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BANK OF INDIA (TANZANIA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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Board of directors

	Designation	**Nationality**	**Appointed on**
Mr. Ashish Kumar Jha	Managing Director	Indian	26 August 2024
Mr. Kuldeep Jindal	Director	Indian	01 March 2022
Dr. Bernard Elieza Mnzava	Director	Tanzanian	14 February 2020
Mr. Suitbert Nestory Kageuka	Director	Tanzanian	04 May 2020
Dr. Paul Kato Rugangira	Director	Tanzanian	08 January 2021
Mr. Radhakanta Hota	Director	Indian	01 March 2022
Mr.Patrick Mususa	Director	Tanzanian	20 February 2023
Mr.George Philip Seki	Director	Tanzanian	21 October 2024
			Resigned on
Mr. Venkatachalam Anand	Director	Indian	03 January 2024
Mr. Antaryami Sarangi	Managing Director	Indian	16 September 2024

Bank secretary

Hanif Fatehali Habib
P.O. Box 21885
Dar es Salaam
Tanzania

Registered office

Maktaba Street
Maktaba Business Park
P. O. Box 7581
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Telephone: +255 22 2135362
Fax: +255 22 2135363
Email: BOI.TANZANIA@boitanzania.co.tz

Branches

BOI (Tanzania) Limited Branch - Dar es Salaam
Maktaba Street
Maktaba Business Park
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Dar es Salaam

Telephone: +255 22 2135358/66/68/69
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Telephone: +255 22 2111061/62
Fax: +255 22 2111063
Email: BOI.TANZANIA@boitanzania.co.tz

Independent auditor

Baker Tilly DGP and Company
Certified Public Accountants
10th Floor, IT Plaza
Garden Avenue/Ohio Street
P.O. Box 1314
Dar es Salaam
Tanzania

Principal bankers

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

Bank of Baroda (T)
Ohio Street,
P. O. Box 5356
Dar es Salaam

Bank of India
3, Rue Scribe
75009 Paris France

Bank of India
Mumbai Overseas Branch
70 - 80 M. G. Road
Mumbai - India

Bank of India
277, Park Avenue
NY 10172 - 0083
New York - USA

Bank of India
4th Floor
63 Queen Victoria Street
London ECAN - 4UA, U.K.

Standard Chartered Bank
1095, Avenue of the Americans
New York, NY 10036

CRDB Bank (T) Ltd.
Azikiwe Branch,
P. O. Box 268
Dar es Salaam

Canara Bank (T) Ltd.
Elia Complex,
P. O. Box 491
Dar es Salaam

Bank of India
Kenyatta Avenue, PO Box 30246-00100
P. O. Box 30246-00100
Nairobi (Kenya)

Parent Company

Bank of India Head Office
Star House, C-5, "G" Block, Bandra Kurla Complex
Bandra East
Mumbai - India 400051

Legal advisor

Amicus Attorneys
PO Box 7219
Raha Towers, 1st Floor
Dar es Salaam, Tanzania

Hallmark Attorneys
PO Box 13811
18 Chole/ Ruvu Road, Masaki
Dar es Salaam, Tanzania

C&F Law
3rd Floor, Diamond Plaza
Mirambo Street/Samora Avenue
Dar es Salaam, Tanzania

Tairo Law Advocates
P.O. Box 75252
Plot No. 331/36, Mkwepu Street
Dar es Salaam, Tanzania

Introduction

We have great pleasure in presenting Bank of India (Tanzania) Limited's ("the Bank's") 16th Annual Report along with the Audited financial statements for the year ended 31st December 2023, in accordance with section 22 of the Banking and Financial Institutions Act,2006 and Section 157 of the Tanzania Companies Act 2002 which disclose the state of affairs of the Bank.

The Bank was registered under the Tanzanian Companies Act 2002 on 16.07.2007. The license to conduct Banking Business was granted to the Bank on 25.07.2007 by Bank of Tanzania in accordance with the provisions of section 7 of the Banking and Financial Institutions Act, 2006. However, actual operations started on 16.06.2008 with opening of Dar es Salaam Branch. Subsequently, the Bank opened it's second Branch on Zanaki Street, Dar es Salaam in August 2012.

Principal Activities

The principal activity of the Bank is to provide banking and related services stipulated by the Banking and Financial Institutions Act 2006. There have been no changes in the principal activities of the Bank during the financial year ended 31 December 2024.

Our Parent Bank: Bank of India

The Bank is wholly owned subsidiary of Bank of India, India. Bank of India was founded on 7th September, 1906 by a group of eminent businessmen from Mumbai. The Parent Bank was nationalized in July 1969 along with 13 other banks. At present, Government of India holds 73.38% shares of the Parent Bank and the balance 26.62% is held by financial institutions and public. Bank of India is a listed company with its shares listed in National Stock Exchange and Bombay Stock Exchange in India. The Bank has been the first among the nationalized banks to establish a fully computerized branch and ATM facility at the Mahalaxmi Branch at Mumbai in India way back in 1989. The Bank is also a Founder Member of SWIFT in India. It pioneered the introduction of the Health Code System in 1982, for evaluating / rating its credit portfolio.

The Bank has made a rapid growth over the years and blossomed into a mighty institution with a strong national presence and sizable international operations. In business volume, the Bank occupies a premier position among the nationalized banks in India. As at 31st December 2024, the business mix of the bank stood at USD 169.20 Billion. At present it has over 5146 branches in India spread over all states / union territories including specialized branches. The Bank has overseas presence in 15 foreign countries spread over 5 continents – with 47 offices including Indonesia Antwerp, 4 Representative Offices and 1 Joint Venture, at key banking and financial centers in Dubai, Tokyo, Singapore, Hong Kong, London, Paris, New York and International Banking Unit (IBU) at Gift City Gandhinagar. In Africa, in addition to Tanzania, the Bank has presence in Kenya, Uganda, Zambia and South Africa.

Economic Environment

Domestic Economy

The United Republic of Tanzania has achieved relatively strong economic growth over the past decade. The country remains in lower middle income country regardless of effects of global pandemic. The economy mainly depends on agriculture, mining and tourism. The main goods imported are fuel oil, machinery, construction material and consumer goods. The main goods exported are gold and agricultural produces. The economy has been transitioning from a command economy to a market economy since 1985. Tanzania has a population of more than 67.4 million within an area of 947,000 square kilometer . Real GDP growth grew at 5.7% in 2024 and projected at 6% in 2025, driven by agriculture, manufacturing, and tourism and supported by public investments and reforms to improve the business environment.

The domestic economy improved, growing at 5.3% in 2024, compared to 4.7% in 2023. This expansion is attributed to strong performance in financial and insurance, transport and storage, construction, trade, and manufacturing activities. Increased deposits, lending, and insurance uptake propelled financial services, while transport saw gains from the Standard Gauge Railway (SGR) launch, driving passenger volume growth. Construction activity was buoyed by active public and private sector projects, whereas manufacturing activity performance was associated with the growing capacity utilization of old and new firms. On the inflation front, the headline inflation remained low and stable at 3.1%, a decrease from 3.3% in 2023, with the decline explained by low food prices following ample supply, prudent monetary and fiscal policies, and easing global commodity prices, in particular fuel.

Global Economic Developments & Outlook:

The global economy growth is expected to rise from 3.2% in 2024 to 4.2% in 2025 for developing economies .Elevated central bank rates to fight inflation a withdraw of fiscal support amid high debt weigh on economic activity. IMF predicts that inflation is falling faster than expected in most regions, amid unwinding supply side issues and restrictive money supply, inflation is expected to fall from 5.9% in 2024 to 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Investment hampering the recovery of large output losses compared to pre-pandemic trends, the fiscal policy stance is expected to tighten in several advance and emerging market and developing economies to rebuild budgetary room for maneuver and curb the rising path of debt, and this shift is expected to slow in the near term.

Banking sector in Tanzania:

The banking sector generally remained sound and stable with levels of capital and liquidity above regulatory requirements. However on asset quality front, banking industry continued to face challenging situation even though gross NPA in banking sector was 3.29% in December 2024 compared to 4.32% in December 2023. Private sector credit positive growth with an annual growth of 15.3% compared to 19.5% recorded in December 2023. Agricultural activities remained dominant in terms of credit growth, at 41.9 percent, underscoring strong credit demand to support crop purchases. This was followed by personal loans, which largely constitute credit extended to small and medium enterprises (SMEs) and building and construction. Overall lending rate averaged 15.67% in December 2024 compared with 15.61% in the corresponding month in 2023. Overall time deposit rate has increased to 8.18% in December 2024 from 6.87% in December 2023.

Treasury Bills, overall weighted average yield increased to 12.68 % from 6.97% in the corresponding month in 2023. Similar trend is noticed in case of Treasury Bonds. On annual basis, the shilling depreciated by 3.73% percent from TZS 2,395 per US dollar in December 2024 to TZS 2,308.90 in December 2023.

Bank's Performance during 2024

Bank's performance vis-a –vis Industry

During the last fifteen years of operations, the Bank established its business in a sizable level. In the financial year 2024, despite challenging industry, the Bank has recorded net profit. During FY 2024 Bank was able to register Net Profit of TZS 4.08 billion from operation after making provisions of TZS 2.13 billion. Gross NPA stood at 4.50% which was higher than the industry average of 3.29% and regulator's acceptable level of 5%. The performance comparison of our Bank with the industry was as under;

Parameter	Industry	BOITL	Remarks
Deposit growth	12.81%	-11.11%	BOITL - Lower
Credit growth	13.47%	-4.53%	BOITL - Lower
Return on Equity (ROE)	23.50%	8.53%	BOITL - Lower
Return on Asset (ROA)	5.18%	1.96%	BOITL - Lower
Operating Profit Margin	58.21%*	44.46%	BOITL - Lower
Cost to Income	46.87%	55.54%	BOITL - Higher
Gross NPA%	3.29%	4.50%	BOITL - Higher

*Figure constructed from two largest banks

Highlight of the performance

The highlight of the performance of last five years is as under:

(Amount in TZS Million)

Particulars	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024
Deposits	121,508	128,551	137,122	146,387	130,119
Advances	69,674	70,142	98,708	108,975	104,038
Business Mix	191,182	198,693	235,831	255,362	234,157
Total Assets	161,850	171,136	180,675	192,619	178,349
Net Interest income	7,425	7,953	8,027	8,209	9,410
Operating Expenses	4,834	5,431	5,766	6,086	6,779
Operating Profit	3,354	3,313	3,313	6,045	5,426
Net Profit	1,037	1,517	885	2,890	3,632

Net Profit for the year 2024 arose drastically due to recovery efforts that continued and TZS 0.92 billion was recovered from written off accounts.

Dividends

In view of improvement in profitability, satisfactory capital adequacy level, we have proposed a payment of dividend @TZS 46 per share for the year 2024 amounting to TZS 898.13 Million to the shareholders, which is subjected to approval at the Annual General Meeting and Bank of Tanzania.

Capital adequacy and solvency

The Bank continued to remain adequately solvent and compliant with regulatory capital adequacy requirements. As at 31.12.2024, Total Capital Adequacy Ratio was 30% and Core Capital Adequacy Ratio was 27% against the regulatory level of 14.50% and 12.50% respectively (including Capital Conservation Buffer of 2.50%). Liquidity Ratio at 31.97% was well above regulatory required level of 20%. Bank of Tanzania has issued three revised regulations through Government Notice No.724,726 and 727 of 2023 dated 6th October 2023, which have been developed in line with the requirement of Basel II & III standards, The revised regulations are Bank and Financial Institutions (Liquidity Management) Regulation, 2023, The Bank and Financial Institutions (Capital Adequacy) Regulation, 2023, and Bank and Financial Institutions (Prompt Corrective Action) Regulation, 2023. We shall have three Capital Adequacy ratios (Tier I Capital Ratio, Tier II Capital Ratio and Leverage Ratio),while for liquidity management we shall have two additional ratios (Liquidity Coverage Ratio-LCR and Net Stable Funding Ratio-NSFR).The Bank of Tanzania has provided a moratorium period of eighteen months from the date of publication for bank or financial institutions to comply with Basel II & III standards starting 30th April 2025.

Business objectives and strategies

The Bank's primary objective is to provide top class financial results supported by quality customer services, increasing financial products suitable for Tanzanian economy. Related objectives include;
i) To mobilize financial resources for supporting the national economic programs through financing the main sectors of the economy i.e. finance to private sector , such as Industry, Commerce, Tourism, Transport , Mining and Agriculture.
ii) To mobilize financial resources from Corporate, Institutions, Individuals of high net worth for financing the informal sector in order to support Governments effort for development of economy of country.
iii) To stimulate export by financing export oriented projects and related activities.

Business overview - products and services

A. Deposit

The Bank provides all Banking services which includes accepting deposits in local TZS currency and foreign currency mainly in USD. The type of deposit is Saving Bank, Current Account, Call Deposit, Recurring Deposit and Fixed Deposits. Aggregate Deposit has decreased from TZS 146.39 Billion as at 31.12.2023 to TZS 130.12 Billion as on 31.12.2024. Average cost of deposit stood at 5.79% annually up from 5.57% in FY 2023. Out of total average deposit 63.03% was in US Dollar and 36.97% in Tanzanian Shilling.

B. Advances

The Bank is active in financing various type of economic activities which mainly include trading, manufacturing, construction, hotel, real estate, services like transport, export of agricultural commodities and value chain, import of goods and personal loans. As at 31.12.2024, the net Advance stood at TZS 104.04 Billion against TZS 108.98 Billion Billion as at 31.12.2023. Out of total advances 68.74% was in US Dollar and 31.26% in Tanzanian Shillings.Yield on advances stood at 10.55% up from 10.15% p.a. in FY 2023. The performing assets stood at 95.50% of gross advance.

C. Remittances

Bank provides active remittance services inside the country and overseas. For prompt remittance service, Bank is using e-corporate remittance service of Bank of India which gives instant credit to Bank of India customer's account in India. The Bank has already opened special Nostro account in INR in India to facilitate business between India and Tanzania in their respective country currency.

Operational risks

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market, liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risk arises from all the Bank's activities. Details of operational risk exposures are disclosed in Note 4.

Financial risk management objectives and policies

To ensure its financial stability and profitability, the Bank has implemented policies and practices for a sound and prudent management and control of the principal financial risks to which it is exposed. Details of the financial risk exposures are disclosed in Note 4.

Board of Directors

The board of directors comprised of 7 non-executive directors with a mix of skills, experience and diversity. The Directors who were in office during financial year 2023 are as tabulated below:

Sr. No	Name of Director	Position	Date of Birth	Nationality	Qualification	Appointed on
1	Mr. Kuldeep Jindal	Chairman	01.03.1966	Indian	Master of Comm. (M.Com). Bachelor of Legislative Law CAIIB	01.03.2022
2	Dr. Bernard Elieza Mnzava	Director	16.02.1981	Tanzanian	PhD Finance, Masters in Accounting and Finance, B.Com-Accounting	14.02.2020
3	Mr. Suitbert Nestory Kageuka	Director	03.08.1955	Tanzanian	M.Sc National Development and Project Planning.	04.05.2020
4	Dr. Paul Kato Rugangira	Director	29.06.1960	Tanzanian	PhD Finance,Masters in Accounting and Finance, PGDFM, Advance Diploma in	08.01.2021
5	Mr. Radhakanta Hota	Director	21.06.1967	Indian	Master of Comm. (M.Com) CAIIB	01.03.2022
6	Mr.Patrick Mususa	Director	05.04.1984	Tanzanian	Master in Business Administration,B.Com Accounting	20.02.2023
7	Mr.George Philip Seki	Director	29.05.1972	Tanzanian	Master in Finance and Investment, Bachelor of	21.10.2024
8	Mr. Ashish Kumar Jha	Managing Director	18.07.1979	Indian	Masters of BA in Banking and Finance,	26.08.2024

The appointment of the directors is in line with the Memorandum and Articles of Association of the Company, as well as the requirements of the Tanzanian Companies Act, 2002 and Banking and Financial Institutions Act, 2006.

Outlined below is the attendance of the members at the quarterly board meetings, held during the year:

	Name of Director	*15.01.2024*	*06.06.2024*	*03.09.2024*	*28.11.2024*	*Attendance*
1	Mr. Kuldeep Jindal	✓	✓	✓	✓	100%
2	Dr. Bernard Elieza Mnzava	✓	✓	✓	✓	100%
3	Mr. Suitbert Nestory Kageuka	✓	✓	✓	✓	100%
4	Mr. Antaryami Sarangi (Outgoin	✓	✓	✓	✓	100%
5	Mr. Ashish Kumar Jha (Incomin	N/A	N/A	N/A	✓	25%
6	Dr. Paul Kato Rugangira	✓	✓	✓	✓	100%
7	Mr. Radhakanta Hota	✓	✓	✓	Leave of absence	75%
8	Mr. Patrick Mususa	✓	✓	✓	✓	100%
9	Mr.George Phillip Seki	N/A	N/A	N/A	✓	25%

Board committee

The Board is supported by the following committees. Outlined below is the attendance at the quarterly meetings.

Audit Committee

S/N	Name of Director	22.03.2024	05.06.2024	02.09.2024	23.11.2024	Attendance
1	Mr. Suitbert Nestory Kageuka*	✓	✓	✓	✓	100%
2	Dr. Paul Kato Rugangira	✓	✓	✓	✓	100%
3	George Philip Seki	N/A	N/A	N/A	✓	25%

Credit Committee

S/N	Name of Director	22.03.2024	05.06.2024	02.09.2024	23.11.2024	Attendance
1	Dr. Bernard Elieza Mnzava*	✓	✓	✓	✓	100%
2	Mr. Patrick Mususa	✓	✓	✓	✓	100%
3	Mr. Radhakanta Hota	✓	✓	✓	Abscent Leave	75%

Risk Management Committee

S/N	Name of Director	22.03.2024	05.06.2024	02.09.2024	23.11.2024	Attendance
1	Mr. Radhakanta Hota*	✓	✓	✓	Abscent Leave	75%
2	Dr. Bernard Elieza Mnzava	✓	✓	✓	✓	100%
3	Mr. Patrick Mususa	✓	✓	✓	✓	100%

Remuneration Committee (New 2023)

S/N	Name of Director	22.03.2024	05.06.2024	02.09.2024	23.11.2024	Attendance
1	Mr. Patrick Mususa*	✓	✓	✓	✓	100%
2	Dr. Bernard Elieza Mnzava	✓	✓	✓	✓	100%
3	Mr. Radhakanta Hota	✓	✓	✓	Abscent Leave	75%

***Chairperson**

The role and responsibilities of this committee are governed by our bank policies and Banking and Financial Institutions Act 2006 and regulations made thereon.

Board meeting and other committee meetings were held as per guidelines of Bank of Tanzania during the year 2023.

Management committee

There are five main Management Committees i.e. Asset Liability Management Committee (ALCO), Investment Committee, Operational Risk Management Committee, Credit Risk Management Committee and Outsourcing Committee. All these committees are chaired by the Managing Director. General Managers and Head of the Departments are member of the committees. Other Management Committees are AML Cell, OSHA Committee, Procurement Committee and Information Technology Divisional Committee.

Liquidity

The Bank has financing arrangements with related parties. Details of the borrowings are disclosed in Note 29.

Technology and innovation

There has been no significant change in technology which is likely to affect the Bank's operation. Bank has finalised integration with TIPS (Tanzania Instant Payment System) in December 2023 which help to facilitate in leveraging in digital platform for efficient delivery of service.In 2024 BOT introduced additional updation of TIPS new cases that our IT team are still working on them.

Corporate Social Responsibility

The Bank is committed for its corporate social responsibility towards Tanzanians. It is regularly involved in charitable activities to take care of expenses for healthcare sector and welfare of Tanzanian children.There was no donations made during the year 2024(2023: TZS 27M).

Corporate Governance

The Directors are committed to the principles of good corporate governance and recognise the need to conduct the Banking business with best practice. Therefore Directors confirm that:

(i) The Board of Directors conducted the meeting regularly in the year 2024.

(ii) The position of Chairman and Managing Director are held by different persons.

(iii) They have effective control over the Bank and its executive management.

(iv) Board exercises the responsibility for policy decisions, budgeting & monitoring performances.

Climate and sustainability related disclosures

As per new BOT guidline 2025, a bank or financial institution shall report climate and sustainability-related financial disclosures for the same reporting period as its annual audited financial statements.Climate-related financial risk" means the potential risks that may arise from climate change or from efforts to mitigate climate change, their related impacts and their economic and financial consequences.Sustainability-related risks and opportunities" means risks and opportunities that could reasonably be expected to affect a bank or financial institution's cash flows, its access to finance or cost of capital over the short, medium or long term due to interactions between a bank or financial institution and its stakeholders, society, the economy and the natural environment throughout its value chain.

Objectives

These Guidelines are intended to assist banks and financial institutions in incorporating sound governance and risk management frameworks for climate and sustainability-related financial risks within their existing risk management frameworks. This will enable them to better understand, identify, assess, monitor and mitigate these risks.These Guidelines are further intended to require and guide banks and financial institutions to disclose information about its climate and sustainability-related risks and opportunities that is useful to stakeholders of general-purpose financial reports in making decisions in line with IFRS S2 which requires disclosure of information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

Greenhouse Gas Emissions Inventory Report for the Year 2024

GHG Emissions Summary

Scope	CO_2 Emissions (kg CO_2e)	% of Total Emissions
Scope 1	14,554.63 kgCO_2e	18.31%
Scope 2	64,960.52 kgCO_2e	81.69%
Total	**79,515.15 kgCO_2e**	**100.00%**

Methodology and Assumptions

(i) Emission Factors: Emission factors were sourced from the U.S. Environmental Protection Agency (EPA) for fuels and US International energy Administration (IEA) energy consumption.
(ii) Data Collection: Data on fuel consumption, electricity usage was collected from office account statement balances as of 31st Dec 2024

Conclusion

The Greenhouse Gas (GHG) emissions inventory for Bank of India (T) LTD reveals important insights into its environmental impact for the year 2024. The report is divided into Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity) categories, which together contribute to the bank's total GHG emissions of 79,515.15 kgCO_2e.
- **Scope 1** emissions, originating from the bank's owned vehicles, accounted for 14,554.63 kgCO_2e, which is approximately 18.30%of the total emissions. This represents the direct emissions from the bank's operations, primarily related to fuel consumption in vehicles.
- **Scope 2** emissions, resulting from the consumption of purchased electricity in two branches, totaled 64,960.52 kgCO_2e, making up 81.69%of the total emissions. This indicates that the bank's electricity use, likely a significant part of its daily operations, is the major contributor to its carbon footprint.

Source

- **Scope 1** Us Environmental Protection Agency (EPA) Emission factors for Greenhouse Gas Inventory. Carbon Emission for Motor Gasoline is 8.78 kg CO_2e /gallon. Converted to litres is 2.3 kg CO_2e/Litre.
- **Scope 2** In accordance to the International Energy Administration, the global carbon Emission from Electricity generation per kWh is around 400grams of CO_2e/kWh into Kg is 0.4 kg CO_2e/kWh.

Employees Welfare

The Bank's employment terms are reviewed annually to ensure they meet statutory and market conditions. The Bank provides loan to their employees at concessional interest rate. Bank has taken Health Insurance of all employees and their families, spouse and up to four dependents. In-house formal training and at various institutions is provided to the staff of the Bank. Local staff members are deputed for training to gain good experience of Banking Industry. Bank management has cordial relations with staff of the Bank who work as team. Ratio of female to male is as follows

	2024	2023
Male	23	23
Female	11	11
	34	**34**

The day to day management of the Bank is handled by senior management and branch heads as outlined below:

Departments	Department Head	No. of members
Finance	Mahadhil Mansoor	2
Credit	Rahim Lema	3
Internal Audit	Allen Namakate	2
Information Technology	David John	4
Treasury	Saika Sameja	3
Risk and Compliance	Kunamenda Kiwanga	2
HR and Administration	Halima Sato	1
General Manager-Operation	Robert Kibona	1
General Manager-Resource Management	Heriabdiel N. Ayoh	1
General Manager-Dar es Salaam Branch	Banajit Deka	9
Branch Manager-Zanaki Branch	Manoj Kumar Jangir	6

Related party transactions

Transactions with related parties during the year were in the normal course of business. Details of transactions and balances are included in Note 29.

Way forward

We have successfully completed 16 years of dedicated service to fulfill banking needs of our customers and the nation. The performance of our Bank during this period was satisfactory. Every industry has its own challenges and the banking industry in Tanzania is not an exception. The Bank has already drawn detail and practical plans to overcome these challenges. The Board is confident that with everyone's active support, the Bank will prosper and achieve new height in coming years.

Our Vision

To become the Bank of choice for corporate, medium business and up market retail customers and developmental Banking for small Business, mass markets.

Mission 2024

-Maintain Gross NPA below 3.05%.
-Maintaining status of one of the best compliant banks position in Tanzania.
-Increased use of IT enabled services and IT products of the Bank.

Capital structure

The capital structure of the Company is outlined in Note 24.

Shareholder	Shares held
Bank of India (India)	21,499,999
Hashim Mwausi Kihwelo	1
	21,500,000

Auditors

Baker Tilly DGP and Company was appointed at the Annual General Meeting as the Bank's auditor for financial year 2024 and has expressed its willingness to continue in office in accordance with the Tanzania Companies Act 2002. The details of the firm are provided on page 1.

Acknowledgment

The Board expresses its gratitude to Bank of Tanzania and various departments of the United republic of Tanzania for the valuable guidance and support received from them. The Board also acknowledges the support of its customers, other financial institutions, and correspondent banks for their support and cooperation. The Board also wishes to place on record its appreciation for all staff members of the Bank for their dedicated service and contribution. Lastly, the Board thanks the management and staff of Bank of India, the Parent Bank, for their continued support and guidance.

Responsibility by those charged with governance

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

By order of the Board of those charged with Governance

Ashish Kumar Jha
Managing Director
27 March 2025

BANK OF INDIA (T) LTD. ★ DAR-ES-SALAAM ★

The Tanzanian Companies Act, 2002 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Bank as at the end of the financial year and of its profit or loss and other comprehensive income for that year. It also requires the directors to ensure that the Bank keeps proper accounting records that: (a) show and explain the transactions of the Bank; (b) disclose, with reasonable accuracy, the financial position of the Bank; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Tanzanian Companies Act, 2002.

The Bank's directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards, the Banking and Financial Institutions Act, 2006 and its regulations and in the manner required by the Tanzanian Companies Act, 2002. They also accept responsibility for:

i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
ii) maintaining adequate accounting records and an effective system of risk Management.
iii) selecting suitable accounting policies and applying them consistently; and
iv) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Bank's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Bank's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of directors on 25 March 2025 and signed on its behalf by:

....
Ashish Kumar Jha
Managing Director

....
Mr. Suitbert Nestory Kageuka
Director

BANK OF INDIA (T) LTD.
DAR-ES-SALAAM

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

As stated above, it is the duty of the Finance Manager as the Professional Accountant to assist the directors to discharge the responsibility of preparing financial statements of the entity that show a true and fair view of the entity's position and performance in accordance with International Financial Reporting Standards, the Banking and Financial Institutions Act, 2006 and the Tanzanian Companies Act, 2002. Full legal responsibility for the preparation of financial statements rests with the directors as disclosed in the Statement of directors' responsibilities on page 9.

I, Mahadhil Mansoor Karwani being the Head of Finance of Bank of India (Tanzania) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024 have been prepared in compliance with International Financial Reporting Standards, the Tanzania Compnaies Act 2002, Banking and Financial Institutions Act 2006 and applicable regulations.

I thus confirm that the financial statements give a true and fair view of the financial position of Bank of India (Tanzania) Limited as at 31 December 2024 and that they have been prepared based on properly maintained financial records.

Signature: ....

NBAA Membership No. ACPA - PP 4074

Date: 27 March 2025

bakertilly
Advisory | Assurance | Tax

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BANK OF INDIA (TANZANIA) LIMITED

Opinion

We have audited the financial statements of Bank of India (Tanzania) Limited (the Bank), which comprise the Statement of Financial Position as at 31st December 2024, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with The National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have determined the matters described here below to be the key audit matters to be communicated in our report.

Area of focus	How the scope of audit responded to the area of focus and observations
I) Allowance for impairment on loans and advances **Refer to Note 16 of the financial statements** Consideration is given at each financial statement position date to determine whether there is any indication of impairment of the carrying values of the bank's loans and advances. Indications could be failure by borrowers to fully meet terms and conditions of the loans and advances, poor servicing of loans and advances and severe economic slowdown in a given sector. The determination of impairment of provisions remains a highly subjective and judgmental area. Furthermore, the Bank is subject to significant regulatory scrutiny with respect to provisioning levels. In assessing impairment amount, the estimated future loan recoveries (future cash flows) are discounted to their present value based on the time value for money and the risk specific to an individual loan or group of loans.	Our work covered impairment of loans and advance to customers. We understood and tested key controls and focused on: - identification of impairment events and classification of loans. - the governance over the impairment processes. - the review and approval process that the management have in place for the Bank's impairment model. We assessed the use of historic experience to estimate impairment events which have occurred but not reported and to derive estimates of future cash flows. We also focused on the calculation of required impairment provisions, including the use of a model, and in particular the critical assumptions used in the model and calculations. These assumptions include:

Partners:
K. S. Bhattbhatt (Tanzanian)
Kailas K. Bhattbhatt (Tanzanian)
Vishwanshu H. Trivedi (Indian)

Area of focus	How the scope of audit responded to the area of focus and observations
	1. Timing of the expected cash flows 2. Expected future cash flows 3. Discount rates 4. Quality of security maintained 5. Time taken to realize security Further, we evaluated the accuracy of impairment tests applied. **Observation** We found management assumptions to be reasonable and therefore consider provisions to be appropriate.
II) Revenue recognition **Refer to Note 6 of the financial statements** Interest income is recognized in the statement of profit or loss and other comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest method, based on the actual purchase price. The effective interest rate method is a method of calculating the amortized cost of financial assets or a financial liability and of allocating the interest or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability. Once a financial asset or a group of similar financial assets have been written down as a result of impairment loss, interest income is recognized using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss. Fees and commissions are generally recognized on an accrual basis when the service has been provided or significant act has been performed. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as in adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating or participating in the negotiation of a third party – such as arrangement of the acquisition of shares or other securities or the purchase or sale of a business are recognized on completion of the underlying transaction. There is a risk that revenue may be overstated influenced by management pressure to achieve performance targets.	We assessed transactions taking place at either side of the statement of financial position date to evaluate whether interest income and interest expense was recognized in the correct period. **Observation** Revenue was found to be fairly stated based on procedures performed for selected samples.

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the directors.

Conclude on the appropriateness of the director'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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

Report on other legal and regulatory requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books;

iii) the director's report is consistent with the financial statements;

iv) information specified by the law regarding director's remuneration and transactions with the Bank is disclosed; and

v) the Bank's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For Baker Tilly DGP & Co.
Certified Public Accountants,

Vishwanshu H. Trivedi
Partner

Place : Dar es Salaam
Date : 28 MAR 2025

Baker Tilly DGP & Co. P.O. BOX 1314 DAR-ES-SALAAM Certified Public Accountants

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

	Note	2024 TZS '000	2023 TZS '000
Interest income			
Interest income	6	17,972,877	16,299,966
Interest expense	7	(8,562,539)	(8,091,142)
Net interest income		9,410,338	8,208,824
Other operating income			
Fees and commission	8	1,093,647	1,283,519
Other income	9	1,701,133	2,638,073
Net fee and commission income		2,794,780	3,921,592
Total income		**12,205,118**	**12,130,417**
Net impairment loss on loans and advances	10	(1,268,403)	(2,713,685)
Provision for expected credit losses on other assets		4,970	943
Net operating income		10,941,684	9,417,675
Operating expenses		(6,778,672)	(6,085,743)
Profit before tax		**4,163,012**	**3,331,932**
Income tax charge	11	(531,057)	(441,466)
Profit for the year		**3,631,955**	**2,890,466**
Other comprehensive income		-	-
Total comprehensive income for the year		**3,631,955**	**2,890,466**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2024 TZS '000	2023 TZS '000
ASSETS			
Cash and balances with Bank of Tanzania	12	12,326,765	12,339,165
Deposits and balances due from other banks and financial institutions	13	7,461,276	10,651,566
Government securities at amortised cost	14	49,678,977	54,641,077
Net loans and advances to customers	16	104,038,130	108,975,081
Other assets	15	1,734,210	2,114,994
Income tax receivables		759,193	1,271,165
Property & equipment	18	1,104,817	1,027,358
Intangible assets	19	25,417	27,773
Right of use assets	20	559,233	1,078,281
Deferred tax asset	17	660,813	492,398
Total assets		**178,348,829**	**192,618,858**
LIABILITIES			
Deposits from customers	21	130,119,299	146,387,039
Other liabilities	22	3,788,530	3,765,402
Lease liabilities	23	518,734	1,182,540
Total liabilities		**134,426,563**	**151,334,981**
EQUITY			
Share capital	24	21,500,000	21,500,000
Retained earnings		18,529,701	16,718,418
Proposed dividend		898,125	989,000
Statutory reserves	28	2,994,440	2,076,457
Total shareholder's equity		**43,922,266**	**41,283,875**
Total equity and liabilities		**178,348,829**	**192,618,858**

The financial statements on pages 14 to 43 were authorised for issue by the Board of directors on 25 March 2025 and were signed on its behalf by:

....
Ashish Kumar Jha
Director

....
Mr. Suitbert Nestory Kageuka
Director

BANK OF INDIA (T) LTD. DAR-ES-SALAAM

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2024

	Share capital	Statutory Reserves	Retained earnings	Proposed Dividend	Total
	TZS '000	TZS '000	TZS '000		TZS '000
As at 1 January 2023	21,500,000	2,499,401	14,394,009	-	38,393,410
Changes in equity in 2023					
Transfer to /from reserves	-	(422,944)	422,944	-	-
Proposed dividend	-	-	(989,000)	989,000	-
Profit for the year	-	-	2,890,465	-	2,890,465
As at 31 December 2023	**21,500,000**	**2,076,457**	**16,718,418**	**989,000**	**41,283,876**
As at 1 January 2024	21,500,000	2,076,457	16,718,418	989,000	41,283,875
Changes in equity in 2024					
Transfer to /from reserves	-	917,983	(917,983)	-	-
Proposed dividend 2023	-	-	-	(989,000)	(989,000)
Proposed dividend 2024			(898,125)	898,125	-
Profit for the year	-	-	3,631,955	-	3,631,955
Prior year adjustment	-	-	(4,564)		(4,564)
As at 31 December 2024	**21,500,000**	**2,994,440**	**18,529,701**	**898,125**	**43,922,266**

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2024

	Note	2024 TZS '000	2023 TZS '000
Cashflow from operating activities			
Profit before taxation		4,163,012	3,331,932
Adjustment for:			
Depreciation and amortization		741,753	751,618
Actual rental payments for the year		(663,807)	(578,624)
Lease payments			
Provision on loan and advances		-	-
Prior year adjustment		(4,564)	-
Provision on impairment other assets		(4,970)	(943)
Net Cash flow before changes in working capital		**4,231,424**	**3,503,983**
Change in operating assets & liabilities			
Increase in investment in treasury bills/bonds maturing after 3 months		6,260,153	(921,063)
Increase in loans and advances to customers		4,936,951	(10,307,639)
Increase in prepaid expenses and other receivables		380,784	(426,766)
Change in loans to other financial institutions		815,685	(1,198,734)
Change in customers deposits		(16,267,740)	9,264,921
Change in other liabilities		23,128	407,980
Cash generated/(used in) from operating activities		**380,385**	**322,681**
Income tax paid		(187,500)	(1,390,647)
Net cash flows used in operating activities		**192,885**	**(1,067,967)**
Cash flows from investing activities			
Purchase of property & equipment	18	(290,132)	(228,796)
Payment for purchase of intangible assets	19	(7,672)	(27,772)
Net cash used in investing activities		**(297,805)**	**(256,569)**
Cash flow from financing activities			
Proceeds from issue of share capital		-	-
Dividends paid		(989,000)	-
Repayment of lease liabilities		-	-
Net cash flows used in financing activities		**(989,000)**	-
Net decrease in cash and cash equivalents		**(1,093,920)**	**(1,324,536)**
Cash and cash equivalents at beginning of the year		22,604,279	23,928,815
Cash and cash equivalents at the end of the year	25	**21,510,359**	**22,604,279**

NOTES (CONTINUED)

2. **Summary of significant accounting policies (continued)**

b) Standards, Amendments to the standards and Interpretations effective on or after January 2024

Standards, Amendments to the standards and Interpretations effective in the year 2024. The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1st January 2024:

Proceeds before Intended Use (Amendment to IAS16)

In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and

Onerous Contracts-Cost of Fulfilling a Contract — (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts)).

In May 2020, the IASB issued amendments to IAS 37, added paragraph 68A to specify which costs an entity includes in determining the cost of fulfilling a contract for the purposes of assess whether the contract is onerous. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.

Conceptual Framework for Financial Reporting (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments introduce an exception to the general recognition requirement for liabilities and contingent liabilities acquired in a business combination that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 12 Service Concession arrangements

Standards. Amendments and Interpretations issued. but not vet effective

A number of new standards, amendments to standards and interpretations are effective for forthcoming periods and the Company had not adopted any of these Standards, Amendments of interpretations from an early date. The management does not foresee any major change in the accounting policies of the Company due to such amendments.

Definition of Accounting Estimates (Amendments to IAS 8)	Effective for accounting periods beginning on or after 1 January 2024
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice	Effective for accounting periods beginning on or after 1 January 2024
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Effective for accounting periods beginning on or after 1 January 2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Effective for accounting periods beginning on or after 1 January 2024
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2023
Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)	Effective for accounting periods beginning on or after 1 January 2024
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as	Effective for accounting periods beginning on or after 1 January 2024
IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with	Effective for accounting periods beginning on or after 1 January 2024

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Bank operates) which is Tanzania Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the statement of profit or loss and other comprehensive income in the year in which they arise, except for differences arising on translation of non - monetary assets measured at fair value through other comprehensive income, which are recognized in other comprehensive income.

NOTES

2. Summary of significant accounting policies (continued)

d) *Interest income and expenses*

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income 'or 'interest expense' in the statement of profit or loss using the effective interest method in the period to which it is earned or charged. Net interest income comprises interest income and interest expense calculated using the effective interest method. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information when an account is classified as non-performing, the interest accrued on that account is suspended and kept in interest suspense account until it is realized in cash.

Once a credit-impaired financial asset has been written down to reflect the lifetime expected credit loss, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

e) *Fees and commision*

Fee and commission income is earned on the execution of a significant performance obligation, which may be when the performance obligation is fulfilled (over time) or when the significant performance obligation has been performed (point in time). Transaction and processing fees are recognised at the point in time the transaction occurs or service is performed. They include banking services such as wire transfer fees, point-of-sale fees, balance transfer fees, overdraft or late fees and foreign exchange fees, among others.

f) Financial instruments

Initial recognition

Financial instruments are recognised when, and only when, the Bank becomes party to the contractual provisions of the instrument. All financial assets comprising of loans and advances to customers, deposits and balances from financial institutions, government securities and other financial assets are recognised initially using the trade date accounting which is the date the Bank commits itself to the purchase or sale.

Classification

The Bank classifies its financial instruments into the following categories:

i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;

ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at fair value through other comprehensive income.**

iii) All other financial assets are classified and measured **at fair value through profit or loss.**

iv) Notwithstanding the above, the Bank may:

a) on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income.**

b) on initial recognition of a debt instrument, irrevocably designate it as classified and measured **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured **at fair value through profit or loss**. The Bank may also, on initial recognition, irrevocably designate a financial liability as **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

f) Financial instruments (continued)

Classification (continued)

Financial instruments held during the year were classified as follows:

- Loans and advances and other receivables, and investments in government securities were classified as at amortised cost.
- Borrowings, customer deposits and trade and other liabilities were classified as at amortized cost.

Initial measurement

On initial recognition:

i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.

ii) All other categories of financial assets or financial liabilities are measured at fair value through profit or loss.

Impairment- measurement of Expected Credit loss (ECL)

The Bank recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

In case of loans and receivables, if there is an evidence of impairment loss, specific provisions is made in line with the requirements of the guidelines issued by the Bank of Tanzania (BOT) as follows:

No. of days outstanding	Classification	Provision (%)
Below 90	Unclassified	Nil
91 – 180	Substandard	20
181 – 360	Doubtful	50
Above 360	Loss	100

The provisions are to be compared using both International Financial Reporting Standard (IFRS) 9 approach and Bank of Tanzania (BOT) regulatory approach as under:

In case IFRS 9 provision is less than BOT provision, then a special non-distributable reserve is created through an appropriation of distributable reserve to eliminate the shortfall. The transfer is made in the statement of changes in equity.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Bank has transferred substantially all risks and rewards of ownership, or when the Bank has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

NOTES (CONTINUED)

2 Basis of preparation and summary of significant accounting policies (continued)

j) Acceptances, guarantees and letters of credits

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:
- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitment

The bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

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

k) Income taxes

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Tanzanian Income Tax Act. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the Statement of Financial Position date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

l) Share capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

f) Financial instruments (continued)

Offsetting

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

g) Property and equipment

All categories of property and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Bank over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to statement of profit and loss in the year in which they are incurred.

Depreciation is provided in full in the month of additions. No depreciation is provided in the month of sale/disposal. Depreciation is calculated to write off the cost of the fixed assets on a reducing balance basis over their estimated useful lives.

The assets residual values and useful life including impairment assessment are reviewed annually and adjusted, if appropiate, at the end of each reporting period.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

h) Leases

Leases under which the Bank is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Bank recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Bank is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Bank's incremental borrowing rate is used.

For leases that contain non-lease components, the Bank allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with Bank of Tanzania and amounts due from other Banks. Cash and cash equivalents excludes the cash reserve requirement held with Bank of Tanzania.

NOTES (CONTINUED)

2 Basis of preparation and summary of significant accounting policies (continued)

m) Provisions for liabilities

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

n) Borrowing

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

o) Employee benefits

All short term employee benefits are provided for in the statement of profit or loss on accrual basis. Further, employees are members of a defined benefit scheme National Social Security Fund (NSSF) employees contribute ten percent of their salary and employer contributes ten percent of the employees' salary to the scheme where by employers' contribution is accounted for in the period it falls due. The Bank has no legal contractual obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to their service in the current and prior period.

p) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

q) Statutory reserves

As per the circular by the Central Bank of Tanzania, for provision of non-performing assets, the Bank is required to compute provision using both IFRS 9 approach and BOT regulatory approach. IFRS 9 provision should be charged to the statement of profit or loss. In case IFRS 9 provisions is less than BOT provision, then a special non-distributable reserve termed as "Statutory Reserve" is created for eliminating the shortfall.

r) Intangible assets

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Bank are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life. The software costs are amortized on a straight line basis over the expected useful life of three years (at the rate of 33.3% per year).

s) Contingent liabilities

Letters of credit, acceptances, guarantees and performance bonds are accounted for as off balance sheet transactions and disclosed as contingent liabilities. Estimates of the outcome and of the financial effect of contingent liabilities is made by the management based on the information available up to the date the financial statements are approved for issue by the directors. Any expected loss is charged to the profit or loss account in the year in which it is determined.

t) Dividends

Dividends on ordinary shares are recognised as liability in the year in which they are declared.Proposed dividends are accounted for as separate component of equity until they have been approved by the shareholders at an annual general meeting.

NOTES (CONTINUED)

4. Financial risk management (continued)

The Audit committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit committee is assisted in these functions by the Internal Audit department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The follow up of these procedures is closely monitored by the Managing Director, in the day to day activities of the Bank.

Credit risk

Credit risk is a risk of financial loss to the bank, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the bank's loans and advances to customers and other banks, and investment debt securities.

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit committee. The credit department of the bank, reporting to the credit committee is responsible for management of the bank's credit risk,

- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting,
- Establishing the authorization structure for approval and renewal of credit facilities. The credit limits are governed by
- Reviewing and assessing credit risks.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances).

In certain cases, the Bank, in an effort to recover a past due or impaired loan and advance, renegotiates the repayment terms with the individual customers. Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of the credit committee, indicate that payment will most likely continue. These policies are kept under continuous review.

Letters of credit are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct advance or loan.

Credit risk on loans and advances to banking institutions is managed by dealing with institutions, taking into account internal ratings and placing limits on deposits that can be held with each institution.

Due to the inherent nature of Government securities, these are considered to have minimal credit risk.

The Bank considers a term loan to be in default if the repayment of the loan installment (principal and accrued interest) is more than 30 days past due for all product types. A revolving facility is in default if the facility is drawn above the limit for more than 90 consecutive days during the lifetime of the facility or if the drawn amount is still outstanding 30 days after maturity of the facility or if a related term loan is in default.

For secured loan, the Bank considers collateral value discounted using an effective interest rate. Exposure at Default for term loans is estimated as contractual rundown on the loans. This is estimated as the outstanding balance on the facility.

Expected credit losses

The Bank applies a 'three-stage" model for impairment based on changes in credit quality since initial recognition, as summarised below:

Stage 1: financial assets that is not credit impaired at initial recognition and for which credit risk has not increased significantly since initial recognition;

Stage 2: financial assets for which credit risk has increased significantly since initial recognition, but is not yet deemed to be credit-impaired; and

Stage 3: financial assets that are credit-impaired.

In accordance with the Bank's accounting policy, for assets in Stages 2 and 3 allowance is made for expected credit losses that result from all possible default events over the expected life of a financial instrument. For assets in Stage 1 allowance is made for that portion of lifetime expected credit losses that result from default events that are possible within 12 months after the reporting date.

NOTES

4 **Financial risk management (continued)**

Expected credit losses (Continued)

In assessing whether the credit risk on a financial asset has increased significantly, the Bank compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Bank considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. A downgrading of the Bank's internal credit rating (see above) would be considered as indicating a significant increase in credit risk. There is also a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the borrower is in breach of contractual obligations, or if information is available internally or externally that suggests that the borrower is unlikely to be able to meet its obligations.

If the Bank does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Bank groups financial assets on the basis of shared credit risk characteristics, such as type of instrument, industry in which the borrower operates and nature of collateral.

Loans and advances to customers

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral against loans and advances in the form of mortgage interests over property, other registered securities over assets and guarantees. The following factors are considered when assessing credit risk of loans and advances to customers:

- the probability of default by borrowers on their contractual obligations;
- current exposures to the borrowers and likely future developments, from which the Bank derives its exposure to risk; and
- the likely recovery ratio on the defaulted obligations.

The Bank structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. In addition, the Bank of Tanzania also sets the maximum exposure to a single party or group. It also sets the maximum exposure to insiders and places a ceiling on the total lending to insiders. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and industry sector are approved as and when required by the credit committee. The exposure to any one borrower is further restricted by sub-limits covering on and off balance sheet exposures in relation to trading items.

Regular audit of credit process is undertaken by the internal audit. The classification of advances based on the overdue balances, showing exposure to credit risk, is given below:

Particulars	(Amt. in Tzs '000)				
	Number of days	**Equivalent IFRS 9 stages**	**Balance outstanding including unrealized interest**	**Secured**	**Unsecured**
Unspecified	0 - 90	Stage 1	98,145,310	97,694,085	451,224
Especialy Mentioned (ESM)	91 - 180	Stage 2	3,523,685	3,523,685	-
Doubtful	181 - 360	Stage 3	125,710	125,710	-
Loss	361 or more	Stage 3	4,665,800	4,665,800	-
Total			**106,460,504**	**106,009,280**	**451,224**

The Bank has calculated and provided for impairment as explained in Note 4 in compliance with the requirements of the Bank of Tanzania and the International Financial Reporting Standards.

Management assesses the credit quality of each borrower, taking into account their financial position, past experience and other quantitive factors. Individual limits are set based on internal or external information and in accordance with guidelines set by the board. The utilisation of credit limits is regularly monitored and corrective action taken, where necessary.

NOTES (CONTINUED)

4. Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

The Bank holds collateral against loans and advances to customers in the form of residential and commercial property and machinery, and pledged deposits.

The changes in the loss allowance during the year were as follows:

		Lifetime expected credit losses		
	Stage 1 TZS'000	**Stage 2 TZS'000**	**Stage 3 TZS'000**	**Total TZS'000**
Year ended 31st December 2024				
At start of year	110,335	16,536	1,432,071	1,558,942
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	179,738	(16,536)	1,100,232	1,263,434
Changes because of financial assets that were written off during the year	-	-	(692,378)	(692,378)
At end of year	290,072	-	1,839,925	2,129,997
Year ended 31st December 2023				
At start of year	263,928	40,803	503,721	808,452
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	(153,593)	(24,267)	2,890,604	2,712,743
Changes because of financial assets that were written off during the year	-	-	(1,962,254)	(1,962,254)
At end of year	110,335	16,536	1,432,071	1,558,942

	12-month expected	**Lifetime expected credit losses**		
The loss allowances at the end of each year relate to the following financial assets:	**Stage 1 TZS'000**	**Stage 2 TZS'000**	**Stage 3 TZS'000**	**Total TZS'000**
At 31 December 2024				
Balances with Bank of Tanzania	-	-	-	-
Balances due from other banks and financial	-	-	-	-
Loans and advances to banking institutions	8,910	-	-	8,910
Loans and advances to customers	261,012	-	1,839,925	2,100,937
Government securities at amortised cost	20,149	-	-	20,149
Other receivables	2	-	-	2
Total	290,072	-	1,839,925	2,129,997
At 31 December 2023				
Balances with Bank of Tanzania	-	-	-	-
Balances due from other banks and financial	-	-	-	-
Loans and advances to banking institutions	11,804	-	-	11,804
Loans and advances to customers	76,304	16,536	1,432,071	1,524,911
Government securities at amortised cost	22,220	-	-	22,220
Other receivables	5	-	-	5
Total	110,335	16,536	1,432,071	1,558,942

NOTES (CONTINUED)

4. Financial risk management (continued)

Market risk

The Bank is exposed to market risk. Market risk arises from open positions in interest rate, currency and equity products. The board sets limits and reviews it at regular interval on the risk that may be accepted. Further the exposure is monitored on daily basis. Management of this risk is undertaken by the Treasury function under the supervision of the Asset-Liability Committee (ALCO),while the risk department maintains oversight role.

The Bank carries limited amount of market risk. The tolerance limit is approved by the board. The measurement of risk is based on sensitivity analysis and stress testing. The impact is shown on pages 31 - 35.

Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Bank's reputation. This responsibility rests with the Assets and Liabilities Committee (ALCO).

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of liquidity risk. It is unusual for banks to ever be completely matched since business transacted is often on uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturity of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature are important factors in assessing the liquidity of the Bank and its exposure to changes in interest and exchange rates.

The Bank does not maintain cash resources to meet all liabilities as they fall due as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank maintains a portfolio of short-term liquid assets, made up of loans and advances to banking institutions and balances with Bank of Tanzania to manage the day-to-day liquidity requirements. Management reviews the liquidity ratio of liquid assets to customer deposits on a daily basis and performs scenario testing to ensure that sufficient liquidity is maintained to meet maturing deposits.

The liquidity ratio at the statement of financial position date was:

	2024 TZS'000	2023 TZS'000
Liquid assets	34,209,692	28,414,564
Deposits	130,119,299	146,387,039
Other payables	4,481,355	4,357,458
Liquidity (%)	25%	19%

The scenario testing at 31 December 2024 indicated a liquidity ratio of 25% (2023: 19%) in the worst case scenario.

NOTES (CONTINUED)

4. Financial risk management (continued)

Liquidity risk (continued)

The table below analyses financial liabilities into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

Particulars	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 5 years	Over 5 years	Total
At 31 December 2024	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Financial assets									
Cash balance	1,985,531	-	-	-	-	-	-	-	1,985,531
Balance with Bank of Tanzania	10,341,242	-	-	-	-	-	-	-	10,341,242
Balances with other banks and financial Institutions	1,680,092	-	-	-	-	-	-	-	1,680,092
Investment in debt securities	500,000	207,276	5,841,818	17,202,559	12,491,230	1,449,551	3,248,781	8,757,910	49,699,126
Inter-bank loan receivables	5,790,000	-	-	-	-	-	-	-	5,790,000
Loans, advances and overdraft (Gross)	35,612,400	3,069,738	9,702,631	29,330,719	18,433,107	4,479,983	5,831,926	-	106,460,504
Total financial assets	55,909,265	3,277,014	15,544,449	46,533,278	30,924,337	5,929,534	9,080,708	8,757,910	175,956,495
Financial liabilities									
Demand deposits / call deposit	15,265,300	-	-	-	-	-	-	-	15,265,300
Savings deposits	16,182,940	-	-	-	-	-	-	-	16,182,940
Time deposits	8,724,127	19,419,156	17,642,992	43,252,966	6,951,123	-	-	-	95,990,364
Deposits with banks and financial institutions	2,634,500	-	-	-	-	-	-	-	2,634,500
Bankers cheques & draft issued	25,448	-	-	-	-	-	-	-	25,448
Accrued interest	3,272,102	-	-	-	-	-	-	-	3,272,102
Accrued taxes	39,751	-	-	-	-	-	-	-	39,751
Other liabilities	715,022	-	-	-	-	-	-	-	715,022
Total financial liabilities	46,859,190	19,419,156	17,642,992	43,252,966	6,951,123	-	-	-	134,125,427
Net liquidity gap	**9,050,075**	**(16,142,142)**	**(2,098,544)**	**3,280,312**	**23,973,214**	**5,929,534**	**9,080,708**	**8,757,910**	**41,831,068**

NOTES

4. Financial risk management (continued)

Liquidity risk (continued)

The table below analyses financial liabilities into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

Particulars	Up to 1 month TZS'000	1 to 3 months TZS'000	3 to 6 months TZS'000	6 to 12 months TZS'000	1 to 2 years TZS'000	2 to 3 years TZS'000	Over 5 years TZS'000	Total TZS'000
At 31 December 2023								
Financial assets								
Cash balance	1,555,448	-	-	-	-	-	-	1,555,448
Balance with Bank of Tanzania	10,783,725	-	-	-	-	-	-	10,783,725
Balances with other banks and financial Institutions	1,892,370	-	-	-	-	-	-	1,892,370
Investment in debts securities	747,759	4,505,354	500,000	19,571,475	3,472,127	12,430,726	8,759,430	54,663,297
Inter-bank loan receivables	5,012,000	-	3,759,000	-	-	-	-	8,771,000
Loans, advances and overdraft (Gross)	29,573,136	5,195,423	7,762,071	22,956,492	12,474,673	22,538,025	-	110,814,974
Total financial assets	49,564,438	9,700,777	12,021,071	42,527,967	15,946,800	34,968,751	8,759,430	188,480,814
Financial liabilities								
Demand deposits / call deposit	15,594,643	-	-	-	-	-	-	15,594,643
Savings deposits	11,466,100	-	-	-	-	-	-	11,466,100
Time deposits	11,171,035	10,219,504	15,907,854	34,684,080	4,722,697	-	-	76,705,170
Deposits with banks and financial institutions	11,797,319	28,317,800	2,506,000	-	-	-	-	42,621,119
Bankers cheques & draft issued	26,181	-	-	-	-	-	-	26,181
Accrued interest	3,068,457	-	-	-	-	-	-	3,068,457
Accrued taxes	56,674	-	-	-	-	-	-	56,674
Other liabilities	1,602,883	-	-	-	-	-	-	1,602,883
Total financial liabilities	54,783,292	38,537,304	18,413,854	34,684,080	4,722,697	-	-	151,141,227
Net liquidity gap	**(5,218,854)**	**(28,836,527)**	**(6,392,784)**	**7,843,887**	**11,224,103**	**34,968,751**	**8,759,430**	**37,339,586**

4. Financial risk management (continued)

Interest rate risk

The bank is exposed to various risk associated with the effect of fluctuation in the prevailing levels of market interest rates on its financial position and cash flow. The bank has the discretion to change the rate on deposits, loans and advances in line with the changes in market trend. These measures minimize the bank's exposure to interest rate risk.

The table below analyses the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates. The Bank does not bear an interest rate on off balance sheet items.

At 31 December 2024	Up to 1 month TZS'000	1 to 3 months TZS'000	3 to 6 months TZS'000	6 to 12 months TZS'000	Over 1 year TZS'000	Non-interest bearing TZS'000	Total
Financial assets							
Cash balance	-	-	-	-	-	1,985,531	1,985,531
Balance with Bank of Tanzania	-	-	-	-	-	10,341,234	10,341,234
Balances with other banks and financial Institutions	-	-	-	-	-	1,680,092	1,680,092
Investment in debts securities	500,000	207,276	5,841,818	17,202,559	25,947,473	-	49,699,126
Inter-bank loan receivables	5,790,000	-	-	-	-	-	5,790,000
Loans, advances and overdraft (Gross)	35,612,400	3,069,738	9,702,631	29,330,719	28,745,017	-	106,460,504
Total financial assets	41,902,400	3,277,014	15,544,449	46,533,278	54,692,490	14,006,857	175,956,487
Financial liabilities							-
Demand deposits / call deposit	-	-	-	-	-	15,265,300	15,265,300
Savings deposits	16,182,940	-	-	-	-	-	16,182,940
Time deposits	8,724,127	19,419,156	17,642,992	43,252,966	6,951,123	-	95,990,364
Deposits with banks and financial institutions	2,634,500	-	-	-	-	-	2,634,500
Bankers cheques & draft issued	-	-	-	-	-	25,448	25,448
Accrued interest	-	-	-	-	-	3,272,102	3,272,102
Accrued taxes	-	-	-	-	-	39,751	39,751
Other liabilities	-	-	-	-	-	715,022	715,022
Total financial liabilities	27,541,567	19,419,156	17,642,992	43,252,966	6,951,123	19,317,623	134,125,427
Interest sensitivity gap	14,360,833	(16,142,142)	(2,098,543)	3,280,312	47,741,367	-	47,141,826

4. Financial risk management (continued)

Interest rate risk (continued)

At 31 December 2023	Up to 1 month TZS'000	1 to 3 months TZS'000	3 to 6 months TZS'000	6 to 12 3 - 9 TZS'000	Over 1 years TZS'000	Non-interest bearing TZS'000	Total TZS'000
Financial assets							
Cash balance	-	-	-	-	-	1,555,448	1,555,448
Balance with Bank of Tanzania	-	-	-	-	-	10,783,717	10,783,717
Balances with other banks and financial Institutions	-	-	-	-	-	1,892,370	1,892,370
Investment in debts securities	747,759	4,505,354	500,000	19,571,475	29,338,709	-	54,663,297
Inter-bank loan receivables	5,012,000	-	3,759,000	-	-	-	8,771,000
Loans, advances and overdraft (Gross)	29,573,136	5,195,423	7,762,071	22,956,492	45,327,852	-	110,814,974
Total financial assets	35,332,895	9,700,777	12,021,071	42,527,967	74,666,561	14,231,535	188,480,806
Financial liabilities							-
Demand deposits / call deposit	-	-	-	-	-	15,594,643	15,594,643
Savings deposits	11,466,100	-	-	-	-	-	11,466,100
Time deposits	11,171,035	10,219,504	15,907,854	34,684,080	4,722,697	-	76,705,170
Deposits with banks and financial institutions	11,797,319	28,317,800	2,506,000	-	-	-	42,621,119
Bankers cheques & draft issued	-	-	-	-	-	26,181	26,181
Accrued interest	-	-	-	-	-	3,068,457	3,068,457
Accrued taxes	-	-	-	-	-	56,674	56,674
Other liabilities	-	-	-	-	-	1,602,883	1,602,883
Total financial liabilities	34,434,454	38,537,304	18,413,854	34,684,080	4,722,697	20,348,838	151,141,227
Interest sensitivity gap	898,441	(28,836,527)	(6,392,783)	7,843,887	69,943,864	-	43,456,881

The impact on financial assets net of financial liabilities, of a 5% increase or decrease in interest rates would be as follows:

	2024 TZS'000	2023 TZS'000
+5% movement	1,649,964	1,520,991
-5% movement	(1,649,964)	(1,520,991)

NOTES

4. Financial risk management (continued)

Currency risk

The Bank is exposed to the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rate. The Bank is involved in foreign currency market only to the extent of buying and selling to the extent of required currency. The Bank is not involved in foreign currency forward contracts and thus the risk is limited.

The table below analyses the Bank's assets and liabilities at carrying amounts, categorized by currency.

At 31 December 2024 (TZS'000)	USD	GBP	EURO	INR	KES	Total
Financial Assets						
Cash	994,833	-	-	-	-	994,833
Bank balances in current account	2,342,792	19,234	13,326	298,660	24,520	2,698,532
Money market placement	4,790,000	-	-	-	-	4,790,000
Loans, Advances and Overdrafts	73,113,631	-	-	-	-	73,113,631
Other assets	20,884	-	-	-	-	20,884
Total Assets	81,262,140	19,234	13,326	298,660	24,520	81,617,879
Financial Liabilities						
Deposits	84,170,123	-	-	-	-	84,170,123
Other Foreign Currency Liabilities	-	-	-	-	-	-
Total Liabilities	84,170,123	-	-	-	-	84,170,123
Net balance sheet position	(2,907,983)	19,234	13,326	298,660	24,520	(2,552,243)
Exchange rates as at 31 December 2023	2,395	3,016	2,502	28.02	18.52999995	

At 31 December 2023 (TZS'000)	USD	GBP	EURO	INR	KES	Total
Total Assets	97,586,163	13,631	19,575	55,059	19,813	97,694,242
Total Liabilities	98,205,676	-	-	-	-	98,205,676
Net balance sheet position	(619,513)	13,631	19,575	55,059	19,813	(511,434)
Exchange rates as at 31 December 2023	2,506	3200	2,785	30.13	25.96	

Had the Tanzanian Shilling weakened by 10% against each currency, with all other variables held constant, post-tax profit would have decreased by TZS 178,657,042.31 (2023: TZS 35,800,000). If the Tanzanian Shilling strengthened against each currency, the effect would have been the opposite.

Operational risks

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market, liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all the Bank's activities.

The Bank's objective is to manage the operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiate and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the senior management at each branch level. The responsibility is supported by the development of overall standards for management of operational risks in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;

NOTES

4. Financial risk management (continued)

Operational risks (continued)

·Compliance with regulatory and other legal requirements;
· Documentation of controls and procedures;
· Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
· Requirements for the reporting of operational losses and proposed remedial action;
·Development of contingency plans;
·Training and professional development;
·Ethical and business standard;
·Risk mitigation, including insurance where this is effective.

Compliance with the standards is supported by the periodic review by the Internal Audit. The results of the internal audit are discussed with the management, with summaries submitted to the Audit Committee.

5. Capital Management

The Bank's objectives when managing capital, which is broader concept than the 'equity' on the face of the statemement of financial position sheet, are:
-To comply with the capital requirement set by the regulator;
-To safeguard the Bank's ability to continue as going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
-To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania (BOT), for supervision purposes. The required information is filed with the BOT on a quarterly basis.

The Bank of Tanzania (BOT) requires each bank to:
-Hold a minimum level of core capital of TZS. 15 billion;
-Maintain a ratio of core capital to the risk weighted assets plus risk weighted off balance sheet items at or above the required minimum of 12.50%; and
-Maintain total capital of not less than 14.50% of risk weighted assets plus risk weighted off balance sheet items.
The bank's regulatory capital as managed by its management is divided into two tiers:
Tier 1 capital (Core capital):
Share capital, retained earnings and reserves created by appropriation of retained earnings. Prepaid expenses, intangible assets and deferred tax assets are deducted in arriving at Tier 1 capital.

Tier 2 capital:

Qualifying subordinate loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

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

The table below summarizes the composition of regulatory capital and the ratios of the bank for the year ended on 31 December 2024

Minimum capital required for market risks - Standardized Measurement method	**TZS'000**
Foreign Exchange Risk	351,673
Interest Rate Position Risk	-
Equities Position Risk	-
Total Minimum capital required for market risk	351,673

NOTES (CONTINUED)

5. Capital Management (continued)

Adjusted risk weighted assets	**TZS'000**
Credit risk on balance sheet items	105,547,827
Credit risk on off balance sheet items	24,163,160
Total Minimum capital required for market risk	2,930,604
Total Adjusted capital required for operational risk	9,502,174
Total Adjusted risk weighted assets and off balance sheet exposures	142,143,766
Available capital	
Available core capital	39,053,665
Available total capital	42,048,105
Capital adequacy ratios	
Core capital to risk weighted assets and off balance sheet exposures	27%
Total capital to risk weighted assets and off balance sheet exposures	30%

Particulars	**BOT Requirement**	**Actual**
Core capital to total adjusted risk weighted assets	12.5%	27%
Total capital to total adjusted risk weighted assets	14.5%	30%

	2024	**2023**
	TZS'000	**TZS'000**
6. Interest income		
Interest on loans and advances	12,224,544	10,284,258
Interest on government securities	5,184,423	5,240,587
Interest on deposits and bank balances	563,911	775,121
	17,972,877	**16,299,966**
7. Interest expenses		
Interest on customer deposits	6,377,488	4,735,649
Interest paid on borrowings from other banks	2,185,051	3,355,493
	8,562,539	**8,091,142**
8. Fees and Commission		
Commission earned	167,058	177,837
Other fees and charges	926,589	1,105,682
	1,093,647	**1,283,519**
9. Other income		
Other miscellaneous income	79,675	30,296
Recoveries from loans and advances written off	922,872	2,264,570
Profit on foreign currency transactions	698,586	343,207
	1,701,133	**2,638,073**
10. Net impairment loss on loans and advances		
Increase in provisions Note 16(b)	1,268,403	2,713,686
	1,268,403	**2,713,686**

NOTES (CONTINUED)

16. Loans and advances

	2024 TZS'000	2023 TZS'000
a) Loans and advances to customers		
Corporate loans	99,258,748	105,598,228
Staff loans	1,506,330	1,407,815
Personal loans	5,695,332	3,808,930
Gross loans and advances to customers	106,460,410	110,814,973
Provision for expected credit loss	(2,100,937)	(1,524,911)
Interest in suspense	(321,343)	(314,981)
	104,038,130	108,975,081
b) Movement in provision for expected credit losses		
Opening balance	1,524,911	773,480
Increase in provision charged to profit or loss	1,268,403	2,713,686
Less: Movement/(Decrease) in provision	(692,378)	(1,962,254)
Closing balance	2,100,937	1,524,911

(c)Sector wise analysis of loans and advances	2024 TZS'000	2024 %	2023 TZS'000	2023 %
Manufacturing	27,095,859	25%	30,373,034	27%
Real estate and construction	11,559,634	11%	11,644,036	11%
Trade and commerce	14,615,727	14%	15,243,932	14%
Personal	5,695,332	5%	3,808,930	3%
Transport and communication	17,671,511	17%	21,639,263	20%
Hotel and tourism	7,634,562	7%	9,587,036	9%
Other services	20,681,455	19%	17,110,927	15%
Staff	1,506,330	1%	1,407,815	1%
	106,460,410	100%	110,814,973	100%

Maturity Analysis	2024 TZS'000	2023 TZS'000
Repayable on demand	33,436,798	29,573,136
Repayable in 3 months or less	14,947,971	12,957,493
Repayable between 3 months and 1 year	29,330,719	22,956,492
Repayable after 1 year	28,745,017	45,327,852
	106,460,504	110,814,973

17. Deferred income tax

	At 1 January TZS'000	Credited/ (charged) to profit and loss	At 31 December TZS '000
Year ended 31 December 2024			
Property and Equipment	84,486	25,852	110,338
Provisions	(467,683)	(171,317)	(638,999)
Right of Use assets	(14,707)	(21,042)	(35,748)
Interest in suspense	-	(96,403)	(96,403)
Net deferred tax asset	(492,398)	(168,415)	(660,813)
Year ended 31 December 2023			
Property and Equipment	76,748	7,738	84,486
Provisions	(242,536)	(225,147)	(467,683)
Right of Use assets	61,598	(76,305)	(14,707)
Interest in suspense	-	(94,494)	(94,494)
Net deferred tax asset	(104,190)	(388,208)	(492,398)

NOTES (CONTINUED)

18. Property and equipment

	Computer & peripherals TZS'000	Motor vehicles TZS'000	Office furniture & equipment TZS'000	Plant & machinery TZS'000	WIP	Total TZS'000
At 1 January 2023						
Cost	1,120,588	87,045	1,009,948	104,915	58,920	2,322,497
Accumulated depreciation	(643,564)	(64,497)	(557,867)	(86,469)	-	(1,352,397)
Accumulated depreciation on disposed asset	-	-	1,675	-	-	1,675
Net carrying amount	477,024	22,548	453,757	18,446	58,920	971,774
Year ended 31 December 2023						
Opening carrying amount	477,024	22,548	453,757	18,446	58,920	1,030,694
Additions	10,635	161,406	3,341	-	53,414	228,796
Depreciation charge	(159,013)	(12,428)	(58,385)	(2,306)	-	(232,132)
Closing carrying amount	328,645	171,526	398,713	16,140	112,334	1,027,358
At 31 December 2023						
Cost	1,131,223	248,452	1,013,289	104,915	112,334	2,610,213
Accumulated depreciation	(802,578)	(76,925)	(616,252)	(88,775)	-	(1,584,530)
Accumulated depreciation on disposed asset	-	-	1,675	-	-	1,675
Net carrying amount	328,645	171,526	398,713	16,140	112,334	1,027,358
Year ended 31 December 2024						
Opening carrying amount	328,645	171,526	398,713	16,140	112,334	1,027,358
Additions	43,239	5,564	2,484	-	238,845	290,133
Depreciation charge	(109,747)	(46,973)	(53,937)	(2,018)	-	(212,674)
Transfer to other assets			112,334	-	(112,334)	-
Closing carrying amount	262,138	130,118	459,594	14,123	238,845	1,104,817
At 31 December 2024						
Cost	1,174,462	254,016	1,128,107	104,915	238,845	2,900,346
Accumulated depreciation	(912,324)	(123,898)	(668,514)	(90,792)	-	(1,795,529)
Net carrying amount	262,138	130,118	459,593	14,123	238,845	1,104,817

The annual depreciation rates used are as follows:

Vehicles	25.00%
Computer Hardware	33.33%
Office furniture & equipment	12.50%
Plant & Machinery	12.50%

NOTES (CONTINUED)

27. Core capital

	2024 TZS'000	2023 TZS'000
Issued and fully paid up capital	21,500,000	21,500,000
Retained earnings	18,529,701	14,394,009
Prepayments	(289,807)	(271,840)
Deferred tax liabilities / (assets)	(660,813)	(104,190)
Intangible assets	(25,417)	-
	39,053,665	**35,517,979**

28. Statutory reserve

	2024	2023
At 1 January	2,076,457	2,499,401
Transfer to retained earnings	917,983	(422,944)
At 31 December	**2,994,440**	**2,076,457**

The regulatory reserve represents an appropriation from retained earnings to comply with the requirements of Bank of Tanzania. The balance represents the excess of impairment provisions determined in accordance with the Regulations over the impairment provisions recognised in accordance with the Bank's accounting policy. The reserve is not distributable.

29. Related party transactions

The Bank is related to other entities which are related through common shareholding or common directorships. The following transactions were carried out with related parties:

	2024 TZS'000	2023 TZS'000
(i) Key management compensation		
Short term employee benefits to Managing Director	328,808	232,449
Sitting fees paid to directors	65,732	46,370
	394,540	**278,819**
(ii) Interest expense		
Bank of India (London branch)	1,141,135	1,506,646
Bank of India (New York branch)	269,816	104,963
Bank of India (Gift City Branch)	774,099	-
	2,185,051	**1,611,609**
(iii) Outstanding balances arising from sale and purchase of goods and services		
(a) Net closing balance due from related parties		
Nostro Bank of India (New York branch)	249,540	427,350
Nostro Bank of India (London branch)	19,234	10,070
Nostro Bank of India (Paris branch)	13,326	9,802
Nostro Bank of India (Mumbai branch)	251,878	57,644
Nostro Bank of India (Nairobi branch)	3,496	4,581
Vostro Bank of India (India)	46,782	-
	584,255	**509,447**
(b) Customer deposits accepted from related parties		
Bank of India (London branch)	-	56,339,600
Bank of India (New York branch)	2,634,500	3,925,000
	2,634,500	**60,264,600**

COMPUTATION OF TAX

	2024 TZS	2023 TZS
Profit as per financial statements	**4,163,012**	**3,331,932**
Add: Disallowances under tax laws		
Depreciation and amortisation	222,703	232,132
Depreciation (Right of use asset)	519,049	519,485
Interest on lease liability	-	-
Provisions for impairment	1,263,434	2,712,743
Interest in Suspense	6,363	127,845
	6,174,560	**6,924,137**
Less: Allowances under tax laws		
Rent expense	638,210	568,507
Wear and tear allowance	196,542	257,925
Bad debts (Loss NPA assets) written off against NPA provision	869,071	495,486
Interest Income of T Bills Exempt from Tax	1,924,166	1,924,166
Recovery of debts previously provided and disallowed	215,000	800,000
	3,842,988	**4,046,085**
Final taxable profit for the year	**2,331,572**	**2,878,053**
Income tax charge for the year	**699,472**	**863,416**
Less: Advance tax paid	187,500	1,390,647
Previous year's un-utilised tax credit	1,271,165	710,192
Set off tax on assessment 2018/21	-	(145,627)
Writeoff tax assets 2021	-	(344,603)
Corporate tax refund (ITA Section 26) 2021/22	-	523,972
Final tax payable / (refundable)	**(759,193)**	**(1,271,165)**

WEAR AND TEAR SCHEDULE

	Class I TZS	Class III TZS	Class VII TZS	Total
Rate / Life	37.50%	12.50%	3 years	
Method	WDV	WDV	SLM	
At start of the year 01.01.2024	343,129	299,533	18,515	661,177
Add: Additions	48,803	2,484	7,673	58,960
	391,932	302,017	26,188	720,137
Wear and tear	146,975	37,752	11,815	196,542
At end of the year 31.12.2024	**244,958**	**264,265**	**14,373**	**523,595**