



**FIRST HOUSING FINANCE  
(TANZANIA) LIMITED**

# **INFORMATION MEMORANDUM**

**FOR A DOMESTIC  
CURRENCY MEDIUM TERM  
NOTE PROGRAMME WORTH**

**TZS 10,000,000,000**

THIS INFORMATION MEMORANDUM IS ISSUED IN COMPLIANCE WITH ALL APPLICABLE LAWS INCLUDING THE CAPITAL MARKETS AND SECURITIES ACT, CAP 79 R.E 2023, THE COMPANIES ACT, CAP 212 R.E 2023, AND THE DAR ES SALAAM STOCK EXCHANGE PUBLIC LIMITED COMPANY RULES, 2022

06 SEPTEMBER 2025

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## **CAUTION STATEMENT**

This information Memorandum has been prepared in compliance with the Capital Markets and Securities Act, Cap 79 R.E 2023, Companies Act, Cap 212 R.E 2023 of the laws of United Republic of Tanzania, the Capital Markets and Securities (Guideline for the issuance of Corporate Bonds, Municipal Bonds and Commercial Papers), 2019 and the Dar Es Salaam Stock Exchange PLC. Rules, 2022.

A copy of this Information Memorandum has been delivered to the Capital Markets and Securities Authority ("CMSA") for approval and to the Registrar of Companies ("BRELA") for registration. Approval of this Information Memorandum by the CMSA should not be taken as an indication of the merits of First Housing Finance (T) Limited or its application. The securities offered in this Information Memorandum have not been approved or disapproved by the CMSA.

Prospective investors should carefully consider the matters set forth under the caption "Risk Factors" in section 4 of this Information Memorandum. If you are in doubt about the contents of this Information Memorandum, you should consult your Investment Advisor, Stockbroker, Lawyer, Banker or any other financial consultant.

## IMPORTANT INFORMATION AND DISCLAIMERS

This IM is important and should be read in its entirety in conjunction with all documents which are deemed to be incorporated herein by reference see ("Documents Incorporated by Reference"). This IM shall be read and construed on the basis that such documents are incorporated into and form part of this IM.

First Housing Finance (Tanzania) Limited (the "Issuer" or the "Company" or "FHF") is issuing up to Tanzanian Shillings Ten Billion Domestic Medium Term Note Programme (the "Programme") subject to the Terms and Conditions ("Terms and Conditions") contained in this IM. Any other terms and conditions not contained in the Terms and Conditions which are applicable to the Notes will be set forth in a Pricing Supplement (the "Pricing Supplement"). The Notes will be issued in registered form in denominations specified in the relevant Pricing Supplement. The Notes will be redeemed in full in accordance with the provisions of the relevant Pricing Supplement.

The register of Noteholders will be maintained by Azania Bank as the Fiscal Agent and Registrar. The sale or transfer of the Note by Noteholders will be subject to the Dar es Salaam Stock Exchange Public Limited Company ("DSE") Rules, 2022 and where applicable, the prevailing Central Securities Depository ("CSD") Rules and the Terms and Conditions of the Notes. There are currently no other restrictions on the sale or transfer of the Notes under Tanzanian law. In particular, there are no restrictions on the sale or transfer of the Note by or to non-residents of Tanzania.

The Notes have not been and will not be registered under any other securities legislation in any other country other than Tanzania.

To the fullest extent permitted by law, none of the Arranger, the Placing Agents nor the Sponsoring broker accepts any responsibility, or makes any representation, warranty or undertaking, express or implied, for the information contained or incorporated by reference in this Information Memorandum or any other information provided by the Issuer in connection with the Notes or for any statement inconsistent with this IM made, or purported to be made, by a Placing Agent or on its behalf in connection with the Note. The Placing Agents have not independently verified the information contained herein. Each Placing Agent accordingly disclaims all and any liability that it might otherwise have in respect of the accuracy or completeness of any such information or statements.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this IM or any other information supplied in connection with the the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Placing Agents.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved.

The CMSA has approved the public offering of these Notes. As a matter of policy, the CMSA does not assume responsibility for the accuracy of any statements, opinions, reports or recommendations made or contained in this IM. Approval by the CMSA of the proposed issuing of the Notes and/or the listing of the Notes on the DSE or any other exchange or exchanges should not be taken as an indication of the merit of the Issuer or of the Notes.

The DSE has approved the Issuer's application to list the Notes on the DSE. The DSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed or referred to in this IM. Admission to the DSE is not to be taken as an indication of the merit of the Issuer or the Notes.

The distribution of this IM and the sale or offer of the Note may be restricted by law in certain jurisdictions. None of the Directors of the Issuer, the Arrangers, the Placing Agents, the Sponsoring Broker or any of the professional advisers represent that this IM may be lawfully distributed, or that the Notes may be lawfully offered, save in compliance with the laws, regulations, directives and any applicable registration requirements in any such jurisdiction. None of the Directors of the Issuer, the Arrangers, the Placing Agents, the Sponsoring Broker or the other professional advisers assume any responsibility for facilitating any such distribution or offering. In particular and save for the United Republic of Tanzania, no action has been taken by the Directors of the Issuer, the Arrangers, the Placing Agents, the Sponsoring Broker or any of the professional advisers which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. No Notes may be offered or sold, directly or indirectly, and neither this IM nor any advertisement or other offering material may be distributed or published in any jurisdiction,

## Consents

Stanbic Bank Tanzania Limited as Lead Arranger and Lead Placing Agent; Azania Bank Tanzania Limited as Fiscal Agent, Calculating Agent, Receiving Bank, Trustee and Registrar; Zan Securities Limited as Sponsoring Broker and Placing Agent; Dentons EALC East African Law Chambers as the Transaction Legal Counsel; KPMG as Certified Public Accountants of Tanzania as the Reporting Accountant have consented in writing to act in the capacities stated and to their names being included in this IM and have not withdrawn their consents prior to the publication of this IM.

KPMG has given and not withdrawn its written consent to the issue of this IM with the inclusion in it of their reports in the form and context in which they are included and Dentons EALC East African Law Chambers has given and not withdrawn its written consent to the issue of this IM with the inclusion in it of their legal opinion in the form and context in which it is included



**Stanbic Bank Tanzania Limited**

**Lead Arranger and Placing Agent**



**Zan Securities Limited**

**Sponsoring Broker and Placing Agent**

# First Housing Finance (Tanzania) Limited

19 Obama Drive, P.O.Box 11990, Dar es Salaam Tanzania

 +255 222 113456

 info@firsthousing.co.tz

## LETTER FROM CHIEF EXECUTIVE OFFICER

Dear Investors

It is a great pleasure to present this IM on behalf of the Board of Directors and management of FHF. This Information Memorandum has been prepared for the Domestic Currency Medium Term Note Programme of up to Tanzania Shillings Ten Billion (TZS 10,000,000,000) and subsequent listing of the Notes on the DSE.

FHF is Tanzania's dedicated Housing Finance Company with a focus on providing long term housing solutions to the citizens of Tanzania. Being the pioneer in the housing finance market, FHF operates by offering mortgage products for Purchase, Improvement, Extension, Completion and Refinancing of an existing home loan.

The intended Notes shall be issued for the purposes of financing the eligible mortgage loans that meet the requirements of FHF's credit criteria. The Notes issued will support our ambitions to become the market leader in the provision of affordable housing solutions to Tanzanian citizens. We will also expand our offering to continue supporting mortgages to women and low-income earners by identifying and assisting them to overcome barriers to finance due to income and gender by facilitating and prioritizing their access to mortgage

This IM has been prepared in compliance with the relevant laws and regulations of the United Republic of Tanzania. The Information Memorandum also outlines matters set forth under the caption "Risk Factors" in section 4 of this Information Memorandum. We encourage you to read this Information Memorandum fully before making your investment decision.

We are thrilled to welcome potential investors to this purposeful and attractive investment opportunity.

Sincerely,



Mr. Amulike E. Kamwela

## CORPORATE INFORMATION

### Board of Directors

Charles J. Mugila - Board Chairman  
Sanjay R. Suchak - Member  
Ajay Agarwal - Member  
Vinod Rustagi - Member  
Mbabazi Annette Rumanyika Mulira -Member  
Jackson A. Lohay - Member  
Margaret T. Ikongo - Member  
Rukwaro O. Senkoro - Member

### Company's registered office

19 Obama Drive,  
Dar Es Salaam P.O Box 11990  
Dar-es-Salaam

### Key Management Persons

Amulike E. Kamwela (CEO)  
Concordia C. Seleka (CFO)  
Fredrick Marwa (Company Secretary)

### Independent Auditors

PricewaterhouseCoopers;  
369, Toure Drive;  
Pemba house, Oysterbay;  
P.O. Box 45;  
Dar es Salaam, Tanzania;  
Tel: +255 (22) 2192000;  
Email: info@pwc.co.tz;

### Tax Auditors

Auditax International;  
Auditax House, 3rd Floor;  
Coca-Cola Road; Dar es Salaam; Tanzania.

### Bankers

Azania Bank PLC  
CRDB Bank Plc  
NMB Bank Plc  
NBC Bank Tanzania Limited  
Standard Chartered Bank  
Equity Bank Tanzania Limited

## TRANSACTION ADVISORS

### Lead Arranger and Placing Agent

#### Stanbic Bank Tanzania Limited

Plot No. 99A  
P.O Box 72647  
Corner, Ali Hassan Mwinyi Road/Kinondoni Road  
Dar es Salaam  
Tanzania



### Sponsoring Broker and Placing Agent

#### Zan Securities

Plot No. 99A  
P.O Box 72647  
Corner, Ali Hassan Mwinyi Road/Kinondoni Road  
Dar es Salaam  
Tanzania



### Transaction Legal Counsel

#### Dentons EALC East African Law Chambers

House No. 2, Zayli Lane  
Chole Road, Masaki  
P.O. Box 38192  
Dar es Salaam, Tanzania



### Reporting Accountant

#### KMPG (Tanzania)

2nd Floor, The Luminary  
Haile Selassie Road  
P.O Box 1160, Dar es Salaam



### Receiving Bank, Fiscal Agent and Registrar

#### Azania Bank PLC

Mawasiliano Tower, 3rd Floor  
Plot No.2005/5/1/2. Block C Sinza  
20 Sam Nujoma Road  
P.O Box 32089  
Dar es Salaam, Tanzania



# First Housing Finance (Tanzania) Limited

19 Obama Drive, P.O.Box 11990, Dar es Salaam Tanzania

 +255 222 113456

 info@firsthousing.co.tz

## DIRECTORS' DECLARATION

We, the Directors of FHF accept responsibility for the information contained in this IM. To the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this IM is in accordance with the facts and does not omit anything likely to affect the importance of such information.

We have made all reasonable enquiries, confirms that this IM contains or incorporates all information which is material in the context of the issue and the offering of Note, that the information contained or incorporated in this IM is true and accurate in all material respects and is not misleading in any material respect, that the opinions and the intentions expressed in this IM are honestly held and that, there are no other facts, the omission of which would make this Information Memorandum or any such information or expression of any such opinions or intentions misleading in any material respect and that all proper enquiries have

We, the Directors of First Housing Finance (Tanzania) Limited, whose names appear in section 7 of this IM, accept responsibility accordingly

Signed on behalf of the Board of Directors



Charles J. Mugila  
Board Chairman



Margaret T. Ikongo  
Director

## DISCLAIMER AND STATEMENTS ROUNDING

Certain figures included in this IM have been subject to rounding. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Capitalised terms which are used but not defined in any particular section of this IM will have the meaning attributed thereto in "Terms and Conditions of the Notes" or any other section of this IM.

## Forward Looking Statements

This IM contains statements that may be considered to be "forward-looking statements". Forward-looking statements appear in a number of places throughout this Information Memorandum, including, without limitation, under "Risk Factors", "Use of Proceeds", "Issuer Description", and elsewhere in this Information Memorandum, and include, but are not limited to, statements regarding:

- ✓ Strategy and objectives
- ✓ Trends affecting the Issuers' results of operations and financial condition;
- ✓ Asset portfolios
- ✓ Legal proceedings; and the Issuer's potential exposure to market risk.

The forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "probability", "risk", "target", "goal", "objective", "future" or similar expressions or variations on such expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements.

The Issuer has identified some of the risks inherent in forward-looking statements under "Risk Factors" in this Information Memorandum. Other important factors that could cause actual results to differ materially from those in forward-looking statements include, among others:

- ✓ Changes in the Tanzanian economy;
- ✓ Changes in the banking and financial markets in Tanzania;
- ✓ Changes in applicable laws and regulations, including taxes, or accounting standards or practices;
- ✓ The monetary, interest rate and other policies of the Bank of Tanzania, and elsewhere;
- ✓ Changes or volatility in interest rates, foreign exchange rates, asset prices, equity markets, commodity prices, inflation or deflation;
- ✓ The effects of competition in the markets in which the Issuer operates, which may be influenced by regulation or deregulation;
- ✓ Changes in consumer spending, saving and borrowing habits in Tanzania, including

changes in government policies which may influence investment decisions

- ✓ The Issuer's ability to compete in its business lines and increase or maintain market share;
- ✓ The timely development and acceptance of new products and services and the perceived Overall
- ✓ Value of these products and services by the Issuer's clients
- ✓ The Issuer's ability to manage liquidity risks and to access financial markets
- ✓ The Issuer's success in managing the risks involved in the foregoing, which depends, among other things, on the Issuer's ability to anticipate events that cannot be captured by the statistical models the Issuer uses; and force majeure and other events beyond the Issuer's control.

There may be other risks, including some risks of which the Issuer is unaware, that could adversely affect the Issuer's results or the accuracy of forward-looking statements in this Information Memorandum. Investors should not consider the factors discussed here or under "Risk Factors" to be a complete set of all potential risks or uncertainties

Investors should not place undue reliance on any forward-looking statements. The Issuer does not have any intention or obligation to update forward-looking statements to reflect new information, future events or risks.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond the Issuer's control, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed in the section entitled "Risk Factors," as well as those included elsewhere in this Information Memorandum. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. There may be other risks, including some risks of which the Issuer is unaware, that could adversely affect the Issuer's results or the accuracy of forward-looking statements in this Information Memorandum. Investors should not consider the factors discussed here or under "Risk Factors" to be a complete set of all potential risks or uncertainties.

## Documents Incorporated by Reference

This IM should be read and construed in conjunction with the following documents which shall be deemed to be incorporated in and to form part of, this IM and which shall be deemed to modify and supersede the contents of this IM:

- ✓ All supplements to this Information Memorandum circulated by the Issuer from time to time in accordance with the undertakings given by the Issuer in the Agency Agreement and as further described in the section headed "Supplemental Information Memorandum";
- ✓ Each Pricing Supplement (as defined below) relating to the Notes issued
- ✓ The audited annual financial statements (and notes thereto) and any audited interim financial statements published subsequent to such annual financial statements of the Issuer;
- ✓ All information pertaining to the Issuer which is relevant to this IM which is submitted to the CMSA and DSE save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this IM to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

## DEFINITIONS AND ABBREVIATIONS

In the IM, the Terms and Conditions and the relevant Pricing Supplement, unless inconsistent with the context or separately defined in the Agency Agreement or relevant Pricing Supplement, the following expressions shall have the following meanings:

<b>Account(s)</b>	Means all bank accounts in the name of the Issuer held by it from time to time and Account means any one of the Accounts
<b>Agency Agreement</b>	Means the agency agreement between the Paying Agent and the Issuer, and dated 21 July 2025
<b>Agent</b>	Means collectively the Fiscal Agent, the Calculation Agent and the Registrar and/or such other or further person(s) appointed in the capacity of agent pursuant to the Agency Agreement
<b>Authorised Selling Agent</b>	Means Placing Agent and/or such other or further person(s) appointed in the capacity of authorised selling agent pursuant to the Placing Agreement
<b>AGM</b>	Means annual general meeting
<b>Allotment Date</b>	Means the date specified as such in each relevant Pricing Supplement on which Note is allocated to successful investors
<b>Applicable Laws</b>	Means any laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority which may govern the Notes, the Conditions of the Note issued thereunder in accordance with which the same are to be construed
<b>Arranger</b>	Means Stanbic Bank Tanzania Limited
<b>Authorised Selling Agent</b>	Means Placing Agent and/or such other or further person(s) appointed in the capacity of authorised selling agent pursuant to the Placing Agreement
<b>Banking Act</b>	Means the Banking and Financial Institutions Act, Cap. 342 R.E 2023 of the laws of Tanzania
<b>Board or Directors</b>	Means the Board of Directors of FHF

## DISCLAIMER AND STATEMENTS ROUNDING

<b>BoT</b>	Means the Bank of Tanzania
<b>BRELA</b>	Means the Business Registration and Licensing Agency
<b>Business Day</b>	A day other than a Saturday or Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in Tanzania
<b>Calculation Agent</b>	Means the person at its specified office appointed or acting as Calculation agent pursuant to the agency agreement and the conditions and/or, if applicable, any successor calculation agent at its specified office
<b>CEO</b>	Means Chief Executive Officer
<b>CMSA</b>	Means the Capital Markets and Securities Authority established under the Capital Markets and Securities act, Cap.79 R.E 2023 of the laws of Tanzania (and includes any successor thereto (whether immediate or derivative)
<b>Condition</b>	Means a particular provision of these Terms and conditions
<b>Conditions</b>	Means the terms and conditions set out in section 5 of this information memorandum and schedule 3 of the Agency agreement (Terms and conditions of the note)
<b>CSD</b>	Means the central depository system maintained by the CSDR
<b>CSDR</b>	Means the CSD & Registry Company Limited
<b>Currency</b>	In respect to the Notes means TZS (or such other currency as specified in the relevant Pricing Supplement)
<b>DSE</b>	Means the Dar-es-salaam Stock Exchange Plc

<b>Early Redemption Amount</b>	Means the amount payable on early redemption of the Notes by the Issuer pursuant to the provisions of Condition 5.6 (Redemption and purchase)
<b>Event of Default</b>	Means an Event of Default as defined in Condition 5.10 (Events of Default)
<b>Extraordinary Resolution</b>	Means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of the Agency Agreement by a majority consisting of not less than two-thirds of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than two-thirds of the votes given on such poll
<b>Final Redemption Amount</b>	Means the amount of principal payable in respect of each Note upon final redemption thereof, as specified in the relevant Pricing Supplement
<b>Fixed Rate Note</b>	Means a Note in respect of which interest is to be calculated as provided in Condition 5.5.1 and the relevant Pricing Supplement means a Note in respect of which interest is to be calculated as provided in Condition 5.5.1 and the relevant Pricing Supplement
<b>IFC</b>	Means International Finance Corporation
<b>IFRS</b>	Means International Financial Reporting Standards
<b>Information Memorandum or IM</b>	Means this Information Memorandum dated 6th September 2025 which will apply to the Note issued on or after the Information Memorandum Date
<b>Interest Amount</b>	Means the amount of interest payable in respect of each Principal Amount of the Notes as determined in accordance with Condition 5 (Interest)
<b>Interest Commencement Date</b>	Means the first date from which interest on the Notes will accrue, as specified in the relevant Pricing Supplement
<b>Interest Payment Date</b>	Means each date on which interest is payable under the Notes specified as the Interest Payment Date(s) in the relevant Pricing Supplement or if no express Interest Payment Date(s) is/are specified in the relevant Pricing Supplement, each date which occurs after a period following the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date

<b>Interest Period</b>	Means each period as indicated in the relevant Pricing Supplement commencing on and including the day of any Interest Payment Date and ending on but excluding the following Interest Payment Date provided that the first Interest Period shall (save as may otherwise be provided in the relevant Pricing Supplement) be from and including the Issue Date but excluding the first Interest Payment Date thereafter
<b>Issue Date</b>	Means, in respect of any Note, the date of issue of that Note as specified in the relevant Pricing Supplement
<b>Issue Price</b>	Means the price at which the Notes are issued by the Issuer (being, at the election of the Issuer, at par or at discount to, or premium to par or at such other price or such other basis as agreed and specified in the relevant Pricing Supplement)
<b>FHF or Issuer or Company</b>	Means First Housing Finance (Tanzania) Limited
<b>Lead Placing Agent</b>	Means Stanbic Bank Tanzania Limited
<b>NBFI</b>	Means non-bank financial institution
<b>Note Documents</b>	Means the Agency Agreement, the Placing Agreement, the Information Memorandum and any other accompanying documents such as the relevant Pricing Supplement
<b>Note</b>	Means the domestic medium-term notes issued or to be issued by the Issuer Specified Denominations under the Issue and represented by the records maintained by the CSD
<b>Noteholders</b>	Means the persons in whose name Notes are registered in the Register maintained by the Registrar pursuant to the Agency Agreement in respect of the Programme and "holders" shall be construed accordingly and, in addition, where the context so admits or requires
<b>NPL</b>	Means non-performing loan

<b>Principal Amount</b>	Means the nominal amount excluding interest owing by the Issuer in respect of that note as specified in the applicable pricing supplement
<b>Programme</b>	Means the up to Tanzanian shillings Ten Billion (Tzs 10,000,000,000) Domestic Medium-Term Notes as amended from time to time, under which the Issuer may from time to time issue notes denominated in Tanzania Shillings
<b>Rate of Interest or Interest Rate</b>	Means the rate of interest payable from time to time in respect of a note which is specified and calculated in accordance with the terms and conditions and/or the relevant pricing supplement
<b>Record Date</b>	Means the fifteenth day before (and not including) each payment date unless otherwise provided in the relevant pricing supplement in which case "Record Date" shall have the meaning ascribed to that term in the relevant pricing supplement
<b>Register</b>	Means in relation to the notes, the record of depositors who are the Holders of the notes maintained by the CSDR as per the Capital Markets and Securities Act, Cap 79 R.E 2023 and the Central Securities Depository Rules, 2022
<b>Regulations</b>	Means the regulations concerning the transfer of notes as the same may from time to time be promulgated by the issuer and approved by the registrar and detailed under schedule 1 (Regulations concerning the transfer and registration of Notes) of the agency agreement
<b>Senior Creditors</b>	Means (a) all persons who are not expressly stated in any contract, Agreement or other arrangement between the Issuer and such person, to be subordinated creditors of the Issuer and (b) all persons who are expressly stated in any contract, agreement or other arrangement between the Issuer and any such other person to be subordinated creditors of the Issuer (other than the noteholders in their capacity as holders of the notes) but whose claims are expressed to rank senior to amounts due under the subordinated notes
<b>Senior Notes</b>	Means the Notes issued with the status and other conditions set out in Condition 5.3 "Senior Note" shall be construed accordingly

<b>Outstanding</b>	<p>Means in relation to the notes, all the notes issued other than:</p> <ul style="list-style-type: none"> <li>a) Those which have been redeemed in full</li> <li>b) Those in respect of which the date for redemption in accordance with the terms and conditions has occurred and the redemption monies wherefore (including all interest accrued thereon to the date for such redemption and any interest (if any) payable under the terms and conditions after such date) remain available for payment</li> <li>c) Those which have been purchased and cancelled as provided in Condition 5.9 (Redemption and purchase);</li> <li>d) Those which have become void under Condition (Prescription)</li> <li>e) provided that for each of the following purposes, namely:           <ul style="list-style-type: none"> <li>i) The right to attend and vote at any meeting of the noteholders;</li> <li>ii) The determination of how many and which notes are for the time being outstanding for the purposes of condition 5.11 (Meetings of Noteholders, modifications and waivers).</li> </ul> </li> </ul> <p>All notes (if any) which are for the time being held by the Issuer (subject to any applicable law) or by any person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held) shall be deemed not to be outstanding</p>
<b>Paying Agent</b>	Means Azania Bank PLC
<b>Payment Account</b>	Means the account denominated in Tanzania Shillings, in the name of the Issuer held with the Receiving Bank, specifically for the purpose of making payments to the Noteholders in accordance with Condition 5.7
<b>Payment Day</b>	Means any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes
<b>Placing Agents</b>	Means the Lead Placing Agent and Zan Securities Limited
<b>Placing Agreement</b>	Means the placing agreement relating to the Note, between the Issuer and the Placing Agents named therein, and dated 25 July 2025

<b>Specified Denominations</b>	Means the denominations in which the Notes are Issued and held being the minimum denominations specified in the relevant Pricing Supplement
<b>Sponsoring Broker</b>	Means Zan Securities Limited
<b>Stock Exchange</b>	Means the DSE and references in these Terms and Conditions to the “relevant Stock Exchange(s)” shall, in relation to any Notes, be a reference to the exchange(s) on which such Notes are from time to time, or are intended to be, listed
<b>Subordinated Notes</b>	Means the Notes issued with the status and other conditions set out in Condition 5.3 “Subordinated Note” shall be construed accordingly
<b>Terms and Conditions</b>	Means the terms and conditions incorporated in this section headed “Terms and Conditions of the Notes” and in accordance with which the Notes will be issued under the Programme and references to “these Conditions” shall mean the Terms and Conditions
<b>Tanzania Shillings” or TZS or Shillings</b>	Means the lawful currency for the time being of Tanzania
<b>TMRC</b>	Tanzania Mortgage Refinancing Company
<b>USD, \$, U.S. Dollars or Dollars</b>	Means United States Dollars, being the lawful currency of the United States of America

# TABLE OF CONTENTS

<b>CAUTION STATEMENT</b>	ii
<b>IMPORTANT INFORMATION AND DISCLAIMERS</b>	iii
<b>CONSENTS</b>	v
<b>LETTER FROM CHIEF EXECUTIVE OFFICER</b>	vi
<b>TRANSACTION ADVISORS</b>	viii
<b>DIRECTORS' DECLARATION</b>	ix
<b>DISCLAIMER AND STATEMENTS</b>	x
<b>DISCLAIMER AND STATEMENTS ROUNDING</b>	xii
<b>DEFINITIONS AND ABBREVIATIONS</b>	xiii
<b>1. GENERAL DESCRIPTION OF THE PROGRAMME</b>	01
<b>2. SALIENT FEATURES OF THE PROGRAMME</b>	02
2.1 Summary of financial information	08
2.1.1 Summary statements of profit and loss and other comprehensive income	09
2.1.2 Summary statements of financial position	10
2.1.3 Summary statements of cash flows	11
2.1.4 Analysis of borrowings	13
<b>3. USE OF PROCEEDS</b>	14
<b>4. RISK FACTORS</b>	15
4.1 Risk relating to the country	15
4.2 Risks related to the market	16
4.3 Risk factors related to the Issuer	18
4.4 Risk factors related to the Notes being issued	20
<b>5. TERMS AND CONDITIONS OF THE NOTES</b>	23
5.1 Form and denomination	24
5.2 Transfers of Notes	25
5.3 Status of Notes	26
5.4 Negative Pledge	28
5.5 Interest	29
5.6 Redemption, Purchase and Options	34
5.7 Payments	35
5.8 Taxation	36
5.9 Prescription	36
5.10 Events of Default	37

# TABLE OF CONTENTS

5.11 Meeting of Noteholders and Modifications	38
5.12 Notices	39
5.13 Governing Law and Jurisdiction	40
<b>6. DESCRIPTION OF THE ISSUER</b>	<b>41</b>
6.1 History of the Issuer	41
6.2 Key shareholder information	42
6.3 Description Of the Issuer's Products	44
6.4 Current and future development plans	45
6.5 Issuer's operational governance	46
6.6 Capital adequacy	47
6.7 Employees	50
6.8 Regulatory Environment	50
6.9 Issuer's impact on financial inclusion	52
<b>7. BOARD OF DIRECTORS, CORPORATE GOVERNANCE AND MANAGEMENT</b>	<b>53</b>
7.1 The structure of the Board	53
7.3 Board Meetings	54
7.4 Appointment of Directors	54
7.5 Board Committees	54
7.6 Management Committees	55
7.7 Risk Management and Internal Control	55
7.8 Remuneration	56
7.9 The directors	56
7.10 Senior management	61
<b>8. OVERVIEW OF THE ISSUER'S OPERATING ENVIRONMENT</b>	<b>65</b>
8.1 Global developments	65
8.2 Overview of the Tanzania economy and macro-economic outlook	65
8.3 Macroeconomic outlook	67
8.4 Mortgage refinance sector overview and outlook	67
<b>9. TAXATION</b>	<b>70</b>
<b>10. SUBSCRIPTION AND SALE</b>	<b>71</b>
<b>11. STATUTORY AND GENERAL INFORMATION</b>	<b>74</b>
<b>12. LEGAL OPINION</b>	<b>77</b>
<b>REPORTING ACCOUNTANT'S REPORT</b>	<b>97</b>
<b>APPENDIX A: FORMS OF PRICING SUPPLEMENT</b>	<b>198</b>
<b>APPENDIX B: APPLICATION FORM</b>	<b>202</b>
<b>APPENDIX C: LIST OF AUTHORIZED SELLING AGENTS</b>	<b>205</b>

## 1 GENERAL DESCRIPTION OF THE PROGRAMME

*Capitalized terms used in this section headed “General description of the Programme” shall have the same meanings as defined in the section headed “Definitions and Abbreviations” unless they are defined in this section, or this is clearly inappropriate from the context.*

*This summary must be read as an introduction to this Information Memorandum. Any decision to invest in the Note should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference, by any investor. Words and expressions defined or used in “Terms and Conditions of the Note” shall have the same meaning in this summary*

The Issuer may from time-to-time issue Notes under the Programme denominated in Tanzanian Shillings. The applicable terms of the Programme will be set out in the Terms and Conditions as incorporated in Section 5 of this IM, and as modified and supplemented by the relevant Pricing Supplement relating to the Note and any supplemental Information Memorandum. A summary of the Programme and the Terms and Conditions can be found in section 2 and section 5 of this IM

This Information Memorandum will only apply to the Programme in an aggregate Nominal Amount which does not exceed TZS10,000,000,000 except as otherwise provided in the relevant Pricing Supplement. The indicative issuance timeline of the first tranche of the Notes is October 2025 <sup>1</sup>

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<sup>1</sup> The Offer Date is indicative and will be announced through the relevant Pricing Supplement. The dates may change at the discretion of the Issuer and will be communicated to the potential noteholders where appropriate, subject to obtaining approval from the relevant authorities

## 2 SALIENT FEATURES OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this IM and, in relation to the Terms and Conditions of the Note and the relevant Pricing Supplement. Capitalised terms not separately defined herein shall bear the meaning given to them in the Terms and Conditions and in the section headed "Definitions and Abbreviations", unless this is clearly inappropriate from the context.

### PARTS

<b>Issuer</b>	First Housing Finance (Tanzania) Limited
<b>Lead Arranger and Lead Placing Agent</b>	Stanbic Bank (T) Limited
<b>Fiscal Agent, Registrar, Collecting and Calculating Agent</b>	Azania Bank PLC
<b>Sponsoring Broker and Placing Agent</b>	Zan Securities Limited
<b>Transaction Legal Counsel</b>	Dentons EALC East African Law Chambers
<b>Reporting Accountant</b>	KMPG Certified Public Accountants

### GENERAL

<b>Date of IM</b>	06 September 2025
<b>Description</b>	Notes issued under Domestic-currency Medium Term Note Programme of TZS10,000,000,000 (Tanzania Shillings Ten Billion only) to be listed on DSE. This IM, any appendices or enclosures thereto, including the sample application form included in Appendix B and the Notes are only for distribution in Tanzania and shall not be valid for distribution outside Tanzania, other than in accordance with the terms and conditions set out in this IM

<b>Use of the Proceeds</b>	The net proceeds from the issue of the Note will be incorporated into the liabilities of the Issuer and will finance eligible affordable mortgage portfolio in accordance with the FHF business strategy.																								
<b>Salient dates</b>	The following table provides the expected dates of certain important steps related to the Offer:																								
	<p style="text-align: center;"><b>Indicative Timetable of Events</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #006400; color: white;"> <th style="text-align: center; padding: 5px;">Event</th> <th style="text-align: center; padding: 5px;">Date</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Offer Opens</td> <td style="padding: 5px;">Thursday, 22 January 2026</td> </tr> <tr> <td style="padding: 5px;">Offer Closes</td> <td style="padding: 5px;">Monday, 23 March 2026</td> </tr> <tr> <td style="padding: 5px;">Allotment Date</td> <td style="padding: 5px;">Wednesday, 01 April 2026</td> </tr> <tr> <td style="padding: 5px;">Announcement Date</td> <td style="padding: 5px;">Thursday, 02 April 2026</td> </tr> <tr> <td style="padding: 5px;">Notification Date</td> <td style="padding: 5px;">Thursday, 02 April 2026</td> </tr> <tr> <td style="padding: 5px;">Submission of Bond Register to CSDR</td> <td style="padding: 5px;">Thursday, 02 April 2026</td> </tr> <tr> <td style="padding: 5px;">Payment Date (for QII)</td> <td style="padding: 5px;">Thursday, 26 March 2026</td> </tr> <tr> <td style="padding: 5px;">Issued Date</td> <td style="padding: 5px;">Thursday, 02 April 2026</td> </tr> <tr> <td style="padding: 5px;">CDS Account upload date recast</td> <td style="padding: 5px;">Monday, 13 April 2026</td> </tr> <tr> <td style="padding: 5px;">Listing date</td> <td style="padding: 5px;">Wednesday, 15 April 2026</td> </tr> <tr> <td style="padding: 5px;">Maturity Date</td> <td style="padding: 5px;">Tuesday, 02 April 2030</td> </tr> </tbody> </table>	Event	Date	Offer Opens	Thursday, 22 January 2026	Offer Closes	Monday, 23 March 2026	Allotment Date	Wednesday, 01 April 2026	Announcement Date	Thursday, 02 April 2026	Notification Date	Thursday, 02 April 2026	Submission of Bond Register to CSDR	Thursday, 02 April 2026	Payment Date (for QII)	Thursday, 26 March 2026	Issued Date	Thursday, 02 April 2026	CDS Account upload date recast	Monday, 13 April 2026	Listing date	Wednesday, 15 April 2026	Maturity Date	Tuesday, 02 April 2030
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<b>Risk Factors</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Note. These are set out under "Risk Factors" and include risks related to the Issuer, its business and the Tanzanian economy																								
<b>Certain Restrictions</b>	The Note denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.																								

<b>Form of Note</b>	Book entry form or as specified in the relevant Pricing Supplement
<b>Denomination</b>	The Notes may be issued in Tanzanian Shilling, or any other currency as may be agreed between the Issuer and the relevant Placing Agent(s) and as specified in the applicable Pricing Supplement or such other minimum denomination as may be allowed or required from time to time by the Bank of Tanzania (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency
<b>Minimum subscription</b>	As specified in the relevant Pricing Supplement
<b>Status of Notes</b>	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari-passu and (save for certain debt preferred by law) equally with all other secured obligations (other than subordinated obligations (if any) of the Issuer outstanding from time to time; or such specification as may be specified in relevant Pricing Supplement. Notes may be senior secured, senior unsecured or subordinated. See Condition 5.3 of the "Terms and Conditions of the Notes"
<b>Distribution</b>	Subject to applicable laws, the Notes may be distributed by way of private or public placement and, in each case, on a syndicated or non-syndicated basis
<b>Maturities</b>	The maturity of the Notes shall be specified in the applicable Pricing Supplement in accordance with such minimum or maximum maturities as may be allowed or required from time to time by the CMSA (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency
<b>Issue price</b>	Notes will be issued at an issue price which is at par
<b>Form of Notes</b>	The Notes will be issued in dematerialised form

<b>Fixed Rate Notes</b>	Fixed interest will be payable on such date or dates as specified in the applicable Pricing Supplement and, on redemption, will be calculated on the basis of such Day Count Fraction as specified in the applicable Pricing Supplement
<b>Redemption</b>	<p>The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders, on a date or dates</p> <p>Specified prior to such stated maturity and at the price or prices specified in the applicable pricing supplement</p>
<b>Taxation:</b>	All payments in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (Taxes), imposed or levied by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required
<b>Negative Pledge</b>	The terms of the Notes will contain a negative pledge provision as further described in Condition 5.4 of the "Terms and Conditions of the Notes"
<b>Events Of Default</b>	The Notes will be subject to certain events of default, including, inter alia, non-payment, breach of obligations, cross-acceleration and certain bankruptcy and insolvency events. See Condition 5.10 of the "Terms and Conditions of the Notes"
<b>Rating</b>	The Notes will not be rated

<b>Listing</b>	The Notes will be listed on the Dar-es-Salaam Stock Exchange
<b>Governing Law</b>	The Notes, the Agency Agreement, and any non-contractual obligations arising therefrom or therewith will be governed by, and shall be construed in accordance with, Tanzanian law
<b>Selling Restrictions</b>	There are restrictions on the offer, sale and transfer of the Notes in the United Republic of Tanzania and such other restrictions as may be required in connection with the offering and sale of a particular Notes; see section 10

### **SUMMARY OF THE ISSUER'S HISTORICAL FINANCIAL INFORMATION**

Performance Indicators		<b>Dec 2024</b>	<b>Dec 2023</b>	<b>Dec 2022</b>	<b>Dec 2021</b>
		Amounts in "TZS 000"			
Fee income		178,061	152,147	93,770	53,781
Net Operating income		4,020,316	3,444,032	2,925,982	2,478,621
Profit before tax		504,003	403,442	306,791	249,392
Income tax expense		(91,948)	(51,397)	(22,737)	(16,430)
Profit for the year		412,055	352,045	284,054	232,962

Performance Indicators		Dec 2024	Dec 2023	Dec 2022	Dec 2021
		Amounts in "TZS 000"			
Loans and Advances to customers		34,806,941	27,439,967	19,561,504	13,570,278
Total equity		19,276,661	18,853,252	18,501,207	18,217 ,153
Long-term Borrowing		20,993,595	16,208,723	12,003,729	1,010,685
Net cash used in operating activities		(6,582,497)	(6,813,215)	(4,930,610)	(7,902,148)
Net cash flows from/(used in) investing activities		1,331,055	2,241,121	(5,487,741)	(13,113)
Net cash flows from (used) in financing activities		4,601,288	4,096,667	10,700,703	(95,154)
Key ratios		31-Dec 24	31-Dec-23	31-Dec-22	31-Dec-21
	Return on Average Shareholder's Fund	2.37%	1.89%	1.55%	1.29%
	Cost to Income Ratio	84.40%	85.63%	86.65%	89.32%
	Loans & Advances to Total Assets	80.58%	73.00%	60.47%	65.58%
	Earning Assets to Total Assets	96.88%	95.18 %	93.09%	90.51%

Key ratios		31-Dec 24	31-Dec-23	31-Dec-22	31-Dec-21
Debt to Equity	1.24	1.00	0.76	0.14	
Assets Growth	14.49%	16.03%	56.57%	(0.16%)	
Non- Performing Loans to Total	3.67%	3.33%	2.98%	2.39%	

## 2.1 Summary of financial information

The Issuer's financial information set out below has been derived from its audited financial statements as at and for the years ended 31 December 2021 to 31 December 2024, in each case prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Such a summary should be read in conjunction with the Reporting Accountants' Report, the financial statements and related notes.

## 2.1.1 Summary Statements of Profit and Loss And Other Comprehensive Income

	31-Dec-24 "TZS '000"	31-Dec-23 "TZS '000"	31-Dec-22 "TZS '000"	31-Dec-21 "TZS '000"
Interest income calculated using effective interest method	6,076,883	4,833,462	3,855,309	2,487,835
Interest expense calculated using effective interest method	(2,192,966)	(1,487,940)	(1,000,506)	(122,779)
<b>Net interest income</b>	<b>3,883,917</b>	<b>3,345,522</b>	<b>2,854,803</b>	<b>2,365,056</b>
Expected credit losses	(134,288)	(106,888)	(96,711)	(17,041)
Fees income	178,061	152,147	93,770	53,781
Foreign exchange loss	(4,854)	(1,237)	(1,480)	(1,464)
Other income	97,480	54,488	75,600	78,289
<b>Net income</b>	<b>4,020,316</b>	<b>3,444,032</b>	<b>2,925,982</b>	<b>2,478,621</b>
Operating expenses	(3,379,185)	(2,917,256)	(2,418,190)	(1,924,404)
Depreciation of property & equipment	(37,362)	(37,177)	(75,669)	(164,567)
Depreciation of right of use assets	(80,971)	(80,971)	(80,971)	(86,288)
Amortisation of intangible assets	(18,795)	(5,186)	(44,361)	(53,970)
<b>Profit before tax</b>	<b>504,003</b>	<b>403,442</b>	<b>306,791</b>	<b>249,392</b>
Income tax expense	(91,948)	(51,397)	(22,737)	(16,430)
<b>Profit for the year</b>	<b>412,055</b>	<b>352,045</b>	<b>284,054</b>	<b>232,962</b>
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss:				
Gain on Equity investments at FVOCI	16,220	-	-	-
Deferred tax charge	(4,866)	-	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax	<b>11,354</b>	-	-	-
<b>Total comprehensive income for the year</b>	<b>423,409</b>	<b>352,045</b>	<b>284,054</b>	<b>232,962</b>

Source: FHF financial statements for the years ended, 2024, 2023, 2022 and 2021 audited financial statements and the Reporting Accountants report.

## 2.1.2 Summary statements of financial position

ASSETS	31-Dec-24 "TZS '000"	31-Dec-23 "TZS '000"	31-Dec-22 "TZS '000"	31-Dec-21 "TZS '000"
Cash and balances with bank	95,300	745,454	1,214,860	945,786
Fixed deposit placements with banks	1,649,382	3,240,959	5,482,079	-
Investment in gov't securities at amortised cost	3,601,250	3,600,562	3,601,363	3,601,639
Loans and advances	34,806,941	27,439,967	19,561,504	13,570,278
Equity investments	1,784,200	1,622,000	1,622,000	1,622,000
Current tax recoverable	430,417	463,327	475,711	453,644
Other assets	597,380	360,232	218,043	67,273
Property and equipment	80,133	62,301	74,216	118,981
Right-of-use assets	87,718	168,689	249,660	330,631
Intangible assets	55,919	19,450	12,999	55,012
<b>TOTAL ASSETS</b>	<b>43,188,640</b>	<b>37,722,941</b>	<b>32,512,435</b>	<b>20,765,244</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>LIABILITIES</b>				
Other liabilities	446,703	557,439	793,444	673,470
Long-term borrowings	20,993,595	16,208,723	12,003,729	1,010,685
Lease liabilities	103,266	181,852	261,198	334,779
Deposits	2,322,479	1,880,605	911,787	488,087
Deferred tax liability	45,936	41,070	41,070	41,070
<b>TOTAL LIABILITY</b>	<b>23,911,979</b>	<b>18,869,689</b>	<b>14,011,228</b>	<b>2,548,091</b>
<b>EQUITY</b>				
Share capital	21,800,000	21,800,000	21,800,000	21,800,000
Accumulated losses	(3,088,949)	(3,319,719)	(3,456,952)	(3,703,026)
Fair value reserve	107,185	95,831	95,831	95,831
Regulatory reserve	458,425	277,140	62,328	24,348
<b>TOTAL EQUITY</b>	<b>19,276,661</b>	<b>18,853,252</b>	<b>18,501,207</b>	<b>18,217,153</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>43,188,640</b>	<b>37,722,941</b>	<b>32,512,435</b>	<b>20,765,244</b>

Source: FHF Audited financial statements and the Reporting Accountants report

## 2.1.3 Summary statements of cash flows

	31-Dec-2024	31-Dec-2023	Restated 31-Dec-2022	Restated 31-Dec-2021
<b>Operating Activities</b>	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>
Profit before tax	504,003	403,442	306,791	249,392
<b>Adjustment for Non-Cash Items</b>				
Interest expense on lease liabilities	11,725	17,813	24,422	27,568
Expected credit losses on loans	140,664	112,935	83,871	51,328
Dividend income	-	(36,900)	(27,590)	(35,130)
Interest expense on long term borrowings	2,136,970	1,437,169	952,303	-
Amortization of Intangible assets	18,795	5,186	44,361	53,970
Depreciation of Right-of-use assets	80,971	80,971	80,971	86,288
Depreciation of property and equipment	37,362	37,177	75,669	164,567
Expected credit losses on banks	4,084	(6,021)	13,278	(34,792)
Expected credit losses on government securities	-	(26)	(438)	505
Net foreign exchange difference on lease liabilities	4,459	6,546	3,020	4,338
<b>Changes in Operating Assets and Liabilities</b>				
Loans and Advances	(7,507,638)	(7,991,398)	(6,075,097)	(7,376,039)
Other Assets	(237,148)	(142,189)	(150,770)	(44,042)
Government securities	(688)	827	713	(1,059,492)
Deposits from customers (cash cover)	441,874	968,818	423,700	75,000

## 2.1.3 Summary statements of cash flows (Continued)

	31-Dec-2024	31-Dec-2023	Restated 31-Dec-2022	Restated 31-Dec-2021
<b>Operating Activities</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
Other Liabilities	(110,736)	(213,621)	119,974	(50,276)
Tax Paid	(59,038)	(61,397)	(44,803)	(12,917)
Interest Paid on Lease liabilities	(8,558)	(372)	(1,726)	(2,416)
Interest Paid on Long-term borrowings	(2,039,598)	(1,432,175)	(759,259)	-
<b>Net cash flow used in operating activities</b>	<b>(6,582,497)</b>	<b>(6,813,215)</b>	<b>(4,930,610)</b>	<b>(7,902,148)</b>
<b>Investing activities</b>				
Purchase of Property & Equipment		(25,262)	(30,904)	(48,243)
	(55,194)			
Purchase of Intangible Assets	(55,264)	(11,637)	(2,348)	-
Matured deposits with banks	1,587,493	2,241,120	(5,482,079)	-
Dividend received	-	36,900	27,590	35,130
New shares purchased-TMRC	(145,980)	-	-	-
<b>Net cash flow from/ (used in) Investing Activities</b>	<b>1,331,055</b>	<b>2,241,121</b>	<b>(5,487,741)</b>	<b>(13,113)</b>
<b>Financing activities</b>				
Repayment of principal portion of lease liabilities	(86,212)	(103,333)	(99,297)	(95,154)
New loans received	5,000,000	7,000,000	10,800,000	-
Principal repayments on long term borrowings	(312,500)	(2,800,000)	-	-
<b>Net cash flow from/(used in) financing activities</b>	<b>4,601,288</b>	<b>4,096,667</b>	<b>10,700,703</b>	<b>(95,154)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>(650,154)</b>	<b>(475,427)</b>	<b>282,352</b>	<b>(8,010,415)</b>
<b>Cash and Cash Equivalents at 1 January</b>	745,454	1,214,860	945,786	8,921,409
ECL on bank balances	-	6,021	(13,278)	34,792
<b>Cash and Cash Equivalents at the end of the year</b>	<b>95,300</b>	<b>745,454</b>	<b>1,214,860</b>	<b>945,786</b>

\*The 31 December 2021 and 2022 information are restated in account of correction of errors.  
See Note 33 for details.

## 2.1.4 Analysis of borrowings

Lender	Amount outstanding as of 31 Dec 2024 TZS '000	Tenor (years)	Interest rate p.a.
TMRC Limited	15,176,843	2	10.88%
NBC Bank	4,768,653	5	11.76%
Azania Bank Plc	1,048,099	1	13.25%
<b>Total</b>	<b>20,993,595</b>		
Current	1,306,095		
Non-Current	19,687,500		
	<b>20,993,595</b>		

### 3 USE OF PROCEEDS

The net proceeds from the issue of the Notes will be utilized towards growing the Issuer's loan book, financing eligible mortgages in line with the Company's business strategy. The eligible mortgages will be selected to achieve the following social, environmental outcomes.

- ✓ Gender inclusion & equality by provision of mortgages towards houses owned singly by women or jointly with women as part of the owners to advocate for women ownership of housing. FHF aspires to grow its book from 58 loans availed to women in 2024 to 374 loans by 2029.
- ✓ Affordable housing by provision of loans targeting financing of mortgages for low- and middle- income populations. FHF aspires to grow its book from 23 loans availed to low-income earners in 2024 to 291 loans by 2029. Similarly, growth in loans to middle income earners is expected to increase from 191 loans in 2024 to 357 loans by 2029.
- ✓ Affordable basic infrastructure by provision of mortgages for home improvements including installation of infrastructure to access clean water & sanitation, affordable and clean energy, responsible consumption and production of energy and waste management.
- ✓ By addressing both social and environmental goals benefiting low-income communities and supporting climate resilience the Issuer will boost the mortgage market and homeownership in Tanzania.

## 4 RISK FACTORS

*In addition to other information contained in this IM, the Issuer believes that the following factors may affect its ability to fulfil its obligations for Notes issued. All these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Potential investors should consider carefully the risks described below, other information captured in this IM and in the applicable Pricing Supplement and reach their own views prior to making any investment decision.*

*These risks are not the only ones that the Issuer faces. Additional risks not currently known to the Issuer or that the Issuer currently believes to be immaterial may also impair its business operations. The Issuer's business, financial condition or results of operation could be affected by any of these risks. Accordingly, the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive.*

### 4.1 Risk relating to the country

**A deterioration in global and domestic economic, social and political aspects may affect the Issuer's operations and performance of the Notes**

Similar to all emerging economies, Tanzania's economy is exposed to downward global economic risks such as geopolitical conflicts, volatility in oil prices, and climate change which may drive fluctuations in GDP growth, high inflation, and depreciation of the Tanzania shilling and ultimately tighter monetary and fiscal policies and unfavourable business environment.

Currently global growth continues to rebound modestly, with a positive outlook despite the ongoing geopolitical conflicts and climate-related challenges. The projected growth is expected to be driven mostly by emerging market economies. Additionally, inflation in advanced economies is anticipated to return to a target of 2 percent before 2025, which will similarly lower domestic inflation. (MPC, July 2024)

Any changes in the country's economic conditions could reduce borrowers' repayment capacity and increase the level of non-performing loans (NPLs), as well as increase cost of funding for the Issuer, ultimately eroding profitability the Issuer's operations, financial stance and performance of the Notes

The Issuer will continue to strengthen economic analysis capabilities, enabling the Company to anticipate and adapt to changes in the macroeconomic environment. However, the Issuer provides no assurance on future economic, geopolitical, and social developments in Tanzania. Investors should assess with ultimate care the risks involved in investing in the Notes prior to making an investment decision.

#### Regulatory risks may have a material impact on the Issuer's operations

The issuer is governed by Tanzania laws and is regulated in accordance with the applicable framework for non-deposit taking mortgage finance institutions. Regulators have a mandate to apply, interpret and enforce laws, which may evolve over time. Changes in future legislation such as financial regulations, tax policies, or monetary policies are inherently uncertain, and may impact the Issuer's operations. Potential material effects may include modification to licencing conditions, or key business variables such as lending and borrowing rates, fees, taxes and duties, all of which could affect the Issuer's revenue and cost structures.

The Issuer engages actively with policymakers to monitor and acquire insights into potential regulatory developments that may affect the housing finance sector. The Issuer's risk and compliance committee ensures on a best-efforts basis compliance with applicable law by conducting regular compliance assessments to ensure adherence to applicable laws, identifying gaps in regulatory enforcement and reports findings to the senior management and the Board Audit and Risk Committee.

The Issuer has not experienced any material changes in regulations that had a significant impact on its operations since its inception.

#### 4.2 Risks related to the market

##### Intense competition within the housing finance market

As of June 2025, there are 29 banking institutions were offering residential mortgages, with top five top lenders, commanding 63% of the market. (Tanzania Mortgage Market Update, 2025). The mortgage market continues to be characterized by increasing competition from banks, non-bank financial institutions (NBFIs), and new entrants offering innovative solutions in terms of price, quality and reliability of service, products and services offered, distribution and sales channels, advertising and brand image. Competitive pressure could lead to a decline in market share and compress profit margins if the Issuer fails to differentiate itself effectively and match its competitors.

The Issuer is among the top 5 lenders and holds a market share of 5.43%. The Issuer further employs initiatives to protect and grow its market share by continuously developing comprehensive and tailored loan offerings given its specialization in mortgage, which enhances customer experience and increases market competitiveness relative to the other top lenders who are commercial banks with no specialized mortgage offering.

### Market risks can adversely affect the Issuer's and the Notes' performance

Market risks for the Issuer relate to but are not limited to volatility in interest rates and exchange rates. Changes in interest rates directly affect the affordability of housing loans for customers and the cost of capital for the Issuer. A rising interest rate environment coupled with limited liquidity may increase cost of funds to the Issuer and limit its ability to borrow for expansion of its lending operations or to refinance its obligations at competitive rates. As loans become expensive, borrowers may reduce demand for the Issuer's products, to avoid an increased financial burden. The Issuer may experience higher default rates, lowering the quality and the profitability of the assets.

The Issuer has accessed funding sources from local banks and specialized mortgage facility through TMRC and continues to diversify its funding base to include more affordable funding from Tanzania capital markets and international development partners to further lower its cost of funding. The Issuer further has an established mortgage policy and procedures which guide its management credit committee to perform an assessment on the quality of its assets on a monthly basis, and reports to the Board Credit Committee at the end of each quarter, considering the change in the risk of default and proactively strategize on maintaining the quality of its asset book.

The Issuer may be further exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Depreciation of the Tanzanian currency may increase the Issuer's financial burden depending on the split of the currency profile of its funding. The Issuer currently has a natural hedge, with its assets and liabilities denominated in Tanzanian Shillings. The Issuer is currently exploring funding through DFIs such as DFC and IFC, which will be denominated in USD, exposing the Issuer to exchange rate risks. These financing are expected to be structured with a hedging solution as a mitigation to foreign exchange risk.

### Fluctuations in property values

The Issuers' mortgages are backed by real property. An accurate assessment of the value of the property is critical to ensure the Issuer is properly covered in the event of a foreclosure. A decline in pricing of housing may reduce the quality of collateral, thereby heightening credit risk. When prices are too high, the loan value increases, and the demand for loans may decline, as borrowers fear a higher burden of borrowing.

The Issuer is unable to consistently predict the movement in prices of properties and may be exposed to limited growth in an unfavourable property market due to low loan demand or lower quality collateral limiting its recovery in event of foreclosures.

Issuer conducts regular property market assessments to timely adjust collateral valuation and manage exposure to asset devaluation risks. Additionally, its NPLs have consistently ranged between 2-3% in the last three years, which is well below regulatory guidance of 5%.

### 4.3 Risk factors related to the Issuer

#### Regulatory non-compliance with the applicable laws

The Issuer is under the regulation of BoT, which is mandated to ensure mortgage financiers are compliant with relevant provisions of the law issued under the Banking and Finance Act, Mortgage Finance Regulations and, or any rules, guideline, or agreements made pursuant to mortgage business operations. The BoT reserves the right to revoke a mortgage finance license when the licenced entity violates a provision of any of these laws or regulations. In case of revocation of its licences, the Issuer will have no authority to engage in its normal business activity of making mortgage loans and would not be in position to meet required obligations under the Notes.

The Issuer has a well-established compliance framework from management to board level to track and monitor its compliance with relevant regulations. The Issuer's management of risk and compliance committee ensures on a best-efforts basis compliance with applicable law conducting regular compliance tests across the Company with a view of identifying gaps in enforcement of regulatory requirements and reports to the senior management and the Board Audit and Risk Committee on compliance status.

### High NPLs may materially affect the Issuer's operations

The Issuer may be exposed to delayed or non-payment of principal and interest from borrowers of its mortgage loans, which may in turn affect its financial performance and ability to service the Notes obligations. High NPLs can arise due to various borrower related factors including loss of employment, reduced income, rising living costs in periods of high inflation and poor debt management practices.

The Issuer mitigates credit risk by enhancing credit risk assessment frameworks, using advanced data analytics to evaluate borrower behaviour, and setting prudent limits on sectoral and geographic exposure.

The Issuer further has an established mortgage policy and procedures which guide its management credit committee to perform an assessment on the quality of its assets monthly, and reports to the Board Credit Committee at the end of each quarter, considering the change in the risk of default and proactively strategize on maintaining the quality of its asset book.

### The Issuer is exposed to liquidity risk, given the nature of its operations

The Issuer is a non-deposit taking institution and requires diversified funding pool at a lower cost to be able to conduct its main business of lending. The Issuer may be unable to meet its financial obligations timely or at an efficient cost, due to disruption of its operations or inability to roll over its funding at favourable prices.

The Issuer maintains a diversified and stable funding base borrowing from mortgage liquidity facility by TMRC and local banks. The Issuer also plans to further access funding through Tanzania capital markets and from DFIs which are expectedly more affordable lowering the Issuer's cost of borrowing

### Operational risks

The Issuer may be exposed to operational risks including inefficiencies in internal processes, technological threats, failure of systems or external events, which may cause financial losses with may affect the Issuer's ability to meet its obligations under the Notes.

The Issuer through its IT department and steering committee is the first line of defence, and invests in robust IT systems, implementing strong internal control protocols, conducting a regular quarterly review of all systems and processes. The second line of defence is the risk and compliance committee which conducts risk identification, controls and monitoring. The final line of defence is the internal audit which conducts a companywide audit and review of internal controls and processes. The IT department, and risk and compliance will provide a report to Board Audit and Risk Committee.

**Weak and ineffective governance structures may limit the growth of the Issuer and its ability to service its obligations.**

Effective leadership is key to ensure Issuer's execution of its strategy to achieve business goals, and maintenance of its regulatory compliance. The Issuer has well established structures to attract and retain qualified talent, senior management and board. It also provides mandatory training and has put in place policies such as anti – money laundering policy, risk management policy among others to guide its zero-tolerance approach toward employee-related non-compliance. However, it may in the future be subject to fraud by its employees and or related parties

The Issuer also addresses governance risks by maintaining high standards of corporate governance, including transparent decision-making, regular board reviews, and adherence to regulatory requirements.

#### 4.4 Risk factors related to the Notes being issued

**The Notes may not be suitable to all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. Each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- Has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in .

The Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

- ✓ Has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- ✓ Has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets;
- ✓ Evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks

#### Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent

- ✓ Notes are a legal investment for it;
- ✓ Notes can be used as collateral for various types of borrowing and
- ✓ Other restrictions apply to its purchase or pledge of the Notes

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

#### Performance of the Notes in the secondary market

The Issuer will list the Notes on the DSE as indicated on the relevant Pricing Supplement. The performance of secondary market for the Notes shall be subject to prevailing market conditions. Market liquidity is also not guaranteed and there is risk of the potential lack of active secondary markets, limiting investors' ability to trade their holdings efficiently with attractive yield. The Notes are sensitive to interest rate risks and market risk. Notes for specific or limited categories of investors are likely to be impacted by volatility of secondary markets. Investors should be aware of the type of the investment market depth and volatility of the investment prior to making an investment decision.

#### The Notes may be subject to optional redemption by the Issuer

The Issuer at its option, may have the discretion to redeem the Notes, the subject to any conditions specified in the relevant Pricing Supplement. An optional redemption feature in the Notes may negatively affect their market value, given the Issuer is likely to redeem the Notes

when the cost of its borrowing is lower than the interest rate on the Notes. The investor may not be able to reinvest the redemptions from the proceedings at a comparable rate offered to the redeemed interest and may only be able to access instruments with a lower rate than the Notes.

#### Exchange rate risks.

The Issuer will pay principal and interest on the Notes in the currency as specified in the relevant Pricing Supplement (the "Specified Currency"). There may be currency conversion risks for investors with financial activities in a currency unit other than the Specified Currency. The exchange rates are subject to market conditions and exchange controls from the BoT.

In recent years, rates of exchange for certain currencies have been volatile, and such volatility may be expected to continue in the future. Investors must be aware of the exchange rate environment prior to making investment decisions as depreciation or devaluation of a Specified Currency may impact the overall value of the Notes and the yield of the Notes

#### Change of Law.

The Terms and Conditions of the Notes are based on the Applicable Law as specified in the relevant pricing supplement in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to the Applicable Law or administrative practice after the date of this Information Memorandum.

Prospective investors should note that the courts of Tanzania shall have jurisdiction in respect of any disputes involving the Notes.

## 5 TERMS AND CONDITIONS OF THE NOTES

In these Conditions, "**Noteholder**" and "**holder**" means the account holder of a Book entry Note. References in these Conditions to terms specified on a Notes or specified hereon or specified in the applicable Pricing Supplement shall be deemed to include references to terms specified in the applicable Pricing Supplement issued in respect of a particular issue of Notes of which such Notes forms a part (each a "**Pricing Supplement**") and which will be attached to such Notes.

These Conditions may be amended, modified or varied in writing by agreement between the Issuer, the Registrar, the Fiscal Agent, and the Calculation Agent but without the consent of any Noteholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in any manner which the Parties

may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Noteholders. The Issuer, the Registrar, the Fiscal Agent and the Calculation Agent may also agree to any modification pursuant to clause 20 (Amendments).

The issue within the United Republic of Tanzania of Tanzanian shillings ten billion (TZS10,000,000,000) (or such other currency as specified in the applicable Pricing Supplement) domestic medium-term notes (the "Notes") by First Housing Finance (Tanzania) Limited (the "Issuer") was duly authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 23 October 2024. The Notes are issued with the benefit of, and are subject to, an Agency Agreement (the "Agency Agreement") between the Issuer, fiscal, and paying agent (the "Fiscal Agent"), as calculation agent (the "Calculation Agent"), as the receiving bank ("Receiving Bank") and as the registrar ("Registrar").

These Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement

All capitalised terms that are not defined in these Conditions shall bear the meaning ascribed to them in the Agency Agreement and in the relevant Pricing Supplement, unless the context otherwise requires. Copies of the Agency Agreement and the relevant Pricing Supplement are available for inspection at the Specified Office of the Registrar. The Noteholders are deemed to have notice of, and are entitled to the benefit of, and are subject to, all the provisions of the Agency Agreement and the relevant Pricing Supplement.

All the Notes issued by the Issuer pursuant to the Agency Agreement and for the time being Outstanding are hereinafter referred to as the "Notes" and the term "Note" is to be construed accordingly

## 5.1 Form and denomination

5.1.1 Form: Each issue of Notes of which this Note forms a part (the "Notes") is issued as dematerialized book entry notes in the nominal amount of a Specified Denomination (as defined in Condition 5.1.2 below), or as specified on such Notes, and these Conditions must be read accordingly.

5.1.2 Denomination: "Specified Denomination" means the denomination amount as such specified in the applicable Pricing Supplements.

5.1.3 Title: The Issuer shall be entitled to deem and treat the depositary named in the applicable Pricing Supplement as the absolute owner of the Notes for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or on the order of such depositary shall be valid and effective to discharge the liability of the Issuer with respect to such Notes to the extent of the sum or sums so paid.

The Issuer, the Fiscal Agent and the Registrar may (to the fullest extent applicable under the law) deem and treat the person in whose name such Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof), and neither the Issuer, nor any Agent of the Issuer shall be affected by notice to the contrary.

5.1.4 Specified Currency: The Currency of any Note is as specified in the applicable Pricing Supplement. Unless otherwise specified hereon, all payments of principal and interest in respect of a Note shall be made in the Specified Currency.

## 5.2 Transfers of Notes

5.2.1 Transfer of Notes: The Notes may be transferred in whole or in part in a Specified Denomination upon delivery of the form of transfer of such Note duly completed and stamped, if liable to stamp duty, and executed by the transferor or under its common seal or on its behalf under the hand of one of its officers duly authorised in writing, and upon the Registrar and/or the CDS being satisfied with the documents of title and the identity of the person making the request, and if the form of transfer is executed by some other person on behalf of the transferor or in the case of the execution on behalf of a corporation by its officers, the authority of that or those persons to do so, all subject to such reasonable Regulations as the Issuer, CDS and the Registrar may prescribe in accordance with procedures implemented by the CDS.

5.2.2 All transfers of Notes and entries on the Register will be made subject to the detailed Regulations concerning transfers of Notes set forth in the Agency Agreement. The transfer of Notes will be subject to the requirements of the Stock Exchange on which the Notes are listed from time to time (if any).

5.2.3 The Notes will be held in book-entry form. The Notes shall not be issued in physical form, but their aggregate face amount shall be entered in the Register maintained by the CDS in accordance with the provisions of the CMSA and the DSE.

5.2.4 Transfers Free of Charge: Both registrations and transfers shall be effected without charge by or on behalf of the Issuer, the Agents, provided that the transferor or holder shall bear the expense of the delivery and shall make any payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Local Agent, the Registrar or the relevant Transfer Agent may require).

5.2.5 Closed Periods: No transfer of Notes will be effected:

- (a) during the period of fifteen (15) days immediately preceding the due date for any payment of principal, redemption amount or premium (if any) in respect of that Note;
- (b) during the notice period immediately preceding any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition;
- (c) after any such Note has been called for redemption; or
- (d) during the period of seven (7) days ending on (and including) any Record Date.

Accordance with the relevant procedures of the registrar. A copy of the relevant procedures will be made available by the registrar upon request.

### 5.3 Status of Notes

#### Senior Notes

5.3.1 The Notes are direct, unconditional, general and unsecured obligations of the Issuer ranking pari passu and without any preference among themselves and pari passu with all other outstanding unsecured and unsubordinated obligations for borrowed money of the Issuer (obligations (other than subordinated obligations (if any) of the Issuer from time to time outstanding, save only for such obligations as may be preferred by mandatory provisions of the Applicable Laws).

#### Subordinated Notes

5.3.2 It is the intention of the Issuer (if so specified in the relevant Pricing Supplement) that the Subordinated Notes should qualify as Tier 2 Capital. Subject to exceptions provided by provisions of law, the Issuer's obligations under the Subordinated Notes constitute direct, general and unsecured obligations of the Issuer and shall, in case of (a) the insolvency and winding up in Tanzania of the Issuer; or (b) dissolution of the Issuer in Tanzania, as the case may be, rank (a) equally inter se and (b) fully subordinated to the claims of Senior Creditors, provided that if at any time an order is made or a resolution is passed for the winding up of the Issuer, then any payment of any amount due under the Subordinated Notes which would fall due for payment while the Issuer is insolvent or in insolvent liquidation, will not fall so due and any such due amount will become due for payment only if and when and to the extent that the Issuer could make such payment in whole or in part and still be solvent thereafter.

5.3.3 For the purpose of Condition 5.3.3, the Issuer shall be considered solvent if both (i) it is able to meet the claims of Senior Creditors as they become due and (ii) its Assets exceed its Liabilities. A report as to the solvency of the Issuer by the Auditors or if the Issuer is being wound up, its liquidator, shall in the absence of proven error, be treated and accepted by the Issuer any Agent and the holders of Subordinated Notes as correct and sufficient evidence thereof.

### For the purposes of Condition 5.3.3

“Assets” means the non-consolidated gross assets of the Issuer as shown by the then latest published balance sheet of the Issuer but adjusted for contingency and for subsequent events and to such extent as two Directors of the Issuer, the Auditors or the liquidator of the Issuer (as the case may be) may determine to be appropriate

“Auditors” means the auditors of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them, such other firm of accountants as may be appointed or nominated by the Registrar, in like manner as for assets and the claim of any creditor of the Issuer which has been accepted by the liquidator in the winding up of the Issuer not being a creditor:

(a) whose right to repayment ranks or is expressed to rank postponed to or subordinate to that of unsubordinated creditors of the Issuer; or

(b) whose right to repayment is made subject to a condition or is restricted (whether by operation of law or otherwise) or is expressed to be restricted in each case such that the amount which may be claimed for his own retention by such creditor in the event that the Issuer is not solvent, is less than in the event that the Issuer is solvent; or

(c) whose debt is irrecoverable or expressed to be irrecoverable unless the persons entitled to payment of the Principal Amount and Interest Amount in respect of the subordinated Notes recover the amounts of such Principal Amount and Interest Amount which such persons would be entitled to recover if payment of such Principal Amount and Interest Amount to such persons were not subject to any condition.

5.3.4 In the case of Subordinated Notes, in the event the Issuer is unable, due to its failure to meet the solvency test prescribed in these Conditions, to make a payment of any Interest Amount on any Interest Payment Date, such Interest Amount shall be deferred (“Deferred Interest”). Deferred Interest shall not itself earn interest.

The Issuer shall be obliged as and when it is deemed solvent for purposes of these Conditions, to pay Deferred Interest to holders of Subordinated Notes on an Interest Payment Date, after having made the payment of Interest Amount due for that Interest Payment Date.

5.3.5 The Issuer shall not pay or declare dividends on preference or ordinary shares, while Deferred Interest is outstanding on the Subordinated Notes.

5.3.6 The holder of a Subordinated Note may not exercise a claim or plead any right of set-off, counter claim or retention (whether before or after the winding up of the Issuer), in respect of any amount owed by it to the Issuer against any amount owing by the Issuer to it, arising under or in connection with the Subordinated Notes, and each such holder shall be deemed to have waived all such rights of set-off, counter claim or retention. If any of the rights and claims of such Noteholder are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer, or as applicable, the liquidator in winding up of the Issuer as the case may be, and until such time as payment is made, such Noteholder will hold a sum equal to such amount in trust for the Issuer, or if applicable, the liquidator in winding up of the Issuer. Accordingly, such discharge will be deemed not to have taken place.

5.3.6 The holder of a Subordinated Note may not exercise a claim or plead any right of set-off, counter claim or retention (whether before or after the winding up of the Issuer), in respect of any amount owed by it to the Issuer against any amount owing by the Issuer to it, arising under or in connection with the Subordinated Notes, and each such holder shall be deemed to have waived all such rights of set-off, counter claim or retention. If any of the rights and claims of such Noteholder are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer, or as applicable, the liquidator in winding up of the Issuer as the case may be, and until such time as payment is made, such Noteholder will hold a sum equal to such amount in trust for the Issuer, or if applicable, the liquidator in winding up of the Issuer. Accordingly, such discharge will be deemed not to have taken place.

## 5.4 Negative Pledge

So long as any Notes remains Outstanding, the Issuer will not create, or permit to arise any mortgage, charge, lien (other than a lien arising solely by operation of law and in the ordinary course of business), pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues present or future, to secure any borrowing in the form of, or represented by, bonds, notes or any securities, which borrowing is incurred or 22st guaranteed by the Issuer and is now outstanding or hereafter existing without at the same time according to the Notes either the same security as granted to or is outstanding in respect of such liability, or such other security as shall be approved by an Extraordinary Resolution (as defined in Schedule 2 (Regulations for Meetings of Noteholders) to the Agency Agreement) of the Noteholders.

of such liability, or such other security as shall be approved by an Extraordinary Resolution (as defined in Schedule 2 (Regulations for Meetings of Noteholders) to the Agency Agreement) of the Noteholders.

## 5.5 Interest

5.5.1 Interest on Fixed Rate Notes: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5.5.6.

5.5.2 Each Fixed Rate Note shall cease to bear interest from the date of its redemption unless payment of any Principal Amount due thereunder is improperly withheld or refused. In such event, interest will continue to accrue at the default rate as specified in the relevant Pricing Supplement.

5.5.3 Interest on Floating Rate Notes:

(a) Interest Payment Dates:

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date (s) specified in the Pricing Supplement. The amount of interest payable shall be determined in accordance with Condition 5.5.3(c) .

(b) Business Day Convention:

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day

Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

### (c) Rate of Interest for Floating Rate Notes:

The Rate of Interest in respect of Floating Rate Notes for each Interest Period shall be determined by the Calculation Agent (unless otherwise specified in the relevant Pricing Supplement) two Business Days before each Interest Payment Date and in the case of the First Interest Period the Interest Commencement Date. The Floating Rate of Interest (expressed as a percentage per annum) shall be the aggregate of the Reference Rate and the relevant margin (the "Margin") specified in the relevant Pricing Supplement. If the relevant Pricing Supplement specifies a Minimum Floating Rate of Interest for an Interest Period then the Floating Rate of Interest for such Interest Period shall in no event be less than such Minimum Floating Rate of Interest and/or if the relevant Pricing Supplement specifies a maximum Floating Rate of Interest for any Interest Period then the Floating Rate of Interest for such Interest Period shall in no event be more than such maximum Floating Rate of Interest.

The Calculation Agent will at the time the Floating Rate of Interest is determined as aforesaid calculate the Interest Amount for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Floating Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding up the resultant figure to the nearest one whole number. For the purposes of this Condition 5.5.8(Definitions) "Day Count Fraction" means, in respect of the calculation of an Interest Amount for any Interest Period (a) if "Actual/365" is specified in the relevant Pricing Supplement, the actual number of days elapsed in the Interest Period divided by 365; or (b) such other calculation method specified in the relevant Pricing Supplement.

The Calculation Agent (or such other Agent as is specified in the relevant Pricing Supplement) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any Stock Exchange on which the relevant Floating Rate Notes are listed, as soon as possible after their determination but in no event later than the fourth Business Day thereafter

Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any Stock Exchange on which the relevant Floating Rate Notes are listed and to the Noteholders in accordance with Condition 5.12(Notices).

**5.5.4 Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5.5.5 to the Relevant Date.

**5.5.5 Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding**

(a) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Periods, in the case of (y), calculated in accordance with this Condition 5.5.6 by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to paragraph (b) below.

(b) If any maximum or minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be;

(c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

**5.5.6 Calculations:** The amount of interest payable per calculation amount in respect of any Note for any Interest Period shall be equal to the product of the Rate of Interest, the calculation amount specified hereon, and the Day Count Fraction for such Interest Period, unless an Interest Amount is applicable to such Interest Period, in which case the amount of interest payable per calculation amount in respect of such Notes for such Interest Period shall equal such Interest Amount. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. If the calculation amount is not specified hereon, the calculation amount shall equal the minimum Specified Denomination.

**5.5.7 Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period, calculate the Final Redemption Amount, Early Redemption Amount or optional redemption amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or optional redemption amount to be notified to each of the Agents, the Issuer, , the Noteholders, and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date is subject to adjustment pursuant to Condition 5.5.5, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated needs to be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

**5.5.8 Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms under this Condition 5.5.8 shall have the meanings set out below:

"Business Day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial center for such currency.

"Day Count Fraction" means, in respect of the calculation of an Interest Amount on any Notes for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the "Calculation Period"), the fraction set out in the applicable Pricing Supplement.

"Interest Amount" means in respect of an Interest Period, the amount of interest payable in respect of each Principal Amount of the Notes as determined in accordance with Condition 5.5 (Interest).

"Interest Commencement Date" means the Issue Date, or such other date as may be specified hereon.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Period, the date specified as such hereon

"Interest Period" means the period specified as such hereon or, if none is so specified, the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Rate of Interest" means the rate of interest payable from time to time in respect of the Notes and that is either specified hereon or calculated in accordance with the provisions specified hereon.

"Reference Rate" means the rate specified as such hereon

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"Specified Currency" means the currency defined in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated.

**5.5.9 Calculation Agent:** The Issuer shall procure that there shall at all times be a Calculation Agent if provision is made for them in the applicable Pricing Supplement and for so long as any Note is Outstanding (as defined in the Agency Agreement). If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or optional redemption amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5.6 Redemption, Purchase and Options

- 5.6.1 Final Redemption: Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the relevant redemption date.
- 5.6.2 Early Redemption: The Issuer is entitled to redeem all or part of the principal amount of the notes prior to the Maturity Date. For purposes of this condition ( and unless stated otherwise herein), the Notes will be redeemed at an Early Redemption Amount which shall be an amount less or greater than the Issue Price to be determined in the manner specified in the Applicable Pricing Supplement.
- 5.6.3 Redemption at the option of the Issuer: If the Issuer has specified in the relevant Pricing Supplement that it has an option to redeem any Notes, the Issuer may, subject to any conditions specified in the relevant Pricing Supplement, and in addition , after giving not less than fourteen (14) nor more than thirty (30) days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any optional redemption date. Any such redemption of Notes shall be at their optional redemption amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum redemption Amount to be redeemed specified hereon and no greater than the maximum

All Notes in respect of which any such notice is given shall be redeemed on the optional redemption date specified in such notice in accordance with this Condition.

In the case of a partial redemption, each such Note will be redeemed in the amount of its pro rata share of the aggregate amount of such partial redemption and thereafter shall be treated as being Outstanding as to its unredeemed balance.

5.6.4 Purchases: The Issuer may at any time purchase or otherwise acquire Notes in the open market or otherwise at any price subject to any approvals required from the DSE and/or the CMSA or to any restrictions under any applicable law. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, cancelled in terms of and in accordance with these Conditions. If purchases are made by tender, tenders must be made available to all Noteholders.

5.6.5 Cancellation: All Notes redeemed or purchased by or on behalf of the Issuer may be surrendered for cancellation not less than thirty (30) Business Days' written notice by the Issuer to the Registrar, the Paying Agent and the CDS, and if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 5.7 Payments

5.7.1 Notes: The Fiscal Agent will make payments of the Principal Amount and the Interest Amount due on the Notes from the Payment Account or transfer the funds on the due date or on such other date as may be specified in the applicable Pricing Supplement in accordance with the Conditions provided, however, that:

5.7.2 The Fiscal Agent shall not be obliged (but shall be entitled) to make such payments if the full amount of any payment due to be made into the Payment Account under sub-Clause 4 (Payment to the Payment Account) of the Agency Agreement is not so made; and

5.7.3 notwithstanding any other provision of these Conditions, the Fiscal Agent on behalf of the Issuer shall be entitled to make a deduction or withholding from any payment which it makes under these Conditions for or on account of any present or future taxes, duties or charges if and to the extent so required by applicable law, in which event the Fiscal Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities and to the Issuer and the relevant Noteholder for the amount so withheld or deducted.

5.7.4 Noteholders will not be entitled to any interest or other payment for any delay after the due date if any date for payment is not a day on which the depositary or Paying Agent (if any) is open for business, and the Noteholder will not be entitled to payment until the next following day on which the depositary or Paying Agent (if any) is open for business

5.7.5 Payments Subject to Law: All payments are subject in all cases to any applicable fiscal or other laws, Regulations and Directives. No commission or expenses shall be charged to the Noteholders in respect of such payments.

5.7.6 Appointment of Agents: The Agents initially appointed by the Issuer and their respective specified offices are listed in the applicable Pricing Supplement. The Placing Agents, the Paying Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Placing Agents, the Paying Agent, the Registrar, any Receiving Bank and the Calculation Agent or any other agent and to appoint substitute Placing Agents and/or additional or other Paying Agents, Registrars, Receiving Banks and Calculation Agents or any other agent; provided that the Issuer shall at all times maintain (i) a Placing Agent, if so specified in the applicable Pricing Supplement, a Registrar and Receiving Agent, (ii) a Calculation Agent if specified hereon, and (ii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

5.7.7 Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 5.12.

5.7.8 Non-Business Days: If any date for payment in respect of any Note is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.; and where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial center of the country of such currency.

5.7.9 Currency of Payment: The currency of account and for any sum due from the Issuer hereunder is the Tanzania Shilling (or such other currency as specified in the applicable Pricing Supplement).

## 5.8 Taxation

5.8.1 The Notes (and any interest thereon) are not exempt from taxation generally.

5.8.2 All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by, or on behalf of, any country, or any political sub-division of, or any authority in, or of, any country having the power to tax, unless such withholding or deduction of Taxes is required by law.

## 5.9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof. As used in these Conditions, "Relevant Date" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven (7) days after that on which notice is duly given to the Noteholders that, upon surrender of the relative Certificate being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, optional redemption amounts, and all other amounts in the nature of principal payable pursuant to Condition 5.6 or any amendment or supplement to it and (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5.6.1 or any amendment or supplement to it.

## 5.10 Events of Default

### 5.10.1 With respect to the Notes, if:

- (a) the Issuer fails to pay when due the principal of, or interest on, any Note unless:
  - ✓ the failure to pay is caused by administrative or technical error; and
  - ✓ Such default is remedied within three Business Days in Dar es Salaam or such place of issue of that Note;
- (b) The Issuer fails to pay when due in aggregate an amount equal to or exceeding the lower of Tanzania shillings Three Billion (TZS 3,000,000,000) or an amount equal to 5% of the total Indebtedness of the Issuer at that time; or its equivalent in any other relevant currency or currencies of the principal of, premium (if any), or interest on, any Note, or any notes, bonds or similar obligations (other than the Notes) which shall have been issued, assumed or guaranteed by the Issuer and, in either case, such failure shall continue for a period of thirty (30) days, then at any time thereafter and during the continuance of such failure, the holder of any Note may deliver or cause to be delivered to the Issuer at its principal office in Dar es Salaam, Tanzania, written notice that such holder elects to declare all Notes held by it (the serial numbers and denominations of which shall be set forth in such notice) to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Issuer, such Notes shall become due and payable together with accrued interest thereon, unless prior to that time all such defaults shall have been cured;
- (c) The Issuer does not perform or comply with any one or more of its other obligations in the Notes (other than an obligation for the payment of the amount due in respect to any of the Notes) and, if capable of remedy, such default continues for a period of thirty (30) days after written notice is given to the Registrar by any Noteholder specifying such default and requiring it to be remedied
- (d) Any expropriation, distress, attachment, sequestration or execution (or any analogous procedure) or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer
- (e) The Issuer is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or the value of the assets of the Issuer is less than its liabilities (taking into account contingent and prospective liabilities);

- f) Any order is made or any resolution passed for the suspension or termination of the Issuer, or the Issuer otherwise ceases to exist;
- g) The Issuer ceases, or threatens to cease, to carry on all or substantially all of its business or operations; or
- h) It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes, the Placing Agreement or Agency Agreement.

Then at any time thereafter and during the continuance of such failure, the holder of any Note may deliver or cause to be delivered to the Issuer at its principal office in Dar es Salaam, Tanzania, written notice that such holder elects to declare all Notes held by it (the serial numbers and denominations of which shall be set forth in such notice) to be due and payable”

**5.10.2 Notification of Event of Default:** If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Noteholders in accordance with Condition 5.12 (Notices).

## 5.11 Meeting of Noteholders and Modifications

**5.11.1 Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in Schedule 1 to the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being Outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being Outstanding, or at any adjourned meeting two or more or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the Rate(s) of Interest in respect of the Notes or to vary the method or basis of calculating the Interest Amount(s) or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a maximum Rate of Interest, Final Redemption Amount, Early Redemption Amount, optional redemption amount or other redemption amount is specified, to reduce any such Minimum Rate of Interest and/or maximum

Rate of Interest or redemption amount, (v) to vary any method of, or basis for, calculating any redemption amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being Outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

These Conditions may be amended, modified, or varied in writing by agreement between the Issuer, the Registrar, the Fiscal Agent, and the Calculation Agent but without the consent of any Noteholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in any manner which the Parties may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Noteholders. The Issuer, the Registrar, the Fiscal Agent and the Calculation Agent may also agree to any modification pursuant to clause 20 of the Agency Agreement (Amendments).

**5.11.2 Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Noteholders.

## 5.12 Notices

**5.12.1** Notices to the Noteholders will be deemed to be validly given if made by e-mail, fax delivered to them, or sent by registered mail or (if posted to an overseas address) by airmail to them, to their registered addresses appearing on the Register, and in any other case, will be deemed to have been validly given when such communication or document is left with or, as the case may be, seven (7) days after its being posted to the intended recipient at its address as recorded on the Register.

**5.12.2** The Issuer shall also ensure that notices regarding the Notes are duly published in a manner that complies with the rules and regulations of the DSE.

**5.12.3** The Registrar shall, upon and in accordance with the instructions of the Issuer but not otherwise, arrange for any notice which is to be given to the Noteholders and to the DSE be given in accordance with this Condition.

5.12.4 Notices given by any Noteholder shall be in writing and given by lodging the same at the Specified Office of the Registrar and the Registrar, as the case may require, issue that notice to the Issuer and/or any other Agent.

5.12.5 Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the Specified Office of the Registrar, as the case may require or via the applicable clearing system.

### 5.13 Governing Law and Jurisdiction

5.13.1 Governing Law: The Notes, Agency Agreement and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with Tanzanian law.

5.13.2 Jurisdiction: With respect to any legal action or proceedings or to settle any disputes ("**Proceedings**" and "**Disputes**") in the courts of Tanzania arising out of or in connection with any Notes, the Issuer irrevocably submits to the non-exclusive jurisdiction of the courts of Tanzania.

## 6 DESCRIPTION OF THE ISSUER

As of the date of this IM, First Housing Finance (Tanzania) Limited is the only financial institution fully specializing in offering residential mortgages loans in Tanzania. It is regulated by the Bank of Tanzania under the Banking and Financial Institutions Act, Cap.342. RE 2023 and was licensed by Bank of Tanzania in July 2017 with License No. HFC 001, to carry out mortgage finance business in the country.

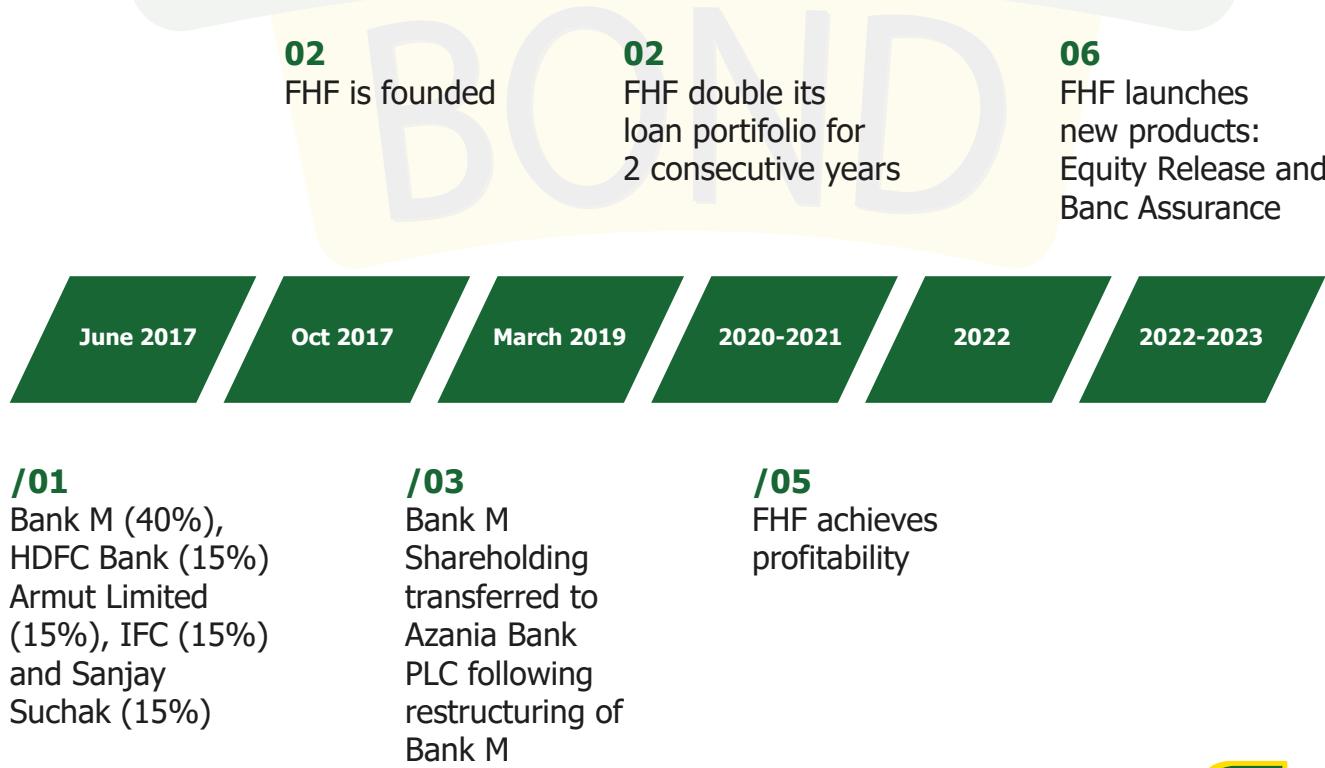
FHF being distinguishes itself from the market by offering the lowest prime lending rates for mortgages in the country, with a tenor of up to 20 years depending on customer cash flow strength and preferences.

FHF's mission is in-line with UN Sustainable Development Goal #11 (Sustainable Cities & Communities), which prioritizes making cities and human settlements inclusive, safe resilient and sustainable

### 6.1 History of the Issuer

FHF was founded in 2017 by Bank M, HDFC, Armut Limited and Sanjay Suchak with an authorized share capital of TZS 110bn and a Paid-Up Capital of TZS 80bn. It is now one of the largest mortgage lenders in Tanzania. FHF is a fully-fledged mortgage financial institution for retail clients.

Following the taking over of Bank M Tanzania PLC assets and liabilities by Azania Bank Limited effective from 15 March 2019, the ownership of 87,200,000 shares was transferred from Bank M Tanzania PLC



## 6.2 Key shareholder information

The shareholding structure for FHF as of 31st December 2024 is as follows

Name	Origin	No. of Shares Mn	Paid-up Capital TZS Mn	% Shareholding
Azania Bank PLC	Tanzania	87	8,720	40%
IFC	USA	33	3,270	15%
HDFC Bank	India	33	3,270	15%
Armut Limited	Mauritius	33	3,270	15%
Sanjay Suchak	Tanzania	33	3,270	15%
<b>Total</b>		<b>219</b>	<b>21,800</b>	<b>100%</b>

FHF has a robust shareholding base that combines a leading local bank (the world's foremost multilateral development finance institution (IFC World Bank), India's largest mortgage lender (HDFC Bank) and several experienced local businesspeople.

**Azania Bank PLC** was the first indigenous private bank established in Tanzania. It was organized in 1995 as a non-bank financial institution following liberalization of the country's banking sector. Azania is now a Tier 1 commercial bank.

**IFC** is the private sector arm of the World Bank and is primarily engaged in providing development capital and financing to the less developed markets in the world. Housing Finance is an area of active interest for IFC. In the housing finance space, IFC works directly by financing large development projects via the debt or capital route or a mix of both. IFC is also involved in the mortgage finance business indirectly by participating in the capital and debt raising of financial institutions active in the mortgage business with a view to building mortgage markets and increasing access to finance for property construction and mortgages. IFC helps to create sustainable housing markets through direct investments and by working with financial institutions and regulatory agencies to improve the environment for housing.

**HDFC Bank Limited** was incorporated on August 30, 1994 as a public limited company, under the provisions of the Companies Act, 1956 having its registered office at HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India. HDFC Bank Limited is registered with the Reserve Bank of India as a banking company under the

provisions of the Banking Regulation Act, 1949 and is engaged in the business of providing a range of banking and financial services including retail banking, wholesale banking and treasury operations.

**Armut Limited**, incorporated in Mauritius, is the fully owned special purpose vehicle established by the Karimjee family for the purpose of investing in mortgages.

**Karimjee Jivanjee Ltd** (KJL) is the holding company of the group and has a long-established history in East Africa, stretching back to 1825. In 2013, the family celebrated its 188th year of existence based on honesty, trust and integrity with the following sister companies; Toyota Tanzania Ltd, City Motors Ltd-Yamaha, Salute Properties Ltd and Salute Finance Ltd.

The Toyota brand was introduced into Tanzania by the Karimjee family through International Motor Mart. International Motor Mart was originally set up as a trading company in 1927 and independently registered in 1942. In the 1950's it represented American and British motor companies. In 1965 the Toyota distributorship was awarded to International Motor Mart. In year 2000, International Motors Ltd changed its name to Toyota Tanzania Ltd. In addition to the Toyota brand, the group is also distributors / dealers for Case IH, Hino trucks, Subaru, Daihatsu and Yamaha motorcycles. This expansion in the range has strengthened the company's ability to offer a wider range of vehicles to different market segments. Salute Finance Ltd; the new leasing and fleet management arm of Toyota Tanzania was launched in 2012.

**Sanjay Suchak** is the promoter of S.S Holdings Limited (SSHL), the holding company for African Risk and Insurance Services Ltd ( ARIS). ARIS through SSHL acquired the Alexander Forbes Tanzania Limited (AFTL), which was a subsidiary of Alexander Forbes Risk Services Group of South Africa.

**ARIS** is now the largest Insurance broking business in Tanzania with a market share of approximately 22%. Its operations in Tanzania have existed for 21 years since 1998. ARIS is the market leader among all insurance service providers in Tanzania, a position it and its predecessor have been maintaining since 2004

## 6.3 Description Of the Issuer's Products

### 6.3.1 Mortgage Products

#### 6.3.1.1 Home purchase

Empowers clients to purchase a residential property of their choice, either for their own use or for rental purposes Offered to salaried employees, business entrepreneurs and self-employed individuals

#### 6.3.1.2 Home completion

Long term loan offered to individuals to carry out completion works on existing residential properties Designed for clients who have started building their own houses but have struggled to finish due to insufficient funds

#### 6.3.1.3 Home construction

Offered to customers for the purpose of carrying out construction works on their residential zoned land The bulk of the Tanzanian market prefers to construct their own houses using personal loans, but often struggle to raise sufficient funds

#### 6.3.1.4 Home extension

This is granted to customers seeking to expand their homes via servant quarters, additional rooms, rentable flat attachment, additional bathroom(s) or other related extensions to existing properties

#### 6.3.1.5 Home improvements

Long term loan designed to support home improvement works on clients' residential properties Designed for customers with aging homes that require repairs and modernization to today's housing standards

#### 6.3.1.6 Equity release

Loan offered to individuals for the purpose of release funds which has been tied up on the property, the funds can be utilized by client for other investment avenue

### 6.3.1.7 Home refinance

This allows customers with existing mortgages with other lenders to transfer to FHF to benefit from competitive rates and customer service.

### 6.3.2 Bancassurance

This are life and property insurance services provided along the Issuer's existing mortgage products offerings, through partnership between FHF and various insurance companies. They provide customers with a convenient way to protect their homes, assets while accessing mortgage finance. The product is designed to integrate insurance into the Company's existing financial services, making it easier for customers to access insurance products while applying for home loans or other financial services. Customers can purchase insurance directly from FHF without needing to go to a separate insurance provider. The partnership ensures competitive rates and coverage options suitable for FHF's customers.

## 6.4 Current and future development plans

Tanzania, with its population surpassing 63 million and a growth rate of over 3% annually, faces a significant housing deficit estimated at 3 million units. This gap continues to widen as urbanization accelerates, placing immense pressure on the housing sector to provide adequate and affordable homes. Recognizing the critical role of housing sector in economic growth and social stability, FHF has positioned to address these challenges through innovative financial products and strategic partnerships.

Issuer's current operations focus on bridging the affordability gap in housing finance by offering a range of tailored mortgage products targeting various income groups, including low-, middle-, and high-income earners. This financially inclusive approach ensures homeownership becomes an attainable goal for all, especially among Tanzania's growing urban population where housing deficit is most critical.

To achieve its objectives, the Issuer initiated and has ongoing partnerships with government entities and private developers to finance mortgages in large-scale housing projects, as MOUs has been entered with AVIC Coast Land Development (T) Ltd, The University of Dodoma, National Housing Corporation, CPS Live Limited (Fumba Town Development) and Muhimbili National Hospital. This includes both urban and rural housing developments aimed at improving the country's infrastructure and addressing the housing deficit.

FHF also recognizes the importance of strategic partnerships in achieving its goals. By strengthening relationships with government bodies, local councils, and private developers, the Company aims to unlock opportunities in large-scale housing projects and urban developments.

FHF has already begun expanding its footprint to regions with significant housing needs. The relocation of government headquarters to Dodoma spurred the demand for housing finance in the region. FHF established a representative office in the region as a strategic response. The Issuer plans to restructure the office into an agent office and subsequently a fully-fledged branch. This model will be replicated in other regions across the country, ensuring that FHF's services are accessible in areas experiencing a surge in housing demand.

These plans aim to solidify FHF's position as a key player in Tanzania's housing sector helping Tanzanians realize the dream of homeownership but also shaping a more inclusive and sustainable housing landscape for economic growth and social development.

## **6.5 Issuer's operational governance**

### **6.5.1 Code and regulations**

The Issuer complies with applicable legislation, regulations, standards and codes, with the Board continually monitoring regulatory compliance.

### **6.5.2 Shareholder's responsibilities**

The shareholder's role is to appoint the Board and the external auditors. This role is extended to holding the Board accountable and responsible for efficient and effective corporate governance.

### **6.5.3 Board of Directors**

The Board is focused on continued improvements to its effectiveness and corporate governance performance. The Board is committed to conducting the affairs of FHF with openness, integrity and accountability and in accordance with the highest standards of corporate governance.

### **6.5.4 Strategy**

The Board considers and approves the Issuer's strategy at an annual meeting with executive management. Through quarterly management reports, the Board monitors performance against financial objectives and detailed budgets

## 6.6 Capital adequacy

The Bank of Tanzania requires each housing finance company to maintain at all times:

- ✓ At least a core (Tier 1) capital of TZS 15 billion or such higher amount as Bank of Tanzania may prescribe.
- ✓ A ratio of core capital to the risk-weighted assets plus risk-weighted off-statement of financial position assets (the “Basel ratio”) plus market risk and operational risk charges at or above the required minimum of 12.50% and
- ✓ A ratio of total capital to the risk-weighted assets plus risk-weighted off-statement of financial position items plus market risk and operational risk charges at or above the required minimum of 14.50%.

The table below summarizes the composition of regulatory capital and the ratios of the Company for the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021.

During these four years, the Company complied with the externally imposed capital requirements

Regulatory Requirement	Actual 2024	Actual 2023	Actual 2022	Actual 2021
Core Capital	15,000,000,000	18,162,415,000	18,132,773,000	18,153,202,000
Tier 1 Capital	12.5%	83.19%	96.85%	122.88%
Tier 1 + Tier 2 Capital	145%	83.19%	96.85%	122.88%

### 6.6.1 Debt of the Issuer

Mortgage financiers are required to at all times ensure that the debt-to-equity ratio does not exceed 15:1. The Company’s debt to equity ratio as at 2024 year-end was 0.98:1 (2023 – 0.76:1, 2022- 0.35:1 and 2021-0.06:1) which was in line with the requirement.

The Issuer maintains long-term borrowings with

## a) TMRC

- ✓ A 2-year senior secured facility availed on April 2022, with principal amount of TZS 6,000,000,000 with 10.82% fixed interest rate to refinance a portfolio of mortgage loans.
- ✓ A 3-year senior secured facility on June 2022, with principal amount of TZS 2,000,000,000 with 11% fixed interest rate to refinance a portfolio of mortgage loans.
- ✓ A 3-year senior secured facility availed on July 2023, with principal amount of TZS 2,000,000,000 with 11% fixed interest rate to refinance a portfolio of mortgage loans.

## b) NBC Bank

- ✓ A 5-year senior secured facility availed on September 2023, with principal amount of TZS 2,800,000,000 with 12% fixed interest rate to refinance a portfolio of mortgage loans.
- ✓ A 5-year senior secured facility availed on October 2023, with principal amount of TZS 5,000,000,000 with 11.76% fixed interest rate to refinance a portfolio of mortgage loans.

### 6.6.2 Contingent liability

The Company had no contingent liabilities as at 31 December 2024 (2023: Nil, 2022:Nil and 2021:Nil).

### 6.6.3 Liquidity management

Effective liquidity management is crucial for the Company's ability to operate smoothly, especially in the competitive financial sector. The Issuer maintains sufficient cash flow to meet its short-term obligations while supporting its mortgage lending activities.

The Issuer closely monitors its cash inflows and outflows, ensuring it has enough liquidity to cover day-to-day operational needs, mortgage disbursements, and other financial commitments. This includes managing mortgage repayments, operational expenses, and capital requirements.

The Issuer further utilizes various sources of funding, including long-term loans and capital markets, to maintain a stable liquidity position. This diversification helps balance the risk of relying on a single source of funds.

The Issuer also maintains liquidity buffers, such as short-term investments or cash reserves, to handle unexpected expenses or periods of financial stress. These buffers help ensure that the Company can continue to operate smoothly even in challenging market conditions.

The liquidity risk of the Company is managed through careful planning, forecasting, and stress testing. This allows it to anticipate potential cash flow issues and take corrective actions before they affect the business.

The Issuer employs a comprehensive risk management approach to identify, assess, and mitigate various risks that could affect its operations, financial stability, and long-term growth, recognizing that managing risk is vital in ensuring the success of its mortgage financing services and maintaining stakeholder trust.-

The Issuer regularly identifies and assesses potential risks in its operations, including credit risk (the risk that borrowers will default on loans), market risk (the risk of financial loss due to fluctuations in market conditions), operational risk (risks from internal processes, people, and systems), and liquidity risk (the risk of not having sufficient cash flow to meet obligations).

The Company employs various strategies to mitigate risk, such as diversifying its portfolio, using insurance products like Bancassurance, and maintaining reserves. Additionally, it actively monitors external factors, such as economic conditions, to anticipate potential risks and take proactive measures.

FHF has an internal risk management team that regularly monitors, reports, and evaluates the effectiveness of risk mitigation strategies. This team ensures that all risks are properly addressed and that corrective actions are taken when necessary.

#### **6.6.5 Acquisitions and disposals**

There were none as of 31 December 2024.

#### **6.6.6 Lending Policy**

The lending policy of the Issuer is designed to guide the Company's mortgage lending practices in a manner that ensures responsible lending, protects the Company's financial interests, and helps customers achieve homeownership. The policy outlines the criteria, terms, and conditions under which the Issuer offers housing loans to individuals.

The Issuer lends funds to a cross section of individuals across different genders, income and geographical distributions.

The focus of the Issuer in the short term is focused on urban areas given the housing deficiency is most acute in the areas. In the long term, aligned with its intent to support financial inclusion in the housing sector, the Issuer plans to grow mortgages available to women and low-middle income earners. The chart below indicates the historical and planned distribution of loans and advances to clients as of 31st December 2024 to 31st December 2028 to support FHF strategy.

		Dec 2024		Dec 2025		Dec 2026		Dec 2027		Dec 2028	
		#		#		#		#		#	
Gender	Female	89	31%	101	27%	158	32%	229	36%	314	40%
	Male	194	69%	268	73%	342	68%	410	64%	471	60%
	<b>Total</b>	<b>283</b>		<b>369</b>		<b>500</b>		<b>639</b>		<b>785</b>	
Income	High	60	21%	65	18%	100	20%	144	23%	196	25%
	Middle	200	71%	251	68%	302	60%	337	53%	353	45%
	Low	23	8%	53	14%	98	20%	158	25%	236	30%
Location	<b>Total</b>	<b>283</b>		<b>369</b>		<b>500</b>		<b>639</b>		<b>785</b>	
	Urban	237	84%	291	79%	379	76%	466	73%	550	70%
	Rural	46	16%	78	21%	121	24%	173	27%	236	30%
	<b>Total</b>	<b>283</b>		<b>369</b>		<b>500</b>		<b>639</b>		<b>786</b>	

## 6.7 Employees

The Issuer is committed to achieving its business objectives through its people and makes every effort to develop their abilities and productivity. It encourages a positive work culture of collaboration, encouraging employees to express their views and share ideas to the achievement of its vision.

The Issuer operates a lean organization structure with 27 employees, as of 31 December 2024 (Male 19; Female 8).

## 6.8 Regulatory Environment

The Issuer views regulatory compliance as not only a requirement of law, but also one of the key components of sustainable development. The BoT is the Issuer's primary regulator. Various other supervisory bodies also monitor the Bank's compliance with regards to legislation and these include the Tanzania Revenue Authority, Tanzania Insurance Regulatory Authority

The Banking Act, which provides a legislative framework for regulating banking business, empowers the BoT to issue guidelines to be followed by institutions in order to maintain a stable and efficient financial system. The BoT continues to review the relevant legislations and regulations in order to put in place up-to-date regulatory frameworks that meet international standards.

FHF continues to work in compliant environment and adhere to the below regulations from the BoT:

- ⦿ The Anti-Money Laundering Regulations, 2022
- ⦿ Banking and Financial Institutions (Licensing) Regulations, 2023
- ⦿ The Banking and Financial Institutions (Capital Adequacy) Regulations, 2023
- ⦿ The Banking and Financial Institutions (Foreign Exchange Exposure Limits) Regulations,
- ⦿ The Banking and Financial Institutions (Foreign Exchange Exposure Limits) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Credit Concentration and Other Exposures Limits) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Foreign Exchange Exposure Limits) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Disclosures) Regulations, 2014
- ⦿ The Banking and Financial Institutions (External Auditors) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Internal Control and Internal Audit) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Liquidity Management) Regulations, 2023
- ⦿ The Banking and Financial Institutions (Management of Risk Assets) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Physical Security Measures) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Prompt Corrective Actions) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Development Finance) Regulations, 2021
- ⦿ The Banking and Financial Institutions (Corporate Governance) Regulations, 2021
- ⦿ The Banking and Financial Institutions (Foreign Exchange) Regulations, 2022
- ⦿ The Banking and Financial Institutions (Mortgage Refinance Companies) Regulations, 2022
- ⦿ The Banking and Financial Institutions (Financial Leasing) Regulations, 2022
- ⦿ The Banking and Financial Institutions (Microfinance Activities) Regulations, 2014
- ⦿ The Banking and Financial Institutions (Mortgage Finance) Regulations, 2015
- ⦿ The Banking and Financial Institutions (Corporate Governance) (Amendment) Regulations,
- ⦿ The Bank of Tanzania (Financial Consumer Protection) Regulations, 2019
- ⦿ The Bank of Tanzania (Credit Reference Bureau) Regulations, 2012

## 6.9 Issuer's impact on financial inclusion

Very few lenders in Tanzania offer loans for self-construction or for self-employed borrowers, which make up the bulk of the low- and middle-income population. The top five mortgage lenders in Tanzania (62% of market share) focus primarily on the upper-income segment for new lending, and are constrained in risk profile to develop products for low- and middle-income customers.

FHF's average mortgage loan size is currently higher than CRDB, BOA and Azania's, but significantly below that of Stanbic and NMB; the Company intends to continue pushing down-market to reduce its average loan size to among the lowest in Tanzania by 2025.

FHF already serves self-employed individuals and plans to roll-out a micro-mortgage product (\$10-25k per loan) in the coming years to increase access to the mass market

## 7 BOARD OF DIRECTORS, CORPORATE GOVERNANCE AND MANAGEMENT

### 7.1 The structure of the Board

The board comprises 8 non-executive directors elected from the shareholders of the Company. All the shareholders have a right to nominate members on the board. The sponsor, Azania Bank PLC has the right to nominate three directors, while each of the other shareholders has the right to nominate 1 director.

The board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The board is confident that its members have the knowledge, talent and experience to lead the Company. The chairman is independent of management and exercises independent judgment. With his depth of experience, he adds value to Board deliberations.

The Company's business is conducted by employees, managers and corporate officers led by the chief executive officer with oversight from the board. The Company is compliant with the guidelines on corporate governance practices by the Companies Act, Cap 212 RE 2023 and the Capital Markets and Securities Act, Cap 79 R.E 2023, DSE, and CSD Rules 2022.

FHF is committed to good corporate governance policies and the Board Charter of the Company contains all the guidelines stipulated by the BOT Prudential Guidelines.

### 7.2 Corporate governance

The board is committed to conducting the affairs of FHF with openness, integrity and accountability and in accordance with the highest standards of corporate governance. The Company is committed to the principles of effective corporate governance and the board is of the opinion that the Company currently complies with the principles.

The primary function of the board is to provide effective leadership and direction to enhance the long-term value of the Company to its shareholders and other stakeholders. The board oversees the business affairs of the Issuer. It has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices. From independent judgement perspective, all directors exercise due diligence and independent judgment and make decisions objectively in the best interest of the Issuer.

FHF endeavours to comply with corporate governance in line with the Companies Act, Cap. 212 R.E 2023 and relevant guidelines as published by the CMSA from time to time.

### 7.3 Board Meetings

The Board aims to meet at least four times a year and during the year 2024, the Board met four times. The Board delegates the day-to-day management of the business to the Chief Executive Officer, who is assisted by senior management.

### 7.4 Appointment of Directors

All the shareholders have a right to nominate members on the board. As a majority shareholder Azania Bank PLC has the right to nominate three directors, while each of the other shareholders has the right to nominate 1 director. Independent Director is appointed through a public application process by the Board Appointment & Compensation Committee (BACC). The BACC shortlists candidates, conducts interviews and selects the top three finalists who are then referred to the full Board. The Board conducts final interview and appoints one candidate. The directors nominated fulfil all requirements of the regulatory bodies.

### 7.5 Board Committees

The Board had three sub-committees. The sub-committees were set up with the stated objective of ensuring the highest standards of corporate governance in the areas of focus of the respective committees. The committees meet as many times as required according to business needs. These are Board Appointments and Compensation Committee (BACC), Board Audit and Risk Committee (BARC) and the Board Credit Committee (BCC). During the year the composition of the Board Committees was as in the chart below;

Name	BACC	BARC	BCC
Mr. Charles Mugila	Member		
Ms. Mbabazi Annette Rumanyika- Mulira	Member		Member
Mr. Ajay Agarwal	Chairperson		Member
Mr. Jackson Lohay	Member		Chairperson
Ms. Margaret Ikongo		Chairperson	
Mr. Sanjay Suchak		Member	
Mr. Vinod Rustagi		Member	
Mr. Rukwaro Senkoro		Member	
Enna Victor Mwakipesile		Member	

### Board Audit Committee ("BACC")

The BACC's objective is to provide necessary oversight over senior management and Board level appointments and to fix broad compensation structures after consideration of the relevant market practices. The committee met four times during the year.

### Board Audit and Risk Committee ("BARC")

The BARC is responsible for overseeing the integrity of financial reporting, the effectiveness of internal controls, and the adequacy of risk management systems. It also monitors compliance with legal and regulatory requirements. The committee met four times during the year

### Board Credit Committee ("BCC")

The BCC is involved in the approval of loans and review of sanctioned advances. The committee is responsible for exercising oversight over senior management's identification and management of the credit exposures and the Company's responses to trends affecting those exposures, and oversight of senior management's actions to ensure the adequacy of the allowance for expected credit losses and the Company's credit-related policies. The committee met four times during the year.

## 7.6 Management Committees

The following management of the Company carries out the following obligations effectively;

### Human Resources and Administration

- Finance and Value Management
- Legal and Company Secretary Office
- Credit
- ICT Manager
- Operations

## 7.7 Risk Management and Internal Control

The board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

## 7.7 Risk Management and Internal Control

- ✓ The effectiveness and efficiency of operations;
- ✓ The safeguarding of the Company's assets (including information);
- ✓ Compliance with the applicable laws, regulations and supervisory requirements;
- ✓ The reliability of the accounting records;
- ✓ Business sustainability under normal as well as adverse conditions; and,
- ✓ Responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of the above-mentioned objective.

The board assessed the internal control systems throughout the financial year and is of the opinion that they met acceptable criteria.

## 7.8 Remuneration

Remuneration of the Directors is subject to annual review to ensure that levels of emoluments and compensation are appropriate. This is after considering industry benchmarks and international practices. The directors' sitting fees amounted to TZS 138.5 million during the year (2023: TZS 92.7 million).

## 7.9 The directors

### 7.9.1 Current Directors

Name	Position	Shareholder	Appointment	Nationality
Charles Mugila	Chairperson	Azania Bank PLC	9-Apr-19	Tanzanian
Sanjay Suchak	Director	Sanjay Suchak	15-Nov-16	Tanzanian
Ajay Agarwal	Director	HDFC Bank Limited	27-Feb-24	Indian
Vinod Rustagi	Director	Armut Limited	15-Nov-16	Indian
Mbabazi Annette Rumanyika-Mulira	Director	IFC	16-Dec-24	Ugandan
Jackson Lohay	Director	Azania Bank PLC	9-Apr-19	Tanzanian
Margaret Ikongo	Director	Independent	24-Mar-23	Tanzanian
Rukwaro Senkoro	Director	Azania Bank PLC	22-Sep-23	Tanzanian

## 7.9.2 Directors' Interests

Name	Interests
Charles Mugila	Azania Bank PLC
Sanjay Suchak	S.S Holding Limited, ARIS Limited, Vickmark Limited, Oysterley
Ajay Agarwal	HDFC Bank Limited
Vinod Rustagi	Karimjee Jivanjee Limited, Toyota Tanzania Limited, Salute Finances
Mbabazi Annette Rumanyika-Mulira	International Finance Corporation
Jackson Lohay	Azania Bank PLC
Margaret Ikongo	Actuarial and Risk Consulting (T) Ltd, Vodacom Tanzania PLC, Metro
Rukwaro Senkoro	Azania Bank PLC

## 7.9.3 Directors' qualifications and experience

### Charles Mugila

Mr. Mugila is the current chairman of FHF and director of legal services and corporate secretary at Azania Bank PLC, bringing over 18 years of experience to the board of FHF. Mr. Mugila joined Azania Bank PLC in September 2005 as a legal officer, before being promoted to his current position in 2017.

He is also an active member of the Tanganyika Law Society, an advocate of the High Court of Tanzania and other subordinate courts. He is professionally trained in board secretariat, board directorship, legal aspects, risk management, anti-money laundering and combating the financing of terrorism, and other corporate governance functions.

Mr. Mugila holds a master's degree in law from the University of Dar es Salaam.

## **Margaret Ikongo**

Ms. Ikongo is a non-executive director at FHF, and a Tanzanian Chartered Insurer with extensive experience in risk management. She holds an international certificate in risk management and has had a distinguished career, including serving as the managing director of the National Insurance Corporation for over 10 years. In addition to her leadership role, Ms. Ikongo has contributed to several organizations through her service on various company boards.

Her academic credentials include a Postgraduate Diploma in Financial Management from the Institute of Finance Management (IFM), a Master of Business Administration (MBA) in Finance from the Open University of Tanzania, and an Advanced Diploma in Finance and Insurance from IFM. She also holds a Diploma in Managerial Control and Management Information Systems from Delft, Netherlands, as well as an International Diploma in Enterprise Risk Management from the Institute of Risk Management, UK, where she is an Associate Member by examination.

## **Mbabazi Annette Rumanyika-Mulira, CFA, MBA**

Ms. Mbabazi is a seasoned executive with over 25 years of experience in banking, investment management, and corporate finance, having worked with institutions like the African Development Bank and Standard Chartered Bank.

As the former Managing Director of STANLIB Investments Uganda, she excelled in strategic management and governance. Currently, she is a Board Member and Chair of the Audit and Risk Committee at Britam Asset Managers Uganda and serves as a Board Member at BRAC Bank Uganda Limited, where she chairs the Audit Committee and participates in the Asset and Liability Management and Strategy Committees. Mbabazi also advises startups on funding and founded the Girls4Girls mentorship program in Kenya, empowering over 600 women and girls. She is actively involved in the African Angel Investment and Nairobi Angel Investment networks, focusing on underfunded startups.

## **Sanjay Suchak**

Mr. Suchak is a highly experienced business leader with over 30 years of experience in Tanzania, where he founded and grew ARIS, the country's largest insurance broker. Throughout his career, he has held various leadership roles in several organizations and trade associations. Notably, he has served as the Chairman of the Insurance Technical Committee under the Financial Sector Assessment Programme (FSAP), a World Bank-sponsored project.

He is a highly experienced business leader with over 30 years of experience in Tanzania, where he founded and grew ARIS, the country's largest insurance broker. Throughout his career, he has held various leadership roles in several organizations and trade associations. Notably, he has served as the Chairman of the Insurance Technical Committee under the Financial Sector Assessment Programme (FSAP), a World Bank-sponsored project.

He is also former President of the Insurance Institute of Tanzania (IIT) and the Tanzania Insurance Brokers Association (TIBA). He is also a former Board Member of FNB Tanzania Ltd, a subsidiary of FirstRand Bank. Additionally, he serves on the Board of Governance of Shaaban Robert Secondary School in Dar es Salaam, Tanzania.

### **Vinod Rustagi**

Mr. Vinod Rustagi is a qualified Chartered Accountant with nearly three decades of experience in finance and accounts, operations management, strategic planning, and general management.

After spending two decades in various middle and senior management roles in India, Mr. Rustagi joined Karimjee Group in Tanzania in 2004 as a Director of Finance. He was promoted to Chief Operating Officer (COO) in 2010 and later to Group Managing Director (MD) in 2014.

Currently, He is responsible for leading the group's diversification initiatives and overseeing the operations of Karimjee Group, which includes Karimjee Jivanjee, Toyota Tanzania, Salute Finance, and City Motors.

### **Jackson A. Lohay**

Mr. Jackson A. Lohay has extensive experience in credit and loan product development in Tanzania. He joined Azania Bank in April 2002 as a Mortgage Lending Supervisor and was promoted to Senior Manager in 2017, overseeing the retail banking business.

He is a Registered Quantity Surveyor with the Architects & Quantity Surveyors Board and a member of the Valuers Registration Board in Tanzania. He has received formal training in credit, lending, housing finance, and related fields from globally recognized organizations.

He holds an MBA from the Eastern and Southern African Management Institute (ESAMI) and is a Certified Trainer for Housing Finance in Tanzania.

### **Senkoro O. Rukwaro**

Mr. Rukwaro is an experienced practitioner in Capital Markets and Securities in Tanzania, licensed by the Capital Markets and Securities Authority (CMSA) as a Dealer's Representative for Azania Bank PLC. His deep knowledge and experience are vital for identifying key value drivers and enhancing risk assessments, enabling First Housing Finance (Tanzania) Limited to make well-informed, strategic decisions. Senkoro joined Azania Bank Ltd in 2009 from Barclays Bank Tanzania Ltd, where he served as Corporate Credit Manager. Prior to his time at Barclays, he worked at PricewaterhouseCoopers as a Senior Associate and at Shell Tanzania Limited as Financial Controller. He initially joined Azania Bank as the Director of Finance and later the Capital Markets Unit.

He holds a BA (Ed) (Hons) in Economics from the University of Dar es Salaam and is a Certified Public Accountant (CPA) in Tanzania. He is also an Associate Member of London's Chartered Institute for Securities and Investments (ACSI). With his diverse career background, he brings a unique blend of expertise in Audit, Credit Management, Finance, and Securities Management.

## **Ajay Agarwal**

Mr. Agarwal is a distinguished professional in corporate and securities law, with deep expertise in corporate governance and legal and regulatory compliance. He is a Fellow Member of the Institute of Company Secretaries of India (ICSI) and has been significantly involved in various key roles within the field. His notable contributions include being a member of the CII National Committee on Regulatory Affairs since 2018-19, as well as serving on the Task Force on Banking and Finance, which was constituted by ICSI.

Additionally, he played a vital role in the CII Corporate Governance Council from 2020-2023. Mr. Agarwal has extensive experience in the corporate sector. He was the Company Secretary and key managerial person at Housing Development Finance Corporation Limited (HDFC Limited) since March 2015 and was associated with the corporation for 23 years. During this time, he also held the position of Compliance Officer, overseeing adherence to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, SEBI (Prohibition of Insider Trading) Regulations, and the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations.

Currently, Mr. Agarwal serves as the Senior Executive Vice-President of Legal & Secretarial at HDFC Bank Limited, where he continues to apply his extensive knowledge in corporate governance, legal, and compliance matters to the banking sector.

## 7.10 Senior management

### **Amulike Kamwela – Chief Executive Officer**

Mr. Amulike Kamwela currently serves as the Chief Executive Officer (CEO) of First Housing Finance (FHF), a position he assumed in July 2025. Prior to this, he held the dual role of Chief Financial Officer (CFO) and Company Secretary from October 2020, where his expertise in financial stewardship and corporate governance played a crucial role in propelling the organization's growth and stability.

Before joining FHF, Amulike demonstrated his leadership acumen holding key positions in the banking sector, including Head of Finance at I&M Bank Tanzania, alongside notable roles at Standard Chartered Bank and Barclays Bank Tanzania.

He is a Certified Public Accountant (CPA) in Tanzania, he earned his Bachelor of Commerce in Accounting (Hons) from the University of Dar es Salaam, followed by an MBA from the Eastern and Southern African Management Institute (ESAMI).

These academic credentials, combined with his extensive experience in finance and banking, have equipped him with exceptional financial insight and a clear strategic vision.

### **Concordia Calist Seleka-Chief Financial Officer**

Ms. Concordia currently serves as Chief Financial Officer at First Housing Finance Tanzania Limited. Since May 2025, she brings over 11 years of experience in finance and accounting, having begun her career at CRDB Bank, where she spent four years as a Bank Officer and Credit Analyst. She then transitioned to Ernst & Young as a Senior Auditor in Assurance, a role she held from 2020 until she joined First Housing Finance.

Ms. Concordia is a seasoned accounting professional with a robust academic and professional background. She earned her Master of Business Administration from John Carroll University in the United States of America (USA) and holds a Bachelor of Commerce degree in Accounting from the University of Dar es Salaam. Her commitment to excellence is further demonstrated by her attainment of the Fellow Chartered Certified Accountant (FCCA) designation and her certification as a Certified Public Accountant (CPA-T) by the National Board of Accountants and Auditors of Tanzania. This combination of advanced education and esteemed professional certifications underscores her expertise and dedication in the field of accounting.

## **Reshma Shah-Head of Credit**

Ms. Reshma Shah is the Credit Head at FHF and has been an integral part of the Company since its founding in 2017. She has been instrumental in maintaining the Company's exceptional asset quality, with a non-performing loan (NPL) ratio consistently kept below 4%.

Ms. Reshma's career includes key roles in operations and credit management at I&M Bank and Bank M Tanzania plc, where she gained extensive experience in financial management and risk assessment. She holds a Bachelor of Business Studies and an MBA in Finance, providing her with a solid academic foundation to complement her professional expertise in the credit and banking sectors. Reshma's strategic insights and leadership have been crucial in the Company's success in maintaining financial stability and quality.

## **Hadson Syem Mwakilima –Acting Business Manager**

Mr. Hadson Mwakilima is a dynamic sales and operations leader currently serving as Acting Business Manager since March 2025, with a proven track record across Tanzania's banking, media, e-commerce, and consultancy sectors.

From 2019 to 2023, he excelled as Sales Consultancy at Drive Demand Company Limited, and since July 2022, he has also contributed as a Sales Freelancer at Stanbic Bank Tanzania. His prior roles include leading nationwide field operations as Country Field Services Manager at D-Sat Solutions (DSTV partner) from 2017 to 2022, and supporting field service operations at Multichoice Tanzania (DSTV) between 2015 and 2016.

Earlier, he served as Sales Coordinator at Jumia Market (2014–2015) and as Sales Team Leader at Masoko Agency (2013–2014). Hadson holds a Bachelor's degree in Marketing and a Diploma in Procurement & Supply Management from the College of Business Education in Dar es Salaam.

## **Aquenous Amolo - ICT Manager**

Mr. Aquenous Amolo joined FHF in 2023 as the ICT Manager, bringing a dynamic and innovative approach to the Company's technology and information systems. He began his career in 2009 at Diamond Trust Bank, and later advanced to the role of IT Manager at UBL Bank, where he developed a deep expertise in ICT and technology management.

Mr. Aquenous holds a Bachelor of Business Information Systems from International University of Management-Namibia and is a Certified Ethical Hacker (CEH), highlighting his commitment to maintaining high standards in cybersecurity and technology management. His extensive experience and technical knowledge have positioned him as a key player in driving FHF's ICT strategy forward.

## **Fredrick Hippolite - Internal Audit Manager**

Mr. Fredrick Hippolite is an experienced internal audit leader who has served as Head of Internal Audit at Canara Bank (T) Limited from November 2019 to December 2024, and is currently fulfilling the responsibilities of Internal Audit Manager. He previously held progressive roles in audit across leading financial institutions in Tanzania, including Assistant Manager, Audit at I&M Bank (Tanzania) Limited (October 2016 – November 2019), and Team Lead Audit & Investigation (as well as Acting Head of Audit & Investigation) at United Bank for Africa (Tanzania) Ltd (July 2015 – September 2016). He began his career as an Internal Audit Officer at I&M Bank (T) Limited (March 2014 – July 2015).

Fredrick is a Certified Public Accountant, having earned his Bachelor of Commerce in Accounting and CPA certification from the National Board of Accountants and Auditors of Tanzania in May 2014.

## **Ms. Bhoke Richard Mantago-Risk and Compliance Manager**

Bhoke Richard Mantago joined First Housing Finance (Tanzania) Limited in 2023 as Risk and Compliance Manager, bringing with her over 12 years of extensive experience in risk management and compliance. Prior to FHF, she held several key roles at Letshego Bank, where she gained a strong background in operational risks, regulatory compliance, and enterprise risk management.

She holds a Master of Business Administration (MBA) from Mzumbe University and a Bachelor of Business Administration from the College of Business Education. Bhoke combines her solid academic foundation with practical expertise to effectively oversee risk governance, compliance frameworks, and regulatory adherence. Her leadership ensures that FHF maintains strong risk management practices and compliance with industry standards.

## **Kinanila Nsoro - Human Resource and Administration Manager**

Mr. Kinanila Nsoro is a seasoned professional with over 11 years of experience in Human Resources and Administrative Management. His expertise lies in fostering a positive organizational culture and enhancing operational efficiency. Known for his strategic and people-centric approach, Kinanila excels at aligning HR practices with business goals to drive performance and growth.

Mr. Kinanila holds a Bachelor of Law (LLB) from Saint Augustine University of Tanzania (SAUT) and has earned certifications in Professional Human Resource (PHRI) from the Human Resource Certification Institute (HRCI). His career began at Access Microfinance Bank Tanzania Limited (now Selcom Microfinance Bank), where he quickly made an impact as an HR Generalist, managing complex HR functions such as recruitment, employee relations, and performance management.

Currently, as the leader of the Human Resource and Administration Department at First Housing Finance (Tanzania) Limited (FHF), Kinanila implements innovative strategies to boost employee engagement, streamline HR processes, and ensure smooth daily operations. His leadership is marked by a strong commitment to talent development, fostering collaboration, and driving organizational change that aligns with FHF's business objectives.

### **Fredrick Seba Marwa- Legal Manager & Company Secretary**

Mr. Fredrick Seba Marwa serves as the Legal Manager and Company Secretary at First Housing Finance. He is a passionate advocate with over 8 years of experience spanning litigation and in-house corporate legal practice. His expertise covers a wide range of legal areas including Land and Conveyancing, Mortgage Financing, Contracts, Labour Law, Probate, and Corporate Affairs. Since joining First Housing Finance in 2021 as a Legal Officer, Fredrick has demonstrated strong leadership and a deep commitment to legal excellence, earning his current senior role.

Prior to joining FHF, he held key positions in prominent legal firms, including: Advocate / Managing Partner – Magnos Advocates; Advocate / Associate – Emesu and Company Advocates Education.

Mr. Fredrick holds a Postgraduate Diploma in Legal Practice from the Law School of Tanzania and a Bachelor of Laws (LL.B) from St. Augustine University of Tanzania (SAUT).

## 8 OVERVIEW OF THE ISSUER'S OPERATING ENVIRONMENT

### 8.1 Global developments

Global economic conditions presented indicate a significant increase in economic and trade uncertainties in the recent past, largely stemming from the escalation of geopolitical conflicts and trade tariffs. The rising risks appear to have dampened investor and consumer confidence and limited trade flow. The heightened uncertainties have also affected financial markets, commodity prices, and exchange rates. As a result, the growth outlook for 2025 has been revised downward. Inflation trends in most economies were low and easing, mainly owing to the lagged effect of monetary policy tightening and moderate prices of food and energy. However, inflation that is linked to services remains elevated, posing challenges for central banks as they attempt to normalize monetary policy. Looking ahead, inflation is projected to continue its downward trend in most economies, albeit at a slower pace than previously anticipated, particularly if uncertainty surrounding global economic and trade policy conditions persists. To mitigate the risk of rising uncertainties and enhance economic resilience, most countries have adopted various policy responses and measures, including fiscal reforms, negotiation of trade

tariffs, diversification of trade and enhanced regional integration. Global inflation continued to soften, although with varying degrees of divergence across countries, resulting in differing monetary policy responses.

### 8.2 Overview of the Tanzania economy and macro-economic outlook

#### Real GDP

The domestic economy has been steadily strengthening, buoyed by robust public infrastructure investment and rising private sector activity due to improving business climate. The Bank of Tanzania estimates made in June 2025 indicate GDP growth in Mainland Tanzania to have reached 5.8 percent and 5.5 percent in the first and second quarters of 2025, respectively. This high growth momentum is projected to continue strengthening, driven by investment in infrastructure (such as railways, roads, airports, and sports facilities in the preparation for the upcoming CHAN and AFCON tournaments). Also, notably, robust performance in agriculture, construction, financial and insurance services, mining and quarrying, and trade and repair services was instrumental in driving this economic acceleration.

#### Inflation

Inflation remained low and stable during the second quarter of 2025, resulting from prudent monetary policy and a continued moderation in non-food and energy prices. Headline inflation averaged 3.2 percent, remaining well within the medium target of 3–5 percent and consistent with the convergence criteria set under both the SADC and EAC regional benchmarks

Core inflation eased slightly, reflecting a deceleration in price increases for transportation and education services. Food inflation, particularly for unprocessed food items, rose to 5.4 percent. This increase was attributed to seasonally induced supply constraints, including rainfall delays, above-average rainfall, and transport bottlenecks. Price pressures were most evident in key staple foods such as maize, rice, beans, sorghum, and finger millet.

A decline in prices of major food items (maize, beans and rice) driven by good weather conditions and adequate supply of inputs (fertilizers, quality seeds and pesticides) led to a 2.5 percent food inflation in October 2024, lower than 4.5 percent in the corresponding month in 2023.

## Interest rates

Interest rates remained broadly unchanged, with average lending rates around 15 percent and deposit rates at 8 percent. Similarly, negotiated lending and deposit rates remained largely unchanged, averaging 13 percent and 11 percent, respectively. The persistence of relatively high lending rates reflects structural rigidities in the financial sector, which contribute to elevated credit risk perceptions.

## Interbank foreign exchange market

Liquidity conditions in the Interbank Foreign Exchange Market (IFEM) continued to improve in June 2025, supported by the onset of seasonal inflows from cash crops and an increase in gold exports. Owing to improved foreign exchange liquidity, the Bank's intervention which is in accordance with the Foreign Exchange Intervention Policy, declined to USD 6.3 million, from USD 53 million in the previous month. Total IFEM turnover rose to USD 121.50 million, compared to USD 110.8 million in May and USD 9.2 million in June 2024.

The Tanzanian Shilling strengthened against major currencies, trading at an average of TZS 2,631.56 per USD in June, up from TZS 2,698.42 per USD in the previous month. Accordingly, the annual depreciation rate of the Shilling slowed significantly to 0.21 percent, compared to 3.82 percent in May and 12.5 percent in June 2024.

## Current account

The external sector of the economy continued to strengthen, with the current account deficit narrowing to USD 797.1 million during the second quarter of 2025 from USD 872.1 million in the corresponding quarter in 2024. For fiscal year 2024/25, the current account deficit is estimated at 2.6 percent of GDP, an improvement from 3.7 percent recorded in the previous year. This improvement reflects a stronger export performance relative to imports, supported by ongoing government initiatives aimed at promoting exports and substituting imports. The outlook remains positive, with gold prices projected to remain high due to persistent global trade tensions and geopolitical uncertainties.

Foreign exchange reserves increased, reaching about USD 6 billion at the end of June 2025, one of the highest in recent years. This level is sufficient to cover about 4.8 months of projected imports of goods and services and above the country benchmark of 4 months. The outlook for the external sector remains favourable, supported by anticipated seasonal peaks in exports, particularly in tourism, gold and cash crops.

### 8.3 Macroeconomic outlook

Fitch has reaffirmed Tanzania's rating of B+ with a stable, reflecting its relatively strong real GDP growth and low inflation, underpinned by reforms and access to external financing under the current IMF programme. The rating is constrained by weak governance indicators and low government revenue relative to 'B' category peers, and a weak macroeconomic policy framework that leads to distortions in the FX market. Fitch expects real GDP growth to rise to 5.9% in 2025 (above the projected 'B' median of 4%), from 5.5% in 2024, driven by increased agriculture, mining and tourism activity as well as infrastructure investment including flagship projects such as the Standard Gauge Railway, and the Julius Nyerere Hydropower projects. In the longer term, real GDP growth could benefit from the development of offshore gas fields and LNG production. Tanzania's low growth volatility may understate macroeconomic stability risks, given the importance of the agricultural sector, which is rain-dependent and vulnerable to natural disasters.

Domestic economic performance has been steadily strengthening, buoyed by robust public infrastructure investment and rising private sector activity at the back of improving business climate. The economy is expected to remain resilient, maintaining its recovery momentum through 2025.

### 8.4 Mortgage refinance sector overview and outlook

The Tanzanian housing sector's fast-growing demand is mainly driven by the strong and sustained economic growth with GDP growth averaging 5.8 percent over the past decade, the fast-growing Tanzanian population, which is estimated to more than double by 2050, and efforts by the Government in partnership with global non-profit institutions and foreign Governments to meet the growing demand of affordable housing.

The Tanzanian housing demand which is estimated at 200,000 houses annually and a total housing shortage of 3 million houses as per the National Housing Corporation [NHC] report has been boosted by easy access to mortgages, with the number of mortgage lenders in the market increasing from 3 in 2009 to 31 by 31 December 2024 and the average mortgage interest rate falling from an average of 22 percent to average of 16 percent

Demand for housing and housing loans remains extremely high as it is constrained by inadequate supply of equitable houses and high-interest rates charged on housing loans. Most lenders offer loans for home purchase and equity release while a few offer loans for self-construction which continue to be expensive and beyond the reach of the average Tanzanians. While interests on residential mortgages improved from 22 - 24 percent in 2010 to 13 – 19 percent offered today, market interest rates are still relatively high hence negatively affecting affordability.

The mortgage market in Tanzania registered a 3.6 percent growth in the value of residential mortgages to TZS 683.03bn as of 31 March 2025 from TZS 659.30bn recorded on 31 December 2024. On a year-to-year comparison, 11.14 percent growth was registered in value of mortgage loans as of 31 March 2025 (TZS 614.57bn: Q1 2024).

The number of banks and financial institutions reporting to have mortgage portfolios stood at 31 as on March 2025. The overall average mortgage debt size as of 31 March 2025 was TZS 118.66 million equivalent to USD 44,438.12<sup>2</sup> compared to TZS 114.78 million equivalent to USD 42,985.06 reported on the previous quarter

The ratio of outstanding mortgage debt to Gross Domestic Product (GDP) stood at 0.42 percent compared to the previous quarter, 0.40 percent. Typical interest rates offered by mortgage lenders ranged between averages of 15 - 19 percent.

Mortgage debt advanced by the top 5 Primary Mortgage Lenders (PMLs) accounted for 62 percent of the total outstanding mortgage debt.

Table below showcases the market share of the top 5 lenders as of March 2025, in terms of outstanding mortgage debt

<b>Lender</b>	<b>Market Share (in TZS bn)</b>	<b>Market Share in value (%)</b>
CRDB Bank	218.49	31.99
NMB Bank	74.80	10.95
Azania Bank	56.95	8.34
Stanbic Bank	37.30	5.46
First Housing Finance	36.23	5.30

Demand in housing loans is expected to remain high in the medium and long term due to high-interest rates. The greatest share of housing demand comes from the low & middle-income majority (90%) with incomes of between TZS 150k to 900k, who have limited financial capacity to expand or improve their housing. Access to mortgage products remains a critical step towards improving housing affordability for low- and middle-income Tanzanians, many of whom live in informal settlements.

<sup>8</sup> Tanzania economic update, World Bank, Issue 20, 2024 – Overcoming demographic challenges while embracing opportunities

However, demand for mortgages may be dampened by competition in the market due to emergence of loan products which may be alternatives to purchase housing due to favourable terms. orem ipsum dolor sit amet, consectetuer adipiscing elit, sed diam nonummy nibh euismod tincidunt ut laoreet dolore magna aliquam erat volutpat. Ut wisi enim ad minim veniam, quis nostrud exerci tation ullamcorper suscipit lobortis nisl ut aliquip ex ea commodo consequat. Duis autem vel eum iriure dolor in hendrerit in vulputate velit esse molestie consequat, vel illum dolore eu Unsecured personal loans as an example are currently offered for tenors of up to seven years, and amounting to more than TZS 150 million, which can adequately purchase a housing unit. Additionally, they are free of costs applicable in mortgage loans including registration costs, valuation fees.

The growth of the mortgage sector is also limited by supply side constraints in both housing and affordable loans. There is a low variety of mortgages which are mainly offered for home purchase and equity release with few lenders availing self-construction loans due to construction risks. Lack of access to mortgages continues to inhibit the private sector's ability to increase the supply of affordable housing because the universe of potential buyers is constrained. As a result, 99% of Tanzanian homes have been built out of pocket. Additionally, cumbersome processes around the issuance of titles (especially unit titles) continue to pose a challenge by affecting borrowers' eligibility to access residential mortgages.

Tanzania's real economic growth is projected to rise to 6.0 percent in 2025 and reach 6.4 percent in 2026 buoyed by macroeconomic policies and strategic investments in infrastructure and development projects. Real per capita GDP growth is expected to increase to 2.6 percent in 2024 and should average about 3 percent per year over the medium term. The anticipated increase in disposable income levels, will support the expansion in demand for housing and real estate investment opportunities.

## 9 TAXATION INTEREST PAYMENTS

Interest payable under the Notes is currently exempt from withholding tax pursuant to section 105(2)(f) of the Income Tax Act Cap 332 R.E, 2023

### Capital Gains

Debt securities such as bonds and debentures are treated as tradable financial assets. Net gains on the sale of such securities are treated as investment income which should be included in the determination of taxable income as provided by the Income Tax Act Cap 332 R. E. 2023. The total income of a corporate entity is subject to a tax rate of 30% while for an individual the resident individual tax rates will be applied

### Stamp Duty

Transactions relating to the Notes are not generally exempt from stamp duty (and other duties), but exemption may exist under government policy, which is subject to change.

### Tax Treaties

Tanzania has entered into double taxation treaties with Canada, Denmark, Finland, India, Italy, Norway, Sweden, United Arab Emirates and Zambia. A three-way tax treaty between Kenya, Tanzania and Uganda has been signed but is yet to come into force

## 10. SUBSCRIPTION AND SALE

### Application procedure

Application forms (as set out in Appendix B) may be obtained from the registered office of the Issuer, Arrangers or Authorised Selling Agents listed on Appendix C. Digital applications are not available. Applications for the Notes must be submitted directly to any one of the Placing Agents or the Arrangers, so as to arrive no later than 5:00 p.m. (Tanzania time) on the date specified in the Pricing Supplement. Successful applicants will be notified by the Fiscal Agent of the amount of Notes allotted to them on the notification date specified in the Pricing Supplement.

### Payment for the Notes and Delivery

Payment for the Notes is to be made in full to the Fiscal Agent in immediately available funds by the date specified in the Pricing Supplement. The Notes will be delivered to investors by crediting the respective CDS accounts no later than 15 days after the Issue Date specified in the relevant Pricing Supplement.

### Selling restrictions

**General:** No action has been taken by the Issuer or the Placing Agents in any jurisdiction that would permit an offering of any of the Notes, or possession or distribution of any Transaction Documents, in any country or jurisdiction where action for that purpose is required.

Each Placing Agent shall comply with all relevant securities laws and regulations in each jurisdiction in which it offers, sells or delivers the Notes or has its possession or distributes any of the Note Documents.

The Notes will be available to the general public in Tanzania through the Initial Public Offer in the primary market and subsequent through trading on the DSE upon listing.

**United Republic of Tanzania:** The approval for Programme and offer of the Notes in Tanzania and the listing thereof has been obtained from the CMSA and DSE respectively. The sale or transfer of Notes by Noteholders will be subject to the Terms and Conditions and the provisions of the Agency Agreement. There are no other restrictions on the sale or transfer of Notes under the laws of Tanzania.

**United States:** The Notes have not been and will not be registered under the U.S. Securities Act, 1933 as amended (the "Securities Act") and may not be offered or sold within the United

States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("Regulation S") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. The Placing Agents have represented and agreed that, except as permitted by the Placing Agreement, they have only offered and sold Notes, and will only offer and sell Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Placing Agreement), only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. The Placing Agents agree that, at or prior to the confirmation of sale of Notes, they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Placing Agreement), except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

**United Kingdom:** The Placing Agents have represented and agreed that:

They have not offered or sold and will not offer or sell any Notes, prior to the expiry of six months from the Issue Date in respect of such Notes, to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

- b) they have complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- c) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitations or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

**South Africa:** The Placing Agents (i) will not offer the Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will themselves not sell or offer the Notes in South Africa in contravention of the South African Companies Act, 2008, the South African Banks Act, 1990 (including the Commercial Paper Regulations published under such Act), the South African Exchange Control Regulations, 1961 and/or any other applicable laws and regulations in South Africa in force from time to time.

Prior to the issue of any Notes, the Placing Agents who have agreed to place that Notes will be required to represent and agree that they will not make an "Offer To The Public" (as such expression is defined in the South African Companies Act, 2008 and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa

## 11. STATUTORY AND GENERAL INFORMATION

### 11.1 Authorisation

FHF has attained all necessary consents, approvals and authorisations in regard to the Notes, including but not limited to a resolution of the Board of the Issuer, issued on 23 October 2024.

### 11.2 Incorporation

First Housing Finance (1st Housing) is a mortgage financial institution that is regulated by the Bank of Tanzania under the Banking and Financial Institutions Act, 2006. The Company was licensed by Bank of Tanzania in July 2017 with License No. HFC 001, TIN No. 132-282-463, Certificate of Incorporation No. 127803 and Business License No. BL 20000003638 to carry out mortgage finance business in Tanzania.

### 11.3 Share capital and net assets

As at 31 December 2024, the Bank's Issued and fully paid ordinary share capital was TZS 21.8 billion (31 December 2023: TZS 21.8 billion), which was above the CMSA eligibility minimum requirement of TZS 500 million. It is expected that the total equity shall be maintained above TZS 500 million throughout the outstanding period of the Notes.

### 11.4 Working capital

The Directors believe there is sufficient working capital currently available for the Issuer to meet its ongoing obligations.

### 11.5 Approvals

#### CMSA

A copy of this IM has been submitted to the CMSA, and approval has been granted to offer the Notes for sale to the public in Tanzania.

## Listing of the Notes on the DSE

The Issuer has obtained the required approvals from the DSE for the Notes to be admitted to the debt securities segment of the DSE.

## Registrar of Companies

A copy of this IM has been delivered to the Registrar of Companies.

## 11.6 Allotment

The allotment of the Notes shall be determined by the Issuer and Lead Arranger and shall be submitted to the Regulator for approval. The Issuer reserves the right to decline any application in whole or in part and, in the event of over-subscription, to make the allotment as The Issuer deems fit, in accordance with the relevant Pricing Supplement and in consultation with the Arrangers and Placing Agents. Any declined applications shall be given reasons for nonacceptance. All applicants will be notified by email or telephone of their allotment and or non- acceptance by no later than the allotment and the announcement date specified in the relevant Pricing Supplement. Telephone communication will be followed by written notice to the successful investors on the allocation result.

## 11.7 Expenses of the Programme

The indicative expenses for this Programme are as set out in the expenses schedule below and will be borne by the Issuer

Details	Amount in
Advisors' fees	295,949,153
DSE Listing fees	10,000,000
CMSA Fees	30,000,000
CSD Fees	10,000,000
ISIN Fees	300,000
Marketing cost	45,800,000
	<b>392,049,153</b>

These costs present 3.92% of the entire Programme.

## 11.8 Significant or material changes

Save as disclosed in this IM, there has been no significant change in the financial or trading position of the Issuer since the most recent financial statements presented in the Reporting Accountants report.



## 12. LEGAL OPINION

DENTONS

EALC

EAST AFRICAN LAW CHAMBERS

Dentons EALC East African Law Chambers  
House No. 2, Zayli Lane Chole Road, Masaki  
P.O. Box 38192  
Dar es Salaam, Tanzania  
[www.dentons.co.tz](http://www.dentons.co.tz)

First Housing Finance (Tanzania) Limited  
Obama Drive  
P.O. Box 11990  
Dar es Salaam - Tanzania.

Our ref: Ref no. 0000314.0001

Your ref: Ref no..

01 September 2025

Dear Sirs

**Re: Legal opinion in respect to the domestic medium term notes of the TZS 10,000,000,000 ("Programme") by First Housing Finance (Tanzania) Limited (the "Issuer")**

### 1.0 Introduction

- 1.1 We have acted as a legal counsel to the Issuer in respect to the proposed Programme of upon the terms and conditions set out in the Information Memorandum dated 6th September 2025 (the "Information Memorandum").
- 1.2 Unless otherwise defined, capitalised terms in this legal opinion have the same meaning as defined in the Information Memorandum and the Agency Agreement dated 21 July 2025 ("Agency Agreement") to which the Programme is constituted

## 2.0 Sources of Information, Documents, and the Laws Examined

- 2.1 The opinion given herein is based on the statutory and non-statutory records of the Issuer as well as the legal due-diligence investigation on the Issuer, records available at the companies registry and specific legislation governing the Issuer.
- 2.2 In giving this opinion, we have relied on information obtained during the due-diligence investigation of the corporate standing of the Issuer and the business undertaking of the Issuer as set out in the Information Memorandum.
- 2.3 We have examined to our satisfaction copies of the following:
  - 2.3.1 The Information Memorandum;
  - 2.3.2 The Agency Agreement;
  - 2.3.3 The Placing Agreement dated 25 July 2025 between the Issuer, Azania Bank Limited (as the Fiscal and Placing Agent) and Zan Securities Limited (as Sponsoring Broker and Placing Agent);
  - 2.3.4 (all the above collectively referred to as the "Bond Documents")
  - 2.3.5 A copy of the extract resolution from the minutes of the meeting of the board of directors of the Issuer held on 23 October 2024 authorising, inter alia, the issuance of the Notes;
  - 2.3.7 A copy of the mortgage finance licence number HFC001 dated 18<sup>th</sup> July 2017 issued by the Bank of Tanzania
  - 2.3.8 A copy of the business licence dated 24th April 2024 issued by the Business Registration and Licensing Agency ("BRELA");
  - 2.3.9 A copy of the search report dated 06<sup>th</sup> November 2024 issued by the Business Registration and Licensing Agency ("BRELA") ("BRELA Search Report");

- 2.3.10 A copy of the memorandum and articles of association of the Issuer ("Memorandum and Articles");
- 2.3.11 A copy of the certificate of incorporation of the Issuer number 127803 dated 13<sup>th</sup> July 2016 and certificate of change of name dated 17<sup>th</sup> February 2017;
- 2.3.12 A certified copy of the approval issued by the Capital Markets and Securities Authority ("CMSA") dated 09<sup>th</sup> June 2025 in connection with the Programme and the Information Memorandum;
- 2.3.13 A certified copy of the approval issued by the Dar es Salaam Stock Exchange ("DSE") dated 11<sup>th</sup> March 2025 in connection with the Programme and the Information Memorandum; and
- 2.3.14 A summary of court cases and pleadings provided to us by the Issuer's legal counsel in which the Issuer is a party.

- 2.4 We have also relied on the following laws, regulations and guidelines
- 2.4.1 The Banking and Financial Institutions Act, Cap. 342 R.E 2023;
- 2.4.2 The Bank of Tanzania Central Depository System Rules, 2012;
- 2.4.3 The Capital Markets and Securities (Advertisements) Regulations, 1997;
- 2.4.4 The Capital Markets and Securities (Prospectus Requirements) Regulations, (G.N. No. 2023);
- 2.4.5 The Capital Markets and Securities Act, Cap. 79 R.E [2023] (as amended);
- 2.4.6 The Capital Markets and Securities Authority Guidelines for the Programme of Corporate Bonds, Municipal bond and Commercial Paper 2019;
- 2.4.7 The Companies Act, 2002 [Cap. 212]; R. E 2023
- 2.4.8 The Dar es Salaam Stock Exchange Public Limited Company Rules, 2022
- 2.4.9 The Guidelines on Corporate Governance Practices by Public Listed Companies in Tanzania, 2002;

- 2.4.10 The Banking and Financial Institutions (Corporate Governance) Regulations, 2021;
- 2.4.11 The Banking and Financial Institutions (Corporate Governance) (Amendment) Regulations, 2023;
- 2.4.12 The Banking and Financial Institutions (Mortgage Finance) Regulations, 2015;
- 2.4.13 The Income Tax Act [Cap 332 R. E. 2023];
- 2.4.14 The Insurance (Bancassurance) Regulations, 2019; and
- 2.4.15 The Stamp Duty Act, Cap. 189 R.E 2023].

### **3.0 Opinion**

Subject to the assumptions set out in Schedule 1 (Assumptions) and qualifications set out in Schedule 2 (Qualifications), we are of the opinion that, so far as the present laws of Tanzania are concerned

#### **3.1 Corporate Standing of the Issuer**

- 3.1.1 The Issuer is a private company with limited liability company duly established and validly existing under the laws of Tanzania. The Issuer has perpetual corporate existence and the capacity to sue and to be sued in its own name.
- 3.1.2 The Issuer has a valid license to conduct mortgage financing business, and has all the required authorisations, to validly and lawfully carry-on mortgage financing business in the manner currently being conducted by the Issuer in Tanzania.
- 3.1.3 The Issuer has the corporate power to own its assets and to carry on mortgage financing business and to enter into contracts to which it is party, including the Bond Documents, and to perform and observe its obligations under them.

3.1.4 The Issuer has taken all required actions on its part to authorise the execution, delivery, performance and observance of the Bond Documents, and the said Bond Documents have been properly entered into, executed and delivered by the parties thereto.

3.1.5 The Issuer has the required mandate under its Memorandum and Articles and powers under Tanzanian law to issue and enter into the Bond Documents and has the necessary internal corporate approvals for the Programme and for entering into the Bond Documents.

3.1.6 The BRELA Search Report does not reveal that the Issuer is in liquidation, administration, receivership or administrative receivership or that a winding-up petition has been presented against it.

3.1.7 As of the date of this opinion, there has been no change in the corporate status of the Issuer.

## 3.2 Capacity, Authority and Execution

3.2.1 The Issuer has the corporate power and capacity to issue the Notes and execute the Bond Documents and to perform the obligations it is expressed to assume under it.

3.2.2 The Issuer has taken all necessary corporate actions to authorise it to issue the Notes and execute the Bond Documents and to perform the obligations it is expressed to assume under it.

3.2.3 The Issuer has duly executed the Bond Documents.

## 3.3 The Notes

3.3.1 The creation, issue, sale, execution and delivery of the Notes have been duly authorised, and when duly executed, effectuated, issued, delivered by the Issuer the Notes will constitute valid, enforceable and legally binding obligations of the Issuer in accordance with their terms except as the same may be limited by insolvency or other similar laws affecting creditors' rights.

3.3.2 The Bond Documents have been duly authorised, executed and delivered by the Issuer and constitute valid, enforceable and legally binding obligations of the Issuer in accordance with their terms except as the same may be limited by insolvency or other similar laws affecting creditors' rights.

3.3.3 The Notes and their terms and conditions are in the proper legal form for enforcement against the Issuer and contain no provision which is contrary to law or public policy in Tanzania, or which would not for any reason be upheld by the courts of United Republic of Tanzania.

3.3.4 Neither the execution and delivery of the Bond Documents, nor the execution of the transactions therein contemplated nor compliance with their terms and conditions will contravene any existing law, governmental rule, regulation or order of the United Republic of Tanzania.

3.3.5 Except as noted below, it is not necessary under the laws of the United Republic of Tanzania (a) in order to enable any person to exercise or enforce its rights under any of the Bond Documents or the Notes, or (b) by reason of any such person being or becoming the holder of any of the Notes or party to the Bond Documents or the performance by any such person of its obligations, thereunder, that any such person should be licensed, qualified or otherwise entitled to carry on business in Tanzania, nor will any such performance violate any law applicable in Tanzania. Brokers or dealers or investment advisors carrying on business as such in Tanzania require a license from the CMSA.

3.3.6 The Issuer has obtained the following approvals, consents and registrations applicable to the Notes:

- (a) the CMSA's approval of the Information Memorandum and the Programme of the Notes;
- (b) the BOT Letter of No Objection;
- (c) the registration of the Information Memorandum with the Registrar of Companies; and
- (d) the DSE approval for listing of the Notes.

3.3.7 Save for the above, no further consents, approvals, authorisations or registration, filing or similar formalities are required to be carried out in Tanzania by the Issuer in connection with the Notes, and the performance by the Issuer of its obligations under the Bond Documents.

### 3.4 The Offer Supplement

The Information Memorandum complies with the requirements of the Regulations and the statements therein relating to the laws of Tanzania are correct and not misleading.

### 3.5 Ownership of Properties and Other Assets

The Issuer has good title to other tangible and intangible assets owned by it in accordance with the relevant laws and regulations of Tanzania. The Issuer does not own any real estate.

### 3.6 Material Litigation

3.6.1 As of the date of this opinion, and to the best of our knowledge, having made reasonable inquiry with the Issuer and its lawyers in Tanzania, none of the directors of the Issuer are subject to any material litigation, prosecution or other criminal litigation instituted against any of them in Tanzania.

3.6.2 We confirm that subject to the material litigation disclosed herein under Schedule 5 (Material Litigation) provided by the Issuer, there are no material litigious claims, and/or actions involving the Issuer.

### 3.7 Material Agreements

3.7.1 To the best of our knowledge and having relied on documents made available to us, the Issuer has entered into the material contract specified under Schedule 6 (Material Contracts) as described under paragraph 9 of Part II of the Regulations.

3.7.2 Other than the above, there is no other agreement or arrangement pertaining to the contemplated Notes.

### 3.8 No Event of Default

As far as we are aware, as of the date of this opinion, no Event of Default has occurred or will occur as a result of the Notes or the execution of the Bond Documents or the Issuer's compliance with the terms thereof.

### 3.9 Immunity

Neither the Issuer nor any of its property is entitled to immunity from any suit, pre-judgment attachment or restraint or enforcement of a judgment on grounds of sovereignty or otherwise in the courts of Tanzania in respect of proceedings against it.

### 3.10 Insolvency/ Receivership Proceedings

To the best of our knowledge, information and belief and after due enquiry and confirmation from the company secretary of the Issuer, we confirm that no bankruptcy, receivership, or similar proceedings have been instituted against the Issuer.

### 3.11 Tax payable

3.11.1 The Notes are not exempt from taxation generally.

3.11.2 Interest payable under the Notes is currently exempt from withholding tax pursuant to section 82(2)(e) of the Income Tax Act [Cap 332 R. E. 2023].

3.11.3 Transactions relating to the Notes are not generally exempt from stamp duty (and other duties), but exemption may exist under government policy, which is subject to change. At the time of issuing this legal opinion, stamp duty is applicable on the Notes at a rate of 1%.

3.11.4 Debt securities such as bonds and debentures are treated as tradable financial assets.

Net gains on sale of such securities are treated as investment income which should be included in the determination of taxable income as provided by the Income Tax Act. The total income of an entity is subject to a tax rate of 30% while for an individual the individual tax rates will be applied.

3.11.5 Tanzania has entered into double taxation avoidance treaties with Canada, Denmark, Finland, India, Italy, Norway, Sweden, South Africa, United Arab Emirates (UAE) and Zambia. A three-way tax treaty between Kenya, Tanzania and Uganda, has been signed but is yet to come into force.

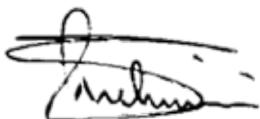
## 4.0 Qualifications

This opinion relates only to the laws of Tanzania. No opinion is expressed as to any other law or the validity or enforceability of any agreement in any other jurisdiction. It is given solely for the purposes of its publication in the Information Memorandum and may not be disclosed in whole or in part to any other person or otherwise quoted or referred to or relied upon for any other purpose without our express and prior written consent.

## 5.0 Consent

We hereby consent to the inclusion of this legal opinion in the Information Memorandum to be issued by the Issuer, in the form and text in which it is included. We confirm that we have not, prior to the date of the Information Memorandum, withdrawn our consent to the issue of the Information Memorandum containing this opinion.

Yours faithfully



Stella Ndikimi  
Partner  
Dentons EALC East African Law Chambers

**Schedule 1-Assumptions**

For the purposes of this opinion, we have assumed that: -

- 1.1 That each party to the Bond Documents (other than the Issuer) exists as a legal person, has the power to carry on its business and has been duly authorised to execute the Bond Documents;
- 1.2 The Bond Documents and the signatures and seals thereon are genuine and the copies of the documents we have examined conform to the original documents and no alteration, variation or modification has been made to them;
- 1.3 That all original documents supplied to us are complete, authentic and up to date, and that all copy documents supplied to us are complete and conform to the originals;
- 1.4 All information contained in the Information Memorandum and all information provided to us by the Issuer and its officers and advisers is true, accurate and up to date;
- 1.5 All factual statements including representations contained in the Bond Documents are true and correct; and
- 1.6 There are no facts or circumstances in existence and no events have occurred which would render any of the Bond Documents void or voidable or capable of rescission for any reason.
- 1.7 That each express submission to jurisdiction, and each express waiver of any objection that that party may now or in the future have to any proceeding being instituted or determined in a particular forum, by a party contained in the Bond Documents constitutes a valid and legal submission or waiver (as the case may be) by that party (and is not subject to avoidance by any person) under all applicable laws other than the laws of Tanzania and in all applicable jurisdictions other than the jurisdiction of Tanzania and that, insofar as any obligations under such Bond Documents fall to be performed in any jurisdiction other than Tanzania, its performance will not be illegal or ineffective by virtue of the laws of that jurisdiction;

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EAST AFRICAN LAW CHAMBERS

- 1.8 That no party to the Bond Documents has entered into it in consequence of bad faith or fraud, coercion, duress, misrepresentation or undue influence or on the basis of a mistake of fact or law or believing that Bond Documents to be fundamentally different in substance or in kind from what it is;
- 1.9 That the Bond Documents has been entered into by each of the parties thereto in good faith, for the purpose of carrying on its respective business, for its respective benefit and on arm's length commercial terms;
- 1.10 That the Bond Documents have not been superseded, amended or repealed in any respect by any subsequent deletion, amendment or substitution of any of the provisions thereof since the original dates of signature thereof;
- 1.11 Other than in Tanzania, any consent, licence, approval or authorisation of any person which is required in relation to the execution and delivery of the Documents and the performance and observance of the terms of the Bond Documents by the parties thereto has been obtained;

We have found nothing to indicate that the above assumptions are not justified

## Schedule 2- Qualifications

This opinion is subject to the following qualifications:

- 2.1 It is given only in relation to the Bond Documents and at the time of drafting, there are no other factual circumstances which are not evident from the Bond Documents or which have not been disclosed to us that may affect the opinions given herein of the enforceability of the Bond Documents;
- 2.2 Except as explicitly stated herein, no opinion is expressed on matters of fact or in relation to any representation or warranty contained in Bond Documents;
- 2.3 The opinions expressed herein are confined to matters of the laws of Tanzania existing as at the date hereof and no opinion is expressed as to the laws if any other jurisdiction;

- 2.4 If any obligation is to be performed in a jurisdiction outside Tanzania, it may not be enforceable in Tanzania to the extent that performance would be illegal or contrary to public policy under the laws of the other jurisdiction;
- 2.5 The enforceability of the obligations of any of the parties to Bond Documents may be limited by bankruptcy, insolvency, reorganisation, moratorium, prescription or other laws affecting creditors' rights generally; and
- 2.6 Any claim may be or become barred under the laws relating to the limitation of actions or may be or become subject to set-off or counter claim.

## Schedule 3- Material Litigation

SN	Court/Tribunal and case Number	Parties	Summary of claim	Claim amount (TZS)	Prospects of Success and Reasons thereof
01	Ubungo District Land and Housing Tribunal at Luguruni, Misc. Land Application No. 120/2024	Candida Edward Ngido ("Applicant") vs. Dennis Ephraim Sirikwa ("1st Respondent"), James Raphael Wapalila, First Housing Finance (T) Ltd & Yono Auction Mart & Co. Ltd	FHF granted a home purchase loan of TZS 125,000,000 to the 1st Respondent. The Applicant, who is the 1st Respondent's wife, filed an application seeking a mareva injunction pending hearing of the application to set aside the dismissal order of Land Application No. 178/2023 granted on 19th October, 2024 where she claims that she was not informed of the disposition of the mortgaged property forming the subject of the dispute of this matter.	125,000,000	FHF has high chances of success because there is no main suit pending before the Tribunal to warrant the grant of the prayer sought by the Applicant.
02	Ubungo District Land & Housing Tribunal at Luguruni Misc. Land Application No. 104/2024	Candida Edward Ngido ("Applicant") vs. Dennis Ephraim Sirikwa ("1st Respondent"), James Raphael Wapalila ("2nd Respondent"), First Housing Finance (T) Ltd & Yono Auction Mart & Co. Ltd	This matter is related to (a) above where FHF granted a home purchase loan of TZS 125 million to the 1st Respondent. The Applicant has filed an application to set aside the dismissal order of Land Application No. 178/2023 where she claims that she was not informed of the disposition of the property while she was entitled to give her consent to such disposition.	125,000,000	The Issuer holds a mortgage in its favour and has high chance of success in the matter because the title deed is in the name of the 2nd Respondent. FHF is in the process of auctioning the collateral to recover the loan.

SN	Court/Tribunal and case Number	Parties	Summary of claim	Claim amount (TZS)	Prospects of Success and Reasons thereof
03	Ilala District Land and Housing Tribunal at Kivukoni; Misc. Application No 148/2024	First Housing Finance Tanzania Limited vs. Awadhi Abubakari Iyanja	This is a application for execution by attachment and sale of collateral charged in favour of the to secure TZS 49,530,106.02 and vacant possession of the suit property	TZS 49,530,106.02	FHF has a fair chance of success since the collateral is secured by notice of deposit.
04	District Land and Housing Tribunal For Mwanza at Mwanza Land Application No. 81/2025	Rajabu Bakari Khatib ("Applicant") vs. First Housing Finance Co. Ltd ("2nd Respondent")	FHF granted the Applicant a home purchase loan of TZS 351,992,329.10/=,. Subsequently, the Applicant defaulted on repayment, prompting FHF to initiate recovery measures for the outstanding loan. In response, the Applicant rushed to the Tribunal seeking an injunction pending the hearing of the application.	Outstanding amount to be recovered by FHF is TZS 324,827,177.1	FHF has strong prospects of success as there is registered mortgage over the collateral and the forced sale value adequately covers the loan.

SN	Court/Tribunal and case Number	Parties	Summary of claim	Claim amount (TZS)	Prospects of Success and Reasons thereof
05	Kahama District Court at Kahama  Civil Case No. 12630/2025	Tryphone Elias Rubagumisa ("Applicant") vs. First Housing Finance (T) Ltd ("1st Respondent") & City  Group Tanzania Limited Co. Ltd ("2nd Respondent").	FHF granted the Applicant a home purchase loan of TZS 350,000,000/=. After some time, the Applicant defaulted on repayment, prompting FHF to initiate recovery measures for the outstanding loan. In response, the Applicant rushed to the Tribunal seeking an injunction pending the hearing of the application.	Outstanding amount to be recovered by FHF is TZS 300,774,741.18/=	FHF has strong prospects of success as there is a registered mortgage over the collateral and the forced sale value adequately covers the loan. Besides there is also a high likelihood that the matter may be resolved through mediation.
06	District Land and Housing Tribunal for Kinondoni at Mwananyamala.  Land Application No. 101/2025	Lizwan Cosmas Chambulila ("Applicant") vs. First Housing Finance (T) Ltd ("1st Respondent") & City  Group Tanzania Limited Co. Ltd ("2nd Respondent").	FHF granted the Applicant a home purchase loan of TZS 146,133,693.94/=. Subsequently, the Applicant defaulted on repayment, prompting FHF to initiate recovery measures for the outstanding loan. In response, the Applicant rushed to the Tribunal seeking an injunction pending the hearing of the application	Outstanding amount to be recovered by FHF is TZS 144,682,482.82	FHF has high chances of success because there is a registered mortgage over the collateral and the forced sale value adequately covers the loan.

SN	Court/Tribunal and case Number	Parties	Summary of claim	Claim amount (TZS)	Prospects of Success and Reasons thereof
07	District Land and Housing Tribunal for Kahama at Kahama  Land Application No. 21/2025	First Housing Finance (T) Ltd ("Applicant") Vs. Antony Sheng Kimanoreye ("Respondent")	FHF granted the Respondent a home completion loan of TZS 85,625,331.42/=. Subsequently, the Respondent defaulted on repayment, prompting FHF to initiate recovery measures for the outstanding loan. However, the Respondent has been obstructing the Auctioneers from entering the premises to inspect the house. Consequently, FHF instituted this case seeking to evict the Respondent from the house.	Outstanding amount to be recovered by FHF is TZS 300,774,741.18/=	FHF has strong prospects of success as there is a registered mortgage over the collateral, and the forced sale value adequately covers the loan.
08	High Court of Tanzania (Land Division) at Mwanza  Land Case No. 16581/2025	First Housing Finance (T) Ltd ("Applicant") vs. Fredy Tienyi Masiaga ("Respondent")	FHF granted the Respondent a home completion loan of TZS 192,128,000/=. The Respondent has defaulted in repayment, prompting FHF to commence recovery measures for the outstanding loan. At the time of default, the collateral was in the process of being transferred. Consequently, FHF instituted the present case seeking orders to evict the Respondent from the house, attach the property, and auction it under court order.	Outstanding amount to be recovered by FHF is TZS 220,281,679.28/=	FHF has high chances of success because there is a facility letter signed by the client, and several commitments from him.

**Schedule 4- Material Contracts**

SN	DOCUMENT NAME
01	Refinance and Servicing Agreement dated 3rd November 2020 between FHF and TMRC in respect of a refinance facility of TZS 1,000,000,000.00 ("TMRC Facility 1 Agreement").
02	Addendum to the TMRC Facility 1 Agreement dated 9th September 2022 between FHF and TMRC which amends the TMRC Facility 1 Agreement.
03	Refinance Facility Agreement dated 6th April 2022 between FHF and TMRC in respect of a refinance facility of TZS 4,200,000,000.00 ("TMRC Facility 2")
04	Fifth Mortgage Refinance Facility Agreement dated 19th June 2023 between FHF and Tanzania Mortgage and Refinance Company Limited in respect of a refinance Facility of Tanzanian Shillings Two Billion (TZS 2,000,000,000.00)
05	Refinance Facility Agreement dated 20th June 2022 between FHF and TMRC
06	Facility Agreement between FHF and the National Bank of Commerce in respect of a Facility of Tanzanian Shillings five billion (TZS 5,000,000,000.00)
07	Lease Agreement between Mehboob H. Versi and First Housing Finance (Tanzania) Limited
08	The Oracle Support Annual Maintenance Contract as between Wecodee Innovations Private Limited and First Housing Finance (Tanzania) Limited
09	Master Service Agreement between Vodacom Tanzania Public Limited Company ('Service Provider') and First Housing Finance (Tanzania) Limited
10	Shareholders Agreement between: First Housing Finance (Tanzania) Limited; Azania Bank Limited; HDFC Investments Limited; Armut Limited; Mr. Sanjay Suchak; International Finance Corporation dated 03 March 2017, And its addendum dated 06th June 2023
11	Meticulous General Insurance as policy number P/00/BND/5060269/01 covering electronic and computer crime and professional indemnity, directors' and officers' liability for the period between 13th May 2024 and 23rd March 2025
12	Medical insurance cover medical issued by Jubilee Insurance Company of Tanzania Limited as policy number TC0R0013297 for the period between 11th May 2024 to 10th May 2025

## Schedule 5- List Of Debentures

Sn	Lender	Amount Secured	Date of Creation of Charge or Deed of Variation	Description
01	Tanzania Mortgage Refinance Company Limited	TZS. 1,000,000,000.00	03rd November, 2020	Debenture over a refinance and servicing agreement dated 3rd November 2020
02	Tanzania Mortgage Refinance Company Limited	TZS. 1,000,000,000.00	09th September, 2022	First Addendum to the Debenture dated 03rd November, 2020
03	Tanzania Mortgage Refinance Company Limited	TZS. 4,200,000,000.00	12th April 2022	Debenture over a refinance facility agreement dated 6th April 2022
04	Tanzania Mortgage Refinance Company Limited	TZS.1,800,000,000.00	12th April, 2022	Debenture over a refinance facility agreement dated 6th April 2022
05	Tanzania Mortgage Refinance Company Limited	TZS. 1,800,000,000.00	11th April 2023	3rd Addendum to Debenture dated 12th April, 2022
06	Tanzania Mortgage Refinance Company Limited	TZS. 2,000,000,000.00	23rd June, 2022	Debenture over a refinance facility agreement dated 20th June 2022
07	Tanzania Mortgage Refinance Company Limited	TZS. 1,000,000,000.00	20th November 2022	1st Addendum to the Debenture dated 23rd June 2022
08	Tanzania Mortgage Refinance Company Limited	TZS 2,000,000,000.00	16th May 2023	Second Addendum to the Debenture dated 23rd June 2022
09	Tanzania Mortgage Refinance Company Limited	TZS 2,000,000,000.00	20th October 2023	Third Addendum to the Debenture dated 23rd June 2022
10	Tanzania Mortgage Refinance Company Limited	TZS 2,000,000,000.00	24th October 2023	Fourth Addendum to the Debenture dated 23rd June 2022
11	Tanzania Mortgage Refinance Company Limited	TZS 2,000,000,000.00	20th June 2023	Debenture pursuant to the Loan Agreement dated 19th June 2023
12	Tanzania Mortgage Refinance Company Limited	TZS 2,000,000,000.00	24th October 2023	Second Addendum to the Debenture dated 20th June 2023

# INFORMATION MEMORANDUM FIRST HOUSING FINANCE (T) LIMITED



Sn	Lender	Amount Secured	Date of Creation of Charge or Deed of Variation	Description
13	Tanzania Mortgage Refinance Company Limited	TZS 2,000,000,000.00	12th July 2024	First Addendum to the Debenture dated 28th March 2024
14	Tanzania Mortgage Refinance Company Limited	TZS 1,000,000,000.00	30th August 2024	Debenture pursuant to the Prefinance Loan Agreement dated 30th August 2024
15	Tanzania Mortgage Refinance Company Limited	TZS 2,000,000,000.00	25th September 2024	1st Addendum to the Debenture dated 30th August 2024
16	National Commercial Bank Limited	TZS 3,400,00,000.00	04th September, 2023	Specific Debenture to the term loan agreement dated 28th August 2023
17	Azania Bank Public Limited Company	TZS. 1,000,000,000.	9th August 2024	Debenture to the term loan agreement dated 7th August 2024
18	International Development Finance	USD 10,000,000	17th November 2023 2023	IST Ranking Debenture to the finance agreement dated 11th November 2023

## TABLE OF CONTENTS

Reporting Accountant's Report .....	97
Independent Practitioner's Review Report On Historical Financial Information .....	100
Reporting Accountant's Compilation Report .....	103
Statement of Profit Or Loss and other Comprehensive Income .....	105
Statement of Financial Position .....	106
Statement of changes in equity .....	107
Statement Of Cash Flows .....	108
Reporting account's report on financial ratios .....	180
Reporting account's report on prospective financial information .....	190



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To  
Chief Executive Officer  
First Housing Finance (Tanzania) Limited  
P. O. Box 11990 Dar es Salaam Tanzania

### Reporting Accountant's Report

#### Introduction

At your request, we submit our Reporting Accountant's Report for the purpose of issuing a Medium Term Note Programme as required by Capital Markets and Securities Act, Cap 79 of the laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority-Tanzania (CMSA), 2019 and Dar es salaam Stock Exchange PLC rules, 2022.

#### Responsibilities of the Directors

The Directors of First Housing Finance (Tanzania) Limited are responsible for the preparation and accuracy of the historical financial information of First Housing Finance (Tanzania) Limited for the years ended 31 December 2024, 31 December 2023, 31 December 2022, and 31 December 2021 and the preparation and presentation of the historical financial ratios in accordance with the basis of preparation described in the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority-Tanzania (CMSA), 2019.

The statutory financial statements were audited by PricewaterhouseCoopers (PwC) for the year ended 31 December 2024 and 31 December 2023 and Ernst & Young for the years ended 31 December 2022 and 31 December 2021 and received unmodified audit reports for all the four years.

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affiliated with KPMG International Limited, a private English  
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A Boyo  
A Njombe  
V Onjala

### Reporting Accountant's Report (continued)

The Directors are also responsible for preparation of prospective financial statements for the years ending 31 December 2025, 31 December 2026, 31 December 2027 and 31 December 2028 ("prospective financial information") and the reasonableness of the assumptions on which it is prepared upon which this reporting account report is based on.

### **Our responsibilities as reporting accountants**

Our responsibilities are detailed in our engagement letter. These included compiling Reporting Accountant's Report that includes the following:

- a) An Independent Review Report on Historical Financial Information for the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 in accordance with International Standards on Review Engagements 2400 (ISRE 2400) (Revised) Engagements to Review Historical Financial Statements as set out on page 100 to 102.
- b) A compilation report on the audited financial statements of First Housing Finance (Tanzania) Limited for the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 in accordance with International Standard on Related Services applicable to compilation engagements (ISRS) 4410 Compilation Engagements set out on page 103 to 104.
- c) An Independent Limited Assurance Report on financial ratios to First Housing Finance (Tanzania) Limited prepared for the purpose of issuing Notes under Medium-Term Note Programme as required by Capital Markets and Securities Act, Cap 79 of the laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority Tanzania, 2019.
- d) A report on the Prospective Financial Information which comprise the projected statement of financial position as at 31 December 2025, 31 December 2026, 31 December 2027 and 31 December 2028, projected statement of profit or loss for the years then ending and project statement of cash flows for years ending 31 December 2025 and 31 December 2026, in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.



### Reporting Accountant's Report (continued)

#### Consent

We as the Reporting Accountant confirm that we have given, and have not, prior to the date of the Information Memorandum, withdrawn our written consent to the inclusion of the Reporting Accountant's Report in the Information Memorandum in the form and context in which it appears.

The engagement partner responsible for the engagement resulting in this Reporting Accountant's Report is Vincent Onjala (TACPA 2722).

For and on behalf of:

KPMG  
Certified Public Accountants (T)  
P.O. Box 1160 – Dar es Salaam, Tanzania

A handwritten signature in black ink that reads 'onjala'.

**Signed by:** CPA Vincent Onjala (TCPA 2722)



**KPMG**  
**Certified Public Accountants**

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**INDEPENDENT PRACTITIONER'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FIRST HOUSING FINANCE (TANZANIA) LIMITED**

We have reviewed the accompanying historical financial information of First Housing Finance (Tanzania) Limited set out on pages 105 to 179, which comprise the statements of financial position of First Housing Finance (Tanzania) Limited as at 31 December 2024, 31 December 2023, 31 December 2022, and 31 December 2021 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policies

**Director's Responsibility for the Historical Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying historical financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements.

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**Partners**  
A Boyo  
A Njombe  
V Onjala



## **INDEPENDENT PRACTITIONER'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FIRST HOUSING FINANCE (TANZANIA) LIMITED (CONTINUED)**

ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the historical financial statements do not give a true and fair view of the Bank's statements of financial position of First Housing Finance (Tanzania) Limited as at 31 December 2024, 31 December 2023, 31 December 2022, and 31 December 2021 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).



## **INDEPENDENT PRACTITIONER'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FIRST HOUSING FINANCE (TANZANIA) LIMITED (CONTINUED)**

For and on behalf of:

KPMG Certified Public Accountants (T)

P. O. Box 1160 – Dar es Salaam, Tanzania

*onjala*  
.....

Signed by: CPA Vincent Onjala (TCPA 2722)

**MAKAZI  
BOND**



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## **REPORTING ACCOUNTANT'S COMPILED REPORT TO THE DIRECTORS OF FIRST HOUSING FINANCE (TANZANIA) LIMITED**

We have compiled the accompanying financial statements of First Housing Finance (Tanzania) Limited on pages 105 to 179, based on information you have provided. These financial statements comprise the statements of financial position of First Housing Finance (Tanzania) Limited as at 31 December 2024, 31 December 2023, 31 December 2022, and 31 December 2021 statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policies.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the compilation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

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A Njombe  
V Onjala



**REPORTING ACCOUNTANT'S COMPIRATION REPORT TO THE DIRECTORS OF  
FIRST HOUSING FINANCE (TANZANIA) LIMITED (CONTINUED)**

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the IFRS Accounting Standards.

For and on behalf of:

KPMG  
Certified Public Accountants (T)  
P. O. Box 1160 – Dar es Salaam, Tanzania

A handwritten signature in black ink that appears to read 'onjala'.

Signed by: CPA Vincent Onjala (TCPA 2722)

## FIRST HOUSING FINANCE (T) LIMITED

### HISTORICAL FINANCIAL INFORMATION

#### Statement of Profit or Loss and other Comprehensive Income

	NOTES	31 Dec-24 TZS'000	31- Dec- 23 TZS'000	31-Dec-22 TZS'000	31-Dec-21 TZS'000
Interest income calculated using effective interest method	6	6,076,883	4,833,462	3,855,309	2,487,835
Interest expense calculated using effective interest method	7	(2,192,966)	(1,487,940)	(1,000,506)	(122,779)
<b>Net interest income</b>		<b>3,883,917</b>	<b>3,345,522</b>	<b>2,854,803</b>	<b>2,365,056</b>
Expected credit losses	8	(134,288)	(106,888)	(96,711)	(17,041)
Fees income	9	178,061	152,147	93,770	53,781
Foreign exchange loss		(4,854)	(1,237)	(1,480)	(1,464)
Other income	10	97,480	54,488	75,600	78,289
<b>Net income</b>		<b>4,020,316</b>	<b>3,444,032</b>	<b>2,925,982</b>	<b>2,478,621</b>
Operating expenses	11	(3,379,185)	(2,917,256)	(2,418,190)	(1,924,404)
Depreciation of property & equipment	13	(37,362)	(37,177)	(75,669)	(164,567)
Depreciation of right of use assets	19	(80,971)	(80,971)	(80,971)	(86,288)
Amortisation of intangible assets	14	(18,795)	(5,186)	(44,361)	(53,970)
<b>Profit before tax</b>		<b>504,003</b>	<b>403,442</b>	<b>306,791</b>	<b>249,392</b>
Income tax expense	12(i)	(91,948)	(51,397)	(22,737)	(16,430)
<b>Profit for the year</b>		<b>412,055</b>	<b>352,045</b>	<b>284,054</b>	<b>232,962</b>
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss:					
Gain on Equity investments at FVOCI	22	16,220	-	-	-
Deferred tax charge	12(iv)	(4,866)	-	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		<b>11,354</b>			
<b>Total comprehensive income for the year</b>		<b>423,409</b>	<b>352,045</b>	<b>284,054</b>	<b>232,962</b>

Source: FHF financial statements for the years ended, 2024, 2023, 2022 and 2021 audited financial statements and the Reporting Accountants report.

**FIRST HOUSING FINANCE (T) LIMITED**  
**HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**Statement Of Financial Position**

<b>ASSETS</b>	<b>NOTES</b>	<b>31 Dec-24</b> TZS'000	<b>31- Dec- 23</b> TZS'000	<b>31-Dec-22</b> TZS'000	<b>31-Dec-21</b> TZS'000
Cash and Balances with Bank	15	95,300	745,454	1,214,860	945,786
Fixed deposit placements with Banks	15	1,649,382	3,240,959	5,482,079	-
Investment in Gov't Securities at amortised cost	16	3,601,250	3,600,562	3,601,363	3,601,639
Loans and Advances to customers	17(i)	34,806,941	27,439,967	19,561,504	13,570,278
Equity Investments	20	1,784,200	1,622,000	1,622,000	1,622,000
Current income tax recoverable	12(v)	430,417	463,327	475,711	453,644
Other Assets	18	597,380	360,232	218,043	67,273
Property and Equipment	13	80,133	62,301	74,216	118,981
Right-of-use assets	19	87,718	168,689	249,660	330,631
Intangible Assets	14	55,919	19,450	12,999	55,012
<b>TOTAL ASSETS</b>		<b>43,188,640</b>	<b>37,722,941</b>	<b>32,512,435</b>	<b>20,765,244</b>
<b>LIABILITIES &amp; EQUITY</b>					
<b>LIABILITIES</b>					
Other liabilities	21	446,703	557,439	793,444	673,470
Long-term Borrowings	22	20,993,595	16,208,723	12,003,729	1,010,685
Lease liabilities	23	103,266	181,852	261,198	334,779
Deposits	24	2,322,479	1,880,605	911,787	488,087
Deferred tax liability	12	45,936	41,070	41,070	41,070
<b>TOTAL LIABILITIES</b>		<b>23,911,979</b>	<b>18,869,689</b>	<b>14,011,228</b>	<b>2,548,091</b>
<b>EQUITY</b>					
Share Capital	25	21,800,000	21,800,000	21,800,000	21,800,000
Accumulated losses		(3,088,949)	(3,319,719)	(3,456,952)	(3,703,026)
Fair value reserve		107,185	95,831	95,831	95,831
Regulatory Reserve		458,425	277,140	62,328	24,348
<b>TOTAL EQUITY</b>		<b>19,276,661</b>	<b>18,853,252</b>	<b>18,501,207</b>	<b>18,217,153</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>43,188,640</b>	<b>37,722,941</b>	<b>32,512,435</b>	<b>20,765,244</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**Statement of changes in equity**

	<b>Share capital</b> TZS '000	<b>Accumulated losses</b> TZS '000	<b>Fair value reserve*</b> TZS '000	<b>Regulatory reserve**</b> TZS '000	<b>Total</b> TZS '000
<b>Year Ended 31 December 2024</b>					
<b>At 01 January 2024</b>	<b>21,800,000</b>	<b>(3,319,719)</b>	<b>95,831</b>	<b>277,140</b>	<b>18,853,252</b>
Profit for the year, net of tax	-	412,055	-	-	412,055
Net change in fair value of equity instruments at FVOCI	-	-	11,354	-	11,354
Transfer to Regulatory reserve	-	(181,285)	-	181,285	-
<b>At 31 December 2024</b>	<b>21,800,000</b>	<b>(3,088,949)</b>	<b>107,185</b>	<b>458,425</b>	<b>19,276,661</b>
Year Ended 31 December 2023	21,800,000	(3,456,952)	95,831	62,328	18,501,207
At 01 January 2023	-	352,045	-	-	352,045
Profit for the year, net of tax	-	(214,812)	-	214,812	-
<b>At 31 December 2023</b>	<b>21,800,000</b>	<b>(3,319,719)</b>	<b>95,831</b>	<b>277,140</b>	<b>18,853,252</b>
Year ended 31 December 22					
At 01 January 2022	21,800,000	(3,703,026)	95,831	24,348	18,217,153
Profit for the year, net of tax	-	284,054	-	-	284,054
Transfer to Regulatory reserve	-	(37,980)	-	37,980	-
<b>At 31 December 2022</b>	<b>21,800,000</b>	<b>(3,456,952)</b>	<b>95,831</b>	<b>62,328</b>	<b>18,501,207</b>
Year ended 31 December 2021	21,800,000	(3,911,640)	95,831	-	17,984,191
At 01 January 2021	-	232,962	-	-	232,962
Profit for the year, net of tax	-	(24,348)	-	24,348	-
<b>At 31 December 2021</b>	<b>21,800,000</b>	<b>(3,703,026)</b>	<b>95,831</b>	<b>24,348</b>	<b>18,217,153</b>

\* Fair Value reserve relates to the fair value gain on the equity investment to TMRC.

\*\* Regulatory Reserve is created when IFRS provisions for loans and advances is lower than Bank of Tanzania provision. This reserve is non distributable.

**FIRST HOUSING FINANCE (T) LIMITED**  
**HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**Statement of Cash Flows**

	31-Dec-2024	31-Dec-2023	Restated 31-Dec-2022	Restated 31-Dec-2021
<b>Operating Activities</b>	TZS '000	TZS '000	TZS '000	TZS '000
Profit before tax	504,003	403,442	306,791	249,392
<b>Adjustment for Non-Cash Items</b>				
Interest expense on lease liabilities	11,725	17,813	24,422	27,568
Expected credit losses on loans	140,664	112,935	83,871	51,328
Dividend income	-	(36,900)	(27,590)	(35,130)
Interest expense on long term borrowings	2,136,970	1,437,169	952,303	-
Amortization of Intangible assets	18,795	5,186	44,361	53,970
Depreciation of Right-of-use assets	80,971	80,971	80,971	86,288
Depreciation of property and equipment	37,362	37,177	75,669	164,567
Expected credit losses on banks	(6,376)	(6,021)	13,278	(34,792)
Expected credit losses on government securities	-	(26)	(438)	505
Net foreign exchange difference on lease liabilities	4,459	6,546	3,020	4,338
<b>Changes in Operating Assets and Liabilities</b>				
Loans and Advances	(7,503,554)	(7,991,398)	(6,075,097)	(7,376,039)
Other Assets	(237,148)	(142,189)	(150,770)	(44,042)
Government securities	(688)	827	713	(1,059,492)
Deposits from customers (cash cover)	441,874	968,818	423,700	75,000

**FIRST HOUSING FINANCE (T) LIMITED**  
**HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**Statement of Cash Flows (Continued)**

Other Liabilities	(110,736)	(213,621)	119,974	(50,276)
Tax Paid	(59,038)	(61,397)	(44,803)	(12,917)
Interest Paid on Lease liabilities	(8,558)	(372)	(1,726)	(2,416)
Interest Paid on Long-term borrowings	(2,039,598)	(1,432,175)	(759,259)	-
<b>Net cash flow used in operating activities</b>	<b>(6,588,873)</b>	<b>(6,813,215)</b>	<b>(4,930,610)</b>	<b>(7,902,148)</b>
<b>Investing activities</b>				
Purchase of Property & Equipment		(25,262)	(30,904)	(48,243)
	(55,194)			
Purchase of Intangible Assets	(55,264)	(11,637)	(2,348)	-
Matured deposits with banks	1,587,493	2,241,120	(5,482,079)	-
Dividend received	-	36,900	27,590	35,130
New shares purchased-TMRC	(145,980)	-	-	-
<b>Net cash flow from/ (used in) Investing Activities</b>	<b>1,331,055</b>	<b>2,241,121</b>	<b>(5,487,741)</b>	<b>(13,113)</b>
<b>Financing activities</b>				
Repayment of principal portion of lease liabilities	(86,212)	(103,333)	(99,297)	(95,154)
New loans received	5,000,000	7,000,000	10,800,000	-
Principal repayments on long term borrowings	(312,500)	(2,800,000)	-	-
<b>Net cash flow from/(used in) financing activities</b>	<b>4,601,288</b>	<b>4,096,667</b>	<b>10,700,703</b>	<b>(95,154)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>656,530</b>	<b>(475,427)</b>	<b>282,352</b>	<b>(8,010,415)</b>
<b>Cash and Cash Equivalents at 1 January</b>	745,454	1,214,860	945,786	8,921,409
ECL on bank balances	6,376	6,021	(13,278)	34,792
<b>Cash and Cash Equivalents at the end of the year</b>	<b>95,300</b>	<b>745,454</b>	<b>1,214,860</b>	<b>945,786</b>

\*The 31 December 2021 and 2022 information are restated in account of correction of errors. See Note 33 for details.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION****1. COMPANY INFORMATION**

The audited financial statements of First Housing Finance (Tanzania) Limited (the "Company") for the years ended 31 December 2024, 2023, 2022 and 2021 were authorized for issue in accordance with a resolution of the directors as indicated on the statement of financial position. The Company is incorporated in Tanzania under the Companies Act, 2002 as a private limited liability company and it is domiciled in Dar es Salaam, Tanzania.

The registered office and principal place of business are indicated on page vii. The principal activity of the Company is mortgage financing.

**2. BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except where otherwise stated in the accounting policies. The financial statements are prepared in Tanzanian Shillings (TZS) rounded to the nearest thousand (TZS '000).

**2.1 Going concern**

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will have sufficient resources to continue in operation for the foreseeable future and that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

**2.2 Statement of compliance**

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2002 and Banking and Financial Institutions Act, 2006 of Tanzania) and the Tanzania Financial Reporting Standards 1 (TFRS1).

For purposes of reporting under the requirements of the Companies Act, 2002 and Banking and Financial Institutions Act, 2006 of Tanzania, the balance sheet in these financial statements is represented by the statement of financial position, and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

**a) New standards, amendments and interpretations effective and adopted during the year.**

The new and amended standards and interpretations do not have a material effect on the Company's financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The following standards and interpretations became effective during the year.

<b>Number</b>	<b>Effective date</b>	<b>Executive summary</b>
Amendments to IAS 1, 'Presentation of Financial Statements' -Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)**

a) New standards, amendments and interpretations effective and adopted during the year (Continued)

<b>Number</b>	<b>Effective date</b>	<b>Executive summary</b>
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	Annual periods beginning on or after 1 January 2024.  (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

b) Relevant new standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations applicable to the Company, that are issued, but not yet effective for annual periods beginning after 1 January 2024 are disclosed in the next page. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective."

<b>Number</b>	<b>Effective date</b>	<b>Executive summary</b>
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025.  (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)**

b) Relevant new standards, amendments and interpretations issued but not yet effective  
(Continued)

<b>Number</b>	<b>Effective date</b>	<b>Executive summary</b>
		Impact to the Company's financial statements: Based on management assessment, the amendment is not expected to have significant impact of the Company's financial statements.
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	<p>These amendments</p> <ul style="list-style-type: none"> <li>clarify the requirements for the timing of recognition and de-recognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;</li> <li>clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion</li> </ul>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)**

b) Relevant new standards, amendments and interpretations issued but not yet effective  
(Continued)

<b>Number</b>	<b>Effective date</b>	<b>Executive summary</b>
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	<p>These amendments</p> <ul style="list-style-type: none"> <li>add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and</li> <li>Make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive</li> </ul>
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	<p>The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.</p> <p>IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.</p>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)**

b) Relevant new standards, amendments and interpretations issued but not yet effective  
 (Continued)

<b>Number</b>	<b>Effective date</b>	<b>Executive summary</b>
		<p>outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.</p> <p>Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.</p> <p>Impact to the Company's financial statements:    Based on management assessment, the amendment is not expected to have significant impact of the Company's financial statements.</p>

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.1. Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**Business model assessment**

The business model reflects how the Company manages its assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the asset or to collect both contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Refer to Note 29 for the disclosures of financial instruments by category.

**Significant Increase of Credit Risk (SICR)**

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Whether a change in the risk of default is significant or not is assessed using quantitative factors, that is, financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk. Financial assets that are 30 or less days past due are considered to have low credit risk. The Company has determined that the quantitative factors reasonably reflect SICR and that, considering the nature of the Company's clients, consideration of qualitative factors would involve undue cost or effort. Also, as the Company uses external ratings (e.g., S & P's) and considers that the fact that an exposure has been degraded 3 notches from the rating at initial recognition depicts significant increase in credit risk.

Refer to Notes 15 and 17 for further disclosures on the financial assets subject to ECL.  
**Deferred tax assets**

Deferred tax assets are recognised in respect of tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the tax losses and credits can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

Refer to Note 12 (ii) for further disclosures on deferred tax

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.2. Estimates and assumptions**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next period. All estimates and assumptions required are in conformity with IFRS and are the best estimates undertaken in accordance with the relevant standard.

**Fair value of financial instruments**

The Company measures financial instruments such as equity investments and debt instruments at FVTPL and FVOCI investment securities at fair value at each reporting date. Fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ✓ In the principal market for the asset or liability; or
- ✓ In the absence of a principal market, in the most advantageous market for the asset or liability.
- ✓ The principal or the most advantageous market must be accessible by the Company.

**Fair Value Of Financial Instruments**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Refer to Notes 20 and 28 for further disclosures on fair value. Determination of ECL allowances

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement and estimations. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The elements of the ECL models that are considered accounting judgements and estimates are indicated below.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.2 Estimates and assumptions (Continued)**

Refer to Notes 15, 17 and 27 for further disclosures on the financial assets subject to ECL. Internal ratings linked to established external ratings IFRS 9 requires the use of historic information in calculating the Days Past Due (DPD) to establish the history of default and establish the basis for the Probability of Default (PD). Historical information was limited considering that the Company commenced full operations in the year 2019. Also, the Company was not able to source reasonable and supportable information without undue cost or effort from the peers/ market, about the past events, current conditions and forecasts of future economic conditions. Considering these factors, management applied/used the established external credit ratings like Standard & Poor's (S & P's) to derive parameters for PDs, Loss Given Default (LGD) and Exposure at Default (EAD). The Company continuously reviews the estimates and assumptions as and when historical information becomes available.

**Cure rate**

Cure rate is a percentage of credit exposure accounts which were in default category, but as at assessment date have moved to a better category. Cure rates are factored in at the LGD level when assessing recovery rate. The rate reduces the percentage of LGD and is computed at the overall credit portfolio level. Consideration of movement of accounts is done annually. Qualitative criteria applied when checking whether the account has cured or not are those in line with Bank of Tanzania guidelines on IFRS 9 implementation. Accounts in default which are assessed whether they have cured exclude accounts which have been restructured or which have been charged off during the period.

**Useful lives of property, equipment and intangible assets**

The Company reviews the estimated useful lives of property, equipment and intangible assets at the end of each annual reporting period. Factors considered while reviewing the useful lives and residual value of items of property, equipment and intangible assets include:

- ✓ The expected usage of the asset by the Company, which is assessed by reference to the asset's expected capacity;
- ✓ The expected physical wear and tear, which depends on operational factors, the repair and maintenance programme of the Company, and the care and maintenance of the asset while idle
- ✓ Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

4.2 Estimates and assumptions (Continued)

Refer to Notes 13 and 14 for further details

Incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that would have to be paid to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the credit spread, debt-service ratio, inflation to reflect the terms and conditions of the lease).

Refer to Note 23 for further details.

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company's lease contract includes extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That

is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant vent or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company includes the renewal period as part of the lease term for the leases recognised. The Company typically exercises its option to renew for leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

4.2 Estimates and assumptions (Continued)

**Impairment of non-financial assets**

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

**5. MATERIAL ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

**a) Recognition of interest income and expenses**

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost and financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). EIR during the year has been considered as the nominal interest rate.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in profit or loss. Interest expense for interest-bearing financial liabilities is recognized in profit or loss using the effective interest method.

FIRST HOUSING FINANCE (T) LIMITED  
NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

## **MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **b) Fee and commission income**

The Company earns fee and commission income from a mortgage lending to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for mortgage lending.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The company's revenue contracts do not include multiple performance obligations, as explained further below.

When the company provides a service to its customers, consideration is determined as per the Company's rates and charges and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

### **The Company's fees and commission where performance obligations are satisfied over time.**

Fees and Commission income relates to the fees and commissions earned for rendering services to customers other than those related to the mortgage operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. Commissions and brokerage earned on the sale of insurance products to customers of the company on behalf of an insurer (Bancassurance services) are recognized at the point that the significant obligation has been fulfilled.

### **The Company's fees and commission where performance obligations are satisfied at a point in time.**

Transactional fees are service charges from application fees, and legal and technical fees from mortgage lending. These fees are received, and are recognized as income on this basis.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**c) Dividend income**

Dividends are recognised in profit and loss in 'other income' when the entity's right to receive payment is established.

**d) Foreign currency translation**

The financial statements are presented in Tanzanian Shillings, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency spot rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined.

**e) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, deposits held with banks and other short- term highly liquid financial assets with original maturities of three months or less.

**f) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of significant items of property and equipment are as follows:

Leasehold improvements	4 years
Computers	4 years
Furniture and fittings	5 years
Office equipment	5 years

**FIRST HOUSING FINANCE (T) LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)****5. MATERIAL ACCOUNTING POLICIES (CONTINUED)****f) Property and equipment (Continued)**

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss in the period the asset is derecognised. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

**g) Intangible assets**

The Company's intangible assets include the value of computer software licenses. An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets less any accumulated amortization and any accumulated impairment losses

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each year- end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in operating expenses in profit or loss.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives at the rates of 20% - 33% p.a

**h) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**i) Equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Share capital represents the aggregate of the paid-up and called- up amounts of shares issued. Share premium represents the excess of the amounts received on the issue of shares over the nominal value of shares. Statutory reserves are reserves such as credit risk reserves and other reserves that are normally set up according to regulatory requirements. Accumulated losses/Retained earnings are the net result of the previous and current years.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**j) Financial assets**

**Initial recognition**

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognized on the date on which the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The company recognizes balances due to customers when funds are transferred to the company.

**Initial measurement**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value. On initial recognition, financial assets and financial liabilities at fair value through profit or loss are initially measured at their fair value. The initial measurement of other financial instruments is based on their fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument. Receivables are measured at the transaction price.

**Measurement categories of financial assets and liabilities**

The Company classifies its financial assets in the following measurement categories: Amortized cost; Fair value through profit or loss (FVPL); and Fair value through other comprehensive income (FVOCI).

The classification and subsequent measurement of financial assets depends on:

- i) The Company's business model for managing the asset; and
- ii) The cash flow characteristics of the asset.

Based on these factors, the Company classifies its financial assets into one of the following three measurement categories

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate. Advances to customers, Balances with other banks including term deposits, Investment in debt securities and other assets are classified under this category.

**FIRST HOUSING FINANCE (T) LIMITED  
NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)****5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

With other banks including term deposits, Investment in debt securities and other assets are classified under this category.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest and are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount is taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'Other income'.

Investment in equity shares designated at FVOCI and those assets held for collection of cash flows and sale are classified as FVOCI and the movements in the carrying value are recognised through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**j) Financial assets (Continued)**

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic

lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

**Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company subsequently measures all investments in equity instruments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**j) Financial assets (Continued)**

**De-recognition of financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Company also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition. The Company has transferred the financial asset if, and only if, either:

The Company has transferred its contractual rights to receive cash flows from the financial asset; or It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset, but assumes a contractual obligation to pay those cash flows to one or more entities, when all the following conditions have been met:

- ✓ The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

- ✓ The Company has to remit any cash flow it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:
- ✓ The Company has transferred substantially all the risks and rewards of the asset; or The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

**Modification of financial assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset.

A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**j) Financial assets (Continued)**

If the terms are substantially different, the Company derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset.

The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Company also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. A loan will remain at its original stage until it meets the criteria of cure.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition.

The Company monitors the subsequent performance of modified assets until they are completely and ultimately derecognized. The Company may determine that the credit risk has significantly improved after modification, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

This is only the case for assets which have performed in accordance with the new terms. Differences in the carrying amount are recognized in profit or loss as a gain or loss on de-recognition.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

However, no financial assets were modified during the period (2023, 2022 & 2021: Nil).

**I) Financial liabilities**

Financial liabilities are initially recognized at fair value plus transaction costs, except for financial liabilities recorded at fair value through profit or loss. Subsequent to initial recognition all financial liabilities other than derivatives are measured at amortized cost. Derivatives are initially recognized and subsequently measured at fair value. Financial liabilities measured at amortized cost are deposits, short term borrowings and other liabilities.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**m) Impairment of financial assets**

**Overview of the ECL principles**

The Company records the allowance for expected credit losses on loans and other debt financial assets not held at FVPL. Equity instruments are not subject to impairment under IFRS 9.

ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL) unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12-month ECL).

The 12-month ECL allowance is a portion of LTECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12- month ECL are calculated on individual basis depending on the nature of underlying portfolio of financial instrument.

The Company has established a policy to perform an assessment, at the end of each quarter, of whether a financial instrument's credit risk has significantly increased since initial recognition, by considering the change in the risk of default occurring over the remaining life of the instrument.

Based on the above process, the Company classifies its financial instruments subject to ECL into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When loans are first recognized, the Company recognizes an allowance based on ECL stage 1 loans, except for Standard & Poor's rating from CCC+ and below, and include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination being degraded 3 notches from the rating at initial recognition, the Company records an allowance for the LTECLs, except for bank balances where the life-time is within 12 months.

Stage 3: Loans considered credit impaired, ratings migrated to CCC+ and below, the Company records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition, having ratings CCC+ and below at initial recognition.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**m) Impairment of financial assets**

**Calculation of ECL**

The Company calculates ECLs based on probability – weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below:

**Probability of Default (PD)** - The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. Since the Company does not have default history on its financial instruments, it has applied already computed PD rates for each counterparty as computed by rating agencies.

Therefore, probability of default for instruments that do not have default status e.g. placements with other banks, mortgage financing, etc. has been developed using credit ratings from external rating agencies like Standard & Poor's (S&P), Moody's, Fitch Group, etc. This takes into account the fact that, PD computation for these instruments cannot be based on Markov chain model (migration matrices analysis). Thus, PD computation for these financial instruments are risk weighted probability of default established by rating agencies.

**Exposure at Default (EAD)** - Exposure at default (EAD) is the total value which the Company is exposed to when a financial asset is in default. The EAD amounts in this model is based on the outstanding amount of the financial instrument as at end of a specific period. The average life of the loan is the contractual period over which the loan will be expected to be active.

**Loss Given Default (LGD)** - The Loss Given Default (LGD) is an estimate of loss arising in the case where a default occurs at a given time. LGD was taken as 100% minus recovery rate established by the rating agent. The management believes the recovery rates established by rating agencies are unbiased and probabilistic weighted average.

**The assumptions underlying the ECL calculation** – such as how the maturity profile of the PDs changes etc. are monitored and reviewed on a quarterly basis.

The ECL is determined by projecting the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for each individual exposure. These three components are multiplied. This effectively calculates an ECL for each year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The mechanics of ECL methods are summarized as follows:

**Stage 1:** The 12m ECL is calculated as a proportion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12-months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 – month default probabilities are applied to the EAD and multiplied by the expected LGD and discounted by the original EIR.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**m) Impairment of financial assets (Continued)**

**Probability of Default (PD)** - The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. Since the Company does not have default history on its financial instruments, it has applied already computed PD rates for each counterparty as computed by rating agencies.

Therefore, probability of default for instruments that do not have default status e.g. placements with other banks, mortgage financing, etc. has been developed using credit ratings from external rating agencies like Standard & Poor's (S&P), Moody's, Fitch Group, etc. This takes into account the fact that, PD computation for these instruments cannot be based on Markov chain model (migration matrices analysis). Thus, PD computation for these financial instruments are risk weighted probability of default established by rating agencies.

**Exposure at Default (EAD)** - Exposure at default (EAD) is the total value which the Company is exposed to when a financial asset is in default. The EAD amounts in this model is based on the outstanding amount of the financial instrument as at end of a specific period. The average life of the loan is the contractual period over which the loan will be expected to be active.

**Loss Given Default (LGD)** - The Loss Given Default (LGD) is an estimate of loss arising in the case where a default occurs at a given time. LGD was taken as 100% minus recovery rate established by the rating agent. The management believes the recovery rates established by rating agencies are unbiased and probabilistic weighted average.

**The assumptions underlying the ECL calculation** – such as how the maturity profile of the PDs changes etc. are monitored and reviewed on a quarterly basis.

The ECL is determined by projecting the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for each individual exposure. These three components are multiplied. This effectively calculates an ECL for each year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The mechanics of ECL methods are summarized as follows:

**Stage 1:** The 12m ECL is calculated as a proportion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12-months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 – month default probabilities are applied to the EAD and multiplied by the expected LGD and discounted by the original EIR.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**m) Impairment of financial assets (Continued)**

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records allowance for the LTECLs. The expected cash shortfalls are discounted by the original EIR. For the purposes of determining ECL, all facilities whose contractual payments are more than 30 days due but less than or equal to 90 days due are grouped in Stage 2 as they are taken to have experienced a significant increase in credit risk.

**Stage 3:** For loans considered credit –impaired, the Company recognizes the LTECL for these loans. The PD is set at 100%.

**POCI:** Are assets that are credit impaired on initial recognition. The Company recognizes the cumulative changes in lifetime ECL since initial recognition,

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying amount.

**Definition of default**

IFRS 9 does not define default but requires the definition to be consistent with the definition used for internal credit risk management purposes. However, IFRS 9 contains a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due.

Under IFRS 9, the Company considers a default as and when a financial asset is past due for more than 90 days or the qualitative criterion by which the financial institution considers that the obligor is unlikely to pay its credit obligations in full, without recourse to actions such as realizing security. The analysis in this model is based on the consideration that any loans past due for more than 30 days or degraded 3 notches from the rating at initial recognition is an indication of increase in credit risk and subject to staging as per IFRS 9 requirements.

**Forward looking Information**

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates
- House price indices

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**m) Impairment of financial assets (Continued)**

The determination of expected credit loss includes various assumptions and judgements in respect of forward-looking macroeconomic information. As stipulated below for incorporation of forward-looking information, forecast of key macroeconomic variables underlying the expected credit loss calculation and the impact on non-linearity and sensitivity of expected credit loss calculation to macroeconomic variables. Management overlays may also be used to capture risks not identified in the models.

**Incorporation of forward-looking information**

The evolving economic environment is a key determinant of the ability of a company's clients to meet their obligations as they fall due. It is a fundamental principle of IFRS 9 that the provisions banks hold against potential future credit risk losses should depend not just on the health of the economy today but should also take into account potential changes to the economic environment. For example, if a company were to anticipate a sharp slowdown in the world economy over the coming year, it should hold more provisions today to absorb the credit losses likely to occur in the near future.

To capture the effect of changes to the economic environment, the PDs and LGDs used to calculate ECL incorporate forward-looking information in the form of forecasts of the values of economic variables and asset prices that are likely to have an effect on the repayment ability of the Company's clients.

At the same time, the Company has consideration for the below events:

- ✓ Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event
- ✓ The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- ✓ The disappearance of an active market for a security because of financial difficulties; or,
- ✓ The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event but instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers the external ratings assigned. Where the Company is unable to obtain qualitative information without undue cost or effort, the Company considers that default does not occur later than when a financial asset is 90 days past due.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**m) Impairment of financial assets (Continued)**

**Financial assets write-off**

Financial assets are written off either partially or in their entirety only when the Company does not reasonably expect to recover the asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

The Company may write off financial assets in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include: (i) ceasing enforcement activity; and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full or there is no reasonable expectation of completing the recovery process because of litigation proceedings by the borrowers. The assessment is done per specific borrower.

**Cure of non-performing financial assets including restructured loans**

An instrument is considered to no longer be SICR or in default (i.e. to have cured) when it has been established that the obligor is able to meet the requirements of the agreed terms and conditions. IFRS 9 allows credit exposures to migrate from higher credit risk categories to lower credit risk categories, that is, from Stage 3 to Stage 2 and from Stage 2 to Stage 1.

Under migration from Stage 3 to Stage 2, the Company considers criteria for upgrade of credit accommodations, whereby the obligor has timely paid three consecutive instalments.

These periods have been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions. The Company has not used the low credit risk exemption for any financial instruments in the current year.

On the other hand, credit exposures may migrate from Stage 2 to Stage 1 when there is a significant improvement of the credit exposure. In determining whether an exposure should shift backward from Stage 2 to Stage 1, the Company considers the following:

- Ⓐ All outstanding payments on the credit facility are made on time and there are no payments in arrears.
- Ⓐ Improvement of the quantitative and qualitative factors that caused significant increase of the credit risk.

For credit exposures that have cured, that is, shifted from Stage 2 to Stage 1, interest income is calculated on carrying amount of the asset at the beginning of the period before allowance for ECLs using the effective interest rate. The carrying amount of the exposure is determined as the amortized cost at the end of the period less the allowance for ECL computed.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**m) Impairment of financial assets (Continued)**

**Cure of non-performing financial assets including restructured loans (continued)**

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset. For all assets, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

**n) Employees' benefits**

The Company makes contributions to the statutory pension funds. These are statutory defined contribution pension schemes. The Company's obligations under the schemes are limited to specific contributions legislated from time to time and are charged to profit or loss in the year to which they relate. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**o) Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

**i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**o) Taxation (Continued)**

**ii) Deferred tax**

Deferred tax is measured using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

**iv) Value added tax**

Revenues, expenses and assets, as applicable are recognised inclusive of the amount of value added tax except where the value added tax incurred on a purchase of assets or services is recoverable from the taxation authority, in which case the value added tax is recognised as an asset.

**p) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**p) Leases (continued)**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The lease liabilities are recognised to make lease payments and right-of-use assets representing the right to use the underlying assets.

Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at/ or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The company depreciate the right of use assets for the period of five (5) years.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

**6. INTEREST INCOME\***

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	*Restated 31-Dec-22 TZS '000	*Restated 31-Dec-21 TZS '000
Interest from Loans & Advances - Mortgages	5,002,174	3,539,176	2,455,068	338,926
Interest from Loans & Advances - Staff Loans	19,731	18,743	30,001	1,462,661
Interest from FDR Placements	276,730	508,682	658,673	26,629
Interest fees integral to EIR - Processing and facility	238,508	228,636	173,228	139,520
Interest from Government Securities	539,740	538,225	538,339	520,099
	<b>6,076,883</b>	<b>4,833,462</b>	<b>3,855,309</b>	<b>2,487,835</b>

\*Interest is calculated using Effective Interest Method.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 7. INTEREST EXPENSE\*

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	*Restated 31-Dec-22 TZS '000	*Restated 31-Dec-21 TZS '000
Deposits	44,271	32,958	23,781	20,211
Lease liabilities	11,725	17,813	24,422	27,568
Long term borrowings	2,136,970	1,437,169	952,303	75,000
	<b>2,192,966</b>	<b>1,487,940</b>	<b>1,000,506</b>	<b>122,779</b>

\*Interest is calculated using Effective Interest Method.

## 8. IMPAIRMENT CHARGES

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	*Restated 31-Dec-22 TZS '000	*Restated 31-Dec-21 TZS '000
Allowance for Impairment				
ECL - Government Securities	-	(26)	(438)	505
ECL - Loans & Advances	140,664	112,935	83,871	51,328
ECL - Balances with banks	(6,376)	(6,021)	13,278	(34,792)
	<b>134,288</b>	<b>106,888</b>	<b>96,711</b>	<b>17,041</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

09. FEES INCOME	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
Application fee	25,600	19,400	14,400	11,104
Legal & Technical fee	77,213	68,885	52,494	42,677
Banc assurance fee	75,248	63,862	26,876	-
	<u>178,061</u>	<u>152,147</u>	<u>93,770</u>	<u>53,781</u>
<b>10. OTHER INCOME</b>				
Dividend	40,100	36,900	27,590	35,130
Miscellaneous income	57,380	17,588	48,010	43,159
	<u>97,480</u>	<u>54,488</u>	<u>75,600</u>	<u>78,289</u>
<b>11. OPERATING EXPENSES</b>				
Administrative expenses	132,062	64,940	29,404	22,765
Advertisement, marketing & promotion expenses	70,276	75,827	16,358	44,729
Auditor's fees	75,867	75,744	51,473	49,706
Bank charges	9,446	11,550	8,050	7,448
Cleaning expenses	11,874	12,621	13,656	10,680
Communication expenses	94,888	82,402	74,250	66,759
Directors' fees	138,500	92,735	65,500	76,500
Board travel & sitting expenses	17,149	46,811	20,143	-
License, insurance & subscription	271,632	215,233	183,905	163,511
Personnel expenses - Note 11(a)	1,846,764	1,774,369	1,568,574	1,165,923
Printing & stationery expenses	33,652	17,408	25,758	12,805
Professional fees	43,218	6,981	10,003	9,200
Electricity and water expenses	21,457	23,954	23,208	23,886
Relieve and travel expenses	77,112	40,879	12,684	4,643
Repairs, maintenance & fuel	254,615	198,955	140,857	129,076
Security expenses	12,261	13,460	21,407	24,479
Training expenses	40,495	27,205	26,687	21,505
Fees to TMRC & other lenders	59,168	57,055	20,538	1,038
Excise duty on fees & commissions	60,709	48,416	35,156	50,993
VAT on fees & commissions	<u>108,040</u>	<u>30,711</u>	<u>70,579</u>	<u>38,758</u>
	<u>3,379,185</u>	<u>2,917,256</u>	<u>2,418,190</u>	<u>1,924,404</u>
<b>(a) PERSONNEL EXPENSES</b>				
Salaries and wages	1,387,746	1,243,949	1,104,293	864,199
House allowances	4,200	7,200	7,200	7,200
Transport allowances	205,746	282,082	254,200	134,751
Pension	162,313	151,535	130,206	100,151
Skills and development levy	56,809	54,726	51,198	41,372
Staff welfare	2,000	12,365	850	3,000
Workers compensation fund	8,116	7,212	7,006	7,954
Acting allowance	5,250	-	-	-
Incentives	<u>14,584</u>	<u>15,300</u>	<u>13,621</u>	<u>7,296</u>
	<u>1,846,764</u>	<u>1,774,369</u>	<u>1,568,574</u>	<u>1,165,923</u>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 12. TAXATION

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
i) Current tax				
Final withholding tax on dividend	4,010	3,690	2,759	3,513
Alternate Minimum Tax - AMT, 0.5% of income subject to tax	87,938	47,707	19,978	12,917
	<u>91,948</u>	<u>51,397</u>	<u>22,737</u>	<u>16,430</u>
Reconciliation of tax expenses:				
Income subject to tax (30% of taxable income)	293,125	159,023	-	-
AMT	87,938	47,707	19,978	12,917
Final withholding tax on dividend	4,010	3,690	2,759	3,513
Total current tax	<u>91,948</u>	<u>51,397</u>	<u>22,737</u>	<u>16,430</u>

As at 31 December 2024, the Company had accumulated tax losses of TZS 1,830 million (2023: TZS 2,271 million, 2022: TZS 2,528 million and 2021: 2,891 million), however, as per income tax act, was liable to pay alternative minimum tax (AMT) at 30% of taxable income and 70% reduce the accumulated tax losses.

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
ii) Deferred tax				
Accelerated depreciation of property & equipment	(213,661)	(216,394)	(216,920)	(228,386)
General provisions	(123,525)	(83,860)	(54,838)	(16,543)
Tax losses carried forward	<u>(549,276)</u>	<u>(681,182)</u>	<u>(754,423)</u>	<u>(867,359)</u>
Net deferred tax asset	<u>(886,462)</u>	<u>981,436</u>	<u>(1,026,181)</u>	<u>(1,112,288)</u>
Movement in deferred tax:				
Opening balance	(981,436)	(1,026,181)	(1,112,288)	(1,181,603)
Deferred tax in the current year arising from prior year	-	(46,464)	2,347	-
Deferred tax current year	<u>94,974</u>	<u>91,209</u>	<u>83,760</u>	<u>69,315</u>
Deferred tax asset	<u>(886,462)</u>	<u>(981,436)</u>	<u>(1,026,181)</u>	<u>(1,112,288)</u>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

12. Taxation (continued)

The deferred tax asset has not been recognised in the financial statements because of uncertainties as to when the Company will generate sufficient taxable profits against which the deferred tax asset can be utilised. It should be noted that in the event the Company generates sufficient taxable profits, the unrecognized deferred tax assets can be utilised. Tanzania tax laws have no limits for carrying forward tax losses.s

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec- TZS '000	31-Dec-21 TZS '000
iii) Tax reconciliation	504,003	403,442	306,791	249,392
Tax calculated at the rate of 30%	151,201	121,033		74,818
 Tax effect of:				
Deferred tax credit not recognised	(94,974)	(91,209)	(83,760)	(64,279)
Disallowable items-permanent	(44,197)	(18,754)	-	-
Income not subject to tax	(12,030)	(11,070)	(8,277)	(10,539)
Alternative minimum tax	87,938	47,707	19,978	12,917
Final withholding tax on dividend	4,010	3,690	2,759	3,513
	<u>91,948</u>	<u>51,397</u>	<u>22,737</u>	<u>16,430</u>

The Company dully submitted its final tax return for the financial year ended 31 December 2024 by the due date for filling tax assessments. It is common that the time between the Company's submission of its final tax assessments returns as Programme of the final tax assessment by Tanzania Revenue Authority (TRA) may be several months or year.

iv) Deferred tax liability

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
At 1 January	41,070	41,070	41,070	41,070
Charge during the year	4,866	-	-	-
<b>At 31 December</b>	<b>45,936</b>	<b>41,070</b>	<b>41,070</b>	<b>41,070</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

12. Taxation (continued)

The deferred tax liability relates to the fair value gain on the equity investment. It is considered that the gains on the equity investments could be taxed differently from other income, and hence losses.

v) Current tax recoverable	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
As at 01 January	(463,327)	(475,711)	(453,644)	(457,157)
Tax paid during the year - WHT credit	(59,038)	(61,397)	(42,045)	(12,917)
Prior year adjustment - charge	-	22,384	(2,759)	-
Current tax for the year recognized in P&L-Note 12 (i)	91,948	51,397)	22,737	16,430
As at 31 December	<u>(430,417)</u>	<u>(463,327)</u>	<u>(475,711)</u>	<u>(453,644)</u>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**13. PROPERTY AND EQUIPMENT**

	Leasehold TZS'000	Computer TZS'000	Furniture & TZS'000	Other TZS'000	Total TZS'000
Cost					
As at 01 January 2024	24,882	339,839	149,524	142,624	656,869
Additions	-	30,832	2,640	21,722	55,194
As at 31 December 2024	<u>24,882</u>	<u>370,671</u>	<u>152,164</u>	<u>164,346</u>	<u>712,063</u>
Depreciation					
As at 01 January 2024	(14,972)	(301,885)	(143,419)	(134,292)	(594,568)
Charge for the Year	(6,233)	(23,408)	(2,102)	(5,619)	(37,362)
As at 31 December 2024	<u>(21,205)</u>	<u>(325,293)</u>	<u>(145,521)</u>	<u>(139,911)</u>	<u>(631,930)</u>
Net Carrying Value					
As at 31 December 2024	<u>3,677</u>	<u>45,378</u>	<u>6,643</u>	<u>24,435</u>	<u>80,133</u>
Cost					
As at 01 January 2023	775,469	374,611	146,087	137,319	1,433,486
Additions	-	16,520	3,437	5,305	25,262
Write offs	<u>(750,587)</u>	<u>(51,292)</u>	<u>-</u>	<u>-</u>	<u>(801,879)</u>
As at 31 December 2023	<u>24,882</u>	<u>339,839</u>	<u>149,524</u>	<u>142,624</u>	<u>656,869</u>
Depreciation					
As at 01 January 2023	(759,326)	(325,436)	(141,957)	(132,551)	(1,359,270)
Charge for the Year	(6,233)	(27,741)	(1,462)	(1,741)	(37,177)
Write offs	<u>750,587</u>	<u>51,292</u>	<u>-</u>	<u>-</u>	<u>801,879</u>
As at 31 December 2023	<u>(14,972)</u>	<u>(301,885)</u>	<u>(143,419)</u>	<u>(134,292)</u>	<u>(594,568)</u>
Net Carrying Value					
As at 31 December 2023	<u>9,910</u>	<u>37,954</u>	<u>6,105</u>	<u>8,332</u>	<u>62,301</u>
Cost					
As at 01 January 2022	775,469	346,932	145,556	134,625	1,402,582
Additions	-	27,679	531	2,694	30,904
As at 31 December 2022	<u>775,469</u>	<u>374,611</u>	<u>146,087</u>	<u>137,319</u>	<u>1,433,486</u>
Depreciation					
As at 01 January 2022	(753,093)	(300,126)	(119,083)	(111,299)	(1,283,601)
Charge for the Year	(6,233)	(25,310)	(22,874)	(21,252)	(75,669)
As at 31 December 2022	<u>(759,326)</u>	<u>(325,436)</u>	<u>(141,957)</u>	<u>(132,551)</u>	<u>(1,359,270)</u>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 13. PROPERTY AND EQUIPMENT (Continued)

	Leasehold TZS'000	Computer TZS'000	Furniture & TZS'000	Other TZS'000	Total TZS'000
Net Carrying value					
As at 31 December 2022	16,143	49,175	4,130	4,768	74,216
Cost					
As at 01 January 2021	750,587	330,441	140,360	132,951	1,354,339
Additions	24,882	16,491	5,196	1,674	48,243
As at 31 December 2021	775,469	346,932	145,556	134,625	1,402,582
Depreciation					
As at 01 January 2021	(731,099)	(213,462)	(90,133)	(84,684)	(1,119,378)
Charge for the Year	(21,994)	(86,664)	(28,950)	(26,615)	(164,223)
As at 31 December 2021	(753,093)	(300,126)	(119,083)	(111,299)	(1,283,601)
Net Carrying Value					
As at 31 December 2021	22,376	46,806	26,473	23,326	118,981

## 14 INTANGIBLE ASSETS – COMPUTER SOFTWARE

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
<b>Cost</b>				
As at 01 January	295,781	284,144	281,796	281,796
Additions	55,264	11,637	2,348	-
As at 31 December	351,045	295,781	284,144	281,796
Amortisation				
As at 01 January	(276,331)	(271,145)	(226,784)	(172,814)
Charge for the Year	(18,795)	(5,186)	(44,361)	(53,970)
As at 31 December	(295,126)	(276,331)	(271,145)	(226,784)
Carrying amount	55,919	19,450	12,999	55,012

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**15. CASH AND BALANCES WITH BANKS**

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
Cash in Hand	5,218	149	1,532	615
Current account balances	90,082	755,765	1,229,809	948,374
Fixed deposit Placement	1,653,466	3,240,959	5,482,079	-
Total	1,748,766	3,996,873	6,713,420	948,989
Less: Expected credit loss				
Allowance	(4,084)	(10,460)	(16,481)	(3,203)
Net cash and balances with bank	<u>1,744,682</u>	<u>3,986,413</u>	<u>6,696,939</u>	<u>945,786</u>
 Movement in ECL allowance:				
At 01 January	10,460	16,481	3,203	37,995
(Decrease) / increase in ECL during year	(6,376)	(6,021)	13,278	(34,792)
At 31 December	<u>4,084</u>	<u>10,460</u>	<u>16,481</u>	<u>3,203</u>
 Current	95,553	986,413	3,696,939	300,786
Non-Current	1,649,129	3,000,000	3,000,000	645,000
	<u>1,744,682</u>	<u>3,986,413</u>	<u>6,696,939</u>	<u>945,786</u>

An FDR with CRDB Bank PLC amounting to TZS 2,000,000,000 at the interest rate of 12.25% with one-year tenure maturing on 14th April 2024, has been used to secure the fourth long term borrowing from TMRC which was given on 19th July 2023, with principal amount of TZS 2,000,000,000 with 11% interest rate which is fixed over 3 years of the facility. An FDR has been used to secure the facility from TMRC at 100%.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 16. INVESTMENT IN GOVERNMENT SECURITIES AT AMORTISED COST\*

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
Investment in Treasury Bond				
- Opening balance	3,600,604	3,601,431	3,602,144	2,542,147
- Movement in accrued interest	688	(827)	(713)	1,059,997
- Closing balance	<u>3,601,292</u>	<u>3,600,604</u>	<u>3,601,431</u>	<u>3,602,144</u>
Less: Expected credit loss	(42)	(42)	(68)	(505)
Net carrying amount	<u>3,601,250</u>	<u>3,600,562</u>	<u>3,601,363</u>	<u>3,601,639</u>
Accrued interest	88,900	88,212	89,013	89,089
Treasury bonds at amortised	<u>3,512,350</u>	<u>3,512,350</u>	<u>3,512,350</u>	<u>3,512,550</u>
	<u>3,601,250</u>	<u>3,600,562</u>	<u>3,601,363</u>	<u>3,601,639</u>

\*All government securities are in stage 1 for the purpose of expected credit loss (ECL)

An Investment in Government security amounting to TZS 2,900,000,000 has been used to secure the long-term borrowing from NBC Bank with principal amount of TZS 5,000,000,000 with 11.76% interest rate which is fixed over 5 years of the facility. The facility from NBC Bank has been secured by Government securities plus a portfolio of qualified mortgage loans with an overall security coverage of at least 125% of the loan.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**17. LOANS & ADVANCES TO CUSTOMERS**

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
i) Net carrying amount				
- Mortgages	35,055,732	27,508,504	19,498,592	13,264,109
- Staff personal Loans	140,620	180,210	198,724	358,110
Gross loans and advances	35,196,352	27,688,714	19,697,316	13,622,219
Less: Expected Credit Loss	(389,411)	(248,747)	(135,812)	(51,941)
Net carrying amount	34,806,941	27,439,967	19,561,504	13,570,278
ii) Loan Maturity Analysis				
With Maturity of 3 months or less	13,392	2,276	1,494	1,036
With Maturity of between 3 months and 1 year	858,988	822,567	276,773	192,004
With Maturity of more than 1 year	33,934,561	26,615,124	19,283,237	13,377,23
	34,806,941	27,439,967	19,561,504	13,570,278

Part of the qualified mortgage portfolio has been placed as a security against long-term borrowing from TMRC TZS 9 billion, as well as the long-term borrowings from NBC Bank TZS 2.4 billion, as they are all covered at least 125%.

iii) Movement in allowance for impairment of loans and advances is as follows:-

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
As at 01 January				
Impairment charge	248,747	135,812	51,941	108
As at 31 December	140,664	112,935	83,871	51,833
	389,411	248,747	135,812	51,941

iv) Additional provision as per Bank of Tanzania Regulations

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
As at 01 January				
Provision increase during the year	277,140	62,328	24,348	-
As at 31 December	181,285	214,812	37,980	24,348
	458,425	277,140	62,328	24,348

Regulatory Reserve represent additional allowance for losses charged to retained earnings. The reserve is not available for distribution.

**18. OTHER ASSETS**

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
- Prepaid expenses	547,274	347,508	189,846	66,552
- Fees receivable	4,733	7,913	28,197	721
- Other assets	45,373	4,811	-	-
	597,380	360,232	218,043	67,273

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**19. RIGHT OF USE ASSETS**

Office Premises	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
<i>Cost</i>				
As at 01 January	404,855	706,473	706,473	301,618
Additions		-	-	404,855
Write offs	-	(301,618)	-	-
As at 31 December	<u>404,855</u>	<u>404,855</u>	<u>706,473</u>	<u>706,473</u>
<i>Depreciation</i>				
As at 01 January	(236,166)	(456,813)	(375,842)	(289,554)
Charge for the Year	(80,971)	(80,971)	(80,971)	(86,288)
Write offs	-	301,618	-	-
As at 31 December	<u>(317,137)</u>	<u>(236,166)</u>	<u>(456,813)</u>	<u>(375,842)</u>
<i>Net Book Value</i>	<u>87,718</u>	<u>168,689</u>	<u>249,660</u>	<u>330,631</u>

**20. EQUITY INVESTMENTS**

- Shares in Tanzania Mortgage Refinance Company (TMRC)				
At 01 January	1,622,000	1,622,000	1,622,000	1,622,000
New shares purchased	145,980	-	-	-
Fair value gain for the year	16,220	-	-	-
At 31 December	<u>1,784,200</u>	<u>1,622,000</u>	<u>1,622,000</u>	<u>1,622,000</u>

The equity investment relates to a 3.87% (2023, 2022 and 2021: 4.34%) shareholding in Tanzania Mortgage Refinance Company Limited (TMRC) comprising of 616,523 ordinary shares acquired at a share price of TZS 1,622 in 2016 and 383,477 shares acquired as part of a rights issue at a discounted share price of TZS 1,265 in 2020 and 100,000 shares acquired as part of a rights issue at a discounted share price of TZS 1,459,80 in 2024.

The equity investment has been classified as fair value through other comprehensive income (FVOCI). The directors have determined that the fair value of the equity investment remained as TZS 1,622 per share as at 31 December 2024 basing on share sales transactions done by TMRC at the same price.

Fair value hierarchy – financial instruments held at fair value

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**20. EQUITY INVESTMENTS (CONTINUED)**

The Company recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value measurements are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: Fair value measurements are those where inputs which could have a significant effect on the instrument's valuation are not based on observable market data

	Level 2			
Assets	2024 TZS'000	2023 TZS'000	2022 TZS'000	2021 TZS'000
Equity shares	1,784,200	1,622,000	1,622,000	1,622,000
<b>Total financial instruments at 31 December</b>	<b>1,784,200</b>	<b>1,622,000</b>	<b>1,622,000</b>	<b>1,622,000</b>

**21. OTHER LIABILITIES**

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
Accrual for advertisement expenses	-	95,521	259,270	327,499
Accrual for communication expenses	5,413	5,618	8,223	-
Accrual for auditor's fees	73,750	75,225	51,473	49,633
Accrual for printing & Stationery expenses	6,816	2,162	2,162	-
Other accrued expenses	4,843	4,565	20,477	18,189
Statutory payables	15,417	78,508	118,278	54,609
Other payables	340,464	295,840	333,561	223,540
	<b>446,703</b>	<b>557,439</b>	<b>793,444</b>	<b>673,470</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 22. LONG TERM BORROWINGS

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
At beginning of the year	16,208,723	12,003,729	1,010,685	1,010,479
Funds received during the year	5,000,000	7,000,000	10,800,000	-
Principal repayment during the year	(312,500)	(2,800,000)	-	-
Interest charge for the year	2,136,970	1,437,169	952,303	206
Interest paid in the year	(2,039,598)	(1,432,175)	(759,259)	-
At the end of the year	<u>20,993,595</u>	<u>16,208,723</u>	<u>12,003,729</u>	<u>1,010,685</u>
Current	1,556,095	521,223	359,087	-
Non-Current	19,437,500	15,687,500	11,644,642	1,010,685
	<u>20,993,595</u>	<u>16,208,723</u>	<u>12,003,729</u>	<u>1,010,685</u>
i) TMRC				
At beginning of the year	11,166,838	9,161,384	1,010,685	1,010,479
Funds received during the year	4,000,000	2,000,000	8,000,000	-
Interest charge for the year	1,503,488	1,052,392	659,108	206
Interest paid in the year	(1,493,483)	(1,046,938)	(508,410)	-
At the end of the year	<u>15,176,843</u>	<u>11,166,838</u>	<u>9,161,383</u>	<u>1,010,685</u>

The second-long term borrowing was given on 12th April 2022 for two years and rolled over on 12th April 2024, with principal amount of TZS 6,000,000,000 with 12.60% interest rate which is fixed over 2 years of the facility. The purpose of the loan is to refinance a portfolio of mortgage loans. The tenor is 2 years. Repayments is quarterly on interest while principal on maturity. The facility has been secured by a portfolio of qualified mortgage loans covering at least 125% of the loan.

The third long term borrowing was given on 23rd June 2022, with principal amount of TZS 2,000,000,000 with 11% interest rate which is fixed over 3 years of the facility. The purpose of the loan is to refinance a portfolio of mortgage loans. The tenor is 3 years. Repayments is quarterly on interest while principal on maturity. The facility has been secured by a portfolio of qualified mortgage loans covering at least 125% of the loan.

The fourth long term borrowing was given on 19th July 2023, with principal amount of TZS 2,000,000,000 with 11% interest rate which is fixed over 3 years of the facility. The purpose of the loan is to refinance a portfolio of mortgage loans. The tenor is 3 years. Repayments is quarterly on interest while principal on maturity. The facility has been secured by a portfolio of qualified mortgage loans covering at least 125% of the loan.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**22. LONG TERM BORROWINGS (CONTINUED)**

The fifth and sixth long term borrowing were given on 27th March 2024 and 30th August 2024 respectively, with principal amount of TZS 2,000,000,000 each, at an interest rate of 12.60% which is fixed over 3 years of the facility. The purpose of the loan is to refinance a portfolio of mortgage loans. The tenor is 3 years. Repayments is quarterly on interest while principal on maturity. The facility has been secured by a portfolio of qualified mortgage loans covering at least 125% of the loan.

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
ii) CRDB BANK PLC				
At beginning of the year	-	2,842,345	-	-
Funds received during the year	-	-	2,800,000	-
Principal repayment during the year	-	(2,800,000)	-	-
Interest charge for the year	-	224,823	293,195	-
Interest paid in the year	-	(267,168)	(250,849)	-
At the end of the year	-	-	2,842,346	-

The long-term borrowing was given on 16th February 2022, with principal amount of TZS 2,800,000,000 with 12% interest rate which is fixed over 10 years of the facility. The purpose of the loan is to refinance a portfolio of mortgage loans. The tenor is 10 years. Repayments of principal and interest on quarterly basis, while principal repayment grace period is one year. The facility has been taken over by NBC Bank Ltd on September 2023.

iii) NBC BANK LTD

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
At beginning of the year	5,041,885			
Funds received during the year	-	5,000,000	-	-
Interest charge for the year	(312,500)	159,955	-	-
Interest paid in the year	585,382	(118,070)	-	-
At the end of the year	(546,114)	5,041,885	-	-
	<u>4,768,653</u>	<u>-</u>	<u>-</u>	<u>-</u>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**22. LONG TERM BORROWINGS (CONTINUED)**

The twelve months bridge loan was given on 14th August 2024, with principal amount of TZS 1,000,000,000 with 13.25%pa. The purpose of the loan is to refinance a portfolio of mortgage loans. Repayment of principal on maturity while interest on monthly basis. The facility has been secured by portfolio of qualified mortgage loans with an overall security coverage of at least 125% of the loan. The principal repayment has been agreed to happen once FHF receive long-term borrowing from DFC amounting to USD 10 million

iv) AZANIA BANK PLC

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
Funds received during the year	1,000,000	-	-	-
Interest charge for the year	48,099	-	-	-
	<u>1,048,099</u>	<u>-</u>	<u>-</u>	<u>-</u>

The twelve months bridge loan was given on 14th August 2024, with principal amount of TZS 1,000,000,000 with 13.25%pa. The purpose of the loan is to refinance a portfolio of mortgage loans. Repayment of principal on maturity while interest on monthly basis. The facility has been secured by portfolio of qualified mortgage loans with an overall security coverage of at least 125% of the loan. The principal repayment has been agreed to happen once FHF receive long-term borrowing from DFC amounting to USD 10 million.

**23. LEASE LIABILITIES**

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
At 1 January	181,852	261,198	334,779	404,854
Accretion of interest	11,725	17,813	24,422	27,568
Payment during the year - interest	-	(372)	(1,726)	(2,416)
Payments during the year - principal	(94,770)	(103,333)	(99,297)	(95,154)
Foreign exchange differences and prior year adjustments	4,459	6,546	3,020	(73)
At 31 December	<u>103,266</u>	<u>181,852</u>	<u>261,198</u>	<u>334,779</u>
Current	45,900	54,162	48,852	83,695
Non-Current	57,366	127,690	212,346	251,084
	<u>103,266</u>	<u>181,852</u>	<u>261,198</u>	<u>334,779</u>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**23. LEASE LIABILITIES (CONTINUED)**

The expenses charged to profit or loss in respect to lease arrangements were as follows:

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
Right of use asset depreciation - note 17	80,971	80,971	80,971	86,288
Lease liability accretion of interest	11,725	17,813	24,422	27,568
Foreign exchange differences	4,459	2,622	3,020	1,653
	<u>97,155</u>	<u>101,406</u>	<u>108,413</u>	<u>115,509</u>

**24. DEPOSITS**

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
At beginning of the year	1,880,605	911,787	488,087	404,366
Addition during the year - cash cover	811,749	1,026,082	411,416	74,000
Mature cash margin/utilisation	(413,270)	(82,172)	-	-
Interest payable on term deposits and cash cover	43,395	24,908	12,284	9,721
At the end of the year	2,322,479	1,880,605	911,787	488,087
Current	2,279,084	1,476,239	507,421	83,721
Non-Current	43,395	404,366	404,366	404,366
	<u>2,322,479</u>	<u>1,880,605</u>	<u>911,787</u>	<u>488,087</u>

The deposits relate to 120% cover of mortgage loans disbursed to a customer by a guarantor. The deposits earn interest at 1.5% per annum payable annually. The deposits shall continue to be held until the earlier of the end of the term of the mortgage loans.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 25. SHARE CAPITAL

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
<b>Authorised share capital</b>				
1,100,000,000 Ordinary Shares of TZS 100 each	110,000,000	110,000,000	110,000,000	110,000,000
<b>Issued &amp; paid-up share capital</b>				
<b>Opening:</b> - 218,000,000 ordinary shares of TZS 100 each	21,800,000	21,800,000	21,800,000	21,800,000
Shares Issued: - Ordinary shares of TZS 100 each (2023: Ordinary shares of TZS 100 each)	-	-	-	-
<b>Closing:</b> - 218,000,000 Ordinary shares of TZS 100 each	21,800,000	21,800,000	21,800,000	21,800,000

## 26. RELATED PARTIES TRANSACTIONS &amp; BALANCE

	31-Dec-24 TZS '000	31-Dec-23 TZS '000	31-Dec-22 TZS '000	31-Dec-21 TZS '000
a) Transactions with Related Parties				
i) Interest Income from Related Parties				
- FDR placement held at Azania Bank*	17,731	217,447	300,482	257,888
- Staff loans	19,731	18,743	30,001	26,629
	<u>37,462</u>	<u>236,190</u>	<u>330,483</u>	<u>284,517</u>
ii) Interest expense paid to Related Parties				
Interest expense – Azania Bank	48,099	-	-	-
	<u>48,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
iii) Fees paid to Related Parties				
-Loan processing fee – IFC	44,970	-	-	-
-Loan arrangement fee - Azania	8,079	-	-	-
	<u>53,049</u>	<u>-</u>	<u>-</u>	<u>-</u>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**26. RELATED PARTIES TRANSACTIONS & BALANCE (CONTINUED)**

iv) Compensation for Key Management Personnel				
- Salaries & Other Short-term benefits	727,781	873,411	811,885	698,830
- Post Employment Benefits: Social Security	72,778	81,083	74,189	68,224
- Directors Fees	138,500	92,735	65,500	76,500
	<u>939,059</u>	<u>1,047,229</u>	<u>951,574</u>	<u>843,554</u>
(b) Balances with Related Parties				
i) Amount Due from				
- Deposits with Azania Bank	13,235	1,502,307	2,604,480	86,478
<b>Less: ECL**</b>	(9)	(4,710)	(4,647)	***(3,202)
	<u>13,226</u>	<u>1,497,597</u>	<u>2,599,833</u>	<u>861,584</u>
- Staff Loans (incl. accrued interest)	140,620	173,843	179,863	423,756
<b>Less: ECL</b>	(7,368)	(6,367)	(361)	***(622)
	<u>133,252</u>	<u>167,476</u>	<u>179,502</u>	<u>423,134</u>
ii) Amount Due to Related				
- Azania Bank Ltd (Bank M Tanzania PLC) for Advertisement Sites***	-	95,521	259,270	**327,499
- Director Fees	1,048,099	-	-	-
	<u>1,048,099</u>	<u>95,521</u>	<u>259,270</u>	<u>327,499</u>

\*Azania Bank as the Shareholder of the Company owns 40% of the shares. The balances due from related parties are interest on FDR placed to Azania Bank PLC.

\*\* During the year there was a provision charge to profit or loss amounting for TZS 4,710 (2022: Charge TZS 4,647) for cash and bank balances deposited to Azania Bank PLC.

\*\*\* Amount due to related parties represent advertisement cost paid by Azania Bank on behalf of the company.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT**

The Company's principal financial liabilities comprise of deposits, long-term borrowings and other liabilities. The main purpose for these financial liabilities is to raise finance for the Company's operations. The Company's financial assets include equity investments, cash and balances with banks, and loans and advances which arise directly from its operations and proceeds from issued capital.

The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk. Market risk comprises of interest rate risk, foreign currency risk and price risk. The Company does not have significant exposure to price risk as it holds no financial instruments that are price sensitive.

**Excessive risk concentration**

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular counterparty, industry or geographical location. In order to avoid excessive concentration of risk, the directors set up a Board Audit and Risk Committee which ensures that the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio and that identified concentration of credit risk is controlled and managed accordingly.

**Management of financial risks**

The Board reviews and agrees policies for managing each of the financial risks to which the Company is exposed as summarized below.

**Interest rate risk**

The Company has interest bearing term deposits, mortgage loans, staff loans and liabilities. These are exposed to the effects of fluctuations in the market interest rates which has a significant impact on the base rate of the Company, which is determined considering the cost of funds and other factors. The movements in the market interest rates are monitored by management on an ongoing basis and such movements having significant effects on the interest margins are taken up for revision of the base rates. As a result, the mortgage loans linked to the base rate are unlikely to affect the interest margins due to reflection of the market rate movements, favorable or unfavorable, in the base rate. The staff loans bear fixed interest rates and hence do not present exposure to the Company in terms of interest rate fluctuations.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Interest rate risk (Continued)

The deposit liabilities bear fixed interest rates. The long-term borrowings held in the prior year were agreed at a base interest rate, subject to annual review by the lender.

With all other variables held constant, a change in interest rates by +/- 100 basis points on all interest-bearing financial assets and liabilities would have resulted in lower/higher results before tax by TZS 162.3 million (2023: TZS 157.4 million, 2022: TZS 155.2 million and 2021: TZS 164.8 million) and equity by TZS 113.61 million (2023: 110.18 million, 2022: 108.64 million and 2021: TZS 115.4 million).

The table below summarizes the Company's exposure to interest rate risk. It includes the Company's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates. The Company has no interest rate risk on off balance sheet items.

Interest rate risk

	Up to 1 month TZS '000	1-3 months TZS '000	3-12 months TZS '000	1-5 years TZS '000	Over 5 years TZS '000	Non-interest bearing TZS '000	Total TZS '000
<b>As at 31 December 2024</b>							
<b>Financial assets</b>							
Cash and balances with banks						91,216	<b>91,216</b>
Fixed deposit placements with Banks	4,337	-	1,649,129	-	-	-	<b>1,653,466</b>
Investment in Gov't Securities at amortised cost	-	-	-	-	3,512,350	88,900	<b>3,601,250</b>
Loans and advances	1,430	11,962	192,058	25,221,818	8,712,743	666,930	<b>34,806,941</b>
Other assets	-	-	-	-	-	50,106	<b>50,106</b>
Equity investment	-	-	-	-	-	1,784,200	<b>1,784,200</b>
<b>Total financial assets</b>	<b>5,767</b>	<b>11,962</b>	<b>1,841,187</b>	<b>25,221,818</b>	<b>12,225,093</b>	<b>2,681,352</b>	<b>41,987,179</b>
<b>Financial liabilities</b>							
Other liabilities	-	-	-	-	-	431,286	<b>431,286</b>
Lease liabilities	-	-	103,266	-	-	-	<b>103,266</b>
Long-term borrowings	-	-	1,000,000	19,687,500	-	306,095	<b>20,993,595</b>
Deposits	1,874,718	-	404,366	-	-	43,395	<b>2,322,479</b>
<b>Total financial liabilities</b>	<b>1,874,718</b>	<b>-</b>	<b>1,507,632</b>	<b>19,687,500</b>	<b>-</b>	<b>780,776</b>	<b>23,850,626</b>
<b>Total interest re-pricing gap</b>	<b>(1,868,951)</b>	<b>11,962</b>	<b>333,555</b>	<b>5,534,318</b>	<b>12,225,093</b>		

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Interest rate risk (Continued)

	Up to 1 month TZS '000	1-3 months TZS '000	1-3 months TZS '000	1-5 years TZS '000	Over 5 years TZS '000	Non-interest bearing TZS '000	Total TZS '000
<b>As at 31 December 2023</b>							
Financial assets						745,454	745,454
Cash and balances with banks						-	3,240,959
Fixed deposit placements with Banks	240,959	-	3,000,000	-	-		
Investment in Gov't Securities at amortised cost	-	-	-	-	3,512,350	88,212	3,600,562
Loans and advances	583	1,693	415,091	15,233,123	11,382,001	407,476	27,439,967
Other assets	-	-	-	-	-	12,724	12,724
Equity investment	-	-	-	-	-	1,622,000	1,622,000
Total financial assets	241,542	1,693	3,415,091	15,233,123	14,894,351	2,875,866	36,661,666
Financial liabilities						478,931	478,931
Other liabilities	-	-	-	-	-	-	181,852
Lease liabilities	-	-	108,324	73,528	-	208,723	16,208,723
Long-term borrowings	-	-	6,000,000	10,000,000	-	24,908	1,880,605
Deposits	1,451,331	-	351,516	52,850	-	712,562	18,750,111
Total financial liabilities	1,451,331	-	6,459,840	10,126,378	-	-	
Total interest re-pricing gap	(1,209,789)	1,693	(3,044,749)	5,106,745	14,894,351	2,163,304	17,911,555

	Up to 1 month TZS TZS'000	1-3 months TZS '000	3-12 months TZS'000	1-5 years TZS '000	Over 5 years TZS TZS'000	Non-interest bearing TZS'000	Total TZS'000
<b>As at 31 December 2022</b>							
<b>Financial assets</b>							
Cash and balances with banks						1,214,860	1,214,860
Fixed deposit placements with Banks	1,577,970	701,534	3,202,575	-	-	-	5,482,079
Investment in Gov't Securities at amortised cost	-	-	-	-	3,512,350	89,013	3,601,363
Loans and advances	-	4,292	139,845	6,445,354	12,912,881	59,132	19,561,504
Other assets	-	-	-	-	-	28,197	28,197
Equity investment	-	-	-	-	-	1,622,000	1,622,000
<b>Total financial assets</b>	<b>1,577,970</b>	<b>705,826</b>	<b>3,342,420</b>	<b>6,445,354</b>	<b>16,425,231</b>	<b>3,013,202</b>	<b>31,510,003</b>
<b>Financial liabilities</b>							
Other liabilities	-	-	-	-	-	675,166	675,166
Lease liabilities	-	-	98,082	163,116	-	-	261,198
Long-term borrowings	-	-	-	11,810,685	-	193,044	12,003,729
Deposits	83,721	-	-	815,782	-	12,284	911,787
<b>Total financial liabilities</b>	<b>83,721</b>		<b>98,082</b>	<b>12,789,583</b>	-	<b>880,494</b>	<b>13,581,880</b>
<b>Total interest re-pricing gap</b>	<b>1,494,249</b>	<b>705,826</b>	<b>3,244,33 (6,344,229)</b>	<b>16,425,231</b>			

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Interest rate risk (Continued)

As at 31 December 2021	Up to 1 month TZS '000	1-3 months TZS '000	3-12 months TZS'000	1-5 years TZS'000	Over 5 years TZS'000	Non-interest bearing	Total TZS'000
<b>Financial assets</b>							
Cash and balances with banks	875,312	-	-	-	11,468,909	70,474	945,786
Investment in Gov't Securities	-	-	-	-	3,512,350	89,289	3,601,639
Loans and advances	18,725	35,095	361,339	1,639,794	11,468,909	46,416	13,570,278
Other assets	-	-	-	-	-	721	721
Equity investment	-	-	-	-	-	1,622,000	1,622,000
<b>Total financial assets</b>	<b>894,037</b>	<b>35,095</b>	<b>361,339</b>	<b>1,639,794</b>	<b>14,981,259</b>	<b>1,828,900</b>	<b>19,740,424</b>
<b>Financial liabilities</b>							
Other liabilities	-	-	-	-	-	618,861	618,861
Lease liabilities	-	-	83,695	251,084	-	-	334,779
Long-term borrowings	-	-	-	1,010,685	-	-	1,010,685
Deposits	75,000	-	351,517	52,849	-	8,721	488,087
<b>Total financial liabilities</b>	<b>75,000</b>	<b>-</b>	<b>435,212</b>	<b>1,314,618</b>	<b>-</b>	<b>627,582</b>	<b>2,452,412</b>
<b>Total interest re-pricing gap</b>	<b>819,037</b>	<b>35,095</b>	<b>(73,873)</b>	<b>325,176</b>	<b>14,981,259</b>		

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Foreign currency risk

The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The BARC sets limits on the level of exposure by currency which are monitored regularly.

With all other variables held constant, a change in foreign exchange rate by +/-1% on all USD denominated financial assets and liabilities would have resulted in lower/higher results before tax by TZS 0.98 million (2023: 1.79 million, 2022: TZS 2.97 million and 2021: TZS 3.67 million) and equity by TZS 0.69 million (2023: TZS 1.25 million, 2022: TZS 2.08 million and 2021: TZS 3.30 million)

The table below summarizes the Company's exposure to foreign currency exchange rate risk at year-end. Included in the table are the Company's financial instruments at carrying amounts, categorized by currency. All the amounts presented are in TZS '000.

	<b>Denominated in USD</b>	<b>Denominated in USD</b>	<b>Total carrying amount</b>
<b>As at 31 December 2024</b>			
<b>Financial assets</b>			
Cash and balances with banks	4,913	85,169	90,082
Fixed deposit placements with Banks	-	1,649,382	1,649,382
Loans and advances	-	34,806,941	34,806,941
Investment in Gov't Securities at amortised cost	-	3,601,250	3,601,250
Other assets	-	50,106	50,106
Equity investment	-	1,784,200	1,784,200
	4,913	41,977,048	41,981,961
<b>Financial liabilities</b>			
Other liabilities	-	431,286	431,286
Lease liabilities	103,266	-	103,266
Long-term Borrowings	-	20,993,595	20,993,595
Deposits	-	2,322,479	2,322,479
	103,266	23,747,360	23,850,626
<b>Net on-balance sheet foreign exchange risk exposure</b>	<b>(98,353)</b>	<b>18,234,906</b>	<b>18,136,553</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (Continued)

	<b>Denominated in USD</b>	<b>Denominated in TZS</b>	<b>Total carrying amount</b>
<b>As at 31 December 2023</b>			
<b>Financial assets</b>			
Cash and balances with banks	2,652	742,802	745,454
Fixed deposit placements with Banks	-	3,240,959	3,240,959
Loans and advances	-	27,439,967	27,439,967
Investment in Gov't Securities at amortised cost	-	3,600,562	3,600,562
Other assets	-	12,724	12,724
Equity investment	-	1,622,000	1,622,000
	<b>2,652</b>	<b>36,659,014</b>	<b>36,661,666</b>
<b>Financial liabilities</b>			
Other liabilities	-	478,931	478,931
Lease liabilities	181,852	-	181,852
Long-term Borrowings	-	16,208,723	16,208,723
Deposits	-	1,880,605	1,880,605
	<b>181,852</b>	<b>18,568,259</b>	<b>18,750,111</b>
<b>Net on-balance sheet foreign exchange risk exposure</b>	<b>(179,200)</b>	<b>18,090,755</b>	<b>17,911,555</b>

Net on balance sheet foreign exchange risk exposure

	<b>Denominated in USD</b>	<b>Denominated in TZS</b>	<b>Total carrying</b>
<b>As at 31 December 2022</b>			
<b>Financial assets</b>			
Cash and balances with banks	15,645	1,199,215	1,214,860
Fixed deposit placements with Banks		5,482,079	5,482,079
Loans and advances	-	19,561,504	19,561,504
Investment in Gov't Securities at amortised cost		3,601,363	3,601,363
Other assets	-	28,197	28,197
Equity investment	-	1,622,000	1,622,000
	<b>15,645</b>	<b>31,494,358</b>	<b>31,510,003</b>
<b>Other liabilities</b>			
Financial liabilities			
Other liabilities	-	478,931	478,931
Lease Liabilities	181,852	-	181,852
Long-term Borrowings	-	16,208,723	16,208,723
Deposits	-	1,880,605	1,880,605
	<b>181,852</b>	<b>18,568,259</b>	<b>18,750,111</b>
<b>Net on-balance sheet foreign exchange risk exposure</b>	<b>(166,207)</b>	<b>12,926,099</b>	<b>12,759,892</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Foreign currency risk (Continued)

	<b>Denominated in USD</b>	<b>Denominated in TZS</b>	<b>Total carrying amount</b>
<b>As at 31 December 2021</b>			
Financial assets	17,529	928,257	945,786
Cash and balances with banks	-	13,570,278	19,561,504
Loans and advances		3,601,639	3,601,639
Investment in Gov't Securities at amortised	-	721	721
Other assets	-	1,622,000	1,622,000
Equity investment			
	<b>17,529</b>	<b>19,722,895</b>	<b>19,740,424</b>
Financial liabilities	49,633	569,228	618,861
Other liabilities	334,779	-	334,779
Lease Liabilities	-	1,010,685	1,010,685
Long-term Borrowings	-	488,087	488,087
Deposits			
	<b>384,412</b>	<b>2,068,000</b>	<b>2,452,412</b>
Net on-balance sheet foreign exchange risk exposure	<b>(366,883)</b>	<b>17,654,895</b>	<b>17,288,012</b>

The Company manages foreign currency risk related to expenses incurred in foreign currencies by negotiating for favorable foreign exchange rates with bankers.

**Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to pay creditors and fulfil commitments to lend.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Sources of liquidity are regularly reviewed by the Company's BARC to maintain a reasonable diversification by currency, provider, product and term.

The table below presents the cash flows payable by the Company under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, as the Company manages the inherent liquidity risk based on expected cash outflows.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Liquidity risk (continued)

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Total</b>
	<b>TZS '000</b>	<b>TZS'000</b>	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>
<b>As at 31 December 2024</b>					
Financial liabilities					
Other liabilities	10,598	73,750	346,938	-	431,286
Long-term Borrowings	306,095	-	1,000,000	19,687,500	20,993,595
Lease Liabilities	-	-	103,266	-	103,266
Deposits	1,918,113	-	404,366	-	2,322,479
	<b>2,234,806</b>	<b>73,750</b>	<b>1,854,570</b>	<b>19,687,500</b>	<b>23,850,626</b>
<b>As at 31 December 2023</b>					
Financial liabilities					
Other liabilities	5,871	75,225	397,835	-	478,931
Long-term Borrowings	208,723	-	6,000,000	10,000,000	16,208,723
Lease Liabilities	-	-	108,324	73,528	181,852
Deposits	1,476,239	-	351,516	52,850	1,880,605
	<b>1,690,833</b>	<b>75,225</b>	<b>6,857,675</b>	<b>10,126,378</b>	<b>18,750,111</b>
<b>As at 31 December 2022</b>					
Financial liabilities					
Other liabilities	24,388	51,473	599,305	-	675,166
Long-term Borrowings	193,044	-	-	11,810,685	12,003,729
Lease Liabilities	-	-	98,082	163,116	261,198
Deposits	96,005	-	-	815,782	911,787
	<b>313,437</b>	<b>51,473</b>	<b>697,387</b>	<b>12,789,583</b>	<b>13,851,880</b>
<b>As at 31 December 2021</b>					
Financial liabilities					
Other liabilities	11,715	49,633	557,513	-	618,861
Long term borrowings	-	-	75,801	1,162,288	1,238,089
Lease Liabilities	-	48,713	48,713	321,048	418,474
Deposits	83,721	-	351,517	89,455	524,693
	<b>95,436</b>	<b>98,346</b>	<b>1,033,544</b>	<b>1,572,791</b>	<b>2,800,117</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (Continued)**

**Credit risk**

The Company manages credit risk by ensuring that counterparties dealt with are creditworthy. The financial assets that were past due or impaired as at year-end are disclosed in Note 17 - ECL classification. The maximum exposure to credit risk was as follows:

<b>Financial assets</b>	<b>2024</b>		<b>2023</b>		<b>2022</b>		<b>2021</b>	
	<b>TZS'000</b>	<b>%</b>	<b>TZS'000</b>	<b>%</b>	<b>TZS'000</b>	<b>%</b>	<b>TZS'000</b>	<b>%</b>
Balances with Banks	1,743,548	4.34%	3,996,724	11.41%	6,711,888	22.47%	948,374	5.23%
Investment in Gov't Securities at amortised cost	3,601,250	8.97%	3,600,562	10.28%	3,601,363	12.05%	3,601,639	19.87%
Loans and advances - mortgages	34,673,688	86.36%	27,266,124	77.82%	19,381,642	64.88%	13,181,476	72.71%
Loans and advances - staff loans	133,253	0.33%	173,843	0.50%	179,863	0.60%	397,371	2.19%
<b>40,151,739</b>	<b>100%</b>		<b>35,037,253</b>	<b>100%</b>	<b>29,874,756</b>	<b>100%</b>	<b>18,128,860</b>	<b>100%</b>

The Company takes security for funds advanced for mortgage loans to mitigate credit risk. The Company implements guidelines on the acceptability of specific classes of collateral. The principal collateral types for mortgage loans are mortgages over property and cash deposits. There were no significant changes in the quality of collateral held. Staff loans are generally not secured.

**Analysis of credit risk concentration**

The Company's concentration of credit risk is managed by client/counterparty and by industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2024 was TZS 40.15 billion representing 92.97% (2023: TZS 35.03 billion representing 92.88%, 2022: TZS 29.87 billion representing 91.89% and 2021 TZS 18.12 billion representing 87.30%) of the Company's total assets.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (Continued)**

Credit risk (Continued)

**Analysis of credit risk concentration (continued)**

The Company discloses concentration of credit risk by industry and also by major counter party as indicated below:

Financial institutions	31 December 2024		31 December 2023		31 December 2022		31 December 2022	
	TZS'000	%	TZS'000	%	TZS'000	%	TZS'000	%
Azania Bank Ltd	13,235	0.03%	1,502,307	4.29%	2,604,480	8.72%	864,786	4.77%
Other Banks	1,730,313	4.31%	2,494,417	7.12%	4,107,408	13.75%	83,588	0.46%
Bank of Tanzania	3,601,250	8.97%	3,600,562	10.28%	3,600,562	12.05%	3,601,639	27.32%
Individuals								
Loans and advances - mortgages	34,673,688	86.36%	27,266,124	77.82%	19,381,642	64.88%	13,181,476	72.71%
Loans and advances - staff loans	133,253	0.33%	173,843	0.50%	179,863	0.50%	397,371	2.19%
	<b>40,151,739</b>	<b>100%</b>	<b>35,037,253</b>	<b>100%</b>	<b>29,874,756</b>	<b>100%</b>	<b>18,128,860</b>	<b>100%</b>

**Expected credit losses**

The Company's policy requires the review of individual financial assets regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the impairment at the reporting date on a case-to-case basis and are applied to all individually significant accounts.

Management aims to continue controlling and sustaining acceptable exposure to credit risk resulting from financial assets.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Expected credit losses (Continued)**

In accordance with IFRS 9, the Company has adopted the 3 stage classifications when determining changes in impairment and estimation of ECL as detailed in Note 5 (l). The Company has an internal credit grading system used to analyze the changes in credit risk of financial assets.

The table below shows the profile of the financial assets analyzed according to the internal grading system and the IFRS 9 stages:

<b>Descriptions</b>	<b>At 31 December 2024</b>			
	<b>Stage 1</b> <b>12-Month</b>	<b>Stage 2</b> <b>Lifetime</b>	<b>Stage 3</b> <b>Lifetime</b>	<b>Total</b>
	<b>ECL</b> <b>TZS'000</b>	<b>ECL</b> <b>TZS'000</b>	<b>ECL</b> <b>TZS'000</b>	<b>TZS'000</b>
Mortgage Loans (STAGE 1)	22,747,922	-	-	<b>22,747,922</b>
Mortgage Loans (STAGE 2)	-	11,057,798	-	<b>11,057,798</b>
Mortgage Loans (STAGE 3)	-	-	1,250,012	<b>1,250,012</b>
Staff loans (STAGE 1)	140,620	-	-	<b>140,620</b>
Staff loans (STAGE 2)	-	-	-	-
Staff loans (STAGE 3)	-	-	-	-
Balance with Banks (A+)	-	-	-	-
Balance with Banks (B)	1,743,548	-	-	<b>1,743,548</b>
<b>Gross carrying amount</b>	<b>24,632,090</b>	<b>11,057,798</b>	<b>1,250,012</b>	<b>36,939,900</b>
<b>ECL allowance</b>				
Mortgage Loans (STAGE 1)	116,962	-	-	<b>116,962</b>
Mortgage Loans (STAGE 2)	-	210,103	-	<b>210,103</b>
Mortgage Loans (STAGE 3)	-	-	54,979	<b>54,979</b>
Staff loans (STAGE 1)	7,368	-	-	<b>7,368</b>
Staff loans (STAGE 2)	-	-	-	-
Staff loans (STAGE 3)	-	-	-	-
Balance with Banks (A+)	-	-	-	-
Balance with Banks (B)	4,084	-	-	<b>4,084</b>
	<b>128,414</b>	<b>210,103</b>	<b>54,979</b>	<b>393,496</b>
<b>Net financial assets</b>	<b>24,503,676</b>	<b>10,847,695</b>	<b>1,195,033</b>	<b>36,546,404</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 27. FINANCIAL RISK MANAGEMENT (Continued)

**Expected credit losses (Continued)****At 31 December 2023**

	<b>Stage 1 12-Month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL</b>	<b>Total</b>
Mortgage loans (STAGE 1)	22,342,272	-	-	22,342,272
Mortgage Loans (STAGE 2)	-	4,319,582	-	431,958
Mortgage Loans (STAGE 3)	-	-	846,650	84,665
Staff loans (STAGE 1)	180,210	-	-	180,210
Staff loans (STAGE 2)	-	-	-	-
Staff loans (STAGE 3)	-	-	-	-
Balance with Banks	-	-	-	-
(A+) Balance with	3,996,724	-	-	3,996,724
Gross carrying amount	26,519,206	4,319,582	846,650	3,168,543
 ECL allowance				
Mortgage loans (STAGE 1)	128,696	-	-	128,696
Mortgage Loans (STAGE 2)	-	59,743	-	59,743
Mortgage Loans (STAGE 3)	-	-	53,941	53,941
Staff loans (STAGE 1)	6,367	-	-	6,367
Staff loans (STAGE 2)	-	-	-	-
Staff loans (STAGE 3)	-	-	-	-
Balance with Banks	-	-	-	-
(A+) Balance with	10,460	-	-	10,460
Net financial assets	145,523	59,743	53,941	25,920
	26,373,683	4,259,839	792,709	3,142,623

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**27. FINANCIAL RISK MANAGEMENT (Continued)**

Descriptions	At 31 December 2022			
	Stage 1 12-Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	TZS'000	TZS'000	TZS'000	TZS'000
Mortgage Loans (STAGE 1)	16,567,493	-	-	16,567,493
Mortgage Loans (STAGE 2)	-	2,391,363	-	2,391,363
Mortgage Loans (STAGE 3)	-	-	558,237	558,237
Staff loans (STAGE 1)	180,224	-	-	180,224
Staff loans (STAGE 2)	-	-	-	-
Staff loans (STAGE 3)	-	-	-	-
Balance with Banks (A+)	37,655	-	-	37,655
Balance with Banks (B)	6,674,233	-	-	6,674,233
Gross carrying amount	23,459,605	2,391,363	558,237	26,409,205
 ECL allowance				
Mortgage Loans (STAGE 1)	22,329	-	-	22,329
Mortgage Loans (STAGE 2)	-	7,365	-	7,365
Mortgage Loans (STAGE 3)	-	-	105,757	105,757
Staff loans (STAGE 1)	361	-	-	361
Staff loans (STAGE 2)	-	-	-	-
Staff loans (STAGE 3)	-	-	-	-
Balance with Banks (A+)	1	-	-	1
Balance with Banks (B)	16,479	-	-	16,479
	39,170	7,365	105,757	152,292
Net financial assets	23,420,435	2,383,998	452,480	26,256,913

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Expected credit losses (Continued)**

<b>Descriptions</b>	<b>At 31 December 2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12-Month</b>	<b>Lifetime</b>	<b>Lifetime</b>	
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
Mortgage Loans (AA)	7,824,019	-	-	7,824,019
Mortgage Loans (AA-)	4,314,825	-	-	431,4825
Mortgage Loans (A-)	196,956	-	-	196,956
Mortgage Loans (BB-)	101,050	-	-	101,050
Mortgage Loans (B)	-	127,593	-	127,593
Mortgage Loans (B-)	-	341,692	-	341,692
Mortgage Loans (CCC/C)	-	-	326,659	326,659
Staff loans (AA-)	331,124	-	-	331,124
Staff loans (A-)	9,900	-	-	9,900
Staff loans (BB-)	56,968	-	-	56,968
Balance with Banks (A+)	24,753	-	-	24,753
Balance with Banks (B)	923,621	-	-	923,621
Gross carrying amount	13,783,216	469,285	326,659	14,579,160
 ECL allowance				
Mortgage loans (AA)	388			388
Mortgage Loans (AA-)	320	-	-	
Mortgage Loans (A-)	78	-	-	78
Mortgage Loans (BB-)	-	-	-	-
) Mortgage Loans	-	2,117	-	2,117
Mortgage Loans (B-)	-	6,767	-	6,767
Mortgage Loans (CCC/C)	-	-	41,649	41,649
Staff loans (AA-)	67	-	-	67
Staff loans (A-)	6	-	-	6
Staff loans (BB-)	549	-	-	549
Balance with Banks (A+)	1	-	-	1
Balance with Banks (B)	3,201	-	-	3,201
	4,610	8,884	41,649	55,143
Net financial assets	13,778,606	460,401	285,010	1,452,401

The internal grading system is used to assess the creditworthiness of the customer and when determining appropriate pricing. The ratings for banks holding the Company's deposits are derived based on the indicators of significant increase in credit risk as follows:

- Significant counterparty management restructuring due to continued bad performance of the deposit holder;
- Significant adverse change in the regulatory and economic parameters of the deposit holder that results in a significant change in the entity's ability to meet its creditor obligations

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Expected credit losses (Continued)****Loans and Advances to customers**

	<b>At 31st December 2024</b>			
	<b>Stage 1</b> <b>TZS'000</b>	<b>Stage 2</b> <b>TZS'000</b>	<b>Stage 3</b> <b>TZS'000</b>	<b>Total</b> <b>TZS'000</b>
<b>Descriptions</b>				
Gross carrying amount as at 1 January	22,522,482	4,319,582	846,650	<b>27,688,714</b>
New loans originated	14,617,865	-	-	<b>14,617,865</b>
Accrued Interest	666,930	-	-	<b>666,930</b>
Collections	(6,014,692)	(1,221,116)	(541,349)	<b>(7,777,157)</b>
Transfers between stages	(8,904,043)	7,959,332	944,711	-
	<b>22,888,542</b>	<b>11,057,798</b>	<b>1,250,012</b>	<b>35,196,352</b>
<b>At 31 December</b>				
<b>ECL</b>				
At 1 January	135,063	59,743	53,941	<b>248,747</b>
Increase/(Decrease) in ECL	(10,734)	150,360	1,038	<b>140,664</b>
<b>At 31 December</b>	<b>124,329</b>	<b>210,103</b>	<b>54,979</b>	<b>389,411</b>
<b>At 31st December 2023</b>				
	<b>Stage 1</b> <b>TZS'000</b>	<b>Stage 2</b> <b>TZS'000</b>	<b>Stage 3</b> <b>TZS'000</b>	<b>Total</b> <b>TZS'000</b>
<b>Descriptions</b>				
Gross carrying amount as at 1 January	16,717,280	2,391,363	588,673	<b>19,697,316</b>
New loans originated	14,797,079	-	-	<b>14,797,079</b>
Accrued Interest	407,476	-	-	<b>407,476</b>
Collections	(5,714,692)	(1,125,116)	(373,349)	<b>(7,213,157)</b>
Transfers between stages	(3,684,661)	3,053,335	631,326	-
	<b>22,522,482</b>	<b>4,319,582</b>	<b>846,650</b>	<b>27,688,714</b>
<b>At 31 December</b>				
<b>ECL</b>				
At 1 January	22,690	7,365	105,757	<b>135,812</b>
Increase/(Decrease) in ECL	112,373	52,378	(51,816)	<b>112,935</b>
<b>At 31 December</b>	<b>135,063</b>	<b>59,743</b>	<b>53,941</b>	<b>248,747</b>

**FIRST HOUSING FINANCE (T) LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Expected credit losses (Continued)**

	<b>At 31st December 2022</b>			
	<b>Stage 1</b> <b>TZS'000</b>	<b>Stage 2</b> <b>TZS'000</b>	<b>Stage 3</b> <b>TZS'000</b>	<b>Total</b> <b>TZS'000</b>
<b>Descriptions</b>				
Gross carrying amount as at 1 January				
January	12,826,275	469,285	326,659	<b>13,622,219</b>
New loans originated	11,375,128	-	-	<b>11,375,128</b>
Accrued Interest	89,569	-	-	<b>89,569</b>
Collections	(4,481,764)	(760,250)	(147,586)	<b>(5,389,600)</b>
Transfers between stages	(3,091,928)	2,682,328	409,600	-
<b>At 31 December</b>	<b>16,717,280</b>	<b>2,391,363</b>	<b>588,673</b>	<b>19,697,316</b>
<b>ECL</b>				
At 1 January	1,408	8,884	41,649.00	<b>51,941</b>
Increase/(Decrease) in ECL	21,282	(1,519)	64,108	<b>83,871</b>
<b>At 31 December</b>	<b>22,690</b>	<b>7,365</b>	<b>105,757</b>	<b>135,812</b>
<b>At 31st December 2021</b>				
	<b>Stage 1</b> <b>TZS'000</b>	<b>Stage 2</b> <b>TZS'000</b>	<b>Stage 3</b> <b>TZS'000</b>	<b>Total</b> <b>TZS'000</b>
<b>Descriptions</b>				
Gross carrying amount as at 1 January				
January	6,118,895	-	135,854	6,254,749
New loans originated	9,488,951	-	-	9,488,951
Accrued interest	499,870	-	-	499,870
Collections	(2,621,351)	-	-	(2,621,351)
Transfer between stages	(660,090)	469,285	190,805	-
At 31 December	12,826,275	469,285	326,659	13,622,219
<b>ECL</b>				
At 1 January	613	-	-	613
Increase/(Decrease) in ECL	795	8,884*	41,649*	51,328
<b>At 31 December</b>	<b>1,408</b>	<b>8,884</b>	<b>41,649</b>	<b>**51,941</b>

**FIRST HOUSING FINANCE (T) LIMITED****NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Expected credit losses (Continued)**

\* = Increase in ECL during the is due to the fact that there are two customers whose credit risk increase and hence moved to stage 2 and 3 respectively.

Bank Balance Gross Carrying Amount analysis

**At 31st December 2024**

<b>Descriptions</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
Gross carrying amount as at 1 January	3,995,224	-	-	3,995,224
Amounts withdrawn	(2,251,676)	-	-	(2,251,676)
<b>At 31 December</b>	<b>1,743,548</b>	<b>-</b>	<b>-</b>	<b>1,743,548</b>

**ECL**

At 1 January	10,460	-	-	10,460
Increase/(Decrease) in ECL	(6,376)	-	-	(6,376)
<b>At 31 December</b>	<b>4,084</b>	<b>-</b>	<b>-</b>	<b>4,084</b>

**At 31st December 2023**

<b>Descriptions</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
Gross carrying amount as at 1 January	6,711,888	-	-	6,711,888
Increase / (Decrease)	(2,716,664)	-	-	(2,716,664)
Increase / (Decrease)	(2,716,664)	-	-	(2,716,664)
At 31 December	3,995,224	-	-	3,995,224

**ECL**

At 1 January	16,481	-	-	16,481
Increase / (Decrease) in ECL	(6,021)	-	-	(6,021)
<b>At 31 December</b>	<b>10,460</b>	<b>-</b>	<b>-</b>	<b>10,460</b>

INFORMATION MEMORANDUM FIRST HOUSING FINANCE (T) LIMITED

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**  
27. FINANCIAL RISK MANAGEMENT (CONTINUED)  
**Expected credit losses (Continued)**

**At 31st December 2022**

<b>Descriptions</b>	<b>Stage 1</b> <b>TZS'000</b>	<b>Stage 2</b> <b>TZS'000</b>	<b>Stage 3</b> <b>TZS'000</b>	<b>Total</b> <b>TZS'000</b>
Gross carrying amount as at 1 January	948,374	-	-	948,374
Increase / (Decrease)	5,763,514	-	5,763,514	
<b>At 31 December</b>	<b>6,711,888</b>	<b>-</b>	<b>-</b>	<b>6,711,888</b>
<b>ECL</b>				
At 1 January	3,203	-	-	3,203
Increase / (Decrease) in ECL	13,278	-	-	13,728
<b>At 31 December</b>	<b>16,481</b>	<b>-</b>	<b>-</b>	<b>16,481</b>

**At 31st December 2021**

<b>Descriptions</b>	<b>Stage 1</b> <b>TZS'000</b>	<b>Stage 2</b> <b>TZS'000</b>	<b>Stage 3</b> <b>TZS'000</b>	<b>Total</b> <b>TZS'000</b>
Gross carrying amount as at 1 January	<b>8,955,695</b>	-	-	<b>8,955,695</b>
Amounts withdrawn	(8,007,320)	-	-	(8,007,320)
Transfer between stages	-	-	-	-
At 31 December	948,374	-	-	948,374
<b>ECL</b>				
At 1 January	3,203	-	-	3,203
Increase / (Decrease) in ECL	(34,792)	-	-	(34,792)
Transfers between stages	-	-	-	-
At 31 December	3,203	-	-	3,203

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**28. FAIR VALUE OF ASSETS AND LIABILITIES**

As at 31 December 2023 and 31 December 2022, the only asset that was measured at fair value was the equity investment. Refer to Note 20 for disclosures on the fair value of the equity investment.

The directors have assessed that the fair values of the Company's other financial instruments approximate their carrying amounts due to the short-term maturities of the instruments or the fact that long term financial instruments have interest rates that are in line with market rates.

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 29. FINANCIAL INSTRUMENTS BY CATEGORY

<b>Description</b>	<b>At 31 December 2024</b>		
	<b>Debt instruments at amortised cost</b>	<b>FVOCI</b>	<b>Total</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>Financial assets</b>			
Cash and balances with banks	91,216	-	<b>91,216</b>
Fixed deposit placements with Banks	1,653,466	-	<b>1,653,466</b>
Loans and advances	34,806,941	-	<b>34,806,941</b>
Investment in Gov't Securities at amortised cost	3,601,250	-	<b>3,601,250</b>
Other assets	50,106	-	<b>50,106</b>
Equity investment	-	1,784,200	<b>1,784,200</b>
	<b>40,202,979</b>	<b>1,784,200</b>	<b>41,987,179</b>
<b>Financial liabilities</b>			
	<b>Amortised Cost</b>		<b>Total</b>
Deposits	2,322,479	-	<b>2,322,479</b>
Lease liabilities	103,266	-	<b>103,266</b>
Long-term Borrowings	20,993,595	-	<b>20,993,595</b>
Other liabilities	431,286	-	<b>431,286</b>
<b>At 31 December</b>	<b>21,528,147</b>		<b>- 23,850,626</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

<b>Description</b>	<b>At 31 December 2023</b>		
	<b>Debt</b>	<b>FVOCI</b>	<b>Total</b>
<b>instruments at amortised cost</b>			
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>Financial assets</b>			
Cash and balances with banks	745,454	-	745,454
Fixed deposit placements with Banks	3,240,959	-	3,240,959
Loans and advances	27,439,967	-	27,439,967
Investment in Gov't Securities at amortised cost	3,600,562	-	3,600,562
Other assets	12,724	-	12,724
Equity investment	-	1,622,000	1,622,000
	<hr/>	<hr/>	<hr/>
	35,039,666	1,622,000	36,661,666
<b>Amortised Cost</b>			
<b>Financial liabilities</b>			<b>Total</b>
Deposits	1,880,605	-	1,880,605
Lease liabilities	181,852	-	181,852
Long-term Borrowings	16,208,723	-	16,208,723
Other liabilities	478,931	-	478,931
	<hr/>	<hr/>	<hr/>
<b>At 31 December</b>	18,750,111	-	18,750,111

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Description	At 31 December 2022		
	Debt	FVOCI	Total
<b>instruments at amortised cost</b>			
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>Financial assets</b>			
Cash and balances with banks	1,214,860	-	1,214,860
Fixed deposit placements with Banks	5,482,079		5,482,079
Loans and advances	19,561,504		19,561,504
Investment in Gov't Securities at amortised cost	3,601,363	-	3,601,363
Other assets	28,197	-	28,197
Equity investment	-	1,622,000	1,622,000
	<b>29,888,003</b>	<b>1,622,000</b>	<b>31,510,003</b>
<b>Financial liabilities</b>	<b>Amortised Cost</b>		<b>Total</b>
Deposits	911,787	-	911,787
Lease liabilities	261,198	-	261,198
Long-term Borrowings	12,003,729	-	12,003,729
Other liabilities	675,166	-	675,166
<b>At 31 December</b>	<b>13,851,880</b>		<b>13,851,880</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

<b>Description</b>	<b>At 31 December 2021</b>		
	<b>Debt</b>	<b>FVOCI</b>	<b>Total</b>
<b>instruments at amortised cost</b>			
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>Financial assets</b>			
Cash and balances with banks	945,786	-	945,786
Loans and advances	13,570,278	-	13,570,278
Investment in Gov't Securities at amortised cost	3,601,639	-	3,601,639
Other assets	721	-	721
Equity investment	-	1,622,000	1,622,000
	<b>18,118,424</b>	<b>1,622,000</b>	<b>19,740,424</b>
<b>Financial liabilities</b>	<b>Amortised Cost</b>		<b>Total</b>
Deposits	488,087	-	488,087
Lease liabilities	334,779	-	334,779
Long-term Borrowings	1,010,685	-	1,010,685
Other liabilities	618,861	-	618,861
<b>At 31 December</b>	<b>2,452,412</b>	<b>-</b>	<b>2,452,412</b>

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)****30. CAPITAL MANAGEMENT**

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- ✓ To comply with the capital requirements set by Bank of Tanzania;
- ✓ To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and,
- ✓ To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored regularly by the Company's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by Bank of Tanzania, for supervisory purposes.

Bank of Tanzania requires each housing finance company to maintain at all times:

- ✓ At least a core (Tier 1) capital of TZS 15 billion or such higher amount as Bank of Tanzania may prescribe.
- ✓ A ratio of core capital to the risk-weighted assets plus risk-weighted off-statement of financial position assets (the "Basel ratio") plus market risk and operational risk charges at or above the required minimum of 12.50% (2022: 12.50%); and
- ✓ A ratio of total capital to the risk-weighted assets plus risk-weighted off-statement of financial position items plus market risk and operational risk charges at or above the required minimum of 14.50% (2022: 14.50%).

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**30. CAPITAL MANAGEMENT (CONTINUED)**

Fully paid ordinary shares, and perpetual non-cumulative preference shares, capital grants and disclosed reserves less year to date losses, goodwill, pre-operating expenses, prepaid expenses, deferred tax, deferred charges and leasehold rights assets; and Tier 2 capital: qualifying subordinated loan capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of, and reflecting an estimate of credit, market and other risks associated with, each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The minimum capital requirements for market risk (foreign exchange risk, interest rate risk and equity positions risk) capital charge is determined by applying the Standardized Measurement Method specified by the Basel Committee on Banking Supervision or such other methods as Bank of Tanzania may approve.

The minimum capital requirements for operational risk capital charge is determined by applying the Bank Indicator Approach specified by the Basel Committee on Banking Supervision or such other methods as Bank of Tanzania may approve.

The table below summarizes the composition of regulatory capital and the ratios of the Company for the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021. During these four years, the Company complied with the externally imposed capital requirements

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

## 30. CAPITAL MANAGEMENT (CONTINUED)

	2024 TZS '000	2023 TZS '000	2022 TZS '000	2021 TZS '000
<b>Tier 1 Capital</b>				
Share Capital	21,800,000	21,800,000	21,800,000	21,800,000
Accumulated Losses	(3,090,311)	(3,319,719)	(3,456,952)	(3,703,026)
<i>Less:</i>				
Prepayments	(547,274)	(347,508)	(189,846)	(66,552)
<b>Total Qualifying Tier 1 Capital (Core Capital)</b>	<b>18,162,415</b>	<b>18,132,773</b>	<b>18,153,202</b>	<b>18,030,422</b>
<b>Tier 2 Capital</b>				
Subordinated Debt	-	-	-	24,348
<b>Total Qualifying Tier 2 Capital (Supplementary Capital)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,348</b>
<b>Total Capital (Tier 1 + Tier 2)</b>	<b>18,162,415</b>	<b>18,132,773</b>	<b>18,153,202</b>	<b>18,054,770</b>
<b>Risk Weighted Assets and Capital Charges</b>				
On-Statement of Financial Position	20,847,120	17,301,588	13,680,507	9,563,348
Operational Risk Capital Charge	1,770,233	1,420,437	1,092,429	860,442
<b>Total Risk Weighted Assets and Capital Charges</b>	<b>22,617,353</b>	<b>18,722,025</b>	<b>14,772,936</b>	<b>10,423,790</b>
<b>Ratios:</b>				
<b>Tier 1 Capital (BOT Required 12.50%)</b>	<b>80.30%</b>	<b>96.85%</b>	<b>122.88%</b>	<b>172.97%</b>
<b>Tier 1 + Tier 2 Capital (BOT Required 14.50%)</b>	<b>80.30%</b>	<b>96.85%</b>	<b>122.88%</b>	<b>173.21%</b>

There were no changes in the Company's capital management objectives and policies for the year ended 31 December 2024, (2023,2022 and 2021: None).

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

a) Loan commitments

As at 31 December 2024 the Company had a loan commitment for an amount of TZS 325 million (2023: TZS 192 million, 2022: TZS 157 million and 2021: TZS 52 million).

The Company has signed a finance agreement with USA Based company Development finance corporation (DFC) on long term borrowing amounting to USD 10 million, to be disbursed in tranches of at least USD 1 million, with first tranche is expected to happen in July 2025 (2024, 2022 and 2021: Nil).

31. OFF-STATEMENT OF FINANCIAL POSITION COMMITMENT

b) Financial guarantees and indemnities

The Company had no such facilities at year-end (2022: Nil, 2021:Nil).

c) Capital commitments

The Company had no capital commitments at year-end (2022: Nil, 2021: Nil).

32. CONTINGENT LIABILITIES

The Company had no contingent liabilities at year-end (2023, 2022 and 2021: Nil).

33. CHANGE OF PRESENTATION

	As previously reported TZS'000	Restatement adjustment TZS'000	As restated TZS'000	Reason for adjustment
<b>2022</b>				
Net cash flows used in operating activities	(5,123,930)	193,320	(4,930,610)	Non-cash interest expensenot previously adjusted.
Net cash flows (used in)/from investing activities	(5,386)	(5,482,355)	(5,487,741)	Term deposits previously reported as part of cash and cash equivalents.
Net cash flows from financing activities	10,893,747	(193,044)	10,700,703	Accrued interest previously included as part of funds received from borrowings
Cash and cash equivalents at the end of the year				
Net cash flows from financing activities	6,696,939	(5,482,079)	1,214,860	Term deposits previously reported as part of cash and cash equivalents.
Cash and cash equivalents at the end of the year				

**FIRST HOUSING FINANCE (T) LIMITED**  
**NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**

**33. CHANGE OF PRESENTATION (CONTINUED)**

	As previously reported TZS'000	Restatement adjustment TZS'000	As restated TZS'000	Reason for adjustment
<b>2021</b>				
Net cash flows used in operating activities	(6,842,656)	(1,059,492)	(7,902,148)	Investment in government securities previously reported under investing activities.
Net cash flows (used in)/from investing activities	(1,072,605)	1,059,492	(13,113)	Investment in government securities previously reported under investing activities

**34. EVENTS AFTER THE REPORTING PERIOD**

After the reporting date, there have been an ongoing process on issuance of a 4-year senior unsecured Notes of TZS 10 000 000 000 (Tanzania Shillings Ten Billion only) to be listed on Dar es salaam stock exchange (DSE). The notes are only for distribution in Tanzania and shall not be valid for distribution outside Tanzania. The net proceeds from the issue of the Note will be incorporated into the liabilities of the Issuer and will finance eligible affordable mortgage portfolio in accordance with the FHF business strategy.





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**INDEPENDENT LIMITED ASSURANCE REPORT ON FINANCIAL RATIOS TO FIRST HOUSING FINANCE (TANZANIA) LIMITED PREPARED BASED ON GUIDELINES FOR THE ISSUE OF CORPORATE BONDS, MUNICIPAL BONDS AND COMMERCIAL PAPERS ISSUED BY THE CAPITAL MARKETS AND SECURITIES AUTHORITY - TANZANIA (CMSA), 2019.**

We were engaged by the board of directors of First Housing Finance (Tanzania) Limited (the "Company") to report on the Bank's historical financial ratios as at and for the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 set out on pages 184 prepared based on the guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority (CMSA), 2019, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that Bank's historical financial ratios have not been properly prepared, based on the guidance provided under Annex 1 : Financial ratios, included in the Guidelines for the Programme of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

**Responsibilities of the Directors**

The Directors are responsible for the preparation and presentation of the historical financial ratios in accordance with the guidance provided under Annex 1: Financial ratios, included in the Guidelines for the Programme of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

KPMG is a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

**Partners**  
A Boyo  
A Njombe  
V Onjala



**INDEPENDENT LIMITED ASSURANCE REPORT ON FINANCIAL RATIOS TO FIRST HOUSING FINANCE (TANZANIA) LIMITED PREPARED BASED ON GUIDELINES FOR THE ISSUE OF CORPORATE BONDS, MUNICIPAL BONDS AND COMMERCIAL PAPERS ISSUED BY THE CAPITAL MARKETS AND SECURITIES AUTHORITY TANZANIA (CMSA), 2019. (CONTINUED)**

**Practitioner's Responsibilities**

Our responsibility is to examine the historical financial ratios and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the historical financial ratios are prepared per the requirements of Annex 1: Financial ratios, in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019 in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



**INDEPENDENT LIMITED ASSURANCE REPORT ON FINANCIAL RATIOS TO FIRST HOUSING FINANCE (TANZANIA) LIMITED PREPARED BASED ON GUIDELINES FOR THE ISSUE OF CORPORATE BONDS, MUNICIPAL BONDS AND COMMERCIAL PAPERS ISSUED BY THE CAPITAL MARKETS AND SECURITIES AUTHORITY - TANZANIA (CMSA), 2019 (CONTINUED)**

The procedures selected depend on our understanding of the historical financial ratios and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**Subject matter**

The Bank's historical financial ratios as at and for the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 as set out on page 184.

**Criteria**

The Bank's historical financial ratios were evaluated against the requirements of Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

**Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying historical financial ratios of First Housing Finance (Tanzania) Limited have not been properly prepared in all material respects, based on the requirements of Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

**Restriction on Use**

The historical financial ratios have been prepared for inclusion in a Information Memorandum, for the purpose of issuing Notes under a Medium Term Note Programme, and may therefore, not be appropriate for another purpose.



**INDEPENDENT LIMITED ASSURANCE REPORT ON FINANCIAL RATIOS TO FIRST HOUSING FINANCE (TANZANIA) LIMITED PREPARED BASED ON GUIDELINES FOR THE ISSUE OF CORPORATE BONDS, MUNICIPAL BONDS AND COMMERCIAL PAPERS ISSUED BY THE CAPITAL MARKETS AND SECURITIES AUTHORITY - TANZANIA (CMSA), 2019 (CONTINUED)**

**For and on behalf of:**

**KPMG**

**Certified Public Accountants (T)**

**P.O. Box 1160 – Dar es Salaam, Tanzania**

A handwritten signature in black ink that reads 'onjala'. Below the signature is a horizontal dotted line.

Signed by: CPA Vincent Onjala (TCPA 2722)

## HISTORICAL FINANCIAL RATIOS

	Ref	2024	2023	2022	2021
Earnings before interest and taxes to interest expenses (EBIT Interest Cover)	i	123%	127%	131%	303%
Operating cash flow to total debt ratio	ii	(35%)	(48%)	(76%)	(782%)
Free cash flow to total Debt (Debt repayment cover)	iii	(36%)	(49%)	(76%)	(787%)
Total free cash flow to total short-term debt obligations	iv	(238%)	(250%)	(220%)	(603%)
Net Profit Margin	v	10%	10%	10%	9%
Post-tax return (before financing costs) on Capital Employed	vi	7%	6%	5%	2%
Long-Term Debt to Capital Employed	vii	33%	30%	21%	5%
Total Debt to Equity	viii	98%	76%	35%	6%
Funds from operations to debt Percentage	ix	(35%)	(48%)	(76%)	(782%)
Free cash flow to debt repayment cover	x	(305%)	(460%)	(496%)	(6475%)

### 01 SOURCE OF FINANCIAL INFORMATION USED FOR COMPUTATION OF KEY RATIOS

The financial information used for computing the historical financial ratios has been extracted from the annual audited financial statements of First Housing Finance (Tanzania) Limited for the financial years ended 31 December 2024, 2023, 2022, and 2021.

### 02 BASIS FOR COMPUTATION OF RATIOS BASED ON CAPITAL MARKETS AND SECURITIES REQUIREMENTS

- i) Earnings before interest and taxes to interest expenses (interest cover)  

$$\text{EBIT interest cover} = \text{EBIT for the period} / (\text{interest payable for the period} + \text{any preference dividend payable for the period})$$

**HISTORICAL FINANCIAL RATIOS (CONTINUED)****2. BASIS FOR COMPUTATION OF RATIOS BASED ON CAPITAL MARKETS AND SECURITIES REQUIREMENTS (CONTINUED)**ii) **Operating cash flow to total debt percentage**

Operating cash flow to total debt ratio = (funds generated from operations in the period / average total debt during the period) \* 100%

iii) **Free cashflows to total Debt (debt repayment cover)**

Free cashflows to total debt (debt repayment cover) = (free cashflow for the period) / (interest payable + preference dividend + principal repaid during the period)

iv) **Total free cash flow to total short term debt obligations**

Total free cash flow to total short-term obligations = (total uncommitted cashflows for the period / total short-term obligations at the end of the period) \* 100%.

v) **Net profit margin**

Net Profit Margin = (net profit for the period / total sales for the period) x 100%.

vi) **Post-tax return (before financing costs) on Capital Employed**

Post-tax return (before financing costs) on Capital Employed = (profit after tax but before financing costs for the period / average capital employed for the period) \* 100%

vii) **Long term debt to capital employed**

Long-term debt to Capital employed ratio = (average long-term debt outstanding during the period) / (average equity + average long-term debt for the period) \* 100%

viii) **Total Debt to Equity (Gearing ratio)**

Debt to Equity = Borrowings / Total Equity

ix) **Funds from operations to debt Percentage**

Funds from operations to debt = (funds generated from operations In the period) / (Average total debt during the period) \* 100%

ix) **Free cash flow to debt repayment cover**

Free cash flow to debt repayment cover = (free cash flow for the period) / (Interest payable + preference dividend+ principal repaid during the period) \*100%

**FIRST HOUSING FINANCE (TANZANIA) LIMITED  
HISTORICAL FINANCIAL RATIOS (CONTINUED)**

**APPENDIX ON VARIABLES USED IN THE COMPUTATION OF RATIOS BASED ON THE REQUIREMENTS OF THE CAPITAL MARKETS AND SECURITIES AUTHORITY**

	2024 TZS'000	2023 TZS'000	2022 TZS'000	2021 TZS'000
i.) Interest cover				
Profit before tax	504,003	403,442	306,791	249,392
Interest expense	2,192,966	1,487,940	1,000,506	122,779
Earnings before interest and tax	2,696,969	1,891,382	1,307,297	372,171
Interest expense	2,192,966	1,487,940	1,000,506	122,779
Interest cover	123%	127%	131%	303%
ii.) Operating cash flow to total debt percentage				
Net cash used in operations	(6,582,497)	(6,813,215)	(4,930,610)	(7,902,148)
Average total debt	20,993,595	16,208,723	12,003,729	1,010,685
Borrowings at start of year	16,208,723	12,003,729	1,010,685	1,010,479
Borrowings at end of year	20,993,595	16,208,723	12,003,729	1,010,685
Simple average total debt	18,601,159	14,106,226	6,507,207	1,010,582
Operating cash flow to total debt percentage	(35%)	(48%)	(76%)	(782%)
iii.) Free cash flows to debt repayment cover				
Free cash flows				
Net cash used in operations	(6,582,497)	(6,813,215)	(4,930,610)	(7,902,148)
Cash used in purchase of PPE	(55,194)	(25,262)	(30,904)	(48,243)
Cash used in purchase of intangible assets	(55,264)	(11,637)	(2,348)	-
Free cash flows	(6,692,955)	(6,850,114)	(4,963,862)	(7,950,391)
Debt repayment				
Borrowings at start of year	16,208,723	12,003,729	1,010,685	1,010,479
Borrowings at end of year	20,993,595	16,208,723	12,003,729	1,010,685
Average Total debt repayment	18,601,159	14,106,226	6,507,207	1,010,582
Free cash flows to debt repayment cover	(36%)	(49%)	(76%)	(787%)
iv.) Total free cash flow to total short term debt obligations				
Uncommitted cash flows				
Net cash used in operations	(6,582,497)	(6,813,215)	(4,930,610)	(7,902,148)
Cash used in purchase of PPE	(55,194)	(25,262)	(30,904)	(48,243)
Cash used in purchase of intangible assets	(55,264)	(11,637)	(2,348)	-
Cash and cash equivalent at end of year	95,300	745,454	1,214,860	945,786
Total uncommitted cash flows	(6,597,655)	(6,104,660)	(3,749,002)	(7,004,605)

## FIRST HOUSING FINANCE (TANZANIA) LIMITED HISTORICAL FINANCIAL RATIOS (CONTINUED)

### APPENDIX ON VARIABLES USED IN THE COMPUTATION OF RATIOS BASED ON THE REQUIREMENTS OF THE CAPITAL MARKETS AND SECURITIES AUTHORITY (CONTINUED)

	2024 TZS'000	2023 TZS'000	2022 TZS'000	2021 TZS'000
iv.) Total free cash flow to total short term debt obligations (Continued)				
Short term debt obligations				
Deposits from customers	2,322,479	1,880,605	911,787	488,087
Other liabilities (excluding non-financing nature) / Payables and Accruals	446,703	557,439	793,444	673,470
Total short term debt obligations	2,769,182	2,438,044	1,705,231	1,161,557
Total free cash flow to total short term debt obligations	(238%)	(250%)	(220%)	(603%)
v.) Net profit margin				
Profit after tax	412,055	352,045	284,054	232,962
Total income	4,020,316	3,444,032	2,925,982	2,478,621
Net profit margin	10%	10%	10%	9%
vi.) Post-tax return (before financing) on capital employed				
Profit for the year	412,055	352,045	284,054	232,962
Interest expense on borrowings	2,192,966	1,487,940	1,000,506	122,779
Profit for the year before financing costs	2,605,021	1,839,985	1,284,560	355,741
Capital employed				
At start of year				
Total equity	18,853,252	18,501,207	18,217,153	17,984,191
Borrowings (Non-current portion)	16,208,723	12,003,729	1,010,685	1,010,479
Total capital employed at start of year	35,061,975	30,504,936	19,227,838	18,994,670
At end of year				
Total equity	19,276,661	18,853,252	18,501,207	18,217,153
Borrowings (Non-current portion)	20,993,595	16,208,723	12,003,729	1,010,685
Total capital employed at end of year	40,270,256	35,061,975	30,504,936	19,227,838
Simple average capital employed during the year	37,666,116	32,783,456	24,866,387	19,111,254
Post tax return (before financing) on capital employed	7%	6%	5%	2%

## FIRST HOUSING FINANCE (TANZANIA) LIMITED HISTORICAL FINANCIAL RATIOS (CONTINUED)

### APPENDIX ON VARIABLES USED IN THE COMPUTATION OF RATIOS BASED ON THE REQUIREMENTS OF THE CAPITAL MARKETS AND SECURITIES AUTHORITY (CONTINUED)

	2024 TZS'000	2023 TZS'000	2022 TZS'000	2021 TZS'000
vii.) Long term Debt to capital employed Ratio				
Average long term debt				
Borrowings at start of year - (Non-current portion)	16,208,723	12,003,729	1,010,685	1,010,479
Borrowings at end of year - (Non-current portion)	20,993,595	16,208,723	12,003,729	1,010,685
Simple average long term debt	18,601,159	14,106,226	6,507,207	1,010,582
Capital employed				
At start of year				
Total equity	18,853,252	18,501,207	18,217,153	17,984,191
Borrowings - (Non-current portion)	16,208,723	12,003,729	1,010,685	1,010,479
Total capital employed at start of year	35,061,975	30,504,936	19,227,838	18,994,670
At end of year				
Total equity	19,276,661	18,853,252	18,501,207	18,217,153
Borrowings - (Non-current portion)	20,993,595	16,208,723	12,003,729	1,010,685
Total capital employed at end of year	40,270,256	35,061,975	30,504,936	19,227,838
Simple average capital employed during the year	37,666,116	32,783,456	24,866,387	19,111,254
Long term debt to capital employed ratio	33%	30%	21%	5%
viii.) Total debt to equity				
Average debt				
Borrowings at start of year	16,208,723	12,003,729	1,010,685	1,010,479
Borrowings at end of year	20,993,595	16,208,723	12,003,729	1,010,685
Simple average long term debt	18,601,159	14,106,226	6,507,207	1,010,582
Average equity				
Total equity at start of year	18,853,252	18,501,207	18,217,153	17,984,191
Total equity at end of year	19,276,661	18,853,252	18,501,207	18,217,153
Simple average total equity during the year	19,064,957	18,677,230	18,359,180	18,100,672
Total debt to equity ratio	98%	76%	35%	6%

**FIRST HOUSING FINANCE (TANZANIA) LIMITED  
HISTORICAL FINANCIAL RATIOS (CONTINUED)**

**APPENDIX ON VARIABLES USED IN THE COMPUTATION OF RATIOS BASED ON THE REQUIREMENTS OF THE CAPITAL MARKETS AND SECURITIES AUTHORITY (CONTINUED)**

	2024 TZS'000	2023 TZS'000	2022 TZS'000	2021 TZS'000
<b>ix.) Funds from operations to total debt percentage</b>				
Net cash used in operations	(6,582,497)	(6,813,215)	(4,930,610)	(7,902,148)
Average total debt				
Borrowings at start of the year	16,208,723	12,003,729	1,010,685	1,010,479
Borrowings at end of the year	20,993,595	16,208,723	12,003,729	1,010,685
Simple average total debt	18,601,159	14,106,226	6,507,207	1,010,582
Funds from operations to total debt percentage	(35%)	(48%)	(76%)	(782%)
<b>x.) Free cashflow to debt repayment cover</b>				
Net cash used from operations	(6,582,497)	(6,813,215)	(4,930,610)	(7,902,148)
Cash used in purchase of PPE	(55,194)	(25,262)	(30,904)	(48,243)
Cash used in purchase of intangible assets	(55,264)	(11,637)	(2,348)	-
Free cash flows	(6,692,955)	(6,850,114)	(4,963,862)	(7,950,391)
Debt repayment				
Interest expense on borrowings	2,192,966	1,487,940	1,000,506	122,779
Total debt repayment	2,192,966	1,487,940	1,000,506	122,779
Free cash flows to debt repayment cover	(305%)	(460%)	(496%)	(6,475%)



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## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON PROSPECTIVE FINANCIAL INFORMATION OF FIRST HOUSING FINANCE (TANZANIA) LIMITED**

To the Directors of First Housing Finance (Tanzania) Limited

We report on the prospective financial information comprising Prospective Statement of Financial Position as at 31 December 2025, 2026, 2027 and 2028, Prospective Statement of Profit or Loss for the years then ending and Prospective Statement of Cashflows for the years ending 31 December 2025 and 2026 (Prospective Financial Information), of First Housing Finance (Tanzania) Limited ('the Company'). The Prospective Financial Information, and the material assumptions on which it is prepared, are set out on pages 197 to 198 of the First Housing Finance (Tanzania) Limited Information Memorandum For A Domestic Currency Medium Term Note Programme worth TZS 10,000,000,000 issued by the Company dated 06 September 2025. The basis of compilation is described in Note 1 to the Prospective financial information.

### **Directors' Responsibilities**

Directors responsible for the preparation of the Prospective Financial Information and for the factors and assumptions made therein.

### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

KPMG is a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

**Partners**  
A Boyo  
A Njombe  
V Onjala



**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON PROSPECTIVE FINANCIAL INFORMATION OF FIRST HOUSING FINANCE (TANZANIA) LIMITED (CONTINUED)**

The firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Practitioner's Responsibilities**

Our responsibility is to express an opinion about the proper compilation of the Prospective Financial Information on the basis stated and the consistency of the basis of accounting with the accounting policies of First Housing Finance (Tanzania) Limited as described in Note 1 to the Prospective financial information.

We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Our work included evaluating the basis for compilation of the Prospective Financial Information and considering whether it has been properly compiled based on the disclosed assumptions and the accounting policies of First Housing Finance (Tanzania) Limited. We planned and performed our work so as to obtain the information and explanations we considered necessary to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used for the Prospective Financial Information has been consistent with the accounting policies of First Housing Finance (Tanzania) Limited. Since the Prospective Financial Information and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we express no opinion about whether the actual results reported will correspond to those shown in the Prospective Financial Information and differences may be material. Our engagement does not include an audit of the historical financial information used as a basis in a compilation, nor does it provide any assurance on whether the assumptions provide a reasonable basis for the Prospective Financial Information

**Opinion**

In our opinion, the Prospective Financial Information has been properly compiled on the basis stated in Note 1 to the Prospective Financial Information and the basis of accounting used is consistent with the accounting policies of the First Housing Finance (Tanzania) Limited as described in the notes to the Prospective Financial Information of First Housing Finance (Tanzania) Limited for the years ending 31 December 2025, 31 December 2026, 31 December 2027 and 31 December 2028.



### **Emphasis of matter – Prospective Financial Information Period**

We draw attention to Note 2 in the Prospective Financial Information which indicates that the historical financial information for the year ended 31 December 2025 has not been included in the Information Memorandum, rather, the Prospective Financial Information determined on 6 September 2025 has been used. Our opinion is not modified with respect to this matter.

### **Restriction on Use**

This report is required by the Capital Markets and Securities Act, Cap.79 RE (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority-Tanzania, 2019 and is given for the purpose of complying with that requirement and public offering in Tanzania and for no other purpose

For and on behalf of:

KPMG  
Certified Public Accountants (T)  
P. O. Box 1160 - Dar es Salaam, Tanzania

A handwritten signature in black ink that reads 'onjala'.

Signed by: CPA Vincent Onjala (TCPA 2722)



Our procedures included inspecting whether: (Continued)

- the forecasted financial information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- the presentation of prospective financial information is informative and not misleading;
- the forecasted financial information is properly prepared on the basis of the assumptions;
- the forecasted financial information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- the forecasted statement of financial position as at 31 December 2025, statement of comprehensive income and the forecasted statement of cash flows for the year then ended are prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Unqualified opinion on the Forecasted Financial Information**

In our opinion, the Forecasted statement of financial position as at 31 December 2025, and the Forecasted statement of profit and loss and other comprehensive income and Forecasted statement of cash flows for the year then ended is properly prepared and presented on the basis of the assumptions disclosed on page 194 to 197.

For and on behalf of:

KPMG

Certified Public Accountants (T)

P. O. Box 1160 - Dar es Salaam, Tanzania

A handwritten signature in black ink, appearing to read 'onjala', is placed over a dotted line.

Signed by: CPA Vincent Onjala (TCPA 2722)

FIRST HOUSING FINANCE (TANZANIA) LIMITED  
PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

## PROSPECTIVE STATEMENT OF PROFIT OR LOSS

	2025 TZS '000	2026 TZS '000	2027 TZS '000	2028 TZS '000
Interest income	7,964,958	10,187,056	13,019,393	16,508,044
Interest expense	(4,105,697)	(5,905,556)	(8,064,609)	(10,716,926)
<b>Net interest income</b>	<b>3,859,261</b>	<b>4,281,500</b>	<b>4,954,784</b>	<b>5,791,118</b>
Non-interest income	858,912	1,005,893	1,307,558	1,569,013
<b>Operating income</b>	<b>4,718,173</b>	<b>5,287,393</b>	<b>6,262,342</b>	<b>7,360,130</b>
Other income	80,816	111,224	154,336	211,504
<b>Total operating income</b>	<b>4,798,989</b>	<b>5,398,617</b>	<b>6,416,678</b>	<b>7,571,634</b>
Personnel Costs	(2,170,512)	(2,365,088)	(2,554,297)	(2,638,639)
Operating expenses*	(1,723,687)	(1,735,978)	(1,787,026)	(1,835,017)
<b>Total operating expenses</b>	<b>(3,894,199)</b>	<b>(4,101,066)</b>	<b>(4,341,323)</b>	<b>(4,473,656)</b>
Profit before provision	904,790	1,297,551	2,075,355	3,097,978
Provision for expected credit losses	(360,233)	(527,803)	(809,974)	(971,969)
<b>Profit before tax</b>	<b>544,556</b>	<b>769,748</b>	<b>1,265,381</b>	<b>2,126,009</b>
Taxation	(81,431)	(116,690)	(186,692)	(278,728)
<b>Profit after tax</b>	<b>463,125</b>	<b>653,058</b>	<b>1,078,689</b>	<b>1,847,281</b>

\*Operating expenses include depreciation charges, amortization charges, professional fees, licenses, insurance, repairs and maintenance, travel costs, board sitting allowances, security, advertisement expenses, communication, printing and stationery, utilities and cleaning expenses.

FIRST HOUSING FINANCE (TANZANIA) LIMITED  
PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

**PROSPECTIVE STATEMENT OF FINANCIAL POSITION**

	2025 TZS '000	2026 TZS '000	2027 TZS '000	2028 TZS '000
<b>ASSETS</b>				
Cash & Bank Balances	138,746	159,646	82,464	136,298
Term Deposits with Banks	6,779,420	4,954,943	3,660,852	3,607,505
Mortgages	45,241,118	62,341,118	82,091,118	102,891,118
Staff Loans	410,295	462,330	520,965	587,037
Investment in TMRC	1,767,980	2,622,000	2,622,000	2,622,000
Investment in Govt Securities	3,703,110	3,703,110	3,703,110	3,703,110
Property & Equipment	995,849	1,388,359	1,386,694	1,385,031
Intangible (Comp. Software)	200,198	94,615	94,615	94,615
Other Assets	983,879	981,520	979,167	976,819
<b>Total assets</b>	<b>60,220,595</b>	<b>76,707,641</b>	<b>95,140,985</b>	<b>116,003,533</b>
<b>LIABILITIES</b>				
Other Liabilities	1,244,058	1,207,681	1,179,013	1,151,026
TMRC Finance	17,177,592	17,174,250	16,669,000	23,742,500
Public Corporate Bond	10,110,411	10,108,333	20,216,667	30,325,000
Other Long Term Borrowings	8,933,545	24,038,800	30,841,448	31,672,887
Cash Margin Deposits	2,996,259	3,851,259	4,838,759	5,878,759
Deferred Tax Liability	69,285	69,285	69,285	69,285
<b>Total Liabilities</b>	<b>40,531,150</b>	<b>56,449,608</b>	<b>73,814,172</b>	<b>92,839,457</b>
<b>EQUITY</b>				
Share Capital	21,800,000	21,800,000	21,800,000	21,800,000
Retained Earnings/ Accumulated Losses	(3,394,007)	(3,104,970)	(2,471,536)	(1,412,696)
Regulatory Reserve	714,498	805,114	814,829	824,661
Fair Value Reserve	105,831	105,831	105,831	105,831
Profit and Loss	463,125	652,058	1,077,689	1,846,281
<b>Total Equity</b>	<b>19,689,447</b>	<b>20,258,033</b>	<b>21,326,813</b>	<b>23,164,077</b>
<b>Total Liabilities &amp; Equity</b>	<b>60,220,597</b>	<b>76,707,641</b>	<b>95,140,985</b>	<b>116,003,534</b>

**FIRST HOUSING FINANCE (TANZANIA) LIMITED**  
**PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)**

**PROSPECTIVE STATEMENT OF CASH FLOWS**

	Dec 2025	Dec 2026
<b>Cash Flow from Operating Activities:</b>		
Net Profit After tax	596,676	844,375
Adjusted for:		
Depreciation Expense	139,060	146,321
FX Translation Gain / (Loss)	(20,600)	(22,660)
Provision Expense on Loans	360,233	527,803
Net Cash from Operating Activities Pre-BS Adjust.	1,075,369	1,495,839
Net (Increase) / Decrease in Term Deposits	(4,437,942)	1,601,216
Net (Increase) / Decrease in Mortgages	(10,800,000)	(17,100,000)
Net (Increase) / Decrease in Staff Loans	(209,539)	(48,210)
Net (Increase) / Decrease in Other Assets	58,210	2,644
Net Increase / (Decrease) in Other Liabilities	(440,491)	(757,737)
Net Cash from Operating	(14,754,483)	(14,806,247)
<b>Cash Flows from Investing:</b>		
Net (Increase) / Decrease in Office Capex	(970,077)	(272,900)
Net (Increase) / Decrease in Investment in TMRC	-	(854,020)
Net (Increase) / Decrease in Investment in Govt' Securities	-	-
Net Cash from Investing	(970,077)	(1,126,920)
<b>Cash Flows from Financing:</b>		
Proceeds / (Repayment) - TMRC Borrowing	1,780,090	(3,342)
Proceeds / (Repayment) - Public Corporate Bond	10,110,411	(2,078)
Proceeds / (Repayment) - Other Borrowing	3,337,451	15,105,255
Proceeds / (Repayment) - Cash Margin	540,000	855,000
Net Cash from Financing	15,767,952	15,954,835
<b>Cash &amp; Equivalents:</b>		
Opening Balance	91,217	134,609
(+) Net Cash Flow	43,392	21,669
Closing Balance	134,609	156,278

**FIRST HOUSING FINANCE (TANZANIA) LIMITED****NOTES TO THE PROSPECTIVE FINANCIAL INFORMATION****01. BASIS OF PREPARATION OF THE PROSPECTIVE FINANCIAL INFORMATION**

The prospective financial information has been determined by applying the assumptions described below on the audited financial information of the Company for the year ended 31 December 2024. The directors apply the assumptions considering the accounting policies used in preparing the financial information of First Housing Finance (Tanzania) Limited for the year ended 31 December 2024, and which have been disclosed in note 5 to the compiled financial information for the years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 as included in this Reporting Accountant's Report.

The forecast financial information does not include actual performance to the date of this report.

**02. PROSPECTIVE FINANCIAL INFORMATION PERIOD**

The company obtained approval from the regulator to proceed with the public issuance of a medium-term bond on 6 September 2025. The projected financial information to 31 December 2028 included the year ending 31 December 2025 based on the approval date. While the reporting date of 31 December 2025 has ended, the Company has not presented the actual historical information, instead, it has presented the projected financial information determined on 6 September 2025.

**03. KEY ASSUMPTIONS APPLIED**

The forecasted financial information is based on the following key assumptions.

- i) The entity is expecting to receive TZS 10 billion from corporate bond issuance effective from September 2025, at an assumed average interest rate of 13% p. a.
- ii) The entity is looking forward to activating a five-year Bond Programme in 2027 whereby each year a total of TZS 10 billion is expected to be subscribed. These funds will be directed toward issuing more mortgage loans and therefore increasing the mortgage book.
- iii) Mortgage loan is projected to grow at an average rate of 29.49% per annum, with absolute projected growth of TZS 90.3 billion, closing at TZS 124 billion by December 2029; The growth on interest income on Mortgage book has been tabulated in line with the growth of the Mortgage book.
- iv) Other long-term borrowings include funds expected to be raised from NBC Bank, Azania Bank, CRDB Bank, IFC, DFC, etc. The entity management is currently pursuing for credit line from IFC and DFC, amounting to USD 2 million and USD 10 Million respectively.
- v) The average interest rate on mortgage applied is at 18%pa, which is like what is being currently charged to customers. The entity is expecting to maintain this at par for the next five years, given the market and economic trends.

- vi) The average cost of funds from TMRC is at 12.6%p.a, and from Corporate bond issuance is at 13%pa
- vii) The average exchange rates applied have been extracted from wallet investor, as summarized below.
  - 2025- 2,735;
  - 2026- 2,817;
  - 2027- 2,958;
  - 2028- 3,105;
  - 2029- 3,240



## **FIRST HOUSING FINANCE (TANZANIA) LIMITED PRICING SUPPLEMENT ISSUE OF TZS 10,000,000,000 FIXED RATE NOTES**

This document constitutes the applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall have the same meaning ascribed to them in the Information Memorandum dated 6th September 2025 as updated and amended from time to time.

This applicable Pricing Supplement must be read in conjunction with the Information Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Information Memorandum, the provisions of this Pricing Supplement shall prevail.

<b>DESCRIPTION OF THE NOTES</b>	
Issuer	First Housing Finance (Tanzania) Limited;
Status of the Notes	Senior, Unsecured
Issue: Series Number	FHF-FXD/2026/ [4]
*Explanation of the Series Number First Housing Finance Limited; FXD-fixed rate notes; 2026 - year of issue; [4] -tenor	
Redemption/Payment Basis	Redemption at par
Principal Amount	TZS 5,000,000,000 with a greenshoe option of TZS [3,000,000,000].
Oversubscription	Issuer reserves an option to apply to CMSA in case the issuance is oversubscribed to take any additional amount at its option
Use of Proceeds	The net proceeds from the issue of the Notes will be used for mortgage lending purposes in accordance with the FHF business strategy
Form of Notes	Book Entry
Issue Date	02 April 2026
Specified Denomination of the Notes	TZS 500,000 with integral multiple of TZS 10,000
Issue Price	At par
Interest Commencement Date	02 April 2026
Interest Termination Date	02 April 2030
Maturity Date	Tuesday, 02 April 2030
Specified Currency	Tanzanian Shillings
Applicable Business Day convention	Following Business Day Convention
Fiscal Agent, Registrar and Receiving Bank	Azania Bank PLC
Specific office of the Fiscal Agent, Registrar and Receiving Bank	Mawasiliano Tower, 3rd Floor, Plot No.2005/5/1/2. Block C Sinza, 20 Sam Nujoma Road, P.O Box 32089, Dar es Salaam, Tanzania
Final Redemption Amount	TZS 5,000,000,000

Record Date	Fifteenth day before (and not including) each Interest Payment Date
<b>PROVISIONS RELATING TO INTEREST PAYABLE</b>	
Fixed Rate Note Provisions	
Fixed Rate of Interest	13 % p.a.
Interest Payment Dates	Interest payment date - [02 January], [02 April], [02 July] and [02 October] in each year up to and including the Maturity Date
Interest Period(s)	Each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) the following Interest Payment Date.
Default Rate	Fixed Rate of Interest + 2.00%
Day Count Fraction	365 Days
<b>GENERAL</b>	
Other terms or special conditions	None
Board approval for the issuance of the Notes	23 October 2024
Additional Selling Restrictions	None
Target market	Qualified Institutional Investors (QII's) and Retail Investors
Allotment policy	In the event of an oversubscription, allotment will be at the discretion of the Issuer. The allocation of Notes will be conducted transparently and impartially, considering factors such as subscription period demand, investor diversification across categories, prevailing market conditions, investor preferences, and alignment with the Issuer's financial strategy. While aiming for diversification, the Issuer retains and investors acknowledge that the Issuer's allocation decisions are final and non-negotiable.
Settlement Procedures and Settlement Instructions	For Qualified Institutional Investors (QII's): same day funds on the settlement date to the Fiscal Agent For investors other than QII's: evidence of payment should be submitted to the Authorised Selling Agent, the Issuer together with the duly completed Application Form prior to the date Offer closes
Details of bank account(s) to which payments are to be made in respect of the Notes	<b>Bank name :</b> Azania bank, PLC <b>Account name :</b> First Housing Collection Account <b>Account no.</b> 021000151530 <b>Currency :</b> TZS, <b>Branch :</b> Kisutu
Last Day to Register, which shall mean that the "books closed period" (during which the Register will be closed) will be from each Last Day to Register to the applicable Payment Day until the date of redemption	15 days before the Payment Date.

# INFORMATION MEMORANDUM FIRST HOUSING FINANCE (T) LIMITED

Method of Distribution	Public
Total Notes in issue (excluding the current issue)	Nil
Rights of Cancellation	<p>The Notes will be delivered to investors on the Settlement Date by registration in the CDS Account as book entry provided that:</p> <ul style="list-style-type: none"> <li>- No event occurs prior to the settlement process being finalized on the Issue Date/ Settlement Date which the Issuer (in its sole discretion) consider to be a force majeure event; or</li> <li>- No event occurs which the Issuer (in its sole discretion) considers may prejudice the issue, the Issuer or the Notes, (each a Withdrawal Event). If the Issuer decides to terminate this transaction due to the occurrence of a Withdrawal Event, this transaction shall terminate, and no party hereto shall have any claim against any other party as a result of such termination.</li> </ul>
Tax	Interest earned on the Notes is not subject to withholding tax for interest payments made to Noteholders.
Material Change	Save as disclosed in the Supplementary Information Memorandum as read together with this applicable Pricing Supplement, there has been no significant change in the Issuer's financial position since the date of the Issuer's last audited financial statements.
Responsibility Statement	The Issuer and the Board of Directors accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum referred to above, contains all information that is material in the context of the issue of the Notes.

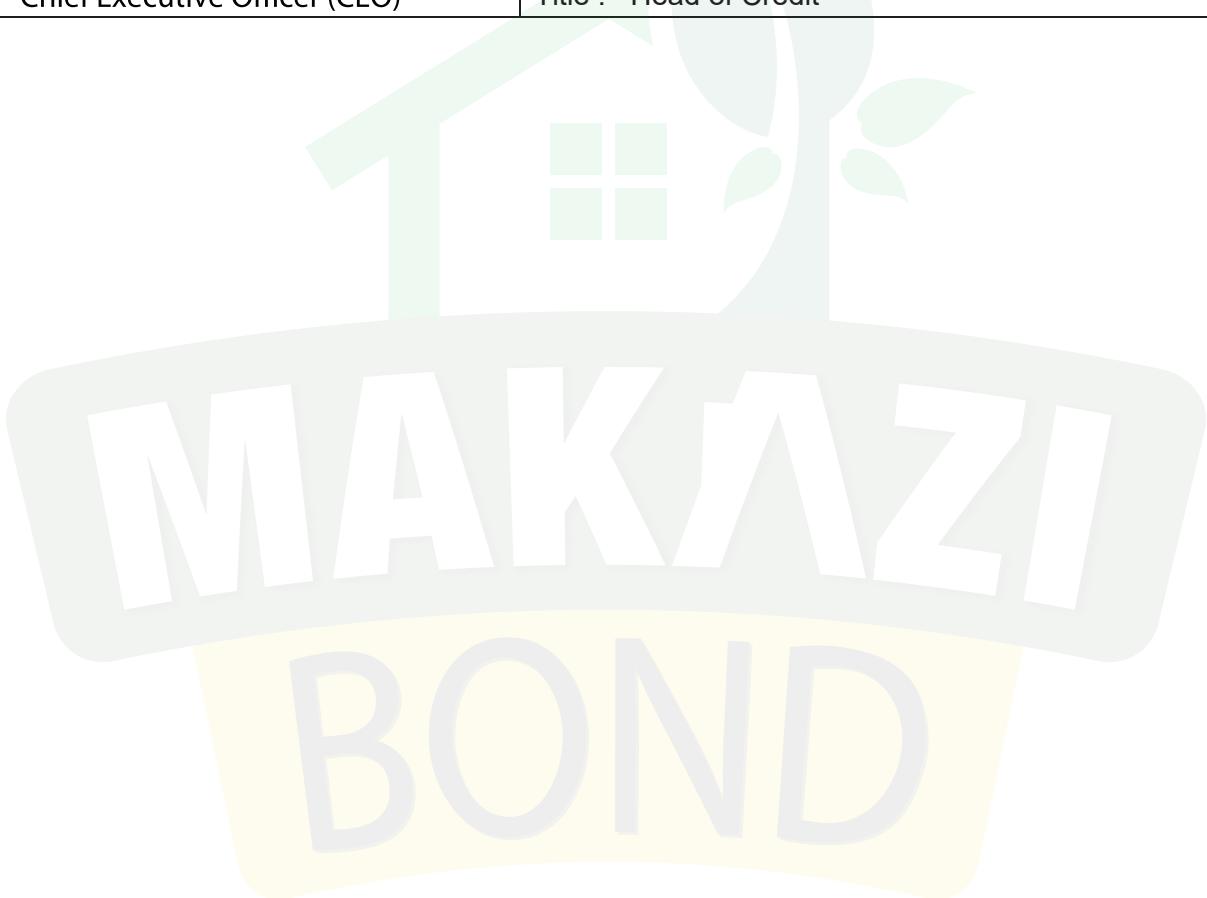
## ADDITIONAL INFORMATION

Additional steps that may be taken following approval of the Extraordinary Resolution (in accordance with the Conditions)	Not applicable
Specify Agents and Specified Offices if new or other Agents appointed	Not applicable

## SALIENT DATES

Offer Opens	Thursday, 22 January 2026
Offer Closes	Monday, 23 March 2026
Allotment Date	Wednesday, 01 April 2026
Announcement Date	Thursday, 02 April 2026
Notification Date	Thursday, 02 April 2026
Issue Date	Thursday, 02 April 2026
Submission of Bond Register to CSDR	Thursday, 02 April 2026

CDS Account upload date recast	Monday, 13 April 2026
Listing date	Wednesday, 15 April 2026
Maturity Date	Tuesday, 02 April 2030
Authorised Signatories	
Signature	Signature
	
Name: Mr. Amulike E. Kamwela	Name: Reshma Shah
Title Chief Executive Officer (CEO)	Title : Head of Credit



# MAKAZI BOND

# APPLICATION FORM

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1<sup>st</sup>  
Housing

Homes within your reach



## APPENDIX B: APPLICATION FORM

### FOMU YA MAOMBI APPLICATION FORM

Prospective applicants should read the Information Memorandum before completing this form. A copy of the Information Memorandum can be obtained from any of the Authorized Selling Agents listed in the IM and can be downloaded from the Bank's website.

Offer for subscription of Notes for a minimum amount of TZS 500,000

**OFFER OPENS: Thursday, 22 January 2026**

**OFFER CLOSES: Monday, 23 March 2026**

Please refer to "Terms and Conditions of the Offer" in the Information Memorandum as well as the instructions for completion of the Application Form, as set out below, before completing the same. Terms used herein shall be deemed to be as defined in the Information Memorandum dated 6<sup>th</sup> September 2025.

The Board of Directors of FHF (the "Directors") shall reject any application, in whole or in part, if instructions as set out in the Information Memorandum and this Application Form are not complied with.

<b>TRANCHE</b>	001
<b>TYPE OF NOTES</b>	Fixed Rate Notes

### APPLICANT'S DECLARATION

By signing the Application Form overleaf, I/We the applicant (s) therein state that

- The under mentioned application amount, or any lesser amount that may, in your sole discretion, be allotted to me/ us subject to the terms and conditions of the Stanbic Programme.
- I/We authorise the Registrar to enter my/ our name in the register of members of Noteholders and to credit my CDS account with the Notes allocated to me/us and remit any refunds due to me/us via Electronic Funds Transfer or Cheque in accordance with the terms and conditions contained in the Information Memorandum.
- In consideration of your agreeing to accept this Application Form, I/we agree that this application shall be irrevocable and shall constitute a contract which shall become binding to me/us upon dispatch by post or hand delivery.

# INFORMATION MEMORANDUM FIRST HOUSING FINANCE (T) LIMITED

**TAFADHALI ANDIKA KWA HERUFI KUBWA UKITUMIA KALAMU NYEUSI/BULUU**  
PLEASE COMPLETE IN CAPITAL/BLOCK LETTER USING BLACK/BLUE INK

Namba ya Akaunti ya CDS  
CDS Account Number

--

## TAARIFA ZA MAOMBI NA MALIPO / APPLICATION & PAYMENT DETAILS

Kiwango Kilichoombwa (TZS) kwa tarakimu  
Amount applied TZS in numbers

Kiwango Kilichoombwa (TZS) kwa maneno  
Amount applied TZS in words

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### Malipo yamefanyika kwa njia ya Tafadhalu weka alama ya vema (v) panapohusika

Payment has been made through Please tick where applicable

Pesa Taslimu <input type="checkbox"/> Kielektroniki <input type="checkbox"/> Cash Deposit EFT/RTGS/MNO	Barua ya Ahadi <input type="checkbox"/> Letter Of Undertaking	Hundi ya Benki <input type="checkbox"/> Banker's Cheque
Namba ya Kumbukumbu Ref number		

## TAARIFA ZA MWOMBAJI / APPLICANT DETAILS

Hali ya Maombi: (Weka alama ya vema panapohusika) / Application Status: (Tick your status as applicable below)

Binafsi <input type="checkbox"/> Individual	Mtoto <input type="checkbox"/> Minor	Ya pamoja <input type="checkbox"/> Joint	Kikundi <input type="checkbox"/> Group	Tanzanian <input type="checkbox"/>
				Non-Tanzanian <input type="checkbox"/>
Kampuni <input type="checkbox"/> Company				

### Mwombaji wa Kwanza (Majina kama ilivyo kwenye Vitambulisho)

First Applicant's Details: (Names as per National ID/Passport)

Jina la Kwanza First Name	Jina la Kati Middle Name	Jina la Ukoo(Jina la Mwisho) Surname (Last Name)
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#### Utambulisho Identification

Pasipoti Passport	Kitambulisho cha Taifa National ID
Leseni ya Udereva Driving License	Kadi ya Mpiga kura Voters ID

Namba ya simu Mobile Number

Barua pepe Email

S.L.P P.O.Box

Anwani ya mtaa Street address	Jiji/Mji City/Town	Nchi Country
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### Mwombaji wa Pili(Majina kama ilivyo kwenye Vitambulisho)

Second Applicant's Details: (Names as per National ID/Passport)

Jina la Kwanza First Name	Jina la Kati Middle Name	Jina la Ukoo(Jina la Mwisho) Surname (Last Name)
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#### Utambulisho Identification

Pasipoti Passport	Kitambulisho cha Taifa National ID
Leseni ya Udereva Driving License	Kadi ya Mpiga kura Voters ID

Namba ya simu Mobile Number

Barua pepe Email

S.L.P P.O.Box

Anwani ya mtaa Street address	Jiji/Mji City/Town	Nchi Country
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Jina la kampuni / (Kama ilivyo katika Hati ya Usajili/ Ilivyo sajiliwa ) Nakala ya Hati lazima iambatishwe

Company name / / Corporate (As per Certificate of Registration/Incorporation) A certified copy of the certificate must be attached

Namba ya Usajili Registration Number	Nchi Ilikosajiliwa Country of Registration	Tax identification number Namba ya mlipa kodi:
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Namba ya simu Mobile Number

Barua pepe Email

S.L.P P.O.Box

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# INFORMATION MEMORANDUM FIRST HOUSING FINANCE (T) LIMITED

**Kwa Waombaji Waliopendekezwa tu (Weka alama ya vema (v) panapohusika hapo chini)**  
 For Nominee Applicants Only (Tick the status as applicable below)

Uraia wa Mnufaika wa Hati fungani Citizenship of Beneficial Bondholder	Mtanzania Tanzanian	Nchi za Afrika Mashariki Africans	Nchi za Kimataifa International
Namba ya Akaunti ya Mwombaji Aliyependekezwa Nominee Account Name			
Namba ya Kumbukumbu ya Mwombaji Aliyependekezwa (Lazima) Nominee Reference Number (Mandatory)			

**D TAARIFA ZA BENKI KWA MALIPO YA KUPONI NA MAREJESHO**  
 BANK DETAILS FOR FUTURE DISTRIBUTIONS & REFUNDS

Jina la Benki Name of Bank	Swift Kodi Swift Code
Jina la Akaunti Name of Account	Namba ya akaunti Account Number
Jina la Tawi Name of Branch	Nchi Country

**E SAHIHI: (LAZIMA KWA WAOMBAJI WOTE) SIGNATURES: (COMPULSORY FOR ALL APPLICANTS)**

Sahihi ya 1 Signature 1	Sahihi ya 2 Signature 2	Mhuri wa moto / Mhuri Company Seal / Stamp
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Tarehe (SS/MM/MMMM) mf. 27/07/2012  
 Date (DD/MM/YYYY) e.g. 05/05/2022

KWA MATUMIZI YA OFISI FOR OFFICIAL USE ONLY <b>WAKALA WA MAUZO SELLING AGENTS</b> Namba ya Wakala Agent code		Jina la Wakala wa Mauzo Authorized Selling Agent name
Mhuri wa Wakala wa Mauzo Aliyeidhinishwa/ Authorised Selling Agents Stamp		

## GENERAL INSTRUCTIONS ON COMPLETION OF THE APPLICATION FORM

- a) Please complete the Application Form in capital letters using black/blue ink. Ensure each letter is written clearly within each of the boxes provided. Incorrectly completed Application Forms will be rejected.
- b) When completing this Application Form please bear in mind that Notes may not be applied for in the name(s) of a trust that has not been incorporated or a deceased's estate.
- c) Trustees of unincorporated trusts, individual partners or executors may apply for Notes in their own name(s). Registered or incorporated trusts may apply in the registered or incorporated name. Limited liability partnerships may apply in their registered names.
- d) Any alteration to the Application Form (other than deletion of alternatives) must be authenticated by the full signature of the Applicant(s) or Authorised Selling Agent.
- e) The Authorised Selling Agent must sign against the company's official stamp
- f) Banker's cheque payments must be made payable in favour of Bank name : Azania Bank PLC Account name : First Housing Collection Account, Account no. 021000151530, Currency : TZS, Branch : Kisutu"- "(Application Form serial number xxxx)" and crossed "Account Payee Only".
- f) Your Application Form must be received in its entirety, duly signed and accompanied with the necessary evidence of payment or banker's cheque, cash or Letter of Undertaking.
- g) The completed Application Form may be mailed or hand delivered to the Authorised Selling Agents and must be received by the placing Agent not later than 5:00pm on [Friday, 21 November 2025].
- h) If your Application Form is received by Placing Agent after 5:00pm on [Friday, 21 November 2025] it will be declined and the form together with the accompanying payment or evidence of payment will be returned as per the terms and conditions of the Offer.
- i) Applications can only be made through Authorised Selling Agents, the Lead Transaction Adviser and the Receiving Bank as listed in the Information Memorandum.
- j) The allocation process has been outlined in the Information Memorandum

## APPENDIX C: LIST OF AUTHORIZED SELLING AGENTS

<p>ZAN Securities Limited  Head Office 1st Floor, Viva Tower,  295 Ali Hassan Mwinyi Road  PO Box 5366, Dar es Salaam  Tel: +255 222 103 433  Email: info.dsm@zansec.co.tz</p>	<p>Orbit Securities Company Limited  4th Floor, Golden Jubilee Tower (PSPF  Bldg.) Ohio Street,  P.O. Box 70254, Dar es Salaam  Tel. +255 22 2111758  Fax. +255 22 2113067  Email: orbit@orbit.co.tz  Website: www.orbit.co.tz</p>
<p>Global Alpha Capital Limited  8th Floor, Millenium Tower 1, Old  Bagamoyo Road  P.O. Box 70166, Dar es Salaam  Tel: +255 762 367 347  Email: info@alphacapital.co.tz  Website: www.alphacapital.co.tz</p>	<p>Optima Corporate Finance Limited  Kinondoni Road, 1 st Floor, Togo Tower,  P.O. Box 4441, Dar es Salaam  Tel: +255 22 266 6031  Email: info@optimacorporate.co.tz  Website: www.optimacorporate.co.tz</p>
<p>Vertex International Securities Limited  Annex Bldg. - Zambia High Commission  P. O. Box 13412, Dar es Salaam  Tel. +255 22 2110387/ 2116392  Fax: +255 22 2110387  Email: vertex@vertex.co.tz</p>	<p>E. A. Capital Limited  3rd Floor, Acacia Estates 84 Kinondoni  Road, P.O. Box 20650, Dar es Salaam  Tel: +255 769 257511  Email: ck@eacapital-tz.com</p>
<p>FIMCO Limited  Jangid Plaza, 2nd Floor, Ali Hassan  Mwinyi Road,  P.O. Box 70468, Dar es Salaam  Tel: +255 22 2926227  Email: info@fimco.co.tz</p>	<p>iTrust Finance Limited  Mahando Street, Block C Ground Floor,  Masaki Plot No. 429,  P.O. Box 22636, Dar es Salaam  Tel. +255 653 609 152  Email: info@itrust.co.tz</p>

<p>Smart Stock Brokers Limited          1st Floor, Masdo House, Samora Avenue,          P.O. Box 105678, Dar es Salaam          Phone: +255 22 2138607          Email: <a href="mailto:info@smartstockbrokers.co.tz">info@smartstockbrokers.co.tz</a>          Website: <a href="http://www.smartstockbrokers.co.tz">www.smartstockbrokers.co.tz</a></p>	<p>TIB Rasilimali Limited          Mlimani City, Building No. 3 Office Park          Sam Nujoma Road          P.O. Box 9154, Dar es Salaam          Tel. +255 22 2111711/255 0744777818          Fax. +255 22 2111711          Email: <a href="mailto:invest@rasilimali.tib.co.tz">invest@rasilimali.tib.co.tz</a>          Website : <a href="http://www.tib.co.tz">www.tib.co.tz</a></p>
<p>Exodus Advisory Services Limited          10th Floor, Mwanga Tower, New          Bagamoyo          Road          P. O. Box 80056, Dar es Salaam          Tel: +255 22 2923810          Email: <a href="mailto:info@exodusadvisory.co.tz">info@exodusadvisory.co.tz</a>          Website: <a href="http://www.exodusadvisory.co.tz">www.exodusadvisory.co.tz</a></p>	<p>CORE Securities Limited (CORE)          Diplomat House Limited, Plot No. 26,          Mezzanine          Floor,          Corner of Mkwepu and Kaluta Street          P.O. Box 76800, Dar es Salaam          Tel. +255 22 2123103          Email: <a href="mailto:ceo@coresecurities.co.tz">ceo@coresecurities.co.tz</a>          Website: <a href="http://www.coresecurities.co.tz">www.coresecurities.co.tz</a></p>
<p>Solomon Stockbrokers Limited PPF          House, Ground Floor Morogoro          Rd./Samora Avenue          P.O. Box 77049, Dar es Salaam          Tel. 255 22 2 124495</p>	<p>Victory Financial Services Limited          Ground Floor, ATC HOUSE, Ohio          Street/Garden          Avenue          Dar es Salaam          Phone: +255 22 2138607</p>



Homes within your reach

## FOR MORE INFORMATION PLEASE CONTACT US

### **First Housing Finance (Tanzania) Limited**



Tel: +255 222113456 | 2113378

Fax: +255 22 2113379



[info@firsthousing.co.tz](mailto:info@firsthousing.co.tz)



First Housing Finance



First Housing Finance (Tanzania) Ltd



19 Obama Drive, P.O.Box 11990,  
Dar es Salaam Tanzania



[www.firsthousing.co.tz](http://www.firsthousing.co.tz)



[firsthousingtz](https://www.instagram.com/firsthousingtz)

### **ZAN Securities Limited**

Sponsoring Broker

Head Office 1st Floor, Viva Tower,  
295 Ali Hassan Mwinyi Road  
PO Box 5366, Dar es Salaam  
Tel: +255 222 103 433  
Email: [info.dsm@zansec.co.tz](mailto:info.dsm@zansec.co.tz)

### **Stanbic Bank Tanzania Limited**

Lead Arranger

Plot No. 99A  
P.O Box 72647  
Corner, Ali Hassan Mwinyi  
Road/Kinondoni Road  
Dar es Salaam Tanzania