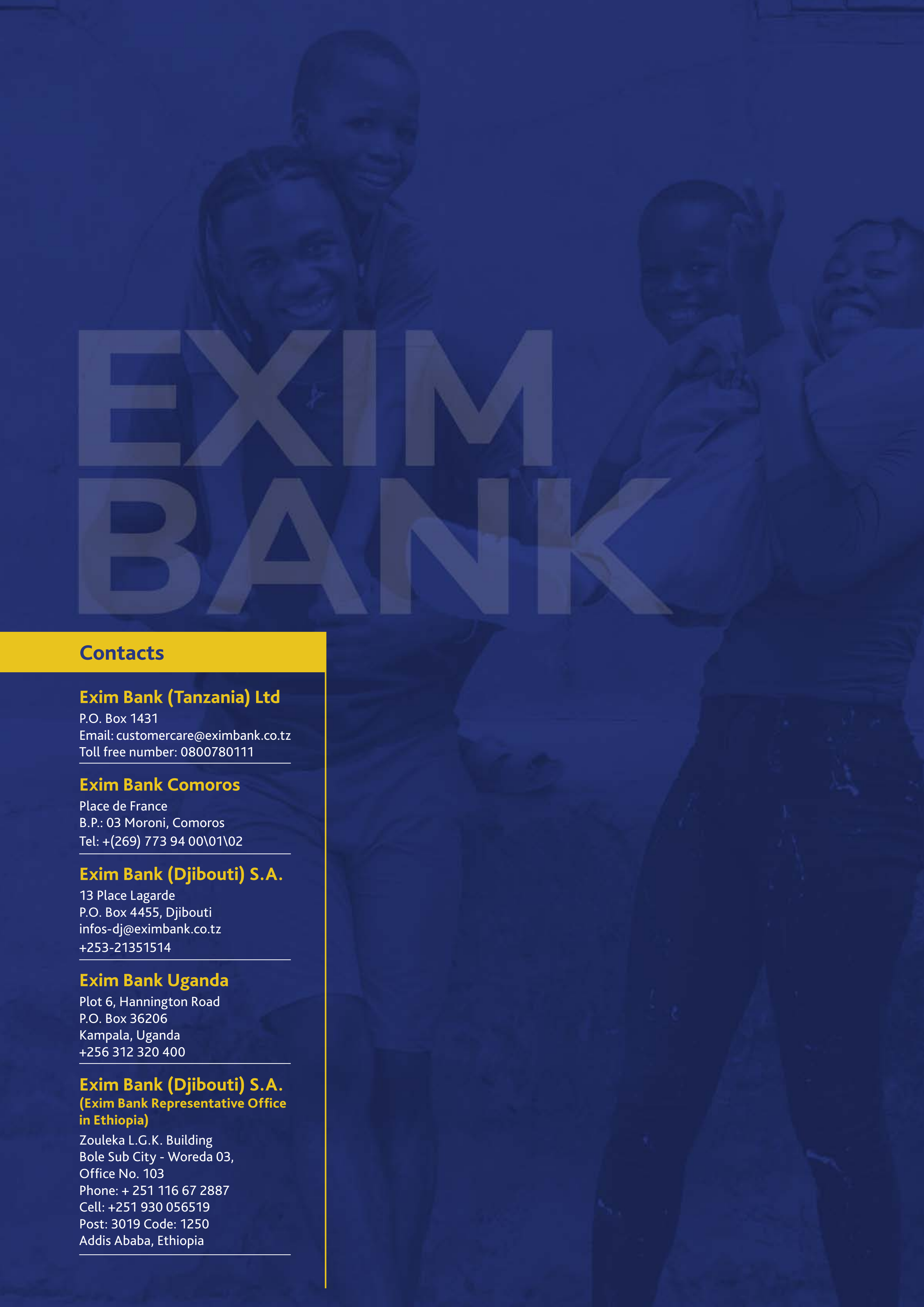
EXIM BANK

Towards a Sustainable Growth

INTEGRATED REPORT 2023



Contacts

Exim Bank (Tanzania) Ltd
P.O. Box 1431
Email: customercare@eximbank.co.tz
Toll free number: 0800780111

Exim Bank Comoros
Place de France
B.P.: 03 Moroni, Comoros
Tel: +(269) 773 94 00\01\02

Exim Bank (Djibouti) S.A.
13 Place Lagarde
P.O. Box 4455, Djibouti
infos-dj@eximbank.co.tz
+253-21351514

Exim Bank Uganda
Plot 6, Hannington Road
P.O. Box 36206
Kampala, Uganda
+256 312 320 400

Exim Bank (Djibouti) S.A.
(Exim Bank Representative Office in Ethiopia)
Zouleka L.G.K. Building
Bole Sub City - Woreda 03,
Office No. 103
Phone: + 251 116 67 2887
Cell: +251 930 056519
Post: 3019 Code: 1250
Addis Ababa, Ethiopia

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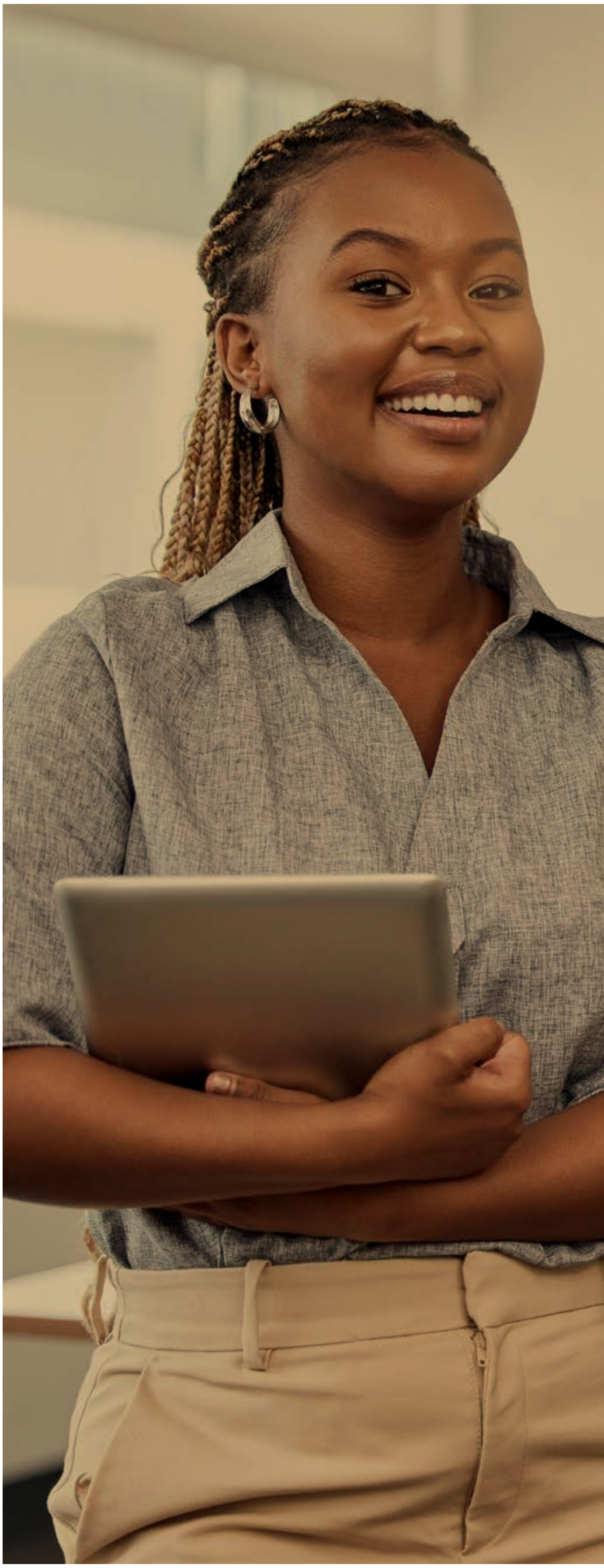
About this Report



Reporting Scope and Boundary

The Exim Bank Group Annual Report and Financial Statements have been prepared for the period beginning on 1 January 2023, to 31 December 2023, being the accounting period for the Group's operations. This report includes non-financial performance, our approach to risk management, an overview of our material risks and a summary of our governance and remuneration practices. It covers the Group's business activities during the financial year and provides perspectives on the Group's prospects. Exim Bank Group comprises four subsidiaries together with other non-financial enterprises.

Reporting Framework

Exim Bank Group aspires to be a market leader in the way we conduct our business. This includes the way we account for our investments to our shareholders. We endeavour to be progressive, learning from other success cases. In preparing this report, we have adhered to the industry best practices and accounting frameworks for existing and prospective investors.

Our report is aligned with the parameters of the laws and guidelines governing limited liability companies, the Bank of Tanzania's (BoT) prudential guidelines, and the National Board of Accountants and Auditors (NBAA). We have also adopted some Integrated Reporting (IR) approaches to create a foundation for the full adoption of integrated reporting in the coming years.

Materiality

Exim Bank recognizes that we live in an uncertain and constantly changing world. This requires that we endeavour to be conscious of our social and economic environment. As a Group, we believe that having a formal process to identify our material issues helps us report on those that matter most to our business and stakeholders.

Directors Responsibility

The Board of Directors of Exim Bank acknowledges its responsibility for ensuring the integrity of this report. The Board has considered the operating context, strategy and value creation model and this report, in the Board's opinion, addresses all the issues that are material to, or could have a material effect on, the Group's ability to create value. From a governance point of view, the report is a fair assessment and accurate representation of the Group's performance in 2023.

"Towards a Sustainable Growth"

Abbreviations & Acronyms

ATI	Africa Trade Insurance
BARMC	Board Audit and Risk Management Committee
BCC	Board Credit Committee
BM	Branch Manager
BOT	Bank of Tanzania
CIB	Corporate & Institutional Banking
CMS	Cash Management Service
CRM	Conflict Resolution Mechanism
EAC	East African Community
EIB	European Investment Bank
EWS	Early Warning Systems
EXCOM	Executive Committee
FDI	Foreign Direct Investments
FY	Financial Year
GDP	Gross Domestic Product
HR	Human Resources
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IFRS IC	IFRS Interpretations Committee
IPF	Insurance Premium Financing
ISO	International Organization for Standardization
KYC	Know Your Customer
LDR	Loan to Deposit Ratio
MNO	Mobile Network Operator
CFT	Counter Financing Terrorism
CVP	Customer Value Proposition
FTP	Fund Transfer Pricing
NII	Net Interest Income
AML	Ant-Money Laundering
FCY	Foreign Currency
MTS	Medium-term Strategy
NBAA	National Board of Accountants and Auditors
NGO	Non-Governmental Organisation
NORFUND	Norwegian Investment Fund
NPA	Non-Performing Asset
NPL	Non-Performing Loan
PASS	Private Agricultural Sector Support Trust
PAT	Profit After Tax
PBT	Profit Before Tax
PLWD	Persons Living With Disability
RAROC	Risk-Adjusted Return on Capital
REPO	Repurchase Agreement
RM	Relationship Manager
ROA	Return on Assets
ROE	Return on Equity
SAM	Special Asset Management
SDG	Sustainable Development Goal
SLA	Service Level Agreement
SME	Small and Medium Enterprise
TADB	Tanzania Agriculture Development Bank
TANAPA	Tanzania National Parks Authority
TAT	Turnaround Time
TIPS	Tanzania Instant Payment System
TRA	Tanzania Revenue Authority
TZS	Tanzania Shilling
LCY	Local Currency
YoY	Year on Year

Reflections from our Leaders

Reflections from the Group Board Chairman

> *Our Group has demonstrated resilience and achieved a profit after tax of TZS 60.5 billion, representing a 37% rise from TZS 44.1 billion reported in 2022.*

Mr. Said Mwema
Group Board Chairman

Dear Shareholders,

I am pleased to present the Annual Report and Financial Statements for the year ended 31 December 2023.

The world continues to witness increased uncertainties caused by geopolitical events, natural disasters, climate effects and inflationary pressures. Such uncertainty brings numerous issues and risks for companies, including shifts in consumer demand, disrupted supply chains, staff shortages and increased market volatility. Despite all these challenges, I am delighted to report that the Group delivered solid performance results and emerged as one of the top performers in the Tanzanian market.

Strong Performance – solid and steady

Our Group has demonstrated resilience and achieved a profit after tax of TZS 60.5 billion, representing a 37% rise from TZS 44.1 billion reported in 2022. Despite a 31% increase in the tax charge, Exim Bank Group's profit after tax surged by an impressive TZS 16.4 billion. This performance demonstrated the Group's commitment to providing consistently excellent service to our clients and delivering good profit for our shareholders.

Additionally, I am pleased to announce that the Group has successfully grown its balance sheet by 25%, reaching TZS 2.9 trillion in 2023, up from TZS 2.4 trillion in 2022. This growth reflects our commitment to expanding our operations and serving the needs of our customers effectively.

To achieve the balance sheet growth and profitability stated above, Exim had to take certain actions to ensure its sustainable performance over the coming years including additional manpower and systems upgrade (CBS-The core banking system and switch-Cards management system).

Another significant accomplishment is the decrease in the non-performing loan ratio, which has decreased from 7.79% reported in 2022 to 4.24% in 2023. These figures highlight our dedication to strengthening our financial position and ensuring the long-term sustainability of our operations.

The resilience of our systems and processes

Our Group has a series of internal policies, guidelines and controls to ensure good governance and a strong compliance culture exists. The Board constantly aim to foster an organisational culture of doing the right business the right way.

The Board also constantly engaged management about the Group's risk exposures and the resilience of our systems and processes. The pace at which digital technology is changing in the banking sector increases the risk of cybercrime and it is therefore important to continuously enhance our IT systems to ensure the safety of clients' information. The Board obtains regular briefings on the performance of our systems to detect and mitigate threats to our IT systems.

Key Decisions During the Year

Throughout the year 2023, the Board diligently carried out its responsibilities, holding a total of 23 meetings, including both Board committee meetings and main Board sessions. I am pleased to note that all committees focused on their primary activities, and there were no extraordinary meetings, except for one involving the Board's Executive Committee. During these meetings, several key decisions were made that significantly impacted our operations, including the following: approval of the 2024 budget, review of implementation cost-to-income ratio reduction plan and approval of policies, mandates and directives.

In line with best corporate governance practices, the Board also reviewed, approved, and provided guidance on the creation of crucial policies, mandates, and directives. These measures are essential to align our operations with industry best practices and to ensure the smooth functioning of the Bank and Group.

Future Outlook

Looking ahead, we are optimistic about the future of Exim Bank Group. We have outlined strategic plans to enhance profitability by leveraging our investments in customer-facing technology, improving customer experience, and introducing innovative products. Our focus on technology will not only enhance our operational efficiency but also improve productivity across the organisation.

Appreciation

I would like to express my gratitude to our valued shareholders, esteemed customers, dedicated employees, and supportive stakeholders for their unwavering trust, commitment, and contribution to the success of Exim Bank Group. Together, we have overcome challenges, achieved impressive financial results, and laid a strong foundation for future growth.

Reflections from the Group CEO

> *Exim Bank has delivered outstanding performance in the face of numerous challenges. In 2023, the Group recorded a profit after tax of TZS 60.5 billion, a significant increase from the previous year's profit of TZS 44.1 billion.*

Mr. Jaffari Matundu
Group Chief Executive Officer

Dear Stakeholders, Employees, and our Valued Customers,

2023 was very much a year of uncertainty. The world experienced various challenges posed by the global supply chain disruption, inflationary pressures, geopolitical tensions, and shifting spending patterns - these factors obviously translated into uncertainty for our clients and our business. Despite all these challenges, I am proud to report that Exim Bank has achieved remarkable results and maintained a strong position in the Tanzanian banking industry.

Operating Environment Review

Tanzania's economic performance in the year 2023 remained relatively stable despite the strong headwinds created by the war in Ukraine causing impact in terms of supply chain disruptions, high commodity prices, and rising inflation.

Our country recorded a GDP growth of 5.2% in 2023 compared with 4.7% in 2022. This growth was highly contributed by agricultural activities, transportation and storage, and financial and insurance services. The main activities that contributed to the high pace of GDP growth were financial and insurance, electricity, transport and storage. GDP is projected to grow from 5.2% recorded in 2023 to 6.1% from 2024 to 2026, reflecting the recovery of economic activities from the adverse effects of the COVID-19 pandemic. Headline inflation stood at 3% as of December 2023, a modest decline from 3.2% recorded in 2022. This is in line with the country's medium-term target, as well as the regional benchmarks of the East African Community and the Southern African Development Community.

We also saw a growth in the money supply during the year where extended money supply grew by 14.1% compared with 11.6% recorded in 2022. This was driven by sustained robust growth of credit to the private sector. Credit extended to the private sector sustained double-digit growth, growing at 19.5%. The strong growth is attributed to the improved business environment in tandem with supportive monetary and fiscal policies, and ongoing structural reforms.

Banks' lending rates sustained a downward path, partly explained by the decrease in credit risk in the banking sector. The overall lending rates decreased to 15.34% towards the end of 2023 from 16.06% in the corresponding period in 2022.

Interest rates charged by banks on loans and those offered on deposits are projected to remain generally unchanged in the year 2023 from the levels recorded in the year 2022 whereby the overall lending rates averaged 15.61% in 2023.

The overall deposit rates were above the rates of a similar period in 2022, which averaged 6.94%. The Bank of Tanzania has continued to implement monetary policies aimed at striking a balance between controlling inflation and supporting growth in response to increased inflationary pressures.

2023 Performance Review

Exim Bank has delivered outstanding performance in the face of numerous challenges. In 2023, the Group recorded a profit after tax of TZS 60.5 billion, a significant increase from the previous year's profit of TZS 44.1 billion. Additionally, the Group grew its balance sheet by 25% from TZS 2.4 trillion in 2022 to TZS 2.9 trillion in 2023. Exim Bank Tanzania's balance sheet grew by 26%, reaching TZS 2 trillion in 2023, from TZS 1.6 trillion in 2022. This increase in total assets demonstrates our commitment to sustainable growth and financial stability.

Regardless of the increased competition in the financial sector the above performance puts the bank among the top 5 leading banks in Tanzania in terms of profitability, and at the fourth position in terms of total assets size with a 6% market share.

Our achievements are the result of more than years of dedication, highly qualified employees, well-defined strategies and, particularly, an ethical and transparent culture. Our team consistently puts a great deal of time and effort into ensuring that our group is centred on meeting the financial services needs of our customers with consistent excellence while taking full account of our regulatory obligations and our duty to be a good corporate citizen.

Future Outlook and Strategy

Given the optimistic predictions for both the domestic and global economic environment, we are confident that there will be many excellent opportunities for our Bank. Our brand continues to be one of the strongest in our market, underpinned by the commitment and dedication of our people, the collaborative culture within our group, the sustainability focus and the dynamism of our management, and our focus on digital transformation gives us the strength and capability to identify and exploit the business opportunities in the emerging landscape.

We will continue to closely monitor global trends and take necessary precautionary measures to ensure the stability of our Group's business.

It is essential to recognise that the banking industry is undergoing a fundamental shift. We are witnessing new competition from FinTech and nonbank start-ups, which are driving a cultural shift, continuous changes in regulations and compliance, and the adoption of disruptive technologies. These factors are reshaping the competitive landscape in financial services, compelling traditional institutions like Exim Bank to rethink the way we do business.

Appreciation

Finally, I am deeply grateful to the group's executives and employees for the pleasing outcomes achieved for 2023. Even more importantly, their hard work and dedication enable us to look forward with the confidence to meet our financial and strategic objectives, to reach our longer-term goals and growth ambition.

Reflections from
Group Chief Financial Officer

Moving forward, our focus is to achieve further growth in profit after tax through strategic expansion of our asset book and mobilisation of low-cost funds.

Mr. Shani Kinswaga
Group Chief Financial Officer (CFO)

Dear Stakeholders,

It gives me immense pleasure to present to you an overview of Exim Bank's financial performance, key initiatives, liquidity position, and our outlook for the future.

We reported another record performance in 2023 despite the ongoing economic challenges caused by a shortage of foreign currency reserves, disruptions in the supply chain due to Russia-Ukraine tensions, and shifts in spending patterns, Exim Bank Group has delivered impressive results, demonstrating our resilience and commitment to growth. We maintained a well-capitalised and liquid balance sheet with all the capital and liquidity ratios finished the year at higher levels compared to the previous year.

Profitability

Our net profit rose by 37% to TZS 60.5 billion and our net interest income climbed by 14% to TZS 19 billion from broad-based growth. Return on equity increased from 18.82% in the previous year to a new high of 20.65%.

Furthermore, the Group successfully grew its balance sheet by 25%, reaching TZS 2.9 trillion in 2023, from TZS 2.4 trillion reported in 2022. These achievements can be attributed to the organic growth in our customer asset book and other earning assets.

Key Performance Indicators

Performance indicator	Definition and calculation method	Group	
		2023	2022
Return on equity	Net profit/Average total equity for the past two years	20.65%	18.82%
Return on assets	Profit Before Tax/Average total assets for the past two years	3.40%	3.02%
Cost-to-income ratio	(Operating expenses excluding Provisions)/(Net interest income + non-interest income)	60.84%	57.69%
Gross loans to total deposits	Total gross loans/Total deposits	65.18%	69.63%

Key Performance Indicators

Performance indicator	Definition and calculation method	Group	
		2023	2022
Non-performing loans to gross loans	Gross Non-performing Loans/Total Gross Loans	4.24%	7.79%
Earning assets to total assets	Total Earning assets/Total assets	86.12%	75.92%
Growth in total assets	Trend (Current year total assets-previous year total assets)/Previous year total assets	25.30%	14.10%
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	21.61%	12.06%
Growth in customer deposits	Trend (Current year customer deposits -previous year customer deposits)/Previous year customer deposits	31.69%	8.18%
Growth in total shareholders' funds	Trend (Current year total shareholders' funds -previous year total shareholders' funds)/Previous year total shareholders' funds	21.32%	29.64%

Capacity adequacy

Performance indicator	Definition and calculation method	Group	
		2023	2022
Tier I Capital	Core Capital/risk-weighted average assets including off-balance sheet items	15.07%	12.88%
Tier I + Tier II Capital	Total Capital/Risk weighted average assets including off-balance sheet items	16.84%	14.36%

Key Initiatives

The year's results were notable not only for being a record. They also underscored the resilience of an entrenched, broad-based franchise able to navigate market volatility and capture opportunities as they arose. We continue to implement various initiatives to drive our growth and operational excellence. We re-engineered our operating model and aligned branch operations to meet service demands, increase productivity, and enhance controls. We maintained our focus on innovation and transformation culture programs to align our workforce and achieve targeted milestones.

Learning, development, and capacity building remained a priority, both socially and professionally. We also prioritised the promotion of innovative, convenient, and effective service delivery channels. Furthermore, we made material improvements to our infrastructure and working tools to simplify processes, enhance service level agreements (SLAs), and improve turnaround times (TATs).

Maintaining Liquidity

Exim Bank's main sources of liquidity are deposits, shareholders' funds, and borrowings. We have consistently maintained liquidity ratios well above regulatory requirements, and we have implemented deliberate strategies to optimise our balance sheet and achieve a balanced maturity profile between assets and liabilities.

The gross loans to deposit ratio remain healthy at 65.18% as of the end of 2023 compared to 69.63% as of the close of 2022. Furthermore, our deposit book grew by 27% to TZS 2.5 trillion.

The Group also closed the year 2023 with strong capital ratios that were well above the regulatory minimum required ratio. Tier 1 and Tier 2 ratios were 15.07% and 16.84% respectively compared to the required ratios of 12.5% and 14.5% for Tier 1 and Tier 2 capitals respectively.

Looking Ahead

Moving forward, our focus is to achieve further growth in profit after tax through strategic expansion of our asset book and mobilisation of low-cost funds. We will continue to optimise operating costs through process re-engineering and operational enhancements across the Group. Our objective is to strengthen revenue growth while maintaining a prudent approach to risk management.

Appreciation

I would like to express my gratitude to our dedicated employees, esteemed shareholders, and valued customers for their unwavering support. As we look forward to a stronger 2024, Exim Bank remains committed to delivering on our purpose. We remain confident in our ability to navigate the evolving landscape and drive sustainable growth for the benefit of all stakeholders.

Reflections from the Djibouti Board Chairman

Our total assets have surged by 37%, reaching TZS 729.7 billion, a clear indication of our robust growth path.

Mr. Yogesh Manek
Board Chairman - Exim Bank (Djibouti) S.A

Dear esteemed stakeholders,

As Chairman of the Board of Exim Bank (Djibouti) S.A, I am pleased to present our annual report for the financial year ended 31 December 2023. This year has been a testament to our resilience and strategic foresight, as we navigated through an improved economic environment whereby the economy rebounded impressively with GDP growth of 6.7%. Inflation decelerated to 3.8% by December 2023 from 11% in July 2022 attributable mainly to global food price slowdowns and government measures.

Financial performance

Our financial performance this year has been exemplary. We recorded a Profit After Tax of TZS 14 billion, representing a 56% increase from the previous year. Our total assets have surged by 37%, reaching TZS 729.7 billion, a clear indication of our robust growth path. This success is a testament to the collective efforts of our dedicated employees, the unwavering trust of our loyal customers, and our sound strategic vision.

Operational achievements

The year has been marked by several key operational achievements such as:

Technological advancements: we have significantly upgraded our Information Technology infrastructure, enhancing the security and reliability of our digital banking services.

Customer service excellence: our commitment to superior customer service has seen the launch of several innovative products tailored to meet the diverse needs of our clients.

Risk management: our rigorous risk management framework has ensured the stability and quality of our loan portfolio, maintaining a non-performing loan ratio of just 0.14%.

Future outlook

As we look to the future, we are committed to sustaining our growth momentum and delivering exceptional value to our stakeholders. Our strategic priorities include:

Continued innovation: investing in cutting edge technology to enhance our service delivery and operational efficiency.

Expanding customer offerings: developing new products and services to cater to the evolving needs of our customers.

Business opportunities in Ethiopia: we also have kept a keen eye on Ethiopia and keep exploring to leverage on business opportunities emanating from Djibouti strategic relationship with Ethiopia.

Gratitude and acknowledgement

On behalf of the Board of Directors, I would like to express my sincere gratitude to our stakeholders. We are committed to delivering exceptional value to our shareholders, providing innovative financial solutions to our customers, and creating a rewarding work environment for our employees.

Reflections from the Uganda Board Chairperson

Together, we have made significant progress in laying the groundwork for a stronger and more resilient future.

Mrs. Sarah N. Bagalaaliwo
Exim Bank Uganda – Board Chairperson

Dear stakeholders,

It is my honor to present to you the annual results of Exim Bank Uganda for the financial year ended 31 December 2023. This year has been one of mixed outcomes, reflecting both the challenges we faced and the progress we have made in strengthening our foundation for future growth.

Financial performance

The Bank recorded Profit After Tax for the year ended 31 December 2023 of TZS 3 billion, representing a 6% decline compared to the previous year. Despite this decrease, our balance sheet has grown significantly, with total assets increasing by 48% to TZS 350 billion (31 December 2022: TZS 237 billion). This growth underscores our commitment to building a more robust and resilient financial position.

Operational highlights

Despite the decline in profits, we have achieved several key milestones throughout the year which include:

Digital transformation: we ensured continuation of investment in our digital infrastructure to enhance customer experience and operational efficiency.

Risk management: we continued to maintain a strong capital position and a healthy loan portfolio with a non-performing loan ratio of 8.9%, reflecting our prudent risk management practices. We are continuing to implement rigorous measures to improve our loan quality and reduce our NPL ratio.

Future outlook

Looking ahead, we remain optimistic about our prospects. Our strategic priorities for the coming year include:

Strengthening our core business: enhancing our core banking operations to improve profitability and operational efficiency.

Digital transformation: further investing in digital technologies to provide superior customer experiences and operational agility.

Sustainable growth: continuing to build a resilient and diversified portfolio to navigate economic uncertainties and drive sustainable growth.

Acknowledgements

I would like to express my heartfelt gratitude to our dedicated employees for their hard work and commitment, and our valued customers and shareholders for their unwavering trust and support.

Together, we have made significant progress in laying the groundwork for a stronger and more resilient future. I am confident that with our collective efforts, we will achieve greater success in the years to come.

Reflections from the Comoros Board Chairman

Our mission is to provide competitive and innovative financial solutions to all our valued customers through digital transformation.

Mr. Yogesh Manek
Board Chairman – Exim Bank Comoros

Dear valued stakeholders,

It is with great pleasure that I present to you the annual results of Exim Bank Comoros for the financial year ended 31 December 2023. This year has been one of substantial growth, innovation and resilience for our bank, despite the challenges faced in the global and local financial landscapes.

Financial performance

Our financial results for the year have been strong, reflecting our commitment to delivering value to our stakeholders. We have achieved a 34% increase in Profit After Tax, reaching TZS 9.5 billion (31 December 2022: TZS 7.1 billion). Our total assets have grown by 32%, now standing at TZS 239.7 billion (31 December 2022: TZS 182.2 billion). This robust performance is underpinned by disciplined cost management, strategic investments and a diversified portfolio.

Operational highlights

The Bank completed sixteen years of its operations in the year 2023 and since inception the bank has been playing a key role in developing the Banking & Financial sector in Comoro and made significant contributions to the overall economic growth of the country. We continue to maintain the dominant position both in Deposits and Advances in the banking industry with 19% and 21% market share respectively. Our mission is to provide competitive and innovative financial solutions to all our valued customers through digital transformation to achieve distinctive customer experience, while delivering a sustainable contribution to society. During the year, the Bank achieved some key milestones which are expected to bring some positive contribution to the overall business growth in future, these include (i) Surpassing TZS 5.6 billion salary loan (ii) Crossing TZS 28.2 billion in Gold Loan Outstanding (iii) Secured "Banker of the year" award by Financial Times for the third year.

We continued to strengthen our Balance sheet and grow our operating profit year on year through customer centric approach by focusing more on key business drivers including Remittances, Money transfer services, gold loans and Public Sector Undertakings (PSU) / Small and Medium Enterprises (SME) lending. The overall performance was commendable during the year with 34% increase in Profit After Tax. We continued to deepen our relationship with the Government & public sector undertakings and supported them in terms of meeting all their financial requirements. We also maintained a strong capital position during the year and our capital adequacy ratio is well above the minimum requirement prescribed by Central Bank of Comoros and Bank of Tanzania. We remain committed to building a sustainable and responsible banking business to create holistic value for all our stakeholders.

Future outlook

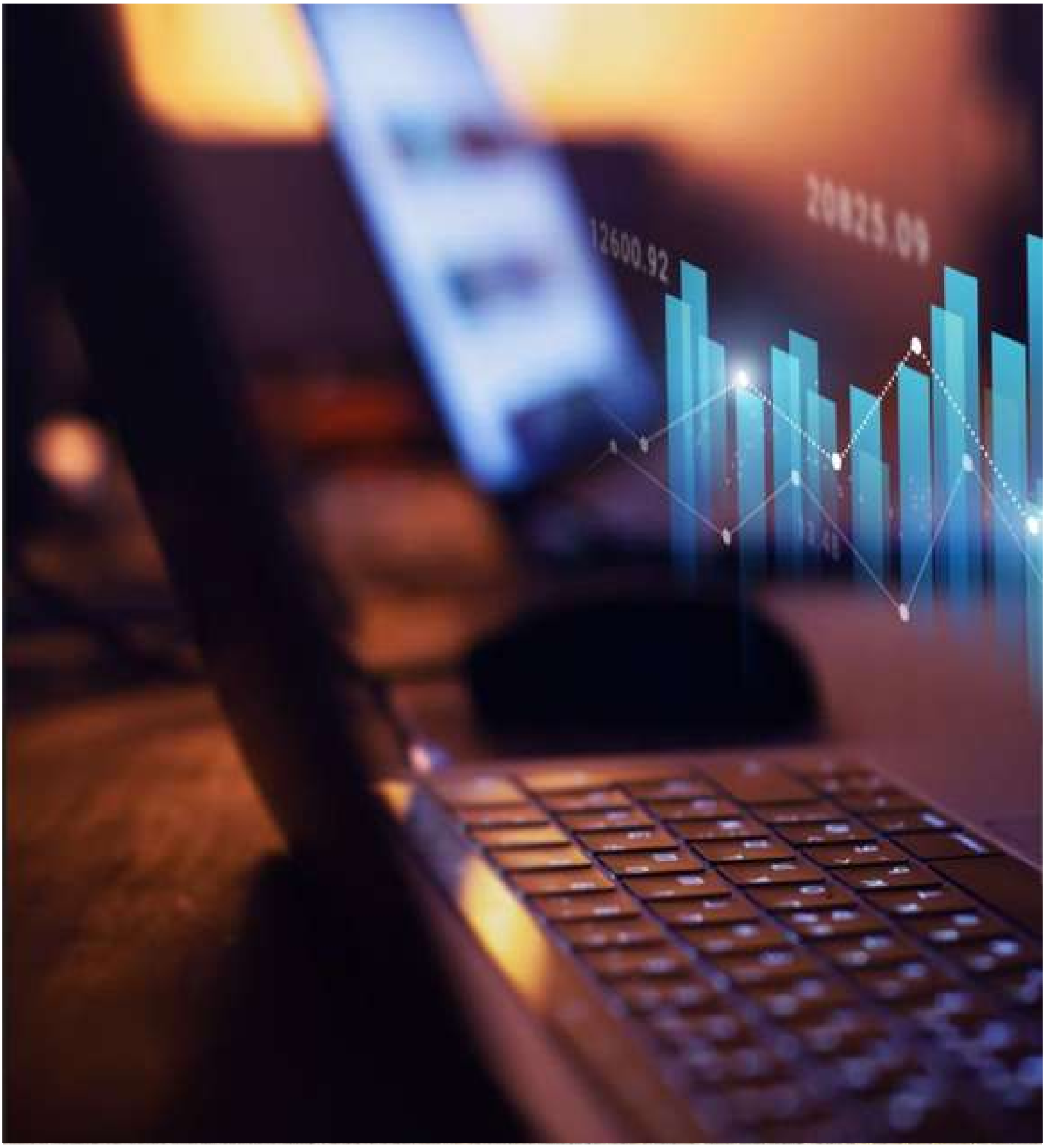
The Bank continues to maintain a strong positioning among the Financial Institutions in the country, handling the overall Government Business including various public sector undertakings. The Bank has transitioned the Government Business approach from being deposit-centric to more solution-centric, delivering and deploying holistic customer-specific solutions for payments, collections, and Liquidity management through both short term and long-term lending facilities.

During next year, the Bank's major focus area would be to take full advantage of upgradation of core banking system and streamline the card operations in close coordination with the new switch provider (BPC) besides implementation of other Information Technology related projects. The Bank also plans to undertake some new strategic initiatives like (i) Introducing Collateral management product (ii) Implementing Agency Banking model through Money Transfer sub agency network.

Acknowledgements

I would like to express my sincere gratitude to our dedicated employees for their continuous commitment and hard work. Most importantly, I extend my heartfelt thanks to our valued customers and shareholders for their continued trust and support.

Together, we have achieved remarkable milestones this year and I am confident that we will continue to build on this solid foundation for many more successful years to come.



Reflections from the Head of Strategic Investments and Subsidiaries Management

> *Our subsidiaries continued the impetus with high growth and returns and contributed positively to our overall income, demonstrating the Group's resilience.*

Mr. Sumit Shekhar
Head of Strategic Investments and Subsidiaries Management

High Stable Return in Markets We Are Serving

Our subsidiaries continued the impetus with high growth and returns and contributed positively to our overall income, demonstrating the Group's resilience, thanks to our dynamic & diversified business model.

Djibouti

In 2023, Djibouti's economy rebounded impressively with GDP growth of +6.7 per cent. This resurgence was fuelled by a significant increase in port activity, particularly in container traffic, which increased by 41 per cent in 2023 compared to 2022, driven by renewed trade with Ethiopia following the peace agreement reached in November 2022 between the federal government and the Tigrayan People's Liberation Front.

Inflation decelerated to 3.8 percent by December 2023 from 11 percent in July 2022 attributable mainly to global food price slowdowns and government measures.

Ethiopian demand for transport and logistics services and domestic infrastructure projects are expected to drive growth, with GDP forecasted to gradually increase to 5.1 per cent in 2024-2025.

Uganda:

Economic growth accelerated slightly to an estimated 6.0 per cent in FY24 despite external shocks. The Uganda Bureau of Statistics estimates that GDP grew by 5.3 percent during the first quarter of FY24. The industrial sector grew by 11.9 percent during this period, thanks to an oil-related construction boom as FDI grew over 56 percent. Agriculture, too, accelerated despite volatile weather conditions. While Uganda's exports surged with increased volumes of production and improvement in terms of trade, resumption of gold trade, and recovery of tourism, imports grew stronger, supported by demand from oil investments.

The Bank of Uganda (BoU) tightened monetary policy in March 2024 to curb possible passthrough of a fast-depreciating shilling. Low inflation, averaging 2.9 percent during the first half of FY24 benefitted both investments and the poor households. During the second half of FY24, inflation increased – gradually to 3.4 percent in February 2024, but forecast to accelerate towards the target of 5 percent as the Ugandan currency depreciated due to intensified portfolio outflows. Hence, on March 6, 2024, BoU raised its policy rate to 10 percent, from the 9.5 percent maintained since August 2023.

Real GDP growth is expected to accelerate to 6.6 percent by FY26, mainly driven by investments in the oil sector.

Comoros:

The Comoros' economy continues to recover following the resumption of private consumption and investments in tourism and transport infrastructure with GDP growth registered in 2023 at 2.8%. The economy expanded by an estimated 3 per cent in 2023 as domestic activities were supported by the resumption of "grands marriages" and the associated increase in diaspora community arrivals, primarily from France. Public servant salary hikes in January 2023 ensured preserving purchasing power, a high level of remittances, and higher public investment supported domestic demand. On the supply side, the construction sector benefited from increased public spending, while the primary sector benefited from higher agricultural prices and favourable climate conditions.

As inflationary pressures from imported food and energy products moderated, inflation declined from 12.4 per cent in 2022 to 9.2 per cent in 2023. An increase of 50 basis points in the key monetary policy rate in July 2023 and lower credit growth in response to liquidity management operations also helped decrease inflation.

Summary of Subsidiaries Financial Performance

A Snapshot of Subsidiaries Performance and their Contribution to Group is tabulated below:

PARTICULARS	Djibouti	Comoros	Uganda	Tanzania	Total	SUBS CONTRIBUTION (%)			
						Djibouti	Comoros	Uganda	Total
Net Interest income	32,241	15,587	15,905	93,073	156,676	21%	10%	10%	41%
Non-Interest Income	7,799	15,503	6,889	82,558	102,903	8%	15%	7%	29%
Total Income	40,040	31,090	22,794	175,631	259,579	15%	12%	9%	36%
PAT	14,145	9,496	3,005	43,803	60,451	23%	16%	5%	44%
Total Assets	729,725	239,711	350,353	2,002,811	2,995,287	24%	8%	12%	44%
Customer Deposits	664,234	184,753	203,764	1,338,068	2,390,796	28%	8%	9%	44%
Net Loans	269,954	150,078	122,984	975,533	1,518,048	18%	10%	8%	36%

DJIBOUTI has performed well and posted year on year (YoY) growth of 56% profitability. The growth is well supported by balance sheet expansion. The non-interest income also posted a good contributed mainly by leveraging on economic growth drivers mainly on collateral financing side and also higher transaction banking fees due to increased volumes.

COMOROS posted a 34% YoY jump in profitability. This was supported by increased gold loan market share, continue deepening relationship with the public sector undertakings being preferred bank to the government, maintaining healthy cost to income ratio and monitoring portfolio closely.

Both Comoros and Djibouti successfully upgraded to new CBS and launch internet banking for retail and are in process of implementation of internet banking corporate. Bank successfully migrated to the new Switch and CBS, enabling the capabilities to implement and launch new digital products.

Further **UGANDA** posted a lower profitability YoY by 6% due reduction in net interest income mainly contributed by Interest Suspended in 3rd quarter for non-performing accounts of previous years which became due for write-off in 2023. However, barring that Bank is making month on month profitability and focusing to scale up business to increase profitability and return on equity.

A Summary of Key Ratios:

KEY RATIOS	Djibouti		Comoros		Uganda	
	2022	2023	2022	2023	2022	2023
NIM %	5.1%	6.0%	7.7%	7.6%	9.1%	7.2%
Cost to Income %	53.6%	51.0%	50.8%	47.0%	73.9%	89.1%
ROE %	28.8%	25.3%	37.1%	40.8%	7.4%	6.5%
ROA %	2.6%	2.1%	4.1%	4.2%	1.4%	0.9%
Gross NPL%	1.0%	0.50%	2.60%	1.4%	13.5%	9.2%
Net NPL %	0.6%	0.14%	1.20%	0.4%	7.7%	8.9%
CD Ratio	52.4%	40.4%	77.1%	78.2%	68.9%	62.0%
Tier I Capital ratio	17.6%	16.9%	52.4%	38.9%	22.4%	16.5%

The key financial ratios of all 3 subsidiaries pertaining to capital, earnings, liquidity are within benchmark and tolerable limit with no significant variation between 2022 & 2023. Both Djibouti and Comoros posted high ROE of 25.3% and 40.8% respectively in line with historical trends. Uganda posted an ROE of 6.5% as is still in scaling up phase. Further all subsidiaries are well capitalised with Tier I capital adequacy ratios well above the regulatory benchmark.

Reflections from the Head of Credit

We are committed to continue to strengthen our credit risk management practices and ensuring the continued stability and growth of its portfolio.

Ms. Zainab Nungu
Head of Credit

A proactive approach to credit management

Credit risk is managed by thoroughly understanding our customers – the businesses they are in, as well as the economies in which they operate. Our risk management processes, which are aligned with our Risk Appetite, ensure that an acceptable level of risk diversification is maintained across the Bank. Thresholds regarding single counterparty exposures are monitored regularly, and notional limits for exposures are set as well. Governance processes are in place to ensure that our exposures are regularly monitored, and appropriate actions are taken where necessary. Exim Bank continually examines how we can enhance our internal credit risk management processes to ensure better risk management.

Exim Bank constantly invests in systems to support risk monitoring and reporting. Our credit function also ensures that any credit risk taken complies with group-wide credit risk policies and standards.

Portfolio Performance

Our credit portfolio demonstrated stability throughout the year under review. We closed the year 2023 with a non-performing loans ratio of 4.24% compared to 7.79% reported in the year 2022. This achievement can be attributed to the successful implementation of credit reforms aimed at strengthening the bank's risk management practices. The reforms have played a pivotal role in maintaining the stability of the credit portfolio despite challenging market conditions.

Against the background of the unique challenges presented by the 2023 financial year, the bank's credit portfolio was minimally impacted, demonstrating the robustness of our credit risk processes and controls. We remain committed to adhering to all regulatory guidelines as far as managing loan and advance portfolios is concerned. The bank proactively writes off non-performing loans in line with the guidelines, maintaining transparency and compliance in its credit operations. This approach strengthens the bank's risk management practices and ensures the accuracy of its financial reporting.

Leveraging Relationships to Rehabilitate Troubled Assets

As customers continue to confront the various challenges in the marketplace, a key risk management strategy for our Group is to ensure troubled assets are managed responsibly to ensure sustainability. The Special Assets Management (SAM) function plays a crucial role in rehabilitating and turning around troubled assets while maintaining the valuable relationships established with borrowers over time.

Looking Ahead

We are committed to continue to strengthen our credit risk management practices and ensuring the continued stability and growth of its portfolio. Going into 2024, the bank will focus on enhancing our credit monitoring systems and techniques and upskill our team to proactively identify and address potential risks in our loan portfolio. We continue to work closely with our stakeholders within the Bank to investment in digital transformations and embrace industry best practices. By staying vigilant and adaptable, we are well-prepared to navigate future challenges and seize opportunities in the dynamic market landscape.

Reflections from the Head of Special Asset Management (SAM)

"In 2023, the bank adopted proactive and intensive recovery techniques and strategies to maximize recovery and minimize losses.

Ms. Queen Siraki
Head of Special Asset Management

Our success in Nonperforming Loan management (NPL)

The crucial function of any bank is to take money from depositors and lend to borrowers but as well making sure it maintains its financial stability and prevent losses; a critical tenet in maintaining financial health of the bank. Among ways of maintaining the bank's financial stability is collecting the outstanding dues from borrowers who have failed to repay their loans; a complex process that involves multiple strategies, techniques and steps to ensure the best possible outcome. Borrowers with loan in default whose scheduled monthly principal and interest have not been paid for a specified period can lead to significant loss to the bank and certainly impacts its profitability which in turn may reduce the bank's ability to lend money to other borrowers affecting its credit rating. To the borrower, a default loan significantly impacts his/her credit score and make it difficult to obtain a credit in future.

There are several loan recovery strategies that SAM uses that help the bank to recover their dues but before initiating these strategies, the department begins by identifying the defaulters and analysing their financial and business status. SAM then depending on the financial status, reason for default, willingness and unwillingness of the borrower, launches the best option for loan recovery. In cases where the borrower can repay the loan amount, restructuring plan or one-time settlement (OTS) scheme may be among the best options. However, if the borrower is unwilling to repay the loan, legal remedies or direct sale of properties the secures loans can be among the best options.

In 2023, the bank adopted proactive and intensive recovery techniques and strategies to maximize recovery and minimize losses. The bank managed to settle several facilities through one time settlement scheme where borrowers were given one time opportunity to repay their loans at a discounted rate. As well, for the unwilling defaulters, and previous breached court settlement, the bank instituted legal remedies through court order or judgement. The bank was able to attain a good number of recoveries from these strategies. The banks also offered restructuring opportunities to borrowers whose businesses and financial situations have enviably improved by modifying their repayment schedules making the same manageable and flexible; the same aided to release a good amount of provision through upgrades.

Currently, SAM department is extending its wings through having robust and adequate manpower and having a revolutionized debt recovery software which together will enhance efficiency and accuracy of tracking debtors' information, leading to faster and smarter decision-making, improving communication with debtors which in turn will increase the rate of debt recovery. The motive is to proactively manage early signs of default and timely intervene on the monitoring strategies of facilities under distress before the debt is declared bad. With this, the bank can offer assistance schedules or modify payment terms before the facility gets out of hand which in turn balances the importance of recovering debts linked with preserving customer relationships.

Looking Ahead

We are committed to enhancing our capabilities and strategies to effectively manage troubled assets. Going into 2024, we will continue to explore innovative resolution options and maintain a proactive approach in identifying and addressing borrower distress. We believe that by staying updated with industry best practices and leveraging technology, we will be able to optimise recovery, minimise losses, and preserve valuable relationships. We will train our focus on timely actions and efficient asset exposure reduction, to enable the bank to navigate future challenges and ensure the long-term financial health of the Group.

Reflections from the Head of Business Operations and Service Delivery (BOSD)

In our pursuit of business and customer excellence, we are deeply committed to nurturing a workforce of highly skilled and dedicated professionals who play a pivotal role in delivering exceptional client experiences.

Mr. Tumaini Mwakafwaga
Head of Business Operations and Service Delivery

Cultivating Excellence, Innovation, and Customer Centricity

The Operations department holds a critical responsibility in overseeing and perpetually enhancing the effectiveness and efficiency of bank's operations. Its primary functions include providing guidance and support for areas necessitating operational efficiency enhancements and regularly monitoring internal controls to ensure ongoing viability and business continuity.

To achieve these objectives, the department implements comprehensive oversight measures to continuously monitor service delivery, identify opportunities for improvement, and ensure adherence to internal controls. This vigilance not only upholds the stability and integrity of the business but also fosters a secure operational environment that is conducive to growth and sustainability.

Use of technology to improve efficiencies

Embracing technology as a cornerstone of our operations has been instrumental in driving productivity and cost efficiencies. Our strategic utilization of technology not only enhances internal processes but also plays a pivotal role in making our products more accessible to our customers. This commitment has been a key driver of our exceptional performance, establishing itself as one of our most critical competitive advantages that has drastically reduced customer pain points, improved responsiveness to clients, and streamlined our processes. Automation enhancements done in 2023 have improved Turnaround time by 30% and employee productivity by 45%.

Our belief in the transformative power of technology extends beyond its impact on operations to standardize processes and support platforms to drive digitization of client experience. We recognize its role in simplifying the lives of our employees and clients, fostering convenience and safety. As we look to the future, we are unwavering in our dedication to remaining at the forefront of technological advancements, ensuring that we strategically invest in the utilization of the latest innovations to further elevate efficiency and productivity across all facets of our operations.

Managing Cost through Efficiency

In our relentless pursuit of operational excellence, we place a premium on optimizing cost structures through detailed and simplified processes. By harmonizing these elements, we empower our teams to function with heightened efficiency, enabling us to prioritize the ever-evolving needs of our valued customers.

An exemplary manifestation of this commitment is through the enhancements made in Card Payment and Core Banking Systems that amplified the efficiency and provided cost-effective services particularly scheme costs; improved approval rates for card transactions, improvement in straight-through processing by eliminating 60% of manual processing, and a 30% reduction in customer onboarding turnaround time.

Such strategic optimizations ensure that we remain agile and responsive, ready to meet the demands of our dynamic industry landscape.

Revenue Assurance and Cost Management

It is important to note that embracing the revenue assurance imperative is not a one-time effort but a continuous improvement journey. It requires regular monitoring, reviews, process improvement, ongoing training, and the development of the team.

As business evolve, our revenue assurance strategies also adapt to new products, markets, and business models. The responsibility of the Operations department is not just to detect revenue leaks, but also to investigate and plug them. The ongoing reviews co-exist with already deployed revenue assurance solutions deployed in 2023 to address revenue leaks. The department provides prioritized remediation recommendations based on their revenue impact to ensure:

- Reduced revenue leakage by proactively identifying potential revenue leakage incidents.
- We provide rapid decision-making based on reviews of automated and semi-automated operations.
- Timely mitigation by recommending automated solutions that can respond in real- or near-real-time, reducing revenue risks and improving business process management.
- Assurance of expected margins in product offerings, agreed tariffs, rates, costs with business partners, and other key activities.

The department is committed to visibility, agility, and governance of all our revenue operations across the Bank. By doing so, the Bank protects and maximizes revenue, stays compliant, and achieves sustainable business growth in an ever-changing business environment.

Project Management

In 2023, the Operations department assumes a pivotal role in overseeing vital projects for the Bank, encompassing the following key responsibilities:

- Maintaining the bank's project management standards to ensure uniformity and efficiency.
- Ensuring timely and within-budget delivery of projects, optimizing resource allocation and cost efficiency.
- Standardizing and adhering to project management processes, policies, and methodologies to foster consistency and precision.

These efforts intended to yield clear and reliable outcomes that led to enhanced operational efficiency across the Bank, timely value delivery, and project cost reduction by 8%.

Building excellence through our people

In our pursuit of business and customer excellence, we are deeply committed to nurturing a workforce of highly skilled and dedicated professionals who play a pivotal role in delivering exceptional client experiences. Our department's steadfast focus on the continuous development of our employees' knowledge and expertise is not only instrumental in fostering their career growth but also in ensuring the delivery of superlative services to our valued customers.

Enhancing our workforce's capabilities is a strategic imperative and a cornerstone of our business philosophy, aligning with our primary goal of market and customer excellence. By investing in the ongoing development of our people, we are poised to fortify our position as a provider of unparalleled services, thereby securing a competitive edge in the industry.

Improving our internal controls and processes

Enhancing the efficiency of our systems and processes is paramount to executing our strategic objectives. We are steadfast in our commitment to continuously enhance the dependability of our critical systems across the organization to redesign processes, and ongoing reduction of manual processes by implementing straight-through processing to enhance customer experience, faster services, and reduced cost to serve. We firmly believe that the establishment of resilient internal control processes and systems is indispensable for the identification, evaluation, monitoring, mitigation, and reporting of risks. This holistic approach ensures that risk management is integrated into our operations with a structured and proactive risk mitigation strategy that ensures consistent and auditable controls that align with our operating model to changing regulations.

About
Exim Bank


EXIM BANK
Innovation is life
EASY, SECURE,
CONVENIENT

Who We Are

An unbeatable spirit that has never backed down in the face of challenge and uncertainty – we are a bank that has risen above it all to become one of the most respected and successful banks in the industry.

Our Purpose

To be the bank of choice; helping customers become financially better off.

We are a leading financial services provider in four countries, and Tanzania's first international bank. Since welcoming our first customers at Samora Branch, Dar es Salaam, in 1997, we have continued to grow our national and regional reach.

At Exim Bank, success is defined by how we make a difference in the lives of our customers, the communities, and our shareholders. To continue staying at the forefront of the industry, we are reimagining banking. We are using digital technology and innovation to extend our reach, enhance our efficiencies and create tomorrow's solutions. We offer a full range of products and services designed to meet the needs of our consumer, business, corporate and institutional clients.

Our Core Values

Our Growth Story

Exim Bank believes in continuous growth and sustainable value creation. Over the years, we have harnessed our strengths and leveraged opportunities to grow our asset base, and to successfully expand our reach.

We have a presence in all major towns in Tanzania including Dar es Salaam, Zanzibar, Tanga, Morogoro, Kilimanjaro, Arusha, Manyara, Mwanza, Shinyanga, Kigoma, Iringa, Mbeya and Mtwara regions in Tanzania and overseas subsidiaries in the Anjouan, Moheli and Moroni Islands of the Union of Comoros, in the Republic of Djibouti, Uganda and a representative office in Ethiopia – an international presence unmatched by other Tanzanian banks.

Our core purpose is to be the bank of choice – helping customers become financially better off. Our continued growth and success are founded on several key factors:

- A committed team that lives our shared values and works together to provide customers with the best services.
- A straightforward business model anchored in diversification by business, geography, risk, and people, as well as a clear focus on our business strategy.
- We embrace the future by establishing ourselves in unbanked markets where we connect our customers to wider opportunities.
- We're continuing to develop our range of products and services, to meet customer changing needs.
- We embrace new technology to improve the services we offer - our mobile banking service means customers can manage their banking needs anytime, anywhere.

Our Strategy and Business Plan

Our Business Goals

Remain an innovative Tanzanian Bank offering services of international standards. We leverage our straightforward business model, a dynamic and committed workforce, and technological capabilities to create long-term value.

Our Strategic Goals

Medium Term Goals

- Market Share Defence and Growth: Prioritize defending and expanding market share in current operating markets through strategic initiatives.
- Turnaround Strategy for Underperforming Markets: Develop targeted plans to improve performance in underperforming markets, focusing on enhancing profitability.
- Capital Reinvestment Initiatives: Allocate resources to modernize infrastructure and improve operational efficiency through capital reinvestment projects.
- Alignment with Industry Trends: Continuously adapt the business model to align with emerging industry trends and evolving customer preferences.
- Digital Transformation Agenda: Embrace digitalization across operations to drive innovation, agility, and enhanced customer experiences.

Long Term Goals

- Foster a culture that embraces change and innovation to drive organizational transformation.
- Develop a new core banking system.
- Building a Strong brand in the industry.

Our Vision for Growth

Building a Competitive Edge in the sector

- Improve offering for the retail segment
- Improve profitability and increase shareholder value

Bringing in Improved Offerings for our Stakeholders

- Revamping propositions for our business
- Improving customer experience.
- Establishing strategic partnerships

Improving Growth & Profitability

- Sustain profitability at >10% YOY
- Deposit Growth 15%
- Asset Growth 35%
- NPL ratio <5%

Defending and Growing our Market Share

- Grow income by >10%
- Increase no. of customers by 45%
- Grow deposits book by >10%
- Increase loan book by >11%

Our Credibility

Pioneer Solutions in Banking

Innovation is a promise we give to our customers and clients. Over the years, we have had significant. breakthrough innovations through the deployment of world-class technology and customer-focused products.

- We are proud to be the first bank to introduce Credit Cards with the launch of International Debit MasterCard, Visa Platinum cards, TANAPA debit cards and Visa credit cards in Comoros.
- We also pioneered Mobile ATM facility solutions and an exclusive financing scheme for women in Tanzania.

Our pioneering efforts stretch across boundaries. In 2007 our Group became the first indigenous bank to establish its footprints overseas in the Union of Comoros. Today, we have three operational branches in the islands of Grand Comores, Anjuoan and Moheli. Inspired by this success, we have continued to spread our wings further into Djibouti to establish yet another subsidiary in March 2011, affording a strategic link to landlocked countries in the Horn of Africa. In 2016 we also expanded into Uganda with five branches, building a strong presence in the region.

We continue to build an innovative culture that supports innovation, empowering business units through leadership buy-in and advocacy.

Our Presence

Exim Bank Tanzania

We are a leading financial services provider in four countries, and Tanzania's first international bank. Since welcoming our first customers at Samora Branch, Dar es Salaam, in 1997, we have continued to grow our national and regional reach.

Exim Bank Comoros

The bank was set up in 2007 in the Union of Comoros and it has now completed seventeen years of its operations. Since its inception, the bank has been profitable and continually growing its market share in terms of the major balance sheet parameters like Deposits, Advances, Total Assets etc., besides strengthening its capital adequacy and proud to have positioned itself as the No. 1 bank in the Country.

Ethiopia, Representative Office

We are the first Tanzanian financial institution to start operations in the Ethiopian market.

Exim Bank Uganda

We ventured into Uganda in 2016 by acquiring a troubled bank and during a short span of time restored deposits, repaid central bank support and restored customers' confidence. Having invested hugely in establishing & revamping policies, processes, products and technology in the past few years the bank has breakeven and started yielding positive results with a positive bottom-line month on month during 2021 and has been profitable for the last 3 years.

Exim Bank Djibouti

Since its inception in October 2010, Exim Bank Djibouti has made significant strides in the banking sector. Today, it operates four branches with six extension counters strategically located throughout Djibouti complemented by 16 ATMs and maintains a representative office in Addis Ababa, Ethiopia. The bank had established a strong foundation with a 9 % share of Djibouti's financial market over the last decade establishing it as a leading financial institution. Building on this success, it significantly expanded its market presence, offering a variety of secure banking products tailored for individual needs.The Bank recorded consistent Profits in the last 10 years.

Our Offering & Service Channels

Personal Banking

As you journey through life, your financial needs and priorities change. But with Exim Bank on your side, you have all the help you need. We bring decades of banking expertise that will help you achieve your goals.

Everyday Banking

Looking after your money is vital to everyday life. So it helps to know that there are convenient ways to do exactly that.

Investments

Whether it's a fixed deposit account or a recurring deposit account, you can rely on us to keep your long-term financial goals in check.

Cards

Accepted all over the world at MasterCard and Visa-approved merchant locations, our cards are packed with advantages.

Service Channels

- 47 Branches across our Operations
- Robust Mobile Banking Services
- VISA & MasterCard enabled Cards

Business Banking

When it comes to your business, we always keep the bigger picture in sight. So, be it our business solutions or banking advice, you can rely on our wealth of expertise to steer your business forward.

Exim Online Banking

We provide a seamless Online Banking experience to give you the convenience you need to grow your business.

Trade Services

Be it Bill Discounting, Bank Guarantee, or Shipment Financing, our spectrum of financial solutions grows with your business to assist you at every step.

Chinese Desk

A One-stop Shop with Mandarin speaking staff to ensure smooth business transactions between Tanzania and China.

Service Channels

- Robust Internet Banking
- Mobile Bank Units
- Agency Network

Our Products and Services

Corporate and Institutional Banking

We offer unique, tailor-made solutions that address the financial needs of large enterprises and institutions. We provide clients with a range of products and services.

Retail Banking

Our retail banking offers a broad range of financial service products, including current accounts, savings, mortgages, credit cards, motor finance and unsecured loans to personal and business banking customers. We blend our banking expertise with an innovative, human-centric approach to provide an unrivalled banking experience for our customers. It aims to be the best bank for customers by building deep and enduring relationships that deliver value to customers, and by providing them with greater choice and flexibility.

Treasury and Global Markets

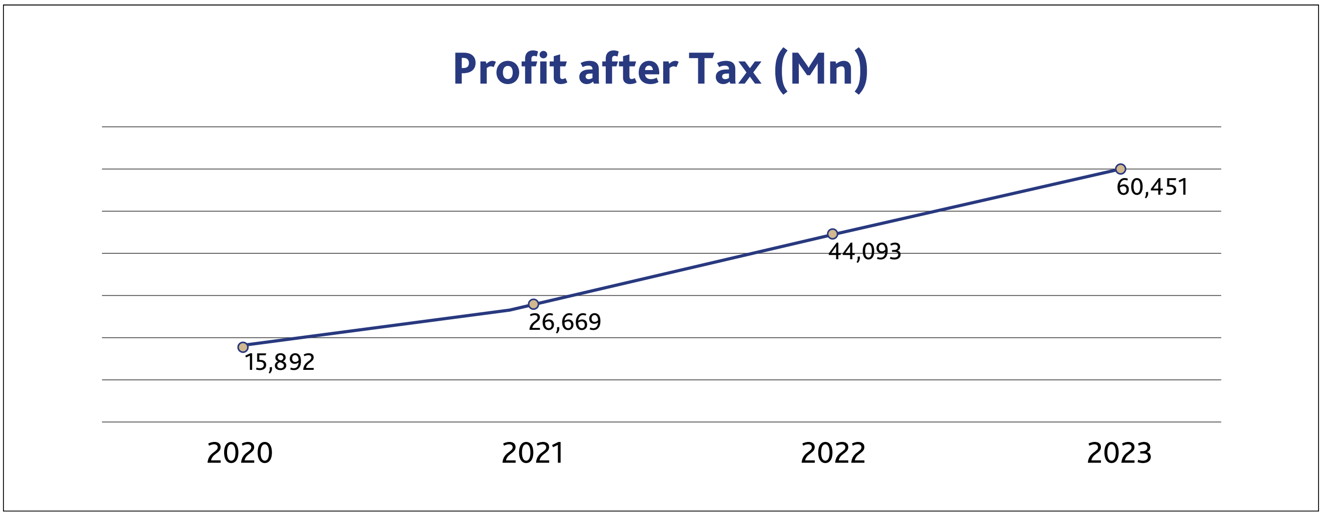
We provide top-notch capital management services that address key financial risks facing our customers.

Solutions	Our Products	What We Offer	Who We Serve
• Corporate current account • NGO current account • Tax bank • School fees collection • Cash management solution	1 Trade Finance 2 Bill discounting 3 Export credit 4 Bank guarantees 5 Letter of credit 6 e/post-shipment financing 7 Chinese desk	We provide wholesale banking solutions, including investment banking and corporate lending, global markets and treasury, commercial-property finance, deposit-taking, and transactional banking.	Corporates, institutions, non-governmental organiza-tions (NGOs), and parastatals.
• Salary • Wajasiriamali • Faida savings • Mzalendo • Haba na haba/haba na haba+ • Fixed deposit • Nyota junior savings	1 Cards 2 Personal loans 3 Mortgage loans 4 Accounts 5 Bancassurance 6 Digital solutions	We have an array of transactional banking services including cards, payment solutions, lending solutions and investment products, and card-acquiring services for businesses.	Individual clients, businesses including SMEs, microenter-prises, SACCOs and VICOBA.
• Advisory • Government securities • FX for everyone	1 Forwards 2 Swaps 3 Forexim	We have unrivalled expertise in providing top-of-the-market financial services, including high-net-worth banking and wealth management. We also offer bespoke asset management and insurance solutions to our clients.	High-net-worth individuals, and other retail, business, and corporate clients.

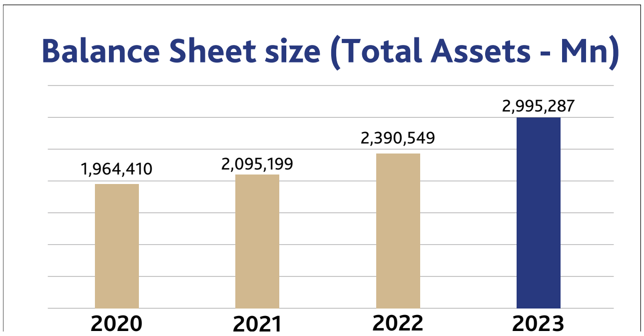
Performance at a Glance

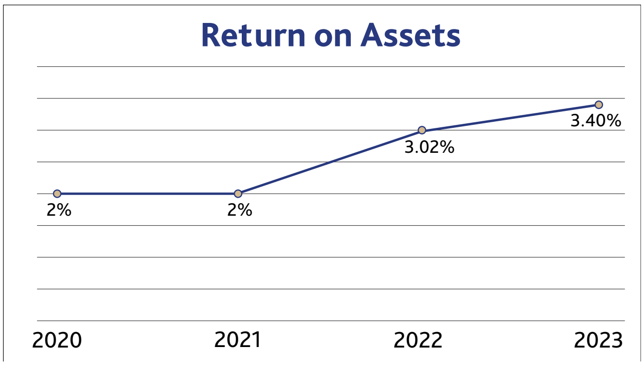
Our Group has demonstrated resilience and achieved a remarkable performance result during the year. Our profit after tax was TZS 60.5 billion, representing a 37% increase from TZS 44.1 billion reported in 2022.

The Group is looking 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 cost optimization measures including process re-engineering and numerous operation enhancements measures to be applied across the group.

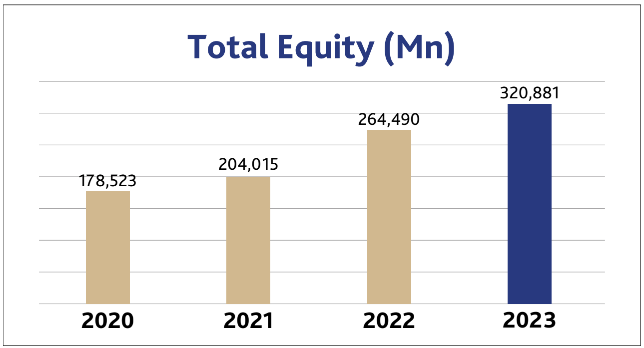


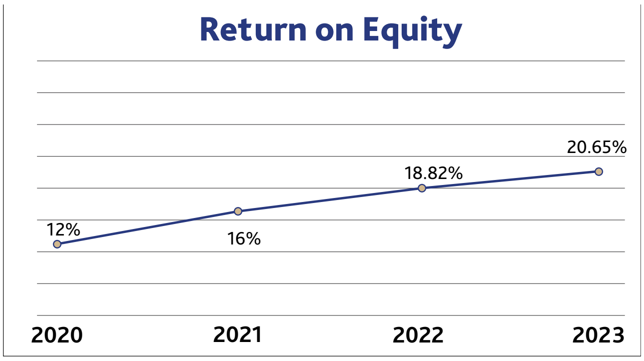
The Group has successfully grown its balance sheet by 25%, reaching TZS 2.9 trillion in 2023, up from TZS 2.4 trillion in 2022. This growth reflects our commitment to expanding our operations and serving the needs of our customers effectively. Our Bank also registered a remarkable return on asset ratio of 3.4% compared to 3% in 2022.

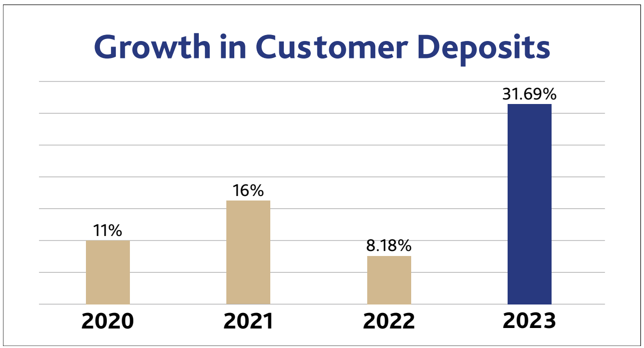




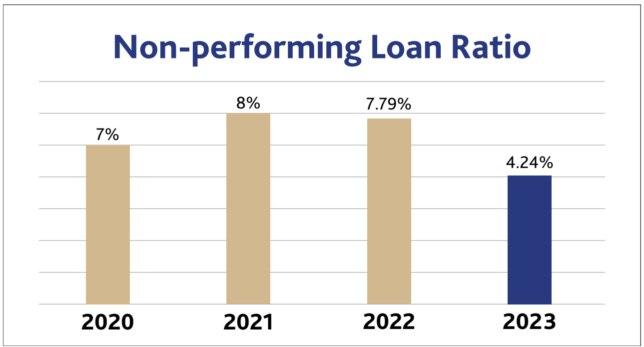
Our total shareholders' equity and return on equity ratios have also increased remarkably during the year. Return to equity ratio increased from 18.82% reported in 2022 to 20.65% in 2023. Total shareholders' equity also increased from TZS 264 billion in 2022 to TZS 321 billion in 2023.



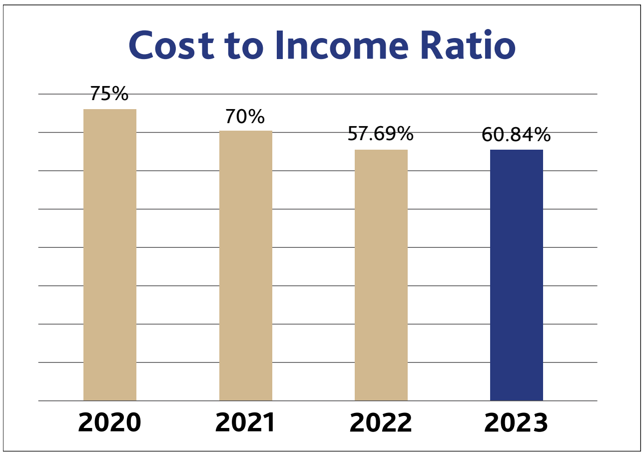




The Group recorded an increase in customer deposits to 31.69% during the year from 8.18% witnessed in the previous year.



The Group also witnessed a dramatic decline in non-performing loan ratio to 4.24% from 7.79% registered in 2022.



In a bid to efficiently manage our resources and maximize returns to our shareholders and other stakeholders, the Bank has taken several measures to manage our cost structure. Our cost-to-income ratio remains one of the lowest in the market, at 60.84% even though there was a slight increase when compared to the previous year.

Performance Scorecard (KPIs)

Corporate & Institutional Banking

Indicators	Value Drivers	KPI Units	2021	2022	2023	% change	Strategy	Assurance Type*
Net Customer Loans and Advances	Business Growth	TZS (millions)	960,316	1,098,149	1,353,860	23.29%	Recover & grow	MBO
Customer Deposits	Business Growth	TZS (millions)	680,125	630,364	891,203	41.38%	Grow	MBO
Operating Profit	Business Growth	TZS (millions)	34,121	36,585	**48,411**	32.32%	Grow	MBO

Retail Banking

Indicators	Value Drivers	KPI Units	2021	2022	2023	% change	Strategy	Assurance Type
Customer Deposits	Business Growth	TZS (millions)	998,160	1,185,144	1,499,593	26.53%	Grow	MBO
Net Customer Loans and Advances	Business Growth	TZS (millions)	153,597	150,108	164,188	**9.38%**	Grow	MBO
Operating Profit	Business Growth	TZS (millions)	(1,105)	8,844	**14,736**	66.62%	Grow	MBO

Treasury & Global Markets

Indicators	Value Drivers	KPI Units	2021	2022	2023	% change	Strategy	Assurance Type
Deposits & Borrowings	Customer Centricity	TZS (millions)	133,145	221,339	159,719	(27.84%)	Grow	MBO
Placements & government securities	Business Growth	TZS (millions)	572,329	808,628	1,337,658	65.42%	Grow	MBO
FX Income	Business Growth	TZS (millions)	17,450	25,307	40,194	58.83%	Grow	MBO
Operating Profit	Business Growth	TZS (millions)	13,035	22,378	28,327	26.58%	Grow	MBO

Human Resources

Indicators	Value Drivers	KPI Units	2021	2022	2023	% change	Strategy	Assurance Type
Revenue Per Staff	Efficiency	TZS (millions)	183	245	234	(4.49%)	Recover & grow	MBO
Front vs Back of staff (structure)	Efficiency	%	23%	25%	25%	0.00%	Grow	MBO
Headcount	Customer Centricity	#	940	962	1,109	15.28%	Maintain	MBO

MBO – Management and Board oversight

Value added Statement

	2023	2022
Income earned from financial services	211,641	179,632
Cost incurred in the provision of services	(55,027)	(42,053)
Value added from financial services	156,614	137,579
Non-operating income	102,965	99,124
Other operating expenditure	(74,608)	(88,230)
Value - added	184,971	148,473
Distribution of value added:		
To Employees:		
Salaries and other benefits	(73,721)	(61,915)
To Government:		
Corporate Tax	(22,107)	(16,830)
PAYE	(8,859)	(7,021)
Skills & Development Levy	(1,404)	(1,215)
Excise Duty/ Service Levy and other taxes	(16,953)	(15,937)
VAT on services	(4,719)	(4,688)
Total Taxes	(54,042)	(45,691)
To expansion and growth:		
Depreciation and retained earnings	(19,776)	(18,750)
To Shareholders:		
Growth in shareholders' value	37,432	22,117

Corporate Governance


THE DIFFERENCE IS
PREFERRED
BANKING
4
DIFFERENCE IS HERE

Tone at the Top

Our group is led by a dynamic Board of Directors, with a wealth of experience and a diverse skills and industry experience. Each of our board members is deeply engaged in developing and measuring the company's long-term strategy, performance culture and values.

Board of Directors Tanzania

Mr. Said Mwema
Chairman
Age- 70
Nationality- Tanzanian

Mr. Kalpesh Mehta
Director
Age- 53
Nationality- British

Mr. Yogesh Manek
Director
Age- 69
Nationality- Tanzanian

Ms. Brenda Msangi
Director
Age- 44
Nationality- Tanzanian

Mr. Shaffin Jamal
Director
Age- 54
Nationality- Tanzanian

Mr. Hanif Jaffer
Director
Age- 61
Nationality- Tanzanian

Mr. Sherazam Mazari
Director
Age- 71
Nationality- Singaporean

Ms. Irene Madeje Mlola
Director
Age- 50
Nationality- Tanzanian

Board of Directors Uganda

Mrs. Sarah N. Bagalaaliwo
Chairperson
Age- 74
Nationality- Ugandan

Mr. Alykhan Karmali
Director
Age- 56
Nationality- Ugandan

Mr. Akhilesh Jog
Director
Age- 63
Nationality- Indian

Mrs. Caroline R. Mubangizi
Director
Age- 67
Nationality- Ugandan

Mr. Henry Lugemwa Kyanjo
Director
Age- 56
Nationality- Ugandan

Mr. Edward Kanyike
Director
Age- 49
Nationality- Ugandan

Mrs. Florence Njunwoha
Director
Age- 70
Nationality- Ugandan

Mr. Washington Matsaira
Director
Age- 70
Nationality- Ugandan

Mr. Shaffin Jamal
Director
Age- 54
Nationality- Tanzanian

Mr. Sherazam Mazari
Director
Age- 71
Nationality- Singaporean

Mr. Yogesh Manek
Director
Age- 69
Nationality- Tanzanian

Board of Directors Comoros

Mr. Yogesh Manek
Chairman
Age- 69
Nationality- Tanzanian

Mr. Jaffari Matundu
Director
Age- 48
Nationality- Tanzanian

Mr. Hanif Jaffer
Director
Age- 61
Nationality- Tanzanian

Mr. Dinesh Arora
Director
Age- 64
Nationality- Indian

Mr. Ahmed Mohamed Thabit
Director
Age- 79
Nationality- Comorian

Lalgudi K. Ganapathiraman
Director
Age- 70
Nationality- Indian

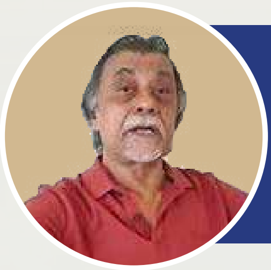
Board of Directors Djibouti

Mr. Yogesh Manek
Chairman
Age- 69
Nationality- Tanzanian

Mr. Jaffari Matundu
Director
Age- 48
Nationality- Tanzanian

Mr. Dinesh Arora
Position- Director
Age- 64
Nationality- Indian

Mr. Sumit Shekhar
Director
Age- 45
Nationality- Indian



Mr Nalinkumar Kothari
Director
Age- 77
Nationality- Djiboutian

Mr. Shaffin Jamal
Director
Age- 54
Nationality- Tanzanian

Mr. Lalgudi K. Ganapathiraman
Director
Age- 68
Nationality- Indian

Management Team

Mr. Jaffari Matundu
Chief Executive Officer

Mr. Shani Kinswaga
Chief Financial Officer

Mr. Shrikant Ganduri
Head - Corporate and Institutional Banking

Mr. Alamin Merchant
Chief Technology & Digital Transformation

Mr. Colman Riwa
Chief Internal Auditor

Mr. Sumit Shekhar
Head - Strategic Investments & Subsidiaries Management

Mr. Thadeus Mkenda
Acting Head of Human Resources

Mr. Andrew Lyimo
Head - Retail Banking

Ms. Zainab Nungu
Head of Credit

Mr. Tumaini Mwakafwanga
Head of Business Operations & Service Delivery

Mr. Innocent Mbelwa
Head - Risk & Compliance

Mr. Stanley M. Kafu
Head - Marketing & Communication

Ms. Priti Punatar
Head of Administration

Ms. Queen Siraki
Head of Special Assets Management

Mr. Nelson Kishanda
Head of Treasury & Global Markets

Mr. Edmund Mwasaga
Head of Legal

How we are Governed

Our governance framework is anchored on effective internal controls, competent leadership a strong risk culture and accountability to stakeholders. Our Board plays a key role in setting our governance standards to meet our stakeholders' expectations, and our internal control processes ensure an appropriate balance of power, accountability and independence in decision making across our various functional and geographic units.

The Board sets the strategy, oversees its delivery and establishes the culture, values and standards of the Group. The Board ensures that the Group manages risk effectively, monitors financial performance and reporting and ensures that appropriate and effective succession planning arrangements and remuneration policies are in place. It provides and encourages entrepreneurial leadership across the Group within this framework.

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 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 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.

The Board is required to meet at least four times a year. During the year, the Board and its committees met twenty-three (23) 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.

No.	Name	Position	Age	Gender	Nationality	Qualifications	Remarks
1	Ambassador Juma Mwapachu	Chairman	82	Male	Tanzanian	Bachelor of Law and Post Graduate Diploma in International Law	Retired in September 2023
2	Mr. Said Ally Mwema	New Chairman	70	Male	Tanzanian	Bachelor of Law	Appointed in September 2023
3	Mr. Yogesh Manek	Director	69	Male	Tanzanian	Bachelor of Arts	
4	Mr. Hanif Jaffer	Director	61	Male	Tanzanian	Certified Public Accountant (CPA-T)	
5	Mr. Shaffin Jamal	Director	54	Male	Tanzanian	Masters in business administration	
6	Mr. Kalpesh Mehta	Director	53	Male	British	FCA, Bachelor of Arts (Econ) Hons	
7	Mr. Thomas Wescott	Director	72	Male	American	Bachelor of Arts, Government and Economics	Retired in September 2023
8	Mr. Sherazam Mazari	Director	71	Male	Singapore	Bachelor of Business Administration - Finance	
9	Ms. Irene Mlola	Director	50	Female	Tanzanian	Masters in business administration	
10	Ms. Brenda Lulu Msangi	Director	44	Female	Tanzanian	Masters in business administration	Appointed in September 2023

The Board committees help the Board carry out its obligations and duties. Each Board committee has explicit written terms of reference that are formally reviewed yearly and that effectively delegate some of the Board's duties. In order to effectively cover and maintain control over the group's operations, the Board keeps an eye on these duties.

Sub-Committees:

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 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 committee met nine (11) 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

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 three (4) times during the year.

SN	Name	Position	Remarks
1	Mr. Thomas Wescott	Chairman	Retired in September 2023
2	Mr. Hanif Jaffer	Member	
3	Mr. Kalpesh Mehta	Chairman	Appointed in September 2023

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 five (4) times during the year.

This committee 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

Ethics & Code of Conduct

Our Code of Ethics and Conduct establishes our business practices, which are driven by performance with responsibility, and outlines our commitment to long-term success. The Code intends to assist our Group in upholding our duties, treating one another with respect at work, and conducting ourselves honestly in the marketplace.

In principle, the code brings the Exim Bank Group collectively under a set of principles that direct our daily decisions. Every action we take and how we manage ourselves as a Group contributes to the positive reputation that Exim Bank Group enjoys.

Clear expectations

We endeavour to set clear expectations for our employees in carrying out their responsibilities in compliance with our principles and our Code of Ethics and Conduct, to adhere to our policies, and comply with the laws. We encourage our employees to use their good judgement, consider their actions, and seek guidance whenever necessary.

Our principle on Leadership

Our leaders must set the example through their conduct and promote the Group's principles and values. All leaders are required to guide all employees to comprehend and practice this Code and all other company policies during their daily activities.

Responsibility and Respect in the Workplace

Exim Bank Group is committed to operating and conducting its business practices under the principle of responsibility and to harmoniously integrating business management, legal compliance, and respect for ethical principles.

We are committed to a safe and healthy workplace. At Exim Bank, we view safety as everyone's responsibility and encourage our employees to ensure that the activities they carry out are done safely.

Conflict of interest

A conflict of interest emerges when your activities and/or personal relationships interfere, or may interfere, in a real or in a perceived way, with one's capacity to act with Exim Bank Group's best interest. Although our code does not include all possible instances where a conflict of interest may emerge, we encourage our employees to use their best judgment and common sense.

Promoting integrity

At Exim Bank Group, it is everyone's responsibility to assure that all information registries provide accurate and verifiable information. Information management is of utmost importance for our business management, our legal compliance, and the credibility and reputation of the business.

Whistleblowing

At Exim Bank, we have robust whistle-blowing channels through which anyone can report possible illegal, or suspected illegal, actions and violations of the Group's Code of Conduct. Examples of violations include, but are not limited to fraud and corruption, harassment and discrimination, and violations of environmental and human rights laws.

We acknowledge the risk of violations of our Code of Conduct and depend on the willingness of employees and external parties to raise concerns in order to uphold high ethical standards. Employees have the right and responsibility to report concerns. External parties, including employees of associated companies, are also encouraged to report concerns.

Anti-Bribery

Exim Bank Group does not tolerate corruption. Bribes are prohibited, whether directly or indirectly. A bribe consists of giving or offering something of value to a government official (or another party) to obtain a special benefit for the company. Take special care in relationships with third parties who could interact with the government on behalf of the company.

Accountability and Service

We are accountable — individually and collectively — for our behaviours, actions and results.

We are responsible to the people we serve and the donors who enable our service.

Equality

By encouraging equitable access to opportunities and services, we work to ensure equal outcomes for all of our clients and team members. Our code of conduct aims to ensure that we carry out our work following the ethical and moral principles that support our humanitarian calling.

At Exim Bank, it is everyone's responsibility to uphold this code to carry out the Group's objective. The code applies to everyone who works for Exim Bank, including all directors, officers, staff members, interns, volunteers, incentive workers, and partners.

Risk Management

Strengthening Risk Management Practices in an Evolving Business Environment.

As a Group, managing risk effectively is fundamental to our strategy and to operating successfully. A strong risk management culture is crucial for sustainable growth within Exim Bank. it is at the heart of everything we do. Our approach to risk is founded on an effective control framework, which guides how our colleagues work, behave and the decisions they make.

Risks are identified, managed and mitigated using our comprehensive Risk Management Framework, and our well-articulated risk appetite provides a clear framework for effective decision-making. The principal risks we face, which could significantly impact the delivery of our strategy are described below:

Credit risk

The risk that customers fail to meet their financial obligations (both on and off-balance sheet).

How we mitigate the risks

- Credit policy, incorporating prudent lending criteria to effectively manage risk.
- Early identification of signs of stress leading to prompt action in engaging the customer.
- Extensive and thorough credit processes and controls to ensure effective risk identification, management and oversight.
- Effective, well-established governance process supported by highly competent team.

Funding and liquidity

The risk that we have insufficient financial resources to meet our commitments as they fall due.

How we mitigate the risks

- Maintaining adequate liquid assets to cover potential cash and collateral outflows and to meet regulatory requirements.
- Maintaining a contingency funding plan detailing actions and strategies available in stressed conditions.

People

The risk that we fail to maintain organisational skills, capability, resilience and capacity levels in response to the needs of the Bank.

How we mitigate the risks

- Put measures in place to attract, retain and develop high calibre people and promote initiatives which reinforce behaviours to generate the best outcomes for customers and colleagues.
- Managing organisational capability and capacity to ensure there are the right skills and resources to meet our customers' needs.
- Effective remuneration policies.

Operational risk

These include the availability, resilience and security of our core IT systems, unlawful or inappropriate use of customer data, theft of sensitive data, fraud and financial crime threats, and the potential for failings in our customer processes.

How we mitigate the risks

- Investing in cyber controls to protect against external threats to the confidentiality or integrity of electronic data.
- Enhancing the resilience of our systems that support critical business processes with independent verification of progress on a regular basis.
- Investing in internal controls and processes to identify and combat fraud and money laundering.

Regulatory and legal

The risks of changing legislation, regulation, policies and their interpretation that may have a significant impact on our operations, business prospects, structure, costs and capital requirements.

How we mitigate the risks

- Promote a strong risk and compliance culture within the bank through continued investment in our people, processes and our IT systems and processes to assess impact and help meet our legal and regulatory commitments.
- Engage with regulatory authorities and industry associations on upcoming regulatory changes, market reviews and investigations.

Cyber Security

Cyber risks form an integral part of the Bank's enterprise risk management framework. The Bank is committed to work towards aligning itself with the changing threat landscape. There is robust oversight by the Board, with regular updates from the management of the Bank on all matters related to cyber risks. Exim bank has an ICT governance framework consisting of leadership, organisational structures and processes that help the Bank in mitigation of growing cybersecurity threats. Our cybersecurity governance encompasses management oversight at various levels with the ultimate responsibility assumed by the Board of Directors.

Data Protection and Privacy

The Bank is committed to protecting the privacy of individuals whose personal data it holds, and processing such personal data in a way that is consistent with applicable laws. It is important for employees and businesses to protect customer data and follow the applicable privacy laws in the countries we operate to ensure safety and security of data.

We believe that the data privacy framework should be in line with the evolving regulatory changes and digital transformation. The Bank periodically updates its Personal Data Protection Standard to cover the personal data protection regulatory requirements for the Bank and its overseas offices to reflect the changes in data protection laws and regulations.

Employees receive regular updates and training on personal data and its protection to build awareness among our employees.

Driving Value Creation for our Stakeholders

How We Relate with our Stakeholders

Our stakeholders are the individuals, groups and organisations that materially affect or could be materially affected by our business activities, products, services and performance. They include our clients, employees and regulators, our shareholders, partners and service providers, and the communities in which we operate.

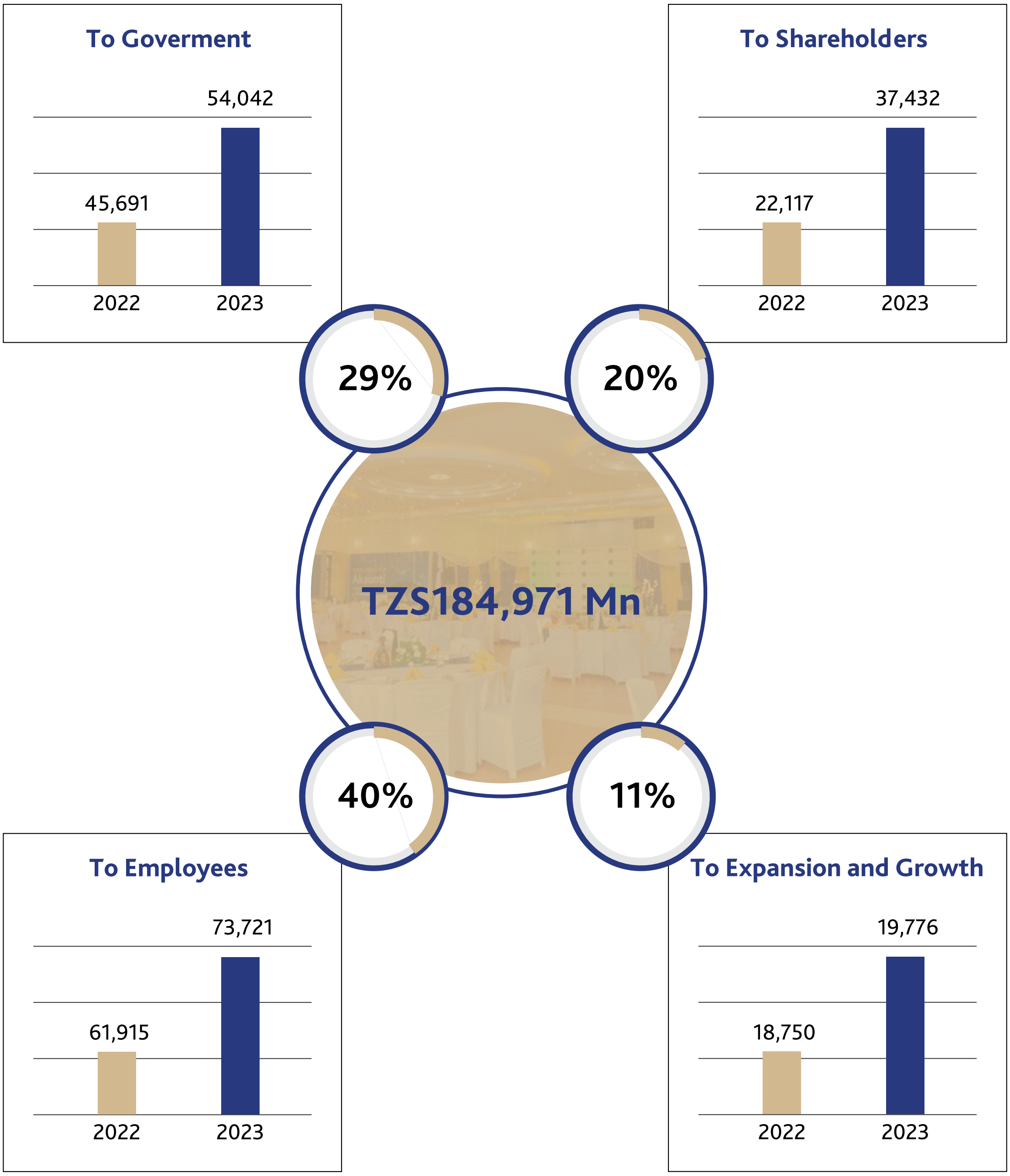
Our ability to deliver value is dependent on the relationships that we build, and the contributions and activities of our stakeholders to the Group. We believe that today, our group is well-positioned to deliver value to all our stakeholders and fulfilling a critical role in the economies of each country that we operate in. We listen to and constructively engage with all our stakeholders through various channels. Executives and managers across the Exim Group regularly engage with various stakeholders on relevant issues and are responsible for reporting material priorities and concerns. Oversight is provided by executive management and the Board. The following is the summary of our key stakeholders and snapshot of how our group is managing each of the stakeholders.

Stakeholder	How we manage
Customers	- We have established a convenient and effective contact between us and our customers. - We offer innovative, efficient, convenient, and secure banking solutions that meet the needs of our customers. - We have created an exceptional access to financial services and financial markets, including access to information and professional counsel. - We have safe and reliable financial services delivery options. - We endeavour to support the financial milestones of our esteemed customers with products and services delivered through innovatively superior channels.
Employees	- Our Group endeavours to be an attractive employer. - We have invested in a workplace that promotes employee productivity, to help them achieve their potential. - We have created a performance appraisal system that is fair and recognizes and rewards excellence. - We encourage self-led development and offer equal opportunities for career progression. - We have a dynamic career development mechanism to consistently boost capacity of our workforce. - We also have effective communication channels to ensure alignment of our workforce.
Investors/ Shareholders	- We strive to ensure consistent delivery of attractive and sustainable returns to shareholders' investment through optimized balance sheet. - We continuously create an environment that fosters growth of shareholders' value. - We have also established a convenient and stable communication channel in line with best practices.
Regulators	- We continuously endeavour to comply with all laws and regulations in the markets that we operate. - We employ fair and ethical engagement strategies when dealing with stakeholders. We are a committed taxpayer and endeavour to meet our obligations to external stakeholders.
Community	- We are committed to being a responsible citizen. - We endeavour to support the communities by enabling access to social and environmental financing to address societal needs. - Through our social investment activities, we have increased access to, and funding for education, health, and sports related opportunities. - We take an active role in driving financial inclusion a deepening with a view to building sustainable ecosystems. We have a special focus on sustainable development under the UN Sustainable Development Goals (SDGs). - We carry out robust screening, due diligence and engagement to assess economic, social and environmental risks and opportunities associated with our business activities.

Value Creation for Stakeholders

Exim Bank defines success as how the Bank makes a difference in the lives of our customers, the communities, and our shareholders. We see ourselves as an enabler of growth and a facilitator of our nation's prosperity. We create value in various ways – not just as a bank, but also as an employer. We also support economic growth and job creation through our activities.

During the year, we made considerable contributions to society by creating value for our stakeholders illustrated below. We operated a profitable business that guarantees value to its shareholders.



How we are creating Value via Our Capitals

At Exim Bank, we focus on the creation of shared value over time. The management is responsible for the efficient allocation of the capitals to our activities and operations. Our Governance has tools and internal policies that help us in the control of risks, identification of opportunities, definition of strategies and assessment of the performance of the businesses. Efficient management allows us to offer products and services that are more suited to the needs of our clients. Our business is divided into: Retail Bank, Corporate Bank, and Treasury and global markets. For us, to create value is to obtain sustainable results, in an ethical and responsible way, and that meet the needs of our stakeholders. This is how we seek to create shared value, achieve the established targets and encourage the development of people, society and the countries in which we operate. The model uses the IR framework capitals – these capitals may be either increased or decreased as a consequence of the bank's activities. There are six capitals in total: manufactured, financial, intellectual, human, social and natural.

All organizations depend on inputs (or capitals) for their success. We use a wide range of inputs that are related to raise, finance and manage our clients' funds. By allocating capital to our businesses, we provide differentiation, create value and share it with our stakeholders while also increasing our own capitals. We present below a brief description of the capitals that are most relevant to our business model.

Financial Capital

The financial capital is composed of the financial resources available and allocated to the businesses, our own or third parties', obtained in the form of products and services provided to our clients, such as: loan operations, financial investments, deposits and funding and investments.

Social and relationship capital

This is mainly composed of the ethical and transparent relationship with our clients, stockholders, investors, suppliers, regulatory agencies, government and society. This also includes the ability to share value with our stakeholders to enhance individual and collective well-being.

Human Capital

This is composed of our employees and their skills and experiences, as well as their motivations to innovate and develop better products and services, in an ethical and responsible way, by means of their capabilities for management, leadership and cooperation.

Intellectual Capital

This is composed of the reputation obtained by our brand, by technical knowledge and intellectual property and by the ability to develop new technologies, products and services for the sustainability of the business.

Manufactured Capital

This is composed of the equipment and physical installations, such as branches, ATMs, applications and systems that are used by the organization in the provision of products and services.

Natural Capital

These are the renewable and non-renewable environmental resources, consumed or affected by our businesses, for the prosperity of the organization. We are particularly talking about water, soil, ores, forests and biodiversity.

Our Value Creation Business Model

Value creation is central to our strategy. We create value in various ways – not just as a bank, but also as an employer. Our value creation model is intended to show the process of value creation.The business model is the representation of an organizational system that transforms the capitals into products and services by means of its business structures and operating activities, aiming at complying with the strategies determined

Our Six Capitals

Financial Capital:

Our financial resources:

- Total assets TZS 2,995,287Mn
- Total equity: TZS 320,881Mn
- Loans and other financial investments: TZS 2,888,929 Mn

Human Capital:

Our diverse and skilled workforce – we have approximately 1,109 employees.

Manufactured Capital:

Our wide branch network and digital channels.

- 47 branches across the Group
- Digital platform (internet and mobile banking)
- Continuous investment in digital transformations to ensure ease access of our banking services

Intellectual Capital:

- Strong and widely recognized in Tanzania and across East Africa
- One of the leading banks in Tanzania

Social and Relationship Capital:

Strong relationships with our key stakeholders including the regulator, employees, investors and the community.

Natural Capital:

Our initiative to promote efficiency in consumption of resources and the bank's focus to manage our environmental footprints.

Our Business Activities

Our Vision

To be the Bank of choice.

Our Mission

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

Market Outlook:

We have a culture of continuously working to adapt to these changes and navigating challenges to deliver on our promise to our customers and shareholders.

Key Drivers

- Business Growth
- Customer Centricity

by management. The business model is in line with the vision, culture and values of the organization and summarizes its value creation cycle over time. Exim Bank Group understands our success as a financial service provider, along with our ability to create long-term value for our stakeholders is predicated upon our ability to effectively manage and leverage the forms of capital available to us.

Our Products & Services

Corporate & Institutional Banking
We offer unique, tailor-made solutions that address the financial needs of large enterprises and institutions.

Retail Banking
We provide top-notch capital management services that address key financial risks facing our customers.

Treasury & Global Markets
We offer a comprehensive suite of treasury products and solutions including foreign exchange ("FX"), capital markets, structured products, money market investments.

Bancassurance
We have a full banquet of innovative insurance products and services that address the insurable needs of our customers.

- Efficiency Learning & Development
- Digital Transformation

Value Created

Financial Capital:
- ROE 20.65% (2022: 18.82%)
- Cost to income ratio: 60.84% (2022: 57.69%)
- Growth on total assets: 25.30% (2022: 14.10%)
- Growth on loans and advances to customers: 21.61% (2022: 12.06%)
- Growth on customer deposits: 31.69% (2022: 8.18%)

Human Capital:
- Personal expenses: TZS 73,721 (2022: 61,915)
- Training: TZS 380Mn spent on training and developments (2022: 199mn)
- High employees' engagement and morale as demonstrated by positive performance during the year

Manufactured Capital:
- Wide banking network comprises of 47branches, 56 ATMs 1,631 agents and various digital platforms
- Return on Assets: 3.40% (2022: 3.02%)

Intellectual Capital:
- Enhanced customer experience and increased productivity
- Strong brand and good reputation in the markets we operate

Social and Relationship Capital:
- +VE client NPS, new customers, direct and indirect tax contributions, social investments

Natural Capital:
- TZS 93,201 Mn loans granted to Agriculture sector
- Our continuous investment in environmental conservation programs through various initiatives
- Zero incidence of non-compliance with environmental laws and regulations

Our Six Capitals

Human Resources

Strengthening our Workforce for Sustained Growth

As the workplace continues to evolve, mainly fuelled by external factors including technology, we are increasingly putting in place measures to ensure our employees needs are taken care of in the best possible way. At Exim Bank, we recognise that employee engagement is a crucial factor in driving sustainable long-term value for our organisation. The thoughts and feelings of our employees about their work directly impact client satisfaction and determine our success in achieving higher growth and efficiency. In this report, we will provide an overview of our human resources initiatives, employee demographics, and the progress made in promoting employee engagement.

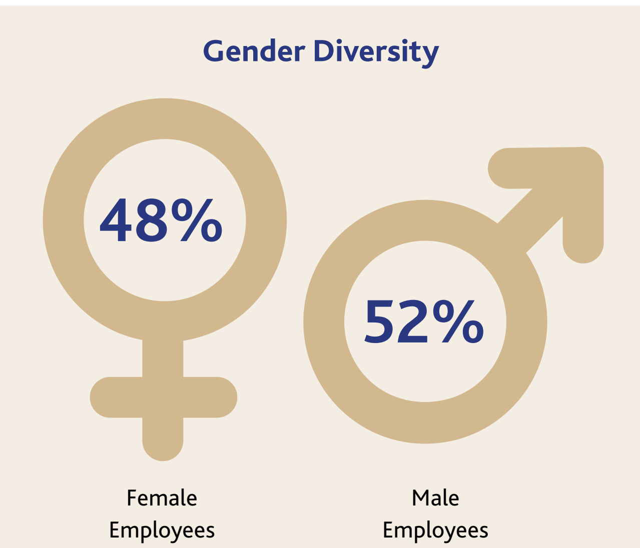
At Exim, employee engagement is a critical driver of long-term sustainable value. Our people's thoughts and feelings about their work correlate with how satisfied our clients are and indicate how successful we are likely to be in accelerating our strategy to achieve higher growth and efficiency, while retaining the trust our stakeholders have in the Group.

The Group is operated by 1,109 employees, (2022: 970 employees), who are well diversified and skilled, and the Group spent TZS 380 million on training (2022: TZS 199 million).

Staff productivity has slightly dropped by 4% (revenue per staff of TZS 234 million in 2023 from TZS 245 million in 2022).

Keeping a Diverse Workforce

The Group is proud to be an Equal Opportunity Employer with 1,109 employees, out of which 534 were female and 575 were male (2022: 970 employees, out of which 464 were female and 506 were male). During the year, 7% (2022: 5%) of the number of women are in executive management.



Upskilling Our Workforce

During the year under review, the Group spent a total of TZS 387 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.

Employee Engagement

Exim Bank recognises that its workforce is one of our greatest competitive advantages. Over the past quarter of a century, we have focused on shaping our workforce to meet both current and future customer needs. Our employees work in sync and tirelessly to ensure our customers receive the best experiences possible. We believe that fostering employee engagement is vital to maintaining this competitive edge.

Our approach to performance management includes:

- Regular informal and formal performance coaching conversations, throughout the year,
- Talent and succession planning, including prioritisation of learning and development opportunities.
- Continuous coaching by line managers to guide and support employees on their personal performance and growth journey to help them reach their full potential.
- Regular training and development programs for our employees.

Equal Employment Opportunities

Exim takes pride in being an Equal Opportunity Employer. Our employee demographics indicate a commitment to gender parity. Out of our total workforce of 1,109 employees, 534 are female, while 575 are male. This represents progress from the previous year, where we employed 967 individuals, with 463 females and 504 males. Additionally, 7% of women are represented in executive management, demonstrating our commitment to gender diversity at leadership levels.

Employees and interns are encouraged to seek opportunities in line with their career expectations. Available opportunities are announced internally to employees.

Employee Health and Well-being

The well-being of our employees continues to be one of our top priorities. We are constantly working towards making our workplaces safer and our welfare policies much more inclusive. We invest in engaging with our employees through various initiatives to not just boost productivity at work but to also ensure holistic physical and mental well-being. We kickstarted several key initiatives to fulfil this agenda, during the year.

Health and Safety at Workplace

We take the health and safety of our employees very seriously, and are committed to strengthening our policies, frameworks and processes on Occupational Health and Safety (OHS).

Our team focuses on various aspects of physical security, fire safety and fire prevention at the workplace. We focus on certain critical parameters to ensure the mitigation of Threat, Risks, and Vulnerability emanating from tangible acts of wilful and unlawful. We empower our people with appropriate knowledge and training that will enable them to effectively execute their OHS responsibilities. We publish information on health and safety topics through our internal employee communication channels.

Communication and Transparency

Open and honest communication is encouraged within the organisation. We regularly share information on employment issues, as well as financial and economic factors that impact the performance of the group, with our employees. This transparency ensures that our employees are well-informed about the organisation's progress and enables them to actively contribute to decision-making processes.

Looking Ahead

Exim Bank remains committed to further enhancing employee engagement and optimising human resources practices. We will continue to invest in training and development programs to ensure our workforce is equipped with the skills and knowledge needed to excel in their roles. Our focus on achieving gender parity and fostering diversity will remain a priority as we strive to create an inclusive and equitable work environment. By fostering open communication and transparency, we aim to strengthen employee trust and engagement, driving the long-term success of Exim Bank.

Reflections from the Head of Human Resources

Mr. Thadeus Mkenda

Acting Head of Human Resources

In 2023, Exim Bank continued to implement various initiatives which aimed at fostering a culture of collaboration, innovation, and adaptability. This involved breaking down silos, encouraging cross-functional teams, empowering employees to make decisions at all levels as well as to create the right capability within its workforce to align with and meet the business objectives.

Employee Engagement and Productivity

In 2023, the bank enhanced a positive work environment and employee engagement, and it was awarded the best Employer of the Year in Employee Engagement by the Association of Tanzania Employers (ATE). This undertaking has led into improved PBT per staff whereby it increased by 30% year-on-year.

Employee Retention

The bank has been consistently attracting top talents by providing growth opportunities and promoting a positive culture in the workplace. This improvement has translated into lower recruitment and training costs whilst attaining a more experienced, innovative, and efficient workforce.

Risk Management

To attain its objective and to ensure compliance becomes a way of life at Exim, the bank emphasized a strong focus on compliance trainings leading to increased employee awareness on regulatory matters and reduced risk for non-compliance. Furthermore, through the increased usage of Human Resources Management Systems, the bank has been maintaining an effective HR practice which has contributed to risks mitigation elements.

Innovation and Problem-Solving

Apart from attracting individuals with different skillsets and fostering collaboration, the bank spent TZS 387Mn in 2023 to train its employees in number of aspects such as compliance-based trainings, capacity building trainings, and on-demand business trainings. These efforts have fostered at building an agile workforce that focus on creativity and innovation.

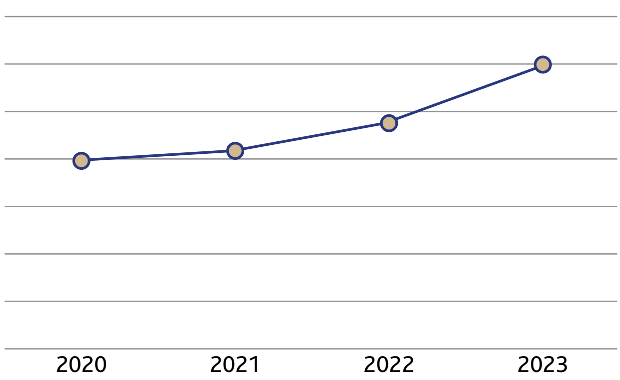
Equal Employment Opportunities

Exim Bank has not only strengthened its talent pipeline but has also created a more inclusive and engaged workforce. In the competitive landscape of banking, talent management plays a crucial role in driving organizational success. The bank has managed to recruit future leaders and retained critical role staff during the year 2023. Out of our total workforce of 1,109 employees, 534 (48%) are females, while 575 (52%) are males. This represents progress from the previous year, where we had 970 employees, with 464 females and 506 males.

Financial Capital Resources

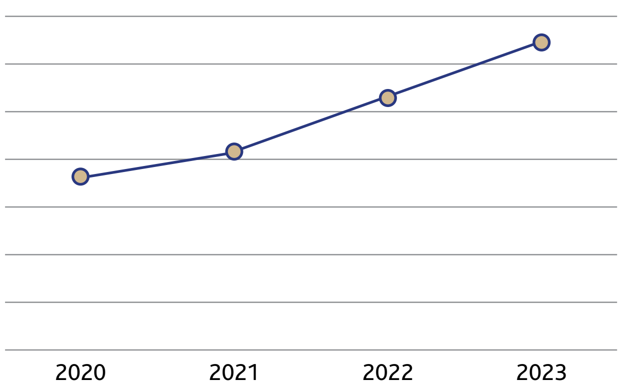
Our financial capital constitutes a crucial component of our overall resources at Exim Bank. It encompasses the monetary assets and investments that enable us to support our operations, fulfil our commitments, and drive sustainable growth. Through careful allocation and management of our financial capital, we aim to optimise profitability, strengthen our financial position, and fulfil the needs and expectations of our stakeholders.

Total Assets (Mn)



	2020	2021	2022	2023
Total assets	1,964,410	2,095,199	2,390,549	2,995,287

Total Equity (Mn)



	2020	2021	2022	2023
Total equity	178,523	204,015	264,490	320,881

Our Loan Operations:

Our loan portfolio reflects the diversification of our business and internationalization strategy, focused on products of lower risk and more guarantees. As part of our risk-mitigating control, we have internal policies establishing guidelines and duties in connection with collateral requirements to increase our recovery capacity in operations exposed to credit risk, among others.

Loan Product	2023 (Mn)	2022 (Mn)
Overdrafts	453,231	428,672
Personal loans	211,065	126,621
Commercial loans	889,246	728,647
Others	4,874	7,888
Gross loans and advances	1,558,416	1,291,828
Less: Expected credit losses	(40,368)	(43,571)
Net carrying amount	1,518,048	1,248,257
Impairment ratio (ECL/loan balance)	3%	3%

Our loan portfolio is highly diversified to reduce concentration risks. The below table provides an analysis of our loan portfolio per economic sector:

	Manufacturing	Trading and commercial	Transport and communication	Agriculture	Individuals	Others	Total
Loans to customers (Mn)	73,506	300,639	253,226	93,201	137,475	660,001	1,518,048
Proportion to total exposure	5%	20%	17%	6%	9%	43%	

We periodically check out any objective evidence that a loan or a group of loans are impaired and the need to recognize impairment for this credit. The provision level is determined based on a number of considerations and assumptions, such as current economic situation, loan portfolio composition, prior experience with loan and losses, and assessment of risk associated with loans to individuals. Our allowance for loans and losses is properly calculated through a process that includes Management's judgment and the use of estimates. The provision adequacy is periodically analysed by Management.

Manufactured Capital Resources

This consists of equipment and physical facilities, such as branches, ATMs, applications and operational systems that are made available by the organization for use and offer of products and services. We invest constantly to improve our infrastructure, which is essential for the efficacy and efficiency of our business model.

	2020	2021	2022	2023
Carrying values of PPE, Intangible assets and right of use assets	77,324	73,603	73,770	85,006

Our distribution network is divided into physical channels that include branches, ATMs and banking agents, and digital channels, such as internet banking and mobile banking. It is by means of this distribution network that we offer products and services to our clients.

The bank has a total of 47 branches across the Group. 30 branches located in Tanzania and 17 branches in the subsidiaries. The bank has 56 ATMs, and provide mobile banking services, online banking services and cash management solutions. Additionally, the bank had 1,631 agents (31 December 2022: 749 agents).

Intellectual Capital Resources

We believe that our brand is very strong and widely recognized in Tanzania and across East Africa, and this is contributed by the quality and reliability of our portfolio of products, which help us keep a low turnover of clients.

Our competitive advantage rests on our commitment to the promotion of innovation and creativity from which a strategy team under head of the strategy is established to oversee the group's strategic initiatives. We have over 30 staff who are members of professional bodies and more are supported by the Bank to completion of the same. We have also adopted and deployed 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.

Diversified line of Products and Services:

We are a multi-service bank, offering a diversified line of products and services designed to serve our different types of clients, such as corporate, small and medium businesses, retail clients, high-income individuals, private banking clients, non-account holders and credit card users. We believe that our business model creates opportunities to improve our client relations and thereby increases our market share.

Digital Transformation:

Our intensive use of technology in operations and electronic distribution channels contributed significantly to increased sales of products and services, and it is one of our most important competitive advantages. We believe that technology makes our employees' and clients' lives easier, bringing about convenience, safety and time saving.

Social Capital Resources

This consists of basically of ethical and transparent relationships with our clients, investors, suppliers, regulatory bodies, government, and society. 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 the 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 NBAA (seminars, best presented financial statements awards ceremony), TIOB (different meetings and representations) and many other.

Exim Bank consistently endeavours to build good relationships with its stakeholders and focuses on initiatives with positive social impact, that help enhance the business. The Bank also supports community development by contributing towards the holistic development of society.

Complaint Handling:

The Bank has a robust complaint-handling mechanism for employees and customers. The mechanisms are defined as per Board-approved policies and is governed through Board oversight and reporting. We provide multiple channels for customers to complain including the branch, call centre and digital channels.

Natural Capital Resources

This consists of renewable and non-renewable environmental resources, consumed, or affected by our business for the prosperity of the organization.

We understand that, even though we are a service business, our activities impact the environment, both directly through the operation of our administrative units, branch networks and technology centres and indirectly through our loan and financing operations. Our main sources of electricity and water consumption, for example, come from cooling systems and the use of electronic equipment. We continuously strive to improve our energy efficiency through the best market practices, ambitious goals and management increasingly more attentive to the consumption of natural resources.

Some of the initiatives carried out by the bank during the year include:

- Exim Bank has donated 100 wastebins to be strategically placed in various areas in the Northern Zone (Arusha, Moshi and Karatu) to keep the environment clean. Each waste bin has a capacity of 240 litres.
- Currently the Bank is maintaining Ohio, Clock Tower and Kariakoo gardens in Tanzania Mainland.
- As part of the 59th anniversary of the Zanzibar Revolution, the Bank, in collaboration with the Office of the Vice President, Union and Environment and media partners in Dodoma, conducted a tree planting exercise at the Machinga Complex central market to make the capital city green.
- A total of 600 trees were planted in Arusha (Arusha Girls High School), Moshi (Mawenzi Referral Hospital) and Karatu (Karatu District Hospital).

Our Business Operations


89.12
66.20
37.80
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29.88
92.50
46.43
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Corporate and Institutional Banking (CIB)

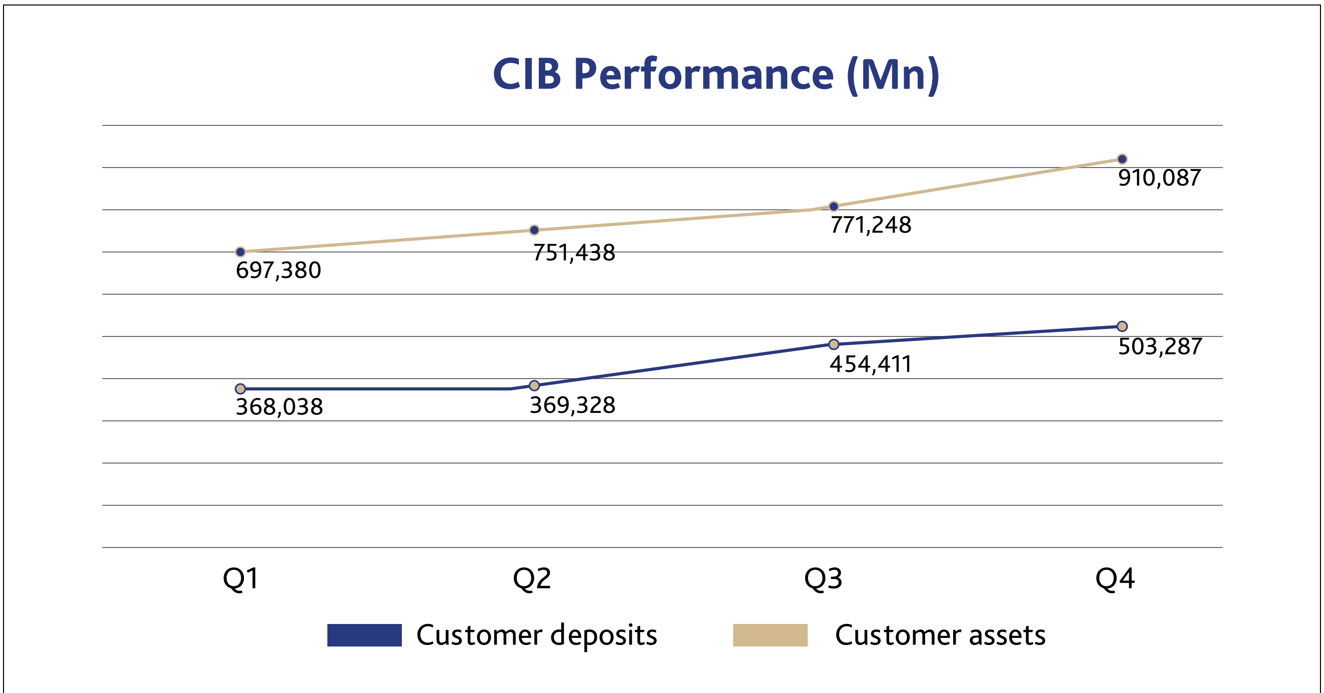
Supporting Our Clients Navigate the Shifting Business Landscape

Our CIB division support our corporate and institutional customers with a wide range of banking solutions. We place our customers at the centre of all we do and are committed to helping customers with their financial needs.

In 2023, we delivered excellent performance results and continued to deliver targeted growth through serving additional client needs, particularly by extending our competitive advantage in transaction banking and increase in customers' base. We also continued to leverage technology to acquire new customers, simplify the way they transact and enhance the customer experience.

Our strategy to grow our corporate and institutional customers base is reaping rewards as customers continue to value our credentials as a strong bank in the market.

Mr. Shrikant Ganduri
Head of Corporate & Institutional banking



Leveraging positive market trends for our growth

The positive macroeconomic environment in the markets we operate creates a conducive environment for growth of our corporate and institutional banking offerings. In 2023, we made good progress on our strategy, delivering strong operating performance and cost efficiencies as well as solid returns. We remain optimistic to deliver stronger results in the year 2024 as the economic environment continue to improve.

Tanzania's real GDP growth rate rose from 4.6% recorded in 2022 to 5.2% in 2023, as a stronger business climate and improved trade balances boosted aggregate demand, offsetting the damaging impact of droughts and floods on household income. This GDP expected to further improve due to business climate and the implementation of structural reforms to 5.6% in 2024, 6.0% in 2025, and 6.4% in 2026.

This growth has also translated in the banks and the market in total, in 2023, we have seen huge investments been made and still ongoing in the Tourism, Transportation, Mining, Agriculture, and Real Estate.

- In 2023, Tanzania saw a tremendous bounce back in the tourism industry, with the number of tourist arrivals and revenues surpassing the pre-pandemic levels. According to the Bank of Tanzania's monthly economic review of January 2024, the number of tourists who visited the country in the year ended 31 December 2023 amounted to 1,808,205, while the forex earnings reported record growth of USD 3.4 billion, an increase of 36% compared to 2022.
- The Transport sector continues to be one of the biggest contributors to our country's GDP, contributing around 8% of the total GDP.
- The country's macro-economic contribution of the mining sector is significant. Tanzania is the 4th largest gold producer in Africa after South Africa, Ghana, and Mali and accounts for 1.3% of the total global gold production. The price of gold has also improved by almost USD 300 per ounce, making the sector one of the key contributors to the economy.
- The country's agriculture sector, which contributes nearly one-third of the country's GDP and employs over two-thirds of the population, has the potential to increase incomes and improve livelihoods. Tanzania's most valuable export products are unwrought gold (41.5% of Tanzania's total exports) trailed by cashew or Brazil nuts and coconuts (3.4%), copper ores and concentrates (2.8%), dried shelled vegetables (2.7%), rice (2.7%), coffee (also 2.7%), unmanufactured tobacco and tobacco waste (2.6%), coal including solid fuels made from coal (2.3%), oil seeds (2.2%), and corn (1.3%).

In 2023, the bank has had growth in the Agricultural, Mining, Oil/Gas and Insurance, Manufacturing, Trade, and Transport portfolios.

- Exim Bank has played a key role with the mining sector, either through financing or transactional banking. Due to the ongoing war in Europe, the demand for Coal in Tanzania has continued to be steady.
- Collateral management: Exim Bank did well to finance all major cash crops throughout 2023 through Commodity/Warehouse Financing, a product which boosts the agricultural value chain.
- Trade finance: Due to scarcity of foreign currency, the bank managed to increase their trade finance book, especially with Letters of Credits and Standby Letters of Credit, in the Manufacturing and Trade sectors.
- Logistics & transport: Transport has continued to grow, the demand of inputs and finished products from DRC and Zambia, with the demand copper from China, has kept the Dar es Salaam port very busy. The demand for coal from our south corridor has also kept our Mtwara port busy. All these factors have led to increased demand for transport.

Looking ahead - 2024 expectations

We will continue to put more focus on:

- Increased investment with already performing sectors.
- With the new SGR and Stigler power plant, more investment is expected in the manufacturing sector with reliable power and infrastructure.
- Supply chain: in 2024, by introducing a Commercial Banking unit within the department, we will be able to mine through our corporates value chain. This will in one way help reduce and increase the conversion cycle for the supplier and corporate, respectively.
- Public sector financing: As the economy grows, the demand for infrastructure i.e., transportation, power and communications will also increase. Hence, we predict there will be heavy investments done by both the government and private sector in all these aspects, or jointly through partnerships.
- Due to the political stability in the country, we have seen a lot of enquiries for investments in both the Tanzania's Tourism centres i.e., northern region (Arusha, Manyara and Kilimanjaro) and Zanzibar.

Retail Banking

Mr. Andrew Lyimo
Head - Retail Banking

Sway on Digitization

Digitization have become a solid confound globally. In recent years, digital enablement has played an important role in devising new ways of delivering financial services as the technological advancement is slowly making Retail banking to transform the business processes into a simplified digital solution.

As part of embracing the digital transformation, last year we have managed to upgrade our systems that aimed at offering a fully integrated solutions by providing a seamlessly processes, radically delivers products and services in evolutionary way and hence improves our customers centricity.

Key Achievement 2023

Assets

The bank continued its overwhelming transformation and innovation initiatives as restrictions on digital lending that led to improve the entire customer lending life cycle. The key trends in the lending space that have been and will be driving transitions and tailwinds, our focus remained at exploring our lending processes through loan automation that provides seamlessly processes and efficient. In 2023, our loan portfolio grew by 15%.

Liabilities

In 2023, we experienced a tremendous growth in customer deposit, strong performance across all our 30 branches aligns with our strategy on digital transformation that allowed customers to easily have access deposit and withdrawal facilities including our alterative channels solutions such as ATM's Mobile Banking, Online platforms and so forth. Our customer base achieved 104% from the previous year performance, YoY retail deposit grew by 23% and the launch of new products accord customers with vast investment opportunities.

Products & Services

Our products strategy focuses on revamping existing products and launching new products that align to the specific customers preferences and choices apart from launching products that assumed to fit all customers' requirements to easily bent our offerings strategies without convolution.

Supa Woman Product Launch

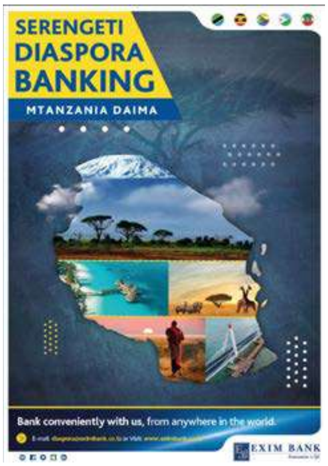
Effectively from March 2023, we launched our women-based product dubbed 'Supa Woman,' as a transformative program aimed at unlocking the potential of women in the country. The women empowerment and entrepreneurship are increasingly viewed and fundamental basis in economic growth and the product intended at supporting the right perspective.

Serengeti Diaspora Banking

Serengeti Diaspora Banking is a banking solution designed to cater for Tanzanians who are living abroad and access our wide range of Exim Bank products and services such as credit transfers, deposits, lending services and other investment solution based on customers' preferences. With this specifically crafted and packaged solution, you can easily open account and transact safely and seamless with a dedicated Relationship Manager.

The proposition accord customers with a dedicated Relationship Manager under our Preferred Banking, an easy and fast money transfer facilitation whereby an account can be operated online, the Bank offers a special Group Funeral Cover up to TZS 31,500,000 for you and your family, an attractive interest rate on deposits with affordable fees and an investment opportunity at home while abroad.

In June 2023, we also participated to Tanzanian and Swahili Day in London using the platform to officially introduce Serengeti Diaspora Banking. We are determined to continue offering the best financials services to Diasporas by assisting them achieving economic development.



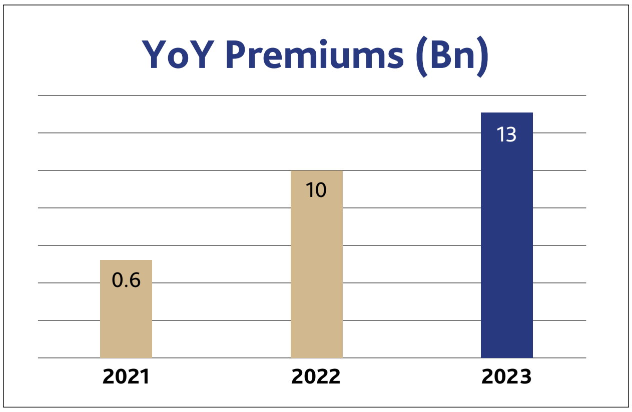
Wafanyakazi Loan

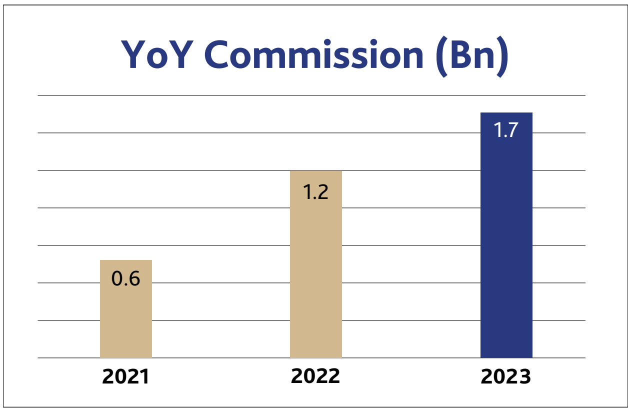
We officially launched Wafanyakazi loan offered to salaried employees of reputable government institutions and private companies. We managed to also sign a Memorandum of Understanding (MoU) with various reputable government organizations and In future, the bank is exploring to integrate with government e-Mkopo solution that will improve efficiency enhancement, gain access to the public sectors market of the Governmental employees, reduce operational costs from digitalize the loan origination process.

Bancassurance

Highlights

Performance Trend





YoY comparison: In 2023, Our Insurance business experienced growth around 30% and 42% both in Premium and Commission comparing with 2022, respectively. General business contributed 90% of our total insurance portfolio.

Key Achievement

During the year, we managed to introduce our marketing initiatives known as “Exim Bima Festival” that aims at creating awareness of our insurance business and brought together all the key stakeholders such as insurance companies and our esteemed customers to integrate the insurance literacy and entertainment which will cement our business relationships.

Digital Banking

Digital technology has galvanized the shift to bolder thinking in heightened consumer requisition for simplified solutions to access digital transactions. Mobile banking transaction grew by 42% in comparison to previous year 2022. Being one of the pioneer banks to participate in TIPs, which helps to broaden our Mobile banking CVP. In 2023, Our card business experienced growth of 12% YoY. Furthermore, we managed to migrate to a new switch and system which provides more security and operational efficiency.

We prioritized in conducting training to agents across the country that led to uplifting our Wakala Business distribution network to 1,631 Agents whereby 58% were active agents throughout the year which is also a growth of 118% year on year.

Wakala transaction volumes grew from 31,000 in 2022 to 139,000 in 2023 which is 349% growth. The agency banking transaction value grew from Tzs 17Bn in 2022 to Tzs 73.6Bn in 2023 which is 333% growth.

In 2023, the bank conducted Wakala refreshers trainings in four (4) regions aiming at enhancing their knowledge on AML, CFT and customer service improvement.

Merchant Acquiring and Partnership.

Effective from 14th December 2023 Exim Bank entered partnership with Karambezi Café for one year whereby Exim Bank Card holders will not only enjoy fine dining experience but will be given 10% discount using any Exim Bank Card. This joint effort will create fulfilling experience and rewarding outing for Exim Bank Card holders and Karambezi Café patrons.

Exim Smart Shule Product

In order to meet customer demand, we launched a product to address challenges faced by parents during payment of students' school fees. The product name Exim Smart Shule enables parents to make school fees payments of all types using control number which is a unique number assigned to every student. It is usable for schools, Universities and collages. It is a real time payment as the credit hits the school account instantly. The parents have wider options to make payment as we have enabled payments through all our Branches, through agency banking (Wakala) and through MNOs. One of the unique features of the products is that the control number can be paid in full or partial. In addition to payment solution, customers have the opportunity to subscribe for students library, access to student academic performance, access to school calendar and tracking of students transport. The product has a number of benefits including school accounts reconciliation, paper less transactions, control number can be paid in full or partial as well as the installation to the school is done free of charge.

Wafanyakazi Loan

In line with the Bank's digitization program, we continued to automate our insurance processes to drive operational efficiency and improve customer experience by enhancing our insurance system while optimizing our distribution channels such as Mobile app, Agency banking, Internet banking etc for serving our insurance products.

On lending, the bank persists on improving our strategic partnerships in guarantees, streamlining the processes through automation, and enhancing our Retail Loan Origination System (RLOS) a significant portion in redesigning our unsecured lending proposition.

Enhance our digital capabilities by introducing self-onboarding options through different channels, thus Exim App and Exim Mobile banking (*150*11#) has endure to be one of the key focuses in driving digitalization. Developing more products to suit different customer niches. In 2024 we are looking to have different card products (Multi-currency prepaid cards, High-end credit cards and virtual cards).

The advancement of our merchant POS business by providing more flexible solutions and the introducing Android POS and E-commerce platforms will foster to complement our focus on providing convenient solutions to our merchant's clients. In addition to that, the extensive wakala distribution network with diversified service offerings aimed at enhancing our agency banking coverage.

Therefore, the enhancement on self-onboarding through customers' phone and instant account opening, focusing on increasing our preferred lounge across the network, which will increase customer experience in our branches, and fully dedicated relationship Managers for all preferred customers across the network complementing our drive in becoming the leading Retail Banking Business in the market.

Treasury & Global Markets

Mr. Nelson Kishanda
Head of Treasury & Global Markets

Keeping Up with a Turbulent Global Economy

In 2023, the global economy showed resilience even though there were some economic shocks such as geo-political tensions, climate-related challenges, and tighter monetary and fiscal policies. Commodity market volatility and dynamics in labour markets are likely to exert inflationary pressures beyond the initial projections of the year 2023/24.

Despite the challenging operating environment, total income from our Treasury and Global Markets activities reached a new high of TZS 28.3 billion compared to TZS 22.3 billion reported in 2022. We also achieved respectable growth in total assets from TZS 809 billion in 2022 to TZS 1.3 trillion in 2023.

Summary Highlight for 2023

- We ensured regulatory compliance on both liquidity and market risk. The Bank closed the year with sufficient liquidity and capital reserves.
- Despite the foreign currency volatility during the year, we were able to provide solutions to both corporates and retail clients. More effort was put to sectors that provide foreign exchange flows in order to meet client's demand.
- The Bank saw an increase in fixed Income (FI) trading activities during the year. This contributed to the increase in non-funded income by 27% during the year 2023.
- We also increased investments in profitable assets. The Group closed the year with total treasury assets of TZS 1.3 trillion as compared to TZS 809 billion at the close of 2022.
- While focusing on balance sheet growth we ensured that we strike a balance between NII and liquidity for both LCY and FCY. Through improved balance sheet management, we were able to increase our investments in profitable assets while managing risks associated.
- We continued to put a significant focus on the key sectors that are crucial to our economy including Oil and Gas, Food, Manufacturing, Agriculture, Telecommunication, Real estate and Trade.
- The bank enhanced its FTP methodology to drive price discipline on both assets and liability.

Capital Management

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 Bank on a quarterly basis.

The Bank closed the year 2023 with adequate capital reserves above the required regulatory thresholds.

	Required Ratio (%)	Bank's Ratio (%)	
		2023	2022
Tier 1 capital	12.50%	14.38%	15.11%
Tier 1 + Tier 2 capital	14.50%	15.95%	19.94%

Looking Ahead

Looking ahead to 2024, we will continue to prioritise innovation, risk management, and customer-centricity. We will leverage advanced technologies and data analytics to enhance our treasury systems, optimise liquidity management, and improve operational efficiency.

We will continue to focus on expanding our product offerings, developing customised solutions, and strengthening our risk management framework. We will strive to deepen customer relationships, deliver superior financial products and services, and maintain a strong capital position. By staying agile and responsive to market dynamics, the Bank will continue to meet the evolving needs of our customers and drive sustainable growth.

2024 Expectations

- The planned upgrade of the Treasury Management System (TMS) will increase efficiency in treasury operations and improve service delivery.
- We are looking to introduce new and innovative products in the market.
- Our team will continue to relentlessly pursue various strategic initiatives to drive growth for our business.

Risk Management

Mr. Innocent Mbelwa
Head - Risk & Compliance

At Exim Bank, we maintain a prudent approach towards risk ensuring both our processes and controls are robust enough to deliver sustainable profits and overall growth. As a custodian of the enterprise risk management framework, the risk management department ensures that risks are timely identified, analysed, treated and monitored for conformance with the approved risk appetite.

Risk Governance and Culture

The board of directors is ultimately responsible for setting up the risk appetite of the bank and ensuring all the risks faced by the bank are adequately managed in line with the risk appetite.

The Board executes its risk management responsibility through its supervisory committee named the Board Audit and Risk management Committee (BARMC). The committee is made up of Non-Executive Directors (NED). The committee meets quarterly to review and deliberate on the risk profile of the bank. The risk appetite forms an integral reference point in supporting risk management decisions across all the areas within the bank and is reviewed and approved annually by the Board. Periodically, detailed risk analysis is undertaken and outcome reports are presented to governance committees to provide important insights and enable decision makers to gain sufficient understanding of exposures on a singular as well as combined view.

The enterprise risk management frameworks, policies, procedures, and standards subjected to an annual review process to ensure that they remain relevant and consistent with changes in the regulatory environment.

Risk Monitoring

We maintain our focus on ensuring a comprehensive risk monitoring framework is adequately implemented, i.e., ensuring all the macroeconomic indicators are effectively monitored, identified key risk exposures are evaluated adequately, and robust stress testing scenarios are deployed.

Diversification

We maintain an optimal mix of financial instruments spread across different asset classes in a proportion consistent with our risk appetite. Consequently, the bank is able to reduce adverse impacts on its expected returns.

On the liabilities side, the bank strives to achieve a mix of funding sources that best aligns with asset growth strategy as well as maturities to ensure funding cost and availability positively supports overall profitability and liquidity position.

Investing in People

Training and awareness initiatives are regularly undertaken in order to build and sustain a healthy risk culture across our footprint. Furthermore, on talent development programmes are also implemented across different levels in line with our long terms human capital development goals.

Regulatory Environment

As a critical element of our strategic planning, we take into consideration potential changes in the regulatory environment and design appropriate risk mitigation to address emerging risks.

We work closely with regulatory authorities and industry bodies to enable effective monitoring of developments in the external environment, identifying potential risks and work together to propose approaches that will result in minimal impact to the industry as a whole.

Climate and Sustainability Agenda

Climate risk management is among the key priority of the bank and aligns with current global initiatives and new regulatory requirements, consequently, the bank has taken a proactive approach to embed climate risk into thein the enterprise risk management framework, credit risk and operational risk management policies and process.

The bank continues to fine tune mechanisms to identify, assess and manage climate-related risks and opportunities while taking into consideration physical and transition risks impacts within the credit risk process and measures i.e., transition plans adopted by clients.

The bank has embarked on the process of integrating ESG reporting as well as incorporation into risk management framework, together with development of relevant products in partnerships with organisations promoting long-term sustainability.

Cyber Risks

Recognising the increase in digital services footprint and rising cyber security threats across the region, the bank has elevated cyber risk to principal risk status and updated both the risk appetite and enterprise risk management framework to reflect this change. As a result of the decision, board and senior management are able to maintain adequate and timely visibility of cyber risk profile, performance of relevant controls and remediation actions. Technology resilience continues to be a primary focus area reflected by overall investments in infrastructure and technical skills necessary to keep our assets, systems and customers secured and safe.

Business Continuity

We aim to ensure the bank is capable of providing its customers with seamless and reliable around the clock services. Therefore, we ensure a robust and effective business continuity plan is implemented and routinely validated. Policies and procedures supporting emergency evacuation and disaster recovery planning have been implemented along with bringing onboard relevant business continuity management skills. Critical processes and recovery time objectives have been defined and agreed with relevant stakeholders enabling relevant service restoration within a reasonable time in the event of disruption.

The Bank also maintains separate backup data centers equipped with uninterrupted power supplies (UPS) and standby generators.

Staff receive regular BCM awareness communication and undertake mandatory BCM training to equip them with adequate understanding of their role in the business continuity process.

Capital Management

Prudent capital management sits at the centre of our risk management process. The bank's capital position must at all times remain aligned to regulatory requirements and supportive of the long-term strategic growth ambitions.

Our capital adequacy assessment process (ICAAP) results show a strong capital position under both normal and stressed conditions. Senior management strives to ensure the available capital is efficiently optimised and allocated towards activities that to generate sustainable returns.

Strengthening Credit Risk Management

we have enhanced our credit risk assessment processes, including thorough due diligence, collateral valuation, and borrower risk profiling, to mitigate the potential impact of varying levels of credit risk in Tanzania.

Looking Ahead

Our focus in 2024 will be to remain proactive and adaptive to the evolving landscape of risks and uncertainties. We will continuously monitor and assess emerging macroeconomic challenges, geopolitical dynamics, and regulatory changes. Our priority going into the 2024 financial year will be to continue to strengthen the Bank's risk mitigation strategies, enhance technological capabilities, and embrace sustainable practices to maintain the bank's resilience.

In addition, we will leverage data-driven insights, foster a risk-aware culture to anticipate potential threats to navigate future uncertainties and capitalise on opportunities for sustainable growth.

Technology and Digital Transformations

Mr. Alamin Merchant
Chief Technology & Digital Transformation Head

Building resilience through Digital Transformation

Information and technology are key to our competitiveness, growth and sustainability and form part of our strategy. We recognise that the future of banking is changing at an ever-accelerating pace. To remain relevant to customers and operationally efficient, we continued to focus on enhancing the stability, security, resilience and competitiveness of our information systems, processes and technology infrastructures.

We continue to invest in the technology transformation of our business to enhance value for our customer data assets and improve organisational agility. Some of our key focus areas on technology and digital transformations front in the year 2023 are highlighted below:

- During the year, we embarked on Exim 4.0 transformation which involved upgrading our Core Banking System to the latest technology stack with Open API architecture. We also focused on redesigning of our network infrastructure to enhance security and resilience.
- At Exim bank, we acknowledge that building a digital business requires deep insights into customer needs so that we can fulfil those needs. On this basis, we implemented enhanced reporting tools for enhanced business analysis / customer up selling and cross selling insights. We also enhanced our payments platforms (SWIFT, TISS and TIPS) for smooth and speedy transactions processing.
- Furthermore, we introduced iTurmeric Middleware providing our business units with an integrated platform to ensure rapid access to data more efficiently generating new 'go to the market' opportunities.
- We continued to focus on investing in appropriate technology to improve stability and mitigate cyber risk to secure client and bank data and assets. During the year, we strengthened our technology controls and build internal capabilities by increasing qualified cybersecurity personal (certified by ISACA).
- In a bid to strengthen our Information Technology (IT) offering within the Bank, we took initiatives to our IT processes and procedures with ITIL Frameworks. ITIL is a framework of best practices for delivering IT services. ITIL's systematic approach help businesses manage risk, strengthen customer relations, and build an IT environment geared for growth, scale, and change.
- We, at Exim Bank acknowledge that that excellent customer service is one of our key differentiators. It is on this basis, that we continue to enhance customer experience with flexible, convenient and secure access to our services in addition to quick issues resolution in real time. During the year, we introduced innovative customer service support centres.
- Working with our retail and corporate business units, we continued to enhance various digital products offered by the Bank to make banking accessible and convenient for our customers. We have also been diligent in ensuring the safety of our customers' assets through strengthening of our systems controls and data security.

Exim Cares


EXIM BANK
ation is life
EXIM BANK
ation is life

Exim Cares

Mr Stanley M. Kafu
Head - Marketing & Communication

Exim Cares, the bank's dedicated social responsibility arm, continues to stand as a pillar of strength in its commitment to the "Exim at work today, for tomorrow" ethos. Throughout 2023, Exim Cares demonstrated its resilience by spearheading a range of impactful initiatives, each aligned with its core focus areas.

With an unwavering belief that today's actions shape tomorrow's outcomes, Exim Cares concentrates on several vital spheres, including environment, health, education, financial literacy, and emergency relief donations. These focus areas serve as guiding principles for the arm's activities, emphasizing the bank's dedication to holistic and sustainable community betterment. Through its diverse focus areas, Exim Cares ensures that its initiatives are not only impactful but also sustainable, embodying the bank's overarching commitment to building a brighter future for all. By remaining steadfast in its mission, Exim Cares solidifies its position as a vital catalyst for positive change within the communities it serves.

Transforming Lives through Our Actions

In 2023, Exim Cares continued to exemplify its role as a driving force for positive societal change. Building upon the foundation laid in previous years, our commitment to social responsibility only grew stronger. Our initiatives spanned across various critical spheres, including innovations, environmental conservation, healthcare access, educational empowerment, financial literacy promotion, and swift response to emergency situations.

Each of these focus areas was carefully selected to address pressing needs within our communities, reflecting our dedication to holistic development. By concentrating our efforts on these core principles, we aimed not only to make an immediate impact but also to lay the groundwork for sustainable progress.

Moreover, Exim Cares took proactive steps to foster deeper engagement and collaboration among our staff and partners. By empowering employees to allocate budgets towards causes they are passionate about, we cultivated a sense of ownership and involvement in our social responsibility endeavours. This approach not only amplified our impact but also nurtured a culture of empathy and social consciousness within the organization.

Furthermore, our commitment to transparency and accountability remained unwavering. We continuously tracked and evaluated the effectiveness of our initiatives, ensuring that resources were allocated efficiently and that the intended beneficiaries received the support they needed.

Through these concerted efforts, Exim Cares not only solidified its position as a vital catalyst for positive change but also reaffirmed our dedication to building a brighter, more equitable future for all. As we look ahead, we remain committed to advancing our mission and making a meaningful difference in the lives of those we serve.

Women Empowerment Program (WEP): Mwanamke Tunu ya Jamii

The Women Empowerment Program (WEP) aims to support selected women-based startup companies and individual entrepreneurs in developing their businesses and ideas. Participants receive a comprehensive range of services including training, startup capital, and financial facilities to kickstart or scale up their ventures. The program was inaugurated and celebrated in Dar es Salaam, with Dr. Dorothy Gwajima serving as the esteemed guest of honour during the launch and first graduation ceremony.

Education: Desk Donation Campaign

In conclusion of our 1,000 desks donation campaign, we successfully donated a total of 190 desks to Chemba Primary School in Dodoma, exceeding their initial request of 186 desks. With these additional desks, every student at the school now has a comfortable place to sit and learn.

Healthcare: Donate Blood and Save a Life

We arranged a Blood Donation Drive to raise awareness and inspire people to donate blood as part of our observance of World Blood Donor Day on june 14th 2023. The drive took place in five regions: Dar es Salaam, Dodoma, Mwanza, Mbeya, and Mtwara. In total, we collected 579 units of blood.

Environment: Go-Green Initiative

Aligned with our Go Green Initiative, we embarked on a noble endeavour to plant 10,000 trees in the Northern Zone. This commendable effort reached a significant milestone as we successfully planted trees in strategic locations: Arusha Girls High School in Arusha, Mawenzi Referral Hospital in Moshi, and Karatu District Hospital in Karatu.

Innovation: A Bright Future

Contributing to the cultivation of budding innovation, we proudly supported the annual Young Scientist Tanzania (YST) event, aimed at nurturing the creativity and ingenuity of aspiring young minds.

Community Development: Because We Care

We contributed a water well to the Tumbatu community in Zanzibar, providing them with easier access to clean water to over 5,000 families. Additionally, we donated various food items to Maawal Islamic Centre in Tanga, Shinyanga, and Kaya Maskini in Zanzibar, ensuring that needy families received proper meals for iftar during the month of Ramadan.

Sustainability Perspective: Embedding Sustainability in our Operational Processes

We are deeply committed to fostering a culture of sustainability that resonates throughout every corner of our community. Our mission is clear: to mitigate the negative effects of our business operations while actively promoting positive change. At the heart of the Exim Bank Group's ethos lies a steadfast dedication to advancing sustainable development across all facets of our activities.

In serving our customers, we are committed to a culture that is sensitive to regulations and suitability of transactions, and we hold ourselves accountable at every level, starting at the very top.

Recognizing the intrinsic link between sustainability and our long-term success, we continuously invest resources to bolster our capacity for environmental and social stewardship. We understand that integrating environmental, social, and governance principles into our operations is essential for driving growth responsibly.

With this in mind, we prioritize initiatives that not only benefit our bottom line but also contribute to the well-being of our planet and communities. We take pride in financing projects and businesses that demonstrate a firm commitment to sustainable resource management.

We recognise that our lending practices play an influential role in shaping the behaviours of our customers towards sustainable development and are committed to supporting and implementing responsible banking by working with the regulator and our other

stakeholders. We take a proactive stance to protect our customers' information from cyber-attacks and illicit usage. We have zero tolerance for financial crime, including bribery and corruption. We are committed to advancing responsible financing and financial inclusion as part of our role in promoting sustainable development.

To ensure we uphold the highest standards, we adhere rigorously to international best practices, including the IFC Performance Standards and relevant international treaties. Our goal is not only to be a regional leader in sustainability but also to actively advocate for climate action on a global scale.

In addition to our environmental efforts, we are deeply invested in empowering communities and driving social transformation. Every investment decision we make is guided by a comprehensive policy that prioritizes responsible social and environmental management.

To guarantee accountability and transparency, we conduct thorough Environmental and Social Impact Assessments (ESIA) in accordance with local environmental laws. By adhering to these rigorous standards, we strive to be responsible stewards of both our financial resources and the world around us.

We are on a journey, and in the coming years, will continue to focus on integrating sustainability matters into our business processes.

Financial Statements

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Corporate Information

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	**Exim Tower** Plot 1404/05, Ghana Avenue P. O. Box 1431 Dar es Salaam, Tanzania	
SUBSIDIARY OFFICES	**Exim Bank Comoros** Place de France B.P.: 03 Moroni, Comoros Tel: +(269) 773 94 00\01\02	**Exim Bank (Djibouti) S.A.** 13, Place Lagarde P.O. Box 4455, Djibouti infos-dj@eximbank.co.tz +253-21351514
	Exim Bank Uganda Plot 6, Hannington Road P.O. Box 36206 Kampala, Uganda +256 312 320 400	**Exim Bank (Djibouti) S.A.** (Exim Bank Representative Office in Ethiopia) Zouleka L.G.K. Building Bole Sub City - Woreda 03, Office No. 103 Phone: + 251 116 67 2887, Cell: +251 930 056519 Post: 3019 Code: 1250 Addis Ababa, Ethiopia

PRINCIPAL BANKERS

Bank of Tanzania
P. O. Box 2939
Dar es Salaam, Tanzania

Deutsche Bank Trust Company Americas
Church Street Station
P. O. Box 318
New York, United States of America

Deutsche Bank AG
London, EC2P2AT
United Kingdom

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

Exim Bank (Uganda) Limited
Plot 6, Hannington Road
P.O. Box 36206
Kampala, Uganda

JP Morgan Chase Bank, N.A
4, New York Plaza, Floor 13
United States of America - 10004

Exim Bank Comoros S.A.
P.O. Box 8298
Place de France
Moroni, Comoros
Tel: +269 773 94 00 / 2W

Deutsche Bank AG
Global Transaction Banking - Trade
Finance Financial Institutions
Taunusanlage 12, 60325
Frankfurt am Main, Germany

Nedbank
3rd Floor, Block H, 135, Rivonia Road
Sandown, Sandton 2196
P.O. Box 1144
Johannesburg 2000
South Africa

Axis Bank Limited
Corporate Office, Axis House
Pandurang Budhkar Marg, 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

ABSA Bank Limited (all South African Offices)
Johannesburg
1st Floor | Sandton Campus |
North Building | 15, Alice Lane
Sandton 2196
+27011 8468265 | Mobile: +27714630044

Exim Bank (Djibouti) S.A.
Exim House
13, Place Lagarde, PB 4455
Tel: +253 21 351514

Exim Bank (Djibouti) S.A.
(Exim Bank Representative Office in Ethiopia)
Zouleka L.G.K. Building
Bole Sub City - Woreda 03, Office No. 103
Phone: + 251 116 67 2887 Cell: +251 930 056519
Post: 3019 Code: 1250
Addis Ababa, Ethiopia

SOLICITORS

Mnyele, Msengezi & Company
Advocates
P. O. Box 2479
Dar es Salaam, Tanzania

ARS Law & Advisories
Pemba House, Block D
Plot No. 369, Toure Drive
Oysterbay Office Complex
P. O. Box 23262

Rex Attorneys at Law
P. O. Box 7495
Dar es Salaam, Tanzania

Trustmark Attorney
Msasani Towers, Wing A
Kimweri Street
P. O. Box 12260
Dar es Salaam, Tanzania

Galati Law Chambers Advocates
3rd Floor, Exim Bank Building
Kenyatta Road
P.O. Box 11317
Mwanza, Tanzania

B & E Ako Law
Plot No. 30, House No. 7
Ursino Street, Regent Estate
P. O. Box 71748,
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

IMMMA Advocates
IMMMA House, Plot No.357
102, United Nations Road, Upanga
P. O. Box 72484
Dar es Salaam, Tanzania

Mawalla Advocates
Plot No. 175/20, Mawalla Heritage Park
Mawalla Road
P.O. Box 6101
Arusha, Tanzania

BANK SECRETARY

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

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

Directors' Report

1. Introduction

The Directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2023, 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 30 across the country in Tanzania and 17 others in subsidiaries. In total there are 47 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 & 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; and
- 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.

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 30 branches in Tanzania and 17 more in the region where it has subsidiaries and the core service delivery channels.

Directors' Report

The Bank has rolled out number of alternative delivery channels such as ATMs which are 56, 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 2023 the bank had 1,631 agents (31 December 2022: 749 agents).

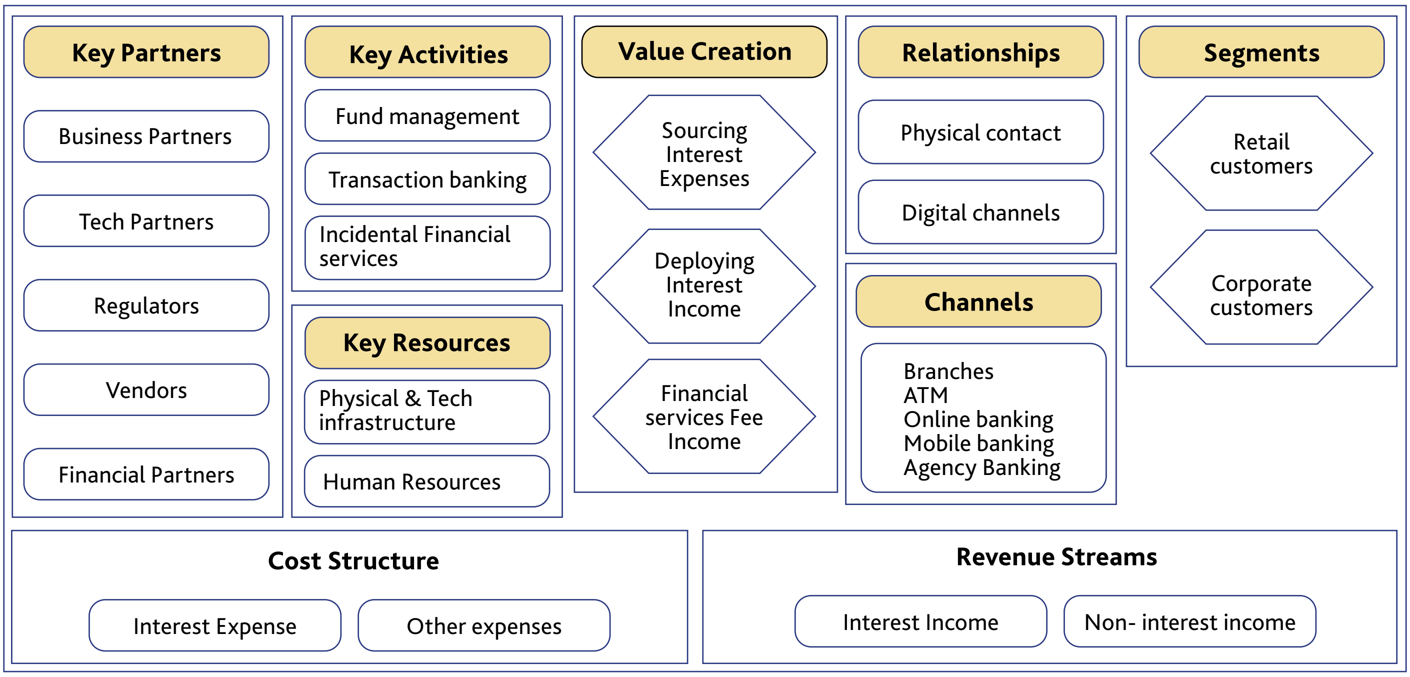
6. Our Business Model

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.



Directors' Report

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 321 billion in 2023 compared to TZS 264 billion of 2022. – The Group has also established a convenient and stable communication channel in line with best practices.
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 31 billion (2022: TZS 24 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 1,109 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,

Directors' Report

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.

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,

Directors' Report

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. As part of the 59th anniversary of the Zanzibar Revolution, the Bank, in collaboration with the Office of the Vice President, Union and Environment and media partners in Dodoma, conducted a tree planting exercise at the Machinga Complex central market in an effort to make the capital city green.

Further, the Bank launched a campaign to plant 10,000 trees in the Northern Zone. A total of 600 trees were planted in Arusha (Arusha Girls High School), Moshi (Mawenzi Referral Hospital) and Karatu (Karatu District Hospital).

The exercise was graced by RC's representatives in Moshi and Arusha, and the DC of Karatu hon. Dadi Kolimba.

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.

Directors' Report

- 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-three (23) 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 2023 up to the date of this report.

No.	Name	Position	Age	Gender	Nationality	Qualifications	Remarks
1	Ambassador Juma Mwapachu	Chairman	82	Male	Tanzanian	Bachelor of Law and Post Graduate Diploma in International Law	Retired in September 2023
2	Mr. Said Ally Mwema	New Chairman	70	Male	Tanzanian	Bachelor of Law	Appointed in September 2023
3	Mr. Yogesh Manek	Director	69	Male	Tanzanian	Bachelor of Arts	
4	Mr. Hanif Jaffer	Director	61	Male	Tanzanian	Certified Public Accountant (CPA-T)	
5	Mr. Shaffin Jamal	Director	54	Male	Tanzanian	Master's in Business Administration	
6	Mr. Kalpesh Mehta	Director	53	Male	British	FCA, Bachelor of Arts (Econ) Hons	
7	Mr. Thomas Wescott	Director	72	Male	American	Bachelor of Arts, Government and Economics	Retired in September 2023
8	Mr. Sherazam Mazari	Director	71	Male	Singapore	Bachelor of Business Administration - Finance	
9	Ms. Irene Mlola	Director	50	Female	Tanzanian	Master's in Business Administration	
10	Ms. Brenda Lulu Msangi	Director	44	Female	Tanzanian	Master's in Business Administration	Appointed in September 2023

Directors' Report

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.

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)

(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 committee met nine (11) 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 three (4) times during the year.

This committee is comprised of the following members:

Sn.	Name	Position	Remarks
1	Mr. Thomas Wescott	Chairman	Retired in September 2023
2	Mr. Hanif Jaffer	Member	
3	Mr. Kalpesh Mehta	Chairman	Appointed in September 2023

(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 five (4) times during the year.

This committee 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 and Committees Meetings during the Year

The Directors' attendance of meetings and remuneration for the year ended 31 December 2023 is indicated below:

Name of Director	Board	Credit Committee	Audit & Risk Management Committee	Executive committee	Directors' fees (TZS Million)
Mr. Yogesh Manek	4	-	-	4	10
Mr. Shaffin Jamal	3	11	-	4	10
Mr. Hanif Jaffer	4	-	4	4	10
Ambassador Juma Mwapachu*	3	-	-	-	33
Mr. Thomas Wescott*	3	-	3	-	80
Mr. Said Ally Mwema**	1	-	-	-	14
Ms. Brenda Lulu Msangi**	1	-	-	-	7
Mr. Kalpesh Mehta	4	-	4	-	32
Mr. Sherazam Mazari	4	11	-	4	269
Ms. Irene Mlola	4	10	-	-	32
Number of Meetings held	4	11	4	4	
Total Directors' Fees					497

*Retired in September 2023 **Appointed in September 2023

15. Key Board Activities/Decisions during the Year

During the year the board in total sat in 23 meetings which included both the board committee 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 2024 Budget

The Board went for a special seating which was intended to review the proposed budget for the financial year 2024 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.

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.

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.

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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
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 12% (12% in 2022) of the Group's liabilities and Bank reported equity accounts as 14% (15% in 2022) 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 2.4 trillion (TZS 1.8 trillion in 2022). 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 31.

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 32 and note 33.The Bank is looking to maintain return on equity of above 20% by end of 2024, continued cost optimization to maintain cost to income ratio to less of55% 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 (2022: 5 shareholders). The shares are held as follows:

	Name of the Shareholder	% of shareholding	31 December 2023 Number of Ordinary Shares	31 December 2022 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 38 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.

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 after tax of TZS 60.5 billion (2022: profit of TZS 44.1 billion) during the year. The Bank recorded a profit after tax of TZS 43.8 billion during the year (2022: profit of TZS 27.9 billion).

The total assets of the Group increased to TZS 3.0 trillion (2022: TZS 2.4 trillion) while that of the Bank grew to TZS 2.0 trillion (2022: TZS 1.6 trillion). The increase in total assets

Directors' Report

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 52% above prior year and despite 43% growth of tax charge yet the profit after tax was 56% above prior year. On the same note the Bank managed to grow the balance sheet by 26% from TZS 1.6 trillion in 2022 to TZS 2.0 trillion in 2023.

Regardless of the increased competition in financial industry the above performance takes the Bank to 5th 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 8 on profit before tax level and number 8 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 2022 and 2021 also will translate to better position when compared to 5 years medium term strategy which was set in 2022. Recovery of businesses impacted by Covid-19 is expected to continue in 2024. Whilst geopolitical tensions in Eastern Europe may continue, management is optimistic that resulting challenges will not have significant impact on the business in 2024. 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.

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.

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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.

think of immediate strategies to contain the impact. This affected banks strategies as most of these side effects came unpredicted and their impact takes longer to identify and combat.

Continued impact of Covid-19

The Emergence of Covid-19 from the past three years resulted in a very significant impact to the world economy and has resulted in a shift of factors of demand and supply. In a number of areas, we and the entire banking industry have seen increases in credit risk in some cases, constrained business growth where in Tanzania we experienced below target growth of GDP, inflation rates and different impacts in other grounds including in liquidity pattern pushing both banks and regulators to

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.

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.

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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.

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 have proposed payment of a dividend to the shareholders amounting to TZS 7 billion for 2023 subject to Regulator's approval (2022: Nil).

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 1,109 employees, (2022: 970 employees), who are well diversified and skilled and the group spent TZS 380 million on training (2022: TZS 199 million). Staff productivity has slightly dropped by 4% (revenue per staff of TZS 234 million in 2023 from TZS 245 million in 2022).

Manufactured Capital Resources

The group's plant, property and equipment increased by 9% despite growth in profitability as a result of increased utilization and optimization of available tools.

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 22% from TZS 264 billion in 2022 to TZS 321 billion in 2023. Earnings per share have also increased from TZS 3,301 to TZS 4,579.

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 and had obtained waiver from all 3 Direct Foreign Investments (DFIs) from whom there were breaches of existing covenant and all were communicated to be a continued impact of Covid-19 to the general global economy.

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

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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.

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, with twelve-month headline inflation standing at 3 percent in December 2023, a modest decline from 3.2 percent 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 17.1 percent in December 2023, compared with 18.3 percent registered in the preceding month and 22.5 percent in the corresponding period in 2022. However, the growth was above the projected target of 16.4 percent by the end of 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 rates decreased to 15.34 percent from 15.38 percent in November 2023 and 16.06 percent in the corresponding period in 2022. The negotiated lending rates remained almost unchanged at around 13 percent. The overall deposit rates displayed a modest decline to an average of 7.45 percent from 7.64 percent in November 2023 but were above the rates of a similar period in 2022, which averaged 6.94 percent. Negotiated deposit rates remained broadly unchanged at around 9 percent.

Money supply

In the year ending December 2023, extended broad money supply (M3) grew by 14.1 percent, compared with 13.7 percent and 11.6 percent in the year ending November 2023 and December 2022, respectively. 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 2023, the Bank conducted two Treasury bills auctions with a combined tender size of TZS 157.8 billion to cater for government financing needs and price discovery.4 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 10.48 percent from 9.34 percent recorded in November 2023.

Treasury Bonds Market

During the period, the Bank 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 2,516 per US dollar in Dec 2023, compared with TZS 2,320.23per US dollar in December 2022.

Gross Domestic Product (GDP)

The Tanzania's economy grew by 5.3 percent in third quarter 2023 compared to 5.2 percent recorded in a similar period in 2022.

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.

Directors' Report

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.

- 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.

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	
		2023	2022	2023	2022
Return on equity	Net profit/Average total equity for past two years	20.65%	18.82%	19.39%	14.68%
Return on assets	Profit Before Tax/Average total assets for past two years	3.40%	3.02%	3.70%	2.95%
Cost to income ratio	(Operating expenses excluding Provisions)/ (Net interest income + non-interest income)	60.84%	57.69%	57.40%	54.93%
Gross loans to total deposits	Total gross loans/Total deposits	65.18%	69.63%	75.53%	79.01%
Non-performing loans to gross loans	Gross Non-performing loans/Total Gross Loans	4.24%	7.79%	5.63%	8.64%
Earning assets to total assets	Total Earning assets/Total assets	86.12%	75.92%	83.98%	78.53%
Growth on total assets	Trend (Current year total assets-previous year total assets)/Previous year total assets	25.30%	14.10%	25.69%	16.18%
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	21.61%	12.06%	27.95%	14.67%
Growth on customer deposits	Trend (Current year customer deposits -previous year customer deposits)/Previous year customer deposits	31.69%	8.18%	31.33%	16.72%
Growth on total shareholders' funds	Trend (Current year total shareholders' funds -previous year total shareholders' funds)/Previous year total shareholders' funds	21.32%	29.64%	14.67%	23.21%
Capacity adequacy:					
Tier I Capital	Core Capital/Risk weighted average assets including off-balance sheet items	15.07%	12.88%	14.38%	15.11%
Tier I + Tier II Capital	Total Capital/Risk weighted average assets including off-balance sheet items	16.84%	14.36%	15.95%	16.99%

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 increase experience and drive usage.

Directors' Report

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 2023 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 1,109 employees, out of which 534 were female and 575 were male (2022: 970 employees, out of which 464 were female and 506 were male). During the year, 7% (2022: 5%) of the number of women are in executive management.

37. Related Party Transactions

The related party transactions and balances are disclosed in Note 38 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 will 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.

Learning and Development

For the year 2023, the Group spent TZS 387 million (2022: TZS 199 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.

Directors' Report

- 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

In 2022, the Bank launched 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.

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 94% in 2023 from 90.4% in 2022. In the current workforce 25% of staffs have been with the bank for over 10 years (22% in 2022), 25% are between 6-10 years (30% in 2022) and 50% have worked between 0-5 years (48% in 2022).

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,

Directors' Report

- 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 130 million (2022: TZS 93 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.

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

To further pioneer and spur up innovation in the country, the Bank supported the Young Scientists of Tanzania organization through a sponsorship program which helped in organizing to facilitate science for development in Tanzania.

Environment

Exim Bank has donated 100 wastebins to be strategically placed in various areas in the Northern Zone (Arusha, Moshi and Karatu) with the aim of keeping the environment clean. Each wastebin has a capacity of 240 litres.

This initiative is expected to promote cleanliness and hygiene in the designated areas, thereby contributing to a healthier and more sustainable environment. Donation of these wastebins together with other cleaning materials demonstrates the bank's commitment to environmental sustainability and social responsibility.

Other Donations

Relief Donations

Exim Bank donated several food items to Maawal Islamic Centre in Tanga, Shinyanga and Kaya Maskini in Zanzibar to ensure that the needy families get proper meals for iftar during the month of Ramadan.

The provided food items included rice, flour, cooking oil, sugar, beans, tambi among other things.

Blood Donations

As part of Exim Cares, the Bank organized a blood donation drive which aimed to generate awareness and encourage the public to donate blood as part of the Bank commemoration of the World Blood Donor Day on June 14th. The Bank conducted the exercise in five regions, Dar es Salaam, Dodoma, Mwanza, Mbeya and Mtwara. The Bank managed to collect a total of 579 units of blood.

Women Empowerment Program (WEP)

Selected women-based startup companies and/or individual entrepreneurs are assisted to develop their businesses/ideas through receiving a range of services from training, startup capital and financial facilities to kickstart or scale up their businesses. The first cohort consisted of 15 participants, the launch and first graduation ceremony was held in Dar es Salaam, with Dr. Dorothy Gwajima as the guest of honor. Top 3 winners were awarded TZS 8 million, TZS 5 million and TZS 3 million respectively.

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.

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.
- 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.

Directors' Report

- 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 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 2023.

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:

Saidi Ally Mwema
Chairman

04/04/2024

Directors' Responsibilities

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.

04/04/2024

Saidi Ally Mwema
Chairman

Declaration of Head of Finance

for the year ended 31 December 2023

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 2023 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.

04/04/2024

Issa Hamisi Rajabu
Deputy Chief Finance Officer
NBAA Membership No.: ACPA 4773

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 financial statements of Exim Bank Tanzania Limited ("the Group and Bank") set out on pages 126 to 232, which comprise the consolidated and separate statement of financial position as at 31 December 2023, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, 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 2023, and of its consolidated and separate financial performance and its 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 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 loss 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 2023 the gross Loans and advances to customers amounted to TZS 1,558 billion and TZS 1,011 billion for the group and bank respectively, and the expected credit losses amounted to TZS 40.37 billion and TZS 35.08billion for the group and bank respectively.	*Our audit procedures in this area, included:*
	• Evaluating the design and implementation as well as the operating effectiveness of controls,
	  ◦ over the compilation and review of the early warning list;
	  ◦ credit file review processes, approval of external collateral valuation vendors;
	  ◦ controls over the approval of significant individual impairments; and
	  ◦ Relevant Information Technology controls.

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. 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.	*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 an independent recalculation of the PD's.

Independent Auditor's Report

The Key Audit Matter	How the matter was addressed in our Audit
• 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 overlays include time to realization and collateral values. • 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.	• 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, through independent model reperformance. • 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 overlay 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 2023 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.

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

Independent Auditor's Report

economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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.
- Obtain sufficient appropriate audit evidence regarding the consolidated and separate 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.

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: 08/04/ **2024**

Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income

for the year ended 31st December 2023

	Notes	Group		Bank	
		2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Interest income calculated using the effective interest method	7(a)	201,798	164,216	128,867	105,750
Other interest income	7(b)	9,843	15,416	9,843	15,416
Interest expense and similar charges	8(a)	(54,965)	(42,001)	(45,637)	(37,482)
Net interest income		156,676	137,631	93,073	83,684
Expected credit loss	8(b)	(10,153)	(32,315)	(8,337)	(27,417)
Net interest income after loan expected credit loss charge		146,523	105,316	84,736	56,267
Fee and commission income	9(a)	44,450	35,744	24,857	19,051
Fee and commission expense	9(b)	(62)	(52)	(62)	(52)
Net fee and commission income		**44,388**	**35,692**	**24,795**	**18,999**
Foreign currency dealings and translation gain		40,194	25,306	32,524	16,969
Other income	10	18,321	38,025	25,239	38,360
Other expenses	11	(64,455)	(55,866)	(42,108)	(35,966)
Personnel expenses	12	(73,721)	(61,915)	(47,384)	(40,282)
Depreciation and amortization expenses	13	(19,776)	(18,750)	(11,323)	(10,549)
Profit before income tax		91,474	67,808	66,479	43,798
Income tax expense	14(a)	(31,023)	(23,715)	(22,676)	(15,807)
Profit for the year		**60,451**	**44,093**	43,803	27,991
Other comprehensive income					
Items that will not subsequently be reclassified to profit or loss					
Gain on equity investments at FVOCI	21(a)	(6)	26	(6)	26
Deferred tax (charge)/credit	14(c)	2	(8)	2	(8)
		(4)	18	(4)	18
Items that may subsequently be reclassified to profit or loss					
Gain on government securities at FVOCI		(8,443)	16,636	(8,443)	16,636
Deferred tax charge	14(c)	2,533	(4,991)	2,533	(4,991)
Exchange differences on translation of foreign operations	35(d)	8,854	(2,750)	-	-
Other comprehensive income/(loss) for the year, net of tax		2,940	8,913	(5,914)	11,663
Total comprehensive income for the year, net of tax		**63,391**	**53,006**	**37,889**	**39,654**

Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income (Continued)

for the year ended 31st December 2023

	Notes	Group		Bank	
		2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Profit for the year attributable to					
Holders of Ordinary shares of the bank		59,075	42,589	43,803	27,991
Non-controlling interests		1,376	1,504	-	-
		60,451	**44,093**	**43,803**	**27,991**
Total comprehensive income for the year attributable to					
Holders of Ordinary shares of the bank		61,986	51,510	37,889	39,654
Non-controlling interests		1,405	1,496	-	-
		63,391	**53,006**	**37,889**	**39,654**
Earnings per Share					
			TZS/Share		TZS/Share
Basic and diluted profit per share (Note 15)		4,579	3,301	3,396	2,170

The notes set out on pages 133 to 232 form an integral part of these financial statements.

Independent Auditor's Report appears on pages 123 to 125.

Consolidated and Separate Statements of Financial Position

as at 31st December 2023

Assets	Notes	Group 2023 TZS 'M'	Group 2022 TZS 'M'	Bank 2023 TZS 'M'	Bank 2022 TZS 'M'
Cash and balances with Central Bank	17	273,423	234,241	150,718	121,347
Loans and advances to banks	18	523,464	260,219	288,132	124,558
Loans and advances to customers	19	1,518,048	1,248,257	975,533	762,433
Government securities at amortized cost	20	172,314	123,643	90,864	92,755
Government securities: FVTPL	20	97,274	155,561	97,274	155,561
Government securities: FVOCI	20	227,341	221,553	227,341	221,553
Equity investments: FVOCI	21(a)	2,086	2,092	2,086	2,092
Equity investments: FVTPL	21(b)	555	516	-	-
Corporate Bonds: Amortized cost	21(c)	41,201	47,110	2,749	710
Other assets	22	33,223	6,788	50,362	3,202
Assets held for sale	23	456	226	-	-
Property and equipment	24	45,341	38,994	24,440	22,808
Right of use Asset	25	24,791	23,294	18,089	17,717
Investment in subsidiaries	26	-	-	45,512	45,512
Intangible assets	27	14,874	11,482	11,176	6,646
Deferred tax asset	14(c)	20,896	16,573	18,535	16,573
Total assets		**2,995,287**	**2,390,549**	**2,002,811**	**1,593,467**
Liabilities and equity					
Liabilities					
Deposits due to banks	28	117,923	157,452	305,904	236,196
Deposits due to customers	29	2,390,796	1,815,508	1,338,068	1,018,857
Current income tax payable	14(b)	4,751	4,885	38	543
Term borrowings	30	8,568	8,566	8,568	8,566
Subordinated debts and senior loans	31	33,228	55,321	33,228	55,321
Lease liability	32(a)	30,508	24,986	22,874	19,018
Other provisions		996	921	367	292
Other liabilities	33	87,636	58,420	52,378	44,177
Total liabilities		**2,674,406**	**2,126,059**	**1,761,425**	**1,382,970**
Equity					
Share capital	34	12,900	12,900	12,900	12,900
Regulatory and other reserves	35	29,838	35,550	6,307	18,654
Retained earnings		256,950	196,252	222,179	178,943
Equity attributable to owners of the parent		**299,688**	**244,702**	**241,386**	**210,497**
Non-controlling interest	39	21,193	19,788	-	-
Total Equity		**320,881**	**264,490**	**241,386**	**210,497**
Total liabilities and equity		**2,995,287**	**2,390,549**	**2,002,811**	**1,593,467**

The financial statements on pages 126 to 232 were approved and authorized for issue by the Board of Directors on___04/04/___2024 and were signed on its behalf by:

Said Ally Mwema
Chairman

Mr. Yogesh Manek
Director

Consolidated Statement of Changes In Equity

for the year ended 31st December 2023

	Notes	Issued capital TZS 'M'	Regulatory reserves TZS 'M'	Fair value reserve TZS 'M'	General and legal reserve TZS 'M'	Currency translation reserve TZS 'M'	Retained earnings TZS 'M'	Total controlling interest TZS 'M'	Non - controlling interest TZS 'M'	Total TZS 'M'
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
Dividend declared		-	-	-	-	-	(7,000)	(7,000)	-	(7,000)
Other comprehensive income/(loss) net of taxes		-	-	(5,914)	-	8,854	(29)	2,911	29	2,940
Transfer to retained earnings/NCI from general and legal reserve	35(c)	-	-	-	1,411	-	(1,411)	-	-	-
Transfer from regulatory reserves to retained earnings	35(b)	-	(10,063)	-	-	-	10,063	-	-	-
As at 31 December 2023		**12,900**	**4,114**	**6,303**	**4,848**	**14,573**	**256,950**	**299,688**	**21,193**	**320,881**
At 1 January 2022		12,900	25,844	1,191	2,859	7,824	142,574	193,192	10,823	204,015
Total comprehensive income										
Profit for the year		-	-	-	-	-	42,589	42,589	1,504	44,093
Other comprehensive income/(loss) net of taxes		-	-	11,026	-	(2,105)	-	8,921	(8)	8,913
Transfer to retained earnings/NCI from general and legal reserve	35(b)		-	-	578	-	(578)	-	-	-
Transfer from regulatory reserves to retained earnings	35(c)		(11,667)	-	-	-	11,667	-	-	-
		12,900	14,177	12,217	3,437	5,719	196,252	244,702	12,319	257,021
Transactions with equity holders										
Change of investment		-	-	-	-	-	-	-	7,469	7,469
As at 31 December 2022		**12,900**	**14,177**	**12,217**	**3,437**	**5,719**	**196,252**	**244,702**	**19,788**	**264,490**

The notes set out on pages 133 to 232 form an integral part of these financial statements.

Independent Auditor's Report appears on pages 123 to 125.

Consolidated Statement of Changes In Equity (Continued)
for the year ended 31st December 2023

	Notes	Issued capital TZS 'M'	Regulatory and other reserves TZS 'M'	Fair value reserve TZS 'M'	General and legal reserve TZS 'M'	Retained earnings TZS 'M'	Total TZS 'M'
At 1 January 2023		12,900	6,433	12,217	4	178,943	210,497
Profit for the year		-	-	-	-	43,803	43,803
Dividend		-	-	-	-	(7,000)	(7,000)
Other comprehensive income net of taxes		-	-	(5,914)	-	-	(5,914)
Transfer to retained earnings	35(b)	-	(6,433)	-	-	6,433	-
As at 31 December 2023		**12,900**	**-**	**6,303**	**4**	**222,179**	**241,386**
At 1 January 2022		12,900	22,554	554	4	134,831	170,843
Profit for the year		-	-	-	-	27,991	27,991
Other comprehensive income net of taxes		-	-	11,663	-	-	11,663
Transfer to retained earnings	35(b)	-	(16,121)	-	-	16,121	-
As at 31 December 2022		**12,900**	**6,433**	**12,217**	**4**	**178,943**	**210,497**

The notes set out on pages 133 to 232 form an integral part of these financial statements.

Independent Auditor's Report appears on pages 123 to 125.

Consolidated and Separate Statements of Cash Flows

for the year ended 31st December 2023

Cash Flows from Operating Activities	Notes	Group 2023 TZS 'M'	Group 2022 TZS 'M'	Bank 2023 TZS 'M'	Bank 2022 TZS 'M'
Profit before tax		91,474	67,808	66,479	43,798
Adjustment for:					
Depreciation of property and equipment	24	7,162	5,773	4,526	4,147
Amortization of intangible assets	27	4,153	3,639	1,670	1,801
Depreciation of right of use assets	25	8,461	7,822	5,127	4,190
Write-off		48	-	48	-
Impairment charge/(release)		10,153	(32,185)	8,337	(26,976)
Interest expense on lease liability	32(a)	1,934	1,599	1,384	1,326
Interest expense on subordinated debt		-	3,473		3473
Interest expense on term borrowing		3,857	553	3,858	553
Interest expense - deposits		39,649	31,233	31,741	25,491
Interest expense - deposits from other banks		9,112	4,836	8,310	6,499
Interest income - loans and advances		(140,731)	(119,390)	(88,563)	(68,605)
Interest income - government securities		(53,471)	(54,957)	(47,251)	(51,742)
Interest income - bonds		(2,244)	(2,141)	(197)	(75)
Foreign exchange gain on cash equivalents		(8,413)	(3,439)	(5,761)	(787)
Foreign exchange loss on borrowings		2,460	543	2,460	543
Foreign exchange gain on lease liability		1,363	-	971	-
Gain/ loss on disposal of assets		(30)	(261)	6	(5)
Loss on lease modification		(340)	-	(314)	-
Loss on fair valuation on equity investment at FVTPL		(39)	(10)	-	-
Amortization of gain on acquisition of UBL assets		(533)	(2,424)	(533)	(2,424)
Profit from termination of lease		-	(621)	-	(573)
Dividend income		(83)	(61)	(10,184)	**(3,590)**
Impairment of non-current assets held for sale		-	38	-	271
Impairment of investment in subsidiaries		-	-	-	(3,372)
		(117,532)	**(155,980)**	**(84,365)**	**(109,855)**
Changes in operating assets and liabilities:					
-Loans and advances to customers		(269,830)	(94,413)	(211,381)	(69,363)
-Government securities -Amortised cost		(49,396)	7,385	1,558	19,110
-Government securities -FVTPL		56,190	(56,991)	56,190	(58,182)
-Government securities -FVOCI		(14,762)	(87,289)	(14,801)	(88,698)
-Investment securities: Bonds		7,996	(28,967)	(1,999)	1,083
-Non-current assets held-for-sale		(230)	2,479	-	1,831
-Other assets		(14,932)	11,637	(38,831)	8,588
-Deposits due to banks		(43,840)	106,179	65,687	38,704
-Deposits from customers		598,707	149,046	315,867	145,212
-Other provisions		1	(3,265)	1	108
-Other liabilities		22,065	16,416	1,733	18,833
Cash generated from operating activities		265,911	(65,955)	156,138	(48,831)

Consolidated and Separate Statements of Cash Flows

for the year ended 31st December 2023

Cash Flows from Operating Activities	Notes	Group		Bank	
		2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Interest received - bonds		157	4,539	157	73
Interest received - government securities		56,922	48,252	50,280	**48,263**
Payment of term borrowings interest*	30	(636)	(546)	(636)	(546)
Payment of senior loans and subordinated debts interest*	37	(3,425)	(3,325)	(3,425)	(3,325)
Interest received - loans and advances		132,335	111,626	80,403	67,785
Interest payment - deposit		(63,068)	(43,056)	(28,397)	(24,784)
Interest payment - deposit due to other banks		(4,801)	(6,942)	(4,289)	(6,499)
Interest payment lease		(2,098)	(858)	(1,464)	(501)
Dividends received		83	(29)	40	29
Tax paid	14(b)	(32,326)	(23,392)	(22,608)	(17,739)
Net cash generated from operating activities		**349,054**	**20,314**	**226,199**	**13,925**
Cash flows from investing activities					
Purchase of property and equipment**	24	(17,618)	(12,784)	(6,209)	(6,430)
Purchase of intangible assets**	27	(7,607)	(2,730)	(6,248)	(2,526)
Additional investment in subsidiary		-	-	-	(3,833)
Proceeds from sale of assets		32	2,097	45	30
Net cash (used in)/from generated from investing activities**		(25,193)	(13,417)	(12,412)	(12,759)
Cash flows from financing activities					
Additional investment by NCI	39	-	7,469	-	-
Proceed from term borrowings	30	-	2,500	-	2,500
Proceeds from senior loans and subordinated debts	37	-	6,644	-	6,644
Payment of senior loans and subordinated debts - principal	37	(24,348)	(26,001)	(24,348)	(26,001)
Payment of lease liability	32	(5,445)	(8,579)	(2,220)	(5,069)
Net cash used in financing activities *		**(29,793)**	**(17,967)**	**(26,568)**	**(21,926)**
Cash and cash equivalent at 1 January		399,423	414,851	179,621	209,194
Net cash flows from operating activities		349,054	20,314	226,199	13,926
Net cash flows used in investing activities		(25,193)	(13,417)	(12,412)	(12,759)
Net cash flows from/(used in) financing activities		(29,793)	(17,967)	(26,568)	(21,926)
Decrease/(increase) in cash reserve requirement		(22,252)	(7,797)	(14,413)	(9,600)
Effect of exchange rate fluctuations on cash held		8,413	3,439	5,761	787
Cash and cash equivalents at 31 December	37	**679,652**	**399,423**	**358,188**	**179,622**

* Payment of term borrowings interest and payment of interest on subordinated debt presented in operating activities was previously erroneously presented in financing activities, this has impacted the cashflows from operating and financing activities by the same amounts.

**Purchase of property and equipment and purchase of intangible assets has been restated due to the correction made to capital work in progress for intangible assets erroneously previously presented in property and equipment, refer to Notes 24 and 27.

The notes set out on pages 133 to 232 form an integral part of these financial statements.

Independent Auditor's Report appears on pages 123 to 125.

Notes to Financial Statements
for the year ended 31st December 2023

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 Comores 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.

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.

(b) Changes in accounting policy and disclosures

(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 2023. 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:

Effective Date	New standards or Amendments
1 January 2023	Insurance Contracts – IFRS 17 Disclosure of Accounting Policies – *Amendments to IAS 1 and IFRS Practice Statement 2* The amendments require that an entity discloses its material accounting policies, instead of its material accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the four-step materiality process' described in IFRS Practice Statement 2. Definition of Accounting Estimates – *Amendments to IAs 8* Accounting Policies, Changes in Accounting Estimates and Errors - The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, while changes in accounting policies are generally applied retrospectively to past transactions and other past events. Deferred tax related to Assets and Liabilities arising from a single transaction – *Amendments to IAS 12* The amendments update the initial recognition exemption to IAS 12 Income Taxes such that it is not applicable to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences (leases and decommissioning obligations).
23 May 2023	International Tax Reform – Pillar Two Model Rules - *Amendments to IAS 12*

Adoptions of New and Revised International Financial Reporting Standards

(b) Changes in accounting policy and disclosures (continued)

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

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 in 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 January 2024**
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 with 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 January 2024**
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 January 2024**
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 January 2025**
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**

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.

(ii) 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 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.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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 of a subsidiary, 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.

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

The Bank recognise interest income for all financial assets measured at amortised cost and FVOCI 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.

Interest and similar income / Expenses

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.

(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 as part of investment income in the statement of cashflows.

(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.

(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.

From 1 January 2018, the Group has applied IFRS 9 and 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 of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value 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 and for selling the assets, where the assets' cash flows represent solely payments of principal and interest and are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount is taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'Other income'.

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.

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).

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.

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:

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

(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.

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:

Probability of Default (PD):: The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

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 borrower 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 “credit 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 to 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 achieved across different borrowers. These LGD’s are influenced by collection strategies, including contracted debt sales and price.

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.

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.

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.

(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%
Leasehold premises	11%
Motor vehicles	25%
Office equipment	15% - 20%
Computer hardware	25%
Furniture and fittings	15%

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.

(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 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 deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to 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 maturities of 90 days or less and loans and advances to banks.

(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. (w).

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.

(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, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

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.

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.

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.

(w) 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.

(x) 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.

(y) 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.

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.

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

Set out below are changes to the ECL as at 2023 that would result from reasonably possible changes in these parameters from actual assumptions used:

Bank				Group			
2023		2022		2023		2022	
Change in market Value of Collaterals		Change in market Value of Collaterals		Change in market Value of Collaterals		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'				
(687.78)	715.85	(726.35)	756.00	(791.53)	823.84	(902.25)	939.08

2023		2022		2023		2022	
Change in Realisation		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'				
2,327.84	(2,090.64)	2,458.40	(2,207.90)	2,678.99	(2,406.01)	3,053.73	(2,742.57)

2023		2022		2023		2022	
Change in Probability of Default (PDs)		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'				
2,210.60	(2,210.60)	2,334.58	(2,334.58)	2,544.07	(2,544.07)	2,899.93	(2,899.93)

2023		2022		2023		2022	
Change in Cure Rates		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'				
303.63	(303.63)	320.66	(320.66)	349.43	(349.43)	398.31	(398.31)

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. 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(w), 24 (PPE) 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 35 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(n) (m), 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 segment	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 2023 or 2022.

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 such, 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 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	-	-	796,887	-	796,887
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**	**1,337,658**	**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 2022

Group	Corporate	Retail	Treasury	Unallocated	Total
Segmental profit or loss					
Net interest income	62,289	50,155	25,187	-	137,631
Credit impairment charges	(30,118)	(2,197)	-	-	(32,315)
Fee, commission and other income	44,008	34,613	20,403	-	99,024
Staff costs	(17,955)	(33,434)	(10,526)	-	(61,915)
Depreciation and amortization	(5,438)	(10,125)	(3,187)	-	(18,750)
Other expenses	(16,201)	(30,168)	(9,498)	-	(55,867)
Operating profit	36,585	8,844	22,379	-	67,808
Income tax expense	(12,795)	(3,093)	(7,827)	-	(23,715)
Net profit for the year	**23,790**	**5,751**	**14,552**	**-**	**44,093**
Segment assets and liabilities					
Loans and advances to banks	-	-	260,219	-	260,219
Loans and advances to customers	1,098,149	150,108	-	-	1,248,257
Government securities	-	-	500,757	-	500,757
Corporate bond	-	-	47,110	-	47,110

Group	Corporate	Retail	Treasury	Unallocated	Total
Equity investments	-	2,092	516	-	2,608
Unallocated assets	-	-	-	331,598	331,598
Total assets	**1,098,149**	**152,200**	**808,602**	**331,598**	**2,390,549**
Deposits due to banks	-	-	157,452	-	157,452
Deposits due to customers	630,364	1,185,144	-	-	1,815,508
Long term borrowings	-	-	63,887	-	63,887
Unallocated liabilities	-	-	-	89,212	89,212
Total liabilities	**630,364**	**1,185,144**	**221,339**	**89,212**	**2,126,059**

There were no additions to non-current assets specifically allocated to the segments for 2022 and 2023.

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	(15,637)	(22,744)	(9,003)	-	(47,384)
Depreciation and amortization	(3,737)	(5,435)	(2,151)	-	(11,323)
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**

Year ended 31 December 2022

Bank	Corporate	Retail	Treasury	Unallocated	Total
Segmental profit or loss					
Net interest income	37,874	30,496	15,314	-	83,684
Credit impairment charges	(25,553)	(1,864)	-	-	(27,417)
Fee, commission and other income	33,033	25,981	15,314	-	74,328
Depreciation and amortization	(3,060)	(5,696)	(1,793)	-	(10,549)
Staff costs	(11,682)	(21,752)	(6,848)	-	(40,282)
Other expenses	(10,430)	(19,422)	(6,114)	-	(35,966)
Operating profit	20,182	7,743	15,873	-	43,798
Income tax expense	(10,213)	(1,577)	(4,017)	-	(15,807)
Net profit for the year	**9,969**	**6,166**	**11,856**	**-**	**27,991**

Bank	Corporate	Retail	Treasury	Unallocated	Total
Segment assets and liabilities					
Loans and advances to banks	-	-	124,558	-	124,558
Loans and advances to customers	670,747	91,686	-	-	762,433
Government securities	-	-	469,869	-	469,869
Corporate bond	-	-	710	-	710
Equity investments	-	-	2,092	-	2,092
Unallocated assets	-	-	-	233,805	233,805
Total assets	**670,747**	**91,686**	**597,229**	**233,805**	**1,593,467**
Deposits due to banks			236,196	-	236,196
Deposits due to customers	353,758	665,099		-	1,018,857
Long term borrowings	-	-	63,887	-	63,887
Unallocated liabilities	-	-	-	64,030	64,030
Total liabilities	**353,758**	**665,099**	**300,083**	**64,030**	**1,382,970**

Geographical information

Group

2023	Tanzania	Comoro	Djibouti	Uganda	Core* Securities	Elimination adjustments	Total
Interest and similar income	138,710	16,124	36,061	20,812	-	(66)	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	**1,067,080**	**48,423**	**35,961**	**124,820**	**507**	**-**	**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.

Group

2022	Tanzania	Comoro	Djibouti	Uganda	Core* Securities	Elimination adjustments	Total
Interest and similar income	105,750	12,430	26,409	21,662	-	(2,035)	164,216
Interest expense and similar charges	(37,482)	(377)	(1,851)	(4,178)	(148)	2,035	(42,001)
Net interest income	**68,268**	**12,053**	**24,558**	**17,484**	**(148)**	**-**	**122,215**
Expected credit loss	(27,417)	(2,095)	(578)	(2,225)	-	-	(32,315)
Net interest income after loan impairment charge	40,851	9,958	23,980	15,259	(148)	-	89,900
Fees and commission income	19,051	3,336	4,219	9,138	-	-	35,744
Other external operating income	70,693	10,718	3,141	(2,487)	-	-	82,065
Total external operating income	**89,744**	**14,054**	**7,360**	**6,651**	**-**	**-**	**117,809**
Non- current assets	**710,973**	**32,263**	**23,960**	**83,165**	**338**	**-**	**850,699**

*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.

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.

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.

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 2023 and 1 December 2022 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
(Amounts in TZS M)				
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**
At 31 December 2022				
Loans to individuals:				
- Personal loans	6,273	1,320	4,953	9,789
- Commercial loans	21,138	1,518	19,620	60,367
Loans to corporate entities:				
- Corporate customers	64,757	7,403	57,354	133,681
- SMEs	739	129	610	1,208
Total	**92,907**	**10,370**	**82,537**	**205,045**

Credit impaired assets (Company)

(Amounts in TZS M)	Bank			
	Gross exposure	Impairment allowance	Carrying amount	Market Value of Collateral
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	48,637	13,707	34,930	93,462
- SMEs	-	-	-	-
Total	**56,903**	**14,998**	**41,905**	**105,868**
At 31 December 2022				
Loans to individuals:				
- Personal loans	2,040	502	1,538	1,700
Loans to corporate entities:				
- Corporate customers	67,361	22,211	45,150	56,142
- SMEs	388	244	144	323
Total	**69,789**	**22,957**	**46,832**	**58,165**

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.

Collateral

Below table shows financial instruments for which an entity has not recognized a loss allowance because of the collateral.

Group

(Amounts in TZS M)	Stage 1	Stage 2	Stage 3	Total	Market Value of Collateral
At 31 December 2023					
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**	**69,181**	**21,722**	**477,980**	**2,887,058**
At 31 December 2022					
Loans to individuals:					
- Personal loans	12,088	889	252	13,229	40,566
- Commercial loans	37,876	6,713	1,159	45,748	371,969
Loans to corporate entities:					
- Corporate customers	275,539	33,780	13,266	322,585	1,933,863
- SMEs	4,179	-	-	4,179	73,566
Total	**329,682**	**41,382**	**14,677**	**385,741**	**2,419,964**

Bank

(Amounts in TZS M)	Stage 1	Stage 2	Stage 3	Total	Market Value of Collateral
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**
At 31 December 2022					
Loans to individuals:					
- Personal loans	11,969	889	252	13,110	40,566
- Commercial loans	37,876	6,662	1,127	45,665	371,969
Loans to corporate entities:					
- Corporate customers	274,054	33,780	13,266	321,100	1,933,863
- SMEs	1,168	-	-	1,168	73,566
Total	**325,067**	**41,331**	**14,645**	**381,043**	**2,419,964**

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.

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.

6.1.3.2 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.

Qualitative criteria
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 31,147 million and TZS

37,745 million respectively (2022: TZS 45,345 and 54,412 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:

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	2,752.04
2025	3,030.30
2026	3,321.43
2027	3,653.53

Table (b) Macro factors Scenario weightings

Scenario Weightings	2023	2022
Base Line	86.11%	86.46%
Worst Case	8.33%	7.29%
Best Case	5.56%	6.25%

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.

6.1.3.6 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 2023 increased the loss allowance by TZS 6,938 million (2022: TZS 3,394 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.

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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.

Expected Credit Loss	Group				Bank			
	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 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**

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

Expected Credit Loss	Group				Bank			
	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 2022								
Current	1,032,320	117,438	-	1,149,758	597,339	85,369	-	682,708
Substandard	-	46,980	23,437	70,417	-	46,980	21,948	68,928
Doubtful	-	-	44,554	44,554	-	-	30,254	30,254
Loss	-	-	27,098	27,098	-	-	17,587	17,587
Gross carrying amount	1,032,320	164,418	95,089	1,291,827	597,339	132,349	69,789	799,477
Less Expected credit loss	7,594	8,607	27,370	43,571	5,833	8,254	22,957	37,044
Net loans and advances to customers	**1,024,726**	**155,811**	**67,719**	**1,248,256**	**591,506**	**124,095**	**46,832**	**762,433**

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:

Gross carrying amount	Group				Bank			
	2023				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
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)	-	(70,363)	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**	**56,903**	**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 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	1,527	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	2,855
At 31 December	**8,174**	**14,803**	**17,391**	**40,368**	**6,193**	**13,886**	**14,998**	**35,077**

Group: The acquisition of new financial assets during the year increased ECL for Stage 1 by TZS 621 million, Stage 2 by TZS 1,527 million and Stage 3 by TZS 12,114 million (2022: Stage 1 by TZS 7,260 million, Stage 2 by TZS 384 million and Stage 3 by TZS 41,790 million).

Bank: The acquisition of new financial assets during the year increased ECL for Stage 1 by TZS 602 million, Stage 2 by TZS 1,047 million and Stage 3 by TZS 10,481 million (2022: Stage 1 by TZS 6,843 million, Stage 2 by TZS 36 million and Stage 3 by TZS 33,901 million)

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:

Gross carrying amount	Group				Bank			
	2022				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At 1 January	821,749	227,190	92,906	1,141,845	453,454	181,486	49,300	684,240
Changes in the gross carrying amount	-	-	-	-	-	-	-	-
- Transfer to stage 1	6,831	(5,590)	(1,241)	-	4,230	(4,148)	(82)	-
- Transfer to stage 2	(9,462)	10,283	(821)	-	(8,523)	9,310	(787)	-
- Transfer to stage 3	(1,394)	(222)	1,616	-	(31)	(34)	65	-
New financial assets originated or purchased	405,939	67,925	55,285	529,149	329,325	56,007	46,761	432,093
Purchased or originated impaired financial assets	-	-	11	11			11	11
Financial assets that have been derecognized*	(199,560)	(140,008)	(36,787)	(376,355)	(188,989)	(119,026)	(18,976)	(326,991)
Write-offs	-	-	(18,230)	(18,230)	-	-	(10,602)	(10,602)
Foreign exchange movement	8,216	4,840	2,352	15,408	7,873	8,754	4,098	20,725
At 31 December	**1,032,319**	**164,418**	**95,091**	**1,291,828**	**597,339**	**132,349**	**69,788**	**799,476**
Expected credit loss								
At 1 January	7,504	10,057	10,371	27,932	5,413	9,289	4,617	19,319
Change in the allowance	-	-	-	-	-	-	-	-
- Transfer to stage 1	601	(560)	(41)	-	196	(192)	(4)	-
- Transfer to stage 2	(418)	462	(44)	-	(395)	431	(36)	-
- Transfer to stage 3	(47)	(7)	54	-	(1)	(2)	3	-
Write-off	-	-	(18,230)	(18,230)	-	-	(10,602)	(10,602)
New financial assets originated or purchased*	7,260	384	41,790	49,434	6,843	36	33,901	40,780
Purchased or originated impaired financial assets	-	-	11	11	-	-	11	11
Financial assets that have been derecognized*	(7,603)	(1,907)	(6,783)	(16,293)	(6,461)	(1,414)	(5,076)	(12,951)
Foreign exchange movement*	72	43	58	173	57	26	35	118
Unwinding of discount*	226	136	183	545	181	81	109	371
At 31 December	**7,595**	**8,608**	**27,369**	**43,572**	**5,833**	**8,255**	**22,958**	**37,046**

*Amendment has been made on the presentation of the movements in the reconciliation of gross carrying amount and ECL for the year 2022 to conform with the current year presentation. The changes do not result to a restatement of the gross carrying amount and ECL as at 31 December 2022.

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

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

The maximum on-balance sheet exposure to credit risk is as shown below:

On balance sheet exposures	Group				Bank			
	2023		2022		2023		2022	
	TZS 'M'	%	TZS 'M'	%	TZS 'M'	%	TZS 'M'	%
Balances with central banks	201,851	7.18%	139,175	6.33%	112,845	6.12%	55,044	3.89%
Loans and advances to banks	523,464	18.63%	260,219	11.84%	288,132	15.64%	124,558	8.81%
Loans and advances to customers								
Loans to individuals:								
Personal loans	59,772	2.13%	122,410	5.57%	51,230	2.78%	36,124	2.56%
Commercial loans	190,643	6.78%	379,437	17.26%	132,950	7.21%	195,907	13.86%
Loans to corporate entities:								
Corporate customers	1,200,800	42.73%	741,226	33.72%	746,341	40.50%	525,097	37.14%
SMEs	66,833	2.38%	5,184	0.24%	45,012	2.44%	5,304	0.38%
Government securities: At amortized cost	172,314	6.13%	123,643	5.62%	90,864	4.93%	92,755	6.56%
Government securities: FVTPL	97,274	3.46%	155,561	7.08%	97,274	5.28%	155,561	11.00%
Government securities: FVTOCI	227,341	8.09%	221,553	10.08%	227,341	12.34%	221,553	15.67%
Bonds - at amortised cost	41,201	1.47%	47,110	2.14%	2,749	0.15%	710	0.05%
Other assets (excluding prepayments)	28,856	1.03%	2,813	0.13%	47,983	2.60%	1,176	0.08%
	2,810,349	**100.00%**	**2,198,331**	**100%**	**1,842,721**	**100%**	**1,413,789**	**100%**

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

Maximum exposure to credit risk before collateral held or other credit enhancements (Continued)

Off balance sheet exposures	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Undrawn commitments	114,790	73,610	78,703	58,018
Acceptances and letters of credits	171,391	107,767	166,942	106,767
Guarantees and indemnities	220,564	123,239	187,654	118,147
Gross carrying amount	**506,745**	**304,616**	**433,299**	**282,932**
Loss allowance	(287)	(213)	(287)	(213)
Net carrying amount	**506,458**	**304,403**	**433,012**	**282,719**

6.1.4 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.

6.1.4 Concentration of risks of financial assets with credit risk exposure (Continued)

(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 2023 (All balances are in TZS' Million):

Group	Financial institutions TZS 'M'	Manufacturing TZS 'M'	Trading and commercial TZS 'M'	Transport and communication TZS 'M'	Agriculture TZS 'M'	Individuals TZS 'M'	Others TZS 'M'	Total TZS 'M'
On-balance sheet exposures								
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
Bonds: at 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 obligations	-	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**

6.1.4 Concentration of risks of financial assets with credit risk exposure (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 2022 (All balances are in TZS 'Million):

(a) Industry sectors (Continued)

Group	Financial institutions TZS 'M'	Manufacturing TZS 'M'	Trading and commercial TZS 'M'	Transport and communication TZS 'M'	Agriculture TZS 'M'	Individuals TZS 'M'	Others TZS 'M'	Total TZS 'M'
On-balance sheet exposures								
Balances with Central Banks	139,047	-	-	-	-	-	128	139,175
Loans and advances to banks	260,219	-	-	-	-	-	-	260,219
Government securities – amortized cost	123,643	-	-	-	-	-	-	123,643
Government securities: FVTPL	155,561	-	-	-	-	-	-	155,561
Government securities: FVTOCI	221,553	-	-	-	-	-	-	221,553
Bonds: at amortized cost	47,110	-	-	-	-	-	-	47,110
Loans and advances to customers:								
Loans to individuals:								
- Personal loans	23,892	-	-	-	22,450	66,690	9,378	122,410
- Commercial loans	-	93,548	48,749	550	23,421	29,435	183,734	379,437
Loans to corporate entities:								
- Corporate customers	-	201,674	207,278	92,952	24,221	9,118	205,983	741,226
- SMEs	-	-	-	-	5,170	-	14	5,184
Other assets less prepayments	-	-	-	-	-	-	2,813	2,813
At 31 December 2022	**971,025**	**295,222**	**256,027**	**93,502**	**75,262**	**105,243**	**402,050**	**2,198,331**
Off -balance sheet exposures								
Guarantees and acceptances	42,270	18,365	30,035	1,240	6,156	-	116,956	215,022
Loan commitments and other credit related obligations	-	4,355	28,111	668	2,407	-	53,840	89,381
At 31 December 2022	**42,270**	**22,720**	**58,146**	**1,908**	**8,563**	**-**	**170,796**	**304,403**

6.1.4 Concentration of risks of financial assets with credit risk exposure (Continued)

(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 TZS 'M'	Manufacturing TZS 'M'	Trading and commercial TZS 'M'	Transport and communication TZS 'M'	Agriculture TZS 'M'	Individuals TZS 'M'	Others TZS 'M'	Total 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
Bonds: at 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	**819,205**	**53,117**	**173,880**	**103,084**	**87,269**	**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 obligations	-	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**

6.1.4 Concentration of risks of financial assets with credit risk exposure (Continued)

(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 2022 (All balances are in TZS' Million):

Bank	Financial institutions TZS 'M'	Manufacturing TZS 'M'	Trading and commercial TZS 'M'	Transport and communication TZS 'M'	Agriculture TZS 'M'	Individuals TZS 'M'	Others TZS 'M'	Total TZS 'M'
On-balance sheet exposures								
Balances with Central Banks	88,725	-	-	-	-	-	-	88,725
Loans and advances to banks	124,558	-	-	-	-	-	-	124,558
Government securities – amortized cost	92,755	-	-	-	-	-	-	92,755
Government securities: FVTPL	155,561	-	-	-	-	-	-	155,561
Government securities: FVTOCI	221,553	-	-	-	-	-	-	221,553
Bonds: at amortized cost	710	-	-	-	-	-	-	710
Loans and advances to customers:								-
Loans to individuals:								
- Personal loans	-	-	-	-	-	36,124	-	36,124
- Commercial loans	-	-	-	-	-	21,327	174,581	195,908
Loans to corporate entities:								
- Corporate customers	-	97,283	146,276	88,855	24,780	-	167,904	525,098
- SMEs	-	-	-	-	5,304	-	-	5,304
Other assets less prepayments	-	-	-	-	-	-	1,176	1,176
At 31 December 2022	**683,862**	**97,283**	**146,276**	**88,855**	**30,084**	**57,451**	**343,661**	**1,447,472**
Off -balance sheet exposures								
Financial guarantees and acceptances	48,791	21,198	15,144	1,432	7,106	-	100,099	193,770
Loan commitments and other credit related obligations	-	5,027	29	29	2,778	-	81,086	88,949
At 31 December 2022	**48,791**	**26,225**	**15,173**	**1,461**	**9,884**	**-**	**181,185**	**282,719**

6.1.4 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Geographical sectors

Group	(Amounts are in TZS 'M')				
	Tanzania	Europe	America	Other African countries	Total
Credit risk exposures relating to on-balance sheet assets are as follows:					
At 31 December 2023					
Balances with Central Banks	112,845	-	-	88,542	201,387
Loans and advances to banks	288,132	62,423	164,383	8,526	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
Bonds: Debt securities at amortized cost	41,201	-	-	-	41,201
Loans and advances to customers:					-
Loans to individuals:					-
- Personal loans	51,230	-	-	8542	59,772
- Commercial loans	132,950	-	-	57693	190,643
Loans to corporate entities:					-
- Corporate customers	746,341	-	-	454459	1,200,800
- SMEs	45,012	-	-	21821	66,833
Other assets less prepayments	7,485	-	-	21,371	28,856
At 31 December 2023	**1,840,675**	**62,423**	**164,383**	**742,404**	**2,809,885**
Credit risk exposures relating to off-balance sheet items are as follows:					
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**

6.1.4 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Geographical sectors (Continued)

Group	(Amounts are in TZS 'M')				
	Tanzania	Europe	America	Other African countries	Total
Credit risk exposures relating to on-balance sheet assets are as follows:					
At 31 December 2022					
Balances with Central Banks	55,044			84,131	139,175
Loans and advances to banks	124,558	35,985	94,761	4,914	260,218
Government securities – At amortized cost	92,755			30,888	123,643
Government securities: FVTPL	155,561			-	155,561
Government securities: FVTOCI	221,553			-	221,553
Bonds: Debt securities at amortized cost	710			46,400	47,110
Loans and advances to customers:					
Loans to individuals:					
- Personal loans	36,124	-	-	86,286	122,410
- Commercial loans	195,907	-	-	183,530	379,437
Loans to corporate entities:					
- Corporate customers	525,097	-	-	216,129	741,226
- SMEs	5,304	-	-	(120)	5,184
Other assets less prepayments	1,176	-	-	1,637	2,813
At 31 December 2022	**1,413,789**	**35,985**	**94,761**	**653,795**	**2,198,330**
Credit risk exposures relating to off-balance sheet items are as follows:					
Guarantees and acceptances	224,914	-	-	6,092	231,006
Loan commitments and other credit related obligations	57,805	-	-	15,592	73,397
At 31 December 2022	**282,719**	**-**	**-**	**21,684**	**304,403**

6.1.4 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Geographical sectors (Continued)

Bank	Tanzania	Europe	America	Other African countries	Total
	(Amounts are in TZS 'M')				
Credit risk exposures relating to on-balance sheet assets are as follows:					
At 31 December 2023					
Balances with Central Banks	112,845	-	-	-	112,845
Loans and advances to banks	71,639	56,309	157,564	2,623	288,135
Government securities – At amortized cost	90,864	-	-	-	90,864
Government securities: FVTPL	97,274	-	-	-	97,274
Government securities: FVTOCI	227,341	-	-	-	227,341
Bonds: Debt securities at 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	**1,626,228**	**56,309**	**157,564**	**2,623**	**1,842,724**
Credit risk exposures relating to off-balance sheet items are as follows:					
Guarantees and acceptances	354,309	-	-	-	354,309
Loan commitments and other credit related obligations	78,703	-	-	-	78,703
At 31 December 2023	**433,012**	**-**	**-**	**-**	**433,012**

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6.1.4 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Geographical sectors (Continued)

Bank	(Amounts are in TZS 'M')				
	Tanzania	Europe	America	Other African countries	Total
Credit risk exposures relating to on-balance sheet assets are as follows:					
At 31 December 2022					
Balances with Central Banks	55,044	-	-	-	55,044
Loans and advances to banks	30,969	24,342	68,114	1,134	124,559
Government securities – At amortized cost	92,755	-	-	-	92,755
Government securities: FVTPL	155,561	-	-	-	155,561
Government securities: FVTOCI	221,553	-	-	-	221,553
Bonds: Debt securities at amortized cost	710	-	-	-	710
Loans and advances to customers:					
Loans to individuals:					
- Personal loans	36,124	-		-	36,124
- Commercial loans	195,907	-	-	-	195,907
Loans to corporate entities:					
- Corporate customers	525,097	-	-	-	525,097
- SMEs	5,304	-	-	-	5,304
Other assets less prepayments	1,176				1,176
At 31 December 2022	**1,320,200**	**24,342**	**68,114**	**1,134**	**1,413,790**
Credit risk exposures relating to off-balance sheet items are as follows:					
Guarantees and acceptances	224,914	-	-	-	224,914
Loan commitments and other credit related obligations	57,805	-	-	-	57,805
At 31 December 2022	**282,719**	**-**	**-**	**-**	**282,719**

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 3,952 million as at 31 December 2023 (2022: TZS 688 million). The equity would be impacted by TZS 2,765 million as at 31 December 2023 (2022: TZS 2,568 million).

The tables below summarise the Group's and Bank's exposure to foreign currency exchange risk at 31 December 2023. Included in the table are the Group's and Bank's financial instruments at carrying amounts, TZS by currency.

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6.2.1 Foreign exchange risk (continued)

Group

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

At 31 December 2023	All amounts expressed in TZS 'M'					
	USD	EURO	GBP	USH	Others	Total
Assets						
Cash and Bank Balances	80,369	1,528	407	-	15	82,319
Balances with Banks abroad	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**
Liabilities						
Customer Deposits	650,516	54,460	2,695	-	5	707,676
Balances due to banks and Non 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**

6.2.1 Foreign exchange risk (continued)

Group

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

At 31 December 2022	All amounts expressed in TZS 'M'					
	USD	EURO	GBP	USH	Others	Total
Assets						
Cash and Bank Balances	20,851	1,789	169	-	-	22,809
Balances with Banks abroad	92,110	35,472	624	702	335	129,243
Loans and Advances to Customers	512,595	307	-	-	-	512,902
Other Assets	24,546	60	4	-	-	24,610
Total Assets	**650,102**	**37,628**	**797**	**702**	**335**	**689,564**
Liabilities						
Customer Deposits	466,259	16,215	945	-	-	483,419
Balances due to banks and non-banks	53,835	-	-	-	-	53,835
Subordinated debts and senior loans	-	-	-	-	-	-
Other Liabilities	132,413	25,174	137	-	65	157,789
Total Liabilities	**652,507**	**41,389**	**1,082**	**-**	**65**	**695,043**
Net Balance sheet position	(2,405)	(3,760)	(285)	702	270	(5,479)
Off Balance sheet net notional position	(4,474)	4,026	-	-	210	(238)
Net exchange rate gap including Off balance sheet items	**(6,879)**	**266**	**(285)**	**702**	**480**	**(5,717)**

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6.2.1 Foreign exchange risk (continued)

Bank

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

At 31 December 2023	All amounts expressed in TZS 'M'					
	USD	EURO	GBP	USHS	Others	Total
Financial assets						
Cash and balances with Central Banks	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 less prepayments	149,338	373	(14)	-	(256)	149,441
Total financial assets	**947,106**	**60,393**	**2,637**	**29**	**3,023**	**1,013,188**
Financial liabilities						
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 financial liabilities	**975,615**	**55,296**	**2,078**	**-**	**36**	**1,033,025**
Net on-balance sheet exposure	**(28,509)**	**5,097**	**559**	**29**	**2,987**	**(19,837)**
Off-balance sheet exposure	**22,829**	**(562)**	**(386)**	**-**	**210**	**22,091**

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6.2.1 Foreign exchange risk (continued)

Bank

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

As at 31 December 2022	All amounts expressed in TZS 'M'					
	USD	EURO	GBP	USHS	Others	Total
Financial assets						
Cash and balances with Central Banks	20,533	1,789	169	-	-	22,491
Loans and advances to banks	68,935	35,472	624	702	314	106,047
Loans and advances to customers	512,528	307	-	-	-	512,835
Other assets less prepayments	23,124	59	3	-	-	23,186
Total financial assets	**625,120**	**37,627**	**796**	**702**	**314**	**664,559**
Financial liabilities						
Deposits due to customers	441,830	16,214	945	-	-	458,989
Deposits due to banks	53,830	-	-	-	-	53,830
Subordinated debts and senior loans	-	-	-	-	-	-
Other liabilities	32,307	25,174	137	-	65	57,683
Total financial liabilities	527,967	41,388	1,082	-	65	570,502
Net on-balance sheet exposure	97,153	(3,761)	(286)	702	249	94,507
Off-balance sheet exposure	**(4,474)**	**4,026**	**-**	**-**	**210**	**(238)**

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:

As at 31 December 2023	Amounts in Million TZ		
	Increase/(decrease) in basis points	Profit/(loss) sensitivity	Equity sensitivity
Market risk exposure			
Equity prices	500/(500)	124/(124)	87/(87)
As at 31 December 2022			
Equity prices	500/ (500)	124/ (124)	87/ (87)

6.3.2 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:

As at 31 December 2023	Amounts in Million TZ		
	Increase/(decrease) in basis points	Profit/(loss) sensitivity	Equity sensitivity
Market interest rates	100/ (100)	1462/ (1462)	1023/ (1023)
As at 31 December 2022			
Market interest rates	100/ (100)	1,273/ (1,273)	891/ (891)

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.

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6.3.2 Interest rate risk (Continued)

Group	(Amounts are in TZS Million)						
	Up to1 month	1-3 months	3-12 month	1-5 years	Over 5 years	Non Interest bearing	Total
At 31 December 2023							
Financial assets							
Cash and balances with Central banks	-	-	-	-	-	273,423	273,423
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 amortised cost	-	-	-	-	-	555	555
Bonds: Debt instruments at AC / loans and receivables	-	-	-	-	41,201.00	-	41,201
Other assets less prepayments	-	-	-	-	-	28,856	28,856
Total financial assets	**391,844**	**495,576**	**452,569**	**599,091**	**634,508**	**310,974**	**2,884,562**
Financial liabilities							
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**	**223,338**	**246,411**

6.3.2 Interest rate risk (Continued)

Group	(Amounts are in TZS Million)						
	Up to1 month	1-3 months	3-12 month	1-5 years	Over 5 years	Non Interest bearing	Total
At 31 December 2022							
Financial assets							
Cash and balances with Central banks	52,296	-	-	7,857	-	174,088	**234,241**
Government securities at amortized cost	22,176	5,094	11,034	47,365	37,974	-	**123,643**
Government securities – FVTPL	-	637	9,319	15,924	129,682	-	**155,562**
Government securities – FVOCI	-	-	7,373	13,080	201,100	-	**221,553**
Loans and advances to banks	92,239	91,866	73,123	-	-	3,010	**260,238**
Loans and advances to customers	408,235	80,519	70,902	430,796	257,775	30	**1,248,257**
Investment securities -FVOCI	-	-	-	-		516	**516**
Investments securities at amortised cost	-	-	-	-	-	-	**-**
Other assets less prepayments	-	-	-	-	-	2,813	**2,813**
Total financial assets	**574,946**	**178,116**	**171,751**	**515,022**	**626,531**	**180,457**	**2,246,823**
Financial liabilities							
Deposits due to banks	122,484	-	34,968	-	-	-	**157,452**
Deposits due to customers	1,406,575	120,658	199,886	88,390	-	-	**1,815,509**
Other liabilities	-	-	-	-	-	58,420	**58,420**
Subordinated debts and senior loans	-	9,082	11,771	34,468	-		**55,321**
Term borrowing	-	-	66	-	8,500	-	**8,566**
Total financial liabilities	**1,529,059**	**129,740**	**246,691**	**122,858**	**8,500**	**58,420**	**2,095,268**
Total interest repricing gap	**(954,113)**	**48,376**	**(74,940)**	**392,164**	**618,031**	**122,037**	**151,555**

6.3.2 Interest rate risk (Continued)

Bank	(Amounts are in TZS Million)						
	Up to1 month	1-3 months	3-12 month	1-5 years	Over 5 years	Non Interest bearing	Total
At 31 December 2023							
Financial assets							
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	0	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	288,132	-	-	-	-	-	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
Investment securities at amortized cost	-	-	-	-	2,749	-	2749
Other assets less prepayments	-	-	-	-		47,983	47,983
Total financial assets	**447,530**	**148,392**	**201,891**	**385,115**	**501,052**	**198,701**	**1,882,681**
Financial liabilities							
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	**(589,022)**	**44,420**	**(126,044)**	**180,123**	**488,735**	**146,323**	**144,535**

6.3.2 Interest rate risk (Continued)

Bank	(Amounts are in TZS Million)						
	Up to1 month	1-3 months	3-12 month	1-5 years	Over 5 years	Non Interest bearing	Total
At 31 December 2022							
Financial assets							
Cash and balances with Central banks	-	-	-	-	-	121,347	**121,347**
Government securities at amortized cost	22,176	5,094	444	46,596	18,445	-	**92,755**
Government securities – FVTPL	-	637	9,319	15,924	129,862	-	**155,742**
Government securities – FVOCI	-	-	7,373	13,080	201,100	-	**221,553**
Loans and advances to banks	124,577	-	-	-	-	-	**124,577**
Loans and advances to customers	195,152	54,118	40,785	276,954	195,425		**762,434**
Other assets less prepayments	-	-	-	-	-	1,150	**1,150**
Total financial assets	**341,905**	**59,849**	**57,921**	**352,554**	**544,832**	**122,497**	**1,479,558**
Financial liabilities							
Deposits due to banks	212,844	-	23,353	-	-	-	**236,197**
Deposits due to customers	754,889	46,712	135,773	81,483	-	-	**1,018,857**
Other liabilities	-	-	-	-	-	44,177	**44,177**
Subordinated debts and senior loans	-	9,082	11,771	34,468	-	-	**55,321**
Term borrowing	-	-	66	-	8,500	-	**8,566**
Total financial liabilities	**967,733**	**55,794**	**170,963**	**115,951**	**8,500**	**44,177**	**1,363,118**
Total interest repricing gap	**(625,828)**	**4,055**	**(113,042)**	**236,603**	**536,332**	**78,320**	**116,440**

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 to 1 month	1 - 3 months	3-12 months	Over 1 year	Total
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)**

Group	Amounts are in TZS' Million				
	Up to 1 month	1 - 3 months	3-12 months	Over 1 year	Total
At 31 December 2022					
Financial liabilities					
Deposits due to customers	1,406,575	121,112	204,880	103,435	1,836,002
Deposits due to banks	122,846	-	35,745	-	158,591
Other liabilities*	19,505	9,330	29,585	-	58,420
Subordinated debt	-	9,207	12,468	42,222	63,897
Term borrowings	-	-	66	8,671	8,737
Lease Liabilities	-	-	13,781	16,650	30,431
Total financial liabilities (contractual maturity dates)	**1,548,926**	**139,649**	**296,525**	**170,978**	**2,156,078**
Total financial assets (expected maturity dates)	**574,945**	**178,116**	**171,751**	**1,142,069**	**2,066,881**
Net liquidity gap	**973,981**	**(38,467)**	**124,774**	**(971,091)**	**89,197**

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

6.4.3. Non-derivative cash flows (Continued)

Bank	Amounts are in TZS' Million				
	Up to 1 month	1 - 3 months	3-12 months	Over 1 year	Total
As at 31 December 2023					
Financial liabilities					
Deposits due to customers	925,038	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**	**357,210**	**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)**

Bank	Amounts are in TZS' Million				
	Up to 1 month	1 - 3 months	3-12 months	Over 1 year	Total
At 31 December 2022					
Financial liabilities					
Deposits due to customers	754,889	47,166	140,767	96,528	1,039,350
Deposits due to banks	213,206	-	24,130	-	237,336
Other liabilities	26,174	3,018	10,961	4,024	44,177
Subordinated debt and senior loans	-	9,207	12,468	42,222	63,897
Term borrowings	-	-	66	8,671	8,737
Lease liabilities	-	-	8,670	15,820	24,490
Total financial liabilities (contractual maturity dates	**994,269**	**59,391**	**197,062**	**167,265**	**1,417,987**
Total financial assets (expected maturity dates)	**341,904**	**59,849**	**57,920**	**897,205**	**1,356,878**
Net liquidity gap	**652,365**	**(458)**	**139,142**	**(729,940)**	**61,109**

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 35), are summarised in the table below.

(ii) Guarantees and other financial facilities

Financial guarantees are included below based on the earliest contractual maturity date.

6.4.4. Off-balance sheet items (Continued)

(iii) Capital commitments

These relate to the acquisition of property and equipment.

Group	Not later than 1 year	1-5 years	Total
	(Amounts are in TZS Million)		
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 commitment	29,014	-	29,014
	481,313	**27,341**	**508,654**
At 31 December 2022			
Guarantees and indemnities	123,238	-	123,238
Letters of credit	107,218	549	107,767
Commitments to extend credit	52,416	-	52,416
Capital commitments	24,054	-	24,054
	306,926	**549**	**307,475**

Bank	Not later than 1 year	1-5 years	Total
	(Amounts are in TZS Million)		
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**
At 31 December 2022			
Guarantees and indemnities	118,147	-	118,147
Letters of credit	106,218	549	106,767
Commitments to extend credit	58,018	-	58,018
Capital commitments	14,094	-	14,094
	296,477	**549**	**297,026**

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.

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.

(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.

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

The following table represents the Bank's financial assets and liabilities not measured at fair value

GROUP	Hierarchy level	Carrying amount 2023 TZS' Millions	Carrying amount 2022 TZS' Millions	Fair value 2023 TZS' Millions	Fair value 2022 TZS' Millions
Financial assets					
Cash and balances with Bank of Tanzania *	N/A	201,851	234,660	201,851	234,660
Government securities at amortized cost (Treasury bonds)	Level 2	144,493	120,821	153,203	117,667
Government securities at amortised cost (Treasury bills) *	N/A	27,821	3,124	27,821	3,124
Bonds - Debt securities at amortised cost *	N/A	41,201	47,110	41,201	47,110
Loans and advances to banks *	N/A	521,124	260,238	521,124	260,238
Loans and advances to customers *	Level 2	1,518,048	1,253,729	1,512,019	1,292,743
Other assets (excluding non-financial assets)	N/A	28,856	6,548	28,856	6,548
		2,483,394	1,926,230	2,486,075	1,962,090
Financial liabilities					
Deposits due to customers*	N/A	2,386,829	1,820,980	2,386,829	1,769,882
Deposits due to banks *	N/A	117,923	157,452	117,923	157,452
Subordinated debt *	N/A	33,228	55,321	33,228	53,901
Term borrowing *	N/A	8,568	8,566	8,568	8,566
Other liabilities (Excluding non-financial other liabilities) *	N/A	84,440	32,351	84,440	32,351
		2,630,988	2,074,670	2,630,988	2,022,152

* 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.

The following table represents the Bank's financial assets and liabilities not measured at fair value

BANK	Hierarchy level	Carrying amount 2023 TZS' Millions	Carrying amount 2022 TZS' Millions	Fair value 2023 TZS' Millions	Fair value 2022 TZS' Millions
Financial assets					
Cash and balances with Bank of Tanzania *	N/A	112,845	121,347	112,845	121,347
Government securities at amortised cost (Treasury bonds)	Level 2	64,947	92,843	71,157	89,689
Government securities at amortised cost (Treasury bills) *	N/A	25,917	-	25,917	-
Bonds - Debt securities at amortised cost *	N/A	2,749	710	2,749	710
Loans and advances to banks *	N/A	288,132	124,577	288,132	124,577
Loans and advances to customers	Level 2	975,533	762,433	969,504	801,447
Other assets (excluding non-financial assets) *	N/A	47,983	3,176	47,983	3,176
		1,518,106	1,105,086	1,518,287	1,140,946
Financial liabilities					
Deposits from customers *	N/A	1,334,100	1,018,857	1,334,100	967,759
Deposits from banks *	N/A	305,094	236,196	305,094	236,196
Subordinated debt *	N/A	33,228	55,321	33,228	53,901
Term borrowings *	N/A	8,568	8,566	8,568	8,566
Other liabilities (Excluding non-financial other liabilities) *	N/A	48,236	44,887	48,236	44,887
		1,729,226	1,363,827	1,729,226	1,311,309

* 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.

(c) Financial instruments measured at fair value

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.

At 31 December 2023

Group	Amounts are in TZS 'M'			
	Level 1	Level 2	Level 3	Total
Financial assets				
Government securities: FVTPL	-	97,274	-	97,274
Government securities: FVOCI	-	227,341	-	227,341
Equity investments: FVOCI	140		1,946	2,086
Equity investments: FVTPL		555	-	555
	140	**325,170**	**1,946**	**327,256**

Bank	Level 1	Level 2	Level 3	Total
Financial assets				
Government securities: FVTPL	-	97,274	-	97,274
Government securities: FVOCI	-	227,341	-	227,341
Equity investments: FVOCI	140	-	1,946	2,086
	140	**324,615**	**1,946**	**326,701**

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 2023 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	2023:14%-16% 2022:14%-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	2023:14%-20% 2022:14%-20%	Significant increase in discount rate would result in lower fair value.
		Discounted cashflow	Based on ex-pected 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 2023 the company had non-listed equity investment in TMRC classified as level 3.

Reconciliations

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

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.

During the year there were no change in valuation techniques on all levels.

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.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December 2023 and 31 December 2022.

	Bank	
Tier 1 Capital	**2023 TZS'M'**	**2022 TZS'M'**
Share Capital	12,900	12,900
Retained Earnings	222,179	178,943
Less:		
Prepaid Expenses	(2,379)	(2,026)
Deferred Tax Asset	(18,535)	(16,573)
Total Qualifying Tier 1 Capital	**214,165**	**173,244**

Tier 2 Capital	Bank 2023 TZS'M'	Bank 2022 TZS'M'
Subordinated debt	23,476	55,321
Total supplementary capital	23,476	55,321
Total qualifying Tier 2 capital*	23,476	55,321
Total regulatory capital	237,641	228,565
Risk-weighted assets and capital charges		
On-balance sheet	1,041,489	840,019
Off-balance sheet	326,983	204,214
Market risk capital charge	7,708	7,608
Operational risk capital charge**	113,472	94,647
Total risk-weighted assets and Capital charges	1,489,652	**1,146,488**

	Required Ratio (%)	Bank's Ratio (%) 2023	Bank's Ratio (%) 2022
Tier 1 Capital	**12.50%**	**14.38%**	**15.11%**
Tier 1 + Tier 2 Capital	**14.50%**	**15.95%**	**19.94%**

There have been no changes in the Group's and Bank's capital management objectives and policies in the years ended 31 December 2023 and 2022.

*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.

7. Interest and Similar Income

(a) Interest Income

	Group 2023 TZS 'M'	Group 2022 TZS 'M'	Bank 2023 TZS 'M'	Bank 2022 TZS 'M'
Loans and advances to customers	140,731	119,390	88,563	68,605
Loans and advances to banks	15,195	3,144	2,699	744
Government securities - amortized cost	16,391	17,578	10,171	14,363
Bonds - amortized cost	2,244	2,141	197	75
Government securities - FVOCI	27,237	21,963	27,237	21,963
	201,798	**164,216**	**128,867**	**105,750**

(b) Other Interest Income

	Group 2023 TZS 'M'	Group 2022 TZS 'M'	Bank 2023 TZS 'M'	Bank 2022 TZS 'M'
Government securities - FVTPL	9,843	15,416	9,843	15,416
	211,641	**179,632**	138,710	**121,166**

8. Direct Expenses

(a) Interest Expense and Similar Charges

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Deposits due to customers	39,649	31,233	31,741	25,491
Deposits due to banks	9,112	4,836	8,310	6,499
Subordinated debts and senior loans	3,633	3,780	3,565	3,613
Long term borrowings	637	553	637	553
Lease liabilities (note 32(a))	1,934	1,599	1,384	1,326
	54,965	**42,001**	**45,637**	**37,482**

(b) Expected Credit Losses

Balances with Central Banks (Note 17)	53	(319)	31	(13)
Loans and advances to banks (Note 18)	1	13	4	19
Loans and advances to customers (Note 19)	8,435	32,058	6,441	27,328
Government securities (Note 20)	(97)	202	(28)	103
Corporate bonds (Note 21(c))	-	7	-	7
Other assets (Note 22)	1,687	245	1,815	(27)
Off-balance sheet items (Note 36)	74	109	74	-
	10,153	**32,315**	**8,337**	**27,417**

9. Net Fees and Commission Income

(a) Fees and Commission Income

Commission on Letters of Credit and Guarantees*	8,041	4,593	5,640	3,060
Commission on telegraphic transfers and other international trade finance activities	14,131	12,601	5,411	4,534
Commission and fees from banking operations	17,402	13,932	9,506	7,376
Credit/debit card fees and commissions	4,457	4,219	-	4,081
Other fees and commissions	419	399	4,300	
	44,450	**35,744**	**24,857**	**19,051**

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 aver a period of time.

*Revenue recognized from contractual liabilities	1,421	2,180	983	1,731

The unrecognized contractual liabilities shall be recognized in the next 12 months.

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Notes				
Contract liabilities, which are included in other liabilities – (Deferred commission)	33	3,196	4,496	2,597	4,024

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) Fees and Commission Expense

	Notes	Group		Bank	
		2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Borrowing arrangement fees		(62)	(52)	(62)	(52)
Net fees and commission income		**44,388**	**35,692**	**24,667**	**18,999**

10. Other Income

Dividend income		83	61	10,184	3,590
Gain from sale of assets		30	261	-	5
Recovery of written off debts		15,238	13,801	13,312	11,704
Management fee recharges		482	-	482	408
Impairment release of investment in subsidiary		-	4,001	-	4,001
Gain from acquisition of FNB		533	15,517	533	15,517
Amortization Gain from acquisition of UBL		-	2,020	-	2,020
Gain on lease modification		314	1,012	314	742
Other income		1,641	1,352	414	373
		18,321	**38,025**	**25,239**	**38,360**

11. Other Expenses

Loss from sale of assets		6	-	6	-
Gain from disposal of lease liability		-	(12)	-	-
Impairment of assets held for sale		-	(36)	-	-
Travelling expenses		1,644	984	1,165	737
Repairs and maintenance		6,582	4,665	2,119	1,537
Advertising and business promotion		3,451	3,029	2,316	2,217
Directors' emoluments		1,387	1,440	767	838
Auditor's remuneration *		1,083	813	610	382
Legal and professional fees		6,416	4,627	5,089	3,522
Correspondent bank and SWIFT charges		3,420	3,713	1,099	876
Operating lease rentals		2,353	1,188	2,195	-
Occupancy costs		11,223	9,436	7,745	6,478
Credit/debit card expenses		9,434	8,932	8,027	7,886
Telephone and connectivity expenses		3,036	2,548	2,234	1,961
Deposit protection expenses		2,457	1,951	1,734	1,500
Data processing expenses		880	866	-	-
Printing, stationery and subscription expenses		1,437	1,424	727	682
Agency banking expenses		433	383	321	58
Cash in transit services and courier expenses		2,488	2,617	1,389	1,399
Software expenses		5,568	4,270	5,568	4,270
Other operating expenses *		1,157	3,028	(1,003)	1,623
		64,455	**55,866**	**42,108**	**35,966**

* 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		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Wages and salaries	50,662	43,489	30,346	26,464
Social security costs (defined contributions)	6,035	4,736	3,728	2,995
Other employment costs and benefits	17,024	13,690	13,310	10,823
	73,721	61,915	47,384	40,282

13. Depreciation and Amortization Expenses

Depreciation of right of use assets	8,461	8,424	5,127	4,601
Depreciation and amortisation	11,315	10,326	6,196	5,948
	19,776	18,750	11,323	10,549

14. Income Tax

(a) Income tax expense recognized in profit or loss

Current income tax charge - current year	(32,702)	(24,780)	(22,052)	(16,872)
Changes in estimates relating to prior years	(51)	(834)	(51)	(834)
	(32,753)	(25,614)	(22,103)	(17,706)
Origination and reversal of temporary differences (Note 14(c))	1,730	1,899	(573)	1,899
	(31,023)	(23,715)	(22,676)	(15,807)

(b) Current income tax (payable)/recoverable

At 1 January	(4,885)	(2,424)	(543)	(576)
Current income tax charge - current year	(32,017)	(24,780)	(22,052)	(16,872)
Current income tax charge - prior year	(51)	(834)	(51)	(834)
Tax paid during the year relating to current year	26,299	20,013	22,107	16,830
Tax paid during the year relating to previous year	6,027	3,379	501	909
Translation difference	(124)	(239)	-	-
At 31 December	(4,751)	(4,885)	(38)	(543)

(c) Deferred tax assets

At 1 January	16,573	19,673	16,573	19,673
Deferred tax (credit) – current year	1,730	1,899	(573)	1,899
Credit to OCI – current year	2,533	(4,991)	2,533	(4,991)
Deferred tax derecognized - subsidiary	2	(8)	2	(8)
Translation difference	58	-	-	-
At 31 December	20,896	16,573	18,535	16,573

14. Income Tax (Continued)

(d) Deferred tax assets movement

Group 2023

Deferred tax	At 1 January 2023 TZS' Millions	Current Year TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	At 31 December 2023 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)
Unrelieved tax losses	-	(2,303)	-	(2,303)
Impact to reserve				
Government securities at FVOCI	242	-	(2)	240
Fair valuation gain	4,993	-	(2,533)	2,460
Translation difference	-	(58)	-	(58)
	(16,573)	(1,788)	(2,535)	(20,896)

**The amount represents the amount which was deferred as the result of TRA audit which deferred the realization of provisions towards loan write-offs and these are to be realized upon loan recoveries*

Bank 2022

Deferred tax	At 1 January 2023 TZS' Millions	Current Year TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	At 31 December 2023 TZS' Millions
Impact to Profit and loss				
Property, Plant and Equipment	(541)	637	-	96
Revaluation Loss on Available for Sale Property	(462)	462	-	-
Provisions	(10,952)	(5,076)	-	(16,028)
Deferred Gain - UBL Acquisition	606	(606)	-	-
FNB Unrealised Gain	-	2,314	-	2,314
IFRS 16 - Right of Use Asset	(219)	116	-	(103)
Provision towards write-off*	(8,343)	254	-	(8,089)
Impact to reserve				
Government securities at FVOCI	3	-	4,991	4,994
Fair valuation gain	235	-	8	243
	(19,673)	(1,899)	4,999	(16,573)

14. Income Tax (Continued)

(c) Deferred tax assets movement

Group 2022

Deferred tax	At 1 January 2023 TZS' Millions	Current Year TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	At 31 December 2023 TZS' Millions
Impact to Profit and loss				
Property, Plant and Equipment	(541)	637	-	96
Revaluation Loss on Available for Sale Property	(462)	462	-	-
Provisions	(10,952)	(5,076)	-	(16,028)
Deferred Gain - UBL Acquisition	606	(606)	-	-
FNB Unrealised Gain	-	2,314	-	2,314
IFRS 16 - Right of Use Asset	(219)	116	-	(103)
Provision towards write-off*	(8,343)	254	-	(8,089)
Cummulative Unrealized Forex losses	-	-	-	-
Cummulative Unrealized Forex gains	-	-	-	-
Unrelieved tax losses	-	-	-	-
	-	-	-	-
Impact to reserve	-	-	-	-
Government securities at FVOCI	3	-	4,991	4,994
Fair valuation gain	235	-	8	243
Translation difference	-	-	-	-
	(19,673)	**(1,899)**	**4,999**	**(16,573)**

Bank 2022

Deferred tax	At 1 January 2023 TZS' Millions	Current Year TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	At 31 December 2023 TZS' Millions
Impact to Profit and loss				
Property, Plant and Equipment	97	519	-	616
Revaluation Loss on Available for Sale Property	-	-	-	-
Provisions	(16,029)	1,221	-	(14,808)
Deferred Gain - UBL Acquisition	-	-	-	-
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)
Cummulative Unrealized Forex losses	-	-	-	-
Cummulative Unrealized Forex gains	-	-	-	-
Unrelieved tax losses	-	-	-	-
Impact to reserve				
Government securities at FVOCI	242	-	(2)	240
Fair valuation gain	4,993	-	(2,533)	2,460
Translation difference	-	-	-	-
	(16,573)	**573**	**(2,535)**	**(18,535)**

14. Income Tax (Continued)

(d) Reconciliation of Effective tax rate

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Profit before income tax	91,474	67,808	66,479	43,798
Tax calculated at the statutory income tax rates	(27,442)	(20,342)	(19,944)	(13,139)
Tax effect of:				
Non-taxable income**	3,676	668	4,525	3,135
Income from subsidiaries taxable at Company level	(8,570)	(3,354)	(8,570)	(3,354)
Expenses not deductible for tax purposes**	1,364	124	1,364	124
Current income tax charge - prior year	(51)	(834)	(51)	(2,577)
Derecognized deferred tax asset	-	26	-	-
Alternate minimum tax (AMT)/permanent difference*	-	(3)	-	4
Income tax expense	(31,023)	(23,713)	(22,676)	(19,382)

** 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.

i. Profit attributable to ordinary shareholders (basic)

	2023 TZS 'M'	2022 TZS 'M'
Profit for the year attributable to equity holders of the parent	59,075	42,589

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)

	2023 TZS 'M'	2022 TZS 'M'
Profit attributable to holders of ordinary shares (diluted)	59,075	42,589

ii. Weighted-average number of ordinary shares(diluted)

Weighted-average number of ordinary shares(basic)	12,900	12,900
Effect of share options in issue	-	-
Weighted-average number of ordinary shares (diluted) at 31 Dec	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 2023	At amortised cost TZS 'M'	Financial assets at FVOCI TZS 'M'	Equity investments at FVOCI TZS 'M'	Financial assets at FVTPL TZS 'M'	Total TZS 'M'
Financial assets					
Cash and balances with Central Banks	273,423	-	-	-	273,423
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	28,856	-	-	-	28,856
	2,557,306	227,341	2,086	97,829	2,884,562

At 31 December 2022	Debt instruments at amortised cost TZS 'M'	Financial assets at FVOCI TZS 'M'	Equity investments at FVOCI TZS 'M'	Financial assets at FVTPL TZS 'M'	Total TZS 'M'
Financial assets					
Cash and balances with Central Banks	234,241	-	-	-	234,241
Loans and advances to banks	260,238	-	-	-	260,238
Loans and advances to customers	1,253,729	-	-	-	1,253,729
Government securities	123,643	221,553	-	155,561	500,757
Bonds - Debt securities at amortised cost	47,117	-	-	-	47,117
Equity investments	-	-	2,092	516	2,608
Other assets less prepayments	2,813	-	-	-	2,813
	1,921,781	221,553	2,092	156,077	2,888,357

Financial liabilities At amortized cost	2023 TZS'M'	2022 TZS'M'
Deposits due to banks	117,923	157,452
Deposits due to customers	2,390,796	1,788,528
Term borrowings	8,568	8,566
Subordinated debts and senior loans	33,228	55,304
Lease liabilities	30,508	-
Other liabilities (excludes deferred commission)	87,636	53,918
	2,668,659	2,063,768

Bank

At 31 December 2023	Debt instruments at amortised cost TZS'M'	Financial assets at FVOCI TZS'M'	Equity investments at FVOCI TZS'M'	Financial assets at FVTPL TZS'M'	Total TZS 'M'
Financial assets					
Cash and balances with Central Banks	150,718	-	-	-	150,718
Loans and advances to banks	288,132	-	-	-	288,132
Loans and advances to customers	975,533	-	-	-	975,533
Government securities	90,864	-	-	97,274	188,138
Bonds - Debt securities at amortised cost	2,749	-	-	-	2,749
Equity investments	-	-	2,086	-	2,086
Other assets less prepayments	47,983	-	-	-	47,983
	1,555,979	-	2,086	97,274	1,655,339

16. Financial Instruments by Category (Continued)

Bank (Continued)

At 31 December 2022	Debt instruments at amortised cost TZS 'M'	Financial assets at FVOCI TZS 'M'	Equity investments at FVOCI TZS 'M'	Financial assets at FVTPL TZS 'M'	Total TZS 'M'
Financial assets					
Cash and balances with Central Banks	121,347	-	-	-	121,347
Loans and advances to banks	124,577	-	-	-	124,577
Loans and advances to customers	767,905	-	-	-	767,905
Government securities	92,755	221,553	-	155,561	469,869
Bonds - Debt securities at amortized cost	717	-	-	-	717
Equity investments	-	-	2,092	-	2,092
Other assets less prepayments	1,176	-	-	-	1,176
	1,108,477	**221,553**	**2,092**	**155,561**	**1,487,683**

Financial liabilities At amortized cost	2023 TZS'M'	2022 TZS'M'
Deposits due to banks	305,904	236,196
Deposits due to customers	1,338,068	1,024,329
Term borrowings	8,568	8,566
Subordinated debts and senior loans	33,228	55,321
Lease liabilities	22,874	19,018
Other liabilities (excludes deferred commission)	52,378	40,153
	1,761,020	**1,383,583**

17. Cash and Balances With Central Banks

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Cash in hand	71,572	56,789	37,873	32,622
Clearing accounts	84,586	82,386	32,160	22,422
Statutory Minimum Reserves (SMR)	117,737	95,485	80,778	66,365
Gross amount	273,895	234,660	150,811	121,409
Expected credit losses	(472)	(419)	(93)	(62)
Net carrying amount	**273,423**	**234,241**	**150,718**	**121,347**
Movement in ECLs (all in Stage 1):				
At 1 January	419	738	62	75
Increase/(decrease) in ECL	53	(319)	31	(13)
Closing balance	**472**	**419**	**93**	**62**
Current	273,895	234,660	150,811	121,409
Non-current	-	-	-	-

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 Bank

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Items in course of collection	2,577	5,095	536	598
Loans and advances to other banks	341,704	162,305	264,474	110,363
Placements with other banks	179,213	92,848	23,145	13,616
Gross amount	523,494	260,248	288,155	124,577
Expected credit losses	(30)	(29)	(23)	(19)
Net amount after expected credit losses	**523,464**	**260,219**	**288,132**	**124,558**
Movement in ECLs				
At 1 January	29	16	19	-
Impact to profit and loss during the year	1	13	4	19
Closing balance	**30**	**29**	**23**	**19**
Current	**523,494**	**260,248**	**288,155**	**124,558**

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	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Overdrafts	453,231	428,672	235,454	216,855
Personal loans	211,065	126,621	108,990	49,298
Commercial loans	889,246	728,647	663,008	525,436
Others	4,874	7,888	3,158	7,888
Gross loans and advances	1,558,416	1,291,828	1,010,610	799,477
Less: Expected credit losses	(40,368)	(43,571)	(35,077)	(37,044)
Net carrying amount	**1,518,048**	**1,248,257**	**975,533**	**762,433**
Current	753,360	1,156,010	462,715	280,198
Non-current	764,688	135,818	512,818	519,279
	1,518,048	**1,291,828**	**975,533**	**799,477**
The movement in ECLs:				
Provision for expected credit losses at 1 January	43,571	27,932	37,044	19,318
Impairment-FNB Acquisition	-	1,640	-	1,641
Loan loss provision released/charged	-	171	-	(641)
Amounts written of during the year	(11,638)	(18,230)	(8,408)	(10,602)
Expected credit loss charge for the year	8,435	32,058	6,441	27,328
At 31 December	**40,368**	**43,571**	**35,077**	**37,044**

19. Loans and Advances to Customers (Continued)

The expected credit losses for the year was made up of:

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Expected credit losses	8,435	32,058	6,441	27,328
Impairment charge on Stage III interest income	-	-	-	-
Amounts recovered during the year	-	-	-	-
Expected credit loss for the year	**8,435**	**32,058**	**6,441**	**27,328**

20. Government Securities

	Group		Bank	
	2023 TZS 'M'	2022 TZS'M'	2023 TZS 'M'	2022 TZS 'M'
Debt instruments at amortized cost				
Treasury Bills	27,821	3,124	25,917	-
Treasury Bonds	144,683	120,821	64,992	92,843
Gross	172,504	123,945	90,909	92,843
Expected credit loses	(190)	(302)	(45)	(88)
	172,314	**123,643**	**90,864**	**92,755**
At FVOCI				
Treasury Bonds	227,594	221,791	227,594	221,791
Expected credit loses	(253)	(238)	(253)	(238)
	227,341	**221,553**	**227,341**	**221,553**
At FVTPL				
Treasury Bonds	97,274	155,561	97,274	155,561
	496,929	**500,757**	**415,479**	**469,869**
Maturing within 90 days	2,430	2,430	-	-
Maturing after 90 days	494,942	498,867	415,777	470,195
Gross	497,372	501,297	415,777	470,195
Less: Provision for ECLs	(443)	(540)	(298)	(326)
Net carrying amount	**496,929**	**500,757**	**415,479**	**469,869**
At amortized costs	172,314	123,643	90,864	92,755
FVOCI	227,341	221,553	227,341	221,553
FVPTL	97,274	155,561	97,274	155,561
	496,929	500,757	415,479	469,869
Movement in provision for ECL				
All in Stage 1:				
At 1 January	540	338	326	223
Increase (decrease) in expected credit loss	(97)	202	(28)	103
As 31 December	**443**	**540**	**298**	**326**
The maturity analysis of treasury bills and bonds is as follows:				
Current	97,274	392,146	97,274	380,659
Non-current	399,655	109,151	318,205	89,536
	496,929	**501,297**	**415,479**	**470,195**

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 20 years. The weighted average effective interest rate on government securities as at 31 December 2023 was 11.5% (2022: 11.78%).

The Bank is holding treasury bonds with a face value of TZS 77,899 million (2022: TZS 47,272 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 2023, the Bank had pledged treasury bonds with face value of TZS 81,317 million (2022: TZS 109,995 million) of which TZS 71,617 against a short-term borrowings and TZS 9,700 million for long term borrowing.

21. Investment Securities

(a) Equity investments -FVOCI

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
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	1,200	1,200	1,200	1,200
Gross Equity securities	1,285	1,285	1,285	1,285
Accumulated fair value change	801	807	801	807
Net amount	**2,086**	**2,092**	**2,086**	**2,092**
Fair value changes:				
On 1 January	807	781	807	781
Fair value (loss)/gain during the year	(6)	26	(6)	26
As 31 December	**801**	**807**	**801**	**807**
Credit/(charge) to OCI				
Listed equity investments	(6)	26	(6)	26
Government securities - FVOCI	(8,442)	16,636	(8,442)	16,636
Deferred tax impact - current year	2,534	(4,999)	2,534	(4,999)
	(5,914)	**11,663**	**(5,914)**	**11,663**
Dividend: Equity instruments – FVOCI:				
Dividend income	-	-	**40**	**29**

(b) Equity investments – FVTPL

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Equity securities - listed shares				
Listed shares - Tanzania Oxygen Limited (TOL)	19	19	-	-
Tanzania Cigarette Company	170	170	-	-
Tanzania Portland Cement Company	108	108	-	-
MCB	54	54	-	-
Others	41	41	-	-
	392	**392**	-	-

(b) Equity investments – FVTPL (Continued)

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Equity securities - not listed				
HARADALI investment scheme	63	63	-	-
	63	**63**	**-**	**-**
Gross Equity securities	455	455	-	-
Accumulated fair value change	100	61	-	-
	555	**516**	**-**	**-**
Fair value changes:				
On 1 January	61	51	-	-
Fair value gain during the year	39	10	-	-
	100	**61**	**-**	**-**
Dividend: Equity instruments – FVTPL:				
Dividend income	43	31	-	-

The investment securities are non-current.

(c) Corporate Bonds at amortised cost

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
TMRC Bond	2,029	-	2,029	-
Subordinated bond - Exim Bank Djibouti	-	-	-	-
Subordinated Loan to Core Securities	-	17	727	717
Organisation for Economic Cooperation and Development (OCDE) bond	39,180	47,101	-	-
Gross	41,209	47,118	727	717
Less: Provision for ECLs	(8)	(8)	(7)	(7)
Net carrying amount	**41,201**	**47,110**	**2,749**	**710**
Movement in expected credit loss (All in Stage 1):-				
At 1 January	8	1	7	-
Change in expected credit loss	-	7	-	7
As 31 December	**8**	**8**	**7**	**7**
Current	-	-	727	17
Non-Current	41,209	47,118	3,483	734

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 6 months.

22. Other Assets

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Sundry debtors	14,939	9,045	34,854	7,739
Visa cards	776	673	796	604
Master Card receivables	13,559	55	13,559	55
Money Gram receivables	942	549	-	-
Faida card receivables	7,755	-	7,755	-
Gross	**37,971**	10,322	**56,964**	8,398
Less: Expected credit loss	(9,115)	(7,509)	(8,981)	(7,222)
Carrying amount	**28,856**	**2,813**	**47,983**	**1,176**
Prepaid expenses	4,367	3,975	2,379	2,026
Net carrying amount	**33,223**	**6,788**	**50,362**	**3,202**
Movement in Expected credit loss				
All in Stage 1				
At 1 January	7,509	7,264	7,222	7,249
Change in expected credit loss during the year	1,687	245	1,815	(27)
Write-Off	(81)	-	(56)	-
As 31 December	**9,115**	**7,509**	**8,981**	**7,222**

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	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Cost				
At 1 January	530	8,005	-	6,761
Additions	230	126	-	126
Disposals	-	(2,605)	-	(1,957)
Write-off	-	(4,930)	-	(4,930)
Translation differences	-	(66)	-	-
At 31 December	**760**	**530**	**-**	**-**
Impairment				
At 1 January	(304)	(5,226)	-	(4,659)
Charge for the year	-	(150)	-	(271)
Write offs	-	5,042	-	4,930
Translation differences	-	30	-	-
At 31 December	(304)	(304)	-	-
Net carrying amount	**456**	**226**	**-**	**-**

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 Financial Statements
for the year ended 31st December 2023

24. Property and Equipment

Group	Buildings TZS'M'	Leasehold premises TZS'M'	Motor vehicles TZS'M'	Office equipment TZS'M'	Computer hardware TZS'M'	Furniture and fittings TZS'M'	Capital Work in Progress TZS'M'	Total 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	366	-	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)

Group (Restated)*	Buildings TZS'M'	Leasehold premises TZS'M'	Motor vehicles TZS'M'	Office equipment TZS'M'	Computer hardware TZS'M'	Furniture and fittings TZS'M'	Capital Work in Progress* TZS'M'	Total TZS'M'
Cost								
At 1 January 2022	15,515	24,059	1,999	33,553	8,757	9,434	4,411	97,728
Additions	43	2,517	1,372	2,599	538	363	2,414	9,846
Disposals	-	-	(149)	(1,718)	(244)	(116)	-	(2,227)
Transfers		530	-	450	74	19	(1,073)	-
Write offs	-	-	(16)	(818)	(293)	(600)	-	(1,727)
Translation adjustments	114	(25)	11	20	(15)	175	(46)	234
At 31 December 2022	**15,672**	**27,081**	**3,217**	**34,086**	**8,817**	**9,275**	**5,706**	**103,854**
Depreciation								
At 1 January 2022	5,100	15,780	1,741	26,472	6,535	6,988	-	62,616
Charge for the year	73	1,782	188	2,361	852	517	-	5,773
Elimination on disposal	-		(129)	(1,694)	(244)	(51)	-	(2,118)
Translation adjustments	77	(7)	(89)	57	171	88	-	297
Reclassification	-	-	(16)	(816)	(292)	(584)	-	(1,708)
At 31 December 2022	**5,250**	**17,555**	**1,695**	**26,380**	**7,022**	**6,958**	**-**	**64,860**
Net carrying amount	**10,422**	**9,526**	**1,522**	**7,706**	**1,795**	**2,317**	**5,706**	**38,994**

* During the year the Bank discovered that capital work in progress for intangible assets was erroneously classified as property and equipment. The error has been corrected by restating each of the affected financial statement line items for the prior period i.e. property and equipment and intangible assets. The carrying amount of property and equipment as previously reported was TZS 43,736 million which has been adjusted by TZS 4,742 million to correct capital work in progress for intangible assets (software) erroneously classified as property and equipment, leaving the restated carrying amount at TZS 38,994 million. The restatement has likewise impacted the purchases of property and equipment in the statement of cashflows. The restatement does not have an impact on equity or statement of profit or loss and other comprehensive income. There is no material impact on the Group's basic and diluted earnings per share and on the statement of cash flows for the year ended 31 December 2022.

See also Note 27 for the corresponding amendments done.

Notes to Financial Statements
for the year ended 31st December 2023

24. Property and Equipment (Continued)

Bank	Buildings TZS'M'	Leasehold premises TZS'M'	Motor vehicles TZS'M'	Office equipment TZS'M'	Computer hardware TZS'M'	Furniture and fittings TZS'M'	Capital Work in Progress TZS'M'	Total 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	6,209
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**

24. Property and Equipment (Continued)

Bank (Restated)*	Buildings TZS'M'	Leasehold premises TZS'M'	Motor vehicles TZS'M'	Office equipment TZS'M'	Computer hardware TZS'M'	Furniture and fittings TZS'M'	Capital Work in Progress TZS'M'	Total TZS'M'
Cost								
At 1 January 2022	12,105	19,255	1,181	24,814	4,446	4,369	611	66,781
Additions	-	765	875	2,318	348	279	1,845	6,430
Disposals	-	-	(87)	(1,700)	(244)	(51)	-	(2,082)
Reclassification	-	476	-	450	-	-	(926)	-
Write off	-	-	(16)	(818)	(293)	(599)	-	(1,726)
At 31 December 2022	**12,105**	**20,496**	**1,953**	**25,064**	**4,257**	**3,998**	**1,530**	**69,403**
Depreciation								
At 1 January 2022	3,730	13,996	1,046	20,501	3,433	3,525	-	46,231
Charge for the year	257	1,298	139	1,789	391	273	-	4,147
Elimination on disposal	-	-	(87)	(1,693)	(244)	(51)	-	(2,075)
Write off	-	-	(16)	(816)	(292)	(584)	-	(1,708)
At 31 December 2022	**3,987**	**15,294**	**1,082**	**19,781**	**3,288**	**3,163**	**-**	**46,595**
Net carrying amount	**8,118**	**5,202**	**871**	**5,283**	**969**	**835**	**1,530**	**22,808**

* During the year the Bank discovered that capital work in progress for intangible assets was erroneously classified as property and equipment. The error has been corrected by restating each of the affected financial statement line items for the prior period i.e. property and equipment and intangible assets. The carrying amount of property and equipment as previously reported was TZS 27,550 million which has been adjusted by TZS 4,742 million to correct capital work in progress for intangible assets (software) erroneously classified as property and equipment, leaving the restated carrying amount at TZS 22,808 million. The restatement has likewise impacted the purchases of property and equipment in the statement of cashflows. The restatement does not have an impact on equity or statement of profit or loss and other comprehensive income. There is no material impact on the Group's basic and diluted earnings per share and on the statement of cash flows for the year ended 31 December 2022.

As of 31 December 2023, the Group had neither restriction on title nor property and equipment pledged as security for liabilities (2022: Nil).
There were no capitalized borrowing costs related to the acquisition of property and equipment during the year ended 31 December 2023 (2022: Nil). There were no idle assets as at 31 December 2023 (2022: Nil). As at 31 December 2023, contractual commitment for the acquisition of property and equipment amount of TZS 7,408 million (2022: TZS 8,708 million). There were no property and equipment acquired during the year through business combinations. As at 31 December 2023, management has assessed impairment of property, plant and equipment, there were no impairment recognized or reversed during the year. There is no material difference between the fair value of PPE and the carrying amounts as per cost model.

25. Right of use of Assets

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Cost				
At 1 January	23,294	26,144	17,717	19,719
Additions	7,267	5,209	3,187	2,188
Disposals	-	(92)	-	-
Depreciation for the year	(8461)	(7,822)	(5,127)	(4,190)
Modification	2,477	-	2,312	-
Translation difference	214	(145)	-	-
At 31 December	24,791	23,294	18,089	17,717

26. Investments in Subsidiaries

	Bank	
	2023 TZS 'M'	2022 TZS 'M'
Investment in Exim Bank Comores S.A	2,728	2,728
Investment in Exim Bank Uganda Limited	32,537	32,537
Investment in Exim Bank Djibouti S.A.	10,111	10,111
Investment in Core Securities Limited	765	765
Gross amount	46,141	46,141
Less: Impairment	(629)	(629)
	45,512	45,512
Movement in impairment:		
At 1 January	629	4,000
Release of impairment of investment in Exim Bank Uganda Limited	-	(3,371)
At 31 December	629	629

The Bank's shareholding in the subsidiaries as at 31 December 2023 and 2022 was as follows:

At 31 December	Country of incorporation	Interest held	
		2023	2022
Investment in Exim Bank Comores S.A S.A	The Union of Comores S.A	100.00%	100.00%
Investment in Exim Bank Djibouti S.A.	Djibouti	100.00%	100.00%
Investment in Exim Bank Uganda Limited	Uganda	53.00%	53.00%
Core Securities Limited	Tanzania	80.00%	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.

Subsidiaries with material non-controlling interests (NCI)

The Group includes two subsidiaries, Exim Bank Uganda Limited and Core Securities Limited, with material non-controlling interests.

26. Investments in Subsidiaries (Continued)

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	
		2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Exim Bank Uganda Limited	47.00%	47.00%	1,496	(20,611)	(20,611)
Core Securities Limited	20.00%	20.00%	-	(268)	(268)

No dividends were paid to the NCIs during the years 2023 and 2022.

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 part s of the Group and comply with other ratios. The carrying amounts of assets and liabilities of banking subsidiaries are TZS 1,332 million and TZS 1,202 million respectively (2022: TZS 956 million and TZS 848 million 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.

	2023		2022	
	Core Securities Limited TZS 'M'	Exim Bank Uganda Limited TZS 'M'	Core Securities Limited TZS 'M'	Exim Bank Uganda Limited TZS 'M'
Non-current Assets	800	338,746	1,369	231,159
Current Assets	53	11,647	28	5,977
Non-current Liabilities	(1,228)	(2,566)	(1,610)	(1,619)
Current Liabilities	(808)	(298,526)	(1,126)	(191,664)
Equity attributable to owners of the parent	946	(26,130)	1,071	(23,242)
Non-controlling interest	237	(23,171)	268	(20,611)

26. Investments in Subsidiaries (Continued)

Non-controlling interest in subsidiaries

	2023		2022	
	Core Securities Limited TZS 'M'	Exim Bank Uganda Limited TZS 'M'	Core Securities Limited TZS 'M'	Exim Bank Uganda Limited TZS 'M'
Revenue	298	27,701	599	25,809
Interest Expense	(130)	(4,907)	(148)	(4,178)
Operating and other expense	(345)	(21,407)	(448)	(17,794)
Income Tax expense	(3)	1,618	(3)	(638)
Profit/(Loss) for the year	**(180)**	**3,005**	**-**	**3,199**
Other comprehensive loss	-	62	-	(17)
Total comprehensive Profit/ (loss) for the year	**(180)**	**3,067**	-	**3,182**
Profit/ (Loss) for the year attributable to owners of the parent	(144)	1,593	-	1695
Profit/(Loss) for the year attributable to NCI	(36)	1,412	-	1,504
	(180)	**3,005**	**-**	**3,199**
Total comprehensive income for the year attributable to owner of the parent	(144)	1,626	-	1,686
Total comprehensive income for the year attributable to NCI	(36)	1,441	-	1,496
	(180)	**3,067**	**-**	**3,182**
Net cash flows (used in)/from operating activities	(38)	54,605	63	18,109
Net cash flows (used in)/from investing activities	390	(3,474)	(32)	(1,116)
Net cash flows from financing activities	(50)	(2,189)	(113)	16,858
Net increase in cash or cash equivalents	**302**	**48,942**	**(82)**	**33,851**

27. Intangible Assets

	Group			Bank		
2023	Application Software TZS'M'	Work-in-Progress TZS'M'	Total TZS'M'	Application Software TZS'M'	Work-in-Progress TZS'M'	Total 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-off through profit or loss	(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**

27. Intangible Assets (Continued)

2022 (Restated)	Group Application Software TZS'M'	Group Work-in-Progress TZS'M'	Group Total TZS'M'	Bank Application Software TZS'M'	Bank Work-in-Progress* TZS'M'	Bank Total TZS'M'
Cost						
At 1 January	42,370	2,930	45,300	27,834	2,930	30,764
Additions	605	2,125	2,730	401	2,125	2,526
Transfers	313	(313)	-	313	(313)	-
Translation difference	(78)	-	(78)	-	-	-
At 31 December	**43,210**	**4,742**	**47,952**	**28,548**	**4,742**	**33,290**
Amortization						
At 1 January	32,953	-	32,953	24,843	-	24,843
Charge for the year	3,639	-	3,639	1,801	-	1,801
Translation difference	(122)	-	(122)	-	-	-
At 31 December	**36,470**	**-**	**36,470**	**26,644**	**-**	**26,644**
Net Carrying Value	**6,740**	**4,742**	**11,482**	**1,904**	**4,742**	**6,646**

* During the year the Bank discovered that capital work in progress for intangible assets was erroneously classified as property and equipment. The error has been corrected by restating each of the affected financial statement line items for the prior period i.e. property and equipment and intangible assets. The carrying amount of intangible assets as previously reported was TZS 1,904 million (Group:TZS 6,740 million) which has been adjusted by TZS 4,742 million to correct capital work in progress for intangible assets (software) erroneously classified as intangible assets, leaving the restated carrying amount at TZS 6,646 million (Group:TZS 11,482 million). The restatement has likewise impacted the purchases of intangible assets in the statement of cashflows. The restatement does not have an impact on equity or statement of profit or loss and other comprehensive income. There is no material impact on the Group's basic and diluted earnings per share and on the statement of cash flows for the year ended 31 December 2022.

As at 31 December 2023, included in intangible assets is the Core Banking system which is material with carrying amount of TZS 4,965.23 million (2022: TZS 60.9 million) with remaining amortization period of four (3) years. No intangible asset was pledged as security for liabilities as at 31 December 2023. There also no restrictions other than those outlined in the software license. As at 31 December 2023, 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 2023, there were contractual commitments for the acquisition of intangible assets amount TZS 7,296 million (2022; TZS 5,926 million).

28. Deposits Due to Banks

	Group 2023 TZS 'M'	Group 2022 TZS 'M'	Bank 2023 TZS 'M'	Bank 2022 TZS 'M'
To be settled within 12 months	117,923	157,452	305,904	236,196

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 24,500 million (2022: TZS 100,045 million) collateral for these deposits.

29. Deposit Due to Customers

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Current and demand deposits	1,305,380	1,007,238	579,462	442,783
Savings accounts	441,563	394,506	337,855	289,653
Fixed deposit accounts	643,853	413,764	420,751	286,421
	2,390,796	**1,815,508**	**1,338,068**	**1,018,857**
Current	2,273,934	1,186,446	1,208,137	959,122
Non-current	116,862	629,062	129,931	59,735

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		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Tanzania Mortgage Refinance Company Limited (TMRC)	8,568	8,566	8,568	8,566

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		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
At 1 January	8,566	6,059	8,566	6,059
Additions	-	2,500	-	2,500
Accrued interest	638	553	638	553
Interest payment	(636)	(546)	(636)	(546)
At 31 December	**8,568**	**8,566**	**8,568**	**8,566**

31. Subordinated Debt and Senior Loans

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
USD 10 million FMO floating rate notes due 2024 (a)	2,857	7,880	2,857	7,880
USD 12.5 million FMO floating rate notes due 2024 (b)	3,573	9,863	3,573	9,863
USD 12.5 million FMO floating rate notes due 2024 (c)	3,571	9,850	3,571	9,850
USD 11.379 million fixed interest rate notes due 2023(d)	-	4,460	-	4,460
TZS 10.14 billion EIB fixed interest rate notes due 2023 (d)	-	1,713	-	1,713
USD 9.13 Million Subordinated Debt (e)	23,227	21,555	23,227	21,555
Total	**33,228**	**55,321**	**33,228**	**55,321**
Current	10,001	24,682	10,001	24,682
Non-current	23,227	30,639	23,227	30,639
Total	**33,228**	**55,321**	**33,228**	**55,321**

*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.

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 committed. Principal repayment is in 9 equal semi-annual instalments, beginning on 15 March 2020. The principal loan balance as at 31 December 2023 was USD 1.11million (2022: USD 3.33 million). The effective interest rate was 8.9% (2022: 7.09%).

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 committed. Principal repayment is in 9 equal semi-annual instalments. The principal loan balance as at 31 December 2023 was USD 1.39 million (2022: USD 4.2 million). The effective interest rate was 8.9%. (2022: 7.09%).

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 committed. Principal repayment is in 9 equal semi-annual instalments. The principal loan balance as at 31 December 2022 was USD 1.39 million (2022: USD 4.2 million). The effective interest rate was 8.9%. (2022: 7.09%).

d) The senior loan of EURO 15 million from European Investment Bank (EIB) was drawn down on 15 March 2017. The loan was converted into USD 11,379 million (equivalent of EURO 10.7 million) and TZS 10,140 million (equivalent of EURO 4.3 million). The loan had a grace period of 1 year and repayment thereafter is within 6 years, this facility matured in September 2023 and was fully paid (2022: USD 1.9 million and TZS 1,690). The effective interest rates were 4.16% and 11.74%. (2022: 4.16% and 11.74%.) respectively.

e) There were three sub-ordinated loans with principal balances totalling USD 9.13 million. The effective interest rate was of 6.64% (2022: 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	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
At 1 January	55,321	73,987	55,321	73,987
Additions	-	6,644	-	6,644
Interest accrued during the year	3,220	3,473	3,220	3,473
Repayments - principal	(24,348)	(26,001)	(24,348)	(26,001)
Repayments - interest	(3,425)	(3,325)	(3,425)	(3,325)
Foreign exchange differences	2,460	543	2,460	543
At 31 December	**33,228**	**55,321**	**33,228**	**55,321**

32. Leases

(a) Lease liability

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
At January	24,986	28,437	19,018	21,732
Additions	7,267	5,209	3,187	2,188
Disposal	-	(713)	-	(573)
Modification	2,137	-	1,998	-
Interest expense on lease liability	1,934	1,599	1,384	1,326
Payment to lease liability (principal)	(5,445)	(8,579)	(2,220)	(5,069)
Payment to lease liability (interest)	(2,098)	(858)	(1,464)	(501)
Prepayment movement during the year	-	(85)	-	(85)
Foreign exchange gain/loss	1,363	-	971	-
Translation difference	364	(24)	-	-
	30,508	**24,986**	**22,874**	**19,018**

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

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Depreciation on the right of use:	8,461	7,822	5,127	4,190
Foreign exchange gain/loss	1,363	-	971	-
Interest expense on lease liability	1,934	1,599	1,384	1,326
Expenses relating to short-term leases	2,353	1,188	2,195	-
Modification	340	-	314	-
Total charge to profit and loss	**14,451**	**10,609**	**9,991**	**5,516**

(c) Amounts charged to cashflow

The following table shows the total cash outflows for leases.

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Interest expense on lease liability	1,934	1,599	1,384	1,326
Payment to lease liability (principal)	(5,445)	(8,579)	(2,220)	(501)
Payment to lease liability (interest)	(2,098)	(858)	(1,464)	(85)

(d) Undiscounted lease payments

Within 1 year	13,781	13,781	8,670	8,670
Between 1 and 5 years	16,727	16,650	14,204	15,820
	30,508	**30,431**	**22,874**	**24,490**

(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	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Bank drafts payable	1,899	2,070	1,022	1,423
Accrued expenses	11,180	9,330	9,138	7,623
TANAPA cards	636	892	636	892
Master cards	6,020	2,464	6,441	2,446
Guarantee and Letters of Credit margins	15,122	17,435	9,412	13,018
Deferred commission	3,196	4,496	2,597	4,024
Advance towards share capital	18,311	-	-	-
Dividend payable	7,000	-	7,000	-
Other creditors*	24,272	21,733	16,132	14,751
	87,636	58,420	52,378	44,177

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

Group and Bank	2023 TZS 'M'	2022 TZS 'M'
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

35. Regulatory and Other Reserves

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Fair value reserve (a)	6,303	12,217	6,303	12,217
Regulatory reserves (b)	4,114	14,177	-	6,433
General and legal reserve (c)	4,848	3,437	4	4
Currency translation reserve (d)	14,573	5,719	-	-
	29,838	35,550	6,307	18,654

(a) The fair value reserve

It comprises the effect of changes in equity investments at FVOCI. The movement in the fair value reserve was as follows:

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
At 1 January	12,217	554	12,217	554
Fair value gain/(loss) for the year (note 21)	(5,914)	11,663	(5,914)	11,663
At 31 December	6,303	12,217	6,303	12,217

35. Regulatory and Other Reserves (Continued)

(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	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
At 1 January	14,177	25,844	6,433	22,554
Appropriation from/(to) retained earnings	(10,063)	(11,667)	(6,433)	(16,121)
At 31 December	**4,114**	**14,177**	**-**	**6,433**
This is broken down as follows:				
Reserve for loans and advances - Specific	(3,657)	4,090	-	-
Reserve for other assets	7,771	10,087	-	6,433
	4,114	**14,177**	**-**	**6,433**

(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.
- 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:-

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
At 1 January	3,437	2,859	4	4
Appropriation (to)/from retained earnings	1,411	578	-	-
At 31 December	**4,848**	**3,437**	**4**	**4**

(d) The currency translation reserve comprises the effect of translation of the financial statements of the foreign subsidiaries on consolidation.

	Group	
	2023 TZS 'M'	2022 TZS 'M'
At 1 January	5,719	8,469
Translation adjustments for the year	8,854	(2,750)
At 31 December	**14,573**	**5,719**

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 414 million (2022: 364 million) could result into loss to the Group and Bank.

(b) Capital commitments:

On 31 December 2023, the Group and Bank had capital commitments of TZS 29,014 million (2022: TZS 24,054 million) and 16,850 million (2022: TZS 14,094 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	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Acceptances and letters of credit	171,391	82,697	166,942	81,698
Guarantees and performance bonds	220,564	63,962	187,654	58,870
Gross	391,955	146,659	354,596	140,568
Less: Expected credit loss	(287)	(213)	(287)	(213)
Net carrying amount	**391,668**	**146,446**	**354,309**	**140,355**
Movement Expected credit loss:				
At 1 January	213	104	213	213
Expected credit loss charge in the year	74	109	74	-
As 31 December	**287**	**213**	**287**	**213**

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

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Undrawn formal stand-by facilities, credit lines and other commitments to lend	121,705	73,610	78,703	58,018

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. Analysis of Cashflows as Shown in the Statement of Cash Flows

(a) Reconciliation of Movements of Liabilities to Cash Flows Arising From Financing Activities

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**	**-**	**-**	**7,000**	**-**	**7,367**
Total equity-related other changes								
Balance as at 31 December 2023	**(8,568)**	**(33,228)**	**(30,508)**	**(12,900)**	**(29,838)**	**(256,950)**	**(21,193)**	**(393,185)**

Notes to Financial Statements
for the year ended 31st December 2023

37. 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

BANK	Liabilities			Equity			Total
	Term borrowings	Subordinated debts and senior loans	Lease liability	Share capital	Regulatory and other reserves	Retained earnings	
Balance as at 1 January 2023	(8,566)	(55,321)	(19,018)	(12,900)	(18,654)	(178,943)	(293,402)
Changes from financing cashflow							
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 cashflow	**-**	**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							
Interest payment - term borrowings	636	-	-	-	-	-	636
Interest payment - Senior loans and subordinated debts	-	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	-	-	-	283
Total equity-related other changes							
Balance as at 31 December 2023	**(8,568)**	**(33,228)**	**(22,874)**	**(12,900)**	**(6,307)**	**(229,179)**	**(313,056)**

37. 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)

2022

GROUP	Liabilities			Equity				Total
	Term borrowings	Subordinated debts and senior loans	Lease liability	Share capital	Regulatory and other reserves	Retained earnings	Non-controlling interest	
Balance as at 1 January 2022	(6,059)	(73,987)	(28,437)	(12,900)	(37,718)	(142,574)	(10,823)	(312,498)
Changes from financing cashflow								
Proceeds from term borrowings	(2,500)	-	-	-	-	-	-	(2,500)
Proceeds from senior loans and subordinated debts	-	(6,644)	-	-	-	-	-	(6,644)
Payment of senior loans and subordinated debts - principal	-	26,001	-	-	-	-	-	26,001
Payment of lease liability	-	-	8,579	-	-	-	-	8,579
Total changes from financing cashflow	**(2,500)**	**19,357**	**8,579**	**-**	**-**	**-**	**-**	**25,436**
Changes in fair value	**-**	**-**		**-**	**2,168**	**(11,089)**	**8**	**(8,913)**
The effect of changes in foreign exchange rates	**-**	**(543)**	**24**	**-**	**-**	**-**	**-**	**(519)**
Other changes	-	-	(4,411)	-	-	(42,589)	(8,973)	(55,973)
Liability related								
Repayment of term borrowings - interest	546	-	-	-	-	-	-	546
Payment of senior loans and subordinated debts - interest	-	3,325	-	-	-	-	-	3,325
Interest payment - lease	-	-	858	-	-	-	-	858
Interest expense on lease liability	-	-	(1,599)	-	-	-	-	(1,599)
Interest expense on borrowings	(553)	(3,473)	-	-	-	-	-	(4,026)
Total liability-related other changes	**(553)**	**(3,473)**	**(741)**	**-**	**-**	**-**	**-**	**(4,767)**
Total equity-related other changes								
Balance as at 31 December 2022	**(8,566)**	**(55,321)**	**(24,986)**	**(12,900)**	**(35,550)**	**(196,252)**	**(19,788)**	**(353,363)**

Notes to Financial Statements
for the year ended 31st December 2023

37. 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)

2022

BANK	Liabilities			Equity			Total
	Term borrowings	Subordinated debts and senior loans	Lease liability	Share capital	Regulatory and other reserves	Retained earnings	
Balance as at 1 January 2022	(6,059)	(73,987)	(21,732)	(12,900)	(23,112)	(134,831)	(272,621)
Changes from financing cashflow							
Proceeds from term borrowings	(2,500)		-	-	-	-	(2,500)
Proceeds from senior loans and subordinated debts	-	(6,644)	-	-	-	-	(6,644)
Payment of senior loans and subordinated debts - principal	-	26,001	-	-	-	-	26,001
Payment of lease liability	-	-	5,069	-	-	-	5,069
Total changes from financing cashflow	**(2,500)**	**19,357**	**5,069**	-	-		**21,926**
					-	-	-
Changes in fair value	-	-		-	**4,458**	**(16,121)**	**(11,663)**
The effect of changes in foreign exchange rates		(543)	-				(543)
Other changes	-	-	(1,530)	-	-	(27,991)	(29,521)
Liability related							
Interest payment - term borrowings	546	-	-	-	-	-	546
Interest payment - Senior loans and subordinated debts	-	3,325	-	-	-	-	3,325
Interest payment - lease			501				501
Interest expense on lease liability	-	-	(1,326)	-	-	-	(1,326)
Interest expense on borrowings	(553)	(3,473)	-	-	-	-	(4,026)
Total liability-related other changes	**(7)**	**(148)**	**(825)**	-	-	-	**(980)**
Total equity-related other changes				-	-	**(27,991)**	**(27,991)**
Balance as at 31 December 2022	**(8,566)**	**(55,321)**	**(19,018)**	**(12,900)**	**(18,654)**	**(178,943)**	**(293,402)**

37. 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	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Cash and balance with central banks	273,895	234,660	150,811	121,409
Less: Statutory Minimum Reserves (SMR)	(117,737)	(95,485)	(80,778)	(66,365)
Subtotal	**156,158**	**139,175**	**70,033**	**55,044**
Loans and advances to banks	523,494	260,248	288,155	124,577
	679,652	**399,423**	358,188	**179,621**

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. Cash and cash equivalents exclude the cash reserve requirement held with the Central Banks.

38. 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 Limited	Common directorship/shareholding
Strategies Insurance Limited	Common directorship/shareholding
ACE Properties Limited	Common directorship/shareholding
MAC-UTI Properties Limited	Common directorship/shareholding
Chai Bora Limited	Common directorship/shareholding
Alliance Life Assurance Limited	Common directorship/shareholding
Alliance Insurance Corporation Limited	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 Limited	Common directorship/shareholding
Alliance Africa General Insurance Limited	Common directorship/shareholding
Amazal Holdings Limited	Common directorship/shareholding
Mukwamo Enterprises Limited	Common directorship/shareholding
Mukwano Foundation Trust	Common directorship/shareholding
Mukwano Industries (Uganda) Limited	Common directorship/shareholding

38. Related Party Disclosures (Continued)

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:

Loans to Directors and other Key Management Personnel

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
At 1 January	6,142	3,627	4,436	3,136
Advanced during the year	3,745	4,605	2,145	2,628
Repaid during the year	(1,799)	(2,090)	(1,252)	(1,327)
At 31 December	8,088	6,142	5,329	4,437
Interest income earned from related parties	475	520	383	345
Expected credit losses in loans to key management personnel	11	6	11	6

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

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
At 1 January	6500	6,611	1,147	1,427
Received during the year	12,794	9,329	7,672	7,031
Repaid during the year	(11,854)	(9,440)	(8,054)	(7,311)
At 31 December	7,440	6,500	765	1,147
Interest expense incurred	256	152	244	151

The above deposits carry variable interest rates and are repayable on demand.

Transactions carried out during the year with other related parties include.

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
MAC Group Limited	9	9	9	9
M2 Advertising agency	346	276	346	240
Core Securities Limited	19	146	19	19
FTN Service	43	287	-	-
Sherazam Mazari	295	224	295	295
	712	942	669	563
Group Health Insurance Cover:				
Strategies Insurance Limited	1,907	1,822	1,907	1,822
Group Life Assurance Cover:				
Alliance Life Assurance Ltd	420	717	420	415
	420	717	420	415
Assets All Risks and Motor Vehicles Cover:				
Alliance Insurance Corporation Ltd	1,520	1,780	1,520	1,499
	1,520	1,780	1,520	1,499

38. Related Party Disclosures (Continued)

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Operating lease rentals:				
ACE Properties Limited	445	368	445	368
MAC-UTI Properties Limited	1,959	1,692	1,959	1692
National Knitwear Industries Ltd	81	73	81	73
Mukwano Enterprises Limited	-	13	-	-
	2,485	2,146	2,485	2,133
Loans and advances to customers				
Corporate and Management Consultants Ltd	237	236	237	236
Alliance Insurance Corporation Ltd	1,548	-	1,548	-
Strategies Insurance Limited	5,344	1,830	5,344	1,830
Union Trust investment limited	-	-	-	161
Shaffin Jamal	-	-	-	5,208
Irene Mlola	152	-	152	-
AllianceAfrica General	-	205	-	-
J & J Kothari	-	1,179	-	-
Core Securities Limited	1,017	920	1,017	920
	8,298	4,370	8,298	8,355
Interest income on loans and advances to related	4,384	4,036	4,229	3,830

The loans and advances due to related parties are on normal commercial terms. The expected credit losses on these loans was as follows:

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Expected credit losses on loans and advances to related parties	157	3	154	3

Deposits due to customers

	Group		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Alliance Insurance Corporation Ltd	7,463	6,424	7,463	4,828
Alliance Life Assurance Ltd	-	762	-	762
Nexia SJ Tanzania (formerly PKF Tanzania)	88	2	88	2
Chai Bora Ltd	29	22	29	22
Strategies Insurance Limited	2,182	-	2,182	-
J&J Kothari	1,956	961	-	-
AMAZAL HOLDINGS LIMITED	-	26	-	-
Mukwano Industries (U) Limited	-	1,576	-	-
	11,718	9,773	9,762	5,614
Interest expense on deposits due customers	356	351	297	238

38. Related Party Disclosures (Continued)

Loans and advances to subsidiaries

	Bank	
	2023 TZS 'M'	2022 TZS 'M'
Core Securities Limited	700	920
	700	920
Interest earned on loans and advances to subsidiaries	27	68
Expected credit loss on loans and advances to subsidiaries	(66)	(425)
Off-balance sheet facility to Uganda Subsidiary.	-	69
Off-balance sheet facility to Exim Bank Djibouti S.A.	14,902	1,349
Deposits due to subsidiaries		
Exim Bank Djibouti S.A	228,670	88,291
Exim Bank (Uganda) Limited	-	4,671
	228,670	92,962
Interest expense on deposits due to subsidiaries	4,281	2,025

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		Bank	
	2023 TZS 'M'	2022 TZS 'M'	2023 TZS 'M'	2022 TZS 'M'
Short term employment benefits	17,256	16,548	13,705	10,679
Post-employment benefits	1,784	1,567	1,297	1,068
	19,040	18,115	15,002	11,747

Directors' remuneration

Fees and other emoluments paid to directors by the Bank during the year amounted to TZS 497 million (2022: TZS 502 million). Details of payments by the Bank to individual Directors will be tabled at the annual general meeting.

Name of Director	TZS 'M'	
	2023	2022
Mr. Yogesh Manek	10	10
Mr. Shaffin Jamal	10	10
Mr. Hanif Jaffer	10	10
Ambassador Juma Mwapachu	33	42
Mr. Thomas Wescott	80	102
Mr. Kalpesh Mehta	32	30
Mr. Sherazam Mazari	269	268
Ms Irene Mlola	32	30
Brenda Msangi	7	-
Said Mwema	14	-
Total Directors' fees	497	502

38. Related Party Disclosures (Continued)

Management fees

The Bank recharges the following subsidiaries for the cost incurred in providing oversight.

	Bank	
	2023 TZS 'M'	2022 TZS 'M'
Exim Bank Comores S.A S.A	106	126
Exim Bank Djibouti S.A.	331	236
	437	362

39. Non-Controlling Interest

Exim Bank Uganda Limited and Core Securities Limited	2023	2022
At 1 January	19,788	10,823
Changes in interest in subsidiary	-	7,469
Share of profit/(losses) for the year	1,405	1,496
At 31 December	21,193	19,788

During the year 2022 Exim Uganda issued additional 20,000 shares with nominal value of UGS 1,000,000 per share whereby NCI acquired a total of 9,401 shares.

40. Events After The Reporting Period

Exim Bank Uganda Limited (EBUL), a subsidiary of EBTL signed a share subscription agreement with Prime Bank Limited, Kenya during the year. The Share Subscription agreement will give effect to investment of approx. TZS 23 Bn (UGX 83 Bn) by Prime Bank Ltd in EBUL as equity shares thus acquiring 51% in EBUL and Exim Group reducing to 30.2% from current 58.6%. The investment is expected to leverage the growing business between Kenya and Uganda thus also boosting the banking business. However, the transaction is subject to regulatory approvals from central banks and is expected to get concluded in 2024. As of 31 December 2023 EBUL remains to be a subsidiary of EBTL with full management control.

Other than that, 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.

EXIM BANK

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