	84,014	477,393
Net Book Value	69,011	95,740	170,559	85,260	98,382	518,952
As 31 st December 2015						
Net Book Value	62,553	32,980	133,400	72,070	143,981	444,984
At 31st December 2014						
Net Book Value	86,285	44,686	114,250	61,720	37,649	344,590

18 DEFERRED INCOME TAX ASSET	Unaudited 30.06.2017 TZS 000	Audited 31.12.2016 TZS 000	Audited 31.12.2015 TZS 000	Audited 31.12.2014 TZS 000
Deferred Income tax Asset	<u>260,134</u>	<u>260,134</u>	<u>122,773</u>	<u>13,570</u>

Deferred income tax is calculated on all temporary differences under the liability method using a principle tax rate of 30%. The movement on the deferred income tax account as follows

At start of the year	(260,134)	(122,773)	(13,570)	25,970
Credit to statement of profit or loss and other Comprehensive income		(137,361)	(109,203)	(39,540)
At year ended	<u>(260,134)</u>	<u>(260,134)</u>	<u>(122,773)</u>	<u>(13,570)</u>

Deferred income tax liability and deferred income tax credit to the statement of profit or loss and other comprehensive income are attributed to the following items:

Deferred Income Tax				
Accelerated capital allowance	(260,134)	11,975	15,846	18,737
Provision		(279,973)	(134,127)	(28,432)
Unrealized exchange gains		7,864	(4,492)	(3,875)
	<u>(260,134)</u>	<u>(260,134)</u>	<u>(122,773)</u>	<u>(13,570)</u>

19 DEPOSITS FROM CUSTOMERS

Current Accounts	8,453,392	8,937,863	10,538,842	5,279,135
Saving Accounts	4,815,510	4,659,850	4,336,305	2,927,455
Time Deposit Account	<u>17,962,691</u>	<u>15,553,418</u>	<u>33,847,687</u>	<u>7,617,731</u>
	<u>31,231,593</u>	<u>29,151,131</u>	<u>48,722,834</u>	<u>15,824,321</u>

Saving and time deposits are interest bearing accounts. The interest bearing customer deposits accounts carry variable interest rates

Maturity Analysis				
Repayable on demand	13,268,902	13,597,713	14,875,148	8,206,593
Maturing Within three months	1,796,575	2,378,552	14,744,047	1,355,728
After 3 Months but within one year	16,166,116	13,174,866	10,262,849	1,812,000
Maturing after 1 year		-	8,840,790	4,450,000
	<u>31,231,593</u>	<u>29,151,131</u>	<u>48,722,834</u>	<u>15,824,321</u>

20 DEPOSITS FROM BANK	Unaudited 30.06.2017 TZS 000	Audited 31.12.2016 TZS 000	Audited 31.12.2015 TZS 000	Audited 31.12.2014 TZS 000
Maturity Analysis				
Maturing Within three months	2,500,000	3,000,000	-	-
After 3 Months but within one year	<u>700,000.0</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
	<u>3,200,000</u>	<u>3,300,000</u>	<u>-</u>	<u>-</u>

21 OTHER LIABILITIES

Accrued Expenses	-	44,827	48,027	39,323
Insurance Payable	80,272	24,870	198,591	82,749
Others	499,416	1,727,970	115,570	49,930
	<u>579,688</u>	<u>1,797,667</u>	<u>362,188</u>	<u>172,002</u>
Maturity Analysis				
Maturing Within three months	<u>579,688</u>	<u>1,797,667</u>	<u>362,188</u>	<u>172,002</u>

	Unaudited 30.06.2017 TZS 000	Audited 31.12.2016 TZS 000	Audited 31.12.2015 TZS 000	Audited 31.12.2014 TZS 000
23 SHARE CAPITAL				
Authorized 50,000,000 ordinary shares & 10,000,000 preference shares of TZS 500 each	30,000,000	30,000,000	30,000,000	30,000,000
Called up and full paid				
9,029,056 shares of TZS 500	7,295,346	4,514,528	4,514,528	4,514,528
5,561,635 Right issue of TZS 500 each	7,295,346	2,780,818	-	-
		7,295,346	4,514,528	4,514,528

24 ADVANCE TOWARDS SHARE CAPITAL

The shareholders approved issuance of right issue at the Annual General Meeting. The rights issue exercise commenced on 9th November 2015 and closed on 29th January 2016. AS of 31st December, TZS 1,461,477,000 were paid by shareholders for the purpose of acquiring shares. These were subsequently allotted during 2016

25 REGULATORY RESERVE

Regulatory reserves represent an amount set aside to cover additional provision for losses over and above the impairment of Loans and advances required in order to comply with the requirements of the Bank of Tanzania (BOT). This reserve is not available for distribution.

Provision for non-performing assets is computed using both IAS 39 approach and BOT regulatory approach IAS 39 provision is charged to the statement of profit or loss and other comprehensive income. Where the IAS 39 provision less than BOT provision, the excess over IAS 39 provision is taken to a non-distributable reserve known as Regulatory Risk Reserve. During the three years under write provision using both approaches

	Unaudited 30.06.2017 TZS 000	Audited 31.12.2016 TZS 000	Audited 31.12.2015 TZS 000	Audited 31.12.2014 TZS 000
Provision per Bank of Tanzania approach	37,031	970,275	791,022	110,126
Provision as per IAS 39 (Note 13)		-933,244	-475,423	-94,778
Excess taken to Regulatory Provision	37,031	37,031	315,599	15,348

26 GENERAL PROVISION

General provision reserve represents the surplus of loan provision computed as per the Bank of Tanzania regulations over the impairment of Loans and advances. This is non distributable reserve. The movement of general reserve is as follows

	Unaudited 30.06.2017 TZS 000	Audited 31.12.2016 TZS 000	Audited 31.12.2015 TZS 000	Audited 31.12.2014 TZS 000
At 1st January	216,776	-	-	-
Movement during the year				
Transfer from equity during the year		216,776	-	-
As at End of Period	216,776	216,776	-	-

This is per Banking and Financial Institutions (Management of Risk Assets) Regulation 2014 which is 1% of the current loan classification



Mhasibu Consultants

Certified Public Accountants ,Auditors & Tax Consultants

29th June 2017

The Directors
Maendeleo Bank Plc
P. O. Box 216
Dar es Salaam
Tanzania.

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PROFIT FORECAST

We have examined the profit forecast of Maendeleo Bank Plc set out on pages 104 to 105 on the prospectus for five years from 31st December 2017 to 31st December 2021 in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information. Management is responsible for the forecast including the assumptions on which it is based.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Further, in our opinion the forecast is prepared on the basis of the assumptions and is presented in accordance with the accounting policies normally adopted by Maendeleo Bank Plc.

Actual results are likely to be different from the forecast results since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion on whether or not the forecast will be achieved.

Yours faithfully,

CPA. John M. Lyanga
MANAGING PARTNER
MHASIBU CONSULTANTS

Financial Projections Summary

Profit and Loss and Other Comprehensive income Projections

"Amount in million shillings"

	Projected Dec, 2017	Proj. Dec,2018	Proj. Dec,2019	Proj. Dec,2020	Proj. Dec,2021
INTEREST INCOME					
Interest Income	7,093	10,005	13,006	15,607	18,729
Interest Expenses	(2,705)	(5,002)	(6,503)	(7,804)	(9,364)
Net Interest Income	4,388	5,002	6,503	7,804	9,364
OTHER OPERATING INCOME					
Fees and Commissions	894	1,501	1,951	2,341	2,809
Foreign Exchange Income	52	100	130	156	187
Other Income	-	500	650	780	936
Fees and Commission Income	945	2,101	2,731	3,278	3,933
Total Income	5,333	7,103	9,234	11,081	13,297
Operating Expenses	(4,444)	(5,110)	(5,877)	(6,758)	(7,772)
Operating Profit	890	1,993	3,358	4,323	5,525
Less: Impairment of loan and Advances	(288)	(667)	(867)	(1,040)	(1,249)
Operating Profit/(Loss) Before Taxation	602	1,326	2,491	3,282	4,277
Less: Tax Expense	(129)	(332)	(623)	(821)	(1,069)
Net Profit /(Loss) for the period	473	995	1,868	2,462	3,208
Earnings Per Share	14.52	30.55	57.37	75.62	98.53

Balance Sheet Projections

"Amount in million shillings"

	Proj. Dec, 2017	Proj. Dec, 2018	Proj. Dec, 2019	Proj. Dec, 2020	Proj. Dec, 2021
Cash	1,050	1,365	1,775	2,129	3,407
Balance with Bank Of Tanzania	3,500	6,825	8,873	10,647	12,776
Placements and balances with other banks	13,166	14,483	16,655	19,153	22,026
Debt Securities	7,000	6,000	6,000	7,500	8,500
Loans And Advances (Net)	29,961	39,550	52,704	65,422	82,014
Other assets	1,352	1,487	2,136	2,177	2,612
Fixed Assets	1,603	1,764	2,182	2,400	3,133
Total Assets	57,633	71,473	90,324	109,429	134,469
LIABILITIES					
Customer Deposits	35,000	45,500	59,150	70,980	85,177
Other Liabilities	2,215	2,885	2,818	4,628	6,449
Borrowings	-	1,100	2,938	4,041	5,351
Total Liabilities	37,215	49,486	64,907	79,649	96,977
EQUITY					
Share Capital	17,295	17,295	17,295	17,295	17,295
Share Premium	56	56	56	56	56
Advance Toward Share Capital					
Profit and Loss	284	1,348	2,296	3,224	4,562
Retained Earnings	(321)	(37)	1,311	3,607	6,831
General Reserves	2,996	3,164	4,216	5,234	8,201
Statutory Reserves	108	162	243	365	547
Total Equity	20,418	21,988	25,417	29,780	37,492
Total Equity and Liabilities	57,633	71,473	90,324	109,429	134,468

Underlying assumptions for the projections:

	Assumptions used for Projection 2017-2021		
1	New branches opened Kariakoo & Mwenge to break even on third quarter		
	Deposit Mobilisation Campaign on August - October 2017 expected to bring in 5Bn.		
2	Funds raised from Public on sales of shares 15Bn		
3	Interest income rates		Annual
	Solidarity Group Loans(SGL)		25.00%
	Salaried Workers		15.00%
	Overdraft		18.00%
	FDR/ Placements		12.00%
	Micro loans		18.00%
	Term Loan		18.00%
	Salaried Executive Loans		15.00%
	Small Medium Enterprises(SME)		15.00%
	Insurance Premium Financing(IPF)		15.00%
	Saccos & Microfinance Institutions		15.00%
	Staff Loans		5.00%
	Agro Loans		22.00%
	Advance Bills		0.00%
4	Interest expense rates		
	Current Accounts TZS		0.00%
	Current Accounts USD		0.00%
	Savings Accounts TZS		3.00%
	Savings Accounts USD		0.50%
	Term deposits TZS		13.00%
	Term deposits USD		3.00%
5	Deposits growth rates		
	Current Accounts TZS		5.00%
	Current Accounts USD		5.00%
	Savings Accounts TZS		7.00%
	Savings Accounts USD		7.00%
	Term deposits TZS		4.00%
	Term deposits USD		4.00%
6	Advance growth rate		13%
7	Other		
	Minimum Cash Balance / Net Loan Portfolio		3.00%
	Balance with BOT		3.00%
	Minimum Central Bank Reserves		10.0%
	Accrued Interest Receivable (of gross portfolio)		3.00%
	Loan Loss Allowance		1.00%
	Fixed Assets Increase rate		0.50%
	Other Assets (of total assets)		2.00%
	Accrued Interest Payable (of borrowings)		0.00%
	Other Liabilities (of total liabilities)		5.00%



Our ref: CO/MBP/LHS/447/17

26th July, 2017

Legal Opinion

The Directors
Maendeleo Bank PLC
Head Quarters
Azania Front
Sokoine Drive
P.O. Box 216
Dar es Salaam

Ladies and Gentlemen,

**RE: LEGAL OPINION IN RESPECT OF THE PUBLIC OFFER OF SHARES AND LISTING
ON THE MAIN INVESTMENT MARKET SEGMENT OF THE DAR ES SALAAM STOCK
EXCHANGE.**

1. Background and purpose

We, Abenry & Company, Advocates, have been engaged as Legal Advisers to advise Maendeleo Bank Public Limited Company ("the Bank" or "the Company") in connection with the proposed Public Offer by the Bank of 17,612,417 shares to be issued at TZS 600 per share, through the capital markets system in Tanzania and listing of the Bank on the Main Investment Market segment on the Dar es Salaam Stock Exchange. On application to the Capital Markets and Securities Authority the Bank also intends to utilize the Green Shoe option to extend the offer of shares up to 50% above the current offered shares.

We are Advocates of the High Court of Tanzania, qualified to practice and practicing as such in Tanzania and to advise upon the laws of Tanzania.

2. Interpretation

- 2.1 Wherever used in this Opinion, unless the context otherwise requires:
- 2.1.1 the term "Banking Act" shall mean the Banking and Financial Institutions Act, Cap. 342;
- 2.1.2 the term "BoT" shall mean the Central Bank of Tanzania, established under the Bank of Tanzania Act, Cap 197;
- 2.1.3 the term "CMSA" or "the Authority" shall mean the Capital Markets and Securities Authority established under the Capital Markets and Securities Act, Cap 79;
- 2.1.4 the term "CMS Act" shall mean the Capital Markets and Securities Act, Cap 79;
- 2.1.5 the term "Companies Act" shall mean the Companies Act, Cap. 212;

- 2.1.6 the term “the Bank” or “the Company” shall mean Maendeleo Bank Public Limited Company, a company incorporated in Tanzania on 18th January, 2011 under Certificate of Incorporation No.81006.
- 2.2 Unless otherwise provided, references herein to a specified paragraph shall be construed as a reference to a specified paragraph hereof. In this Opinion, the headings are inserted for convenience of reference only and shall not be used to define, interpret or limit the content hereof.
- 2.3 Terms and expressions referring to the singular are deemed to include the plural and vice-versa.

3. Reviewed Documentation, Procedures and Assumptions

- 3.1. For the purpose of expressing the opinion hereinafter we have examined the documents hereunder-mentioned or copies thereof and such other documents or instruments as we have considered necessary in connection with this Opinion:
- 3.1.1 the Certificate of Incorporation of the Company, No. 81006 issued on 18th January, 2011;
- 3.1.2 the Certificate of Change of name of the Company issued on the 11th July, 2013;
- 3.1.3 the Memorandum and Articles of Association of the Company in their original form;
- 3.1.4 the Resolutions of Board of Directors dated 16th April 2017 recommending the issuance of shares to the public and listing of the Company on the Main Investment segment of the DSE;
- 3.1.5 The shareholders Resolutions dated 6th May, 2017 approving the issuance of shares to the public and the listing of the Company on the Main Investment segment of the DSE;
- 3.1.6 the Companies Act;
- 3.1.7 the Banking Act;
- 3.1.8 the CMS Act and related Regulations including the Capital Markets and Securities (Prospectus Requirements) Regulations, 1997;
- 3.1.9 a letter with Reference No.FA.56/235/065/VOL.II/07 dated 11th May, 2017 from BoT to the Company approving the listing;
- 3.1.10 a letter with Reference No. CMSA/MSD/02/21 dated 2nd May 2017 from CMSA approving the listing under the main market investment segment of the DSE;
- 3.1.11 A letter with Reference No. DSE/0232/MBP dated 23RD May, 2017 in respect of guidance required for the bank to migrate from the EGMs to the MIMs window.

- 3.1.12 an Extract of a resolution of the Directors dated 21st July 2017 passed at the Board meeting held at the head offices of the Company approving the Prospectus;
- 3.1.13 the following licenses and approvals given to the Company for conducting its businesses:
- (a) the Banking License No. CBA No. NBA 00026 which was issued by BoT on 16th August, 2013 authorizing the Bank to conduct banking business;
 - (b) the Taxpayer's Identification Number (TIN) Certificate No. 120-610-066 issued on 24th April, 2013 by the Tanzania Revenue Authority;
 - (c) Certificate of Registration as an Insurance agent No.000501 dated 3rd February, 2017;
 - (d) the business license for the head office No.B.2296612 dated 22nd August, 2016.
- 3.1.14 Court files and Advocates' briefs relating to material litigation by or against the Company in the context of the provisions of the Schedule to the Capital Markets and Securities (Prospectus Requirements) Regulations, 1997;
- 3.1.15 material contracts to which the Company is a party in the context of the provisions of the Schedule to the Capital Markets and Securities (Prospectus Requirements) Regulations, 1997;
- 3.1.16 insurance policies taken by the Company;
- 3.1.17 various bank policies as approved by BoT; and
- 3.1.18 Various leases to which the Company is a tenant.
- 3.2 We have further made such other enquiries and examined such other official records at the Registrar of Companies as we have considered appropriate for the purposes of giving the Opinion set out below.
- 3.3 In expressing the Opinion hereinafter, we have examined and relied on the originals or copies (as the case may be) of the documents mentioned in paragraph 3.1 above and we have assumed:
- 3.3.1 the authenticity and completeness of all documents submitted to us as originals or copies, the genuineness of all signatures, the conformity to originals of all copies, and the accuracy of any translations;
 - 3.3.2 that representation made to us by officers and agents of the Company are true in all material respects.
 - 3.3.3 each natural person signing any document reviewed by us had the legal capacity to do so;

- 3.3.4 each natural person signing any document reviewed by us in a representative capacity had authority to sign in such capacity; and
- 3.3.5 The Offer and the Listing will not change the operations of the Company.

4. Opinion

- 4.1 Based upon and subject to: (1) the foregoing, (2) paragraph 4.2 of this Opinion, (3) any matters not made known to us, we are of the considered opinion that:
 - 4.1.1 the Company is public company incorporated in Tanzania pursuant to the provisions of the Companies Act, with powers to execute, deliver and exercise its rights and perform its obligations pursuant to the Offer and the Listing, and such execution and performance have been duly authorized by appropriate corporate action;
 - 4.1.2 the rights obligations of the Company contemplated by the transactions constitute valid and binding rights and obligations enforceable in accordance with the terms thereof;
 - 4.1.3 the Offer and the Listing have been duly and validly authorized by the Company and no other corporate action on the part of the Company is necessary to authorize the Offer and the Listing;
 - 4.1.4 save as stated in paragraph 4.1.4 above, the Offer and the Listing are in compliance of the CMS Act and all other laws relevant and enforceable in Tanzania at the time of giving this Opinion.
- 4.2 Based upon and subject as aforesaid, and without prejudice to the generality of the matters set out in paragraph 4.1 of this Opinion, we are further of the considered opinion that:
 - 4.2.1 the current authorized share capital of the Company is Tanzania Shillings Thirty Billion (TZS. 30,000,000,000.00) divided into 50,000,000 ordinary shares of Tanzania Shillings Five Hundred (TZS.500) each with 10,000,000 preference shares of Tanzania Shillings Five Hundred (TZS 500) each;
 - 4.2.2 the Company was incorporated as a private company on 18th January, 2011 and has a Certificate of Incorporation No. 81006 the Company was later issued with a certificate of change of name dated 11th July, 2013 duly issued by the Registrar of Companies;
 - 4.2.3 the Company is authorized to conduct banking business and was duly licensed and issued with a Banking License No. NBA 00026 which was issued by the Bank of Tanzania on the 16th August, 2013;
 - 4.2.4 according to Articles 9,10,11 of the Articles of Association of the Company, and the Company being a public company, its right to transfer shares and issuance of share certificates is not restricted and after Listing, the Company shall also be regulated by the DSE Rules;



- 4.2.5 some authorizations, approvals, consents, licenses, exemptions, filings or registrations of/or with any governmental or public bodies or authorities of/ or in Tanzania required in connection with the business of the Company have been obtained, are in proper form, and are in full force and effect;
- 4.2.6 all authorizations and approvals by BoT, CMSA and DSE required for the Offer and the Listing under the respective Legislation and Rules have been obtained;
- 4.2.7 as of the date of this Opinion the Company has in force (41) “material” contracts to which the Company is a party. These include Service contracts entered into for the purpose of carrying out its functions. The List does not include employment contracts and Leases. By and large, the Agreements reviewed are well crafted and structured. Below is a summary of some of the material contracts reviewed:

((a) Messaging Service Agreement between INFOBIP Tanzania Limited (INFOBIP) and Maendeleo Bank Plc (Client).

The agreement was entered into for the provision of International messaging service to Maendeleo Bank by Infobip Tanzania Limited.

(b) Agreement for collection and Bulk Payments through Airtel Mobile Platform between Airtel Tanzania Limited and Maendeleo Bank Plc.

The agreement is for the implementation of certain online services such as, installation of commercial links in order to link parts of Maendeleo Bank Plc and Airtel. Airtel and Maendeleo Bank Plc share the NET profits accrued on loans interest on a 65%: 35% respectively.

(c) Software Licensing and Maintenance Agreement between Maendeleo Bank Plc (User) and Kenya Commerce Exchange Service Bureau Limited (KENEX).

The agreement is for the provision of licensing of software and support services relating to the software provided by Kenya Commerce Exchange Service Bureau Limited to Maendeleo Bank.

(d) Mobile Banking Service Agreement between Selcom Gaming Limited and Maendeleo Bank Plc.

The agreement signed is for utilization of SELCOMs’ license, services and expertise to offer Maendeleo Bank’s customers mobile banking services.

(e) Agreement for collection and Bulk Payment through Airtel Mobile Platform between Airtel Tanzania Limited and Maendeleo Bank Plc.

Provision of online services, existing or new communication links.

(f) Bankers Realm Core Banking System- Software License Agreement between Craft Silicon Limited (Licensor) and Maendeleo Bank Plc (Licensee).

Grant of non- exclusive and non-assignable license to use software in object code form to licensee.

(g) Agreement for Postpaid Mobile Voice Services between MIC Tanzania Limited (Provider) and Maendeleo Bank Plc (Customer).

The Agreement is for provision of telephone services such as speech wireless telegraphy.

(h) Agreement for Collection for Collection and Bulk Payments through Airtel Nobile Platform between Airtel Tanzania Limited and Maendeleo Bank Limited Plc.

The Agreement is for provision of collection and bulk payments through Airtel Mobile platform so that customers of the Bank are able to receive their payments, salaries, advances and allowances from the system.

(i) Deed of Novation in respect of the provision of Internet and Data Services between Startel Tanzania Limited (Outgoing Party) and Maendeleo Bank Plc (Counter Party) and Raha Limited (Incoming Party).

The Agreement is for provision of recording the terms of the agreement between the outgoing party and the counter party for the purpose of the existing agreement between the counter party and the new party (Incoming party).

(j) Agreement for Tax Payments to Tanzania Revenue Authority via (TAXBANK) between Bank of Baroda and Maendeleo Bank.

The agreement is for provision of tax payment services for Maendeleo Bank.

(k) Agreement for Credit Reference Bureau Subscription between Maendeleo Bank Plc (Subscriber) and Dun & Bradstreet Credit Bureau Tanzania Limited (Company).

The Agreement is for provision of Credit Performance Information Reports for Maendeleo Bank.

(l) Agreement for verification and Valuation of Assets between Maendeleo Bank Plc (Bank) and Kitupa Property Consults Limited (Valuer).

The Agreement is for provision of valuation and verification of assets identified by the Bank's borrowers for the purpose of executing mortgages.

4.2.8 The Company has taken the following insurance policies:

S/ N.	INSURANCE POLICY	AMOUNT OF COVER	PREMIUM	INSURER	EXPIRY DATE
1	Fire - Building (Luther House Office)	TZS 200,000,000	TZS 300,000	UAP	22 July 2017
2	Asset All Risk (Luther House Office)	TZS 368,000,000	TZS 852,000	UAP	22 July 2017
3	Fire- Buildings (Mwenge&Kariakoo branches)	TZS 1,090,000,000	TZS 1,607,750	UAP	15 January 2018
4	Business All Risk (Mwenge&Kariakoo branches)	TZS 577,974,000	TZS 6,820,093	UAP	15 January 2018
5	Medical Insurance	TZS 1.5 billion	TZS 79,411,661	Jubilee Insurance	31 August 2017
6	Bankers Blanket Bond	USD 700,000	USD 42,126	UAP	30 September 2017

- 4.2.9 (a) Save as disclosed below, there is no significant other civil or criminal legal action whatsoever in which the Company is involved that is taking place, pending or threatened that may adversely affect the Company in the PO. We have disclosed below the major cases that the Company is involved:

S/ N	CASE/CLAIM
1.	<p>Land Application No. 210 of 2015</p> <p>Parties: Mustapha Shabani vs Maendeleo Bank</p> <p>Loan Disbursed: TZS.30,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Applicant is seeking for declaratory orders that the mortgage and the intended sell, or lease or possession of the suit property with the residential license ILA000151 on Parcel No. ILA/BUG/KS4/133 which is situated at Buguruni Kisiwani, Ilala Municipality, Dares Salaam be declared null and void for use of documents fraudulently obtained.</p>
2.	<p>Civil Case No. 120/2016 and Miscellaneous Civil Application No. 224/2016</p> <p>Parties: Phares Elias Nganga vs. Maendeleo Bank</p> <p>Loan disbursed: TZS. 40,000,000</p> <p><u>Summary of the case</u></p> <p>The applicant was issued working capital of TZS. 40,000,000/= for bar and guest house business located at Chanika area. The loan was secured by residential house located on plot no. 110 block Chanika Dar es Salaam.</p> <p>The Applicant's house was auctioned on 23rd June 2016 however the Applicant went to court for nullification of the sale of his house.</p>
3.	<p>Civil Case No. 21/2016 and Miscellaneous Civil Application Number 51/2016</p> <p>Parties: Ramadhan Ally Malungo vs Maendeleo Bank</p> <p>Loan Disbursed: TZS 20,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Plaintiff is seeking for order to restrain the respondents/defendants from attaching and selling the house.</p>
4.	<p>Land Application No. 363/2016</p> <p>Parties: Jod Trading vs. Maendeleo Bank</p> <p>Loan Disbursed: TZS.120,000,000</p> <p><u>Summary of the case</u></p> <p>The Applicant is seeking for declaratory orders to urgently restrain the Respondent to conduct an auction and a declaration that the applicants have not defaulted repayment of the loan and that the applicants be ordered to pay the loan as determined by the tribunal.</p>

5.	<p>Application No. 196/2015</p> <p>Parties: Said Mudathiri Manjano vs. Maendeleo Bank</p> <p>Loan Disbursed: TZS 10,000,000.00</p> <p><u>Summary of the Case</u></p> <p>The Client is seeking for declaration orders that the Honourable Tribunal be ordered to restrain the Respondent from selling the Applicant's house.</p>
6.	<p>Land Application No. 9/2016</p> <p>Parties: Nicole Walter vs. Maendeleo Bank</p> <p>Loan disbursed: TZS 20,000,000</p> <p><u>Summary of the case</u></p> <p>Geenix Tanzania Co Ltd was issued term loan of Tshs.20,000,000 as working capital for Green house installations . The loan was secured by a plot with sales agreement in the name of Nicole Walter. Business has collapsed. She defaulted with more than 120 due days.As per our Credit procedures we issued all demand notices to the client and 60 days demand notice expired on 14thMarch 2016 we handled over to our Debt collector. Before the pledged collateral was auctioned she opened a case against the Bank.</p>
7.	<p>Civil Case No. 75/2015</p> <p>Parties: Edmund Kavishe vs. Maendeleo Bank, Felista Lusinde, Ahadi Auction Mart</p> <p>Loan disbursed: TZS 3,500,000</p> <p><u>Summary of the case</u></p> <p>The Plaintiff was issued a 60 days default notice but before default notice expired he went to Court for an Injunction. The Plaintiff is seeking for an order restraining the Defendant from distributing and impounding the Plaintiff's property.</p>
8.	<p>Land Application No. 308/2015</p> <p>Parties: Khadija Paulo vs. Maendeleo Bank, Kunda Betuel Kunda</p> <p>Loan disbursed: TZS.10,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Applicant is seeking for the declaration orders that the mortgage agreement between 1st and 3rd Respondents be declared null and void, land property described as TMK/MBGK/MBK30/266 be discharged from securing the loan agreement, the original residential license be returned to the Applicant.</p>

9.	<p>Land Case No 61/2016</p> <p>Parties: Mohamed Khamis Mtulia vs. Maendeleo Bank, Charles Mallya</p> <p>Loan disbursed: TZS.60,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Plaintiff was issued a 60 days default notice but before default notice expired he went to Court for an Injunction. The Plaintiff is seeking for an order restraining the Defendant to sell the security property.</p>
10.	<p>Land Application No. 301/2016</p> <p>Parties: Greyson John Mmbuji vs Maendeleo Bank</p> <p>Loan disbursed: TZS 30,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Land Application is pending at the District Land and Housing Tribunal for Temeke before Hon. Mwakibuja Chairperson, the applicant is seeking for intervention of the Honourable Tribunal to restrict the bank to sell his house and reschedule of loan payment schedule.</p>
11.	<p>High Court, Land Division at Dar es Salaam, Land Case No. 304 of 2015</p> <p>Parties: Francisca Kokughanywa Alfred vs Maendeleo Bank PLC</p> <p><u>Summary of the case</u></p> <p>Bank disposed collateral of Plaintiff after default through public auction. The Plaintiff argues that there was no advertisement for the auction and the highest bidder was not picked up which resulted into her not realising any money out of the disposed collateral.</p> <p>No monetary claim is prayed for. Plaintiff prays for declaration that disposition was void, and Bank be compelled to sit and reschedule the time to repay the loan.</p>
12.	<p>Court of Resident Magistrate of dares Salaam at Kisutu</p> <p>Parties: Maendeleo Bank PLC vs Tegeta High School & 3 Others</p> <p>Loan disbursed: TZS 10,000,000</p> <p><u>Summary of the case</u></p> <p>Three employees who received loan guaranteed by their employer have defaulted and efforts to recover the same are futile. Bank sues defaulters and their guarantor (their employer) for recovery of the said money.</p>

13.	<p>High Court of Tanzania, Dar es Salaam Registry</p> <p>Parties: Buibui Investment Limited & Kessy Jumanne Mwaipopo vs Maendeleo Bank PLC</p> <p>Loan disbursed: TZS 150,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Applicant was issued working capital of Tzs.150, 000,000/= for Zoo business located at Mbezi Kibamba area. The loan was secured by third party residential house located on plot no 25/27A with CT. No. 19734 at Mwananyamala area in Kinondoni Municipality Dar es Salaam.</p> <p>The Applicant was issued 60 days default notice but before default notice expired he went for Court Injunction. The Bank intended to dispose the secured properties aiming at recovering the loaned and defaulted amount. The Guarantor claimed that default was cause by force majeure thus the suspension by the government of the exportation of live animals by trophy dealers.</p> <p>The matter has been re-instituted by the Applicant in court after it had been concluded by previous court. The matter came for hearing of the Application for injunction.</p>
14.	<p>Court of Resident Magistrate at Kinondoni, Civil case no. 148/2016</p> <p>Parties: Rehema Saidi Saidi vs Maendeleo Bank PLC & Emmanuel Kagongo</p> <p>Loan disbursed: TZS 60,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Plaintiff is claiming for specific damages of TZS 10Million and General Damages of TZS 15Million.</p>
15.	<p>Land Application No. 601/2016</p> <p>Parties: Theopil Akaro vs Maendeleo Bank PLC</p> <p>Loan disbursed: TZS 30,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Plaintiff does not claim any, monetary damages but is claiming for general damages and is seeking for declaratory orders to prevent sale of his property.</p>

16.	<p>Court of Resident Magistrate at Kisutu CC No. 360//16</p> <p>Parties: Norah Francis Lyasenga vs Maendeleo Bank PLC & Rogasian Mark Silayo</p> <p>Loan disbursed: TZS 30,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Applicant is seeking for declaratory orders that the 3rd party mortgage and the intended sell, or lease or enter possession of the suit property with the title deed at Plot 335, Block 5, Mwananyamala, Kinondoni, Dar es Salaam be declared null and void.</p>
17.	<p>District Land & Housing Tribunal Kibaha</p> <p>Parties: Mwajuma Rashid Muheka vs Maendeleo Bank PLC, Mem Auctioneers & Paulina Bina Mwapola</p> <p>Loan disbursed: TZS 30,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Plaintiff Paulina purchased a house from Mwajuma which was later mortgaged to the Bank. Upon default, the Bank advertised for auction. Mwajuma claims that she did not sale the house to Paulina and sale agreement deed is a sham and fraud.</p> <p>In addition to injunction against auction, Mwajuma prays for declaration of fraud and nullity of subsequent mortgage.</p>
18.	<p>Land & Housing Tribunal at Temeke, Application No. 40 of 2017</p> <p>Parties: Helena Mosha& John Mamuya vs Maendeleo Bank PLC</p> <p>Loan disbursed: TZS 30,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Plaintiff seeks for declarative order to declare the sale null and void. The Plaintiff is claiming to be paid general Damages of TZS 20,000,000.</p>
19.	<p>Land & Housing Tribunal at Temeke, Application of 2017</p> <p>Parties: Mariam Loth Abraham vs Maendeleo Bank PLC & CHIEMO Investment and Consulting Co. Ltd</p> <p>Loan disbursed: TZS.60,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Bank issued to Applicants 1st notice upon default in payment of installments. Applicants instituted suit that Bank intends to dispose security without issuing statutory notice.</p> <p>The Plaintiff seeks for declarative order to declare the sale null and void. The Plaintiff is claiming to be paid general Damages of TZS. 2,000,000.</p>

20.	<p>District Land and Housing Tribunal of Kinondoni at Mwananyamala</p> <p>Parties: Miriam Miraji Seleman vs Maendeleo Bank PLC & Another</p> <p>Loan disbursed: TZS 30,000,000</p> <p><u>Summary of the case</u></p> <p>The Bank intended to dispose the secured property aiming at recovering the loaned and defaulted amount. The Applicant claimed that default is caused by financial problems.</p> <p>No monetary claims are prayed for. Applicant prays for temporary injunction restraining the Bank from disposing the mortgaged properties. Also prays for loan payment rescheduling for paying the said loan.</p>
21.	<p>High Court of Tanzania, Land Division, Dar es Salaam Registry, Land Case No 136 of 2017</p> <p>Parties: Emmanuel Jonas Mwakitwange vs Maendeleo Bank & 2 others</p> <p>Loan disbursed: TZS 35,000,000.00</p> <p>Amount in arrears: TZS 14,727,238.86</p> <p><u>Summary of the case</u></p> <p>Plaintiff claims for payment of TZS 50,000,000, declaratory order that the auction was illegal, in the alternative, 1st and 2nd Defendants be ordered to pay TZS 150,000,000 being damages for wrongly selling the property in dispute.</p>
22.	<p>High Court, Land Division at Dar es Salaam, Land Case No. 95 of 2017</p> <p>Parties: Esther Mahende & another vs Maendeleo Bank & another</p> <p><u>Summary of the case</u></p> <p>The Bank intended to dispose the secured property aiming at recovering the loaned and defaulted amount. The Applicant claims that notices issued to sell the mortgaged property were unlawful.</p> <p>Plaintiff Claims for declaration that the notices issued where unlawful. There is no monetary claim.</p>
23.	<p>Application No.87 of 2017</p> <p>Parties: Zahra Hashim Abbas v Maendeleo Bank PLC</p> <p>Loan disbursed: TZS 20,000,000.00</p> <p><u>Summary of the case</u></p> <p>The Bank intended to dispose the secured property aiming at recovering the loaned and defaulted amount.</p> <p>The Applicant claims that notices issued to sell the mortgaged property were unlawful.</p> <p>Plaintiff Claims for declaration that the notices issued where unlawful. There is no monetary claim.</p>

- (b) All the pending cases listed above have resulted from the legal suits and applications being made by borrowers who are defaulters aggrieved by notices of default issued by the bank upon default on repayment after the Bank had given loans to the borrowers who secured their loan with collaterals in disputes. The total amount resulting from the amount remaining in arrears from such claims is Tanzania Shillings Five Hundred and Seventy Four Million Nine Hundred Sixty Six Thousand Four Hundred Eighty Five and Nineteen cents (TZS 574,966,485.19).
- (c) Most of these cases, if not all, occurred when the Company attempted to recover from the borrowers who have defaulted from making repayments of their loans. As a result the borrowers decided to file cases as a way of resisting recovery by the Company of the outstanding amounts. In the premises, the real loss to the Company is the outstanding principal loan amounts repayable plus accruing interest and the legal fees. However, most of the cases are at very early stages such that it is very difficult to predict with certainty in terms of actual liabilities that may arise for the purpose of determining the impact of pending litigation on the financial status of the Company. In our opinion, other than the legal costs involved, there is a minor likelihood of the Company suffering loss as a result of these cases.
- 4.2.10 No winding-up order has been issued against the Company and no Receiver Manager or Liquidator has been appointed in respect of the Company.
- 4.2.11 Save as disclosed in this Prospectus, there is no other agreement or arrangement concerning the Offer and the Listing.
- 4.2.12 There are no other material items than those mentioned in this Prospectus which have been disclosed to us or of which we are aware of with regard to the legal status of the Company, the Offer and the Listing.

5. Reservations

We express no Opinion as to any law other than the laws of Tanzania in force, and as interpreted, at the date of this Opinion.

6. Consent

We consent to the inclusion of our Legal Opinion in the Prospectus to be issued in connection with the proposed Public Offer by the bank in the form and context in which it appears. We confirm that we have given and as at the date of issue of the Prospectus have not withdrawn our consent to its issue and the inclusion of our Legal Opinion herein.

Yours sincerely,



Lucy Sondo
SENIOR PARTNER

11. TRANSACTION ADVISORS:

LEAD TRANSACTION ADVISORS & SPONSORING BROKER	LEGAL ADVISORS
 <p>Arch Financial & Investment Advisory Ltd</p> <p>Arch Financial & Investment Advisory Ltd, NIC Life House, 2nd Floor, Wing C, P.O Box 38024, Dar Es Salaam, Tanzania Tel: +255 22 2112844 Email: info@archfia.co.tz, archfia@gmail.com</p>	 <p>Abenry & Company Golden Jubilee Towers 3rd Floor, Main Tower Ohio/Kibo Street P.O. Box 3167 Dar Es Salaam Tel: +255 22 2129461 Website: www.abenry.com</p>
REPORTING ACCOUNTANTS	
 <p>Mhasibu Consultants NIC Life House, Wing C, P.O. Box 78047 Dar Es Salaam Tel: +255 22 2120238 Email: mhasibuconsultants@mhasibu.com</p>	

1. AUTHORISED COLLECTING BANKS

 <p>MAENDELEO BANK <i>Together in Progress</i></p> <p>Luther House Sokoine Drive, P.O. Box 216, DSM Tel: +255 22 2136286; Email: shares@maendeleobank.co.tz</p> <p>SWIFT CODE: MBLTZZTZ</p>	
<p>1. Luther House Branch Sokoine Drive, P.O. Box 216, DSM Contact Person: Margret Msengi Mob. 0784616830</p>	<p>2. Mwenge Branch, Tumaini University – Cocacola Road, P.O. Box 216, DSM. Contact Person: Aneth Mahondo</p>
<p>3. Kariakoo Branch KKKT Kariakoo Parish, Likoma Street P.O. Box 216, DSM Contact Person: Nuru Shadracky Mob. 0689 782 888</p>	
 <p>CRDB BANK <i>The bank that listens</i></p> <p>CRDB Bank Plc P.O. Box 268, Dar es Salaam, Tanzania Tel: +255 22 219 7700 Web: www.crdbbank.com</p> <p>ALL BRANCHES COUNTRY WIDE</p>	 <p>Uchumi Commercial Bank Ltd P.O.Box 7811 Moshi, Tanzania. Tel: 027 275 0491 Email: ucb@uchumibank.co.tz</p>

CRDB BANK PLC BRANCHES IN DAR ES SALAAM

AZIKIWE	MBEZI BEACH	TEGETA	MSASANI
AZIKIWE PREMIER	OYSTERBAY	MBAGALA	MAGOMENI
TOWER	PUGU ROAD	KARIAKOO	TEMEKE
HOLLAND	QUALITY CENTRE	WATER FRONT	KIJITONYAMA
VIJANA	MLIMANI CITY	UBUNGO	MIKOCHENI
LUMUMBA	UDSM	TABATA	BANANA

CRDB BANK PLC BRANCHES UPCOUNTRY

ARUSHA	HAI	KOROGWE	MBALIZI
BABATI	IFAKARA	KYELA	MBARALI
BAGAMOYO	IRINGA	LINDI	MBEYA
BARIADI	KAHAMA	MAFINGA	MBINGA
BUGANDO	KARAGWE	MAKAMBAKO	MBOZI
BUKOBA	KASUMULU	MANDELA	MERU
CHAMWINO	KATORO	MANYONI	MKWAWA
CHATO	KIBAHA	MAPATO	MOROGORO
DODOMA	KIGOMA	MARANGU	MOSHI
GEITA	KILOMBERO	MASASI	MPANDA
MULEBA	KILOSA	MASWA	MPWAPWA
MUSOMA	KONDOA	MAZIMBU	MTWARA
MWANJELWA	NJOMBE	SHINYANGA	SUMBAWANGA
MWANZA	NYANZA	SINGIDA	TABORA
MUHEZA	NYERERE	SONGEA	TANGA
MZUMBE	SAUT	SUA	TARIME
TFA ARUSHA	UDOM/AGENCY	USA RIVER	ZANZIBAR
TUNDUMA	URAMBO		

2. AUTHORIZED COLLECTING AGENTS

<p>Tanzania Securities Limited P.O. Box 9821, DAR ES SALAAM Offices - 7th Floor, IPS Building Samora Avenue/Azikiwe Street Tel: 255 (22) 2112807, Fax: 255 (22) 2112809 Mob: +255 718 799997 E-mail: info@tanzaniasecurities.co.tz</p>	<p>Solomon Stockbrokers Limited P.O. Box 77049, DAR ES SALAAM Offices: Ground Floor - PPF House, Samora Avenue/Morogoro Rd. Tel: 255 22 2124495/2112874, Fax: 255 22 2131969 Mob: +255 714 269090 E-mail: solomon@simbanet.net info@solomon.co.tz</p>
<p>TIB Rasilimali Limited P.O. Box 9373, DAR ES SALAAM Offices; 7th Floor, Samora Tower, Samora Avenue/Mansfield Street, Tel: 255 22 2111711, Fax: 255 22 2122883 Mob: +255 713 777818 / +255 784 777818 / +255 754 283185 E-mail: rasilimali@africaonline.co.tz</p>	<p>Orbit Securities Company Limited P.O. Box 70254, DAR ES SALAAM Offices: 4th Floor, Golden Jubilee Towers, Ohio Street, Tel: 255 22 2111758, Fax: 255 22 2113067 E-mail: orbit@orbit.co.tz</p>
<p>Core Securities Ltd P.O. Box 76800, DAR ES SALAAM. Offices: Fourth Floor – Elite City Building, Samora Avenue, Tel: +255 22 2123103, Fax: +255 22 2122562 E-mail: core@cats-net.com, fumbuka1953@yahoo.co.in</p>	<p>Vertex International Securities Ltd P.O. Box 13412, DAR ES SALAAM. Offices: Annex Building - Zambia High Commission, Sokoine Drive/Ohio Steet, Tel: 255 22 2116382 Fax: 255 22 2110387 E-mail: vertex@vertex.co.tz. operations@vertex.co.tz</p>
<p>Zan Securities P.O. Box 5366, Dar es salaam P.O. Box 2138, Zanzibar Offices: 2nd Floor, Viva Tower, Ali Hassani Mwinyi Road, Dar es salaam 1st Floor, Muzammil Centre, Malawi Road, Zanzibar Tel: +255 22 2126415, Fax: 255 22 2126414 Mob: +255 754 850055 E-mail: info@zansec.com</p>	<p>E. A. Capital P.O. Box 20650, Dar es salaam Offices: 6th Floor, IT Plaza, Ohio Street Mob: +255 (0)779 740818, Fax: 255 (0)784 461759 E-mail: ec@eacapital-tz.com</p>
<p>Optima Corporate Finance P.O. Box 4441, Dar es salaam Offices: Mikocheni, Senga Road, Plot No 565 B. Mob: +255 (0)787 670359 E-mail: info@optimacorporate.co.tz</p>	<p>Arch Financial & Investment Advisory Limited P.O. Box 38024, Dar es salaam Offices: NIC Life House, 2nd Floor, Wing C. Tel: +255 (0)222 112844 Mob: +255 (0)732 922396</p>

	E-mail: info@archfia.or.tz archfia@gmail.com Website: www.archfia.or.tz
Smart Stock Brokers P.O. Box 105678, Dar es salaam Offices: 1st Floor, Masdo House, Samora Avenue, Tel: +255 (0)222 133607 E-mail: info@smartstockbrokers.co.tz Website: www.smartstockbrokers.co.tz	Prudential Capital Group Limited 3rd Floor, Tancot House Sokoine Drive/Ohio Street P. O. Box 8211 Dar es Salaam Tel: +255 687 894993 Email: info@prudentialcapitalgroup.com
Victory Financial Services ATC Building Ohio Street/Garden Avenue P.O. Box 8706 Dar es Salaam Tel: +255 22 211 2691	Maxcom Africa Limited Mobile Banking, P.O. Box 31211, Dar es Salaam, 1st Floor, Sit 3-4 Millenium Tower Makumbusho Area Tel: +255 757 244424 +255 764 700200 Email: info@maxcomafrika.com

LICENSED INVESTMENT ADVISORS

<p>Orbit Securities Company Limited Golden Jubilee Towers Ohio Street P.O. Box 31831, Dar es Salaam Tel: 255 (22) 2111758 Fax: 255 (22) 2113067 E-mail: orbit-sec@raha.com. Website: www.orbit.co.tz</p>	<p>FTC Consultants Limited 2nd Floor, Osman Towers Zanaki Street P.O. Box 22731 Dar es Salaam, Tanzania, Tanzania Phone: +255 (77) 467 6676 Fax: +255 (22) 213 0519 Web: www.ftc-tz.com</p>
<p>Stanlib Tanzania Limited Maktaba Square, 4th Floor Maktaba Street P.O. Box 7495 Dar es Salaam</p>	<p>Skylink Financial Services Limited 4th floor, Amani Place, P.O. Box 21338 Dar es Salaam, Tanzania Tel: +255 22 2115381 Fax: +255 22 2112786 Email: infor@skylinkfinancialservices.com</p>
<p>Cornerstone Partners Ltd. Unit 217, Harbour View Tower Samora Avenue P. O. Box 9302, Dar es Salaam, Tanzania Tel: +255 22 212 3491/2 Fax: +255 22 212 3493 Email: info@cornerstonepartners.co.tz www.cornerstonepartners.co.tz</p>	<p>Stanbic Bank (T) Ltd Stanbic Centre, 99A, Kinondoni Road P. O. Box 72647, Dar es Salaam, Tanzania. Tel: +255 22 266 6430/480 Direct line: +255 22 219 6467 Fax: +255 22 266 6301 Website: www.stanbicbank.co.tz</p>
<p>Vervet Global 1st Floor, C&G Plaza, 672/2 Mwai Kibaki Road, Mikocheni B, P.O Box 75886, Dar-es-Salaam, Tanzania Email: info@vervetglobal.co.tz Tel: +255 688 315 248 / +255 787 850 526</p>	<p>Bank M Tanzania Limited Money Centre – 8 Ocean Road P.O. Box 96, Dar es Salaam Tel: +255 22 2127824 Fax: +255 22 2127825 Website: www.bankm.co.tz</p>
<p>Equity Investment Management Ltd 4th floor, 50 Mirambo Street P.O. Box 8020 Dar es Salaam, Tanzania. Tel: 255 22 211 2926 Fax: 255 22 211 3645</p>	<p>Exim Advisory Services Ltd. (Fund Manager) 8th Floor, Office Academy Scheme Building Plot 2385/12, Azikiwe Street P.O. Box 3219, Dar es Salaam</p>
<p>Solomon Stockbrokers Limited. PPF House, Ground Floor Morogoro Rd./Samora Avenue P.O. Box 77049 Dar es Salaam Tel. 255 - 22 - 2124495/2112874 Fax. 255 - 22 - 213 1969 Email: info@solomon.co.tz</p>	<p>Tanzania Securities Limited (Fund Manager) 7th Floor, IPS Building Samora Avenue / Azikiwe Street P.O. Box 9821, Dar es Salaam Tel: 255 (22) 21 12807 Fax: 255 (22) 21 12809 E-mail: tsl@muchs.ac.tz,</p>

Website: www.solomon.co.tz	info@tanzaniasecurities.co.tz Website: www.tanzaniasecurities.co.tz
Standard Chartered Bank Tanzania Limited International House Shaaban Robert Str. Garden Avenue P.O. Box 9011, Dar es Salaam Tel: 255 (22) 2122160 / 2122162 Fax: 255 (22) 2122089 www.sc.com/tz	Rasilimali Limited CHC Building, 3rd Floor Samora Avenue/Zanaki Street P.O. Box 9373 Dar es Salaam Tel: 255 - 22 - 2111711 / 255 (0) 784 777818/ 255 (0) 713 777818 Fax: 255 - 22 - 2113438 Email: rasilimal@africaonline.co.tz
Consultants for Resources Evaluation Limited (CORE) Elite Building, 4th Floor Samora Avenue/Morogoro Road P.O. Box 768000, Dar es Salaam Tel: 255 - 22 - 2123103 Fax: 255 - 22 - 2182521 Email: info@coresecurities.co.tz , lfumbuka@coresecurities.co.tz Website: www.coresecurities.co.tz	Unit Trust of Tanzania (Fund Manager) 3rd Floor, Sukari House Sokoine Drive / Ohio Street P.O. Box 14825 Dar es Salaam Tel: +255 22 212 2501 / 213 7592/ 212 8460 /61 Fax: +255 22 21 3 7593 Email: uwekezaji@utt-tz.org Website: www.utt-tz.org
Ernst &Young Advisory Services Utalii House 36 Laibon Road, Oysterbay P.O. Box 2475, Dar es Salaam Tel: +255 22 266 6853 / 266 7659 Fax: +255 22 266 6869 Email: EYAS@tz.ey.com guarantee@raha.com	Equity for Tanzania Ltd. (EFTA), P.O. Box 1747 Moshi. Tel. +255 27 2750657
National Bank of Commerce Limited Sokoine Drive & Azikiwe Street P.O. Box 1863, Dar es Salaam, Tanzania Tel: +255 22 2199793,+255 768980191 Fax: +255 22 2112887/ 2113749 E-Mail: contact.nbc@nbctz.com Website: www.nbctz.com	Omega Capital Limited P.O. Box 23227 c/o CORE SECURITIES LIMITED, Elite City Building, Samora Avenue, P.O. Box 76800, Dar es Salaam.
M Capital Patners Limited 8, Obama Drive, P.O. Box 96 Dar es Salaam	Smart Stock Brokers Limited 1st Floor, Masdo House, Samora Avenue, P.O. Box 105678, Dar es Salaam
Tanzania Mortgage Refinance Company 15th Floor, Golden Jubilee Tower, P.O. Box 7539	ZAN Securities Ltd P.O. Box 5366 2nd Floor, VIVA Towers Ali Hassan Mwinyi Road

Dar es Salaam	Dar es Salaam P.O. Box 2138, 1st Floor Muzammil Centre, Malawi Road Zanzibar Tel: +255 22 2126415
Skylink Financial Services Limited 4th Floor, Amani Place, Opposite Dar es Salaam Serena Hotel P. O. Box 21338 Dar es Salaam. Tel. +255 22 2115381 Fax +255 22 2112786/ +25502202114562 E-mail: info@skylinkfinancialservices.com	Exim Bank Tanzania Limited P.O. Box 1431 Dar es Salaam

SHARE APPLICATION FORM

A copy of this Prospectus to which this Application Form is attached was registered in terms of Section 35 of the Companies Act 2002 and Section 131 of the Capital Markets and Securities Act 1994 (as amended). This Application Form relates to the Public Offer of 17,612,417 New Ordinary Shares of Maendeleo Bank Plc, at an issue price of TZS 600 per share. Expressions used in this Application Form shall, unless the context requires otherwise, have the same meaning as in the Prospectus. This Application Form should be read in conjunction with the Prospectus and the terms and conditions contained therein are deemed to be incorporated in and form part of this Application Form.

Please refer to the instructions from the third page before completing this Application Form. This form has to be completed at the premises of any Licensed Dealing Member. This form once duly completed should be submitted, together with Tshs Banker's cheque, TZS Direct Debit slip or TZS Cash in favour of Maendeleo Bank Plc, to any Receiving Bank or Licensed Dealing Member.

The Directors reserve the right to reject any application, in whole or in part, particularly if the instructions on the third page and as set out in the attached Prospectus are not complied with. The share offer will open on 18th September 2017 at 9.00am and will close on 3rd November 2017 at 4.00pm.

I/We understand that all shares shall be transferred into the custody of the DSE's Central Securities Depository (CSD) such that, the CSD Depository Receipts shall be issued to all successful applicants.

APPLICANT'S DECLARATION

By signing and submitting this Application Form, I/We declare that:

- I/ We (or the guardian signing this application on behalf of the minor), being above 18 years of age have read the terms and conditions of application set out in the Prospectus and agree to be bound by its contents.
- I/ We are not acquiring the shares as a nominee of any other person other than myself/ourselves;
- I/ We agree to accept the same or smaller number of shares in respect of this application as may be allotted by Maendeleo Bank Plc subject to and in accordance with the terms of Memorandum and Articles of Association of Maendeleo Bank Plc;
- I/ We understand that multiple or suspected multiple applications may be aggregated and treated as a single application or rejected in their entirety;
- I/ We confirm making payment by cash, bank transfer or banker's cheque in favour of "Maendeleo Bank Plc Public Offer" for the appropriate amount due in terms of this application;
- I/ We accept that the accuracy of the information provided is my/our sole responsibility and for any essential information that is required for the application process that I/We may not have provided may be incorporated by the selling agent, as may be appropriate;
- I/ We agree to receive our share depository receipt as indicated on the application form; and
- I/ We understand and accept that this Prospectus does not constitute an offer, but is an invitation to me/us to make an offer to Maendeleo Bank Plc to purchase ordinary shares and that Maendeleo Bank Plc has the sole authority of determining whether to accept or reject this offer subject to CMSA approval.

Signature..... Signature..... Company Stamp/Seal.....Date.....

APPLICATION FOR SUBSCRIPTION OF SHARES OF MAENDELEO BANK PLC

COMPLETE IN CAPITAL LETTERS

A	CSD ACCOUNT NO.		AUTHORISED COLLECTING AGENT NO.	
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[illegible]

C	APPLICANT(S)						
		First	Middle	Surname			
	Primary Applicant				Nationality		
	Joint Applicant – 1				Nationality		
	Joint Applicant – 2				Nationality		
	Corporate Applicant (Name)						
	Registration No.		Country of Registration				
	Contacts	P.O. Box		Tel		Email	
		P.O. Box		Tel		Email	

D	APPLICATION			
	Number of shares Applied for		Amount payable (TZS) No. of Shares X Offer Price	

E	PAYMENT (Please tick the appropriate box)							
	Electronic		Cash		Mobile Transfer		Sender's Phone No.	
	Banker's Cheque No:				Bank (State)	Guaranteed		
I/We, the Applicant(s), hereby certify that I am/we are eligible to apply for and be allotted the Offer Shares on the basis of the criteria stated in paragraphs 2.5 – 2.6 of the Prospectus published by Maendeleo Bank Plc								

F	SIGNATURES	Signature 1	Signature 2	Signature 3
Signed				
Date (DD/MM/YR)				

APPLICATION FORM NO:

G	CUSTOMER RECEIPT			
	Name of Applicant (First/Middle/Last)			
	CSD No.		Shares Applied for	
	Date: DD/MM/YR			
	Receiving Agent		Signature & Stamp	



Executive Savings Account

PRODUCT FEATURES

- Opening balance of Tsh 100,000 or Usd 100
- Free statements- monthly, quarterly
- Unlimited withdrawals
- Minimum operating balance Tsh 50,000 or USD 50
- 24 hours access to funds through the bank's countrywide Umoja Switch ATM's
- Access to special cheque books

GENERAL INFORMATION

An applicant must be a holder of CSD Account. In order to open a new account, please contact an authorized agent and attach your CSD account application form with this form.

Applicants are required to observe the terms and conditions contained in the Prospectus

The Issuer reserves the right to accept or reject any application in whole or in part particularly if the instructions set out in the Prospectus and in this application form are not complied with.

SPECIFIC INSTRUCTIONS

Section A is mandatory for all applicants and must be completed correctly.

Section B is mandatory for all local applicants who have bank accounts in Tanzania. Data in this section will be used for refunds (if applicable).

Section C should be filled in correctly; the names in the CSD account must be the same as those presented in Section A and if they are not, the applicant is advised to update the CSD Account data immediately through an authorized agent.

Section D – applicants should make their request to purchase shares for a minimum of 100 shares and in multiples of 10. The amount payable shall be the number of shares applied for multiplied by the TZS 600.

Section E provides five options for making payment including mobile cash transfer. Please tick the appropriate box. If using mobile cash transfer, correctly provide the data required.

FURTHER TERMS AND CONDITIONS

Applications may be made ONLY on this application form – photocopies or other reproductions will be rejected;

2. Applications are Irrevocable and may not be withdrawn once submitted to a receiving bank or a stockbroker;
3. Applicants should consult their stockbroker or the receiving bank in case of doubt as to the correct completion of this form;
4. Applications will only be regarded as complete when the value has been received. All monies will be deposited for payment immediately on receipt;
5. If any payment is dishonored for whatever reason, the relevant application may be regarded as invalid or other steps may be taken in this regard as may be deemed fit;
6. All alterations to the application form must be authenticated by the applicant's signature;
7. The application form and payment or proof of payment is to be received by no later than 1600 hours on 3rd November 2017

LATE APPLICATIONS WILL NOT BE ACCEPTED;

8. Only Tanzanian persons are allowed to participate in this offer.
9. In case of companies two signatories MUST endorse the form and stamp
10. Applicant Detachable section should be stamped by the Agent

APPLICATION THROUGH MOBILE PHONE PLATFORM MAXMALPO PROCESS FLOWS

PART A: REGISTRATION

A. First time registration

1. Access the USSD: *150*36#
2. Choose new registration
3. In the backend we capture the MSISDN

Query validity from mobile operator as follows:-

- Send MSISDN
- Operator check validity
- Operator check mobile wallet registration
- Operator retrieves registration details
 - First Name| Middle Name| Last Name| Address
 - Operator responds with
 - MSISDN Validity |Mobile Wallet Validity|&above details
 - Record the details
- 4. Prompt with Unit Price of shares and ask to enter number of shares
- 5. In the backend record and calculate total amount
- 6. Prompt with Unit Price, Number of shares entered above and total amount computed, and request confirmation
- 7. Generate and assign control number (reference number for payment)
- 8. Send SMS Text to the MSISDN with the control number, and Registration number, and due date

B. Next time, want to acquire shares

1. Access the USSD: *150*36#
2. Choose use registration number
3. Enter registration number
4. Prompt with Unit Price of shares and ask to enter number of shares
5. In the backend record and calculate total amount
6. Prompt with Unit Price, Number of shares entered above and total amount computed, and request confirmation.
7. Generate and assign control number (reference number for payment)
8. Send SMS Text to the MSISDN with the control number, and Registration number, and due date

PART B: PAYMENT

Payment will be made through MAXMALIPO's usual payment channels (MaxMalipo agents and any Mobile Money service providers – M-Pesa; Tigo Pesa; Airtel Money, Eazy Money and MaxMalipo itself).



Payment should be made against the control number obtained. Once payment is complete operator will send transaction details to MAXCOM PG.

a. Stage 1: Validation

1. Validate the control number
2. Check amount
3. Check due date

b. Stage 2: Allocation of CSD number

1. Check if an unallocated number is available
2. Allocate to this prospect shareholder
3. Send payment confirmation to the MSISDN

PART C: BROADCAST SMS

This will be sent on demand, to notify a batch of prospective shareholder of some events.

PART D: REPORT/PORTAL

This will show:-

1. Registration requests and their status
2. Payments
3. CSD numbers allocations
4. Refunds, if any

Maendeleo Bank PLC, Head Office

P. O. Box 216 Dar es Salaam - Tanzania

Telephone: +255 22 2110518

Fax: +255 22 211 0595

Email: info@maendeleobank.co.tz

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