DCB COMMERCIAL BANK

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2024


#D63F2A

"ACCELERATING PROSPERITY TOGETHER"

Our theme for this year, "Accelerating Prosperity Together," reflects DCB Bank Plc's commitment to fast-tracking economic growth in partnership with our customers on their economic development journey. We believe that true success is possible when we work together, engaging our customers and the broader community. Through our services, innovative products, and digital transformation, we aim to be a vehicle for positive change in every customer's life."

ABOUT THIS REPORT

The DCB Annual Report for 2024 offers a thorough overview of our business operations, strategies, financial and non-financial performance. It also provides valuable insights into our governance practices, risk management approach, and future prospects within the framework of our ongoing digital transformation.

This report underscores our dedication to transparency and accountability, and we are proud to present it to our stakeholders. It highlights our achievements, challenges, and opportunities, and outlines our future plans. We have also implemented robust governance practices and structures to ensure ethical and responsible operations.

The report also elaborates on our risk management approach, which is designed to mitigate potential threats and capitalize on opportunities. We believe that a proactive approach to risk management is essential to our long-term success.

Our Reporting Framework

The financial information in this report has been meticulously prepared in accordance with the globally recognized International Financial Reporting Standards (IFRS). Our reporting process adheres to strict guidelines and regulations, including those set forth by the Bank of Tanzania (BoT), the National Board of Accountants and Auditors (NBAA), the Capital Market and Securities Authority (CMSA), and the Dar es Salaam Stock Exchange (DSE).

To ensure that our report is comprehensive and informative, we have incorporated principles from the Integrated Reporting (IR) Framework. This framework has helped us structure our content in a meaningful and relevant way for our stakeholders.

As a company, we are committed to continuously improving our reporting process in line with the latest guidelines and international best practices.

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COMPANY INFORMATION

REGISTERED OFFICE

DCB House
Plot No. 182 Block R
Magomeni Mwembechai
P.O Box 19798
Dar es Salaam

COMPANY SECRETARY

Ms. Regina Mduma
DCB House
Plot No. 182 Block R
Magomeni Area
P.O Box 19798
Dar es Salaam

AUDITOR

KPMG
The Luminary
Plot No.574, Haile Selassie Road
Msasani Peninsula Area
P. O. Box 1160
Dar es Salaam
TIN 101-269-027
VAT REG No. 10-007190R
NBAA Reg. No. PF 020

LAWYERS

Excellent Attorneys
5th Floor Citi Plaza Building
Jamhuri Street
Dar es Salaam

Breakthrough Attorneys
66 BTA House, Plot No 331/10
Msasani Road, Oyster Bay
Opposite United Nations, Umoja House
P.O. Box 72838
Dar es Salaam

Lawfront Advocates
P.O. Box 31312
Mikocheni A, Garden Road
Dar es Salaam

Apex Attorneys Advocates
1st Floor, Scouts Building
Malik Road, Upanga
P.O. Box 34674
Dar es Salaam

LIST OF ABBREVIATIONS

AGM	Annual General Meeting
ALCO	Asset and Liability Committee
BOT	Bank of Tanzania
CIR	Cost to Income Ratio
DSE	Dar es Salaam Stock Exchange
EAD	Exposure at default
ECL	Expected Credit Losses
EPS	Earnings per Share
FTE	Full Time Employees
FVOCI	Fair Value through Other Comprehensive Income
IASB	International Accounting Standards Board
IESBA	International Ethics Standards Board for Accountants
IFRS	IFRS Accounting Standards
ISAs	International Standards on Auditing
LC	Letters of credit
LDR	Loan to Deposit Ratio
LGD	Loss Given Default
MNO	Mobile Network Operators
OCI	Other Comprehensive Income
PD	Probability of Default
POCI	Purchased or originated credit-impaired
SICR	Significant Increase in Credit Risk
SGL	Solidarity Group Lending
SME	Small and Medium Enterprises
SMR	Statutory Minimum Reserve
SPPI	Solely Payments of Principal and Interest
SPV	Special Purpose Vehicles
TMRC	Tanzania Mortgage Refinance Company Limited
TZS	Tanzanian Shillings
USD	United States Dollars
ROUA	Right of Use Assets

01

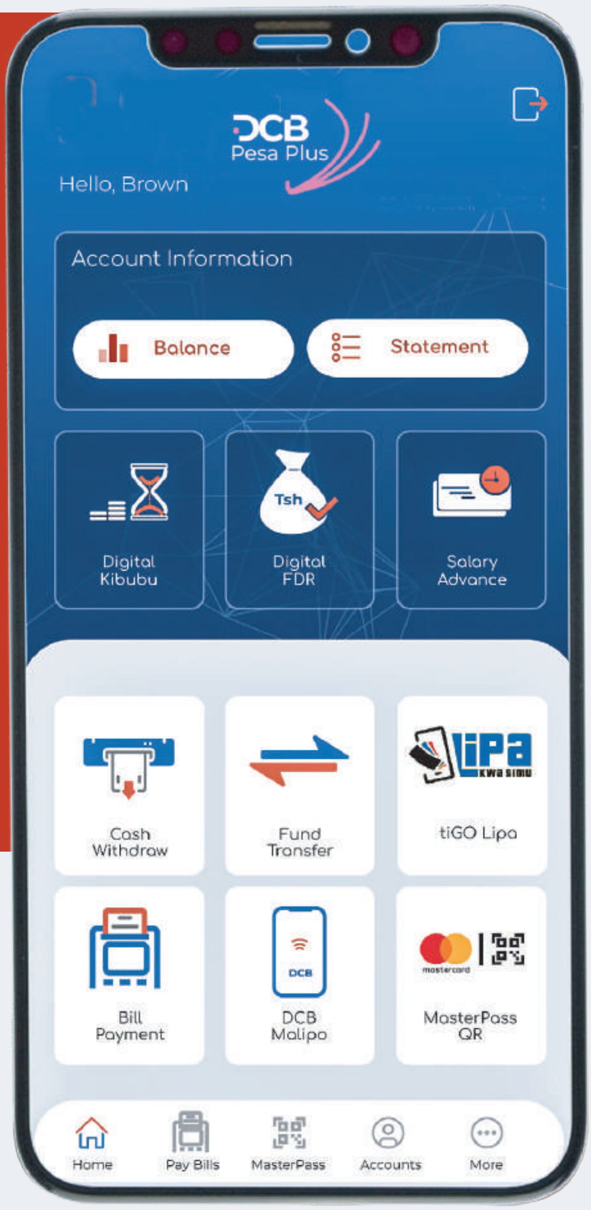
OUR COMPANY PROFILE

WHO WE ARE

DCB Bank is a fully-fledged retail and commercial bank in Tanzania. The bank offers banking services to individuals, small and medium sized businesses, as well as corporate clients. DCB Bank has a network of 9 branches, over 700 agents, 290+ Umoja switch ATMs serving more than 3 million customers across the country. The bank has experience of more than 20 years and it is the first bank to be listed on the Dar es Salaam Stock Exchange (DSE).

DCB was registered as a limited company on 6th September 2001. In April 2002, DCB started business as a regional microfinance institution. On 12th June 2003 the bank was issued with a license to carry out banking business as Dar es Salaam Community Bank Limited.

In 2008, DCB became the first bank in Tanzania to be listed on Dar es Salaam Stock Exchange (DSE). In February 2012, the bank was issued a license to carry out banking business country wide as a fully-fledged commercial bank. The bank changed its name from Dar es Salaam Community Bank Plc to DCB Commercial Bank Plc.



9 BRANCHES NATIONWIDE

290+ ATMS (UMOJA SWITCH)

700+ DCB WAKALA

2,100+ DCB INTERNET BANKING SUBSCRIBED CUSTOMERS

150,000+ DCB PESA CUSTOMERS

Convenient banking

At DCB, we understand the importance of convenience in banking. That's why we strive to offer a perfect blend of security, user experience, affordability, and integrations with other entities. We know what our customers value, and that is why we are committed to delivering products and services that match their needs. We are therefore constantly pushing ourselves to innovate and create a delightful experience for our customers.

BUSINESS OBJECTIVES AND STRATEGIES

OUR VISION

To be the preferred Financial Services Provider in Tanzania

OUR MISSION

To provide convenient, excellent and innovative financial services to our esteemed customers, while contributing to social and economic development and generating value to shareholders

OUR VALUES

Integrity:
We possess the courage to do and say the right things.

Teamwork:
We are committed to achieving common goals based on open and honest communication while showing concern and support for each other.

Respect:
We understand and encourage diversity of views among our employees and stakeholders.

Responsibility and Accountability:
We are accountable for failure as well as success, and do not play the blame game.

Creativity and Innovation:
We are the pioneers of innovation and better ways to do things.

Excellence:
We are passionate about leaving things better than they were found.

OUR BEHAVIOURS

Speed in Execution:
We are proactive and prioritize our duties, we say no to procrastination

Time Management:
We respect and value time, we are accountable not to waste time.

Ownership:
We hold ourselves accountable.

OUR SERVICE PRINCIPLES

Knowledge:
DCB Bank products and service

Friendly:
Active listening and courtesy

Timely:
Respond promptly and keep our word

Value Add:
Go the extra mile/ be a solution provider

Our Strategy

		OBJECTIVE	ACTIONS
Capital Growth		Strengthen capital for growth.	Rights issue and explore corporate bonds focused on sustainability.
Customer Deposit Growth		Shift deposit mix to 40:60 (cheap: expensive) by 2028.	Build relationships with government authorities, onboard VICOBA
Channel Optimization		Improve customer access through branch and digital expansion.	Expand and optimize branches, upgrade digital platforms.
Quality Asset Growth and Income		Expand loans to TZS 322 billion by 2028 with NPLs below 4.5%.	Diversify lending and revenue, strengthen risk management.
Banking for Low-Income Earners		Enhance financial inclusion for women and youth.	Expand microcredit, create tailored products, and promote financial literacy

Our Performance indicator

Performance indicator	Definition and calculation method	2024	2023
Return on equity	Net income/Total equity	(0.93%)	(15.22%)
Return on assets	Net income/Total assets	(0.11%)	(1.63%)
Cost to income ratio	Operating costs/Net income gross of impair charge on loans and advances to customers	97.98%	107.72%
Interest margin on earning assets	Total interest income/(Government securities + inter-Bank loan receivables + investments in other securities + net loans, advances and overdrafts)	15.09%	15.22%
Non - interest income to Gross income	Non - interest income/total income gross of impair charge on loans and advances to customers	32.29%	33.69%
Earnings per share	Basic earnings/number of ordinary shares in issue	(5.95)	(37.05)
Non - performing loans to gross loans	Non-performing loans/gross loans and advances	4.96%	5.50%
Earning assets Ratio	Earning assets/Total assets	83.70%	80.04%
Growth on total assets	(Current year total assets/ prior year total assets) - 1*100%	12.19%	9.00%
Growth on loans and advances to customers	(Current year net loans and advances/prior year net loans and advances) – 1*100%	9.97%	(0.40%)
Growth on total deposits	(Current year total deposits/prior year total deposits) - 1*100%	8.56%	(1.30%)
Capital adequacy			
Tier 1 Capital	Risk Weighted assets including off-statement of financial position items/Core Capital	15.68%	12.03%
Tier 1+Tier 2 Capital	Risk Weighted assets including off-statement of financial position items/Total Capital	16.03%	12.38%

Our Accolades in 2024


DSE
Creating Opportunities
DSE MEMBERS' AWARDS
2024
"Embracing Environmental, Social and
Governance (ESG) Principles
for Sustainable Capital Markets"
This Award is presented to
DCB COMMERCIAL BANK
3RD RUNNER
For being
The Best Listed Company of the Year
Under the Main Investment
Market Segment (MIMs)
Banking and Investment Category

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OUR PRODUCTS AND SERVICES

Our Products and Services

Personal Banking

DCB offers a variety of personal banking solutions tailored to customers' needs. These include education-focused accounts like Skonga and Young Savers, which offer interest earnings and fee-free banking. Mstaafu Savings account, which provides easy access to funds without maintenance charges. Personal and joint accounts offering flexible saving and borrowing options, while CBO and NGO-specific accounts provide added services like overdraft facilities. DCB also offers personal loans, mortgages and microloans to support small-scale entrepreneurs, traders, women in business, market vendors, and motorcycle riders.

Business Banking

DCB supports businesses of all sizes with a range of financial products. The flagship product introduced in 2024 was the Bamba Account, designed for SMEs, combining interest earnings with flexible access to emergency loans. DCB has Business current and call accounts that come with overdraft facilities, cheque books, and attractive interest for large balances. The bank also offers term loans and overdrafts tailored to match the customers' cash flow needs. For importers, exporters, and contractors, DCB provides trade finance solutions. Business owners can also access asset financing, housing microloans and insurance services.

Group Banking

DCB's group banking services promote financial access for community groups, cooperatives, and small enterprises. The flagship product introduced in 2024 was Tausi Loan Product, which is tailored for women. The bank has solidarity group loans that provide short-term credit through group guarantees and regular savings. VICOBA and Ushirika Savings accounts support community saving groups with high interest rates, NHIF access, and credit opportunities. NGOs and development organisations are also supported through flexible savings accounts that include overdraft options.

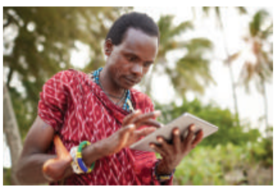
Corporate Banking

We are committed to serving large corporations, government institutions, and high-volume enterprises through our Corporate Banking segment. We provide structured financing, trade and treasury services, and dedicated relationship management. We position ourselves as a reliable financial partner for their growth, expansion, and operational efficiency.

Digital Transformation

DCB is transforming how customers bank through digital platforms. DCB Pesa Plus, available via app and USSD, allows customers to manage their finances by paying bills, including government payments (GePG), accessing loans, making purchases and save.

Input Strategy	Output Strategy
We serve a diverse base of customers, which includes children, students, working adults, and retirees. Each group has different financial goals—from saving for education and income during retirement to accessing loans for personal needs. We provide affordable, flexible, and accessible banking options that support them at every stage of their lives.	We are building long-term relationships with individuals by providing products that align with their personal journeys. This has led to increased savings volumes, higher product adoption, better customer retention, and more financially empowered communities.
We work with small and medium-sized entrepreneurs who require business-friendly banking services.	We have grown our business portfolio by offering practical and responsive solutions. This has resulted in greater loan uptake, stronger client engagement, and increased interest-based income.
We engage with community groups, SACCOs, NGOs, and VICOBA associations. These groups often lack formal access to banking and credit but possess strong internal trust and social guarantees.	We engage with community groups, SACCOs, NGOs, and VICOBA associations. These groups often lack formal access to banking and credit but possess strong internal trust and social guarantees.
We engage with well-established organisations that require tailored financial solutions, efficient capital access, and seamless banking services to support complex and high-value operations.	We engage with well-established organisations that require tailored financial solutions, efficient capital access, and seamless banking services to support complex and high-value operations.

The bank's partnership with Mixx by Yas has introduced Nivushe Plus, a digital loan product offering quick, short-term credit. DCB's internet banking platform allows individuals and companies to transfer funds, view statements, process salaries, and make payments. These services ensure that customers can securely access the bank anytime, anywhere with ease and reliability.

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OUR KEY EVENTS IN 2024


“DCB COMMERCIAL BANK PLC
2024 RIGHTS ISSUE”


Skonga
account
SPECIAL HIRE


DONATED BY DCB BANK
DCB COMMERCIAL BANK


DCB COMMERCIAL BANK True Liberator
Vicoba Akaunti

CHAIRPERSON'S LETTER TO SHAREHOLDERS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

"Our efforts in robust risk management to maintain a healthy asset portfolio."

These results affirm our commitment to increasing our shareholders' value year on year. Our market capitalisation increased to TZS 22 billion from TZS 12.69 billion in 2023. This performance underscores growing investor confidence and the strong fundamentals of our business.

Our market capitalisation increased to

47.65%

TZS 22 BILLION

TZS 12.69 BILLION: 2023

This performance underscores growing investor confidence and the strong fundamentals of our business.

Dear esteemed shareholders,

On behalf of the Board of Directors, it is my privilege to present to you the Annual Report and Audited Financial Statements for DCB Commercial Bank PLC for the financial year ended 31 December 2024.

Before I present these reports, I would like to take this opportunity to sincerely thank the shareholders for believing in us and in our bank and thus participating in the capital increase exercise, through the rights issue. The bank was able to receive the full targeted capital in different stages from November 2024 to April 2025. I thank you all for your participation and welcome on board new strategic shareholders in the bank.

Macroeconomic

The year 2024 economic environment presented both challenges and opportunities. The national economy demonstrated commendable resilience, with Gross Domestic Product (GDP) growth at 5.5% from 5.1% in 2023. Inflation remained low and stable, averaging 3%, well within the Bank of Tanzania's target, while the foreign exchange market saw improvements due to favourable global conditions and enhanced policy coordination. The external sector also showed significant improvement, and the public debt remained sustainable. The banking sector, including DCB Commercial Bank, faced increased pressures from tighter liquidity conditions and heightened credit risks, reflecting broader global economic uncertainties. These factors contributed to the subdue financial performance, as we prudently managed our loan portfolio and operational costs in a cautious macroeconomic climate.

However, despite this enabling environment, DCB Commercial Bank PLC faced specific internal and market-driven challenges that contributed to our financial outcome. Our performance was impacted with the operations with the low capital level which could not sustain the business expansion, low liquidity ratio, scarcity of US Dollars in the market, impacting the bank's non-funded income and tightened liquidity.

Bank's performance for the financial year ended 31 December 2024

This year, we report a net loss of TZS 969 million, following a loss of TZS 3.6 billion in the preceding year, 2023. These results show that our strategy has started to yield results and has reduced our loss by 73% from the previous year. Our Return on Equity (ROE) of -0.93% in 2024 has improved from that of -22% in 2023, reflecting enhanced capital efficiency and prudent financial stewardship. These results affirm our commitment to increasing our shareholders' value year on year. Our market capitalisation increased to TZS 22 billion from TZS 12.69 billion in 2023. This performance underscores growing investor confidence and the strong fundamentals of our business. DCB's vision for turnaround remains bold with plans to increase our return on equity and resume dividend payment consistently.

Dividend payout

Although the bank's performance trajectory is improving, the bank did not get a profit to enable it to pay a dividend for the financial year ending 31 December 2024. The Board and Management is committed to improve its performance after improved capital position through rights issue and return the shareholder's value through dividend payment in the near future.

Role of the Board on strategic objectives

During the year, the Board provided active oversight of the five years strategic plan (2024 – 2028) by providing clear direction, evaluating performance of the executive management and ensure proper alignment with the bank's vision. The Board and Management have undertaken a rigorous review of our operations and strategic direction. We are implementing decisive measures to return the Bank to profitability and ensure sustainable growth. We remained vigilant in overseeing risk, supporting digital transformation, and strengthening our governance frameworks. Our committees worked diligently to ensure that our oversight remained fit for purpose in difficult operating environment where the bank spent 11 months below the regulatory capital margins.

Corporate governance

In 2024, DCB Commercial Bank PLC continued to practice high standards of corporate governance in its operations, ensuring strong risk management and financial stability. The Board reviewed its Memorandums and Articles of Association as advised by the shareholders and to align with the best practice in Corporate Governance. These changes will be presented in this meeting for your deliberation and approval.

The Board expects changes in its composition resulting from shifts in the shareholding structure, particularly within the institutional shareholders' category, following the sale of rights shares. We look forward to working closely with the new Board members to drive transformative changes that will shape the future of our bank. We are confident that our joint oversight will begin to yield positive outcomes for our shareholders and all stakeholders.

Beyond these core pillars in governance, we are redoubling our efforts in robust risk management to maintain a healthy asset portfolio and fostering a culture of innovation and performance across all levels of the Bank.

Outlook

The future outlook of Tanzanian's economy in 2025 expects the GDP to rise to 6%, the key drivers being investment in infrastructure, particularly in transport and logistics and stable power supply. Our focus will centre on safeguarding the interests of our shareholders through strong oversight and disciplined financial management. We will keep supporting the management as they lead in driving digital innovation and enhancing operational efficiency across all areas of the business. At the same time, we are deepening our commitment to drive the sustainability agenda by incorporating climate risk management and observing the best practices.

Appreciation

I extend my sincere gratitude to our valued shareholders for your continued patience, trust, and unwavering support during this challenging transition period. To our dedicated employees and management team, your hard work, commitment, and resilience are the backbone of our operations, and we appreciate your tireless efforts. We are also grateful to the Bank of Tanzania, Capital Market and Securities Authority and other regulatory bodies for their guidance and support. Finally, to our loyal customers, thank you for choosing DCB Commercial Bank PLC as your financial partner; your trust is our greatest asset.

We are confident that the strategic initiatives we are undertaking, coupled with a vigilant focus on efficiency, risk management, and leveraging the immense opportunities in Tanzania's digital and inclusive finance sectors, will pave the way for a stronger, more profitable, and sustainable future for the bank. We look forward to sharing our progress with you in the coming periods.

Sincerely,

Zawadia Nanyaro
Chairperson of the Board of Directors
DCB Commercial Bank PLC

MESSAGE FROM THE MANAGING DIRECTOR
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

"Our balance sheet remained resilient, with total assets expanding to TZS 259.1 billion"

"Interest and similar income rose to TZS 32.28 billion."

"The bank reduced its net loss significantly to TZS 969 million, a strong recovery from the TZS 3.6 billion loss posted in 2023."

73%
Reduction on loss

16%
Increase in Interest Income

12%
Increase in Total Asset

Dear shareholders,

The 2024 Financial Year, marked a critical turning point for DCB Bank as we began to lay the foundation to restore the bank to sustainable profitability.

Amid macroeconomic headwinds and internal transformation, we focused on restoring financial health, delivering operational efficiency, and positioning the bank for long-term growth under our five years (2024–2028) Strategic Plan.

It is our firm belief that outstanding performance in the years ahead can only be achieved by first establishing solid foundations which includes among others; strengthening the capital, enhancing good governance, investing in technology, and aligning our operations with a disciplined strategy. The deliberate steps taken this year, though not yet fully reflected in our bottom line, are pivotal in building a resilient and agile institution prepared for sustainable success.

Resilient performance amid adversity

In 2024, DCB Commercial Bank made notable strides in its turnaround journey, delivering early proof that our strategic reset is gaining traction. The bank reduced its net loss significantly to TZS 969 million, a strong recovery from the TZS 3.6 billion loss posted in 2023. This performance reflects our commitment to stabilising the bank and repositioning it for long-term profitability.

Interest and similar income rose by 16% to TZS 32.28 billion, supported by prudent loan book expansion and improved asset yields. This growth was driven mainly by an increase in interest income from loans and advances to customers, which rose to TZS 24.87 billion. Our deliberate strategy to grow quality assets; especially in high-impact segments like microfinance, yielded good results. The launch of Tausi, our group lending product targeting women, emerged as the best-performing product of the year, reinforcing our commitment to inclusive banking and socially anchored lending.

Although interest expenses increased by 27% to TZS 19.23 billion compared to TZS 15.09 billion in 2023, due to a stressed liquidity environment and the costs associated with our recapitalisation efforts, we view these as transitional. Clear actions are underway to optimise our funding mix and reduce the cost of funds, including deeper deposit mobilisation and refinement of our liability strategy.

Our balance sheet remained resilient, with total assets expanding by 12.2% to TZS 259.1 billion, underpinned by loan growth and increased investments in government securities. Customer deposits grew by 8.6% to TZS 152.0 billion, while our capital position strengthened considerably following the successful rights issue, pushing Tier 1 and Tier 2 capital ratios to 15.68% and 16.03%, respectively. Operational indicators continued to improve: the NPL ratio declined to 4.96%, the cost-to-income ratio improved to 97.98% from 108% reported in 2023, and Return on Equity rebounded to -0.93%, all signalling that the foundations for a strong recovery are firmly in place.

The year 2024 marked the launch of our 2024–2028 Strategic Plan, and **I am pleased to report that we made measurable progress on several key pillars.**

Progress on strategic priorities

The year 2024 marked the launch of our 2024–2028 Strategic Plan, and I am pleased to report that we made measurable progress on several key pillars. On capital growth, the bank successfully executed a rights issue which restored our capital adequacy ratios well above regulatory thresholds onTier 1 and Total Capital ratios to 15.68% and 16.03%, respectively. This infusion of capital also brought on board new strategic shareholders, reinforcing both our governance framework and future funding potential.

In line with our strategic focus on inclusive finance and quality asset growth, we introduced Tausi, a group lending product for women, which emerged as the Bank's best-performing product. This was supported by a 9.97% increase in gross loans to customers, mainly in micro and SME segments. The foundation has also been laid for the introduction of digital lending.

Furthermore, the bank made headway in deposit mobilisation with an 8.56% increase in customer deposits and strengthened our institutional banking engagements. Operational realignments were implemented to drive accountability and service delivery across all touchpoints.

While much remains to be done, these achievements confirm that our strategic roadmap is well anchored, and we are moving with discipline and urgency towards our vision of becoming a strong, inclusive, and digitally enabled bank.

Outlook for FY 2025 and beyond

We look to the future with renewed optimism and determination. Entering 2025, we begin from a stronger foundation; our capital has been restored, governance reinforced, and a clear strategic roadmap under our 2024–2028 Strategic Plan. With Tanzania's economy projected to grow at 6%, driven by infrastructure and private sector resilience, DCB is uniquely positioned to seize emerging opportunities in trade, agriculture, housing, and SME lending. Our focus is on turning this momentum into tangible value for our stakeholders through responsible lending, innovation, and customer-centric growth.

We are committed to making 2025 a year of decisive turnaround with a clear strategy on the following key areas; return to profitability through disciplined credit growth, expand income streams via digital payments and non-funded products, and unlock operational efficiency through automation and data analytics. In line with our purpose, we will deepen financial inclusion by empowering MSMEs, women, and youth while aligning with environmental, social, and governance (ESG) principles.

With an aligned team, sharpened focus, and resilient strategy, DCB is poised to deliver long-term, inclusive, and sustainable value for all.

Appreciation

None of this progress would be possible without the unwavering support of our shareholders, customers, regulators, strategic partners, Board of Directors and dedicated staff members. I am especially grateful to our new strategic investors for their trust, and to the Board for their guidance during a year of profound transition.

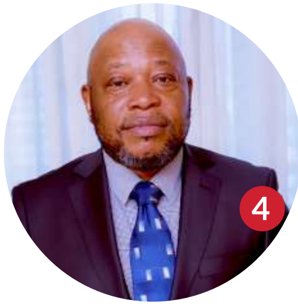
As we continue this transformative journey, I am confident that the DCB you see today is just the beginning of a much greater story. With a clear strategy, renewed capital strength, and a passion to serve, we are committed to delivering long-term value to our shareholders and building a stronger, more inclusive DCB Commercial Bank.

Sabasaba Moshingi
Managing Director
DCB Commercial Bank PLC

04

OUR CORPORATE GOVERNANCE

BOARD OF DIRECTORS



1 **Zawadia Nanyaro** - 52
Chairperson

MBA Fin., Bachelor of Commerce in Accounting, CPA-PP, CISA, CDIoDT
Appointed on 20th December 2016 and was reappointed on 27^{th} June 2020
Re-appointed on 27^{th} June 2020 and 17^{th} June 2023

2 **Mr. Alexander Sanga** - 45
Vice Chairperson and Chairperson of the Board Governance & Human Resource Committee

MBA, Bachelor of science in computer science, CISA, CISM, AEC, SMC, CRISC, CGEIT, CDIoDT
Appointed on 17^{th} April 2020
Re-appointed on 17^{th} June 2023

3 **Prof. (Emeritus) Tadeo Satta** - 63
Independent - Non-Executive
Chairperson Board Audit, Risk & Compliance Committee

Ph.D. in Development Finance, MBA in Financial Management, Post Graduate Diploma in Financial Management and Advanced Diploma in Banking, CDIoDT
Appointed on 17^{th} June 2023

4 **Mr. David Shambwe** - 51
Independent - Non-Executive
Chairperson, Board Credit Committee

Bachelor of Commerce in Marketing and the ACI Dealing Certificate, CDIoDT
Appointed on 12^{th} June 2021,
Re-appointed on 17^{th} September 2024

5 **Ms. Pamela Nchimbi** - 43
Non Executive

MBA, Bachelor of Commerce (Corporate Finance), ACI dealing certificate, Fundamental Securities Certificate, Asset & Liabilities Management Certificate and Authorized dealer's Representative. Chartered Financial Analyst (CFA), CDIoDT
Appointed on 27^{th} May 2017
Reappointed 27^{th} June 2020 and 17^{th} June 2023

6 **Dr Amina Baamary** - 48
Non Executive

PhD in Business Management, MBA Fin., Bachelors Degree in Commerce -Corporate Finance, Diploma in Accounting, CDIoDT
Appointed on 12^{th} June 2021,
Re-appointed on 17^{th} September 2024

7 **Mr. Cliff Maregeli** - 45
Non Executive

Master of Science degree in Computer Engineering, Bachelor of Science in Computer Engineering and Information Technology, PMP, CDIoDT
Appointed on 12^{th} June 2021,
Re-appointed on 17^{th} September 2024

8 **Ms Hanifa Hamza** - 41
Non Executive

Master's degree in international business management, Bachelor's Degree in Business Management, Diploma in Sales, and a Certificate in Insurance Skills.

Appointed on 9^{th} May 2022
Re-appointed on 19^{th} July 2025

9 **Mr. David Minja** - 55
Non Executive

MBA and Bachelor of Science degree in Business Information Systems.
Appointed on 14^{th} September 2024

10 **Mr Sabasaba Moshingi** - 54
Executive Director (Managing Director)

MBA Fin., Certified Banker, CDIoDT
Appointed on 1^{st} November 2023

OUR SENIOR MANAGEMENT

1 **Mr Sabasaba Moshingi**
Executive Director - Managing Director

MBA Fin., Certified Banker, CDIoDT

2 **Ms. Regina Mduma**
Director, Legal Affairs
& Company Secretary Tanzanian

LLM, LLB, Advocate, CDIoDT

3 **Mr. Deogratias Thadei**
Director, Credit Risk

BAF, ACPA- T, ACCA – UK, certification from NBAA, and the Institute of Internal Auditors Tanzania, CDIoDT

4 **Ms. Bertha Munyera**
Director, Finance

ACPA-T
MBA, Corporate Management
Bachelor of Commerce and Management (Accounting)

5 **Mr. Leonard Katamba**
Director, Operations & Technology

Degree in Computer Science

6 **Ms. Msingo Mkanzabi**
Director, Human Resources

Honours Degree in Industrial and Organisational Psychology, Bachelor of Social Sciences Degree in Industrial, Organisational and Labour Studies

7 **Mr. Ramadhan Mganga**
Director, Retail Banking

MBA, Bachelor of Science in Forestry

8 **Mr. Emmanuel Barenga**
Director, Internal Audit

Master's Degree in Finance and Investment, Bachelor degree on Actuarial Science, Postgraduate Diploma in Scientific Computing, CPA-T, CISA, CRISC and ISACA

9 **Mr. Emmanuel Mushi**
Acting Director, Risk and Compliance

Advanced Diploma in Accountancy, Professional Certificate in Network Administration

05

OUR FINANCIAL STATEMENTS

REPORT BY THOSE CHARGED WITH GOVERNANCE

1. INTRODUCTION

Those charged with governance ("Directors") submit their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of DCB Commercial Bank Plc ('the bank' or 'the Company').

2. INCORPORATION

The bank was incorporated in 2001 under the Companies Ordinance, Cap 212 (later repealed by the Companies Act No 12 of 2002) and is listed at the Dar es Salaam Stock Exchange. The Bank of Tanzania provided license under the Banking and Financial Institutions Act, of 2006.

3. PRINCIPAL ACTIVITIES

The principal activities of the bank are taking deposits on demand, providing short-term, medium-term and long-term credit facilities, and other banking services allowed under Banking and Financial Institutions Act, of 2006.

4. DIVIDENDS

Due to changes in regulatory requirements for the bank to pay dividends, the Directors do not propose payment of dividends for the year 2024 (2023: NIL).

5. PERFORMANCE FOR THE YEAR

The bank recorded a loss before tax of TZS 1.7 billion for the year ended 31 December 2024 (2023: loss before tax of TZS 4.6 billion). This indicates that our operations have started to improve and our losses have reduced by TZS 2.9 billions. Our asset quality has significantly improved to TZS 800.6 million from TZS 3.1 billion recorded in 2023. This performance was driven by robust recovery measures and growth in our asset book.

Interest and similar income increased to TZS 32.28 billion from 27.84 billion in 2023. The increase in interest and similar income is a result of increase in interest income from loans and advances to customers to TZS 24.87 billion from 22.20 billion in 2023. Gross loans and advances to customers increased by 9.97% year on year, from TZS 120.4 billion in 2023 to TZS 132.4 billion in 2024 due to bank increase risk profile especially for microfinance product. The bank also introduced a new facility, Tausi, focused on group lending to women, which proved to be the best-performing segment during the year. However, non-interest income decreased by 4% year on year to TZS 6.2 billion in 2024 from TZS 6.5 billion in 2023.

Interest and similar expenses increased by 27% in 2024 compared to 2023, The interest and similar expenses by year-end stood at TZS 19.23 billion in 2024 from 15.09 billion in 2023; the increase was spurred by long term borrowings growth by 192% (TZS 1.69 billion) year on year from TZS 11.21 billion in 2023 to TZS 32.74 billion in 2024.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

5. PERFORMANCE FOR THE YEAR (CONTINUED)

KEY PERFORMANCE INDICATORS
The following Key Performance Indicators (KPIs) are effective in measuring the delivery of the bank's strategy and managing the business.

Performance indicator	Definition and calculation method	2024	2023
Return on equity	Net income/Total equity	(0.93%)	(15.22%)
Return on assets	Net income/Total assets	(0.11%)	(1.63%)
Cost to income ratio	Operating costs/Net income gross of impair charge on loans and advances to customers	97.98%	107.72%
Interest margin on earning assets	Total interest income/(Government securities + inter-bank loan receivables + investments in other securities + net loans, advances and overdrafts)	15.09%	15.22%
Non - interest income to Gross income	Non - interest income/total income gross of impair charge on loans and advances to customers	32.29%	33.69%
Earnings per share	Basic earnings/number of ordinary shares in issue	(5.95)	(37.05)
Non - performing loans to gross loans	Non-performing loans/gross loans and advances	4.96%	5.50%
Earning assets Ratio	Earning assets/Total assets	83.70%	80.04%
Growth on total assets	(Current year total assets/ prior year total assets) - 1*100%	12.19%	9.00%
Growth on loans and advances to customers	(Current year net loans and advances/prior year net loans and advances) – 1*100%	9.97%	(0.40%)
Growth on total deposits	(Current year total deposits/prior year total deposits) - 1*100%	8.56%	(1.30%)
Capital adequacy			
Tier 1 Capital	Risk Weighted assets including off-statement of financial position items/Core Capital	15.68%	12.03%
Tier 1+Tier 2 Capital	Risk Weighted assets including off-statement of financial position items/Total Capital	16.03%	12.38%

6. CORPORATE GOVERNANCE

The bank is committed to the principles of effective corporate governance. The DCB Commercial Bank Plc's Board of Directors recognise the importance of integrity, fairness, transparency, and accountability. Directors have a statutory duty to promote the success of the bank for the benefit of the shareholders. In promoting the success of the bank, Directors must have due responsibility with regard to the short, medium and long-term strategies, the legitimate interests of employees, the need to have effective business relationships with suppliers, customers and various stakeholders, the impact of the Bank's operations on the community, the environment, and the desire to maintain high standards of business conduct.

The Board has an oversight responsibility for the bank, including responsibility for setting the risk appetite for the bank, considering, and monitoring investment decisions, considering significant financial matters, approving and reviewing the business performance and budget. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and compliance with sound corporate governance principles.

The Board is committed to ensuring that the Bank complies with all applicable laws, regulations and consider adherence with codes and standards applicable to the industry. The Board ensures that high standards and practices in Corporate Governance and more specifically the principles, practices and recommendations set out under the BOT regulations on corporate governance (2021), Code of Corporate Governance Practices for Listed Companies, 1994 (CMSA Principles of Good Corporate Governance Practices), DSE rules (2022) as well as the Companies Act, 2002 (CAP 212) are adhered to.

The Board has delegated the day-to-day management of the business to the Managing Director assisted by the management team.

The Board of Directors

The Board of Directors act as stewards of the bank in governing the present times and providing guidance and direction for the future. The Board has delegated the implementation of the bank strategy, management, and day-to-day operations of the bank to the Managing Director. The management shall regularly provide reports to the Board and relevant Board committees for the Board to make informed decisions and provide guidance on the business. The management shall be accountable for providing the information requested by the Board and the Board committees in a timely, transparent, and accurate manner.

As of 31 December 2024, the bank had 11 Directors including the Managing Director and one alternate director. Apart from the Managing Director no other Directors holds executive position in the bank.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

6. CORPORATE GOVERNANCE (CONTINUED)

Roles and Responsibilities of the Board

The board of directors is responsible for among others matters:

- Providing effective oversight and control of all affairs of the bank.
- Approving the bank's vision, mission, business ethics, code of conduct, goals, strategic business plans, annual budget and policies as well as monitoring the management to ensure the business operates in line with the approved policies.
- Performing its duty in compliance with relevant laws, regulations, and regulatory requirements to ensure that the bank's business operation is accurate, transparent, and free from corruption.
- Ensuring that the bank has in place an efficient risk management framework, policies, procedures, and guidelines which shall provide adequate risk management tools covering all risk areas.
- Setting the bank's risk appetite and ensuring that management and all employees operate within the agreed risk appetite and risk limits.
- Assigning the Board Audit, Risk and Compliance Committee to regularly monitor the internal control and assess the efficiency.
- Monitoring and ensuring that the bank has stable and adequate capital.
- Approving the annual audited financial statements before presenting the same to the shareholders.
- To appoint the Managing Director, the Company Secretary and executive management members of the bank. The Board shall ensure that there is a proper mechanism in place for the nomination and development of the managing director and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the company to achieve its objectives.
- Ensure that all credit facilities granted to insiders and the related parties by the bank are given at an arm's length basis.
- The Board shall set appropriate performance and remuneration standards for senior management consistent with the long-term strategic objectives and the financial soundness of the bank.
- The Board shall ensure there is an appropriate succession plan for senior management positions.

During the year the Board performed their roles and responsibilities as provided in the DCB Memorandum and Articles of Association (MEMARTS) and the Board Charter. All members of the Board were collectively responsible and complied with the best practices in corporate governance practices.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

6. CORPORATE GOVERNANCE (CONTINUED)

Members charged with Governance

Composition of the Board of Directors who served during the year.

Name	Position	Age	Gender	Nationality	Qualification/ discipline	Appointment date
Ms. Zawadia J. Nanyaro	Chairperson	52	Female	Tanzanian	MBA (Finance), B. Com (Hons) in accounting, holder of CPA (T) in Public Practice (CPA –PP) and Certified Information System Auditor –CISA.	Re -Appointed 17 June 2023
Mr. Alexander Sanga	Vice Chairperson	45	Male	Tanzanian	Master of Business Administration, Bachelor of Science in Computer Science, Certified Information Systems Audit (CISA) – ISACA, Certified Information Manager (CISM) – ISACA, Agile Expert Certified Credential (AEC), Scrum Master Certified Credential (SMC), Certified and Information Systems Control (CRISC) – ISACA and Certified in Governance of Enterprise IT (CGEIT) – ISACA.	Appointed on 17 April 2020
Prof. emer Tadeo Satta	Member	63	Male	Tanzanian	PhD in Development Finance, MBA in Financial Management, Post Graduate Diploma in Financial Management and Advanced Diploma in Banking.	Appointed on 17 June 2023
Mr. David Shambwe	Member	51	Male	Tanzanian	Bachelor of Commerce in Marketing and various courses on business.	Re-Appointed on 17 September 2024
Ms. Pamela F. Nchimbi	Member	43	Female	Tanzanian	MBA, Bachelor of Commerce (Corporate Finance), holder of ACI dealing certificate, Authorized Dealer's Representative, Level 1 Candidate in the Chartered Financial Analyst program, Fundamental Securities Certificate.	Appointed on 27 May 2017
Dr. Amina Abdul Baamary	Member	48	Female	Tanzanian	PhD in Business Administration majoring in Microfinance Groups and SMEs Development), Master of Business Administration, Bachelor of Commerce (with Honors) Majoring in Cooperate Finance and Diploma in Accountancy.	Re-Appointed on 17 September 2024
Mr. Cliff Maregeli	Member	45	Male	Tanzanian	Master's degree in computer engineering, bachelor's degree in computer engineering and IT and Professional Certificates in areas of Project Management, IT Governance, Procurement and IT Infrastructure technologies, IT networks and applications.	Re-Appointed on 17 September 2024
Ms. Hanifa Hamza	Member	41	Female	Tanzanian	Master of Business Administration (International Business), Post graduate diploma in business Administration, Advanced Diploma in marketing and Certificate in Proficiency in Insurance.	Appointed on 9 May 2022
Mr. David Minja	Member	55	Male	Tanzania	Master of Business Administration (General Business Administration), Bachelor of Science (Business Information Systems).	Appointed on 17 September 2024
Mr. Onesmo Mwoga	Alternate Board Member	46	Male	Tanzanian	Master of Science in Accounting & Finance, Advanced Diploma in Accountancy and Certified Public Accountant CPA (T).	Appointed on 25 June 2024
Mr. Sabasaba Moshingi	Managing Director	53	Male	Tanzanian	Master of Business Administration, Diploma in Banking and Certificate in Banking. He is a Chartered Banker.	Appointed on 1 November 2023

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

6. CORPORATE GOVERNANCE (CONTINUED)

Members charged with Governance (continued)

Directors' interest in the bank's shares

Name of the director	Number of shares held in 2024	Number of shares held in 2023
Ms. Zawadia J. Nanyaro	210,480	105,240
Ms. Pamela F. Nchimbi	739,444	466,717
Mr. Cliff Maregeli	170,179	79,270
Mr. David Shambwe	94,798	47,399
Mr. Alexander Sanga	43,980	21,000
Dr. Amina Abdul Baamary	23,991	-
Mr. David Minja	150,000	6,269
Mr. Sabasaba Moshingi	167,046	-
Total shares held by directors	1,599,918	725,895

The Board of Directors meetings

During the year the Board held seven (7) ordinary meetings and twelve (12) extraordinary meetings. The attendance is as shown in the table below:

No	Name	Position	Total Meeting required	No. of meetings attended
1	Ms. Zawadia J. Nanyaro	Chairperson	18	18
2	Mr. Alexander M. Sanga*	Vice Chairperson	19	14
3	Prof. emer Tadeo Satta*	Member	19	18
4	Mr. David M. Shambwe	Member	19	19
5	Ms. Pamela F. Nchimbi*	Member	19	14
6	Dr Amina A. Baamary	Member	19	19
7	Mr. Cliff N. Maregeli*	Member	19	18
8	Ms. Hanifa S. Hamza	Member	19	-
9	Mr. David Minja*	Member	6	5
10	Mr. Onesmo Mwoga*	Alternate Director for Kinondoni Municipal Council	10	1
11	Mr. Sabasaba Moshingi*	Member	19	17

Note

1. Mr. David Minja is a new Board Member who started attending Board Meetings as a co-opted Member assisting the Board in strategic issues of the bank. He later obtained clearance from the Bank of Tanzania and was appointed by the Shareholders at the Annual General Meeting on 17 September 2024 as a substantive Board Member of the bank.

2. Mr. Onesmo Mwoga is an alternate Board Member for Kinondoni Municipal Council who started attending Board Meetings after obtaining clearance from the Bank of Tanzania on 25 June 2024.

3. Dr. Amina Baamary, Mr. David Shambwe, and Mr. Cliff Maregeli's tenure on the Board of Directors ended on 12 June 2024. The bank sought an extension from the Bank of Tanzania (BOT) to allow them to continue serving until the Annual General Meeting (AGM). BOT approved the request by extending their tenure until 30 September 2024. The three members were reappointed during the 22nd AGM held on 14 September 2024.

*Absent in other meeting with apologies.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

6. CORPORATE GOVERNANCE (CONTINUED)

Board Committees

Each Board Committee operates under a charter that outlines its roles, responsibilities, and contribution to the efficiency and effectiveness of board performance. Throughout the year, the Board maintained several sub-committees to uphold high corporate governance standards.

During the year the Board changed the names of its committees to align with the best practice. To uphold governance standards, it also revised the Board Charter and each Board Committee Charter to reflect these changes. Consequently, the Board adjusted the membership of these committees during the year under review, with details provided below.

a. Board Audit, Risk and Compliance Committee (BARCC)

The BARCC held four (4) ordinary meetings and four (4) extraordinary meetings whose attendance is as shown in the table below:

No	Name	Position	Total Meeting required	No. of meetings attended
1	Prof. emer Tadeo Satta	Chairperson	7	7
2	Ms. Pamela F. Nchimbi	Member	8	7
3	Mr. Cliff Maregeli	Member	8	7
4	Dr. Amina Baamary	Member	1	1

** During the fourth quarter ordinary meeting, Prof. emer Tadeo Satta was a member of Board Strategy and Credit Committee and Board Nomination and Human Resource Committee.*

b. Board Nomination and Human Resources Committee (BNHRC)

The BNHR Committee held one (1) extraordinary meeting. The attendance is as shown in the table below:

No	Name	Position	Total Meeting required	No. of meetings attended
1	Mr. Alexander Sanga	Chairperson	1	1
2	Mr. David Shambwe	Member	1	1
3	Ms. Hanifa Hamza	Member	1	-
4	Prof. emer Tadeo Satta	Member	1	1

c. Board Strategy & Credit Committee (BSCC)

The BSC Committee held one (1) ordinary meeting. The attendance is as shown below:

No	Name	Position	Total Meeting required	No. of meetings attended
1	Mr. David M. Shambwe	Chairperson	1	1
2	Mr. Alexander Sanga	Member	1	1
3	Ms. Hanifa Hamza	Member	1	-
4	Prof. emer Tadeo Satta	Member	1	1

d. Board Governance and Human Resource Committee (BGHRC) (new)

The BGHR Committee held three (3) ordinary meetings and two (2) extraordinary meetings. The attendance is as shown in the table below:

No	Name	Position	Total Meeting required	No. of meetings attended
1	Mr. Alexander Sanga	Chairperson	5	5
2	Mr. David Shambwe	Member	3	3
3	Dr. Amina Baamary	Member	5	5
4	Ms. Hanifa Hamza	Member	3	-
5	Mr. David Minja	Member	1	1

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

6. CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

e. Board Credit Committee (BCC) (new)

The Board Credit Committee held three (3) ordinary meetings. The attendance is as shown in the table below:

No	Name	Position	Total Meeting required	No. of meetings attended
1	Mr. David Minja	Chairperson	3	3
2	Mr. Alexander Sanga	Member	3	2
3	Dr. Amina Baamary	Member	3	3
4	Ms. Hanifa Hamza	Member	3	-
5	Mr. David Minja	Member	1	1

7. MANAGEMENT TEAM

As of 31 December 2024, the management of the bank was under the Managing Director, assisted by the following:

No	Position	Name
1.	Managing Director	Mr. Sabasaba Moshingi
2.	Director, Legal & Company Secretary	Ms. Regina Mduma
3.	Director, Credit Risk	Mr. Deugratius Thadei
4.	Director, Operations & Technology	Mr. Leonard Katamba
5.	Director, Human Resources	Ms. Msingo Mkanzabi
6.	Director, Retail Banking	Mr. Ramadhani Mganga
7.	Director , Internal Audit	Mr. Emmanuel Barenga
8.	Acting Director, Risk & Compliance	Mr. Emmanuel Mushi
9.	Acting Director, Finance	Mr. Siriaki Surumbu

8. CAPITAL STRUCTURE AND CASHFLOWS

The bank is listed at the Dar es Salaam Stock Exchange, and it is actively trading in the exchange. The performance of the bank's shares in the secondary market was as follows: Market capitalization as at 31 December 2024 was TZS 22.00 billion (2023: TZS 12.69 billion). The average market price per share was TZS 135 (2023: TZS 157) and the closing market price per share as of 31st December 2024 was TZS 135 (2023: TZS 130) per share.

Authorized	400,000,000 ordinary shares of TZS 250 each.
Called up and fully paid	162,992,488 ordinary shares of TZS 250 each.

The bank conducted an increase of capital through Rights Issue from 11 November 2024 to 6 December 2024 which provided shareholders with the right to purchase one share for every one share they owned at the date of closing of the share register, at the price of TZS 110 per share. The exercise had a consortium of underwriters who purchased untaken shares at the lapse of the Rights Issue window. The total offer for subscription approved by the Capital Markets and Securities Authority (CMSA) was 97,646,913 shares, aiming to raise share capital of TZS 10,741,160,430.

The bank is pleased to announce that at the close of the Rights Issue window, the bank received a subscription of 65,345,575 shares which is 67 percent of the target. All shares were subscribed by existing shareholders, the total of which resulted in gross proceeds of TZS 7,188,017,329 as at balance sheet date. Subsequently, 28,588,742 shares were paid and allotted to the consortium of underwriters who paid for the unsubscribed shares by 30 April 2025.

The CMSA has approved the shareholders' register reflecting these results and the allotted shares have been credited to the respective shareholders' Central Securities Depository (CSD) accounts. DCB bank Plc share capital has thus increased by TZS 10,332,776,907 (including the subsequent paid up shares). Following the completion of the rights issue, the number of shares in DCB bank Plc subsequent to year end increased to 191,581,230 shares.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

8. CAPITAL STRUCTURE AND CASHFLOWS (CONTINUED)

The Shareholders of the bank

The bank's capital structure for the year under review is as below:

The total number of shareholders as of 31 December 2024 was 8,197 (2023: 7,347 shareholders). The share structure of the bank are as follows:

As of 31 December 2024

Name	No. of shares	Book Valueof shares TZS	% Holding
UTT-Asset Management & Investor's Services Plc (UTT-Amis Plc)	28,257,676	7,064,419,000	17.33
Umoja Unit Trust Scheme	14,182,594	3,545,648,500	8.70
National Health Insurance Fund	12,000,000	3,000,000,000	7.36
Dar Es Salaam City Council	10,228,320	2,557,080,000	6.28
Ilala Municipal Council	7,866,859	1,966,714,750	4.83
Kinondoni Municipal Council	5,625,019	1,406,254,750	3.45
Temeke Municipal Council	3,422,252	855,563,000	2.10
Regular Income Unit Trust Scheme	3,176,994	794,248,500	1.95
Ubungo Municipal Council	2,877,367	719,341,750	1.77
Kigamboni Municipal Council	2,281,502	570,375,500	1.40
Children's Career Plan Unit Trust Scheme	805,694	201,423,500	0.49
Other 8,186 Shareholders	72,268,211	18,067,052,750	44.34
Total share capital	162,992,488	40,748,122,000	100.00

Authorized	400,000,000 ordinary shares of TZS 250 each.
Called up and fully paid	162,992,488 ordinary shares of TZS 250 each.

As of 31 December 2023

Name	Number of shares	Value of Shares TZS	% Holding
Umoja Unit Trust Scheme	14,091,297	3,522,824,250	14.43
Dar es Salaam City Council	10,228,320	2,557,080,000	10.48
Ilala Municipal Council	7,866,859	1,966,714,750	8.06
UTT-Asset Management & investor's Services Plc (UTT-Amis Plc)	7,028,838	1,757,209,500	7.20
National Health Insurance Fund	6,000,000	1,500,000,000	6.14
Kinondoni Municipal Council	5,625,019	1,406,254,750	5.76
Temeke Municipal Council	3,422,252	855,563,000	3.50
Ubungo Municipal Council	2,877,367	719,341,750	2.95
Kigamboni Municipal Council	2,281,502	570,375,500	2.34
Regular Income Unit Trust scheme	1,588,497	397,124,250	1.63
Children's Career Plan Unit Trust Scheme	402,847	100,711,750	0.41
UTT-Projects & Infrastructure Development Plc	100,000	25,000,000	0.10
Other 7,335 members	36,134,115	9,033,528,750	37.00
TOTAL	97,646,913	24,411,728,250	100.00

Authorized	400,000,000 ordinary shares of TZS 250 each.
Called up and fully paid	97,646,913 ordinary shares of TZS 250 each.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

8. CAPITAL STRUCTURE AND CASHFLOWS (CONTINUED)

FUNDING MIX

The bank funding mix as at 31 December 2024 is as below;

Details	31 December 2024 TZS'000	31 December 2023 TZS'000
Equity		
Share Capital	39,757,915	24,061,904
Share (discount)/premium	(4,965,085)	4,183,291
Accumulated losses	(5,064,843)	(4,145,700)
Other Reserves	1,240,934	608,983
Debt		
Customer Deposits	152,039,156	140,053,421
Deposits from banks and financial institutions	36,419,080	47,664,218
Borrowings	32,738,415	11,213,836
Other liabilities	3,096,390	2,862,953
Lease liabilities	3,874,347	4,479,246

Capital management

The banks' regulatory capital during the year was higher than the regulatory required levels. The Tier 1 Capital ratio stood at 15.68% (2023: 12.03%), Tier 2 Capital closed at 16.03% (2023:12.38%). Note 6.5 on financial risk management disclosures details the components of Tier 1 and 2 capitals as at 31 December 2024 as compared to 31 December 2023.

9. LIQUIDITY RISK

Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Successful liquidity management assures the bank of business continuity and command respect from the market. Treasury has the responsibility of managing liquidity risk and at the same time be able to meet its entire obligation when fall due. Poor management of the liquidity may result into interest rate risk hence affect the net interest income of the bank. For proper Liquidity management the limits shall be established to the extent to which DCB can take liquidity risk as established in Risk Management Program. The size of the limit will greatly depend on bank's capital, depth of the market, the bank's experience level, the stability of the liabilities and the liquidity of the assets.

The Asset Liability Management Committee (ALCO) manages the liquidity by dealing with the following:

- Maintain an effective liquidity management to ensure that trust and confidence is maintained in the bank to avoid liquidity crisis.
- Ensure that the agreed commitments to the bank's creditors can be met in the long term (solvency) and at the right time (liquidity).

Maintain an adequate level of liquidity at all times for both expected and unforeseen obligations, and/or, contingent needs. Never hold too much never hold too little.

- Ensure that cash needs can always be met at a reasonable cost, too much cash is a cost to the bank, but also too little cash is a risk to the bank, so we should establish optimal level.
- Maintain combined liquidity reserves of cash and securities and unused bank lines of credit as a buffer just in case.
- Maintain access to the financial market.
- Ensure that its assets and liabilities are diversified across currencies, geographic areas, and businesses.
- Observe the funding mix.
- The ALCO guided by Treasurer, reviews the current and prospective funding requirements for the bank, analyze the maturity structures of both assets and liabilities considering all funding obligations, especially deposits and borrowings (Refer to note 6.3 for more details).

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

10. BUSINESS OBJECTIVES AND STRATEGIES

Bank's vision

The vision of DCB Commercial Bank Plc is to be the preferred financial services provider in Tanzania.

Bank's mission

The mission of DCB Commercial Bank Plc is to provide convenient, excellent, and innovative financial services to our esteemed customers, while contributing to the social and economic development and generating value to shareholders.

Bank's values

- Integrity

  We possess the courage to do and say the right things.

- Teamwork

We are committed to achieving common goals based on open and honest communication while showing concern and support for each other.

- Respect

  We understand and encourage diversity of views among our employees and stakeholders.

- Responsibility and Accountability

  We are accountable for failure as well as success, and do not play the blame game.

- Creativity and Innovation

  We are the pioneers of innovation and better ways to do things.

- Excellence

We are passionate about leaving things better than they were found.

Bank's behaviours

- Speed in Execution

We are proactive and prioritize our duties, we say no to procrastination.

- Time Management

We respect and value time, we are accountable not to waste time.

- Ownership

We hold ourselves accountable.

Bank's service principles

- **Knowledge**: DCB bank products and service
- **Friendly:** Active listening and courtesy
- **Timely:** Respond promptly and keep our word
- **Value Add:** Go the extra mile / be a solution provider.

Our Strategy

The DCB Board of Directors approved the bank's five-year strategic plan (2024–2028) in 2024, focusing on five key areas to drive transformation and profitability. The plan aims to enhance low-cost deposit mobilization, increase the non-funded income ratio, ensure capital growth, promote financial inclusion, and strengthen the bank's digital presence. The five key areas are;

Capital Growth – The bank aims to increase its Total Capital from TZS 15.5 billion in June 2024 to TZS 61.4 billion by 2028, while raising its Tier 1 capital ratio from 10.55% to 19.02% within the same period.

- Customer Deposit Base Growth – the bank is targeting a current and savings accounts ratio of 67% by 2028 with average customer deposit at TZS 300 billion. Initiatives to achieve this level of growth are ongoing, where the bank provides tailored solutions to prospective customers to attract cheap deposits.

- Loan Book Growth – Our business segments (Commercial, Personal banking and Microfinance) continue to make headway lending to the various sectors within the country. The bank is focused on financing ongoing government projects through our trade financing solutions, as well as other sectors of focus include trading, real estate, transportation, energy, communication, and agriculture. Together with efforts to grow our loan portfolio, management is keen on monitoring and recovery of the non-performing loans. The ongoing efforts to digitize the bank have seen roll-out of short-term loans on mobile (Digital Salary Advance); in the long-term, the bank is expected to partner with MNOs and FinTech's to further extend digital loans to the masses targeting 50% of our portfolio going digital by 2028.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

10. BUSINESS OBJECTIVES AND STRATEGIES (CONTINUED)

Our Strategy (Continued)

- Channel Optimization (Branch & Digital) – As part of its new strategy, the bank aims to enhance its services and catch up with industry standards by focusing on branch expansion, ATMs and cards, agency banking, internet banking, mobile banking, and international payments. The bank plans to increase its branch network from 9 to 15 branches by 2028, while also relocating three branches to more strategic locations. For cards, the bank will introduce virtual cards, ensure full interoperability with other banks, and increase the number of ATMs from 11 to 25.

- Customer Deposit Growth – The bank aims to increase deposits from TZS 152 billion in 2024 to TZS 363 billion by 2028, targeting a CASA ratio of 40:60 (CASA: FDR) while maintaining a cost of funds below 5%. To drive CASA growth, the bank will implement various initiatives, including an enhanced VICOBA strategy to onboard more VICOBAs and improve the current offerings. Additionally, the Local Government Strategy will focus on strengthening relationships with municipalities, particularly targeting youth and women. The bank also plans to expand its customer base through mass account opening, the rollout of digital products, and the SACCOS module, all designed to attract low-cost deposits. Furthermore, strategic partnerships with MNOs and CIT solutions will help source affordable deposits and promote existing products like Bamba. For fixed deposits, the bank will focus on targeted campaigns, maintaining existing deposits, and renegotiating maturing FDRs at lower rates to optimize cost efficiency.

- Additionally, the bank aims to grow its active card base from 20,000 to 50,000 by 2028. In agency banking, the bank plans to revamp its current model, 10,000 agents nationwide. For internet banking, the bank will enhance the platform by incorporating advanced features that improve usability, especially for high-end customers. The bank also plans to increase mobile banking usage through both USSD and app-based services, focusing on creating a user-friendly experience to drive greater adoption. Lastly, in international payments, the bank will continue to leverage existing partnerships and onboard A-rated correspondent banks to facilitate seamless cross-border transactions.

- Quality asset growth and income - The management has strategically focused on loans monitoring and recovery to improve asset quality, with a target to reduce the NPL ratio to less than 3% by 2028. This focus is expected to significantly enhance the bank's profitability, capital, and liquidity moving forward. The bank plans to achieve these goals by implementing robust underwriting criteria and clearly defining acceptable credit risk appetites, continuously improving credit appraisal procedures, and strengthening both business and credit committees. Additionally, the bank will conduct thorough monitoring of its loan portfolio, identifying and addressing remedial measures in a timely manner. Loan quality will be reviewed weekly by the EXCO and recovery teams, with a focus on containing the migration of performing loans through daily monitoring. The bank will expedite pending court cases and negotiate settlements with potential customers. Furthermore, the loan book will be reviewed to identify potential recoveries, including NPLs and written-off loans. The roles and capacity of individuals within the credit monitoring and recovery unit will also be reviewed to ensure effective execution of these strategies.

- Banking to low-income earners (microcredit & MSME) – The bank aims to grow its loan portfolio to TZS 50 billion by 2028, with an NPL ratio of less than 3%. To achieve this, the bank plans to implement several key strategies. These include expanding outreach for microcredit disbursements in the Dar es Salaam region for all branches suitable for such lending. The bank will also focus on improving its turnaround time to enhance customer satisfaction. Additionally, the bank intends to raise awareness of government-specific projects for microcredit lending and ensure proper clustering in Dar es Salaam and Dodoma to strengthen governance and controls. The bank will increase its footprint in key regions with high potential, such as Mwanza, Mbeya, Morogoro, Kilimanjaro, Iringa, Njombe, Kigoma, Kagera, and Arusha. Recruiting competent staff to operate the microcredit products and ensuring strong systems to support their growth are also critical components of the strategy. The bank plans to establish group lending for agri-finance and expand group lending to special groups, including disabled entrepreneurs, youth, and women. Furthermore, rebranding existing products will be a priority to enhance stakeholder alignment and market penetration.

- Business growth initiatives are already underway, including rebranding and positioning strategies that will ensure the bank achieves its five-year goals, even within the highly competitive market landscape. The primary focus is on building a robust, digitally active customer base to drive sustainable and profitable growth. The bank's digital transformation is progressing well, with significant investments in the necessary technology and delivery channels to expand outreach. We will continue to leverage enhanced delivery channels such as mobile banking, agency banking, strategic partnerships with payment gateways, and minimal brick-and-mortar branch expansion. Looking ahead, the bank aims to position itself as the market's go-to partner. The collaborations will offer customers nationwide convenience, flexibility, and simplified access to financing, benefiting both existing and potential customers

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

10. BUSINESS OBJECTIVES AND STRATEGIES (CONTINUED)

ACTUAL PERFORMANCE AGAINST BUDGET

INCOME STATEMENT

The bank recorded a loss before tax of TZS 1.72 billion (2023: TZS 4.59 billion). The bank's performance against the budget is as detailed below:

Key performance indicator	Actual 2024 TZS billion	Budget 2024 TZS billion	% Budget Achievement	Actual 2023 TZS billion
Interest income	32.3	32.51	99	27.84
Interest expense	(19.2)	(19.47)	99	(15.09)
Net interest margin	13.0	13.04	100	12.75
Non funded income	6.2	6.97	89	6.48
Operating expenses	18.9	19.13	106	(20.71)
Loan loss provision charge (Note 23)	0.8	0.33	(242)	(3.11)
Loss before tax	**1.72**	**0.55**	**(313)**	**(4.59)**

BALANCE SHEET

The balance sheet grew by 17% in earning assets from 2023 position of TZS 185 billion to TZS 217 billion as at 31 December 2024. The interest-bearing liabilities grew from TZS 199 billion in 2023 to TZS 221 billion in 2024.

Key performance indicator	Actual 2024 TZS billion	Budget 2024 TZS billion	% Budget Achievement	Actual 2023 TZS billion
Investment in Government Securities & Others	62.05	70.58	87.91	57.16
Balances due from other banks	19.39	7.17	270.43	5.27
Loans and Advances to customers	132.41	150.24	87.79	120.40
Equity Investments	3.04	2.04	149.02	2.04
Earning assets	**216.89**	**230.03**	**94.06**	**184.87**
Deposits from Customers	152.04	167.29	90.88	140.05
Due to banks and financial institutions	36.42	29.58	123.12	47.66
Borrowings	32.74	33.55	97.59	11.21
Interest bearing liabilities	**221.2**	**230.42**	**96.00**	**198.92**

11. FUTURE PROSPECTS

For the year ended 2024, the bank continued to prioritize growth in key areas, including customer deposit base, loan book, non-funded income, footprint expansion, and alternative channel optimization. The bank's strategic plan for 2024-2028 aims to increase total assets from TZS 231 billion to TZS 556 billion by 2028, and customer deposits from TZS 140 billion to TZS 363 billion by 2028. The bank has continued to expand its delivery channels through digital platforms, agency banking, strategic partnerships, and branch expansion.

To ensure the realization of these ambitions, the bank has undergone a business transformation with several initiatives included repositioning and aligning the overall structure. The bank's primary focus remains on building a strong digitally active customer base that will lead to sustainable and profitable balance sheet growth. The bank has continued to make significant investments in the necessary technology and delivery channels to expand its outreach.

Looking ahead, the bank aims at accelerating growth, having positioned itself as the go-to partner in the market. The bank has engaged key stakeholders, including MNOs and FinTech, on several levels, and has launched new products and services LIPA kwa Tigo, Tigo WAKALA and Tigo Nivushe as evidence of these partnerships. These partnerships offer convenience, flexibility, and simplified access to financing to both existing and potential customers throughout the country.

12. OPERATING ENVIRONMENT

The operating environment in 2024 faced dollar scarcity in the market which affected bank forex trading position. Real GDP in the third quarter of 2024 was 5.3% projected to grow to 5.6% in 2025, driven by improved performance in the tourism sector and the reopening of trade corridors.

Inflation remained low throughout the year, supported by subdued prices of both food and non-food consumer goods and services. This was within the target range and in line with regional convergence benchmarks. For the full year, headline inflation averaged 3.0%, compared to 3.2% in 2023.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

13. OPERATING MODEL

We are a full-service bank catering to the diverse banking needs of individuals, small to medium-sized businesses, and large corporate clients. Our extensive branch network includes 9 branches, 700 DCB Wakala Agents, and 290 Umoja switch ATMs, serving more than 3 million customers throughout the country.

We have segmented our client service into personal banking, group banking, business banking, corporate banking, and treasury services to offer targeted solutions that meet our customers' unique needs.

In addition, we provide foreign currency services and money market services through our treasury services segment to individuals, groups, and businesses.

14. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

Risk management framework

The management of risk lies at the heart of business. The bank's major risks arise from extending credit to customers through our trading and lending operations. The bank is also exposed to a range of other risk types such as cyber, climate, market, liquidity, operational, reputational, and other risks that are inherent to bank's strategy, product range and geographical coverage.

Risk governance

The ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board. Acting within an authority delegated by the Board, The Board Audit, Risk and Compliance Committee (BARCC) has responsibility for oversight and review of prudential risks including but not limited to credit, market, capital, liquidity and operational. It reviews the bank's overall risk appetite and makes recommendations thereon to the Board.

Its responsibilities also include reviewing the appropriateness and effectiveness of the bank's risk management systems and controls, considering the implications of material regulatory change proposals and ensuring effective due diligence on material transactions. The BARCC reviews regular reports on risk management, policies, stress testing, liquidity, and capital adequacy, and is authorized to investigate or seek any information relating to an activity within its terms of reference.

The Board accepts final responsibility for the risk management and internal control systems of the bank. It is the task of the Directors to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis. The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the bank's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2024 and is of the opinion that they met accepted criteria. The Board carries out risk and internal control assessment through the Board Audit, Risk and Compliance Committee.

Risk Management Culture

The bank is cognizant of the fact that people are its most asset and are core to the establishment of a positive and responsible risk management culture. To that end, the bank continues to invest in the capability of its people through carefully designed initiatives and programs towards embedding a positive risk management culture in the bank. Roles and responsibilities for risk management are defined under two lines of defence model. Each line of defence describes a specific set of responsibilities for risk management and control:

First line of defence: This comprises management and internal controls; operational managers own and manage risks. They also are responsible for implementing corrective actions to address process and control deficiencies.

Second line of defence: This comprises the independent risk function and is responsible for ensuring that the risks remain within the bank's risk appetite.

Third line of defence: The independent assurance provided by the Internal Audit Department. Its role is defined and overseen by the Board Audit Committee.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

14. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

Risk Management Culture (Continued)

In servicing its clients, DCB Commercial Bank Plc assumes numerous risks. principal risks that the bank is exposed to are:

Risk	Mitigation Actions
Credit Risk Risk of loss arising from failure of customers to meet their contractual obligations when they fall due. These obligations can be financial and non-financial.	• Enhanced customer onboarding procedures with increased scrutiny on customer's past credit performance and present capacity. • Recovery process monitoring and reporting on monthly basis. • Proper loan monitoring procedures to flag out customers with elevated credit risk for quicker actions and remediation plans.
Compliance Risk Potential risk of penalties, sanctions, reputational damage and material loss resulting from failure to adhere to regulatory requirements.	• Periodic assessment of the bank's compliance with existing regulatory requirements. • Assessment of the adequacy of the bank's internal controls put in place to mitigate and manage compliance risk.
Strategic Risk Strategic risk can have severe consequences that impact organizations in the long term. Unmanaged strategic risks pose a risk to the bank. As such the bank manages its strategic risks in order to ensure that long term objectives are achieved.	• Formulation of a strategic plan that maps out the strategic activities and initiatives that are taken by the bank. • Monitoring of key performance indicators quarterly and discussed during the meeting of the Board Audit Risk and Compliance Committee. • Develop a performance evaluation system that tracks progress towards achieving both financial and non-financial targets. • Proper succession plan for the board of directors' critical positions (Chairman of the Board and the Managing Director) and management succession plan.
Liquidity Risk Inability of the bank in meeting its repayment obligations in full when they fall due or from being unable to do so at a sustainable cost.	• Ensure that the agreed commitments to the bank's creditors can be met in the long term (solvency) and at the right time (liquidity). • Maintain combined liquidity reserves of cash and securities and unused bank lines of credit as a buffer just in case. • Ensure that the bank's assets and liabilities are diversified across currencies, geographic areas and business.
Operational Risk The risk of loss resulting from inadequate or failed internal processes, people, and systems, or external events.	• Risk transfer through outsourcing and insurance. • Establishment of controls through policies and procedures. • Business Continuity Planning by ensuring Disaster Recovery Site is in place and all core systems are replicated at the site.
Market Risk The risk of adverse movement of interest rates, foreign exchange fluctuations and or commodities prices.	• Hedging of foreign currency. • Timely evaluation and monitoring of market interest rates and prices movements.
Technology and Cyber Risk Risk of inability to manage Confidentiality of information, integrity of data, protection of physical IT assets and system availability which could results in loss of data, reputational damage and significant financial loss.	• Enhancement of modules in the core banking system. • Enhancement of the resilience of system security. • Improvement of system stability.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

15. TECHNOLOGY AND INNOVATION

The organization has gone through a phenomenal transformation in the past year, in the respective key areas mainly in its "Processes, Technology & Governance" in the effort to ensure a "healthy" environment to facilitate business growth. In July 2019 the bank laid down a "road map" for the bank's digital transformation, which was divided into three main phases.

1. Information Gathering Phase:
This involved understanding the bank's key pain points at the time and all the possible remediations.

2. Stabilization and Catch-Up Phase:
This entailed stabilizing the bank's technology environment to foster business growth and catching up with the market in terms of the products the bank is offering.

3. Business Growth Phase:
To grow the business through building more "use-cases" and advanced services and creating diversified revenue streams for the bank for a delightful customer experience.

Phase 1 and 2 have been completed and we are now in the "Business Growth Phase" today, we are running a much stronger bank, with a stronger brand equity, better & advanced services with our profits more assured as we deliver value to our shareholders.

The 2024 strategy is a continuation of the 2024-2028 five-year plan, which is focused on the five strategic pillars, Customer Deposit Growth, Channels Optimization, Growth of our Loan Book, NFI Growth and footprint expansion.

The bank's role is to support the business in bringing this strategy to reality by ensuring there is a technology-ready environment to foster innovations, guaranteed operational efficiency while observing controls and governance and costs, and in addition, enhancing whatever good that was previously done.

These innovative ambitions shall be achieved through the strategic initiatives already in place to strengthen the bank's Cyber security environment and governance, continued infrastructure development, creating a conducive development environment to foster new product innovation and speed to market.

16. STAKEHOLDER RELATIONSHIP

Being a bank that is rooted to servicing the community, we are deeply connected to the society we serve. Our capacity and ability to provide services and create value is reliant on how we relate and contribute to the wellbeing of our stakeholders.

Stakeholder	Needs and expectations	How we delivered value
Shareholders	• Sustainable growth of business. • Minimised business risks. • Compliance with regulatory requirements. • True and fair financial reporting. • Return on investment. • Competent experienced management.	• Maintaining a strong balance sheet to protect against downside risk. • Investing in profitable minimal risk assets and growing our client base. • Investing in people sustainability.
Employees	• Safe working environment. • Trustworthy relationship. • Fair remuneration. • Talent Retention programs.	• Value based reward program. • Encouraging our employees to embrace digital changes and further their careers to improve our services and products.
Customers	• Real time customer service support. • Innovative multiple banking channels and enhanced digital products which are easily accessible. • One-on-one interactions with relationship managers and senior management for corporate and MSME segment customers.	• Provide credit in a responsible manner that enables wealth creation, sustainable development, and job creation in line with the current industrialisation initiative by the government. • Safeguarding banks' liquidity while growing returns. • Enabling financial inclusion by offering unbanked population access to affordable banking channels. • Developing innovative banking solutions that meet our customers' unique needs.
Regulators	• Full compliance with regulatory requirements. • Active engagement with regulatory bodies on reforms and new initiatives that help to maintain the integrity of the banking industry.	• Sustainable banking practices and regulatory compliance which is key to promoting a safe banking environment. • Active participation and engagement with regulatory bodies and policy makers.
Society	• Sustainable support on development of the community. • Supporting social enterprises and promoting financial inclusion.	• Providing financial education and advice. • Engaging in impactful corporate social responsibility activities.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

17. EMPLOYEE WELFARE

Management and employees' relationship

The bank has adequate number of employees with pre-requisite competency and experience in key positions to manage the banking operations as well as pursuing the business objectives. As of 31 December 2024, the number of employees were 250 (2023: 205).

There has been a good working relationship between management and employees as well as employees and their supervisor's/ line managers. Complaints are resolved through meetings and discussions. Work morale is good and there were no unresolved complaints from employees. During the year, there were 2 new cases referred to the Commission for Mediation and Arbitration (CMA), and there were 4 ongoing cases in different courts from 2015.

The bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion, and disability which does not impair ability to discharge duties.

Training

During the year, the bank spent TZS 23 million for training of its staff (2023: TZS 19.04 million). Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees received training to upgrade skills and enhance productivity.

Staff loans and advances

The bank provides mortgage and personal loans to staff as well as salary advances to enable them to overcome financial needs and promote their personal development. Staff loans and advances are based on specific terms and conditions approved by the Board of Directors. During the year, the bank issued staff loans of TZS 3.76 billion to 69 employees (2023: TZS 3.33 billion to 115 employees) and the outstanding staff loans balance at year end was TZS 4.76 billion (2023: TZS 5.61 billion).

Medical and group life insurance benefits

The bank pays medical expenses for all members of staff and their family dependents as part of the bank's policy through medical insurance arrangement.

Retirement benefits

The bank makes contributions in respect of staff retirement benefits to statutory pension schemes namely Public Service Social Security Fund (PSSSF). The bank's obligations in respect of these contributions are limited to 15% of the employees' monthly salary while the employee contributes 5% making a total of 20% contribution as per The Public Service Social Security Fund Act,2018. Total contribution of TZS 943 million was made in year 2024 (2023: TZS 900 million).

18. GENDER PARITY

The bank is an equal opportunity employer. As at year end, the bank had the following distribution of employees by gender.

Gender	2024	%	2023	%
Female	151	60%	115	56%
Male	99	40%	90	44%
Total	**250**	**100%**	**205**	**100%**

19. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 37 to these financial statements.

20. POLITICAL AND CHARITABLE DONATIONS

The bank participates actively in community activities and development programs; contribution through corporate social responsibility for the year ended 31 December 2024 reached TZS 33.9 million (2023: TZS 30.3 million) and the amount was used to purchase desks and bags of cement for different primary schools within Dar es Salaam municipals and support construction of a new church at Kibondo Kigoma.

21. AUDITOR

The bank appointed KPMG as auditor for the financial year 2024. KPMG has expressed its willingness to continue in office in accordance with the bank of Tanzania regulations. The details of the auditor are provided on page 1.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

22. RESPONSIBILITY OF THE AUDITOR

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

23. RESPONSIBILITY OF THOSE CHARGED WITH GOVERNANCE AND STATEMENT OF COMPLIANCE

The members charged with governance (the Directors) accept responsibility for preparing these financial statements which show a true and fair view of the bank to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provisions of the requirements of TFRS 1 *Report by Those Charged with Governance* and all other statutory legislations relevant to the bank.

BY ORDER OF THE BOARD

Ms. Zawadia J. Nanyaro

Chairperson

Date: 10th June, 2025

Prof. emer Tadeo Satta

Board Member

Date: 10th June, 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of DCB Commercial Bank Plc (the "Company" or the "bank") comprising the statement of financial position as at 31 December 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Companies Act, 2002.

The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the bank to continue as a going concern and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of DCB Commercial Bank Plc, as identified in the first paragraph, were approved and authorized for issue by the Directors on 10th June, 2025

Ms. Zawadia J. Nanyaro	Prof. emer Tadeo Satta
Chairperson	**Board Member**
Date: 10th June, 2025	**Date: 10th June, 2025**

DECLARATION OF THE DIRECTOR OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power confered under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Director of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the board of directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable international accounting standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the board of directors as per directors responsibility statement on an earlier page.

I, **Jackson Kilamian** being the Director of Finance of DCB Commercial Bank Plc hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024, have been prepared in compliance with the International Accounting Standards Board (IFRS Accounting Standards), the Tanzania Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

I, thus confirm that the financial statements of DCB Commercial Bank Plc comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records. ss

Signed by: Jackson Kilamian

Position: AG. Director, Finance

NBAA Membership No: CPA 31526

Signature..............................

Date: 10 June,2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DCB Commercial Bank Plc ("the bank") set out on pages 59 to 133, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002 and Banking and Financial Institutions Act, 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the bank in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Impairment loss on loans and advances to customers – Refer to Note 4(d)(i), (5a), 6.1, and Note 23 to the financial statements.</th></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The gross loans and advances to customers amounted to TZS 135 billion and the total expected credit loss amounted to TZS 2.8 billion as at 31 December 2024.

Measurement of impairment losses on loans and advances to customers is a key audit matter as the determination of expected credit losses (ECL) is highly subjective as it involves significant levels of judgement applied by management.

The key areas where we identified significant levels of management judgement and therefore increased levels of audit focus on the bank's impairment charge on loans and advances to customers are:

- Quantitative criteria i.e. use of days past due and qualitative criteria such as extension to the terms granted, significant adverse changes in business, financial and/or economic conditions in which the borrower operates used in determining criteria for Significant Increase in Credit Risk (SICR) and default which guides classification of loans and advances to customers into stages 1, 2 or 3;

- Choice of appropriate models and assumptions for the determination of probabilities of default (PD), exposures at default (EAD) and loss given default (LGD) and ultimately measurement of Expected Credit Losses ("ECL");

- Establishing the various macroeconomic variables as well as weightings applied to the forward-looking scenarios for each type of product/market and the associated impact on ECL;

- Estimation of collateral realisation period for the purpose of estimating cash flows for secured facilities which are used in the determination of loss given default; and

- Determination of collateral values which are used in the ECL calculation.</td><td>Our audit procedures in this area, included:

- Obtaining an understanding of the credit management processes and performing end-to-end process assessments to identify the key controls used in the determination of ECL. This included evaluating the design and implementation of the management review controls over the ECL, approval of external collateral valuation vendors and controls over the approval of impairment;

- Obtaining a sample of key data inputs impacting ECL calculations such as collateral values, current loan data, historical quarterly loan outstanding balances and repayments data and inspect supporting documents.

- Evaluating the reasonableness of management's key judgements in estimating ECL specific attention being on the key assumptions used in the model which are realisation period and loans grading. These included judgements made by management on segmentation of realisation period based on the nature of collaterals and the judgements on qualitative factors used to support the loans and advances grading.

- Involving our internal financial risk management specialists to inspect the loss given default (LGD) and forward-looking information (FLI) models. This include assessing the soundness of the models and assessing appropriateness of the bank's methodology for determining the economic scenarios such as the base case or worst case used as well as the overall reasonableness of the economic forecasts by recalculating the macroeconomic factors such as the inflation rate, Gross Domestic Product ("GDP") using the methods applied by management and reviewing the source data;

- Evaluating management model for establishing Stage 3 impairment amounts by challenging reasonability of management assumptions such as realisation period to conclude on reasonability of assumptions applied. This included performing an independent assessment of the realisation period using historical data and compare with the period used in the model;

- On a sample basis evaluating the appropriateness of the bank's Significant Increase in Credit Risk ("SICR") determination by assessing the qualitative factors such as extension to the terms granted, significant adverse changes in business, financial and/or economic conditions in which the borrower operates and quantitative factors such as days past due used by management in their evaluation of the classification into stages 1, 2 and 3 and how credit risk is monitored;

- On sample basis, perform substantive procedures on the reasonability of the valuation of the collateral used in the ECL model. This included inspection of the current loan book collateral valuation reports and inspection of sales supporting documents for historically sold collaterals and compare with the values which were in the respective valuation reports.

- Evaluating the adequacy of financial statements disclosures in accordance with the requirements of IFRS 7, Financial Instruments: Disclosures, including disclosures of key assumptions and judgements relating to ECL.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (continued)

Emphasis of Matter - Comparative Information

We draw attention to Notes 38 and 39 to the financial statements which indicates that the comparative information presented for the year ended 31 December 2023 with respect to the statement of cash flows has been restated. Our opinion is not modified in respect of this matter.

Other Matter Relating to Comparative Information

The financial statements of the bank for the year ended 31 December 2023, excluding the adjustments described in Notes 38 and 39 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 April 2024.

As part of our audit of the financial statements as at and for the year ended 31 December 2024, we audited the adjustments described in Note 39 to the financial statements that were applied to restate the comparative information presented as at and for the year ended 31 December 2023.

We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2023, other than with respect to the adjustments described in Notes 38 and 39 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole. However, in our opinion, the adjustments described in Note 39 to the financial statements are appropriate and have been properly applied.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the DCB Commercial Bank Plc Annual Report and Financial Statements for the Year ended 31 December 2024, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, 2002 and Banking and Financial Institutions Act, 2006, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, solely based on our audit of financial statements, that:

i. in our opinion, proper accounting records have been kept by the bank;
ii. the individual accounts are in agreement with the accounting records of the bank;
iii. we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit;
iv. directors' report is consistent with the financial statements; and
v. information specified by the law regarding Directors' emoluments and other transactions with the bank is disclosed.

As required by banking and Financial Institutions Act, 2006 and its regulations, we report to you solely based on our audit of financial statements, that:

Nothing has come to our attention that causes us to believe that the bank has not complied with the banking and Financial Institutions Act, 2006 and its regulations including computation of its capital position.

KPMG

Certified Public Accountants (T)

Signed by: CPA Frank Mboya (ACPA 3730)

Dar es Salaam

Date: 11-06-2025

FINANCIAL STATEMENTS AS AT 31st DECEMBER, 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024 TZS'000	2023 TZS'000
Interest income calculated using the effective interest rate method	8	32,277,746	27,835,426
Interest expense	9	(19,234,099)	(15,085,920)
Net interest income		**13,043,647**	**12,749,506**
Impairment loss on financial instruments	23	(2,105,127)	(3,109,550)
Net interest income after impairment		**10,938,520**	**9,639,956**
Fees and commission income	10	4,311,805	4,880,621
Foreign exchange income	11	650,739	364,191
Other operating income	12	1,256,464	1,232,897
Total non-interest income		**6,219,008**	**6,477,709**
Total operating income		**17,157,528**	**16,117,665**
Operating expenses			
Staff expenses	13	(10,123,616)	(10,042,148)
General and administrative expenses	14	(5,751,174)	(6,817,215)
Depreciation and amortization expenses	15	(2,998,046)	(3,852,255)
Total operating expenses		**(18,872,836)**	**(20,711,618)**
Loss before tax		**(1,715,308)**	**(4,593,953)**
Income Tax credit	19	746,265	975,721
Loss for the year		**(969,043)**	**(3,618,232)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments – change in fair value		974,073	-
Deferred tax charge		(292,222)	-
Net fair value gain		**681,851**	-
Items that are or may be reclassified subsequently to profit or loss			
Debt instruments at FVOCI, net of tax		-	(142,542)
Total comprehensive loss for the year		**(287,192)**	**(3,760,774)**
Loss per share (basic and diluted)	34	**(5.95)**	**(37.05)**

The notes on pages 64 to 133 are an integral part of these financial statements.

The auditor's report is on pages 55 to 58.

FINANCIAL STATEMENTS AS AT 31st DECEMBER, 2024 (CONTINUED)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	2024 TZS'000	2023 TZS'000
Assets			
Cash and balances with the Bank of Tanzania	20	20,692,065	21,576,928
Balances due from other banks	21	19,388,108	5,271,278
Government securities at amortized cost	22	62,049,681	57,156,768
Net Loans and advances to customers	23	132,406,004	120,403,894
Corporate tax recoverable	28	288,005	975,000
Property and equipment	25	2,326,927	2,981,231
Right of use asset	36(i)	6,058,029	6,890,965
Intangible assets	26	3,027,713	3,631,022
Deferred tax asset	30	7,507,868	7,053,824
Equity investments	24	3,042,273	2,040,200
Other assets	27	2,349,636	3,001,042
Total assets		**259,136,309**	**230,982,152**
Liabilities			
Due to other banks	29.a	36,419,080	47,664,218
Deposits from customers	29.b	152,039,156	140,053,421
Borrowings	31	32,738,415	11,213,836
Other liabilities	32	3,096,390	2,862,953
Lease liabilities	36(ii)	3,874,347	4,479,246
Total liabilities		**228,167,388**	**206,273,674**
Equity			
Share capital	33	39,757,915	24,061,904
Share premium		4,183,291	4,183,291
Share discount		(9,148,376)	-
Accumulated losses		(5,064,843)	(4,145,700)
Regulatory banking risk reserve		80,143	130,043
Fair valuation reserve		1,160,791	478,940
Total equity		**30,968,921**	**24,708,478**
Total liabilities and equity		**259,136,309**	**230,982,152**

The financial statements on pages 59 to 133 were approved and authorized for issue by the Board of Directors on **10th June, 2025** and were signed by:

Ms. Zawadia J. Nanyaro
Chairperson

Date: 10th June, 2025

Prof. emer Tadeo Satta
Board Member

Date: 10th June, 2025

The notes on pages 64 to 133 are an integral part of these financial statements.

The auditor's report is on pages 55 to 58.

FINANCIAL STATEMENTS AS AT 31st DECEMBER, 2024 (CONTINUED)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024	Note	Share capital	Share premium	Share discount	Accumulated losses	*Regulatory reserve	Fair valuation reserve	Total equity
		TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
At 1 January 2024		**24,061,904**	**4,183,291**	**-**	**(4,145,700)**	**130,043**	**478,940**	**24,708,478**
Transactions with owners of the bank								
Additional share capital – Paid up capital		16,336,393	-	(9,148,376)	-	-	-	7,188,017
Shares rights issue expenses		(640,382)	-	-	-	-	-	(640,382)
Total comprehensive income								
Loss for the year		-	-	-	(969,043)	-	-	(969,043)
Fair value gain on FVOCI equity instrument		-	-	-	-	-	974,073	974,073
Deferred tax on fair value gain		-	-	-	-	-	(292,222)	(292,222)
Total		**15,696,011**	**-**	**(9,148,376)**	**(969,043)**	**-**	**681,851**	**6,260,443**
Transfer to/(from)regulatory risk reserve*		-	-	-	49,900	(49,900)	-	-
At 31 December 2024		**39,757,915**	**4,183,291**	**(9,148,376)**	**(5,064,843)**	**80,143**	**1,160,791**	**30,968,921**

*Regulatory Banking Risk Reserve represents an amount set aside to cover additional provision for loan losses required to comply with the requirements of the Bank of Tanzania prudential guidelines. The Bank of Tanzania impairment guidelines are based on a matrix which is different from the IFRS 9 ECL requirements. When the Bank of Tanzania matrix results to impairment which is higher than the ECL results, Banks in Tanzania are required to transfer the difference from retained earnings to reflect what would be the potentially distributable reserves amount had the bank accounted for the additional impairment in the performance for the year.

The notes on pages 64 to 133 are an integral part of these financial statements.

The auditor's report is on pages 55 to 58.

FINANCIAL STATEMENTS AS AT 31ST DECEMBER,2024 (CONTINUED)
STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2023	Note	Share capital	Share premium	Accumulated losses	*Regulatory reserve	Fair valuation reserve	Total equity
		TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
At 1 January 2023		**24,061,904**	**4,183,291**	**(3,792,602)**	**3,395,177**	**621,482**	**28,469,252**
Loss for the year		-	-	(3,618,232)	-	-	(3,618,232)
Fair value gain on FVOCI debt instruments		-	-	-	-	(203,631)	(203,631)
Deferred tax on fair value gain		-	-	-	-	61,089	61,089
Total		**-**	**-**	**(3,618,232)**	**-**	**(142,542)**	**(3,760,774)**
Transfer to/(from)regulatory risk reserve*		-	-	3,265,134	(3,265,134)	-	-
At 31 December 2023		**24,061,904**	**4,183,291**	**(4,145,700)**	**130,043**	**478,940**	**24,708,478**

* Regulatory Banking Risk Reserve represents an amount set aside to cover additional provision for loan losses required to comply with the requirements of the Bank of Tanzania prudential guidelines. The Bank of Tanzania impairment guidelines are based on a matrix which is different from the IFRS 9 ECL requirements. When the Bank of Tanzania matrix results to impairment which is higher than the ECL results, Banks in Tanzania are required to transfer the difference from retained earnings to reflect what would be the potentially distributable reserves amount had the bank accounted for the additional impairment in the performance for the year.

The notes on pages 64 to 133 are an integral part of these financial statements.

The auditor's report is on pages 55 to 58.

FINANCIAL STATEMENTS AS AT 31ST DECEMBER,2024 (CONTINUED)

STATEMENT OF CASH FLOWS

	Note	2024 TZS'000	2023 *Restated TZS'000
Cash flows from operating activities			
Loss before tax		(1,715,308)	(4,593,953)
Adjusted for:			
Depreciation and amortization	15	2,998,046	3,852,255
Interest expense	9	19,234,099	15,085,920
Interest income	8	(32,277,746)	(27,835,426)
Dividend receivable		-	(36,531)
(Gain)/loss on disposal of property and equipment	25	(133,500)	30,554
Foreign exchange gain		(86,415)	(706,534)
Impairment loss on financial instruments	23	2,105,127	3,109,550
Fixed assets adjustments		34,025	-
Lease write off		53,908	-
Intangible assets write off	26	11,015	-
		(9,776,749)	**(11,094,165)**
Changes in operating assets and liabilities:			
Change in statutory minimum reserve		(275,944)	(879,338)
Change in loans and advances to customers		12,063,056	20,003,515
Change in other assets		(592,457)	229,783
Change in deposits from banks		(11,011,431)	23,729,983
Change in deposits from customers		10,735,091	(4,211,830)
Change in other liabilities		233,437	103,588
Change in government securities		(4,958,202)	(16,057,937)
Cash (used in)/generated from operations		**(3,583,199)**	**11,823,599**
Tax received	28	686,995	313,079
Interest received		7,436,923	5,166,136
Net cash generated from operating activities		**4,540,719**	**17,302,814**
Cash flows from investing activities			
Purchase of property and equipment	25	(361,050)	(270,281)
Purchases of intangible assets	26	(336,400)	(414,884)
Proceeds from sale of property and equipment	25	133,500	-
Additional equity investment	24	(28,000)	-
Dividend received		-	36,531
Net cash used in investing activities		**(591,950)**	**(648,634)**
Cash flows from financing activities			
Dividends paid		-	(15,304)
Proceeds from borrowings	31	25,000,000	-
Principal lease payments	36(ii)	(931,762)	(1,002,626)
Interest paid		(17,752,720)	(12,674,275)
Principal repayments of borrowings	31	(3,883,675)	(674,196)
Proceeds from sale of shares		7,188,017	-
Cash paid for rights issue expenses		(640,382)	-
Net cash generated from/(used in) financing activities		**8,979,478**	**(14,366,401)**
Net increase in cash and cash equivalents		**12,928,247**	**2,287,779**
Cash and cash equivalents at the beginning of the year		18,193,085	15,193,807
Effect of exchange rate movement on cash and cash equivalents		48,096	711,499
Cash and cash equivalents at the end of the year	35	**31,169,428**	**18,193,085**

The notes on pages 64 to 133 are an integral part of these financial statements.

The auditor's report is on pages 55 to 58.

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024

1. GENERAL INFORMATION

DCB Commercial Bank Plc ("the bank" or "the Company") is a Public Limited Company and is incorporated and domiciled in the United Republic of Tanzania. The bank is listed on the Dar es Salaam Stock Exchange (DSE). The address of its registered office and principal place of business are disclosed in the corporate information on page 1 of this report. The principal activities of the bank are described in the report of the Directors.

The principal activities of the bank are taking deposits on demand, providing short-term, medium-term and long-term credit facilities, and other banking services allowed under Banking and Financial Institutions Act, of 2006. The registered address for the bank is, DCB House, Plot No. 182 Block R, Magomeni Mwembechai, P.O Box 19798, Dar es Salaam.

2. BASIS OF PREPARATION

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.

The bank's financial statements have been prepared in accordance with and comply with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act, 2002; the Banking and Financial Institutions Act, 2006 and National Board of Accountants and Auditors Technical Pronouncements.

The financial statements comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes to the financial statements including material accounting policies. The measurement basis applied in the preparation of these financial statements is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania shillings (TZS). All numbers have been rounded to the nearest thousands except when otherwise indicated.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

During the current year, the bank has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024. The adoption of these new and revised standards and interpretations has not resulted in material changes to the bank's accounting policies. The bank adopted the following standards, interpretations and amended standards during the year:

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

Effective date	New standard or amendment
1 January 2024	The following amendments were effective in the current reporting period commencing 1 January 2024. These amendments had no material impact on financial statements.
	Lease Liability in a Sale and Leaseback – *Amendments to IFRS 16* The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller- lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.
	Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1. The amendments require that an entity classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to an entity complying with conditions (covenants) specified in a loan arrangement, in the event that the entity is required to comply with the conditions on or before the reporting date. Furthermore, the amendments clarify how an entity classifies a liability that can be settled in its own shares – e.g. convertible debt.
	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following: The terms and conditions of SFAs. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements. Non-cash changes in the carrying amounts of financial liabilities in (b). Access to SFA facilities and concentration of liquidity risk with finance providers.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

ii) ***Forthcoming requirements***

This table lists the recent changes to the Accounting Standards that are not yet effective as at 31 December 2024 and that are available for early adoption in annual periods beginning on 1 January 2024; however, the bank has not early adopted the new and amended standards in preparing these financial statements.

<table>
<tr><th>Effective date</th><th>Standard</th></tr>
<tr><td>1 January 2025</td><td>Amendments resulting from annual improvements for the following standards.

Lack of Exchangeability - Amendments to IAS 21

The amendments require companies to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

• the nature and financial impacts of the currency not being exchangeable.
• the spot exchange rate used.
• the estimation process; and
• risks to the company because the currency is not exchangeable.</td></tr>
<tr><td>1 January 2026</td><td>Initial measurement of trade receivables

The amendment removes the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price, for example, when the transaction price is variable. Conversely, IFRS 9 requires that entities initially measure trade receivables without a significant financing component at the transaction price. IFRS 9 has been amended to require entities to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

Accounting for the derecognition of a lease liability by a lessee

The amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. The amendment does not address how to distinguish between derecognition and modification of a lease liability. The amendment applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied. The amendment is effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

Minor amendments to IFRS 1, IFRS 10 and IAS 7.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.</td></tr>
</table>

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

ii) *Forthcoming requirements (Continued)*

Effective date	Standard
1 January 2027	Non-recourse assets and contractually linked instruments – IFRS 9 The amendments clarify the treatment of non-recourse assets and contractually linked instruments. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. Presentation and disclosure of financial statements- IFRS 18 IFRS 18 promotes a more structured income statement, introduces a newly defined "operating profit" subtotal, and a requirement for all income and expenses to be classified into three new distinct categories based on an entity's business activities. The new standard requires an entity to analyse their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. In addition, the standard defines "management-defined performance measures" (MPMs) and requires that an entity provide disclosures regarding its MPMs in order to enhance transparency. The standard further provides enhanced guidance on aggregation and disaggregation of information, which will apply to both the primary financial statements and the notes. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively with early adoption permitted. The impact of this standard on the bank is currently being assessed. Subsidiaries without public accountability– IFRS 19 The standard is applicable to subsidiaries that do not have public accountability and that have a parent that produces consolidated accounts under IFRS Accounting Standards. IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted. Eligible subsidiaries can choose to apply the standard for reporting periods beginning on or after 1 January 2027 with earlier application permitted.
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*

The above changes will be implemented based on their effective dates. The bank is still assessing the impact the adoption of IFRS S1 and S2 as well as IFRS 18 will have on the financial statements. Apart from these, the bank does not expect the other standards to materially impact the financial statements or other information presented in the annual report.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below.

(a) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the bank are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Tanzania Shillings (TZS), rounded to the nearest thousands, which is the bank's functional currency.

(ii) Transactions and balances

Transactions in foreign currencies during the year are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as at the end of the reporting period. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(b) Interest income and expense

Interest income and expense are recognised in profit or loss for all interest bearing financial instruments measured at amortised cost using the effective interest method, in the period in which it is earned or charged. The effective interest method is a method of allocating the interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income or expense presented in the statement of profit or loss include; interest on financial assets and financial liabilities measured at amortised cost calculated on effective interest basis. Interest income on non performing loans (net of provisions) are recognised using effective interest rates and provided.

(c) Fees and commission income and expense

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating, and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the bank to originate loans at market interest rates are integral to the effective interest rate if it is probable that the bank will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The bank does not designate loan commitments as financial liabilities at fair value through profit or loss.

Fees and commission are generally recognized on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred and recognized as an adjustment to the effective interest rate on the loan. Commissions and fees arising from various services offered by the bank are recognized as point in time revenue upon completion of underlying transaction on which the bank will have satisfied the performance obligation.

(d) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade – date on which the bank commits to purchase or sell the asset. The bank initially recognizes Loans and advances ,deposits from customers and banks on the date they are originated. At initial recognition, the bank measure a financial asset or financial liability at its fair value plus or minus in the case of a financial asset or financial liability not a fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debts instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(i) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(ii) In all other cases, the difference is deferred, and the timing or recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

Financial assets

(i) Classification and subsequent measurement

The bank classifies its financial assets in accordance to IFRS 9 and in the following measurement categories:

- Fair Value through other comprehensive income (FVOCI); or
- Amortised cost.

Classification and subsequent measurement of debt instruments depend on:

(i) The bank's business model for managing the asset; and

(ii) The cash flow characteristics of the asset.

Based on these factors, the bank classifies its debt instruments into one of the following three categories:

- Amortised cost: Assets that are held for collection for 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 amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 6. Interest income from these financial assets is included in 'Interest and similar income' using effective interest rate method. Loans and advances to customers, financial assets held to collect cashflows (such as government securities), cash and balances with BOT, placement with other banks and other assets fall under this classification.
- 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 principals and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

Business model: the business model reflects how the bank manages the assets in order to generate cash flows. That is, whether the bank'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 the 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. The assessment includes use of 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.

Another example is the liquidity portfolio of assets, which is held by the bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purposes 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 FVOCI.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the bank assesses whether the financial instruments' cash flows represent solely payments or principals and interest ("the SPPI test"). In making this assessment, the bank 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 exposures to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principals and interest.

The bank reclassifies debts 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.

(i) Impairment

The bank assesses on a forward –looking basis the expected credit losses ("ECL") associated with its debt instruments assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

An unbiased and probability – weighted amount that is determined by evaluating a range of possible outcomes.

- The time value of money; and
- Reasonable and supportable information that is available without undue cost or efforts at the reporting date about past events, current conditions and forecast of future economic conditions.

Refer to notes 5(a) and 6.1 for more details.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

Financial assets (continued)

(ii) Modification of loans

The bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the bank assess whether the new terms are substantially different to the original terms. The bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantially new terms are introduced, such as a profit share/equity- based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant changes in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affects the credit risk associated with the loan.

If the terms are substantially different, the bank derecognises the original financial asset and recognises a 'new' asset at fair value less transaction costs and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of the initial recognition for impairment calculation purposes, including for the purposes of determining whether a significant increase in credit risk has occurred. However, the bank also assessed whether the new financial asset recognised 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. Differences in the carrying amount are also recognised in profit or loss as gains or loss on derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises 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 (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). When the contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up to date payment performance against the modified contractual terms. The probation period applied by the bank is subsequent performance for four consecutive instalments.

(iii) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the bank transfers substantially all the risks and rewards of ownership, or (ii) the bank neither transfers nor retains substantially all the risks and rewards of ownership and the bank has not retained control.

The bank enters transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

These transactions are accounted for as 'pass through' transfers that result in derecognition if the bank:
i) Has no obligation to make payments unless it collects equivalent amounts from the assets.
ii) Is prohibited from selling or pledging the assets; and
iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the bank retains a subordinated residual interest.

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. Example of equity instruments include basic ordinary shares.

The bank subsequently measures all equity investments at fair value through profit or loss, except where the bank's management has elected, at initial recognition, to irrevocably designated an equity investment at fair value through other comprehensive Income. The bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. The bank has unquoted equity instruments which it has designated as FVOCI. When this election is used, fair value gains and losses are recognised 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 recognised in profit or loss as other income when the bank's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and financial liabilities (continued)

Financial assets (continued)

(iii) ***Derecognition other than on a modification (continued)***

Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to Changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the bank recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments.

- Lease liabilities: Financial obligations to make payments arising from a lease, measured on a discounted basis. Lease liability is calculated using the present value of the lease payments over the lease term discounted, typically, using the lessee's incremental borrowing rate.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debts instrument. Such financial guarantees are given to banks, financial institutions, and others on behalf of customers to secure loans, overdraft and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the bank are measured as the amount of the loss allowance. The bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance has been assessed and concluded to be immaterial year on year (both cumulative and potential charge to profit and loss statement).

However, for contracts that include both a loan and an undrawn commitment and the bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as provision

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Income tax

Income tax expense is the aggregate of the charge to the statement of profit or loss comprehensive income in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is tax not accounted for.

Deferred income tax is determined using rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Value added The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other assets or other liabilities in the statement of financial position.

(f) Provisions

Provisions are recognized when the bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(g) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation, and any accumulated impairment in value. Depreciation is calculated on the straight-line basis at annual rates estimated to write down the carrying values of the assets to their residual value over their expected useful lives. The annual rates in use are:

	Year 2024	Year 2023
Office machinery and equipment	20.0%	20.0%
Furniture, fixtures, and fittings	20.0%	20.0%
Computers and IT equipment	25.0%	25.0%
Generator	12.5%	12.5%
Motor vehicles	25.0%	25.0%
Leasehold improvements	10.0%	10.0%

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at the end of the reporting period. An item of property and equipment is derecognized 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 year the asset is derecognized.

(h) Leases-Lease liability and right of use Assets

The bank leases office space in various parts of the region. Rental contracts are typically made for fixed periods of 5 to 10 years but may have extension options. Lease terms are negotiated on an individual basis, but lease agreements do not impose any covenants, and leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the bank is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the bank. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are initially measured at amortised cost. For measurement of the lease liabilities, the lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Leases-Lease liability and right of use Assets (continued)

To determine the incremental borrowing rate, the bank:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the bank, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payment made at or before the commencement date less any lease incentive received.
- any initial direct costs and or restoration costs.

Subsequent to initial recognition, right of use assets are recognised at cost less accumulated depreciation and accumulated impairment and adjusted for any remeasurement of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Extension and termination options are included in several property leases contracts. These terms are used to maximize operational flexibility in terms of managing contracts.

(i) Intangible assets

Acquired computer software licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over the useful economic life of 10 years.

(j) Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, deposits held at call with other banks and investments in money market instruments with maturity periods of three months. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and all cash equivalent items original maturing within 90 days from the date of acquisition including non-restricted balances with the Bank of Tanzania, amounts due from other banks and short-term investment securities. Cash and cash equivalents exclude the restricted portion (80%) of cash reserve requirement held with the Bank of Tanzania. Interest income and expense other than from borrowings is considered as cash from operating activities. Interest expense on borrowings is treated cash from financing activities.

(k) Employees' benefits

Short-term employment benefits such as salaries, social security contributions, and leave fare assistance are recognized in profit or loss when they fall due.

(i) *Post retirement benefits*

The bank operates a defined contribution plan whereby each of its employees and the bank contribute 5% and 15% respectively, of the employees' monthly salaries to the Managed Statutory Fund, namely the Public Service Social Security Fund (PSSSF). The bank has no further commitments or obligations to the Funds, and it has no other post-retirement benefit scheme. The contributions are charged to profit or loss in the year to which they relate.

(ii) Other employee benefits

The bank provides free medical treatment to staff and their eligible dependents. The cost is charged to profit or loss. The estimated monetary liability for employees' accrued leave entitlement at the statement of financial position date is recognized as an expense accrual within other liabilities.

(l) Share capital

The bank has only one class of ordinary shares which is classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Any discount on shares issued is recognized as "shares discount" within the statement of changes in equity.

Dividends on shares

Dividend payable is recognized as liability in the period in which it is declared. Proposed dividends are disclosed as a separate component of equity. Before recommending any dividend, the Board of Directors may set aside out of the profits of the bank, such sums as they think proper, to a reserve fund or reserve account, which shall at the discretion of the Board, be applicable for any purpose for which the profits of the bank may lawfully be applied. Whenever dividend is declared, the amount shall not exceed 50% of the annual profit after tax.

(m) Statutory credit risk reserve

The statutory credit risk reserve includes the amount by which the Central bank of Tanzania requires in addition to the IFRS impairment provision. Changes in this reserve are accounted for as transfers to and from retained earnings as appropriate.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Fair valuation reserve

The fair valuation reserve includes the fair value gains (losses) on financial instruments held at FVOCI net of deferred tax asset (liability) on the same.

(o) Earnings per share

The bank presents basic and diluted earnings per share (EPS) in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

(p) Segment reporting

The bank has the following operating segments: Treasury, Retail Banking and other. Following the management approach to IFRS 8, operating segments are reported in a manner consistent with the internal reporting to the bank's management team, which is responsible for allocating resources to the reportable segments and assessing their performances. All operating segments used by the bank meet the definition of a reportable segment under IFRS 8.

(q) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where deemed appropriate, classification for the comparative numbers has been adjusted to align with current year's presentation. The statement of cash flows for the year ended 2023 has been restated and reclassified as show under notes 38 and 39 to the financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

a) Measurement of the expected credit loss allowance

The bank measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses). The bank uses several significant judgements in applying the accounting requirements for measuring ECL, such as:

- Quantitative criteria i.e. use of days past due and qualitative criteria such as extension to the terms granted, significant adverse changes in business, financial and/or economic conditions in which the borrower operates used in determining criteria for Significant Increase in Credit Risk (SICR) and default which guides classification of loans and advances to customers into stages 1, 2 or 3;
- Choice of appropriate models and assumptions for the determination of probabilities of default (PD), exposures at default (EAD) and loss given default (LGD) and ultimately measurement of Expected Credit Losses ("ECL");
- Establishing the various macroeconomic variables as well as weightings applied to the forward-looking scenarios for each type of product/market and the associated impact on ECL;
- Estimation of collateral realisation period for the purpose of estimating cashflows for secured facilities which are used in the determination of loss given default; and
- Determination of collateral values which are used in the ECL calculation.

b) Taxes

The bank is subjected to several taxes and levies by various government and quasi- government regulatory bodies. As a rule of thumb, the bank recognizes liabilities for the anticipated tax /levies payable with utmost care and diligence.

However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined. The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax recognized in the bank's statement of financial position as of 31 December 2024 was TZS 7.5 billion (2023: TZS 7.1 billion). The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

b) **Taxes (Continued)**

Additional information about the Company's plans to generate sufficient taxable profits to utilize the deferred income tax asset is disclosed on Note 30 of the financial statements.

6. FINANCIAL RISK MANAGEMENT

The bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the bank's risk management are to identify all key risks for the bank, measure these risks, manage the risk positions and determine capital allocations. The bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the bank's financial performance. The bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The bank's risk management policies are established to identify and analyses the risks faced by the bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign-exchange risk, interest-rate risk, credit risk, and liquidity risk. Risk management is carried out by the Risk and Compliance Department under policies approved by the Board of Directors. The risk and compliance department evaluate financial risk in close co-operation with the operating units.

6.1 Credit risk

The bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the bank by failing to discharge an obligation. Credit risk is the most important risk for the bank's business. Management, therefore, carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are centralized in the credit risk management team of the bank and reported to the Board of Directors and heads of department regularly.

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The bank uses general approach in measuring credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) by taking into consideration 12-month credit loss unless significant increase in credit risk occurs then lifetime credit loss is measured. This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Risk portfolios for loans and advances to customers

The segmentation into risk portfolios is based on bank's segments at industry and product levels. For impairment assessment, the bank's total exposures are segmented along product lines. The bank is of the opinion that these segmentations share similar credit risk characteristics and can be monitored collectively for credit risk. These classes differ slightly from the IFRS 8 segments because those are based on in addition to risk of the portfolios rates of returns based on products and services offered.

- Corporate and SME Loans
- Housing and Mortgage loans
- Salaried loans
- Microfinance (SGL) loans

6.1.1 Credit risk measurement

The bank uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The bank use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data applied in forward looking scenarios. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

Each risk portfolio is further divided into risk groups based on:

- Days Past Due (DPD) intervals (applicable only for non-defaulted exposures and defaulted exposures),
- Internal client rating.

On the default identification approach, days past due (DPD) are examined at the transaction for retail portfolio and at the client level for corporate where the following conditions are considered:

- DPD at the transaction level is counted from the date, on which any part of the exposure becomes due, regardless of the amount of due exposure.
- DPD at the client level is the maximum DPD out of all exposures to the client.

The bank segment of Risk Groups (RGs) by categories in the ECL model is as shown below:

	Salaried, Corporate and SME, Housing and Mortgage loans	Microfinance (SGL)
Risk Group	Number of days past due	Number of days past due
Risk Group 1 (RG1)	Not due	Not due
Risk Group 2 (RG2)	1-30 days	1-5 days
Risk Group 3 (RG3)	31 - 60 days	6-15 days
Risk Group 4 (RG4)	61-90 days	16 - 30 days
Default Risk Group (RG5)	Above 90 days	Above 30 days

Exposure at Default for term loans is estimated as contractual rundown on the loans. For the off-balance sheet items, the exposure at default is estimated by determining a credit conversion factor (CCF).

For regulatory purposes and for internal monitoring of the quality of the loan portfolio, all the customers are segmented into five rating classes as shown below:

Bank's rating	Risk Group	Description of the grade
1	RG1	Current
2	RG2	Current
3	RG3	Especially mentioned
4	RG4	Especially mentioned
5	RG5	Sub-standard, Doubtful and Loss

Treasury products

For debt securities in the treasury portfolio, balances with central bank, balances due from other banks and other assets, external credit rating agency's grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realized default rates over the prior 12 months, as published by the rating agency.

6.1.2 Risk limit control and mitigation policies

The bank manages limits and controls concentrations of credit risk wherever they are identified. The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to group of borrowers.

The Board has delegated responsibility for the management of credit risk to the Board Audit and Risk Compliance Committee responsible for overseeing of the bank's credit risk including:

- Formulating credit policies, covering collateral requirements, credit assessment, risk grading, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure of the approval and renewal of the credit facilities. Authorization limits are allocated to various officers at different levels. Larger facilities require approval by Board of Directors.
- Reviewing and assessing credit risk. Credit department assesses all credit exposures prior to facilities being committed to customers concerned. Renewals and reviews of facilities are subject to the same review process.
- Reviewing compliance of business units with agreed exposure limits. Regular reports are provided to Board through Board Audit and Compliance Committee in respect of the quality of loan portfolio; and
- Providing advice, guidance and specialist skills to business units to promote best practice in the management of credit risk.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

Regular audits of credit department processes are undertaken by internal audit department. The internal rating scale assists Directors to determine whether there is significant increase in credit risk, based on the following criteria set out by the bank:

- Delinquency in contractual payments of principal or interest.
- Cash flow difficulties experienced by the borrower.
- Breach of loan covenants or conditions; and
- Deterioration in the value of collateral.

The bank's policy requires the review of individual financial assets regularly and monitoring is on weekly basis for SGL product and other portfolio on monthly basis. Microfinances have cash covers of not less than 30% before loan initial recognition, most salaried loan are unsecured, and rest of the segments are secured by;

- Mortgages over properties
- Charges over business assets such as inventory and accounts receivable
- Charges over financial instruments such as debt securities and equities and
- Cash Covers

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate.

Undrawn commitments represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on undrawn commitments, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most undrawn commitments are contingent upon customers maintaining specific credit standards. The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

6.1.3 Expected credit loss measurement.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Refer to note 6.1.3.1 for a description of how the bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 6.1.3.2 for a description of how the bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 6.1.3.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 6.1.3.4 includes an explanation of how the bank has incorporated this in its ECL models.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition; their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the bank determines appropriate groupings when ECL is measured on a collective basis (refer to note 6.1.3.5).

The following diagram summarizes the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

	Change in credit quality since initial recognition	
Stage 1	**Stage 2**	**Stage 3**
Initial recognition	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

6.1.3.1: Significant increase in credit risk (SICR)

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement. (Continued)

6.1.3.1: Significant increase in credit risk (SICR) (continued)

The bank decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the bank uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The bank applies qualitative and quantitative criteria for stage classification and for its forward and backward migration.

Quantitative factors:

The bank monitors the performance based on aging and therefore uses days past due criteria in line with the bank on Tanzania. The table below shows the stages assigned to various risk groups depending on the number of days past due which is a measure of the significant increase in credit risk: The bank also uses 30 days' rebuttable presumption that credit risk has increased significantly when repayment is on monthly basis and 5 days when repayment is on weekly basis.

	Salaried, Corporate and SME, Housing and Mortgage loans	Microfinance (SGL)	
Risk Group	Number of days past due	Number of days past due	Staging based on IFRS 9
Risk Group 1 (RG1)	Not due	Not due	Stage 1
Risk Group 2 (RG2)	1-30 days	1-5 days	Stage 1
Risk Group 3 (RG3)	31 - 60 days	6-15 days	Stage 2
Risk Group 4 (RG4)	61-90 days	16 - 30 days	Stage 2
Default Risk Group (RG5)	Above 90 days	Above 30 days	Stage 3

Qualitative factors

There are other factors that are considered by the bank policies in the determination of significant increase in credit risk. They include but not limited to the following:

Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g., increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.

Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), E.g., credit spread; credit default swap prices; length of time or the extent to which the fair value of a financial asset has been less than its amortized cost; other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).

Changes in the bank's credit management approach in relation to the financial instrument (e.g., based on emerging indicators of changes in the credit risk of the financial instrument, the bank's credit risk management practice is expected to become more active or focused on managing the instrument, including the instrument becoming more closely monitored or controlled, or the bank specifically intervening with the borrower).

Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations (e.g. increase in interest rates or unemployment rates); operating results of the borrower e.g. declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations; or regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations (e.g. a decline in the demand for the borrower's sales product because of a shift in technology).

Significant changes in the value of collateral or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to pay or otherwise effect the probability of default (e.g. if the value of collateral declines because house prices decline, borrowers in some jurisdictions have a greater incentive to default on their mortgages); or quality of a guarantee provided by a shareholder (or an individual's parents) if the shareholder (or parents) have an incentive and financial ability to prevent default by capital or cash infusion.

Expected changes in the loan documentation (e.g., breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).

Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group (e.g., increase in delayed contractual payments or number of credit card borrowers expected to approach or exceed their credit limit or who are expected to be paying the minimum monthly amount).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement. (Continued)

6.1.3.1: Significant increase in credit risk (SICR) (continued)

Qualitative factors (continued)6.1.3.2: Definition of default and credit impaired assets

The bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative

The bank considers a term loan to be in default if the repayments on the loan are more than 90 days past due for all Corporate Loans, Housing and Mortgage, Salaried loans and SME Loans. Term loans under the SGL are in default if the repayments on the loans are more than 30 days past due. See the table in section 6.1.3.1 above.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates he is in significant financial difficulty. These are instances where the borrower is in long-term forbearance, deceased, insolvent, in breach of financial covenant(s), an active market for that financial asset has disappeared because of financial difficulties, concessions have been made by the lender relating to the borrower's financial difficulty, or it is becoming probable that the borrower will enter bankruptcy.

6.1.3.3: Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.
- The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, 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 Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

6.1.3.4: Forward-looking information incorporated in the ECL models

The calculation of ECL incorporate forward-looking information. The bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

In the expected credit losses models, the bank relies on a broad range of forward-looking information as economic factors, which includes the following key parameters:

- Interest rate. (5%)
- Gross domestic product GDP growth rate (2%).
- Real effective exchange rate (4%), and
- Inflation (4%)

The bank tested correction between macroeconomic variables and Historical data per segments, the highest correction selected and applied to a specific segment to forecast the future probability of default, recovery rate and cure rate. The Historical and forecasted economic variables have been adopted from among of the big three credit rating agencies in the world with the most recent forecast made in 2023.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (continued)

6.1.3.4: Forward-looking information incorporated in the ECL models (continued)Sensitivity Analysis

The bank has sensitized the assumptions affecting the ECL allowance based on weightings and macro-economic variables applied.

Weightings assigned to each economic scenario into Base line (80%), Best Case (10%) and worst case (10%), by taking Base line (50%), Best Case (25%) and worst case (25%) the bank ECL would change as indicated below:

Year ended 31 December 2024 '(000) Segment	Base line (80%), Best Case (10%) and worst case (10%) Actual weights used	Base line (50%), Best Case (25%) and worst case (25%) Sensitivity analysis	Impact of changing weightings
Corporate and SME	208,471	199,948	8,523
Housing and Mortgage loans	15,195	15,223	(28)
Microfinance (SGL)	262,743	272,534	(9,791)
Salaried loans	2,352,328	2,346,812	5,516
Total	**2,838,737**	**2,834,517**	**4,220**
Year ended 31 December 2023			
Corporate and SME	266,588	272,555	(5,967)
Housing and Mortgage loans	19,472	20,583	(1,111)
Microfinance (SGL)	1,224,931	1,222,461	2,470
Salaried loans	3,037,188	3,016,529	20,659
Total	**4,548,179**	**4,532,128**	**16,051**

The bank tested correction between macroeconomic variables and historical data per segments, the highest correction selected and applied to a specific segment to forecast the future probability of default, recovery rate and cure rate. The following table indicates the impact of increasing each macroeconomic variable selected per segment by 5% per annual.

Segment	ECL at 31 December 2024	ECL after increase of 5% for each highest correlated variable per segment	Impact of Changing each Macroeconomic variable by 5% pa
Corporate and SME	208,471	199,834	8,637
Housing and Mortgage loans	15,195	14,858	337
Microfinance (SGL)	262,743	270,679	(7,936)
Salaried loans	2,352,328	2,292,983	59,345
Total	**2,838,737**	**2,778,354**	**60,383**

Segment	ECL at 31 December 2023	ECL after increase of 5% for each highest correlated variable per segment	Impact of Changing each Macroeconomic variable by 5% pa
Corporate and SME	266,588	266,613	(25)
Housing and Mortgage loans	19,472	20,819	(1,347)
Microfinance (SGL)	1,224,931	1,225,062	(131)
Salaried loans	3,037,188	3,037,757	(569)
Total	**4,548,179**	**4,550,251**	**(2,072)**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (continued)

6.1.3.5 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. According to IFRS, the bank shall group its financial assets into homogenous groups with similar credit risk characteristics for the purpose of credit risk parameters calculation. In the methodology the process of grouping the portfolio is further referred to as portfolio segmentation.

For the purpose of practical implementation, it is assumed that exposures with similar risk profile are allocated to the same *risk portfolio*, and further to the same *risk group* within the portfolio. A single risk group within is assumed to be the homogenous group of assets according to the IFRS definition.

The segmentation criteria used by the bank are primarily based on expert judgment and experience of the bank's employees, supported by statistical verification of historical data where necessary. The general segmentation criteria are presented below:

- **Corporates and SME Loans**- The corporate loans include all overdraft, and all commercial loans granted for duration not exceeding three years for working capital purposes as revolving line of credit, expansion or modernization of the plant and facilities. Except overdraft, Corporate loans& SME loans duration is to a maximum of three years, the corporate commercial loans are for working capital and investment. Both overdraft and corporate commercial loans are secured by legal mortgage or against own fund. These Loans have monthly, quarterly, or semiannual repayment of both principal and interest unlike overdraft where repayment depends on account operations.
- **Housing and Mortgage loans** - The loans are granted for the purpose of house purchase, renovation, and construction. The house finance by the bank is pledged as security. Loans tenure up to 5 years for housing microfinance and 15 years for mortgage with monthly instalment of principal and interest. All housing microfinance is for residential purposes and mortgage for both commercial and residential purposes.
- **Salaried Loans** - This Credit scheme intends to cater for salaried employees' financial needs and in particular to assist salaried employees to gain financial home needs for both public and private sectors employees. A Collective Guarantee Agreement between the bank and the employer shall act as a security for the loan, for loans above TZS 50 million the borrower should pledge security. Employers deduct loans instalment on monthly basis from employees monthly earning. This loan has maximum of 7 years' tenures. The maximum loans amount for is TZS 500Million for secured and TZS 50 million for unsecured facility.
- Microfinance (SGL)- These loans granted to self-employed households and youth, small amount which security is based on group guarantee with weekly regular re-payments and deposits. Loan amounts range from TZS 350,000 to TZS 5,000,000 with loan tenure to maximum of 1 year (12 months). Weekly cash deposit and Group guarantee are the main collateral for this product.

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the bank's maximum exposure to credit risk on these assets

(a) The bank exposure -All segments

2024	ECL Staging			
Amounts in TZS'000	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade (Risk Group)				
RG 1	105,794,037	-	-	**105,794,037**
RG 2	13,351,576	-	-	**13,351,576**
RG 3	-	5,357,345	-	**5,357,345**
RG 4	-	4,773,907	-	**4,773,907**
RG Default	-	-	5,967,876	**5,967,876**
Gross Carrying amount	**119,145,613**	**10,131,252**	**5,967,876**	**135,244,741**
Loss allowance	(920,876)	(236,494)	(1,681,367)	**(2,838,737)**
Carrying amount	**118,224,737**	**9,894,758**	**4,286,509**	**132,406,004**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

(a) The bank exposure -All segments

2023 Amounts in TZS'000	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	100,282,108	-	-	**100,282,108**
RG 2	12,277,895	-	-	**12,277,895**
RG 3	-	3,478,263	-	**3,478,263**
RG 4	-	2,068,389	-	**2,068,389**
RG Default	-	-	6,845,418	**6,845,418**
Gross Carrying amount	**112,560,003**	**5,546,652**	**6,845,418**	**124,952,073**
Loss allowance	(1,075,887)	(800,805)	(2,671,487)	**(4,548,179)**
Carrying amount	**111,484,116**	**4,745,847**	**4,173,931**	**120,403,894**

The bank exposure for each segment is shown as below.

(b) Corporates and SME Loans

2024 Amounts in TZS'000	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	32,230,948	-	-	**32,230,948**
RG 2	5,480,546	-	-	**5,480,546**
RG 3	-	3,829,159	-	**3,829,159**
RG 4	-	3,955,748	-	**3,955,748**
RG Default	-	-	2,554,848	**2,554,848**
Gross Carrying amount	37,711,494	7,784,907	2,554,848	48,051,249
Loss allowance	(55,623)	(71,787)	(81,061)	**(208,471)**
Carrying amount	37,655,871	7,713,120	2,473,787	47,842,778

2023 Amounts in TZS'000	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	30,129,907	-	-	**30,129,907**
RG 2	5,806,167	-	-	**5,806,167**
RG 3		1,310,935	-	**1,310,935**
RG 4	-	787,128	-	**787,128**
RG Default			1,972,126	**1,972,126**
Gross Carrying amount	**35,936,074**	**2,098,063**	**1,972,126**	**40,006,263**
Loss allowance	(113,363)	(87,026)	(66,199)	**(266,588)**
Carrying amount	35,822,711	2,011,037	1,905,927	39,739,675

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

(c) Housing and Mortgage loans

2024	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade (Risk Group)				
RG 1	23,614,493	-	-	**23,614,493**
RG 2	5,060,321	-	-	**5,060,321**
RG 3	-	779,519	-	**779,519**
RG 4	-	321,003	-	**321,003**
RG Default	-	-	792,031	**792,031**
Gross Carrying amount	**28,674,814**	**1,100,522**	**792,031**	**30,567,367**
Loss allowance	(14,853)	-	(342)	**(15,195)**
Carrying amount	**28,659,961**	**1,100,522**	**791,689**	**30,552,172**

2023	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade (Risk Group)				
RG 1	20,711,931	-	-	20,711,931
RG 2	2,485,272	-	-	2,485,272
RG 3	-	344,367	-	344,367
RG 4	-	293,949	-	293,949
RG Default	-	-	1,162,240	1,162,240
Gross Carrying amount	**23,197,203**	**638,316**	**1,162,240**	**24,997,759**
Loss allowance	(14,490)	(370)	(4,612)	(19,472)
Carrying amount	**23,182,713**	**637,946**	**1,157,628**	**24,978,287**

(d) *Salaried loans*

2024	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade (Risk Group)				
RG 1	41,888,530	-	-	**41,888,530**
RG 2	2,484,614	-	-	**2,484,614**
RG 3	-	659,532	-	**659,532**
RG 4	-	492,370	-	**492,370**
RG Default	-	-	2,362,344	**2,362,344**
Gross Carrying amount	44,373,144	1,151,902	2,362,344	47,887,390
Loss allowance	(762,869)	(163,100)	(1,426,359)	(2,352,328)
Carrying amount	43,610,275	988,802	935,985	45,535,062

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

(d) *Salaried loans*

2023	ECL Staging			
Amounts in TZS'000	Stage 1	Stage 2	Stage 3	Total
Credit grade (Risk Group)	12-month ECL	Lifetime ECL	Lifetime ECL	
RG 1	48,062,023	-	-	48,062,023
RG 2	3,781,007	-	-	3,781,007
RG 3	-	1,585,370	-	1,585,370
RG 4	-	710,062	-	710,062
RG Default	-	-	2,349,301	2,349,301
Gross Carrying amount	**51,843,030**	**2,295,432**	**2,349,301**	**56,487,763**
Loss allowance	(937,752)	(706,552)	(1,392,884)	(3,037,188)
Carrying amount	**50,905,278**	**1,588,880**	**956,417**	**53,450,575**

(e) *Microfinance*

2024	ECL Staging			
Amounts in TZS'000	Stage 1	Stage 2	Stage 3	Total
Credit grade (Risk Group)	12-month ECL	Lifetime ECL	Lifetime ECL	
RG 1	8,060,066	-	-	**8,060,066**
RG 2	326,095	-	-	**326,095**
RG 3	-	89,135	-	**89,135**
RG 4	-	4,786	-	**4,786**
RG Default	-	-	258,653	**258,653**
Gross Carrying amount	8,386,161	93,921	258,653	8,738,735
Loss allowance	(87,531)	(1,607)	(173,605)	**(262,743)**
Carrying amount	8,298,630	92,314	85,048	8,475,992

2023	ECL Staging			
Amounts in TZS'000	Stage 1	Stage 2	Stage 3	
Credit grade (Risk Group)	12-month ECL	Lifetime ECL	Lifetime ECL	Total
RG 1	1,378,247	-	-	1,378,247
RG 2	205,449	-	-	205,449
RG 3	-	237,591	-	237,591
RG 4	-	277,250	-	277,250
RG Default	-	-	1,361,751	1,361,751
Gross Carrying amount	1,583,696	514,841	1,361,751	3,460,288
Loss allowance	(10,282)	(6,857)	(1,207,792)	(1,224,931)
Carrying amount	1,573,414	507,984	153,959	2,235,357

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

(e) *Microfinance (Continued)*(f) *Off balance sheet exposures*

2024	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade (Risk Group)				
RG 1	13,733,709	-	-	13,733,709
Carrying amount	**13,733,709**	**-**	**-**	**13,733,709**

2023	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	21,571,709	-	-	21,571,709
Carrying amount	**21,571,709**	**-**	**-**	**21,571,709**

The impairment amount for off-balance sheet exposures (financial guarantees and loan commitments) has not been adjusted in the financial statements because their total impact is immaterial. The total impairment amount for the current year is TZS 20 million (2023: Nil).

(g) Other financial instruments

The ECL on Other financial instruments exposures is summarized below:

	2024	2023
Amounts in TZS'000	Total	Total
Financial Asset	12-month ECL	12-month ECL
Cash balances with Bank of Tanzania Amounts due from other banks and financial institutions (excluding cash on hand)	36,898,556	24,283,450
Other assets	2,199,106	1,207,781
Government securities	62,090,020	57,156,768
Gross carrying amount	**101,187,682**	**82,647,999**
Loss allowance		
Cash balances with Bank of Tanzania and Amounts due from other banks and financial institutions	(117,775)	(97,455)
Other assets*	(1,712,072)	(471,018)
Government securities	(40,339)	-
Total impairment	**(1,870,186)**	**(568,473)**
Net Carrying amounts		
Cash balances with Bank of Tanzania and Amounts due from other banks and financial institutions	36,780,781	24,185,995
Other assets	487,034	736,763
Government securities	62,049,681	57,156,768

The comparative amount on loss allowance for other assets was presented as part of the net amount for other assets in the prior year. In the current year, we have reclassified the amounts to show the gross carrying amount of other assets separately from the loss allowance in line with the IFRS 9 disclosure requirements.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

6.1.4.2 Collateral and other credit enhancements (continued)

The bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated when the loan is up for renewal or when the loan is individually assessed as impaired.

For loans and advances to customers, the amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are as follows:

- For SGL, the security is group guarantee, cash cover as well as movable assets.
- For micro and small medium enterprises (MSME); collateral over residential properties.
- For salaried loans; employers' guarantees.
- For housing micro finance and mortgages; over residential properties.
- For Corporate loans, collateral over residential properties.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the bank since the prior period. The bank does not have financial instrument which ECL has not been recognized because of presence of a collateral. The bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below

As at 31 December 2024 Credit-impaired assets (stage 3)	Gross exposure TZS'000	Impairment allowance TZS'000	Carrying amount TZS'000	Fair value of collateral held TZS'000
Corporates and SME Loans	2,554,848	(81,061)	2,473,787	4,529,946
Housing and Mortgage loans	792,031	(342)	791,689	2,945,181
Salaried loans	2,362,344	(1,426,359)	935,985	-
Microfinance (SGL)	258,653	(173,605)	85,048	21,346
Total credit impaired assets	**5,967,876**	**(1,681,367)**	**4,286,509**	**7,496,473**

As at 31 December 2023 Credit-impaired assets (stage 3)	Gross exposure TZS'000	Impairment allowance TZS'000	Carrying amount TZS'000	Fair value of collateral held TZS'000
Corporates and SME Loans	1,972,126	(66,199)	1,905,927	5,162,264
Housing and Mortgage loans	1,162,240	(4,612)	1,157,628	2,676,695
Salaried loans	2,349,301	(1,392,884)	956,417	-
Microfinance (SGL)	1,361,751	(1,207,792)	153,959	78,461
Total credit impaired assets	**6,845,418**	**(2,671,487)**	**4,173,931**	**7,917,420**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance was as follows.

- New loans booking/disbursements which increases stage 1, the bank do not have purchased credit impaired.
- Write off loans gross caring amount which resulted to decrease in impairment for stage 3 and
- Restructuring of credit accommodation/Modification of contractual cash flows of financial assets.

The following table further explains changes in the gross carrying amount of each segmented portfolio to help explain their significance to the changes in the loss allowance for the same portfolio.

(a) Gross loans for the year 2024 Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**112,560,003**	**5,546,652**	**6,845,418**	**124,952,073**
Movements				-
Transfer from stage 1 to stage 2	(2,247,340)	2,247,340	-	-
Transfer from stage 1 to stage 3	(2,409,922)	-	2,409,922	-
Transfer from stage 2 to stage 1	316,614	(316,614)	-	-
Transfers from stage 2 to stage 3	-	(1,028,327)	1,028,327	-
Transfer from stage 3 to stage 1	50,717	-	(50,717)	-
Transfer from stage 3 to stage 2	-	238,791	(238,791)	-
Financial assets derecognized during the period other than write-offs	(56,980,514)	(4,397,961)	(4,123,285)	**(65,501,760)**
Write-offs	(190,991)	(15,389)	(2,303,667)	**(2,510,047)**
New financial assets originated or purchased	66,984,219	7,940,771	1,808,450	**76,733,440**
other movements	1,062,827	(84,011)	592,219	**1,571,035**
Gross carrying amount as at 31 December 2024	**119,145,613**	**10,131,252**	**5,967,876**	**135,244,741**

Gross loans for the year 2023				
As at 1 January 2023	103,505,040	10,928,785	15,931,903	130,365,728
Movements				
Transfer from stage 1 to stage 2	(3,568,814)	1,967,012	-	(1,601,802)
Transfer from stage 1 to stage 3	(2,613,322)	-	1,558,032	(1,055,290)
Transfer from stage 2 to stage 1	743,499	(1,087,860)	-	(344,361)
Transfers from stage 2 to stage 3	-	(3,052,560)	2,068,584	(983,976)
Transfer from stage 3 to stage 1	272,042	-	(786,340)	(514,298)
Transfer from stage 3 to stage 2		31,980	(45,416)	(13,436)
Remained in stage	(12,174,750)	(299,940)	(420,711)	(12,895,401)
Financial assets derecognized during the period other than write-offs	(41,985,051)	(5,393,794)	(4,193,051)	(51,571,896)
Write-offs	(13,415)	-	(8,368,722)	(8,382,137)
New financial assets originated or purchased	69,457,603	2,370,146	1,179,430	73,007,179
Changes due to modifications that did not result in de-recognition	(1,062,829)	82,883	(78,291)	(1,058,237)
Gross carrying amount as at 31 December 2023	**112,560,003**	**5,546,652**	**6,845,418**	**124,952,073**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

(b) Corporates and SME Loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**35,936,074**	**2,098,063**	**1,972,126**	**40,006,263**
Movements				
Transfer from stage 1 to stage 2	(788,071)	788,071	-	-
Transfer from stage 1 to stage 3	(442,587)	-	442,587	-
Transfer from stage 2 to stage 1	48,132	(48,132)	-	-
Transfers from stage 2 to stage 3	-	(376,682)	376,682	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	60,232	(60,232)	-
Financial assets derecognized during the period other than write-offs	(26,954,025)	(1,900,838)	(1,910,507)	**(30,765,370)**
Write-offs	-	-	(165,403)	**(165,403)**
New financial assets originated or purchased	29,915,122	7,184,234	1,386,852	**38,486,208**
Other movements	(3,151)	(20,041)	512,743	**489,551**
Gross carrying amount as at 31 December 2024	**37,711,494**	**7,784,907**	**2,554,848**	**48,051,249**

Amounts in TZS'000	Stage 1 -12month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	29,764,963	2,040,181	3,498,999	35,304,143
Movements				
Transfer from stage 1 to stage 2	(1,969,232)	1,018,075	-	(951,157)
Transfer from stage 1 to stage 3	(369,166)	-	228,295	(140,871)
Transfer from stage 2 to stage 1	16,472	(74,175)	-	(57,703)
Transfers from stage 2 to stage 3	-	(879,345)	719,566	(159,779)
Transfer from stage 3 to stage 1	20,334	-	(71,608)	(51,274)
Transfer from stage 3 to stage 2		-		
Remained in stage	(4,915,599)	(97,560)	(222,566)	(5,235,725)
Financial assets derecognized during the period other than write-offs	(17,789,643)	(2,220,320)	(1,174,115)	(21,184,078)
Write-offs	-	-	(1,515,562)	(1,515,562)
New financial assets originated or purchased	27,299,327	792,515	530,493	28,622,335
Changes due to modifications that did not result in de-recognition	3,153	20,040	59	23,252
Gross carrying amount as at 31 December 2023	**35,936,074**	**2,098,063**	**1,972,126**	**40,006,263**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

(c) Housing and Mortgage loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**23,197,203**	**638,316**	**1,162,240**	**24,997,759**
Movements				
Transfer from stage 1 to stage 2	(567,118)	567,118	-	-
Transfer from stage 1 to stage 3	(721,663)	-	721,663	-
Transfer from stage 2 to stage 1	80,839	(80,839)	-	-
Transfers from stage 2 to stage 3	-	(68,411)	68,411	-
Transfer from stage 3 to stage 1	26,660	-	(26,660)	-
Transfer from stage 3 to stage 2	-	169,708	(169,708)	-
Financial assets derecognized during the period other than write-offs	(9,199,515)	(430,312)	(844,397)	**(10,474,224)**
Write-offs	(103,912)	(3,484)	(239,642)	**(347,038)**
New financial assets originated or purchased	15,190,131	298,809	85,473	**15,574,413**
Other movements	772,189	9,617	34,651	**816,457**
Gross carrying amount as at 31 December 2024	**28,674,814**	**1,100,522**	**792,031**	**30,567,367**

Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**12,532,714**	**1,500,228**	**1,859,279**	**15,892,221**
Movements				
Transfer from stage 1 to stage 2	(435,496)	320,314	-	(115,182)
Transfer from stage 1 to stage 3	(397,669)	-	368,383	(29,286)
Transfer from stage 2 to stage 1	367,746	(425,083)	-	(57,337)
Transfers from stage 2 to stage 3	-	(463,414)	399,800	(63,614)
Transfer from stage 3 to stage 1	116,338		(445,107)	(328,769)
Transfer from stage 3 to stage 2		8,916	(16,176)	(7,260)
Remained in stage	(1,542,209)	(74,677)	(10,066)	(1,626,952)
Financial assets derecognized during the period other than write-offs	(4,037,701)	(285,928)	(469,528)	(4,793,157)
Write-offs	-	-	(659,403)	(659,403)
New financial assets originated or purchased	17,365,669	67,577	169,708	17,602,954
Changes due to modifications that did not result in de-recognition	(772,189)	(9,617)	(34,650)	(816,456)
Gross carrying amount as at 31 December 2023	**23,197,203**	**638,316**	**1,162,240**	**24,997,759**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

(d) Salaried loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**51,843,030**	**2,295,432**	**2,349,301**	**56,487,763**
Movements				
Transfer from stage 1 to stage 2	(890,651)	890,651	-	-
Transfer from stage 1 to stage 3	(1,054,155)	-	1,054,155	-
Transfer from stage 2 to stage 1	187,643	(187,643)	-	-
Transfers from stage 2 to stage 3	-	(408,659)	408,659	-
Transfer from stage 3 to stage 1	24,057	-	(24,057)	-
Transfer from stage 3 to stage 2	-	8,851	(8,851)	-
Financial assets derecognized during the period other than write-offs	(19,436,297)	(1,725,045)	(893,181)	**(22,054,523)**
Write-offs	(87,079)	(11,905)	(884,975)	**(983,959)**
New financial assets originated or purchased	13,492,805	363,808	316,467	**14,173,080**
Other movements	293,791	(73,588)	44,826	**265,029**
Gross carrying amount as at 31 December 2024	**44,373,144**	**1,151,902**	**2,362,344**	**47,887,390**

Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**52,789,232**	**3,363,783**	**7,979,179**	**64,132,194**
Movements				
Transfer from stage 1 to stage 2	(1,159,086)	628,579	-	(530,507)
Transfer from stage 1 to stage 3	(853,077)	-	633,050	(220,027)
Transfer from stage 2 to stage 1	359,281	(588,602)	-	(229,321)
Transfers from stage 2 to stage 3	-	(459,275)	395,334	(63,941)
Transfer from stage 3 to stage 1	135,370	-	(269,625)	(134,255)
Transfer from stage 3 to stage 2	-	23,064	(29,240)	(6,176)
Remained in stage	(5,716,942)	(127,703)	(81,448)	(5,926,093)
Financial assets derecognized during the period other than write-offs	(16,615,091)	(1,612,131)	(2,381,939)	(20,609,161)
Write-offs	(13,415)	-	(4,104,978)	(4,118,393)
New financial assets originated or purchase	23,210,551	995,257	252,668	24,458,476
Changes due to modifications that did not result in de-recognition	(293,793)	72,460	(43,700)	(265,033)
Gross carrying amount as at 31 December 2023	**51,843,030**	**2,295,432**	**2,349,301**	**56,487,763**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

(e) Microfinance (SGL)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**1,583,696**	**514,841**	**1,361,751**	**3,460,288**
Movements				
Transfer from stage 1 to stage 2	(1,500)	1,500	-	-
Transfer from stage 1 to stage 3s	(191,517)	-	191,517	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(174,575)	174,575	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(1,390,677)	(341,766)	(475,200)	**(2,207,643)**
Write-offs	-	-	(1,013,647)	**(1,013,647)**
New financial assets originated or purchased	8,386,161	93,920	19,658	**8,499,739**
Other movements	(2)	1	(1)	**(2)**
Gross carrying amount as at 31 December 2024	**8,386,161**	**93,921**	**258,653**	**8,738,735**
As at 1 January 2023	**4,542,666**	**2,525,941**	**2,615,881**	**9,684,488**
Movements				
Transfer from stage 1 to stage 2	(5,000)	44	-	(4,956)
Transfer from stage 1 to stage 3	(993,410)	-	328,304	(665,106)
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(1,250,526)	553,884	(696,642)
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Remained in stage	-	-	(106,631)	(106,631)
Financial assets derecognized during the period other than write-offs	(3,542,616)	(1,275,415)	(167,469)	(4,985,500)
Write-offs	-		(2,088,779)	(2,088,779)
New financial assets originated or purchased	1,582,056	514,797	226,561	2,323,414
Gross carrying amount as at 31 December 2023	**1,583,696**	**514,841**	**1,361,751**	**3,460,288**

6.1.6: Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period.
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models.
- Impacts on the measurement of ECL due to changes made to models and assumptions.
- Discounts unwind within ECL due to the passage of time, as ECL is measured on a present value basis.
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

(a) Loss allowance 2024 Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	1,075,887	800,805	2,671,487	**4,548,179**
Movements	-	-	-	-
Transfer from stage 1 to stage 2	(44,474)	44,474	-	-
Transfer from stage 1 to stage 3	(42,408)	-	42,408	-
Transfer from stage 2 to stage 1	67,004	(67,004)	-	-
Transfers from stage 2 to stage 3	-	(164,279)	164,279	-
Transfer from stage 3 to stage 1	13,996	-	(13,996)	-
Transfer from stage 3 to stage 2	-	5,149	(5,149)	-
Financial assets derecognized during the period other than write-offs	(346,746)	(498,105)	871,110	**26,259**
Write-offs	(190,991)	(15,389)	(2,303,667)	**(2,510,047)**
New financial assets originated or purchased	388,608	130,843	254,895	**774,346**
Gross carrying amount as at 31 December 2024	**920,876**	**236,494**	**1,681,367**	**2,838,737**

Loss allowance 2023 Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**939,934**	**1,686,638**	**6,891,487**	**9,518,059**
Movements				
Transfer from stage 1 to stage 2	(38,719)	302,190	-	263,471
Transfer from stage 1 to stage 3	(30,167)	-	669,067	638,900
Transfer from stage 2 to stage 1	3,532	(200,755)	-	(197,223)
Transfers from stage 2 to stage 3	-	(286,496)	771,157	484,661
Transfer from stage 3 to stage 1	3,822	-	(178,580)	(174,758)
Transfer from stage 3 to stage 2	-	6,893	(18,751)	(11,858)
Remained in stage	115,248	(157,421)	(16,770)	(58,943)
Financial assets derecognized during the period other than write-offs	(387,498)	(858,432)	(1,749,307)	(2,995,237)
Write-offs	(115)	-	(3,982,880)	(3,982,995)
New financial assets originated or purchased	469,850	308,188	286,064	1,064,102
Gross carrying amount as at 31 December 2023	**1,075,887**	**800,805**	**2,671,487**	**4,548,179**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

(b) Corporates and SME Loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**113,363**	**87,026**	**66,199**	**266,588**
Movements				
Transfer from stage 1 to stage 2	(17,016)	17,016	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	425	(425)	-	-
Transfers from stage 2 to stage 3	-	(11,153)	11,153	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(88,899)	(92,464)	114,523	**(66,840)**
Write-offs	-	-	(165,403)	**(165,403)**
New financial assets originated or purchased	47,750	71,787	54,589	**174,126**
As at 31 December 2024	**55,623**	**71,787**	**81,061**	**208,471**

(c) Corporates and SME Loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**59,981**	**57,274**	**315,214**	**432,469**
Movements				
Transfer from stage 1 to stage 2	(277)	87,027	-	86,750
Transfer from stage 1 to stage 3	(374)	-	-	(374)
Transfers from stage 2 to stage 3		(30,740)	6,636	(24,104)
Remained in stage	54,486	(20,697)	52,744	86,533
Financial assets derecognized during the period other than write-offs	(16,162)	(5,838)	(128,284)	(150,284)
Write-offs	-	-	(184,116)	(184,116)
New financial assets originated or purchased	15,709		4,005	19,714
As at 31 December 2023	**113,363**	**87,026**	**66,199**	**266,588**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 **Credit risk (continued)**

6.1.6: Loss allowance (continued)

(d) Housing and Mortgage loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**14,490**	**370**	**4,612**	**19,472**
Movements				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	98,918	3,115	235,372	**337,405**
Write-offs	(103,912)	(3,484)	(239,642)	**(347,038)**
New financial assets originated or purchased	5,357	-	-	**5,357**
As at 31 December 2024	**14,853**	-	**342**	**15,195**

Housing and Mortgage loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**13,926**	**16,235**	**96,840**	**127,001**
Movements				
Transfer from stage 1 to stage 2	(3,261)	369	-	(2,892)
Transfers from stage 2 to stage 1	-	(6,392)	-	(6,392)
Transfers from stage 2 to stage 3	-	-	4,612	4,612
Transfers from stage 3 to stage 1	-	-	(5,673)	(5,673)
Remained in stage	3,179	(3,663)		(484)
Financial assets derecognized during the period other than write-offs	(4,081)	(6,179)	(4,555)	(14,815)
Write-offs	-	-	(86,612)	(86,612)
New financial assets originated or purchased	4,727	-	-	4,727
As at 31 December 2023	**14,490**	**370**	**4,612**	**19,472**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

(d) Salaried loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	**937,752**	**706,552**	**1,392,884**	**3,037,188**
Movements				
Transfer from stage 1 to stage 2	(27,427)	27,427	-	-
Transfer from stage 1 to stage 3	(40,725)	-	40,725	-
Transfer from stage 2 to stage 1	66,579	(66,579)	-	-
Transfers from stage 2 to stage 3	-	(149,245)	149,245	-
Transfer from stage 3 to stage 1	13,996	-	(13,996)	-
Transfer from stage 3 to stage 2	-	5,149	(5,149)	-
Financial assets derecognized during the period other than write-offs	(348,197)	(405,750)	556,546	**(197,401)**
Write-offs	(87,079)	(11,905)	(884,975)	**(983,959)**
New financial assets originated or purchased	247,970	57,451	191,079	**496,500**
As at 31 December 2024	**762,869**	**163,100**	**1,426,359**	**2,352,328**

Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**836,510**	**1,534,851**	**5,040,738**	**7,412,099**
Movements				
Transfer from stage 1 to stage 2	(35,102)	214,794	-	179,692
Transfer from stage 1 to stage 3	(19,341)	-	368,303	348,962
Transfer from stage 2 to stage 1	3,532	(194,363)	-	(190,831)
Transfers from stage 2 to stage 3	-	(200,637)	230,002	29,365
Transfer from stage 3 to stage 1	3,822	-	(172,907)	(169,085)
Transfer from stage 3 to stage 2	-	6,893	(18,751)	(11,858)
Remained in stage	57,431	(133,061)	(117,731)	(193,361)
Financial assets derecognized during the period other than write-offs	(348,420)	(823,255)	(1,527,506)	(2,699,181)
Write-offs	(115)	-	(2,556,264)	(2,556,379)
New financial assets originated or purchased	439,435	301,330	147,000	887,765
As at 31 December 2023	**937,752**	**706,552**	**1,392,884**	**3,037,188**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

(e) Microfinance (SGL) Amounts in TZS' 000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	10,282	6,857	1,207,792	**1,224,931**
Movements				
Transfer from stage 1 to stage 2	(31)	31	-	-
Transfer from stage 1 to stage 3	(1,683)	-	1,683	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(3,881)	3,881	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Financial assets derecognized during the period other than write-offs	(8,568)	(3,005)	(35,331)	**(46,904)**
Write-offs	-	-	(1,013,647)	**(1,013,647)**
New financial assets originated or purchased	87,531	1,605	9,227	**98,363**
As at 31 December 2024	**87,531**	**1,607**	**173,605**	**262,743**

(e) Microfinance (SGL) Amounts in TZS' 000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**29,517**	**78,278**	**1,438,695**	**1,546,490**
Movements				
Transfer from stage 1 to stage 2	(79)	-	-	(79)
Transfer from stage 1 to stage 3	(10,452)	-	300,764	290,312
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(55,119)	529,907	474,788
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Remained in stage	152		48,217	48,369
Financial assets derecognized during the period other than write-offs	(18,835)	(23,160)	(88,962)	(130,957)
Write-offs			(1,155,888)	(1,155,888)
New financial assets originated or purchased	9,979	6,858	135,059	151,896
As at 31 December 2023	**10,282**	**6,857**	**1,207,792**	**1,224,931**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.7 Concentration of risks of financial assets with credit risk exposure

The following table breaks down the bank's credit exposure at carrying amounts, as categorized by the industry sectors of the bank's counterparties. The bank's financial assets are all confined within Tanzania and therefore no separate disclosure for geographical segmentation was considered necessary.

2024 (TZS'000)	Financial institution	Wholesale and retail trade	Individual	Other	Total
Balances with Bank of Tanzania	17,392,673	-	-	-	17,392,673
Balances due from other banks	19,388,108	-	-	-	19,388,108
Government securities	62,049,681	-	-	-	62,049,681
Other assets	-	-	-	487,034	487,034
Loans and advances to customers	-	47,538,447	84,867,557	-	132,406,004
Total on balance sheet	**98,830,462**	**47,538,447**	**84,867,557**	**487,034**	**231,723,500**
Guarantees and indemnities	-	11,973,004	-	-	11,973,004
Commitments to extend credit	-	1,760,705	-	-	1,760,705
Total off-balance sheet	**-**	**13,733,709**	**-**	**-**	**13,733,709**

2023 (TZS'000)	Financial institution	Wholesale and retail trade	Individual	Other	Total
Balances with Bank of Tanzania	18,914,717	-	-	-	**18,914,717**
Balances due from other banks	5,271,278	-	-	-	**5,271,278**
Government securities	57,156,768	-	-	-	**57,156,768**
Other assets	-	-	-	736,763	**736,763**
Loans and advances to customers	-	59,870,093	60,533,801	-	**120,403,894**
Total on balance sheet	**81,342,763**	**59,870,093**	**60,533,801**	**736,763**	**202,483,420**
Guarantees and indemnities	-	20,815,791	-	-	20,815,791
Commitments to extend credit	-	755,918	-	-	755,918
Total off-balance sheet	**-**	**21,571,709**	**-**	**-**	**21,571,709**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.8 Repossessed collateral

During the year, the bank did not obtain assets by taking possession of collateral held as security. Repossessed properties are usually sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

6.1.9 Write-off policy

The bank writes off loans as and when the Board of Directors approves after accepting the recommendations by the management that the loans are irrecoverable. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure. During the year TZS 2.5 billion was written off for loans qualifying for write off as per regulatory requirements. The bank is still enforcing recovery measures on the balance.

6.2 Market risk

The bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, and foreign exchange rates. The bank separates exposures to market risk into either trading or non-trading portfolios. The market risks arising from trading and non-trading activities are concentrated in the bank's treasury department and monitored regularly. Regular reports are submitted to the Board of Directors and heads of department.

Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimizing the return on risk. The principal measurement technique used to measure and control market risk is the stress tests as outlined below.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the bank covers: interest rate, credit, foreign exchange, and liquidity risks, where stress movements are applied to each risk category to assess the overall impact and the bank's capital resilience to different market risk factor shocks. The results of the stress tests are reviewed by the Asset and Liability Management Committee (ALCO) and reported to the Board of Directors. Below are the results of stress test in relation to foreign exchange, interest rate, credit and liquidity risks as at 31 December 2024.

6.2.1 Foreign exchange risk

The bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency which is monitored daily.

The bank's net foreign currency exposure as at 31 December 2024 was TZS 151 million (2023: TZS 898 million). The bank stress test for forex exchange fluctuation is shown in the below table.

Year	Risk category	Impact on statement of profit or loss and other comprehensive income	Impact on Equity
2024	Exchange rate: fluctuates by 10%	Decrease/increase profit before tax by TZS 15 million.	Reduce or increase by TZS 15 million.
2023	Exchange rate: fluctuates by 10%	Decrease/increase profit before tax by TZS 111 million.	Reduce/increase by TZS 111 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

The bank is exposed mainly to USD currency for which as at 31 December 2024 the exposure is summarized in the table below (All amounts expressed in equivalent Tanzanian Shillings).

2024	TZS'000	USD '000	GBP '000	EURO '000	OTHER '000	Total '000
Assets						
Cash and balances with Bank of Tanzania	18,048,504	2,613,705	5,765	23,855	236	20,692,065
Balances due from other banks	6,545,931	12,118,758	7,897	705,605	9,917	19,388,108
Government securities held to maturity	62,049,681	-	-	-	-	62,049,681
Equity investment	3,042,273	-	-	-	-	3,042,273
Other assets (excludes non-financial assets)	486,859	175	-	-	-	487,034
Loans and advances to customers	127,826,869	4,579,135	-	-	-	132,406,004
Total financial assets	**218,000,117**	**19,311,773**	**13,662**	**729,460**	**10,153**	**238,065,165**
Liabilities						
Deposits due to banks	21,355,649	14,307,458	-	755,973	-	36,419,080
Deposits due to customers	149,298,088	5,740,761	-	76	231	155,039,156
Borrowings	32,738,415	-	-	-	-	32,738,415
Lease liability	1,882,659	1,991,688	-	-	-	3,874,347
Other liabilities	866,662	34,166	-	-	-	900,828
Total financial liabilities	**206,141,473**	**22,074,073**	**-**	**756,049**	**231**	**228,971,826**
Net gap of foreign exchange risk	**11,858,644**	**(2,762,300)**	**13,662**	**(26,589)**	**9,922**	**(9,093,339)**

The bank manages foreign exchange gaps by using currency swap instrument and short-term interbank borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

2024	TZS'000	USD '000	GBP '000	EURO'000	OTHER '000	Total '000
Off Balance sheet						
Guarantees and indemnities	11,973,004	-	-	-	-	11,973,004
Commitments to extend credit	1,760,705	-	-	-	-	1,760,705
Total off-balance sheet	**13,733,709**	**-**	**-**	**-**	**-**	**13,733,709**
Net off balance sheet	**13,733,709**	-	-	-	-	**13,733,709**

2023	TZS'000	USD '000	GBP '000	EURO '000	OTHER '000	Total '000
Assets						
Cash and balances with Bank of Tanzania	13,245,026	8,312,870	5,865	13,167	-	21,576,928
Balances due from other banks	3,150,391	1,785,937	8,521	320,539	5,890	5,271,278
Government securities held to maturity	57,156,768	-	-	-	-	57,156,768
Equity investment	2,040,200	-	-	-	-	2,040,200
Loans and advances to customers	111,153,573	9,250,321	-	-	-	120,403,894
Other assets exclude prepayment and stationeries	736,582	181	-	-	-	736,763
Total financial assets	**187,482,540**	**19,349,309**	**14,386**	**333,706**	**5,890**	**207,185,831**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

2023	TZS'000	USD '000	GBP '000	EURO '000	OTHER '000	Total '000
Liabilities						
Deposits due to banks	31,271,526	16,122,217	-	270,475	-	47,664,218
Deposits due to customers	135,655,245	4,258,620	-	139,291	265	140,053,421
Borrowings	11,213,836	-	-	-	-	11,213,836
Lease liability	2,334,261	2,144,985	-	-	-	4,479,246
Other liabilities	1,400,235	28,180	-	-	-	1,428,415
Total financial liabilities	**181,875,103**	**22,554,002**	-	**409,766**	**265**	**204,839,136**
Net gap of foreign exchange risk	**5,607,437**	**(3,204,693)**	**14,386**	**(76,060)**	**5,625**	**2,346,695**
The bank manages foreign exchange gaps by using currency swap instrument and short-term interbank borrowings.						
Off Balance sheet						
Guarantees and indemnities	20,815,791	-	-	-	-	20,815,791
Commitments to extend credit	755,918	-	-	-	-	755,918
Total off-balance sheet	**21,571,709**	-	-	-	-	**21,571,709**
Net off balance sheet	**21,571,709**	-	-	-	-	**21,571,709**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk

The bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest margins may increase because of changes in the prevailing levels of market rates but may also decrease or create losses if unexpected movements arise. The Board sets limits on the level of mismatch of interest re-pricing that may be undertaken. Consequently, the interest sensitivity effects on profit or loss would not be significant given the re-pricing frequency.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the bank's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Aggregate non-trading interest rate risk positions are managed by treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the positions.

The bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows. The table below summarizes the exposure to interest rates risks. Included in the table are the bank's assets and liabilities at carrying amounts categorized by the earlier of contractual re-pricing or maturity dates. The bank does not bear an interest rate risk on off balance sheet items. The stress test for interest rate risk is summarized below.

Year	Risk category	Impact on statement of profit or loss and other comprehensive income	Impact on Equity
2024	Interest rate risk: stress reduce interest margin by 5%	Reduce profit before tax by TZS 241 million	Reduction by TZS 241 million
2023	Interest rate risk: stress reduce interest margin by 5%	Reduce profit before tax by TZS 284 million	Reduction by TZS 284 million

The table presented here in shows the exposure to interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. **Market risk (continued)**

6.2.2 Interest rate risk (continued)

As at 31 December 2024	Up to 1 Month TZS'000	1 - 3 Months TZS'000	3 - 12 Months TZS'000	Over 1 year TZS'000	Non-interest Bearing TZS'000	Total TZS'000
Assets						
Cash and bank balances with Bank of Tanzania	-	-	-	-	20,692,065	20,692,065
Loans and balance to banks	19,388,108	-	-	-	-	19,388,108
Equity investment	-	-	-	-	3,042,273	3,042,273
Loans and advances to customers	1,102,596	5,988,951	19,253,256	106,061,201	-	132,406,004
Government securities	735,768	-	9,894,853	51,419,060	-	62,049,681
Other assets	-	-	-	-	487,034	487,034
Total assets	**21,226,472**	**5,988,951**	**29,148,109**	**157,480,261**	**24,221,372**	**238,065,165**
Liabilities						
Due to other banks	21,149,228	10,063,857	4,572,900	629,200	3,895	36,419,080
Deposit from customers	35,603,645	24,293,889	54,875,116	20,057,595	17,208,911	152,039,156
Borrowings	-	-	-	32,738,415	-	32,738,415
Lease liability	-	-	194,906	3,679,441	-	3,874,347
Other liabilities	-	-	-	-	900,828	900,828
Total liabilities and equity	**56,752,873**	**34,357,746**	**59,642,922**	**57,104,651**	**18,113,634**	**225,971,826**
Interest sensitivity gap	**(35,526,401)**	**(28,368,795)**	**(30,494,813)**	**100,375,610**	**6,107,738**	**12,093,339**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2023	Up to 1 Month TZS'000	1 - 3 Months TZS'000	3 - 12 Months TZS'000	Over 1 year TZS'000	Non-interest Bearing TZS'000	Total TZS'000
Assets						
Cash and bank balances with Bank of Tanzania	-	-	-	-	21,576,928	21,576,928
Loans and balance to banks	5,271,278	-	-	-	-	5,271,278
Equity investment	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	6,579,930	7,993,848	11,749,732	94,080,384	-	120,403,894
Government securities	-	-	14,865,096	42,291,672	-	57,156,768
Other assets	-	-	-	-	736,763	736,763
Total assets	**11,851,208**	**7,993,848**	**26,614,828**	**136,372,056**	**24,353,891**	**207,185,831**
Liabilities						
Due to other banks	13,919	35,960,790	11,684,736	-	4,773	47,664,218
Deposit from customers	29,985,092	21,812,476	55,978,355	10,494,635	21,782,863	140,053,421
Borrowings	-	1,500,000	9,713,836	-	-	11,213,836
Lease liability	-	-	1,220,380	3,258,866	-	4,479,246
Other liabilities	-	-	-	-	1,428,415	1,428,415
Total liabilities and equity	**29,999,011**	**59,273,266**	**78,597,307**	**13,753,501**	**23,216,051**	**204,839,136**
Interest sensitivity gap	**(18,147,803)**	**(51,279,418)**	**(51,982,479)**	**122,618,555**	**1,137,840**	**2,346,695**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2. Market risk (continued)

6.2.3 Price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The non–trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income (FVOCI). Refer to Note 6.4.3 on disclosure of impact of price risk on other comprehensive income and equity.

6.3 Liquidity risk

Liquidity risk is the risk that the bank 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 repay depositors and fulfil commitments to lend. Analysis of the bank's assets and liabilities into relevant maturity groupings is set out in note 6.3.3.

6.3.1 Liquidity risk management

The bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institution's reputation.

Treasury department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid Government securities, deposits from institutions and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the institution as a whole. All liquidity policies and procedures are subject to review by Assets and Liabilities Committee and approval by the Board.

The bank manages the liquidity structure of assets, liabilities and commitments so that cash flows are appropriately matched to ensure that all funding obligations are met when due. Banking operations are such that mismatch of assets and liabilities according to their maturity profiles cannot be avoided. However, Directors ensure that the mismatch is controlled in line with allowable risk levels and includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of gap analysis, maturity ladder as well as cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

6.3.2 Funding approach

Sources of liquidity are regularly reviewed by the bank to maintain a wide diversification by currency, provider, product and term.

6.3.3 Non derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the bank under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the undiscounted contractual cash flow as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3. Liquidity risk (continued)

6.3.3 Non derivative financial liabilities and assets held for managing liquidity risk (Continued)

At 31 December 2024	Due on Demand TZS '000	Up to 1 Month TZS '000	1 - 3 Months TZS '000	3 - 6 Months TZS '000	6 - 12 Months TZS '000	Over 1 Year* TZS '000	Total TZS '000
Due to other banks	-	29,438,561	2,268,403	673,000	4,231,049	-	36,611,013
Deposits from customers	42,487,120	7,680,405	28,152,286	18,029,424	49,655,459	25,693,284	171,697,978
Borrowings	-	-	-	-	-	41,120,234	41,120,234
Lease liability	-	-	-	-	196,881	4,814,008	5,010,889
Guarantees and indemnities	-	-	-	-	11,973,004	-	11,973,004
Other liabilities	-	900,828	-	-	-	-	900,828
Total liabilities	**42,487,120**	**38,019,794**	**30,420,689**	**18,702,424**	**66,056,393**	**71,627,526**	**267,313,946**

At 31 December 2023	Due on Demand	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	Over 1Year	Total
Liabilities							
Due to other banks	4,773	13,919	35,960,790	-	11,684,736	-	47,664,218
Deposits from customers	51,767,955	-	21,812,476	-	60,978,355	10,956,635	145,515,421
Borrowings	-	-	1,500,000	-	9,959,897	-	11,459,897
Lease liability	-	-	-	-	1,220,380	7,928,913	9,149,293
Guarantees and indemnities	-	-	-	-	20,815,791		20,815,791
Other liabilities	413,623	1,014,792	-	-	-	-	1,428,415
Total liabilities	**52,186,351**	**1,028,711**	**59,273,266**	**-**	**104,659,159**	**18,885,548**	**236,033,035**

*The balances which are due over 1 year have a maximum maturity tenue of 5 years.

In the prior year, the balances in the maturity profile bands were presented based on the carrying amounts. To align with the IFRS 7 requirements, we have presented the current year numbers based on the contractual maturity profiles and hence the comparatives have been updated to conform to this requirement. Also, the note has been updated in the current year and prior year to include guarantees and indemnities as these form part of the total liabilities for the purpose of liquidity assessment.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Liquidity risk (continued)

6.3.4: Assets held for managing liquidity risk

The bank holds a diversified portfolio of cash and high-quality liquid securities to support payment obligations and contingent funding in a stressed market environment. The bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Tanzania (excluding SMR);
- Government securities
- Placements with other banks; and
- Loans and advances to customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended, accordingly the behavioral pattern does not necessarily follow the contractual pattern. The bank would also be able to meet unexpected net cash outflows by selling investment securities and accessing additional funding sources such as asset-backed markets.

The bank performs the following to manage its liquidity positions:

- Based on its judgement of financial market trends, the bank actively adjusts its business strategies to manage liquidity risk.
- The bank performs periodic cash flow projections considering its impact on internal and regulatory limits.
- The bank control of non-earning assets proportion to manage its impact on the bank's overall financial position.
- Conduct regular liquidity stress tests including testing of contingency plans.
- Monitor diversification of funding sources in order to control concentration risk and ensure a satisfactory funding mix.
- Monitoring the level of undrawn commitments.
- Regular conduct of the Asset and Liability management Committee (ALCO) meetings which focuses on:
- Establishing policies and tolerance levels, from both risk and return perspectives, for liquidity, interest rate and balance sheet valuation management.
- Manage the intra-day liquidity position to ensure that payment and settlement obligations are met on a timely basis.
- Strategic financial position planning from both risk and return perspective.
- Strategically coordinate the management of the bank's financial position in consideration of changing economic conditions.

6.4 Fair value of financial assets and liabilities

IFRS 13 requires the bank to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The bank specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation technique used is comparison with similar instruments for which observable market prices exist. This technique requires use of observable market data when available. The bank considers relevant and observable market prices in its valuations where possible.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4. Fair value of financial assets and liabilities (continued)

6.4.1 Bank's financial assets and financial liabilities that are measured at fair value on recurring basis.

2024 Assets	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS '000
Equity Investments	-	-	3,042,273
Total assets	**-**	**-**	**3,042,273**

2023 Assets	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS '000
Equity Investments	-	-	2,040,200
Total assets	**-**	**-**	**2,040,200**

6.0.2 Movements in Level 3 financial instruments measured at fair value

The following table shows the reconciliation of the opening and closing amounts of level 3 financial assets and liabilities measured at fair value.

Level 3 Equity Investments at FVOCI	2024 TZS '000	2023 TZS '000
At 1 January	**2,040,200**	**2,040,200**
Purchases	28,000	-
Revaluation gain	974,073	-
At 31 December	**3,042,273**	**2,040,200**

6.4.3 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions.

Investment securities are fair valued based on observable market information, including market prices for debt and equity securities. Where observable market inputs are unavailable, the bank uses valuation techniques to arrive to the fair value, including the use of transaction prices obtained at recent arm's length transactions and discounted cash flow analysis, based on market conditions and risks at the reporting date.

Changes in fair value of equity instruments are measured at the end of each accounting period. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table summarizes the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the bank's Level 3 assets as at 31 December 2024.

Instrument	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the inputs to the Equity fair value
TMRC	Direct comparison approach	Equivalent equity prices	2024: TZS 1,682 per share (2023: TZS 1,622).	5% increase (decrease) in prices would result in an increase (decrease) in fair value by TZS 93 Mil (2023: TZS 89 Mil) and hence impacting other comprehensive income and equity by TZS 65 Mil (2023: TZS 62 Mil).
Umoja Switch	Direct comparison approach	Equivalent equity prices	2024: TZS 13.8 mil per share (2023: TZS 1Mil per share).	5% increase (decrease) in prices would result in an increase (decrease) in fair value by TZS 176 Mil (2023: TZS 12.8Mil). and hence impacting other comprehensive income and equity by TZS 123 Mil (2023: TZS 9 Mil).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4. Fair value of financial assets and liabilities (continued)

6.4.4 Financial instruments not measured at fair value:

Where they are available, the fair value of loans and advances, government securities and borrowings are based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques.

The fair value of the loans and advances, government securities and borrowings have been estimated using the available market rates. The fair value of deposits from banks and customers are estimated using discounted cash flow techniques, applying the rates that are offered from deposits of similar maturities and terms in the market depending on the maturity profile of comparable assets from the Bank of Tanzania. The fair values and carrying values of short term assets and liabilities are the same since most of the financial assets and liabilities are predominantly short term in nature.

The following table analyses within the fair value hierarchy the bank's assets and liabilities measured at amortized cost at 31 December 2024.

31 December 2024	Level 1	Level 2	Level 3	Total fair values	Total carrying value
Financial assets				TZS'000'	TZS'000
Cash and balances with Bank of Tanzania	-	20,809,840	-	20,809,840	20,692,065
Loans and balance to banks	-	19,388,108	-	19,388,108	19,388,108
Government securities	-	44,684,764	-	44,684,764	62,049,681
Loans and balance with customers	-	117,960,658	-	117,960,658	132,406,004
Other assets	-	487,034	-	487,034	487,034
Total assets	**-**	**203,330,404**	**-**	**203,330,404**	**235,022,892**
Financial liabilities					
Due to other banks	-	36,419,080	-	36,419,080	36,419,080
Deposit from customers	-	110,883,481	-	110,883,481	152,039,156
Borrowings	-	43,651,220	-	43,651,220	32,738,415
Lease liabilities	-	3,874,347	-	3,874,347	3,874,347
Other liabilities	-	900,828	-	900,828	900,828
Total	**-**	**195,728,956**	**-**	**195,728,956**	**225,971,826**

31 December 2023					
Financial assets				TZS'000'	TZS'000
Cash and balances with Bank of Tanzania	-	21,576,928	-	21,576,928	21,576,928
Loans and balance to banks	-	5,271,278	-	5,271,278	5,271,278
Government securities	-	40,324,833	-	40,324,833	57,156,768
Loans and balance with customers	-	107,267,965	-	107,267,965	120,403,894
Other assets	-	736,763	-	736,763	736,763
Total assets	**-**	**175,177,767**	**-**	**175,177,767**	**205,145,631**
Financial liabilities					
Due to other banks	-	47,664,218	-	47,664,218	47,664,218
Deposit from customers	-	102,142,180	-	102,142,180	140,053,421
Borrowings	-	14,951,781	-	14,951,781	11,213,836
Lease liabilities	-	4,479,246	-	4,479,246	4,479,246
Other liabilities	-	1,428,415	-	1,428,415	1,428,415
Total	**-**	**170,665,840**	**-**	**170,665,840**	**204,839,136**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Capital management

The Bank of Tanzania has set, among other measures, the rules, and ratios to monitor adequacy of a bank's capital, monitored daily and monthly, for supervisory purposes. In implementing current capital requirements, the Bank of Tanzania requires maintenance of a prescribed ratio of total capital to total risk-weighted assets in two tiers:

- Tier 1 capital (core capital), share capital, share premium, retained earnings and current year audited profit less intangible assets, prepayments and deferred tax assets.
- Tier 2 capital (supplementary capital), which includes the regulatory reserve and subordinated debts.

Various limits are applied to elements of the capital base; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. Tier 1 capital (Core capital) is also subjected to various limits like limitation in risk weighted assets by 12.5% and investments in movable and immovable assets not to exceed 70% of core capital.

The primary objectives of the bank's capital management which is a broader concept than the 'equity' on the face of statement of financial positions are:

- To comply with the capital requirements set by the Bank of Tanzania (BOT) while safeguarding the bank's ability to continue as a going concern.
- To maintain strong capital base and a strong credit rating to support the development of its business.

Below is the composition of regulatory capital and the ratios of the bank.

REGULATORY CAPITAL	2024	2023
Tier 1 Capital	**TZS'000**	**TZS'000**
Share capital	39,757,915	24,061,904
Share (discount)/premium	(4,965,085)	4,183,291
Accumulated losses	(5,064,843)	(4,145,700)
Less: Prepaid expenses	(931,078)	(657,030)
Less: Deferred income tax asset	(7,507,868)	(7,053,824)
Total qualifying Tier 1 Capital	**21,289,043**	**16,388,641**
Tier 2 capital	1,240,860	478,940
Total regulatory capital	**22,529,905**	**16,867,581**
Risk - weighted assets		
On balance sheet	110,832,445	104,439,477
Off balance sheet	7,718,129	10,732,099
Total risk - weighted assets	**118,550,574**	**115,171,576**
Minimum capital for market risks	151,352	5,345,865
Minimum capital for Operational risks	17,316,066	15,686,967
Total adjusted risk weighted assets	**136,017,992**	**136,204,408**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Capital management (continued)

REGULATORY CAPITAL (CONTINUED) Bank Ratios		2024	2023
Tier 1	Regulatory		
- Minimum	10.00%	10%	10,00%
- Buffer	2.50%	5.68%	2.03%
	12.50%	15.65	12.03%
Tier 2			12.38%
- Minimum	12.00%	12%	12.00%
- Buffer	2.50%	4.56%	0.38%
	14.50%	16.56%	12.38%

In the current year, the bank has complied with the regulatory capital requirements. This was mainly a result of the rights issue which was initiated following the non-compliance with the capital buffers in the prior year.

7. SEGMENT REPORTING

The segment reporting format is determined by bank's risks and rates of returns based on products and services offered. The Chief Operating Decision Maker (CODM) as at 31 December 2024 was the managing director who is responsible for the day to day running of the business.

The business banking segment have credit facilities include business loans and credit lines that earns both interest income and fees from the loans, trade finance and ledger fee and insurance business that drives revenue.

The Personal Banking deals with personal loans, salary advance, mortgage and housing that drive interest income and facility fees, ATM cards fee, monthly ledger fee and transaction fee over several bank channels.

Microfinance segment offers small loans in group, the loans resulted to earning in interest income and fees from facilities.

Treasury segment deals with investment in bond and bills, interbank placement payable and receivable that drives interest income; Foreign exchange trading and bond trading that contributed to fee and commission.

The geographical areas where the bank operates are 8 branches in Dar es Salaam (2023: 8 branches) and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

The segment information provided to bank's senior management for the reportable segments for the year ended 31 December 2024 is as follows:

31 December 2024 Statement of profit or loss and other comprehensive income	Business Banking TZS'000	Personal Banking TZS'000	Microfinance TZS'000	Treasury TZS'000	Other TZS'000	Total TZS'000
Interest income	11,622,572	10,616,595	2,626,606	7,411,973	-	32,277,746
Interest expense	(7,735,826)	(5,272,818)	(179,911)	(5,778,194)	(267,350)	(19,234,099)
Fees, commission, and other income	1,893,555	509,244	400,517	-	1,508,489	4,311,805
Foreign exchange income	-	-	-	650,739	-	650,739
Other operating income	-	-	8,553	-	1,247,911	1,256,464
Net income	**5,780,301**	**5,853,021**	**2,855,765**	**2,284,518**	**2,489,050**	**19,262,655**
Loan impairment charge	(107,284)	(641,859)	(51,462)	-	(1,304,522)	(2,105,127)
Staff expenses	(690,851)	(198,654)	(114,943)	(200,803)	(8,918,365)	(10,123,616)
Depreciation and amortization	(207,557)	(103,779)	(714,919)	(34,593)	(1,937,198)	(2,998,046)
Administrative and other operating expenses	(488,471)	(244,236)	(1,682,512)	(81,412)	(3,254,543)	(5,751,174)
Total Operating expenses	**(1,386,879)**	**(546,669)**	**(2,512,374)**	**(316,808)**	**(14,110,106)**	**(18,872,836)**
Loss before tax	**4,286,138**	**4,664,493**	**291,929**	**1,967,710**	**(12,925,578)**	**(1,715,308)**
Income tax credit	-	-	-	-	746,265	746,265
Profit/(loss) for the year	**4,286,138**	**4,664,493**	**291,929**	**1,967,710**	**(12,179,313)**	**(969,043)**

The geographical areas where the bank operates are 8 branches in Dar es Salaam and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

31 December 2023 Statement of profit or loss and other comprehensive income	Business Banking TZS'000	Personal Banking TZS'000	Microfinance TZS'000	Treasury TZS'000	Other TZS'000	Total TZS'000
Interest Income	8,001,459	11,684,860	2,515,280	5,633,827	-	27,835,426
Interest Expense	(4,353,019)	(7,369,826)	(3,630)	(3,032,528)	(326,917)	(15,085,920)
Fees, commission, and other income	1,331,408	668,518	232,561	-	2,648,134	4,880,621
Foreign exchange income	-	-	-	364,191	-	364,191
Other operating income	-	-	7,447	379,590	845,860	1,232,897
Net Income	4,979,848	4,983,552	2,751,658	3,345,080	3,167,077	19,227,215
Loan impairment charge	(1,926,670)	435,107	(1,617,987)	-	-	(3,109,550)
Staff expenses	(690,851)	(198,654)	(977,625)	(368,479)	(7,806,539)	(10,042,148)
Depreciation and amortization	(500,966)	(138,197)	(1,105,581)	(51,824)	(2,055,687)	(3,852,255)
Administrative and other operating expenses	(886,543)	(244,565)	(1,956,510)	(91,711)	(3,637,886)	(6,817,215)
Total operating expenses	**(2,078,360)**	**(581,416)**	**(4,039,716)**	**(512,014)**	**(13,500,112)**	**(20,711,618)**
Profit/(Loss) before tax	**974,818**	**4,837,243**	**(2,906,045)**	**2,833,066**	**(10,333,035)**	**(4,593,953)**
Income tax credit	-	-	-	-	975,721	975,721
Profit/(Loss) for the year	**974,818**	**4,837,243**	**(2,906,045)**	**2,833,066**	**(9,357,314)**	**(3,618,232)**

The geographical areas where the bank operates are 8 branches in Dar es Salaam and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

Statement of financial position as at 31 December 2024 in TZS'000	Business Banking	Personal Banking	Microfinance	Treasury	Other	Total
Assets						
Cash and balances with Bank of Tanzania	-	-	-	20,692,065	-	20,692,065
Loans and balances to banks	-	-	-	19,388,108	-	19,388,108
Government securities	-	-	-	62,049,681	-	62,049,681
Equity investment	-	-	-	-	3,042,273	3,042,273
Loans and advances to customers	47,758,527	76,171,486	8,475,991	-	-	132,406,004
Property and Equipment	-	-	-	-	2,326,927	2,326,927
Intangible assets	-	-	-	-	3,027,713	3,027,713
Corporate tax recoverable	-	-	-	-	288,005	288,005
Right of use Assets	-	-	-	-	6,058,029	6,058,029
Deferred tax asset	-	-	-	-	7,507,868	7,507,868
Other assets	-	-	-	-	2,349,636	2,349,636
Total assets	**47,758,527**	**76,171,486**	**8,475,991**	**102,129,854**	**24,600,451**	**259,136,309**
Equity						
Share capital	-	-	-	-	39,757,915	39,757,915
Share discount	-	-	-	-	(4,965,085)	(4,965,085)
Advance toward share capital	-	-	-	-	-	-
Retained earnings	-	-	-	-	(5,064,843)	(5,064,843)
General banking risk reserve	-	-	-	-	80,143	80,143
Fair valuation reserve	-	-	-	-	1,160,791	1,160,791
Total equity	**-**	**-**	**-**	**-**	**30,968,921**	**30,968,921**
Liabilities						
Deposit from banks	-	-	-	36,419,080	-	36,419,080
Deposits from customers	86,569,840	62,879,830	2,589,486	-	-	152,039,156
Borrowings	-	-	-	32,738,415	-	32,738,415
Lease liability	-	-	-	-	3,874,347	3,874,347
Other liabilities	-	-	-	-	3,096,390	3,096,390
Total liabilities	86,569,840	62,879,830	2,589,486	69,157,495	6,970,737	228,167,388
Total Equity and liabilities	**86,569,840**	**62,879,830**	**2,589,486**	**69,157,495**	**37,939,658**	**259,136,309**

Items reported under other are those, which are used by all segment and cannot be specifically allocated to any of the segments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

Statement of financial position as at 31 December 2023 in TZS'000'	Business Banking	Personal Banking	Microfinance	Treasury	Other	Total
Assets						
Cash and balances with Bank of Tanzania	-	-	-	21,576,928	-	21,576,928
Loans and balances to banks	-	-	-	5,271,278	-	5,271,278
Government securities	-	-	-	57,156,768	-	57,156,768
Equity investment	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	59,768,866	58,399,670	2,235,358	-	-	120,403,894
Property and Equipment	-	-	-	-	2,981,231	2,981,231
Intangible assets	-	-	-	-	3,631,022	3,631,022
Corporate tax recoverable	-	-	-	-	975,000	975,000
Right of use Assets	-	-	-		6,890,965	6,890,965
Deferred tax asset	-	-	-	-	7,053,824	7,053,824
Other assets	-	-	-	-	3,001,042	3,001,042
Total assets	**59,768,866**	**58,399,670**	**2,235,358**	**84,004,974**	**26,573,284**	**230,982,152**
Equity						
Share capital	-	-	-	-	24,061,904	24,061,904
Share premium					4,183,291	4,183,291
Advance toward share capital	-	-	-	-	-	-
Accumulated losses	-	-	-	-	(4,145,700)	(4,145,700)
General banking risk reserve	-	-	-	-	130,043	130,043
Fair valuation reserve	-	-	-	-	478,940	478,940
Total equity	**-**	**-**	**-**	**-**	**24,708,478**	**24,708,478**
Liabilities						
Deposit from banks	-	-	-	47,664,218	-	47,664,218
Deposits from customers	59,593,405	78,843,742	1,616,274	-	-	140,053,421
Borrowings	-	-	-	11,213,836	-	11,213,836
Lease liability	-	-	-	-	4,479,246	4,479,246
Other liabilities	-	-	-	-	2,862,953	2,862,953
Total liabilities	**59,593,405**	**78,843,742**	**1,616,274**	**58,878,054**	**7,342,199**	**206,273,674**
Total Equity and liabilities	**59,593,405**	**78,843,742**	**1,616,274**	**58,878,054**	**32,050,677**	**230,982,152**

Items reported under other are those, which are used by all segment and cannot be specifically allocated to any of the segments.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

8. INTEREST INCOME RECOGNIZED USING EFFECTIVE INTEREST

	2024 TZS 000	2023 TZS 000
Method		
Loans and advances	24,865,773	22,201,599
Government securities	7,039,287	5,373,240
Placements	372,686	260,587
	32,277,746	**27,835,426**

9. INTEREST EXPENSE

Time deposits	12,775,642	11,378,518
Long term borrowing (note 31)	2,671,291	984,669
Interbank borrowing	3,106,901	2,047,859
Savings deposits	270,073	180,912
Current accounts	143,728	167,045
Interest expense lease liability (note 36 (ii))	266,464	326,917
	19,234,099	**15,085,920**

10. FEES AND COMMISSION INCOME

Loan commitment fees	1,243,535	1,431,226
Ledger fees	268,306	753,723
Commission on insurance fees	589,001	471,978
Withdrawal fees	204,523	219,292
Commission charged on transfers	47,173	54,157
Commission on Western Union Transfers	17,450	23,487
Commission on ATM withdrawal charges	16,304	25,493
Commission on mobile banking	304,583	464,385
Other fees and commissions	723,029	418,626
Transfers fees	26,305	38,103
Guarantee and indemnities	871,596	980,151
	4,311,805	**4,880,621**

11. FOREIGN EXCHANGE INCOME

Foreign exchange dealings gains	650,739	364,191

12. OTHER OPERATING INCOME

Gain on sale of bonds	-	379,590
Other income	1,256,464	853,307
	1,256,464	**1,232,897**

Other income comprises mainly of the recoveries from previous years' written off loans.

Wages and salaries	6,010,643	5,823,460
Pension and retirement benefits	942,538	900,183
Other staff costs–comprise mainly of medical expenses and allowances.	3,170,435	3,318,505
	10,123,616	**10,042,148**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

14. GENERAL AND ADMINISTRATIVE EXPENSES

	2024 TZS 000	2023 TZS 000
Bank charges	60,960	30,179
Legal expenses	63,543	82,065
Consultancy expenses	57,066	139,881
Security expenses	423,592	454,556
Electricity expenses	194,657	184,328
Cleaning, gardening, and water expenses	100,994	148,159
Telephone expenses	155,727	217,006
Insurance expenses	279,286	263,657
Office rent expenses	43,860	125,103
Stationery and consumables	624,784	616,420
Auditors' remuneration	154,808	292,517
Donations & subscriptions	206,450	107,533
Recruitment expenses	13,650	119,712
Other operational losses	-	28,575
Maintenance expenses (Note 16)	1,973,823	2,496,446
Marketing and promotion (Note 17)	280,448	413,621
Corporate governance (Note 18)	313,906	362,305
Other expenses	-	71,853
Orphan Ledgers	262,049	-
	5,751,174	**6,817,215**

15. DEPRECIATION AND AMORTISATION EXPENSES

Amortization of leasehold improvement	335,461	346,638
Depreciation of motor vehicles	-	352
Depreciation of Computer and IT equipment	304,336	293,111
Depreciation furniture & fittings, machinery and generator	341,532	362,993
Depreciation Right of Use Assets	1,088,023	1,095,857
Amortization of intangible assets	928,694	1,753,304
	2,998,046	**3,852,255**

16. MAINTENANCE EXPENSES (Note 14)

Maintenance premises, furniture & equipment	350,244	394,213
Motor vehicle fuel and repair	69,288	229,556
Software maintenance expenses	1,521,771	1,849,619
Computer and IT equipment maintenance expenses	32,520	23,058
	1,973,823	**2,496,446**

17. MARKETING AND PROMOTION (Note 14)

Publications	32,361	48,720
Advertisement	12,947	-
Magazine and journal	1,505	11,185
Promotion	233,635	353,716
	280,448	**413,621**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

18. CORPORATE GOVERNANCE

	2024 TZS 000	2023 TZS 000
Shareholder's meeting expenses	66,090	104,273
Directors' fees	65,589	60,588
Director's allowance	182,227	197,444
	313,906	**362,305**

19. INCOME TAX CREDIT

Income tax expense:		
- Current year	-	-
- Prior year assessment	-	91,921
- Prior year irrecoverable tax	-	715,060
(Deferred tax - Current year (Note 30**)**	(2,026,272)	(2,770,727)
- Prior year over provision (Note 30)	1,280,007	988,025
	(746,265)	**(975,721)**
Reconciliation of accounting loss to tax credit:		
Accounting loss before income tax	(1,715,308)	(4,593,953)
Tax credit at 30% (2023:30%)	(514,592)	(1,378,186)
Disallowed expenditure	122,989	51,040
Prior year irrecoverable tax	-	715,060
Prior year assessment	-	91,921
Prior year over provision of deferred tax	1,280,007	988,025
Tax effect of unreconciled balance on assets	(13,857)	(9,167)
Exempt income – government securities interest income	(1,620,812)	(1,434,414)
Total tax credit for the year	**(746,265)**	**(975,721)**

20. CASH AND BALANCES WITH BANK OF TANZANIA

Cash in hand	3,299,392	2,662,211
Balance with Bank of Tanzania	6,092,446	7,939,893
Cheques in the-course of collection	136,396	155,923
Restricted statutory minimum reserve (SMR) (80% of SMR)	8,931,065	8,655,121
Unrestricted balances statutory minimum reserve (SMR) (20% of SMR)	2,232,766	2,163,780
Current	**20,692,065**	**21,576,928**

The Statutory Minimum Reserve requirement was 6% (2023: 6%) of the non-government average deposit and 40% (2023: 40%) of the government average deposits. Refer to Note 38 on restatement which has been posted in the year ended 31 December 2024 balances.

21. BALANCES DUE FROM OTHER BANKS

Balances with other banks	19,385,980	5,267,297
Accrued interest	2,128	3,981
	19,388,108	5,271,278
Current	19,388,108	5,271,278

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

22. GOVERNMENT SECURITIES AT AMORTISED COST

	2024 TZS 000	2023 TZS 000
Treasury bills with more than three months original maturity	9,552,350	14,481,100
Accrued interest	342,503	383,996
	9,894,853	**14,865,096**
Treasury bonds with more than three months original maturity	50,939,131	41,420,972
Accrued interest	1,256,096	870,700
Impairment provision	(40,399)	-
	52,154,828	**42,291,672**
Total	**62,049,681**	**57,156,768**
Comprising:		
Current	**9,894,853**	**14,865,096**
Non-current	**52,154,828**	**42,291,672**
TOTAL GOVERNMENT SECURITIES	**62,049,681**	**57,156,768**

As at 31 December 2024, the bank had pledged treasury bonds of TZS 38.24 billion to obtain interbank short-term borrowings and long-term borrowings with maximum tenure of 12 months and 5 years respectively. No conditions have been attached on these collaterals.

23. LOANS AND ADVANCES TO CUSTOMERS

Loans to individuals and Corporates	126,883,582	118,200,083
Loans to solidarity groups	2,194,036	3,460,334
Overdraft facility	6,167,123	3,291,656
	135,244,741	**124,952,073**
Allowance for credit losses	**(2,838,737)**	**(4,548,179)**
Net loans and advances to customers	**132,406,004**	**120,403,894**

Loan Maturity analysis		
With maturity of 3 months or less	14,654,765	14,573,778
With maturity of between 3 months and 1 year	19,158,531	11,749,732
With maturity of more than 1 year	98,592,708	94,080,384
	132,406,004	**120,403,894**
Loans to individuals and Corporates	126,883,582	118,200,083
Loans to solidarity groups	2,194,036	3,460,334
Overdraft facility	6,167,123	3,291,656
	135,244,741	**124,952,073**
Allowance for credit losses	**(2,838,737)**	**(4,548,179)**
Net loans and advances to customers	**132,406,004**	**120,403,894**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	2024 TZS 000	2023 TZS 000
Additional provision as per Bank of Tanzania Regulations		
Regulatory impairment		
At the beginning of the year	130,043	3,395,177
Decrease during the year	(49,900)	(3,265,134)
At the end of the year	80,143	130,043

Regulatory banking risk reserve represent additional allowance for losses charged to retained earnings. The reserve is not available for distribution.

Impairment reconciliation

The table below shows the reconciliation of impairment of financials instruments from the beginning to the end of the year. The total amount of impairment charged to profit and loss statement is TZS 2,105,127,000 (2023: TZS 3,109,550,000). The 2023 amount was all related to loans and advances impairment.

	Loans and advances TZS'000	Cash and bank balances TZS'000	Government securities TZS'000	Other assets TZS'000
Opening balance 1 January	4,548,179	97,455	-	471,018
Charged to profit and loss	800,605	20,320	40,339	1,243,863
Impairment written off	(2,510,047)	-	-	-
Amount reclassified to provisions	-	-	-	(2,809)
Closing balance 31 December	**2,838,737**	**117,775**	**40,339**	**1,712,072**

24. EQUITY INVESTMENTS AT FVOCI

	Interest held	2024 TZS'000	2023 TZS'000
Tanzania Mortgage Refinancing Company	4.71%	1,872,490	1,784,200
Umoja Switch Co. Ltd	37.54%	1,169,783	256,000
		3,042,273	2,040,200

The bank has investments in ordinary shares in Tanzania Mortgage Refinancing Company Limited (TMRC) valued at Fair value and Umoja Switch Co. Ltd being founder member of the Switch.

These shares do not have a quoted market price in an active market. The bank uses share price information provided by TMRC and Umoja Switch to determine the fair value of the investments at the reporting date.

Movement of Equity investments	2024 TZS'000	2023 TZS'000
At 1 January	2,040,200	2,040,200
Additional investments	28,000	-
Fair value gain	974,073	-
At 31 December	**3,042,273**	**2,040,200**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

25. PROPERTY AND EQUIPMENT

	Machinery and equipment	Furniture, fixture and fitting	Computers and IT equipment	Generator	Motor vehicle	Leasehold improvement	Work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost								
As at 1 January 2024	3,044,091	1,259,705	2,404,436	452,943	793,564	4,120,386	34,022	12,109,147
Additions	129,070	42,159	40,890	118,683	-	-	30,248	361,050
Fixed assets adjustments	-	-	-	-	-	-	(34,025)	(34,025)
Disposal	-	-	-	-	(501,674)	-	-	(501,674)
At 31 December 2024	**3,173,161**	**1,301,864**	**2,445,326**	**571,626**	**291,890**	**4,120,386**	**30,245**	**11,934,498**
Accumulated Depreciation								
As at 1 January 2024	2,637,971	869,304	1,754,015	393,019	793,564	2,680,043	-	9,127,916
Charge for the year	201,553	124,881	304,336	15,098	-	335,461	-	981,329
Disposal	-	-	-	-	(501,674)	-	-	(501,674)
At 31 December 2024	**2,839,524**	**994,185**	**2,058,351**	**408,117**	**291,890**	**3,015,504**	**-**	**9,607,571**
Carrying amount	**333,637**	**307,679**	**386,975**	**163,509**	**-**	**1,104,882**	**30,245**	**2,326,927**

The bank received proceeds amounting to TZS 133,500,000 for disposal of fully depreciated motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024 (CONTINUED)

25. PROPERTY AND EQUIPMENT (CONTINUED)

	Machinery and equipment	Furniture, fixture and fitting	Computers and IT equipment	Generator	Motor vehicle	Leasehold improvement	Work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost								
As at 1 January 2023	2,991,385	1,261,057	2,160,553	452,943	793,564	3,824,193	299,261	11,782,956
Additions	37,581	449	81,235	-	-	116,993	34,023	270,281
Transfer in/(out)	15,125	1,638	162,648	-	-	217,625	(397,036)	-
Transfer from intangible	-	-	-	-	-	-	97,774	97,774
Disposal	-	(3,439)	-	-	-	(38,425)	-	(41,864)
At 31 December 2023	**3,044,091**	**1,259,705**	**2,404,436**	**452,943**	**793,564**	**4,120,386**	**34,022**	**12,109,147**
Accumulated Depreciation								
As at 1 January 2023	2,422,934	736,213	1,460,904	379,931	793,212	2,342,939	-	8,136,133
Charge for the year	215,037	134,868	293,111	13,088	352	346,638	-	1,003,094
Disposal	-	(1,777)	-	-	-	(9,534)	-	(11,311)
At 31 December 2023	**2,637,971**	**869,304**	**1,754,015**	**393,019**	**793,564**	**2,680,043**	**-**	**9,127,916**
Carrying amount	**406,120**	**390,401**	**650,421**	**59,924**	**-**	**1,440,343**	**34,022**	**2,981,231**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

26. INTANGIBLE ASSETS

	Intangible assets TZS'000	Work in progress TZS'000	Total TZS'000
Cost			
At 1 January 2024	10,631,468	243,581	10,875,049
Additions	-	336,400	336,400
Write off	-	(11,015)	(11,015)
At 31 December 2024	**10,631,468**	**568,966**	**11,200,434**
Accumulated Amortization			
At 1 January 2023	7,244,027	-	7,244,027
Amortization for the year	928,694	-	928,694
At 31 December 2024	**8,172,721**	**-**	**8,172,721**
Carrying amount	**2,458,747**	**568,966**	**3,027,713**

	Intangible assets TZS'000	Work in progress TZS'000	Total TZS'000
Cost			
At 1 January 2023	9,812,750	745,189	10,557,939
Additions	291,583	123,301	414,884
Transferred to PPE	-	(97,774)	(97,774)
Work in progress capitalized	527,135	(527,135)	-
At 31 December 2023	**10,631,468**	**243,581**	**10,875,049**
Accumulated Amortization			
At 1 January 2023	5,490,723	-	5,490,723
Amortization for the year	1,753,304	-	1,753,304
At 31 December 2023	**7,244,027**	**-**	**7,244,027**
Carrying amount	**3,387,441**	**243,581**	**3,631,022**

Work in progress (WIP) includes assets relating to unfinished projects. These projects are still in progress as at 31 December 2024. The project relates mainly to software upgrades and are on track to start being used in 2025 with remote impairment risk.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

27. OTHER ASSETS

	2024 TZS 000	2023 TZS 000
Prepaid expenses	931,078	657,030
Stationery and consumables	269,742	340,245
Sundry assets – comprise mainly of accrued commissions fees	2,860,888	2,613,561
	4,061,708	3,610,836
Allowance for other assets	(1,712,072)	(609,794)
	2,349,636	**3,001,042**
Current	**2,349,636**	**3,001,042**

Movement in allowance for other assets is as follows.

At 1 Jan	**609,794**	**550,330**
Additional provision	1,243,863	59,464
Reclassification to other liabilities	(141,585)	-
At 31 December	**1,712,072**	**609,794**

28. CORPORATE TAX RECOVERABLE

At 1 January	975,000	2,095,060
Tax charge prior year	-	(91,921)
Tax refund	(686,995)	(313,079)
Unrecoverable prior year taxes	-	(715,060)
At 31 December	288,005	975,000

29. DEPOSITS

29a. DUE TO OTHER BANKS – ALL CLASSIFIED AS CURRENT

Term deposits	36,401,227	47,645,526
Savings	13,958	13,919
Call deposits	3,895	4,773
	36,419,080	**47,664,218**

29b. DEPOSITS FROM CUSTOMERS

Current accounts	17,208,911	21,782,863
Savings deposits	25,278,209	24,360,638
Time deposits	109,552,036	93,909,920
	152,039,156	**140,053,421**
Current	131,352,361	129,558,786
Non-current	20,686,795	10,494,635
	152,039,156	**140,053,421**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

30. DEFERRED INCOME TAX ASSET

Deferred income taxes are calculated on all temporary differences under the liability method, using the enacted tax rate of 30% (2023:30%)

	At start of year	(Charged)/Credited to: Profit or loss	OCI	At end of year
	TZS'000	TZS'000	TZS'000	TZS'000
Year ended 31 December 2024:				
Property and equipment	729,652	61,962	-	791,614
Provisions – loans and advances	1,364,454	(512,833)	-	851,621
Provisions – other Assets	182,938	374,952	-	557,890
Loss carried forward	4,314,852	2,124,169	-	6,439,021
Interest in suspense	177,861	46,690	-	224,551
Commitment fee	253,757	(44,063)	-	209,694
IFRS 16 temporary differences	235,570	(1,304,612)	-	(1,069,042)
Fair value gain on equity instruments	(205,260)	-	(292,222)	(497,482)
	7,053,824	**746,265**	**(292,222)**	**7,507,867**

	At start of year	(Charged)/Credited to: Profit or loss	OCI	At end of year
	TZS'000	TZS'000	TZS'000	TZS'000
Year ended 31 December 2023:				
Property and equipment	437,802	291,850		729,652
Provisions – loans and advances	2,855,418	(1,490,964)		1,364,454
Provision – other Assets	165,099	17,839		182,938
Loss carried forward	982,953	3,331,899		4,314,852
Interest in suspense	526,155	(348,294)		177,861
Commitment fee	334,633	(80,876)		253,757
IFRS 16 temporary differences	174,322	61,248		235,570
Fair value gain on bond held for sale	(61,089)	-	61,089	-
Fair value gain on equity instruments	(205,260)	-	-	(205,260)
	5,210,033	**1,782,702**	**61,089**	**7,053,824**

Management has done an assessment on the recoverability of the deferred tax asset recognized as at 31 December 2024. Management is comfortable that future tax profits will be available to utilize the tax assets. The assessment is based on expected future performance as summarized below:

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

30. DEFERRED INCOME TAX ASSET (CONTINUED)

	Year ending on / ended 31 December:					
	2026	2025	2024	2023	2022	2021
Interest income growth	13%	15%	10%	-3%	4%	22%
Earning assets growth	17%	13%	8%	9%	17%	6%
Average rate of interest earned	16%	17%	16%	16%	18%	20%
Net interest income/(expense) %	51%	49%	46%	46%	53%	58%
Interest expense growth	9%	8%	10%	13%	17%	18%
Interest bearing liabilities growth	13%	10%	10%	12%	12%	15%
Average cost of funds	8%	8%	8%	8%	8%	8%
Non-interest income growth	25%	24%	20%	-37%	49%	49%
Total expenses growth before ECL	10%	5%	-9%	0%	10%	11%
Cost to income ratio	67%	73%	86%	108%	81%	81%
Mix of earning assets						
Treasury bills	9%	9%	8%	8%	8%	20%
Treasury bonds	25%	24%	24%	23%	16%	0%
Sub total	34%	33%	32%	31%	25%	20%
Loans and advances	66%	67%	68%	66%	72%	80%
Others	0%	0%	0%	3%	3%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Interest bearing liabilities mix						
Deposits due to banks	7%	12%	15%	24%	13%	16%
Deposits due to customers	83%	78%	73%	71%	80%	79%
Borrowings	9%	11%	12%	6%	7%	5%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**
Non-performing loans ratio	5%	5%	5%	5%	12%	11%
ECL provision to gross loans ratio	6%	5%	5%	4%	7%	6%
Earning assets to interest bearing deposits	96%	93%	90%	91%	94%	91%
Loans to deposits due from customers	75%	80%	84%	85%	85%	92%

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

31. BORROWINGS

	2024 TZS'000	2023 TZS'000
Tanzania Mortgage and Refinance Corporation (TMRC) (10%)	7,656,692	7,641,827
BOT term loan (10%)	2,981,590	3,010,850
CRDB Bank (182 T-Bill plus 5% margin)	-	561,159
DTB (13%)	5,008,904	-
NBC (14%)	17,091,229	-
	32,738,415	**11,213,836**
Current	1,000,000	2,263,037
Non - Current	31,738415	8,950,799
	32,738,415	**11,213,836**
Movement of borrowings:		
At start of year	11,213,836	11,900,791
Proceeds from borrowings	25,000,000	-
Interest expense (Note 9)	2,671,291	984,669
Interest repayment	(2,263,037)	(997,428)
Principal repayment	(3,883,675)	(674,196)
At end of year	**32,738,415**	**11,213,836**

The bank pledged government bonds worth TZS 12.3 billion to secure the borrowings, all borrowings are fully covered except TMRC loans worth TZS 7.5 billion with bond collateral of TZS 1.0 billion. All the loans are repayable on quarterly basis.

32. OTHER LIABILITIES

Accrued expenses	533,211	605,032
Withholding tax and other indirect taxes	285,357	588,682
Sundry creditors	130,726	176,491
Deferred commitment fees	698,980	845,856
Dividend payable	236,891	238,425
Litigations provisions	41,321	-
Accounts payables	1,169,904	408,467
	3,096,390	**2,862,953**

33. SHARE CAPITAL

Total authorized shares amounted to 400,000,000 (2023:400,000,000) ordinary shares of TZS 250/= each

Issued and fully paid ordinary shares		
162,992,488 (2023:97,646,913) shares of TZS 250/= each	40,748,122	24,411,729
Cumulative rights issue expenses	(990,207)	(349,825)
Share capital as per the statement of financial position	**39,757,915**	**24,061,904**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the bank.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

34. LOSS PER SHARE

Basic loss per share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the bank by the weighted average number of ordinary shares outstanding during the year. The calculation is based on:

	2024 TZS'000	2023 TZS'000
(Loss attributable to ordinary shareholders (TZS'000	(969,043)	(3,618,232)
Weighted average number of ordinary shares	162,992,488	97,646,913
Basic loss per share - TZS	**(5.95)**	**(37.05)**

Diluted loss per share was the same as basic loss per share as the bank had no potentially dilutive ordinary shares in issue.

35. CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS

Cash in hand	3,299,392	2,662,211
Balance with Bank of Tanzania	6,092,446	7,939,893
Cheques in the-course of collection	136,396	155,923
Unrestricted portion of statutory minimum reserve (SMR)	2,232,766	2,163,780
Balances with other banks	19,388,108	5,271,278
	31,149,108	**18,193,085**

For purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition including: cash and balances with Bank of Tanzania and amounts due from other banks. Cash and cash equivalents exclude the restricted portion (80%) of cash reserve requirement held with the Bank of Tanzania as well as deposits and balances due from banking institutions over 3 months.

36. LEASES

(i) Right-of-use assets		
At start of the year	10,095,384	8,931,791
ROU Adjustment	(689,875)	207,502
Additions	397,626	2,374,586
Derecognition	(177,725)	(1,418,495)
At the end of year	**9,625,410**	**10,095,384**
Accumulated Depreciation		
At start of the year	3,204,419	3,437,595
Adjustment	(547,336)	89,462
Depreciation charge for the year	1,088,023	1,095,857
Derecognition	(177,725)	(1,418,495)
	3,567,381	**3,204,419**
Carrying values	**6,058,029**	**6,890,965**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

36. LEASES (CONTINUED)

	2024 TZS' 000	2023 TZS' 000
(ii) Lease liabilities		
At start of the year	4,479,246	2,883,633
Additions	308,995	2,374,586
Forex (gain)/loss	(38,319)	123,006
Finance cost (included in interest expense)	266,464	326,917
Payment during the year	(1,142,039)	(1,228,896)
At the end of year	**3,874,347**	**4,479,246**
Current	194,906	1,220,380
Non-current	3,679,441	3,258,866
	3,874,347	**4,479,246**
Amounts recognized in profit and loss		
Forex (gain)/loss	(38,319)	123,006
Finance cost (included in interest expense)	266,464	326,917
Depreciation charge for the year	1,088,023	1,095,857
Amounts recognized in the statement of cash flows		
Lease payment - Interest	(210,277)	(226,270)
Lease payment - principal	(931,762)	(1,002,626)
Total	(1,142,039)	(1,228,896)

The bank leases a number of branch and office premises, at least for a period of 3 years, with an option to renew after expired of lease period. The leases are renewed and renegotiated upon expiry and the new terms are based on the expansion strategy for the bank as well as the overall alignment to digitization measures being undertaken by the bank.

In the prior year, the disclosure on the lease payments had total lease payments. The Note has been enhanced in the current year to split between the interest and the principal components of lease payments.

37. RELATED PARTY DISCLOSURES

The ownership structure of the bank has been disclosed under page 10 of the financial statements. The largest shareholder for the bank is UTT-Asset Management & Investor's Services Plc (UTT-Amis Plc) who owns 17.34% of the bank.

Loans to key management personnel*:		
Loans outstanding at the beginning of the year	599,840	965,568
Loan additions during the year	761,245	704,000
Loan repayments during the year	(588,120)	(1,069,728)
Loans outstanding at the end of the year	**772,965**	**599,840**
Interest income earned	**60,900**	**47,987**

*The loans to key management personnel are unsecured and are issued in line with the bank's policy on the applicable rates which aligns with regulatory requirements. The repayment terms are in line with the general loans and advances loans repayments i.e. they are all repaid on monthly basis based on their respective maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

37. RELATED PARTY DISCLOSURES (CONTINUED)

Deposits from Directors and key management personnel:

	2024 TZS' 000	2023 TZS' 000
Deposits at the beginning of the year	100,637	112,922
Deposits received during the year	1,554,518	1,750,792
Deposits repaid during the year	(1,556,767)	(1,763,077)
Deposits as at the end of the year	**98,388**	**100,637**
Interest expense	**2,775**	**1,510**
Deposits from shareholders		
Deposits at the beginning of the year	12,416,239	8,414,181
Deposits received during the year	8,571,153	20,831,401
Deposits repaid during the year	(17,883,887)	(16,829,343)
Deposits as at the end of the year	**3,103,505**	**12,416,239**
Interest expense	**113,113**	**1,005,629**
Key management compensation		
Salaries and other short-term benefits	1,554,518	1,750,792
Post-employment benefits – Social security costs	220,477	239,110
	1,774,995	**1,989,902**

Key management personnel are described as those people who have authority and responsibility for planning, directing and controlling the activities of the bank, directly or indirectly.

Business relationship with the anchor shareholders

The bank continues to strengthen its relationship with the Municipal Councils, UTT and NHIF via different deposits products. Deposits received and paid from these shareholders during the year is as indicated above.

Directors' remuneration		
Directors' remuneration- short term benefits	**247,816**	**258,032**

38. RESTATEMENT OF THE STATEMENT OF CASH FLOWS – STATUTORY MINIMUM RESERVE ADJUSTMENT

The Bank of Tanzania issued Circular No. 1, on 29 May 2019, which introduced new requirements for the Statutory Minimum Reserve. Under the updated regulations, banks must maintain at least 80% of the required SMR balance in their clearing account at the Bank of Tanzania on a daily basis, while ensuring that the average balance over the maintenance period meets 100% of the required SMR amount.

This adjustment allows banks daily access to up to 20% of their SMR balance while still complying with the regulatory requirements.

In 2024, the bank corrected its accounting policy to classify 20% of the SMR balance as part of cash and cash equivalents in its financial statements, aligning with the increased liquidity provided by the regulatory change.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

38. RESTATEMENT OF THE STATEMENT OF CASH FLOWS – STATUTORY MINIMUM RESERVE ADJUSTMENT (CONTINUED)

The revised policy has been adopted for the financial statements as at 31 December 2024, impacting the opening balance of cash and cash equivalents as follows.

	As previously reported TZS'000	Restatement adjustment TZS'000	As restated TZS'000
Change in statutory minimum reserve	(1,099,172)	219,834	(879,338)
Net Cash used in operating activities	5,632,403	219,834	5,852,237
Net decrease in cash and cash equivalent	2,067,945	219,834	2,287,779
Cash and cash equivalents at start of the year	13,249,861	1,943,946	15,193,807
Cash and cash equivalents at end of the year	16,029,305	2,163,780	18,193,085

39. RESTATEMENT OF THE STATEMENT OF CASH FLOWS – OTHER ADJUSTMENTS

In addition to the matter discussed on the previous page, the statement of cash flows for the year ended 31 December 2023 has been restated to correct prior period classification errors relating to operating and financing activities, contrary to the requirements of IAS 7 – Statement of Cash Flows. The primary purpose of the restatement was to disaggregate and appropriately classify cash flow items in accordance with IAS 7, thereby enhancing presentation and ensure comparability of the numbers.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

39. RESTATEMENT OF THE STATEMENT OF CASH FLOWS – OTHER ADJUSTMENTS (CONTINUED)

	2023 As previously reported TZS'000	Restatement adjustment TZS'000	2023 As restated TZS'000
Cash flows from operating activities			
Loss before tax	(4,593,953)	-	(4,593,953)
Adjusted for:		-	
Depreciation and amortization	3,852,255	-	3,852,255
Interest expense	984,669	14,101,251	15,085,920
Interest income	-	(27,835,426)	(27,835,426)
Dividend receivable	(36,531)	-	(36,531)
Loss on disposal of property and equipment	30,554	-	30,554
Foreign exchange gain	(711,499)	4,965	(706,534)
Impairment loss on financial instruments	-	3,109,550	3,109,550
Foreign exchange on leases	4,965	(4,965)	-
Finance cost on lease liability	326,917	(326,917)	-
	(142,623)	(10,951,542)	(11,094,165)
Changes in operating assets and liabilities:		-	-
Change in statutory minimum reserve (Note 38)	(1,099,172)	219,834	(879,338)
Change in loans and advances to customers	443,775	19,559,740	20,003,515
Change in other assets	229,783	-	229,783
Change in deposits from banks	23,729,983	-	23,729,983
Change in deposits from customers	(1,888,073)	(2,323,757)	(4,211,830)
Change in other liabilities	103,588	-	103,588
Change in government securities	(16,057,937)	-	(16,057,937)
Cash generated from operations	**5,319,324**	**6,504,275**	**11,823,599**
Tax received	313,079	-	313,079
Interest received	-	5,166,136	5,166,136
Net cash generated from operating activities	**5,632,403**	**11,670,411**	**17,302,814**
Cash flows from investing activities		-	-
Purchase of property and equipment	(270,281)	-	(270,281)
Purchases of intangible assets	(414,884)	-	(414,884)
Dividend received	36,531	-	36,531
Net cash used in investing activities	**(648,634)**	**-**	**(648,634)**
		-	-
Cash flows from financing activities		-	-
Dividends paid	(15,304)	-	(15,304)
Principal lease payments	(901,979)	(100,647)	(1,002,626)
lease payment -Interest	(326,917)	326,917	-
Interest paid	-	(12,674,275)	(12,674,275)
Principal repayments of borrowings	(674,196)	-	(674,196)
Interest payments of borrowings	(997,428)	997,428	-
Net cash used in financing activities	**(2,915,824)**	**(11,450,577)**	**(14,366,401)**
		-	-
Net increase in cash and cash equivalents	**2,067,945**	**219,834**	**2,287,779**
Cash and cash equivalents at the beginning of the year	13,249,861	1,943,946	15,193,807
Effect of exchange rate movement on cash and cash	711,499	-	711,499
Cash and cash equivalents at the end of the year (Note 38)	**16,029,305**	**2,163,780**	**18,193,085**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER, 2024 (CONTINUED)

40. CONTINGENT LIABILITIES AND COMMITMENTS

	2024 TZS'000	2023 TZS'000
Contingent liabilities		
Guarantees and indemnities	11,973,004	20,815,791
Undrawn balance	1,760,705	755,918
	13,733,709	21,571,709

Capital expenditure

There was no capital commitment in 2024, commitment for the year 2023 comprised capital expenditure on software.

Commitments to extend credit and guarantees

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards.

Legal claims

Litigation is a common occurrence in banking industry due to the nature of the business. The bank has established protocol for dealing with such legal claims. Once professional advice has been obtained and the number of damages reasonably estimated, the bank adjusts account for any adverse effects which the claims may have on its financial standing. At year end the bank had no legal claims that can be reasonably estimated.

41. DIVIDEND PER SHARE

Dividends are not recognized as a liability until they have been approved at the Annual General Meeting. In 2024 no dividend is proposed.

42. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any other matter or event arising since the end of the financial period that requires disclosure in or adjustment to the financial statements.

Jengo la DCB House
Kitalu Na. 182 - R , Magomeni Mwembechai
S.L.P 19798, Dar es Salaam
Simu: +255 769 558 033, +255 222 172 201,
Faksi:+255 22 2172201