I&M | Bank

2024

Integrated Report & Financial Statements 2024

I&M Bank

A Golden Legacy

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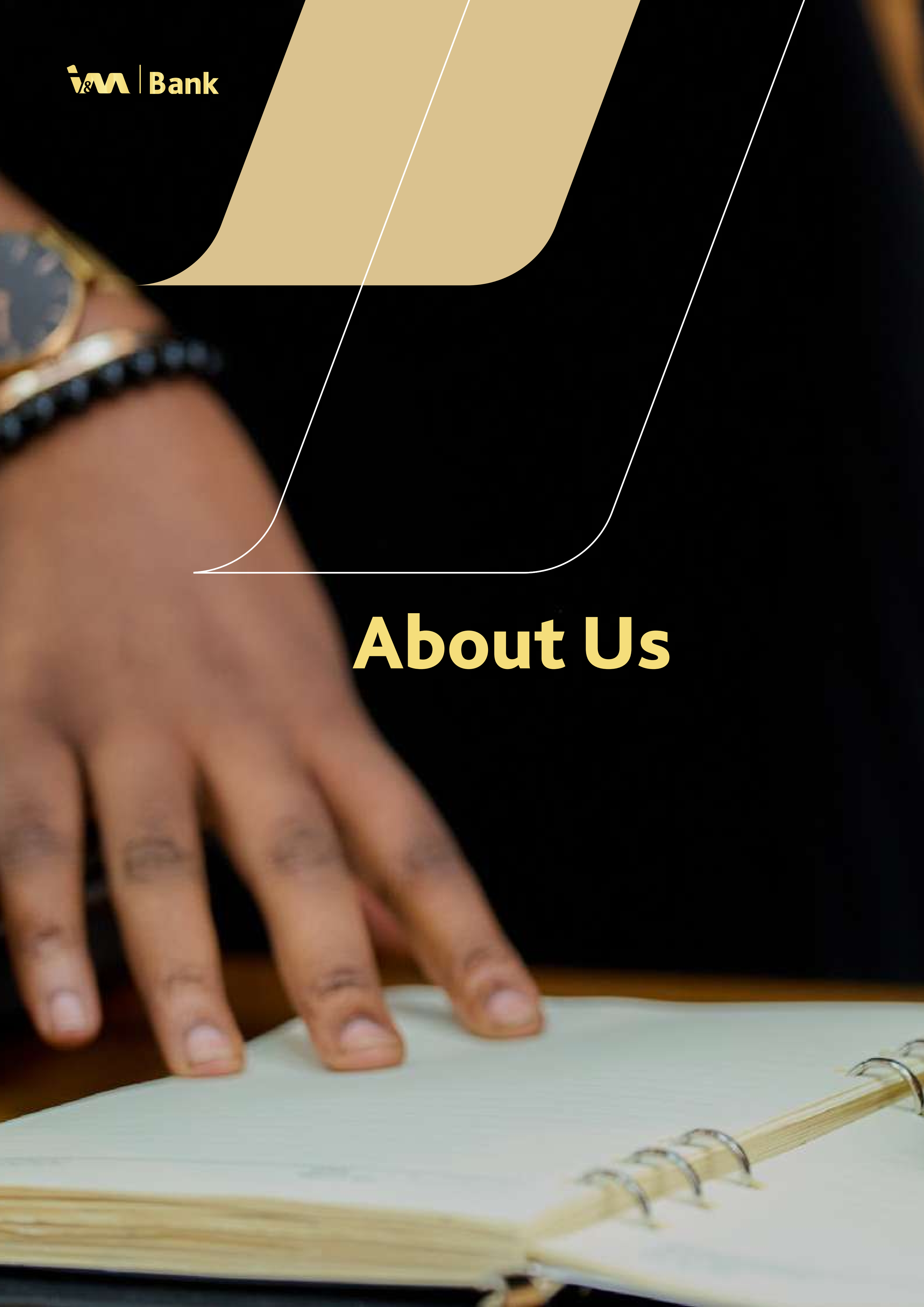
About Us



Assurance

Contents of this report have undergone reviews by management, with the Board and Board committees providing an oversight role to ensure its accuracy.

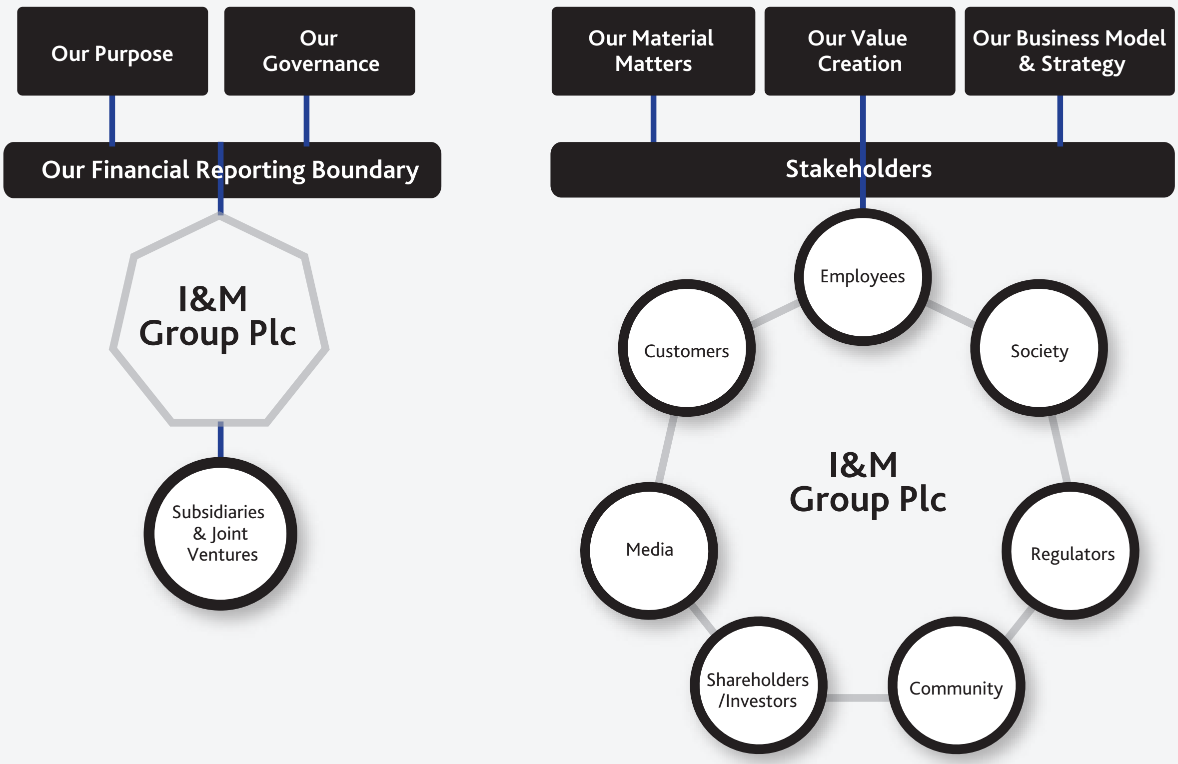
To enhance the integrity of the report, the financial statements were audited by KPMG, the Group's independent auditor, who have expressed an unqualified opinion for the period year ended 31 December 2024 as set out in their independent statement on page 126 to 132 of this report.

We appreciate your feedback

If you would like to know more about the I&M Group, please visit our website at www.imbankgroup.com

We welcome any feedback stakeholders may have on this report. Kindly email us at investor-relations@imgroup-plc.com

Our Integrated Reporting Boundary



Who We Are

Our Brand Promise
On your side

Our Purpose
Empowering your prosperity

Our Core Values
Courage • Innovation
Integrity • Respect • Trust

Our Behaviors
Agile • Candid • Collaborative
Data-Driven • Empowered
Risk Intelligent

	Customers	Branches	ATM's	Staff
Kenya	480,230	60	68	1,836
Uganda	77,335	12	14	306
Tanzania	20,607	8	10	197
Rwanda	100,014	20	41	485
Mauritius	49,009	7	10	422

>727k Customers

107 Branches

143 ATMs

Over 3k Staff

>Over 5.3k Shareholders

Key Milestones

1974

I&M Incorporated.

1996

I&M Licensed as a Commercial Bank.

2002

I&M Acquired Biashara Bank of Kenya.

2013

Set up of I&M Holdings as a non-operating holding company, listed on the NSE

Additional Tier II capital raise.

2014

Formation of I&M Insurance Agency Limited, I&M Realty Limited is formed.

2015

I&M Bank ventured into Agency Banking.

2019

I&M recognized as Tier 1 Bank.

2021

Acquisition of I&M Uganda (formerly Orient Bank Uganda Ltd), Launch of I&M Capital Ltd.

2022

Acquisition of the remaining 35% stake in I&M Burbidge Capital.

2008

Acquisition of 50% shares in Bank One Limited Mauritius (Formerly known as First City Bank Ltd).

2010

Acquisition of 55% stake in I&M Bank (T) Limited (Formerly known as CF Union Bank Ltd).

2012

Acquisition of 55% effective shareholding of I&M Bank (Rwanda) PLC, (Formerly BCR, Rwanda).

2016

Acquired 65% shares in I&M Burbidge Capital Limited CDC Group w becomes a significant shareholder of I&M Holdings.

2017

Acquired Giro Commercial Bank Limited.

2018

I&M Insurance Agency Limited acquired Youjays Insurance Brokers Limited.

2023

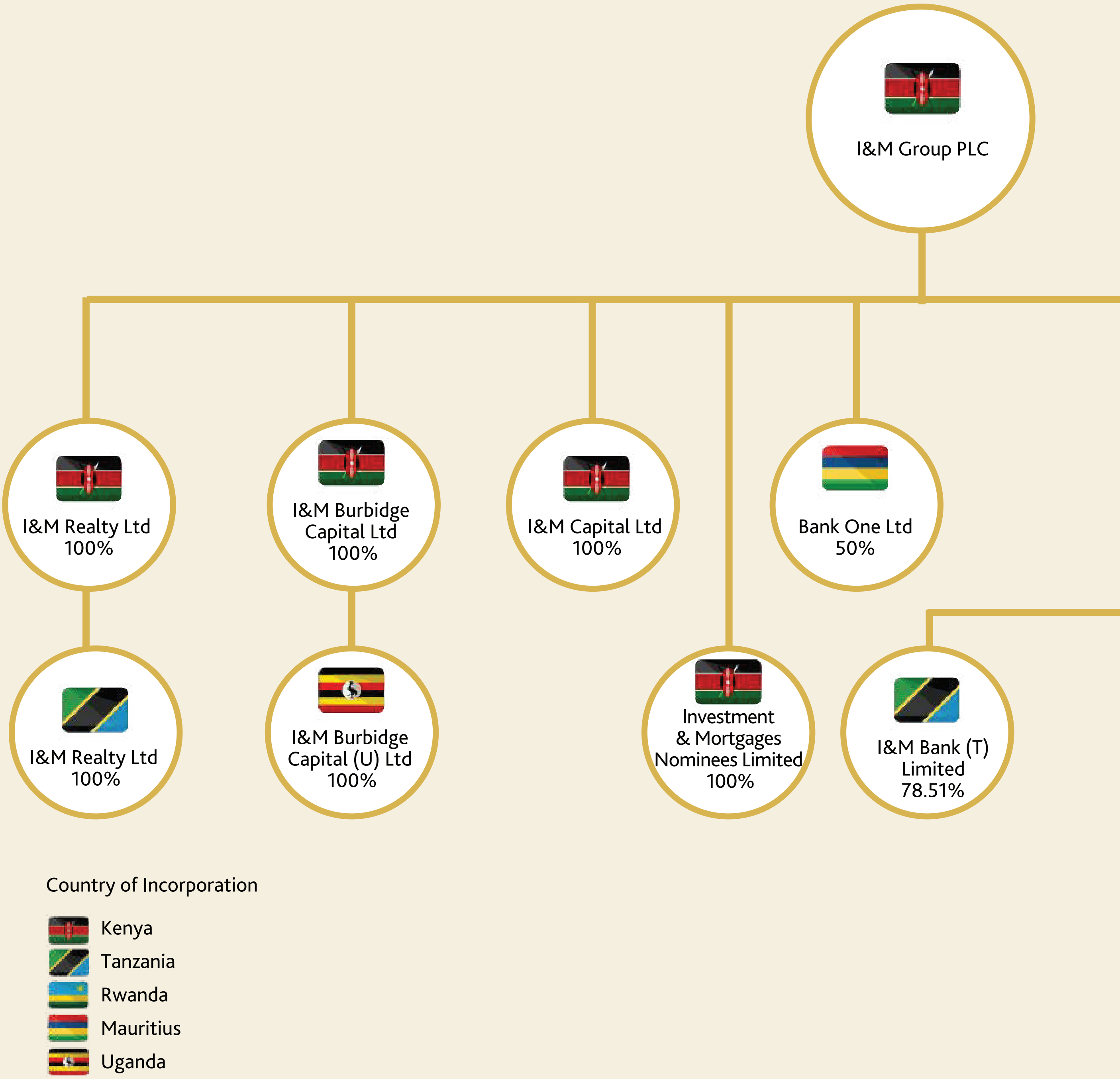
Disinvestment in I&M Bank Uganda (The Group reduced its ownership from the initial 90%)

2024

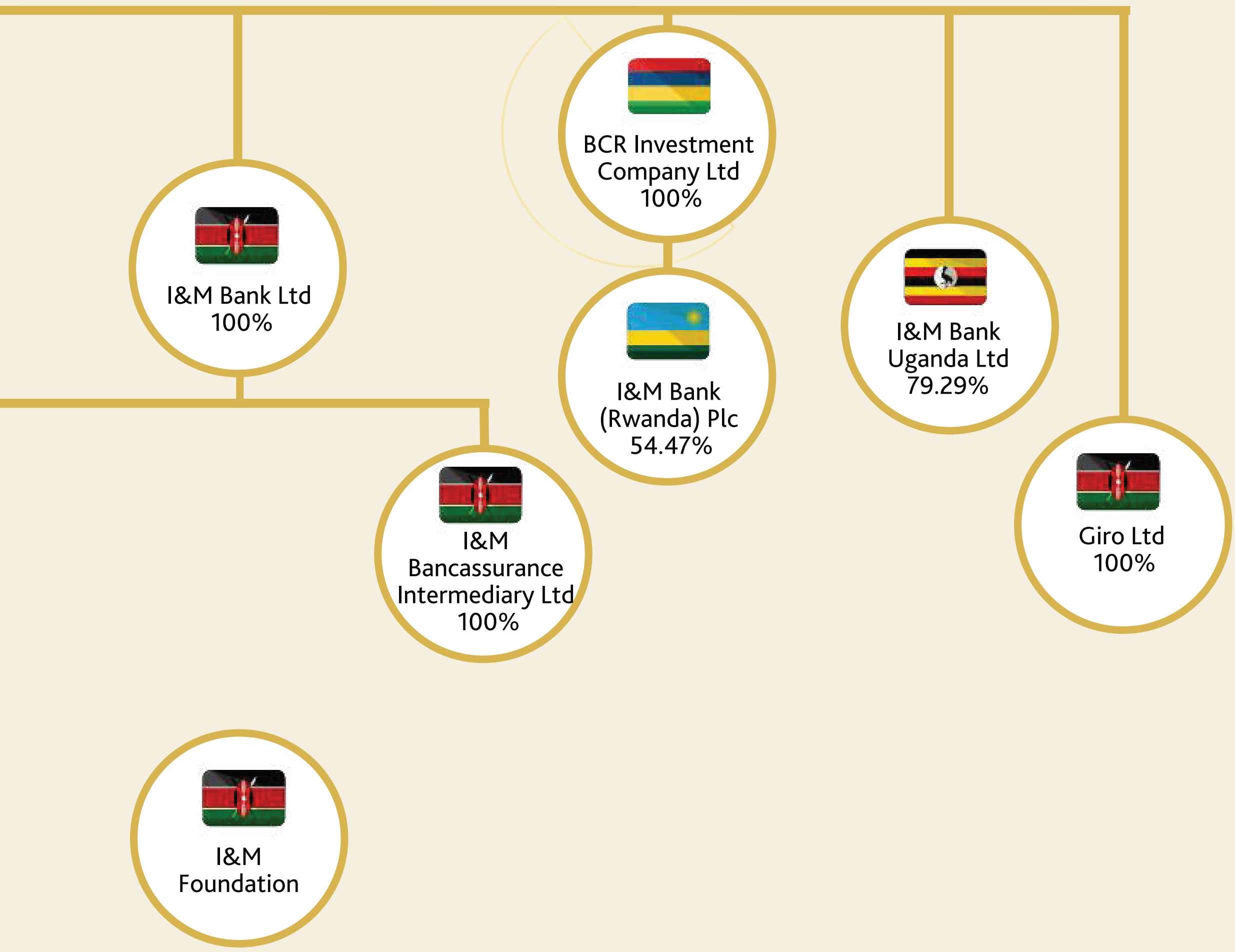
Formation of I&M Realty (Tanzania) Ltd (Incorporation of Subsidiary of I&M Realty Kenya).

I&M Bank turns 50-Year-Old.

Group Structure



I&M Group Plc is listed on the Nairobi Securities Exchange (NSE) and
I&M Bank (Rwanda) Plc is listed on the Rwanda Stock Exchange Limited (RSE)


BCR Investment Company Ltd 100%
I&M Bank Ltd 100%
I&M Bank (Rwanda) Plc 54.47%
I&M Bank Uganda Ltd 79.29%
Giro Ltd 100%
I&M Bancassurance Intermediary Ltd 100%
I&M Foundation

Our Governance

Madabhushi Soundararajan

Chairman

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report for I&M Bank (T) Ltd for the financial year ended 31 December 2024. This report reflects not only our financial performance but also our broader commitment to sustainable value creation, responsible banking, and inclusive economic development.

The year 2024 was one of transformation, resilience, and strategic momentum as we continued to execute our iMara 3.0 strategy, while navigating a complex macroeconomic environment. As a member of the I&M Group, we remained firmly aligned with our Group's vision of being Eastern Africa's leading financial partner for growth.

This year held particular significance as we celebrated the 50-year anniversary of I&M Group—a remarkable milestone that underscores a legacy of strength, innovation, and customer-centric growth across the region. Locally, we also marked a major milestone with our relocation to a new Head Office, a move that reflects our long-term commitment to operational excellence, enhanced service delivery, and investment in modern infrastructure.

As part of this transition, we also opened our new Masaki branch, a relocation from the former Oysterbay branch. The new space offers a significantly larger and upgraded Select Branch experience, aligned with our premium service model for high-net-worth and priority customers.

Our performance during the year speaks to the strength of our customer relationships, disciplined execution, and our ability to adapt in a rapidly changing environment. We continued to strengthen our balance sheet, invest in digital innovation, improve operational efficiencies, and uphold the highest standards of governance and compliance.

Through this integrated report, we provide our stakeholders with a holistic view of our business—financial, environmental, social, and governance—demonstrating how we are delivering sustainable outcomes now and into the future.

Economy Overview

In 2024, Tanzania's economy demonstrated resilience and steady growth, underpinned by robust macroeconomic policies and a stable political climate. Real Gross Domestic Product (GDP) expanded by an estimated 5.4%, driven by strong performances in agriculture, manufacturing, tourism, and public infrastructure investments.

Inflation remained well-contained throughout the year, averaging 3.1% in December 2024, comfortably below the Bank of Tanzania's (BoT) medium-term target of 5%. This stability was attributed to declining energy costs, stable food prices, and prudent monetary management.

The Tanzanian shilling (TZS) exhibited notable strength, appreciating by 9.3% in December 2024 to TZS 2,420.84 per USD, reversing previous depreciation trends. This appreciation was driven by increased foreign exchange inflows from exports and tourism, effective monetary policies, and favorable global economic conditions.

The Bank of Tanzania maintained a cautious yet supportive monetary policy stance, holding the central bank rate at 6% to balance inflation control with credit growth. The regulator's emphasis on financial stability, liquidity management, and digital financial inclusion has been instrumental in shaping a strong and resilient financial sector.

Banking Industry

Tanzania's banking sector experienced robust performance in 2024, reflecting rising credit demand, improved risk profiles, and sustained digitization. Industry assets grew by 15% to TZS 69.7 trillion, while deposits expanded by 18% to TZS 49.9 trillion, reflecting enhanced public confidence and improved liquidity across the sector.

Total Capital Growth

TZS 6.9 trillion.

▲ 11.9% increase

The sector's profit before tax rose to TZS 3.3 trillion in 2024, a 13.8% increase from the previous year, driven by an expanding interest income base, fee and commission income, and cost optimization. Notably, the sector's continued investment in digital transformation and agency banking models has enhanced access to financial services, particularly in underserved regions.
The Non-Performing Loan (NPL) ratio improved significantly to 5.8%, down from 8.5% in the previous year, indicating stronger credit management. Capital adequacy ratios remained above the minimum regulatory requirements, with total capital growing by 11.9% to TZS 6.9 trillion.

I&M Bank (T) Ltd Performance in 2024

Against this backdrop, I&M Bank (T) Ltd delivered strong financial results and strategic progress in 2024, reinforcing our position as a high-performing, customer-centric, and digitally forward bank.

Profit Before Tax:

TZS 18.3 billion

a 241.57% increase from the prior year, driven by core business growth and improved operational leverage.

Net Interest Income:

TZS 66.7 billion

up 41.5% year-on-year, supported by loan book growth and higher yields on government securities.

Non-Funded Income

31% increase

primarily from FX trading, card income, recoveries, and transactional fees.

Operating Expenses

38.5% increase

due to strategic investments in systems, personnel, and risk management.

Impairment Charges

TZS 1.6 billion decrease

Impairment charge decreased by TZS 1.66 billion due to Recoveries and upgrade done during the period.

Balance Sheet Growth

Total Assets TZS 804 billion

8.7% increase

Customer Deposits

TZS 548.9 billion

Marginal decline reflecting competitive market conditions.

Net Loans

TZS 435 billion

Contracted by 3.3% due to a cautious lending approach amid global uncertainties.

NPA Ratio

8.41% increase

Improved significantly from 17.31% in 2023, reflecting enhanced credit controls and recovery efforts

Capital and Liquidity

34.53%

Tier I and Tier II capital adequacy ratios closed at 17.95% and 19.45%, respectively—well above regulatory requirements. Liquidity ratio stood at 34.53%, demonstrating robust risk management.

This strong industry performance was enabled by pro-business government policies, supportive fiscal and monetary frameworks, and BoT's regulatory vigilance in maintaining a safe, sound, and inclusive financial system.

Medium Term Strategy - Progress

The Bank continues to advance its medium-term strategy under iMara 3.0, anchored on three strategic pillars— Develop leadership in our Core segments – Corporate and Commercial Banking, build relevance in emerging customer segments - Retail and SME Banking, and a Market leader in Ecosystems—supported by key enablers in technology, people, risk, data, brand relevance and governance.

During the year, we intensified our focus on:

- **Corporate Banking Expansion:** Deepening relationships with mid-to-large corporates while exploring opportunities in high-growth sectors such as agriculture, oil & gas, and mining.
- **Retail Banking Development:** Strengthening our customer value propositions for the personal, affluent, and SME segments with more tailored products and services.
- **Digital Ecosystem Growth:** Expanding our digital lending footprint through the Kamilisha term loan in partnership with Airtel Money and scaling up agency banking to drive last-mile inclusion.
- **Risk and Compliance:** Enhancing our enterprise risk framework and internal controls to align with emerging regulatory requirements and industry best practices.

In line with our capital preservation policy and future growth needs, the Board has resolved not to declare a dividend from the 2024 profits. This will strengthen the Bank's capital base and ensure readiness for future expansion.

Governance and Sustainability

The Board continues to reinforce a culture of sound governance, ethics, and risk management. We are integrating Environmental, Social and Governance (ESG) considerations into our business decisions and reporting frameworks, aligning with both local regulatory expectations and global standards, including those of the International Integrated Reporting Council (IIRC) and the Sustainable Development Goals (SDGs).

Our stakeholder-driven approach ensures long-term value creation, not just for shareholders but for all those we serve and impact—customers, employees, communities, and regulators.

Product Development & Innovation

In 2024, I&M Bank aligned with its strategic focus on customer-centric innovation and business growth. The Bank focused on product revamping and processes to improve the customer experience and better serve both Retail and Corporate clients, increasing efficiency and uptake across these segments.

Demonstrating its commitment to digital innovation, the bank revamped its online Banking platform **"On-the-Go"**. This upgrade delivered improved digital functionality for both personal and business clients, further enhancing the overall user experience and enabling seamless, secure, and intuitive online banking.

In parallel, the bank revamped its WhatsApp Banking service, this allows users to check account balances, transfer funds, pay bills, and more—all within the comfort of their chat interface.

Customer Engagement

Throughout the year, the Bank conducted periodic surveys to measure customer experience and benchmark against market standards. These surveys informed numerous customers experience initiatives. Net Promoter Score for 2024 recorded 70%, showing an improvement from the previous year. The bank remains committed to investing in service and experience initiatives.

Marketing & Brand Building

In 2024, the Bank made significant strides in its marketing efforts by investing in strategic campaigns designed to enhance brand presence and deepen customer engagement. A key highlight was the launch of the "Golden Legacy" thematic campaign, commemorating the 50-year milestone of I&M Bank Group. This milestone was celebrated through a series of customer events held across various regions where the Bank's branches operate, bringing it closer to the communities it proudly serves.

Additionally, the Bank advanced its digital agenda with the re-introduction of "Rafiki Chat banking", providing customers with a more convenient and accessible way to manage their everyday banking needs. To further reinforce brand visibility, the Bank launched billboards and outdoor signage, strengthening top-of-mind awareness.
These initiatives, combined with thoughtfully executed customer engagement activities, have significantly elevated the Bank's brand, supported business growth, and deepened customer loyalty.

Technology

To support its digitalization objectives and improve the overall experience for customers, the Bank continued to improve its digital platforms and technology during the year through several technology initiatives.

Consequently, the bank upgraded its online and mobile banking platforms by launching the Digital Engagement Hub, enhancing the customer journey on WhatsApp banking, improving the customer activities alert systems, and improving the customer digital onboarding journey.

Risk Management

The Bank has sustained a resilient and proactive risk management posture throughout the year, anchored on strict adherence to our enterprise risk management framework and the continuous alignment of key risk indicators within the approved risk appetite. Our risk culture has been further reinforced through regular and structured control assessments, upskilling of staff across all three lines of defense, and effective escalation and challenge processes through established governance forums. In response to the evolving regulatory landscape, the Bank is fully compliant with Basel II and III requirements as mandated by the Bank of Tanzania, having embedded enhanced methodologies for capital adequacy measurement, risk-weighted asset computation, market and operational risk quantification, and robust stress testing practices. These enhancements have not only elevated the integrity of our internal risk management but also positioned the Bank to meet heightened supervisory expectations and future macro-financial shocks with greater agility and confidence.

The Bank conducted periodic surveys to measure customer experience and benchmark against market standards.

Key HR Initiatives

Hiring:

In alignment with the Bank's business growth strategy, Management successfully reviewed the organizational structure and recruited key strategic roles, including Heads of Retail & Digital Banking, Head of Distributions & SME, Head of Corporate Banking, Head of ICT, and other critical positions such as Relationship Managers, Bond Trading Manager, and Management Trainees.

Leadership Development Programs & Training

The Bank successfully completed the first cohort of its Leadership Development Program for senior management, with 12 additional leaders enrolled for the second cohort facilitated by Raiser Resource Group. Various learning and development initiatives were conducted during the year, including sponsorships and professional certification support for over 25 staff members (e.g., CPA, ACCA, ACI Diploma, SPHRi, CISA).

To recognize strong performance, the Board approved mid-year salary adjustment in July 2024. The Bank also enhanced staff benefits including review of staff loans policy, and enhancement of medical and life insurance benefits. These initiatives contributed to an improved Employee Engagement Score of 77 in 2024.

Cultural Transformation Program - Pamoja

The Bank continued its Pamoja Culture Transformation Program with initiatives such as WeCanFixIt and #Nitasema #Let'sTalkAboutIt, aimed at enhancing business processes, customer experience, and operational efficiency. A revamped induction program for new hires was launched to reinforce the Bank's cultural pillars, focusing on Customer Experience, Digital, and Risk Management.

These efforts led to a 17-point improvement in the Bank's Culture Index in 2024 compared to 2023. Management remains committed to strengthening employee engagement and cultural transformation to drive business success.

Corporate Social Responsibility

The Bank remained committed to making a meaningful impact through strategic partnerships. In collaboration with BAPS Charities, it supported a vital health initiative that funded life-changing cardiac surgeries for children at the Jakaya Kikwete Cardiac Institute (JKCI). This partnership reflects the Bank's continued dedication to community well-being, as it focuses its efforts on creating a greater and more sustainable impact.

Outlook – 2024

The global economic landscape is expected to stabilize gradually, with global growth projected at 3.2% in 2025, up slightly from 3.1% in 2024. This recovery is occurring against the backdrop of declining inflationary pressures, as global headline inflation is forecast to moderate to 4.4% in 2025. While elevated interest rates and fiscal tightening remain headwinds in many economies, improvements in supply chains and easing input costs are supporting more balanced and sustainable growth.

In Tanzania, the medium-term economic outlook remains strong, underpinned by sound macroeconomic management, a stable policy environment, and ongoing public and private investments. Real GDP is projected to grow by 6.3% in 2024 and maintain solid momentum into 2025, driven by broad-based expansion in services, manufacturing, construction, and mining sectors. The government's continued focus on infrastructure development, industrialization, and inclusive financial access further enhances prospects for long-term growth and socio-economic transformation.

In alignment with this positive outlook, I&M Bank (T) Ltd will continue to advance its strategic ambition of becoming "Tanzania's Leading Financial Partner for Growth." In 2025, we aim to deepen our presence in both the corporate and retail banking segments by enhancing the customer journey, delivering seamless digital experiences, and introducing solutions that respond to evolving client needs.

We are especially grateful to our customers, who remain at the center of everything we do.

We will further expand our ecosystem-based approach by leveraging relationships with our corporate clients to unlock value across the SME, business banking, and retail segments. Our digital agenda will remain at the heart of our transformation efforts—enhancing access, efficiency, and innovation. Investments in platforms such as our digital lending solution "Kamilisha" and the Airtel Money partnership will support financial inclusion, grow our agent network, and extend credit access to underserved populations.

As we navigate 2025, the Bank remains committed to delivering long-term value to our stakeholders through disciplined execution of our iMara 3.0 strategy, a robust risk management framework, strong governance, and sustainability-focused operations.

Acknowledgements

On behalf of the Board of Directors, I extend our sincere appreciation to all our stakeholders for their continued confidence, support, and commitment to I&M Bank (T) Ltd. Our progress and achievements in 2024 would not have been possible without the unwavering trust of our customers, the dedication of our employees, the confidence of our shareholders, and the collaboration of our partners and regulators.

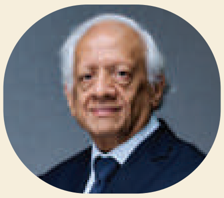
We are especially grateful to our customers, who remain at the center of everything we do. Their loyalty and engagement continue to inspire us to innovate and improve. To our staff, we acknowledge your professionalism, resilience, and commitment to excellence. Your contributions are the foundation of our success. To our shareholders, we thank you for your ongoing support and confidence in our strategic direction.

As a responsible financial institution, we remain firmly committed to sustainability and inclusive growth. We recognize the role we play in contributing to Tanzania's socio-economic development, and we continue to embed environmental, social, and governance (ESG) principles into our operations. We take pride in our efforts to support the communities we serve, and we will continue to drive initiatives that create long-term shared value.

Thank you once again for your continued support and trust. As we look ahead, we remain committed to our purpose—to be Tanzania's leading financial partner for growth—and to delivering sustainable value to all our stakeholders.

Sincerely,
Chairman

Our Board Members



Madabhushi Soundararajan
Board Chairman

Mr. Soundararajan is a seasoned banking and financial services professional with nearly four decades of experience across India, the United States, and Kenya. Since moving to Kenya in 1988, he has held senior leadership roles at Standard Chartered Financial Services, Commercial Bank of Africa (now NCBA) and CFC Bank prior to its acquisition by Stanbic Bank. He currently serves as Country Head of the Meghraj Group in Kenya and sits on several prominent boards, including I&M Bank Kenya, GA Insurance, GA Life Assurance, GA Insurance-Tanzania, and Car & General (Kenya) Plc.

Zaid Mustafa
Chief Executive Officer (C.E.O) and Managing Director (MD)

Zahid is a highly experienced banker with over 27 years in the industry and a proven record in business development and growth across Asia, the Middle East, and Africa. His strengths lie in Retail, Digital, and Business Banking, backed by strong leadership and a focus on innovation, customer-centricity, and teamwork. He holds a Master of Business Administration (MBA) and a Bachelor of Chemical Engineering from Lahore University of Management Sciences (LUMS), and the University of Engineering and Technology (UET).

Kiara Maina
Regional Chief Executive Officer

Mr. Kihara Maina is an experienced banker appointed as an Independent Director of the bank in 2024. He currently serves as Regional Chief Executive Officer, a role he assumed in January 2023, after joining I&M Bank Kenya as CEO and Board Member in 2016. With a banking career spanning over 30 years, he has held senior leadership roles at Stanbic Bank and Barclays Bank in Kenya and served as Managing Director of Barclays Bank Tanzania. He holds a bachelor's degree in mathematics from MOI University and an Executive MBA from the University of Chicago Booth School of Business.

Shameer Patel
Non-Executive Director

Mr Shameer Patel was appointed as a Director of the Bank on 11th September 2013. He is the chairman of the Board Credit Committee. He has more than 17 years of experience in Banking covering credit, operations and strategic planning. Mr Shameer Patel is part of the senior management team at I&M Bank Ltd, Kenya and heads the CEOs Office function with responsibilities covering various strategic initiatives and monitoring of subsidiaries within the banking group.

Hon. Ambassador Amina Ali
Independent Non-Executive Director

Hon. Ambassador Amina Ali was appointed as an independent director at I&M Bank Tanzania in 2023. She is a former Minister for Trade and Industry for the Revolutionary Government of Zanzibar, United Republic of Tanzania. She served as an Ambassador and Head of Mission in Washington D.C. USA in 2015, and as an ambassador in Zanzibar in 2020

Ms. Raeesha Fakira
Non-Executive Director

Raeesha Fakira is a seasoned finance professional with expertise in investment management and risk advisory. She is the Country Manager for Mauritius and the Indian Ocean at Kibo Capital Partners, overseeing portfolio growth and strategy. Previously, she worked at Deloitte Mauritius on key projects like IFRS 9 implementation for major banks. She holds a degree in accounting and finance from the University of Southampton and is a member of the ICAEW (ACA).

Emmanuel Chacha
Independent Non-Executive Director

Mr. Emmanuel Johannes, appointed as an Independent Director of I&M Bank Tanzania in 2021, is an experienced governance and audit professional. He is CEO of Keple Associates and has held leadership roles in internal audit bodies, including serving as Auditor Chairman of AFIIA (2019–2023). He holds an MBA from the University of East London and certifications in Governance of Enterprise IT (CGEIT) and Project Management (PMP).

Paresh Manek
Independent Non-Executive Director

Mr. Paresh Manek is a seasoned businessman with over 35 years of experience across various industries in Dar es Salaam. He has held key leadership roles, including Director and Managing Director positions in multiple companies, where he has driven business growth, strategic planning, and operational efficiency. Paresh is known for his strong financial management skills, problem-solving abilities, and expertise in business development. His leadership has been instrumental in improving customer satisfaction and enhancing organizational performance.

Alan Mchaki
Independent Non-Executive Director

Mr. Alan Rodrick Mchaki has been an Independent Director of the bank since September 2016. A fellow of the Association of Chartered Certified Accountants (UK) and a Certified Public Accountant in Tanzania, he chairs the Board Risk Committee and serves on the Board Audit Committee. With over 30 years of experience across public practice and various industries—including oil marketing, broadcasting, health services, and mutual fund management—he has held multiple finance directorships and currently works as an independent management consultant.

Chrisitian Shirima
Independent Non-Executive Director

Mr. Christian Shirima was appointed as an Independent Director of I&M Bank Tanzania in 2023. He began his career at Precision Air Tanzania in 2013 as an Aircraft Maintenance Technician. He later served as a Maintenance Controller in 2015, a Senior Development and Reliability Engineer in 2017, and a Licensed Aircraft Maintenance Engineer in 2019. In 2021, he became the Manager of the Workshop, and since 2023, he has been serving as the Manager of Projects and Client Services.

Jamhuri Ngelime
Independent Non-Executive Director

Mr. Jamhuri Ngelime is a distinguished finance professional with over 35 years of experience. He served as Director of Finance at the Bank of Tanzania until 2022 and was previously CFO at TANESCO, where he improved financial performance and governance. He also contributed to major state enterprise privatizations as a Senior Consultant for PSRC. He holds a master's in Banking and Finance and is a Certified Public Accountant.

Message from the Board

"Our Vision, Mission and Culture statements hold the keys to the philosophy on which we base ourselves on and what we do."


Kilimanjaro
M2

Senior Management

Zaid Mustafa
Chief Executive Officer (C.E.O) and Managing Director (MD)

Zahid is a highly experienced banker with over 27 years in the industry and a proven record in business development and growth across Asia, the Middle East, and Africa. His strengths lie in Retail, Digital, and Business Banking, backed by strong leadership and a focus on innovation, customer-centricity, and teamwork. He holds a Master of Business Administration (MBA) and a Bachelor of Chemical Engineering from Lahore University of Management Sciences (LUMS), and the University of Engineering and Technology (UET).

Mr. Donald Aswani Mate
Chief Operating Officer

Mr. Donald Mate, a holder of Bachelor of Commerce degree (Accounting Option) from the University of Nairobi and a member of ICPA (K), oversees the bank's operations towards achieving its strategy objectives. He has more than 17 years of banking experience with the I&M group, having served in various positions in operations, as well as audit. Before joining the Tanzanian operations in 2016, he was a Senior Manager with I&M (K) Ltd specialized in centralized, branch and subsidiary operations and also had a short stint with I&M (Rwanda) Ltd in 2013.

Mrs. Veronica Magongo
Head of Finance

Ms. Veronica has over 17 years of experience in Audit and Finance. She has worked with First National Bank, NMB Bank Plc, and Bank of Africa. She is experienced in Finance and Accounting, Financial Analysis, Business Process Reviews, Risk Management, Internal controls and Compliance, and Taxation. She is a Certified Public Accountant (CPAT), and she holds a Master of Business Administration and a Bachelor of Commerce, both from the University of Dar es Salam.

Ms. Shazia Manji
Head of Corporate Banking

Ms. Shazia Manji brings over 14 years of extensive experience in Corporate Banking within Tanzania's banking sector. She has worked at leading financial institutions including Diamond Trust Bank Tanzania and NBC, where she has consistently demonstrated her ability to drive results and manage high-value client portfolios. She holds a bachelor's degree in international business administration (Finance) from the United States International University (USIU).

Mr. Patrick Kapella
Head of Treasury

Mr. Patrick Kapella is a financial market professional with more than a decade of experience in Treasury Sales and Operations and joined the bank in 2015 as the Head of Treasury. Mr. Patrick is an MBA (Finance and Banking) from Mzumbe University (Tanzania) and a certified member of ACI, a well-known Financial Markets Association. He has previous experience with First National Bank Tanzania as a Chief Dealer.

Mr. Simon Gachahi
Head of Retail & Digital Banking

Simon Gachahi has 17-years of experience in Retail Banking. His extensive background includes pivotal roles at Absa Bank Kenya (Formerly Barclays), He has expertise in Consumer banking, Affluent Banking , Wealth, Product Management and Digital Banking. Simon holds a master's degree in project management from the University of Nairobi and a bachelor's degree in education, specializing in Mathematics and Economics, from Moi University. His expertise and leadership skills are instrumental in driving I&M T Bank's commitment to excellence in the Digital and Retail banking spheres.

Mr. Gabriel Mlinga
Head of Risk and Compliance

Gabriel is an experienced banking professional with over 14 years in the industry, specializing in enterprise risk management, compliance, internal audit, governance, and control. He has held key roles including Acting Head of Risk at Absa Bank Tanzania and Head of Operational and Credit Risk Governance at both Absa and Barclays Bank Tanzania. He also served as an Internal Auditor at Exim Bank. Gabriel holds a BBA in Accounting from Tumaini University Dar es Salaam and is a Certified Enterprise Risk Management Expert.

Mr. Emmanuel Mosha
Head of Credit

Emmanuel is a seasoned banking professional with 15 years of experience in risk management, compliance, credit risk, and bank supervision. He has held key roles including Head of Risk & Compliance at I&M Bank Tanzania, Head of Risk at BancABC, and Bank Examiner at the Bank of Tanzania, where he contributed to developing regulatory frameworks for the financial sector. He is a Certified Public Accountant (CPA-T) and holds an MBA in Finance and a BCom in Accounting from the University of Dar es Salaam.

Ms. Maria Ashley Gonsalves
Head Of Legal & Company

Maria Gonsalves is a seasoned legal professional with over 11 years of experience in Banking Law, specializing in corporate governance, regulatory compliance, and financial law. Before joining I&M Bank Tanzania, she worked with Diamond Trust Bank Tanzania PLC. She is an Advocate of the High Court of Tanzania and all subordinate courts, holds an LL.B from Tumaini University Dar es Salaam College (TUDARCo), and is a member of the Tanganyika Law Society and East Africa Law Society.

Ms. Erica Mboya
Head of Human Resources

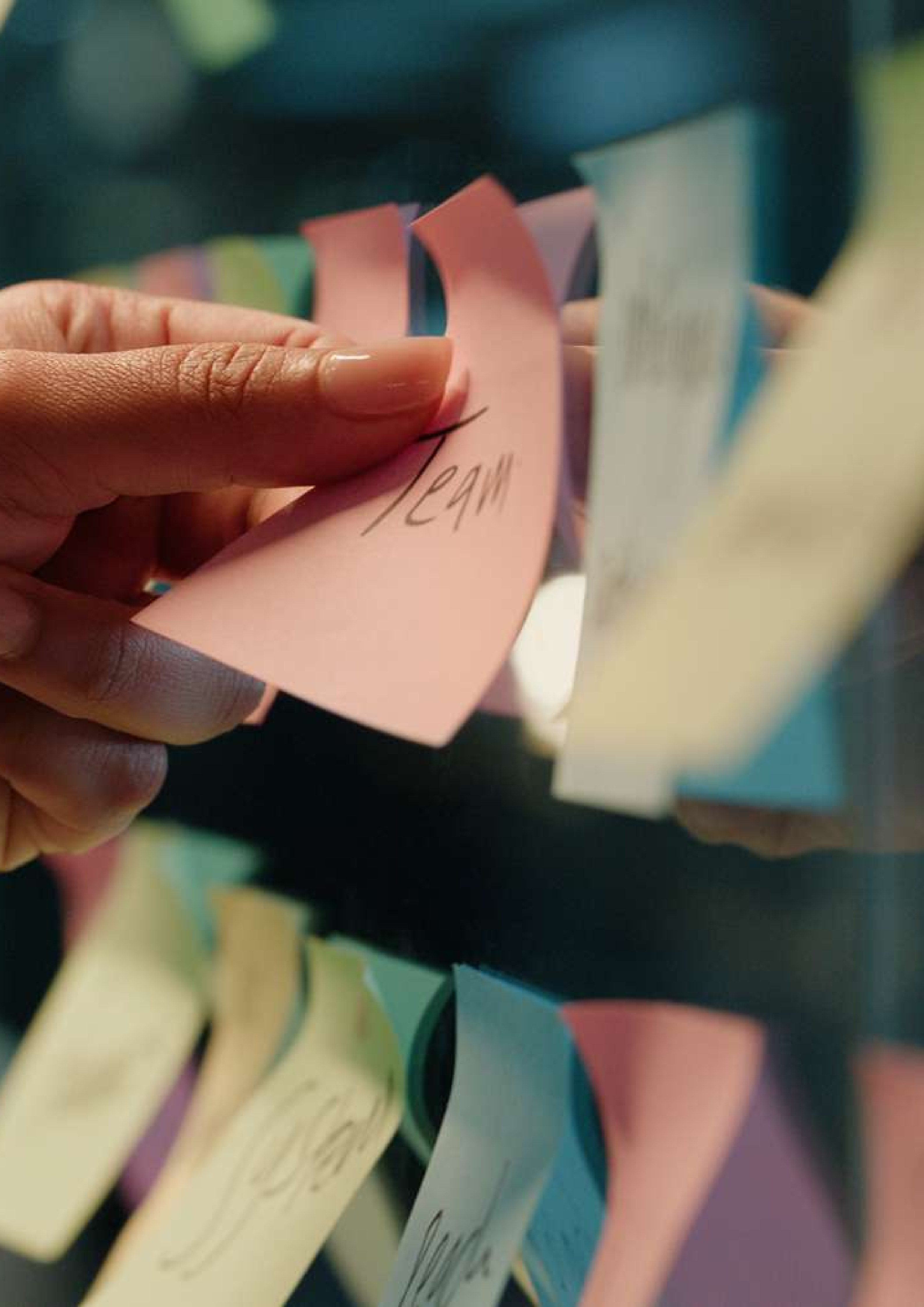
Ms. Erica Mboya is the Head of Human Resources with over 11 years of experience in HR management within Tanzania's banking sector. She has held key roles at Stanbic Bank Tanzania and NMB Bank Plc, with expertise in manpower planning, performance management, talent development, and employee relations. She is a Senior Certified HR Professional (SHRM) and holds a Bachelor's degree in Public Administration (HR Management) from Mzumbe University.

Mrs. Aimtonga Adolph
Chief Audit Executive

Mrs. Aimtonga Adolf has served as Chief Internal Auditor at I&M Bank Tanzania since May 2005. Prior to joining the bank, she was a Senior Internal Auditor at Mangesho and Company, an accounting and auditing consultancy. She is an Associate Certified Public Accountant (ACPA) registered with the NBAA and holds an MBA from the University of Dar es Salaam.

"Celebrating 50 years of trust and transformation, our leadership remains rooted in purpose—committed to innovation, inclusive growth, and shaping a resilient financial future for Tanzania."

Event Highlights


Team

I&M at 50: Celebrating A Golden Legacy

In 2024, I&M Bank Tanzania proudly joined the Group in celebrating its Golden Jubilee—marking 50 years of excellence since the incorporation of Investments & Mortgages in 1974.

On 16th August 2024, a symbolic celebration was held at the new I&M Bank Tanzania Headquarters in Masaki – Haile Selassie Road, Dar es Salaam. The event was graced by the presence of our Founder and Chairman Emeritus, Mr. S.B.R. Shah, alongside the Chairman of the Board, Mr. Madabhushi Soundararajan. The celebrations were further enriched by the presence of our esteemed customers.

The I&M at 50: A Golden Legacy stakeholder engagement events were more than just commemorations—they served as a catalyst for strengthening relationships and driving business growth. These events set a gold standard for corporate celebrations, blending heritage, innovation, and emotional resonance. They also reflected I&M Group's unwavering commitment to deepening connections with customers and staff. By engaging local suppliers and talent, we proudly contributed to the financial empowerment of small businesses.

Coinciding with this milestone was the official launch of the new and improved I&M Bank Tanzania Headquarters—an embodiment of our continued growth and future-forward vision.

Dar es salaam

Arusha

Mwanza

I&M New HQ

The official launch of the new and improved I&M Bank Tanzania Headquarters—an embodiment of our continued growth and future-forward vision. Strategically located in Masaki, along Haile Selassie Road, the new headquarters reflects our commitment to delivering world-class banking experiences in a modern, customer-centric environment.

The facility features state-of-the-art infrastructure, sustainable design elements, and enhanced digital capabilities to support our evolving service offerings. A key highlight of the new headquarters is the unveiling of Tanzania's first Select Banking Lounge, offering Premier services tailored to meet the needs of our high-net-worth and discerning clients. This exclusive space provides personalized banking in a luxurious, private setting—redefining convenience, comfort, and excellence in customer service.

This new space is not just a building—it is a symbol of our ambition, resilience, and dedication to innovation. It serves as a hub for collaboration, creativity, and excellence, empowering our teams to deliver even greater value to our customers. The launch also reinforces our long-term investment in Tanzania's financial sector and our role in driving inclusive economic growth.

With this new headquarters, I&M Bank Tanzania is better positioned to serve our clients, foster deeper relationships, and continue shaping the future of banking in the region.

Product Campaigns

Rafiki Chat Banking - On August 6, 2024, I&M Bank Tanzania officially launched the upgraded version of its WhatsApp-based Rafiki Chat Banking platform. The enhanced service now offers over 27 features, including same-day account opening, fund transfers, utility payments, mobile money integration, and Tanzania's first live chat support via WhatsApp. This upgrade is a significant step toward digitizing financial services, ensuring convenience, accessibility, and a seamless banking experience for all users. It also reflects I&M Bank's dedication to innovation, customer-centricity, and supporting the growth of Tanzania's digital economy

MchakaMchaka Sales Campaign – In an effort to drive sales and attract new-to-bank customers, I&M Bank Tanzania launched an internal outreach campaign focused on proactive engagement with the local business community. Pioneered by Branch Managers, Sales Officers, and Relationship Managers, the strategy involved visiting neighboring establishments and enterprises to introduce and onboard them to the bank's tailored financial solutions. This hands-on approach not only strengthened community ties but also positioned I&M Bank as a trusted partner for business banking needs, reinforcing our commitment to accessibility, personalized service, and growth-oriented partnerships.

Customer Service Week

In 2024, I&M Bank Tanzania proudly celebrated Customer Service Week across all branches, reaffirming our commitment to delivering exceptional service and building lasting relationships with our customers. The week-long celebration took place from October 7th to October 11th, aligning with the globally recognized observance held annually.

Held under the theme "Above and Beyond" the celebrations brought together staff and customers in a vibrant display of appreciation and engagement. Each branch participated enthusiastically through a five-day themed attire celebration, where staff across all branches dressed according to daily themes that reflected creativity, unity, and the spirit of service. These themes added a fun and engaging element to the week, boosting morale and creating memorable experiences for both staff and customers.

Further the Management hosted A Special Lunch where leaders personally served meals to staff as a heartfelt gesture of appreciation for the hard work and dedication shown every day. This symbolic act underscored the spirit of unity and mutual respect that defines our culture. Importantly, both customer-facing and non-customer-facing staff were recognized for their critical roles they play in ensuring seamless customer experiences. From the tellers and relationship managers to the operations, IT, and support teams behind the scenes, every contribution was acknowledged as essential to the bank's service excellence. As we look ahead, I&M Bank Tanzania remains committed to elevating the customer experience, embracing innovation, and nurturing the human connections that define our brand.






Our Financials

CONTENTS

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

HEAD OFFICE

I&M House@1046,
Haile Selassie road, Masaki
PO Box 1509,
Dar es Salaam, Tanzania.

REGISTERED OFFICE

I&M House@1046,
Haile Selassie road, Masaki
PO Box 1509,
Dar es Salaam, Tanzania.

CORRESPONDENT BANKS

I&M Bank Limited,
PO Box 30238,
00100 Nairobi,
Kenya.

Standard Chartered Bank New York,
SCB New York – IBF,
One Madson Avenue,
3rd Floor,
New York, NY 10010 – 3603, USA.

ICICI Bank Limited,
ICICI Bank Towers,
Bandra – Kurla Complex,
Mumbai 400 051, India.

I&M Bank (Rwanda) Ltd,
PO Box 354,
Kigali, Rwanda.

Citibank N.A,
Upper Hill Road,
PO Box 30711-00100, Nairobi.

BHF Bank Aktiengesellschaft,
60323 frankfurt am main,
Frankfurt Germany.

JP Morgan Chase Bank, N.A,
383 Madison Ave,
New York,
NY 10017
USA.

COMPANY SECRETARY

Ms. Maria Ashley Gonsalves
I&M House@1046,
Haile Selassie road, Masaki,
PO Box 1509,
Dar es Salaam, Tanzania.

LEGAL ADVISORS

Kesaria and Company Advocates,
PO Box 729,
Dar es Salaam, Tanzania.

Locus Attorney,
Peugeot House,
36 Ali Hassan Mwinyi Road,
PO Box 4110,
Dar es Salaam, Tanzania.

M/s K&M Advocates,
PO Box 71394,
Dar es Salaam, Tanzania.

AUDITOR

PricewaterhouseCoopers,
Pemba House,
369 Toure Drive, Oysterbay,
P O Box 45,
Dar es Salaam, Tanzania.
TIN: 101-269-027
VAT REG No. 40-002799-X

ABBREVIATIONS

In this document we have used the following abbreviations;

EAD	Exposure at default
ECL	Expected credit losses
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
IAS	International Accounting Standards
IFRSs	IFRS Accounting Standards
LGD	Loss given default
PD	Probability of default
SPPI	Solely for payment of principal and interest
SICR	Significant increase in credit risk
IFC	International Finance Corporation
ILO	International Labour Organization
TFRS 1	Tanzania Financial Reporting Standards 1
DFIs	Development Finance Institutions

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF I&M BANK (T) LIMITED (CONTINUED)

1. INTRODUCTION

The Directors submit their report and the audited financial statements for the year ended 31 December 2024 which disclose the state of affairs of I&M Bank (T) Limited ("the Bank").

2. INCORPORATION

The Bank is incorporated in Tanzania under Companies Act, 2002, domiciled in Tanzania as a private limited company whose shares are not publicly traded.

3. MISSION AND VISION

Vision Statement:

To be a company where the best people want to work, the first choice where customers want to do business, and where shareholders are satisfied with their investment.

Mission Statement:

To be partners of growth for all our stakeholders through:

- Meeting our customers' expectations.
- Motivating and developing every employee.
- Enhancing shareholder value.

4. PRINCIPAL ACTIVITIES

The principal activity of the Bank is provision of banking and related services as stipulated by the Banking and Financial Institutions Act, 2006. There has not been any significant change in the principal activities of the Bank during the financial year ended 31 December 2024.

5. OUR BUSINESS OPERATING MODEL

Banking Services

We provide banking services to individuals and businesses, including Transactional Accounts, Savings Accounts, Business Accounts, Payment Solutions including Debit and Pre-paid Cards, Transfers, Loans, Mortgages, Overdrafts, Trade finance, Custodial Services, Bancassurance, Digital products and services.

Interest, fees and commissions

We fund our loans through deposits, savings and capital, and actively manage the risks associated with them. In return for our services, we receive interest, fees and commissions. Net interest income, accounting for most of our revenue, is generated as the difference between interest charged to clients on loans and the bank's funding costs.

Re-invest and pay out returns

From our income, we meet our operating costs, reinvest in our business and pay out returns to our investors.

REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. OUR STRATEGY

The Bank has a three-year corporate strategy "iMara 3.0" launched in 2023. Our Strategic aspiration as per iMara 3.0 is to become "Tanzania's Leading Financial Partner for Growth leveraging on our East African Presence." Our strategy is leveraged towards key growth sectors while driving efficient and effective execution through the three strategic pillars and key enablers aimed at:

- Develop Leadership in our Core Segments (Corporate & Commercial)
- Build Relevance in Emerging customer Segments (Retail & SME)
- Become a market leader in ecosystems

In order to deliver on these objectives and maintain our growth trajectory, The iMara 3.0 strategy is based on choices that we have made in the following key areas:

- Segments - Pursue a diversified segment strategy (Corporate and Commercial, Retail and SME) starting with what the customer wants and provide a full range of solutions to meet those needs.

- New business lines - Develop solutions that compliment and offer value enhancement to current offerings as well as provide an overall improved client experience across all their financial needs.

- Customer Experience - Aggressively build digital access channels to enhance customer engagement while recognising that physical access will have an important role for the foreseeable future, in combination with sales engagements and value-added relationship management services. Focus on customer-impact centricity and adopt data-driven decision making as a core principle.

- Digitisation and innovation - Become Digital to the Core by digitizing as many customer interactions as possible while in parallel automating all related internal processes to achieve straight-through-processing for all critical end-to-end processes. Expand service offerings by partnering with various Service Providers / Fintechs.

- Leverage Group Synergies - Continue to leverage cross border business leads. Leverage Chinese desk to increase cross border business. Customize financial solutions harnessing expertise of group industry specialists

- People and Culture - Focus on building world class leadership, talent upskilling and modernizing its HR practices to bolster the engagement level and productivity.

- Introduce agile ways of working programmes
- Manage the organizational dynamic and culture to scale and sustain transformation
- Adopt the 'Fail-fast and learn mentality'.

Our focus that will drive strategy in the next 3 years is continuing to be best financial partner for growth in the corporate and retail segments with improved customer journey experience and engagement. Deepen the entire ecosystem of our corporate customers and develop Business Banking, SME and Retail proposition linked to our key customers. Invest and grow Digital Banking business in the chosen markets.

Our performance for 2024 is outlined on pages 5 to 8.

7. REVIEW OF BUSINESS PERFORMANCE

The Bank's results are set out on page 29 of these financial statements. During the year under review, the Bank recorded a Profit before tax of TZS 18,303 million (2023: TZS 5,359 million), an increase of 242%.

Interest Income

Interest income during the year amounted to TZS 97,877 million compared to TZS 72,536 million in the previous year, representing an increase of 34.9%. The increase was mainly due to increase in loans and advances to customers by 38.9% and Government Securities by 27%. The Bank will continue to diversify its investments to boost its income growth.

7. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

Interest expense

Interest expense during the year amounted to TZS 31,156 million, as compared to TZS 25,381 million in the prior year, representing an increase of 22.8%. This is mainly coming from the interest offered to the bank customers.

Net interest income

Net interest income (interest income less interest expense) during the year amounted to TZS 66,722 million, as compared to TZS 47,154 million in prior year, representing an increase of 41.5% as interest income grew more than interest expense.

Non - interest income

Non- interest income (Net fees and commission income, net trading income, Fair value gain , other operating income and dividend) amounted to TZS 22,398 million as compared to TZS 17,068 million in prior year, implying an increase of 31%. This was mainly attributed by increase in fees and commission and foreign exchange income as well as recoveries income from prior year written-off loans and advances.

Non-interest expenses

Non- interest expenses (staff costs, premises and equipment costs, general administrative expenses, depreciation and amortisation) amounted to TZS 48,940 million as compared to TZS 35,328 million in prior year, implying an increase of 38.5%. This was mainly attributed by increase in staff costs to enhance the resources to support the business growth.

Income tax

Income tax charge amounted to TZS 3,139 million (2023: TZS 591 million).

7. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

Key performance ratios

The key performance ratios of the Bank are indicated as hereunder:

Performance indicator	Definition and calculation method	2024	2023
Return on average assets A measure of how well the bank uses its assets to generate profits	Net profit/Average assets.	1.29%	0.71%
Return on average equity A financial ratio that measures the performance of a bank based on its average shareholders' equity outstanding	Net profit/Average equity	13.52%	5.01%
Non-interest income to net interest income Bank's income that has been generated by non-interest related activities as a percentage of net interest income	Non - interest income/Net interest income	33.60%	36.20%
Operating expenses to average assets A measure of a bank's efficiency in managing its operating costs relative to its asset base	Operating expenses/average assets	4.17%	3.41%
Non-interest expenses to operating income A measure of non interest expense before tax to operating income	Total costs/Total income	54.92%	55.01%

The key efficiency ratios of the Bank as at year end are as indicated hereunder:

Performance indicator	Definition and calculation method	2024	2023
Shareholders fund to total assets Indicates how much of the bank's assets have been generated by issuing equity shares rather than by taking on debt	Shareholders' fund/ total assets	14.90%	14.14%
Non-performing loans to total advances Indicates the percentage of non-performing- loans to total gross loans and advances	Non - performing loans/Gross loans and advances.	8.41%	17.31%
Gross loans to total deposits Measures the bank's liquidity by comparing a bank's total loans to its total deposits for the same period	Gross loans to customers/Total deposits from customers.	68.08%	79.48%
Loans to total assets A measure of the bank's assets that are financed by debt rather than equity.	Loans/Total assets.	55.66%	66.03%
Liquidity ratio Measures the bank's ability to pay its short-term debt obligations	Liquid Assets/Liquid Liabilities	34.53%	29.02%

REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

7. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

Financial position

The Bank's financial position is set out on page 30 of these financial statements. Major movements are as explained in the table below:

Item	2024	2023	Increase / (Decrease)	
	TZS'000	TZS '000	TZS '000	%
Assets:				
Cash and balances with Bank of Tanzania	86,527,215	51,793,458	34,733,757	67%
Loans and advances to banks	61,038,155	39,543,172	21,494,983	54%
Loans and advances to customers	435,023,035	449,814,091	(14,791,056)	(3%)
Due from group companies	7,730,343	3,765,445	3,964,898	105%
Investment in government securities at amortised cost	165,676,022	151,753,391	13,922,631	9%
Investment in government securities at FVOCI	-	1,539,707	(1,539,707)	(100%)
Investment in government securities at FVTPL	1,688,839	3,192,275	(1,503,436)	(47%)
Equity Investment at FVOCI	1,013,750	1,013,750	-	-
Property and equipment	13,715,097	11,416,068	2,299,029	20%
Intangible assets	3,136,665	3,170,904	(34,239)	(1%)
Tax recoverable	2,461,684	2,500,938	(39,254)	(1.5%)
Deferred tax asset	12,562,103	12,332,516	229,587	1.9%
Other assets	13,391,814	8,030,874	5,360,940	67%
Liabilities:				
Deposits (banks,customers and group companies)	657,314,293	614,637,324	42,676,969	7%
Lease liabilities	7,052,665	8,040,421	(987,756)	(12%)
Provisions	879,990	-	879,990	100%
Other liabilities	15,687,795	9,306,811	6,380,984	69%
Long term borrowing	3,276,176	3,276,176	-	0%

Deposits

There is a growth in the total deposits during the year by TZS 42,677 million (7%) due to deposits received from customers, interbank and group. The customer deposits experienced a flat growth and was mainly impacted by to appreciation of TZS against USD at the year end. The deposit received from customers was contributed by both Corporate and Retail deposit mobilisation campaigns during the year.

Loans and advances to customers

There has been a decrease in the net loans and advances by TZS 14,791 million (-3%) during the year on account of appreciation of TZS against USD during the year end as well as the de-risking of the portfolio reflecting the Bank's proactive portfolio management and prudent credit risk strategy.

Government securities

There has been an increase in investment in government securities by TZS 10,879 million (7%) during the year reflecting a proactive investment approach due to enhanced liquidity management and optimizing returns from the fixed investments.

Long term borrowing

Long term borrowing closed at TZS 3,276 million (2023: TZS 3,276 million) from Tanzania Mortgage Refinancing Company Limited.

REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

7. REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

Financial position (continued)

Cash flows

During the year, the Bank's major source of cash flows was from its operating activities which generated a net amount of TZS 74,820 million (2023: TZS 9,814 million) resulting mainly from increase in liabilities. Cash outflows amounting to TZS 7,160 million (2023: outflows TZS 107,213 million) through loans and advances was mainly funded by TZS 42,677 million (2023: TZS 127,781 million generated from total deposits.

The Bank's cash projections indicate that future cash flows will mostly be generated from deposits and Capital injection. The Bank will continue to implement different strategies to mobilise deposits by targeting individual depositors but also offering competitive rates for fixed deposits and improving cash collection solutions to big corporate customers, private and public institutions, and other agencies.

8. OUR RESOURCES

Value creation is central to our strategy. We create value in various ways – not just as a bank, but also as an employer. By lending to business, we support economic growth and job creation. We also provide mortgages so that people can buy their own homes.

Financial resources

Includes cash, debt and equity that enable an organization to produce goods or provide services in total, we created more financial value in 2024 – due mainly to an increase in our profits before impairments. Interest payments to clients increased by 22.8%, following increase in market interest rates. Loans, however, showed an increase in value for clients – lower rates, in effect, reducing the cost of lending to customers.

Manufactured resources

Includes physical objects such as buildings, equipment, and infrastructure. The value of basic banking services remained broadly unchanged compared with 2023. This was partly offset by an increase in fees and commissions during the year from transactions, Trade finance and bond trading.

Intellectual resources

Includes knowledge-based intangibles of an organization. The value of digital banking services increased during the year, there was more investment in intangible assets, such as IT services.

Human resources

Includes people's competencies and capabilities. Employee well-being improved during the year; engagement rose during the year. At the same time, there was no deterioration in occupational health & safety.

Social and relationship resources

Includes the relationships between an organization and communities and other stakeholders. The bank continued to create value for clients, largely through its Corporate Social Responsibility activities by providing donations to a number of organizations during the year.

9. GOING CONCERN AND SOLVENCY EVALUATION

The Bank has complied with the Bank of Tanzania liquidity and capital adequacy ratios. Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement. The Directors consider the Bank to be solvent within the meaning ascribed by the Companies Act, 2002 and Banking and Financial Institutions Act, 2006.

REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10. ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of going concern. The Bank's accounting policies, which are laid out on pages 34 to 57 are subject to an annual review to ensure continuing compliance with IFRS Accounting Standards.

11. CURRENT AND FUTURE DEVELOPMENTS

The Bank endeavours to be the most innovative player in the industry by providing customized banking products and solutions. The focus areas would be: -

- Introduction of new products and services to meet the unique demands of the industry
- Digitisation of the Bank focusing on solutions to enhance customer service delivery
- Introduction of custodial services and banc assurance

12. DIVIDEND

The directors do not propose payment of a dividend out of 2024 Profit after tax (2023: Nil).

13. TREASURY POLICIES AND OBJECTIVES

The Bank maintains a well-documented treasury policy that outlines approved Treasury activities in the Bank and how various risks that arise from such dealings together with other banking activities are identified, measured and managed. These, among others, include liquidity risk, foreign exchange risk and interest rate risk.

Regulatory ratios and internal limits on the above stated risks are stipulated in the policy to enable an efficient monitoring of any breaches. Moreover, to combat any losses that may result from dealing activities, the policy allows for establishment of dealer limits, counterparty limits and stop-loss limits that must be reviewed regularly and kept up to-date. In addition to this, roles and responsibilities of Treasury staff, Market Risk unit, senior management and Assets and Liabilities Committee (ALCO) members in complying with the policy are stated.

Assets and Liabilities Management (ALM) team in conjunction with the Risk department provide monthly reports to ALCO to evidence compliance with the policy. Any incident where a guideline has been breached is reported by the Treasury function to the Treasurer who then escalates the breach to ALCO members and Bank Management for immediate actions. The following sections are covered in the Treasury policy: (i) Market Risk policy and (ii) Liquidity Risk policy.

(i) Market Risk policy

This policy sets out the control framework for Market Risk within the Bank. Market Risk is the risk that the I&M's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices and commodity prices.

Changes in interest rates impact the overall profit of the Bank. Hence, in addition to liquidity management, the Bank manages its interest expenses through regular review of the fixed deposit rates and other savings accounts rates, together with striving to obtain reasonable and fair borrowing rates from the interbank and multilateral lenders.

(ii) Liquidity Risk policy

This policy sets out the policy of the Bank towards managing liquidity. The Policy defines the Bank's objectives for managing Liquidity risk, sets conditions for the calculation of the minimum size of the Liquidity Buffer (which consists of cash, unencumbered bonds and money market securities as well as deposits) and the funding needed to support an adequate Liquidity buffer. In preparation of the Policy, the bank has taken into account the provisions of the following:

- The Bank of Tanzania (BOT) Risk Management guidelines for Banks and Financial Institutions;
- Guidelines issued by the Basel Committee on Banking Supervision; and
- Risk Management policy.

13. TREASURY POLICIES AND OBJECTIVES (CONTINUED)

(iii) Price Risk policy

The Bank's Price Risk Policy is designed to mitigate financial risks arising from market price fluctuations, including interest rates, foreign exchange rates, and commodity prices. It employs strategies such as diversification, hedging, and strict risk limits, alongside continuous monitoring and sensitivity analysis to protect profitability and capital adequacy. Governance is ensured through regular reviews by the Asset and Liability Management Committee (ALCO) and oversight by the Board Risk Committee (BRC) to maintain alignment with the Bank's risk appetite.

14. MANAGEMENT OF THE BANK

The Bank is under the supervision of the Board of Directors and the day-to-day management is entrusted to the Chief Executive Officer supported by the Executive management team.

The Bank has a broad-based Board of Directors comprising of Non-Executive Directors. The Chairman and all other members of the Board of Directors are appointed by the shareholders.

The organization structure of the Bank comprises the following departments: -

- Corporate Banking
- Retail and Digital Banking
- Operations
- Treasury
- Finance
- Human Resource
- Information Technology
- Credit
- Legal
- Risk Management (Reporting directly to Board Risk Committee)
- Internal Audit (Reporting directly to Board Audit Committee)

The Chief Executive Officer (CEO) and Managing Director (MD) reports to the Board and is supported by Chief Operating Officer, Head of Corporate Banking, Head of Retail and Digital Banking for business and other Heads of Departments for various functions. The CEO ensures the preparation of annual budgets and business plans for approval by the Board and establishes appropriate risk management frameworks and internal controls, ensuring that the Bank's operations are consistent with the Bank's risk appetite.

15. Board of Directors and Company Secretary

The Directors of the Bank at the date of this report are as follows:

Name	Position	Nationality	Age	Qualifications	Date of appointment
Mr. Madabhushi Soundararajan**	Chairman	Indian	74	Master of Arts – Madras University, India	22 December 2023
Mr. Shameer Patel*	Member	Kenyan	47	Bachelor of Arts – Joint Honours – in Economics & Geography	11 September 2013
Mr. Alan Mchaki**	Member	Tanzanian	71	Fellow of the Association of Chartered Certified Accountants, CPA (T), Associated member, Swaziland Institute of Accountant	26 September 2016
Mr. Emmanuel Johannes Chacha**	Member	Tanzanian	47	MBA in Financial Services, B.Sc. Electronics and Communication Science, BSc Applied Accounting, Postgraduate Diploma in Digital Business, CPA (T), CIA, CFE,CISA,PMP	17 November 2021
Hon. Ambassador Amina Salum Ali**	Member	Tanzanian	68	Master of Business Administration - University of Poona	16 June 2022
Ms. Raeesha N. Fakira*	Member	Mauritian	31	Bachelor of Science - University of Southampton	20 September 2022
Mr. Zahid Mustafa***	Member	Pakistani	55	Master of Business Administration; Bachelor of Chemical Engineering	16 March 2023
Mr. Paresh Manek**	Member	Tanzanian	56	Businessman	11 April 2023
Mr. Christian Shirima*	Member	Tanzanian	38	Bachelor of Electrical Engineering	6 April 2023
Mr. Christopher Kihara Maina***	Member	Kenyan	56	Honors degree in Mathematics	19 June 2023
Mr. Jamhuri Ngelime**	Member	Tanzanian	62	Master of Arts in Banking and Finance degree at the University of Wales, Bangor in UK	2 October 2023
Ms. Nancy Riwa**	Member	Tanzanian	39	MSc in Finance from the University of Strathclyde	27 February 2025

*Non-Executive Director
**Independent Non-Executive Director
***Executive Director
Mr. Pratul H Shah who was the Independent Non-Executive Director resigned on 16th September 2024
The Company secretary as at the date of this report is Ms. Maria Ashley Gonsalves.

REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

16. DIRECTORS' INTEREST

The Estate of Mr. Michael N. Shirima was transferred to Mr. Christian Shirima who has direct interest in the share capital of the holding 3.91% of the Ordinary A Class share capital (2023: 3.91%), and holds 4.98% (2023: 4.98%) of the Ordinary B Class share capital reported as at 31 December 2024.

17. DIRECTORS' REMUNERATION

The remuneration for services rendered by the non-executive Directors of the Bank in 2024 was TZS 337.7 million (2023: TZS 233.8 million). Note 33 further explains.

18. CAPITAL STRUCTURE AND SHAREHOLDING.

	2024			
	Ordinary A Class Shares		Ordinary B Class Shares	
	Number of shares	TZS '000	Number of shares	TZS '000
Authorized (TZS 1,000,000/- each)	50,000	50,000,000	50,000	50,000,000
Issued, Subscribed & Fully Paid (TZS 1,000,000/- each)	3,554	3,554,016	20,400	20,400,000

	2023			
	Ordinary A Class Shares		Ordinary B Class Shares	
	Number of shares	TZS '000	Number of shares	TZS '000
Authorized (TZS 1,000,000/- each)	50,000	50,000,000	50,000	50,000,000
Issued, Subscribed & Fully Paid (TZS 1,000,000/- each)	3,554	3,554,016	20,400	20,400,000

19. SHAREHOLDING

As at 31 December 2024, the following shareholders held shares in I&M Bank (T) Limited:

There are two classes of shares, i.e Ordinary A Class shares and Ordinary B Class shares.

Name of shareholders	2024			
	Ordinary A Class Shares		Ordinary B Class Shares	
	Number of shares held	%	Number of shares held	%
I&M Bank Limited	2,727	76.73	16,079	78.82
Microfinance East Africa Limited	559	15.73	2,685	13.16
Proparco	129	3.63	620	3.04
Mr. Christian Shirima	139	3.91	1,016	4.98
	3,554	**100.00**	**20,400**	**100.00**

Name of shareholders	2023			
	Ordinary A Class Shares		Ordinary B Class Shares	
	Number of shares held	%	Number of shares held	%
I&M Bank Limited	2,727	76.73	16,079	78.82
Microfinance East Africa Limited	559	15.73	2,685	13.16
Proparco	129	3.63	620	3.04
Estate of the late Mr. Michael N. Shirima	139	3.91	1,016	4.98
	3,554	**100.00**	**20,400**	**100.00**

20. CAPITAL ADEQUACY

The Bank monitors the adequacy of its capital using ratios established by the Bank of Tanzania as described in Note 4(d) to the financial statements.

21. CORPORATE GOVERNANCE

All Directors and employees adhere to the principles of the Code of Conduct in all their dealings on behalf of the Bank. The Code of Conduct ensures that all actions are in the overall best interests of the Bank and reflects the commitment to maintain the highest standards of integrity, ethical behaviour and compliance with all applicable internal and external laws and regulations.

The Directors are committed to the principles of good corporate governance and recognise the need to conduct the business in accordance with generally accepted best practice. In so doing, the Directors therefore, confirm that:

- The Board of Directors met regularly throughout the year.
- They retain full and effective control over the Bank and monitor executive management.
- The positions of Chairman and Chief Executive Officer are held by different individuals.
- The Chairman of the Board of Directors is non-executive; and
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance.

The Board of Directors meets alteast four times in a year. During the year the Board of Directors had the following board sub-committees to ensure a high standard of corporate governance throughout the Bank. All these committees report to the main Board of Directors.

Board Audit Risk Management Committee

This Committee assists the Board in fulfilling its responsibilities by reviewing the financial condition of the Bank, its internal controls, ensuring compliance with applicable legislation and the requirements of regulatory authorities, reviewing reports and following up on matters raised by the external auditors, internal auditors and Bank of Tanzania. Furthermore, the committee is responsible for establishing and implementing the Risk Management process of the Bank in line with the Bank of Tanzania guidelines including risk identification, evaluation, measurement, and monitoring. The Committee met four times during the year.

The Board Audit Risk Management Committee members who served the Committee during 2024 were:

Name	Position	Remarks
Mr. Emmanuel Johannes	Chairman	BRC from 1 January 2025
Mr. Shameer Patel	Member	BRC from 1 January 2025
Mr. Christian Shirima	Member	BRC from 1 January 2025
Mr Jamhuri Ngelime	Chairman	BAC from 1 January 2025
Ms. Raeesha Fakira	Member	BAC from 1 January 2025
Mr. Alan Mchaki	Member	BAC from 1 January 2025

*Mr. Pratul H Shah who was the Chairman of BARMC resigned on 16th September 2024
**Mr. Emmanuel Johannes was the Chairman of BARMC from 16th September 2024 to 31 December 2024
***BARMC has been split into two committees which are Board Audit Committee (BAC) and Board Risk Management (BRC) Committee effective 1 January 2025.

21. CORPORATE GOVERNANCE (CONTINUED)

Board Credit Committee

This Committee assists the Board in fulfilling its primary responsibilities in reviewing the Bank's overall lending policy, conducting independent loan reviews, delegation and review of lending limits and is overall responsible for the management of Credit Risk. The Committee meets a minimum of four times in a year. The Board Credit Committee members who served the Committee during 2024 were:

Name	Position	Remarks
Mr. Shameer Patel	Chairman	
Mr. Alan Mchaki	Member	Until 31 December 2024
Mr. Paresh Manek	Member	
Mr. Christopher Kihara Maina	Member	

Board Nomination Remuneration Governance Committee

This committee has been delegated with the responsibility from the Board to undertake structured assessment of candidates for membership of the Executive Management, consider and review the human resources management and remuneration policies. The Committee meets at least twice in a year. The members of the Committee are:

Name	Position	Remarks
Mr. Christopher Kihara Maina	Chairman	
Mr. Shameer Patel	Member	Until 31 December 2024
Hon. Ambassador Amina Salum Ali	Member	
Paresh Manek	Member	From 1st January 2025

Board Strategy and Investment Committee

The Board Strategy and Investment Committee supports the Board by providing guidance on the Bank's long-term strategic direction and investment decisions. It is responsible for overseeing the implementation and alignment of the Bank's strategy and investment initiatives. The Committee was established in January 2025 and meets at least twice in a year. The members of the Committee are:

Name	Position	
Mr. Christian Shirima	Chairman	
Mr. Christopher Kihara Maina	Member	
Mr. Shameer Patel	Member	

22. PRINCIPLE RISKS AND UNCERTAINTIES

The key risks that may significantly impact the Bank's short-to-medium term strategy are mainly Credit, Operational, Compliance, Information and Communication Technology (ICT), Market, Liquidity, Strategic and Reputational risk.

Below, we provide a description of these various risk categories that the Bank faces.

Credit risk

This is the risk resulting from the possibility that an asset in the form of a monetary claim against a counter party may not result in a cash receipt (or equivalent) as per the terms of the contract. The Bank has robust controls in place to its exposure to credit risk, including approval limits, disbursement controls, continuous monitoring and a robust risk appetite statement.

22. PRINCIPLE RISKS AND UNCERTAINTIES (CONTINUED)

ICT risk

Risk associated with the use of Information and communication technology to support business processes/standards. ICT Risk results from inadequate or failed ICT Strategy, ICT Project and Program or ICT Operations. The Bank has robust checks in place to limit its exposure to ICT risk and performs regular monitoring to validate the efficacy of its ICT risk controls.

Market risk

The risk of a potential decrease in shareholder's value as a result of adverse changes in the market value of assets and liabilities. Market risk associated with trading activities is the risk of loss occurring as a result of trading in the capital, interest rate, foreign exchange, equity and/or commodity markets. The Bank has stringent controls and monitoring mechanisms in place to limit its exposure to market risk.

Liquidity risk

The risk arising from the inability of the Bank to accommodate decreases in liabilities or to fund increases in assets in full, at the right time and place, and in the right currency. If a Bank is seen to be illiquid it cannot obtain sufficient funds, either by increasing liabilities or converting assets promptly or at a reasonable cost. The Bank has stringent controls and monitoring mechanisms in place to limit its exposure to liquidity risk.

Strategic risk

Strategic risk concerns the consequences that occur when the environment in which decisions that are hard to implement quickly or reverse quickly result in an unattractive or adverse impact. Strategic risk ultimately has two elements: one is doing the right thing at the right time (positioning) and the other is doing it well (execution). Strategic risk includes the risk that the Bank's strategy may be inappropriate to support sustainable future growth. The Bank has strong controls in place to mitigate strategic risk, including regular strategic risk reviews at Board and Management levels.

Reputational risk

The risk that an activity, action or stance taken by the Bank's officials will impair its image in the community and/or the long-term trust placed in the Bank by its stakeholders resulting in the loss of business or the threat or legal action. The Bank has stringent reputation risk controls in place including very tight controls on corporate communications and messaging.

Operational risk

The overall responsibility of managing operational risks - the risk arising from failed or inadequate internal processes, people, systems and external events - is vested with the Board of Directors. The Board through the Board Risk Committee, issues policies that guide management on appropriate practices of operational risk mitigation. An independent Risk Manager assures the Board Risk Committee of the implementation of the said policies.

Fraud, whether internal or external, is also a subset of operational risk. The number and value of fraud cases within the bank is quite very low when compared to overall customer numbers, balances and transaction volumes. This is due to the Bank being able to implement a number of stringent controls including preventive and detective measures.

The following are key measures that the Bank undertakes in managing operational risk:

- Documentation of procedures and controls, including regular review and updates to reflect changes in the dynamic business environment.
- Appropriate segregation of duties, including the independent authorisation of transactions
- Reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Reporting of operational losses and ensuring appropriate remedial action to avoid recurrence.
- Development and implementation of Business Continuity and Disaster Recovery Plans
- Training and professional development of employees to ensure they are well equipped to identify and mitigate operational risks in a timely manner.
- Establishment of ethical practices at business and individual employee's level.
- Implementation of Risk mitigation parameters, including insurance where this is considered effective.

22. PRINCIPLE RISKS AND UNCERTAINTIES (CONTINUED)

The entire operational risk management framework is subjected to periodic independent audits (internal) in order for the bank to obtain an independent opinion on the effectiveness and efficiency of the framework. Further, the findings of the Internal Audit department are reviewed by the Board Audit Committee and recommendations made implemented in line with the agreed timeframe.

Environmental and social risk

Environmental and social risks are the risks that the Bank could bear the consequences of socio-environmental fall-out of transactions. Such risks could arise from failure of the bank to assess the impacts of activities (of both the bank and its clients) which could harm the environment or have negative social impact.

The Bank is aware that it has a responsibility to ensure that its internal practice and its lending activities do not have negative environmental and social impacts and is thus committed to ensure that such risks are sufficiently managed through its environmental and social management policy and by adopting the country's labour and environmental laws. The Bank also adheres to international best practice (IFC performance standards and ILO standards as ratified by the Tanzanian government). An environmental and social management system is put in place to ensure due diligence and monitoring of the environmental and social risk is done efficiently. Compliance to these laws is monitored by the compliance function. The Directors are responsible for selection and disclosure of the Bank's critical accounting policies and estimates and the application of these policies and estimates.

23. EMPLOYEE WELFARE

Relationship between management and employees

The relationship between employees and management continued to be cordial. Complaints are resolved through meetings and discussions and the Bank has set up appropriate management committee forums for this purpose. Work morale is good and there were no unresolved complaints from employees. The Bank provides training, medical assistance and concessional loans to its employees.

Training

The Bank offers sponsorship to its employees in both short and long-term courses within and outside the country in various disciplines depending on the corporate needs and financial resources available as well as in – house training and development focusing on technical banking areas.

Staff loans and advances

The Bank provides housing, personal and car loans to staff as well as salary advances to enable them to meet their financial requirements and promote economic development. Staff loans and advances are based on specific terms and conditions approved by the Board of Directors.

Medical facilities

The Bank provides medical cover for both, Inpatient and Outpatient care for employees and their dependents.

Financial assistance

The Bank provides medical cover for both, Inpatient and Outpatient care for employees and their dependents.

Retirement benefits

The Bank makes contributions in respect of staff retirement benefits to National Social Security Fund. The total number of employees as at year-end was 197 (2023:189).

23. EMPLOYEE WELFARE (CONTINUED)

Disabled persons

Applications for employment by disabled persons are always considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and appropriate training is arranged where necessary. It is the policy of the Bank that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Gender parity

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. As at 31 December 2024, the Bank had 98 male and 99 female employees (2023: 93 male and 96 female employees).

Related party transactions

All related party transactions and balances are disclosed in Note 33 to these financial statements.

24. POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year. The Bank has set aside TZS 26 million for the charitable donations, however, did not make any donations to charitable organizations during the year (2023: TZS 25 million). These funds will be used to make the donations planned for the year 2025.

25. CORPORATE SOCIAL RESPONSIBILITY

The Bank participates actively in community activities and development programmes throughout the country. The areas being given priority are health, education, and support to orphaned children, victims of natural disasters, disabled persons, and security.

26. ENVIRONMENTAL & SOCIAL MANAGEMENT SYSTEM

The Bank is aware that Environmental and Social risks are critical and require systems to monitor and control in line with regulatory requirements of International Finance Corporation (IFC) performance standards and International Labour Organization (ILO) standards; thus its commitment to the use of an Environmental and Social Management System (ESMS). The ESMS ensures that these risks are sufficiently managed as stipulated in the Bank's Environmental and Social Management policy. The ESMS is integrated within the overall credit risk management framework and is reviewed periodically to ensure it remains compliant with the regulatory and the internal risk management framework.

The Bank operates in an increasingly dynamic market and must respond to an ever-changing external environment including cyberattacks, political instability, unfavourable business conditions and adverse weather conditions. These factors can significantly disrupt the systems and processes that enable us to serve and protect our customers. The Bank has built strategies to manage the external forces by continuous enforcement of cybersecurity controls, perform contingency plans for disruptions of critical systems and investment in digital platforms.

27. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavorable matters that can affect the Bank (2023: None).

REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28. STATEMENT OF COMPLIANCE

As required by TFRS 1, Directors of the Bank confirm compliance with the provisions of this Standard and all other statutory legislations relevant to the entity.

29. AUDITOR

The auditor, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. Their appointment for the year 2025 is subject to a bidding process and will be approved in the next Annual General Meeting.

PricewaterhouseCoopers with PF No 47 and TIN 100-212-285 is an audit firm registered by the National Board of Accountants and Auditors of Tanzania (NBAA).

Name: Mr.Jamhuri Ngelime	**Title: Director**	**Signature:**	**Date: 31-03-2025 | 13:32 EAT**
Name: Mr. Alan Mchaki	**Title: Director**	**Signature:**	**Date: 31-03-2025 | 13:32 EAT**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, No. 12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS accounting standards and the requirements of the Companies Act, No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its profit for the year in accordance with IFRS Accounting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of the financial statements.

Signed on behalf of the Board of Directors by:

Name: Mr.Jamhuri Ngelime **Title: Director** **Signature:** **Date: 31-03-2025 | 13:32 EAT**

Name: Mr. Alan Mchaki **Title: Director** **Signature:** **Date: 31-03-2025 | 13:32 EAT**

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred 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 Statement of Declaration issued by the Head 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 position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, ACPA Veronica Pascal Magongo, being the Head of Finance of I&M Bank (T) Limited, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024 have been prepared in compliance with applicable IFRS Accounting Standards and statutory requirements.

I, thus confirm that the financial statements comply with applicable accounting standards and statutory requirement as on that date and that they have been prepared based on properly maintained financial records.

Signed by: ....

Veronica P. Magongo

Position: Head of Finance

NBAA Membership No.: ACPA 2026

Date: 31-03-2025 | 13:32 EAT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF I&M BANK (T) LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of I&M Bank (T) Limited (the "Bank" or "Company") 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 and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

The financial statements of I&M Bank (T) Limited ("the Bank") as set out on pages 63 to 152 comprise:

- statement of financial position as at 31 December 2024;
- statement of profit or loss and other comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

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 Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF I&M BANK (T) LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment provision for loans and advances to customers The directors exercises judgement when determining both when and how much to record as impairment provisions. Judgement is applied to determine the appropriate parameters and assumptions used to estimate the provisions in the following areas: • Quantitative and qualitative criteria for classification of loans and advances based on assessment of factors contributing to significant increase in credit risk and default. • Determination of the probability of defaults (both 12 months and lifetime); • Determination of the forward-looking parameters to be incorporated in the estimation of expected credit losses; and • Estimation of the expected cash flows (including from collateral realization) used in the determination of the loss given default. These judgements together with the value of gross loans and advances to customers (TZS 447,496 million) and impairment provision (TZS 12,473 million) make this a key audit matter. Further details on loans and advances to customers have been disclosed in Note 4 (a), Note 5 (a) and Note 17 of the financial statements.	• We tested the reasonableness of the quantitative and qualitative criteria used in the classification of loans and advances. • As the quantitative basis of classification of loans and advances is reliant on information systems, we understood and tested key information technology general and application controls including the accurate calculation of the number of days past due. • We tested the application of the qualitative criteria in the classification of loans and advances. • We tested the reliability and reasonableness of information used for estimating probability of default and loss given default. • We tested the reasonableness of the forward-looking parameters. • We challenged the basis for establishing the correlation between forward looking parameters and the bank's non-performing loan trends. • We agreed the collateral values used in the impairment model to valuation reports. • We tested the reasonableness of the expected cash flows and challenged assumptions regarding recovery costs and recovery periods used to estimate the recoverable amount of collateral for secured facilities. • We reviewed the adequacy of disclosures.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF I&M BANK (T) LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Income tax assessment on thin capitalization. The Bank received a significant assessment amounting to TZS 9.3 billion from the revenue authority in respect of thin capitalization (deductibility of interest expenses for current income tax purposes depending on the debt-to-equity ratio and foreign shareholding). Using the best available information and with input from external tax experts, the directors exercised significant judgement in concluding whether the assessment results in an actual or contingent liability. We focused on this matter because of the quantum of the assessed amount and the significance of the directors' judgements. Details of the matter have been included in Note 32 to the financial statements.	We performed the following audit procedures: 1. We read and understood the assessment issued by the revenue authority. 2. We read and understood the income tax laws that underpin the assessment issued by the revenue authority. 3. This being a banking industry wide matter: a. We considered past practice by the revenue authority in their review of the tax affairs of banks considering there have been no changes in the income tax act during the year. b. We obtained an understanding of the banking industry initiative to resolve this matter including interactions with key stakeholders. 4. We read and understood the objections filed by the Bank in response to the assessment issued by the revenue authority. 5. We held discussions with senior officials of the Bank to understand the basis for the conclusions reached by the Bank. 6. We sought advice from auditor's tax expert. 7. We tested the adequacy of the financial statements disclosures.

Other information

The Directors are responsible for the other information. The other information comprises corporate information, abbreviations, the report by those charged with governance, statement of directors' responsibilities and declaration of the head of finance 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 the requirements of the Companies Act, No. 12 of 2002, 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF I&M BANK (T) LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 judgement and maintain professional scepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Company'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 Company 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action 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

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes. As required by the Companies Act, No. 12 of 2002 we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Patrick Kiambi

Patrick M Kiambi – TACPA 2576
For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date: 31-03-2025 | 13:32 EAT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023 Restated
		TZS '000	TZS '000
Interest income	7	97,877,323	72,535,670
Interest expense	8	(31,155,661)	(25,381,444)
Net interest income		**66,721,662**	**47,154,226**
Fee and commission income	9	7,635,417	5,907,175
Fee and commission expense	9	(34,358)	(73,638)
Net fee and commission income		**7,601,059**	**5,833,537**
Revenue		**74,322,721**	**52,987,763**
Net trading income	10	7,736,463	6,654,703
Net income arising from derecognition of financial assets measured at FVOCI		33,811	166,018
Net change in fair value of financial assets measured at FVTPL		11,220	36,470
Other operating income	11	6,993,130	4,356,991
Dividend income	12	22,556	20,756
Net operating income before change in expected credit losses and other credit impairment charges		**89,119,901**	**64,222,701**
Net impairment charge on loans and advances	17(c)	(21,875,943)	(23,535,391)
Net operating income		**67,243,958**	**40,687,310**
Staff costs	13	(16,892,625)	(14,616,516)
Premises and equipment costs	13	(1,195,087)	(891,164)
General administrative expenses	13	(26,381,930)	(16,491,899)
Depreciation and amortisation	13	(4,471,165)	(3,329,209)
Operating expenses		**(48,940,807)**	**(35,328,788)**
Profit before tax		**18,303,151**	**5,358,522**
Income tax charge	14(a)	(3,139,461)	(590,685)
Profit after tax for the year		**15,163,690**	**4,767,837**
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
-Fair value loss arising during the year		(6,061)	(70,574)
Gain on government securities-FVOCI reclassified to P&L	**18c**	(16,430)	-
Tax thereon		6,747	21,172
Other comprehensive income, net of tax		**(15,744)**	**(49,402)**
Total comprehensive income for the year		**15,147,946**	**4,718,435**

The notes set out on pages 68 to 152 form an integral part of these financial statements.
Auditor's report is on pages 59 to 62

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024	2023 Restated
		TZS '000	TZS '000
ASSETS			
Cash and balances with Bank of Tanzania	15	86,527,215	51,793,458
Loans and advances to banks	16	61,038,155	39,543,172
Loans and advances to customers	17	435,023,035	449,814,091
Due from group companies	33(c)	7,730,343	3,765,445
Investment in government securities:			
- At amortised cost	18(a)	165,676,022	151,753,391
- At FVOCI	18(b)	-	1,539,707
- At FVTPL	18(c)	1,688,839	3,192,275
Equity investment at FVOCI	19	1,013,750	1,013,750
Current income tax recoverable	14(c)	2,461,684	2,500,938
Property and equipment and right of use asset	20	13,715,097	11,416,068
Intangible assets - software	21	3,136,665	3,170,904
Deferred tax asset	22	12,562,103	12,332,516
Other assets	23	13,391,814	8,030,874
TOTAL ASSETS		**803,964,722**	**739,866,589**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Deposits from banks	24	57,529,859	20,026,776
Deposits from customers	25	548,921,860	549,075,399
Due to group companies	33(c)	50,862,574	45,535,149
Lease liabilities	35	7,052,665	8,040,421
Provisions	26	879,990	-
Other liabilities	27	15,687,795	9,306,811
Long term borrowing	28	3,276,176	3,276,176
		684,210,919	**635,260,732**
Shareholders' equity			
Share capital	29(b)	23,954,016	23,954,016
Share premium	29(b)	31,528,228	31,528,228
Retained earnings		56,143,597	27,152,132
Statutory reserve		7,857,958	21,685,733
Fair value reserve		270,004	285,748
		119,753,803	**104,605,857**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**803,964,722**	**739,866,589**

The financial statements set out on pages 63 to 152 were approved and authorised for issue by the Board of Directors on: 31-03-2025 | 13:32 EAT and were signed by:

Name: Mr.Jamhuri Ngelime **Title: Director** ____________________
Signature

Name: Mr. Alan Mchaki **Title: Director** ____________________
Signature

The notes set out on pages 68 to 152 form an integral part of these financial statements.
Auditor's report is on pages 59 to 62

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

2024:	Share capital	Share premium	Retained earnings	Statutory reserve	Fair value reserve	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 1 January 2024	**23,954,016**	**31,528,228**	**27,152,132**	**21,685,733**	**285,748**	**104,605,857**
Total comprehensive income for the year						
Profit for the year	-	-	15,163,690	-	-	15,163,690
	-	-	15,163,690	-	-	**15,163,690**
Other comprehensive income						
Statutory credit reserve	-	-	13,827,775	(13,827,775)	-	-
FVOCI revaluation loss					(6,061)	(6,061)
Gain on government securities-FVOCI reclassified to Profit or loss on sale	-	-	-	-	(16,430)	(16,002)
Other comprehensive income	**-**	**-**	**-**	**-**	**(22,491)**	**(22,063)**
Less: Tax thereon	-	-	-	-	6,747	6,619
Other comprehensive income, net of tax	-	-	-	-	**(15,744)**	**(15,444)**
Total other comprehensive income	-	-	**13,827,775**	**(13,827,775)**	**(15,744)**	**(15,744)**
Total comprehensive income	-	-	**28,991,465**	**(13,827,775)**	**(15,744)**	**15,147,946**
Total transactions with owners for the year	-	-	-	-	-	-
Balance as at 31 December 2024	**23,954,016**	**31,528,228**	**56,143,597**	**7,857,958**	**270,004**	**119,753,803**

The notes set out on pages 68 to 152 form an integral part of these financial statements.
Auditor's report is on pages 59 to 62

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2023:	Share capital	Share premium	Retained earnings	Statutory reserve	Fair value reserve	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 1 January 2023	**23,192,000**	**18,090,228**	**39,190,834**	**4,879,194**	**335,150**	**85,687,406**
Total comprehensive income for the year						
Profit for the year	-	-	4,767,837	-	-	**4,767,837**
	-	**-**	**4,767,837**	**-**	**-**	**4,767,837**
Other movements						
Statutory credit reserve			(16,806,539)	16,806,539	-	-
Revaluation - FVOCI- net of tax	-	-	-	-	(49,402)	(49,402)
Total other comprehensive income	**-**	**-**	**(16,806,539)**	**16,806,539**	**(49,402)**	**(49,402)**
Total comprehensive income and other movements	**-**	**-**	**(12,038,702)**	**16,806,539**	**(49,402)**	**4,718,435**
Transactions with owners recorded directly in equity						
Rights issue	762,016	13,438,000	-	-	-	14,200,016
Total transactions with owners for the year	**762,016**	**13,438,000**	**-**	**-**	**-**	**14,200,016**
Balance as at 31 December 2023	**23,954,016**	**31,528,228**	**27,152,132**	**21,685,733**	**285,748**	**104,605,857**

The notes set out on pages 68 to 152 form an integral part of these financial statements.
Auditor's report is on pages 59 to 62

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023 Restated
		TZS '000	TZS '000
Net cash flows generated from operating activities	30(a)	**74,820,434**	**9,814,423**
Tax paid	14(c)	(3,329,794)	(2,670,000)
Interest on lease liabilities	35(ii)	(807,961)	(250,569)
		70,682,679	**6,893,854**
Cash outflows from investing activities			
Purchase of property and equipment	20	(4,086,202)	(183,060)
Purchase of intangible assets	21	(1,478,461)	(1,520,995)
Dividends received	12	22,556	20,756
Net cash generated from/(used in) investing activities		**(5,542,107)**	**(1,683,299)**
Cash inflows/(outflows) from financing activities			
Payment of lease liabilities	35(ii)	(1,604,813)	(1,266,048)
Repayment of long term borrowings	28	-	(9,487,473)
Interest on long term borrowings	28	(244,418)	(1,283,274)
Proceeds from Issuance of Share Capital		-	14,200,016
Net cash (outflows)/inflows from financing activities		**(1,849,231)**	**2,163,221**
Net increase in cash and cash equivalents		**63,291,341**	**7,373,776**
Cash and cash equivalents at start of the year		**85,530,851**	**76,267,169**
Effect of movements on exchange rates on cash and cash equivalents held		(1,564,292)	1,889,906
Cash and cash equivalents at end of the year	30(b)	**147,257,900**	**85,530,851**

The notes set out on pages 68 to 152 form an integral part of these financial statements.
Auditor's report is on pages 59 to 62

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. REPORTING ENTITY

I&M Bank (T) Limited ('the Bank') is a limited liability company incorporated and domiciled in Tanzania. The Bank's shares are not publicly traded. The address of its registered office and place of business is:

I&M House@1046,
Haile Selassie Road, Masaki,
PO Box 1509,
Dar es Salaam,
Tanzania.

The financial statements of I&M Bank (T) Limited for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors and were signed on their behalf as shown in the statement of financial position.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Bank's financial statements for the year 2024 have been prepared in accordance with IFRS Accounting Standards (IFRS) and in the manner required by the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

(b) Basis of measurement

These financial statements have been prepared under the historical cost basis of accounting except for the financial assets classified as Fair Value through Profit or Loss (FVTPL), Fair Value through Other Comprehensive Income (FVOCI) and amortised cost.

(c) Functional and presentation currency

These financial statements are presented in Tanzania Shillings (TZS), which is also the Bank's functional currency. All financial information presented in TZS have been rounded to the nearest thousand except where otherwise stated.

(d) Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

In particular information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 5.

The classification of financial assets includes the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. See Note 3(f)(ii).

The impairment of financial instruments includes the assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses (ECL). See Notes 3(f)(iii) and 5(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Foreign currency

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

(b) Income recognition

Income is derived substantially from banking business and related activities and comprises net interest income and fee and commission income.

Gains and losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss, as well as any interest receivable or payable, are included in profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of FVOCI financial assets, other than foreign exchange gains or losses from monetary items, are recognised directly in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss.

(b) Income recognition (continued)

(i) Net interest income

Effective interest rate and amortised cost

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Income recognition (continued)

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 3(f)(iii).

Presentation

Interest income and expense presented in the statement of profit or loss and OCI include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

(ii) Net fee and commission income

Fee and commission income and expenses that are integral to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income – including account servicing fees and sales commissions – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Income recognition (continued)

(iii) Net trading income and net income on financial assets at fair value through profit or loss

'Net trading income and net income on financial assets at fair value through profit or loss' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

Income is derived substantially from banking business and related activities and comprises net interest income and fee and commission income.

Gains and losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss, as well as any interest receivable or payable, are included in profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of financial assets through other comprehensive income (FVOCI), other than foreign exchange gains or losses from monetary items, are recognised directly in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss.

(c) Other operating income

Other operating income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes, interest and foreign exchange differences. It also includes rental income, gain on disposal of property and equipment and recoveries income from previously written-off loans.

(d) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of operating income.

(e) Income tax

(i) Income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax also includes any tax arising from dividends.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences arising on the initial recognition of goodwill.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Income tax (Continued)

ii) Deferred tax (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Bank has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(f) Financial assets and financial liabilities

(i) Recognition and initial measurement

The bank initially recognises loans and advances, deposits and debt securities on the date at which they are originated. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are initially recognised on the trade date on which the bank becomes a party to the contractual provision of the instrument.

A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue. Subsequent to initial recognition, financial liabilities (deposits and debt securities) are measured at their amortized cost using the effective interest method.

(ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets and liabilities (continued)

(ii) Classification – continued

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI Test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The bank holds a portfolio of long-term fixed rate loans for which the bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty.

The bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets and liabilities (continued)

(ii) Classification - continued

Debt instruments measured at amortised cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these instruments is recognized in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship.

When designated in a fair value hedge relationship, any changes in fair value due to changes in the hedged risk are recognized in Non-interest income in the Statement of Profit or Loss and Other Comprehensive Income. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Non-interest income in the Statement of Profit or Loss and Other Comprehensive Income on an average cost basis. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ACL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the Statement of Financial Position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to Provision for credit losses in the Statement of Profit or Loss and Other Comprehensive Income. The accumulated allowance recognised in OCI is recycled to the Statement of Profit or Loss and Other Comprehensive Income upon derecognition of the debt instrument.

Debt instruments measured at FVTPL

Debt instruments are measured at FVTPL if assets:

(i) Are held for trading purposes;
(ii) Are held as part of a portfolio managed on a fair value basis; or
(iii) Whose cash flows do not represent payments that are solely payments of principal and interest.

These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Profit or Loss and Other Comprehensive Income as part of Non-interest income. Realized and unrealized gains and losses are recognized as part of Non-interest income in the Statement of Profit or Loss and Other Comprehensive Income.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Financial assets and liabilities (continued)

(ii) Classification - continued

Debt instruments designated at FVTPL

Financial assets classified in this category are those that have been designated by the Bank upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimate of fair value can be obtained.

Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial assets designated at FVTPL are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in Non-interest income in the Statement of Profit or Loss and Other Comprehensive Income.

Equity instruments

The bank has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, at FVOCI. The fair value changes, including any associated foreign exchange gains or losses, are recognized in OCI and are not subsequently reclassified in the Statement of Profit or Loss and Other Comprehensive Income, including upon disposal. Realized gains and losses are transferred directly to retained earnings upon disposal. Consequently, there is no review required for impairment. Dividends will normally be recognized in the Statement of Profit or Loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the bank changes its business model for managing financial assets.

Financial liabilities

The bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised.

(iii) Impairment

The bank recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments (amortised cost and FVOCI) including loans and advances;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date i.e. balances held with central banks, domestic government bills and bonds, and loans and advances to banks; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition i.e. stage 1 (see Note 4(a)(iii).

The bank considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets and liabilities (continued)

(iii) Impairment - continued

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Significant Increase in Credit Risk

The bank's criteria for assessing significant increase in credit risk are defined at the appropriate product or portfolio level and vary based on the exposure's credit risk at origination. These are largely determined by the Prudential Guidelines Classification. The criteria include relative changes in PD and delinquency backstop when contractual payments are more than 30 days past due. Credit risk has increased significantly since initial recognition when one of the criteria is met.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date(stage 1 and 2): as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the bank expects to receive);
- financial assets that are credit-impaired at the reporting date (stage 3): as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the bank if the commitment is drawn down and the cash flows that the bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the bank expects to recover. See also Note 5(a).

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see note 3(f)(iv)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as stage 3 financial assets). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets and liabilities (continued)

(iii) Impairment – continued

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the bank on terms that the bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that is overdue for 90 days or more is considered impaired. In addition, a loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Government securities

In making an assessment of whether an investment in sovereign debt (Government Bills and bonds, Balances due from central banks) is credit-impaired, the Bank considers the following factors;

- The country's ability to access own local capital markets for new debt issuance.
- The respective government ability to maintain sovereignty on its currency
- The intentions and capacity, reflected in public statements, of governments and agencies honor these commitments.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Financial assets at both amortised and FVOCI are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the bank's procedures for recovery of amounts due.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets and liabilities (continued)

(iv) De-recognition

Financial assets

The bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the bank is recognised as a separate asset or liability.

The bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(v) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

The impact of modifications of financial assets on the expected credit loss calculation is discussed in Note 4 (a) (iii).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets and liabilities (continued)

(v) Modifications of financial assets and financial liabilities (continued)

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(vi) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(g) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measure at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of net exposure to either market or credit risk are measure on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank measure fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Fair value measurement (continued)

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.
- Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models.
- Assumptions and inputs used in valuation techniques include risk-free and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates and correlations.
- The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(H CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows in the financial statements, cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(I) PROPERTY AND EQUIPMENT

Items of property and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the asset.

Subsequent expenditure is capitalised only when it is probable that future economic benefits of the expenditure will flow to the Bank. On-going repairs and maintenance are expensed as incurred.

Depreciation is charged on a straight-line basis to allocate the cost of each asset, to its residual value over its estimated useful life as follows:

Description	Rate
Motor vehicles	25.00%
Furniture, fixtures and fittings	12.50%
Office equipment	12.50%
Computer equipment	20.00%
Residential furniture	33.33%
Leasehold improvements	12.50% or over the period of lease if shorter than 8 years

Depreciation is recognised in profit or loss. The assets' residual values and useful lives are reviewed and adjusted as appropriate, at each reporting date.

Any gains or losses on disposal of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in other income in profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Intangible assets

Computer software

The costs incurred to acquire and bring to use specific computer software licences are capitalised. Software is measure at cost less accumulated amortisation and accumulated impairment from the date it is available for use. The costs are amortised on a straight-line basis over the expected useful lives, from the date it is available for use, not exceeding five years. Costs associated with maintaining software are recognised as an expense as incurred.

Amortisation methods, residual values and useful lives are reviewed and adjusted as appropriate, at each reporting date.

(k) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and group. Impairment losses are recognised in the profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Employee benefits

(i) Defined contribution plan

The Bank and its employees contribute to National Social Security Fund on a mandatory basis. These are defined contribution schemes. Employees contribute 10% while the Bank contributes 10% to the scheme. A defined contribution scheme is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Bank's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

(ii) Leave accrual

The monetary value of the unutilised leave by staff as at year end is recognised within accruals and the movement in the year is debited/credited to the profit or loss.

(m) Share capital and share issue costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of an equity instrument are deducted from initial measurement of the equity instruments.

(n) Dividends

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been ratified at the Annual General Meeting.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Contingent liabilities

Letters of credit, acceptances and guarantees are not recognised and are disclosed as contingent liabilities. Estimates of the outcome and the financial effect of contingent liabilities is made by management based on the information available up to the date the financial statements are approved for issue by the directors. Any expected loss is charged to profit or loss.

(p) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

(q) Comparative information

Where necessary, comparative figures have been restated to conform with changes in presentation in the current year.

(r) Financial Guarantees

In the ordinary course of business, the Bank issues financial guarantees, consisting of payment guarantees, performance guarantee and bid guarantees and all these guarantees are cash secured. Financial guarantees are off-balance sheet instruments therefore not recognised in the financial statements but disclosed separately. Bank's liability under each guarantee is measured at the higher of the amount on face value of the guarantee and the value of cash deposits against that particular guarantee. All guarantees are fully secured with no exposure to the bank.

(s) Leases

At inception of a contract, the Bank assesses whether a 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.

This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

The Bank acting as a lessee.

The Bank leases a number of branch and office premises. The leases typically run for a period of 5 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every year whenever there are changes in the market rentals.

At inception of a contract, the Bank assesses whether a 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.

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The right of use asset is amortised over an average of three years or lease tenure.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(s) Leases (continued)

The Bank acting as a lessee (continued)

The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Bank re-measures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Bank presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets.

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets (USD 500 or less) and short-term leases (1 year or less). The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(t) New standards, amendments and interpretations

(i) New and amended standards adopted by the Bank

The following standards have been adopted by the Bank for the first time for the financial year beginning on 1 January 2024, but do not have a significant impact.

International Financial Reporting Standards and amendments effective for the first time for December 2024 year-ends		
Number	**Effective date**	**Executive Summary**
Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(t) New standards, amendments and interpretations (continued)

(ii) New and amended standards not yet effective.

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(t) New standards, amendments and interpretations (continued)

(ii) New and amended standards not yet effective (continued)

Number	Effective date	Executive Summary
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027 (Published May 2024)	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT

This section provides details of the Bank's exposure to risk and describes the methods used by management to control risk.

Financial risk

Significant types of risk to which the Bank is exposed are credit risk, liquidity risk, market risk and operational risk. Market risk includes foreign exchange risk, interest rate risk and price risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

The Board of Directors of the Bank has delegated responsibility of the management of credit risk to the Board Credit Committee. Further, the Bank has its own Credit Risk Management Committee that reports to the Board Credit Committee. The Bank's credit exposure at the reporting date from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive or negative fair value at that date, as recorded on the statement of financial position.

The risk that the counter-parties to trading instruments might default on their obligation is monitored on an on-going basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive or negative fair value and to the volatility of the fair value of trading instruments over their remaining life.

To manage the level of credit risk, the Bank deals with counter parties of good credit standing wherever possible and when appropriate, obtains collateral.

An assessment of the extent to which fair values of collaterals cover existing credit risk exposure on loans and advances to customers is highlighted below.

(i) Credit quality analysis

The Bank also monitors concentrations of credit risk that arise by industry and type of customer in relation to group loans and advances to customers by carrying a balanced portfolio. The Bank has no significant exposure to any individual customer or counter-party.

To determine impairment of loans and advances, the Bank assesses whether it is probable that it will be unable to collect all principal and interest according to the contractual terms of the loans and advances.

(a) The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. See accounting policy on Note 3(f) (iii) for the explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(i) Credit quality analysis (continued)

2024:

Risk classification	12 month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total 31 December 2024
	TZS' 000	TZS' 000	TZS' 000	TZS' 000
Loans and advances to Customers at amortised cost				
Stage 1	346,255,867	-	-	346,255,867
Stage 2	-	63,624,150	-	63,624,150
Stage 3	-	-	37,615,732	37,615,732
Gross carrying amount	**346,255,867**	**63,624,150**	**37,615,732**	**447,495,749**
Expected Credit Loss	(1,436,243)	(1,051,839)	(9,984,632)	(12,472,714)
Carrying amount	**344,819,624**	**62,572,311**	**27,631,100**	**435,023,035**

2023:

Risk classification	12 month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total 31 December 2023
	TZS' 000	TZS' 000	TZS' 000	TZS' 000
Loans and advances to Customers at amortised cost				
Stage 1	349,667,811	-	-	349,667,811
Stage 2	-	53,450,844	-	53,450,844
Stage 3	-	-	85,419,774	85,419,774
Gross carrying amount	**349,667,811**	**53,450,844**	**85,419,774**	**488,538,429**
Expected Credit Loss	(1,336,020)	(421,623)	(36,966,695)	(38,724,338)
Carrying amount	**348,331,791**	**53,029,221**	**48,453,079**	**449,814,091**

The Bank has estimated that the ECL for the following financial assets was not significant as at 31 December 2024. These financial assets have been assessed to be in Stage 1 (low credit risk).

	2024	2023
	TZS '000	TZS '000
Balances with central banks	78,330,303	45,808,399
Loans and advances to banks	61,038,155	39,543,172
Government securities at FVOCI	-	1,539,707
Government securities at FVTPL	1,688,839	3,192,275
Government securities at amortised cost	165,676,022	151,753,391
Due from group companies	7,730,343	3,765,445
Other assets	10,104,727	5,793,709
	324,568,389	**251,396,098**

Other assets excludes prepayments and tax receivables which are non-financial assets

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(i) Credit quality analysis (continued)

The following shows the grading of loans and advances to customers in line with local prudential guidelines

	2024	2023
Loans and advances to customers	**TZS '000**	**TZS '000**
Identified impairment:		
Grade 3: Substandard	14,869,722	20,261,769
Grade 4: Doubtful	13,777,516	18,703,393
Grade 5: Loss	8,968,494	46,454,612
	37,615,732	**85,419,774**
Specific allowance for impairment	(9,984,632)	(36,966,695)
Carrying amounts	**27,631,100**	**48,453,079**
Unidentified impairment:		
Grade 2: Watch	63,624,150	53,450,844
Grade 1: Normal	346,255,867	349,667,811
	409,880,017	**403,118,655**
Portfolio impairment provision	(2,488,082)	(1,757,643)
Carrying amounts	**407,391,935**	**401,361,012**
Total carrying amounts	**435,023,035**	**449,814,091**

	Gross	Net
Identified impairment:	**TZS '000**	**TZS '000**
31 December 2024		
Grade 3: Substandard	14,869,722	12,348,062
Grade 4: Doubtful	13,777,516	12,795,620
Grade 5: Loss	8,968,494	2,487,418
	37,615,732	**27,631,100**
31 December 2023		
Grade 3: Substandard	20,261,769	14,672,819
Grade 4: Doubtful	18,703,393	14,725,346
Grade 5: Loss	46,454,612	19,054,914
	85,419,774	**48,453,079**
Unidentified impairment:		
31 December 2024		
Grade 1: Normal	346,255,867	344,819,624
Grade 2: Watch	63,624,150	62,572,311
	409,880,017	**407,391,935**
31 December 2023		
Grade 1: Normal	349,667,811	348,331,791
Grade 2: Watch	53,450,844	53,029,221
	403,118,655	**401,361,012**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(i) Credit quality analysis (continued)

Impaired loans and advances

Impaired loans and advances are loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s). These loans are graded 3 (substandard) to 5 (loss) in the Bank's internal credit risk and grading system.

Neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed with reference to the bank's internal rating system. All such loans must be performing in accordance with the contractual terms and are expected to continue doing so. Loans in this category are fully protected by their current sound net worth and paying capacity of the borrower. These loans and advances are categorised as normal in line with BOT prudential guidelines.

Past due but not impaired loans and advances

These are loans and advances where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Bank. These loans are stage 2 (watch) in the Bank's internal credit risk and grading system.

(ii) Collateral and other security enhancements

The Bank holds collaterals against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimate of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowings activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2024 or 2023.

An estimate of the fair value of collateral held against impaired loans is shown below:

	2024	2023
	TZS '000	TZS '000
Fair value of collateral held – against impaired loans	31,032,772	92,857,392

(iii) Amounts arising from ECL

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised 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.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

Expected credit loss measurement (Continued)

- 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.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.
- 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).

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. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The loan segmentation in the ECL model is categorised as per the below sectors where applicable: Agriculture, Trade, Building and Construction, Education, Housing, Hotel, Manufacturing, Mining & Quarrying, Personal, Real Estate, Other services, Transport and Communication and Tourism.

The following exposures are assessed individually:

- Stage 3 loans and overdraft facilities
- Properties in repossession proceedings

The appropriateness of these groupings is periodically reviewed by the Credit Risk team. The Bank groups exposures based on product type, with segmentation by sector incorporated as follows

Secured term loans - Includes term loans secured by collateral such as legal mortgage, guarantees, or cash cover. This group consists of Corporate Loans, Special Asset Loans, Invoice Financing Loans, Personal Loans with cash cover, SME Loans, Staff Mortgages, and Car Loans. These loans are further segmented into the relevant sectors such as Trade, Manufacturing, and Real Estate.

Unsecured term loans - Includes all unsecured facilities such as Staff Loans and Personal Loans, with segmentation applied based on the borrower's sector where applicable.

Digital loans – Includes short-term overdrafts issued to mobile network operator customers, categorized under the Personal sector.

Overdrafts – Includes all overdraft advances issued to Corporate customers, SMEs and Personal loans. These overdrafts are classified based on the industry sector, such as Trade, Transport & Communication, and Tourism.

Off balance sheet items – Includes all financial guarantees, letters of credit, and unutilized loan commitments, categorized according to the industry sector of the underlying exposure.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis based on the Bank's historical experience and expert credit assessment and including forward-looking information.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

Significant increase in credit risk (continued)

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Credit risk grading

Other than for loans and advances to banks and investment securities where the Bank relies on internal credit rating models, the Bank relies substantially on the prudential guidelines applicable in the market it operates in for credit risk grading that reflect its assessment of the probability of default of individual counterparties.

In addition, the prudential guidelines are supplemented

- by 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).
- External data such as credit bureau scoring information on individual borrowers.
- Expert judgement from the Credit Risk Officer to be fed into the final credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

The following are additional considerations for each type of portfolio held by the Bank:

Customer loans and advances

After the date of initial recognition, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score and any other known information about the borrower which impacts their creditworthiness.
In addition, a relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis.

Loans and advances to banks

The Bank considers both qualitative and quantitative criteria to determine whether a credit facility to other banks has experienced a significant increase in credit risk. This is done through internal rating system.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction (country) and borrower and type of product as well as by credit risk grading.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and exchange rate.

Based on advice from the Risk Committees and economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Bank then uses these forecasts to adjust its estimates of PDs.

Management agreed to adopt the bounded regression technique as opposed to the current practice of manual capping, in coming up with their forecasted Probability of Default (PDs). This technique ensures that by default, the resultant PDs fall within the range of 0 and 1 with minimal manual interventions.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Determining whether credit risk has increased significantly (continued)

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined by considering any grace period that might be available to the borrower.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria is capable of identifying significant increase in credit risk when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative – e.g., breaches of covenant.
- quantitative – e.g., overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Assets and Liabilities Committee (ALCO) and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the International Monetary Fund (IMF), World Bank, Bank of Tanzania and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. The Banking Industry non-performing loans (NPL %) was a reasonable approximation to the default risk. The correlation between the Banking Industry non-performing loans (NPL%) with the macroeconomic factors was then inferred to the Bank's predicated Probabilities of Default. Further, in determining the economic scenarios to be applied, each of the economic variable was adjusted either upside or downside using the historical standard deviation.

Base Case- These are the forecasted probabilities of default under current normal macro-economic conditions.

Pessimistic Case/ Downside - These are the forecasted probabilities of default under adverse macro-economic conditions obtained by stressing the current macro-economic variables by the mean standard deviation.

Optimistic Case/ Upside - These are the forecasted probabilities of default under a positive macro-economic outlook obtained by stressing the current macro-economic variables by the mean standard deviation.

The weights are developed based on the average number of loans under default for the past 24 months considering the distribution of the default rates around the mean standard deviation.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

Incorporation of forward-looking information (continued)

The constant rate used in macroeconomic variables refers to a scenario where a particular macroeconomic variable is assumed to remain unchanged over the forecast period instead of following a dynamic or forward-looking projection.

The most significant period-end macroeconomic factors used for the ECL estimate as at 31 December are set our below. The scenarios "base", "upside" and "downside" were used for all portfolios.

Significant macroeconomic factors based on sectors.

		2024		
Macro-Economic Variable	Coefficient/ Sensitivity	Base %	Upside %	Downside %
Weighting		**70.83%**	**12.50%**	**16.67%**
Agriculture				
Repo rate	35.1494	5.30%	4.18%	6.42%
Constant rate	(1.7051)			
Hotel and Restaurant				
Repo rate	30.047	5.30%	7.06%	3.54%
Savings rate	(90.713)	8.12%	7.79%	9.88%
Constant rate	4.833			
Trade				
Repo rate	11.6651	5.30%	6.42%	4.18%
Savings rate	(30.7552)	8.11%	7.79%	8.44%
Constant rate	(0.7475)			
Services				
91 Day T-bills	(42.616)	5.60%	4.14%	7.07%
Savings rate	(174.346)	8.12%	7.79%	8.44%
Constant rate	12.597			
Personal loan				
91 Day T-bills	14.379	5.60%	7.07%	4.14%
364 Day T-bills	11.517	10.12%	11.76%	8.47%
Constant rate	(4.768)			
Building and Construction				
364 Day T-bills	18.345	9.98%	11.63%	8.33%
Foreign exchange rates	9.6169	(4.04%)	(1.53%)	(6.54%)
Constant rate	(1.8363)			
Real Estate				
Central bank rate	10.4955	6.00%	6.23%	5.77%
Inflation rate	27.9332	3.02%	3.07%	2.97%
Constant rate	(3.8675)			
Manufacturing				
Interbank rate	(23.682	7.28%	6.91%	7.66%
Currency exchange rates	7.985	0.87%	1.10%	0.64%
Public debt to GDP	109.818	36.13%	36.19%	36.06%
Constant rate	(42.583)			

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

Significant macroeconomic factors based on sectors (continued)

			2023	
Macro-Economic Variable	Coefficient/ Sensitivity	Base %	Upside %	Downside %
Weighting		**58.3%**	**29.7%**	**12.0%**
Agriculture				
Interbank rate	67.285	2.49%	2.73%	2.25%
Public Debt to GDP	38.455	34.96%	35.27%	34.65%
Constant rate	(17.359)			
Hotel and Restaurant				
Interbank rate	36.923	2.43%	2.67%	2.19%
Savings rate	(67.541)	7.25%	7.51%	6.99%
Constant rate	2.896			
Trade				
Interbank rate	14.146	2.43%	2.67%	2.19%
Public debt to GDP	71.155	35.53%	35.84%	35.22%
Constant rate	(29.399)			
Services				
Interbank rate	170.8519	7.26%	7.00%	7.52%
Constant rate	(7.7881)			
Personal loan				
364 Day T-bills	27.9922	7.87%	8.79%	6.95%
Constant	(5.1235)			

Measurement of ECL - Explanation of inputs, assumptions and estimation techniques

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PDs are estimates at a certain date, which are calculated based on statistical models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for loans and advances to banks and investment securities.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

Measurement of ECL (Continued)

Loss Given Default (LGD) represents the Banks'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 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed. For unsecured products, LGD's are assessed based on recovery experience.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- segment type; and
- credit risk quality

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

Measurement of ECL (continued)

ECL - Sensitivity analysis – Stage 1 and 2 of non-digital loans

For the purposes of the Bank's actual weighting of its economic scenarios, a 58.3% probability weighting is applied to the baseline scenario; with a 29.7% and 12.0% probability weighting applied to the upside and downside scenarios, respectively. However, given the level of uncertainty required in the determination of ECL, the Bank has conducted a sensitivity analysis in order to indicate the impact on the ECL when assigning a probability weighting of 100% to each macroeconomic variable scenario. The analysis only reflects the impact of changing the probability assigned to each scenario to 100% and does not include management adjustments required to provide a more appropriate assessment of risk.

	ECL allowance after the change		Increase/Decrease in ECL allowance	
	2024	2023	2024	2023
	TZS'000	TZS'000	TZS'000	TZS'000
100% upside scenario	1,694,057	816,524	419,718	115,747
100% base scenario	1,274,407	675,040	68	(25,737)
100% downside scenario	959,563	551,192	(314,776)	(149,585)

As at 31 December 2024, the Bank assessed what the impact on expected credit losses would be, if 1% of the gross carrying amount of loans and advances to customers in stage 1 experience a SICR and move to stage 2 and vice versa. The ECL changes below include the effect on undrawn committed facilities and guarantees which are reflected as 'other liabilities' in the statement of financial position. This impact has been presented below:

	ECL allowance after the change		Increase/Decrease in ECL allowance	
	2024	2023	2024	2023
	TZS'000	TZS'000	TZS'000	TZS'000
If 1% of stage 1 facilities were included in Stage 2	1,326,256	745,520	51,917	44,743
If 1% of stage 2 facilities were included in Stage 1	1,267,330	697,672	(7,009)	(3,105)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

(iii) Amounts arising from ECL (continued)

Measurement of ECL (continued)

ECL - Sensitivity analysis

	Increase by 5%		Decrease by 5%	
	2024	2023	2024	2023
	TZS'000	TZS'000	TZS'000	TZS'000
Increase/(decrease) in ECL allowance	(767,240)	(1,236,090)	828,036	1,574,607

	Change in realisation period			
	Increase by 1 Year		Decrease by 1 Year	
	2024	2023	2024	2023
	TZS'000	TZS'000	TZS'000	TZS'000
Increase/(decrease) in ECL allowance	1,471,950	2,725,771	(1,127,787)	(3,110,482)

ECL Sensitivity Analysis – Kamilisha digital loans

The Bank conducts periodic stress testing on the impairment allowance by adjusting key assumptions, including changes in loan exposure and loss ratios. The table below presents the impact of various sensitivity scenarios on the impairment allowance as at 31 December 2024.

Scenario	Exposure	Loss Ratio (LR) (%)	ECL Allowance	Change (%)
	(TZS '000)		(TZS '000)	
Base Case	15,821,971	30%	4,801,454	-
Optimistic Case (-5% Exposure, -5% LR)	15,030,873	29%	4,333,312	(10%)
Pessimistic Case (+5% Exp, +5% LR)	16,613,070	32%	5,293,603	10%
Stress Case (+10% Exp, +15% LR)	17,404,168	35%	6,073,839	27%

(i) **Optimistic Case**: Conversely, a 5% reduction in exposure and 5% decrease in loss ratio would reduce impairment by 10%, positively affecting financial performance.
(ii) **Pessimistic Case** : A 5% increase in exposure and 5% increase in loss ratio would result in a 10% rise in impairment provisions, impacting profitability.
(iii) **Stress Case**: A 10% increase in exposure and 15% increase in loss ratio would increase impairment by 27%, impacting profitability.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Write-off policy

The Bank writes off financial assets that have been past due for more than 720 days. Financial assets are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Modified financial assets

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Bank's restructuring activities and their respective effect on the Bank's financial performance:

	2024	2023
	TZS'000	TZS'000
Gross carrying amount	36,973,321	809,400
Net modification gain/(loss)	371,233	(26,644)

The net modification gain above represents the changes in the gross carrying amounts (i.e. before impairment allowance) of the financial assets from immediately before, to immediately after, modification. In majority of cases, this gross gain had been anticipated and already materially reflected within the ECL allowance.

Credit quality of other financial assets

Amounts due from banks

Balances due from other banks are categorized as stage 1. The Loss Given Default (LGD) for these assets is zero hence no impairment was recognized as at 31 December 2024 (2023: Nil). The expected credit loss is expected to be insignificant.

Debt securities, treasury bills and other eligible bills

The Bank holds investments in Treasury Bills and Treasury Bonds issued by the Government. At the end of reporting period, these investments were categorized as stage 1. Bank used PD rated by S&P rating of the country debts security B+ which resulted into PD of 1.86%. The Loss Given Default (LGD) for these assets was 0.072% which was as a transaction cost on assets realisation at Dar es Salaam Stock Exchange (DSE) which resulted in impairment charge of TZS 2.01 million as of 31 December 2024 (2023: Nil).

Balances with Bank of Tanzania and other assets

Other assets are categorized as stage 1, balances with Bank of Tanzania are categorized as stage 1. The Loss Given Default (LGD) for these assets is immaterial hence no impairment was recognized as of 31 December 2024 (2023: Nil).

4. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Concentration of risks of financial assets with credit risk exposure

(i) Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2024. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

2024	Tanzania	Europe	America	Others	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balances with Bank of Tanzania	78,330,303	-	-	-	78,330,303
Loans and advances to Banks	3,042,209	2,616,276	55,034,534	345,136	61,038,155
Loans and advances to customers	435,023,035	-	-	-	435,023,035
Due from group companies	-	-	-	7,730,343	7,730,343
Government securities measured at FVTPL	1,688,839	-	-	-	1,688,839
Government securities at amortised cost	165,676,022	-	-	-	165,676,022
Other assets (excluding prepayments and advances)	10,104,727	-	-	-	10,104,727
As 31 December 2024	**693,865,135**	**2,616,276**	**55,034,534**	**8,075,479**	**759,591,424**
Credit risk exposures relating to off-balance sheet items are as follows:					
Letters of credit	23,063,380	-	-	-	23,063,380
Outstanding guarantees and indemnities	41,212,602	-	-	-	41,212,602
Acceptances and Undrawn balances	61,681,115	-	-	-	61,681,115
As 31 December 2024	**125,957,097**	**-**	**-**	**-**	**125,957,097**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

(i) Geographical sectors (Continued)

2023	Tanzania	Europe	America	Others	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balances with Bank of Tanzania	45,808,399	-	-	-	45,808,399
Loans and advances to Banks	15,214,423	18,937,556	5,064,122	327,071	39,543,172
Loans and advances to customers	449,814,091	-	-	-	449,814,091
Due from group companies	-	-	-	3,765,445	3,765,445
Government securities measured at FVOCI	1,539,707	-	-	-	1,539,707
Government securities measured at FVTPL	3,192,275	-	-	-	3,192,275
Government securities at amortised cost	151,753,391	-	-	-	151,753,391
Other assets (excluding prepayments and advances)	5,793,709	-	-	-	5,793,709
As 31 December 2023	**673,115,995**	**18,937,556**	**5,064,122**	**4,092,516**	**701,210,189**
Credit risk exposures relating to off-balance sheet items are as follows:					
Letters of credit	17,076,505	-	-	-	17,076,505
Outstanding guarantees and indemnities	46,206,334	-	-	-	46,206,334
Acceptances and Undrawn balances	40,041,818	-	-	-	40,041,818
As 31 December 2023	**103,324,657**	**-**	**-**	**-**	**103,324,657**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

(a) **Credit risk (continued)**

Concentration of risks of financial assets with credit risk exposure (continued)

(ii) Industry sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by the industry sectors of its counterparties.

2024:	Financial institutions	Agriculture	Manufacturing	Trade & Services	Government	Transportation& Communication	Building & construction	Real Estate	Others	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balances with Bank of Tanzania	78,330,303	-	-	-	-	-	-	-	-	**78,330,303**
Loans and advances to Banks	61,038,155	-	-	-	-	-	-	-	-	**61,038,155**
Loans and advances to customers	-	26,408,673	112,380,357	142,180,924	-	33,368,916	21,461,131	27,499,525	71,723,509	**435,023,035**
Due from group companies	7,730,343	-	-	-	-	-	-	-	-	**7,730,343**
Government securities measured at FVTPL	-	-	-	-	1,688,839	-	-	-	-	**1,688,839**
Government securities at amortised cost	-	-	-	-	165,676,022	-	-	-	-	**165,676,022**
Other assets (excluding prepayments and advances)	303,273	-	-	-	-	9,801,454	-	-	-	**10,104,727**
At 31 December 2024	**147,402,074**	**26,408,673**	**112,380,357**	**142,180,924**	**167,364,861**	**43,170,370**	**21,461,131**	**27,499,525**	**71,723,509**	**759,591,424**
Credit risk exposures relating to off-balance sheet items are as follows:										
Letters of credit	-	-	2,272,620	15,719,260	-	-	2,989,000	2,082,500	-	**23,063,380**
Outstanding guarantees	-	-	772,357	10,035,104	-	-	28,174,194	-	2,230,947	**41,212,602**
Acceptances and Undrawn balances	-	-	14,582,366	33,451,803	-	548,509	406,429	335,351	12,356,657	**61,681,115**
At 31 December 2024	-	-	**17,627,343**	**59,206,167**	-	**548,509**	**31,569,623**	**2,417,851**	**14,587,604**	**125,957,097**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

(a) Credit risk (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

(ii) Industry sectors (Continued)

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by the industry sectors of its counterparties.

2023:	Financial institutions	Agriculture	Manufacturing	Trade & Services	Government	Transportation& Communication	Building & construction	Real Estate	Others	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balances with Bank of Tanzania	45,808,399	-	-	-	-	-	-	-	-	**45,808,399**
Loans and advances to Banks	39,543,172	-	-	-	-	-	-	-	-	**39,543,172**
Loans and advances to customers	-	30,008,858	123,416,979	116,831,466	-	26,546,279	24,707,428	60,659,254	67,643,827	**449,814,091**
Due from group companies	3,765,445	-	-	-	-	-	-	-	-	**3,765,445**
Government securities measured at FVOCI	-	-	-	-	1,539,707	-	-	-	-	**1,539,707**
Government securities measured at FVTPL	-	-	-	-	3,192,275	-	-	-	-	**3,192,275**
Government securities at amortised cost	-	-	-	-	151,753,391	-	-	-	-	**151,753,391**
Other assets (excluding prepayments and advances)	1,077,928	-	-	-	-	4,715,781	-	-	-	**5,793,709**
At 31 December 2023	90,194,944	30,008,858	123,416,979	116,831,466	156,485,373	31,262,060	24,707,428	60,659,254	67,643,827	**701,210,189**
Credit risk exposures relating to off-balance sheet items are as follows:										
Letters of credit	-	-	1,944,460	12,078,000	-	-	3,054,045	-	-	**17,076,505**
Outstanding guarantees	-	1,000,000	-	7,530,500	-	150,000	35,441,730	-	2,084,104	**46,206,334**
Acceptances and Undrawn balances	-	88,271	7,917,451	21,039,719	-	574,699	-	383,012	10,038,666	**40,041,818**
At 31 December 2023	-	1,088,271	9,861,911	40,648,219	-	724,699	38,495,775	383,012	12,122,770	**103,324,657**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)
(a) Credit risk (continued)

Maximum Exposure to credit risk – Financial instruments subject to impairment

2024:

Loans and advances	12-month ECL		Lifetime ECL Not Credit Impaired		Lifetime ECL Credit Impaired		Total		
	Gross carrying amount	ECL amount	Gross carrying amount	ECL amount	Gross carrying amount	ECL amount	Gross carrying amount	ECL amount	Net carrying amount
	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000
Secured term loans	213,399,700	134,156	23,051,234	33,187	20,727,164	4,943,179	257,178,098	5,110,522	252,067,576
Unsecured term loans	6,156,012	43,222	-	l -	72,737	72,737	6,228,749	115,959	6,112,790
Digital Lending	5,563,242	1,040,883	1,546,684	289,385	8,712,046	3,471,187	15,821,972	4,801,455	11,020,517
Overdraft	121,136,913	217,982	39,026,232	729,267	8,103,785	1,497,529	168,266,930	2,444,778	165,822,152
Gross carrying amount	**346,255,867**	**1,436,243**	**63,624,150**	**1,051,839**	**37,615,732**	**9,984,632**	**447,495,749**	**12,472,714**	**435,023,035**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Maximum Exposure to credit risk – Financial instruments subject to impairment (continued)

2023:

Loans and advances	12 month ECL		Lifetime ECL Not Credit Impaired		Lifetime ECL Credit Impaired		Total		
	Gross carrying amount	ECL amount	Gross carrying amount	ECL amount	Gross carrying amount	ECL amount	Gross carrying amount	ECL amount	Net carrying amount
	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000	TZS' 000
Secured term loans	200,325,149	845,731	19,377,787	78,644	73,375,410	33,107,380	293,078,346	34,031,756	259,046,590
Unsecured term loans	2,058,574	24,990	143,700	41,601	82,514	82,514	2,284,789	149,105	2,135,684
Digital Lending	2,434,815	223,196	901,329	82,623	5,784,513	2,920,127	9,120,657	3,225,946	5,894,711
Overdraft	144,846,504	242,103	33,028,027	218,755	6,180,106	856,673	184,054,637	1,317,531	182,737,106
Gross carrying amount	**349,665,042**	**1,336,020**	**53,450,843**	**421,623**	**85,422,543**	**36,966,695**	**488,538,429**	**38,724,338**	**449,814,091**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Maximum Exposure to credit risk – Financial instruments subject to impairment (continued)

Off balance sheet exposures

	2024	2023
	TZS '000	TZS '000
Contingencies related to:		
Letters of credit	23,063,380	17,076,505
Guarantees	41,212,602	46,206,334
Acceptances and undrawn balance	61,681,115	40,041,818
Gross carrying amount	**125,957,097**	**103,324,657**
Loss allowance	(133,311)	(208,371)
Net carrying amount	**125,823,786**	**103,116,286**

*The off-balance sheet exposures under the credit risk note include only loan commitment and financial contracts that fall within the scope of IFRS 9. Provision for loss allowance relating to off-balance sheet exposures is disclosed under other liabilities.

Loss allowance

The loss allowance recognised 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;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis. This change is incorporated within maintenance stage and other adjustments category.
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements. This change is incorporated within maintenance stage and other adjustments category; 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

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amount

The following tables show reconciliations from the opening to the closing balance of the loss allowance and gross carrying amounts by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3(f)(iii).

Total Loans and advances

2024	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2024	**1,336,020**	**421,623**	**36,966,695**	**38,724,338**	**349,665,042**	**53,450,844**	**85,422,543**	**488,538,429**
Transfer from 12 months ECL (Stage 1)	(100,709)	83,925	16,784	-	(41,137,815)	35,455,542	5,682,273	**-**
Transfer from Lifetime ECL not credit impaired (Stage 2)	43,056	(321,306)	278,250	-	10,388,894	(18,517,180)	8,128,286	**-**
Transfer from Lifetime ECL credit impaired (Stage 3)	7,109,077	557,379	(7,666,456)	-	15,595,438	1,756,984	(17,352,422)	**-**
Net remeasurement of loss allowance*	(6,300,883)	(326,944)	8,253,377	1,625,550	(170,197)	405,036	6,206,364	**6,441,202**
Retained same stage-remeasurement	(4,674)	7,421	2,393,620	2,396,367	(34,909,657)	(1,683,175)	(2,593,899)	**(39,186,733)**
New financial assets originated or purchased	312,473	731,003	28	1,043,504	239,251,902	24,476,303	28	**263,728,233**
Financial assets derecognized	(187,837)	(101,262)	(861,600)	(1,150,699)	(191,660,223)	(31,720,203)	(5,292,587)	**(228,673,013)**
Pre-write off recoveries	-	-	(2,461,237)	(2,461,237)	-	-	(2,461,237)	**(2,461,237)**
Write-Off	(770,280)	-	(26,934,829)	(27,705,109)	(770,286)	-	(40,120,846)	**(40,891,132)**
Balance at 31 December 2024	**1,436,243**	**1,051,839**	**9,984,632**	**12,472,714**	**346,255,867**	**63,624,150**	**37,615,732**	**447,495,749**

*Net remeasurement of loss allowance relates to net changes in ECL and Gross balances of facilities moved to other stages during the year relative to previous year.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)
Changes in loss allowance and gross carrying amounts (continued)

Total Loans and advances (continued)

2023	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2023	**181,096**	**4,526,005**	**29,351,784**	**34,058,885**	**286,298,711**	**43,367,238**	**70,364,624**	**400,030,573**
Transfer from 12 months ECL (Stage 1)	(54,726)	52,036	2,690	-	(44,085,588)	33,837,533	10,248,055	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	-	(4,414,728)	4,414,728	-	-	(14,936,878)	14,936,878	-
Transfer from Lifetime ECL credit impaired (Stage 3)	630,458	-	(630,458)	-	1,041,912	-	(1,041,912)	-
Net remeasurement of loss allowance	508,693	333,537	22,336,920	23,179,150	(127,212,973)	3,288,066	13,639,963	**(110,284,944)**
New financial assets originated or purchased	88,728	8	102,729	191,465	305,943,281	290,397	3,636,228	**309,869,906**
Financial assets derecognised	(18,229)	(75,235)	-	(93,464)	(72,317,532)	(12,395,512)	(471,193)	**(85,184,237)**
Write-off	-	-	(18,611,698)	(18,611,698)	-	-	(25,892,869)	**(25,892,869)**
Balance at 31 December 2023	**1,336,020**	**421,623**	**36,966,695**	**38,724,338**	**349,667,811**	**53,450,844**	**85,419,774**	**488,538,429**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amounts (continued)

(i) Secured term loans

2024	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2024	**845,731**	**78,644**	**33,107,381**	**34,031,756**	**200,325,149**	**19,377,787**	73,375,410	**293,078,346**
Transfer from 12 months ECL (Stage 1)	(8,314)	277	8,037	-	(18,907,181)	15,442,500	3,464,681	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	-	(78,635)	78,635	-	6,270,379	(10,555,223)	4,284,844	-
Transfer from Lifetime ECL credit impaired (Stage 3)	7,109,077	557,379	(7,666,456)	-	15,595,438	1,756,984	(17,352,422)	-
Net remeasurement of loss allowance	(7,077,525)	(533,704)	1,864,746	(5,746,483)	(3,285,655)	(240,319)	(1,906,530)	**(5,432,504)**
Retained same stage-remeasurement	1,241	7,499	2,416,693	2,425,433	(35,252,330)	(2,435,087)	(2,597,128)	**(40,284,545)**
New financial assets originated or purchased	55,420	1,719	-	57,139	114,491,439	1,324,758	-	**115,816,197**
Financial assets derecognized	(21,194)	8	(302,069)	(323,255)	(65,067,259)	(1,620,166)	(791,887)	**(67,479,312)**
Pre-write off recoveries	-	-	(2,461,237)	(2,461,237)	-	-	(2,461,237)	**(2,461,237)**
Write-offs	(770,280)	-	(22,102,551)	(22,872,831)	(770,280)	-	(35,288,567)	**(36,058,847)**
Balance at 31 December 2024	**134,156**	**33,187**	**4,943,179**	**5,110,522**	**213,399,700**	**23,051,234**	**20,727,164**	**257,178,098**

*These loans are further segmented into the relevant sectors such as Manufacturing (25%), Trade (16%), Agriculture (11%), Building and Construction 10%, Transportation and Communication (9%), Real Estate (8%), Hotel and Restaurants 8% and others 13%.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amounts (continued)

(i) Secured term loans (continued)

2023	Provisions (ECL allowance) 12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	Exposure (Gross balance) 12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2023	6,408	4,442,312	23,204,609	27,653,329	152,133,977	35,967,776	56,616,182	**244,717,935**
Transfer from 12 months ECL (Stage 1)	(2,592)	669	1,923	-	(14,312,290)	8,384,713	5,927,577	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	52,134	-4,466,095	4,413,961	-	29,773,298	-40,389,698	10,616,400	-
Transfer from Lifetime ECL credit impaired (Stage 3)	630,458	-	(630,458)	-	1,041,912	-	(1,041,912)	-
Net remeasurement of loss allowance	88,824	176,984	17,661,396	17,927,205	(201,937,497)	27,520,111	17,020,078	**(157,397,308)**
New financial assets originated or purchased	88,728	8	102,729	191,465	305,943,281	290,397	3,636,228	**309,869,906**
Financial assets derecognized	(18,229)	(75,235)	-	(93,464)	(72,317,532)	(12,395,512)	(471,193)	**(85,184,237)**
Write-offs	-	-	(11,646,779)	(11,646,779)	-	-	(18,927,950)	**(18,927,950)**
Balance at 31 December 2023	**845,731**	**78,644**	**33,107,381**	**34,031,756**	**200,325,149**	**19,377,787**	**73,375,410**	**293,078,346**

*These loans are further segmented into the relevant sectors such as Manufacturing (22%), Real Estate (20%) ,Trade (13%), Building and Construction 10%, Transportation and Communication (9%), Agriculture (7%), Hotel and Restaurants 6% and others 13%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amounts (continued)

(ii) Unsecured term loans

2024	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2024	**24,990**	**41,601**	**82,514**	**149,105**	**2,058,574**	**143,701**	**82,514**	**2,284,789**
Transfer from 12 months ECL (Stage 1)	(375)	-	375	-	(65,788)	-	65,788	**-**
Transfer from Lifetime ECL not credit impaired (Stage 2)	41,601	(41,601)	-	-	143,701	(143,701)	-	**-**
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	-	-	-	**-**
Net remeasurement of loss allowance	(41,045)	-	21,572	(19,473)	(18,573)	-	(43,841)	**(62,414)**
Retained stage remeasurement	(5,914)	-	6,904	990	(212,138)	-	6,904	**(205,234)**
New financial assets originated or purchased	39,070	-	29	39,099	5,478,065	-	29	**5,478,094**
Financial assets derecognized	(15,105)	-	-	(15,105)	(1,227,829)	-	-	**(1,227,829)**
Write-offs	-	-	(38,657)	(38,657)	-	-	(38,657)	**(38,657)**
Balance at 31 December 2024	**43,222**	**-**	**72,737**	**115,959**	**6,156,012**	**-**	**72,737**	**6,228,749**

*Unsecured term loans includes Staff Loans and Personal Loans categorized under Personal sector.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amounts (continued)

(ii) Unsecured term loans (continued)

2023	Provisions (ECL allowance) 12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	Exposure (Gross balance) 12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2023	**8,456**	**41,586**	**-**	**50,042**	**4,745,021**	**123,567**	**-**	**4,868,588**
Transfer from 12 months ECL (Stage 1)	(140)	-	140	-	(71,270)	-	71,270	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	-	(466)	466	-	-	(6,156)	6,156	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	16,674	481	81,908	99,063	(2,615,177)	26,290	5,088	**(2,583,799)**
New financial assets originated or purchased	-	-	-	-	-	-	-	-
Financial assets derecognized	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Balance at 31 December 2023	**24,990**	**41,601**	**82,514**	**149,105**	**2,058,574**	**143,701**	**82,514**	**2,284,789**

*Unsecured term loans include Staff Loans and Personal Loans categorized under Personal sector.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amounts (continued)

(iii) Digital Lending (Kamilisha)

2024	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2024	223,196	82,623	2,920,127	3,225,946	2,434,815	901,329	5,784,513	9,120,657
Transfer from 12 months ECL (Stage 1)	-	-	-	-	-	-	-	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	-	-	-	-	-	-	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	817,687	206,762	5,344,682	6,369,131	3,128,427	645,355	7,721,155	**11,494,937**
New financial assets originated or purchased	-	-	-	-	-	-	-	-
Financial assets derecognized	-	-	-	-	-	-	-	-
Write-offs	-	-	(4,793,622)	(4,793,622)	-	-	(4,793,622)	**(4,793,622)**
Balance at 31 December 2024	1,040,883	289,385	3,471,187	4,801,455	5,563,242	1,546,684	8,712,046	15,821,972

*Digital loans include short-term overdrafts issued to mobile network operator customers, categorized under the Personal sector.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amounts (continued)

(iii) Digital Lending (Kamilisha) (continued)

2023	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2023	**64,029**	**36,041**	**2,021,473**	**2,121,543**	**2,285,631**	**1,286,558**	**3,925,471**	**7,497,660**
Transfer from 12 months ECL (Stage 1)	-	-	-		-	-	-	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	-	-	-	-	-	-	-	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	159,167	46,582	7,863,573	8,069,322	149,184	(385,229)	8,823,961	**8,587,916**
New financial assets originated or purchased	-	-	-	-	-	-	-	-
Financial assets derecognized	-	-	-	-	-	-	-	-
Write-offs	-	-	(6,964,919)	(6,964,919)	-	-	(6,964,919)	**(6,964,919)**
Balance at 31 December 2023	**223,196**	**82,623**	**2,920,127**	**3,225,946**	**2,434,815**	**901,329**	**5,784,513**	**9,120,657**

*Digital loans includes short-term overdrafts issued to mobile network operator customers, categorized under the Personal sector.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amounts (continued)

(iv) Overdrafts

2024	Provisions (ECL allowance) 12 month ECL (Stage 1)	Provisions (ECL allowance) Lifetime ECL not credit impaired (Stage 2)	Provisions (ECL allowance) Lifetime ECL credit impaired (Stage 3)	Provisions (ECL allowance) Total	Exposure (Gross balance) 12 month ECL (Stage 1)	Exposure (Gross balance) Lifetime ECL not credit impaired (Stage 2)	Exposure (Gross balance) Lifetime ECL credit impaired (Stage 3)	Exposure (Gross balance) Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2024	**242,103**	**218,755**	**856,673**	**1,317,531**	**144,846,504**	**33,028,027**	**6,180,106**	**184,054,637**
Transfer from 12 months ECL (Stage 1)	(92,019)	83,647	8,372	-	(22,164,845)	20,013,043	2,151,802	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	1,455	(201,070)	199,615	-	3,974,815	(7,818,257)	3,843,442	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	1,000,768	1,000,768	5,604	-	435,581	**441,185**
Retained stage remeasurement	-	(78)	(8,455)	(8,533)	557,579	751,911	(6,447)	**1,303,043**
New financial assets originated or purchased	217,983	729,267	-	947,250	119,282,397	23,151,545	-	**142,433,942**
Financial assets derecognized	(151,540)	(101,254)	(559,444)	(812,238)	(125,365,135)	(30,100,037)	(4,500,699)	**(159,965,871)**
Write-offs	-	-	-	-	(6)	-	-	**(6)**
Balance at 31 December 2024	**217,982**	**729,267**	**1,497,529**	**2,444,778**	**121,136,913**	**39,026,232**	**8,103,785**	**168,266,930**

*Overdrafts is further segmented into Trade (47%), Manufacturing (31%), Transport and Communication (7%), Real estate (4%) and other sectors (11%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

Changes in loss allowance and gross carrying amounts (continued)

(iv) Overdrafts (continued)

2023	Provisions (ECL allowance)				Exposure (Gross balance)			
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2023	**102,203**	**6,065**	**4,125,703**	**4,233,971**	**127,134,082**	**5,989,338**	**9,822,970**	**142,946,390**
Transfer from 12 months ECL (Stage 1)	(51,994)	51,367	627	-	(29,702,028)	25,452,820	4,249,208	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	-	-	-	-	-	(1,300,604)	1,300,604	-
Transfer from Lifetime ECL credit impaired (Stage 3)	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	191,894	161,323	(3,269,657)	(2,916,440)	47,414,450	2,886,473	(9,192,676)	**41,108,247**
New financial assets originated or purchased	-	-	-	-	-	-	-	-
Financial assets derecognized	-	-	-	-	-	-	-	-
Reversal of provisions/Write-offs	-	-	-	-	-	-	-	-
Balance at 31 December 2023	**242,103**	**218,755**	**856,673**	**1,317,531**	**144,846,504**	**33,028,027**	**6,180,106**	**184,054,637**

*Overdrafts is further segmented into Trade (43%), Manufacturing (32%),Agriculture (7%) , Real estate (5%) and other sectors (13%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

(v) Loan commitments and financial guarantee contracts

2024:	Provisions (ECL allowance) 12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Total	Exposure (Gross balance) 12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2024	**22,625**	**185,746**	**208,371**	**102,304,019**	**1,020,638**	**103,324,657**
Transfer from 12 months ECL (Stage 1)	-	-	-	-	-	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	-	-	-	-	-	-
Net remeasurement of loss allowance	110,686	(185,746)	(75,060)	23,653,078	(1,020,638)	**22,632,440**
New financial assets originated or purchased	-	-	-	-	-	-
Financial assets derecognised	-	-	-	-	-	-
Balance at 31 December 2024	**133,311**	**-**	**133,311**	**125,957,097**	**-**	**125,957,097**

*Off balance sheet exposure is segmented into the relevant sectors such as Trade (47%), Building and Construction (25%), Manufacturing (14%), Personal and Technology (12%) and other sectors (2%).

4. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

(v) Loan commitments and financial guarantee contracts (Continued)

2023:	Provisions (ECL allowance)			Exposure (Gross balance)		
	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Total	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Balance at 1 January 2023	734	42,861	43,595	123,974,050	170,276	**124,144,326**
Transfer from 12 months ECL (Stage 1)	-	-	-	-	-	-
Transfer from Lifetime ECL not credit impaired (Stage 2)	-	-	-	-	-	-
Net remeasurement of loss allowance	21,891	142,885	164,776	(21,670,031)	850,362	**(20,819,669)**
New financial assets originated or purchased	-	-	-	-	-	-
Balance at 31 December 2023	**22,625**	**185,746**	**208,371**	**102,304,019**	**1,020,638**	**103,324,657**

* Off balance sheet exposure is segmented into the relevant sectors such as Trade (39%), Building and Construction (38%) , Personal and Technology (12%) ,Manufacturing (10%), and other sectors (1%).

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(a) Credit risk (continued)

Loss allowance (continued)

(v) Loan commitments and financial guarantee contracts (Continued)

Allowance charged to profit or loss during the year:	2024	2023
	TZS '000	TZS '000
Secured term loans*	14,449,114	**18,118,670**
Unsecured term loans	5,511	**99,063**
Digital Lending	6,369,131	**8,069,322**
Overdraft facilities	1,127,247	**(2,916,440)**
Total on-balance sheet charge	21,951,003	**23,370,615**
Off balance sheet exposures	(75,060)	**164,776**
As at 31 December	**21,875,943**	**23,535,391**

* Includes charges occur directly through profit and loss which had no provision carried in prior year of about TZS 18 billion.

(b) Liquidity risk

Liquidity risk includes the risk of being unable to meet financial obligations as they fall due because of inability to liquidate assets at a reasonable price and in an appropriate timeframe.

The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall strategy. In addition, the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy.

The Bank's liquidity management process, as carried out within the Bank and monitored by the treasury team, includes:

- Maintaining documented liquidity risk/crisis management plans which among other things defines situations which could precipitate liquidity crisis. Examples of such situations are: unusual activities at the branches, default by one or more large borrowers, devaluation of currency in which the Bank has large exposure, large litigation claim on the Bank etc;
- Maintaining adequate liquidity at all times and for all currencies, and hence to be in a position, in the normal course of business to meet all our obligations, to repay depositors, to fulfill commitments to lend and to meet any other commitment made. This takes the form of maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cashflow.
- Managing the concentration and profile of debt maturities
-
- The Bank also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers and short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market. 'Deposits from customers and short-term funding' includes deposits from banks, customers, debt securities issued, other borrowings and commitments maturing within the next month. The Bank is required to maintain a regulatory liquid asset ratio of not less than 20%, based on management's assessment and its submission to the regulator the bank was compliant.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(b) Liquidity risk (continued)

(i) Non-derivative cash flows (continued)

The table below analyses financial liabilities and assets into relevant maturity groupings based on the remaining period as of 31 December 2024 and 2023 to the contractual undiscounted maturity date:

31 December 2024	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
LIABILITIES						
Deposits from banks	57,570,247	-	-	-	-	**57,570,247**
Deposits from customers	191,930,945	41,333,175	204,465,897	117,242,881	5,932,823	**560,905,721**
Due to group companies	3,647,910	7,396,595	40,586,823	-	-	**51,631,328**
Other liabilities	11,929,663	-	-	-	-	**11,929,663**
Long term borrowing	-	60,842	182,908	3,703,051	-	**3,946,801**
Lease liabilities	224,721	-	319,875	1,240,471	8,228,707	**10,013,774**
At 31 December 2024	**265,303,486**	**48,790,612**	**245,555,503**	**122,186,403**	**14,161,530**	**695,997,534**
Assets held for managing liquidity	**236,853,221**	**122,487,099**	**138,719,501**	**174,423,951**	**200,687,953**	**873,171,725**

31 December 2023	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due between 1-5 years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
LIABILITIES						
Deposits from banks	20,026,776	-	-	-	-	**20,026,776**
Deposits from customers	210,543,027	7,873,316	241,123,877	122,856,078	10,349,520	**592,745,818**
Due to group companies	6,230,479	13,187,172	35,954,764	-	-	**55,372,415**
Other liabilities	2,952,065	3,521,315	-	-	-	**6,473,380**
Long term borrowing	-	-	263,575	3,692,080	-	**3,955,655**
Lease liabilities	432,802	578,626	1,397,197	2,412,003	6,377,730	**11,198,358**
At 31 December 2023	**240,185,149**	**25,160,429**	**278,739,413**	**128,960,161**	**16,727,250**	**689,772,402**
Assets held for managing liquidity	**207,834,266**	**38,239,317**	**180,025,577**	**265,070,218**	**273,277,634**	**964,447,012**

(ii) Assets held for managing liquidity risk

The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Tanzania;
- Investment in government securities;
- Loans and advances to customers; and
- Placements and balances with other banks

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(b) Liquidity risk (continued)

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

(iii) Off-balance sheet items

(a) Undrawn commitments, outstanding letters of credit, guarantee and indemnities

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 32) are summarised in the table below.

(b) Financial guarantees and other financial facilities

Financial guarantees (Note 31) are also included below based on the earliest contractual maturity date.

	No later than 1 year	1-5 years	Total
	TZS '000	TZS '000	TZS '000
As at 31 December 2024			
Letters of credit	23,063,380	-	**23,063,380**
Guarantees	41,212,602	-	**41,212,602**
Acceptances and undrawn balance	61,681,115	-	**61,681,115**
	125,957,097	**-**	**125,957,097**

	No later than 1 year	1-5 years	Total
	TZS '000	TZS '000	TZS '000
As at 31 December 2023			
Letters of credit	17,076,505	-	**17,076,505**
Guarantees	19,747,918	26,458,416	**46,206,334**
Acceptances and undrawn balance	39,706,653	335,165	**40,041,818**
	76,531,076	**26,793,581**	**103,324,657**

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spread (not relating to changes in the obligator's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments.

The Bank is primarily exposed to interest rate, foreign exchange risk and price risk. All trading instruments are subject to market risk, the risk that the future changes in market conditions may make an instrument less valuable or more onerous. The Bank manages its use of trading instruments in response to changing market conditions.

The Board of Directors has delegated responsibility for management of market risk to the Board Risk Committee. Exposure to market risk is formally managed within risk limits and policy guidelines issued by the Board, on recommendation of the Board Risk Committee. ALCO, a management committee is charged with the responsibility of ensuring implementation and monitoring of the risk management framework in line with policy guidelines. The policy guidelines and procedures in place are adequate to effectively manage these risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Exposure to interest rate risk

This is the risk of loss from fluctuations in the future cash flows of fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the Bank's interest rate gap position reflecting assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates is shown below:

31 December 2024	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
ASSETS							
Cash and balances with Bank of Tanzania	-	-	-	-	-	86,527,215	**86,527,215**
Loans and advances to banks	60,772,621	-	-	265,534	-	-	**61,038,155**
Loans and advances to customers	124,654,349	40,224,001	99,388,295	128,499,082	42,257,308	-	**435,023,035**
Government securities measured at FVTPL	-	-	-	1,688,839	-	-	**1,688,839**
Government securities at amortised cost	27,068,707	18,597,102	34,308,542	2,927,193	82,774,478	-	**165,676,022**
Due from group companies	7,730,343	-	-	-	-	-	**7,730,343**
Other assets	-	-	-	-	-	10,104,727	**10,104,727**
31 December 2024	**220,226,020**	**58,821,103**	**133,696,837**	**133,380,648**	**125,031,786**	**96,631,942**	**767,788,336**
LIABILITIES							
Deposits from banks	57,529,859	-	-	-	-	-	**57,529,859**
Deposits from customers	61,121,381	40,893,711	199,192,654	113,613,712	3,291,500	130,808,902	**548,921,860**
Due to group companies	3,647,910	7,350,000	39,864,664	-	-	-	**50,862,574**
Other liabilities	-	-	-	-	-	**11,929,663**	**11,929,663**
Lease liability	96,425	-	298,439	1,079,698	5,578,103	-	**7,052,665**
Long term borrowing	-	-	26,176	3,250,000	-	-	**3,276,176**
31 December 2024	**122,395,575**	**48,243,711**	**239,381,933**	**117,943,410**	**8,869,603**	**142,738,565**	**679,572,797**
Interest rate gap	**97,830,445**	**10,577,392**	**(105,685,096)**	**15,437,238**	**116,162,183**	**(46,106,623)**	**88,215,539**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

31 December 2023	Within 1 month	Due within 1-3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years	Non-interest bearing	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
ASSETS							
Cash and balances with Bank of Tanzania	-	-	-	-	-	51,793,458	**51,793,458**
Loans and advances to banks	30,793,172	2,500,000	6,250,000	-	-	-	**39,543,172**
Loans and advances to customers	102,473,027	13,970,517	124,640,916	185,650,514	23,079,117	-	**449,814,091**
Government securities measured at FVOCI	-	-	-	-	1,539,707	-	**1,539,707**
Government securities measured at FVTPL	-	-	-	-	3,192,275	-	**3,192,275**
Government securities at amortised cost	7,000,000	21,500,000	40,180,020	19,045,641	64,027,730	-	**151,753,391**
Due from group companies	3,765,445	-	-	-	-	-	**3,765,445**
Other assets	-	-	-	-	-	5,793,709	**5,793,709**
31 December 2023	**144,031,644**	**37,970,517**	**171,070,936**	**204,696,155**	**91,838,829**	**57,587,167**	**707,195,248**
LIABILITIES							
Deposits from banks	20,026,776	-	-	-	-	-	**20,026,776**
Deposits from customers	69,227,683	7,742,895	215,152,673	109,336,209	6,324,658	141,291,281	**549,075,399**
Due to group companies	-	13,036,365	27,408,784	-	-	5,090,000	**45,535,149**
Other liabilities	-	-	-	-	-	6,473,380	**6,473,380**
Lease liability	108,799	103,897	408,286	1,111,068	6,308,371	-	**8,040,421**
Long term borrowing	-	-	26,176	3,250,000	-	-	**3,276,176**
31 December 2023	**89,363,258**	**20,883,157**	**242,995,919**	**113,697,277**	**12,633,029**	**152,854,661**	**632,427,301**
Interest rate gap	**54,668,386**	**17,087,360**	**(71,924,983)**	**90,998,878**	**79,205,800**	**(95,267,494)**	**74,767,947**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Exposure to interest rate risk (continued)

Sensitivity Analysis

31 December 2024	Profit or loss	Equity net of tax
100 basis points	**Increase/ decrease in basis points ('000)**	**Increase/ decrease in basis points ('000)**
Assets	6,711,564	4,698,095
Liabilities	(5,368,342)	(3,757,840)
Net position	**1,343,222**	**940,255**

An increase of 100 basis points in interest rates at the reporting date would have increased profit by TZS 1,343 million and equity (net of tax) by TZS 940 million and the inverse is the case for decrease in interest rates of 100 basis points. The analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

31 December 2023	Profit or loss	Equity net of tax
100 basis points	**Increase/ decrease in basis points ('000)**	**Increase/ decrease in basis points ('000)**
Assets	6,496,081	4,547,257
Liabilities	(4,846,870)	(3,392,809)
Net position	**1,649,211**	**1,154,448**

An increase of 100 basis points in interest rates at the reporting date would have increased profit by TZS 1,649 million and equity (net of tax) by TZS 1,154 million and the inverse is the case for decrease in interest rates of 100 basis points. The analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(c) Market risk (continued)

Currency risk

The Bank is exposed to currency risk through transactions in foreign currencies. The Bank's transactional exposure gives rise to foreign currency gains and losses that are recognised in the profit or loss. In respect of monetary assets and liabilities in foreign currencies, the Bank ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate. The table below analyses the foreign currencies which the Bank is exposed to as at 31 December 2024 and 31 December 2023.

31 December 2024	USD	GBP	EUR	Other	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
ASSETS					
Cash and balances with Bank of Tanzania	45,998,471	136,054	255,300	344,745	**46,734,570**
Loans and advances to banks	57,487,801	1,210,456	1,405,821	345,136	**60,449,214**
Loans and advances to customers	240,320,517	-	-	-	**240,320,517**
Due from group companies	6,412,129	388,142	345,037	425,036	**7,570,344**
Other assets	571,922	-	-	-	**571,922**
31 December 2024	**350,790,840**	**1,734,652**	**2,006,158**	**1,114,917**	**355,646,567**
LIABILITIES					
Deposits from customers	283,965,228	1,583,162	1,832,814	171,996	**287,553,200**
Due to group companies	50,110,644	-	-	104,571	**50,215,215**
Other liabilities	6,095,377	237,057	178,853	572,296	**7,083,583**
31 December 2024	**340,171,249**	**1,820,219**	**2,011,667**	**848,863**	**344,851,998**
Net on statement of financial position	**10,619,591**	**(85,567)**	**(5,509)**	**266,054**	**10,794,569**
Net notional off balance sheet position	**36,223,484**	**-**	**3,161,950**	**-**	**39,385,434**
Overall net position – 2024	**46,843,075**	**(85,567)**	**3,156,441**	**266,054**	**50,180,003**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(c) Market risk (continued)

Currency rate risk (continued)

At 31 December 2023	USD	GBP	EUR	Other	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
ASSETS					
Cash and balances with Bank of Tanzania	11,712,374	31,552	377,792	110,211	**12,231,929**
Loans and advances to banks	21,792,096	1,377,010	832,572	327,070	**24,328,748**
Loans and advances to customers	296,649,102	-	-	-	**296,649,102**
Due from group companies	2,157,528	215,787	530,530	589,546	**3,493,391**
Other assets	369,263	-	-	-	**369,263**
At 31 December 2023	**332,680,363**	**1,624,349**	**1,740,894**	**1,026,827**	**337,072,433**
LIABILITIES					
Deposits from customers	304,241,641	1,404,109	1,702,992	302,405	**307,651,147**
Due to group companies	41,740,190	-	-	-	**41,740,190**
Other liabilities	2,514,132	232,935	168,695	385,432	**3,301,194**
At 31 December 2023	**348,495,963**	**1,637,044**	**1,871,687**	**687,837**	**352,692,531**
Net on statement of financial position	**(15,815,600)**	**(12,695)**	**(130,793)**	**338,990**	**(15,620,098)**
Net notional off balance sheet position	**82,364,338**	**-**	**3,036,285**	**-**	**85,400,623**
Overall net position – 2023	**66,548,738**	**(12,695)**	**2,905,492**	**338,990**	**69,780,525**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

(c) Market risk (continued)

Currency rate risk (continued)

Sensitivity Analysis

At 31 December 2024	Profit or loss Strengthening/ weakening of currency	Equity net of tax Strengthening/ weakening of currency
	TZS '000	TZS '000
USD (± 1% movement)	106,196	74,337
GBP (± 1% movement)	(856)	(599)
EUR (± 1% movement)	(55)	(39)
Other (± 1% movement)	2,661	1,862
Net Position	**107,946**	**75,561**

A depreciation of TZS by 100 basis points in the currency rates at the reporting date would have decreased profit by TZS 107.9 million and equity (net of tax) by TZS 75.6 million and an inversely would have been the case for an appreciation of TZS. The analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

At 31 December 2023	Profit or loss Strengthening/ weakening of currency	Equity net of tax Strengthening/ weakening of currency
	TZS '000	TZS '000
USD (± 1% movement)	(158,156)	(110,709)
GBP (± 1% movement)	(127)	(89)
EUR (± 1% movement)	(1,308)	(916)
Other (± 1% movement)	3,390	2,373
Net Position	**(156,201)**	**(109,341)**

A depreciation of TZS by 100 basis points in the currency rates at the reporting date would have decreased profit by TZS 156 million and equity (net of tax) by TZS 109 million and an inversely would have been the case for an appreciation of TZS. The analysis assumes that all other variables in particular foreign currency exchange rates remain constant.

Price risk

The Bank are exposed to equity securities price risk because of investment in Tanzania Mortgage Refinance Company (TMRC) shares and investments in government securities that are measured at fair value through other comprehensive income (FVOCI). The Bank diversifies its portfolio in order to manage price risk arising from investments in equity and debt securities.

In determining the fair value of unquoted equity investment in TMRC, the Bank used a price of recent transaction of the shares of the Company. If the price of the shares would have increased/decreased by 10% the fair value of the investments would have been increased/decreased by TZS 27 million (2023: TZS 25.3 million).

If the price of the Government Securities that are measured at FVTPL would have increased/decreased by 10% the fair value of the investments would have been increased/decreased by TZS 1.1 million (2023: TZS 3.6 million).

(d) Capital management

The Bank of Tanzania sets and monitors capital requirements for the Tanzania banking industry. The Bank of Tanzania has set among other measures, the rules and ratios to monitor adequacy of a bank's capital. In implementing current capital requirements, The Bank of Tanzania requires Banks to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank's regulatory is analysed in two tiers:

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

Price risk (continued)

(d) Capital management

- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings, after deductions for prepaid expenses, goodwill, other intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital: This includes qualifying subordinated liabilities, collective impairment allowances and the element of fair value reserve relating to unrealized gains on equity instruments classified as FVOCI.

Various limits are applied to elements of the capital base such as qualifying Tier 2 capital cannot exceed Tier 1 capital and qualifying subordinated debt may not exceed 50 percent of Tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of Tier 2 capital. Tier 1 capital is also subjected to various limits such as Tier 1 capital should not be less than 10 percent of the risk weighted assets. In addition to the above requirements, the Bank of Tanzania require banks to maintain a capital conservation buffer of 2.5% over and above the regulatory capital ratios to enable the Bank to withstand stressful economic conditions. In situations where the buffer is less than 2.5%, the Bank is restricted from distributing any dividends to shareholders as well as paying bonus to senior management and other staff members. Further the Bank is required to submit a capital restoration plan to the Bank of Tanzania (BoT) within a specified period of time as determined by BoT. In the event the capital restoration plan is not approved by BoT, the Bank may be directed to raise additional capital in order to restore the capital conservation buffer.

The Bank's regulatory capital position is as illustrated below:

		2024	2023
		TZS '000	TZS '000
Core capital (Tier 1)			
Share capital		23,954,016	23,954,016
Share premium		31,528,228	31,528,228
Retained earnings		56,143,597	27,152,132
		111,625,841	**82,634,376**
Less: Prepaid expenses		(2,087,088)	(1,809,906)
Deferred tax asset		(12,562,103)	(12,332,516)
Total Core capital		**96,976,650**	**68,491,954**
Supplementary capital (Tier 2)			
Statutory reserve		7,857,958	21,685,733
Fair value reserve		270,004	285,748
		8,127,962	**21,971,481**
Total capital		**105,104,612**	**90,463,435**
Risk weighted assets			
On balance sheet		436,808,624	419,307,628
Off balance sheet		65,484,087	36,534,619
Capital charge on operational risk		37,271,417	38,082,325
Capital charge for market risk		697,710	1,505,646
Total risk weighted assets		**540,261,838**	**495,430,218**
Capital ratios	Minimum*	**Ratio**	**Ratio**
Core capital /Total risk weighted assets	**10%**	**17.95%**	**13.82%**
Total capital /Total risk weighted assets	**12%**	**19.45%**	**18.26%**

* The minimum as defined by Bank of Tanzania on top of which the Bank should have a buffer of 2.5% for both core and total capital. As at 31 December, 2024, the Bank had a capital conservation buffer of 7.95% and 7.45% for Tier 1 and Tier 2 Capital respectively.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Compliance and regulatory risk

Compliance and regulatory risk include the risk of bearing the consequences of non-compliance with regulatory requirements. The compliance function is responsible for establishing and maintaining an appropriate framework of Bank compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers.

5. USE OF ESTIMATES AND JUDGEMENT

Key sources of estimation uncertainty

(a) Allowance for credit losses

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3(f) (iii) which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(b) Income taxes

Significant estimates are required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax balances and deferred tax liability in the period in which such determination is made.

(c) Property and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account which involves extensive subjective judgment. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The rates used are set out under accounting policy Note 3(i).

(d) Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices have not been included in the lease liability, because the Bank could replace the assets without significant cost or business disruption.

5. USE OF ESTIMATES AND JUDGEMENT (CONTINUED)

Key sources of estimation uncertainty (continued)

(d) Leases (continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Bank.

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.

(e) Financial Instruments - Classification

Critical accounting judgements made in applying the Bank's accounting policies include financial asset and liability classification. The Bank's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances.

In classifying financial assets as at amortised costs, the Bank has determined that it has both positive intention and ability to hold the assets until their maturity date as required by the bank's accounting policies.

(f) Fair valuation of financial instruments

The fair value of financial instruments traded in active markets at the financial reporting date is based on their quoted bid market price or dealer price quotations without any deductions for transaction costs. For all other financial assets not listed in an active market, the fair value is determined by using appropriate valuation techniques. \

In determining the fair value of government securities that are designated as fair value through other comprehensive income, the Bank uses yields of similar instruments traded in Bank of Tanzania's auctions. Changes in valuation assumptions could affect the reported fair value of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FAIR VALUE HEIRARCHY FOR FINANCIAL INSTRUMENTS

Accounting classifications at carrying amounts and fair values

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost (not measured at fair value) except government securities measured at amortised cost since the carrying amount is a reasonable approximation of fair value because they re-price in the short term.

31 December 2024	Carrying amounts					Fair value			
	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVTPL	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets									
Cash and balances with Bank of Tanzania	86,527,215	-	-	-	**86,527,215**	-	-	-	-
Government securities measured at FVTPL	-	-	1,688,839	-	**1,688,839**	-	1,688,839	-	**1,688,839**
Government securities at amortised cost	165,676,022	-	-	-	**165,676,022**	-	159,685,597	-	**159,685,597**
Equity investment at FVOCI	-	1,013,750	-	-	**1,013,750**	-	-	1,013,750	**1,013,750**
Loans and advances to banks	61,038,155	-	-	-	61,038,1554	-	-	-	-
Loans and advances to customers	435,023,035	-	-	-	**435,023,035**	-	-	-	-
Due from group companies	7,730,343	-	-	-	7,730,343	-	-	-	-
Other assets	10,104,727	-	-	-	**10,104,727**	-	-	-	-
31 December 2024	**766,099,497**	**1,013,750**	**1,688,839**	-	**768,802,086**	-	**161,374,436**	**1,013,750**	**162,388,186**
Financial liabilities									
Deposits from banks	-	-	-	57,529,859	**57,529,859**	-	-	-	-
Deposits from customers	-	-	-	548,921,860	**548,921,860**	-	-	-	-
Due to group companies	-	-	-	50,862,574	**50,862,574**	-	-	-	-
Long term borrowings	-	-	-	3,276,176	**3,276,176**	-	-	-	-
Lease liabilities	-	-	-	7,052,665	**7,052,665**	-	-	-	-
Other liabilities	-	-	-	11,929,663	**11,929,663**	-	-	-	-
31 December 2024	-	-	-	**679,572,797**	**679,572,797**	-	-	-	-

6. FAIR VALUE HEIRARCHY FOR FINANCIAL INSTRUMENTS (Continued)

Accounting classifications at carrying amounts and fair values – continued

At 31 December 2023	Carrying amounts					Fair value			
	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVTPL	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets									
Cash and balances with Bank of Tanzania	51,793,458	-	-	-	**51,793,458**	-	-	-	-
Government securities measured at FVOCI		1,539,707	-	-	**1,539,707**	-	1,539,707	-	**1,539,707**
Government securities measured at FVTPL	-	-	3,192,275	-	**3,192,275**	-	3,192,275	-	**3,192,275**
Government securities at amortised cost	151,753,391	-	-	-	**151,753,391**	-	153,699,562	-	**153,699,562**
Equity investment at FVOCI	-	1,013,750	-	-	**1,013,750**	-	-	1,013,750	**1,013,750**
Loans and advances to banks	39,543,172	-	-	-	**39,543,172**	-	-	-	-
Loans and advances to customers	449,814,091	-	-	-	**449,814,091**	-	-	-	-
Due from group companies	3,765,445	-	-	-	**3,765,445**	-	-	-	-
Other assets	5,793,709	-	-	-	**5,793,709**	-	-	-	-
31 December 2023	**702,463,266**	**2,553,457**	**3,192,275**	-	**708,208,998**	-	**158,431,544**	**1,013,750**	**159,445,294**
Financial liabilities									
Deposits from banks	-	-	-	20,026,776	**20,026,776**	-	-	-	-
Deposits from customers	-	-	-	549,075,399	**549,075,399**	-	-	-	-
Due to group companies	-	-	-	45,535,149	**45,535,149**	-	-	-	-
Long term borrowings	-	-	-	3,276,176	**3,276,176**	-	-	-	-
Lease liabilities	-	-	-	8,040,421	**8,040,421**	-	-	-	-
Other liabilities	-	-	-	6,473,380	**6,473,380**	-	-	-	-
31 December 2023	-	-	-	**632,427,301**	**632,427,301**	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

7. INTEREST INCOME

	2024 TZS '000	2023 TZS '000
Loans and advances to customers	78,238,769	56,324,575
Loans and advances to banks	1,126,356	1,362,740
Investment securities: -		
- At amortised cost	18,251,046	14,576,261
- At FVOCI	261,152	272,094
	97,877,323	**72,535,670**

8. INTEREST EXPENSE

Deposits from customers	28,751,438	22,803,561
Deposits from banks	1,351,844	1,537,868
Long term debt	244,418	789,446
Lease liabilities	807,961	250,569
	31,155,661	**25,381,444**

9. NET FEE AND COMMISSION INCOME

Fee and commission income		
Ledger fees	1,075,500	996,861
Card income	2,372,234	445,356
Remittance income	1,554,991	1,373,691
Commitment fees	1,538,427	2,103,536
Other fees	917,040	826,682
Commission on Bancassurance	177,225	161,049
	7,635,417	**5,907,175**
Fees and commission expense		
Interbank transaction fees	(34,358)	(73,638)
Net fee and commission income	**7,601,059**	**5,833,537**

10. NET TRADING INCOME

Trading income	7,695,570	6,614,865
Revaluation	40,893	39,838
	7,736,463	**6,654,703**

11. OTHER OPERATING INCOME

Loan recovery income	6,818,662	4,219,247
Other income	174,468	137,744
	6,993,130	**4,356,991**

12. DIVIDEND INCOME

Dividend income-Tanzania Mortgage Refinancing Company Limited	**22,556**	**20,756**

13. OPERATING EXPENSES

	2024	2023
	TZS '000	TZS '000
Staff costs		
Salaries and wages	13,240,590	11,518,455
Statutory contribution	1,237,722	1,073,719
Skills and Development levy	445,140	416,400
Medical and Life Insurance	739,540	688,848
Staff Training and HR systems costs	135,232	70,496
Other staff costs	1,094,401	848,598
	16,892,625	**14,616,516**
Premises and equipment costs		
Utilities	215,920	168,648
Security	396,339	454,829
Service charge and other costs	582,828	267,687
	1,195,087	**891,164**
General administrative expenses		
Marketing expenses	497,572	278,353
Auditor's fees	199,429	168,012
Directors' emoluments	337,794	233,813
Legal and consultancy fees	796,322	747,825
Management fees	1,684,642	1,585,087
Donations	26,818	36,000
Insurance	1,294,000	1,021,612
Network costs	1,932,478	1,704,450
Card expenses	2,167,255	1,375,200
Kamilisha expenses	5,980,844	2,661,771
License fees	3,691,130	864,097
Bancassurance expenses	22,971	21,523
Provision for legal cases	879,990	-
Unclaimable VAT expenses	2,215,829	2,149,006
Write-offs of property and equipment	127,689	59,885
Loss on Disposal of ROU asset	9,062	-
Other expenses	4,518,105	3,585,265
	26,381,930	**16,491,899**
Depreciation and Amortisation		
Depreciation on property and equipment (Note 20)	898,855	1,029,966
Depreciation on right of use asset (Note 20)	2,059,610	528,775
Amortisation of intangible assets (Note 21)	1,512,700	1,770,468
	4,471,165	**3,329,209**

14. TAXATION

(a) Income tax expense

	2024 TZS '000	2023 TZS '000
Current income tax - current year	3,369,048	1,888,110
Current income tax - prior years	-	(312,466)
Deferred tax -current year	229,587	744,728
Deferred tax - prior years	-	(1,729,687)
Income tax expense	**3,139,461**	**590,685**

(b) Tax reconciliation

The tax on the Bank's profit/(loss) before income tax differs from the theoretical amount using the basic rate as follows:

	2024 TZS '000	2023 TZS '000
Profit before tax	**18,303,151**	**5,358,522**
Computed tax using the applicable corporation tax rate at 30%	5,490,945	1,607,557
Effect of non-taxable income	(3,470,271)	(68,626)
Recoveries of PY rejected write offs	(519,756)	-
Impairment/provision adjustment-non P&L movement	1,654,687	1,057,194
Permanent disallowed expenditure	190,507	36,713
Current income tax - prior years	-	(312,466)
Deferred tax - prior years	-	(1,729,687)
Other adjustments	(206,651)	-
	3,139,461	**590,685**

(c) Current income tax recoverable

	2024	2023
At 1 January	(2,500,938)	(1,406,582)
Income tax expense (Note 14(a))	3,369,048	1,575,644
Tax paid	(3,329,794)	(2,670,000)
At 31 December	**(2,461,684)**	**(2,500,938)**

15. CASH AND BALANCES WITH BANK OF TANZANIA

	2024 TZS '000	2023 TZS '000
Cash on hand	8,196,912	5,985,059
Balances with Bank of Tanzania:		
-Restricted balances (Statutory Minimum Reserve*)	34,427,661	31,389,470
-Unrestricted balances	43,902,642	14,418,929
	86,527,215	**51,793,458**
Current	**86,527,215**	**51,793,458**

*The Statutory Minimum Reserve is non-interest earning and is based on the value of deposits as adjusted for Bank of Tanzania requirement and is not available for day-to-day operations.

16. LOANS AND ADVANCES TO BANKS

	2024	2023
	TZS '000	TZS '000
Balances with other Banks	58,319,354	24,771,936
Placements:		
Due within 90 Days	2,453,267	8,521,236
Due after 90 days and less than a year	-	6,250,000
After 1 year	265,534	-
	61,038,155	**39,543,172**

17. LOANS AND ADVANCES TO CUSTOMERS

(a) Net Loans

	2024	2023
Overdrafts	168,266,930	184,054,637
Secured term loans	257,178,098	293,075,575
Digital lending	15,821,972	9,120,657
Unsecured term loans	6,228,749	2,284,789
Gross loans and advances	**447,495,749**	**488,538,429**
Less: Impairment losses on loans and advances	(12,472,714)	(38,724,338)
Net loans and advances	**435,023,035**	**449,814,091**
Current	**264,266,645**	**241,084,460**
Non-current	**170,756,390**	**208,729,631**

(b) Non-performing loans and advances

Non-performing loans and advances net of impairment losses and estimated value of securities are disclosed in Note 4(a).

	2024	2023
	TZS '000	TZS '000
Interest on impaired loans and advances which has not yet been received in cash	**1,813,143**	**11,537,234**

17. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Impairment losses on loans and advances movement

2024:	Loans and advances to Customers	Loan commitments and financial guarantee contracts	Total
	TZS '000	TZS '000	TZS '000
Movements in ECL with P&L impact			
Net remeasurement of loss allowance	4,021,917	(75,060)	**3,946,857**
New financial assets originated or purchased	1,043,504	-	**1,043,504**
Derecognised/paid off	(1,150,699)	-	**(1,150,699)**
Recoveries and impairment released	(2,461,237)	-	**(2,461,237)**
	1,453,485	**(75,060)**	**1,378,425**
Direct P&L charges in the year			
ECL of stage 3 Interest income	3,544,662	-	**3,544,662**
Write-offs	16,952,856	-	**16,952,856**
	21,951,003	**(75,060)**	**21,875,943**

2023:	Loans and advances to Customers	Loan commitments and financial guarantee contracts	Total
	TZS '000	TZS '000	TZS '000
Movements in ECL with P&L impact			
Net remeasurement of loss allowance	14,715,796	164,776	**14,880,572**
New financial assets originated or purchased	191,465	-	**191,465**
Derecognised/paid off	(93,464)	-	**(93,464)**
	14,813,797	**164,776**	**14,978,573**
Direct P&L charges in the year			
ECL of stage 3 Interest income	5,034,000	-	**5,034,000**
Write-offs	3,522,818	-	**3,522,818**
	23,370,615	**164,776**	**23,535,391**

Movement of Impairment losses on loans and advances:

	2024	2023
	TZS '000	TZS '000
Balance at 1 January	38,724,338	**34,058,885**
Charge for the year	21,951,003	**23,370,615**
Financial assets derecognised	(2,461,237)	**(93,464)**
Write offs	(45,741,390)	**(18,611,698)**
Balance at 31 December	12,472,714	**38,724,338**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18. INVESTMENT IN GOVERNMENT SECURITIES

(a) Government securities at amortised cost

	2024 TZS '000	2023 TZS '000
Treasury bills (current)	66,387,780	52,228,917
Treasury bonds (current)	13,586,571	16,451,103
Treasury bonds (non-current)	85,701,671	83,073,371
	165,676,022	**151,753,391**

Treasury Bills and Bonds are debt securities issued by the Government of the United Republic of Tanzania and during the year the effective interest rate was 11.65% (2023: 9.43%).

The movement of financial assets measured at amortised cost during the year was as follows:

	2024 TZS '000	2023 TZS '000
At 1 January	151,753,391	121,144,674
Additions	78,180,608	66,198,416
Matured securities	(72,538,553)	(39,865,000)
Interest receivable	8,280,576	4,275,301
At 31 December	**165,676,022**	**151,753,391**

(b) Government securities measured at fair value through other comprehensive income (FVOCI)

The Bank has invested in various treasury bonds that are designated at fair value through other comprehensive income. The movement in these securities is as follows:

Treasury Bonds	2024 TZS '000	2023 TZS '000
At 1 January	1,539,707	4,066,820
Additions	-	13,481,266
Fair value movement (loss)/gain	(22,491)	(70,574)
Disposals	(1,517,216)	(15,963,366)
Interest receivable	-	25,561
At 31 December	-	**1,539,707**

(c) Net gain or loss on derecognition of financial assets measure at FVOCI

Treasury Bonds	2024 TZS '000	2023 TZS '000
Net gain on derecognition	**16,430**	-

18. INVESTMENT IN GOVERNMENT SECURITIES

(c) Government securities measured at fair value through profit and loss (FVTPL)

The Bank has invested in various treasury bonds that are designated at fair value through Profit or Loss. The movement in these securities is as follows:

Treasury Bonds	2024	2023
	TZS '000	TZS '000
At 1 January	3,192,275	-
Additions	1,500,000	22,930,000
Disposals	(3,192,275)	(19,782,195)
Gain in fair value	11,220	36,470
Interest receivable	177,619	8,000
At 31 December	**1,688,839**	**3,192,275**
Non-current	**1,688,839**	**3,192,275**

19. EQUITY INVESTMENT

Investment at fair value through other comprehensive income (FVOCI)

	2024	2023
Company name	TZS '000	TZS '000
Tanzania Mortgage Refinancing Company Limited	**1,013,750**	**1,013,750**

Tanzania Mortgage Refinance Company (TMRC) is a financial institution owned by banks and non-bank institutions with the sole purpose of supporting banks to do mortgage lending by refinancing banks' mortgage portfolios.

As at 31 December 2024, the Bank had 625,000 shares (2023: 625,000) in TMRC.

20. PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSET

2024	Leasehold improvements	Furniture, fittings, fixtures and office equipment	Computers	Motor vehicles	Right of use assets*	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost						
At 1 January 2024	4,100,109	7,773,583	1,104,155	619,128	12,239,402	**25,836,377**
Additions	2,491,187	1,401,022	22,393	171,600	2,005,444	**6,091,646**
Disposals	(863,064)	(1,090,923)	(158,151)	(16,000)	(3,811,484)	**(5,939,622)**
At 31 December 2024	**5,728,232**	**8,083,682**	**968,397**	**774,728**	**10,433,362**	**25,988,401**
Depreciation						
At 1 January 2024	3,582,284	5,261,478	901,632	460,284	4,214,631	**14,420,309**
On disposals	(795,352)	(996,961)	(154,619)	(15,968)	(3,105,021)	**(5,067,921)**
Adjustment	-	-	(37,549)	-	-	**(37,549)**
Charge for the year	229,070	468,092	103,544	98,149	2,059,610	**2,958,465**
At 31 December 2024	**3,016,002**	**4,732,609**	**813,008**	**542,465**	**3,169,220**	**12,273,304**
Net book value at 31 December 2024	**2,712,230**	**3,351,073**	**155,389**	**232,263**	**7,264,142**	**13,715,097**

* Right of use assets comprises of leased branch premises, residential apartments and head office.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

20. PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSET (CONTINUED)

2023	Leasehold improvements	Furniture, fittings, fixtures and office equipment	Computers	Motor vehicles	Right of use assets*	Capital work in progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	**TZS '000**
Cost							
At 1 January 2023	4,100,109	7,904,718	1,014,709	634,161	5,145,448	308,781	**19,107,926**
Additions	-	93,614	89,446	-	7,116,817	-	**7,299,877**
Disposal	-	(224,749)	-	(15,033)	-	-	**(239,782)**
Transfer to Intangible assets	-	-	-	-		(308,781)	**(308,781)**
Modification	-	-	-	-	(22,863)	-	**(22,863)**
At 31 December 2023	**4,100,109**	**7,773,583**	**1,104,155**	**619,128**	**12,239,402**	**-**	**25,836,377**
Depreciation							
At 1 January 2023	3,391,940	4,756,419	798,755	408,495	3,685,856	-	**13,041,465**
On disposals	-	(164,864)	-	(15,033)	-	-	**(179,897)**
Charge for the year	190,344	669,923	102,877	66,822	528,775	-	**1,558,741**
At 31 December 2023	**3,582,284**	**5,261,478**	**901,632**	**460,284**	**4,214,631**	**-**	**14,420,309**
Net book value at 31 December 2023	**517,825**	**2,512,105**	**202,523**	**158,844**	**8,024,771**	**-**	**11,416,068**

* Right of use assets comprises of leased branch premises and head office.

21. INTANGIBLE ASSETS

Intangible assets relate to software.

2024	Computer Software	Capital work in progress	Total
	TZS '000	TZS '000	TZS '000
Cost			
At 1 January 2024	**11,487,534**	**515,553**	**12,003,087**
Additions	492,325	986,136	**1,478,461**
Reclassification	494,396	(494,396)	**-**
At 31 December 2024	**12,474,255**	**1,007,293**	**13,481,548**
Amortisation			
At 1 January 2024	**8,832,183**	**-**	**8,832,183**
Amortisation for the year	1,512,700	-	**1,512,700**
At 31 December 2024	**10,344,883**	**-**	**10,344,883**
Carrying amount at 31 December 2024	**2,129,372**	**1,007,293**	**3,136,665**

2023			
Cost			
At 1 January 2023	**10,173,311**	**-**	**10,173,311**
Additions	1,009,597	511,398	**1,520,995**
Transfer from property and equipment	-	308,781	**308,781**
Reclassification	304,626	(304,626)	**-**
At 31 December 2023	**11,487,534**	**515,553**	**12,003,087**
Amortisation			
At 1 January 2023	**7,061,715**	**-**	**7,061,715**
Amortisation for the year	1,770,468	-	**1,770,468**
At 31 December 2023	**8,832,183**	**-**	**8,832,183**
Carrying amount at 31 December 2023	**2,655,351**	**515,553**	**3,170,904**

22. DEFERRED TAX ASSET

	Balance at 1 January	Recognized in equity	Recognized in profit or loss	Balance at 31 December
2024	**TZS '000**	**TZS '000**	**TZS '000**	**TZS '000**
Property and Equipment	(3,872)	-	202,306	198,434
Impairment losses on loans and advances	11,679,814	-	(423,479)	11,256,335
Provisions	312,565	-	327,830	640,395
Financial assets measured at fair value through other comprehensive income (FVOCI)	(80,890)	-	(13,509)	(94,399)
Right of use of asset (IFRS 16)	424,899	-	136,439	561,338
	12,332,516	**-**	**229,587**	**12,562,103**

22. DEFERRED TAX ASSET (CONTINUED)

2023	Balance at 1 January TZS '000	Recognized in equity TZS '000	Recognized in profit or loss TZS '000	Balance at 31 December TZS '000
Property and Equipment	(483,084)	-	479,212	(3,872)
Impairment losses on loans and advances	11,363,743	-	316,071	11,679,814
Provisions	185,275	-	127,290	312,565
Financial assets measured at fair value through other comprehensive income (FVOCI)	(97,004)	16,114	-	(80,890)
Right of use of asset (IFRS 16)	362,513	-	62,386	424,899
	11,331,443	**16,114**	**984,959**	**12,332,516**

23. OTHER ASSETS

	2024 TZS '000	2023 TZS '000
Prepayments	2,087,088	1,809,906
Tax receivables	1,200,000	427,259
Items in the course of collection	-	444,221
Balance with mobile network operators	9,801,454	4,715,781
Other receivables	303,272	633,707
	13,391,814	**8,030,874**

All other assets are current.

24. DEPOSITS FROM BANKS

Due within 90 Days	**57,529,859**	**20,026,776**

25. DEPOSITS FROM CUSTOMERS

	2024 TZS '000	2023 TZS '000
Current deposits	128,149,205	139,729,933
Savings deposits	62,083,562	68,020,648
Time deposits	357,166,470	339,871,235
Others	1,522,623	1,453,583
	548,921,860	**549,075,399**
Current	**432,016,648**	**433,414,531**
Non-current	**116,905,212**	**115,660,868**

26. PROVISIONS

At 1 January	-	-
Charge during the year (note 13)	879,990	-
At 31 December	879,990	-

The Bank is involved in various legal proceedings arising from its normal course of business. Based on legal advice and management's assessment, a provision of TZS 880 million (2023: nil) has been recognized. This provision represents the best estimate of the probable economic outflow required to settle these obligations. The timing of settlement for these legal cases is uncertain and depends on the progression of the judicial process. The Bank continues to monitor developments and will adjust the provision as necessary.

27. OTHER LIABILITIES

	2024	2023
	TZS '000	TZS '000
Accruals	8,029,492	3,160,436
Deferred loan administration fees	814,847	1,302,586
Statutory liabilities	3,265,690	1,322,474
Visa Settlement	2,884,824	2,862,558
Provisions for loan commitments*	133,311	208,371
Bankers' cheques payable	335,640	328,226
Items in the course of collection	41,936	-
Other accounts payables	182,055	122,160
	15,687,795	**9,306,811**

All other liabilities are current.
*This represents impairment allowance for loan commitments and financial guarantee contracts.

28. LONG TERM BORROWINGS

	2024	2023
	TZS '000	TZS '000
Less than one year	26,176	26,176
One to five years	3,250,000	3,250,000
	3,276,176	**3,276,176**
Loan movement schedule		
At 1 January	3,276,176	12,857,355
Payments on principal and interest	-	(9,487,473)
Interest paid	(244,418)	(1,283,274)
Interest expenses	244,418	789,446
Translation differences	-	400,122
At 31 December	**3,276,176**	**3,276,176**

Tanzania Mortgage Refinance Company Limited (TMRC)

The long-term borrowing of TZS 3,250 million was granted in two tranches of which(i) TZS 1,800 million was granted on 12 August 2022 with an effective rate of 7.5% for tenure of 5 years and (ii) TZS 1,450 million was granted on 30th August 2022 with an effective rate of 7.5% for a tenure of 3 years. The interest on the facility is repayable on a quarterly basis and the principal at maturity. The outstanding balance as at 31 December 2023 was TZS 3.28 billion (2022: TZS 3.28 billion).

29. SHARE CAPITAL AND RESERVES

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. All ordinary shares rank equally with regards to the Bank's residual assets.

(a) Authorized share capital

2024	Number of shares	TZS '000
Authorized - Ordinary A Class Shares		
At 31 December 2024 (par value TZS 1,000,000 each)	**50,000**	**50,000,000**
Authorized - Ordinary B Class Shares		
At 31 December 2024 (par value TZS 1,000,000 each)	**50,000**	**50,000,000**

29. SHARE CAPITAL AND RESERVES(CONTINUED)

(a) Authorized share capital (Continued)

2023	Number of shares	TZS '000
Authorized - Ordinary A Class Shares		
At 31 December 2023 (par value TZS 1,000,000 each)	50,000	50,000,000
Authorized - Ordinary B Class Shares		
At 31 December 2023 (par value TZS 1,000,000 each)	50,000	50,000,000

29. SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Issued and fully paid up share capital

	Number of shares	Share Capital	Share Premium
2024		TZS '000	TZS '000
Ordinary A Class Shares			
1 January 2024 (par value TZS 1,000,000 each)	3,554	3,554,016	31,433,751
At 31 December	3,554	3,554,016	31,433,751
2024			
Ordinary B Class Shares			
1 January 2024 (par value TZS 1,000,000 each)	20,400	20,400,000	94,477
At 31 December	20,400	20,400,000	94,477
Total		23,954,016	31,528,228

	Number of shares	Share Capital	Share Premium
2023		TZS '000	TZS '000
Ordinary A Class Shares			
1 January 2023 (par value TZS 1,000,000 each)	2,792	2,792,000	17,995,751
Additional capital	762	762,016	13,438,000
At 31 December	3,554	3,554,016	31,433,751
2023			
Ordinary B Class Shares			
1 January 2023 (par value TZS 1,000,000 each)	20,400	20,400,000	94,477
At 31 December	20,400	20,400,000	94,477
Total		23,954,016	31,528,228

29. SHARE CAPITAL AND RESERVES (CONTINUED)

(c) Statutory reserve

Where impairment losses required by legislation or regulations exceed those computed under IFRS accounting standards, the excess is recognised as a statutory reserve and accounted for as an appropriation of retained profits and the reverse for reductions. These reserves are not distributable. During the year the statutory reserve amounted to TZS 7.8 billion (2023: TZS 21.7 billion).

(d) Fair Value Reserve

Fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI; and the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified.

	2024	2023
	TZS '000	TZS '000
Equity investment fair value reserve movement:		
At 1 January	**270,004**	**253,891**
Net FV changes during the year	-	16,113
At 31 December	**270,004**	**270,004**
Treasury bond fair value reserve movement:		
At 1 January	15,744	81,259
Net FV changes during the year	(6,061)	(65,515)
Transfer to Profit or Loss	(16,430)	-
Tax on the FV	6,747	-
Net movement	(15,744)	(65,515)
At 31 December	**-**	15,744
Total Fair Value Reserve	**270,004**	**285,748**

30. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Net cash flows generated from/(used in) operating activities

	Note	2024 TZS '000	2023 TZS '000
Cash flows from operating activities			
Profit before income tax		18,303,151	5,358,522
Adjustments for:			
Depreciation on Property & Equipment	13	898,855	1,029,966
Depreciation on right of use asset	13	2,059,610	528,775
Amortisation of intangible asset	13	1,512,700	1,770,468
Disposal of Property and Equipment	13	127,689	59,885
Disposal of ROU asset		706,463	-
Disposal of Lease liability		(697,401)	-
Interest on lease liabilities	8	807,961	250,569
Net impairment on loans and advances		21,875,943	23,535,391
Interest on long term loans		244,418	789,446
Dividend income	12	(22,556)	(20,756)
Provision for legal cases		879,990	(1,149,788)
Exchange loss/(gain) on cash and cash equivalent		1,564,292	(1,889,906)
Exchange loss on borrowings		-	400,122
Exchange (gain)/loss on lease liability		(690,986)	46,896
Fair value gain on FVTPL investment	18(c)	(11,220)	(36,470)
Fair value recycled on disposal - FVOCI investment		(16,430)	-
		47,542,479	**30,673,120**
(Increase)/decrease in operating assets			
Movement in loans and advances to customers		(7,159,947)	(107,213,018)
Investment in government securities - amortised		(13,922,631)	(30,608,717)
Investment in government securities - FVOCI		1,517,644	2,527,113
Investment in government securities - FVTPL		1,514,656	(3,192,276)
Due from group companies		(3,964,898)	(2,395,257)
Loans and advances to Banks		5,984,466	(5,886,356)
Other assets		(5,805,161)	(2,740,874)
		(21,813,122)	**(149,509,385)**
Increase/(decrease) in operating liabilities			
Customer deposits		(153,539)	94,882,069
Deposits from banks		37,503,083	4,012,688
Balances due to group companies		5,327,425	28,886,477
Other liabilities		6,414,108	869,454
		49,091,077	**128,650,688**
Cash inflows generated from operating activities		**74,820,434**	**9,814,423**

30. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of cash and cash equivalents

	Note	2024 TZS '000	2023 TZS '000
Cash and balances with Bank of Tanzania	15	86,527,215	51,793,458
Items in the process of collection		(41,936)	444,221
Loans and advances to banks	16	60,772,621	33,293,172
		147,257,900	**85,530,851**

*Cash and balances with the Bank of Tanzania comprise cash on hand, short term money market placements and balances with the Bank of Tanzania.

31. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS

In the ordinary course of business, the bank conduct business involving guarantees, acceptances and letters of credit. These facilities are offset by corresponding obligations of third parties. At the period end, the contingent liabilities were as follows:

	2024 TZS '000	2023 TZS '000
Contingencies related to:		
Letters of credit	23,063,380	17,076,505
Guarantees	41,212,602	46,206,334
Acceptances/undrawn balance	61,681,115	40,041,818
	125,957,097	**103,324,657**

Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

Letters of credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented and reimbursement by the customer is almost immediate.

Forward contracts are arrangements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate.

The fair values of the respective currency forwards are carried on the face of the balance sheet.

32. CONTINGENT LIABILITIES

As at 31 December 2024, the Bank is in discussions with the Tanzania Revenue Authority (TRA) regarding additional tax assessments totalling TZS 16.8 billion for the years 2022 and 2023. The assessment, which represents a significant potential liability, arises from the TRA's interpretation of the thin capitalisation rule concerning the Bank's debt-to-equity ratio. No provision has been recognized for amounts where the obligation is not deemed probable, and the matter has been disclosed as a contingent liability. The Bank continues to engage with the TRA, and the directors will reassess the position as new information becomes available.

33. RELATED PARTY TRANSACTIONS

In the normal course of business, the Bank enters into transactions with related parties. These transactions relate to loans and advances and deposits which are issued or received from the related parties at market interest rates. There were no provisions held towards impairment of any of the advances to related parties. Other transactions relate to remuneration to directors and key management personnel.

		2024	2023
		TZS '000'	TZS '000'
(a)	**Directors and key management personnel: Loans**		
	Loans outstanding at the beginning of the year	6,939,345	4,932,793
	Loans issued during the year	12,942,925	2,749,761
	Loan repayments during the year	(10,425,189)	(743,209)
	Loans outstanding at the end of the year	**9,457,080**	**6,939,345**
	Interest income earned	**947,850**	**594,426**
(b)	**Directors and key management personnel: Deposits**		
	Deposits at the beginning of the year	4,353,693	3,275,340
	Deposits received during the year	5,355,359	22,575,882
	Deposits repaid during the year	(8,862,030)	(21,497,529)
	Deposits at the end of the year	**847,022**	**4,353,693**
	Interest expense	**76,232**	**391,833**
(c)	**Amount due to/from related companies were as follows:**		
	Amounts due from related parties:		
	I&M Bank Limited	2,469,552	3,394,694
	I&M Bank Rwanda Plc	356,912	370,751
	I&M Bank (Uganda) Limited	2,452,246	-
	Bank One Limited	2,451,633	-
		7,730,343	**3,765,445**
	Amounts due to related parties:		
	I&M Bank Limited	47,989,875	26,268,304
	I&M Bank Rwanda Plc	2,510,834	1,020,342
	I&M Bank (Uganda) Limited	-	5,090,000
	Bank One Limited	115,653	120,138
	I&M Realty (Tanzania) Limited	246,212	13,036,365
		50,862,574	**45,535,149**
(d)	**Management fees**		
	Management fees paid to I&M Bank Limited	**1,684,642**	**1,585,087**
(e)	**Key management compensation**		
	Salaries and other short-term benefits	3,858,283	3,080,033
	Post-employment benefits	385,828	308,003
		4,244,111	**3,388,036**

Key management comprise of Chief Executive officer and all heads of departments.

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Directors' remuneration

Directors' remuneration is made up of short-term benefits

	2024	2023
	TZS '000	TZS '000
Mr. Madabhushi Soundararajan	27,618	-
Mr.Pratul H.Shah	26,206	26,206
Mr.Shameer Patel	41,941	39,471
Mr. Alan Mchaki	34,882	35,588
Emmanuel Johannes	28,324	28,323
Ambassador Amina Ali	22,324	24,088
Raeesha Fakira	22,324	27,618
Christopher Kihara Maina	40,529	11,448
Jamhuri Ngelime	29,382	5,093
Paresh Manek	34,882	22,566
Mr. Christian Shirima	29,382	-
Mr.Sarit Shah	-	7,412
The late Michael Shirima	-	6,000
	337,794	**233,813**

34. CAPITAL COMMITMENTS

As at 31 December 2024, the Bank had capital commitments of TZS 9,989 million (2023: TZS 12,336 million) in respect of equipment and information technology. The expenditure committed as at the end of reporting period but not yet incurred is as follows:

	2024	2023
	TZS '000	TZS '000
Capital commitments	**3,478,750**	**12,336,100**

35. LEASES

See notes on financial risk management. Disclosure relating to lease commitments has been included in Note 4 (b), Liquidity risk.

(i) Lease liabilities

	2024	2023
	TZS '000	TZS '000
Expected to be settled within 12 months after the year end	394,864	620,982
Expected to be settled more than 12 months after the year end	6,657,801	7,419,439
	7,052,665	**8,040,421**
The total cash outflow for leases in the year was:	2,412,774	1,516,617
Payments of principal portion of the lease liability	1,604,813	1,266,048
Interest paid on lease liabilities	807,961	250,569
	2,412,774	**1,516,617**

35. LEASES (CONTINUED)

(ii) Lease liability movement

	2024	2023
	TZS '000	TZS '000
Balance at 1 January	8,040,421	2,165,619
Additions	2,005,444	7,116,817
Interest expense	807,961	250,569
Lease payments	(2,412,774)	(1,516,617)
Modification of leases	-	(22,863)
Lease liability disposal	(697,401)	-
Translation difference	(690,986)	46,896
Balance at 31 December	**7,052,665**	**8,040,421**

(iii) Maturity analysis

Non-cancellable operating lease commitments		
Less than one year	544,596	2,408,625
Between one and five years	9,469,178	8,789,733
Total undiscounted lease liability	**10,013,774**	**11,198,358**

(iv) Amounts recognised in profit or loss

Interest on lease liabilities (Note 8)	807,961	250,569
Depreciation of right to use asset (Note 20)	2,059,610	528,775
	2,867,571	**779,344**

(v) Extension options

Some leases of office premises contain extension options exercisable by the Bank up to one term after the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The Bank assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

36. SUBSEQUENT EVENTS

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affect the financial position of the Bank and results of its operations.

37. COMPARATIVES RE-CLASSIFICATIONS

During the current year, the following re-classifications which did not have impact on prior year profit were made to the prior year comparatives of financial statements so as to align the prior year numbers to classifications of the current year.

Descriptions:	As restated in 2024	As previously reported in 2023	Changes	Note
	TZS' '000	TZS''000		
Extract statement of profit or loss and other comprehensive income				
Net impairment charge on loans and advances	(23,535,391)	(19,316,144)	(4,219,247)	(a)
Other operating income	4,356,991	137,744	4,219,247	(b)
Extract Statement of financial position				
Customer deposits	549,075,399	562,111,764	(13,036,365)	(c)
Due to group companies	45,535,149	32,498,784	13,036,365	(d)
Other assets	8,030,874	7,586,653	444,221*	(e)
Extract statement of cash flow				
Cash and cash equivalent	85,530,851	50,959,219	34,571,632	(f)
Cash and balances with Bank of Tanzania: – SMR	-	(6,081,520)	6,081,520	(g)

- Note (a): Reclassification of recoveries from written-off loans and advances to other operating income, previously reported under net impairment charge on loans and advances.
- Note (b): Reclassification of recoveries from written-off loans and advances, previously reported under net impairment charge on loans and advances
- Note (c): Reclassification of I&M Realty (Tanzania) Limited balances from customer deposits to due to group companies.
- Note (d): Reclassification of I&M Realty (Tanzania) Limited balances, previously reported under customer deposits, to due to group companies.
- Note (e): Reclassification of items in the course of collection to other assets, previously reported on the face of the Statement of Financial Position. *This caused the removal of the financial statement line “items in the course of collection”
- Note (f): Inclusion of the Statutory Minimum Reserve (SMR) balance in cash and cash equivalents, which was previously excluded.
- Note (g): Removal of cash and balances with the Bank of Tanzania – SMR from the movement of operating assets in the cash flow statement.

38. ULTIMATE HOLDING COMPANY

The ultimate holding company of the Bank is I&M Group PLC which is incorporated in Kenya.

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