EXIM BANK (TANZANIA) LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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TABLE OF CONTENTS

INDEX TO NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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P.O. Box 1431
Dar es Salaam, Tanzania

PRINCIPAL BANKERS

Bank of Tanzania
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Dar es Salaam, Tanzania

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P.O. Box 318
New York, United States of America

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United Kingdom

Citibank New York
111, Wall Street
New York 10043
United States of America

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Plot 6 Hannington Road
P.O. Box 36206
Kampla, Uganda

JP Morgan Chase Bank, N.A
4 New York Plaza, Floor 13
New York NY, 10004

Exim Bank Comores S.A
P.O Box 3, Place De Frace
Moroni, Union des Comores
Ph: +269 773 9400-01-02

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Johannesburg za
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+27011 8468265|Mobile:+27714630044

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Global Transaction Banking - Trade Finance Financial Institutions,
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Frankfurt Am Main, Germany

Nedbank
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P.O. Box 1144
Johannesburg 2000
South Africa

Axis Bank Limited
Corporate Office, Axis House
Pandurang Budhkar Mag, Worli
Mumbai-400025, India

Sumitomo Mitsui Banking Corporation
1-1-2 Marunouchi Chiyoda-Ku
Tokyo-Japan

Stanbic Bank Kenya Limited
Stanbic Centre, Chiromo Road
Westlands, Nairobi
KE-30 00200, Kenya Headquarter

National Bank of Commerce Limited.
Registered in the United Republic of Tanzania (registered number 32700).
Registered office: NBC House, Azikiwe Street/Sokoine Drive
P.O. Box 1863, Dar es Salaam, Tanzania

CORPORATE INFORMATION (CONTINUED)

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Rex Attorneys at Law
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Dar es Salaam, Tanzania

Hallmark Attorneys
P.O. Box 13811
Dar es Salaam, Tanzania

Locus Attorneys
P.O. Box 4110
Dar es Salaam, Tanzania

Joachim & Jacobs
House No. 37
Ali Hassan Mwinyi Road
P.O. Box 3979, Dar es Salaam, Tanzania

BANK SECRETARY

Joachim & Jacobs Group Limited
P.O. Box 3979
Dar es Salaam, Tanzania

INDEPENDENT AUDITORS

KPMG

Certified Public Accountants

2nd Floor, The Luminary Haile Selassie Road

Masaki, P.O. Box 1160
Dar es Salaam, Tanzania
Registration: PF No 020 and TIN 100-144-921

EXIM BANK (TANZANIA) LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

1. INTRODUCTION

The Directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2024, which reflect the state of affairs of Exim Bank (Tanzania) Limited (the "Company" or "Bank") and its subsidiaries, Exim Bank Djibouti S.A., Exim Bank Uganda Limited, Exim Bank Comores S.A. and Core Securities Limited (collectively referred as the "the Group").

2. INCORPORATION

The Company was incorporated in Tanzania under the Companies Act, No. 12 of 2002 in the year 1993 as a private Company limited by shares. From 1997 to date, the Bank managed to expand its network from 4 branches in Dar Es salaam to 31 across the country in Tanzania and 19 others in subsidiaries. In total there are 50 branches across the Group.

3. VISION

To be the Bank of choice.

4. OUR MISSION

The Bank is committed to remaining an innovative Tanzanian Bank offering service of international standards.

5. PRINCIPAL ACTIVITIES

The Bank's reach

Except for Core Securities Limited, the Group is engaged in the banking business, that is, accepting deposits for lending and investments and other commercial banking services. The Bank is licensed under the Tanzania Banking and Financial Institutions Act, 2006 and the subsidiaries are licensed under the respective laws of Uganda, Comores S.A and Djibouti.

About Bank's customers and engagement approach

Our Group is centered at servicing a very diversified portfolio of customers ranging from governments, public entities, corporate customers, small and medium enterprises all the way to individual customers offering a full bucket of financial, investment and insurance products across the region with our presence.

The Group has been in operation through three main revenue generating units which represent the face of the Bank; these are: -

- ✓ Corporate Unit which is focused on corporate clients who have met specific set criteria.
- ✓ Retail Unit which serves all other corporates that have not met the corporate criteria including SMEs and individual customers;
- ✓ Treasury unit which manages all other forms of arrangements not falling in the two mentioned units. Treasury and Global Markets Unit which ensures optimal statement of financial position management and related risks together with servicing corporates and retail clients on foreign exchange and other financial market instruments.

The distinction between the units is set to ensure the Bank always deploys the right strategy and avails the right resources to meet the requirements of its diversified customer base and maintain maximum satisfaction across the different groups.

The units are supported by 14 functions which are strategically positioned to ensure smooth performance of the revenue generating units.

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The Bank is committed to live up to its shared values and works to provide customers with the best services through a straightforward business model anchored in diversification by business, geography, risk and people, as well as a clear focus on our business strategy. The Bank embraces the future by establishing itself in unbanked markets where it connects with customers and develops a range of products and services, to meet their changing needs using new technology to improve the services.

Service delivery channels.

The Bank has been evolving around the needs and requirements of the market since inception. It has managed to open and run 31 branches in Tanzania and 19 more in the region where it has subsidiaries and the core service delivery channels.

The Bank has rolled out number of alternative delivery channels such as ATMs which are 86, Mobile banking services, online banking services and cash management solutions.

The Bank is looking to engage agents across the country to increase accessibility of our services. As at 31 December 2024 the bank had 2,807 agents (31 December 2023: 1,631 agents).

6. OUR BUSINESS MODEL

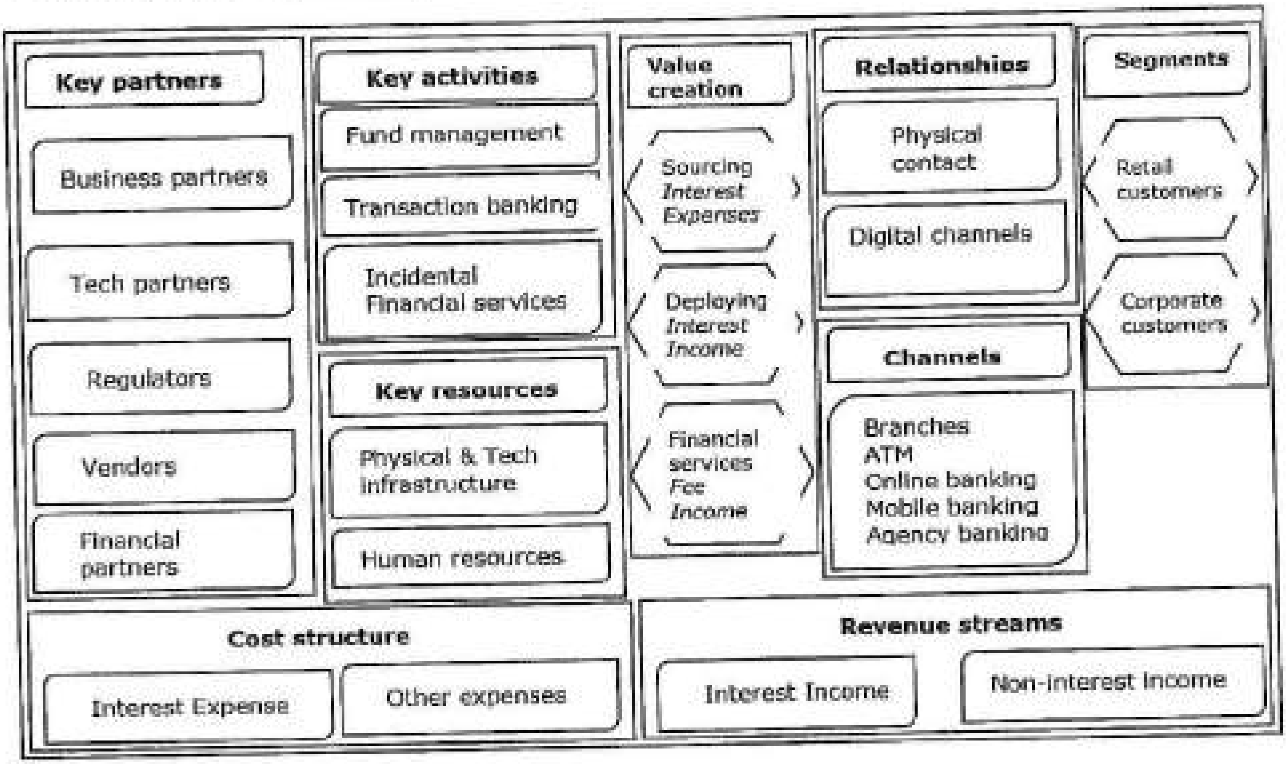
Exim Bank plays a key role in connecting the providers and users of capital. We recognize the role we play in the society, and our success as a business has always been closely linked to the progress of the people, communities and businesses we serve. We aspire to grow and deliver value for all our stakeholders. For us, value is best illustrated through customers satisfaction, shareholders value enhancement, staff welfare and serving the community around us. In achieving the same we anchor our actions on a firm foundation of defined strong values.

Our mission is to provide competitive and innovative financial solutions through digital transformation, to achieve distinctive customer experience, while caring for our people and delivering a sustainable contribution to the society. Our purpose is to transform lives through financial sector innovation, intuitive action and sustainable business.

We invest in people, technology, and processes to deliver value in a responsible and sustainable manner. Therefore, through innovation and strategic investments, we continue to expand our delivery channels to deepen access to financial services. We have a robust plan to drive financial inclusion with a clear aim to serve the less privileged communities and include the lower segment of the market into the financial ecosystem.

We understand that as one of the leading financial service providers, our relevance today and in the future, along with our ability to create long term value for our stakeholders is dependent on our ability to effectively manage and leverage the forms of resources available to us.

6. OUR BUSINESS MODEL (CONTINUED)



7. RELATIONSHIP TO OUR STAKEHOLDERS

Our group is positioned to ensure we deliver value to all our stakeholders and fulfilling a critical role in the economies of each country that we operate in. The following is the summary of our key stakeholders and snapshot of how our group is managing each of the stakeholders.

Stakeholder	Management of the relationship
Our esteemed customers	- We have established a convenient and effective contact between us and our customers.
	- Offering innovative, efficient banking, convenient and secured solutions that meet the needs of our customers.
	- Created an exceptional access to financial services and financial markets including access to information and advice.
	- Created a safe and trustworthy financial services delivery options.
	- Supporting financial milestones for our esteemed customers with products and services delivered through innovative superior channels.
Investors/ shareholders	- Ensure consistent delivery of attractive and sustainable returns to shareholders' investment through optimized balance sheet.
	- Create environment for shareholders value growth. The Group reported total equity value of TZS 413 billion in 2024 compared to TZS 321 billion of 2023.
	- The Group has also established a convenient and stable communication channel in line with best practices.

7. RELATIONSHIP TO OUR STAKEHOLDERS (CONTINUED)

Stakeholder	Management of the relationship
Employees	- A workplace where employees can be productive and achieve their potential.
	- We have created a performance appraisal system which emphasizes the rationale for recognition and reward.
	- Self-led development and an opportunity for career progression.
	- A committed career development mechanism to consistently boost capacity of our workforce.
	- Again effective communication channels have been established to ensure alignment of our workforce.
Regulators	- Continuously compliance and streamlining with all required regulations.
	- Fair and ethical engagement when dealing across the Group.
	- A stable financial services sector.
	- An inclusive and transformed sector.
	- During the year tax of TZS 43 billion (2023: TZS 32 billion) in respect of profit generated was paid by the Group to the respective governments of the countries in which we operate.
Community	- Providing support to our communities and access to social and environmental financing to address societal needs.
	- Increased access to and funding for education, health and sports related opportunities.
	- Creation of opportunities in terms of employment opportunities where in total over 1,022 staffs have been hired across the group all mostly coming from the society we are operating in.
	- Our group has also consistently been engaging in many corporate social responsibilities which have ranged between heath, education and many others.
Vendors	- We consistently provide equal chances to all vendors to take part in supplying several goods and services to the Group.
	- We maintain high standard of engagement which provides a platform for all parties to deliver per agreement.
	- We have created a transparent mechanism through our outsourcing and procurement unit to obtain our vendors and an effective communication channel to ensure maximum participation.

8. CORPORATE GOVERNANCE STATEMENT

The Group and the Bank are committed to high standards of corporate governance. The Group has a comprehensive range of policies and procedures in place designed to ensure that it is well managed, with effective oversight and controls.

The Board of Directors ("Board") of Bank and the Group sees governance as promoting strategic decision making that balances short, medium, long-term outcomes and safeguarding interests of Bank and the Group, shareholders and the society in which we operate to create sustainable shared value.

Directors have a statutory duty to promote the success of the Bank and the Group for the benefit of the stakeholders. In promoting the success of Bank and the Group, Directors must have due regard to the long-term consequences of their decisions, the legitimate interests of employees, the need to foster effective business relationships with suppliers, customers and various stakeholders, the impact of the Bank and the Group's operations on the community, the environment and the desire to maintain a reputation for high standards of business conduct.

8. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board is committed to ensure that the Bank complies with the laws, regulations and standards applicable to the industry. The Board ensures that high standards and practices in Corporate Governance and more specifically the principles, practices and recommendations set out under the Code of Corporate Governance Practices for Listed Companies, 1994 (CMSA Principles of Good Corporate Governance Practices), the Corporate Governance Regulations 2021 as well as the Companies Act, No. 12 of 2002 are adhered to.

The Board believes that good corporate governance is the core driver of sustainable corporate performance and creates shared value by ensuring the right balance between organizational growth and long-term stakeholders' value.

The Board of Directors regularly reviews its corporate governance arrangements and practices and ensures that the same reflects evolving good corporate governance norms, the developments in regulation, best market practice and stakeholders' expectations. Corporate governance framework enables the Board to oversee the strategic direction of Bank and the Group, financial goals, resource allocation, risk appetite and to hold the executive management accountable for execution.

9. CORPORATE GOVERNANCE FRAMEWORK

Those charged with governance

The Bank and Group is set and committed to healthy corporate governance practices, which strengthens and maintains confidence in what we do, thereby contributing to optimal long-term value creation for shareholders and other stakeholders.

Our Board recognizes its collective responsibility for the long-term success of the Bank and Group. It has set a reasonable best in class environment which enables it to take an active role in directing the operations of the Bank and Group. The Board meets at least four times a year (at least once per quarter) and has in place a formal schedule of matters reserved to it.

This includes overall strategy formulation, implementation guidance and monitoring of the outcome, corporate structure and capital composition structure, financial reporting and control, oversight and review of risk management and internal control systems, significant contracts, succession planning and new Board appointments for compliance with Good Corporate Governance principles.

The Board consists of sufficient members with the right mix of skills, experiences and knowledge to accomplish mission and vision of the bank.

The effectiveness, structure, size, composition of the Board and ongoing suitability and performance of each Board member is assessed periodically in line with requirements of Bank of Tanzania (BoT) and best practices. The Board has not received any complaints regarding their standing from any of the regulatory and professional bodies during the year.

The Board members qualification is aligned to corporate governance regulation on Governance of Banks and Financial Institutions and the appointment of each member is subject to regulatory vetting.

The Board maintains regular dialogue with shareholders and other stakeholders on matters of financial performance and strategy. Additionally, the Board periodically makes disclosures of significant developments on its website and other media.

The Board is committed to ensuring compliance with Corporate Governance regulations and adoption of best practice in governance.

10. ENVIRONMENTAL MATTERS

Considering the crucial impact of environmental conservation, the bank has developed a specific environmental and social policy. The policy articulates the commitments of the Bank to sustainable development, elaborates how the Bank integrates environmental and social issues into its processes and activities and sets the roles and responsibilities including the requirements to deliver these commitments.

In carrying out its mandate of promoting sustainable development, the Bank effectively and equitably manage environmental and social risks and impacts and improve outcomes of the financed activities.

Through our green policy our Group committed to:

- Examine the environmental and social issues and concerns associated with potential business activities proposed for financing or being financed;
- Identify, evaluate and manage the environmental and social risks and the associated financial implications arising from these issues and concerns;
- Where avoidance is impossible, mitigate adverse impacts to people and the environment; and
- Give due consideration to vulnerable and marginalized populations, groups, individuals, local communities, indigenous peoples, and other marginalized groups of people and individuals that are affected or potentially affected by the Bank-financed activities.

The Group is committed to promote environmentally sound and sustainable development in full range of its credit products. The Bank believes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its Credit Policy and recognizes that projects which foster environmental and social sustainability rank among the highest priorities of its activities.

The Group in the daily operations observe the following for all businesses it finances:

·Ensure that businesses financed observe environmental safety standards and regulatory requirements in line with country laws and international best practices.
·Observe and mitigate negative impact of business on Biodiversity Conservation and Natural Resources.
·Observe and mitigate negative impact of business on cultural heritage objects, sites and structures.

The Bank continued with its go-green initiatives aimed at creating awareness to the community at large towards environmental conservation. Currently the Bank is maintaining Ohio, Clock Tower and Kariakoo gardens in Tanzania Mainland. On World Red Cross Day, we partnered with the Tanzania Red Cross Society (TRCS) for two impactful initiatives promoting environmental sustainability and community well-being. We planted 10,000 trees, including 500 at Lekundo Secondary School, where students were given the responsibility to nurture their trees, fostering environmental awareness. Additionally, we supported TRCS in a blood donation drive in Dodoma, reinforcing our commitment to community health.

These efforts reflect our dedication to positive social impact and environmental stewardship, making them worthy of recognition.

The move has been conserving the environment, increasing the attractiveness of these areas, and also providing an opportunity for local residents to find a place to rest while running their daily errands.

11. THE BOARD'S ROLE AND RESPONSIBILITIES

The Board's primary responsibility is to protect and maximize shareholders value by considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against industry benchmark, budgets and business plans. The Board is accountable to shareholders and is responsible for overall oversight of Bank and the Group and ensure prudent running of Bank and the Group.In fulfilling its primary responsibilities, the Board ensures compliance with the principles of good governance while pursuing economic performance. The Board is also responsible for ensuring that a comprehensive system of internal controls, policies and procedures are in place and for compliance with sound corporate governance principles.

The Board, led by the Board Chairman, who is responsible among other matters for:

✓ Promoting the Bank and the Group's long-term success and delivering sustainable value to shareholders.
✓ Establishing and approving Bank and the Group's strategic and financial plans to be implemented by management.
✓ Setting Bank and the Group's risk appetite and monitoring the Bank and the Group's risk profile.
✓ Oversees the Risk Management Framework and its operation by management.
✓ Approves capital expenditure for material transactions.
✓ Reviews succession planning for the management team and makes senior executive appointments, organizational changes and high-level remuneration issues.
✓ Provides oversight over performance against targets and strategic objectives.
✓ Provides oversight over reporting to shareholders on the direction, governance and performance of the Group as well as other material events that require reporting and disclosure.

The Management team is encouraged and invited to attend board meetings to facilitate effective communication and assist the Board with its deliberations and provide critical insights and analysis of various business units within the Group.

12. BOARD NOMINATION, APPOINTMENT, INDUCTION AND TRAININGS

The current Board structure comprises of eight (8) non-executive Directors including the Board Chairman. The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter and applicable law.

The Board composition is driven by the following principles;
- The Board must comprise majority of independent non-executive directors.
- The Board should consist of directors with a broad range of skills, experience and expertise and be from a diverse range of backgrounds.
- The Chairman of the Board must be a non-executive director with requisite skills and competence to lead the Board.

Appointments to the Board are made on merit and candidates are considered against objective criteria, having due regard to the benefits of the diversity of the Board. A rigorous selection process is followed in relation to the appointment of Directors and certain specified senior appointments.

All newly appointed non-executive Directors participate in an induction program. The induction program often includes a series of meetings with other Directors, the Chief Executive Officer and Management team to enable new Directors familiarize themselves with the business. Directors also receive comprehensive guidance on Directors' fiduciary duties and responsibilities as well as liabilities.

At all times during their tenures, all Directors are expected to maintain the requisite skills and demonstrate ethical standards to carry out their obligations. The Chairman regularly reviews the professional development needs of each Director. The program of continuing education ensures that the Board is kept up to date with developments in the industry both locally and globally.

13. COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") currently comprises eight members. No Director held an executive position during the year. The Board takes overall responsibility, including that of identifying key risk areas, consideration and monitoring of credit and investment decisions, review of policies, consideration of important financial matters, and generally reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal controls, policies and procedures is operative and that there is compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. During the year, the Board and its committees met twenty-seven (27) times. The Board delegates the day-to-day management of the business to the executive management team comprising the Chief Executive Officer, assisted by the senior management staff. The management team is invited to attend the Board sub-committee and Board meetings depending on the agenda items. Management remains responsible for the effective control of the operational activities and acts as a medium of communication and coordination among various business and operational units of the Group.

The Bank and its subsidiaries are committed to the principles of effective corporate governance. In this regard, the Directors also recognize the importance of integrity, transparency and accountability. The Board has the following sub-committees to ensure a high standard of corporate governance.

The following are the Directors who served the since 1 January 2024 up to the date of this report.

No.	Name	Position	Age	Gender	Nationality	Qualifications
1	Mr. Said Ally Mwema	Chairman	71	Male	Tanzanian	Bachelor of Law
2	Mr. Yogesh Manek	Director	70	Male	Tanzanian	Bachelor of Arts
3	Mr. Hanif Jaffer	Director	62	Male	Tanzanian	Certified Public Accountant (CPA-T)
4	Mr. Shaffin Jamal	Director	55	Male	Tanzanian	Master's in Business Administration
5	Mr. Kalpesh Mehta	Director	54	Male	British	FCA, Bachelor of Arts (Econ) Hons
6	Mr. Sherazam Mazari	Director	72	Male	Singapore	Bachelor of Business Administration - Finance
7	Ms. Irene Mlola	Director	51	Female	Tanzanian	Master's in Business Administration
8	Ms. Brenda Lulu Msangi	Director	45	Female	Tanzanian	Master's in Business Administration

14. BOARD COMMITTEES

The Board places significant reliance on its committees by delegating a broad range of responsibilities and issues to them to achieve effective independent oversight and stewardship. It therefore remains crucial that effective linkages are in place between the committees and the Board as a whole, not least as it is impracticable for all non-executive directors to be members of all the committees.

Mechanisms are in place to facilitate these linkages, including ensuring that there are no gaps or unnecessary duplications between the remit of each committee and overlapping membership between Board committees where necessary. Alongside interconnected committee membership, the Board receives documented summaries of each of the committee's meetings.

14. BOARD COMMITTEES (CONTINUED)

During the year, the Board had the following board sub-committees to ensure a high standard of corporate governance throughout the year.

- Board Credit Committee (BCC)
- Board Audit and Risk Management Committee (BARMC)
- Board Executive Committee (EXCOM)
- Board Human Resource Committee (BHRC)

(i) Board Credit Committee (BCC)

The Credit Committee seeks to ensure that the quality of the asset book remains within acceptable parameters and that the business has an effective credit policy, consistent with regulatory requirements and prudent risk management practices including credit impairment adequacy.

This commitee met thirteen (13) times during the year, it comprised of the following members:

SN	Name	Position
1	Ms. Irene Mlola	Chairperson
2	Mr. Shaffin Jamal	Member
3	Mr. Sherazam Mazari	Member

(ii) Board Audit and Risk Management Committee (BARMC)

The committee oversees and advises on current and potential risk exposures of the Group, the enterprise Risk Management Framework, risk appetite, risk strategy, including strategy for capital and liquidity management and promoting a risk awareness culture across the Group, alongside established policies and procedures.

Also the committee is responsible for overseeing the financial reporting process, ensuring that internal control systems are adequate and effective. The committee is responsible for among other things to review audit plans both internal and external auditors and communicate areas of concern or improvements, review of the management report letters from auditors concerning areas of improvements and deviations in accounting and operating controls also obtaining assurance from external auditors that adequate accounting records are maintained through review of policies, practices and implementation of all reporting proposed changes, review of effectiveness of financial management of the Bank and Group, capital and other regulatory compliances, review of independence and objectivity of external auditors in line with the requirements of regulatory frameworks and best practices. It is also responsible for establishment of the framework for reporting unethical practices and monitor effectiveness of the whistleblowing process. The committee met four (4) times during the year.

This committee is comprised of the following members:

SN	Name	Position
1	Mr. Kalpesh Mehta	Chairman
2	Mr. Hanif Jaffer	Member

(iii) Board Executive Committee (EXCOM)

The executive committee among other duties is responsible for some policy development for the Bank and Group both through scheduled and ad-hoc basis. It oversees implementation policy while acting as a liaison for the main Board in decision making and function as a collaboration outlet. This is placed to fill specific gaps in the decision-making process which is critical to governance best practices. The committee met four (4) times during the year.

14. BOARD COMMITTEES (CONTINUED)

This commitee is comprised of the following members:

SN	Name	Position
1	Mr. Yogesh Manek	Chairman
2	Mr. Shaffin Jamal	Member
3	Mr. Hanif Jaffer	Member
4	Mr. Sherazam Mazari	Member

(iv) Board Human Resource Committee (BHRC)

The role of the human resource committee among other duties is to assist the Board of Directors in fulfilling its oversight responsibility to shareholders by ensuring that the bank has coherent remuneration policies and practices that fairly and responsibly reward executives and staff, having regard to performance, governing laws, and highest standards of governance. The committee met two (2) times during the year.

This committee is comprised of the following members:

SN	Name	Position
1	Mr. Yogesh Manek	Chairman
2	Ms. Brenda Lulu Msangi	Member

(iv) Board and committees meetings during the year

The Directors' attendance of meetings and remuneration for the year ended 31 December 2024 is indicated below:

Name of Director	Board	Human Resource Committee	Credit Committee	Audit & Risk Management Committee	Executive committee	Directors' fees (TZS Million)
Mr. Yogesh Manek	4	2	-	-	4	51
Mr. Shaffin Jamal	4	-	12	-	4	34
Mr. Hanif Jaffer	4	-	-	4	4	38
Mr. Said Ally Mwema	4	-	-	-	-	56
Ms. Brenda Lulu Msangi	4	2	-	-	-	36
Mr. Kalpesh Mehta	4	-	-	4	-	51
Mr. Sherazam Mazari	4	-	13	-	4	316
Ms Irene Mlola	4	-	4	-	-	48
Number of meetings held	4	2	13	4	4	
Total Directors' fees						630

15. KEY BOARD ACTIVITIES/DECISIONS DURING THE YEAR

During the year the board in total sat in 27 meetings which included both the board commitee meetings and the main board session. All committees focused in its primary activities and there was no extra-ordinary meeting except for one that involved the board Executive committee. And among many other agendas that were discussed, the following are some of the key decisions that were reached in meetings held during the year.

Approval of 2025 budget

The Board went for a special seating which was intended to review the proposed budget for the financial year 2025 prepared by management.The board approved growth in asset book and entire balance sheet together with its ultimate impact of growth in operating profit before tax.

15. KEY BOARD ACTIVITIES/DECISIONS DURING THE YEAR (CONTINUED)

Review of implementation cost to income ratio reduction plan

The Board guided management on ensuring operation costs are optimized to boost the Group's cost to income ratios to the level required by the regulator and improve profitability.

Approval of policies, mandates and directives

In line with the requirements of best corporate governance practices during the year the Board reviewed, approved and guided management into creation of policies and mandates which are key to the overall operations of the Bank and the Group to match the strategies and ever-changing industry practices.

16. COMPANY SECRETARY

The Company Secretary who served during the year and to the date of this report was Joachim & Jacobs Group Limited.

Providing support goes beyond scheduling meetings to proactively manage the agenda and ensuring the presentation of high-quality up-to-date information in advance of meetings. The Company Secretary assists the Chairman with all development processes including Board evaluation, induction, and training. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole.

17. GOVERNANCE AND MANAGEMENT OF THE SUBSIDIARIES

The Bank has established four subsidiaries in four different countries namely Exim Uganda, Exim Bank Comores, Exim Djibouti and Core Security Tanzania limited. The countries of incorporation are also their principal place of business. During the year the group disposed it's interest in Core securites Limited and therefore not part of the group as at 31st December 2024.

These are autonomous subsidiaries with independent management teams which all reports to Head of strategic investments and subsidiaries who is part of executive management at Group management team, they also have individual Board of Directors which also report all critical affairs to the Group Board of Directors.

All these subsidiaries are unlisted and all have the same year end as the Exim Bank Tanzania. The investment in the subsidiaries includes the cost of shares and other initial payments made for and on behalf of the subsidiaries.

18. MANAGEMENT TEAM

The management of the Bank is under the Chief Executive Officer (CEO), assisted by the following:

Title	Role
Chief Finance Officer	Supervisor of all financial decisions, responsible for preparation of financial results and strategy of the bank
Head of Business Operations and Service Delivery	Leader of the Bank operations team and primary implementor of operational directives
Chief Technology and Digital Transformation	Leader of the Bank technology digital transformation related team and primary implementor of technology directives
Head of Corporate & Institutional Banking	Leader of corporate banking team, chief implementor of corporate unit's strategic directives
Head of Retail Banking	Leader of retail banking team, chief implementor of retail unit's strategic directives
Head of Treasury	Leader of treasury team, chief implementor of Treasury related strategic directives
Head of Legal	Leader of legal team, chief representer of the Bank in all legal preceding
Head of Risk & Compliance	Leader of risk and compliance team, chief implementor of risk and compliance related strategic directives
Head of Credit	Leader of Credit team, chief implementor of Credit related strategic directives

18. MANAGEMENT TEAM (CONTINUED)

Title	Role
Head of Special Assets Management (Credit Recoveries)	Leader of Credit recovery team, chief implementor of recovery related strategic directives
Head of Marketing & Communications	Leader of marketing team, chief implementor of marketing related strategic directives
Head of Administration	Leader of administration team, chief implementor of administration related strategic directives
Head of Human Resources	Leader of human resource team, chief implementor of staff related strategic directives
Head of strategic investments and subsidiaries	Primary contact point between the subsidiaries and the Group

The Chief Internal Auditor (CIA) reports directly to the Board through the Board Audit Committee. However, the CIA also reports to the CEO for administrative purposes.

19. ACCOUNTING POLICIES

The accounting policies of the Group, disclosed in Note 3 to the consolidated and separate financial statements, have been approved by the Board. The accounting policies for financial instruments form a significant part of the policies and are disclosed under Note 3 to the consolidated and separate financial statements. There have been no changes in accounting policies in the current year except as disclosed in Note 2 to the consolidated and separate financial statements.

20. CAPITAL STRUCTURE

The capital structure for the year under review was as shown below:

Authorized
20,000,000 ordinary shares of TZS 1,000 each (31 December 2023: 20,000,000 ordinary shares of TZS 1,000 each).

Issued and fully paid
12,900,000 ordinary shares of TZS 1,000 each (31 December 2023: 12,900,000 ordinary shares of TZS 1,000 each).

Details of the capital management, regulatory capital and capital structure are disclosed under Note 6.6 to the consolidated and separate financial statements.

Gearing of the Bank

The Group's total equity accounts is 15% (12% in 2023) of the Group's liabilities and Bank reported equity accounts is 17% (14% in 2023) of the total liabilities.

Short term financing

The Group is primarily funded by the customers who have continued to trust the Group hence reported TZS 2.41 trillion (TZS 2.39 trillion in 2023). Also there are other counterparts ranging from other banks through vostro accounts (see note 28) to other partners financing the operations through issuance of various services to the Group and accepting payment on accrual bases see Note 33.

Medium term financing

The Bank has several partners (both local individuals and foreign counterparts) who have injected funds in way of fixed deposits, subordinated debt, standard loans and senior loan arrangements which are all medium term based see note 30 and note 31.The Bank is looking to maintain return on equity of above 20% in 2025, continued cost optimization to maintain cost of income ratio to less of 55% and growth of fee income which will all increase operating cashflows together with improve capital position in long run.

21. SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year was 5 (2023: 5 shareholders). The shares are held as follows:

	Name of the Shareholder	% of shareholding	31 December 2024 Number of Ordinary Shares	31 December 2023 Number of Ordinary Shares
1	Mr. Yogesh Manek	20%	2,580,000	2,580,000
2	Mr. Shaffin Jamal	20%	2,580,000	2,580,000
3	Mr. Hanif Jaffer	20%	2,580,000	2,580,000
4	Mr. Azim Virjee	20%	2,580,000	2,580,000
5	Mr. Azim Kassam	20%	2,580,000	2,580,000
	Total	**100%**	**12,900,000**	**12,900,000**

The Directors holding shares are listed below:

	Name	Nationality	Number of Ordinary Shares
1	Mr. Yogesh Manek	Tanzanian	2,580,000
2	Mr. Shaffin Jamal	Tanzanian	2,580,000
3	Mr. Hanif Jaffer	Tanzanian	2,580,000

22. DIRECTORS' REMUNERATION

The remuneration for the Directors is reviewed to ensure that levels of emoluments and compensation are appropriate after considering industry benchmarks and international practices. Information on aggregate amounts of the emoluments and fees paid to Directors are disclosed in Note 11 and Note 39 to the consolidated and separate financial statements.

23. FUTURE DEVELOPMENT PLANS

The Group is intending to improve profitability by leveraging its investments in customer facing technology to enhance customer experience and introduce new innovative products. The Group's investment in technology will help improve operations and enhance productivity.

The Group is planning to start with process re-engineering and operational enhancement through various strategies including planned upgrades to the Group's service delivery channels which some of these initiatives have already been deployed with the intention of transforming how we serve our customers by reducing the Turn Around Time (TAT) and increase efficiency in our operation which will all help to increase customer experience and ensure reliability of our service delivery channels as we push our Bank even closer to our customers.

Among other initiatives we plan to also introduce more service channels and more penetration strategies to increase accessibility of our services even in places without our branches, this will help open doors to numerous opportunities starting with Tanzanian population through creation of numerous platforms to the Tanzanian population to take part in this exciting journey as we look to introduce and push more on new products and new channels which will need more partners across the group (more agents), also these intend to push our services to the fingertips of our customers and increase Bank's overall efficiency.

The Group is looking to be more engaging and expand partnerships with general populations wherever we operate through leading in creativity and innovation in how conveniently we can onboard other players in the economies we operate in. In that regard we plan to re-look at our branch network and alternative channels to ensure various expansion strategies are all implemented to increase outreach while taking measures to further strengthen the risk management framework.

EXIM BANK (TANZANIA) LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

23. FUTURE DEVELOPMENT PLANS (CONTINUED)

The medium-term strategy of the bank is to be among the top five retail and corporate bank of choice for local and regional corporations by deploying a combination of strategic pillars which are 'Customer first, Process efficiency, Digital focus and Innovate to lead' which are backed by end-to-end digitalization to bring a renewed customer experience. The bank will win its strategy by effectively organizing its talented people, Process and System.

The Bank is planning to implement numerous initiatives such as rationalization of portfolios (business portfolio and operation reliability achieved through reduction of operation complexities, diversified products and reduction of dependence on individual standard financial products.

24. PERFORMANCE FOR THE YEAR

The Group recorded a profit for the year of TZS 92.2 billion (2023: profit of TZS 60.5 billion). The Bank recorded a profit for the year of TZS 74.1 billion (2023: profit of TZS 43.8 billion).

The total assets of the Group increased to TZS 3.1 trillion (2023: TZS 3 trillion) while that of the Bank grew to TZS 2.13 trillion (2023: TZS 2 trillion). The increase in total assets was mainly driven by the organic growth in customer asset book for the Group and other earning assets for the Bank.

Despite the ongoing post covid impacts to world economy, disruption of supply chain caused by Russia- Ukraine tension, Israel-Palestinian conflicts rising inflation and shift in spending pattern yet the Bank achieved a profit before tax of 54.1% above prior year and despite 57.5% growth of tax charge yet the profit after tax was 52.4% above prior year. On the same note the Bank managed to grow the balance sheet by 6.1% from TZS 2 trillion in 2023 to TZS 2.13 trillion in 2024.

Regardless of the increased competition in financial industry the above performance takes the Bank to 6th position at group level on profit before tax among the Tanzanian banking industry and on asset size it's at the 4th position with 6% market share. This top tier position has persisted for few years now and there is a potential of growing the market share. This performance has strengthened the Bank's position in the top Tier Group emerging at number 6 on profit before tax level and number 7 on asset size.

The Group is intending to achieve further growth in profit after tax following further growth in revenue through strategic growth of the asset book and mobilization of sufficient low-cost funds together with various operating costs optimization measures including process re-engineering and numerous operation enhancements measures to be applied across the group.

The details of the above financial results and position are reflected in the audited consolidated and separate financial statements.

25. BUDGET PERFORMANCE

Financial milestones

The bank targets a growth in balance sheet size, growth which will be attained through strategically positioned focus in optimizing the balance sheet to derive favorable yields while containing costs of funds. This will translate to a similar growth to the one attained between 2024 and 2023 also will translate to better position when compared to 5 years medium term strategy which was set in 2022. Whilst geopolitical tensions in Eastern Europe may continue, management is optimistic that resulting challenges will not have significant impact on the business in 2025. However, management will continue observing the trends and take required precautionary measures to ensure stability of the Group's business.

Above growth in balance sheet is expected to allow growth in topline, growth in fee income and hence growth in operating profit which will be attained because of optimized operating costs which will allow for efficient operations and increase productivity being materialization of prior year investments in various working tools and workforce optimization.

The above result will assist to improve cost to income ratio as part of the strategy to reduce the same to the required levels, again this growth is expected to grow the bank's capital levels above the required levels and create a sustainable position.

25. BUDGET PERFORMANCE (CONTINUED)

Group's industry position

The banking industry is experiencing a fundamental shift, driven by new competition from FinTech, a cultural shift, continuous change in regulations and compliance, and disruptive technologies. The coming out of FinTech/non-bank start-ups is changing the competitive landscape in financial services, driving traditional institutions to rethink the way they do business. These and other banking industry challenges can be resolved by new technology which has caused the disruptions. However, the transition from the old systems to the innovative solutions has not always been an easy one. That said, banks need to embrace digital transformation as the only way to survive in the current landscape.

Main trends and factors likely to affect prospects

Intensive Competition

Over the past few years financial industry has seen an intensive competition which both among the existing players and new entrants most of which are the results of FinTechs which mostly target profitable spots in financial services. Given the trend expectation is that these and many other start-ups would keep on gaining market share hence shrinking the margins of the traditional banks and classic financial institutions. Despite the competitive advantage possessed by traditional financial institutions threats from these new entrants are challenging for more simplified and intuitive customer ways to offer financial services which can be expensive and complex to implement.

Over and above new entrants there is an increase in competition among the traditional banks given that only over 17% of bankable population is using banking services hence price war which reduces margins obtained by the existing members while speed of onboarding unbanked population is not at the same pace.

Cultural Shift

Post Covid-19 we have witnessed most of the customers shifting more from brick and motor banking to more of digital space, squeeze of margins makes the classical banking cost inefficient, and banks are forced to consider transformation of operations. With covid-19 the banks are pushed even harder to fasten technology-based banking solutions. These required a lot of changes in many areas in a limited time to stay ahead of the competition and most are complex in nature and cost full especially in implementing them. The cultural shift towards new technologies is a reflective acceptance of digital transformation.

Increase in Expectations

All the banking stakeholders in recent years have significantly transformed how they view banks which have also affected their level of expectations which most range around more smart and customized experiences, convenient access, more transparency, and personalized tastes across different products. Tolerance level of the customers have been reducing time to time and marginal slowdowns and downtimes sometimes results to loss of relationships and hence loss of business and with existence of social media where interaction increased information flow hence creates no margin unlike prior era.

Our key success factors and areas of strength

For the past 25 years we have been amongst the leading banks in innovation and leaders in offering of high standard services to our customers which are delivered through flexible and reliable operation set up which is delivered by quality professionals who serve at the highest level of integrity as we have consistently kept customer satisfaction at the center of what we do and how we operate.

Customer focused approach

We have always been the bank of choice given our commitment to center our entire operation while thinking about maintaining highest level of customer satisfaction which over time we attained it through innovative relationship management approaches, customized products, convenient service delivery channels and our effective customer support which have created an excellent customer experience which is among the best in the industry.

Leading in Innovation

Since inception of our operation, we have consistently led the banking industry innovation through being the first in introducing several innovative (such as mobile branch, Credit cards and many others) means to serve our customers. From offering of innovative products, innovative delivery channels and innovative ways to integrate all necessary inputs across both the brick and motor banking era all the way to the current digitized banking environment. This gave our bank a front foot and brings us close to our customers efficiently and effectively.

25. BUDGET PERFORMANCE (CONTINUED)

Brand

Over the past two and half decades we have created a strong brand both at a company and at a Group level hence we were able to open operations across 3 countries and reach a very long customer base. This has been among our strongest holds which principally keeps challenging the Bank and Group to keep up the highest standards of services hence increase customer loyalty and remain the bank of choice across the regions which have been braced by our presence.

Technology and Infrastructure

Our deep technology and infrastructure capabilities drive seamless customer experiences and support strong resilience. We have invested in technology which enable competitive product development, implementation of reliable techniques for control of risks and enhancement of digital channels which help the bank to reach geographical faraway and diversified markets. As a Group we have embarked into the latest technologies starting with upgrading our core banking system together with significant infrastructure and connectivity enhancements, normally seen as addressing the enablers which assist in a more flexible structure that respond quickly to the dynamics of a fast pace changing market environment.

Operations and governance

Our risk management, governance and controls help ensure customer and client outcomes are delivered in the right way. This group and bank Risk Management Frameworks forms an integral part of corporate governance. It lays blueprint to high-level governance structure it also outlines controls, processes which all help in implementing risk management strategies. Our effective communication channels help to cascade the same across the group to have alignment hence efficient implementation. Effective risk management equips the group and bank to respond actively to market volatilities and uncertainties using well analyzed risk-based information to enable more effective decision making.

Employee engagement

Our workforce is among our biggest competitive advantage, as we managed at a Group level to create a very diversified, capable and committed workforce which all work in sync and tirelessly to ensure our customers always get the best experiences . Over a quarter a century now we focused in shaping our workforce to create readiness to attain our customers' needs for now and the future of our Group.

26. CASH FLOWS PROJECTION

Taking up from trend of the last 5 years where the Bank managed to report stable net cash inflow position from operating activities it further plan to maintain the momentum. Future cash flows of the Group will mostly be generated from deposits. The Group will continue to implement different strategies to mobilize deposits from various business segments and sectors by providing pre-eminent transactions and payment solutions together with various new strategies to reach the unbanked population. Strategic deployment of funds and proper management and monitoring of our investments are the biggest pillars to guaranteed stable cashflow streams to meet the requirements of the Bank and Group at large.

We strategically budgeted growth of balance sheet through deployments in various high yielding and well diversified assets which will be financed again by a diversified funding sources to meet the cashflow needs. Regional footprints gives our Bank a competitive advantage when it comes to sourcing and deployments as this can be done through synchronized approach which considers the best alternative across the group.

Improvements in service delivery channel position a Bank in a region where customers and counterparts can transact easily and efficiently which will also promote flow of funds.

27. LIQUIDITY

The Group places strong emphasis on management of liquidity risk and there is a regular periodical cash flow projection process handled by the Management Liquidity Committee to ensure the Group holds sufficient liquid assets to enable it to continue with normal operations. The Board Audit Risk Management Committee (BARMC) and management's Assets and Liabilities Committee (ALCO) also monitor the Group's exposure to liquidity risk by ensuring that limits are set based on realistic assumptions. The committees track compliance on quarterly and monthly basis, respectively.

27. LIQUIDITY (CONTINUED)

The Group's main sources of liquidity are deposits, shareholders' funds and borrowings.

At company level the Bank managed to consistently maintain Liquidity ratios way above the regulatory ratios and has then implemented some deliberate strategies to optimize the banks' balance sheet which has helped largely in creating balance between assets and liabilities given their maturity profiles.

28. DIVIDEND

The Directors did not propose payment of a dividend to the shareholders for the year. (2023: TZS 7 billion).

29. RESOURCES

Employees with appropriate skills and experience in running the business are a key resource available to the Group and they assist in pursuing the Group's business objectives. The Group continues to encourage open and honest communication in decision-making. Employment issues as well as financial and economic factors affecting the Group's performance are regularly shared with the employees.

Human resources

At Exim, employee engagement is a critical driver of long-term sustainable value. Our people's thoughts and feelings about their work correlate with how satisfied our clients are and indicate how successful we are likely to be in accelerating our strategy to achieve higher growth and efficiency, while retaining the trust our stakeholders have in the group. The group is operated by 1,022 employees, (2023: 1,109 employees), who are well diversified and skilled and the group spent TZS 441 million on training (2023: TZS 389 million). Staff productivity has slightly increased by 37% (revenue per staff of TZS 321 million in 2024 from TZS 234 million in 2023).

Manufactured capital resources

The group's property and equipment increased by 0.2% and as a result of increased utilization and optimization of available tools, there was a growth in profitability by 54.1%.

Intellectual capital resources

The group's competitive advantage is resting on its commitment to promotion of innovation and creativity from which a strategy team under head of strategy is established to oversee the group's strategic initiatives. The group overall has over 30 staffs who are members of professional bodies and more are supported by the Bank to completion of the same.

Also, our Group adopted and keeps on adopting and deploying several technologies ranging from making the most of available big data and emerging technologies which creates operational efficiencies in our entire operations. The knowledge and expertise incorporated within our systems, processes and procedures and the equity built in the Groups' brand constitute our intellectual capital. We have invested in a strong brand and subsidiary businesses, strategic partnerships and innovative products and solutions that we offer to our customers. We have remained committed to investing in digital adoption with automation at our center of thought as we deem that to be the future of banking operations soon.

Financial capital resources

The group's total shareholders' equity increased by 29% from TZS 321 billion in 2023 to TZS 413 billion in 2024. Earnings per share have also increased from TZS 4,579 to TZS 7,062.

29. RESOURCES (CONTINUED)

Social capital resource
The Group has maintained its brand value mainly through maintenance of epic employee relations maintained through effective communication with employees and investors resulting to beneficial engagements with government, regulators, competitors, vendors, and tax authorities. Over the years the Bank maintained a sustained support to the general community through community projects. The Bank further maintained its membership and participated in many social forums such as National Board of Accountants and Auditors (NBAA) (seminars, best presented financial statements awards ceremony), Tanzania Institute of Bankers (TIOB) (different meetings and representations) and many other.

Natural capital resources
The group maintained its carbon neutral operations which are implemented through several initiatives including volunteering to maintain different gardens in various locations including several big ones in Dar es Salaam city center.

30. TREASURY POLICIES

The Group operates a centralized treasury department for managing treasury activities in accordance with the framework of treasury policies and guidelines approved by the Board. The treasury department transacts with several banks and financial institutions and adopts a systematic approach to the control and monitoring of counterpart credit risk. The Group, through its Risk and compliance department, monitors compliance against the principal policies and guidelines. The key treasury policies are:

Market Risk Policy
The policy provides guidance/ framework for managing exchange rate and interest risks, also protect the value of the Bank assets from adverse effects of market rate movements.

Liquidity Policy
Provide guidance for management of the liquidity risk under normal and crisis situations. This set out a liquidity management decision-making structure in the Bank, approaches to funding and planning for liquidity planning and management, regulatory compliance, and contingency funding plan. Strong cash generation in recent years and a prudent financing strategy have resulted in the Group currently being adequately positioned to withstand the credit and liquidity challenges in the Bank and capital markets.

Throughout the year the Bank reported above regulatory liquidity ratio of 20% because of strategically optimized balance sheet. Also, the Bank consistently complied to the required statutory minimum reserve requirements. Furthermore, the group reviewed its Transfer pricing policy and same was concluded to still be relevant and in line with the requirements of the regulatory authorities and all transactions were done at arm's length and that no restriction for funds transfer between the group components was imposed during the period and none foreseen for the near future.

The group has not entered into any new covenants.

Contingency Funding Policy
The policy provides guidance for managing stressed liquidity situation created by a problem or market wide crisis and ensure that the Bank is able all the time to meet its matured obligations as they fall due and remain as good as going concern.

Current liquidity including the level of borrowing
The Group ensures that liquidity is monitored in order to manage its liquidity gap by determining the excess or shortage of funds at selected maturity dates by tracing cash inflows and outflows over a series of specified time buckets. The aim is to trace and reflect the maturity periods for the assets and liabilities.

Maturity profile and un-drawn committed borrowing
The Group is sound and will remain to be sound in liquidity position as it has adopted a more conservative approach to the investment of its surplus cash, with money market deposits being placed with relatively stronger financial institutions for shorter periods. Counterparty credit risk has been and continues to be, monitored closely on a systematic and ongoing basis, taking account of the size of the institution.

31. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks that may significantly affect the Group's strategies and development are mainly operational and financial as described below: -

Strategic Risks
The risk of current and prospective impact on income, capital and reputation of the bank arising from poor business decisions, improper implementation of decisions or lack of response to industry or technological changes. The risk is a function of the compatibility of the bank's strategic goals, business strategy supporting achievement of the goals, resources deployed to achieve these goals and quality of implementation.

Credit Risks
The risk of loss arising from the failure of customers or counterparties to fully honor their obligations. This includes timely and full payment of the principle, interest, collateral, and other receivables.

Capital Risks
The risk that the bank has an insufficient level or composition of capital to support its normal business operations as well as to meet regulatory capital requirements under normal operating conditions (both actual and as defined for internal planning or regulatory testing purposes).

Liquidity Risks
The risk that the bank is unable to meet its contractual or contingent obligations or that it doesn't have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

Market Risks
The risk of loss arising from potential adverse changes in the value of the bank's assets and liabilities due to fluctuations in market variables including but not limited to interest rates, currency exchange rates, credit spreads, equity prices, commodity prices, implied volatilities and asset correlations.

Operational Risks
The risk of loss arising from inadequate or failed processes or systems, people or due to external events where the root cause is not due to credit or market risks.

Compliance Risks
The risk of current or prospective impact to income, capital. Reputation risk arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards as well as incorrect interpretation of relevant laws and regulations.

Refer to Note 6 for more details on financial risk management.

32. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts ultimate responsibility for the risk management and internal control systems of the Group. The management is delegated to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations.
- The safeguarding of the Group's assets.
- Compliance with applicable laws and regulations.
- The reliability of accounting records.
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

32. RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by some staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Group's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year and is of the opinion that these met the acceptable criteria. The Board carries out risk and internal control assessment through the Audit and Risk Management Committee.

33. BANK'S OPERATING ENVIRONMENT

The Board accepts ultimate responsibility for the risk management and internal control systems of the Group. Management is delegated to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

Macro-economic conditions

Inflation
Inflationary pressures remained subdued, remaining stable throughout 2024, averaging 3%, down from 3.8% in 2023, with twelve-month headline inflation standing at 3.1% in December 2024, a modest incline from 3% from the previous year. This is consistent with the country's medium-term target, as well as the regional benchmarks of the East African Community and the Southern African Development Community. The moderate inflationary pressure is associated with a less accommodative monetary policy stance, sufficient domestic food supply, and lower imported inflation following the easing of global commodity prices, in particular oil.

Bank's credit to private sector
Private sector credit growth remained strong, albeit declined reaching 12.4% in December 2024, compared with 15.3% registered in the preceding month and 17.3% in the corresponding period in 2023. However, the growth was in line with the thrust of monetary policy, noting that Extended broad money supply (M3) grew by 11.1%, compared with 13.6% in the previous month and 14.1% in December 2023. This performance reflects continued high demand for new loans consistent with the increase in economic activities, backed by improving business environment.

Interest rates
Banks' lending rate sustained a downward path, partly explained by the decrease in credit risk in the banking sector. The overall lending rate declined to 15.17%, from 15.67% in the preceding month and 15.34% in the corresponding period in 2023. The negotiated lending rates increased to 12.83%, from 12.77% in the preceding month and 13% in the corresponding period in 2023. The overall deposit rates increased to 8.33% from 8.18% and were above the rates of a similar period in 2023 which averaged 7.45%. Likewise, the negotiated deposit rate increased to 10.39% from 10.14% in the preceding month and 9% in the corresponding period in 2023.

Money supply
In the year ending December 2024, extended broad money supply (M3) grew by 11.1%, compared with 13.6% in the previous month and 14.1% in December 2023. This was driven by sustained robust growth of credit to the private sector.

Treasury Bills Market
Government securities in primary market performed below the target, reflecting presence of other competing investment avenues. In December 2024, the Bank of Tanzania (BOT) conducted two treasury bill auctions with a combined tender size of TZS 252.8 billion, primarily to cater for government budgetary needs. Total bids received amounted to TZS 239.5 billion, of which TZS 217.8 billion were successful. Whilst in December 2023, the BOT conducted two Treasury bills auctions with a combined tender size of TZS 157.8 billion to cater for government financing needs and price discovery. Both auctions were undersubscribed, attracting bids amounting to TZS 105.5 billion, of which, TZS 98.8 billion were successful. The weighted average yield increased to 12.86% from 12.68% recorded in November 2023 and 10.48% in the corresponding period in 2023.

EXIM BANK (TANZANIA) LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

33. BANK'S OPERATING ENVIRONMENT (CONTINUED)

Treasury Bonds Market

In December 2024, the BOT conducted conducted two treasury bond auctions for 10-year and 20-year bonds to support government financing. The 10-year bond was cancelled due to undersubscription, while the 20-year bond saw strong demand, with total bids amounting to TZS 244.9 billion, of which TZS 211.9 billion were successful. The weighted average yield to maturity for the 20-year Treasury bond rose to 15.71% from 15.64%.

During the similar period of the preceeding year, BOT conducted 10- and 25-years Treasury bonds auctions for government financing, with a tender size of TZS 122.7 billion and TZS 217.1 billion, respectively. The 10-year Treasury bond was undersubscribed, receiving bids worth TZS 14 billion-which TZS 12.2 billion were successful. In contrast, investors maintained their preference for the 25-year bond, attracting bids amounting to TZS 493.1 billion-which TZS 420.7 billion were successful. Weighted average yields to maturity for the auctioned securities increased from the rates registered in the preceding auctions.

Foreign Exchange rates

The shilling remained stable against currencies of major trading partners, consistent with a low inflation rate and adequate foreign exchange reserves, trading at an average rate of TZS 2,420.84 per US dollar in December 2024 compared to TZS 2,659.03 per US dollar in the preceding month and compared with TZS 2,516 per US dollar in December 2023 (2022: TZS 2,320.23 per US dollar).

Gross Domestic Product (GDP)

The Tanzania's economy grew by 5.9% in third quarter 2024 compared to 5.6% in the corresponding quarter in 2023. The Bank of Tanzania projects strong growth in the fourth quarter, with a likelihood of attaining the projected growth of 5.4% in 2024

Regulatory environment

In the year the banking environment remained sound, stable and resilient with adequate capital to support economic activities. The Bank of Tanzania (BoT) continued to strengthen risk management practices in the financial sector by implementing various policies and regulatory reforms to safeguard the stability of the industry including directing banks with capital inadequate ratios to implement capital restoration plans and adhering to the regulatory requirements.

Political environment

Exim group is operating under a sufficiently stable political environment in both countries which safeguards the interests of shareholders and meet stakeholders needs. Overall stabilization and growth of the bank and economy at large. Also, stable political environment has promoted the increase in foreign investment and the domestic investments and operations through fair and stable tax regime and policies induced by the governments leading to the increase of production capacity.

Political environment (Continued)

- The countries' political stability provides reassurance for local and international stakeholders.
- Renewed trust and restored relations among regional and international countries increased FDIs and Aids.
- Relaxation of some policy conditions restored confidence and increased business activities.
- The upper end of mobile users and internet penetration provides opportunities to offer service digitally.
- Population growth, with a large part being youth, indicate the availability of the labor force and the ability to adopt new technologies.
- The endowment of various natural resources provides an opportunity for economic growth and increased per capita income.

Competitive position

The banking landscape continues to face competition from other players, mainly Mobile Network Operators (MNOs) and FinTech with technology disruptions becoming a norm. Similarly, the mergers and acquisitions being witnessed in the banking industry, will likely create entities that will increase competition in the sector. Exim will continue to drive innovation and other transformations in various aspects including digital transformation agenda towards building the bank of the future and creating value to our society through access to credit, financial inclusion and social responsibility programs.

33. BANK'S OPERATING ENVIRONMENT (CONTINUED)

Competitive position
The Bank continuing to support customers demand which has been a critical focus of the Exim Group throughout the year. This has been achieved through providing banking services to all over Tanzania, Uganda, Djibouti and Comores S.A.

Market forces

The Group serves a diverse customer base with changing needs and ever-increasing demand for more value and convenience. Technology is highly impacting the banking landscape; clients expect 24/7 banking services wherever they are in the world- the same access offered by other service providers. They also expect constant innovation.

The Group maintains a customer centric focus, innovating business models that meet the customer demands and leverages on cutting edge technology to find solutions for customer needs. We have enhanced capabilities of our core banking system and alternative channels and ensure our footprint presence across the country and in our cross-border operations to foster an excellent customer experience.

Speed and effect of technological change
The banking sector has embraced technology to serve customers more efficiently and conveniently. The use of technology has revolutionized banking from brick and mortar to clicks, changing how banks deliver services across its channels. The Group is strategically focused to deploy technological advancements to meet the growing demands of our customers and remain competitive. We are committed to adopting new technologies and business models that support growth and driving digital adoption.

The Group also intends to build advanced analytics capability to maximize the utilization of the data asset in revenue growth, risk/fraud control and efficiency (financial control and operational cost). We will continuously promote and drive agile culture throughout the organization in order to manage speed, scale and value of the digital transformation.

Financial Inclusion
Building on our desire to transform, we remain keen on deepening access to financial services in the regions we operate in because we believe financial inclusion has a bearing on our sustainability. We strive for full inclusion for the unserved and underserved population within our markets of operation. The Group has taken financial inclusion as a social responsibility, aggressively working to ensure financial inclusion is enhanced in the country through our wide range of network, ATMs, mobile branches and point of sales. We fully back government initiatives to increase financial inclusions like in Tanzania to grow the banked population from 17% in 2018 to 50% by 2030 *(Source: Financial sector development master plan 2020/21 – 2029/30 by Ministry of Finance and Planning)*.

Our strategy embraces a broad definition of financial inclusion, seeking to improve access, ensure quality and actual usage of financial products and services, including credit, insurance, payments, remittances, and savings. As a Group, we are focused on making sure technology transforms financial services in a way that works for everyone.

Human rights
Exim Group complies to all regional and international human rights instruments. We also promote human rights through our employment policies and practices, through our supply chain and through the responsible use of our products and service in accordance with the requirements of the constitutions of Tanzania, Uganda, Djibouti and Comores S.A.

Health
The group remains committed to conducting our business in compliance with all applicable health and safety laws and regulations (the Occupational Safety Human Resources Policy, Version 5.0, July 2021 and Health Act.No.5 of 2003) and other best practices. The group strive to provide a safe and health work environment to avoid adverse impact and injury to its employees and customers by taking responsibilities towards the safety of everyone on our premises, including employees, contractors, customers, visitors and members of the public and ensures that they are not exposed to risks that may compromise their Health and Safety.

34. KEY PERFORMANCE INDICATORS

The following key performance indicators (KPIs) are effective in measuring the delivery of the Group and managing the business. All of these are derived from reported financial results prepared in compliance with IFRS requirements hence actual position was used (no assumptions used) and that no new KPI was included or non was omitted from the ones reported in prior year.

Performance indicator	Definition and calculation method	Group		Bank	
		2024	2023	2024	2023
Return on equity	Net profit/Average total equity for past two years	25.11%	20.65%	27.3%	19.39%
Return on assets	Profit Before Tax/Average total assets for past two years	4.61%	3.40%	5.32%	3.70%
Cost to income ratio*	(Operating expenses excluding Provisions)/ (Net interest income + non-interest income)	58.62%	64.35%	54.5%	62.42%
Gross loans to total deposits	Total gross loans/Total deposits	75.63%	65.16%	83.24%	75.53%
Non-performing loans to gross loans	Gross Non-performing loans/Total Gross Loans	5.55%	4.24%	4.26%	5.63%
Earning assets to total assets	Total Earning assets/Total assets	85.41%	86.12%	84.09%	83.98%
Growth on total assets	Trend (Current year total assets-previous year total assets)/Previous year total assets	4.43%	25.30%	6.13%	25.69%
Growth on loans and advances to customers	Trend (Current year loans and advances to customers -previous year loans and advances to customers)/Previous year loans and advances to customers	18.6%	21.61%	23.5%	27.95%
Growth on customer deposits	Trend (Current year customer deposits - previous year customer deposits)/Previous year customer deposits	0.96%	31.69%	9.94%	31.33%
Growth on total shareholders' funds	Trend (Current year total shareholders' funds -previous year total shareholders' funds)/Previous year total shareholders' funds	26.72%	21.32%	24.81%	14.67%
Capacity adequacy:					
Tier I Capital	Core Capital/Risk weighted average	18.29%	15.07%	17.66%	14.38%
Tier I + Tier II Capital	Total Capital/Risk weighted average	20.29%	16.84%	19.09%	15.95%

*If the cash recoveries from previously written off loans and advances portfolio were incorporated on the cost to income ratio, the group ratio for 2024 would be 54.04% (2023: 61.05%). For the bank would be 48.29% (2023: 57.68%).

How we are positioned to attain the set KPIs

- Branch operations which are well aligned to our re-engineered operating model placed to fit service demands, increase productivity and improve controls.
- Keeping the innovation and transformation culture programs to align our workforce which is centered to deliver targeted milestones.
- Keep promoting learning, development and accelerated capacity building socially and professionally.
- Well-coordinated Headquarter and branch operations.
- Promoting more innovative, convenient and effective service delivery channels.
- Material improvement to the Bank's infrastructure and working tools to simplify and improve SLAs and TATs.
- Revamped and launched new SimBanking App and USSD to increasse experience and drive usage.

35. SOLVENCY

The Board confirms that applicable accounting standards have been followed and that the statements of affairs of the Group as at 31 December 2024 as set out in the consolidated and separate statements of financial position have been prepared on a going concern basis. The Directors consider the Group and the Company to be solvent within the meaning ascribed by the Companies Act, No. 12 of 2002.

36. GENDER PARITY

The Group is proud to be an Equal Opportunity Employer with 1,022 employees, out of which 480 were female and 542 were male (2023: 1,109 employees, out of which 534 were female and 575 were male). During the year, 20% (2023: 20%) of the senior management team were women.

37. RELATED PARTY TRANSACTIONS

The related party transactions and balances are disclosed in Note 39 to the consolidated and separate financial statements.

38. WELFARE OF EMPLOYEES

Our group is based on understanding that we are our people and our work force is what makes us who we are. Hence, we live in a belief that our workforce is our most valuable asset hence commit to always We believe that our employees are the most valuable assets, and we make effort to develop their abilities and productivity. We encourage a work culture, foster relationship with them at every level in the Group, make them express their views and share their ideas to bring about improvements towards the achievement of our vision to always create, develop and maintain their capacity, ability, and productivity for the sustainable group.

We have created a plus one work culture which improved how our employees view their tasks and hence allow each to confidently make contribution into our daily operation and to those charged with governance every opinion matters and everyone has a role to play which shaped the vision of everyone across the group.

We are established in a belief of a conducive, supportive and inspiring work environment wil create an enduring presence of a loyal and committed workforce which is motivated, trained and proactive towards delivering the value we committed to our stakeholders. Over two decades the group invested in creation of an environment responsive to different cultures and groups in all our interactions with employees, customers, visitors, suppliers, contractors, shareholders, investors and in the communities in which we operate.

Relationship between management and employees

There was continued good relationship between employees and management during the year. There were no unresolved complaints received by management from the employees during the year. The Group is an Equal Opportunity Employer. It provides equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind.

Our management and those charged with governance have centered the attention to creation, maintaining and improving the right work culture. This culture has been instilled to all employees across all levels to always ensure alignment between different levels and key stakeholders.

This right culture creation and development started with creation of strong and top management with the aligned mind set through talent spotting and management, employee development, capacity improvement and leadership capabilities across all levels. At Exim those charged with governance always strive to create a conducive atmosphere where our entire workforce will be efficiently and effectively utilized hence our entire workforce work as one.

38. WELFARE OF EMPLOYEES (CONTINUED)

Learning and Development

For the year 2024, the Group spent TZS 441 million (2023: TZS 389 million) in employees' learning and development. Training programs have been and are continually developed to ensure employees are adequately trained at all levels. All employees undergo annual training to upgrade soft/banking skills and enhanced development.

Performance Management System (PMS)

Among key areas that have seen amongst the biggest improvement yet in the past few years is employee performance management, which effective from January 2021 a new performance management strategy was introduced, and this intended at enhance how development of our employee is managed. The enhancements intended to improve how targets are set at beginning of review period, establish an effective and efficient performance improvement across the review period, it has also improved how the performance basis are set and what they imply and then how the performance appraisal is done. Since introduction of this new appraisal system the following have been the results.

· Improvement in employee productivity
· Growth in revenue despite decline in number of staffs.
· Staff turnover has been reduced.

· It has created a more engaging process than before our group and bank starts the PMS with Balanced Scorecard which establishes the milestone that the group and bank as a whole intends to achieve by both end of medium term (normally 3 years) and cascaded in annual basis. The group goals are then split into an individual bases to create a unified effort across the board.

Among the key achievements, our Bank was awarded Employee Engagement Award during the 2023 ATE Employer of the year Awards Ceremony. Also the Bank scored GBM awards 2023, as the most innovative banking brand in Tanzania.

Our group continues to enhance the transparency and objectivity of the exercise by employing the upgraded version in its electronic Performance Management System which is also expected to maximize the look and feel experience for users interfacing with it.

Change Management

During the year, management introduced Change Management Program. In the dynamic sphere of financial services that we are in, the strategic adoption of advanced technologies is imperative if we are to maintain our competitiveness and enhance their customers' experience. The upgrade of our core banking system and other technology-related changes that are in progress is a transformational undertaking that is an integral part of our modernization efforts. Thus, the need for an integrated Change Management Program to leverage on the technologies to achieve our strategic and financial objectives. The Change Management Program Framework consists of 3 Cs which are Compliance, Capability and Courtesy.

Talent management

The Bank has an electronic learning management system which has been a key ingredient in implementing learning and development programs. Through the launched platform, the talent management programs have been executed quicker, easier, and in the most reliable way.

Medical assistance

Our employees are provided with medical insurance through a defined contribution plan. Currently, these services are provided by Strategies Insurance (Tanzania) Limited and National Health Insurance Fund. There is also a bank group life assurance cover for all staff.

38. WELFARE OF EMPLOYEES (CONTINUED)

Health and safety

The Group has a bank administration and security department which ensures that a culture of safety always prevails. A safe working environment is ensured for all employees and contractors by providing adequate and proper training and supervision as necessary.

Talent retention

Our group continuously seeks to identify, develop and retain talented employees. The group has developed its diversified mechanism to identify the potential talents and engage in improving and developing its capacity which in the combination of many other aspects it creates a bond between the workforce and its staffs to create an identity in valuing what everyone does to the point that retention levels have been increasing to 92% in 2024 from 93% in 2023. In the current workforce 30% of staffs have been with the bank for over 10 years (20% in 2023), 20% are between 6-10 years (30% in 2023) and 50% have worked between 0-5 years (50% in 2023).

Financial assistance to staff

Loans and advances under various schemes are available to all confirmed employees depending on the assessment and discretion of management as to the need and circumstances as per the Group's Human Resources (HR) policy approved by the Board. This is to assist in promoting the welfare of employees.

Persons with disabilities

Applications for employment by persons with disability are always considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues, and appropriate training is arranged. It is endeavored that training, career development and promotion of persons with disability should be identical to that of other employees.

Succession planning

The Bank endeavors to minimize the risk of key man dependence by creating a succession pool. The succession pool creates a provision for talent sourcing in the event of an attrition in a critical position where development plans are established in preparation for their readiness. This is the process put in place to address the following main objectives: -

- Identify high-potential employees capable of rapid advancement to positions of higher responsibility,
- Ensure the systematic and long-term development of individuals to replace critical job incumbents as the need arises,
- Create a continuous flow of talented people to meet the bank's management needs, succession planning reduces the risk or time it takes to fill a critical role if someone leaves.

Employee benefit plan

The Group and all its employees contribute to the statutory social security funds in Tanzania that is NSSF which is defined contribution scheme. Employees contribute 10% and the Group also contributes 10% to the schemes. The subsidiaries comply with the social security laws and regulations applicable in the respective countries.

39. POLITICAL AND CHARITABLE DONATIONS

The Group did not make any political donations during the year. Donations made to various charitable organizations during the year as part of Corporate Social Responsibility (CSR) on health, education, sports, tourism and environment to support endeavors amounted to TZS 280 million (2023: TZS 270 million).

40. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group remains committed to the communities that it operates in and made contributions under the education, environment, and health pillars which it continues to focus on.

The Bank has further strengthened its Exim Cares division, which its primary mission is creating platforms and initiatives in which Eximites (Exim Staff), and associated partners can transform lives through their actions. This transcends the traditional approach of CSR which is mostly through donations. Exim Cares is the 's social responsibility arm that addresses important social issues and builds on the commitment of Exim at work today, for tomorrow's approach which aims at working for a better tomorrow for the communities that support and surrounds the bank.

Eximites (Exim Staff)

Further in line with Exim Cares mission of enabling staff to transform lives through their actions, each department was given a budget to choose and support a cause of their choice. Through this approach, various charitable activities to several orphanages were conducted.

Health Care

The Bank supported several blood donation initiatives. The move aimed at collecting blood to save lives in times of emergencies and to sustain the lives of those with medical conditions like leukemia and bleeding disorders, as well as patients undergoing major surgeries.

The Bank donated essential hospital equipment worth TZS 25,000,000 to Kahama Municipal Hospital.

The Exim Bima Festival this year went beyond raising awareness about insurance, with a strong focus on enhancing access to mental health services and improving the well-being of Tanzanians. In response to the rising mental health challenges in Tanzania, the festival raised critical funds to support those affected. Through our CSR initiative, Exim Cares, we aim to raise over TZS 300 million over the next three years to improve mental health services and upgrade facilities.

Education - Desk Donation

The Bank donated a total of 190 desks to Chemba Primary School in Dodoma, meeting and exceeding their need of 186 desks.

Young Scientists of Tanzania

We proudly sponsored Young Scientists Tanzania (YST) as part of our ongoing commitment to supporting innovation and education. YST has been promoting STEM (Science, Technology, Engineering, and Mathematics) education among secondary school students across Tanzania for the past thirteen years. In 2024, the YST Science Outreach Program expanded its reach to all regions of the country, providing valuable capacity-building workshops for both teachers and students.

Environment

In support of the government's efforts to reduce reliance on firewood and charcoal, we donated 1,000 gas cylinders to teachers in Arusha region on the World Teachers Day. This initiative aligns with our commitment to promoting clean cooking energy and contributing to national sustainability goals.

This year's theme, "Empowering Educators: Strengthening Resilience, Building Sustainability," emphasizes the role of teachers in fostering an environmentally conscious and resilient generation. Th is donation not only supports the health and well-being of educators but also contributes to reducing costs, saving time, and promoting sustainable energy practices in line with national priorities.

Other Donations

Relief donations

Exim Bank donated 40 double-decker beds to the Community Police Force (CCP) in Moshi, addressing their critical shortage and strengthening our relationship with the police, 21 hospital beds with mattresses to Mwakidila Health Centre in Tanga region and 15 delivery beds to the Morogoro region, supporting the Government's ongoing efforts to reduce maternal and child mortality during childbirth.

40. CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTINUED)

Blood donations

As part of our ongoing commitment to community welfare and in commemoration of the Blood Donor Day, we conducted a Blood Donation Drive through Exim Cares. This significant event took place on Wednesday, the 12th of June 2024, across various regions where we have branches, including Dar es Salaam, Arusha, Mbeya, Mwanza, Mtwara, and Dodoma. We managed to collect 735 units, making us the highest contributor in the country.

Women Empowerment Program (WEP)

Our Women Empowerment Program (WEP) successfuly trained 25 women in Arusha through a six-week business program, fostering personal growth and contributing to regional economic development. By promoting gender equality and inclusive participation, we are creating a vibrant business ecosystem where women can thrive.
The program's impact extends beyond the participants, shaping a more equitable society and improving community welfare. To celebrate excellence, we awarded the top three winners grants of 8 million, 5 million, and 3 million Tanzanian Shillings, providing vital support to their ventures.This initiative exemplifies our commitment to social responsibility and community development, making it deserving of recognition for its transformative effects.

Tumbatu Water Project

The Bank donated a water well to the Tumbatu community in Zanzibar to help them with ease access of clean water.

41. IMPACT OF COVID

Overall Impact of COVID

It's been four years since COVID-19 pandemic outbreak and the economy is at the recovery stage, during this time the Group has been continuously monitoring the impact of the pandemic and various measures taken by different sovereigns including but not limited to government of Tanzania, Uganda, Comoros, Djibouti through Central Banks together with measures taken by other governments which might affect how we operate as a Group.

With that regards the economies we operate remained stable and the business environment remained sustainable across most sectors. The financial sector continued to perform well, despite the rapid changes seen in several patterns of the economy including changes in consumers' spending behavior and investors risk appetites. However, we have noted that some sectors were adversely impacted by the pandemic, mainly because of the measures taken by individual governments and businesses to respond to the outbreak.

Governments we operate in opted for solid measures which enabled to control the impact of the pandemic which allowed the economic activities to fully resume and sustain the same. The pandemic impacted mostly the tourism related sectors such as hospitality whilst other sectors such as the construction, agriculture, transportation, health, and trade continued to grow at a steady rate. Most economies did not opt for operation suspension or scale down as more understanding of the pandemic is attained hence banks continued to operate however general global economic slowdown disrupted the ability to generate cashflows and credit worthiness of customers. We however remain optimistic that the banking sector will continue to strive as a result of strong measures the governments has taken to improve business environment. We have seen Central Banks provide significant relief policies to promote credit growth for the private sector.

Specifically, the measures taken by the Central Bank of Tanzania and together with our strategic initiatives yielded the seen performance of the Group despite the effect of the pandemic.

The Bank and group have tapped the opportunities availed by Central Bank policies and directive measures including but not limited to loans modifications to sectors affected and effort to alleviate the effects of the pandemic to the economy.

To mitigate liquidity risks as the economy recovers from effects of Covid-19 pandemic, the bank in collaboration with government stakeholders through the regulators continues to take various steps to and ensure continuity of operations even as it monitored the situation. The bank is positioned to take appropriate actions to respond to the changes in the market and fully navigate any significant disruption that may ensue.

41. IMPACT OF COVID (CONTINUED)

Measures taken by the Central Bank mitigate the risks of the pandemic

- Circular was on SMR reduction for Loans that shall be extended to agriculture at rate not more than 10% will qualify for SMR reduction equivalent to loan amount extended, this helped to increase liquidity for Bank to invest in earning assets.

- BOT Reduced risk weights on salaried loans from 100% to 50% for computing regulatory capital of banks, this increases capital ratios which in turn creates a room to further extend credit to the private sector.

- Relaxation of agent banking eligibility criteria, whereby BOT removed a requirement for business experience of at least 18 months for applicants of agent banking business by retaining only a requirement for National ID card or National ID number which create a room of potential growth of agent network.

Measures taken by the Central Bank mitigate the risks of the pandemic (Continued)

- Limitation of interest rate paid on mobile money trust accounts whereby interest rate on deposit held in mobile money trust accounts shall not exceed rate offered on savings deposits by the respective Bank which led to the reduction of interest expense attributable to trust accounts.

Measures taken by the Bank and Group to mitigate the risks of the pandemic

- To protect staff and the public to ensure business continuity by, continuing providing awareness and health campaigns for staff and customers to drive compliance with the mitigation guidelines including social distancing, handwashing and wearing of facemasks which were provided by the Bank for free to all staffs.

- Ensuring appropriate Personal Protective Equipment (PPEs): Sanitizers, thermometer guns, gloves, and facemasks, which are distributed to the entire network i.e., HQ, branches and ATMs.

- Aggressive deployment and issue of innovative technology solutions and tools such as Microsoft teams and zoom for internal and external meetings to reduce physical interactions.

- Improvement, deployment of new and pushing customers to consider Bank's alternative service delivery channels mainly to do with digital banking platforms and solutions such as online banking, Bank to wallet, PoS, ATM solutions, Cash management solutions to minimize customers' branch visits.
- Installation of sanitizers at Bank's premises including branches, HQ, ATMs to reduce the risk of surface transmission.

Assessment of the measures taken by the Bank and Group to mitigate the risks of the pandemic
Credit risks

In terms of credit risk, the Bank had not experienced the significant increase in credit risk in all its financial instruments during the recovery from the pandemic. Credit portfolio performance was relatively stable during the year (reported a contained NPA of less than 5% to gross loan book), strengthened by the credit reforms implemented over the period.

The Group is implementing numerous credit monitoring initiatives ranging from portfolio management and monitoring identification of early warning signals and implementing proactive corrective actions timely. Moreover, the Bank implemented a strategy to contain the loan book growth and strategically push for higher yield but lower credit risk such as consumer loans, close engagement with customers and timely restructuring of credit facilities to align with the anticipated cash flows and writing off loan and advances in line with Central Bank guidelines. Again, the Bank through its channels keeps on engaging borrowers and customers on various sectors through close monitoring and follow up of Covid-19 restructured facilities.

Hence from above initiatives taken the pandemic was seen to have a marginal detrimental impact directly to the Bank's operation hence no significant adjustment made with respect to economic assumptions applied and disclosed by the Bank as of 31 December 2024.

42. MAJOR FINANCING TRANSACTIONS

There was no major financing transaction during the year.

43. CLIMATE-RELATED RISKS

The Group recognizes the climate change related risk. Extreme weather events such as storms, high winds, drought, and high temperatures may generally impact various businesses.

The Group's business which is directly linked to climate change is in agricultural sector. The Group has persistently complied with BOT guidelines about concentration risks to mitigate likely any negative impact.

The Group has in place internal environmental policy which among other things promote digital communication, digital transactions, and paperless activities. There are no changes to the current environmental protection policy, hence no additional financial commitment is required regarding climate related risks.

Forward looking climate related risks that could potentially impact the financial statements of the Group are physical damage of the low lying coastal leased buildings hosting the facilities and employees, and massive lending to agricultural sector.

44. STATEMENT OF COMPLIANCE WITH TFRS-1

The financial statements of the Group are in compliance with all provisions of TFRS-1 and other legal and regulatory requirements.

45. AUDITORS

The company's auditor, KPMG has expressed its willingness to continue in office and are eligible for re-appointment. A resolution to reappoint KPMG as auditor will be put to the Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

28/03/2025

Saidi Ally Mwema
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

The Companies Act, 2002 requires the Directors to prepare consolidated and separate financial statements for each financial year which give a true and fair view of the state of the financial affairs of the Group and the Bank as at the end of the financial year and of its financial results for the year then ended. It also requires the Directors to ensure the Group and the Bank keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Bank. They are also responsible for safeguarding the assets of the Group and the Bank.

The Directors are responsible for the preparation of the consolidated and separate financial statements that give true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in manner required by the Companies Act, 2002, the Banking and Financial Institutions Act, 2006, and for such internal controls as Directors determine are necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006. The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and the Bank and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the consolidated and separate financial statements, as well as adequate systems of internal financial control.

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

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

Approved by the Board of Directors and signed on its behalf by:

Saidi-Ally Mwema
Chairman

28/03/2025

EXIM BANK (TANZANIA) LIMITED

DECLARATION OF HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

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

It is the duty of a professional accountant, to assist the Directors to discharge the responsibility of preparing consolidated and separate financial statements of the Group and the Bank showing a true and fair view of the Group's and the Bank's financial position and performance in accordance with applicable accounting standards and statutory requirements. Full legal responsibility for the preparation of the consolidated and separate financial statements rests with the Directors as stated under the Statement of Directors' Responsibilities on an earlier page.

I, Issa Hamisi Rajabu, being the Deputy Chief Finance Officer of Exim Bank (Tanzania) Limited hereby acknowledge my responsibility of ensuring that the consolidated and separate financial statements for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards and the requirements of Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

I thus confirm that the consolidated and separate financial statements comply with International Financial Reporting Standards and the requirements of Companies Act, 2002 and the Banking and Financial Institutions Act, 2006 as on that date and that they have been prepared based on properly maintained financial records.

28/03/2025

Issa Hamisi Rajabu
Deputy Chief Finance Officer

NBAA Membership No.: ACPA 4773

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Independent Auditor's Report
To The shareholders of Exim Bank Tanzania Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Exim Bank (Tanzania) Limited ("the Group and Bank") set out on pages 39 to 160 which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policies.

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

Basis for opinion

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

Key audit matters

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

Expected credit losses on loans and advances to customers

Refer to Notes 3(l), 4(b), 6.1, 8(b) and 19

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2024 Loans and advances to customers amounted to TZS 1,825.55 billion and TZS 1,224.48 billion for the group and bank respectively, and the expected credit losses amounted to TZS 25.19 billion and TZS 19.69 billion for the group and bank respectively. Measurement of expected credit loss (ECL) on loans and advances to customers is a key audit matter as the determination of ECL is highly subjective since it involves a significant level of judgement and estimates applied by management.	Our audit procedures in this area, included: • Evaluating the design and implementation as well as the operating effectiveness of controls, o over the compilation and review of the early warning list; o credit file review processes, approval of external collateral valuation vendors; o controls over the approval of significant individual impairments; and o Relevant Information Technology controls.

Report on the audit of the consolidated and separate financial statements (Continued)

The Key Audit Matter	How the matter was addressed in our audit
The key areas where we identified significant levels of management judgement and therefore increased levels of audit focus are: • Assumptions and judgement used in determining the criteria for Significant Increase in Credit Risk (SICR) where both quantitative considerations such as days past due and qualitative considerations such as financial difficulties of the borrowers affecting the staging decisions are considered. • Choosing appropriate models and consideration for significant judgements and assumptions for the determination of probability of default (PD), exposures at default (EAD) and loss given default (LGD) and ultimately the measurement of the Expected Credit Loss (ECL). • Establishing the various macroeconomic variables as well as probability-weighted scenarios applied to the forward-looking information such as base, upside and downside weightings used against macroeconomic factors for each type of product/market and the associated impact on ECL. The macroeconomic variables include inflation rate, GDP growth rate, interest rates, lending rate mortality rate and unemployment rate. • Consideration for significant judgements around the LGD modelling assumptions for stage 3 loans including realization period of collaterals as well as collateral values. • Assumptions and judgements used to determine management out-of-model adjustments by both quantitative and qualitative considerations. • The disclosure associated with the ECL on loans and advances to customers rely on material data inputs and explain management judgements, estimates and assumptions used in determining the ECL.	*Our audit procedures in this area, included:* • Evaluating management's model for establishing stage 1, 2 and 3 impairments by challenging reasonability of management assumptions such as the realization period of collateral values, for the entire population based on historical and current performance of the portfolio. • Performing a retrospective review by comparing the previous year's ECL estimate to the actual outcome in the current year. In addition, for a sample of loan exposures, we assessed whether facilities are correctly staged/classified and valued based in accordance with the requirements of IFRS 9 *Financial Instruments* (IFRS 9). • Evaluating the reliability and reasonableness of significant judgements around LGD modelling as well as the completeness, accuracy and relevance of the information used by the Group and bank in establishing PD and LGD, including evaluation of the appropriateness of collateral realization period and appropriateness of collateral values used by agreeing a sample to collateral valuation reports together with PD re-computation. • Challenging management assumptions and judgements to evaluate the appropriateness of the SICR criteria used by the Group and Bank by comparing it against IFRS 9 requirements. In addition, assessing whether the stage classification as at the reporting date is appropriate. This included assessing quantitative factors such as days past due by re-aging the loans and qualitative factors such as early warning signs and other default triggers through reviewing customer credit performance on a sample basis. • Assessing the ECL calculations to evaluate the appropriateness and mathematical accuracy of the model through re-computation, and on sample basis, to verify if the correct parameters, namely PDs, LGD and EADs were appropriately determined. • Involving our internal Financial Risk Management (FRM) specialists to evaluate the appropriateness of macroeconomic variables and probability-weighted scenarios used such as base, upside and downside, against macroeconomic factors such as inflation rate, GDP growth rate, interest rates, lending rate mortality rate and unemployment rate, by agreeing the variables used to publicly available information for reasonability. • Assessing the reasonableness of the management out-of-model adjustments applied to the IFRS 9 models by challenging the qualitative and quantitative assumptions applied based on the credit history, early warning signs and current performance of the single-name exposures. • Evaluating management's method of determining groups of similar financial assets for purposes of measuring ECL to confirm that assets are properly stratified through reviewing the financial assets characteristics which drive their segmentation; and • Evaluating the adequacy of the ECL related disclosures, including key assumptions for loans and advances to customers in the consolidated and separate financial statements in accordance with the IFRS 7, *Financial Instruments: Disclosures* (IFRS 7).

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Exim Bank (Tanzania) Limited Annual report and Audited consolidated and separate financial statements for the year ended 31 December 2024" but does not include the financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF EXIM BANK TANZANIA LIMITED (CONTINUED)

Report on the Audit of the consolidated and separate Financial Statements (continued)

Other information (Continued)

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group and Bank'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 Group and Bank's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 Group and Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF EXIM BANK TANZANIA LIMITED (CONTINUED)

Report on the Audit of the consolidated and separate Financial Statements (continued)

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements (continued)

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.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

KPMG
Certified Public Accountants (T)

Signed by: CPA Vincent Onjala (TCPA 2722)
Dar es Salaam

Date: 28/03/2025

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Group		Bank	
		2024	2023	2024	2023
		TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Interest income calculated using the effective interest method	7(a)	244,623	201,798	160,242	128,867
Other interest income	7(b)	6,606	9,843	6,606	9,843
Interest expense and similar charges	8(a)	(63,723)	(54,965)	(59,771)	(45,637)
Net interest income		187,506	156,676	107,077	93,073
Fee and commission income	9(a)	53,316	44,450	29,449	24,857
Fee and commission expense	9(b)	(322)	(62)	(320)	(62)
Net fee and commission income		52,994	44,388	29,129	24,795
Foreign currency dealings and translation gain		51,234	40,194	42,377	32,524
Revenue		291,734	241,258	178,583	150,392
Other income	10	36,788	18,321	45,283	25,239
Expected credit loss	8(b)	(7,752)	(10,153)	(3,970)	(8,337)
Other expenses	11	(71,596)	(64,455)	(44,335)	(42,108)
Personnel expenses	12	(84,576)	(73,721)	(52,550)	(47,384)
Depreciation and amortization expenses	13	(23,597)	(19,776)	(13,214)	(11,323)
Profit before income tax		141,001	91,474	109,797	66,479
Income tax expense	14(a)	(48,850)	(31,023)	(35,717)	(22,676)
Profit for the year		**92,151**	**60,451**	**74,080**	**43,803**
Other comprehensive income					
Items that will not subsequently be reclassified to profit or loss					
Gain/(Loss) on equity investments at FVOCI	21(a)	100	(6)	100	(6)
Deferred tax (charge)/credit	14(c)	(30)	2	(30)	2
		70	(4)	70	(4)
Items that may subsequently be reclassified to profit or loss					
Loss on government securities at FVOCI		(20,381)	(8,443)	(20,381)	(8,443)
Deferred tax charge	14(c)	6,114	2,533	6,114	2,533
Exchange differences on translation of foreign operations	35(d)	(4,231)	8,854	-	-
Other comprehensive income/(loss) for the year, net of tax		(18,428)	2,940	(14,197)	(5,914)
Total comprehensive income for the year, net of tax		**73,723**	**63,391**	**59,883**	**37,889**
Profit for the year attributable to					
Holders of Ordinary shares of the bank		91,104	59,075	74,080	43,803
Non-controlling interests		1,047	1,376	-	-
		92,151	**60,451**	**74,080**	**43,803**
Total comprehensive income for the year attributable to					
Holders of Ordinary shares of the bank		72,157	61,986	59,883	37,889
Non-controlling interests	40	1,566	1,405	-	-
		73,723	**63,391**	**59,883**	**37,889**
Earnings per Share					
			TZS/Share		TZS/Share
Basic and diluted earnings per share (Note 15)		7,062	4,579	5,743	3,396

EXIM BANK (TANZANIA) LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Assets					
Cash and balances with Central Bank	17	297,833	273,423	151,804	150,718
Loans and advances to banks	18	409,276	523,464	220,516	288,132
Loans and advances to customers	19	1,800,363	1,518,048	1,204,794	976,533
Government securities at amortized cost	20	219,772	172,314	127,105	90,864
Government securities: FVTPL	20	15,974	97,274	15,974	97,274
Government securities: FVOCI	20	215,882	227,341	215,882	227,341
Equity investments: FVOCI	21(a)	2,977	2,086	2,977	2,086
Equity investments: FVTPL	21(b)	-	555	-	-
Corporate Bonds: Amortized cost	21(c)	10,524	41,201	3,047	2,749
Other assets	22	32,038	33,223	22,700	50,362
Assets held for sale	23	109	456	-	-
Property and equipment	24	45,452	45,341	27,261	24,440
Right of use Asset	25	28,111	24,791	19,272	18,089
Investment in subsidiaries	26	-	-	77,864	45,512
Intangible assets	27	21,785	14,874	11,754	11,176
Deferred tax asset	14(c)	26,968	20,896	24,550	18,535
Total assets		**3,128,067**	**2,995,287**	**2,125,500**	**2,002,811**
Liabilities and equity					
Liabilities					
Deposits due to banks	28	135,920	117,923	235,075	305,904
Deposits due to customers	29	2,413,679	2,390,798	1,471,008	1,339,088
Current income tax payable	14(b)	10,104	4,751	6,803	38
Term borrowings	30	8,569	8,568	8,569	8,568
Subordinated debts and senior loans	31	22,907	33,228	22,907	33,228
Lease liability	32(a)	34,417	30,508	23,946	22,874
Other provisions	37	140	996	140	367
Other liabilities	33	89,291	87,636	55,783	52,378
Total liabilities		**2,715,027**	**2,674,406**	**1,824,231**	**1,761,425**
Equity					
Share capital	34	12,900	12,900	12,900	12,900
Regulatory and other reserves	35	15,127	29,838	(7,890)	6,307
Retained earnings		343,818	256,950	296,259	222,179
Equity attributable to owners of the parent		**371,845**	**299,688**	**301,269**	**241,386**
Non-controlling interest	40	41,195	21,193	-	-
Total Equity		**413,040**	**320,881**	**301,269**	**241,386**
Total liabilities and equity		**3,128,067**	**2,995,287**	**2,125,500**	**2,002,811**

Independent Auditor's Report appears on pages 35 to 38.

The financial statements on pages 39 to 160 were approved and authorized for issue by the Board of Directors on **28 March** 2025 and were signed on its behalf by:

Said Ally Mwema
Chairman

Mr. Kalpesh Mehta
Director

EXIM BANK (TANZANIA) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Issued capital	Regulatory reserves	Fair value reserve	General and legal reserve	Currency translation reserve	Retained earnings	Total controlling interest	Non - controlling interest	Total
		TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
At 1 January 2024		12,900	4,114	6,303	4,848	14,573	256,950	299,688	21,193	320,881
Total comprehensive income										
Profit for the year		-	-	-	-	-	91,104	91,104	1,047	92,151
Other comprehensive income/(loss) net of taxes		-	-	(14,197)	-	(4,231)	(519)	(18,947)	519	(18,428)
Transfer from retained earnings/NCI from general and legal reserve	35(c)	-	-	-	(1,373)	-	1,373	-	-	-
Transfer from regulatory reserves to retained earnings	35(b)	-	5,090	-	-	-	(5,090)	-	-	-
Transactions with equity holders										
Change of investment		-	-	-	-	-	-	-	18,436	18,436
As at 31 December 2024		12,900	9,204	(7,894)	3,475	10,342	343,818	371,845	41,195	413,040
At 1 January 2023		12,900	14,177	12,217	3,437	5,719	196,252	244,702	19,788	264,490
Total comprehensive income										
Profit for the year		-	-	-	-	-	59,075	59,075	1,376	60,451
Other comprehensive income/(loss) net of taxes		-	-	(5,914)	-	8,854	(29)	2,911	29	2,940
Transfer from retained earnings/NCI from general and legal reserve	35(b)	-	-	-	1,411	-	(1,411)	-	-	-
Transfer from regulatory reserves to retained earnings	35(c)	-	(10,063)	-	-	-	10,063	-	-	-
Transactions with equity holders										
Dividend declared		-	-	-	-	-	(7,000)	(7,000)	-	(7,000)
As at 31 December 2023		12,900	4,114	6,303	4,848	14,573	256,950	299,688	21,193	320,881

EXIM BANK (TANZANIA) LIMITED

BANK STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Issued capital	Regulatory and other reserves	Fair value reserve	General and legal reserve	Retained earnings	Total
		TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
At 1 January 2024		12,900	-	6,303	4	222,179	241,386
Profit for the year		-	-	-	-	74,080	74,080
Other comprehensive income net of taxes		-	-	(14,197)	-	-	(14,197)
Transfer to retained earnings	35(b)	-		-	-	-	-
Transactions with equity holders							
Dividend		-	-	-	-	-	-
As at 31 December 2024		12,900	-	(7,894)	4	296,259	301,269
At 1 January 2023		12,900	6,433	12,217	4	178,943	210,497
Profit for the year		-	-	-	-	43,803	43,803
Other comprehensive income net of taxes		-	-	(5,914)	-	-	(5,914)
Transfer to retained earnings	35(b)	-	(6,433)	-	-	6,433	-
Transactions with equity holders							
Dividend		-	-	-	-	(7,000)	(7,000)
As at 31 December 2023		12,900	-	6,303	4	222,179	241,386

The notes set out on pages 45 to 160 form an integral part of these financial statements.

Independent Auditor's Report appears on pages 35 to 38.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Group	Restated Group	Bank	Restated Bank
		2024	2023	2024	2023
Cash flows from operating activities		TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Profit before tax		141,001	91,474	109,797	96,479
Adjustment for:					
Depreciation of property and equipment	24	9,100	7,162	5,088	4,526
Amortization of intangible assets	27	5,231	4,153	2,840	1,670
Depreciation of right of use assets	25	9,266	8,461	5,286	5,127
Write-off		-	48	136	48
Impairment charge/(release)		7,752	10,153	3,970	8,337
Interest expense on lease liability	32(a)	1,987	1,934	1,373	1,384
Interest expense on subordinated debt		1,780	-	1,736	-
Interest expense on term borrowing		625	3,857	625	3,858
Interest expense - deposits		48,565	39,649	42,746	31,741
Interest expense - deposits from other banks		2,169	9,112	13,335	8,310
Interest income - loans and advances		(136,865)	(140,731)	(112,352)	(88,563)
Interest income - government securities		(58,591)	(53,471)	(45,158)	(47,251)
Interest income - bonds		(266)	(2,244)	(354)	(197)
Foreign exchange gain on cash equivalents		(15,970)	(8,413)	(7,843)	(5,761)
Foreign exchange loss on borrowings		(53)	2,460	(53)	2,460
Foreign exchange loss on lease liability		(376)	1,363	(16)	971
Gain/ loss on disposal of assets		(68)	(30)	(66)	6
Gain on lease modification		(410)	(340)	(403)	(314)
Loss/(Gain) on fair valuation on equity investment at FVTPL		555	(39)	-	-
Amortization of gain on acquisition of UBL assets		-	(533)	-	(533)
Dividend income		(48)	(83)	(12,583)	(10,184)
		(125,649)	**(117,532)**	**(101,893)**	**(84,365)**
Changes in operating assets and liabilities:					
-Loans and advances to customers		(287,388)	(269,830)	(224,895)	(211,381)
-Government securities -Amortised cost		79,835	(49,396)	79,835	1,558
-Government securities -FVTPL		(45,879)	56,190	(34,804)	56,190
-Equity securities -FVOCI		(791)	-	(791)	-
-Government securities -FVOCI		(8,982)	(14,762)	(8,981)	(14,801)
-Investment securities: Bonds		30,502	7,996	(1,046)	(1,999)
-Non-current assets held-for-sale		347	(230)	-	-
-Other assets		(1,070)	(15,015)	(4,595)	(49,015)
-Deposits due to banks		22,734	(43,840)	(74,200)	65,687
-Deposits from customers		18,738	598,707	128,750	315,867
-Other provisions		(856)	1	(227)	1
-Other liabilities		1,881	22,085	3,631	1,733
Cash generated from operating activities		**(175,877)**	**265,828**	**(128,219)**	**145,954**
Interest received - bonds		473	157	356	157
Interest received - government securities		58,449	56,922	45,175	50,280
Payment of term borrowings interest*	30	(624)	(636)	(624)	(636)
Payment of senior loans and subordinated debts interest*	38	(2,047)	(3,425)	(2,003)	(3,425)
Interest received - loans and advances		131,698	132,335	106,885	80,403
Interest payment - deposit		(44,420)	(63,008)	(38,556)	(28,397)
Interest payment - deposit due to other banks		(6,896)	(4,801)	(9,964)	(4,289)
Interest payment lease		(1,997)	(2,098)	(1,373)	(1,464)
Dividend received		46	83	12,583	10,184
Tax paid	14(b)	(43,428)	(32,326)	(28,883)	(22,608)
Net cash generated from operating activities		**(84,321)**	**348,971**	**(45,623)**	**226,159**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Group		Bank	
		2024	2023	2024	2023
		TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Cash flows from investing activities					
Purchase of property and equipment**	24	(12,444)	(17,618)	(7,968)	(6,209)
Purchase of intangible assets**	27	(8,049)	(7,607)	(3,418)	(6,248)
Additional investment in subsidiary		-	-	(2,501)	-
Proceeds from sale of assets		(776)	83	125	40
Proceeds from sale of investment in subsidiary		-	-	1	-
Proceeds from sale of assets		-	32	-	45
Net cash (used in)/from generated from investing activities**		**(21,269)**	**(25,110)**	**(13,761)**	**(12,372)**
Cash flows from financing activities					
Additional investment by NCI	40	18,436	-	-	-
Payment of senior loans and subordinated debts - principal	38	(10,001)	(24,348)	(10,001)	(24,348)
Payment of lease liability	32	(8,891)	(5,445)	(4,978)	(2,220)
Net cash used in financing activities *		**(456)**	**(29,793)**	**(14,979)**	**(26,568)**
Cash and cash equivalent at 1 January		695,808	412,696	374,344	192,894
Net cash flows from operating activities		(84,321)	348,971	(45,623)	226,159
Net cash flows used in investing activities		(21,269)	(25,110)	(13,761)	(12,372)
Net cash flows from/(used in) financing activities		(456)	(29,793)	(14,979)	(26,568)
Decrease/(increase) in cash reserve requirement		(15,717)	(19,369)	(8,927)	(11,530)
Effect of exchange rate fluctuations on cash held		15,970	8,413	7,843	5,761
Cash and cash equivalents at 31 December	38	**590,015**	**695,808**	**298,897**	**374,344**

The notes set out on pages 45 to 160 form an integral part of these financial statements.

Independent Auditor's Report appears on pages 35 to 38.

1. GENERAL INFORMATION

Exim Bank (Tanzania) Limited (the "Bank" or the "Company") and its subsidiaries, Exim Bank Djibouti S.A., Exim Bank Uganda Limited, Exim Bank Comoros S.A. and Core Securities Limited (collectively referred to as the "the Group") provide retail and corporate banking services in the United Republic of Tanzania, The Union of Comores S.A, The Republic of Djibouti and The Republic of Uganda. Exim Bank Djibouti S.A. has representative office in Ethiopia. Core Securities Limited is a non-banking subsidiary, incorporated in Tanzania is a licensed dealing member of the Dar Es Salaam Stock Exchange (DSE) and its main activities includes dealing in securities and secondary activities includes advisory services.
In early October 2024, the group disposed its interest in Core Securities Limited at a total value of TZS 1 million which also resulted in the group relinquishing its control to the minority shareholder. This in turn has led to derecognition of the investment in the subsidiary and the non-controlling interest thereof.

The Bank is a limited liability company and is incorporated and domiciled in the United Republic of Tanzania. The address of its registered office is:

Exim Tower
Plot 1404/45, Ghana Avenue
Dar es Salaam, Tanzania

2. BASIS OF ACCOUNTING

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

(a) Basis of preparation

The Consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002 and Banking and Financial Institutions Act, 2006. The Consolidated and separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of debt and equity instruments designated at fair value through other comprehensive income and fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated and separate financial statements are disclosed in Note 4.

Details of group's accounting policies have been disclosed in note 3, whereas changes thereto have been disclosed on note 2 (b) below.

(b) Adoption of new and revised international financial reporting standards

(i) New standards amendments and interpretations adopted by the Group and Bank

During the current year, the Bank has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024. The adoption of these new and revised standards and interpretations has not resulted in material changes to the group and Bank's accounting policies.

The Bank adopted the following standards, interpretations and amended standards during the year:

Title	Key requirements	Effective date
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller- lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.	1-Jan-24

2. BASIS OF ACCOUNTING (CONTINUED)

(b) Adoption of new and revised international financial reporting standards (Continued)

(i) New standards amendments and interpretations adopted by the Group and Bank (Continued)

Title	Key requirements	Effective date
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7	The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following: The terms and conditions of SFAs. (i) The carrying amounts of financial liabilities that are part of SFAs and the line items is which those liabilities are presented. (ii) The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers. (iii) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements. (iv) Non-cash changes in the carrying amounts of financial liabilities in (b). (v) Access to SFA facilities and concentration of liquidity risk with finance providers.	1-Jan-24
Classification of Liabilities as Current or Non-current – Amendments to IAS 1 *Non-current Liabilities with Covenants – Amendments to IAS 1*	The amendments require disclosures if an entity classifies a liability as non- current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: •the carrying amount of the liability •information about the covenants, and • facts and circumstances, if any, that indicate that the entity may have difficulty complying wi the covenants. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.	1-Jan-24

(ii) New standards and interpretations that are not yet effective and have not been early adopted

Title	Key requirements	Effective date
Lack of Exchangeability - Amendments to IAS 21	The amendments require companies to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include: • the nature and financial impacts of the currency not being exchangeable. • the spot exchange rate used. • the estimation process; and • risks to the company because the currency is not exchangeable.	1-Jan-25
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non- monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.	To be announced

2. BASIS OF ACCOUNTING (CONTINUED)

(b) Adoption of new and revised International financial reporting standards (Continued)

(ii) New standards and interpretations that are not yet effective and have not been early adopted

Title	Key requirements	Effective date
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	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).	1-Jan-26
IFRS 18, 'Presentation and Disclosure in Financial Statements'	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 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'.	1-Jan-27
IFRS 19, 'Subsidiaries without Public Accountability'	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.	1-Jan-27

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(iii) Early adoption of standards

There are no other standards that are not yet effective which have been early adopted and that would be expected to have a material impact on the Group and Bank in the current or future reporting periods and on foreseeable future transactions.

3. MATERIAL ACCOUNTING POLICIES

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

(a) Basis of consolidation

Subsidiaries

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

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries) made up to 31 December each year. Control is achieved when the Bank:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

3. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation (Continued)

Subsidiaries (Continued)

When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights in combination with other decision-making rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Bank gains control until the date when the Bank ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

The subsidiaries prepare separate financial statements for the purpose of submission to the regulatory authorities and as part of statutory requirement.

Non-controlling interests

Non-controlling interests in subsidiaries are identified from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement is on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fairvalue when the control is lost.
The gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Transactions eliminated on consolidation

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

(b) Interest income and expense

Effective interest rate method

Interest income and expense are recognised in profit or loss under 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.

The Bank recognise interest income for all financial assets measured at amortised cost, FVOCI and interest expense for all financial liabilities measured at amortised cost using the effective interest rate method.

The calculation includes loan application and loan commitment fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The EIR (and therefore, the amortised cost of the financial asset) is calculated by considering transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR, e using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also considers the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability. The IBOR reform Phase 2 amendments allow as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that the transition takes place on an economically equivalent basis.

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information. The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

In its interest income/expense calculated using the effective interest method, the Bank only includes interest on those financial instruments that are set out in effective interest method above. Other interest income/ expense includes interest on all financial assets/liabilities measured at FVPL, other than those held for trading, using the contractual interest rate. Interest income/expense on all trading financial assets/liabilities is recognized as a part of the fair value change in 'Net trading income'.

When a financial asset becomes credit-impaired and is therefore regarded as "stage 3" the interest income is calculated by applying the EIR to the net amortised cost of the credit-impaired financial asset (i.e., the gross carrying amount less the allowance for expected credit losses (ECLs). If the financial asset cures (as outlined in Note 3 (l)) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For financial assets originated or purchased credit impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset. This interest rate is determined based on the amortised cost and not the gross carrying amount of the financial asset and incorporates the impact of expected credit losses in the estimated future cash flows of the financial asset.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Fees and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and service fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognized in profit or loss over the period of the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognized over the commitment period on a straight-line basis.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Fees and commission expense which relates to borrowing arrangement costs are recognized as an expense in the period in which they are incurred.

(d) Dividend income

Dividends are recognized in profit or loss in 'other income' when the entity's right to receive payment is established. The dividend collected are included in the statement of cashflows as dividend received.

(e) Translation of foreign currencies

The consolidated financial statements are presented in Tanzania shillings. For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. All differences arising from non–trading activities are taken to other operating income in profit or loss.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non–monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Tanzanian shillings at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at annual average exchange rates. The exchange differences arising on translation for consolidation purposes are recognized in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets

All financial assets are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss.

In accordance with IFRS 9, the Group has classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost.

The classification requirements for debt and equity instruments are explained below:

Debt instruments

Debt instruments are those instruments that meet the definition of financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

The classification and subsequent measurement of financial assets depends on:

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

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments ‹ principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair valu through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in profit or loss within 'Other income' in the period in which it arises.

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

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces mismatch that would otherwise arise. The election to present the changes in fair value in OCI was made because the investments are expected to be held for the long term for strategic purposes.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (Continued)

Debt instruments (Continued)

Classification criteria

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

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

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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

Equity instruments

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

The Group subsequently measures equity instruments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income when these investments are not held for trading. These are strategic investments and the group considers this classification to be more relevant.
When the Group elect to designate equity instruments through OCI, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Investment in subsidiaries

The bank accounts for its investments in subsidiaries at cost less any impairment allowance as the bank has control over its the subsidiaries. Additional details on the subsidiaries and basis for consolidation are included in note 3(a).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (Continued)

De-recognition of financial assets

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

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

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

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients. The Group has to remit any cash flow it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
- The Group has transferred substantially all the risks and rewards of the asset or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group considers control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Group's continuing involvement, in which case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required the pay.

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Group renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default.

It considers the following factors among others in assessing whether or not the new terms are substantially different to the original terms

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (Continued)

Modification of financial assets (Continued)

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. A loan will remain at its original stage until it meets the criteria of cure as described in Note 3(l).

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Group monitors the subsequent performance of modified assets until they are completely and ultimately derecognized. The Group may determine that the credit risk has significantly improved after modification, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms. Differences in the carrying amount are recognized in profit or loss as a gain or loss on derecognition.

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

(g) Financial liabilities

Financial liabilities are initially recognized at fair value plus transaction costs, except for financial liabilities recorded at fair value through profit or loss. Subsequent to initial recognition all financial liabilities are measured at amortized cost.
Financial liabilities measured at amortized cost are deposits due to banks and customers, term borrowings and senior loans and subordinated debts and other liabilities.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognized in profit or loss.

(h) Classes of financial assets and liabilities

The Group classifies financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments as indicated below:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Classes of financial assets and liabilities

<table>
<tr><th colspan="2">Category (as defined by IFRS 9)</th><th colspan="2">Class (as determined by the Group)</th><th>Sub-class</th></tr>
<tr><td rowspan="14">Financial assets</td><td rowspan="10">Amortized cost</td><td colspan="2">Loans and advances to banks</td><td></td></tr>
<tr><td rowspan="4">Loans and advances to customers</td><td>Personal loans</td><td></td></tr>
<tr><td>Over drafts</td><td></td></tr>
<tr><td>Commercial</td><td></td></tr>
<tr><td>Others</td><td></td></tr>
<tr><td colspan="2">Other assets excluding prepayments</td><td></td></tr>
<tr><td rowspan="4">Investment in debt securities</td><td rowspan="2">Government securities</td><td>Treasury bills</td></tr>
<tr><td>Treasury bonds</td></tr>
<tr><td rowspan="2">Private bonds</td><td>Private bonds</td></tr>
<tr><td>Subordinated</td></tr>
<tr><td>Fair value through profit or loss (FVTPL)</td><td colspan="2">Government securities</td><td>Treasury bonds</td></tr>
<tr><td rowspan="3">Fair value through other comprehensive income (FVOCI)</td><td rowspan="2">Equity investments designated at FVOCI</td><td colspan="2">Equity investments - listed</td></tr>
<tr><td colspan="2">Equity investments – not listed</td></tr>
<tr><td colspan="2">Government securities</td><td>Treasury bonds</td></tr>
<tr><td rowspan="8">Financial liabilities</td><td rowspan="7">Financial liabilities at amortized cost</td><td colspan="3">Deposits to banks</td></tr>
<tr><td colspan="3">Term borrowings</td></tr>
<tr><td colspan="3">Subordinated debt and senior loans</td></tr>
<tr><td colspan="3">Other liabilities</td></tr>
<tr><td rowspan="3">Customer deposits</td><td colspan="2">Current and demand deposits</td></tr>
<tr><td colspan="2">Savings accounts</td></tr>
<tr><td colspan="2">Fixed deposit accounts</td></tr>
<tr><td>Fair value through profit or loss (FVTPL)</td><td colspan="3">Derivative financial liabilities</td></tr>
</table>

(i) Impairment of financial assets

Overview of the ECL principles

The Group records the allowance for expected credit losses on loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts (financial instruments subject to ECL). Equity instruments are not subject to impairment under IFRS 9.
ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL) unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12-month ECL). The Group's policies for determining if there is significant increase in credit risks are set out in Note 6.1.3.

The 12-month ECL allowance is a portion of LTECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12-month ECL are calculated on individual or collective basis depending on the nature of underlying portfolio of financial instrument.
The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has significantly increased since initial recognition, by considering the change in the risk of default occurring over the remaining life of the instrument.

Based on the above process, the Group classifies its financial instruments subject to ECL into Stage1, Stage 2, Stage 3 and POCI, as described below:

Stage 1:	When loans are first recognized, the Group recognizes an allowance based on the 12 months ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include those facilities which have improved from Stage 3.
Stage 3:	Loans considered credit impaired. The Group records an allowance for the LTECLs.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on the credit adjusted EIR. ECLs are only recognized or released to the extent that there is subsequent change in the expected credit losses.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets (Continued)

Calculation of ECLs

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

PD:	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The probability at a point in time that a counterparty will default, calibrated over up to 12 months from the reporting date (Stage 1) or over the lifetime of the product (Stage 2) and incorporating the impact of forward-looking economic assumptions that have an effect on credit risk, such as interest rates, unemployment rates and GDP forecasts. The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. Assessing reasonableness of the management out-of-model adjustments applied to the IFRS 9 models by challenging the qualitative and quantitative assumptions applied.
EAD:	Exposure at default (EAD) is the total value which the Group is exposed to when a financial asset is in default. EAD takes into account the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortization and prepayments, together with the impact of forward-looking economic assumptions where relevant. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. • For amortized products and bullet repayment loans, this is based on the contractual repayments owed by the borrow over 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation. • For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "cred conversion factor" which allows for the expected drawdown of remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on an analysis of the Group's recent default data.
LGD:	The Loss Given Default (LGD) is an estimate of loss arising in the case where a default occurs at a given time. The loss that is expected to arise on default which represents the difference between the contractual cash flows due and those that the Group expects to receive. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. • For secured products, this is primarily based on collateral type and projected collateral values, historical discounts t market/book values due to forced sales, time to repossession and recovery costs observed. • For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieve across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets (Continued)

Calculation of ECLs (continued)

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The inputs and models used may not always capture all the characteristics of the markets at the reporting date, therefore qualitative adjustments may be made as temporary adjustments when such differences are significantly material. Refer to Note 6.1.3 for the explanation about forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. are monitored and reviewed on an annual basis.
The ECL is determined by projecting the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For stage three loans the Bank applies a realisation period of 3 years for both retail and wholesale loans. LGD estimates are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. For secured loans a haircut ranging from 25% to 60% is applied on the collateral values prior to discounting.
The mechanics of ECL methods are summarized as follows:

Stage 1	The 12m ECL is calculated as a proportion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 – month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Group records allowance for the LTECLs. The expected cash shortfalls are discounted by the original EIR. For the purposes of determining ECL, all facilities whose contractual payments are more than 30 days due but less than or equal to 90 days due are grouped in Stage 2 as they are taken to have experienced a significant increase in credit risk.
Stage 3	For loans considered credit –impaired, the Group recognizes the LTECL for these loans. The PD is set at 100%.
POCI	Are assets that are credit impaired on initial recognition. The Group recognizes the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighted amount, discounted by the credit –adjusted EIR.
Loan commitments and letters of credit	When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognized within provisions.
Financial guarantee contracts	The Group's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in profit or loss, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs are recognized within provisions.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets (Continued)

Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Group only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at fair value at FVOCI do not reduce the carrying amount of these financial assets in the consolidated and separate statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit or loss upon derecognition of the assets.

Credit cards and other revolving facilities

The Group offers retail overdrafts and credit cards facilities in which the Group has the right to cancel and / or reduce the facilities with one day's notice. The Group does not limit its exposures to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer's behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Definition of default

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

Under IFRS 9, the Group will consider a financial asset as 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets (Continued)

Financial assets write off

Financial assets are written off either partially or in their entirety only when the Group does not reasonably expect to recover the asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is recognised as an additional impairment loss in profit or loss, which increases the ECL allowance account and ECL is derecognised and the gross carrying amount of the asset is reduced. Any subsequent recoveries are credited to profit or loss.

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

Cure of non-performing financial assets including restructured loans

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

Under migration from Stage 3 to Stage 2, the Group considers criteria for upgrade of credit accommodations as follows:
- In the case of overdraft facilities, the account has satisfactorily performed for a minimum period of two consecutive quarters; and
- In the case of term loans, when there is an improvement in the ability of the borrower to consistently fulfil its contractual cash flow obligations for not less than four instalments .

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

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

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

Upgrade from Stage 2 to Stage 1 shall be subject to a monitoring period of 90 days for conventional loans to confirm if the risk of default has decreased sufficiently before upgrading such exposure.

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

For credit exposures that have shifted from Stage 3 to Stage 2, objective evidence of impairment still exists and accordingly interest income is computed on the carrying amount of the asset at the beginning of the period after allowance for ECLs using the effective interest rate. The carrying amount of the exposure shall be the amortised cost at the end of the period less the allowance for ECL computed.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Property and equipment

Property and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated on the straight-line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Asset	*Applicable annual rate*
Buildings	4% - 5%
Leasehold premises	11% - 15%
Motor vehicles	20% - 25%
Office equipment	15% - 20%
Computer hardware	25% - 33%
Furniture and fittings	15% - 20%

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income in profit or loss in the year the asset is derecognized.

(k) Intangible assets

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

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

Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives at the rate of 25% per annum.

(l) Provisions

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Income tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the applicable tax laws in the jurisdictions where the Group operates.

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability i a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only t the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less, including: cash and balances with central banks that are not part of the statutory minimum reserves as defined in Note 17, Government Securities with original maturties of 90 days or less and loans and advances to banks.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits

Retirement contribution fund obligations

The Bank and all its employees contribute to the National Social Security Fund (NSSF), which is a defined contribution scheme. A defined contribution plan is a scheme under which the Bank pays fixed contributions into a bank entity (NSSF). The Bank has no legal or constructive obligation to pay further contributions if the Fund does not have sufficient assets to pay the employees post-employment benefits. Employees contribute 10% and the Bank also contributes 10% of the employees' basic salaries to the scheme.

In Comoro, the bank and all its employees are required to contribute to the Provident Fund (Caisse De Retraite) in Comores S.A, which is a defined contribution scheme. Employees contribute 3% of the basic salary of the employees and the bank contributes 5% to the scheme.

In Uganda, the bank and all its employees are required to contribute to the National Social Security Fund, which is a defined contribution scheme. Employees contribute 5% and the bank 10% of the employee's salary.

The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

Other entitlements

The estimated monetary liability for the employee accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

(p) Share capital

Ordinary shares are classified as 'share capital' in equity.

(q) Dividends on distribution

Dividend distribution to the Bank's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Bank's shareholders.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

(r) Accounting for leases

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

Group/Bank as a lessee

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

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within Note 25 and are subject to impairment in line with the Group's policy as described in Note 3 (l).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Accounting for leases (Continued)

Lease liabilities

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

Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(s) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Whenever necessary the comparative information has been represented to correspond to current year classification or representation.

(t) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Impairment of non-financial assets is disclosed in Notes 24 and 27.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. This involves recognising identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognized directly in profit or loss in the year of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash –generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment in accordance with IFRS 8 Operating Segments.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative fair values of the disposed operation and the portion of the CGU retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus associated cumulative translation differences, cash flow hedge and fair value reserves and goodwill is recognized in profit or loss.

(v) Non-current assets held for sale

Non-current assets and disposal group's classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

Represents a bank major line of business or geographical area of operations; or Is part of a single coordinated plan to dispose of a bank major line of business; or geographical area of operations; or Is a subsidiary acquired exclusively with a view to resale

In the consolidated and separate statements of profit or loss and other comprehensive income for the reporting period, and the comparable period in the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Bank retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated and separate statements of profit or loss and other comprehensive income. Property and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(w) Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit, real estates, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded in the consolidated and separate statements of financial position. However, the fair value of collateral affects the calculations of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a regular basis.

To the extent possible, the Group uses active market data for valuing financing assets held as collateral. Other financial assets which do not have a readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on external independent professional valuers.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Collateral valuation (Continued)

Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying amount of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held-for-sale at the lower of their repossessed value or carrying amount of the original secured asset or fair value less cost to sell for non-financial assets.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customer. Therefore, as a result, the residential properties under legal repossession process are not recorded in the consolidated and separate statements of financial position except for property which the bank repurchases in auctions due to lack of active market and maintain them as assets held for sale.

(x) Fair value measurement

For financial instruments traded in active markets, the determination of fair value of financial assets and financial liabilities is based on market prices or dealer price quotations. This includes listed equity securities and debt instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If these criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or material increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting date.

In cases when the fair value of unlisted equity instruments is determined using valuation techniques, the Group's policy is to carry the instruments at FVOCI. The valuation of unlisted equity instruments is done using valuation methods that are appropriate in the circumstances including the market valuation method or discounted cash flows method.

At each reporting date, management analyses the movements in the values of the assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Valuation techniques used by the management to determine fair value as much as possible maximizes observable inputs and minimize the use of unobservable inputs.

(y) Earnings per share

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Management Team, which is the chief operating decision maker. Details of the Group's segments are provided under Note 5.

(aa) Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the consolidated and separate financial statements within provisions at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in profit or loss, and under IFRS 9 – an ECL provision. The premium received is recognized in profit or loss on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with a pre-specified term to the customer.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on the market terms, are not recorded in the consolidated and separate statements of financial position.

If a guarantee is called, a provision is raised if the expected payment amount exceeds the not yet amortised amount of the initial premium payment obtained.

4. USE OF JUDGEMENTS AND ESTIMATES

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

Critical accounting estimates and assumptions

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

a) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by management. Changes in valuation assumptions could affect the reported fair value of the financial instruments. The impact on change in assumptions on the fair value and the carrying amount of the financial instruments is disclosed under Note 21.

b) Determination of ECL allowances under IFRS 9

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement and estimations. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The elements of the ECL models that are considered accounting judgements and estimates are indicated below. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical accounting estimates and assumptions (Continued)

Incorporation of forward-looking information

The evolving economic environment is a key determinant of the ability of a Group's clients to meet their obligations as they fall due. It is a fundamental principle of IFRS 9 that the provisions held against potential future credit risk losses should depend not just on the health of the economy today but should also take account of changes to the economic environment in the future. To capture the effect of changes to the economic environment in the future, the computation of probability of default (PD), loss given default (LGD) and so expected credit loss incorporates forward-looking information; assumptions on the path of economic variables and asset prices that are likely to have an effect on the repayment ability of the Group's clients. Such variables include inflation rate, GDP growth rate, interest rates, lending rate, mortality rate and unemployment rate. Details on assumptions used are provided under Note 6.1.3.4.

Cure rate

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

Sensitivity analysis of key estimates and assumptions

The most significant assumptions affecting the ECL allowance are as follows;

i) Market value of collaterals, given its impact on Loss Given Default (LGD)
ii) Realization period of re-possessed collaterals, given its impact on present value of the collaterals.
iii) Probabilities of default (PDs) - change in macros impacting PDs
iv) Changes in cure rate for unsecured portfolio

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical accounting estimates and assumptions (Continued)

Sensitivity analysis of key estimates and assumptions (Continued).

Set out below are changes to the ECL as at 2024 that would result from reasonably possible changes in these parameters from actual assumptions used:

	Bank				Group			
	2024		2023		2024		2023	
Change in market Value of Collaterals	Increase by 2%	Decrease by 2%	Increase by 2%	Decrease by 2%	Increase by 2%	Decrease by 2%	Increase by 2%	Decrease by 2%
	TZS 'M	TZS 'M	TZS 'M	TZS 'M				
	(394)	394	(688)	716	(528)	528	(792)	824
Change in Realisation	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
	TZS 'M	TZS 'M	TZS 'M	TZS 'M				
	6,562	(6,562)	2,328	(2,091)	8,800	(8,800)	2,679	(2,406)
Change in Probability of Default (PDs)	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
	TZS 'M	TZS 'M	TZS 'M	TZS 'M				
	98	(98)	2,211	(2,211)	132	(132)	2,544	(2,544)
Change in Cure Rates	Increase by 2%	Decrease by 2%	Increase by 2%	Decrease by 2%	Increase by 2%	Decrease by 2%	Increase by 2%	Decrease by 2%
	TZS 'M	TZS 'M	TZS 'M	TZS 'M				
	1,287	(1,287)	304	(304)	1,725	(1,725)	349	(349)

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical accounting estimates and assumptions (Continued)

Critical judgements in applying the Group's and the Bank's accounting policies.

a) Business model assessment

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

Refer to Notes 16, 17, 18, 19 and 21 for the carrying amounts of financial assets.

b) Significant increase of credit risk

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Whether a change in the risk of default is significant or not is assessed using quantitative factors, that is, financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk. Financial assets that are 30 or less days past due are considered to have low credit risk. The Group has determined that the quantitative factors reasonably reflect SICR and that, considering the nature of the Group's clients, consideration of qualitative factors would involve undue cost or effort. Refer to Notes 6.1 and 18 for further disclosures.

c) Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change, there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
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 characteristics and any supplementary data used to determine groupings are outlined below:

- Product type (e.g. Overdraft, Term loans, Letter of credit etc.)
- Repayment type (e.g. Repayment/Interest only)
- Credit risk grading
- Industry
- Collateral type – whether secured or unsecured

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differs.

Refer to Notes 6.1 and 19 for further disclosures including the carrying amounts of loans and advances.

d) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical judgements in applying the Group's and the Bank's accounting policies (Continued)

d) Impairment of non-financial assets (Continued)

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of the cash flows. Where the discounted cash flows method is not appropriate, other valuations techniques, like the market valuation approach, are used. Such valuation approaches involve benchmarking of observable market information with the valued cash generating unit's financial position and results, and applying premiums or discounts as appropriate.

The Group performed the annual impairment assessment at year-end. The Group considers the relationship between value in use and carrying amount of the asset, among other factors, when reviewing for indicators of impairment. Refer to Notes 3(t), 24 (PPE), 25 (ROU assets), 26 (Investment in subsidiaries) and 27 (Intangibles) for the accounting policy on impairment of non-financial assets and details on the impairment assessment and carrying amounts of non-financial assets subject to impairment.

e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise from a wide variety of issues, depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

For disclosures and details on tax and tax contingencies, refer to Notes 14 and 36 to the consolidated and separate financial statements.

f) Useful lives of property and equipment, and intangible assets

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

- The expected usage of the asset by the Group, which is assessed by reference to the asset's expected capacity;
- The expected physical wear and tear, which depends on operational factors, the repair and maintenance program of the Group, and the care and maintenance of the asset while idle;
- Technical or commercial obsolescence arising from changes in technology;
- Group's assets replacement cycle; and
- Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

Refer to Notes 3(j), 3 (k), 24 and 27 for further details.

g) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity if it is exposed to, or has rights to, variable returns, from involvement with an entity and has ability to affect those returns through its power over the entity. The Group reassess whether it has control if there are changes to one or more element of the controls.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

5. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Head of the Group's Management Team (the Chief Executive Officer), who is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8. The agreed allocation basis were not changed during the year.

The Group has the following business segments based on products and services offered:

Name of the business segmer	Services and products offered
Corporate Banking	Loans and other credit facilities, deposit and current accounts for corporate and institutional customers.
Retail Banking	Individual customer deposits, consumer loans and overdrafts.
Others	Card and Treasury products

No revenue from transactions with a single external customer or counterparty amounted to 10 % or more of the Group's and Bank's total revenue in 2024 or 2023.

The non-current assets are included as part of non-allocable assets.

The majority of the Group's segments' revenues are from interest and the Chief Executive Officer relies primarily on net interest revenue to assess the performance of the segment and make decisions about resources to be allocated to the segment. As sech, for segment reporting, the Group reports segment interest revenue net of interest expense. The segment information provided to the Chief Executive Officer for reportable segments is as follows (all amounts in TZS 'Million):

Year ended 31 December 2024

Group	Corporate	Retail	Treasury	Unallocated	Total
Segmental profit or loss					
Net interest income	116,545	49,458	21,503	-	187,506
Credit impairment charges	(6,331)	(776)	(645)	-	(7,752)
Fee, commission and other income	67,841	21,461	51,714	-	141,016
Staff costs	(27,908)	(40,600)	(16,068)	-	(84,576)
Depreciation and amortization	(7,787)	(11,327)	(4,483)	-	(23,597)
Other expenses	(25,126)	(32,867)	(13,603)	-	(71,596)
Operating profit	**117,234**	**(14,651)**	**38,418**	**-**	**141,001**
Income tax expense	(40,066)	4,650	(13,434)	-	(48,850)
Net (loss)/profit for the year	**77,168**	**(10,001)**	**24,984**	**-**	**92,151**
Segment assets and liabilities					
Loans and advances to banks	-	-	409,278	-	409,278
Loans and advances to customers	1,537,760	262,603	-	-	1,800,363
Government securities	-	-	451,628	-	451,628
Corporate bond	-	-	10,524	-	10,524
Equity investments	-	-	2,977	-	2,977
Unallocated assets	-	-	-	453,297	453,297
Total assets	**1,537,760**	**262,603**	**874,407**	**453,297**	**3,128,067**
Deposits due to banks	-	-	135,920	-	135,920
Deposits due to customers	873,238	1,540,441	-	-	2,413,679
Long term borrowings	-	-	31,476	-	31,476
Unallocated liabilities	-	-	-	133,952	133,952
Total liabilities	**873,238**	**1,540,441**	**167,396**	**133,952**	**2,715,027**

5. SEGMENT REPORTING (CONTINUED)

Year ended 31 December 2023

Group	Corporate	Retail	Treasury	Unallocated	Total
Segmental profit or loss					
Net interest income	86,713	64,283	5,680	-	156,676
Credit impairment charges	(12,280)	2,127	-	-	(10,153)
Fee, commission and other income	26,104	24,142	52,657	-	102,903
Staff costs	(24,328)	(35,386)	(14,007)	-	(73,721)
Depreciation and amortization	(6,527)	(9,492)	(3,757)	-	(19,776)
Other expenses	(21,271)	(30,938)	(12,246)	-	(64,455)
Operating profit	48,411	14,736	28,327	-	91,474
Income tax expense	(16,417)	(4,998)	(9,608)	-	(31,023)
Net (loss)/profit for the year	31,994	9,738	18,719	-	60,451
Segment assets and liabilities					
Loans and advances to banks	-	-	796,687	-	796,687
Loans and advances to customers	243,850	1,274,198	-	-	1,518,048
Government securities	-	-	496,929	-	496,929
Corporate bond	-	-	41,201	-	41,201
Equity investments	-	-	2,641	-	2,641
Unallocated assets	-	-	-	139,581	139,581
Total assets	243,850	1,274,198	1,337,458	139,581	2,995,287
Deposits due to banks	-	-	117,923	-	117,923
Deposits due to customers	891,203	1,499,593	-	-	2,390,796
Long term borrowings	-	-	41,796	-	41,796
Unallocated liabilities	-	-	-	123,891	123,891
Total liabilities	891,203	1,499,593	159,719	123,891	2,674,406

Year ended 31 December 2024

Bank	Corporate	Retail	Treasury	Unallocated	Total
Segmental profit or loss					
Net interest income	43,637	49,897	13,543	-	107,077
Credit impairment charges	(1,567)	(1,054)	(1,349)	-	(3,970)
Fee, commission and other income	40,851	20,035	42,856	13,047	116,789
Staff costs	(17,341)	(25,224)	(9,985)	-	(52,550)
Depreciation and amortization	(4,360)	(6,343)	(2,511)	-	(13,214)
Other expenses	(14,719)	(21,219)	(8,397)	-	(44,335)
Operating profit	46,501	16,092	34,157	13,047	109,797
Income tax expense	(15,300)	(5,577)	(11,643)	(3,197)	(35,717)
Net (loss)/profit for the year	31,201	10,515	22,514	9,850	74,080

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

5. SEGMENT REPORTING (CONTINUED)

Year ended 31 December 2024

Bank	Corporate	Retail	Treasury	Unallocated	Total
Segment assets and liabilities					
Loans and advances to banks	-	-	220,516	-	220,516
Loans and advances to customers	1,035,445	169,349	-	-	1,204,794
Government securities	-	-	358,961	-	358,961
Corporate bond	-	-	3,047	-	3,047
Equity investments	-	-	2,977	-	2,977
Unallocated assets	-	-	-	335,205	335,205
Total assets	1,035,445	169,349	585,501	335,205	2,125,500
Deposits due to banks	-	-	235,075	-	235,075
Deposits due to customers	522,525	948,483	-	-	1,471,008
Long term borrowings	-	-	31,476	-	31,476
Unallocated liabilities	-	-	-	86,672	86,672
Total liabilities	522,525	948,483	266,551	86,672	1,824,231

Year ended 31 December 2023

Bank	Corporate	Retail	Treasury	Unallocated	Total
Segmental profit or loss					
Net interest income	51,512	38,187	3,374	-	93,073
Credit impairment charges	(9,630)	1,747	(454)	-	(8,337)
Fee, commission and other income	20,943	19,369	42,246	-	82,558
Staff costs	(3,737)	(5,435)	(2,151)	-	(11,323)
Depreciation and amortization	(15,637)	(22,744)	(9,003)	-	(47,384)
Other expenses	(13,895)	(20,212)	(8,001)	-	(42,108)
Operating profit	29,556	10,912	26,011	-	66,479
Income tax expense	(10,082)	(3,722)	(8,872)	-	(22,676)
Net (loss)/profit for the year	19,474	7,190	17,139	-	43,803
Segment assets and liabilities					
Loans and advances to banks	-	-	288,132	-	288,132
Loans and advances to customers	870,022	105,511	-	-	975,533
Government securities	-	-	415,479	-	415,479
Corporate bond	-	-	2,749	-	2,749
Equity investments	-	-	2,086	-	2,086
Unallocated assets	-	-	-	318,832	318,832
Total assets	870,022	105,511	708,446	318,832	2,002,811
Deposits due to banks	-	-	305,904	-	305,904
Deposits due to customers	498,784	839,284	-	-	1,338,068
Long term borrowings	-	-	41,796	-	41,796
Unallocated liabilities	-	-	-	75,657	75,657
Total liabilities	498,784	839,284	347,700	75,657	1,761,425

5. SEGMENT REPORTING (CONTINUED)

Geographical information

2024	Tanzania	Comoro	Djibouti	Uganda	Core* Securities	Elimination adjustments	Total
Interest and similar income	166,848	19,766	43,828	32,041	-	(11,254)	251,229
Interest expense and similar charges	(59,771)	(793)	(6,184)	(8,085)	(99)	11,209	(63,723)
Net interest income	107,077	18,973	37,644	23,956	(99)	(45)	187,506
Expected credit loss	(3,970)	62	(1,299)	(3,291)	-	746	(7,752)
Net interest income after loan impairment charge	103,107	19,035	36,345	20,665	(99)	701	179,754
Fees and commission income	29,449	12,526	6,078	4,363	-	-	53,316
Other external operating income	87,660	6,297	2,897	3,983	813	(13,628)	88,022
Total external operating income	117,109	18,823	8,975	8,346	813	(13,628)	141,338
Non- current assets	1,128,079	-	181,313	-	-	(175,103)	1,134,289

*Core securities is the subsidiary which is geographically located in Tanzania however it is presented separately since its core business is not banking.

5. SEGMENT REPORTING (CONTINUED)

Geographical information (Continued)

2023	Tanzania	Comoro	Djibouti	Uganda	Core* Securities	Elimination adjustments	Total
Interest and similar income	138,710	16,124	36,061	20,812	-	(65)	211,641
Interest expense and similar charges	(46,718)	(462)	(4,213)	(4,907)	(130)	66	(56,364)
Net interest income	91,992	15,662	31,848	15,905	(130)	-	155,277
Expected credit loss	(8,031)	(852)	(205)	(1,085)	-	-	(10,173)
Net interest income after loan impairment charge	83,961	14,810	31,643	14,820	(130)	-	145,104
Fees and commission income	24,857	4,087	5,561	9,945	-	-	44,450
Other external operating income	58,455	11,409	2,630	(3,056)	-	-	69,438
Total external operating income	83,312	15,496	8,191	6,889	-	-	113,888
Non- current assets	1,067,088	48,423	35,961	124,822	497	-	1,276,791

*Core securities is the subsidiary which is geographically located in Tanzania however it is presented separately since its core business is not banking.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The Board (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. As part of its governance structure, the Board has embedded a comprehensive risk management framework for identifying, measuring, controlling (setting risk mitigations) and monitoring of the Group's risks. The policies are integrated in the overall management information systems of the Group and supplemented by a management reporting structure. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. In addition, internal audit is responsible for independent review of risk management and the control environment.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees / stakeholders understand their roles and obligations. The Board's Credit Committee, Risk Management Committee and Audit Committee are responsible for monitoring compliance with the Group's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by the Group. These committees are assisted in these functions by various management committees which undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

The most important risks are credit risk, liquidity risk and market risk. The notes below provide detailed information on each of these risks and the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

6.1 Credit risk

The Group and the Bank take on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group and the Bank by failing to discharge an obligation. Credit risk is one of the most important risks for the Group's and the Bank's business. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending activities that lead to loans and advances, investment activities that bring debt securities and other bills in the Group's and Bank's assets portfolio. There is also credit risk in the off-balance sheet financial instruments, such as loan commitments, letters of credit and guarantees. Credit risk management and control is centralized under the credit risk management team which reports to the Board regularly.

6.1.1 Credit risk measurement

In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the Group reflects three components: (i) the PD by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derives the EAD; and (iii) the likely recovery ratio on the defaulted obligations (LGD). EAD is based on the amounts the Group expects to be owed at the time of default. These credit risk measurements, which reflect expected loss are embedded in the credit risk management process and are in line with IFRS 9.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. External and internal information is used to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.1 Credit risk measurement (continued)

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group also formulates two less likely scenarios, one upside and one downside scenario. External information considered includes economic data and macro-economic forecasts such as interest rates, unemployment rates and GDP forecasts. The key drivers of credit risks and credit losses for each portfolio of financial instruments are identified and documented and using a statistical analysis of historical data to estimate relationships between macro-economic variables and credit risk and credit losses.

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty in line with the Bank of Tanzania (BOT) guidelines. Customers are segmented into five rating classes. The quantitative group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. Additionally, the qualitative assessment based on management judgement resulting from specific business performance of the customer is also applied as detailed in note 6.1.3.6

This is because in some instances, management of the bank may be aware of additional unique qualitative factors affecting a facility that imply that the risk of the facility is higher or lower than that determined by the staging criteria below.

Group's rating	Description of the grade	Number of days outstanding	Equivalent IFRS 9 grading
1	Current	0 - 30	Stage 1
2	Especially mentioned	31 - 90	Stage 2
3	Sub-standard	91 - 180	Stage 3
4	Doubtful	181 - 360	Stage 3
5	Loss	>360	Stage 3

Exposure at default is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

6.1.2 Risk limit control and mitigation policies

The Group manages limits and controls concentrations of credit risk whenever they are identified, in particular, to individual counterparties and groups, and to industries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.
The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

Collateral
The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as property, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

Longer-term finance and lending to corporate entities are generally secured. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

The outstanding balances and collaterals held by the Group and Bank as at 31 December 2024 and 31 December 2023 against credit non-performing loans and advances to customers were as indicated below:

(Amounts in TZS M)

Group	Gross exposure	Impairment allowance	Carrying amount	Market Value of Collateral
At 31 December 2024				
Loans to individuals:				
- Personal loans	11,160	1,088	10,072	57,169
- Commercial loans	4,875	119	4,756	16,184
Loans to corporate entities:				
- Corporate customers	80,575	16,335	64,240	186,993
- SMEs	4,701	245	4,456	89,022
Total	**101,311**	**17,787**	**83,524**	**349,368**
At 31 December 2023				
Loans to individuals:				
- Personal loans	3,573	1,048	2,525	4,629
- Commercial loans	5,946	451	5,495	8,986
Loans to corporate entities:				
- Corporate customers	55,838	15,784	40,054	103,811
- SMEs	762	108	654	1,738
Total	**66,119**	**17,391**	**48,728**	**119,164**

Bank	Gross exposure	Impairment allowance	Carrying amount	Market Value of Collateral
At 31 December 2024				
Loans to individuals:				
- Personal loans	4,796	553	4,243	6,836
- Commercial loans	1,000	-	1,000	5,521
Loans to corporate entities:				
- Corporate customers	46,085	13,619	32,466	-
- SMEs	338	26	312	77,788
Total	**52,219**	**14,198**	**38,021**	**90,145**
At 31 December 2023				
Loans to individuals:				
- Personal loans	3,550	1,026	2,524	4,629
- Commercial loans	4,716	265	4,451	7,777
Loans to corporate entities:				
- Corporate customers	46,637	13,707	34,930	93,462
- SMEs	-	-	-	-
Total	**54,903**	**14,998**	**41,905**	**105,868**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.
Below table shows financial instruments for which an entity has not recognized a loss allowance because of the collateral.

	(Amounts in TZS M)				
Group	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Market Value of Collateral**
At 31 December 2024					
Loans to individuals:					
- Personal loans	117,502	9,472	12,471	**139,445**	1,070,965
- Commercial loans	14,908	4,290	1,014	**20,212**	365,214
Loans to corporate entities:					
- Corporate customers	482,377	116,596	49,259	**648,232**	2,954,812
- SMEs	17,552	2,667	274	**20,493**	167,915
Total	**632,339**	**133,025**	**63,018**	**828,382**	**4,558,906**
At 31 December 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Market Value of Collateral**
Loans to individuals:					
- Personal loans	13,593	1,760	755	16,108	56,369
- Commercial loans	45,739	2,229	2,056	50,024	424,683
Loans to corporate entities:					
- Corporate customers	316,018	61,370	18,280	395,668	2,258,384
- SMEs	11,727	3,822	631	16,180	147,622
Total	**387,077**	**68,181**	**21,722**	**477,980**	**2,887,058**

Bank	Stage 1	Stage 2	Stage 3	Total	Market Value of Collateral
At 31 December 2024					
Loans to individuals:					
- Personal loans	71,879	7,698	2,516	**82,093**	204,581
- Commercial loans	14,898	4,290	1,000	**20,188**	364,410
Loans to corporate entities:					
- Corporate customers	442,596	109,595	21,030	**573,221**	2,321,031
- SMEs	17,552	2,667	274	**20,493**	167,915
Total	**546,925**	**124,250**	**24,820**	**695,995**	**3,057,937**
At 31 December 2023					
Loans to individuals:					
- Personal loans	13,334	1,760	755	15,849	55,835
- Commercial loans	45,316	2,020	863	48,199	421,539
Loans to corporate entities:					
- Corporate customers	288,883	61,370	18,280	368,533	2,208,866
- SMEs	4,719	-	-	4,719	128,596
Total	**352,252**	**65,150**	**19,898**	**437,300**	**2,814,836**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

Credit-related commitments

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

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.
Details of outstanding credit–related commitments are in Notes 36.

Lending limits (for derivatives and loan book)

The Group maintains strict control limits on net derivative positions (i.e., difference between purchases and sales contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Group (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties. Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

6.1.3 Expected credit loss measurement

The Group applies IFRS 9 standard which outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below. The key input into the measurement of ECL are the terms structure of the following variables.

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

A financial instrument that is not credit –impaired on initial recognition is classified in 'Stage 1' and has credit risk continuously monitored by the Group.

If a significant increase in credit risk ('SICR') since recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. If the financial asset is credit-impaired, the financial instrument is then moved to 'Stage 3'. Financial instrument in Stage 1 have their ECL measured at an amount equal to the portion of a lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a life time basis.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (Continued)

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).

The following sections describe how the Group defines when a significant increase in credit risk has occurred; how the Group defines credit –impaired and default; inputs and assumptions and estimation techniques used in measuring the ECL; and how the Group incorporates forward looking information in the ECL models.

6.1.3.1 Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria or back stops have been met:

Qualitative criteria

For retail portfolios, if the borrower meets one or more of the following criteria:

- In short–term forbearance;
- Direct debit cancellation;
- Extension to the terms granted; or
- Previous arrears within the last 12 months.

For corporate and treasury portfolios, if the borrower is on the Watch-list and / or the instrument meets one or more of the following criteria:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and /or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default; or
- Early signs of cash flows / liquidity problems such as delay in servicing of trade creditors / loans.

The assessment of SICR incorporates forward-looking information. This is performed on a quarterly basis at a portfolio level for all Retail financial instruments. In relation to wholesale and treasury financial instruments, where a watch-list is used to monitor credit risk, this assessment is performed at the counterparty level on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the credit team.

Backstops

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on contractual payments.

The Group has not used the low credit risk exemption for any financial instruments during the year. The Group applied back stops in assessing SICR during the year as applying other quantitative factors or qualitative factors was found to involve undue cost or effort.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (Continued)

6.1.3.2 Definition of default and credit - impaired assets

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

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long term forbearance;
- The borrower is deceased;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- It is becoming probable that the borrower will enter bankruptcy; or
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The Group applied the quantitative criteria during the year as this was deemed to be more prudent. The criteria have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected loss computations.

Repossessed collateral

During the year, the Bank did not obtain assets by taking possession of collateral held as security. Repossessed properties are usually

sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

Modification of loans

During the year, the Group and Bank loans and advances to customers with gross amounts of TZS 57,336 million and TZS 12,584 million respectively (2023: TZS 37,745 and 31,147 million) were modified as part of the Bank's restructuring activities.

The resulting net modification gain was not material and hence not recognized in the financial statements.

6.1.3.3 Measuring ECL

ECL is measured on either a 12 –month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit –impaired. Expected credit losses are the discounted product of the PD, EAD and LGD as detailed in Note 3(l). Forward - looking economic information is also included in determining both 12-month and lifetime PD, EAD and LGD. The table below table shows PD distribution with estimates computed at sector level:

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (Continued)

6.1.3.3 Measuring ECL (continued)

Description of Risk	Stage allocation	Past due days	Probability of Default*
High risk	Stage 3	>= 90 days	100%
Moderate risk	Stage 2	>30 days up to 90 days	15.0%-94.24%
Low risk	Stage 1	0-30 days	0%- 58.90%

*PD estimated at sector level

Internally the Bank assesses the customer credit risk rating using the LILOC model which is performed on individual basis. The internal grading has been disclosed under note

6.1.3.4 Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward looking information. The Group has performed historical analysis and has identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and associated impact on PD, EAD, and LGD vary by financial instrument. The Group has utilized analysis of historical default rates in the absence of internal rating model or behavior score.

In determining the drivers for credit risk, the Group considered Real GDP (% Change), Exports of Goods & NF Services (% Change), CPI, USD Rate, interest rate, money supply (% Change), International Reserves (Bil. USD), Fixed Investment, Merchandise Exports, and Government Consumption, of which the USD rate was determined to be the key driver for credit risk by significantly impacting the PD.

Table (a)shows the impact of the USD rate in estimation of the allowances for credit losses on loans. The table shows the weighted average rate considering all scenario, namely, the base line, worst case and best-case scenario, the average values of the factors over the next 12 months and over the remaining forecast period.

Table (a) Forecasted Exchange rates.

Year	USD Rate
2024	2,762.04
2025	3,030.30
2026	3,321.43
2027	3,653.53

Table (b) Macro factors Scenario weightings

Scenario Weightings	2024	2023
Base Line	86.11%	86.11%
Worst Case	8.33%	8.33%
Best Case	5.56%	5.56%

6.1.3.5 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modeled on a collective basis, a grouping of exposure is performed on the basis of shared risk characteristics, such that risk exposures within the group are homogeneous. Refer to Note 4 for further disclosures on the grouping of exposures.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (Continued)

6.1.3.6 Stage allocation

The Group, in accordance with IFRS 9, has adopted the three stage classifications when determining changes in impairments and estimation of ECL as detailed in Note 3(L). Currently, the Group stages credit exposures using backstops and additionally the Group use qualitative characteristics in assessing credit impairment of the loan and advances to customers.

The quantitative approaches essentially same as backstops are explained in note 6.1.1

The Group consider qualitative criteria as summarized here under.

- Short-term forbearance or restructuring.
- Adverse changes of external data from credit references agencies
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates.
- Actual or expected forbearance or restructuring.
- Actual or expected significant adverse change in operating results of the borrower. · Significant change in collateral value which is expected to increase risk of default.
- When account is performing but classified as substandard as per BoT guidelines mainly due to being in a related group and where business nature of each member of the group is not interdependent
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans.
- Adverse changes of external data from credit references agencies
- Significant adversely changes in political, regulatory, and technological environment of the borrowers or in its business activities.

6.1.3.7 Judgmental adjustments

Where appropriate, the Group adjusts the ECL estimate outside the Bank's regular modelling process to reflect management judgements and qualitative information about performance of the exposures. Management overlays may only be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk.

The Group has internal governance frameworks and controls in place to assess the appropriateness of all judgmental adjustments. The aim of the Group is to incorporate these adjustments into the ECL models, where possible, as part of the periodic recalibration and model assessment procedures.

The adjustments include overlays which are made outside the detailed ECL calculation and reporting process.

Total judgmental adjustments as at 31 December 2024 is Nil (2023: TZS 6,968 million) for the corporate portfolio which was recorded following the increased credit risk to the related single name exposures as notified by the identified early warning signs.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class

The table below shows the profile of the loans and advances to customers analysed according to the internal grading system.

	Group				Bank			
Expected Credit Loss	Stage 1 12 - Month TZS 'M'	Stage 2 Lifetime TZS 'M'	Stage 3 Lifetime TZS 'M'	Total TZS 'M'	Stage 1 12 - Month TZS 'M'	Stage 2 Lifetime TZS 'M'	Stage 3 Lifetime TZS 'M'	Total TZS 'M'
As at 31 December 2024								
Current	1,474,340	249,899	-	1,724,239	1,018,633	153,627	-	1,172,260
Substandard	-	-	54,628	54,628	-	-	30,114	30,114
Doubtful	-	-	24,558	24,558	-	-	20,137	20,137
Loss	-	-	22,125	22,125	-	-	1,968	1,968
Gross carrying amount	1,474,340	249,899	101,311	1,825,550	1,018,633	153,627	52,219	1,224,479
Less Expected credit loss	6,212	1,188	17,787	25,187	4,557	932	14,196	19,685
Net loans and advances to customers	1,468,128	248,711	83,524	1,800,363	1,014,076	152,695	38,023	1,204,794
As at 31 December 2023								
Current	1,302,186	190,111	-	1,492,297	792,173	161,534	-	953,707
Substandard	-	-	14,989	14,989	-	-	11,569	11,569
Doubtful	-	-	27,150	27,150	-	-	22,905	22,905
Loss	-	-	23,980	23,980	-	-	22,429	22,429
Gross carrying amount	1,302,186	190,111	66,119	1,558,416	792,173	161,534	56,903	1,010,610
Less Expected credit loss	8,174	14,803	17,391	40,368	6,193	13,886	14,998	35,077
Net loans and advances to customers	1,294,012	175,308	48,728	1,518,048	785,980	147,648	41,905	975,533

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class (Corporate Customers)

The table below shows the profile of the loans and advances to customers analysed according to the internal grading system.

	Group				Bank			
Expected Credit Loss	Stage 1 12 - Month TZS 'M'	Stage 2 Lifetime TZS 'M'	Stage 3 Lifetime TZS 'M'	Total TZS 'M'	Stage 1 12 - Month TZS 'M'	Stage 2 Lifetime TZS 'M'	Stage 3 Lifetime TZS 'M'	Total TZS 'M'
As at 31 December 2024								
Current	1,188,861	221,720	-	1,410,581	826,362	134,345	-	960,707
Substandard	-	-	48,985	48,985	-	-	28,435	28,435
Doubtful	-	-	18,774	18,774	-	-	17,273	17,273
Loss	-	-	12,820	12,820	-	-	377	377
Gross carrying amount	**1,188,861**	**221,720**	**80,579**	**1,491,160**	**826,362**	**134,345**	**46,085**	**1,006,792**
Less Expected credit loss	4,795	662	16,335	21,792	3,830	539	13,617	17,986
Net loans and advances to customers	**1,184,066**	**221,058**	**64,244**	**1,469,368**	**822,532**	**133,806**	**32,468**	**988,806**
As at 31 December 2023								
Current	1,063,150	168,235	-	1,231,385	647,023	153,926	-	800,949
Substandard	-	-	8,409	8,409	-	-	5,035	5,035
Doubtful	-	-	28,747	28,747	-	-	25,564	25,564
Loss	-	-	21,126	21,126	-	-	20,900	20,900
Gross carrying amount	**1,063,150**	**168,235**	**58,282**	**1,289,667**	**647,023**	**153,926**	**51,499**	**852,448**
Less Expected credit loss	6,547	13,474	15,750	35,771	5,384	12,718	13,701	31,803
Net loans and advances to customers	**1,056,603**	**154,761**	**42,532**	**1,253,896**	**641,639**	**141,208**	**37,798**	**820,645**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class (Commercial loans)

The table below shows the profile of the loans and advances to customers analysed according to the internal grading system.

	Group				Bank			
Expected Credit Loss	**Stage 1 12 - Month TZS 'M'**	**Stage 2 Lifetime TZS 'M'**	**Stage 3 Lifetime TZS 'M'**	**Total TZS 'M'**	**Stage 1 12 - Month TZS 'M'**	**Stage 2 Lifetime TZS 'M'**	**Stage 3 Lifetime TZS 'M'**	**Total TZS 'M'**
As at 31 December 2024								
Current	58,108	9,718	-	67,826	32,436	5,384	-	37,820
Substandard	-	-	2,203	2,203	-	-	1,000	1,000
Doubtful	-	-	2,063	2,063	-	-	-	-
Loss	-	-	608	608	-	-	-	-
Gross carrying amount	58,108	9,718	4,874	72,700	32,436	5,384	1,000	38,820
Less Expected credit loss	446	119	119	684	322	77	-	399
Net loans and advances to customers	57,662	9,599	4,755	72,016	32,114	5,307	1,000	38,421
As at 31 December 2023								
Current	87,763	10,219	-	97,982	31,490	3,178	-	34,668
Substandard	-	-	501	501	-	-	501	501
Doubtful	-	-	994	994	-	-	991	991
Loss	-	-	1,573	1,573	-	-	347	347
Gross carrying amount	87,763	10,219	3,068	101,050	31,490	3,178	1,839	36,507
Less Expected credit loss	575	1,116	280	1,971	312	977	251	1,540
Net loans and advances to customers	87,188	9,103	2,788	99,079	31,178	2,201	1,588	34,967

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class (SMEs)

The table below shows the profile of the loans and advances to customers analysed according to the internal grading system.

	Group				Bank			
Expected Credit Loss	Stage 1 12 - Month TZS 'M'	Stage 2 Lifetime TZS 'M'	Stage 3 Lifetime TZS 'M'	Total TZS 'M'	Stage 1 12 - Month TZS 'M'	Stage 2 Lifetime TZS 'M'	Stage 3 Lifetime TZS 'M'	Total TZS 'M'
As at 31 December 2024								
Current	39,029	5,070	-	44,099	32,264	3,362	-	35,626
Substandard	-	-	1,974	1,974	-	-	50	50
Doubtful	-	-	126	126	-	-	78	78
Loss	-	-	2,601	2,601	-	-	210	210
Gross carrying amount	39,029	5,070	4,701	48,800	32,264	3,362	338	35,964
Less Expected credit loss	51	19	245	315	34	8	26	68
Net loans and advances to customers	38,978	5,051	4,456	48,485	32,230	3,354	312	35,896
As at 31 December 2023								
Current	65,833	8,882	-	74,715	51,725	1,718	-	53,443
Substandard	-	-	44	44	-	-	-	-
Doubtful	-	-	667	667	-	-	41	41
Loss	-	-	95	95	-	-	-	-
Gross carrying amount	65,833	8,882	806	75,521	51,725	1,718	41	53,484
Less Expected credit loss	445	212	114	771	425	188	6	619
Net loans and advances to customers	65,388	8,670	692	74,750	51,300	1,530	35	52,865

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class (Personal loans)

The table below shows the profile of the loans and advances to customers analysed according to the internal grading system.

	Group				Bank			
Expected Credit Loss	**Stage 1 12 - Month TZS 'M'**	**Stage 2 Lifetime TZS 'M'**	**Stage 3 Lifetime TZS 'M'**	**Total TZS 'M'**	**Stage 1 12 - Month TZS 'M'**	**Stage 2 Lifetime TZS 'M'**	**Stage 3 Lifetime TZS 'M'**	**Total TZS 'M'**
As at 31 December 2024								
Current	188,342	13,391	-	201,733	127,571	10,536	-	138,107
Substandard	-	-	1,466	1,466	-	-	629	629
Doubtful	-	-	3,595	3,595	-	-	2,786	2,786
Loss	-	-	6,096	6,096	-	-	1,381	1,381
Gross carrying amount	188,342	13,391	11,157	212,890	127,571	10,636	4,796	142,903
Less Expected credit loss	920	388	1,088	2,396	371	308	553	1,232
Net loans and advances to customers	187,422	13,003	10,069	210,494	127,200	10,228	4,243	141,671
As at 31 December 2023								
Current	85,943	2,777	-	88,720	61,935	2,712	-	64,647
Substandard	-	-	150	150	-	-	130	130
Doubtful	-	-	2,622	2,622	-	-	2,212	2,212
Loss	-	-	1,186	1,186	-	-	1,182	1,182
Gross carrying amount	85,943	2,777	3,958	92,678	61,935	2,712	3,524	68,171
Less Expected credit loss	610	3	1,242	1,855	72	3	1,040	1,115
Net loans and advances to customers	85,333	2,774	2,716	90,823	61,863	2,709	2,484	67,056

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
Gross carrying amount 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	1,302,186	180,111	66,119	1,558,416	792,173	161,534	56,903	1,010,610
Changes in the gross carrying amount								
- Transfer to stage 1	40,931	(40,570)	(361)	-	31,352	(30,991)	(361)	-
- Transfer to stage 2	(51,966)	52,313	(347)	-	(41,745)	42,092	(347)	-
- Transfer to stage 3	(26,125)	(33,300)	59,425	-	(1,063)	(29,780)	30,843	-
New financial assets originated or purchased	775,488	148,115	22,269	945,872	587,322	66,208	14,880	668,410
Purchased or originated impaired financial assets	-	-	2,308	2,308	-	-	401	401
Financial assets that have been derecognised	(544,783)	(85,381)	(26,795)	(636,959)	(342,772)	(54,197)	(32,955)	(429,924)
Write-offs	(37)	(1)	(20,838)	(20,876)	(37)	(1)	(16,455)	(16,493)
Foreign exchange movement	(21,354)	(1,388)	(469)	(23,211)	(6,597)	(1,238)	(690)	(8,525)
At 31 December	**1,474,340**	**249,899**	**101,311**	**1,825,550**	**1,018,633**	**153,627**	**52,219**	**1,224,479**
Expected credit loss								
At 1 January	8,174	14,803	17,391	40,368	6,193	13,886	14,998	35,077
Change in the loss allowance								
- Transfer to stage 1	404	(361)	(43)	-	373	(330)	(43)	-
- Transfer to stage 2	(694)	694	-	-	(687)	687	-	-
- Transfer to stage 3	(115)	(7,562)	7,677	-	-	(7,453)	7,453	-
- Write-off	-	-	(20,876)	(20,876)	-	-	(16,493)	(16,493)
New financial assets originated or purchased	3,829	650	7,725	12,204	2,073	340	6,212	8,625
Purchased or originated impaired financial assets	-	-	506	506	-	-	270	270
Financial assets that have been derecognized	(6,065)	(7,333)	3,285	(10,113)	(3,904)	(6,902)	707	(10,099)
Foreign exchange movement	(112)	(85)	(166)	(363)	(53)	(85)	(186)	(324)
Unwinding of discount	803	856	1,797	3,461	562	789	1,278	2,629
At 31 December	**6,229**	**1,662**	**17,296**	**25,187**	**4,557**	**932**	**14,196**	**19,685**

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 2023								
At 1 January	1,032,319	164,417	95,092	1,291,828	597,339	132,349	69,788	799,476
Changes in the gross carrying amount								
- Transfer to stage 1	65,861	(65,009)	(852)	-	53,667	(52,979)	(688)	-
- Transfer to stage 2	(63,381)	91,097	(27,716)	-	(70,383)	92,732	(22,369)	-
- Transfer to stage 3	(2,025)	(16,815)	18,840	-	(2,621)	(16,524)	19,145	-
New financial assets originated or purchased	253,815	25,636	-	279,451	209,737	14,801	-	224,538
Purchased or originated impaired financial assets	-	-	5	5	-	-	6	6
Financial assets that have been derecognised	(21,270)	(15,158)	(11,360)	(47,788)	(25,627)	(14,895)	(5,688)	(46,210)
Write-offs	-	-	(11,785)	(11,785)	-	-	(8,409)	(8,409)
Foreign exchange movement	36,867	5,943	3,895	46,705	30,041	6,050	5,118	41,209
At 31 December	**1,302,186**	**190,111**	**66,119**	**1,558,416**	**792,173**	**161,534**	**56,983**	**1,010,610**
Expected credit loss								
At 1 January	7,595	8,607	27,369	43,571	5,833	8,255	22,958	37,046
Change in the loss allowance								
- Transfer to stage 1	2,179	(2,102)	(77)	-	2,110	(2,108)	(2)	-
- Transfer to stage 2	(572)	15,736	(15,164)	-	(591)	14,567	(13,976)	-
- Transfer to stage 3	(254)	(351)	605	-	(262)	(352)	614	-
- Write-off	-	-	(11,785)	(11,785)	-	-	(8,409)	(8,409)
New financial assets originated or purchased	621	1,627	12,114	14,262	602	1,047	10,481	12,130
Purchased or originated impaired financial assets	-	-	4	4	-	-	4	4
Financial assets that have been derecognized	(2,288)	(9,080)	(283)	(11,651)	(2,364)	(7,987)	(261)	(10,612)
Foreign exchange movement	272	73	2,217	2,562	263	73	1,727	2,063
Unwinding of discount	621	393	2,391	3,405	602	391	1,862	
At 31 December	**8,174**	**14,803**	**17,391**	**40,368**	**6,193**	**13,886**	**14,996**	**32,222**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class - Corporate customers

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
Gross carrying amount 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	1,009,224	142,112	66,238	1,217,574	602,966	128,334	48,201	779,501
Changes in the gross carrying amount								
- Transfer to stage 1	33,569	(33,569)	-	-	25,860	(25,860)	-	-
- Transfer to stage 2	(44,811)	44,811	-	-	(36,324)	36,324	-	-
- Transfer to stage 3	(21,209)	(30,487)	51,696	-	-	(29,454)	29,454	-
New financial assets originated or purchased	586,217	133,682	17,105	737,004	455,570	55,610	13,393	524,573
Purchased or originated impaired financial assets	-	-	853	853	-	-	-	-
Financial assets that have been derecognised	(354,170)	(33,676)	(35,046)	(422,892)	(216,030)	(29,700)	(28,600)	(274,330)
Write-offs	-	-	(19,749)	(19,749)	-	-	(15,731)	(15,731)
Foreign exchange movement	(19,961)	(1,155)	(517)	(21,633)	(5,681)	(909)	(628)	(7,218)
At 31 December	**1,188,859**	**221,718**	**80,580**	**1,491,157**	**826,361**	**134,345**	**46,089**	**1,006,795**
Expected credit loss								
At 1 January	5,887	8,206	15,901	29,994	4,918	7,919	13,346	26,183
Change in the loss allowance								
- Transfer to stage 1	321	(321)	-	-	292	(292)	-	-
- Transfer to stage 2	(599)	599	-	-	(598)	598	-	-
- Transfer to stage 3	57	(7,488)	7,431	-	-	(7,452)	7,452	-
- Write-off	-	-	(19,749)	(19,749)	-	-	(15,731)	(15,731)
New financial assets originated or purchased	2,543	118	7,312	9,973	1,666	28	6,164	7,858
Purchased or originated impaired financial assets	-	-	116	115	-	-	-	-
Financial assets that have been derecognized	(3,948)	(785)	3,963	(770)	(2,874)	(559)	1,496	(1,937)
Foreign exchange movement	(83)	(11)	(159)	(253)	(47)	(8)	(175)	(230)
Unwinding of discount	618	344	1,522	2,484	472	305	1,067	
At 31 December	**4,796**	**662**	**16,336**	**21,794**	**3,829**	**539**	**13,619**	**16,143**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class - Corporate customers (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
Gross carrying amount 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	806,862	102,878	86,206	995,946	458,790	77,405	64,829	601,024
Changes in the gross carrying amount								
- Transfer to stage 1	122,578	(62,556)	(60,022)	-	107,352	(48,111)	(59,241)	-
- Transfer to stage 2	(79,022)	82,728	(3,706)	-	(66,950)	70,435	(3,485)	-
- Transfer to stage 3	(50,443)	(853)	51,296	-	(48,531)	-	48,531	-
New financial assets originated or purchased	299,921	57,114	3,198	360,233	189,761	54,680	30	244,471
Purchased or originated impaired financial assets	-	-	4,337	4,337	-	-	-	-
Financial assets that have been derecognised	(85,290)	(14,223)	(26,558)	(106,071)	(12,895)	(3,034)	(2,842)	(18,771)
Write-offs	(6,752)	(1,580)	(757)	(9,089)	(6,752)	(1,580)	336	(7,996)
Foreign exchange movement	35,297	4,728	4,296	44,321	26,248	4,131	3,349	33,728
At 31 December	**1,063,151**	**168,236**	**58,290**	**1,289,677**	**647,023**	**153,926**	**51,507**	**852,456**
Expected credit loss								
At 1 January	(1,797)	2,941	16,214	17,358	(2,748)	2,626	13,894	13,772
Change in the loss allowance								
- Transfer to stage 1	15,546	(1,063)	(14,483)	-	15,534	(1,060)	(14,474)	-
- Transfer to stage 2	(196)	199	(3)	-	(61)	61	-	-
- Transfer to stage 3	(27)	(32)	59	-	(1)	-	1	-
- Write-off	(11)	-	(9,078)	(9,089)	(11)	-	(7,985)	(7,996)
New financial assets originated or purchased	8,230	13,108	15,075	36,413	7,774	12,481	13,696	33,951
Purchased or originated impaired financial assets	-	-	165	165	-	-	-	-
Financial assets that have been derecognized	(15,297)	(2,111)	6,890	(10,518)	(14,944)	(1,762)	7,936	(8,770)
Foreign exchange movement	174	56	341	571	137	35	298	470
Unwinding of discount	(76)	375	570	869	(297)	336	335	
At 31 December	**6,546**	**13,473**	**15,750**	**35,769**	**5,383**	**12,717**	**13,701**	**31,427**

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class - Commercial loans

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 2024								
At 1 January	172,845	37,515	5,705	216,065	112,619	28,729	4,479	145,827
Changes in the gross carrying amount								
- Transfer to stage 1	4,666	(4,666)	-	-	2,830	(2,830)	-	-
- Transfer to stage 2	(3,014)	3,014	-	-	(1,920)	1,920	-	-
- Transfer to stage 3	(3,520)	(248)	3,768	-	-	-	-	-
New financial assets originated or purchased	10,001	2,752	1,054	13,807	10,001	1,553	-	11,554
Purchased or originated impaired financial assets	-	-	-	-	-	-	-	-
Financial assets that have been derecognised	(122,766)	(28,433)	(5,284)	(156,483)	(90,368)	(23,664)	(3,111)	(117,143)
Write-offs	(37)	(1)	(323)	(361)	(37)	(1)	(323)	(361)
Foreign exchange movement	(66)	(215)	(45)	(326)	(689)	(323)	(45)	(1,057)
At 31 December	**68,109**	**9,718**	**4,875**	**72,702**	**32,436**	**5,384**	**1,000**	**38,820**
Expected credit loss								
At 1 January	1,436	6,061	568	8,065	1,077	5,926	553	7,556
Change in the loss allowance								
- Transfer to stage 1	2	(2)	-	-	-	-	-	-
- Transfer to stage 2	(85)	85	-	-	(85)	85	-	-
- Transfer to stage 3	(38)	(70)	108	-	-	-	-	-
- Write-off	-	-	(361)	(361)	-	-	(361)	(361)
New financial assets originated or purchased	100	72	4	176	100	2	1	103
Purchased or originated impaired financial assets	-	-	-	-	-	-	-	-
Financial assets that have been derecognized	(1,089)	(6,456)	(262)	(7,807)	(832)	(6,337)	(256)	(7,425)
Foreign exchange movement	1	(74)	(5)	(78)	(5)	(77)	(5)	(87)
Unwinding of discount	120	503	68	691	68	478	68	
At 31 December	**447**	**119**	**120**	**686**	**323**	**77**	**-**	**(214)**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class - Commercial loans (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
Gross carrying amount 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	150,007	10,414	3,452	163,873	104,395	7,722	3,371	115,488
Changes in the gross carrying amount								
- Transfer to stage 1	9,052	(5,985)	(3,067)	-	6,688	(3,621)	(3,067)	-
- Transfer to stage 2	(33,273)	33,379	(106)	-	(24,831)	24,937	(106)	-
- Transfer to stage 3	(2,915)	(387)	3,302	-	(2,908)	(387)	3,295	-
New financial assets originated or purchased	23,932	1,894	-	25,826	5,639	459	-	6,098
Purchased or originated impaired financial assets	-	-	1,195	1,195	-	-	5	5
Financial assets that have been derecognised	(54,348)	(29,331)	(1,855)	(95,534)	(62,459)	(26,176)	(1,806)	(90,441)
Write-offs	(73)	-	(49)	(122)	(73)	-	(49)	(122)
Foreign exchange movement	5,381	234	188	5,803	5,039	243	188	5,470
At 31 December	**87,763**	**10,218**	**3,060**	**101,041**	**31,490**	**3,177**	**1,831**	**36,498**
Expected credit loss								
At 1 January	8,157	5,242	8,998	22,397	7,709	5,241	8,972	21,922
Change in the loss allowance								
- Transfer to stage 1	10,369	(5)	(10,364)	-	10,367	(3)	(10,364)	-
- Transfer to stage 2	(8,174)	8,178	(4)	-	(8,016)	8,020	(4)	-
- Transfer to stage 3	(10)	(17)	27	-	(10)	(17)	27	-
- Write-off	-	-	(122)	(122)	-	-	(122)	(122)
New financial assets originated or purchased	151	88	233	472	67	75	230	372
Purchased or originated impaired financial assets	-	-	4	4	-	-	4	4
Financial assets that have been derecognized	(10,992)	(13,223)	91	(24,124)	(10,800)	(13,192)	91	(23,901)
Foreign exchange movement	21	405	695	1,121	13	405	695	1,113
Unwinding of discount	1,052	449	722	2,223	982	448	722	
At 31 December	**574**	**1,117**	**280**	**1,971**	**312**	**977**	**251**	**(612)**

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class - SMEs

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
Gross carrying amount 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	34,944	8,673	434	44,051	25,409	1,845	295	27,549
Changes in the gross carrying amount								
- Transfer to stage 1	1,228	(1,178)	(50)	-	1,226	(1,176)	(50)	-
- Transfer to stage 2	(1,318)	1,318	-	-	(917)	917	-	-
- Transfer to stage 3	(66)	(2,238)	2,304	-	(66)	-	66	-
New financial assets originated or purchased	25,422	2,060	2,054	29,526	21,438	2,031	62	23,531
Purchased or originated impaired financial assets	-	-	-	-	-	-	-	-
Financial assets that have been derecognised	(20,950)	(3,536)	(39)	(24,525)	(14,643)	(249)	(35)	(14,927)
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange movement	(230)	(18)	(2)	(250)	(182)	(6)	-	(188)
At 31 December	**39,030**	**5,071**	**4,701**	**48,802**	**32,265**	**3,362**	**338**	**35,965**
Expected credit loss								
At 1 January	149	46	150	345	122	28	38	188
Change in the loss allowance								
- Transfer to stage 1	26	(26)	-	-	26	(26)	-	-
- Transfer to stage 2	(2)	2	-	-	(2)	2	-	-
- Transfer to stage 3	-	(2)	2	-	-	-	-	-
- Write-off	-	-	-	-	-	-	-	-
New financial assets originated or purchased	19	81	105	205	13	5	1	19
Purchased or originated impaired financial assets	-	-	-	-	-	-	-	-
Financial assets that have been derecognized	(155)	(89)	(38)	(282)	(138)	(5)	(21)	(164)
Foreign exchange movement	(1)	-	(1)	(2)	(1)	-	-	(1)
Unwinding of discount	15	7	26	48	14	4	8	
At 31 December	**51**	**19**	**244**	**314**	**34**	**8**	**26**	**42**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class - SMEs (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
Gross carrying amount 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	10,798	45,280	-	56,078	1,609	43,597	-	45,206
Changes in the gross carrying amount								
- Transfer to stage 1	45,206	(45,206)	-	-	45,206	(45,206)	-	-
- Transfer to stage 2	(4,960)	4,960	-	-	-	-	-	-
- Transfer to stage 3	(667)	-	667	-	-	-	-	-
New financial assets originated or purchased	35,081	2,927	135	38,143	23,837	1,718	41	25,596
Purchased or originated impaired financial assets	-	-	4	4	-	-	-	-
Financial assets that have been derecognised	(19,708)	(2,340)	-	(22,048)	(19,025)	(1,651)	-	(20,676)
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange movement	83	3,260	-	3,343	98	3,260	-	3,358
At 31 December	**65,833**	**8,881**	**806**	**75,520**	**51,725**	**1,718**	**41**	**53,484**
Expected credit loss								
At 1 January	136	366	(4)	498	-	366	(1)	365
Change in the loss allowance								
- Transfer to stage 1	429	(429)	-	-	429	(429)	-	-
- Transfer to stage 2	(27)	27	-	-	-	-	-	-
- Transfer to stage 3	(110)	-	110	-	-	-	-	-
- Write-off	-	-	-	-	-	-	-	-
New financial assets originated or purchased	329	189	10	528	310	189	7	506
Purchased or originated impaired financial assets	-	-	-	-	-	-	-	-
Financial assets that have been derecognized	(314)	(5)	(2)	(321)	(314)	-	-	(314)
Foreign exchange movement	-	28	-	28	-	28	-	28
Unwinding of discount	3	36	-	39	-	35	-	-
At 31 December	**446**	**212**	**114**	**772**	**425**	**189**	**6**	**585**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class - Personal loans

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
Gross carrying amount 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	70,934	2,692	6,573	82,199	51,179	2,626	3,926	57,733
Changes in the gross carrying amount								
- Transfer to stage 1	1,468	(1,157)	(311)	-	1,436	(1,125)	(311)	-
- Transfer to stage 2	(2,823)	3,170	(347)	-	(2,584)	2,931	(347)	-
- Transfer to stage 3	(1,330)	(327)	1,657	-	(997)	(326)	1,323	-
New financial assets originated or purchased	153,848	9,631	2,056	165,535	100,313	7,014	1,425	108,752
Purchased or originated impaired financial assets	-	-	1,455	1,455	-	-	401	401
Financial assets that have been derecognised	(32,658)	(617)	(1,257)	(34,532)	(21,731)	(584)	(1,209)	(23,524)
Write-offs	-	-	(766)	(766)	-	-	(401)	(401)
Foreign exchange movement	(1,097)	-	95	(1,002)	(45)	-	(17)	(62)
At 31 December	**188,342**	**13,392**	**11,155**	**212,889**	**127,571**	**10,536**	**4,792**	**142,899**

	Group				Bank			
Expected credit loss	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	685	16	1,263	1,964	76	13	1,061	1,150
Change in the loss allowance								
- Transfer to stage 1	55	(12)	(43)	-	55	(12)	(43)	-
- Transfer to stage 2	(8)	8	-	-	(2)	2	-	-
- Transfer to stage 3	(134)	(2)	136	-	-	(1)	1	-
- Write-off	-	-	(766)	(766)	-	-	(401)	(401)
New financial assets originated or purchased	1,167	379	304	1,850	294	305	46	645
Purchased or originated impaired financial assets	-	-	391	391	-	-	270	270
Financial assets that have been derecognized	(873)	(3)	(378)	(1,254)	(60)	(1)	(512)	(573)
Foreign exchange movement	(29)	-	(1)	(30)	-	-	(6)	(6)
Unwinding of discount	55	2	181	238	8	2	135	
At 31 December	**918**	**388**	**1,087**	**2,393**	**371**	**308**	**551**	**1,088**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Expected credit losses on loans and advances to customers by class - Personal loans (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers was as follows:

	Group				Bank			
Gross carrying amount 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	65,153	5,845	5,434	76,432	32,545	3,625	1,589	37,759
Changes in the gross carrying amount								
- Transfer to stage 1	2,783	(1,666)	(1,117)	-	2,615	(1,666)	(949)	-
- Transfer to stage 2	(2,263)	2,263	-	-	(2,183)	2,183	-	-
- Transfer to stage 3	(1,744)	(1,338)	3,082	-	(1,720)	(1,338)	3,058	-
New financial assets originated or purchased	52,712	482	42	53,236	31,954	480	41	32,475
Purchased or originated impaired financial assets	-	-	1	1	-	-	1	1
Financial assets that have been derecognised	(32,314)	(3,054)	(3,618)	(38,986)	(1,241)	(680)	(227)	(2,148)
Write-offs	(261)	(35)	5	(291)	(261)	(35)	5	(291)
Foreign exchange movement	1,876	281	129	2,286	226	144	6	376
At 31 December	**85,942**	**2,778**	**3,958**	**92,678**	**61,935**	**2,713**	**3,524**	**68,172**

	Group				Bank			
Expected credit loss	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January	1,099	58	2,161	3,318	872	21	92	985
Change in the loss allowance								
- Transfer to stage 1	120	(23)	(97)	-	120	(23)	(97)	-
- Transfer to stage 2	(3)	3	-	-	(3)	3	-	-
- Transfer to stage 3	(41)	-	41	-	(22)	-	22	-
- Write-off	(1)	-	(290)	(291)	(1)	-	(290)	(291)
New financial assets originated or purchased	539	-	1,022	1,561	22	-	1,019	1,041
Purchased or originated impaired financial assets	-		-	-	-	-	-	-
Financial assets that have been derecognized	(1,231)	(45)	(2,029)	(3,305)	(1,015)	-	286	(729)
Foreign exchange movement	9	2	46	57	-	-	-	-
Unwinding of discount	120	8	388	516	100	2	8	
At 31 December	**611**	**3**	**1,242**	**1,856**	**73**	**3**	**1,040**	**1,006**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements

	Group				Bank			
	2024	2024	2023	2023	2024	2024	2023	2023
On balance sheet exposures	TZS 'M'	%	TZS 'M'	%	TZS 'M'	%	TZS 'M'	%
Balances with central banks	250,926	8.51%	201,851	7.18%	120,596	6.26%	112,845	6.12%
Loans and advances to banks	409,278	13.87%	523,464	18.63%	220,516	11.44%	288,132	15.64%
Loans and advances to customers								
Loans to individuals:								
- Personal loans	210,495	7.14%	59,772	2.13%	141,671	7.35%	51,230	2.78%
- Commercial loans	72,018	2.44%	190,543	6.78%	38,421	1.99%	132,950	7.21%
Loans to corporate entities:								
- Corporate customers	1,469,365	49.81%	1,200,800	42.73%	988,806	51.30%	746,341	40.50%
- SMEs	48,485	1.64%	66,833	2.38%	35,896	1.86%	45,012	2.44%
Government securities: At amortized cost	219,772	7.45%	172,314	6.13%	127,105	6.59%	90,864	4.93%
Government securities: FVTPL	15,974	0.54%	97,274	3.46%	15,974	0.83%	97,274	5.28%
Government securities: FVTOCI	215,882	7.32%	227,341	8.09%	215,882	11.20%	227,341	12.34%
Corporate Bonds: Amortized cost	10,524	0.36%	41,201	1.47%	3,047	0.16%	2,749	0.15%
Other assets (excluding prepayments)	27,253	0.92%	28,856	1.02%	19,509	1.02%	47,983	2.61%
	2,949,972	100%	2,810,349	100%	1,927,423	100%	1,842,721	100%

	Group		Bank	
	2024	2023	2024	2023
Off balance sheet exposures	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Undrawn commitments	204,701	114,790	70,171	78,703
Acceptances and letters of credits	96,000	171,391	77,687	166,942
Guarantees and indemnities	233,046	220,564	181,091	187,654
Gross carrying amount	533,747	506,745	328,949	433,299
Loss allowance	(61)	(287)	(61)	(287)
Net carrying amount	533,686	506,458	328,888	433,012

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Concentration of risks of financial assets with credit risk exposure

The Group monitors concentrations of credit risk by industry sectors and by geographic location.

Concentrations arise when several counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

To avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. We perform regular assessments of emerging risks and in-depth reviews on industry trends to provide a forward-looking view on developments that could impact the Group's portfolio.

(a) Industry sectors

The following table includes an analysis of the Group's maximum credit risk exposure at the carrying amounts of the financial assets, as categorised by industry sectors as of 31 December 2024 (All balances are in TZS' Million):

Group	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Agriculture	Individuals	Others	Total
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
On-balance sheet exposures								
Balances with Central Banks	250,926	-	-	-	-	-	-	250,926
Loans and advances to banks	409,278	-	-	-	-	-	-	409,278
Government securities: Amortized cost	219,772	-	-	-	-	-	-	219,772
Government securities: FVTPL	15,974	-	-	-	-	-	-	15,974
Government securities: FVTOCI	215,882	-	-	-	-	-	-	215,882
Corporate Bonds: Amortized cost	10,524	-	-	-	-	-	-	10,524
Loans and advances to customers:								
Loans to individuals: - Personal loans	-	2,744	5,825	3,517	-	170,560	27,849	210,495
- Commercial loans	-	2,403	36,638	6,452	765	165	25,595	72,018
Loans to corporate entities: - Corporate customers	2,860	142,930	421,708	90,110	72,183	17,334	722,240	1,469,365
- SMEs	64	1,359	4,725	3,228	886	2,187	36,036	48,485
Other assets less prepayments	-	-	-	-	-	-	-	-
At 31 December 2024	1,125,280	149,436	468,896	103,307	73,834	190,246	811,720	2,922,719
Off -balance sheet exposures								
Guarantees and acceptances	1,303	12,038	76,630	634	-	-	278,703	369,308
Loan commitments and other credit related obligatio	253	7,448	25,780	7,944	2,965	8,728	42,882	96,000
At 31 December 2024	1,556	19,486	102,410	8,578	2,965	8,728	321,585	465,308

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Concentration of risks of financial assets with credit risk exposure

(a) Industry sectors (Continued)

The following table includes an analysis of the Group's maximum credit risk exposure at the carrying amounts of the financial assets, as categorised by industry sectors as of 31 December 2023 (All balances are in TZS 'Million):

Group	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Agriculture	Individuals	Others	Total
On-balance sheet exposures	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Balances with Central Banks	201,851	-	-	-	-	-	-	201,851
Loans and advances to banks	523,464	-	-	-	-	-	-	523,464
Government securities: Amortized cost	172,314	-	-	-	-	-	-	172,314
Government securities: FVTPL	97,274	-	-	-	-	-	-	97,274
Government securities: FVTOCI	227,341	-	-	-	-	-	-	227,341
Corporate Bonds: Amortized cost	41,201	-	-	-	-	-	-	41,201
Loans and advances to customers:								
Loans to individuals: - Personal loans	-	-	6	522	-	57,562	1,682	59,772
- Commercial loans	-	10,208	45,492	16,134	14,954	29,437	74,418	190,643
Loans to corporate entities: - Corporate customers	-	63,043	253,389	232,945	77,624	50,476	523,323	1,200,800
- SMEs	-	255	1,752	3,625	623	-	60,578	66,833
Other assets less prepayments	-	-	8	526	-	26,638	1,684	28,856
At 31 December 2023	1,263,445	73,506	300,647	253,752	93,201	164,113	661,685	2,810,349
Off-balance sheet exposures								
Guarantees and acceptances	-	27,955	39,812	4,536	20	-	319,341	391,664
Loan commitments and other credit related obligatio	-	6,165	42,376	12,638	5,639	8,906	39,066	114,790
At 31 December 2023	-	34,120	82,188	17,174	5,659	8,906	358,407	506,454

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Concentration of risks of financial assets with credit risk exposure

(a) Industry sectors (Continued)

The following table includes an analysis of the Bank's maximum credit risk exposure at the carrying amounts of the financial assets, as categorised by industry sectors as of 31 December 2024 (All balances are in TZS' Milion)

Bank	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Agriculture	Individuals	Others	Total
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
On-balance sheet exposures								
Balances with Central Banks	120,596	-	-	-	-	-	-	120,596
Loans and advances to banks	220,516	-	-	-	-	-	-	220,516
Government securities: Amortized cost	127,105	-	-	-	-	-	-	127,105
Government securities: FVTPL	15,974	-	-	-	-	-	-	15,974
Government securities: FVTOCI	215,882	-	-	-	-	-	-	215,882
Corporate Bonds: Amortized cost	3,047	-	-	-	-	-	-	3,047
Loans and advances to customers:								
Loans to individuals: - Personal loans	-	2,744	5,654	3,517	-	102,785	26,971	141,671
- Commercial loans	-	1,726	4,809	6,089	765	165	24,867	38,421
Loans to corporate entities: - Corporate customers	2,860	117,442	136,667	89,311	69,472	7,195	565,859	968,806
- SMEs	64	1,359	4,647	3,228	886	2,187	23,525	35,896
Other assets less prepayments	-	-	-	-	-	-	-	-
At 31 December 2024	706,044	123,271	151,777	102,145	71,123	112,332	641,222	1,907,914
Off -balance sheet exposures								
Guarantees and acceptances	1,303	11,510	28,452	446	-	-	237,124	278,835
Loan commitments and other credit related obligatio	253	6,266	13,400	7,944	2,965	1,223	38,120	70,171
At 31 December 2024	1,556	17,776	41,852	8,390	2,965	1,223	275,244	349,006

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Concentration of risks of financial assets with credit risk exposure

(a) Industry sectors (Continued)

The following table includes an analysis of the Bank's maximum credit risk exposure at the carrying amounts of the financial assets, as categorised by industry sectors as of 31 December 2023 (All balances are in TZS' Million):

Bank	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Agriculture	Individuals	Others	Total
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
On-balance sheet exposures								
Balances with Central Banks	112,845	-	-	-	-	-	-	112,845
Loans and advances to banks	288,132	-	-	-	-	-	-	288,132
Government securities: Amortized cost	90,864	-	-	-	-	-	-	90,864
Government securities: FVTPL	97,274	-	-	-	-	-	-	97,274
Government securities: FVTOCI	227,341	-	-	-	-	-	-	227,341
Corporate Bonds: Amortized cost	2,749	-	-	-	-	-	-	2,749
Loans and advances to customers:								
Loans to individuals: - Personal loans	-	-	-	522	-	49,026	1,682	51,230
- Commercial loans	-	7,354	12,268	2,139	14,918	29,324	66,947	132,950
Loans to corporate entities: - Corporate customers	-	45,508	161,612	96,798	72,351	9,116	360,956	746,341
- SMEs	-	255	-	-	3,625	-	41,132	45,012
Other assets less prepayments	-	-	-	-	-	-	47,983	47,983
At 31 December 2023	816,205	53,117	173,880	99,459	90,894	87,466	518,700	1,842,721
Off-balance sheet exposures								
Guarantees and acceptances	-	-	45	28	-	-	354,236	354,309
Loan commitments and other credit related obligatio	-	5,765	17,494	8,224	5,636	4,916	36,668	78,703
At 31 December 2023	-	5,765	17,539	8,252	5,636	4,916	390,904	433,012

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Concentration of risks of financial assets with credit risk exposure

(b) Geographical sectors

(Amounts are in TZS' M')

Group	Tanzania	Europe	America	Other African countries	Others	Total
Credit risk exposures relating to on-balance sheet assets are as follows:						
Balances with Central Banks	250,926	-	-	-	-	250,926
Loans and advances to banks	29,526	18,568	182,793	176,770	1,621	409,278
Government securities – At amortized cost	127,105	-	-	92,667	-	219,772
Government securities: FVTPL	15,974	-	-	-	-	15,974
Government securities: FVTOCI	215,882	-	-	-	-	215,882
Corporate Bonds: Amortized cost	2,977	-	-	-	-	2,977
Loans and advances to customers:						
Loans to individuals:						
- Personal loans	141,671	-	-	68,824	-	210,495
- Commercial loans	38,421	-	-	33,597	-	72,018
Loans to corporate entities:						
- Corporate customers	988,806	-	-	480,559	-	1,469,365
- SMEs	35,896	-	-	12,589	-	48,485
Other assets less prepayments	-	-	-	-	-	-
At 31 December 2024	**1,847,184**	**18,568**	**182,793**	**865,006**	**1,621**	**2,915,172**

Credit risk exposures relating to off-balance sheet items are as follows:	Tanzania	Europe	America	Other African countries	Others	Total
Guarantees and acceptances	278,835	-	-	90,473	-	369,308
Loan commitments and other credit related obligations	70,171	-	-	25,829	-	96,000
At 31 December 2024	**349,006**	-	-	**116,302**	-	**465,308**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Concentration of risks of financial assets with credit risk exposure

(b) Geographical sectors (Continued)

(Amounts are in TZS' M')

	Tanzania	Europe	America	Other African countries	Others	Total
Group						
Credit risk exposures relating to on-balance sheet assets are as follows:						
Balances with Central Banks	112,845	-	-	88,542	-	201,387
Loans and advances to banks	28,504	62,423	164,383	266,949	1,205	523,464
Government securities – At amortized cost	90,864	-	-	81,450	-	172,314
Government securities: FVTPL	97,274	-	-	-	-	97,274
Government securities: FVTOCI	227,341	-	-	-	-	227,341
Corporate Bonds: Amortized cost	41,201	-	-	-	-	41,201
Loans and advances to customers:						
Loans to individuals:						
- Personal loans	51,230	-	-	8,542	-	59,772
- Commercial loans	132,950	-	-	57,693	-	190,643
Loans to corporate entities:						
- Corporate customers	746,341	-	-	454,459	-	1,200,800
- SMEs	45,012	-	-	21,821	-	66,833
Other assets less prepayments	7,485	-	-	21,371	-	28,856
At 31 December 2023	1,581,047	62,423	164,383	1,000,827	1,205	2,809,885

Credit risk exposures relating to off-balance sheet items are as follows:

	Tanzania	Europe	America	Other African countries	Others	Total
Guarantees and acceptances	354,309	-	-	37,355	-	391,664
Loan commitments and other credit related obligations	78,703	-	-	36,087	-	114,790
At 31 December 2023	433,012	-	-	73,442	-	506,454

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANICAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Concentration of risks of financial assets with credit risk exposure

(b) Geographical sectors (Continued)

(Amounts are in TZS' M')

Bank	Tanzania	Europe	America	Other African countries	Others	Total
Credit risk exposures relating to on-balance sheet assets are as follows:						
Balances with Central Banks	120,596	-	-	-	-	120,596
Loans and advances to banks	29,526	16,388	167,410	5,584	1,608	220,516
Government securities – At amortized cost	127,105	-	-	-	-	127,105
Government securities: FVTPL	15,974	-	-	-	-	15,974
Government securities: FVTOCI	215,882	-	-	-	-	215,882
Corporate Bonds: Amortized cost	3,047	-	-	-	-	3,047
Loans and advances to customers:						
Loans to individuals:						
- Personal loans	141,671	-	-	-	-	141,671
- Commercial loans	38,421	-	-	-	-	38,421
Loans to corporate entities:						
- Corporate customers	988,806	-	-	-	-	988,806
- SMEs	35,896	-	-	-	-	35,896
Other assets less prepayments	-	-	-	-	-	-
At 31 December 2024	1,716,924	16,388	167,410	5,584	1,608	1,907,914
Credit risk exposures relating to off-balance sheet items are as follows:						
Guarantees and acceptances	278,835	-	-	-	-	278,835
Loan commitments and other credit related obligations	70,171	-	-	-	-	70,171
At 31 December 2024	349,006	-	-	-	-	349,006

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6 Concentration of risks of financial assets with credit risk exposure

(b) Geographical sectors (Continued)

(Amounts are in TZS' M')

Bank	Tanzania	Europe	America	Other African countries	Others	Total
Credit risk exposures relating to on-balance sheet assets are as follows:						
Balances with Central Banks	112,845	-	-	-	-	112,845
Loans and advances to banks	28,504	51,854	204,024	2,545	1,205	288,132
Government securities – At amortized cost	90,864	-	-	-	-	90,864
Government securities: FVTPL	97,274	-	-	-	-	97,274
Government securities: FVTOCI	227,341	-	-	-	-	227,341
Corporate Bonds: Amortized cost	2,749	-	-	-	-	2,749
Loans and advances to customers:						
Loans to individuals:						
- Personal loans	51,230	-	-	-	-	51,230
- Commercial loans	132,950	-	-	-	-	132,950
Loans to corporate entities:						
- Corporate customers	746,341	-	-	-	-	746,341
- SMEs	45,012	-	-	-	-	45,012
Other assets less prepayments	47,983	-	-	-	-	47,983
At 31 December 2023	1,583,093	51,854	204,024	2,545	1,205	1,842,721
Credit risk exposures relating to off-balance sheet items are as follows:						
Guarantees and acceplances	354,309	-	-	-	-	354,309
Loan commitments and other credit related obligations	78,703	-	-	-	-	78,703
At 31 December 2023	433,012	-	-	-	-	433,012

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk

The Group and Bank have an exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions on interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.
The market risk arising from trading and non-trading activities are concentrated in the Group's and Bank's treasury department and monitored regularly. Regular reports are submitted to the Group's and Bank's Assets and Liability Committees (ALCO) and heads of departments. Assessment is done of whether market risk exposures are within the limits set. Market risk sensitivity analysis is also done as indicated under foreign exchange, price and interest rate risk below.

6.2.1 Foreign exchange risk

The Group and Bank take on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. ALCO sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. With all other variables held constant, an increase/(decrease) in the USD.TZS foreign exchange rate by 10% on all US Dollar denominated assets and liabilities which is the main foreign currency exposure to the Group would have resulted in higher/(lower) profit before tax by TZS 33,226 million as at 31 December 2024 (2023: TZS 3,952 million). The equity would be impacted by TZS 23,258 million as at 31 December 2024 (2023: TZS 2,765 million).

The tables below summarise the Group's and Bank's exposure to foreign currency exchange risk at 31 December 2024. Included in the table are the Group's and Bank's financial instruments at carrying amounts, TZS by currency.

Concentrations of currency risk - on - and off-balance sheet financial instruments.

	All amounts expressed in TZS'M'					
Group						
At 31 December 2024	USD	EURO	GBP	UGX	Others	Total
Cash and balances with Central Bank	(51,919)	1,424	111	34,856	167,616	152,088
Loans and advances to banks	315,813	38,664	4,396	45,808	698	405,378
Loans and Advances to Customers	996,149	107	-	49,154	222,736	1,268,146
Other Assets	33,785	(238)	3	3,825	(21,407)	15,968
Total Assets	1,293,828	39,957	4,510	133,641	369,644	1,841,580
Deposits due to customers	1,138,272	39,294	4,552	121,742	329,966	1,633,826
Deposits due to banks	54,559	291	-	-	14,022	68,872
Subordinated debts and senior loans	22,907	-	-	-	-	22,907
Other Liabilities	29,703	137	18	7,865	13,888	51,611
Total Liabilities	1,245,441	39,722	4,570	129,607	357,876	1,777,216
Net Balance sheet position	48,387	235	(60)	4,034	11,768	64,364
Off Balance sheet net notional position	283,871	3,200	22	-	62,729	349,822
Net exchange rate gap including Off balance sheet items	332,258	3,435	(38)	4,034	74,497	414,186

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.1 Foreign exchange risk (Continued)

Concentrations of currency risk - on - and off-balance sheet financial instruments.

Group At 31 December 2023	USD	EURO	All amounts expressed in TZS'M' GBP	UGX	Others	Total
Cash and balances with Central Bank	80,369	1,528	407	-	15	82,319
Loans and advances to banks	275,141	78,574	2,963	29	3,304	360,011
Loans and Advances to Customers	599,138	481	-	-	-	599,619
Other Assets	149,340	421	(14)	-	(256)	149,491
Total Assets	**1,103,988**	**81,004**	**3,356**	**29**	**3,063**	**1,191,440**
Deposits due to customers	650,516	54,460	2,695	-	5	707,676
Deposits due to banks	227,742	20,202	-	-	-	247,944
Subordinated debts and senior loans	33,008	-	-	-	-	33,008
Other Liabilities	227,400	1,303	158	-	36	228,897
Total Liabilities	**1,138,666**	**75,965**	**2,853**	-	**41**	**1,217,525**
Net Balance sheet position	**(34,678)**	**5,039**	**503**	**29**	**3,022**	**(26,085)**
Off Balance sheet net notional position	33,064	(49)	(338)	-	11,801	44,478
Net exchange rate gap including Off balance sheet items	**(1,614)**	**4,990**	**165**	**29**	**14,823**	**18,393**

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.1 Foreign exchange risk (Continued)

Concentrations of currency risk - on - and off-balance sheet financial instruments.

Bank	All amounts expressed in TZS'M'					
At 31 December 2024	USD	EURO	GBP	UGX	Others	Total
Cash and balances with Central Bank	21,635	-	-	2	120	21,757
Loans and advances to banks	192,167	22,210	2,740	19	2,538	219,674
Loans and Advances to Customers	669,412	107	-	-	-	669,519
Other Assets	8,521	-	-	-	(294)	8,227
Total Assets	891,735	22,317	2,740	21	2,364	919,177
Deposits due to customers	664,773	23,151	2,677	-	553	691,154
Deposits due to banks	167,729	299	-	-	-	168,028
Subordinated debts and senior loans	22,907	-	-	-	-	22,907
Other Liabilities	19,367	850	18	-	76	20,311
Total Liabilities	874,776	24,300	2,695	-	629	902,400
Net Balance sheet position	16,959	(1,983)	45	21	1,735	16,777
Off Balance sheet net notional position	230,913	2,586	22	-	-	233,521
Net exchange rate gap including Off balance sheet items	247,872	603	67	21	1,735	250,298

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.1 Foreign exchange risk (Continued)

Concentrations of currency risk - on - and off-balance sheet financial instruments.

All amounts expressed in TZS'M'

Bank At 31 December 2023	USD	EURO	GBP	UGX	Others	Total
Cash and balances with Central Bank	11,794	1,111	173	-	-	13,078
Loans and advances to banks	254,059	58,428	2,478	29	3,279	318,273
Loans and Advances to Customers	531,915	481	-	-	-	532,396
Other Assets	149,338	373	(14)	-	(256)	149,441
Total Assets	**947,106**	**60,393**	**2,637**	**29**	**3,023**	**1,013,188**
Deposits due to customers	540,286	33,791	1,920	-	-	575,997
Deposits due to banks	227,742	20,202	-	-	-	247,944
Subordinated debts and senior loans	33,008	-	-	-	-	33,008
Other Liabilities	174,579	1,303	158	-	36	176,076
Total Liabilities	**975,615**	**55,296**	**2,078**	**-**	**36**	**1,033,025**
Net Balance sheet position	**(28,509)**	**5,097**	**559**	**29**	**2,987**	**(19,837)**
Off Balance sheet net notional position	22,829	(562)	(386)	-	210	22,091
Net exchange rate gap including Off balance sheet items	**(5,680)**	**4,535**	**173**	**29**	**3,197**	**2,254**

6.2.2 Price risk on equities securities

The Group and Bank are exposed to equity securities price risk because of its investment in listed shares classified on the statement of financial position as FVOCI. The Group also has investments in government securities that are measured at fair value. The price exposure associated with these government securities is not significant to the financial statements given the amounts involved and the fact that the variability in market prices for the government securities is not significant.

The following table demonstrates the sensitivity to a reasonably possible change in equity prices (all other variables held constant) of the Group's profit before tax and equity:

Amounts in Million TZ

Market risk exposure	Increase/ (decrease) in basis points	Profit/(loss) sensitivity	Equity sensitivity
Equity prices - As at 31 December 2024	500/ (500)	0/(0)	0/(0)
Equity prices - As at 31 December 2023	500/ (500)	124/ (124)	87/ (87)

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group and Bank take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may decrease in the event that unexpected movements arise. The Group's and Bank's Asset and Liability Committee (ALCO) sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Group and Bank.
The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables held constant) of the Group's profit before tax and equity:

Amounts in Million TZ	Increase/ (decrease) in basis points	Profit/(loss) sensitivity	Equity sensitivity
Market interest rates - As at 31 December 2024	100/ (100)	11,040/(11,040)	7,728/(7,728)
Market interest rates - As at 31 December 2023	100/ (100)	1,462/(1,462)	1,023/(1,023)

The table below summarises the Group's and Bank's exposure to interest rate risk. It includes the Group's and Bank's financial instruments carrying amounts at the earlier of contractual repricing or maturity dates. The Group and Bank do not bear any interest rate risk on off-balance sheet items.

Group

(Amounts are in TZS Million)

At 31 December 2024	Up to1 month	1-3 months	3-12 month	1-5 years	Over 5 years	Non Interest bearing	Total
Cash and balances with Central banks	-	-	-	-	-	250,926	250,926
Government securities at amortized cost	-	21,315	13,814	31,671	152,972	-	219,772
Government securities: FVTPL	-	-	3,157	914	11,903	-	15,974
Government securities: FVOCI	-	-	2,804	22,594	190,484	-	215,882
Loans and advances to banks	119,382	-	-	-	-	289,896	409,278
Loans and advances to customers	288,693	127,263	321,882	597,237	465,488	-	1,800,363
Investment securities -FVOCI	-	-	-	-	-	2,977	2,977
Investments securities at FVTPL	-	-	-	-	-	-	-
Corporate Bonds: Amortized cost	212	-	-	5,491	4,821	-	10,524
Other assets less prepayments	-	-	-	-	-	27,253	27,253
Total financial assets	408,287	148,578	341,457	657,907	825,668	571,052	2,952,949
Deposits due to banks	61,036	-	-	-	-	74,884	135,920
Deposits due to customers	403,031	188,591	374,367	234,378	5,059	1,228,253	2,413,679
Other liabilities	-	-	-	-	-	83,096	83,096
Subordinated debts and senior loans	-	-	-	22,907	-	-	22,907
Term borrowing	-	-	-	8,569	-	-	8,569
Total financial liabilities	464,067	168,591	374,367	265,854	5,059	1,386,233	2,654,171
Total interest repricing gap	(55,780)	(20,013)	(32,910)	392,053	820,609	(815,181)	298,778

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.3 Interest rate risk (Continued)

Group

At 31 December 2023

(Amounts are in TZS Million)

	Up to1 month	1-3 months	3-12 month	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central banks	-	-	-	-	-	201,851	201,851
Government securities at amortized cost	30,905	7,099	15,377	66,010	52,923	-	172,314
Government securities: FVTPL	-	1,422	4,961	3,109	87,782	-	97,274
Government securities: FVOCI	7,445	2,010	-	10,563	207,323	-	227,341
Loans and advances to banks	185,523	184,813	147,074	-	-	6,054	523,464
Loans and advances to customers	167,971	300,232	285,157	519,409	245,279	-	1,518,048
Investment securities -FVOCI	-	-	-	-	-	2,086	2,086
Investments securities at FVTPL	-	-	-	-	-	555	555
Corporate Bonds: Amortized cost	-	-	-	-	41,201	-	41,201
Other assets less prepayments	-	-	-	-	-	28,856	28,856
Total financial assets	391,844	495,576	452,569	599,091	634,508	239,402	2,812,990
Deposits due to banks	117,923	-	-	-	-	-	117,923
Deposits due to customers	1,859,654	159,524	254,756	116,862	-	-	2,390,796
Other liabilities	-	-	-	-	-	87,636	87,636
Subordinated debts and senior loans	-	5,455	7,070	20,703	-	-	33,228
Term borrowing	-	-	66	-	8,502	-	8,568
Total financial liabilities	1,977,577	164,979	261,892	137,565	8,502	87,636	2,638,151
Total interest repricing gap	(1,585,733)	330,597	190,677	461,526	626,006	151,766	174,839

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.3 Interest rate risk (Continued)

Bank

(Amounts are in TZS Million)

At 31 December 2024	Up to1 month	1-3 months	3-12 month	1-5 years	Over 5 years	Non interest bearing	Total
Cash and balances with Central banks	-	-	-	-	-	120,596	120,596
Government securities at amortized cost	-	21,315	5,000	31,671	69,119	-	127,105
Government securities: FVTPL	-	-	3,157	914	11,903	-	15,974
Government securities: FVOCI	-	-	2,804	22,594	190,484	-	215,882
Loans and advances to banks	20,562	1,245	-	-	-	198,709	220,516
Loans and advances to customers	218,608	73,147	147,215	387,727	398,097	-	1,204,794
Investment securities -FVOCI	-	-	-	-	-	2,977	2,977
Investments securities at FVTPL	-	-	-	-	-	-	-
Corporate Bonds: Amortized cost	-	-	-	-	3,047	-	3,047
Other assets less prepayments	-	-	-	-	-	19,509	19,509
Total financial assets	**239,170**	**95,707**	**158,176**	**422,906**	**672,650**	**341,791**	**1,930,400**
Deposits due to banks	86,868	-	85,065	52,019	-	11,123	235,075
Deposits due to customers	307,487	124,175	304,853	111,481	856	622,156	1,471,008
Other liabilities	-	-	-	-	-	50,609	50,609
Subordinated debts and senior loans	-	-	-	22,907	-	-	22,907
Term borrowing	-	-	-	8,569	-	-	8,569
Total financial liabilities	**394,355**	**124,175**	**389,918**	**194,976**	**856**	**683,888**	**1,788,168**
Total interest repricing gap	**(155,185)**	**(28,468)**	**(231,742)**	**227,930**	**671,794**	**(342,097)**	**142,232**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.3 Interest rate risk (Continued)

Bank

At 31 December 2023	Up to1 month	1-3 months	3-12 month	1-5 years	Over 5 years	Non Interest bearing	Total
	(Amounts are in TZS Million)						
Cash and balances with Central banks	-	-	-	-	-	150,718	150,718
Government securities at amortized cost	4,848	1,484	24,796	29,129	30,608	-	90,865
Government securities: FVTPL	-	1,422	4,961	3,109	87,782	-	97,274
Government securities: FVOCI	7,445	2,010	-	10,563	207,323	-	227,341
Loans and advances to banks	23,122	-	-	-	-	265,010	288,132
Loans and advances to customers	147,105	143,476	172,134	342,314	170,504	-	975,533
Investment securities -FVOCI	-	-	-	-	-	2,086	2,086
Investments securities at amortised cost	-	-	-	-	2,749	-	2,749
Other assets less prepayments	-	-	-	-	-	47,983	47,983
Total financial assets	182,520	148,392	201,891	385,115	498,966	465,797	1,882,681
Deposits due to banks	111,707	30,608	108,220	55,369	-	-	305,904
Deposits due to customers	924,845	63,577	219,715	126,182	3,749	-	1,338,068
Other liabilities	-	-	-	-	-	52,378	52,378
Subordinated debts and senior loans	-	9,787		23,441	-	-	33,228
Term borrowing	-	-	-	-	8,568	-	8,568
Total financial liabilities	1,036,552	103,972	327,935	204,992	12,317	52,378	1,738,146
Total interest repricing gap	(854,032)	44,420	(126,044)	180,123	486,649	413,419	144,535

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Liquidity risk

Liquidity risk is the risk that the Group or Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

6.4.1 Liquidity risk management process

Day-to-day funding is managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintain an active presence in money markets to enable this to happen. Other ways liquidity risk is managed include:

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow; and
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and managing the concentration and profile of debt maturities.

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

6.4.2 Funding approach

Sources of liquidity are regularly reviewed by the Group's and Bank's Asset and Liability Committee to maintain a wide diversification by currency, geography, provider, product and term.

6.4.3 Non-derivative cash flows

The tables below present the cash flows payable by the Group and Bank under non-derivative financial liabilities by the remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, as the Group and Bank manage the inherent liquidity risk based on expected undiscounted cash flows.

Group	Amounts are in TZS' Million				
	Up to1 month	1 - 3 months	3-12 months	Over 1 year	Total
At 31 December 2024					
Financial liabilities					
Deposits due to customers	1,634,250	174,486	387,834	245,518	2,442,088
Deposits due to banks	135,957	-	5,585	395	141,937
Other liabilities*	10,049	1,177	1,873	(13,257)	(158)
Subordinated debt	-	-	-	22,907	22,907
Term borrowings	-	-	-	8,569	8,569
Lease Liabilities	674	2,433	8,550	28,686	40,343
Total financial liabilities (contractual maturity dates)	**1,780,930**	**178,096**	**403,842**	**292,818**	**2,655,686**
Total financial assets (expected maturity dates)	976,362	148,578	341,457	1,483,575	2,949,972
Net liquidity gap	**804,568**	**29,518**	**62,385**	**(1,190,757)**	**(294,286)**
At 31 December 2023					
Financial liabilities					
Deposits due to customers	1,859,847	160,061	263,008	136,948	2,419,864
Deposits due to banks	117,995	-	-	-	117,995
Other liabilities*	51,923	5,987	21,744	7,983	87,637
Subordinated debt	200	5,855	8,216	25,072	39,343
Term borrowings	52	105	538	10,779	11,474
Lease Liabilities	-	9,649	12,623	46,935	69,207
Total financial liabilities (contractual maturity dates)	**2,030,017**	**181,657**	**306,129**	**227,717**	**2,745,520**
Total financial assets (expected maturity dates)	727,303	294,639	254,847	1,629,022	2,905,811
Net liquidity gap	**1,302,714**	**(112,982)**	**51,282**	**(1,401,305)**	**(160,291)**

* Unlike the other financial liabilities where contractual cashflows are undiscounted, other liabilities cashflows exclude interest payments.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Liquidity risk (Continued)

6.4.3 Non-derivative cash flows (Continued)

Bank	Amounts are in TZS' Million				
	Up to1 month	1 - 3 months	3-12 months	Over 1 year	Total
At 31 December 2024					
Financial liabilities					
Deposits due to customers	932,628	130,070	322,205	120,762	1,505,665
Deposits due to banks	98,028	-	90,650	54,363	243,041
Other liabilities*	-	-	-	-	-
Subordinated debt	-	-	-	22,907	22,907
Term borrowings	-	-	-	8,569	8,569
Lease Liabilities	-	1,651	5,670	19,755	27,076
Total financial liabilities (contractual maturity dates)	**1,030,656**	**131,721**	**418,525**	**226,356**	**1,807,258**
Total financial assets (expected maturity dates)	577,984	95,707	158,176	1,095,556	1,927,423
Net liquidity gap	**452,672**	**36,014**	**260,349**	**(869,200)**	**(120,165)**
At 31 December 2023					
Financial liabilities					
Deposits due to customers	925,036	64,114	227,967	150,017	1,367,136
Deposits due to banks	106,504	32,922	101,137	76,478	317,041
Other liabilities*	31,033	3,578	12,996	4,771	52,378
Subordinated debt	200	10,187	1,146	27,810	39,343
Term borrowings	52	105	472	10,845	11,474
Lease Liabilities	-	6,842	13,492	24,117	44,451
Total financial liabilities (contractual maturity dates)	**1,062,827**	**117,748**	**357,216**	**294,038**	**1,831,823**
Total financial assets (expected maturity dates)	391,866	81,192	193,894	1,225,797	1,892,749
Net liquidity gap	**670,961**	**36,556**	**163,316**	**(931,759)**	**(60,926)**

* Unlike the other financial liabilities where contractual cashflows are undiscounted, other liabilities cashflows exclude interest payments.

Assets available to meet the financial liabilities and to cover outstanding loan commitments include cash, balances with central banks, items in the course of collection and treasury and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- Demand deposits from customers are expected to remain stable or increase;
- Unrecognised loan commitments are not all expected to be drawn down immediately; and
- Retail mortgage loans and staff loans have an original contractual maturity of between 15 and 20 years

but an average expected maturity of three years because customers and staff take advantage of early repayment options and top up the loans.

6.4.4 Off-balance sheet items

(i) Loan commitments
The timing of the contractual amounts of the Group's and Bank's off-balance sheet financial instruments that commit the Group and the Bank to extend credit to customers and other facilities (Note 36), are summarised in the table below.

(ii) Guarantees and other financial facilities
Financial guarantees are included below based on the earliest contractual maturity date.

(iii) Capital commitments
These relate to the acquisition of property and equipment.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Liquidity risk (Continued)

6.4.3 Non-derivative cash flows (Continued)

Group

(Amounts are in TZS Million)

At 31 December 2024	Not later than 1 year	1-5 years	Total
Guarantees and indemnities	233,046	-	233,046
Letters of credit	96,000	-	96,000
Commitments to extend credit	72,298	132,403	204,701
Capital commitment	-	-	-
	401,344	132,403	533,747
At 31 December 2023			
Guarantees and indemnities	159,346	27,341	186,687
Letters of credit	171,248	-	171,248
Commitments to extend credit	121,705	-	121,705
Capital commitments	29,014	-	29,014
	481,313	27,341	508,654
Bank			
At 31 December 2024			
Guarantees and indemnities	181,091	-	181,091
Letters of credit	77,687	-	77,687
Commitments to extend credit	58,872	11,299	70,171
Capital commitment	-	-	-
	317,650	11,299	328,949
At 31 December 2023			
Guarantees and indemnities	159,347	28,163	187,510
Letters of credit	166,799	-	166,799
Commitments to extend credit	78,703	-	78,703
Capital commitments	16,850	-	16,850
	421,699	28,163	449,862

6.5 Fair value of financial assets and liabilities

(a) Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.:

- Level 1 - The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price of debt securities from the most current Bank of Tanzania auction results. Instruments included in Level 1 comprise primarily equity investments;

- Level 2 - The fair value of financial instruments that are not traded in an active marketis determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (Continued)

(a) Valuation models (Continued)

Where they are available, the fair value of loans and advances (including off balance sheet exposures, credit cards and other assets) is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques.
Input into the valuation techniques includes expected lifetime credit losses and interest rates. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.
The fair value of deposits (banks and customers), borrowings, other liabilities is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms; and

- Level 3 - Investment securities are fair valued based on observable market information, including market prices for debt and equity securities. Where observable market inputs are unavailable, the Group uses valuation techniques to arrive to the fair value, including the use of transaction prices obtained at recent arm's length transactions and discounted cash flow analysis, based on market conditions and risks at the reporting date. Changes in fair value of equity instruments are measured at the end of each accounting period. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:
-Quoted market prices or dealer/Bank of Tanzania quotes for similar instruments;
-Quoted prices for identical or similar assets or liabilities in markets that are not active.

(b) Financial instruments not measured at fair value

The fair value of financial assets and liabilities not measured at fair value approximate their carrying amounts for both the Group and Bank as explained below:

(i) *Cash and balances with Bank of Tanzania*
The carrying amount of cash and balances with Bank of Tanzania is a reasonable approximation of fair value.

(ii) *Loans and advances to banks*
Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating and fixed rate placements and overnight deposits is a reasonable approximation of their fair values due to short term nature of these instruments.

(iii) *Loans and advances to customers*
The estimated fair value of loans and advances represents the discounted amount of the estimated future cash inflows. Expected cash flows are discounted at current market rates, for facilities whose interest rates are not reflective of market conditions, to determine fair value.

(iv) *Government securities and Investment securities -debt instruments at amortised cost*
The fair value for these assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The fair value of government securities held at amortized cost are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, as traded in the secondary market through Dar es Salaam Stock Exchange (DSE).

(v) *Deposits due to banks and due to customers*
The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand and this is the carrying amount.
The carrying values of these financial liabilities approximate their fair values as their related interest rates approximate the industry rates (deposits due to customers) and/or they have short term maturities (deposits due to banks).

(vi) *Borrowings.*
The interest rates charged on borrowings held by the Group and Bank are based on IBOR or other bases for determining market interest rates. The interest rates are in line with market rates for similar facilities hence, their carrying values approximate their fair values.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (Continued)

(b) Financial instruments not measured at fair value (Continued)

(vii) Due from banks
Due from banks include interbank placements and cheque and item for clearing. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value due to their short-term nature.

(viii) Investment securities
The fair value for debt instruments measured at amortized costs, fair value is estimated using market prices for securities with similar credit, maturity and yield characteristics.

(ix) Off-balance sheet financial instruments
The estimated fair values of the off-balance sheet financial instruments are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

(x) Other assets / liabilities
The carrying amount of other assets/liabilities is a reasonable approximation of their fair value due to their short term nature.

GROUP		Carrying amount		Fair value	
		2024	2023	2024	2023
	Hierarchy level	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Financial assets					
Cash and balances with Bank of Tanzania *	N/A	250,926	201,851	250,926	201,851
Government securities at amortized cost (Treasury bonds)	Level 2	206,062	144,493	206,317	153,203
Government securities at amortised cost (Treasury bills) *	N/A	13,710	27,821	13,710	27,821
Bonds - Debt securities at amortised cost *	N/A	10,524	41,201	10,524	41,201
Loans and advances to banks *	N/A	409,278	521,124	409,278	521,124
Loans and advances to customers *	Level 2	1,800,363	1,518,048	1,794,521	1,512,019
Other assets (excluding non-financial assets)	N/A	27,253	28,856	27,253	28,856
		2,718,116	2,483,394	2,712,529	2,486,075
Financial liabilities					
Deposits due to customers*	N/A	2,413,679	2,386,829	2,413,679	2,386,829
Deposits due to banks *	N/A	135,920	117,923	135,920	117,923
Subordinated debts and senior loans *	N/A	22,907	33,228	22,907	33,228
Term borrowing *	N/A	8,569	8,568	8,569	8,568
Other liabilities (Excluding non-financial other liabilities) *	N/A	83,096	84,440	83,096	84,440
		2,664,171	2,630,988	2,664,171	2,630,988
BANK					
Financial assets					
Cash and balances with Bank of Tanzania *	N/A	120,596	112,845	120,596	112,845
Government securities at amortized cost (Treasury bonds)	Level 2	122,206	64,947	122,463	71,157
Government securities at amortised cost (Treasury bills) *	N/A	4,897	25,917	4,897	25,917
Bonds - Debt securities at amortised cost *	N/A	3,047	2,749	3,047	2,749
Loans and advances to banks *	N/A	220,516	288,132	220,516	288,132
Loans and advances to customers *	Level 2	1,204,794	975,533	1,198,952	969,504
Other assets (excluding non-financial assets)	N/A	19,509	47,983	19,509	47,983
		1,695,567	1,518,106	1,689,980	1,518,287
Financial liabilities					
Deposits due to customers*	N/A	1,471,008	1,334,100	1,471,008	1,334,100
Deposits due to banks *	N/A	235,075	305,094	235,075	305,094
Subordinated debts and senior loans *	N/A	22,907	33,228	22,907	33,228
Term borrowing *	N/A	8,569	8,568	8,569	8,568
Other liabilities (Excluding non-financial other liabilities) *	N/A	50,609	48,236	50,609	48,236
		1,788,168	1,729,226	1,788,168	1,729,226

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table represents the Group's and Bank's financial assets that are measured at fair value
During the year there were no transfers between the levels.

Group		Amounts are in TZS'M'		
At 31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Government securities: FVTPL	-	15,974	-	15,974
Government securities: FVOCI	-	215,882	-	215,882
Equity investments: FVOCI	140	-	2,837	2,977
Equity investments: FVTPL	-	-	-	-
Financial assets	**140**	**231,856**	**2,837**	**234,833**
Bank *				
Government securities: FVTPL	-	15,974	-	15,974
Government securities: FVOCI	-	215,882	-	215,882
Equity investments: FVOCI	140	-	2,837	2,977
Financial assets	**140**	**231,856**	**2,837**	**234,833**

* The disclosed carrying values of these financial assets and financial liabilities approximate their fair values as their related interest rates approximate the industry rates and/or they have short-term maturities.

During the year, there were no intra level transfers and there was sufficient information available to measure the fair value of financial instruments based on observable market inputs.

The gains from the disclosed instruments are disclosed in note 21.

Financial instrument in level 2 and 3 measured at fair value

The significant unobservable inputs used in the fair value measurements categorized within level 2 and 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 Dec 2024 and 2023 are shown below:

Instrument	**Valuation technique**	**Significant unobservable inputs**	**Range (Weighted Average)**	**Sensitivity of the inputs to fair value**
Financial Assets at FVOCI	DCF method	Discount rate	2024: 14%-16% 2023:14%-16%	Significant increase in discount rate would result in lower fair value.
		Discounted cashflow	Based on expected cash flows as per contractual terms.	A significant increase in expected net cashflow would result in higher fair value.
Financial Assets FVTPL	DCF method	Discount rate	2024: 14%-20% 2023:14%-20%	Significant increase in discount rate would result in lower fair value.
		Discounted cashflow	Based on expected cash flows as per contractual terms.	A significant increase in expected net cashflow would result in higher fair value.

There were no other significant unobservable inputs used other than the discount rate and prices of similar nature (per unit cost) in the measurement of fair value of equity investments as stated above, hence no interrelationship of the inputs used in the fair value measurements.

As at 31 December 2024 the company had non-listed equity investment in TMRC classified as level 3.

Reconciliations

There were no significant changes in value of shares during the year.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (Continued)

(c) Financial instruments measured at fair value (Continued)

Unobservable input

The share value are based on the official prices of shares as issued by TMRC to the public as prices of the shares of the Company. TMRC uses the consultants to provide values of the shares.

Effect of unobservable input in fair value measurement

The Group and bank relies on published changes in share values of TMRC hence that remains to be the key input affecting the value of shares.

6.6 Capital management

The Group's and Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Bank of Tanzania (BoT);
- To safeguard the Group's and Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business

Capital adequacy and the use of regulatory capital are monitored daily by the Group's and Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania, for supervisory purposes. The required information is filed with the Central Banks on a quarterly basis.

BoT requires each bank to:

(a) Section 5 of the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014 requires that a bank shall maintain at all times a minimum core capital of not less than TZS 15 billion;

(b) Section 40 of the Banking and Financial Institutions (Licensing) Regulations, 2014 stipulates that a bank with core capital of not less than 150 billion may be authorised by Bank of Tanzania to establish a branch or a subsidiary abroad;

(c) Maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') plus market risks and operational risk charges at or above the required minimum of 12.5%.

(d) and maintain total capital of not less than 14.5% of the risk-weighted assets plus risk-weighted off-balance sheet items plus market risks and operational risk charges.

The Bank's regulatory capital as managed by its Treasury Department is divided into two tiers:-

Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Intangible assets, deferred tax assets and prepaid expenses are deducted in arriving at Tier 1 capital; and

Tier 2 capital: qualifying subordinated loan capital and regulatory general provisions for loans and advances.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of (and reflecting an estimate of credit, market and other risks associated with) each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (Continued)

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December 2024 and 31 December 2023.

	Bank 2024 TZS'M'	Bank 2023 TZS'M'
Tier 1 capital		
Share capital	12,900	12,900
Retained earnings	296,259	222,179
Less:		
Prepaid expenses	(3,191)	(2,379)
Deferred tax asset	(24,550)	(18,535)
Total qualifying Tier 1 capital	**281,418**	**214,165**
Tier 2 capital		
Subordinated debt	22,907	23,476
Total qualifying Tier 2 capital*	**22,907**	**23,476**
Total regulatory capital	**304,325**	**237,641**
Risk-weighted assets and capital charges		
On-balance sheet	1,131,143	1,041,469
Off-balance sheet	301,095	326,983
Market risk capital charge	19,385	7,708
Operational risk capital charge**	142,208	113,472
Total risk-weighted assets and capital charges	**1,593,831**	**1,489,662**

	Required Ratio (%)	**Bank's Ratio (%) 2024**	**Bank's Ratio (%) 2023**
Tier 1 capital	12.50%	17.66%	14.38%
Tier 1 + Tier 2 capital	14.50%	19.09%	15.95%

There have been no changes in the Group's and Bank's capital management objectives and policies in the years ended 31 December 2024 and 2023.

*Maximum amount allowable is 2% of Total Risk Weighted Assets (TRWA) plus off-balance sheet exposure (OBSE).

**The operational risk capital charge has been computed using the Basic Indicator Approach (BIA) by taking 15% of 3 years average gross income (Net interest income limited at 3.5% earning assets) and applying a conversion factor of 8.33.

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
7. INTEREST AND SIMILAR INCOME				
(a) INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD				
Loans and advances to customers	179,743	140,731	118,653	88,563
Loans and advances to banks	11,338	16,195	2,646	2,699
Government securities at amortized cost	24,985	16,391	11,553	10,171
Corporate Bonds: Amortized cost	1,521	2,244	354	197
Government securities: FVOCI	27,036	27,237	27,036	27,237
	244,623	201,798	160,242	128,867
(b) OTHER INTEREST INCOME				
Interest on LC Late repayment	37	-	37	-
Government securities: FVTPL	6,569	9,843	6,569	9,843
	251,229	211,641	166,848	138,710
8. DIRECT EXPENSES				
(a) INTEREST EXPENSE AND SIMILAR CHARGES				
Deposits due to customers	53,693	39,649	42,746	31,741
Deposits due to banks	5,628	9,112	13,291	8,310
Subordinated debts and senior loans	1,780	3,633	1,736	3,565
Long term borrowings	625	637	625	637
Lease liabilities (note 32(a))	1,997	1,934	1,373	1,384
	63,723	54,965	59,771	45,637
(b) EXPECTED CREDIT LOSSES				
Balances with Central Banks (Note 17)	(304)	53	4	31
Loans and advances to banks (Note 18)	10	1	6	4
Loans and advances to customers (Note 19)	5,930	8,435	1,101	6,441
Government securities (Note 20)	67	(97)	70	(28)
Corporate bonds (Note 21(c))	-	-	746	-
Other assets (Note 22)	2,265	1,687	2,269	1,815
Off-balance sheet items (Note 36)	(226)	74	(226)	74
	7,752	10,153	3,970	8,337
9. NET FEE AND COMMISSION INCOME				
(a) FEE AND COMMISSION INCOME				
Commission on Letters of Credit and Guarantees*	8,249	8,041	5,504	5,640
Commission on telegraphic transfers and other international trade finance activities	16,052	14,131	5,177	5,411
Commission and fees from banking operations	24,729	17,402	14,991	9,506
Credit/debit card fees and commissions	3,956	4,457	3,777	-
Other fees and commissions	330	419	-	4,300
	53,316	44,450	29,449	24,857

Revenue recognized at a point of time includes commission on telegraphic transfers and other international trade finance activities, commission and fees from banking operations, credit/debit card fees and commissions and other fees and commissions while only commission on letters of credit and guarantees is recognized over a period of time.

*Revenue recognized from contractual liabilities	987	1,718	983	1,731

The unrecognized contractual liabilities shall be recognized in the next 12 months.

9. NET FEE AND COMMISSION INCOME (CONTINUED)

(a) FEE AND COMMISSION INCOME (CONTINUED)

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Notes	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Contract liabilities, which are included in other liabilities – (Deferred commission)	33	6,195	3,196	5,174	2,597

The contract liabilities primarily relate to the non-refundable up-front fees received from customers on opening an asset management account. This is recognised as revenue over the period for which a customer is expected to continue receiving asset management services.

Performance obligations and revenue recognition policies

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer

The Bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions and servicing fees and banc assurance services. Fees for ongoing account management are charged to the customer's account on a monthly basis. The Bank sets the rates separately for retail and corporate banking customers on an annual basis.

(b) FEE AND COMMISSION EXPENSE

	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Borrowing arrangement fees	(5)	(62)	(5)	(62)
Commission and fees from banking operations	(317)	(283)	(315)	(283)
Total fee and commission expense	(322)	(345)	(320)	(345)
Net fees and commission income	**52,994**	**44,105**	**29,129**	**24,512**

10. OTHER INCOME

	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Dividend income	73	83	12,583	10,184
Gain from sale of assets	68	30	66	-
Recovery of written off debts	31,418	15,238	28,765	13,312
Management fee recharges	-	482	446	482
Gain from acquisition of Canara	2,653	-	2,653	-
Amortization Gain from acquisition of UBL	-	533	-	533
Gain on lease modification	410	314	401	314
Other income	2,166	1,641	369	414
	36,788	**18,321**	**45,283**	**25,239**

11. OTHER EXPENSES

	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Loss from sale of assets	-	6	-	6
Traveling expenses	1,888	1,644	1,286	1,165
Repairs and maintenance	7,319	6,582	2,197	2,119
Advertising and business promotion	3,764	3,451	2,497	2,316
Directors' emoluments	1,651	1,387	831	767
Auditor's remuneration *	1,423	1,083	852	610
Legal and professional fees	4,931	6,416	3,010	5,089
Correspondent bank and SWIFT charges	4,756	3,420	1,517	1,099
Operating lease rentals	83	2,353	14	2,195
Occupancy costs	11,984	11,223	8,118	7,745
Credit/debit card expenses	10,602	9,434	8,607	8,027
Telephone and connectivity expenses	3,033	3,036	2,426	2,234
Deposit protection expenses	2,861	2,457	2,058	1,734
Data processing expenses	1,091	880	-	-
Printing, stationery and subscription expenses	2,356	1,437	1,435	727
Agency banking expenses	663	433	574	321
Cash in transit services and courier expenses	1,762	2,488	1,285	1,389
Software expenses	6,474	5,568	6,474	5,568
Other operating expenses *	4,955	1,157	1,154	(1,003)
	71,596	**64,455**	**44,335**	**42,108**

* Included in other operating expenses are office running expenses such as telephone, stationery, courier charges, data connectivity, security charges and fuel charges, among others. Auditor's remuneration relates to fees paid for the audit of the financial statements.

12. PERSONNEL EXPENSES

	Group 2024	Group 2023	Bank 2024	Bank 2023
Wages and salaries	58,273	50,662	33,783	30,346
Social security costs (defined contributions)	6,575	6,035	4,097	3,728
Other employment costs and benefits	19,728	17,024	14,670	13,310
	84,576	**73,721**	**52,550**	**47,384**

13. DEPRECIATION AND AMORTIZATION EXPENSES

	Group 2024	Group 2023	Bank 2024	Bank 2023
Depreciation of right of use assets	9,266	8,461	5,286	5,127
Depreciation and amortisation	14,331	11,315	7,928	6,196
	23,597	**19,776**	**13,214**	**11,323**

14. INCOME TAX

(a) Income tax expense recognized in profit or loss

	Group 2024	Group 2023	Bank 2024	Bank 2023
Current income tax charge - current year	(46,149)	(32,702)	(33,016)	(22,052)
Changes in estimates relating to prior years	(2,632)	(51)	(2,632)	(51)
	(48,781)	**(32,753)**	**(35,648)**	**(22,103)**
Deferred tax credit - current year (Note 14(c))	-	2,303	-	-
Deferred tax charge - current year (Note 14(c))	(69)	(573)	(69)	(573)
	(48,850)	**(31,023)**	**(35,717)**	**(22,676)**

*At the consolidation level, the group does not have a legally enforceable right to offset deferred tax charge against deferred tax credit since they are under different taxation authorities.

14. INCOME TAX (CONTINUED)

(b) Current income tax (payable)/recoverable

	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
At 1 January	(4,751)	(4,885)	(38)	(543)
Current income tax charge - current year	(46,149)	(32,017)	(33,016)	(22,052)
Current income tax charge - prior year	(2,632)	(51)	(2,632)	(51)
Tax paid during the year relating to current year	40,798	26,299	26,251	22,107
Tax paid during the year relating to previous year	2,632	6,027	2,632	501
Translation difference on foreign operations	-	(124)	-	-
At 31 December	(10,104)	(4,751)	(6,803)	(38)

(c) Deferred tax assets

	Group 2024	Group 2023	Bank 2024	Bank 2023
At 1 January	20,896	16,573	18,535	16,573
Deferred tax (credit) – current year	(69)	1,730	(69)	(573)
Credit to OCI – current year	6,084	2,533	6,084	2,535
Translation difference on foreign operations	57	60	-	-
At 31 December	26,968	20,896	24,550	18,535

(d) Deferred tax assets movement

Group 2024	At 1 January TZS' Millions	Credited/ (Charged) to P&L TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	At 31 December TZS' Millions
Impact to Profit and loss				
Property and Equipment	818	(1,222)	-	(404)
Provisions	(7,854)	4,785	-	(3,069)
Canara Unrealised Gain	-	644	-	644
FNB Unrealised Gain	1,408	(907)	-	501
IFRS 16 - Right of Use Asset	(1,045)	(29)	-	(1,074)
Provision towards write-off*	(7,406)	(3,202)	-	(10,608)
Unrelieved tax losses**	(9,459)	-	-	(9,459)
Impact to reserve				
Equity investments: FVOCI	240	-	30	270
Government securities at FVOCI	2,460	-	(6,114)	(3,654)
Translation difference on foreign operations	(58)	-	(57)	(115)
	(20,896)	69	(6,141)	(26,968)

Bank 2024	At 1 January TZS' Millions	Current Year TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	At 31 December TZS' Millions
Impact to Profit and loss				
Property, Plant and Equipment	616	(1,222)		(606)
Provisions	(14,608)	4,785		(10,023)
Canara Unrealised Gain	-	644		644
FNB Unrealised Gain	1,408	(907)		501
IFRS 16 - Right of Use Asset	(1,045)	(29)		(1,074)
Provision towards write-off*	(7,406)	(3,202)		(10,608)
Impact to reserve				
Equity investments: FVOCI	240		30	270
Government securities at FVOCI	2,460		(6,114)	(3,654)
	(18,535)	69	(6,084)	(24,550)

14. INCOME TAX (CONTINUED)

(d) Deferred tax assets movement

Group 2023	At 1 January	Current Year	Credited/ (Charged) to OCI	At 31 December
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Impact to Profit and loss				
Property, Plant and Equipment	97	721	-	818
Provisions	(16,029)	8,175	-	(7,854)
FNB Unrealised Gain	2,314	(906)	-	1,408
IFRS 16 - Right of Use Asset	(103)	(942)	-	(1,045)
Provision towards write-off*	(8,087)	681	-	(7,406)
Unrelieved tax losses**	-	(9,459)	-	(9,459)
Impact to reserve				
Equity investments: FVOCI	242	-	(2)	240
Government securities at FVOCI	4,993	-	(2,533)	2,460
Translation difference on foreign operations	-	-	(58)	(58)
	(16,573)	(1,730)	(2,593)	(20,896)

Bank 2023	At 1 January	Current Year	Credited/ (Charged) to OCI	At 31 December
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Impact to Profit and loss				
Property, Plant and Equipment	97	519	-	616
Provisions	(16,029)	1,221	-	(14,808)
FNB Unrealised Gain	2,314	(906)	-	1,408
IFRS 16 - Right of Use Asset	(103)	(942)	-	(1,045)
Provision towards write-off*	(8,087)	681	-	(7,406)
Impact to reserve				
Equity investments: FVOCI	242	-	(2)	240
Government securities at FVOCI	4,993	-	(2,533)	2,460
	(16,573)	573	(2,535)	(18,535)

* The amount was deferred due to a TRA audit and will be realized upon loan recoveries.

** Tanzanian income tax laws allows resident and non-resident companies with a permanent establishment in Tanzania can offset tax losses against taxable income and carry forward unused tax losses indefinitely.

14. INCOME TAX (CONTINUED)

(e) Reconciliation of Effective tax rate

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Profit before income tax	141,001	91,474	109,797	66,479
Tax calculated at the statutory income tax rates	(42,300)	(27,442)	(32,939)	(19,944)
Tax effect of:				
Non-taxable income**	11,577	7,253	11,977	7,253
Income from subsidiaries taxable at Company level	(9,170)	(8,570)	(9,170)	(8,570)
Expenses not deductible for tax purposes**	(2,553)	(1,364)	(2,553)	(1,364)
Current income tax charge - prior year	(2,632)	(51)	(2,632)	(51)
Deferred tax asset not recognized	(3,772)	(849)	-	-
Alternate minimum tax (AMT)*	-	-	-	-
Income tax expense	(48,850)	(31,023)	(35,717)	(22,676)

*Alternative minimum tax applies when the Group has made taxable losses for three consecutive periods

**Amendments have been made to the 2022 reconciling items in the tax reconciliation to conform with the current year presentation. The changes are movements in between the temporary differences and exclusion of temporary differences erroneously included in the reconciliation. There is no impact on the income tax expense previously reported.

15. EARNINGS PER SHARE

See accounting policy in Note 3(a).

A. Basic earnings per share

The calculation of basic EPS has been on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2024	2023
	TZS 'M'	TZS 'M'
i. Profit attributable to ordinary shareholders (basic)		
Profit for the year attributable to equity holders of the parent	91,104	59,075
ii. Weighted-Average number of ordinary shares (basic)		
Issued ordinary shares as at 31 Dec	12,900	12,900

B. Diluted earnings per share

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

i. Profit attributable to holders of ordinary shares (diluted)		
Profit attributable to holders of ordinary shares (diluted)	91,104	59,075
ii. Weighted-average number of ordinary shares(diluted)		
Weighted-average number of ordinary shares(diluted)	12,900	12,900

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

16. FINANCIAL INSTRUMENTS BY CATEGORY

Group

At 31 December 2024	At amortised cost	Financial assets at FVOCI	Equity investments at FVOCI	Financial assets at FVTPL	Total
Financial assets	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Cash and balances with Central Banks	250,926	-	-	-	250,926
Loans and advances to banks	409,278	-	-	-	409,278
Loans and advances to customers	1,800,363	-	-	-	1,800,363
Government securities	219,772	215,882	-	15,974	451,628
Corporate Bonds: Amortized cost	10,524	-	-	-	10,524
Equity investments	-	-	2,977	-	2,977
Other assets less prepayments	28,856	-	-	-	28,856
	2,719,719	215,882	2,977	15,974	2,954,552

At 31 December 2023	At amortised cost	Financial assets at FVOCI	Equity investments at FVOCI	Financial assets at FVTPL	Total
Financial assets	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Cash and balances with Central Banks	201,851	-	-	-	201,851
Loans and advances to banks	523,464	-	-	-	523,464
Loans and advances to customers	1,518,048	-	-	-	1,518,048
Government securities	172,314	227,341	-	97,274	496,929
Bonds - Debt securities at amortised cost	41,201	-	-	-	41,201
Equity investments	-	-	2,086	555	2,641
Other assets less prepayments	27,253	-	-	-	27,253
	2,484,131	227,341	2,086	97,829	2,811,387

Financial liabilities	2024	2023
At amortized cost	TZS'M'	TZS'M'
Deposits due to banks	135,920	117,923
Deposits due to customers	2,413,679	2,390,796
Term borrowings	8,559	8,568
Subordinated debts and senior loans	22,907	33,228
Lease liability	34,417	30,508
Other liabilities (excludes deferred commission)	83,096	87,636
	2,698,588	2,668,659

BANK

At 31 December 2024	At amortised cost	Financial assets at FVOCI	Equity investments at FVOCI	Financial assets at FVTPL	Total
Financial assets	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Cash and balances with Central Banks	120,596	-	-	-	120,596
Loans and advances to banks	220,516	-	-	-	220,516
Loans and advances to customers	1,204,794	-	-	-	1,204,794
Government securities	127,105	215,882	-	15,974	358,961
Corporate Bonds: Amortized cost	3,047	-	-	-	3,047
Equity investments	-	-	2,977	-	2,977
Other assets less prepayments	19,509	-	-	-	19,509
	1,695,567	215,882	2,977	15,974	1,930,400

16. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

BANK

At 31 December 2023	At amortised cost	Financial assets at FVOCI	Equity Investments at FVOCI	Financial assets at FVTPL	Total
Financial assets	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Cash and balances with Central Banks	112,845	-	-	-	112,845
Loans and advances to banks	288,132	-	-	-	288,132
Loans and advances to customers	975,533	-	-	-	975,533
Government securities	90,864	227,341	-	97,274	415,479
Bonds - Debt securities at amortised cost	2,749	-	-	-	2,749
Equity investments	-	-	2,086	-	2,086
Other assets less prepayments	47,983	-	-	-	47,983
	1,518,106	227,341	2,086	97,274	1,844,807

Financial liabilities At amortized cost	2024 TZS'M'	2023 TZS'M'
Deposits due to banks	235,075	305,904
Deposits due to customers	1,471,008	1,338,068
Term borrowings	8,569	8,568
Subordinated debts and senior loans	22,907	33,228
Lease liability	23,946	22,874
Other liabilities (excludes deferred commission)	50,609	52,378
	1,812,114	1,761,020

17. CASH AND BALANCES WITH CENTRAL BANKS

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Cash in hand	46,907	71,572	31,208	37,873
Clearing accounts	133,796	100,742	47,144	48,316
Statutory Minimum Reserves (SMR)	117,298	101,581	73,549	64,622
Gross amount	298,001	273,895	151,901	150,811
Expected credit loss	(168)	(472)	(97)	(93)
	297,833	273,423	151,804	150,718
Net carrying amount				
Movement in ECLs (all in Stage 1):				
At 1 January	472	419	93	62
Increase/(decrease) in ECL	(304)	53	4	31
Closing balance	168	472	97	93
Current	298,001	273,895	151,901	150,811

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition, cash and balances with central banks, Government securities maturing within 90 days and loans and advances to banks.

Banks are required to maintain a Statutory Minimum Reserve (SMR) which is a prescribed minimum cash balance with the Central Banks that is not available to finance the bank's day-to-day activities. The amount is determined as 6% for public deposits and 40% for Government deposits for Bank of Tanzania, for Central Bank of Comores S.A. 25% of the average outstanding customer deposits over a cash reserve cycle period of two weeks and for Bank of Uganda, 20% of the average outstanding customer deposits over a cash reserve cycle period of two weeks. The Central Bank of Djibouti requires the share capital amount to be maintained with them in a bank account and not to be used for operational purposes.

18. LOANS AND ADVANCES TO BANKS

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Items in course of collection	2,329	2,577	1,034	536
Loans and advances to other banks	287,567	341,704	197,703	264,474
Placements with other banks	119,416	179,213	21,808	23,145
Gross amount	**409,312**	**523,494**	**220,545**	**288,155**
Expected credit loss	(34)	(30)	(29)	(23)
Net amount after expected credit loss	409,278	523,464	220,516	288,132
Movement in ECLs				
At 1 January	30	29	23	19
Impact to profit and loss during the year	4	1	6	4
Closing balance	34	30	29	23
Current	409,312	523,494	220,545	288,155

Loans and advances to banks comprise of short lending to regulated banks. The amounts are not secured. These loans carry average interest rates for each entity as follows: Tanzania 5.5% for local currency and 2.5% for foreign currency loans; Comoro 3.5% both local currency and foreign currency and Uganda 7.3% for local currency and foreign currency.

19. LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Overdrafts	473,131	453,231	273,837	235,454
Personal loans	223,816	211,066	144,130	108,990
Commercial loans	1,111,181	889,246	803,714	663,008
Others	17,422	4,874	2,798	3,158
Gross loans and advances	**1,825,550**	**1,558,416**	**1,224,479**	**1,010,610**
Expected credit loss	(25,187)	(40,368)	(19,685)	(35,077)
Net carrying amount	**1,800,363**	**1,518,048**	**1,204,794**	**975,533**
Current	737,638	753,360	438,970	462,715
Non-current	1,062,725	764,688	765,824	512,818
	1,800,363	1,518,048	1,204,794	975,533
The movement in ECLs:				
Provision for expected credit losses at 1 January	40,368	43,571	35,077	37,044
Impairment-Canara Acquisition	527	-	527	-
Loan loss provision released/charged	-	-	-	-
Amounts written of during the year	(21,638)	(11,638)	(17,020)	(8,408)
Expected credit loss charge for the year	5,930	8,435	1,101	6,441
At 31 December	**25,187**	**40,368**	**19,685**	**35,077**

20. GOVERNMENT SECURITIES

	Group 2024	Group 2023	Bank 2024	Bank 2023
Debt instruments at amortized cost				
Treasury Bills	13,710	27,821	4,897	25,917
Treasury Bonds	206,356	144,683	122,341	64,992
Gross	**220,066**	**172,504**	**127,238**	**90,909**
Expected credit loss	(294)	(190)	(133)	(45)
	219,772	172,314	127,105	90,864
At FVOCI				
Treasury Bonds	216,116	227,594	216,116	227,594
Expected credit loss	(234)	(253)	(234)	(253)
	215,882	227,341	215,882	227,341
At FVTPL				
Treasury Bonds	15,974	97,274	15,974	97,274
	451,628	496,929	358,961	415,479

20. GOVERNMENT SECURITIES (CONTINUED)

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Maturing within 90 days	21,315	2,430	21,315	-
Maturing after 90 days	430,841	494,942	338,013	415,777
Gross	**452,156**	**497,372**	**359,328**	**415,777**
Less: Provision for ECLs	(528)	(443)	(367)	(298)
Net carrying amount	**451,628**	**496,929**	**358,961**	**415,479**
At amortized costs	219,772	172,314	127,105	90,864
FVOCI	215,882	227,341	215,882	227,341
FVPTL	15,974	97,274	15,974	97,274
	451,628	**496,929**	**358,961**	**415,479**
Movement in provision for ECL				
All in Stage 1:				
At 1 January	443	540	298	326
Increase (decrease) in expected credit loss	85	(97)	69	(28)
As 31 December	**528**	**443**	**367**	**298**
The maturity analysis of treasury bills and bonds is as follows:				
Current	41,090	97,274	32,276	97,274
Non-current	410,538	399,655	326,685	318,205
	451,628	**496,929**	**358,961**	**415,479**

Treasury bills and bonds are debt securities issued by the Government of the United Republic of Tanzania and the Government of Uganda. Treasury bills are short term in nature with maturities of up to one year while treasury bonds are long term with maturities of up to 25 years. The weighted average effective interest rate on government securities as at 31 December 2024 was 12.13% (2023: 11.5%).

The Bank is holding treasury bonds with a face value of TZS 84,418 million (2023: TZS 77,899 million) which have been pledged as collateral by local banks against short term borrowings. These are not recognized in the financial statements as assets of the Bank. As of 31 December 2024, the Bank had pledged treasury bonds with face value of TZS 105,937 million (2023: TZS 81,317 million) of which TZS 103,937 against a short-term borrowings and TZS 2,000 million for long term borrowing.

21. INVESTMENT SECURITIES

(a) Equity investments -FVOCI

	Group 2024	Group 2023	Bank 2024	Bank 2023
Equity securities - listed shares				
Tanzania Oxygen Limited (TOL) at cost	85	85	85	85
Equity securities - not listed				
Tanzania Mortgage Refinancing Company (TMRC) at cost	2,076	1,200	2,076	1,200
Gross Equity securities	**2,161**	**1,285**	**2,161**	**1,285**
Accumulated fair value change	901	801	901	801
Expected credit Loss	(85)	-	(85)	-
Net amount	**2,977**	**2,086**	**2,977**	**2,086**
Fair value changes:				
On 1 January	801	807	801	807
Fair value (loss)/gain during the year	100	(6)	100	(6)
As 31 December	**901**	**801**	**901**	**801**
Credit/(charge) to OCI				
Listed equity investments	100	(6)	100	(6)
Government securities - FVOCI	(20,382)	(8,442)	(20,382)	(8,442)
Deferred tax impact - current year	(30)	2,534	(30)	2,534
	(20,312)	**(5,914)**	**(20,312)**	**(5,914)**

21. INVESTMENT SECURITIES (CONTINUED)

	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Dividend: Equity instruments – FVOCI				
Dividend income	48	40	48	40
Movement in provision for ECL: All in Stage 1				
At 1 January	-	-	-	-
Increase (decrease) in expected credit loss	85	-	85	-
As 31 December	85	-	85	-
(b) Equity investments – FVTPL				
Equity securities – listed shares				
Listed shares - Tanzania Oxygen Limited (TOL)	-	19	-	-
Tanzania Cigarette Company	-	170	-	-
Tanzania Portland Cement Company	-	108	-	-
MCB	-	54	-	-
Others	-	41	-	-
	-	392	-	-
Equity securities - not listed				
HARADALI investment scheme	-	63	-	-
Gross Equity securities	-	455	-	-
Accumulated fair value change	-	100	-	-
	-	555	-	-
Fair value changes:				
On 1 January	100	61	-	-
Fair value gain during the year	(17)	39	-	-
	83	100	-	-
Dividend: Equity instruments – FVTPL				
Dividend income	25	43	-	-
The investment securities are non-current.				
(c) Corporate Bonds at amortised cost				
TMRC Bond	2,029	2,029	2,029	2,029
Tanga UWASA Green Bond	1,026	-	1,026	-
Subordinated Loan to Core Securities	-	-	-	727
Organisation for Economic Cooperation and Development (OCDE) bond	7,477	39,180	-	-
Gross	10,532	41,209	3,055	2,756
Expected Credit Loss	(8)	(8)	(8)	(7)
Net carrying amount	10,524	41,201	3,047	2,749
Movement in expected credit loss (All in Stage 1):-				
At 1 January	8	8	7	7
Change in expected credit loss	-	-	746	-
Write-Off	-	-	(745)	-
As 31 December	8	8	8	7
Current	-	-	-	727
Non-Current	10,524	41,201	3,047	2,749

21. INVESTMENT SECURITIES (CONTINUED)

The subordinated loan to Core Securities is denominated in Tanzanian Shilling, has a maturity of 11 years with grace period of 6years effective from 20 August 2018 and bears interest at the rate of 6 months T bill +4%. The loan is unsecured. Interest payment at every after 6months. However, in October 2024, the loan was written following decision by the board to dispose off investment in the subsidiary.

22. OTHER ASSETS

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Sundry debtors	33,557	14,939	26,954	34,854
Visa card receivables	698	776	425	786
Master Card receivables	2,184	13,569	2,184	13,569
Money Gram receivables	870	942	-	-
Faida card receivables	-	7,755	-	7,755
Gross	**37,309**	**37,971**	**29,563**	**56,964**
Expected credit loss	(10,056)	(9,115)	(10,054)	(8,981)
Carrying amount	**27,253**	**28,856**	**19,509**	**47,983**
Prepaid expenses	4,785	4,367	3,191	2,379
Net carrying amount	**32,038**	**33,223**	**22,700**	**50,362**
Movement in Expected credit loss				
All in Stage 1				
At 1 January	9,115	7,509	8,981	7,222
Charge in expected credit loss during the year	2,255	1,687	2,269	1,815
Write-Off	(1,314)	(81)	(1,196)	(56)
As 31 December	**10,056**	**9,115**	**10,054**	**8,981**

Other assets include other resources owned by the Group and the Bank which are expected to be utilized to generate revenue and have maturity of less than 12 months. These resources carry no interest and are unsecured.

23. ASSETS HELD FOR SALE

The Group takes possession of property (land and building) pledged as security for loans due from customers on failure of the customers to repay the loan amounts in accordance with the agreed terms and conditions. Repossessed property held only for disposal to recover the outstanding loan amounts are presented as non-current assets held for sale at the lower of the outstanding loan amount (carrying amount) and fair value less costs to sell. The assets held for sale as at year-end were measured at fair value less costs to sell as follows:

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Cost				
At 1 January	760	530		-
Additions	-	230		-
Disposals	-	-		-
Write-off	-	-		-
Translation differences	(224)	-		-
At 31 December	536	760	-	-
Impairment				
At 1 January	(304)	(304)		-
Charge for the year	(123)	-		-
Write offs		-		-
Translation differences		-		-
At 31 December	(427)	(304)	-	-
Net carrying amount	109	456	-	-

23. ASSETS HELD FOR SALE (CONTINUED)

The properties were acquired as a settlement of debt obligations of customers who defaulted on their obligations. The Group intends to sell the properties as soon as practicable when suitable buyers are identified. As at year-end, the Group determined the fair value less costs to sell and charged the decrease in carrying amount to profit or loss. This has been classified as level III in the fair value hierarchy. The assets held for sale and changes thereto during the year are presented under the retail operating segments.

The valuation is made based on cost approach and discounted cashflow method. The cost approach considers the current replacement cost while discounted cashflow considers the present value of the expected cash flow. The key assumptions considered in determining the carrying amount include.

	Tanzania
Period to sell	1 year
Discount rate	15.42%
Others	Property will be sold as bank apartment units

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

24. PROPERTY AND EQUIPMENT

Group	Buildings	Leasehold premises	Motor vehicles	Office equipment	Computer hardware	Furniture and fittings	Capital Work in Progress	Total
	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'
Cost								
At 1 January 2024	16,025	30,685	4,029	38,507	10,585	9,802	9,965	119,599
Additions	-	3,308	1,108	2,884	2,912	575	1,657	12,444
Disposals	-	-	(238)	(77)	(106)	(92)	(41)	(554)
Transfers	-	1,405	-	1,447	1,946	198	(4,996)	-
Transfers to intangibles assets	-	-	-	-	-	-	(3,900)	(3,900)
Translation adjustments	(283)	(295)	(12)	10	(93)	82	(75)	(666)
At 31 December 2024	15,742	35,103	4,887	42,771	15,246	10,565	2,610	126,923
Depreciation								
At 1 January 2024	6,112	20,185	2,387	28,528	8,750	8,296	-	74,258
Charge for the year	383	2,244	873	3,447	1,435	718	-	9,100
Elimination on disposal	(415)	(41)	(307)	(334)	(237)	(64)	-	(1,398)
Reclassification	(5)	(372)	(366)	1,481	(366)	(372)	-	-
Translation adjustments	(1)	(176)	(11)	(106)	(132)	(63)	-	(489)
At 31 December 2024	6,074	21,840	2,576	33,016	9,450	8,515	-	81,471
Net carrying amount	9,668	13,263	2,311	9,755	5,795	2,050	2,610	45,452

24. PROPERTY AND EQUIPMENT (CONTINUED)

Group	Buildings	Leasehold premises	Motor vehicles	Office equipment	Computer hardware	Furniture and fittings	Capital Work in Progress	Total
	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'
Cost								
At 1 January 2023	15,672	27,081	3,217	34,086	8,817	9,275	5,706	103,854
Additions	104	4,702	1,042	3,858	1,692	599	5,621	17,618
Disposals	-	-	(166)	-	(10)	-	-	(176)
Transfers	-	896	-	415	-	-	(1,311)	-
Translation adjustments	249	(1,994)	(64)	148	87	(72)	(51)	(1,697)
At 31 December 2023	**16,025**	**30,685**	**4,029**	**38,507**	**10,586**	**9,802**	**9,965**	**119,599**
Depreciation								
At 1 January 2023	5,250	17,555	1,695	26,380	7,022	6,958	-	64,860
Charge for the year	257	2,261	479	1,780	1,413	972	-	7,162
Elimination on disposal	-	-	(166)	-	(8)	-	-	(174)
Translation adjustments	605	369	379	368	323	368	-	2,410
At 31 December 2023	6,112	20,185	2,387	28,528	8,750	8,296	-	74,258
Net carrying amount	**9,913**	**10,500**	**1,642**	**9,979**	**1,836**	**1,506**	**9,965**	**45,341**

24. PROPERTY AND EQUIPMENT (CONTINUED)

Bank	Buildings	Leasehold premises	Motor vehicles	Office equipment	Computer hardware	Furniture and fittings	Capital Work in Progress	Total
	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'
Cost								
At 1 January 2024	12,105	22,474	2,861	26,874	4,610	4,123	2,340	75,387
Additions	-	2,187	1,045	2,475	485	516	1,259	7,968
Disposals	-	-	(238)	(77)	(105)	(66)	(41)	(528)
Reclassification	-	1,405	-	869	-	-	(2,274)	-
Transfers	-	-	-	-	-	-	-	-
At 31 December 2024	12,105	26,066	3,668	30,141	4,990	4,573	1,284	82,827
Depreciation								
At 1 January 2024	4,244	16,559	1,294	21,708	3,708	3,434	-	50,947
Charge for the year	258	1,342	680	2,084	494	230	-	5,088
Elimination on disposal	-	-	(237)	(77)	(91)	(64)	-	(469)
At 31 December 2024	4,502	17,901	1,737	23,715	4,111	3,600	-	55,566
Net carrying amount	7,603	8,165	1,931	6,426	879	973	1,284	27,261

24. PROPERTY AND EQUIPMENT (CONTINUED)

Bank	Buildings	Leasehold premises	Motor vehicles	Office equipment	Computer hardware	Furniture and fittings	Capital Work in Progress*	Total
	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'
Cost								
At 1 January 2023	12,105	20,496	1,953	25,064	4,257	3,998	1,530	69,403
Additions	-	1,082	1,074	1,395	363	125	2,170	8,209
Disposals	-	-	(166)	-	(10)	-	-	(176)
Reclassification	-	-	-	-	-	-	(49)	(49)
Transfers	-	896	-	415	-	-	(1,311)	-
At 31 December 2023	12,105	22,474	2,861	26,874	4,610	4,123	2,340	75,387
Depreciation								
At 1 January 2023	3,987	15,294	1,082	19,781	3,288	3,163	-	46,595
Charge for the year	257	1,265	378	1,927	428	271	-	4,526
Elimination on disposal	-	-	(166)	-	(8)	-	-	(174)
At 31 December 2023	4,244	16,559	1,294	21,708	3,708	3,434	-	50,947
Net carrying amount	7,861	5,915	1,567	5,166	902	689	2,340	24,440

As of 31 December 2024, the Group had neither restriction on title nor property and equipment pledged as security for liabilities (2023: Nil). There were no capitalized borrowing costs related to the acquisition of property and equipment during the year ended 31 December 2024 (2023: Nil). There were no idle assets as at 31 December 2024 (2023: Nil). As at 31 December 2024, contractual commitment for the acquisition of property and equipment amount of TZS 1,305 million (2023: TZS 7,408 million). There were no property and equipment acquired during the year through business combinations. As at 31 December 2024, management has assessed impairment of property and equipment, there were no impairment recognized or reversed during the year.

*The capital work in progress relates to the ongoing projects of branch renovations, network equipment and ongoing security system projects.

25. RIGHT OF USE OF ASSETS

	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
At 1 January	24,791	23,294	18,089	17,717
Additions	10,510	7,267	3,704	3,187
Disposals	(21)	-	(21)	-
Depreciation for the year	(9,266)	(8,461)	(5,286)	(5,127)
Modification	3,097	2,477	2,786	2,312
Translation difference	-	214	-	-
At 31 December	29,111	24,791	19,272	18,089

26. INVESTMENTS IN SUBSIDIARIES

	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Investment in Exim Bank Comores S.A	2,728	2,728
Investment in Exim Bank Uganda Limited*	65,025	32,537
Investment in Exim Bank Djibouti S.A.	10,111	10,111
Investment in Core Securities Limited	-	765
Gross amount	77,864	46,141
Expected credit loss	-	(629)
	77,864	45,512

Movement in impairment:		
At 1 January	629	629
Addition	136	-
Disposal of investment in Core Securities Limited	(765)	-
At 31 December	-	629

* In 2023, the bank deposited TZS 30 billion for shares in Exim Bank Uganda Limited, the same was disclosed as advance towards share capital under other assets (Note 22). In 2024 final instalment of TZS 2.5 billion was made and following completion of the share registration in Uganda, the total was recognized as an investment in subsidiaries.

The Bank's shareholding in the subsidiaries as at 31 December 2024 and 2023 was as follows:

At 31 December	Country of incorporation	Interest held 2024	Interest held 2023
Exim Bank Comores S.A S.A	The Union of Comores S.A	100.00%	100.00%
Exim Bank Djibouti S.A.	Djibouti	100.00%	100.00%
Exim Bank Uganda Limited	Uganda	60.76%	53.00%
Core Securities Limited	Tanzania	0.00%	80.00%

- The subsidiaries listed above have share capital consisting solely of ordinary shares.
- During the year, there were no significant judgements and assumptions made in determining the Bank's interest in the subsidiaries.
- There are no contingent liabilities relating to the Bank's interest in the subsidiaries during the year.
- During the year, the Group had no structured entity.

The Group includes two subsidiaries, Exim Bank Uganda Limited and Core Securities Limited, with material non-controlling interests.

Name	Proportion of ownership interest and voting rights held by the NCI	Total comprehensive loss allocated to NCI		Accumulated NCI share of total comprehensive loss	
Exim Bank Uganda Limited	39.24%	1,597	1,405	(19,014)	(20,611)
Core Securities Limited	20.00%	(31)	-	-	(268)

No dividends were paid to the NCIs during the years 2024 and 2023.

26. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiaries with material non-controlling interests (NCI)

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from supervisory frameworks within which banking subsidiaries operate. The supervisory framework requires banking subsidiaries operate. The supervisory framework requires banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios. The carrying amounts of assets and liabilities of banking subsidiaries are TZS 1,002.6 billion and TZS 890.8 billion respectively (2023: TZS 992.5 billion and TZS 913.0 billion respectively)

Subsidiaries with non-controlling interest

The post-acquisition summary financial information for Core Securities Limited and Exim Bank (Uganda) Limited before intragroup eliminations, is set out below.

	2024		2023	
	Core Securities Limited	Exim Bank Uganda Limited	Core Securities Limited	Exim Bank Uganda Limited
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Non-current Assets	-	82,909	800	338,746
Current Assets	-	275,653	53	11,647
Non-current Liabilities	-	(195,134)	(1,228)	(2,566)
Current Liabilities	-	(60,564)	(808)	(298,526)
Equity attributable to owners of the parent	-	(61,669)	946	(26,130)
Non-controlling interest	-	(41,195)	237	(23,171)

	2024		2023	
	Core Securities Limited TZS 'M'	Exim Bank Uganda Limited TZS 'M'	Core Securities Limited TZS 'M'	Exim Bank Uganda Limited TZS 'M'
Revenue	813	40,387	298	27,701
Interest Expense	(99)	(8,085)	(130)	(4,907)
Operating and other expense	(182)	(28,135)	(345)	(21,407)
Income Tax expense	-	(1,416)	(3)	1,618
Profit/(Loss) for the year	532	2,751	(180)	3,005
Other comprehensive loss	-	1,324	-	62
Total comprehensive Profit/ (loss) for the year	532	4,075	(180)	3,067
Profit/ (Loss) for the year attributable to owners of the parent	426	1,672	(144)	1,593
Profit/(Loss) for the year attributable to NCI	106	1,078	(36)	1,412
	532	2,750	(180)	3,005
Total comprehensive income for the year attributable to owner of the pare	426	2,477	(144)	1,626
Total comprehensive income for the year attributable to NCI	106	1,597	(36)	1,441
	532	4,074	(180)	3,067
Net cash flows (used in)/from operating activities	(239)	(65,495)	(36)	54,605
Net cash flows (used in)/from investing activities	21	(2,633)	380	(3,474)
Net cash flows (used in)/from financing activities	-	49,102	(50)	(2,189)
Net increase/(decrease) in cash or cash equivalents	(218)	(19,026)	302	48,942

27. INTANGIBLE ASSETS

2024	Group			Bank		
	Application Software	Work-in-Progress	Total	Application Software	Work-in-Progress	Total
	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'
Cost						
At 1 January	27,411	2,140	29,551	11,404	2,140	13,544
Additions during the year	5,377	2,672	8,049	746	2,672	3,418
Transfers	3,923	(3,923)	-	23	(23)	-
Transfer from PPE	-	3,900	3,900	-	-	-
Write-offs	(22)	-	(22)	-	-	-
Translation difference	(317)	-	(317)	-	-	-
At 31 December	36,372	4,789	41,161	12,173	4,789	16,962
Amortization						
At 1 January	14,677	-	14,677	2,368	-	2,368
Charge for the year	5,231	-	5,231	2,840	-	2,840
Write-offs	(22)	-	(22)	-	-	-
Translation difference	(511)	-	(511)	-	-	-
At 31 December	19,375	-	19,375	5,208	-	5,208
Net Carrying Value	16,997	4,789	21,786	6,965	4,789	11,754

2023	Group			Bank		
	Application Software	Work-in-Progress	Total	Application Software	Work-in-Progress	Total
	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'	TZS'M'
Cost						
At 1 January	43,210	4,742	47,952	28,548	4,742	33,290
Additions during the year	5,904	1,703	7,607	4,545	1,703	6,248
Transfers	4,305	(4,305)	-	4,305	(4,305)	-
Write-offs	(25,994)	-	(25,994)	(25,994)	-	(25,994)
Translation difference	(14)	-	(14)	-	-	-
At 31 December	27,411	2,140	29,551	11,404	2,140	13,544
Amortization						
At 1 January	36,470	-	36,470	26,644	-	26,644
Charge for the year	4,153	-	4,153	1,670	-	1,670
Write-offs	(25,946)	-	(25,946)	(25,946)	-	(25,946)
At 31 December	14,677	-	14,677	2,368	-	2,368
Net Carrying Value	12,734	2,140	14,874	9,036	2,140	11,176

As at 31 December 2024, included in intangible assets is the Core Banking system which is material with carrying amount of TZS 3,457.98 million (2023: TZS 4,966.23 million) with remaining amortization period of three (3) years. No intangible asset was pledged as security for liabilities as at 31 December 2024. There also no restrictions other than those outlined in the software license. As at 31 December 2024, there were no significant intangible assets controlled by the Group which have not been recognized as assets. There was no internally developed software during the year or 2023. There were no intangible assets acquired during the year through business combinations. Write off related to intangible assets (software) that were decommissioned during the year and the full carrying value were write off. Based on management assessment there were no any other intangible assets, that was impaired as at year end. As at 31 December 2024, there were contractual commitments for the acquisition of intangible assets amount TZS 3,686 million (2023; TZS 7,296 million).

The software work in progress relates to costs towards development of new agency banking system, improvement of the switch project, smart policy system and other small systems.

28. DEPOSITS DUE TO BANKS

	Group		Bank	
	2024 TZS 'M'	2023 TZS 'M'	2024 TZS 'M'	2023 TZS 'M'
To be settled within 12 months	135,920	117,923	235,075	305,904

Deposits due to banks are classified as liabilities at amortised cost with fixed interest rates of short term maturities of not more than 12 months from. The Group and Bank have pledged Treasury Bond of TZS 61,000 million (2023: TZS 24,500 million) collateral for these deposits.

29. DEPOSIT DUE TO CUSTOMERS

	Group		Bank	
	2024 TZS 'M'	2023 TZS 'M'	2024 TZS 'M'	2023 TZS 'M'
Current and demand deposits	1,212,589	1,305,380	605,056	579,462
Savings accounts	437,134	441,563	334,981	337,855
Fixed deposit accounts	763,956	643,853	530,971	420,751
	2,413,679	2,390,796	1,471,008	1,338,068
Current	945,989	2,273,934	736,515	1,208,137
Non-current	1,467,690	116,862	734,493	129,931

Deposits due to customers are classified as liabilities at amortised cost. The Group and Bank incur interest on those deposits at the prevailing market interest rates. The Group and Bank have pledged no collateral for these deposits.

30. TERM BORROWINGS

	Group 2024	Group 2023	Bank 2024	Bank 2023
Tanzania Mortgage Refinance Company Limited (TMRC)	8,569	8,568	8,569	8,568

The Bank acquired a loan of TZS 3,000 million on 28 August 2013 from TMRC to finance issuance of mortgage loans. The loan was initially for three years to 27 August 2016 but was extended to 28 May 2017 with interest payable on quarterly basis and the principal payable at maturity. TZS 2,000 million was repaid in 2017. On 27 May 2020 the outstanding TZS 1,000 million was renewed to a 5-year term loan, repayable at maturity date and interest repaid quarterly. On 30 June 2020 the Bank entered in to three years facility arrangement amounting to TZS 5,000 million to pre-finance mortgage loans. Following acquisition of selected assets and liabilities of First National Bank (T) Limited (FNB) in July 2022, the Bank acquired additional five years mortgage facility amounting to TZS 2,500 million to make a total of TZS 8,500 million by the year ended 31 December 2022. The principal amount is repayable at maturity and interest rate repaid quarterly. The interest rate applicable for all facilities is 7.5% per annum.

The term borrowing is secured as disclosed under note 20 and by the funded mortgage loans and advances to customers amounting to 125% of the outstanding term borrowing balance.

The movement in term borrowings during the year was as follows:

	Group 2024	Group 2023	Bank 2024	Bank 2023
At 1 January	8,568	8,566	8,568	8,566
Additions	-	-	-	-
Accrued interest	625	638	625	638
Interest payment	(624)	(636)	(624)	(636)
At 31 December	8,569	8,568	8,569	8,568

31. SUBORDINATED DEBTS AND SENIOR LOANS

	Group 2024	Group 2023	Bank 2024	Bank 2023
USD 10 million FMO floating rate notes due 2024 (a)	-	2,857	-	2,857
USD 12.5 million FMO floating rate notes due 2024 (b)	-	3,573	-	3,573
USD 12.5 million FMO floating rate notes due 2024 (c)	-	3,571	-	3,571
USD 9.13 Million Subordinated Debt (d)	22,907	23,227	22,907	23,227
Total	22,907	33,228	22,907	33,228
Current	-	10,001	-	10,001
Non-current	22,907	23,227	22,907	23,227
Total	22,907	33,228	22,907	33,228

31. SUBORDINATED DEBT AND SENIOR LOANS CONTINUED)

a) The senior loan of USD 10 million from Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) was drawn down in June 2018. The loan is repayable within 7 years with a grace period of 1.25 years and is the first tranche of the USD 35 million commited. Principal repayment is in 9 equal semi-annual instalments, beginning on 15 March 2020. The principal loan balance as at 31 December 2024 was nil (2023: USD 1.11 million). The effective interest rate was 8.9% (2023: 8.9%).

b) The senior loan of USD 12.5 million from Financierings-Maatschappij voor Ontwikkelingslanden N.V.(FMO) was drawn down in March 2019. The loan is repayable within 7 years with a grace period of 1.25 years and is the first activation of the second tranche of the USD 35 million commited. Principal repayment is in 9 equal semi-annual instalments. The principal loan balance as at 31 December 2024 was Nil (2023: USD 1.39 million). The effective interest rate was 8.9%. (2023: 8.9%).

c) The senior loan of USD 12.5 million from Financierings-Maatschappij voor Ontwikkelingslanden N.V.(FMO) was drawn down in March 2019. The loan is repayable within 7 years with a grace period of 1.25 years and is the first activation of the second tranche of the USD 35 million commited. Principal repayment is in 9 equal semi-annual instalments. The principal loan balance as at 31 December 2024 was Nil (2023: USD 1.39 million). The effective interest rate was 8.9%. (2023: 8.9%).

e) There were three subordinated loans with principal balances totalling USD 9.13 million. The effective interest rate was of 6.64% (2023: 6.64%). The loans will all be settled by a single bullet after grace period of five years.

All the above loans are unsecured. The movement in the subordinated debts and senior loans was as follows: -

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
At 1 January	33,228	55,321	33,228	55,321
Additions	-	-	-	-
Interest accrued during the year	1,780	3,220	1,736	3,220
Repayments - principal	(10,001)	(24,348)	(10,001)	(24,348)
Repayments - interest	(2,047)	(3,425)	(2,003)	(3,425)
Foreign exchange differences	(53)	2,460	(53)	2,460
At 31 December	22,907	33,228	22,907	33,228

*Following the cease of LIBOR on 30 June 2023 the Group has agreed with direct fund institutions (DFIs) to adopt the SoFR benchmark effectively from 1 July 2023.

32. LEASES

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
(a) Lease liability				
At January	30,508	24,986	22,874	19,018
Additions	10,510	7,267	3,704	3,187
Disposal	(21)	-	(21)	-
Modification	2,687	2,137	2,383	1,998
Interest expense on lease liability	1,997	1,934	1,373	1,384
Payment to lease liability (principal)	(8,891)	(5,445)	(4,978)	(2,220)
Payment to lease liability (interest)	(1,997)	(2,098)	(1,373)	(1,464)
Prepayment movement during the year	-	-	-	-
Foreign exchange gain/loss	(376)	1,363	(16)	971
Translation difference	-	364	-	-
	34,417	30,508	23,946	22,874

32. LEASES (CONTINUED)

The Group leases number of ATMs, vehicles, branch and office premises. The leases typically run for a period of three to ten years, with and option to renew lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals. The Group also leases premises for contractual expatriates. These leases are short term. The Group has elected not to recognize right of use assets and lease liabilities for these leases.

(b) Amounts charged to profit or loss

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance cost.

Depreciation on the right of use:	(9,266)	8,461	(5,286)	5,127
Foreign exchange gain/loss	(376)	1,363	(16)	971
Interest expense on lease liability	1,997	1,934	1,373	1,384
Expenses relating to short-term leases	83	2,353	14	2,195
Modification	410	340	403	314
Total charge to profit and loss	(7,152)	14,451	(3,512)	9,991

(c) Amounts charged to cashflow

The following table shows the total cash outflows for leases.

Interest expense on lease liability	1,997	1,934	1,373	1,384
Payment to lease liability (principal)	(8,891)	(5,445)	(4,978)	(2,220)
Payment to lease liability (interest)	(1,997)	(2,098)	(1,373)	(1,464)

(d) Undiscounted lease payments

Within 1 year	11,657	13,781	7,321	13,781
Between 1 and 5 years	28,686	16,727	19,755	16,650
	40,343	30,508	27,076	30,431

(e) Extension options

The Group and Bank leases premises, buildings and motor vehicles. The lease agreements are normally renewable at the end of the lease period at market rate and there are no enforceable extension requirements.

33. OTHER LIABILITIES

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Bank drafts payable	1,891	1,899	974	1,022
Accrued expenses	16,750	11,180	11,052	9,138
TANAPA cards	423	636	423	636
Master cards	2,366	6,020	2,462	6,441
Guarantee and Letters of Credit margins	32,885	15,122	13,087	9,412
Deferred commission	6,195	3,196	5,174	2,597
Advance towards share capital	-	18,311	-	-
Dividend payable	-	7,000	-	7,000
Other creditors*	28,781	24,272	22,611	16,132
	89,291	87,636	55,783	52,378

Other liabilities are non-interest bearing and are expected to be settled within no more than 12 months after the reporting date.

* Include indirect taxes payable, amounts payable on clearing accounts and other operational liabilities.

34. SHARE CAPITAL

	2024 TZS 'M'	2023 TZS 'M'
Group and Bank		
Authorised		
20,000,000 ordinary shares of TZS 1,000 each	20,000	20,000
Issued and fully paid		
12,900,000 ordinary shares of TZS 1,000 each	12,900	12,900

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 regard to the Bank's residual assets. Refer to note 21 of the director's report for the shareholding structure of the group and bank.

35. REGULATORY AND OTHER RESERVES

Fair value reserve (a)	(7,894)	6,303	(7,894)	6,303
Regulatory reserves (b)	9,204	4,114	-	-
General and legal reserve (c)	3,475	4,848	4	4
Currency translation reserve (d)	10,342	14,573	-	-
	15,127	29,838	(7,890)	6,307

(a) The fair value reserve

It comprises the effect of changes in equity investments and government securities investments at FVOCI. The movement in the fair value reserve was as follows: -

At 1 January	6,303	12,217	6,307	12,221
Fair value gain/(loss) for the year (note 21)	(14,197)	(5,914)	(14,201)	(5,914)
At 31 December	(7,894)	6,303	(7,894)	6,307

(b) The regulatory reserves (loan loss reserves)

This represents the amounts set aside to cover additional provisions for loans and other financial assets losses as required in order to comply with the Bank of Tanzania (BOT), Bank of Uganda (BOU) and Central Bank of Comoro prudential guidelines. The reserves are not available for distribution to the equity holders. The movement in regulatory reserves was as follows: -

	Group		Bank	
	2024 TZS 'M'	2023 TZS 'M'	2024 TZS 'M'	2023 TZS 'M'
At 1 January	4,114	14,177	-	6,433
Appropriation from/(to) retained earnings	5,090	(10,063)	-	(6,433)
At 31 December	9,204	4,114	-	-
This is broken down as follows:				
Reserve for loans and advances - Specific	1,433	(3,657)	-	-
Reserve for other assets	7,771	7,771	-	-
	9,204	4,114	-	-

(c) The general and legal reserve

It comprises the following:

- 1% general provision on loans classified as current was required by Bank of Tanzania (BOT) in 2018 but waived in 2019. Bank of Uganda (BOU) still requires 1% general provision. This is part of the Tier 2 capital as stipulated in the BOT and BOU prudential guidelines. This reserve is not available for distribution to the equity holders.

35. REGULATORY AND OTHER RESERVES

(c) The general and legal reserve (Continued)

- The legal reserve is comprising an appropriation of 10% of the Exim Bank Comores S.A. profit for the year as required by the Central Bank of Comoro regulations.

The movement in the general and legal provision reserve is as follows:-

At 1 January	4,848	3,437	4	4
Appropriation (to)/from retained earnings	(1,373)	1,411	-	-
At 31 December	3,475	4,848	4	4

(d) The currency translation reserve comprises the effect of translation of the financial statements of the foreign subsidiaries on consolidation.

	Group	
	2024	2023
	TZS 'M'	TZS 'M'
At 1 January	14,573	5,719
Translation adjustments for the year	(4,231)	8,854
At 31 December	10,342	14,573

36. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Litigation

In the ordinary course of business, the Group is a defendant in various litigations and claims. Although there can be no assurances, based on the information currently available and legal advice, the directors expect that it is possible that the outcome of actions with total exposure of TZS 312 million (2023: 414 million) could result into loss to the Group and Bank.

(b) Capital commitments:

On 31 December 2024, the Group and Bank had capital commitments of TZS 4,991 million (2023: TZS 29,014 million) and 4,591 million (2023: TZS 16,850 million) respectively, in respect of purchase of IT equipment and computers, office equipment, furniture and other capital items. The Group's and Bank's management is confident that future net revenues and funding will be sufficient to cover these commitments.

(c) Acceptances, letters of credit, guarantees and performance bonds:

In common with other banks, the Group and the Bank conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. Most of these facilities cover corresponding obligations of third parties. The nominal amounts for these off statement of financial position items is not reflected in the statement of financial position.

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Acceptances and letters of credit	96,000	171,391	77,687	166,942
Guarantees and performance bonds	233,046	220,564	181,091	187,654
Gross	329,046	391,955	258,778	354,596
Expected credit loss	(61)	(287)	(61)	(287)
Net carrying amount	328,985	391,668	258,717	354,309

36. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

	Group		Bank	
	2024	2023	2024	2023
Movement Expected credit loss:	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
At 1 January	287	213	287	213
Expected credit loss charge in the year	(226)	74	(226)	74
As 31 December	61	287	61	287

An acceptance is an undertaking by the Group or Bank to pay a bill of exchange drawn on a customer. The Group or Bank expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Group or Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by the Group or Bank to support performance by a customer to third parties. The Group or Bank will only be required to meet these obligations in the event of the customer's default.

(d) Loan commitments

Undrawn formal stand-by facilities, credit lines and other commitments to lend	96,000	121,705	70,171	78,703

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The Group or Bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer. The ECL for the undrawn portion has been included as part of ECL of loans and advances.

37. OTHER PROVISIONS

Expected credit loss on off Balance Sheet items	61	917	61	288
Other provisions	79	79	79	79
	140	996	140	367

38. ANALYSIS OF CASHFLOWS AS SHOWN IN THE STATEMENT OF CASH FLOWS

(a) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

2024

	Liabilities			Equity				
GROUP	Term borrowings	Subordinated debts and senior loans	Lease liability	Share capital	Regulatory and other reserves	Retained earnings	Non-controlling interest	Total
Balance as at 1 January 2024	(8,568)	(33,228)	(30,508)	(12,900)	(29,838)	(256,950)	(21,193)	(393,185)
Changes from financing cash flow								
Proceeds from term borrowings	-	-	-	-	-	-	-	-
Proceeds from senior loans and subordinated debts	-	-	-	-	-	-	-	-
Payment of senior loans and subordinated debts - principal	-	10,001	-	-	-	-	-	10,001
Payment of lease liability	-	-	8,891	-	-	-	-	8,891
Total changes from financing cash flow	-	**10,001**	**8,891**	-	-	-	-	**18,892**
Changes in fair value	-	-	-	-	14,197	-		14,197
The effect of changes in foreign exchange rates	-	53	376	-	4,231	-	-	4,660
Other changes	-	-	(13,176)	-	(5,090)	(86,868)		(105,134)
Liability related								
Dividend payable	-	-	-	-	-	-	-	-
Repayment of term borrowings - interest	624	-	-	-	-	-	-	624
Payment of senior loans and subordinated debts - interest	-	2,047	-	-	-	-	-	2,047
Interest payment - lease	-	-	1,997	-	-	-	-	1,997
Interest expense on lease liability	-	-	(1,997)	-	-	-	-	(1,997)
Interest expense on borrowings	(625)	(1,780)	-	-	-	-	-	(2,405)
Total liability-related other changes	(1)	267	-	-	-	-	-	266
Total equity-related other changes					-	-	-	
Balance as at 31 December 2024	(8,569)	(22,907)	(34,417)	(12,900)	(16,500)	(343,818)	(21,193)	(460,304)

38. ANALYSIS OF CASHFLOWS AS SHOWN IN THE STATEMENT OF CASH FLOWS (CONTINUED)

(a) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES (CONTINUED)

2024	Liabilities			Equity			
BANK	Term borrowings	Subordinated debts and senior loans	Lease liability	Share capital	Regulatory and other reserves	Retained earnings	Total
Balance as at 1 January 2024	(8,568)	(33,228)	(22,874)	(12,900)	(6,307)	(222,179)	(306,058)
Changes from financing cash flow							
Proceeds from term borrowings	-	-	-	-	-	-	-
Proceeds from senior loans and subordinated debts	-	-	-	-	-	-	-
Payment of senior loans and subordinated debts - principal	-	10,001	-	-	-	-	10,001
Payment of lease liability	-	-	4,978	-	-	-	4,978
Total changes from financing cash flow	-	10,001	4,978	-	-	-	14,979
Changes in fair value	-	-	-	-	14,197	-	14,197
The effect of changes in foreign exchange rates	-	53	16	-	-	-	69
Other changes	-	-	(6,066)	-	-	(74,080)	(80,146)
Liability related							
Dividend payable	-	-	-	-	-	-	-
Repayment of term borrowings - interest	624	-	-	-	-	-	624
Payment of senior loans and subordinated debts - interest	-	2,003	-	-	-	-	2,003
Interest payment - lease	-	-	1,373	-	-	-	1,373
Interest expense on lease liability	-	-	(1,373)	-	-	-	(1,373)
Interest expense on borrowings	(625)	(1,736)	-	-	-	-	(2,361)
Total liability-related other changes	(1)	267	-	-			266
Total equity-related other changes					-	-	
Balance as at 31 December 2024	(8,569)	(22,907)	(23,946)	(12,900)	7,890	(296,259)	(356,681)

EXIM BANK (TANZANIA) LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

38. ANALYSIS OF CASHFLOWS AS SHOWN IN THE STATEMENT OF CASH FLOWS (CONTINUED)

(a) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES (CONTINUED)

2023

	Liabilities			Equity				
GROUP	Term borrowings	Subordinated debts and senior loans	Lease liability	Share capital	Regulatory and other reserves	Retained earnings	Non-controlling interest	Total
Balance as at 1 January 2023	(8,566)	(55,321)	(24,986)	(12,900)	(35,550)	(196,252)	(19,788)	(353,363)
Changes from financing cash flow								
Proceeds from term borrowings	-	-	-	-	-	-	-	-
Proceeds from senior loans and subordinated debts	-	-	-	-	-	-	-	-
Payment of senior loans and subordinated debts - principal	-	24,348	-	-	-	-	-	24,348
Payment of lease liability	-	-	5,445	-	-	-	-	5,445
Total changes from financing cash flow	-	24,348	5,445	-	-	-	-	29,793
Changes in fair value	-	-	-	-	5,943	-	(29)	5,914
The effect of changes in foreign exchange rates	-	(2,460)	(1,727)	-	-	-	-	(4,187)
Other changes	-	-	(9,404)	-	(231)	(67,698)	(1,376)	(78,709)
Liability related								
Dividend payable	-	-	-	-	-	7,000	-	7,000
Repayment of term borrowings - interest	636	-	-	-	-	-	-	636
Payment of senior loans and subordinated debts - interest	-	3,425	-	-	-	-	-	3,425
Interest payment - lease	-	-	2,098	-	-	-	-	2,098
Interest expense on lease liability	-	-	(1,934)	-	-	-	-	(1,934)
Interest expense on borrowings	(638)	(3,220)	-	-	-	-	-	(3,858)
Total liability-related other changes	(2)	205	164	-				7,367
Total equity-related other changes					-	7,000	-	
Balance as at 31 December 2023	(8,568)	(33,228)	(30,508)	(12,900)	(29,838)	(256,950)	(21,193)	(393,185)

38. ANALYSIS OF CASHFLOWS AS SHOWN IN THE STATEMENT OF CASH FLOWS (CONTINUED)

(a) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES (CONTINUED)

2023	Liabilities			Equity			
BANK	Term borrowings	Subordinated debts and senior loans	Lease liability	Share capital	Regulatory and other reserves	Retained earnings	Total
Balance as at 1 January 2023	(8,566)	(55,321)	(19,018)	(12,900)	(18,654)	(178,943)	(293,402)
Changes from financing cash flow							
Proceeds from term borrowings	-	-	-	-	-	-	-
Proceeds from senior loans and subordinated debts	-	-	-	-	-	-	-
Payment of senior loans and subordinated debts - principal	-	24,348	-	-	-	-	24,348
Payment of lease liability	-	-	2,220	-	-	-	2,220
Total changes from financing cash flow	-	24,348	2,220	-	-	-	26,568
Changes in fair value	-	-	-	-	12,347	(6,433)	5,914
The effect of changes in foreign exchange rates	-	(2,460)	(971)	-	-	-	(3,431)
Other changes	-	-	(5,185)		-	(43,803)	(48,988)
Liability related							
Dividend payable	-	-	-	-	-	7,000	7,000
Repayment of term borrowings - interest	636	-	-	-	-	-	636
Payment of senior loans and subordinated debts - interest	-	3,425	-	-	-	-	3,425
Interest payment - lease	-	-	1,464	-	-	-	1,464
Interest expense on lease liability	-	-	(1,384)	-	-	-	(1,384)
Interest expense on borrowings	(638)	(3,220)	-	-	-	-	(3,858)
Total liability-related other changes	(2)	205	80	-			7,283
Total equity-related other changes					-	7,000	
Balance as at 31 December 2023	(8,568)	(33,228)	(22,874)	(12,900)	(6,307)	(222,179)	(306,056)

38. ANALYSIS OF CASHFLOWS AS SHOWN IN THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) ANALYSIS OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE STATEMENT OF CASH FLOWS

	Group		Bank	
	2024	2023	2024	2023
	TZS 'M'	TZS 'M'	TZS 'M'	TZS 'M'
Cash and balance with central banks	298,001	290,051	151,901	166,967
Less: Statutory Minimum Reserves (SMR)	(117,298)	(101,581)	(73,549)	(64,622)
Subtotal	180,703	188,470	78,352	102,345
Loans and advances to banks	409,312	523,494	220,545	288,155
	590,015	711,964	298,897	390,500

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days to maturity from the date of acquisition. Cash and balances with central banks, Government securities maturing within 90 days from the acquisition date and loans and advances to banks. Cash and cash equivalents exclude the cash reserve requirement held with the Central Banks.

39. RELATED PARTY DISCLOSURES

A number of transactions are entered into with the related parties in the normal course of business. These include loans and deposits transactions. The following table shows the name of the entity and the nature of the relationship;

Entity	Nature of relationship
Exim Bank Comoros S.A	Fully owned subsidiary
Exim Bank Djibouti S.A	Fully owned subsidiary
Exim Bank (Uganda) Limited	Majority shareholder
MAC Group Limited	Common directorship/shareholding
M2 Advertising Agency	Common directorship/shareholding
Nexia SJ Tanzania (Former PKF Tanzania)	Common directorship/shareholding
Corporate and Management Consultants Ltd	Common directorship/shareholding
Strategies Insurance Limited	Common directorship/shareholding
ACE Properties Ltd	Common directorship/shareholding
MAC-UTI Properties Limited	Common directorship/shareholding
Chai Bora Limited	Common directorship/shareholding
Alliance Life Assurance Ltd	Common directorship/shareholding
Alliance Insurance Corporation Ltd	Common directorship/shareholding
J & J Kothari	Common directorship/shareholding
FTN Service	Common directorship/shareholding
Shaffin Jamal	Director
Irene Mlola	Director
Sherazam Mazari	Director
Mwema Advocates	Chairman Board of Directors of the holding company
National Knitwear Industries Ltd	Common directorship/shareholding
Alliance Africa General Insurance Limited	Common directorship/shareholding
Amazal Holdings Limited	Common directorship/shareholding
Mukwano Enterprises Limited	Common directorship/shareholding
Mukwano Foundation Trust	Common directorship/shareholding
Mukwano Industries (U) Limited	Common directorship/shareholding

The related party transactions and outstanding balances at the year-end are as follows:
Loans and advances to customers at year-end include loans to Directors and key management personnel as follows:

	Group 2024	Group 2023	Bank 2024	Bank 2023
At 1 January	5,329	4,436	5,329	4,436
Advanced during the year	977	2,145	977	2,145
Repaid during the year	(2,216)	(1,252)	(2,216)	(1,252)
At 31 December	4,090	5,329	4,090	5,329

39. RELATED PARTY DISCLOSURES (CONTINUED)

	Group		Bank	
Loans to Directors and other key management personnel	2024 TZS 'M'	2023 TZS 'M'	2024 TZS 'M'	2023 TZS 'M'
Interest income earned from related parties	306	383	306	383
Expected credit losses in loans to key management personnel	7	11	7	11

The loans granted by the Group or Bank to Directors and other key management personnel during the year are at market interest rates. The loans advanced to the Directors during the year are secured by mortgage collateral.

Deposits by Directors and other key management personnel				
At 1 January	765	1,147	765	1,147
Received during the year	8,266	7,672	8,266	7,672
Repaid during the year	(8,183)	(8,054)	(8,183)	(8,054)
At 31 December	**848**	**765**	**848**	**765**
Interest expense incurred	7	244	7	244

The above deposits carry variable interest rates and are repayable on demand.

Transactions carried out during the year with other related parties include.

MAC Group Limited	5	9	5	9
M2 Advertising agency	786	346	786	346
Core Securities Limited	222	19	222	19
FTN Service	-	43	-	-
Sherazam Mazari	316	295	316	295
	1,329	712	1,329	669
Group Health Insurance Cover:				
Strategies Insurance Limited	2,349	1,907	2,349	1,907
Group Life Assurance Cover:				
Alliance Life Assurance Ltd	205	420	205	420
Assets All Risks and Motor Vehicles Cover:				
Alliance Insurance Corporation Ltd	1,995	1,520	1,995	1,520
Operating lease rentals:				
ACE Properties Limited	459	445	459	445
MAC-UTI Properties Limited	2,210	1,959	2,210	1,959
National Knitwear Industries Ltd	84	81	84	81
Mukwano Enterprises Limited	-	-	-	-
	2,753	2,485	2,753	2,485
Loans and advances to customers				
Corporate and Management Consultants Ltd	164	237	164	237
Alliance Insurance Corporation Ltd	913	1,548	913	1,548
Strategies Insurance Limited	10,293	5,344	10,293	5,344
Union Trust investment limited	-	-	-	-
Shaffin Jamal	-	-	-	-
Irene Mlola	148	152	148	152
AllianceAfrica General	-	-	-	-
J & J Kothari	-	-	-	-
Core Securities Limited	-	1,017	-	1,017
	11,518	8,298	11,518	8,298

39. RELATED PARTY DISCLOSURES (CONTINUED)

	Group		Bank	
	2024 TZS 'M'	2023 TZS 'M'	2024 TZS 'M'	2023 TZS 'M'
Interest income on loans and advances to related	20	4,384	20	4,229
Expected credit losses on loans and advances to related parties	24	157	24	154

The loans and advances due to related parties are on normal commercial terms. The expected credit losses on these loans was as shown.

Deposits due to customers

	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Alliance Insurance Corporation Ltd	6,959	7,463	6,959	7,463
Irene Mlola	250	-	250	-
Nexia SJ Tanzania (formerly PKF Tanzania)	-	88	-	88
Chai Bora Ltd	-	29	-	29
Strategies Insurance Limited	3,445	2,182	3,445	2,182
	-	-	-	-
	-	-	-	-
J&J Kothari	-	1,956	-	-
AMAZAL HOLDINGS LIMITED	-	-	-	-
Mukwano Industries (U) Limited	-	-	-	-
	10,654	**11,718**	**10,654**	**9,762**
Interest expense on deposits due customers	119	356	119	297

	Bank	
Loans and advances to subsidiaries	2024 TZS 'M'	2023 TZS 'M'
Core Securities Limited	-	700
Interest earned on loans and advances to subsidiaries	-	27
Expected credit loss on loans and advances to subsidiaries	-	(66)
Off-balance sheet facility to Uganda Subsidiary.	-	-
Off-balance sheet facility to Exim Bank Djibouti S.A.	-	14,902
Deposits due to subsidiaries		
Exim Bank Djibouti S.A	170,168	228,670
Exim Bank (Uganda) Limited	-	-
	170,168	**228,670**
Interest expense on deposits due to subsidiaries	11,198	4,281

Key management compensation

Key management personnel are described as those persons having authority and responsibility for Planning, directing and controlling the activities of the Group, directly or indirectly.

The remuneration of key management personnel during the year was as follows:

	Group 2024 TZS 'M'	Group 2023 TZS 'M'	Bank 2024 TZS 'M'	Bank 2023 TZS 'M'
Short term employment benefits	15,643	17,256	15,643	13,705
Post-employment benefits	1,484	1,784	1,484	1,297
	17,127	**19,040**	**17,127**	**15,002**

39. RELATED PARTY DISCLOSURES (CONTINUED)

Directors' remuneration

Fees and other emoluments paid to directors by the Bank during the year amounted to TZS 630 million (2023: TZS 497 million).

Details of payments by the Bank to individual Directors will be tabled at the annual general meeting.

	Bank	
	2024	2023
	TZS 'M'	TZS 'M'
Name of Director		
Mr. Yogesh Manek	51	10
Mr. Shaffin Jamal	34	10
Mr. Hanif Jaffer	38	10
Ambassador Juma Mwapachu	-	33
Mr. Thomas Wescott	-	80
Mr. Kalpesh Mehta	51	32
Mr. Sherazam Mazari	316	269
Ms Irene Mlola	48	32
Ms. Brenda Lulu Msangi	36	7
Mr. Said Ally Mwema	56	14
Total Directors' fees	**630**	**497**

Management fees

The Bank recharges the following subsidiaries for the cost incurred in providing oversight.

Exim Bank Comores S.A S.A	187	106
Exim Bank Djibouti S.A.	243	331
	430	**437**

40. NON-CONTROLLING INTEREST

Exim Bank Uganda Limited and Core Securities Limited

At 1 January	21,193	19,788
Changes in interest in subsidiary	18,436	-
Share of profit/(losses) for the year	1,566	1,405
At 31 December	**41,195**	**21,193**

During the year 2024 Exim Uganda issued additional 75,819 shares with nominal value of UGS 1,000,000 per share whereby NCI acquired a total of 27,503 shares.
In early October 2024, the group disposed its interest in Core Securities Limited at a total value of TZS 1 million which also resulted in the group relinquishing its control to the other shareholder. This in turn has led to derecognition of the investment in the subsidiary and the non-controlling interest thereof.

41. CHANGE OF PRESENTATION

The bank has changed its accounting policy in determination of cash and cash equivalents following regulatory update in respect of minimum amount that needs to be maintained as reserve on rolling basis.
In accordance with Bank of Tanzania Circular No. 1 (29 May 2019), mandating at least 80% daily statutory minimum reserve (SMR) maintenance with at least 100% average of the SMR over the maintenance period of 14 days, we now include the 20% daily accessible SMR in our cash and cash equivalents. The bank adopted this approach for the financial statements as at 31 December 2024. The change in accounting policy has impacted the opening balance for cash and Cash equivalent as follows.

41. CHANGE OF PRESENTATION (CONTINUED)

Impact of changes in accounting policy (Amount of reserve to be held in central bank current account on rolling basis)

	2024 TZS 'M'	2023 TZS 'M'
SMR balance	(91,936)	(80,778)
20% of SMR balance	(18,387)	(16,156)
% of minimum amount to be held on rolling basis (80%)	(73,549)	(64,622)

i) Impact of the change in accounting policy on the statement of cash flows.

Group 2023	As previously reported	Restatement adjustment	As restated
	Amount in TZS 'M'		
Changes in SMR with Bank of Tanzania	(22,252)	2,883	(19,369)
Cash and Cash equivalents at the beginning of the year	399,423	13,273	412,696
Cash and Cash equivalents at the end of the year	679,652	(16,156)	663,496

Bank 2023	As previously reported	Restatement adjustment	As restated
	Amount in TZS 'M'		
Changes in SMR with Bank of Tanzania	(14,413)	2,883	(11,530)
Cash and Cash equivalents at the beginning of the year	179,621	13,273	192,894
Cash and Cash equivalents at the end of the year	358,188	(16,156)	342,032

42. ACQUISITION OF ASSETS AND LIABILITIES

On December 2024 the Bank acquired selected assets and liabilities of Canara Bank (Tanzania) Limited in a special Assets Purchase Agreement (APA) with a Net Assets on Acquisition of TZS 35.64 billion. The acquisition resulted to an acquisition gain of TZS 3.56 billion which was fully realized in 2024 as per IFRS 3 Business Combinations. The acquisition gain was a result of bargain purchase that led to a book value being lower of the proportion of the fair value of the business obtained.

The identifiable assets and liabilities acquired at the date of acquisition are cash and bank balances, investments in government securities, loans and advances and deposits.

Consideration transferred.

The bank agreed to pay TZS 32.08 billion cash consideration to acquire the selected identifiable assets and liabilities.

Acquisition related costs.

Acquisition related costs of TZS 502 million relating to professional fees, advisory services of both accounting and taxes, due diligences and data migration were included in administrative expenses.

42. ACQUISITION OF ASSETS AND LIABILITIES (CONTINUED)

Identifiable assets acquired and liabilities assumed.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition:

	2024
Assets	TZS 'M'
Cash and bank balances	20,078
Investment in Government Securities	22,713
Property and equipment	6
Loans and Advances	33,087
Total identifiable assets	75,884
Liabilities	
Deposits Obligations	(40,240)
Total identifiable liabilities	(40,240)
Total identifiable net assets acquired	35,644

Loans and advances comprise of gross contractual amount due of TZS 33,614 million all of which there were performing facilities as at the date of acquisition.

The valuation technique used for measuring the fair value of assets acquired was the market comparison technique. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The acquired assets and liabilities contributed to a gross interest income of TZS 110 million and net interest income of TZS 110 million to the bank from 21 December to 31 December 2024.

43 EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Group and Bank and results of their operations at the date of signing of the financial statements.