REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

AZANIA BANK PLC

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Controller and Auditor General,
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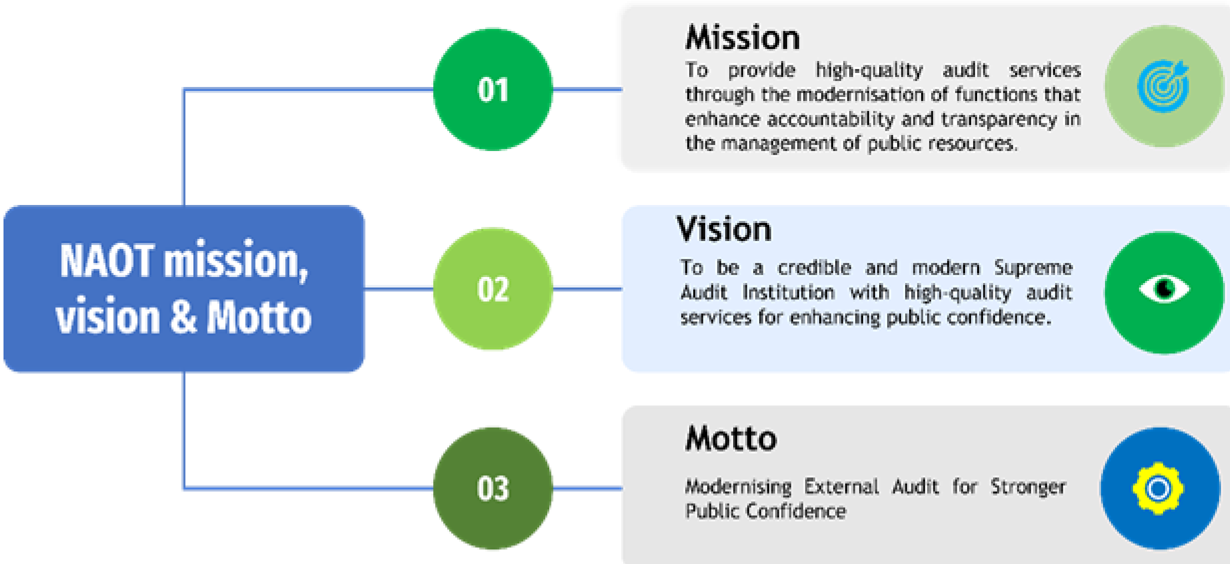
March 2025

AR/PA/ABPLC/2024

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, [Cap 418 R.E 2020].



Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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Abbreviations

AI	Artificial Intelligence
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CSI	Corporate Social Investment
ECL	Expected Credit Loss
EIR	Effective Interest Rate
ESG	Environmental, Social and Governance
ICT	Information and Communication Technology
FVOCI	Fair Value Through Other Comprehensive Income
IFRS	IFRS Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
ISSAIs	International Standard of Supreme Audit Institutions
LGD	Loss Given Default
MFI	Micro-financing Loans
MNOs	Mobile Network Operators
NBAA	National Board of Accountants and Auditors
NDP	National Development Program
NPL	Non-Performing Loans
OCI	Other Comprehensive Income
PAC	Public Accounts Committee
PD	Probability of Default
SCE	Statement of Change in Equity
SDGs	Sustainable Development Goals
TIN	Tax Identification Number
SMR	Statutory Minimum Reserve
TRA	Tanzania Revenue Authority
UAT	User Acceptance Test

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERALN

Chairman of the Board of Directors,
Azania Bank Plc,
P.O. Box 32089,
Dar Es Salaam

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Azania Bank Plc, which comprise the statement of financial position as of 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects the financial position of Azania Bank Plc as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the manner required by the Public Finance Act, Cap. 348

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Azania Bank Plc in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

No.	Key audit matter	How the audit addressed the key audit matter
1.	**Credit risk and Expected Credit Losses on the financial instruments**	
	The IFRS 9 Expected credit losses (ECL) approach is applicable to all financial assets at amortized cost and debt financial assets at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts. ECL represents management's best estimate of the losses as of the reporting date. The ECL allowances are material in the context of the financial statements due to their magnitude as well as the estimation uncertainty and significant level of judgement inherent in determining the value of the allowances. The models used to determine the ECL estimate are complex and include inputs from multiple sources. Management applies adjustments to the model outputs to cater for factors not included in the model assessment, which can be highly subjective. As of 31 December 2024, the provision for impairment on financial assets was TZS 49.0 billion. This represents the estimation of expected losses at the year end There is a risk that the provision for the impairment of financial assets may not represent a complete and accurate estimate of expected losses and that the carrying value of these items may be misstated. This includes the risk that the ECL model may not comply with IFRS 9. The accounting policy and key sources of estimation uncertainty about financial asset impairment provisions are disclosed in Note 6.7 and Note 42 to the financial statements.	The following procedures were performed: I undertook an assessment of the bank's new provisioning methodology and compared it with the requirements of IFRS 9. I reviewed the application of the business model to existing portfolios and reviewed the results of the Solely Payments of Principal and Interest test for relevant financial instruments. I evaluated the design and operating effectiveness of the bank's key controls and IT controls around credit management, ECL model, and provision assessment. I tested key controls over completeness and accuracy of data inputs to loan loss provisioning. I assessed management's assumptions in relation to the 'significant increase in credit risk' assessment as required by IFRS 9. I tested a sample of loans to test whether the Bank has appropriately considered and assessed an increase in credit risk and that loans have been classified in the correct categories in accordance with the bank's methodology and IFRS 9. I reviewed the IFRS 7 disclosures for compliance with the amendments relating to IFRS 9.

Other Information

Management is responsible for the other information. The other information comprises the Abbreviations, Report by Those Charged with Governance, Statement of responsibility by Those Charged with Governance and the Declaration by the Head of Finance but does not

Other Information (Continued)

include the financial statements and my audit report thereon, which I obtained prior to the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements.

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

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements (Continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material mistake 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 to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 entity's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements (Continued)

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 [R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS AND REGULATORY REQUIREMENTS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods, and services

I performed a compliance audit on the procurement of works, goods, and services in the Azania Bank Plc for the financial year ended 31 December 2024 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of Azania Bank Plc is not compliant with the requirements of the Public Procurement Act and its underlying regulations in Tanzania. However, Azania Bank Plc has its own procurement policy which governs the bank’s procurement activities.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Azania Bank Plc for the financial year ended 31 December 2024 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of Azania Bank Plc is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

1.2.3 Compliance with Banking and Financial Institutions Regulations

As required by the Banking and Financial Institutions (External Auditors) Regulations, 2014 of Tanzania, I report to you, based on my audit, that.

Conclusion

In my opinion, the capital adequacy ratios as presented in Note 39 to the financial statements have been computed in accordance with the Banking and Financial Institutions Act, 2006, and the Banking and Financial Institutions (Capital Adequacy) Regulations, 2015 of Tanzania.

1.2.4 Compliance with the Companies Act, 2002

I report to you based on our audit of the Azania Bank Plc for the financial year ended 31 December 2024 as per the Companies Act, 2002.

Conclusion

As required by the Companies Act, 2002, I report to you, based on my audit, that:

i) I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purpose of the audit.
ii) In my opinion, proper books of account have been kept by the Bank, so far as appears from my examination of those books; and
iii) The Bank's statement of financial position; and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2025

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

2024 ANNUAL REPORT

SOCIETIES' INCLUSIVE GROWTH THAT IS ABOVE AND BEYOND

Sustainable Growth That Breaches the Gaps Existing Among the Societies

CORPORATE INFORMATION

REGISTERED OFFICE:	•Mawasiliano Towers, 3rd Floor, Plot No 20 Sam Nujoma Road, P. O. Box 32089, Dar es Salaam, Tanzania.
HEAD OFFICE:	•Mawasiliano Towers, 3rd Floor, Plot No 20 Sam Nujoma Road, P. O. Box 32089, Dar es Salaam, Tanzania.
COMPANY SECRETARY:	•Mr. Charles C Mugila, Mawasiliano Towers, Plot No 20 Sam Nujoma Road, P. O. Box 32089, Dar es Salaam, Tanzania.
AUDITOR:	•Controller and Auditor General, National Audit Office, Audit House, 4 Ukaguzi Road, P.O. Box 950, 41101 Tambukareli, Dodoma, Tanzania.
APPOINTED AUDITOR:	•PricewaterhouseCoopers (PwC), Certified Public Accountants (Tanzania) of P.O. Box 45 Dar es Salaam Tanzania, NBAA registration number PF 040 and TIN 100-212-285
MAIN BANKER:	•Bank of Tanzania, 16 Jakaya Kikwete Road 40184, P. O. Box 2302, Dodoma,Tanzania.
CORRESPONDENT BANKS	•EBI SA Groupe Ecobank: Les Collines de L'Árche, Immeuble Concorde F, 92057 Paris La Defense Cedex., Standard Chartered Bank –New York •SCB New York –IBF: One Madison Avenue, 3rd Floor, New York, NY 10010-3603, USA., SWIFT: SBZAZAJJ •ODDO BHF AG : Bockenheimer Landstrasse 10, 60323 Frankfurt/M, 0049 69 718-0, info.frankfurt@oddo-bhf.co

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

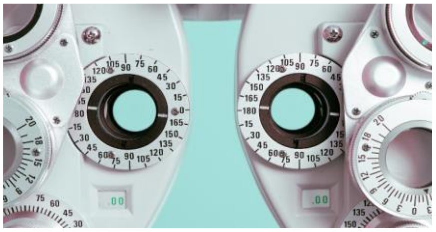
The Governing Board, charged with Azania Bank's governance, has the pleasure of presenting this report together with the audited financial statements for the year ended 31 December 2024, which disclose Azania Bank Plc's ("the Bank") state of financial affairs. This report has been presented in conformity with the Tanzania Financial Reporting Standard No. 1. These financial statements for the year ended 31 December 2024 were authorized for issue following a resolution of the Board of Directors on 12th March 2025.

2.1 INCORPORATION

The Bank is incorporated in Tanzania under the Tanzanian Companies Act, 2002, as a public limited company whose shares are not publicly traded. The Bank is licensed to operate as a commercial bank by the Bank of Tanzania under the Banking and Financial Institutions Act of 2006. Our operations are both in Tanzania Mainland and Tanzania Zanzibar.

The Bank possesses a strong and effective set of Board of Directors and Management team, who ensure that all employees and other stakeholders are aligned with the Bank's values and goals to realize the vision and mission of the institution.

2.2 VISION, MISSION AND CORE VALUES



VISION

'To be a One Stop Financial Centre'.

MISSION

"A customer centred Bank of choice providing quality financial products and services using dedicated staff and appropriate technology while enhancing shareholders value".

VALUES

Professionalism Integrity

Teamwork Efficiency

Innovation Passion

2.3 PRINCIPAL ACTIVITIES

The principal activity of Azania Bank Plc is the provision of banking and related services stipulated by the Banking and Financial Institutions Act, 2006. There has been no change in the principal activities of the Bank during the financial year ended 31 December 2024. The bank offers financial and related services to a range of customers clustered from corporate to individual/retail customers.

2.4 PRODUCTS WE OFFER

At AZANIA BANK, our focus has always been on ensuring that we offer a wide range of banking products and services to all our customer segments. We strive to meet the needs of all our customers through our various branches, as well as through internet and mobile banking and other accessible outlets.

Our products

- Retail banking, whereby the bank offers a wide range of products designed to provide solutions to society. The products range from individual/personal to business savings, operational deposit accounts, and loans products.
- Corporate banking comprises a range of tailored business products to meet institutional and company needs in a timely and affordable manner.
- Business advisory and facilitation tailored to building the economy through enabling businesses for the future. We are building the future with you through our strategic approach to offering advisory services to businesses on their strategic direction to attain sustainability.
- Insurance Brokerage Services whereby the bank facilitated the customers to obtain their insurance covers from qualified and reputable insurance companies with which we work closely to safeguard interests of our customers/clients.
- The Treasury and capital market is designed to extend the trust customers have invested in the bank by ensuring that we offer world-class treasury services to make it money's worth for investors/customers. Our broad spectrum of services ranges from trading currencies to investment products and services for your hard-earned money. This extends to funds management and custodian services.
- Bullion business that deals with Metal Gold Loan. Under this scheme, the Bank is involved in providing Banking services for mining companies and gold distribution, among others.

2.4 PRODUCTS WE OFFER (Continued)

Our products (Continued)

- Corporate banking comprises a range of tailored business products to meet institutional and company needs in a timely and affordable.
- Individuals, businesses, and Statutory payments are offered in a convenient way executed in a way that provides satisfaction to our customers.
- Trade financing for contract performance and on international trading through letters of credit.
- Microfinancing to groups and individuals through partnership with MNO. This is a contribution to financial inclusion and improving the lives of our clients.
- Diaspora Products- Asili Smart Saving Account facilitates Tanzanians living abroad to save and invest in real estate in the country.
- Credit facilities we offer to our clients are aligned to meet customer needs in the process of creating sustainable values.
- Digital micro-consumer loans to support our customers to complete their transactions even if they have insufficient funds.

2.5 IMPACT OF OUR PRODUCTS AND SERVICES

Various stakeholders, including shareholders, customers, employees, and the economy, benefit from our well-designed products and services, creating value for all.
The bank enhanced the coverage, accessibility, and satisfaction of inclusive financial services while also working to ease the financing challenges faced by small and micro customers.

The bank is committed to delivering value to a wide range of stakeholders by enhancing its products and services. By improving the coverage and accessibility of financial services, the bank benefits shareholders while also ensuring that customers, especially small and micro businesses, have better access to financing. This strategy has resulted in increased customer satisfaction and has positively contributed to the overall economy.

2.5 IMPACT OF OUR PRODUCTS AND SERVICES (Continued)

Empowering customers' prosperity through financing their business activities-TZS 1,873 (2023: TZS 1.657) trillion loans to customers

Corporate Social Responsibility , a total of TZS 1.117 billion (2023: TZS 5.744 billion).

Enabling pensioners' economic activities, WASTAAFU LOANS TZS 89.9 billion (2023: TZS 59.7 billion).

Supporting the National Development and economy, a total of TZS 33.4 billion (2023:23.2 billions) tax paid during the period.

Banking the un-bankable groups through JIKWAMUE Product, a total of TZS 4.7 billion has been used under this program(2023: TZS 3.4 billion).

Enhancing shareholders value through divided payments and profit generation TZS 5.7 billion was paid to shareholders (2023: 4.1 billion).

Improving from traditional agriculture to commercial agriculture,15,620 farmers (2023: 32,000) have been insured against natural calamitie.

2.5 IMPACT OF OUR PRODUCTS AND SERVICES (Continued)

Promoting food security through Agriculture & Fishing loans,TZS 266.8 billion (2023: TZS 180.9 billion).

Financing education sectors, TZS 99.8 billion (2023:86.3 billion).

Control of environmental pollution through financing clean energy (electricity & gas projects), TZS 70.9 billion (2023: TZS 62.5 billion).

Supporting Better living homes through Mortgage financing as well as real estate development,TZS 184.6 billon (2023:190.0 billion).

Improving access to hospital and health centres by financing construction of hospitals/health centres TZS 19.4billion (2023: TZS 19.2 billion).

Gender equality through MWANAMKE HODARI product Financing, TZS 14.5 billion (2023: 6.0 billion).

Provision of direct employments, 680 employees (2023:615).

Family Stabilities through provision of life insurance policies 446 (2023: 663)

2.6 STRATEGIC OBJECTIVES

In November 2022, the Bank approved its Strategic Plan for 2023-27, which outlines its vision, objectives, and action plans. This plan provides a comprehensive framework for the effective governance of the Bank's resources as it carries out its various functions. The framework establishes a strategic control system that is continuously assessed for effectiveness. Financial performance and analytical data related to the business are reported to the Board Audit Committee (BAC) quarterly for their review.

The year 2024 marked the second year of implementing the plan, which is guided by both strategic themes and strategic plans outlined below:

2.6.1 Strategic Themes

2.6 STRATEGIC OBJECTIVES (Continued)

2.6.2 Strategic Objectives

1. To enhance Bank capital.

i. Operating profitably
ii. Growth and quality of balance sheet.
iii. Supporting the Sustainable Development Goals (SDGs) for 2030 National Development Plan (NDP) 2022/2026.
iv. Adherence to Environmental, Social and Governance requirements
v. To go for Public Offering

2. Enhance comprehensive and secured ICT platforms to achieve cost-effective and efficiency operations and improved delivery capability.

i. Deployment of Artificial Intelligence (AI)
ii. Effective use of big data for analytics and personalized customer services.
iii. Customers' need driven system customization
iv. Retaining and enhancing internal capability
v. Improve bank's network systems and security
vi. Embrace partnerships and collaborations with Mobile Network Operators (MNO's) and Fintechs.
vii. Automation of manual processes

3. To increase customer base

i. Grow network expansion
ii. Effective use of Corporate Social Investment (CSI) largely on millennials as potential clients
iii. Supporting the government agenda of financial inclusion by turning non-bankable population to bankable.

4. To increase market share

i. Providing integrated financial services to reduce customer mobilities
ii. Providing tailored products and services to different customer' segmentation
iii. Establish Business support services
iv. Grow retail segment through alternative channel services
v. Expanding the relationship to recruit more stakeholders

5. Human capital development and management.

i. Enhance business continuity plan and Disaster recovery
ii. Upskill, Retain, Recruit and Culture transformation.
iii. Introduction of technology hub for research and innovation
iv. Enhance best practice for corporate governance.

2.7 OUR STRENGTH

The bank's growth and expansion are primarily attributed to key strengths.

(i) A dedicated, skilled, and motivated workforce that drives innovation and enhances efficiency.

(ii) A strong partnership with shareholders in business, along with a focus on promoting a financial inclusion agenda.

(iii) Technological advancements along with robust digital banking platforms and mobile applications

(iv) Expanding geographically and improving accessibility through physical branches, digital platforms, and partnerships with agents.

(v) Brand reputation and trust built through strong corporate governance and a commitment to ethical practices, fostering a reputation for reliability and trustworthiness.

(vi) Strong customer-centric services that feature a wide range of innovative products specifically designed to meet the diverse needs of our clients.

(vii)A strong and positive relationship with the surrounding communities.

2.8 CHALLENGES IN IMPLEMENTING THE ANNUAL PLAN

In the first half of 2024, the financial market continued to experience a shortage of US Dollars, which impacted on foreign currency trading. During the second half of the year, the market faced liquidity challenges. The Bank sought to address these emerging issues by exploring profitable opportunities whenever possible. Below are the key challenges encountered during the year:

2.9 CHALLENGES IN IMPLEMENTING THE ANNUAL PLAN (Continued)

ISSUE	RISK	BANK'S RESPONSE
High Costs of Funding	Reduction of profit margins, which may affect the achievement of shareholders' returns.	The Bank continued to leverage on the retail segment and improved services to increase savings and current accounts deposits aiming at obtaining cheap deposits.
A high return on Risk-Free Investment creates liquidity pressure in the market.	Liquidity squeeze	The government bond yield of 25 years and 20 years is at 15.77% and 15.48% (2023: 12.56% and 12.10%), respectively. The Bank increased its investments in Bonds by TZS 9.2 billion and enhanced its Bond trading desk. At the same time, the Bank continued to leverage the retail segment and improved services to increase savings and current account deposits.
Limited supply of United States Dollars	Shrinkage of Foreign exchange businesses/trading and transactional income	Strengthened relationships with our customers that translated to an increase in customer deposits and hence minimized the impact on profitability.
Competition from banks and non-financial institutions.	New technological interruptions increase costs and competition. Interruptions noted were mainly from MNOs, especially money transfers, and provision of micro and fast loans to the public, particularly to the unbankable segment.	The Bank concentrated on areas/segments that have competitive advantages, Business relationships with shareholders, introducing more products and services to attract more customers, Leverage on digital products and services, and continuing with partnerships and collaborations with Fintechs.
Technology advancement and interruptions	Increased costs of technology may impact returns.	Creating partnerships and collaborations with technological vendors and leveraging internal software developers to customize products while optimizing costs.
Uncertainty in commodity prices	The risk of loss of harvests due to reliance on weather results in an increase in non-performing loans.	Consciously invested/financed in products that are price sensitive such as Energy commodities and some agricultural commodities while leveraging on available insurance to reduce risks.
Cybercrime risks.	Cyber-attacks on customers may limit the adoption of digital products. This also increases costs, which impacts the revenue.	The Bank continued to invest in cybersecurity systems, building system user awareness of cybersecurity, and enhancing the ICT team.
Regulatory changes	Growing compliance costs and stringent regulations. During the year, the regulator issued regulations to limit and control the pricing of fees and commissions to increase financial inclusivity.	Maintaining good and proactive relationships with key regulators. Investing in automated compliance risk management. Improving customer base to expound revenue sources while increasing customer base.
Delays in Legal Proceedings	Delays in the closure of court cases relating to borrowers have delayed loan repayments and increased non-performing loans.	Engagement with policymakers and communities to advocate for appropriate regulatory reform.
Russia-Ukraine and Middle East conflicts	Swift suspension in Russia, which limited cross-border businesses in Russia, in turn affected some customers.	Continued monitoring and adhering to national and international payment procedures.

2.10 STAKEHOLDERS

The bank's sustainable performance relies on effective collaboration with its stakeholders. Its relationships with these stakeholders go beyond traditional banking services, as it aims to create greater value for everyone involved. These stakeholders include shareholders, current and potential customers, regulatory bodies, service providers, business partners, and employees

Shareholders

Shareholders of the bank provide capital that the bank uses to create value in the country's financial market, while also increasing their own value through dividends and retained earnings. At the end of the year, shareholders' funds grew due to retained earnings and new capital contributions from minority shareholders. This influx of new capital resulted in a slight dilution of the major shareholders' stakes, as mentioned in section 2.18. Additionally, the bank has strengthened its relationship with shareholders by opening branches and service centers in their areas. We are committed to maximizing returns for our shareholders by effectively utilizing both our owned and shared resources.

Customers

The bank caters to a diverse range of customers, including account holders and walk-in clients seeking financial services. We offer a variety of products for corporate, retail, and mass-market customers, providing both general and customized solutions tailored to individual needs. Our banking products and services extend beyond the ordinary, establishing the bank as a comprehensive financial center. Additionally, we have expanded our delivery channels, both physically and technologically, to ensure convenient and efficient access to all financial products and services, while adhering to Environmental, Social, and Governance (ESG) principles to promote sustainable business practices.

2.10 STAKEHOLDERS (Continued)

Regulatory Authority

Azania Bank operates under the license and regulations issued by the Bank of Tanzania, which oversees the country's financial market. Additionally, other regulatory bodies such as the Tanzania Revenue Authority, the Capital Markets and Securities Authority (CMSA), the Business Registrations and Licensing Authority (BRELA), and the Social Security Authorities also influence the bank's operations. The bank is dedicated to ensuring compliance with all requirements established by these regulatory authorities.

Vendors and Business Partners

The bank awards contracts to service providers and suppliers through a competitive tendering process. We actively monitor the quality of the services received to uphold high standards. To ensure smooth operations and excellent service for our customers, the bank establishes contracts with all major suppliers and service providers, which include service level agreements. Additionally, the bank ensures timely payments for these services to support the sustainable growth of our vendors.

Employees

The bank recruits professional employees with high integrity through a competitive recruitment process. This approach allows us to build a highly qualified and innovative workforce while providing equal employment opportunities to all social groups. Focusing on employee motivation and retention is essential for maintaining our competitive edge in the market. To ensure business continuity, the bank has established a succession plan for all managerial and governance roles.

2.11 BUSINESS PERFORMANCE

2.11.1 Business Environment

The year 2024 pictured ongoing conflicts in the Middle East and between Russia and Ukraine. These conflicts continued to impact the global distribution of goods and services, as well as international businesses and financial transactions.

According to the Monetary Policy Report, global inflation in 2024 was lower than in the previous two years. In most countries, inflation rates approached the targets set by central banks as the year progressed, which reflects the delayed effects of monetary policy tightening and the easing of supply chain constraints. A similar inflation trend was observed in the East African Community (EAC) and the Southern African Development Community (SADC) regions, with only a few countries failing to meet the convergence criteria, which are set at a maximum of 8% for the EAC and between 3% and 7% for the SADC.

Throughout the year, Tanzania transitioned from using the money supply to focusing on interest rates based monetary policy approach. This interest rate-based framework aims to enhance the effectiveness of monetary policy in maintaining low and stable inflation, ensuring price stability, and promoting economic activities. This shift aligns with Tanzania's commitment to harmonizing its monetary policy frameworks with those of the East African Community (EAC) and other regional economic communities of which it is a member.

In the first quarter of 2024, the Central Bank Rate (CBR) was set at 5.5%, and was then adjusted in the second quarter of 2024 to 6% based on the macroeconomic forecast made in March 2024, which required an increase in the scope of monetary policy actions to contain the lingering inflationary pressures arising from global economic developments. The year ended with the rate remaining at 6%.

To manage the impact on performance, streamline operations, and ensure business continuity, Azania Bank enhanced customer relationships and monitored customers' transactional behaviours to mitigate associated risks.

2.11.2 How the Bank Embraced Sustainable Development Goals (SDGs) and the National Development Plan (NDP)

The United Nations report titled "Transforming Our World: The 2030 Agenda for Sustainable Development" serves as a roadmap for organizations and governments aiming to eradicate poverty in all its forms, including extreme poverty. The agenda outlines 17 global goals to be achieved by 2030:

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education

2.11 BUSINESS PERFORMANCE (Continued)

2.11.2 How the Bank Embraced Sustainable Development Goals (SDGs) and the National Development Plan (NDP) (Continued)

5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace and Justice
17. Strong Institutions and Partnerships for the Goals

These goals are designed to address the various dimensions of sustainability and improve the quality of life for all.

The country has aligned its global agenda with the 2022/26 National Development Plan, aiming to achieve the status of a high-middle-income economy. This will be accomplished by improving the living conditions of Tanzanians, promoting peace, security, and unity, ensuring good governance and the rule of law, fostering an educated and learning society, and building a strong, competitive economy. To achieve sustainable financial performance and organizational growth, the Bank is committed to supporting the National Development Plan and the Sustainable Development Goals (SDGs) through various business programs, investments, and funding initiatives.

2.11.2 How the Bank Embraced Sustainable Development Goals (SDGs) and the National Development Plan (NDP) (Continued).

Adopted SDGs	Gender Equality	No Poverty	Quality Education
Adopted NDP	Participation of all social group by redressed racial and gender imbalances.	High quality livelihood. Absence of abject poverty	A well-educated and learning society
Azania Bank Initiatives	There is a 50:50 male-to-female employment ratio. Currently, the bank employs 329 males and 351 females (2023: 308 males and 307 females). A corporate bond of TZS 30 billion was issued, with a total subscription of TZS 63.3 billion aimed at financing women and youth entrepreneurs. The bank is offering a special product for women called "Mwanamke Hodari," which provides affordable financial support. In 2023, TZS 14.5 billion was disbursed, compared to TZS 6.0 billion in the previous year.	To turn the un-bankable group to bankable through financial inclusion like 'Jikwamue,VICOBA, Digital loans & Jembe products [TZS 33.2 (2023: TZS 9.1) billion loans to groups]	Financing education sector up to 45.11% of the bank's core capital [TZS 99.8 (2023: TZS 86.3) billion loans to schools constructions] accommodated 124 (2023:73) field students

Adopted SDGs	Decent Work and Economic Growth	Health and Well-being	Zero Hunger
Adopted NDP	Strong and competitive economy	Access to quality primary health care for all	Food self-sufficiency and food security
Azania Bank Initiatives	Providing financing for SMEs and transitioning informal sectors to formal status to enhance financial inclusion [TZS 139.0 billion (TZS 45.9 billion) in loans	Providing financing to hospitals and health centers to ensure the well-being of individuals by facilitating access to health services (TZS 19.4 billion loans instead of TZS 19.2 billion).	Funding and supporting the agriculture and fishing sectors with 88% of the bank's capital aims to enhance the availability and distribution of affordable food to society. TZS 266.8 billion (2023: TZS 169.2 billion in loans).

Adopted SDGs	Affordable and Clean Energy	Climate Action
Adopted NDP	Strong and competitive economy	Climate Change Adaptation and Impacts Mitigation Measures
Azania Bank Initiatives	Financing electricity and gas projects, along with a pipeline for hydropower electricity generation, will contribute to the National Grid. A total of TZS 70.9 billion is allocated for loaned projects, up from TZS 62.5 billion.	Efficient resource utilization and environmental protection are prioritized through responsible project financing, ensuring that undesirable materials are disposed of or destroyed in a controlled manner to safeguard the natural environment.

2.11 BUSINESS PERFORMANCE (Continued)

2.11.3 Financial Risks Associated with Climate Change

The bank is dedicated to incorporating Environmental, Social, and Governance (ESG) considerations into its business operations and decision-making processes. Our sustainability and success are significantly influenced by ESG risks. Banking activities face threats from natural disasters, societal opinions, and regulatory bodies. To ensure sustainable business growth, financial performance, and the bank's long-term viability, we actively mitigate potential risks associated with climate change and its economic and financial impacts through all of the bank's instruments and resources.

(a) What Does the Bank Focus on Regarding ESG

The bank is enhancing its three lines of defence by increasing awareness and training. It also implements clear policies and procedures to ensure that all business transactions, as well as the creation of assets and liabilities, prioritize the mitigation of environmental, social, and governance risks.

On environmental issues, we focus on several key areas: air pollution (including carbon footprint reduction and greenhouse gas emissions), waste management (with attention to both land and water impacts), energy management and efficiency (focusing on renewable resources and alternative energies), biodiversity loss (addressing the transformation of resources), sustainable land use, and climate change strategies (which involve managing risks and opportunities related to climate).

During the year, the bank took the following actions:

(i) Conducted climate-related financial risk assessments for each project financed during client onboarding, credit applications, and the credit review process.

(ii) Increased awareness among employees and customers regarding the challenges and opportunities presented by climate change.

(iii) Implemented effective business continuity management. Those in governance strengthened the data center and established off-site disaster recovery (DR) sites along with succession plans for each business unit. For isolated branches that may require additional costs for customers to access nearby locations in the event of a disaster, DR sites have been set up.

(iv) Ensured that the performance of the bank is aligned with the well-being of our customers. Those in governance made certain that all projects and businesses financed by the bank were adequately insured. Thus, clients who encountered disasters during the year were compensated according to their insurance policies.

2.11 BUSINESS PERFORMANCE (Continued)

2.11.3 Financial Risks Associated with Climate Change (Continued)

(b) What Does the Bank Focus on Regarding ESG (Continued)

On Social issues, we focus on:

(i) Diversity, equality, and inclusion (including anti-discrimination), human rights and modern slavery, employee health and safety, decent houses, labor relations and practice, customer privacy and security, product quality, and safety, employment benefits (Fair pay and living wages) and health care and education.

(ii) Give back to society; The bank contributed TZS 1.4 billion to corporate social investment, focusing on education, health, orphanages, innovation and technology, trade, and financial literacy.

(iii) Ensuring food security in the society; more than TZS 266.8 billion have been invested in agriculture and agro-processing sectors.

(iv) To build a healthy society, a total of TZS 19.4 billion has been invested in constructing hospitals, health centers, and dispensaries, as well as in the purchase and sale of medical equipment.

(v) To provide decent housing for the community, a total of TZS 184.6 billion has been invested in mortgage financing and real estate development. This investment has facilitated the construction of quality business centers and residential buildings across the country.

(vi) To foster a well-educated society and prepare a skilled workforce, the bank invested over TZS 99.8 billion in the education sector and hosted a total of 124 field students for practical learning experiences.

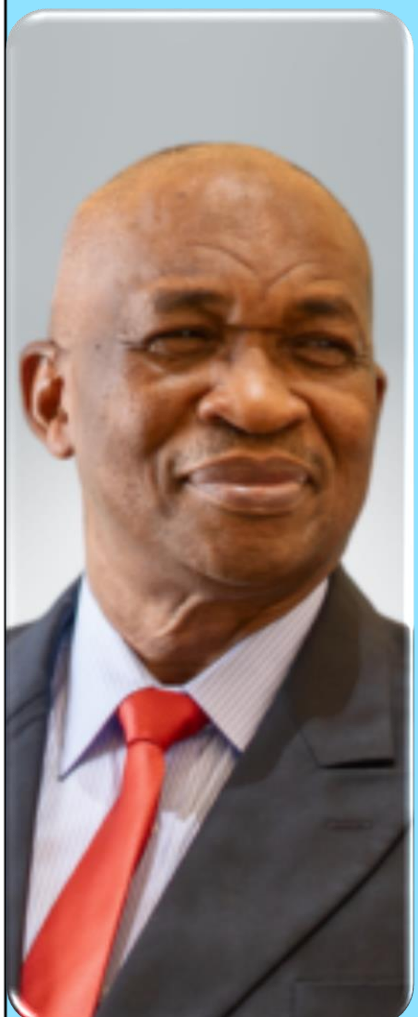
(vii) To improve individuals' standard of living, a total of TZS 396.2 billion was distributed as personal loans to assist them in meeting family and community obligations.

(viii) Bridging the gap in society by donating to individuals in need, including orphanages and elderly centers.

2.11 BUSINESS PERFORMANCE (Continued)

2.11.3 Financial Risks Associated with Climate Change (Continued)

(a) What Do We Care About ESG (Continued)



Good governance is fundamental to the success of any organization. At Azania Bank, we integrate governance practices at all levels, with oversight from our Board of Directors. The bank prioritizes transparency and integrity in its communications, providing full, accurate, and clear information to all stakeholders. We are dedicated to adhering to the best practices of corporate governance relevant to our operations and continuously strive to enhance our compliance in this area.

(i) The Board of Directors has formed a sub-committee to oversee the bank's going concern regarding business continuity, financial and capital performance, operational effectiveness, and the management of skilled manpower. This sub-committee also ensures that the value generated by the bank is shared with society and created in a way that protects the environment.

(ii) The Board Human Resource Committee ensures that the bank consistently has a sufficient number of motivated, well-trained, and skilled employees. Additionally, the committee works to maintain good relationships with the surrounding community. Furthermore, the committee is responsible for ensuring that the succession plan is in place and kept up to date.

(iii) The Board Audit Committee is responsible for ensuring governance, controls and risk management are operating effectively, that the bank is well-funded, adequately capitalized, and maintains sufficient liquidity. They also oversee that the bank's investments are well-balanced and that both long-term and short-term strategic objectives are effectively implemented, monitored, and evaluated. Additionally, the committee ensures that financial performance and operational efficiency are audited annually by external auditors.

(iv) The Board Credit Committee is responsible for ensuring that the bank's credit portfolio is of high quality and generates adequate income. It works to mitigate the risks associated with portfolio creation and ensures that the financed businesses and projects comply with the bank's policies and the laws of the country.

(v) The Board Risk Committee ensures that financial, operational, and market risks are properly managed and effectively mitigated to facilitate the bank's daily operations.

(vi) Bank management ensures daily business activities are well-governed, and operations run smoothly.

2.11 BUSINESS PERFORMANCE (Continued)

2.11.3 Financial Risks Associated with Climate Change (Continued)

(b) What is Our Focus on ESG

To comply with ESG requirements, the bank has identified key focus areas that serve as the pillars of its ESG strategy.

The bank encourages its customers to adopt and adhere to ESG (Environmental, Social, and Governance) principles, particularly those with exposure to environmental issues, climate change, and social well-being. It ensures customers recognize that climate change is a critical issue and emphasizes investments that prioritize environmental care across all operational areas.

Additionally, they should maintain an active community engagement program to help communities and economies prosper. Promote engagement and diversity in employment, ensure fair remuneration, and prioritize the health and well-being of its staff. They should also focus on retaining employees and upholding a code of conduct while adhering to ethical business practices and corporate governance standards.

(c) Our Achievements in Implementing ESG Practices

The bank continued financing clean energy, ending the year with TZS 70.9 billion invested in clean energy businesses. This led to an increased number of people transitioning from charcoal to gas, which ultimately helps protect the environment.

During the year, 867 insured customers suffered losses due to accidents, fire and natural calamities and were all compensated by insurers. Out of these, 132 were farmers.

The Bank emphasizes that all customers whose businesses generate negative externalities must comply with the Environmental Impact Assessment (EIA) before funds are disbursed.

2.11.4 Regulatory Compliance

The Bank of Tanzania (BOT) has been actively monitoring the financial market and the banking industry. In response to technological advancements in the financial sector, as well as rising environmental, social, and governance risks that could impact financial and operational stability, BOT issued several circulars and guidelines. These measures aim to assist banks and financial institutions in the country in mitigating and minimizing

2.11 BUSINESS PERFORMANCE (Continued)

2.11.4 Regulatory Compliance (Continued)

risks. Throughout the year, the Bank of Tanzania released the following circulars and guidelines:

i. The year 2024 began with the Bank of Tanzania (BOT) transitioning from using the quantity of money to an interest rate-based approach in its monetary policy. This new framework aims to enhance the effectiveness of monetary policy in maintaining low and stable inflation (price stability) and supporting economic activities. Additionally, this approach aligns with Tanzania's commitment to harmonizing its monetary policy frameworks with those of the East African Community and other regional economic organizations to which it belongs.

ii. Referring to Government Notice No. 857 and 858 published on 11/10/2024 communicating the call in, deposit or exchange, and cessation of old banknotes in denominations of twenty, two hundred, five hundred, one thousand, two thousand, five thousand and ten thousand shillings issued from 1985 to 2003, and five hundred banknotes issued in 2010. The deposit or exchange of old banknotes shall last for three months, from 06 January 2025 to 5 April 2025, upon which they shall cease to be legal tender. The deposit or exchange of old banknotes shall last for three months, from 06 January 2025 to 5 April 2025, upon which they shall cease to be legal tender.

iii. During the year, Selcom Paytech Limited acquired 65% of Access Microfinance Bank (Tanzania) Limited, which changed its name from Access Microfinance Bank (Tanzania) Limited to Selcom Microfinance Bank Tanzania Limited effective from 22nd April 2024. Also, following the acquisition of 96% of shares of African Banking Corporation Tanzania Limited by Access Bank (Nigeria) Plc, BOT approved allowing African Banking Corporation Tanzania Limited to change its name to Access Bank Tanzania Limited with effect from 19th September 2024.

iv. The year ended with BOT issuing the Bank of Tanzania (Fintech Regulatory Sandbox) Regulations, 2024. These regulations shall apply to financial service providers licensed by the Bank, fintech companies collaborating with a licensed financial service provider licensed by the Bank, and fintech companies intending to offer financial solutions on financial products and services regulated by the Bank.

2.11.5 Competition

The technological level of banking activities in the country, as well as mobile network operators and convenience on financial transactions, has increased competition in the financial services. However, a competitive edge relies on network stability and disruptions that provide customers with a range of choices. Azania Bank continues maximizing the usage of the available opportunities in this competitive environment to penetrate and enhance its services to

2.11 BUSINESS PERFORMANCE (Continued)

2.11.5 Competition (Continued)

customers and transform services to more customer convenience. During the year, the bank continued to partner with Mobile Network Operators on customer product and service delivery. The bank continued to issue and enhance electronic short-term loans and advances.

2.12 THE BANK CAPITAL

The bank is working to realize its vision and mission of becoming a one-stop financial centre through which the creation of values on services to shareholders, customers, regulators, employees, service providers and business partners will be realized. To achieve these, Azania bank deployed its capital efficiently and effectively in form of financial, human, intellectual, natural, manufactured, and social capital.

•Financial Capital

Maintenance of adequate financial capital is the fundamental principle of the Governing Board of the bank to optimize operations. The financial capital of the bank, both debt and equity increased optimally compared to the preceding year. The increase was due to enhanced relationship between those charged with governance for the bank and shareholders, customers, clients, and employees of the bank through optimization of available resources. Also. during the year, the Bank issued a first trench of corporate bond that was over-subscribed.

•Human Capital

Those charged with Governance ensures that human capital is adequately available at all times and is distributed to all services to ensure at most customer experience. This includes skilled and innovative employees through motivated teamwork and effective means of service delivery. Human capital increased during the year to carter the needs that arose for short and long term. The short-term needs were attained through the internship program while long term were through contracted and permanent employment arrangement. During the year, the number of employees was 680 (2023:615). Out of the total employees, 52% (2023:50%) were female and 48% (2023:50%) were male whereby the bank achieved its target of 50:50 qualified male to female distribution. Furthermore, 124 (2023: 73) field students of different education level were accommodated for their learning, and research.

•Intellectual Capital

The bank maintained its reputable brand in the market through optimal distribution and utilization of financial and human capital. Financial services offered to the market meet the customer and clients' need at affordable price. This was attained due to the researched product design, innovative employees, and usage of convenient technology on service delivery. Good customer experience is the key factor to the bank's reputable brand. It is the determination of the bank to provide the market with first at the best, thus, during the year, the bank enhanced the digital platform that increased effiency and provided new opportunities.

•Natural Capital

Sustainable performance and growth of the bank is also affected by the surrounding environment which needs to be protected and utilized optimally for future generations. The bank continues to finance businesses/projects that have no or minimized negative spill-over on environment. The bank developed a culture of responsible resource usage while adhering to ESG principles. Undesirable materials are destroyed/disposed under controlled environment aiming to protect the natural environment. Apart from the advantage of cost management, employees are encouraged to use water and electricity economically and responsibly to provide a room for wide distribution of these scarce resources.

•Manufactured Capital

The bank continued to expand its service via delivery channels throughout the country. All the bank's delivery channels are manufactured at a minimum cost while maintaining their qualities. Low-cost model branches and services delivery canter's are used to realize the value creation through the available and mobilized financial and human resources. During the year, the bank operated through 28 branches networks, 12 service centers, 36 ATMs owned by the banks, 3 collection centers, 14 service desks, 6 bureau de changes, mobile and internet banking. An innovative team of in-house software developers has been enhanced to provide quick and affordable service delivery solutions which are convenient to customers/clients and business partners. These include 6,754 agents, mobile and internet banking, human resources management system and other infrastructures. To increase convenience to our customers and business partners, out of the 28 branches, one branch operates 24 hour for Seven days a week, five branches operate from 8:00am to 8:00pm during the weekdays, and six branches operate from Monday to Sunday also one service centre operates from 8:00am to 6:00pm for weekdays. All these services are centered from the created culture of banking beyond ordinary.

•Social Capital

The reputable brand of the bank is due to sustainable social relationship maintained between the governing board of the bank and shareholders, customers, clients, service providers and suppliers, employees, regulators, business partners and surrounding community. The bank continued to improve turnaround time for service delivery to all stakeholders which is the backbone for Azania bank to become a One Stop Financial Centre. During the year, the bank participated in different social events through sponsorships and team representation. This continues to bring the community together and feel as part of the bank.

2.13 BOARD OF DIRECTORS

Board of directors Composition, appointments, roles and responsibilities, meetings and attendance, succession plan and Board effectiveness evaluation.

- **Board composition**

In the year ended 31 December 2024 Azania Bank Plc had a Board comprising of 11 Non-Executive Directors and one Executive Director. The Chairman of the Board and two Non-Executive Directors are independent pursuant to the requirement of the Banking and Financial Institutions (Licensing) Regulations, 2008.

- **Appointments to the Board**

Directors are subject to periodic re-appointment in accordance with the Bank's Articles of Association. On appointment, the Directors receive an induction covering the Bank's business and operations and an appreciation of the key risk areas. The Directors are advised of the legal, regulatory, and other obligations of the Director of a Bank. The Directors also receive continuous training on key issues relating to the Bank, to enable them to discharge their duties effectively.

- **Roles and responsibilities**

The Board meets on quarterly basis at least four times a year. The Board delegates the day-to-day management of the business to the Managing Director assisted by the executive management team. Executive management team facilitates the effective control of the bank's operational activities, acting as a medium of communication between different business units. All directors and employees adhere to the principles of the code of conduct in all their dealings on behalf of the Bank. The code of conduct sets a standard in a manner that actions of directors and employees are in the best interest of the Bank and reflect the commitment to maintain highest standards of integrity, ethical behaviour and compliance with all applicable internal and external laws and regulations.

- **Board meetings and attendance**

During the year ended 31 December 2024, the Board held four scheduled ordinary meetings as required by regulations and three extra-ordinary meetings. The Bank is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency, and accountability. The Board of Directors has four sub-committees which ensure a high standard of corporate governance throughout the Bank.

- **Succession planning**

The Bank has in place a succession plan for the Board, which is updated regularly to ensure and maintain a balance of critical skills on the Board of Directors.

- **Board effectiveness evaluation**

To assess the performance of the Board, its committees and individual Directors, the Board conducts a rigorous performance evaluation regularly. The process is led by the Chairman and supported by the Company Secretary. The last evaluation was conducted in April 2024 and the deficiencies depicted from the evaluation are being addressed and well tracked with the objective of improving the effectiveness of the Board.

2.13 BOARD OF DIRECTORS (Continued)

Board effectiveness evaluation (Continued)

The Directors of the Bank, who have served in office during the year, and to the date of this report, are as follows:

Eng. Julius B. Ndyamukama

- Gender-Male
- Nationality - Tanzanian
- Position- Chairman
- Age - 68 years
- Date of appointment - 17 December 2019
- Qualification/Discipline - Bsc. (Civil Engineering), MSc. (Highway Engineering)
- Representation - independent director.

Mr. Felix M. Maagi.

- Gender-Male
- Nationality - Tanzanian
- Position- Vice Chairman
- Age - 54 years
- Date of appointment - 25 September 2017
- Qualification/Discipline - B. Com, MBA, CPA(T)
- Representation - independent director.

Dr. Esther G. Mang'enya

- Gender-Female
- Nationality - Tanzanian
- Position- Member & Managing Director
- Age - 53 years
- Date of appointment - 6 January,2022
- Qualification/Discipline - BA-Economics, MBA
- Representation - Executive.

Mr. Charles G. Singili

- Gender-Male
- Nationality - Tanzanian
- Position- Member
- Age - 67 years
- Date of appointment - 14 June 2024
- Qualification/Discipline - BCom, CPA(T)
- Representation - non-executive.

2.13 BOARD OF DIRECTORS (Continued)

Board effectiveness evaluation (Continued)

Mr. Patrick John Ngwila

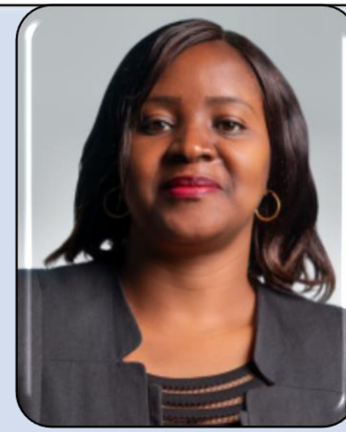
- Gender-Male
- Nationality - Tanzanian
- Position- Member
- Age - 43 years
- Date of appointment - 11 June 2021
- Qualification/Discipline - BAF, Msc- Social Protection Financing
- Representation - non-executive.

Ms Vupe Ligate.

- Gender-Female
- Nationality - Tanzanian
- Position- Member
- Age - 56 years
- Date of appointment - 8 April 2019
- Qualification/Discipline - LLB, MA (Gender & Development).
- Representation - non-executive.

Mr. Stephen L. Wambura.

- Gender-Male
- Nationality - Tanzanian
- Position- Member
- Age - 49 years
- Date of appointment - 29 April 2024
- Qualification/Discipline - BSC. Agriculture, The Masters in Entrepreneurship and interprises Development MIID
- Representation - non-executive.



Ms Happiness Jonathan Sima.

- Gender-Female
- Nationality - Tanzanian
- Position- Member
- Age - 50 years
- Date of appointment - 8 November 2021
- Qualification/Discipline - ADA, MBA - Corporate Management, CPA(T)
- Representation - non-executive.

2.13 BOARD OF DIRECTORS (Continued)

Board effectiveness evaluation (Continued)

Mrs Neema R. Kuwite
- Gender-Female
- Nationality - Tanzanian
- Position- Member
- Age - 51 years
- Date of appointment - 27 October 2024.
- Qualification/Discipline - B.Com, LLB, PGD-Leadership, MBA, CPA(T).
- Representation - non-executive.

Mr. Luseshelo Njeje
- Gender-Male
- Nationality - Tanzanian
- Position- Member
- Age - 46 years
- Date of appointment - 8 April 2019
- Qualification/Discipline - B. Com, MBA-Finance and Manpower Planning, CPA (T), CPSP.
- Representation - non-executive.

Mr. Rashid K. Mchatta
- Gender-Male
- Nationality - Tanzanian
- Position- Member
- Age - 54 years
- Date of appointment - 25 September 2017
- Qualification/Discipline - BSc Information and Management System (IMS), MSc. (IMS).
- Representation - independent director

Mr. Yahya Majid Ally
Gender-Male
- Nationality - Tanzanian
- Position- Member
- Age - 56 years

Date of
- appointment - 2 May 2023
- Qualification/Discipline - B. Com, MBA, CPA(T), CPSP
- Representation - non-executive.

The Company Secretary as of 31 December 2024 was Mr Charles Mugila who is also performing legal services activities for the bank as Director of Legal Services.

2.14 CORPORATE GOVERNANCE

The Board is committed to the principles of good corporate governance and recognize the importance of integrity, competency, responsibility, fairness, transparency, and accountability as well as the need to conduct the business in accordance with the generally accepted best business practices. In so doing the directors therefore confirm that:

(i) The Board of Directors met regularly throughout the year.
(ii) They retain full and effective control over the Bank and monitor executive management.
(iii)The positions of Chairman and Managing Director are held by different people.
(iv)The Chairman of the Board of Directors is a non-executive.
(v)The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and monitoring of the institution's performance.
(vi) The Board is not involved in day-to-day operations of the Bank, the task which is vested to the management team under the Managing Director.

Activities Performed by the Board of Directors During the year ended 31 December 2024.	(i) Approved the 2023 financial reports of the bank while ensuring that, were prepared accurately and in accordance with IFRS accounting standards. (ii) Communicated to shareholders on the bank's performance for the year ended 31 December 2023. (iii) Evaluated the implementation and outcome for the 2024 corporate budget and strategic plan. (iv) Protected interest of the shareholders by preparing strategic objectives. (v) Approved the 2025 corporate budget of the bank. (vi)Approved the annual remuneration and budget of the internal audit function. (vii) Monitored and evaluated internal control of the management of the Bank by ensuring that assets of the bank are safeguarded. (viii) Reviewed and approved bank policies and frameworks.

2.14 CORPORATE GOVERNANCE (Continued)

2.14.1 Rights of Shareholders

The Bank recognizes and protects the rights of all Shareholders and treats them equitably. Over and above the basic voting rights accorded to Shareholders, the Shareholders are involved in approving major strategic and corporate decisions of the Bank that have a material impact on the equity or economic interests or share ownership rights of existing Shareholders. They are properly engaged through General meetings.

The Shareholders are encouraged from time to time to exercise their rights, including to keep themselves informed about their Bank for them to make decisions. Information about the Bank's performance is provided through annual reports/accounts, which are annually distributed to them.

2.14 CORPORATE GOVERNANCE (Continued)

2.14.2 Board Committee Members and Attendance

The Board has formed Committees that act on behalf of the Board in specific areas to direct the Bank effectively and accelerate the decision-making process.

Name of the Director	Membership and attendance	Board	Board Audit Committee	Board Credit Committee	Board Risk Management and Compliance Committee	Board Human Resources Committee
Meetings	Ordinary Meetings	4	4	4	4	4
Eng. Julius B. Ndyamukama	Membership	Chairman				
	Attendance	4				
Mr Felix M. Maagi	Membership	Vice Chairman	Chairman			
	Attendance	4	4			
Mr. Luseshelo Njeje	Membership	Member		Chairman	Member	Member
	Attendance	3		4	4	4
Mr. Patrick Ngwila	Membership	Member		Member	Chairman	Member
	Attendance	4		4	3	4
Ms. Vupe Ligate	Membership	Member		Member	Member	Chairperson
	Attendance	3		4	4	4
Ms. Happiness Sima	Membership	Member	Member		Member	
	Attendance	3	2		1	
Mr. Yahya Majid Ally	Membership	Member			Member	
	Attendance	3			4	
Mr. Rashid K. Mchatta	Membership	Member	Member			
	Attendance	3	3			
Beatrice Lupi*	Membership	Member	Member			
	Attendance	1	1			
Stephen Wambura**	Membership	Member	Member			
	Attendance	2	1			
Mr. Charles G. Singili***	Membership	Member				
	Attendance					
Mrs Neema R. Kuwite****	Membership	Member				
	Attendance					

2.14 CORPORATE GOVERNANCE (Continued)

2.14.2 Board Committee Members and Attendance (continued)

Mr. Hashim M. Kihwelo ceased to be a director effective on 6 January 2024, thus, during the year, he did not attend any scheduled board meeting.

* Mrs. Beatrice Mussa Lupi ceased to be a director effective from 11th April 2024, thus, during the year attended one scheduled board meeting.

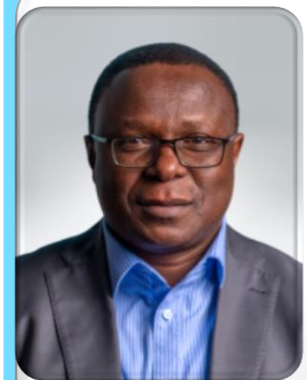
**Stephen Wambura was appointed on 23rd January 2024 and obtained clearance from the Bank of Tanzania on 29th April 2024. He attended two meetings of the full Board and one meeting of the audit committee out of four scheduled meetings.

***Mr. Charles G. Singili was appointed on 17th February 2024 and obtained clearance from Bank of Tanzania on 17th October 2024; thus, during the year, he did not attend any board meetings.

****Mrs Neema R. Kuwite was appointed on 16th April 2024 and obtained clearance from Bank of Tanzania on 27th October 2024. She did not attend any board meeting in 2024.

2.14 CORPORATE GOVERNANCE (Continued)

2.14.3 Board Committees Activities



Board Audit Committee: The main responsibilities of the Committee are to review financial information and monitor the effectiveness of management information and internal control systems. In addition, the Committee deliberates on the significant findings arising from internal and external audit and review findings by the Financial Sector Supervision Directorate of the Bank of Tanzania.

- Setting and proposing to the Board of Directors the 2025 corporate budget, objectives and goals.
- Reviewed and assessed the internal audit function's charter, appropriateness of internal audit strategies and the annual internal audit plan, scope, cycle and budget, then recommended to the Board.
- Reviewed and recommended to the board for its approval, the annual remuneration of the internal audit function.
- Prepared and recommended to the Board the 2023 financial statements according to the IFRS accounting standards.
- Monitored and discussed issues related to information communication and cyber securities.

Board Credit Committee: The Committee is responsible for the review of the bank's overall lending policy, conducting independent loan reviews, review of lending limits and is responsible for the overall management of credit risk.

- Reviewed and approved all credit accommodations that were within the Committee's mandate.
- Monitored specific industry trends, evaluated the appropriateness, and recommended to the Board for approval new acceptability of banks sectoral credit limits.
- Monitored the quality of the portfolio and provided appropriate measures to ensure good performance of the assets.
- Reviewed and monitored the provisioning mechanism to ensure the bank is adequately provided to cover uncertainties.

Board Risk Management and Compliance Committee: The Committee assists the Board in fulfilling its primary responsibilities by establishing and implementing the Risk Management framework of the Bank. The Risk Management framework focuses on risk management processes which involve risk identification, evaluation, measurement, monitoring and mitigation.

- Reviewed and endorsed the Board for approval the annual risk management and compliance plan and evaluated its performance.
- Reviewed and evaluated the report and performance of customer complaints and financial consumer protection matters.
- Monitored and evaluated the risk position of the Bank in terms of capital adequacy, liquidity position, credit, compliance, operational, market as well as strategic risks.

Board Human Resources Committee: The Committee deals with all matters pertaining to employees' welfare including recruitment and remuneration.

- Reviewed and approved the Bank's succession plan for the Management and key positions.
- Reviewed and evaluated the organization's compliance with the Bank's code of conduct.
- Maintained adequate human capital to support business performance and growth.
- Ensured that employee's matter and discussed and keep employees motivated throughout the year.

2.15 REMUNERATION OF BOARD OF DIRECTORS

The Directors' fee, together with any other payments to the Board members, are usually approved by the Annual General Meeting. During the year under review, the Directors' fees paid to Board members were TZS 278 million (2023: TZS 324 million). Also, the bank incurred a total of TZS 621 million (2023: TZS 512 million) to facilitate Board activities as well as Board members' training. Other expenses incurred by the Board together with management compensation are disclosed in Note 40 - related party transactions and disclosures.

2.16 DIRECTORS' INTEREST

Mr. Charles G. Singili (appointed on 17th February 2024) has an interest in the share capital of the bank forming part of the minority shareholding. He holds 0.01% of the ordinary share capital.

2.17 MANAGEMENT OF THE BANK

The Board of Directors is entrusted with the supervision of the bank, and the day-to-day management is under the Managing Director, who is assisted by Directors. As of 31 December 2024, the organizational structure of the Bank comprised the following departments:


Managing Director
- Dr. Esther Mang'enya


Director of Legal services and Company Secretary
- Mr. Charles Mugila


Director of Business Development
- Dr. Rhimo Nyansaho


Director of Finance and Planning

Mrs Jacqueline Tinkasimile


Director of Operations
- Mr. Jabir Kassanga


Director of Treasury and Capital Market
- Mr. Gilbert Mwandimila


Director of Credit
- Ms. Vianey Rimisho


Director of Information and Communication Technology
- Mr. Edmund Chahe


Director of Risk Management and compliance
- Mr. Rukwaro Senkoro


Director of Internal Audit
- Mr. Oswald Matilya

The Managing Director Reports to the Board of Directors while all Directors report to the Managing Director except the Director of Internal Audit, who functionally reports to the Board Audit Committee and administratively to the Managing Director.

2.18 SHAREHOLDERS AND CAPITAL STRUCTURE

As of 31 December 2024, the following shareholders held shares in Azania Bank Plc:

Name of shareholder	2024		2023	
	Number of shares held	% Shareholding	Number of shares held	% Shareholding
Public Service Social Security Fund (PSSSF)	95,193,608	51.24%	95,193,608	51.25%
National Social Security Fund (NSSF)	52,008,161	27.99%	52,008,161	28.00%
National Health Insurance Fund (NHIF)	33,324,545	17.94%	33,324,545	17.94%
Workers Compensation Fund (WCF)	3,309,246	1.78%	3,309,246	1.78%
East African Development Bank (EADB)	931,812	0.50%	931,812	0.50%
Minority shareholders	1,016,499	0.55%	979,499	0.53%
Total	**185,783,871**	**100.00%**	**185,746,871**	**100.00%**

During the year ended 31 December 2024, 37,000 (2023: 219,001) new ordinary shares were injected at a face value of TZS 1,000.00 per share. The injection was made by minority shareholders.

2.19 ACCOUNTING POLICIES

The accounting policies used in the preparation of the accounts are set on Note 6 to the financial statements and they are in line with the IFRS Accounting Standards.

2.20 PERFORMANCE FOR THE YEAR

2.20.1 Statement of Profit or Loss and Other Comprehensive Income

The Bank's results are set out on page 59 of the financial statements. During the year under review, the Bank recorded a profit before tax of TZS 40,443 million (2023: restated TZS 36,603 million). The Bank's performance was attributed mainly to an increase in business activities that accelerated the increase in interest income as well as non-interest income.

The interest income for the year that ended on 31 December 2024 increased by 25% to TZS 232,633 million (2023: TZS 185,973 million). The increase was mainly attributed to an increase in interest income on loans and advances that rose to TZS 197,595 million (2023: TZS 159,957 million) as well interest from investment in government securities, which increased to TZS 28,606 million (2023: TZS 22,493) the increments were due to a growth in earning assets. Interest expenses increased by 39% in 2024 (2023:40%) to TZS 118,669 million (2023: TZS 85,445 million), significantly attributed to an increase in customer deposit balances and deposits from banks.

2.20 PERFORMANCE FOR THE YEAR (Continued)

2.20.1 Statement of Profit or Loss and Other Comprehensive Income (Continued)

Fees and commissions income increased by 53.4% to TZS 17,849 million (2023: TZS 11,639 million), while Fees and commissions expenses increased by 30% to TZS 4,237 million (2023: TZS 3,250. million). Non-interest income increased by 18% to TZS 40,426 million (2023: TZS 34,152 million). The increase was mainly due to increased business activities as well as transactions.

Operating expenses increased by 13% to TZS 80,929 million (2023: TZS 71,703 million). The increase was mainly attributed by increased business activities, which pushed up general and administrative expenses by 43%.

2.20.2 Financial Position

As of 31 December 2024, total assets were TZS 2.447 trillion (2023: restated TZS 2.156 trillion), showing an increase of 14% (2023:54%). During the year, net loans and advances to banks and items for clearing increased to TZS 76,155 million from TZS 73,190 million recorded in 2023, a 4% increase. Debt instruments at amortized cost increased to TZS 258,637 million from TZS 237,759 million recorded in the previous year, showing a 9% growth. Net loans and advances to customers increased by 14% to TZS 1,825,517 million (2023: TZS 1,604,559 million). Property and equipment increased by 14% to TZS 12.423 million (2023: TZS 10.851 million), while other assets increased by 45% to TZS 51,480 million (2023: TZS 35,395 million).

Customer deposits increased by 13% to TZS 1,595,417 million (2023: TZS 1,414,425 million), which is mainly attributed by customers' satisfaction with the bank's products and services as well as a good reputation in the market. Loans and advances from banks increased by 12% to TZS 322,335 million (2023: 288,479 million), mainly to meet short-term obligations following increased business activities and initiatives. The revolving credit line decreased by 4% to TZS 123,948 million (2023: TZS 148,071 million). During the year, the bank issued a 4-year corporate bond at 12.50% and closed with the balance of TZS 58,769 million.

The total equity increased by 13% to TZS 311,614 million (2023: restated TZS 276,756 million). Such growth of equity was attributed by profit made during the period. During the year, the bank recorded a profit after tax of TZS 38,029 million (2023: restated TZS 32,304 million) and a comprehensive income after tax of TZS 40,485 million (2023: restated TZS 32,304 million), primarily because of an increase in interest income and the control of operating expenses. Both core capital and total capital ratios as of 31 December 2024 stood at 14.35% (2023: restated 15.21%); The organic growth of assets is the reason for the slight decrease in capital adequacy. The minimum regulatory requirement for core capital and total capital ratios are 10.0% % and 12.0%, respectively.

2.20 PERFORMANCE FOR THE YEAR (Continued)

2.20.3 Key Performance Indicators

Indicator	Definition and Formula	2024	2023
Return on Equity	Net Profit/Average Total Equity	12.93%	12.31%
Return on Assets	Profit Before Tax/Average Total Assets	1.76%	2.06%
Non-interest income to Gross income	Non-Interest Income/(Interest + non-interest Income)	14.80%	15.51%
Interest Expense to Interest Income	Interest Expense/Interest Income	51.01%	45.95%
Operating expenses to Operating income	Operating Expenses/ (Net interest income + non-interest income)	52.42%	53.24%
Non-interest expense to gross income	Non-interest expenses (including provisions)/ (Interest + non-interest income)	41.73%	46.51%
Non-performing loans to total advances	Non-Performing Loans / Gross Loans	5.96%	7.44%
Loans to total assets	Net Loans/Total Assets	74.60%	74.43%
Growth on Loans and Advances to customers	(Current -prev. year net loans)/prev. year Net Loans	13.77%	72.28%
Growth on customer deposits	(Current -previous year total customer deposits)/ previous year total customer deposits	12.80%	79.16%
Growth on total assets	(Current -prev. year total assets)/prev. year total Assets	13.45%	53.72%
Tier 1 Capital	Core Capital/Risk Weighted Assets (incl. Off B. sheet)	14.35%	15.21%
Tier 1+Tier 2 Capital	Total Core Capital/Risk Weighted Assets (incl. Off B. sheet)	14.35%	15.21%

2.20.4 Cashflow and Liquidity Management

During the year under review, the investments of the Bank were financed by shareholder capital as well as deposits from the public. Customer deposits increased by TZS 180,99 million (2023: TZS 624,944 million). mainly attributed by the customers' satisfaction with the bank's products and services as well as a good reputation in the market. Also, borrowing from banks, which was used for investment in various business avenues, increased by TZS 33,857 million (2023: TZS 102,291 million). The balance of the revolving fund decreased by TZS 24,124 million (2023: increased by TZS 4,739 million) due to the maturing of some contracts during the year. The bank collected TZS 58,769 million from the issue of corporate bonds.

The outflows were mainly on loans and advances to customers of TZS 256,662 million (2023: TZS 626,574 million), increased statutory minimum reserve TZS 12,390 million (2023: 29,805 million), as well as debt instruments at amortized costs of TZS 7,374 million (2023: TZS 102,414 million). The operations of the Bank were financed by proceeds collected from business investments. The cash flow of the Bank was stable enough to continue supporting business

2.20 PERFORMANCE FOR THE YEAR (Continued)

2.20.4 Cashflow and Liquidity Management (Continued)

operations and additional investments. Liquidity management of the Bank continues to be of high importance, and more details on liquidity risk management are given in note 42.3 to financial statements.

2.20.5 Dividend Payment

Maximizing shareholders' value is the paramount agenda of those charged with governance. Profit generation, enhancement of retained earnings, and adequate capital attainments enabled the bank to pay dividends to shareholders for three years consecutively. The profit and dividend have been increasing year after year.

Period	2021	2022	2023	2024 Proposed
Dividend per share (TZS/share)	25	30.54	40.22	41.22
Amount (TZS billion)	4.648	5.665	7,470	7.661

2.21 FUTURE DEVELOPMENT PLAN

The annual performance of 2024 marked the second year of implementation of the Bank's five-year strategic plan, which is ending in 2027, driven by four strategic themes: Technology Efficiency and growth, Empowering Employees, Stakeholders' Relationship Management, and Stakeholders' value creation. The year ended with the Board of Directors reviewing the 2023 strategic performance and approving the 2025 corporate budgets, objectives, and goals being a continued implementation and monitoring of the long-term strategy that ends in 2027.

The long-term plan is driven by banking beyond ordinary to all of the bank's products and services to continue creating shared values between the bank and its stakeholders, aiming to ensure sustainable business and financial performance. The bank will continue excelling in customer experience services by increasing the number of branches, bank agents, service centers, and collection centers and enhancing technological alternative channels so the bank's products and services become more convenient to the customers to enable the realization of the vision.

During the year 2024, the bank continued to enhance its digital micro-loans products by expanding the customer base and the coverage needs as well as a digital platform that provides

2.21 FUTURE DEVELOPMENT PLAN (Continued)

more convenience to our customers. To remain relevant and competitive in the industry, we continue to enhance and expand the usage of the existing alternative channel products such as Internet banking, mobile banking, and agent banking to complement the existing traditional banking. These products and services give the bank a competitive advantage in service delivery. To achieve this, the bank will focus on the following:

Continue to enhance control, governance, and risk management practices to adequately comply and remain competitive including attaining ISO certification, enhanced enterprise risk management, automation of compliance management and modernized performance management.

Investment in workforce to enhance skills to improve productivity.

Embracing partnerships and collaboration with other market players. All goes hand in hand with improved business continuity management and disaster recovery plans.

Enhance comprehensive and secured ICT platforms to achieve cost-effective and efficient operations and improved delivery capability to improve service delivery through critical processes automation, deployment of artificial intelligence, and data analytics to deliver personalized services.

2.21 FUTURE DEVELOPMENT PLAN (Continued)

Grow quality assets and Liabilities through enhanced business support, quality assurance and continued business relationship management teams.

Maximize products usage to increase revenues from transactional Banking.

Adherence to climatic change financing by maximizing the shared value and maximizing the created opportunities while protecting environment. The bank has in place the ESG policy that requires all banks' investments, funding and operational practices to adhere to the environmental, social and governance requirements.

Network expansion to increase the market share of the Bank through digital and non-digital channels including deployment of Agency Banking, Mobile and Internet Banking and increase in service centres and branches.

2.22 RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control remain among the fundamental principles of the bank towards the achievement of its long-term, medium-term, and short-run strategic objectives. Each employee involved in day-to-day business activities is responsible for ensuring that the bank's interests are always protected while excelling in shared value creation. The Risk Management Function of the bank is mandated to monitor the implementation of effective risk management, while the Internal Audit Function evaluates the effectiveness of risk management processes.

The Board accepts final responsibility for the risk management and internal control systems of the bank. It is the task of the management to ensure that adequate internal financial and operational control systems are developed and provide reasonable assurance regarding:

i. The effectiveness and efficiency of operations.
ii. The safeguarding of the bank's assets.
iii. Compliance with applicable laws and regulations.
iv. The reliability of the accounting records.
v. Business continuity under normal as well as adverse conditions; and
vi. Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of the prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Bank's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ending 31 December 2024 and believes that they meet the accepted criteria. The Board carries out risk and internal control assessment through the Audit and Risk Committees.

General Risks the Bank is facing and the overall mitigation strategies.

2.22 RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk	Credit Risk	Liquidity Risk	Market Risk
Definition	The possibility of a loss resulting from a customer's failure to repay a loan or meet contractual obligations	Refers to an inability to meet its obligations (whether real or perceived) threatens financial position or existence.	The risk of financial loss on earnings arising from adverse movement in market rates or prices such as interest rates, foreign exchange rates, commodity prices. Market volatility may create an opportunity when open positions are properly managed.
Mitigation strategies	Our credit risk management strategies aim at achieving quality assets and managed concentration. Risk management is done throughout the credit circle from origination, repayments monitoring to recovery. The Bank has management credit committee and the Board credit committee to ensure proper governance in managing credit risk.	Our strategies aim daily risk assessment to ensure maturing obligations are met on a daily basis and a forecast of future positions. This is done through Liquidity Management and Asset-Liability management (ALM) Committee (ALCO).	The Bank manages market risk through the Asset and Liability Management Committee and on a daily basis by Treasury and Capital Market function. Risk and Compliance function independently monitors and reports on the risk-taking against risk tolerance levels.

Risk	Compliance Risk	Operational Risk	Strategic Risk
Definition	This is a potential exposure to legal penalties, financial forfeiture, and material loss, resulting from failure to act in accordance with laws, rules, agreements and regulations, internal policies or prescribed best practices. Compliance risk is also known as integrity risk.	This is a risk of a change in value caused by the fact that actual losses incurred resulting from inadequate or failed internal processes, or people, or systems, or from external events.	This is the risk that failed business decisions may pose to the Bank. Decisions may be influenced with operating environment changes.
Mitigation strategies	Compliance risk management strategies include putting in place compliance policies and procedures, dedicated compliance functions and automated compliance management tools. New regulations or laws are interpreted by Legal function and disseminated to all to understand.	The Bank strategies to mitigate operational risks include having proper policies and procedures, implementation of operational risk management tools including risk and controls self-assessment, operational risk registers, incidents logs. The Management operational risk committee (ORCO) is responsible for assessment and monitoring of operational risks. All risk owners are responsible for the identification of risks and putting measures to control its occurrence.	Finance and Planning function through it strategy unit performs a Strength, Weaknesses, Opportunities and Challenges (SWOC) analysis to determine factors that would affect attainment of the Strategy. The assessment includes assessment of political, economic, social, technological, legal, and environmental (PASTLE) conditions when developing strategic plans. Implementation of strategy is monitored on quarterly and on annual basis to ensure performance is aligned with the strategy from the Management to the Board level.

2.23 SERIOUS PREJUDICIAL MATTER

In the opinion of the Directors, there are no serious prejudicial matters that can affect the Bank.

2.24 SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board has a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future.

On 31 December 2024, the Bank's assets exceeded its liabilities by TZS 311,614 million (2023: TZS 276,756 million). Consequently, the Bank is solvent and able to meet its obligations in full.

2.25 EMPLOYEE WELFARE

2.25.1 Management and Employees' Relationship

There were continuous good relations between employees and management for the year ending 31 December 2024. There were no unresolved complaints received by the management from employees during the year. Also, during this period, employees' participation in social events like regional and organizational marathons and group health checks increased.

2.25.2 Employment opportunities

The Bank is an equal-opportunity employer. It gives equal access to employment and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion, and disability, which does not impair the ability to discharge duties. The year ended with 680 (2023:615) employees, 48% (2023:50%) male and 52% (2023:50%) female.

2.25.3 Staff training

During the year ending 31 December 2024, the Bank spent TZS 325 million (2023: TZS 478 million) for staff training, a decrease of 32% (2023: increase of 21%) mainly due to initiatives for in-house training and cost management strategies applied during the year. Those charged with governance continue to embark on mass training, customized training, and online virtual training, which enabled cost minimization while equipping staff with relevant knowledge. Management continues believing that operational efficiency and organizational growth are the results of well-trained and skilled personnel, thus, the 2024 annual budget has been increased to TZS 839 million, a 158% increase aiming to continue equipping all staff to increase productivity and compliance of the bank.

2.25 EMPLOYEE WELFARE (Continued)

2.25.4 Medical Facilities

All members of staff and up to a maximum number of six beneficiaries (principal, spouse, and dependents) for each employee have medical insurance guaranteed by the Bank. Currently, these services are provided by the National Health Insurance Fund (NHIF). During the year, the bank paid a total of TZS 2.303 billion for employees' health insurance (2023: TZS 2.388 billion)

2.25.5 Financial assistance to staff

Loans are available to all confirmed employees depending on the assessment and are issued following the Human Resources Policy. Loans provided to staff include mortgage finance, personal loans, car loans, and salary advances.

2.25.6 Employees benefit plan

The Bank pays contributions to publicly administered pension plans on a mandatory basis, which qualifies to be a defined contribution plan. The Bank's obligations in respect of these contributions are limited to 15% of the employees' monthly basic salaries.

2.25.7 Workers' Compensation Fund

This is a social security scheme established by the Government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment. Under this arrangement, the bank contributes to the fund 0.5% of the monthly wage bill it has paid to its staff.

2.25.8 Gender parity

The Bank is an equal-opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position, free from discrimination of any kind.

As of 31 December 2024, the Bank had a total of 680 employees, an increase of 65 employees from 615 employees as of 31 December 2023.

Category	Year	2024	2023
Employees	Male	329	308
	Female	351	307
Field Students	Male	32	31
	Female	92	42

2.25 EMPLOYEE WELFARE (Continued)

2.25.8 Gender parity (Continued)

During the year, the bank also provided an opportunity for 124 (2023: 73) students of different education levels to learn on-field job experiences and do their research in different branches and departments. This is also part of the contribution of the bank to support and promote quality education and prepare the well-equipped workforce in the country.

2.26 RELATED PARTY TRANSACTIONS

All related party transactions and balances as of 31 December 2024 are disclosed in Note 40 to the financial statements.

2.27 POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year.

2.28 CORPORATE SOCIAL RESPONSIBILITY

The Bank has been engaging in various activities to improve the well-being of the society in which it operates. This activity demonstrates the Bank’s commitment to serving society by ensuring that the community in which the Bank operates benefits from its presence. During the year, charitable donations amounting to TZS 1,117 million (2023: TZS 5,744 million) were made to various charitable organizations and institutions as part of the Bank’s Corporate Social Responsibility activities.

Bank’s strategy focuses on people and society; the Bank prioritizes issues most important to the business and stakeholders, and the areas where the Bank can make the greatest impact. Thus, Azania Bank’s Corporate Social Investment is always giving priority to the following areas:

i. Supporting Education Projects and Financial Literacy initiatives.
ii. Supporting Community Health Projects and related initiatives.
iii. Supporting Youth Empowerment Projects and related initiatives.
iv. Supporting Women's Empowerment Projects and related initiatives.
v. Supporting Research Conducting Projects and related initiatives
vi. Supporting Environmental Protection initiatives and related activities.
vii. Supporting Government initiatives to bring about social and national well-being.

During the year, Azania Bank funded several projects which helped to develop a unique approach to support Government Initiatives and communities. These include:

Financial Education and Empowerment Projects: Azania Bank continued to partner with the society to celebrate the power of girls and women, on the eve of International Women’s Day the bank contributed TZS 10 million towards the orange concert organized by Dadahood Initiatives aimed to mobilize funds towards supporting deaf girls through nationwide sign

2.28 CORPORATE SOCIAL RESPONSIBILITY (Continued)

Financial Education and Empowerment Projects (Continued): language program and providing them with essential learning materials. The bank contributed TZS 20 million for sponsorship aimed at empowering women involved in entrepreneurship by educating them on banking, Tax management, finance, investing, and entrepreneurship through the Vijana Kazini group. Also, TZS 50 million was contributed to the President's office for improving planning and investment activities in the country. Moreover, TZS 3 million was contributed to the International Association of Special Investigation Unit (IASIU), which was used to provide insurance education to insurers.

To ease human mobility and transportation of goods and encourage and boost investment opportunities in the country, the bank contributed TZS 69.3 million to the Tanzania Railway Corporation (TRC) for the development of the Standard Gauge Railway (SGR). Furthermore, TZS 4 million was contributed to Zanzibar Housing Corporation (ZHC) to support the creation of awareness in the society on investing in decent and affordable houses.

Supporting Cultural Attractions and Tourism Sector: Azania Bank contributed a total of TZS 100 million to support the Kizimkazi exhibition aimed to promote culture in Zanzibar and empower local artists, youth, and communities to showcase their talents, traditional dances, and cultural activities. The Bank as well contributed a total of TZS 30 million to Tanzania National Park (TANAPA), and TZS 10 million to the same Utalii Festival (SUF) aimed at solidifying its support towards government and its initiatives to promote and advertise the country through tourism and ensure sustainable conservation of National Parks Resources and values for the benefit of mankind.

The Sabasaba International Trade Fair and other economic activities: Azania Bank supported Government economic initiatives to increase the country's visibility to the world and encourage people to formalize their investment activities, whereby TZS 51.8 million were used to sponsor the exhibition themed "**Tanzania Your Best Destination for Business and Investment**".

The bank contributed TZS 10 million to Zanzibar Mapinduzi Trade to support the government's agenda of promoting trade and the industrial sector. Also, sponsored TZS 8 million to Zanzibar Entrepreneurs aimed to support government initiatives in Zanzibar to build rapport with government leaders.

Support for Agriculture Sector: to promote and support the National Development agenda of "Food self-sufficiency", and food security" as well as, SDGs No. 6 on "Zero Hunger" Azania Bank contributed a total of TZS 120 million and participated in Nanenane exhibition in Mbeya to showcase its involvement in the agricultural sector, engage directly with the local community employed in the sector and demonstrate our commitment towards supporting local farmers by recognizing their contribution in the country's economy. TZS 15 million was contributed to Siku ya Ushirika Duniani (SUD), and TZS 15 million was contributed to the Ministry of Agriculture office to provide education on the agriculture development sector.

2.28 CORPORATE SOCIAL RESPONSIBILITY (Continued)

Supporting Education Sector: Azania Bank aligns with the government initiatives towards providing a conducive learning environment as well as quality learning facilities in the education sector and giving back to society. A total of TZS 14 million was contributed to Musoma Municipal Primary and Secondary Schools.

Support for Trade Sector: The Bank sponsored TZS 28.8 million to the Tanzania Investment Centre (TIC) to encourage investment and trade activities in Tanzania as well as to promote sustainable business practices, investment, and cross-border trade along the region.

Supports for the Youth and Women: to support gender equality through empowering women economically and socially as well as providing a platform for women entrepreneurs to advocate their interests and access essential services including capacity building, mentorship, networking, and financial linkages. Azania Bank contributed TZS 10 million to the Tanzania Women Chamber of Commerce (TWCC), TZS 10 million to Tanzania Women in Finance (TAWIFA), TZS 5 million to Cravan Cricket Club, TZS 10 million to AMO Foundation, as well as TZS 32.3 million to Wiki ya Wazazi held in Katavi. Also, TZS 10 million were contributed to the National Independence Torch aimed towards cooperating with the government on bringing together the youth of Tanzania mainland and Zanzibar to exchange challenges and empowerment ideas as well as leadership that involves youth economic activities.

Support for Mineral Sector: The Bank sponsored and participated in the Tanzania minerals trade fair 2024 in Geita, whereby TZS 57 million were used to sponsor and support the Geita Minerals Exhibition that aimed at improving small-scale miners' economic growth, environmental conservations, and attracting more investors in the mineral sector.

Also, the Bank contributed TZS 4 million to the Tanzania Women Minerals Association (TAWOMA) aimed to uplift women in mining and give them a platform to address ongoing issues in the industry as well as to provide members with access to equipment and technology and empower them to improve their living standard.

Support for Government Initiatives and Community Development Programs: Azania Bank contributed TZS 6 million to the State Attorney's office to support the government initiatives towards imparting government communication officers and public relations officers with knowledge, skills, and new techniques of promoting, publicizing, and informing the public about the implementation of various activities and strategic projects.

The bank contributed TZS 5 million for the Futuru na Mama Samia event held in the Serengeti region for Iftar with orphanages in a bid to support the effort toward ensuring equal participation of all social groups by redressing the racial and gender imbalances. Also, following the collapse of a building in Kariakoo, TZS 3.5 million were contributed to support the government rescue operation to locate and assist survivors.

2.28 CORPORATE SOCIAL RESPONSIBILITY (Continued)

Support Environmental Conservation and Protection: In alignment with the government's efforts to improve the environment in the Hanang District after being affected by the floods, the bank contributed TZS 10 million. Also, TZS 4 million was contributed to Sea View Community and TZS 2.25 million to Ferry Fish Market to support the preservation of marine, environmental cleanliness, and sustainable fishing.

Support for Health and Sports: The bank sponsored Bunge Bonanza to the tune of TZS 346.291 million in supporting health and social interactions through sports and TZS 10 million to Mwenge runners aimed to improve health and to expand the welfare of our lawmakers and the surrounding communities. Also, the Bank contributed TZS 20 million to the Tanzania Red Cross and engaged in humanitarian services to empower those in need, both Tanzanians and refugees.

TZS 12.9 million were contributed to Safe Heaven Foundation during the KIJANA JASIRI debate to provide awareness to the community on how to maintain health and environment conservation and show continuous support towards the youth and create a platform for the youth to be empowered for the future.

2.29 STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (The Report by those charged with governance).

2.30 RESPONSIBILITY OF THE AUDITORS

An auditor is responsible for providing assurance of the correctness and consistency of each information contained in the report by those charged with governance with those provided in the financial statements.

2.31 AUDITORS

The Controller and Auditor General ("CAG") is the statutory auditor for the Azania Bank Plc pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), Sections 30 -33 of the Public Audit Act, Cap 418 (R.E 2021) and Section 20(6) of the Bank of Tanzania Act, 2006.

PricewaterhouseCoopers (PwC), Certified Public Accountants (Tanzania) of P.O. Box 45 Dar es Salaam Tanzania, were reappointed for the second year to audit the Bank's financial statements, pursuant to Section 33 of the Public Audit Act, Cap 418 (R.E 2021). PricewaterhouseCoopers is an audit firm registered by the National Board of Accountants and Auditors of Tanzania (NBAA) with registration number PF 040 and TIN 100-212-285.

2.32 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of those charged with governance to prepare financial statements of the entity that show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

BY ORDER OF THE BOARD

12th March 2025

Eng. Julius B. Ndyamukama
Board Chairman

12th March 2025

Dr. Esther G. Mang'enya
Managing Director

3.0 STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

The Companies Act of 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the Bank at the end of the financial year and of its profit or loss. It also requires the directors to ensure that the Bank keeps proper a ccounting records that disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The financial statements have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards and the requirements of the Companies Act, 2002. The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Bank and of its financial results in accordance with IFRS Accounting Standards, the requirements of the Companies Act, 2002, and the Banking and Financial Institutions Act, 2006 of Tanzania.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement. To enable the Directors to meet these responsibilities, they set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Bank, and all employees are required to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Bank is on identifying, assessing, managing, and monitoring all known risks across the Bank. While operating risk cannot be fully eliminated, the Bank endeavours to minimize it by ensuring the appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by the management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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

Approval of financial statements

The financial statements of Azania Bank Plc, as identified in the first paragraph, were approved by the Board of Directors on ...12th...day of...March...2025 and signed on its behalf by:

Eng. Julius B. Ndyamukama
Board Chairman

12th March 2025

Dr. Esther G. Mang'enya PhD
Managing Director

12th March 2025

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

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

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management in discharging their responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with the applicable International Accounting Standards and Statutory Financial Reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under the Directors Responsibility statement on section 3.0.

I, Jacqueline Lyatuu Tinkasimile, being the Director of Finance and Planning of Azania Bank Plc, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024 have been prepared in compliance with IFRS Accounting Standards and statutory requirements.

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

Signed by: ______________
Jacqueline Lyatuu Tinkasimile
Position: Director of Finance and Planning
NBAA Membership No.: ACPA 2091
Date: 12th March 2025

5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 TZS'000	2023 Restated TZS'000
Interest and similar income	7	232,632,872	185,972,642
Interest and similar expense	8	(118,669,213)	(85,445,417)
Net interest income		**113,963,659**	**100,527,225**
Expected credit loss allowance	9	(33,018,037)	(26,373,404)
Net interest after impairment charge		**80,945,622**	**74,153,821**
Fees and commissions income	10A	17,849,041	11,638,795
Fees and commissions expense	10B	(4,237,381)	(3,250,476)
Net fees and commissions income		**13,611,660**	**8,388,319**
Trading income and foreign exchange revaluation	11	17,207,504	13,092,941
Other income	12	9,606,341	12,670,453
Total non-interest income		**40,425,505**	**34,151,713**
Personnel expenses	13	(44,789,367)	(39,675,961)
Premises maintenance costs	14	(2,502,720)	(3,158,655)
Equipment maintenance costs	15	(5,890,880)	(4,113,104)
Depreciation of property, equipment, and amortization	16	(6,055,015)	(6,663,740)
General and administrative expenses	17	(21,690,608)	(18,091,192)
		(80,928,590)	**(71,702,652)**
Profit before income tax		**40,442,537**	**36,602,882**
Income tax expense	18	(2,413,107)	(4,299,025)
Profit for the Year		**38,029,430**	**32,303,857**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain of equity instruments measured at fair value through OCI with the amount	**23**	3,507,972	-
Impact tax to the gain of fair value through OCI		(1,052,392)	-
Total Comprehensive Income for the Year, Net of Tax		**40,485,010**	**32,303,857**

5. FINANCIAL STATEMENTS (CONTINUED)

5.2 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		2024	2023	2022
			Restated	Restated
Assets	Note	**TZS'000**	**TZS'000**	**TZS'000**
Cash and balances with the Bank of Tanzania	19	134,206,188	117,205,055	77,856,650
Loans and advances to banks	20	76,154,714	73,190,431	96,276,996
Debt instruments at amortised cost	21	258,637,248	237,759,337	198,920,032
Loans and advances to customers	22	1,825,516,913	1,604,559,288	931,363,076
Equity Instruments at FVOCI	23	16,407,435	12,428,997	12,428,997
Other assets	29	51,479,821	35,395,255	6,746,172
Property and equipment	24	12,423,455	10,851,337	9,088,436
Right-of-use assets	25	10,884,769	5,432,541	5,524,466
Current tax asset	27	5,074,825	2,284,664	2,195,106
Deferred tax asset	28	52,233,207	53,997,590	56,202,373
Intangible assets	26	4,084,131	2,599,633	2,276,514
Total assets		**2,447,102,706**	**2,155,704,128**	**1,398,878,818**
Liabilities				
Loans and Advances from banks	30	322,335,472	288,478,884	186,187,967
Deposits from customers	31	1,595,416,808	1,414,425,021	789,481,377
Revolving Credit Lines	32	123,947,615	148,071,428	152,810,832
Corporate Bond	33	58,769,379	-	-
Other Liabilities	34	23,490,107	22,039,252	16,761,105
Lease Liabilities	35	11,529,652	5,933,045	5,351,732
Total liabilities		**2,135,489,033**	**1,878,947,630**	**1,150,593,013**
Ordinary share capital	36	185,493,271	185,493,271	185,493,271
Advance towards Share capital	37	290,601	253,601	34,600
Retained earnings		81,084,260	74,100,503	34,105,769
Fair Value Reserve through OCI		3,287,879	832,299	832,299
Regulatory reserve		41,457,662	16,076,824	27,819,866
Total equity		**311,613,673**	**276,756,498**	**248,285,805**
Total liabilities and equity		**2,447,102,706**	**2,155,704,128**	**1,398,878,818**

The financial statements on pages 59 to 143 were approved for issue by the Board of Directors on 12th March 2025 and signed on its behalf by:

Eng. Julius B. Ndyamukama
Board Chairman

Dr. Esther G. Mang'enya
Managing Director

5. FINANCIAL STATEMENTS (CONTINUED)

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

	Ordinary share capital TZS'000'	Advance towards share capital TZS'000'	Retained earnings TZS'000'	Fair value reserve through OCI TZS'000'	Regulatory reserve TZS'000'	Total TZS'000'
As of 1 January 2024, previously stated	**185,493,271**	**253,601**	**95,345,102**	**832,299**	**16,076,824**	**298,001,097**
Restatement (Note 46)	-	-	**(21,244,599)**	-	-	**(21,244,599)**
As of 1 January 2024, Restated	185,493,271	253,601	74,100,503	832,299	16,076,824	276,756,498
Additions of capital	-	37,000	-	-	-	37,000
Payment of Dividend	-	-	(5,664,835)	-	-	(5,664,835)
Profit during the year	-	-	38,029,430	-	-	38,029,430
Changes in other reserves	-	-	-	2,455,580	-	2,455,580
Transfers to(from)	-	-	(25,380,838)	-	25,380,838	-
As of 31 December 2024	**185,493,271**	**290,601**	**81,084,260**	**3,287,879**	**41,457,662**	**311,613,673**
Opening balance as of 1 January 2023	**185,493,271**	**34,600**	**58,359,922**	**832,299**	**27,819,866**	**272,539,958**
Restatement (Note 46)	-	-	(24,254,153)	-	-	(24,254,153)
Balance as of 1 January 2023 (Restated)	**185,493,271**	**34,600**	**34,105,769**	**832,299**	**27,819,866**	**248,285,805**
Additions of capital	-	219,001	-	-	-	219,001
Payment of Dividend	-	-	(4,052,165)	-	-	(4,052,165)
Profit during the year:						
As previously stated			29,294,303			29,294,303
Prior year adjustment (Note 46)			3,009,554			3,009,554
As restated	**-**	**-**	**32,303,857**	**-**	**-**	**32,303,857**
Transfers to(from)	-	-	11,743,042	-	(11,743,042)	-
As of 31 December 2023	**185,493,271**	**253,601**	**74,100,503**	**832,299**	**16,076,824**	**276,756,498**

5. FINANCIAL STATEMENTS (CONTINUED)

5.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023 Restated
Operating activities	**NOTES**	**TZS'000**	**TZS'000**
Profit before income tax		40,442,537	36,602,882
Adjustments for non-cash items:			
Impairment allowance on financial assets	9	33,018,037	26,373,404
Depreciation and amortization	16	6,055,015	6,663,740
Interest gain from valuation of restructured loans	7	88,525	(1,547,561)
Release of Staff Costs-Bonus	13	-	(1,763,751)
Exchange loss/(gain)	11	1,481,361	(6,027,863)
Management Gratuity	13	1,173,326	952,143
Write back other assets	12	-	(5,365,474)
Interest accrued on lease liabilities	8	1,077,942	616,008
Modification on lease liability	35	3,246,830	(60,027)
Charge offs of other assets	17	172,746	797,048
Net gain from foreign currency translation	38	(4,304,653)	(3,169,531)
Other adjustments		-	(767,319)
(Gain)/Loss on disposal of fixed assets	12	(65,141)	1,100
Cash flows from operating activities before changes in working capital items		**82,386,525**	**53,304,799**
Loans and advances to banks maturing after 3 months	20	82,645	-
Loans and advances to customers	22	(256,661,659)	(626,574,309)
Debt instruments at amortised cost maturing after 3 months	21	(7,374,303)	(102,414,482)
Statutory Minimum Reserve	19	(12,390,033)	(29,805,357)
Other assets	29	(16,798,773)	(28,871,670)
Deposits from customers and Banks	30&31	214,848,400	727,234,561
Other liabilities	33	(534,115)	(87,326)
Tax paid	27	(4,491,276)	(2,183,800)
Net cash flows utilized in operating activities		**(932,589)**	**(9,397,584)**
Investing activities			
Purchase of property and equipment	24	(4,641,040)	(5,138,553)
Proceeds of sale of property plant and equipment		106,853	8,969
Proceeds for purchase of Umoja shares	23	(470,466)	-
Purchase of intangible assets	26	(2,208,828)	(2,190,141)
Net cash flows utilized in investing activities		**(7,213,481)**	**(7,319,725)**
Financing activities			
Receipt from revolving credit lines	32	10,000,000	-
Payments of revolving credit lines	32	(34,716,530)	(4,655,560)
Proceeds from new equity	37	37,000	219,001
Proceeds from issuance of corporate bond	33	58,449,980	-
Repayment of principal of lease liabilities	35	(3,403,925)	(2,064,779)
Payment of Dividend	SCE	(5,664,835)	(4,055,767)
Net cash flows generated from/(utilized in) financing activities		**24,701,690**	**(10,557,105)**
Net increase/(decrease) in cash and cash equivalents		**20,860,273**	**(27,274,414)**
Cash and cash equivalent at the beginning of the year		147,436,086	171,540,969
Movement in cash and cash equivalents during the year:			
Net cash flows utilized in operating activities		(932,589)	(9,397,584)
Net cash flows used in investing activities		(7,213,481)	(7,319,725)
Net cash flows generated from (utilized in) financing activities		24,701,690	(10,557,105)
Net foreign exchange difference		4,304,653	3,169,531
Cash and cash equivalent at the end of the year	**38**	**168,296,359**	**147,436,086**

5.5 BASIS OF PREPARATION

5.5.1 Statement of Compliance.

These financial statements have been prepared in accordance with and comply with IFRS Accounting Standards and in accordance with the requirements of the Companies Act, 2002. Details of the Bank's accounting policies are included in Note 6

5.5.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for financial assets at fair values through other comprehensive income (These instruments are measured at fair value).

5.5.3 Presentation of financial statements

The presentation of financial position is broadly in order of liquidity. Information regarding recoverability or settlement after the reporting period is disclosed in the notes. Financial assets and financial liabilities are generally reported at gross in the statement of financial position except when IFRS accounting standards netting criteria are met.

5.6 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Tanzania Shillings (TZS), which is the Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

5.7 SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND ESTIMATIONS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgment in the process of applying the bank's accounting policies. There are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next year. 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.

5.7 SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND ESTIMATIONS (Continued)

5.7.1 Fair value of financial instruments

The Bank estimates the fair value of financial instruments where no active market exists or where quoted prices are not otherwise available by using valuation techniques. In these cases, the Bank estimates the fair value of financial instruments using unobservable data and by applying appropriate assumptions. The fair value of financial instruments has been disclosed in Note 41 to the financial statements.

5.7.2 Business model assessment

The business model reflects how the Bank manages its assets to generate cash flows. That is, whether the Bank'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 Bank in determining the business model for a group of assets include 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 Note 6.7 and Note 42 to the financial statements.

5.7.3 Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required 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. Refer to Note 6.7 and Note 42 to the financial statements.

5.7.4 Significant increase of credit risk

A 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 considering the passage of time). Whether a change in the risk of default is significant or not is assessed using some quantitative and qualitative factors (as per note 42.1), the weight of which depends on the type of product and counterparty. 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. 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

5.7 SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND ESTIMATIONS (Continued)
5.7.4 Significant increase of credit risk (Continued)

the amount of ECL changes because the credit risk of the portfolios differs. Refer to Note 6.7 and Note 42 to the financial statements.

5.7.5 Incorporation of forward-looking information

The evolving economic environment is a key determinant of the ability of a Bank's clients to meet their obligations as they fall due. It is a fundamental principle of IFRS 9 that the provisions banks hold against potential future credit risk losses should depend not just on the health of the economy today but should also take 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 influence the repayment ability of the Bank's clients. Such variables include Inflation rate, GDP, nominal GDP, real, Inflation/consumer price index as % year-on-year, Interest rate, central bank policy, Interest rate lending, Unemployment rate, and Exchange rate. Refer to Note 6.7 and Note 42 to the financial statements.

5.7.6 Cure rate

The cure rate is a percentage of credit exposure accounts that were in the default category but, as of the assessment date, have moved to a better category. The cure rate shall be factored in at the LGD level when assessing the recovery rate. The rate reduces the percentage of loss given default and is computed at the overall credit portfolio level. Consideration of the movement of accounts is done annually. Qualitative criteria applied when checking whether the account has cured or not are those in line with the Bank of Tanzania guideline on IFRS 9 Implementation. Defaulted accounts which are assessed whether they have cured shall exclude accounts which have restructured, or which have been charged off during the period. Refer to Note 6.7 and Note 42 to the financial statements.

5.7.7 Incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that would have to be paid to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Bank 'would have to pay,' which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the credit spread, debt-service ratio, and inflation to reflect the terms and conditions of the lease). Refer to Note 6.5 to the financial statements.

5.7 SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND ESTIMATIONS (Continued)

5.7.8 Determining the lease term of contracts with renewal and termination options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Bank's lease contracts include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease contracts. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Bank includes the renewal period as part of the lease term for the leases recognized. The Bank typically exercises its option to renew leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. Refer to Note 6.5 and Note 35 to the financial statements.

5.7.9 Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized. Although in Tanzania, tax losses can be utilized indefinitely, judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

5.7.10 Property, Equipment, and Intangible Assets

Property and equipment, as well as intangible assets, are 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 amortization period or methodology, as appropriate, and treated as changes in accounting estimates

5.8 NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

The Bank applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

5.8.1. New standards and amendments - applicable 1 January 2024

Standard/Amendment	Brief Description	Effective Date and Adoption
Classification of Liabilities as Current or non-current - Amendments to IAS 1 Non-current Liabilities with Covenants- Amendments to IAS 1(continued)	The amendments require disclosures if an entity classifies a liability as noncurrent 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 to classify 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 During the preparation, the Bank adopted this standard.

5.8.1. New standards and amendments - applicable 1 January 2024

Standard/Amendment	Brief Description	Effective Date and Adoption
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. 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 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. The IASB has provided transitional relief by not requiring comparative information in the first year and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends unless an entity has a financial year of less than 12 months.	1 January 2024. The amendment has no impact on the bank.

5.8.2. New standards and amendments but not yet effective

Standard/Amendment	Brief Description	Effective Date and Adoption
Lack of exchangeability - Amendments to IAS 21	In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025. Early adoption is permitted but will need to be disclosed. The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments.	Published May 2024. These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair	Annual periods beginning on or after 1 January 2026.

5.8.2. New standards and amendments but not yet effective

Standard/Amendment	Brief Description	Effective Date and Adoption
	Value through Other Comprehensive Income (FVOCI).	
IFRS 19 Subsidiaries without Public Accountability: Disclosures	In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement, and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability, and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.	1 January 2027. As the bank's Debt instruments (corporate bonds) are publicly traded and not a subsidiary, it is not eligible to elect to apply IFRS 19.
IFRS 18 Presentation and Disclosure in Financial Statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general-purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income, and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.	1 January 2027, but an earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

6.0 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

6.1 RECOGNITION OF INTEREST INCOME AND EXPENSES

6.1.1 Effective interest rate method

For the Bank, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost and interest-bearing financial assets measured at FVOCI in accordance with IFRS 9. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

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

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest and similar income in the income statement.

6.1.2 Interest and similar income and expenses

The Bank calculates interest income and expense by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets and financial liabilities at amortized cost, respectively. When a financial asset becomes credit-impaired (as set out in Note 42) and is, therefore, regarded as ‘Stage 3’, the Bank calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cure (as outlined in Note 6.7 and are no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortized cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI assets.

6.2 FEE AND COMMISSION INCOME

The financial statements have been prepared on a historical cost basis except for financial assets at fair values through other comprehensive income (instruments which are measured at fair value).

The Bank earns fees and commission income from a diverse range of services it provides to its customers. The performance obligations, as well as the timing of their satisfaction, are identified and determined at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations.

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

Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers.

Fee and commission income from services where performance obligations are satisfied over time.

Performance obligations satisfied over time include asset management and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

Loan commitment fees: These are fixed annual fees paid by customers for loans and other credit facilities with the Bank. The Bank promises to provide a loan facility for a specified period. As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis. Payment of the fees is due and received monthly in arrears.

Interchange fees: The Bank provides its customers with credit card processing services (i.e., authorisation and settlement of transactions executed with the Bank's credit cards) where it is entitled to an interchange fee for each transaction (i.e., when a credit cardholder purchases goods and services from merchants using the Bank's credit card).

The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. The variable interchange fees are allocated to each distinct day based on the number and value of transactions processed that day, and the allocated revenue is recognised as the entity performs.

Transactional fees: Transactional fees are service charges on deposit accounts, cash management services, and transactional processing fees such as fees income generated from

6.2 FEE AND COMMISSION INCOME (Continued)

credit and bank card usage. Fees earned on the execution of a significant act typically include transactional fees. Transaction and processing fees are recognised at the point in time the transaction occurs, or service is performed. They include banking services such as Automated Teller Machine (ATM) fees, wire transfer fees, overdraft or late fees, and foreign exchange fees, among others.

These fees are received, and the Bank provides the service monthly; the fees are recognised in income on this basis. The Bank also receives certain fees in respect of its asset finance business where the performance obligations are typically fulfilled towards the end of the customer contract; these fees are recognised in income on this basis. Fee and commission income from providing services where performance obligations are satisfied at a point in time.

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria.

These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as bancassurance arrangements where the Bank act as an intermediary in underwriting insurance policies on behalf of insurance companies, sale of cheque books, ATM withdrawal charges, statement charges, salary processing fees and other fees and commissions of that nature

The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Other income: Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities measured at fair value through profit or loss, if any. Other income is recognized in the period in which it is earned.

Contract balances: The following are recognised in the statement of financial position arising from revenue from contracts with customers:

Fees and commissions receivables are included under 'Other assets, which represent the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortised cost and subject to the impairment provisions of IFRS 9.

Unearned fees and commissions are included under 'Other liabilities, which represent the Bank's obligation to transfer services to a customer for which the Bank has received consideration (or an amount of consideration is due) from the customer. A liability for unearned fees and commissions is recognised when the payment is made or the payment is

6.2 FEE AND COMMISSION INCOME (Continued)

due (whichever is earlier). Unearned fees and commissions are recognised as revenue when (or as) the Bank performs. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

6.3 DIVIDEND INCOME

Dividend income is recognized when the bank’s right to receive the payment is established. Dividends are presented as other operating income based on the nature of investments currently held.

6.4 FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as of the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate at the date of initial recognition. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

6.5 LEASES

The determination of whether an arrangement is a lease or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Lease payments are discounted using the interest rate implicit in the lease. When this rate is undeterminable, as is often the case for Bank leases, the lessee's incremental borrowing rate is applied. This rate reflects what the lessee would pay to borrow funds for an asset similar to the right-of-use asset under comparable economic conditions, terms, and security. The Bank computes its incremental borrowing rate by

i. **Identify Comparable Borrowing Arrangements:** Determine the characteristics of the lease arrangement, such as currency, term, and specific asset, and identify comparable borrowing arrangements in the market.
ii. Determine Term Structure: Analyses the term structure of borrowing rates available in the market, considering both short-term and long-term r
iii. **Consider Collateral and Security:** Evaluate the collateral or security provided by the lessee and compare it to typical arrangements for similar assets in the market.

6.5 LEASES (Continued)

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

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets (i.e., those that have the value of TZS 10 million or below) recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

6.5.2. Right-of-use assets

The Bank recognizes 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 in 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 recognized, 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. Refer to Note 25 for further details. The estimated useful lives for the current and comparative periods are as stated:

Item	2024	2023
Right-of-use assets	10 years	10 years

The right-of-use assets are presented in Note 25 right-of-use assets and are Subject to impairment in line with the Bank's policy as described in Note 6.7.5 Impairment of non-financial Assets.

6.5.3. Lease liabilities

At the commencement date of the lease, the bank recognizes lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease if the lease term reflects exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the lease payments (e.g., change to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset

6.6. EMPLOYEE BENEFITS

6.6.1. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the bank has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

6.6.2. Defined Pension contributions plans

The Bank operates a defined contribution plan whereby each of its employees contribute to the state managed (statutory) funds, namely the Public Services Social Security Fund (PSSSF). The Bank contributes 15% of the basic salary for each employee while the employees contribute 5%. Apart from these monthly contributions, the bank has no further commitments or obligations to these funds. The contributions are charged to the profit or loss in the year to which they relate.

6.6.3. Workers Compensation Fund

This is a social security scheme established for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment. The Bank is required to contribute 0.5% (2023:0.5%) of the monthly wage bill. The Bank remits the contributions on a month-to-month basis and costs recognized in respective months.

6.6.4. Management gratuity

This is applied for staff with contracts for a specific period for managerial carder. It is specifically applied to Managers, Functional Directors, and the Managing Director. Their entitlement is paid upon completion of the contract.

6.7. FINANCIAL INSTRUMENTS

6.7.1. Initial recognition & measurement

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank. 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 except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.1. Initial recognition & measurement (Continued)

The Bank classifies the financial instruments into classes that reflect the nature of information and consider the characteristics of those financial instruments. The classification made can be seen in the table below:

Category (As defined by IFRS 9)		Class (as determined by the Bank)	
Financial assets	Amortized cost	Cash and balances with the Bank of Tanzania	Cash in hands Balance with a bank of Tanzania
		Loans and advances to banks	Nostro balances Balances with local banks
		Loans and advances to customers	Loans to individuals
			Loans to corporate entities
			Loans to SMEs
			Loans to Microfinance
		Debt instrument at amortized cost	Government securities
			Corporate Bonds
		Other assets	Individual/retail counterparties Corporate counterparties
	Fair value through other comprehensive income (FVOCI)	Equity instruments designated at FVOCI	Corporate
Financial liabilities	Financial liabilities at amortized cost	Loans and advances from Banks	Corporate
		Corporate Bond	Individual and corporate
		Deposits from customers	Retail customers
			Corporate customers
		Revolving Credit Lines	Corporate creditors
		Other liabilities	Individual/retail suppliers and service providers, regulatory authorities, and business counterparties.
			Corporate suppliers/service providers.

6.7.2. Financial assets

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

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.2. Financial assets (Continued)

(a) Classification and subsequent measurement of financial assets depends on;

i. The Bank's business model for managing the asset; and

ii. The cash flow characteristics of the asset.

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

(b) Amortized cost

Assets that are held for the 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 and similar income' using the effective interest rate method.

(c) Fair value through profit or loss (FVPL):

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 the profit or loss statement.

(d) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for the 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 are taken through OCI, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses, 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.'

(e) Business model assessment

As presented in Note 6.7.2, the Bank's business model determines how the Bank manages assets to generate cash flows.

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

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash

6.7. FINANCIAL INSTRUMENTS (Continued)
6.7.2. Financial assets (Continued)

(e) Business model assessment (Continued)

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

The Bank reclassifies financial assets 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

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

6.7.4. Financial guarantees, letters of credit, and undrawn loan commitments

The bank issues financial guarantees, letters of credit, and loan commitments. The bank does not recognize the financial guarantee within its financial statements. However, since it is under the scope of IFRS 9, the ECL amount is recognized in the statement of financial position within the provision and the movement of such provision is recognized in the statement of profit or loss. The premium received is recognized in the statement of profit or loss in Net upfront interest income on Loans and advances to customers on a straight-line basis over the life of the guarantees.

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.5. Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be POCI.

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss to the extent that an impairment loss has not already been recorded. For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

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 Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition.

The Bank has transferred the financial asset if, and only if, either:

i. The Bank has transferred its contractual rights to receive cash flows from the financial asset or;
ii. 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.

(a) Financial assets

A transfer only qualifies for de-recognition if either:

i. The Bank has transferred substantially all the risks and rewards of the asset.
ii. The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

(b) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, 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 de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.5. Impairment of financial assets

The Bank recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVPL:

i. Loans and advances to banks.
ii. Loans and advances to customers.
iii. Debt investment securities.
iv. Corporate bonds.
v. Letter of credit issues and guarantees.

No impairment loss is recognized on equity investments.

The 12 months' expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both lifetimes' expected credit losses and 12 months' expected credit losses are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments

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

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3 as described below:

i. **Stage 1:** When loans are first recognized, the Bank recognizes an allowance based on 12 months of expected credit losses. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
ii. **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit losses. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.
iii. **Stage 3:** Loans considered credit impaired. The bank records an allowance for the lifetime expected credit losses.

(a) The calculation of Expected Credit Losses

The Bank calculates expected credit losses based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate. 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.

6.7. FINANCIAL INSTRUMENTS (Continued)
6.7.5. Impairment of financial assets (Continued)

(a) The calculation of Expected Credit Losses (Continued)

The mechanics of the expected credit loss calculations are outlined below, and the key elements are as follows:

i. Probability of Default (PD): The Probability of Default 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.
ii. The Exposure at Default (EAD): is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
iii. Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the exposure at default.

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 value. The mechanics of the Expected Credit Losses method are summarized below:

i. **Stage 1:** The 12-month expected credit loss is calculated as the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12-month expected credit loss 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 exposure at default (EAD) and multiplied by the expected loss given default (LGD) and discounted by an approximation to the original effective interest rate (EIR). This calculation is made for each of the four scenarios, as explained previously.
ii. **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit losses. The mechanics are similar to those explained above, including the use of multiple scenarios, but Probability of default (PD) and Loss given default (LGD) are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original effective interest rate (EIR).

iii. **Stage 3**: For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the Probability of default (PD) set at 100%.

6.6 FINANCIAL INSTRUMENTS (Continued)

6.7.5. Impairment of financial assets (Continued)

(a) The calculation of Expected Credit Losses (Continued)

iv. **Financial guarantee contract:** The bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement and the expected credit loss provision. For this purpose, the bank estimates the expected credit losses based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs.

The shortfall is discounted at the risk-adjusted interest rate relevant to the exposure. The calculation is made using the probability weighting of the four scenarios. The expected credit losses related to the financial guarantee contracts are recognized in the statement of profit or loss. Refer to Note 43 for further details.

The calculation of expected credit losses, including the estimation of the expected period of exposure and discount rate, is made on an individual basis for corporate and on a collective basis for retail loan products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics. The mechanics of the Expected Credit Losses method are summarized below:

(b) Forward-looking information

In the expected credit losses models, the Bank relies on a broad range of forward-looking information as economic inputs such as Inflation rate, GDP, nominal, GDP, real GDP, Inflation/consumer price index - % year-on-year, Interest rate, central bank policy, Interest rate lending, Unemployment rate and Exchange rate.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

(c) Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. Collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, and other non-financial assets. The Bank's accounting policy for collateral is assigned to it through its lending arrangements under IFRS 9. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of expected credit losses. It is generally assessed at a minimum, at inception and reassessed at least every three years. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as recognized property valuers.

6.7 FINANCIAL INSTRUMENTS (Continued)

6.7.5. Impairment of financial assets (Continued)

(d) Collateral repossessed

The Bank's policy is to sell the repossessed collateral, and the proceeds obtained will be used to recover the loan outstanding.

In its normal course of business, the Bank 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 customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded in the statement of financial position.

(e) Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances. The Bank's expected credit loss calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit losses models that are considered accounting judgements and estimates include:

i. The Bank's internal credit grading model, which assigns Probability of default to the individual grades.
ii. The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime expected credit losses basis and the qualitative assessment.
iii. The segmentation of financial assets when their expected credit losses are assessed on a collective basis.
iv. Development of Expected credit loss model, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and economic inputs, such as inflation levels and collateral values, 91-day Treasury Bill rate, change in exchange rate and the effect on PDs, EADs and LGDs.

6.8 FINANCIAL INSTRUMENTS (Continued)

6.7.5. Impairment of financial assets (Continued)

(f) 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 Bank 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

i. Significant financial difficulty of the borrower or issuer.
ii. A breach of contract such as a default or past due event.
iii. 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.
iv. The disappearance of an active market for a security because of financial difficulties; or
v. 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—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date.

The Bank writes off non-performing financial assets that have been past due for more than four consecutive quarters. The Bank may write off financial assets in whole or in part when it has exhausted all practical recovery efforts and has concluded 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 Bank'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. The assessment is done for a specific borrower.

6.7.6. Impairment of non-financial assets

At the end of each reporting period, the Bank reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

In determining the recoverable amount, the Bank considers the higher of the fair value of the asset less disposal costs and value in use. In estimating value in use, the Bank is cognizant of

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.6. Impairment of non-financial assets (Continued)

the estimated future cash flows discounted to the present value using a pre-tax discount rate that is reflective of the current market assessment of the time value of money and the risks specific to the asset itself.

Where impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

The impairment losses are recognized in the statement of profit or loss in expenses unless it is stated otherwise. The Bank did not record any impairment related to non-financial assets during the year.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Significant accounting judgements, assumptions and estimates — Note 5.7
- Property, and equipment — Note 24
- Right-of-use asset — Note 25
- Intangible assets — Note 26

6.7.7. Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted balances held with the Bank of Tanzania, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are subject to insignificant risk of change in fair value and are used by the Bank in management of its short-term commitments.

6.7.8. Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost, less accumulated depreciation, and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.8. Property and equipment (Continued)

(a) Recognition and measurement (Continued)

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The Bank derecognized the carrying amount of an item of property and equipment on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

(b) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that future economic benefits of the expenditure will flow to the Bank. Recurrent repairs and maintenance are expensed in the period incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. The depreciation methods, useful lives, and residual lives are reviewed and adjusted, if appropriate, at each reporting date. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative periods are as stated:

Item	2024	2023
Leasehold improvements	10 years	10 years
Motor vehicles	5 years	5 years
Office furniture and fittings	6.67 years	6.67 years
Office equipment	5 years	5 years
Computer equipment	5 years	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Refer to Note 6.7.7 for the accounting policy. The property and equipment carrying amounts have been disclosed in Note 24.

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.9. Work in Progress

These are costs of non-financial assets that have not met the criteria of being recognized under property and equipment or intangible assets. The assets are normally under construction, development, or at acquisition process has not finalized to meet the requirements of accounting standards and Policy.

6.7.10. Intangible assets

These are development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the bank. Development costs are recognized as intangible assets when the following criteria are met:

i. It is technically feasible to complete the software product so that it will be available for use.
ii. Management intends to complete the software product and use or sell it.
iii. There is an ability to use or sell the software product.
iv. It can be demonstrated how the software product will generate probable future economic benefits.
v. Adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and
vi. The expenditure attributable to the software product during its development can be reliably measured.

After initial recognition, The Bank measures its intangible assets at cost less any accumulated amortization and any accumulated impairment losses.

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

Directly incurred costs are capitalized as part of the software product, including the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Costs associated with maintaining software programs are recognized as an expense when incurred.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which do not exceed five years.

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.10. Intangible assets (Continued)

Acquired computer software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized based on the expected useful lives. Software has a maximum expected useful life of 5 years.

Description of Items	Useful Lives
Computer Software	5 Years

The Bank derecognized intangible assets on either disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The Bank recognizes this in profit or loss when the asset is derecognized.

6.7.11. Provisions

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

6.7.12. Taxes

The income tax expense or credit for the period is the tax payable or receivable on the current period’s taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Current income tax relating to items recognized in OCI or directly in equity is recognized in OCI or equity, respectively, and not in profit or loss.

6.7. FINANCIAL INSTRUMENTS (Continued)
6.7.12. Taxes (Continued)

(b) Deferred income tax

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled, it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized 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 utilized, except:

- When 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.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax

6.7. FINANCIAL INSTRUMENTS (Continued)

6.7.12. Taxes (Continued)

(b) Deferred income tax (Continued)

laws) that have been enacted or substantially enacted at the end of the reporting period. Deferred income 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 profit or loss, other comprehensive income, or directly in equity.

(c) Value Added Tax (VAT)

The Bank pays VAT on all its taxable purchases during operation (input tax). The bank also collects VAT on the fees and commissions charged on the financial services according to the prevailing laws and remits to TRA (output tax).

Revenues, expenses, and assets are recognized net of the amount of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the TRA, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of value added tax included.

The net amount of value-added tax recoverable from or payable to the tax authorities is included as part of receivables or payables in the statement of financial position.

6.7.13. Dividend on ordinary share capital

When the Bank's shareholders approve dividends on ordinary shares, they are classified as liability and subtracted from equity. Interim dividends are deducted from equity upon their declaration. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date

6.7.14. Ordinary Share capital

In the context of equity, ordinary shares are classified as "share capital." In equity, any premium that exceeds the par value of the shares is referred to as a "share premium."

6.7.15. Regulatory reserve

This reserve is composed of funds that have been designated to cover the provision for loan losses that are necessary to adhere to the prudential guidelines of the Bank of Tanzania. This reserve is not accessible for distribution. The regulatory reserve is the excess amount over the impairment allowance as defined by IFRS in comparison to the provisional allowance as defined by the Banking and Financial Institutions (2014) regulations.

		2024	2023
7	**INTEREST AND SIMILAR INCOME**	**TZS'000**	**TZS'000**
	Loans and advances to customers	167,995,874	148,750,494
	Interest Income on Digital Loans	29,687,395	5,784,794
	Investment in Government securities	28,605,614	22,493,032
	Upfront interest on Loans and advances to customers	4,027,174	3,874,065
	Loans to banks	2,405,340	3,522,696
	Interest (loss)/gain from valuation of restructured loans	(88,525)	1,547,561
		232,632,872	**185,972,642**

All interest income is recognized using the effective interest rate

		2024	2023
8	**INTEREST EXPENSE**		
	Deposits from customers	72,708,682	58,096,800
	Deposits from banks	22,988,263	14,067,239
	Revolving credit lines	10,394,071	9,374,119
	Corporate Bond	327,146	-
		106,418,162	**81,538,158**
	Other interests and similar expenses:		
	Interest expenses on digital loans *	11,173,109	3,291,251
	Interest Expense on lease liabilities	1,077,942	616,008
		12,251,051	**3,907,259**
		118,669,213	**85,445,417**

All interest expenses above are recognized using the effective interest rate method.

* Interest expenses on digital loans arises due to contractual agreements with business partners on interest income sharing.

		2024	2023
9	**EXPECTED CREDIT LOSS ALLOWANCE**	**TZS'000**	**TZS'000**
	ECL - Loans and advances to customers (note 22)	32,305,861	26,574,269
	ECL - Other Assets (note 29)	714,196	338,864
	ECL – Letters of Credit and Guarantee (note 22)	10,333	634,549
	ECL - Government Securities (note 21)	1,992	(102,015)
	ECL - Loans and advances to Banks (note 20)	(14,345)	(1,072,263)
		33,018,037	**26,373,404**

10A	**FEES AND COMMISSIONS INCOME**		
	Digital loans fees and commission	3,837,572	1,531,686
	Letters of credit	2,714,609	1,300,197
	Cash withdrawal commission	2,171,039	1,827,739
	Telegraphic transfers	2,003,922	1,572,127
	Delivery Channels	1,920,575	1,252,049
	Insurance income	1,802,299	1,202,182
	Ledger fees and customer sundries	1,670,957	1,369,416
	Mobile Transactions Commission	871,039	861,178
	Security perfection	308,317	292,845
	Western union & Money Gram	169,282	69,291
	Fees and commission on Agricultural Business	104,453	54,760
	Cheque books	81,059	86,508
	Minimum balance	57,947	68,972
	Statement fees	57,168	38,328
	Sundry commission income*	30,360	55,094
	Salary processing	29,531	28,250
	Unpaid cheques	14,922	16,970
	Agent Banking Commission	3,990	11,203
		17,849,041	**11,638,795**

* Sundry commission income largely included TZS17.9 million in commission on ATM (2023: TZS4.34), TZS16.7 million in fees and commission on letters of comfort (2023: TZS17.54) million, and TZS16.25 million in other income-foreign money transfer charges (2023: TZS8.06) million and other miscellaneous the sundry commission income.

10B	**FEES AND COMMISSIONS EXPENSES**		
	Visa Expense	3,052,477	1,844,758
	Agent Commission Expense	551,173	365,853
	Fees And Commission-Selcom	225,346	26,514
	Guarantee expenses	145,317	191,861
	Recovery Expense Account	134,300	274,026
	ATM Expenses	75,251	42,238
	Swift Expenses	50,634	63,520
	Debt Collection Expenses	2,533	3,169
	Bank To Wallet Charges	350	14,344
	Digital loans Commission Expense	-	229,993
	Mobile Revenue Services Commission	-	194,200
		4,237,381	**3,250,476**

		2024	2023
11	**TRADING INCOME AND FOREIGN EXCHANGE REVALUATION**	**TZS'000**	**TZS'000**
	Foreign Exchange Trading	18,284,502	6,584,110
	Bond Trading Income	404,363	480,968
	Foreign Exchange (loss)/gain	(1,481,361)	6,027,863
		17,207,504	**13,092,941**
12	**OTHER INCOME**		
	Recoveries from bad debts	9,450,975	7,223,054
	Dividend Income	90,225	83,025
	Gains(loss) on disposal of fixed assets	65,141	(1,100)
	Write back of other liabilities*	-	5,365,474
		9,606,341	**12,670,453**

* Write back of other liabilities pertain to liabilities that were provided during the acquisition of former Bank M. The excess provision amounts of TZS 5 billion were written back after reassessment and follow-ups with counterparts

13	**PERSONNEL EXPENSES**		
	Salaries and wages	26,880,289	24,715,562
	Retirement benefit contribution	3,950,583	3,615,869
	Leave travel	3,062,688	2,907,607
	Staff allowances	2,804,876	2,867,011
	Staff medical insurance	2,408,038	2,387,872
	Loans fair value benefits	2,036,504	1,606,893
	Management Gratuity	1,173,326	952,143
	Skills Development levy	1,172,909	1,162,269
	Other costs staff cost	486,237	309,762
	Staff training	325,402	477,505
	Uniforms	316,000	285,500
	Workers' Compensation Fund	172,515	151,719
	Staff Costs-Bonus*	-	(1,763,751)
		44,789,367	**39,675,961**
14	**PREMISES AND MAINTENANCE COSTS**		
	Water, Fuel, Electricity, Telephone	1,436,703	1,723,718
	Office cleaning	512,735	480,150
	Office rent**	318,576	688,194
	Office parking	133,211	108,804
	Repair and maintenance	101,495	157,789
		2,502,720	**3,158,655**

*Staff costs-bonus, in 2023 bonus was not paid to staff, therefore a release of accrual.

** The office rent is for short-term contracts, and maintenance charges that are not in the scope of IFRS 16, thus, are included in this category.

		2024	2023
15	**EQUIPMENT MAINTENANCE COSTS**	**TZS'000**	**TZS'000**
	Maintenance cost of Computer equipment and Intangibles	4,035,909	2,386,366
	Office, equipment, and furniture maintenance	1,253,545	1,135,416
	Motor vehicles	455,887	419,850
	Generators	145,539	171,472
		5,890,880	**4,113,104**
16	**DEPRECIATION AND AMORTISATION**		
	Depreciation charge on right of use of assets	2,522,270	2,103,023
	Depreciation of Leasehold improvement	975,561	1,221,309
	Depreciation of Office furniture & equipment	966,446	941,632
	Amortisation of Intangible Assets	724,330	1,867,023
	Depreciation of Office Computers	587,782	243,858
	Depreciation of Motor Vehicles	278,626	286,895
		6,055,015	**6,663,740**
17	**GENERAL AND ADMINISTRATIVE EXPENSES**		
	Advertising costs	4,025,526	3,482,345
	Business engagements	2,627,494	1,368,864
	Travel costs	2,617,687	2,046,060
	Communication and postage	2,095,966	1,257,259
	Security costs	1,743,428	1,506,407
	Deposit Insurance Fund	1,681,083	1,006,382
	VAT expense cost	849,392	1,872,909
	Stationery and Printing	781,161	773,534
	Insurance costs	780,114	683,201
	Legal and other professional fees	638,807	460,972
	Board of Directors-Other Expenses	620,690	511,865
	Bank charges	529,016	287,786
	Cash handling and repatriation expenses	459,850	269,970
	City service levy	405,277	223,733
	Auditors' remuneration	376,571	328,468
	Board of Directors fees	277,500	324,239
	Consumables	262,186	197,300
	Other costs*	213,239	200,558
	Staff cost committee meetings	187,778	217,745
	Write offs	172,746	797,048
	Banking licence	162,110	96,356
	Subscription	109,575	103,677
	Burial support	42,000	39,514
	Tax consultancy fee	31,412	35,000
		21,690,608	**18,091,192**

* Other costs mainly included auction Expenses TZS 49 (2023: TZS 18) million, excise duty - imported Services TZS 40 million (2023: nil), field Student Allowances TZS 33 (2023: TZS 23) million, and other miscellaneous expenses

18 INCOME TAX EXPENSE

	2024	2023 Restated
	TZS'000	TZS'000
Current tax – current periods	1,701,115	1,010,407
Current tax – prior periods	-	1,083,835
Deferred tax – current periods	711,992	2,204,783
	2,413,107	**4,299,025**
Reconciliation of tax expense to tax based on accounting profit:		
Profit before tax	40,442,537	36,602,882
Tax calculated at a tax rate of 30%	12,132,761	10,980,865
Tax effect of:		
Permanent disallowed expenses	318,511	825,317
Income not taxable	(10,038,165)	(6,423,322)
Prior year under provision of tax – current tax	-	(1,083,835)
	2,413,107	**4,299,025**

19 CASH AND BALANCE WITH THE BANK OF TANZANIA

Cash in hand	35,134,124	39,125,253
Balances with the Bank of Tanzania		
- Statutory Minimum Reserve (SMR)*	67,232,185	54,842,152
- Current account	31,839,879	23,237,650
Gross Carrying Amount	**134,206,188**	**117,205,055**
ECL-Bank of Tanzania**	-	-
Net Carrying Amount	**134,206,188**	**117,205,055**

* Banks are mandated to maintain a minimal cash reserve on deposits with the Bank of Tanzania (Statutory minimal Reserve-SMR). The SMR deposit is not accessible to finance the bank's daily operations; consequently, it is excluded from the cash and cash equivalents category in the cash flow statement.

** The bank conducted a reassessment of the recoverability of assets held against the Bank of Tanzania during the year and determined that they were 100% recoverable (2023:100%). Thus, the ECL on cash and balances with the Bank of Tanzania is zero.

		2024	2023
20	**LOANS AND ADVANCES TO BANKS**	**TZS'000**	**TZS'000**
	Items in the course of collection	13,857,864	6,943,278
	Items in the course of clearing-MNOs	8,874,702	11,231,373
	Nostro balances	8,922,342	9,632,376
	Placements with banks	44,801,878	45,642,126
	Accrued interest receivable	66,335	124,030
	Gross Carrying Amount	**76,523,121**	**73,573,183**
	ECL-Loans and Advances to Banks	(368,407)	(382,752)
	Net Carrying Amount	**76,154,714**	**73,190,431**
	Maturity profile		
	Maturities within 12 months	76,523,121	73,573,183
	Maturities after 12 months	-	-
	Gross Carrying Amount	**76,523,121**	**73,573,183**

Placements with other institutions are not secured; however, they generate interest at market rates. Placements with other banks generated an average of 7.46% in local currency and 8.01% in USD as of December 31, 2024 (compared to 5.9% and 3.2% in 2023).

ECL movement during the year		
Balance as of 1 January	382,752	1,971,005
Release within the year	(14,345)	(1,072,263)
Charge off during the year	-	(515,990)
Balance as of 31st December	**368,407**	**382,752**

20 LOANS AND ADVANCES TO BANKS (Continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 42 and policies about how ECL allowances calculation are set out in Note 6.7

Internal Rating Grade 2024				
Performing:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Current Category	76,523,121	-	-	76,523,121
Gross carrying amount as at 31-Dec-2024	**76,523,121**	**-**	**-**	**76,523,121**
Gross carrying amount as of 1 January 2024	73,573,183	-	-	73,573,183
New Assets originated or purchased	76,523,121	-	-	76,523,121
Assets derecognized or repaid (excluding write offs)	(73,573,183)	-	-	(73,573,183)
Assets Written Off	-	-	-	-
Gross carrying amount as at 31-Dec-2024	**76,523,121**	**-**	**-**	**76,523,121**

Internal Rating Grade 2023				
Performing:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Current Category	73,573,183	-	-	73,573,183
Gross carrying amount as at 31-Dec-2023	**73,573,183**	**-**	**-**	**73,573,183**
Gross carrying amount as of 1 January 2023	97,742,452	-	505,549	98,248,001
New Assets originated or purchased	73,573,183	-	-	73,573,183
Assets derecognized or repaid (excluding write offs)	(97,742,452)	-	-	(97,742,452)
Assets Written Off	-	-	(505,549)	(505,549)
Gross carrying amount as at 31-Dec-2023	**73,573,183**	**-**	**-**	**73,573,183**

20. LOANS AND ADVANCES TO BANKS (Continued)

The table below shows the analysis of changes in ECL allowance amount of the Loans and advances to banks and items for clearing as at 31 December 2024:

Descriptions	Stage 1	Stage 2	Stage 3	Total
ECL allowance as of 1 January 2024	382,752	-	-	382,752
New assets originated or purchased	368,407	-	-	368,407
Assets derecognized or repaid	(382,752)	-	-	(382,752)
Assets Written off	-	-	-	-
On 31 December 2024	**368,407**	**-**	**-**	**368,407**

The table below shows the analysis of changes in ECL allowance amount of the Loans and advances to banks and items for clearing as of 31 December 2023:

Descriptions	Stage 1	Stage 2	Stage 3	Total
ECL allowance as of 1 January 2023	1,465,456	-	505,549	1,971,005
New assets originated or purchased	382,752	-	-	382,752
Assets derecognized or repaid	(1,465,456)	-	-	(1,465,456)
Assets Written off	-	-	(505,549)	(505,549)
On 31 December 2023	**382,752**	**-**	**-**	**382,752**

21 DEBT INSTRUMENTS AT AMORTISED COST

	2024 TZS'000	2023 TZS'000
Treasury bills	70,486,000	59,197,570
Deferred Income of a treasury bills*	(4,609,146)	(3,314,879)
Treasury Bonds	185,664,300	177,064,300
Corporate Bond	3,800,000	3,200,000
Unearned discount**	(1,882,669)	(2,716,077)
Interest receivable	5,184,843	4,332,511
Gross carrying Amount	**258,643,328**	**237,763,425**
ECL-Government Securities	(6,080)	(4,088)
	258,637,248	**237,759,337**
Maturities profile		
Debt Instruments at Amortised Cost maturing within 12 months	77,202,390	57,882,692
Debt Instruments at Amortised Cost maturing after 12 months	181,440,938	179,880,733
	258,643,328	**237,763,425**
ECL-Government Securities		
Balance as of 1 January	4,088	106,103
Addition/(release) within the year	1,992	(102,015)
Balance as of 31 December	**6,080**	**4,088**

21 DEBT INSTRUMENTS AT AMORTISED COST (Continued)

As of 31 December 2024, the corporate bonds investment profile was as follows;

Company Name	Issue Date	Maturity Date	Coupon Rate %	Amount TZS'000
Tanzania Mortgage Refinance Co Ltd	May-21	May-26	10.48	200,000
Tanzania Mortgage Refinance Co Ltd	May-23	May-28	10.2	1,000,000
National Microfinance Bank	Nov-23	Nov-26	9.5	1,000,000
TANGA UWASA	Apr-24	Apr-34	13.5	100,000
iTRUST FINANCE LIMITED	Jun-24	Jun-27	12.0	1,500,000
				3,800,000

As of 31 December 2023, the corporate bonds investment profile was as follows;

Company Name	Issue Date	Maturity Date	Coupon Rate	Amount
Tanzania Mortgage Refinance Co Ltd	May-19	May-24	13.21	1,000,000
Tanzania Mortgage Refinance Co Ltd	May-21	May-26	10.48	200,000
Tanzania Mortgage Refinance Co Ltd	May-23	May-28	10.2	1,000,000
National Microfinance Bank	Nov-23	Nov-26	9.5	1,000,000
				3,200,000

*-' The deferred income of treasury bills is the difference between the cost of a treasury bill and its face value. It is accounted on the statement of financial position and credited to income gradually over the life of the bill.

**An unearned discount is the difference between the cost of a bond and its face value. It is accounted in the statement of financial position and then credited to income gradually over the life of the bond.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 42, and policies about how ECL allowances calculation is set out in Note 6.7

21 DEBT INSTRUMENTS AT AMORTISED COST (Continued)

Internal Rating Grade 2024

Performing:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Current Category	258,643,328	-	-	258,643,328
Gross carrying amount as at 31-Dec-2024	**258,643,328**	**-**	**-**	**258,643,328**

An analysis of changes in the gross carrying amount is as follows;

Descriptions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as of 1 January 2024	237,763,335	-	-	237,763,335
New Assets originated or purchased	78,762,685	-	-	78,762,685
Assets derecognized or repaid (excluding write-offs)	(57,882,692)	-	-	(57,882,692)
Gross carrying amount as at 31-Dec-2024	**258,643,328**	**-**	**-**	**258,643,328**

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification for 2023.

Internal Rating Grade 2023

Performing:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Current Category	237,763,335	-	-	237,763,335
Gross carrying amount as at 31-Dec-2023	**237,763,335**	**-**	**-**	**237,763,335**

An analysis of changes in the gross carrying amount is as follows;

Descriptions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as of 1 January 2023	199,026,134	-	-	199,026,134
New Assets originated or purchased	138,367,570	-	-	138,367,570
Assets derecognized or repaid (excluding write-offs)	(99,630,369)	-	-	(99,630,369)
Gross carrying amount as at 31-Dec-2023	**237,763,335**	**-**	**-**	**237,763,335**

22	LOANS AND ADVANCES TO CUSTOMERS	2024	2023
			Restated
	Individual loans	**TZS'000**	**TZS'000**
	Overdrafts	22,279,623	19,817,517
	Personal loans	124,190,910	89,050,424
	MFI Loans	2,268,526	3,001,710
	Digital loans	26,267,465	5,227,058
	Consumer loans	213,285,002	110,918,966
	Mortgage	29,671,823	28,236,996
	Project Finance	25,562,962	15,107,070
		443,526,311	**271,359,741**
	Corporate / SMEs		
	Overdrafts	261,322,600	275,561,614
	Term loans	1,072,851,636	1,035,511,068
		1,334,174,236	**1,311,072,682**
	Staff loans	49,193,642	41,864,512
	Interest receivable	46,045,172	32,540,088
		95,238,814	**74,404,600**
	Gross loans and advances	**1,872,939,361**	**1,656,837,023**
	ECL for Loans and Advances	(47,422,448)	(52,277,735)
		(47,422,448)	**(52,277,735)**
	Net loans and advances	**1,825,516,913**	**1,604,559,288**
	Maturities within 12 months	780,813,131	644,224,033
	Maturities after 12 months	1,092,126,230	1,012,612,990
		1,872,939,361	**1,656,837,023**

Opening balance as of January	(52,277,735)	(74,432,644)
Loans and advances impairment charge during the year- Note 9	(32,305,861)	(26,574,269)
Letters of credit & Guarantee impairment charge during the year-Note 9	(10,333)	(634,549)
Charged-off accounts	37,171,481	49,363,727
As at 31 December	**(47,422,448)**	**(52,277,735)**
ECL for Loans and Advances and Off-Balance Sheet		
ECL for Loans and Advances on Balance Sheet	(47,407,050	(52,272,670)
ECL from Letter of credit and guarantee	(15,398)	(5,065)
	(47,422,448)	**(52,277,735)**

22 LOANS AND ADVANCES TO CUSTOMERS (Continued)

Based on the Bank's internal credit rating system and year-end stage classification, the following table displays the maximum exposure to credit risk and credit quality. The gross sums are inclusive of impairment allowances. Note 42 explains the Bank's internal grading system, while Note 6.7 delineates the policies regarding the computation of ECL allowances. These comprise solely principal sums. Interest in suspense, interest receivable, and fair value are excluded.

Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing:				
Current category	1,494,911,092	-	-	1,494,911,092
Especially mentioned category	-	265,235,076	-	265,235,076
Non-performing:				
Substandard category	-	-	31,003,093	31,003,093
Doubtful category	-	-	14,135,321	14,135,321
Loss category	-	-	67,654,779	67,654,779
At 31 December 2024	**1,494,911,092**	**265,235,076**	**112,793,193**	**1,872,939,361**

Gross carrying amount movement

Descriptions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As of 1 January 2024	1,373,705,917	177,932,507	105,198,599	1,656,837,023
New assets originated or purchased or modified	492,995,691	190,385,641	95,328,414	778,709,746
Assets derecognized or repaid (excluding write offs)	(286,834,009)	(163,534,734)	(75,067,184)	(525,435,927)
Transfers to Stage 1	12,729,364	(8,414,688)	(4,314,676)	-
Transfers to Stage 2	(71,970,351)	71,970,351	-	-
Transfers to Stage 3	(25,715,520)	(3,104,001)	28,819,521	-
Amounts written off	-	-	(37,171,481)	(37,171,481)
As of 31 December 2024	**1,494,911,092**	**265,235,076**	**112,793,193**	**1,872,939,361**

22 LOANS AND ADVANCES TO CUSTOMERS (Continued)

Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing:				
Current category	1,373,705,917	-	-	1,373,705,917
Especially mentioned category	-	177,932,507	-	177,932,507
Non-performing:				-
Substandard category	-	-	52,551,072	52,551,072
Doubtful category	-	-	22,897,818	22,897,818
Loss category	-	-	29,749,709	29,749,709
On 31 December 2023	**1,373,705,917**	**177,932,507**	**105,198,599**	**1,656,837,023**

Gross carrying amount movement

Descriptions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
As of 1 January 2023	736,587,941	106,452,416	239,571,726	1,082,612,083
New assets originated or purchased or modified	911,776,840	157,598,796	34,439,078	1,103,814,714
Assets derecognized or repaid (excluding write-offs) *	(251,800,566)	(100,994,023)	(123,132,095)	(475,926,684)
Transfers to Stage 1	993,794	(768,066)	(225,728)	-
Transfers to Stage 2	(16,281,902)	16,281,925	(23)	-
Transfers to Stage 3	(7,570,190)	(638,541)	8,208,731	-
Amounts written off	-	-	(53,663,090)	(53,663,090)
On 31 December 2023	**1,373,705,917**	**177,932,507**	**105,198,599**	**1,656,837,023**

Stage transfers have been recorded in accordance with the opening ECL balances.

* This category accommodates changes of derecognised, repaid, and remeasured values that result from changes in model assumptions, model drivers, and exposures.

22 LOANS AND ADVANCES TO CUSTOMERS (Continued)

The table below contains an analysis of the changes in ECL amount for the loans and advances to customers recorded in the statement of profit or loss and other comprehensive income during the year. Notably, these do not include ECL for off-balance sheet items.

Descriptions:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance as of 1 January 2024	8,880,882	636,992	42,754,795	52,272,669
New assets originated or purchased	6,589,206	2,349,533	55,657,037	64,595,776
Assets derecognized or repaid (excluding write-offs)	(670,049)	(1,035,152)	(30,584,713)	(32,289,914)
Transfer to stage 1	19,525	(417)	(19,108)	-
Transfer to stage 2	(47,600)	47,600	-	-
Transfer to stage 3	(8,656,312)	(354,701)	9,011,013	-
Amounts written off	-	-	(37,171,481)	(37,171,481)
ECL for loans and advances as at 31 December 2024	**6,115,652**	**1,643,855**	**39,647,543**	**47,407,050**
ECL from Letter of credit and guarantee	15,398	-	-	15,398
On 31 December 2024	**6,131,050**	**1,643,855**	**39,647,543**	**47,422,448**
ECL allowance as of 1 January 2023	7,102,953	452,221	66,237,856	73,793,030
New assets originated or purchased	3,477,551	523,391	31,573,897	35,574,839
Assets derecognized or repaid (excluding write-offs)	(1,745,232)	(332,499)	(1,354,378)	(3,432,109)
Transfer to stage 1	68,680	(7,779)	(60,901)	-
Transfer to stage 2	(4,601)	4,601	-	-
Transfer to stage 3	(18,469)	(2,943)	21,412	-
Amounts written off	-	-	(53,663,090)	(53,663,090)
ECL for loans and advances as at 31 December 2023	**8,880,882**	**636,992**	**42,754,796**	**52,272,670**
ECL from Letter of credit and guarantee	5,065	-	-	5,065
At 31 December 2023	**8,885,947**	**636,992**	**42,754,795**	**52,277,735**

23 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Descriptions	TMRC Investment*	First Housing Finance**	Umoja Switch***	Total
Opening - Investment Cost as of 31 January 2024	2,500,000	8,720,000	20,000	11,240,000
Addition	-	-	470,466	470,466
Financial assets at cost as of 31st December 2024	**2,500,000**	**8,720,000**	**490,466**	**11,710,466**
Fair Value Balance as of 31 January 2024	1,555,000	(507,562)	141,559	1,188,997
Change in fair value in the Period	1,189,909	106,417	2,211,646	3,507,972
Fair Value Balance as of 31 December 2024	**2,744,909**	**(401,145)**	**2,353,205**	**4,696,969**
Financial assets at FVOCI as of 31st December 2024	**5,244,909**	**8,318,855**	**2,843,671**	**16,407,435**
Fair Value Reserve Through OCI (70%)	**1,921,436**	**(280,802)**	**1,647,243**	**3,287,877**
Opening - Investment Cost as of 31st January 2023	2,500,000	8,720,000	20,000	11,240,000
Addition	-	-	-	-
Financial assets at cost as of 31st December 2023	**2,500,000**	**8,720,000**	**20,000**	**11,240,000**
Fair Value Balance as of 31 January 2023	1,555,000	(507,562)	141,559	1,188,997
Change in fair value in the Period	-	-	-	-
Fair Value Balance as of 31 December 2023	**1,555,000**	**(507,562)**	**141,559**	**1,188,997**
Financial assets at FVOCI as of 31 December 2023	**4,055,000**	**8,212,438**	**161,559**	**12,428,997**
Fair Value Reserve Through OCI (70%)	**1,088,500**	**(355,293)**	**99,091**	**832,298**

*The Tanzania Mortgage Refinance Company (TMRC) is a specialized financial institution that offers long-term funding to financial institutions for the purpose of mortgage lending. One of the objectives of TMRC is to facilitate mortgage lending to institutions by refinancing the mortgage portfolio of primary mortgage lenders (PMLs). Azania Bank Plc, one of the founding members, currently possesses TZS 2,500 million in ordinary shares for TZS 1,000 each.

**The First Housing Finance (T) Limited is a Tanzanian company that was established exclusively with the purpose of providing residential mortgage financing. The Azania Bank holds 40% of the company's equity.

***The bank's share ownership in Umoja Switch increased to 20% (2023:9%) because of the TZS 470 million investment made during the year.

24 PROPERTY AND EQUIPMENT

	Leasehold improvement	Motor Vehicles	Office furniture & equipment	Office Computers	Capital work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost						
As of 1 January 2024	**12,499,302**	**3,304,950**	**9,642,256**	**3,032,004**	**2,328,779**	**30,807,291**
Additions	631,869	-	695,334	2,491,505	822,332	4,641,040
Transfer	662,277	132,986	193,203	1,105,218	(2,093,684)	-
Disposals	-	(127,846)	(113,529)	(5,534)	-	(246,909)
Reclassification*	-	-	-	-	(235,095)	(235,095)
As of 31 December 2024	**13,793,448**	**3,310,090**	**10,417,264**	**6,623,193**	**822,332**	**34,966,327**
Accumulated depreciation						
As of 1 January 2024	**(8,109,513)**	**(2,603,792)**	**(7,046,598)**	**(2,196,050)**	**-**	**(19,955,953)**
Charge for the year	(975,561)	(278,626)	(966,446)	(587,782)	-	(2,808,415)
Disposals	-	102,977	112,985	5,534	-	221,496
As of 31 December 2024	**(9,085,074)**	**(2,779,441)**	**(7,900,059)**	**(2,778,298)**	**-**	**(22,542,872)**
Net book value as of 31 December 2024	**4,708,374**	**530,649**	**2,517,205**	**3,844,895**	**822,332**	**12,423,455**

*There was a transfer of TZS 235 million from the work in progress account to the expense account.

24 PROPERTY AND EQUIPMENT (Continued)

	Leasehold improvement	Motor Vehicles	Office furniture & equipment	Office Computers	Capital work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost						
As at 1 January 2023	11,481,480	2,803,690	8,143,739	2,579,031	1,428,328	26,436,268
Additions	918,265	501,260	875,454	419,925	2,423,649	5,138,553
Reclassification*	-	-	-	-	(678,745)	(678,745)
Transfer	99,557	-	679,428	65,468	(844,453)	-
Disposals		-	(56,365)	(32,420)	-	(88,785)
As of 31 December 2023,	**12,499,302**	**3,304,950**	**9,642,256**	**3,032,004**	**2,328,779**	**30,807,291**
Accumulated depreciation						
As of 1 January 2023,	(6,888,204)	(2,316,897)	(6,160,513)	(1,982,216)	-	(17,347,830)
Charge for the year	(1,221,309)	(286,895)	(941,632)	(243,858)	-	(2,693,694)
Disposals	-	-	55,56	30,023	-	85,569
As at 31 December 2023	**(8,109,513)**	**(2,603,792)**	**(7,046,598)**	**(2,196,050)**	**-**	**(19,955,953)**
Net book value as of 31 December 2023	**4,389,789**	**701,158**	**2,595,657**	**835,953**	**2,328,780**	**10,851,337**

*In total, TZS 679 million were exposed out of the TZS 1,523 million that was transmitted from the work-in-progress account.

		2024	2023
25	**RIGHT OF USE OF ASSETS**	**TZS'000**	**TZS'000**
	Cost		
	As of 1 January	14,622,647	12,795,614
	Additions	4,780,823	2,109,861
	Modification	2,654,615	(282,828)
	As of 31 December	**22,058,085**	**14,622,647**
	Accumulated depreciation		
	As of 1 January	(9,190,106)	(7,271,148)
	Charge for the year	(2,522,270)	(2,103,023)
	Modification	539,060	184,065
	As of 31 December	**(11,173,316)**	**(9,190,106)**
	Net book value as of 31 December	**10,884,769**	**5,432,541**

26	**INTANGIBLE ASSETS**		
	Cost		
	As of 1 January	13,680,794	13,086,781
	Addition	2,208,828	594,013
	Transfer from work in progress	1,564,798	-
	As of 31 December	**17,454,420**	**13,680,794**
	Capital work in progress		
	As of 1 January,	1,596,128	64,888
	Addition	-	1,531,240
	Transfer	(1,564,798)	-
	As of 31 December	**31,330**	**1,596,128**
	Total Cost as of December	**17,485,750**	**15,276,922**
	Accumulated amortisation		
	As of 1 January,	(12,677,289)	(10,810,266)
	Charge for the year	(724,330)	(1,867,023)
	As of 31 December	**(13,401,619)**	**(12,677,289)**
	Net book value as of 31 December	**4,084,131**	**2,599,633**

Intangible assets include the core banking system that is presently in use and other peripheral systems that are used for daily bank operations.

27	**CURRENT TAX ASSET**		
	As of 1 January,	2,284,664	2,195,106
	Current tax - current periods	(1,701,115)	(1,010,407)
	Current tax - prior periods	-	(1,083,835)
	Payment during the year	4,491,276	2,183,800
	As of 31 December	**5,074,825**	**2,284,664**

28 DEFERRED TAX ASSET

The enacted tax rate of 30% is used to calculate deferred tax, except for capital gains, which are calculated at the enacted rate of 5% (2023: 30% and 5%, respectively). The bank did not record any capital gains throughout the year. Deferred tax assets and liabilities, as well as the deferred tax charge/credit) in the profit and loss account and the comprehensive income, are attributed to the following items:

Year ended 31 December 2024	As at 1st January 2024	(Credited)/charged to profit or loss	As at 31-Dec-2024	As at 31-Dec-2024
Deferred income tax asset		**TZS'000**		
Property, plant and equipment	1,683,537	(418,993)	-	1,264,544
Other provisions	(389,464)	-	-	(389,464)
Allowance for expected credit losses	(14,671,161)	(43,774)	-	(14,714,935)
Interest in Suspense	(8,547,872)	(1,016,343)	-	(9,564,215)
Lease liabilities	(1,129,297)	(196,287)	-	(1,325,584)
Management gratuity	(399,070)	(164,285)	-	(563,355)
Tax loss carried forward	(30,038,384)	2,551,674	-	(27,486,710)
	(53,491,711)	711,992	**-**	(52,779,719)
Other comprehensive income				
Available for sale Investment	(505,879)	-	1,052,391	546,512
Total From OCI	**(505,879)**	**-**	**1,052,391**	**546,512**
Net deferred tax liability/(asset)	**(53,997,590)**	**711,992**	**1,052,391**	**(52,233,207)**
Year ended 31 December 2023				
Deferred income tax asset				
Property, plant and equipment	1,423,660	259,877	-	1,683,537
Other provisions	(1,955,683)	1,566,219	-	(389,464)
Allowance for expected credit losses	(22,861,198)	8,190,037	-	(14,671,161)
Interest in Suspense	(15,768,663)	7,220,791	-	(8,547,872)
Lease liabilities	(535,072)	(594,225)	-	(1,129,297)
Management gratuity	(168,781)	(230,289)	-	(399,070)
Tax loss carried forward	(15,830,757)	(14,207,627)	-	(30,038,384)
	(55,696,494)	**2,204,783**	**-**	**(53,491,711)**
Other comprehensive income				
Available for sale Investment	(505,879)	-	-	(505,879)
Total From OCI	**(505,879)**	**-**	**-**	**(505,879)**
Net deferred tax liability/(asset)	**(56,202,373)**	**2,204,783**	**-**	**(53,997,590)**

		2024	2023
29	**OTHER ASSETS**	**TZS'000**	**TZS'000**
	Sundry receivable*	49,559,708	28,860,870
	Prepaid expenses	3,144,370	7,047,827
	Collection account	28,594	25,213
	Gross Carrying Amount	**52,732,672**	**35,933,910**
	ECL-Other Assets	(1,252,851)	(538,655)
	Net Recoverable	**51,479,821**	**35,395,255**
	Maturing within 12 months	52,321,694	31,401,988
	Maturing after 12 months	410,978	4,531,922
		52,732,672	**35,933,910**
	Movement of provisions		
	Opening balance	538,655	199,791
	Charge during the year	714,196	338,864
		1,252,851	**538,655**

* Sundry receivable is comprised of security deposits by service providers and claims that the Bank anticipates receiving in the course of business.

30	**LOANS AND ADVANCES FROM BANKS**		
	Deposits from Banks	321,745,643	287,999,098
	Accrued interest	589,829	479,786
		322,335,472	**288,478,884**
	Maturing within 12 months	322,335,472	288,478,884
	Maturing after 12 months	-	-
		322,335,472	**288,478,884**
31	**DEPOSITS FROM CUSTOMER**		
	Current accounts	960,555,280	797,185,347
	Savings accounts	155,071,710	126,999,598
	Term deposits	451,653,739	468,060,590
	Other deposits	6,599,576	2,369,163
	Accrued interest	21,536,503	19,810,323
		1,595,416,808	**1,414,425,021**
	Maturing within 12 months	1,553,598,679	1,399,046,143
	Maturing after 12 months	41,818,129	15,378,878
		1,595,416,808	**1,414,425,021**

		2024	2023
32	**REVOLVING CREDIT LINES**	**TZS'000**	**TZS'000**
	Principal Amount	122,103,948	146,820,478
	Accrued interest	1,843,667	1,250,950
		123,947,615	**148,071,428**
	Tanzania Mortgage Refinancing Company (TMRC)	15,700,000	15,700,000
	National Social Security Fund (NSSF)	30,000,000	38,925,000
	Public Service Social Security Fund (PSSSF)	39,798,649	42,504,809
	National Health Insurance Fund (NHIF)	5,470,090	15,560,969
	Worker Compensation Fund (WCF)	-	11,058,442
	Bank of Tanzania	21,135,209	23,071,258
	Tanzania Agricultural Dev Bank (TADB)	10,000,000	-
	Accrued interest	1,843,667	1,250,950
		123,947,615	**148,071,428**
	Movement During the Year		
	As of 1 January	148,071,428	152,810,833
	Addition during the year	10,000,000	-
	Payments	(34,716,530)	(4,655,560)
	Accrued interest	592,717	(83,845)
	As of 31 December	**123,947,615**	**148,071,428**
	Maturing within 12 months	100,603,948	107,620,478
	Maturing after 12 months	23,343,667	40,450,950
		123,947,615	**148,071,428**

Since 2019, the bank has contracted long-term revolving funds worth TZS 137.6 billion from social security funds (PSSSF, NSSF, NHIF, and WCF) to stabilize liquidity and align with long-term investments. These funds have varying interest rates and do not have any collateral pledged against them. The maturity of these funds is scheduled for 2025. Furthermore, a total of TZS 15.7 billion in long-term deposits was secured from TMRC, with TZS 4.2 billion maturing in 2025 and TZS 11.5 billion maturing in 2027.

During the year, a total of TZS 33.5 billion matured and were settled, but the bank secured a five-year fund of TZS 10.0 billion from TADB that were channelled to the agricultural sector. The table below presents the interest profile of the revolving funds as of 31st December 2024.

32 REVOLVING CREDIT LINES (Continued)

Customer Name	Rate	Principal amount in TZS'000
Public Service Social Security Fund (PSSSF)	11.00	25,000,000
Public Service Social Security Fund (PSSSF)	1.50	1,205,000
Public Service Social Security Fund (PSSSF)	5.50	3,615,000
Public Service Social Security Fund (PSSSF)	5.50	9,978,650
BANK OF TANZANIA (BOT)	5.00	21,135,208
NATIONAL SOCIAL SECURITY FUND (NSSF)	10.63	30,000,000
NATIONAL HEALTH INSURANCE FUND(NHIF)	4.50	5,470,090
TANZANIA AGRICULTURE DEVELOPMENT BANK (TADB)	7.00	10,000,000
TANZANIA MORTGAGE REFINANCE (TMRC)	7.50	15,700,000
Total		**122,103,948**

	2024 TZS'000'	2023 TZS'000'
33 CORPORATE BOND		
Principal Corporate Bond	58,449,980	3,531,616
Accrued Interest	319,399	13,510,373
	58,769,379	**22,039,252**
Maturing within 12 months	319,399	-
Maturing after 12 months	58,449,980	-
	58,769,379	**-**

During the year, the bank issued a four-year corporate bond with a coupon rate of 12.5%, which will be paid quarterly. The bond has been registered with the Dar es Salaam Stock Exchange and is set to mature in December 2028.

34 OTHER LIABILITIES		
Unamortised arrangement fees	5,528,941	3,667,027
Other liabilities	5,180,829	10,505,390
Payables on digital loans	4,952,608	1,220,128
Accrued expenses	3,933,199	3,531,611
Payable on other taxes	2,016,677	1,784,864
Staff bonus and gratuity	1,877,853	1,330,232
	23,490,107	**22,039,252**
Maturing within 12 months	20,215,612	20,551,663
Maturing after 12 months	3,274,495	1,487,589
	23,490,107	**22,039,252**

		2024	2023
35	**LEASE LIABILITIES**	**TZS'000'**	**TZS'000'**
	As of 1 January	5,933,045	5,351,732
	Addition	4,780,823	2,109,861
	Accrued Interest	1,077,942	616,008
	Modification	3,246,830	(60,027)
	Exchange Rate Effect	(105,063)	(19,750)
	Payment	(3,403,925)	(2,064,779)
	As of 31 December	**11,529,652**	**5,933,045**
	Maturing within 12 months	2,669,719	3,403,925
	Maturing after 12 months	8,859,933	2,529,120
		11,529,652	**5,933,045**

36	**SHARE CAPITAL**		
a.	**AUTHORISED SHARE CAPITAL**		
	500,000,000 ordinary shares @ 1,000	500,000,000	500,000,000
		500,000,000	**500,000,000**
b.	**ISSUED SHARE CAPITAL**		
	185,493,271 ordinary shares @ 1,000	185,493,271	185,493,271
		185,493,271	**185,493,271**
	Movement of shares during the year was as follows:		
	As of 1 January,	185,493,271	185,493,271
	Addition during the year	-	-
	As of 31 December	**185,493,271**	**185,493,271**
37	**Advance towards share capital**		
	As of 1 January,	253,601	34,600
	Addition during the year	37,000	219,001
	Transfer to Share capital	-	-
	As of 31 December	**290,601**	**253,601**

A total of 37,000 shares (2023:219,001) were subscribed to by minority shareholders at TZS 1,000 per share.

		2024	2023
38	**CASH AND CASH EQUIVALENT**	**TZS'000'**	**TZS'000'**
	Cash in hand	35,134,124	39,179,678
	Balances with Bank of Tanzania- Current account	31,839,879	23,237,650
	Balances with other banks maturing within 3 months	76,316,756	73,573,183
	Debt instruments maturing within 3 months	25,005,600	11,500,000
		168,296,359	**147,436,086**

39. CAPITAL MANAGEMENT

The Bank's objectives in capital management extend beyond the notion of equity. These objectives are as follows:

• To comply with the capital requirements established by the banking industry regulator

• To ensure that the Bank can continue to provide benefits and returns to shareholders and other stakeholders as a going concern

• To maintain a strong capital base to support the growth of its business

The Bank monitors capital adequacy and regulatory capital on a daily basis by employing techniques that are based on the guidelines developed by the Basel Committee and adopted by the Bank of Tanzania (BOT) for supervisory purposes. On a quarterly basis, the necessary information is submitted to BOT.

According to the Banking and Financial Institutions (2014) Regulations, each bank or banking entity is required

a) to maintain a minimum level of regulatory capital of TZS 15,000 million.

b) Additionally, the regulation requires

- A bank must maintain a Core Capital of at least 10% and a total Core Capital of 12.5% of its total risk-weighted assets, plus risk-weighted off-balance sheet items, and
- Maintain Total Capital of at least 12% (plus 2.5% capital conservation buffer) of its total risk-weighted assets, plus risk-weighted off-balance sheet items, in accordance with the revised 2014 regulations.

The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital: share capital, retained earnings, and reserves created by appropriations of retained earnings, except reserves established to mitigate the anticipated loss resulting from non-performing loans. Tier 1 capital is determined by subtracting prepaid expenses and deferred charges: and
- Tier 2 capital: unrealized gains arising on the fair valuation of equity instruments held as held for trading and qualifying subordinated loan capital.

The Bank's policy is to preserve a robust capital base in order to ensure the future growth of the business and to maintain the confidence of investors, creditors, and the market.

The bank's regulatory capital composition and ratios for the year ending December 31, 2024, are summarized in the table below. The Bank adhered to the capital adequacy ratio and the sole borrower's limit during the year in question.

39. CAPITAL MANAGEMENT (Continued)

CAPITAL ADEQUACY	2024 TZS'000	2023 TZS'000
Ordinary share capital	185,493,271	185,493,271
Advance towards capital	290,601	253,601
Retaining earning	81,084,260	74,100,503
	266,868,132	259,847,375
Less		
Prepayments	(3,144,370)	(7,047,827)
Deferred tax	(52,233,207)	(53,997,590)
Total core capital	**211,490,555**	198,801,958
Tier 2 capital	-	-
Total capital	**211,490,555**	198,801,958
Risk Weighted Assets-on Balance sheet	1,331,849,487	1,110,463,988
Risk Weighted Assets-off Balance sheet	35,901,832	97,304,961
Adjusted Capital Required for Market Risk	15,772,477	13,776,360
Adjusted Capital Required for Operational Risk	90,638,192	85,163,748
Total adjusted risk-weighted assets	**1,474,161,988**	1,306,709,057
Core capital ratio	14.35%	15.21%
Total capital ratio	14.35%	15.21%

40. RELATED PARTY TRANSACTIONS AND DISCLOSURES

The directors' report section discloses the list of shareholders of the Bank that are considered related parties. In the ordinary course of business, the bank engaged in some banking transactions with related parties, including deposits and loans.

Personnel who are directly or indirectly responsible for the planning, direction, and control of the Bank's activities are referred to as "key management." This includes any director of the Bank. All transactions involving related parties were conducted in a typical business environment and at arm's length and on the same terms and conditions as those that apply to other customers, with the exception of staff loans, which had an interest rate of 5%. The exception is interest-free education loans.

The following are the volumes of related party transactions and outstanding balances at the year's end:

40. RELATED PARTY TRANSACTIONS AND DISCLOSURES (Continued)

40.1 Deposits and Loans	**2024**	**2023**
Deposits from shareholders:	**TZS'000**	**TZS'000**
National Social Security Fund (NSSF)	135,582,109	108,275,116
Public Service Social Security Fund (PSSSF)	312,396,416	157,876,789
National Health Insurance Fund (NHF)	12,014,795	5,000,000
Workers Compensation Fund (WCF)	15,000,000	15,534,916
	474,993,320	**286,686,821**
Revolving - Borrowings:		
National Social Security Fund (NSSF)	30,000,000	38,925,000
Public Service Social Security Fund (PSSSF)	39,798,649	42,504,809
Workers Compensation Fund (WCF)	-	11,058,442
National Health Insurance Fund (NHIF)	5,470,090	15,560,969
	75,268,739	**108,049,220**
Corporate Bond		
Public Service Social Security Fund (PSSSF)	5,000,000	-
National Social Security Fund (NSSF)	4,500,000	-
	9,500,000	**-**
Loans:		
As at 1 January	488,392	487,779
New loans issued during the year	1,670,556	277,500
Repayments during the year	(55,349)	(276,887)
	2,103,599	**488,392**

40.2 Transactions		
Revolving - Borrowing (Interest & Commissions)		
National Social Security Fund (NSSF)	3,203,459	2,912,953
Public Service Social Security Fund (PSSSF)	3,384,045	2,463,895
Workers Compensation Fund (WCF)	176,594	798,990
National Health Insurance Fund (NHIF)	896,201	884,953
Public Service Social Security Fund (PSSSF)- Others	-	182,817
	7,660,299	**7,243,608**
40.3 Benefits:		
Short term employee salaries	3,700,502	3,736,796
Other short term employment benefits	1,943,045	1,649,328
Directors' fees	277,500	324,239
	5,921,047	**5,710,363**

41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

41.1 Valuation methodology

A valuation technique that takes into account the discount and interest earned at the reporting date is employed by the Bank to determine the fair value of held-to-maturity financial assets. The Bank of Tanzania website provides the most recent market information regarding market interest rates on loans and advances, deposits, and borrowings.

The fair value of "financial assets through other comprehensive income" is determined by the Bank using the share prices of unquoted equity shares that are available from the equity instrument's issuer.

The fair values of "held-for-trading financial assets" are determined by utilizing the prices and market information of these instruments that are available on the Dar es Salaam Stock Exchange website.

41.2 Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1 -** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.
- **Level 2 -** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices, interest, and yield curves) or indirectly (that is, derived from prices Central Bank Auction prices for Government securities); and
- **Level 3 -** inputs for the asset or liability that are not based on observable market data (unobservable inputs to valuation techniques).

The fair values of financial assets and liabilities, as well as their positions in the fair value hierarchy for financial instruments that are not measured at fair value, are depicted in the tables below. The carrying quantities of other financial assets and financial liabilities that are not measured at fair value are a reasonable approximation of fair values due to their short-term nature or they re-priced in the short run.

41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

41.3 Fair value hierarchy (Continued)

Financial assets	**2024**	**2023**	**Hierarchy**	**Valuation technique and key inputs**
Equity instruments	16,407,435	12,428,997	Level 3	Price-to-book value of equity multiples
Debt instruments	258,637,248	237,759,247	Level 2	Discounted cashflow; Market interest rate for similar instruments
Loans and advances to Banks	76,154,714	73,190,431	Level 3	
Loans and advances to customers	1,825,516,913	1,624,519,143	Level 3	
Other Financials	48,073,608	28,062,897	Level 3	
	2,224,789,918	**1,975,960,715**		
Financial liabilities				
Loans And Advances from Banks	322,335,472	288,478,884	Level 2	Discounted cashflow; Market interest rate for similar instruments
Deposits from Customer	1,595,416,808	1,414,425,021	Level 3	
Revolving Credit Lines	123,947,615	148,071,428	Level 3	
Corporate bond payable	58,769,379	-		
Other liabilities	17,961,166	18,372,221	Level 3	
	2,118,430,440	1,869,347,554		

42. FINANCIAL RISK MANAGEMENT

Credit risk, liquidity risk, market risk, and operational risk are among the financial hazards to which the Bank is subjected as a result of its operations. The bank's risk management framework is established and overseen by the Board of Directors. The Board is ultimately accountable for all risks that the Bank assumes. In addition, the Board establishes written policies that address specific areas, including credit risk, interest rate risk, foreign exchange risk, and the use of derivative and non-derivative financial instruments. Furthermore, internal audit is accountable for conducting an impartial assessment of the control environment and risk management.

The most important risks include.

- Credit risk,
- Market risk
- Liquidity risk and
- Operational risk.

These risks are explained in the following paragraphs.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients, or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but it can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements, and acceptances.

The Bank's Board of Directors manages the exposure to credit risk with great care, as it is the single largest risk to the business. In addition, the Board of Directors has a designated committee responsible for supervising all credit processes. A subcommittee is responsible for managing the Bank's loan portfolio, ensuring that the management understands the credit risk it manages.

42.1.1 Credit risk measurement

In measuring credit risk of loans and advances to both customers and banks at a counterparty level, the Bank reflect two components (i) the 'probability of default' by the client or counterparty on its contractual obligations and (ii) current exposures to the counterparty and its likely future development, from which the Bank derives the 'exposure at default.' These credit risk measurements, which reflect expected loss (the 'expected credit loss model'), are embedded in the daily operational management and are in line with IFRS 9.

The Bank uses reasonable and supportable forward-looking information that is available without undue cost or effort in its assessment of a significant increase of credit risk as well as in its measurement of ECL. External and internal information is used to generate a 'base case' (Best case, medium and worst case) scenario of future forecast of relevant economic variables such as GDP growth rate, lending rates, exchange rates and unemployment rates 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 Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most likely outcome and consists of information used by the Bank for strategic planning and budgeting. The key drivers of credit risks and credit losses for each portfolio of financial instruments were identified and documented using a statistical analysis of historical data to estimate relationships between macroeconomic variables, credit risk and credit losses.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)
42.1.1 Credit risk measurement (Continued)

Bank's rating	Staging	Description of the grade
1	Stage 1	Current
2	Stage 2	Especially Mentioned
3	Stage 3	Sub-standard
4	Stage 3	Doubtful
5	Stage 3	Loss

The Bank's internal credit rating tools are customized in accordance with the Bank of Tanzania (BOT) guidelines. The Bank categorizes its customers into five ratings. The credit risk assessment for each stage and the impact of the Bank's financial statements are reflected in the rating scale of the Bank shown below

	Stage 1 (performing loans)	**Stage 2 (non-performing loans)**	**Stage 3 (non-performing loans)**
Credit risk	Financial instruments with low credit risk at the reporting date or which have not had SICR	Financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of a credit loss event.	Financial assets that have objective evidence of impairment at the reporting date
Recognition of expected credit losses	12 Month expected credit losses are recognized.	Lifetime expected credit losses are recognized.	Lifetime expected credit losses are recognized.
Recognition of interest	Interest revenue is calculated on the gross carrying amount of the asset.	Interest revenue is calculated on the gross carrying amount of the asset.	Interest revenue is calculated based on the amortized cost net of the loss provision (net carrying amount).

(a) Significant increase in credit risk

When one or more of the following quantitative or qualitative criteria are met, the Bank deems a debt instrument, loan commitments, and financial guarantee contracts to have experienced a substantial increase in credit risk.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)

42.1.1 Credit risk measurement (Continued)

(b) Loans and advances to customers

i) Quantitative criteria

- Based on a quantitative review for the expected credit losses calculations, loans and advances, loan commitments and financial guarantees shall be classified as follows;
- 0 – 30 days to be classified as Stage 1; Loans and advances, loan commitments and financial guarantees which are performing according to contracted terms and conditions with low credit risk at the reporting date with 12-month expected credit losses being recognized.
- 31 – 90 days to be classified as Stage 2; Loans and advances, loan commitments and
- Financial guarantees, which have had a significant increase in credit risk since initial recognition but do not have objective evidence of credit loss event with lifetime expected credit losses being recognized.
- 91 days or more to be classified as Stage 3; Loans and advances, loan commitments and financial guarantees which have objective evidence of impairment at the reporting date with lifetime expected credit losses being recognized (credit-impaired assets).

ii) Qualitative criteria

For Personal Loans, the borrower must meet one or more of the following criteria:

- Short-term forbearance or restructuring.
- Adverse changes of external data from credit references agencies.

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

a) Significant adverse changes in business, financial, and/or economic conditions in which the borrower operates.
b) Actual or expected forbearance or restructuring.
c) Actual or expected significant adverse change in operating results of the borrower.
d) Significant change in collateral value, which is expected to increase the risk of default.
e) Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans.
f) Significant adverse changes in the political, regulatory, and technological environment of the borrowers or in their business activities.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)

42.1.1 Credit risk measurement (Continued)

(c) Balances due from other banks

The following qualitative factors are regarded as indicators of the substantial increase in credit risk:

- Significant counterparty management restructuring due to the continuous deficient performance of the company.
- Significant adverse change in the regulatory, economic, or technology of the borrower that results in a significant change in the borrower's ability to meet its debt obligations.
- Significant reductions in financial support from a parent company that resulted to a significant adverse change of operating results of the counterparty.

In particular, the Bank manages and controls credit risk concentrations in individual counterparties, groups, or industries whenever they are identified. The Bank restricts the amount of risk they accept in relation to individual borrowers, groups of borrowers, and industry segments by structuring the credit risk levels they execute. These risks are subject to a revolving review on an annual or more frequent basis when deemed necessary.

There are sub-limits for on- and off-balance sheet exposures that limit the exposure to any borrower, including institutions. Daily monitoring is conducted to assess actual exposures in relation to established limits. Additionally, exposure to credit risk is mitigated by conducting weekly assessments of the capacity of both current and prospective borrowers to fulfill their interest and capital repayment obligations or by adjusting lending limits as necessary. Some other specific control and mitigation measures are outlined below.

(a) Collateral

To reduce credit risk, the Bank implements a variety of policies and procedures. The most conventional of these is the practice of obtaining security for funds to be advanced. Additionally, the Bank establishes policies regarding the permissibility of particular types of collateral for credit risk mitigation.

The primary collateral categories for loans and advances are as follows:

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

To mitigate the credit loss, the Bank will promptly request additional collateral from the counterparty upon the identification of impairment indicators for the relevant individual loans and advances.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)

(b) 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 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.

Unused portions of authorization to extend credit in the form of loans, guarantees, or letters of credit are represented by commitments to extend credit. The bank is potentially exposed to a loss in quantities equivalent to the total unused commitments with respect to credit risk on commitments to extend credit.

Nevertheless, the probable loss is less than the total unused commitments, as the majority of credit commitments are contingent upon consumers adhering to specific credit standards. The Bank monitors the term to maturity of credit commitments due to the fact that longer-term commitments typically carry a higher level of credit risk than shorter-term commitments.

The Board of Directors approves quarterly limitations on the level of credit risk by product and sector, and the Bank oversees and regulates concentrations of credit risk wherever they are recognized, especially to individual counter parties and groups and industries.

42.1.2. Impairment and provisioning policies

If there hasn't been a substantial rise in credit risk since origination, the allowance is based on the expected credit loss for the previous 12 months. Otherwise, the allowance is based on the credit losses anticipated to occur over the asset's lifetime (the lifetime expected credit loss). Note 6.7 outlines the procedures used by the Bank to assess whether credit risk has significantly increased.

Each of the five internal rating grades determines the impairment allowance recorded in the year-end financial statements. However, the stage 3 loans make up the majority of the impairment allowance.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)
42.1.2. Impairment and provisioning policies (Continued)

The Bank's policy is to conduct routine credit risk assessments of individual financial assets. Impairment allowances are allocated to specific accounts and are determined by a case-by-case assessment of the impairment at the reporting date. The evaluation typically includes the anticipated proceeds for the individual account and the collateral held (including re-confirmation of its enforceability).

The summary below displays the percentage of the bank's exposure to loans and advances, as well as the percentage of the associated impairment allowance for each of the bank's internal rating categories.

		2024		2023	
	Bank's rating	**Credit risk exposure**	**Impairment allowance for each class**	**Credit risk exposure**	**Impairment allowance for each class**
1	Current	78.31%	0.41%	80.92%	0.23%
2	Special monitoring	14.19%	0.61%	10.46%	0.63%
3	Sub-standard	1.68%	17.98%	3.68%	31.43%
4	Doubtful	0.81%	35.77%	1.84%	41.14%
5	Loss	5.00%	29.78%	3.11%	28.96%
		100.00%	2.49%	**100.00%**	**3.07%**

The Directors are confident in their ability to maintain minimal credit risk exposure to the Bank in the foreseeable future, which is a consequence of both its loan and advances portfolio and debt securities. The actual results as of December 31, 2024, were as follows, based on the available credit risk grading criteria:

- 92.50% of the loans and advances portfolio was categorized in the top two grades of the internal rating system (2023: 92.38%); and
- 78.31% of the loans and advances to customers are performing which are neither past due nor impaired (2023: 80.92%).

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)
42.1.2 Impairment and provisioning policies (Continued)

The classification of financial assets and the corresponding provision are summarized in the tables below.

	2024					2023				
	Loan and Advances to Customers	Loan and Advances to Banks	Debt instruments at amortized costs	Other financial Assets	Off-balance sheet*	Loan and Advances to Customers	Loan and Advances to Banks	Debt instruments at amortized costs	Other financial Assets	Off-balance sheet*
Neither past due nor impaired	1,082,174,964	76,523,121	258,643,328	22,032,190	142,260,764	1,188,688,139	73,573,183	237,763,335	15,812,840	131,381,628
Past due but not impaired	679,920,199	-	-	9,087,760	-	369,606,007	-	-	6,522,424	-
Impaired	142,724,914	-	-	18,206,509	-	127,035,763	-	-	13,067,090	-
Gross amounts	1,904,820,077	76,523,121	258,643,328	49,326,459	142,260,764	1,685,329,909	73,573,183	237,763,335	35,402,354	131,381,628
Less: allowance for impairment**	(47,407,050)	(368,407)	(6,080)	(1,252,851)	(15,398)	(52,272,670)	(382,752)	(4,088)	(538,655)	(5,065)
Less: Interest in suspense	(31,880,716)	-	-	-	-	(28,492,905)	-	-	-	-
Net amounts	1,825,532,311	76,154,714	258,637,248	48,073,608	142,245,366	1,604,564,334	73,190,431	237,759,247	34,863,699	131,376,563

*Off balance sheet amounts above comprises of letter of credit and guarantee contracts. An analysis of the gross amount has been presented in Note 43.

**Impairment for loans and advances to customers has been split for presentation purposes with ECL for off-balance sheet items as these are included within expected credit loss amounts presented in Note 22.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)
42.1.2. Impairment and provisioning policies (Continued)

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

	Individual (retail) customers		Corporate entities		Total loans and advances to customers	Total loans and advances to Banks
	Overdraft	Term loans	Overdraft	Term loans		
		TZS'000				
Internal grading: 2024						
Standard (current)	29,783,754	485,776,634	64,762,538	501,852,038	1,082,174,964	76,154,714
Total	29,783,754	485,776,634	64,762,538	501,852,038	1,082,174,964	**76,154,714**
Internal grading: 2023						
Standard (current)	32,469,230	232,825,273	213,159,418	710,234,218	1,188,688,139	73,190,431
Total	**32,469,230**	**232,825,273**	**213,159,418**	**710,234,218**	**1,188,688,139**	**73,190,431**

Loans and advances less than 90 days past due are not considered impaired unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

2024	Retail		Corporate		Total
	Overdraft	Term loans	Overdraft	Term loans	
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Past due up to 30 days	11,218,413	186,102,274	24,408,818	199,984,233	421,713,738
Past due 30 - 60 days	6,951,051	28,542,655	53,193,362	128,740,613	217,427,681
Past due 60 - 90 days	641,569	4,809,468	2,285,004	33,042,734	40,778,775
Total	**18,811,033**	**219,454,397**	**79,887,184**	**361,767,580**	**679,920,194**
2023					
Past due up to 30 days	23,125,721	28,943,537	186,592	139,057,401	191,313,251
Past due 30 - 60 days	307,420	8,538,896	8,976,926	66,563,170	84,386,412
Past due 60 - 90 days	112	2,639,739	368,773	90,897,720	93,906,344
Total	**23,433,253**	**40,122,172**	**9,532,291**	**296,518,291**	**369,606,007**

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)
42.1.2 Impairment and provisioning policies (Continued)

(a) Geographical sectors

The gross carrying quantities of the Bank's primary credit exposure are delineated in the subsequent table, which is organized by geographical region. The Bank has allocated exposures to regions in this table based on the country of domicile of its counter parties

2024	Tanzania	Europe	America	Others	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Loans and advances to banks	67,232,372	7,261,778	913,252	747,312	76,154,714
Debt instruments at amortised cost	258,637,248	-	-	-	258,637,248
Loans and advances to customers	1,825,516,913				1,825,516,913
Other assets	48,073,608	-	-	-	48,073,608
As of 31 December 2024	**2,199,460,141**	**7,261,778**	**913,252**	**747,312**	**2,208,382,483**
Stage 1	1,826,630,829	7,261,778	913,252	747,312	1,835,553,171
Stage 2	265,816,398	-	-	-	265,816,398
Stage 3	107,012,914	-	-	-	107,012,914
As of 31 December 2024	**2,199,460,141**	**7,261,778**	**913,252**	**747,312**	**2,208,382,483**
2023					
Loans and advances to banks	63,622,060	7,982,523	1,068,007	517,827	73,190,417
Debt instruments at amortised cost	237,759,338	-	-	-	237,759,338
Loans and advances to customers	1,604,559,269				1,604,559,269
Other assets	28,062,898	-	-	-	28,062,898
As of 31 December 2023	1,934,003,565	7,982,523	1,068,007	517,827	1,943,571,922
Stage 1	1,589,130,723	7,982,523	1,068,007	517,827	1,598,699,080
Stage 2	184,815,180	-	-	-	184,815,180
Stage 3	160,057,662	-	-	-	160,057,662
As of 31 December 2023	1,934,003,565	7,982,523	1,068,007	517,827	1,943,571,922

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)

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

(b) Industry sectors

As of December 31, 2024, the subsequent table delineates the Bank's primary credit exposure in terms of their aggregate carrying amounts, according to sector.

	Financial institutions	Manufacturing	Trading and commercial	Transport & communication	Government	Individuals	Others	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Loans and advances to banks	67,280,012	-	-	8,874,702	-	-	-	76,154,714
Debt instruments at amortised cost	3,800,000	-	-		254,837,248	-	-	258,637,248
Loans and advances to customers	-	182,171,585	209,190,479	232,731,696	318,589,732	374,613,604	508,219,817	1,825,516,913
Other assets	241,339	-	-	5,490,358	-	-	42,341,911	48,073,608
As of 31 December 2024,	**71,321,351**	**182,171,585**	**209,190,479**	**247,096,756**	**573,426,980**	**374,613,604**	**550,561,728**	**2,208,382,483**
Stage 1	71,321,351	93,676,948	130,242,451	193,651,852	573,426,980	368,611,010	440,715,020	1,871,645,612
Stage 2	-	77,285,780	58,375,373	34,902,341	-	2,089,442	90,938,285	263,591,221
Stage 3	-	11,208,857	20,572,655	18,542,563	-	3,913,152	18,908,423	73,145,650
As of 31 December 2024,	**71,321,351**	**182,171,585**	**209,190,479**	**247,096,756**	**573,426,980**	**374,613,604**	**550,561,728**	**2,208,382,483**

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

42.1 Credit risk (Continued)
42.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors

(c) As of December 31, 2023, the subsequent table delineates the Bank's primary credit exposure in terms of their aggregate carrying amounts, according to sector.

	Financial institutions	Manufacturing	Trading and commercial	Transport and communication	Government	Individuals	Others	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Loans and advances to banks and items for clearing	61,959,044	-	-	11,231,373	-	-	-	73,190,417
Debt instruments at amortised cost	3,195,913	-	-		234,563,425	-	-	237,759,338
Loans and advances to customers	-	174,538,568	201,074,290	93,903,168	-	39,541,351	1,095,501,892	1,604,559,269
Other assets	-	-	-	-	-	15,931,515	12,131,383	28,062,898
As of 31 December 2023,	**65,154,957**	**174,538,568**	**201,074,290**	**105,134,541**	**234,563,425**	**55,472,866**	**1,107,633,275**	**1,943,571,922**
Stage 1	65,154,957	84,608,093	96,352,602	83,791,052	234,563,425	25,784,726	1,008,444,225	1,598,699,080
Stage 2	-	74,070,711	46,133,567	279,279	-	13,247,084	51,084,539	184,815,180
Stage 3	-	15,859,764	58,588,121	21,064,210	-	16,441,056	48,104,511	160,057,662
As of 31 December 2023,	**65,154,957**	**174,538,568**	**201,074,290**	**105,134,541**	**234,563,425**	**55,472,866**	**1,107,633,275**	**1,943,571,922**

42.2 Market risk

Market risk is the risk that the Bank's income or the value of its financial instrument holdings will be impacted by changes in market prices, such as interest rates, equity prices, foreign exchange rates, and credit spreads (excluding changes in the obligor's/issuer's credit standing). Market risks are generated by open positions in currency and interest rates, which are susceptible to fluctuations in market volatility and general and specific market movements. The bank's market risk management strategy is designed to optimize the return on risk while maintaining the bank's solvency by managing and controlling market risk exposures within acceptable parameters. Exposures to market risk are classified as either trading or non-trading portfolios by the Bank. The bank's treasury and capital market department monitors the market risks that result from trading and non-trading activities on a regular basis. The Assets and Liabilities Management Committees of the Bank are responsible for the management of market risk. The Board of Directors receives at least quarterly reports from the committees for their consideration and guidance.

42.2.1 Foreign exchange risk

The Bank's financial position is subject to the impact of fluctuations in the prevailing foreign currency exchange rates. The Board establishes daily exposure limits for both intra-day and overnight positions, which are monitored by currency and aggregate.

On December 31, 2024, the Bank's exposure to foreign currency exchange rate risk is summarized in the table below. The table shows the Bank's financial instruments at their carrying amounts, which are categorized by currency.

At 31 December 2024	USD	GBP	EURO	Others
Assets				
Cash and balances with Bank of Tanzania	10,564,589	170,251	2,325,880	45,050
Loans and advances to banks and items for clearing	24,908,903	1,317,508	3,714,239	133,052
Loans and advances to customers	417,056,461	-	-	-
Other assets	22,954,601	121	759	-
Total assets	**482,714,554**	**1,487,880**	**6,040,878**	**178,102**
Liabilities				
Loans and Advances from banks	178,278,158	-	2,507,485	-
Deposits from customers	208,519,218	1,581,614	3,131,666	19,589
Revolving credit lines	20,268,740	-	-	-
Other liabilities	6,040		1	-
Total liabilities	**407,072,156**	**1,581,614**	**5,639,020**	**19,589**
Net balance sheet position	**68,412,398**	**(93,734)**	**401,858**	**158,513**

42.2 Market risk (Continued)

42.2.1 Foreign exchange risk (Continued)

On December 31, 2023, the Bank's exposure to foreign currency exchange rate risk is summarized in the table below. The table shows the Bank's financial instruments at their carrying amounts, which are categorized by currency

At 31 December 2023	USD	GBP	EURO	Others
Assets				
Cash and balances with Bank of Tanzania	25,916,296	440,262	2,159,908	35,223
Loans and advances to banks and items for clearing	19,238,429	448,731	1,653,115	275,310
Loans and advances to customers	394,620,359	-	-607	-
Other assets	1,582,338	36	20	-
Total assets	**441,357,422**	**889,029**	**3,812,436**	**310,533**
Liabilities				
Loans and Advances from banks	174,336,841	-	835,087	-
Deposits from customers	219,171,803	564,265	1,674,593	92,141
Revolving credit lines	28,748,424	-	-	-
Other liabilities	6,395,069	165	4,065	2
Total liabilities	**428,652,137**	**564,430**	**2,513,745**	**92,143**
Net balance sheet position	**12,705,285**	**324,599**	**1,298,691**	**218,390**

42.2.2 Sensitivity analysis

The bank had substantial exposures to the Euro and United States dollars as of December 31, 2024, as indicated below:

	2024 TZS '000		2023 TZS '000	
DESCRIPTION	**USD**	**EUR**	**USD**	**EUR**
Exchange rate on 31 December	2.41	2.51	2.53	2.78
Assets	482,714,554	6,040,878	441,357,422	3,812,436
Liabilities	407,072,156	5,639,020	428,652,137	2,513,745
Net balance sheet position	68,412,398	401,858	12,705,285	1,298,691
Rate depreciated by 10%	0.24	0.25	0.25	0.28
Foreign Exchange gain-TZS	**6,812,853**	**40,026**	**1,270,529**	**129,869**
Rate Appreciated by 10%	(0.24)	(0.25)	(0.25)	(0.28)
Foreign Exchange Loss-TZS	**(6,812,853)**	**(40,026)**	**(1,270,529)**	**(129,869)**

The pre-tax profit would have been TZS 6,813 million (2023: TZS 1,271 million) higher or lower if the Tanzanian Shillings had weakened/strengthened by 10% against the United States dollar, with all variables held constant. The pre-tax profit would have been TZS 40,026 million lower or higher (2023: TZS 129.87 million) if the Tanzanian Shillings had weakened/strengthened by 10% against the Euro, with all variables held constant.

42.2 Market risk (Continued)

42.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes 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 because of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the bank.

The table below summaries the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates. The bank does not bear any interest rate risk on off Statement of Financial Position items

42.2 Market risk (Continued)

42.2.3 Interest rate risk (Continued)

At 31 December 2024	Up to 1 month	1 -6 months	6- 12 months	1 -5 years TZS'000	More than 5 years	Non-interest bearing	Total
Assets							
Loans and advances to bank and items for clearing	74,394,995	1,619,690	140,029	-	-	-	76,154,714
Debt instruments at amortised cost	6,000,000	31,485,520	39,390,854	18,200,000	158,376,031	5,184,843	258,637,248
Loans and advances to customers	200,142,883	79,303,164	376,018,748	712,071,310	380,054,920	77,925,888	1,825,516,913
Other assets	-	-	-	-	-	48,073,608	48,073,608
Total assets	280,537,878	112,408,374	415,549,631	730,271,310	538,430,951	131,184,339	2,208,382,483
Liabilities							
Loans and Advances from banks	303,820,701	10,766,442	7,158,500	-	-	589,829	322,335,472
Deposits from customers	495,592,417	915,540,100	120,929,659	41,818,129	-	21,536,503	1,595,416,808
Revolving credit lines	23,635,208	54,968,740	20,156,333	23,343,667	-	1,843,667	123,947,615
Corporate bond payable	-	-	-	58,769,379	-	319,399	59,088,778
Other liabilities	-	-	-	-		15,944,489	15,944,489
Total liabilities	**823,048,326**	**981,275,282**	**148,244,492**	**123,931,175**	**-**	**40,233,887**	**2,116,733,162**
Interest repricing gap	**(542,510,448)**	**(868,866,908)**	**267,305,139**	**606,340,135**	**538,430,951**	**90,950,452**	**91,649,321**

42.2 Market risk (Continued)

42.2.3 Interest rate risk (Continued)

At 31 December 2023	Up to 1 month	1 -6 months	6- 12 months	1 -5 years TZS'000	More than 5 years	Non-interest bearing	Total
Assets							
Loans and advances to bank and items for clearing	60,811,249	12,240,293	138,875	-	-	-	73,190,417
Debt instruments at amortised cost	-	17,500,000	40,382,692	17,705,601	160,558,609	1,612,436	237,759,338
Loans and advances to customers	360,122,564	109,916,777	141,644,604	311,681,606	700,931,384	61,032,993	1,685,329,928
Other assets	-	-	-	-	-	28,062,898	28,062,898
Total assets	**420,933,813**	**139,657,070**	**182,166,171**	**329,387,207**	**861,489,993**	**90,708,327**	**2,024,342,581**
Liabilities							
Loans and Advances from banks	257,380,567	23,098,317	8,000,000	-	-	-	288,478,884
Deposits from customers	926,410,413	245,777,727	207,047,680	15,378,878	-	19,810,323	1,414,425,021
Revolving credit lines	39,638,258	51,027,411	15,703,859	40,450,950	-	1,250,950	148,071,428
Other liabilities	-	-	-	-	-	16,587,345	16,587,345
Total liabilities	**1,223,429,238**	**319,903,455**	**230,751,539**	**55,829,828**	-	37,648,618	1,867,562,678
Interest repricing gap	**(802,495,425)**	**(180,246,385)**	**(48,585,368)**	**273,557,379**	**861,489,993**	75,297,236	3,446,646,472

42.2 Market risk (continued)

42.2.3 Interest rate risk (continued)

- **Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, if the interest rates prevailing during the year shifted by 2% the bank's profitability would be reduced/improved by TZS 14,114 million (2023: TZS 9,827 million) due to increase/decrease in annual interest expenses.

	2024 TZS'000	2023 TZS'000
Assets re-pricing after 6 months	392,946,252	560,590,883
Liabilities re-pricing after 6 months	1,804,323,608	1,543,332,693
Interest rate Gap	**(1,411,377,356)**	**(982,741,810)**
Impact of interest rate rise by additional 2%	**(14,113,774)**	**(9,827,418)**
Impact on core Capital	**(9,879,641)**	**(6,879,193)**

42.3 Liquidity risk

Liquidity risk is the possibility that the Bank will experience difficulty in fulfilling its financial obligations, which are resolved through the delivery of currency or another financial asset.

42.3.1 Liquidity risk management process

The Bank's liquidity management procedure, which is conducted within the Bank and overseen by a distinct Treasury and Capital Market team, comprises the following:

- 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 Bank maintains an active presence in money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Cash flow measurement and projections for the upcoming day, week, and month are the standard forms of monitoring and reporting, as these are critical periods for liquidity management. The analysis of the contractual maturity of the financial liabilities and the anticipated collection date of the financial assets serves as the base for those projections.

42.2 Market risk (continued)

.42.3.1 Liquidity Risk Management Process (Continued)

The Bank also oversees the utilization of overdraft facilities, the level and type of undrawn lending commitments, the impact of contingent liabilities such as standby letters of credit and guarantees, and unmatched medium-term assets.

42.3.2 Funding approach

A distinct Bank treasury team conducts regular reviews of liquidity sources to ensure that they are diverse in terms of currency, geography, fund provider, product, and term.

The assets and liabilities are summarized in the table below in accordance with the anticipated recovery time period.

42.3 Liquidity risk (Continued)

42.3.2 Funding approach (Continued)

At 31 December 2024	1-3 months	3-6 months	6- 12 months	1-5 years TZS'000	More than 5 years	Total
Assets						
Loans and advances to banks and items for clearing	76,014,685	-	140,029	-	-	76,154,714
Debt instruments at amortised cost	30,190,443	12,486,000	39,384,774	18,200,000	158,376,031	258,637,248
Loans and advances to customers	435,888,381	222,805,697	74,696,605	712,071,310	380,054,920	1,825,516,913
Other assets	48,073,608	-	-	-	-	48,073,608
Total financial assets	**590,167,117**	**235,291,697**	**114,221,408**	**730,271,310**	**538,430,951**	**2,208,382,483**
Liabilities						
Loans and Advances from banks	315,163,849	-	7,171,623	-	-	322,335,472
Deposits from customers	1,081,749,428	329,383,088	142,466,163	41,818,129	-	1,595,416,808
Revolving credit lines	30,948,966	47,654,982	22,000,000	23,343,667	-	123,947,615
Corporate bond payable		319,399		58,769,379		59,088,778
Other liabilities	12,669,994	-	-	3,274,495	-	15,944,489
Total financial liabilities	**1,125,368,388**	**377,357,469**	**164,466,163**	**127,205,670**	**-**	**1,794,397,690**
Net liquidity gap	**(535,201,271)**	**(142,065,772)**	**(50,244,755)**	**603,065,640**	**538,430,951**	**413,984,793**

42.3 Liquidity risk (Continued)

42.3.2 Funding approach (Continued)

At 31 December 2023	1-3 months	3-6 months	6- 12 months	1-5 years TZS'000	More than 5 years	Total
Assets						
Loans and advances to banks	61,194,015	11,857,527	138,875	-	-	73,190,417
Debt instruments at amortised cost	1,612,436	17,495,913	40,382,692	17,709,688	160,558,609	237,759,338
Loans and advances to customers	360,122,564	90,179,111	141,644,604	311,681,606	700,931,384	1,604,559,269
Other assets	28,062,898	-	-	-	-	28,062,898
Total financial assets	**450,991,913**	**119,532,551**	**182,166,171**	**329,391,294**	**861,489,993**	**1,943,571,922**
Loans and Advances from banks	257,380,567	23,098,317	-	-	-	280,478,884
Deposits from customers	946,220,736	245,777,727	207,047,680	15,378,878	-	1,414,425,021
Revolving credit lines	39,638,258	51,027,411	16,954,809	40,450,950	1,250,950	149,322,378
Other liabilities	10,237,908	-	4,861,848	1,487,589	-	16,587,345
Total financial liabilities	**1,253,477,469**	**319,903,455**	**228,864,337**	**57,317,417**	**1,250,950**	**1,860,813,628**
Net liquidity gap	**1,704,469,382**	**439,436,006**	**411,030,508**	**386,708,711**	**862,740,943**	**3,804,385,550**

43. CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial requirements of customers, the bank establishes a diverse array of contingent liabilities and irrevocable commitments. This includes financial guarantees, letters of credit (LCs), and commitments to lend. These are off-balance sheet items that are converted to on-balance sheet items when the consumer fails to fulfill the obligation at maturity. These contingent liabilities contain the credit risk and, thus, form part of the overall risk of the bank

Letters of credit and guarantee (including standby letters of credit) commit the bank to make payments on behalf of customers in the event of a specific act related to the import or export of goods. Guarantees and letters of credit carry a similar credit risk to loans and advances. The nominal values of such commitments are listed below:

43.1. Loan commitment guarantees and other facilities.

On 31 December 2024, the Bank had the contractual amount of the off Statement of Financial Position financial instruments that commit it to extend credit to customers, guarantees and letters of credit as follows:

	2024 TZS'000	2023 TZS'000
Gross carrying amount as of 1st January	183,329,102	81,734,273
New assets originated/purchased	139,631,343	183,329,102
Assets Repaid during the year	(180,699,681)	(81,734,273)
Gross carrying amount as of 31st December	**142,260,764**	**183,329,102**
ECL for guarantees and Letter of Credit	(15,398)	(5,065)
Net recoverable amount as of 31st December	**142,245,366**	**183,324,037**

43.2. Maturity of Loan commitment guarantees and other facilities.

2024	No later than 1 year TZS 000	1-5 years	Total
Loan commitments	24,490,742	-	24,490,742
Letters of credit and guarantees	128,490,642	13,770,123	142,260,765
ECL for guarantees and Letter of Credit	(9,834)	(5,564)	(15,398)
31 December 2024	**152,971,550**	**13,764,559**	**166,736,109**
2023			
Loan commitments	54,572,896	-	54,572,896
Letters of credit and guarantees	128,756,206	2,625,421	131,381,627
ECL for guarantees and Letter of Credit	(5,065)	-	(5,065)
31 December 2023	**183,324,037**	**2,625,421**	**185,949,458**

43. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

43.2 Maturity of Loan commitment guarantees and other facilities (Continued)

i) Undrawn commitments

The table below shows the credit quality and maximum exposure to credit risk based on the bank's internal credit rating system and year-end stage classification of undrawn commitments.

Descriptions 2024 (TZS '000')	Stage1	Stage2	Stage3	Total
Performing:				
Current category	23,604,816	-	-	23,604,816
Especially mentioned	-	315,713	-	315,713
Non-performing:	-	-	-	-
Doubtful	-	-	570,213	570,213
At 31 December 2024	**23,604,816**	**315,713**	**570,213**	**24,490,742**

Descriptions 2023 (TZS '000')				
Performing:				
Current category	53,945,798	-	-	53,945,798
Especially mentioned	-	200,010	-	200,010
Non-performing:				
Doubtful	-	-	427,088	427,088
On 31 December 2023	**53,945,798**	**200,010**	**427,088**	**54,572,896**

ECL allowance for undrawn commitments has been incorporated into ECL for loans and advances to customers because of the difficulties associated with their separation.

ii) Contingencies

a. Legal claims

The Bank was a defendant in numerous litigations as of December 31, 2024. The plaintiffs claim that the Bank caused the alleged loss of enterprises and breach of contract, and they are claiming damages and interest on the amount. The Directors are of the opinion that these claims will not result in any substantial liabilities.

b. Capital commitments.

These capital commitments pertain to ongoing activities that are currently being contracted and approved. There were none as of December 31, 2024.

44. BANCASSURANCE REPORTING

The bank operates in compliance with the Bancassurance Guidelines for Banks and Financial Institutions, 2019, by forming partnerships with ten reputable insurance companies. Azania Bank Plc facilitates the accessibility of insurance products to both its consumers and non-customers, including general insurance and life insurance. Azania Bank Plc partners with the following insurance companies: UAP Insurance, Jubilee Life, Jubilee General, ICEA LION, Sanlam General, Sanlam Life, National Insurance Corporation, Britam Insurance, Strategies, and Alliance General.

According to the Bancassurance regulation for the Banks and Financial Institutions 2019 *"Every bank or financial institution engaged in Bancassurance business shall separately disclose in their notes to annual financial statements the income and expenses associated with provision of Bancassurance business"*.
The bank recorded a commission of TZS 1.8 billion in 2024 (2023: TZS 1.2 billion) in the statement of profit or loss and other comprehensive income. This commission was derived from the bancassurance business. This business utilized a cost of TZS 305 million in 2024 (2023: TZS 243 million). The operations are summarized below.

	2024 TZS'000	2023 TZS'000
Insurance income	**1,802,299**	**1,202,182**
Life insurance	1,482,370	656,745
General insurance	319,929	545,437
Insurance operating expenses	**(406,118)**	**(339,746)**
Staff cost	(363,057)	(316,361)
Software expense	(32,261)	(23,385)
Other operating cost	(10,800)	-
Net profit	**1,396,181**	**862,436**

45. COMPARATIVES

All amounts are reported or disclosed with comparative information unless a standard or interpretation permits or requires otherwise. The errors that were identified in the comparatives of the previous year have been rectified in a timely manner, and the most significant ones are detailed in note 46 below.

46. PRIOR YEAR ADJUSTMENT

The prior year's financials included the clearing of TZS 24.25 billion, which is the unreconciled interest receivable on loans and advances from customers. During the year, management conducted a comprehensive assessment of the unreconciled interest receivables and interest in suspense in comparison to the loan portfolio listing. It was determined that this discrepancy originated with the transfer of data from the core banking system of then-Bank M, which was acquired in 2019. This indicates that the discrepancies in the financial records were rooted in the data transition during the acquisition, which could not be linked with the existing customers, impacting the accuracy of the previous financial statements. Consequently, these adjustments necessitated revisions to ensure that the comparative figures reflect the true financial position. Below are the areas that were adjusted in the comparative year:

46.1. Statement of financial position

Line affected	Reference	As previously stated,	Adjustment	Restated
		TZS'000	**TZS'000**	**TZS'000**
31-Dec-22				
Loans and advances to customers	Note 22	955,617,229	(24,254,153)	931,363,076
Retained earnings		58,359,922	(24,254,153)	34,105,769
31-Dec-23				
Loans and advances to customers	Note 22	1,624,514,078	(19,954,790)	1,604,559,288
Deferred tax assets	Note 28	55,287,399	(1,289,809)	53,997,590
Retained earnings		95,345,102	(21,244,599)	74,100,503

46.2. Statement of profit or loss and other comprehensive income

Line affected	Reference	As previously stated	Adjustment	Restated
		TZS'000	**TZS'000**	**TZS'000**
Expected credit loss allowance	Note 22	(30,672,767)	4,299,363	(26,373,404)
Profit before income tax		**32,303,519**	**4,299,363**	**36,602,882**
Income tax expense/charge	Note 18	(3,009,216)	**(1,289,809)**	(4,299,025)
Profit for the Year		**29,294,303**	**3,009,554**	**32,303,857**

46.3. Statement of cash flow

There was no impact on net cash from operating activities, as profit before tax and movement in Expected credit loss allowance were the same, and these are the restated lines in the statement of cash flows.

47. SUBSEQUENT EVENTS

There were no additional events that necessitated an adjustment to or disclosure in the financial statements after the reporting date.