

**BANK OF INDIA (TANZANIA) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

*Bank of India (Tanzania) Limited*  
*Annual report and financial statements*  
*For the year ended 31 December 2025*

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**Bank of India (Tanzania) Limited**

**Bank information**

**For the year ended 31 December 2025**

<b>Board of directors</b>	<b>Designation</b>	<b>Nationality</b>	<b>Appointed on</b>
Mr. Ashish Kumar Jha	Managing Director	Indian	26 August 2024
Mr. Kuldeep Jindal	Director	Indian	01 March 2022
Dr. Bernard Elieza Manzava	Director	Tanzanian	14 February 2020
Mr. Suibert Nestory Kageuka	Director	Tanzanian	04 May 2020
Dr. Paul Kato Rurangira	Director	Tanzanian	08 January 2021
Mr. Prashant Thapliyal	Director	Indian	04 February 2025
Mr. Patrick Mususa	Director	Tanzanian	20 February 2023
Mr. George Philip Seki	Director	Tanzanian	21 October 2024
			<b>Resigned on</b>
Mr. Radhakanta Hota	Director	Indian	04 February 2025
Mr. Kuldeep Jindal	Director	Indian	28 February 2026

**Bank secretary**

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

**Registered office**

Maktaba Street  
Maktaba Business Park  
P. O. Box 7581  
Dar es Salaam  
Telephone: +255 22 2135362  
Fax: +255 22 2135363  
Email: BOI.TANZANIA@boi Tanzania.co.tz

**Branches**

**BOI (Tanzania) Limited Branch - Dar es Salaam**  
Maktaba Street  
Maktaba Business Park  
P. O. Box 7581  
Dar es Salaam

Telephone: +255 22 2135358/66/68/69  
Fax: +255 22 2135363  
Email: BOI.TANZANIA@boi Tanzania.co.tz

**BOI (Tanzania) Limited Branch - Zanzaki Street**  
Zanzaki Street  
P. O. Box 7581  
Dar es Salaam  
Telephone: +255 22 2111061/62  
Fax: +255 22 2111063  
Email: BOI.TANZANIA@boi Tanzania.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

**Bank of India (Tanzania) Limited**  
**Bank information (continued)**

**For the year ended 31 December 2025**

**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

**Bank of India (Tanzania) Limited**  
**Report by those charged with Governance**  
**For the year ended 31 December 2025**

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**Introduction**

We have great pleasure in presenting Bank of India (Tanzania) Limited's ("the Bank's") 17th Annual Report along with the Audited financial statements for the year ended 31st December 2025, 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 its 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 2025.

**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 2025, the business mix of the bank stood at USD 179.59 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**

Tanzania's economic outlook for 2025 is highly positive with the projecting real GDP growth around 5.7%–6.0%. Driven by robust agriculture, manufacturing, tourism, and infrastructure investment, the economy is demonstrating strong resilience to global headwinds. Inflation is expected to remain stable, while strategic investments in energy and digital infrastructure continue to support growth. GDP Growth projected to be 6% in 2025 (Bank of Tanzania), following a strong 5.9% in 2024 and the growth is heavily supported by agriculture, manufacturing, and tourism. Infrastructure and Investment Continued public investment in rail, ports, and power, notes.

Domestic economic activity strengthened further in the third quarter of 2025, with real GDP growth increasing to 6.4 percent, from 6.1 percent the same quarter in the previous year. Growth was broad-based, driven by improved performance in construction, agriculture, and financial and insurance services. The expansion was supported by sustained investment spending, higher capacity utilisation across productive sectors, and continued implementation of measures aimed at improving infrastructure and market efficiency. Price developments in the quarter ending December 2025 indicate that inflationary pressures remained contained, with headline inflation averaging 3.5 percent, compared with 3.4 percent in the preceding quarter and 3 percent in the corresponding quarter of 2024. Inflation remained within the national medium-term target of 3–5 percent and below the convergence thresholds set by both the EAC and SADC.

**Global Economic Developments & Outlook:**

Global economic growth remained resilient in 2025, expanding by 3.3 percent despite elevated trade tariffs, and ongoing economic uncertainty. Economic activity across most regions moderated in the fourth quarter of 2025, reflecting more favourable tariff outcomes than initially anticipated. Inflation dynamics varied: while inflation pressures edged up in some economies, others kept inflation within or close to established policy targets. Commodity markets also showed divergent trends. Crude oil prices declined despite ongoing geopolitical tensions, driven largely by expectations of increased OPEC production that bolstered global supply. In contrast, gold prices surged, supported by heightened geopolitical risks and demand for safe-haven assets from both private investors and central banks.

**Bank of India (Tanzania) Limited**  
**Report by those charged with Governance (continued)**  
**For the year ended 31 December 2025**

**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 2.78% in December 2025 compared to 3.29% in December 2024. Private sector credit positive grew with an annual growth of 23.5% compared to 15.3% recorded in December 2024. Credit growth was strongest in the mining sector at 30.1 %, followed by trade and agriculture with growth rates of 29.4%. Personal loans predominantly supporting micro, small, and medium-sized enterprises remained the largest share of private sector credit, accounting for 35.8 %, followed by trade at 13.6% and agriculture at 13.0%. Overall lending rate rose slightly to 15.27% in December 2025 compared with 15.67% in the corresponding month in 2024. Overall time deposit rate has increased to 8.54% in December 2025 from 8.18% in December 2024.

Treasury Bills, overall weighted average yield decreased to 6.25% from 12.68 % in the corresponding month in 2024. Similar trend is noticed in case of Treasury Bonds. On annual basis, the shilling depreciated by 2.17% percent from TZS 2,447 per US dollar in December 2025 to TZS 2,395 in December 2024.

**Bank's Performance during 2025**

**Bank's performance vis-a-vis Industry**

During the last sixteen years of operations, the Bank established its business in a sizable level. In the financial year 2025, despite challenging industry, the Bank has recorded net profit. During FY 2025 Bank was able to register Net Profit of TZS 3.9 billion from operation after making provisions amounting to TZS 1.53 billion. Gross NPA stood at 2.91% which was slightly higher than the industry average of 2.78% 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	24.93%	22.97%	BOITL - Lower
Credit growth	24.04%	31.68%	BOITL - Higher
Return on Equity (ROE)	20.64%	8.79%	BOITL - Lower
Return on Asset (ROA)	4.68%	2.04%	BOITL - Lower
Operating Profit Margin	60.23%*	45.41%	BOITL - Lower
Cost to Income	54.67%	54.59%	BOITL - Lower
Gross NPA%	2.78%	2.91%	BOITL - Higher

**Highlight of the performance**

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

Particulars	(Amount in TZS Million)				
	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Deposits	128,551	137,122	146,387	130,119	160,006
Advances	70,142	98,708	108,975	104,038	137,000
Business Mix	198,693	235,831	255,362	234,157	297,007
Total Assets	171,136	180,675	192,619	178,349	214,215
Net Interest income	7,953	8,027	8,209	9,410	10,359
Operating Expenses	5,431	5,766	6,086	6,779	7,296
Operating Profit	3,313	3,313	6,045	5,426	6,068
Net Profit	1,517	885	2,890	3,632	3,996

Net Profit for the year 2025 rose drastically due to recovery efforts that continued and TZS 0.19 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 49 per share for the year 2025 amounting to TZS 1.05 Billion to the shareholders, which is subjected to approval at the Annual General Meeting and Bank of Tanzania.

**Bank of India (Tanzania) Limited**  
**Report by those charged with Governance (continued)**  
**For the year ended 31 December 2025**

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**Capital adequacy and solvency**

The Bank continued to remain adequately solvent and compliant with regulatory capital adequacy requirements. As at 31.12.2025, Total Capital Adequacy Ratio was 26% and Core Capital Adequacy Ratio was 25% against the regulatory level of 14.50% and 12.50% respectively (including Capital Conservation Buffer of 2.50%). Liquidity Ratio at 23.70% was well above regulatory required level of 20%. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) at 423% and 628% respectively well above regulatory required level of 100% for both. Leverage Ratio (LR) was 18.55% well above regulatory required level of 7%.

**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 Account, Current Account, Call Deposit, Recurring Deposit and Fixed Deposits. Aggregate Deposit has increased from TZS 130.12 Billion as at 31.12.2024 to TZS 160.00 Billion as on 31.12.2025. Average cost of deposit stood at 5.30% annually down from 5.79% in FY 2024. Out of total average deposit 64.83% was in US Dollar and 35.17% 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 31.12.2025, the net Advance stood at TZS 137.00 Billion against TZS 104.04 Billion as at 31.12.2024. Out of total advances 71.93% was in US Dollar and 28.07% in Tanzanian Shillings. Yield on advances stood at 10.71% up from 10.55% p.a. in FY 2024. The performing assets stood at 97.21% 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.

**Bank of India (Tanzania) Limited**  
**Report by those charged with Governance (continued)**  
**For the year ended 31 December 2025**

**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 2025 are as tabulated below:

Sr. No	Name of Director	Position	Date of Birth	Nationality	Qualification	Appointed on
1	Mr. Prashant Thapliyal	Chairman	01.08.1966	Indian	Master of Art in Economics, Bachelor of Art CAIIB	04 February 2025
2	Mr. Kuldeep Jindal	Director	01.03.1966	Indian	Master of Comm. (M.Com), Bachelor of Legislative Law CAIIB	01.03.2022
3	Dr. Bernard Elieza Mnzava	Director	16.02.1981	Tanzanian	PhD Finance, Masters in	14.02.2020
4	Mr. Suibert Nestory Kageuka	Director	03.08.1955	Tanzanian	M.Sc National Development and Project Planning. B.Com Finance	04.05.2020
5	Dr. Paul Kato Rugangira	Director	29.06.1960	Tanzanian	PhD Finance, Masters in Accounting and Finance, PGDFM, Advance Diploma in Banking	08.01.2021
6	Mr. Patrick Mususa	Director	05.04.1984	Tanzanian	Master in Business Administration, B.Co in 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	25.03.2025	25.06.2025	03.09.2025	18.11.2025	Attendance
1	Mr. Prashant Thapliyal	✓	✓	✓	✓	100%
2	Mr. Kuldeep Jindal	✓	✓	✓	✓	100%
3	Dr. Bernard Elieza Mnzava	✓	✓	✓	✓	100%
4	Mr. Suibert Nestory Kageuka	✓	✓	✓	✓	100%
5	Mr. Antaryami Sarangi (Outgoing)	✓	✓	✓	✓	100%
6	Mr. Ashish Kumar Jha (Incoming)	✓	✓	✓	✓	100%
7	Dr. Paul Kato Rugangira	✓	✓	✓	✓	100%
8	Mr. Patrick Mususa	✓	✓	✓	✓	100%
9	Mr. George Phillip Seki	✓	✓	✓	✓	100%

**Bank of India (Tanzania) Limited**  
**Report by those charged with Governance (continued)**  
**For the year ended 31 December 2025**

**Board committee**

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

<b>Audit Committee</b>						
S/N	Name of Director	24.03.2025	24.06.2025	02.09.2025	17.11.2025	Attendance
1	Mr. Suitbert Nestory Kageuka*	✓	✓	✓	✓	100%
2	Dr. Paul Kato Rurangira	✓	✓	✓	✓	100%
3	George Philip Seki	✓	✓	✓	✓	100%

<b>Credit Committee</b>						
S/N	Name of Director	24.03.2025	24.06.2025	02.09.2025	17.11.2025	Attendance
1	Dr. Bernard Eliceza Mnzava*	✓	✓	✓	✓	100%
2	Mr. Patrick Mususa	✓	✓	✓	✓	100%
3	Mr. Kuldeep Jindal	✓	✓	✓	✓	100%

<b>Risk Management Committee</b>						
S/N	Name of Director	24.03.2025	24.06.2025	02.09.2025	17.11.2025	Attendance
1	Mr. Kuldeep Jindal	✓	✓	✓	✓	100%
2	Dr. Bernard Eliceza Mnzava	✓	✓	✓	✓	100%
3	Mr. Patrick Mususa	✓	✓	✓	✓	100%

<b>Remuneration Committee (New 2023)</b>						
S/N	Name of Director	24.03.2025	24.06.2025	02.09.2025	17.11.2025	Attendance
1	Mr. Patrick Mususa*	✓	✓	✓	✓	100%
2	Dr. Bernard Eliceza Mnzava	✓	✓	✓	✓	100%
3	Mr. Kuldeep Jindal	✓	✓	✓	✓	100%

**\*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 2025.

**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 members 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 strengthened the IT and security by upgrading the IT infrastructure. Bank has completed the integration with GePG which will help to facilitate in leveraging in digital platform for efficient delivery of service. Bank has migrated the payment platform to ISO standard. Bank is working on implementing other digital services to improve the digital footprints.

**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, Education sector and welfare of Tanzanian children. During the year 2025 we had CSR activities amounting to TZS 6.86 Million.

**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 meetings regularly in the year 2025.
- (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.

**Bank of India (Tanzania) Limited**  
**Report by those charged with Governance (continued)**

**For the year ended 31 December 2025**

**Climate and sustainability related disclosures**

Bank of India (T) Ltd is committed to sustainable development and responsible business practices. Our Environmental, Social, and Governance (ESG) initiatives reflect our dedication to environmental stewardship, social responsibility, and robust governance practices. This disclosure aligns with international sustainability reporting standards and IFRS guidance on ESG-related matters.

**Environmental**

The Company has prepared a Greenhouse Gas (GHG) Inventory to measure its environmental impact. Key highlights for the reporting period are as follows

Scope	2024 Emissions (kg CO <sub>2</sub> e)	2025 Emissions (kg CO <sub>2</sub> e)	Absolute Change	% Change
Scope 1	14,554.63	13,474.78	-1,079.85	-7.42%
Scope 2	64,960.52	57,785.95	-7,174.57	-11.04%
<b>Total</b>	<b>79,515.15</b>	<b>71,260.73</b>	<b>-8,254.42</b>	<b>-18.46%</b>

**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 2025.

**Social**

This covers labor practices, diversity and inclusion, community engagement, human rights, and customer satisfaction.

Indicator	Metric / Description
Total Employees	36
Women Employees	12
Training & Development	Average 38 hrs
Health & Safety	Non workplace incidents reported

Our workforce consists of 36 employees, of whom 33% are women. We provided an average of 38 hours of professional training individually during the period. Health and safety remain a top priority, with ongoing programs to maintain a safe work environment.

**Corporate Social Responsibility (CSR)**

As part of our CSR initiatives, the Bank supported the High Commission in organizing Yoga Camps across various locations in Tanzania to promote awareness of healthy living, physical fitness, and overall well-being during the month of June 2025 amounting to Tzs 2.36 Million

On the occasion of Indian Independence Day, the Bank distributed food items to members of the community as part of its Corporate Social Responsibility initiative amounting to Tzs 1 Million

The Bank supported the Indian community and local citizens during the Navratri festival season, promoting cultural harmony and community engagement amounting to Tzs 3.5 Million

**Governance**

Indicator	Metric / Description
Total Directors	8
Women Directors	0
Independent Directors	6
Board Committees	4

**Corporate strategies**

Area	Strategy
<b>Environmental</b>	Energy Efficiency-Invest in advanced energy management systems(HVAC technology, Invetor AC, LED lighting etc). Renewable Energy-Explore solar or green electricity procurement. Fleet Management-Gradual transition to electric or low-emission vehicles(Electric and Hybrid vehicles).
<b>Social</b>	Sponsoring sports, Education and Health activities for youth and women.
<b>Governance</b>	To provide opportunities to women to join among the existing directors for the comming future vacancies.

**Bank of India (Tanzania) Limited**  
**Report by those charged with Governance (continued)**  
**For the year ended 31 December 2025**

**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 for 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 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

	<b>2025</b>	<b>2024</b>
Male	24	23
Female	12	11
	<b>36</b>	<b>34</b>

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

<b>Departments</b>	<b>Department Head</b>	<b>No. of members</b>
Finance	Mahadhil Mansoor	2
Credit	Rahim Lema	4
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	Herrabdiel N. Ayoh	1
General Manager-Dar es Salaam Branch	Abhishek Kumar	9
Branch Manager-Zanaki Branch	Vinay Kumar	7

**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 17 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 detailed 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 2025**

- Maintain Gross NPA below 2.28%.
- 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.

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

**Bank of India (Tanzania) Limited**  
**Report by those charged with Governance (continued)**  
**For the year ended 31 December 2025**

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**Auditors**

Baker Tilly DGP and Company was appointed at the Annual General Meeting as the Bank's auditor for financial year 2025 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.

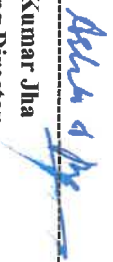
**Acknowledgment**

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 from its customers, other financial institutions, and correspondent banks for their 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**

  
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**Ashish Kumar Jha**  
Managing Director

30 March 2026

  
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**Bank of India (Tanzania) Limited**  
**Statement of directors' responsibilities**  
**For the year ended 31 December 2025**

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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 2026 and signed on its behalf by:



.....  
**Ashish Kumar Jha**  
**Managing Director**



.....  
**Mr. Suitbert Nestory Kagenka**  
**Director**

**Bank of India (Tanzania) Limited**  
**Declaration of the Head of Finance**  
**For the year ended 31 December 2025**

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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, Mahadhli 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 2025 have been prepared in compliance with International Financial Reporting Standards, the Tanzania Companies 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: 30 March 2026

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

T : +255 653 222 299, +255 768 222 299

**Opinion**

info@bakertilly.co.tz  
 www.bakertilly.co.tz

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 2025, 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 2025 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
<p><b>D Allowance for impairment on loans and advances</b></p> <p><b>Refer to Note 16 of the financial statements</b></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our work covered impairment of loans and advance to customers.</p> <p>We understood and tested key controls and focused on:</p> <ul style="list-style-type: none"> <li>- identification of impairment events and classification of loans.</li> <li>- the governance over the impairment processes.</li> <li>- the review and approval process that the management have in place for the Bank's impairment model.</li> </ul> <p>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.</p> <p>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.</p> <p>These assumptions include:</p>

Area of focus	How the scope of audit responded to the area of focus and observations
<p><b>II) Revenue recognition</b></p> <p><b>Refer to Note 6 of the financial statements</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>There is a risk that revenue may be overstated influenced by management pressure to achieve performance targets.</p>	<p>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</p> <p>Further, we evaluated the accuracy of impairment tests applied.</p> <p><b>Observation</b>            We found management assumptions to be reasonable and therefore consider provisions to be appropriate.</p> <p>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.</p> <p><b>Observation</b>            Revenue was found to be fairly stated based on procedures performed for selected samples.</p>

**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 : 31/03/2024

Bank of India (Tanzania) Limited  
Financial statements

For the year ended 31 December 2025

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31  
DECEMBER 2025**

	2025	2024
	TZS '000	TZS '000
	Note	
<b>Interest income</b>		
Interest income	6	17,972,877
Interest expense	7	(8,562,539)
Net interest income		9,410,338
		10,358,943
<b>Other operating income</b>		
Fees and commission	8	1,093,647
Other income	9	1,701,133
Net fee and commission income		2,794,780
		3,005,343
<b>Total income</b>		<b>12,205,118</b>
		13,364,286
Net impairment loss on loans and advances	10	(1,268,403)
		(1,228,154)
Provision for expected credit losses on other assets		4,969
		1,715.58
<b>Net operating income</b>		<b>10,941,684</b>
		12,137,848
Operating expenses		(6,778,672)
		(7,296,126)
<b>Profit before tax</b>		<b>4,163,012</b>
		4,841,722
Income tax charge	11	(531,057)
		(845,734)
<b>Profit for the year</b>		<b>3,631,955</b>
		3,995,988
Other comprehensive income		-
		-
<b>Total comprehensive income for the year</b>		<b>3,631,955</b>
		3,995,988

Bank of India (Tanzania) Limited  
Financial statements  
For the year ended 31 December 2025

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	2025	2024
	TZS '000	TZS '000
<b>ASSETS</b>		
Cash and balances with Bank of Tanzania	21,995,224	12,326,765
Deposits and balances due from other banks and financial institutions	5,282,675	7,461,276
Government securities at amortised cost	41,873,000	49,678,977
Net loans and advances to customers	137,000,234	104,038,130
Other assets	2,153,414	1,734,210
Income tax receivables	1,953,515	759,193
Property & equipment	1,250,612	1,104,817
Intangible assets	72,511	25,417
Right of use assets	2,199,534	559,233
Deferred tax asset	434,675	660,813
<b>Total assets</b>	<b>214,215,395</b>	<b>178,348,829</b>
<b>LIABILITIES</b>		
Deposits from customers	160,006,373	130,119,299
Other liabilities	5,100,715	3,788,530
Lease liabilities	2,088,179	518,734
<b>Total liabilities</b>	<b>167,195,267</b>	<b>134,426,563</b>
<b>EQUITY</b>		
Share capital	21,500,000	21,500,000
Retained earnings	22,743,218	18,529,700
Proposed dividend	1,053,500	898,124
Statutory reserves	1,723,410	2,994,440
<b>Total shareholder's equity</b>	<b>47,020,128</b>	<b>43,922,265</b>
<b>Total equity and liabilities</b>	<b>214,215,395</b>	<b>178,348,828</b>

The financial statements on pages 14 to 43 were authorised for issue by the Board of directors on 25 March 2026 and were signed on its behalf by:

  
.....  
Ashish Kumar Jha  
Director

  
.....  
Mr. Suitbert Nestory Kagenka  
Director

Bank of India (Tanzania) Limited  
Financial statements  
For the year ended 31 December 2025

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2025

	Share capital TZS '000	Statutory Reserves TZS '000	Retained earnings TZS '000	Proposed Dividend	Total TZS '000
<b>As at 1 January 2024</b>	21,500,000	2,076,457	16,718,418	989,000	41,283,875
<b>Changes in equity in 2024</b>					
Transfer to /from reserves	-	917,983	(917,983)	-	-
Proposed dividend 2023	-	-	-	(989,000)	(989,000)
Proposed dividend 2024	-	-	(898,125)	898,125	(0)
Prior year adjustment	-	-	(4,564)	-	(4,564)
Profit for the year	-	-	3,631,955	-	3,631,955
<b>As at 31 December 2024</b>	<b>21,500,000</b>	<b>2,994,440</b>	<b>18,529,700</b>	<b>898,124</b>	<b>43,922,265</b>
<b>As at 1 January 2025</b>	21,500,000	2,994,440	18,529,700	898,124	43,922,265
Changes in equity in 2025					
Transfer to /from reserves	-	(1,271,030)	1,271,030	-	-
Proposed dividend 2024	-	-	-	(898,124)	(898,124)
Proposed dividend 2025	-	-	(1,053,500)	1,053,500	-
Profit for the year	-	-	3,995,988	-	3,995,988
<b>As at 31 December 2025</b>	<b>21,500,000</b>	<b>1,723,410</b>	<b>22,743,218</b>	<b>1,053,500</b>	<b>47,020,128</b>

Bank of India (Tanzania) Limited  
Financial statements  
For the year ended 31 December 2025

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2025

	2025	2024
	TZS '000	TZS '000
<b>Cashflow from operating activities</b>		
Profit before taxation	4,841,722	4,163,012
Adjustment for:		
Depreciation and amortization	742,642	741,753
Actual rental payments for the year	(574,431)	(663,807)
Prior year adjustment	-	(4,564)
Provision on impairment other assets	(1,716)	(4,970)
<b>Net Cash flow before changes in working capital</b>	<b>5,008,217</b>	<b>4,231,424</b>
<b>Change in operating assets &amp; liabilities</b>		
Increase in investment in treasury bills/bonds maturing after 3 months	2,315,224	6,260,153
Increase in loans and advances to customers	(32,962,105)	4,936,951
Increase in prepaid expenses and other receivables	(419,204)	380,784
Change in loans to other financial institutions	4,835,686	815,685
Change in customers deposits	29,887,074	(16,267,740)
Change in other liabilities	1,283,670	23,128
<b>Cash generated/(used in) from operating activities</b>	<b>9,948,562</b>	<b>380,385</b>
Income tax paid	(1,813,919)	(187,500)
<b>Net cash flows used in operating activities</b>	<b>8,134,643</b>	<b>192,885</b>
<b>Cash flows from investing activities</b>		
Purchase of property & equipment	(345,564)	(290,132)
Payment for purchase of intangible assets	(57,897)	(7,672)
<b>Net cash used in investing activities</b>	<b>(403,462)</b>	<b>(297,805)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	-	-
Dividends paid	(898,124)	(989,000)
Repayment of lease liabilities	-	-
<b>Net cash flows used in financing activities</b>	<b>(898,124)</b>	<b>(989,000)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>6,833,057</b>	<b>(1,093,920)</b>
Cash and cash equivalents at beginning of the year	21,510,359	22,604,279
<b>Cash and cash equivalents at the end of the year</b>	<b>28,343,416</b>	<b>21,510,359</b>

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**Bank of India (Tanzania) Limited**  
**Financial statements**

**For the year ended 31 December 2025**

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**NOTES**

**1. General Information**

Bank of India (Tanzania) Limited is incorporated under the Tanzanian Companies Act, 2002 on 16<sup>th</sup> July 2007. The Bank of Tanzania issued license to conduct banking business under section 7 of the Banking and Financial Institutions Act, 2006 on 25<sup>th</sup> June 2007. The Bank commenced business on 16<sup>th</sup> June 2008. The address of its registered office is outlined on page 1.

**2. Material accounting policy information**

The material accounting policies adopted in preparation of these financial statement are set out below. These policies have been consistently applied to all periods presented, unless stated otherwise.

**a) Basis of preparation**

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards for Small issued by the International Accounting Standards Board and Banking and Financial Institutions Act, 2006. These financial statements are presented in Tanzania Shillings (TZS), rounded to the nearest thousand (TZS '000). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The financial statements comprise a statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Bank in their capacity as owners are recognised in the statement of changes in equity.

**Measurement basis**

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Bank uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Bank using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Bank at the end of the reporting period during which the change occurred.

**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 yet 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 commission*

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 appropriate, 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)**

**3. Significant judgements and key sources of estimation uncertainty**

In the process of applying the accounting policies adopted by the Bank, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

**a) Significant judgements made in applying the Bank's accounting policies**

The judgements made by the directors in the process of applying the Bank's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- i) classification of loans and advances, including whether or not the loan or advance is impaired.
- ii) classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest;
- iii) whether credit risk on financial assets has increased significantly since initial recognition; and
- iv) how to determine the incremental borrowing rate used in the discounting of lease liabilities.

**b) Key sources of estimation uncertainty**

Key assumptions about the future made by the directors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

- i) Estimates made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward looking information, and of losses given default.
- ii) The Bank is exposed to various contingent liabilities in the normal course of business. Management evaluates the status of these exposures on a regular basis to assess the probability of the Bank incurring related liabilities. However, provisions are made in the financial statements only where, based on the management's evaluation, a reliable estimate of the obligation can be made.
- iii) Significant judgment is required in determining the bank's overall income tax provision or estimated future recovery of income tax losses. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The bank recognises liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the current and any deferred income tax provisions in the periods in which the determination is made.

**4. Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The board has established the Assets and Liability, Credit and Operational Risk Committee (ALCO), which is responsible for developing and monitoring Bank's risk management policies in their specified area. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

Operating in a liberalized and globalized environment, bank is exposed to different types of risks emanating from financial and non-financial factors. Risks faced by the Bank have been categorized as credit risk, market risk, liquidity risk and operational risk.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered and the guidelines issued by the Bank of Tanzania. The Bank, through its training and management procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

**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 instalment (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.

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**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	Number of days	Equivalent IFRS 9 stages	(Amt. in Tzs '000)		
			Balance outstanding including unrealized interest	Secured	Unsecured
Unspecified & Especially Mentioned (ESM)	0 - 90	Stage 1	134,815,931	134,191,970	623,961
Sub Standard	91 - 180	Stage 3	1,199,289	1,199,289	-
Doubtful	181 - 360	Stage 3	-	-	-
Loss	361 or more	Stage 3	2,836,163	2,836,163	-
<b>Total</b>			<b>138,851,383</b>	<b>138,227,422</b>	<b>623,961</b>

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 quantitative 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.

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**NOTES (CONTINUED)**

**4. Financial risk management (continued)**

Loans and advances to customers (Continued)

The Bank also uses credit-related commitments as a control and mitigation measure for credit risk on loans and advances. The primary purpose of these instruments is to ensure that funds are available to a customer as and when required. Guarantees and letters of credit carry the same credit risk as loans and advances.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

**i) Credit risk and expected credit losses**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the borrower
  - a breach of contract, such as a default or past due event
  - it is probable that the borrower will enter bankruptcy
  - the disappearance of an active market for the financial asset because of financial difficulties.
- However, there is a rebuttable assumption that a financial asset that is 90 days past due is credit-impaired.

The gross carrying amount of financial assets with exposure to credit risk at the statement of financial position date was as follows:

	<b>Basis for measurement of loss allowance</b>			
	<b>12-month expected credit losses</b>	<b>Lifetime expected credit losses</b>	<b>Stage 3</b>	<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>At 31st December 2025</b>				
Cash and balances with Bank of Tanzania	21,473,363	-	-	21,473,363
Balances due from other banks and financial institution	1,295,818	-	-	1,295,818
Loans and advances to banking institutions	4,000,000	-	-	4,000,000
Loans and advances to customers	134,815,931	1,199,289	2,836,163	138,851,383
Government securities at amortised cost	41,887,182	-	-	41,887,182
Other receivables	244,754	-	-	244,754
Gross carrying amount	203,717,048	1,199,289	2,836,163	207,752,500
Loss allowance	(465,136)	(1,774)	(1,092,392)	(1,559,301)
Exposure to credit risk	203,251,912	1,197,515	1,743,771	206,193,199
<b>At 31st December 2024</b>				
Cash and balances with Bank of Tanzania	11,688,956	-	-	11,688,956
Balances due from other banks and financial institution	1,680,092	-	-	1,680,092
Loans and advances to banking institutions	5,790,000	-	-	5,790,000
Loans and advances to customers	98,145,310	3,523,685	4,791,510	106,460,504
Government securities at amortised cost	49,699,126	-	-	49,699,126
Other receivables	244,754	-	-	244,754
Gross carrying amount	167,248,238	3,523,685	4,791,510	175,563,432
Loss allowance	(290,072)	-	(1,839,925)	(2,129,997)
Exposure to credit risk	166,958,165	3,523,685	2,951,584	173,433,435
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**Bank of India (Tanzania) Limited**  
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**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
<b>Year ended 31st December 2025</b>				
At start of year	290,072	0	1,839,925	2,129,997
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	175,063	1,774	1,049,601	1,226,438
Changes because of financial assets that were written off during the year	-	-	(1,797,134)	(1,797,134)
At end of year	465,136	1,773.51	1,092,392	1,559,301
<b>Year ended 31st December 2024</b>				
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	0	1,839,925	2,129,997
	<b>12-month expected</b>	<b>Lifetime expected</b>	<b>credit</b>	<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>TZS'000</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
The loss allowances at the end of each year relate to the following financial assets:				
<b>At 31 December 2025</b>				
Balances with Bank of Tanzania	-	-	-	-
Balances due from other banks and financial	-	-	-	-
Loans and advances to banking institutions	13,143	-	-	13,143
Loans and advances to customers	437,791	1,774	1,092,392	1,531,956
Government securities at amortised cost	14,182	-	-	14,182
Other receivables	20	-	-	20
<b>Total</b>	<b>465,136</b>	<b>1,773.51</b>	<b>1,092,392</b>	<b>1,559,301</b>
<b>At 31 December 2024</b>				
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
<b>Total</b>	<b>290,072</b>	<b>0</b>	<b>1,839,925</b>	<b>2,129,997</b>

**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:

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Liquid assets	23,821,563	34,209,692
Deposits	160,006,373	130,119,299
Other payables	5,736,104	4,481,355
Liquidity (%)	<u>14%</u>	<u>25%</u>

The scenario testing at 31 December 2025 indicated a liquidity ratio of 14% (2024: 25%) in the worst case scenario.

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**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.

<b>Particulars</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>At 31 December 2025</b>									
<b>Financial assets</b>									
Cash balance	1,672,418	-	-	-	-	-	-	-	1,672,418
Balance with Bank of Tanzania	19,800,953	-	-	-	-	-	-	-	19,800,953
Balances with other banks and financial Institutions	1,295,818	-	-	-	-	-	-	-	1,295,818
Investment in debt securities	846,935	205,439	6,599,645	5,951,925	3,980,589	3,249,117	9,068,824	11,984,708	41,887,182
Inter-bank loan receivables	4,000,000	-	-	-	-	-	-	-	4,000,000
Loans, advances and overdraft (Gross)	46,326,209	12,742,621	24,144,247	26,725,019	15,986,076	10,605,191	2,322,020	-	138,851,383
<b>Total financial assets</b>	<b>73,942,333</b>	<b>12,948,060</b>	<b>30,743,892</b>	<b>32,676,944</b>	<b>19,966,666</b>	<b>13,854,308</b>	<b>11,390,844</b>	<b>11,984,708</b>	<b>207,507,754</b>
<b>Financial liabilities</b>									
Demand deposits / call deposit	16,768,300	-	-	-	-	-	-	-	16,768,300
Savings deposits	14,354,061	-	-	-	-	-	-	-	14,354,061
Time deposits	24,699,253	31,938,802	21,303,614	41,535,580	2,684,957	1,040,675	-	-	123,202,881
Deposits with banks and financial institutions	3,915,200	-	-	-	-	-	-	-	3,915,200
Bankers cheques & draft issued	25,791	-	-	-	-	-	-	-	25,791
Accrued interest	4,705,753	-	-	-	-	-	-	-	4,705,753
Accrued taxes	322,527	-	-	-	-	-	-	-	322,527
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>64,790,886</b>	<b>31,938,802</b>	<b>21,303,614</b>	<b>41,535,580</b>	<b>2,684,957</b>	<b>1,040,675</b>	<b>-</b>	<b>-</b>	<b>163,294,513</b>
<b>Net liquidity gap</b>	<b>9,151,447</b>	<b>(18,990,742)</b>	<b>9,440,278</b>	<b>(8,858,636)</b>	<b>17,281,709</b>	<b>12,813,633</b>	<b>11,390,844</b>	<b>11,984,708</b>	<b>44,213,241</b>

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**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.

<b>Particulars</b>	<b>Up to 1 month TZS'000</b>	<b>1 to 3 months TZS'000</b>	<b>3 to 6 months TZS'000</b>	<b>6 to 12 months TZS'000</b>	<b>1 to 2 years TZS'000</b>	<b>2 to 3 years TZS'000</b>	<b>Over 5 years TZS'000</b>	<b>Total TZS'000</b>
<b>At 31 December 2024</b>								
<b>Financial assets</b>								
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 debts securities	500,000	207,276	5,841,818	17,202,559	12,491,230	1,449,551	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	-	106,460,504
<b>Total financial assets</b>	<b>55,909,265</b>	<b>3,277,014</b>	<b>15,544,449</b>	<b>46,533,278</b>	<b>30,924,337</b>	<b>5,929,534</b>	<b>8,757,910</b>	<b>175,956,495</b>
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>46,859,190</b>	<b>19,419,156</b>	<b>17,642,992</b>	<b>43,252,966</b>	<b>6,951,123</b>	<b>-</b>	<b>-</b>	<b>134,125,427</b>
<b>Net liquidity gap</b>	<b>9,050,075</b>	<b>(16,142,142)</b>	<b>(2,098,544)</b>	<b>3,280,312</b>	<b>23,973,214</b>	<b>5,929,534</b>	<b>8,757,910</b>	<b>41,831,068</b>

**Bank of India (Tanzania) Limited****Financial statements****For the year ended 31 December 2025****NOTES****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 2025	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
<b>Financial assets</b>							
Cash balance	-	-	-	-	-	1,672,418	1,672,418
Balance with Bank of Tanzania	-	-	-	-	-	20,322,806	20,322,806
Balances with other banks and financial Institutions	-	-	-	-	-	1,295,818	1,295,818
Investment in debts securities	846,935	205,439	6,599,645	5,951,925	28,283,238	-	41,887,182
Inter-bank loan receivables	4,000,000	-	-	-	-	-	4,000,000
Loans, advances and overdraft (Gross)	46,326,209	12,742,621	24,144,247	26,725,019	28,913,288	-	138,851,383
<b>Total financial assets</b>	<b>51,173,144</b>	<b>12,948,060</b>	<b>30,743,892</b>	<b>32,676,944</b>	<b>57,196,526</b>	<b>23,291,042</b>	<b>208,029,607</b>
<b>Financial liabilities</b>							
Demand deposits / call deposit	-	-	-	-	-	16,768,300	16,768,300
Savings deposits	14,354,061	-	-	-	-	-	14,354,061
Time deposits	24,699,253	31,938,802	21,303,614	41,535,580	2,684,957	-	122,162,205
Deposits with banks and financial institutions	3,915,200	-	-	-	-	-	3,915,200
Bankers cheques & draft issued	-	-	-	-	-	25,791	25,791
Accrued interest	-	-	-	-	-	4,705,753	4,705,753
Accrued taxes	-	-	-	-	-	322,527	322,527
Other liabilities	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>42,968,514</b>	<b>31,938,802</b>	<b>21,303,614</b>	<b>41,535,580</b>	<b>2,684,957</b>	<b>21,822,371</b>	<b>162,253,837</b>
<b>Interest sensitivity gap</b>	<b>8,204,630</b>	<b>(18,990,742)</b>	<b>9,440,278</b>	<b>(8,858,636)</b>	<b>54,511,569</b>	<b>-</b>	<b>44,307,099</b>

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**NOTES**

**4. Financial risk management (continued)**

*Interest rate risk (continued)*

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 3 - 9 TZS'000	Over 1 years TZS'000	Non-interest bearing TZS'000	Total TZS'000
<b>Financial assets</b>							
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
<b>Total financial assets</b>	<b>41,902,400</b>	<b>3,277,014</b>	<b>15,544,449</b>	<b>46,533,278</b>	<b>54,692,490</b>	<b>14,006,857</b>	<b>175,956,487</b>
<b>Financial liabilities</b>							-
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
<b>Total financial liabilities</b>	<b>27,541,567</b>	<b>19,419,156</b>	<b>17,642,992</b>	<b>43,252,966</b>	<b>6,951,123</b>	<b>19,317,623</b>	<b>134,125,427</b>
<b>Interest sensitivity gap</b>	<b>14,360,833</b>	<b>(16,142,142)</b>	<b>(2,098,543)</b>	<b>3,280,312</b>	<b>47,741,367</b>	<b>-</b>	<b>47,141,826</b>

	2025 TZS'000	2024 TZS'000
The impact on financial assets net of financial liabilities, of a 5% increase or decrease in interest rates would be as follows:		
+5% movement	1,550,748	1,649,964
-5% movement	(1,550,748)	(1,649,964)

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**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.

<b>At 31 December 2025 (TZS'000)</b>	<b>USD</b>	<b>GBP</b>	<b>EURO</b>	<b>INR</b>	<b>KES</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash	1,014,886	-	-	-	-	1,014,886
Bank balances in current account	3,709,737	16,009	16,399	159,292	23,877	3,925,314
Money market placement	-	-	-	-	-	-
Loans, Advances and Overdrafts	98,548,090	-	-	-	-	98,548,090
Other assets	30,073	-	-	-	-	30,073
<b>Total Assets</b>	<b>103,302,785</b>	<b>16,009</b>	<b>16,399</b>	<b>159,292</b>	<b>23,877</b>	<b>103,518,363</b>
<b>Financial Liabilities</b>						
Deposits	103,728,246	-	-	-	-	103,728,246
Other Foreign Currency Liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>103,728,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,728,246</b>
<b>Net balance sheet position</b>	<b>(425,461)</b>	<b>16,009</b>	<b>16,399</b>	<b>159,292</b>	<b>23,877</b>	<b>(209,883)</b>
Exchange rates as at 31 December 2023	2,447	3,304	2,878	27,25	18,97	
<b>At 31 December 2023 (TZS'000)</b>	<b>USD</b>	<b>GBP</b>	<b>EURO</b>	<b>INR</b>	<b>KES</b>	<b>Total</b>
Total Assets	81,262,140	19,234	13,326	298,660	24,520	81,617,879
Total Liabilities	84,170,123	-	-	-	-	84,170,123
<b>Net balance sheet position</b>	<b>(2,907,983)</b>	<b>19,234</b>	<b>13,326</b>	<b>298,660</b>	<b>24,520</b>	<b>(2,552,243)</b>
Exchange rates as at 31 December 2023	2,395	3,016	2,502	28,02	18,53	

Had the Tanzanian Shilling weakened by 10% against each currency, with all other variables held constant, post-tax profit would have decreased by TZS 14,691,841.67 (2024: TZS 178,657,042.31). 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 initiative 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 statement 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

	TZS'000
<b>Minimum capital required for market risks - Standardized Measurement method</b>	<b>405,090</b>
Foreign Exchange Risk	405,090
Interest Rate Position Risk	-
Equities Position Risk	-
Total Minimum capital required for market risk	<u>405,090</u>

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**NOTES (CONTINUED)**

**5. Capital Management (continued)**

<b>Adjusted risk weighted assets</b>		<b>TZS'000</b>
Credit risk on balance sheet items		136,626,909
Credit risk on off balance sheet items		25,309,031
Total Minimum capital required for market risk		3,375,747
Total Adjusted capital required for operational risk		9,502,174
Total Adjusted risk weighted assets and off balance sheet exposures		174,813,861
<b>Available capital</b>		
Available core capital		43,457,453
Available total capital		45,180,863

**Capital adequacy ratios**

Core capital to risk weighted assets and off balance sheet exposures		24.86%
Total capital to risk weighted assets and off balance sheet exposures		25.85%

Particulars	BOT	
	Requirement	Actual
Core capital to total adjusted risk weighted assets	12.5%	24.86%
Total capital to total adjusted risk weighted assets	14.5%	25.85%
	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Interest on loans and advances	13,797,395	12,224,544
Interest on government securities	5,067,894	5,184,423
Interest on deposits and bank balances	253,326	563,911
	<b>19,118,615</b>	<b>17,972,877</b>

**7. Interest expenses**

Interest on customer deposits	8,725,218	6,377,488
Interest paid on borrowings from other banks	34,454	2,185,051
	<b>8,759,672</b>	<b>8,562,539</b>

**8. Fees and Commission**

Commission earned	214,056	167,058
Other fees and charges	1,580,808	926,589
	<b>1,794,863</b>	<b>1,093,647</b>

**9. Other income**

Other miscellaneous income	67,948	79,675
Recoveries from loans and advances written off	192,296	922,872
Profit on foreign currency transactions	950,236	698,586
	<b>1,210,480</b>	<b>1,701,133</b>

**10. Net impairment loss on loans and advances**

Increase in provisions Note 16(b)	1,228,154	1,268,403
	<b>1,228,154</b>	<b>1,268,403</b>

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**NOTES (CONTINUED)**

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>

**11. Income tax expense**

Current income tax	619,597	699,472
Prior period taxes/(recoverable)*	-	-
Deferred tax credit (Note 17)	226,137	(168,415)
Income tax expense	845,734	531,057

The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

<b>Profit before income tax</b>	4,841,722	4,163,012
Tax calculated at a rate of 30% (2023: 30%)	1,452,517	1,248,904
Tax effect of:		
Prior year under/over charge	-	52,879
Changes in tax base	226,137	-
Non-deductible expenses	(245,170)	-
Interest on T-Bonds not subject to CIT	(577,250)	(577,250)
Prior period taxes/(recoverable)	(10,500)	(33,742)
Income tax expense	845,734	690,791

**12. Cash and balances with Bank of Tanzania**

Cash in hand	1,672,418	1,985,531
Balance with Bank of Tanzania	20,322,806	10,341,234
	21,995,224	12,326,765

**13. Deposits and balances due from banks and financial institution**

Banks in Tanzania	4,286,066	5,950,803
Banks abroad	1,009,752	1,519,382
Provision for expected credit losses	(13,143)	(8,910)
	5,282,675	7,461,276
Maturing within 3 months	5,295,818	2,634,500
Maturing after 3 months	-	4,835,686
	5,295,818	7,470,186

**14. Government securities at amortized cost**

Investments in treasury bills	1,052,374	20,202,827
Investments in treasury bonds	40,834,808	29,496,299
Provision for expected credit losses	41,887,182	49,699,126
	(14,182)	(20,149)
	41,873,000	49,678,977
Maturing within 3 months	1,052,374	6,549,094
Maturing after 3 months	40,834,808	43,150,032
	41,887,182	49,699,126

**15. Other assets**

Interest receivable	1,239,976	939,862
Prepaid expenses	351,090	289,807
Sundry advances	560,303	504,542
Provision for expected credit losses	(20)	(2)
	2,151,349	1,734,210

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**NOTES (CONTINUED)**

**16. Loans and advances**

**a) Loans and advances to customers**

	2025 TZS'000	2024 TZS'000
Corporate loans	124,179,001	99,258,748
Staff loans	1,606,399	1,506,330
Personal loans	13,065,983	5,695,332
Gross loans and advances to customers	138,851,383	106,460,410
Provision for expected credit loss	(1,531,956)	(2,100,937)
Interest in suspense	(319,193)	(321,343)
	137,000,234	104,038,130
<b>b) Movement in provision for expected credit losses</b>		
Opening balance	2,100,937	1,524,911
Increase in provision charged to profit or loss	1,228,154	1,268,403
Less: Movement/(Decrease) in provision	(1,797,134)	(692,378)
Closing balance	1,531,956	2,100,937

	2025 TZS'000	2025 %	2024 TZS'000	2024 %
<b>(c) Sector wise analysis of loans and advances</b>				
Manufacturing	32,573,995	23%	27,095,859	25%
Real estate and construction	14,169,373	10%	11,559,634	11%
Trade and commerce	17,195,627	12%	14,615,727	14%
Personal	13,065,983	9%	5,695,332	5%
Transport and communication	25,748,752	19%	17,671,511	17%
Hotel and tourism	266,844	0%	7,634,562	7%
Other services	34,224,411	25%	20,681,455	19%
Staff	1,606,399	1%	1,506,330	1%
	138,851,383	100%	106,460,410	100%

**Maturity Analysis**  
Repayable on demand  
Repayable in 3 months or less  
Repayable between 3 months and 1 year  
Repayable after 1 year

	2025 TZS'000	2024 TZS'000
Repayable on demand	46,326,209	33,436,798
Repayable in 3 months or less	36,886,868	14,947,971
Repayable between 3 months and 1 year	26,725,019	29,330,719
Repayable after 1 year	28,913,288	28,745,017
	138,851,383	106,460,504

**17. Deferred income tax**

	At 1 January TZS'000	Credited/ (charged) to profit and loss	At 31 December TZS'000
<b>Year ended 31 December 2025</b>			
Property and Equipment	110,338	45,361	155,699
Provisions	(638,999)	171,209	(467,790)
Right of Use assets	(35,748)	8,922	(26,826)
Interest in suspense	(96,403)	645	(95,758)
Tax losses	-	-	-
<b>Net deferred tax asset</b>	(660,813)	226,137	(434,675)

	2024 TZS'000	2025 TZS'000
<b>Year ended 31 December 2024</b>		
Property and Equipment	84,486	25,852
Provisions	(467,683)	(171,317)
Right of Use assets	(14,707)	(21,042)
Interest in suspense	-	(96,403)
Tax losses	(94,494)	94,494
<b>Net deferred tax asset</b>	(492,398)	(168,415)

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**NOTES (CONTINUED)**

<b>18. Property and equipment</b>	<b>Computer &amp; peripherals TZS'000</b>	<b>Motor vehicles TZS'000</b>	<b>Office furniture &amp; equipment TZS'000</b>	<b>Plant &amp; machinery TZS'000</b>	<b>WIP</b>	<b>Total TZS'000</b>
<b>At 1 January 2024</b>						
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	<u>328,645</u>	<u>171,526</u>	<u>398,713</u>	<u>16,140</u>	<u>112,334</u>	<u>1,027,358</u>
<b>Year ended 31 December 2024</b>						
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
Transfer to other assets	-	-	112,334	-	(112,334)	-
Depreciation charge	(109,747)	(46,973)	(53,937)	(2,018)	-	(212,674)
Closing carrying amount	<u>262,138</u>	<u>130,118</u>	<u>459,594</u>	<u>14,123</u>	<u>238,845</u>	<u>1,104,817</u>
<b>At 31 December 2024</b>						
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)
Accumulated depreciation on disposed asset	-	-	-	-	-	-
Net carrying amount	<u>262,138</u>	<u>130,118</u>	<u>459,594</u>	<u>14,123</u>	<u>238,845</u>	<u>1,104,817</u>
<b>Year ended 31 December 2025</b>						
Opening carrying amount	262,138	130,118	459,594	14,123	238,845	1,104,817
Additions	572,623	-	11,786	-	(238,845)	345,564
Depreciation charge	(99,483)	(35,693)	(62,342)	(1,765)	-	(199,284)
Transfer to other assets	-	-	-	-	-	-
Closing carrying amount	<u>735,278</u>	<u>94,425</u>	<u>409,038</u>	<u>12,357</u>	<u>-</u>	<u>1,251,097</u>
<b>At 31 December 2025</b>						
Cost	1,747,086	254,016	1,139,893	104,915	-	3,245,910
Accumulated depreciation	(1,012,293)	(159,591)	(730,856)	(92,558)	-	(1,995,298)
Net carrying amount	<u>734,793</u>	<u>94,425</u>	<u>409,037</u>	<u>12,357</u>	<u>-</u>	<u>1,250,612</u>

The annual depreciation rates used are as follows:

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

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**NOTES (CONTINUED)**

<b>19. Intangible asset</b>		
<b>Software costs</b>	<b>2025</b>	<b>2024</b>
At 1st January	TZS'000	TZS'000
Additions	490,993	483,320
WIP	55,833	7,673
At 31st December	2,064	490,993
At 31st December	548,890	
<b>Amortisation</b>		
At 1st January	(465,576)	(455,547)
Amortisation	(10,803)	(10,029)
At 31st December	(476,379)	(465,576)
<b>Net book value</b>	<b>72,511</b>	<b>25,417</b>
The annual amortization rate used is 33.3%		
<b>20. Right of Use Asset</b>		
Opening carrying amount	559,233	1,078,281
Increase arising from reassessment of lease period	2,088,641	-
Depreciation charge	(448,339)	(519,049)
Closing carrying amount	<b>2,199,534</b>	<b>559,233</b>
<i>*Right of Use of Assets has been recalculated during the year and corresponding adjustments has been passed to reflect current lease liability.</i>		
<b>21. Deposits from customers</b>		
Third parties	156,086,231	127,484,799
From other banks	4,942	-
Related parties (Note 29(iii)(b))	3,915,200	2,634,500
	<b>160,006,373</b>	<b>130,119,299</b>
<b>Maturity Analysis</b>		
Repayable on demand	36,803,492	34,128,935
Repayable in 3 months or less	56,638,055	28,143,283
Repayable between 3 months and 1 year	62,839,194	60,895,958
Repayable after 1 year	3,725,632	6,951,123
	<b>160,006,373</b>	<b>130,119,299</b>
<b>22. Other liabilities</b>		
Bills payable - bankers' cheques	25,791	25,448
Accrued taxes payable	468,435	222,925
Accrued interest payable	4,717,655	3,285,613
Statutory deductions payable	99,366	71,549
Sundry creditors	(490,934)	(128,040)
Other payables	280,401	311,034
	<b>5,100,715</b>	<b>3,788,530</b>

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**NOTES (CONTINUED)**

**23. Lease liabilities**

Current (Less than one year)	635,390	692,825
Non-current (Between one and five years)	1,452,790	(174,091)
	<b>2,088,179</b>	<b>518,734</b>

The Bank leases various offices. The leases of offices and are typically for periods of between 2 and 3 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

In the statement of cash flows, the amount for payments for right-of-use assets represents:

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Lease liabilities payments - principal	-	643,924
Lease liabilities payments - interest	-	-
Cash flow	-	643,923
For information on Right of Use assets, see Note 20.		

**24. Share capital**

	<b>No. of ordinary shares</b>	<b>Issued and fully paid up capital</b>
		<b>TZS'000</b>
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	21,500,000	21,500,000

The total number of authorised ordinary shares is 21,500,000 (2022: 21,500,000) with a par value of TZS 1,000 each.

**25. Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash balance - see note 12	1,672,418	1,985,531
Balance with Bank of Tanzania - see note 12	20,322,806	10,341,234
Deposits and balances due from other banks and financial institution maturing within 3 months - see note 13	5,295,818	2,634,500
Government securities maturing within 3 months - see note 14	1,052,374	6,549,094
	<b>28,343,416</b>	<b>21,510,359</b>

**26. Off balance sheet financial instruments, contingents, liabilities and commitments**

The bank conducts business involving acceptances, guarantees, performance bonds and letters of credit. The majority of these facilities are offset by corresponding obligations of third parties.

Letter of credit and acceptance (gross)	504,708	-
Letter of guarantees	1,124,049	218,772
Undrawn credit lines and other commitments to lend	24,242,298	24,053,774
	<b>25,871,055</b>	<b>24,272,546</b>
<b>Contra liabilities</b>		
Bills for collection	271,095	4,016,523
	<b>271,095</b>	<b>4,016,523</b>

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**NOTES (CONTINUED)**

	<b>2025</b>	<b>2024</b>
<b>27. Core capital</b>	<b>TZS'000</b>	<b>TZS'000</b>
Issued and fully paid up capital	21,500,000	21,500,000
Retained earnings	22,743,218	14,394,009
Prepayments	(351,090)	(271,840)
Deferred tax liabilities / (assets)	(434,675)	(104,190)
Intangible assets	-	-
	<b>43,457,453</b>	<b>35,517,979</b>

**28. Statutory reserve**

At 1 January	2,994,440	2,076,457
Transfer to retained earnings	(1,271,030)	917,983
At 31 December	<b>1,723,410</b>	<b>2,994,440</b>

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:

	<b>2025</b>	<b>2024</b>
<b>(i) Key management compensation</b>	<b>TZS'000</b>	<b>TZS'000</b>
Short term employee benefits to Managing Director	328,808	232,449
Sitting fees paid to directors	95,034	46,370
	<b>423,841</b>	<b>278,819</b>
<b>(ii) Interest expense</b>		
Bank of India (London branch)	34,454	1,506,646
Bank of India (New York branch)	-	104,963
Bank of India (Gift City Branch)	-	-
	<b>34,454</b>	<b>1,611,609</b>

**(iii) Outstanding balances arising from sale and purchase of goods and services**

<b>(a) Net closing balance due from related parties</b>		
Nostro Bank of India (New York branch)	179,882	427,350
Nostro Bank of India (London branch)	16,009	10,070
Nostro Bank of India (Paris branch)	16,399	9,802
Nostro Bank of India (Mumbai branch)	158,415	57,644
Nostro Bank of India (Nairobi branch)	2,353	4,581
Vostro Bank of India (India)	877	-
	<b>373,935</b>	<b>509,447</b>
<b>(b) Customer deposits accepted from related parties</b>		
Bank of India (London branch)	1,280,700	56,339,600
Bank of India (New York branch)	2,634,500	3,925,000
	<b>3,915,200</b>	<b>60,264,600</b>
<b>(iv) Outstanding loan balances and compensation for Key management personnel</b>		
<b>Key Management personnel</b>	<b>Outstanding loans</b>	<b>Compensation</b>
General Managers and Head of departments	855,546,357	985,822,071

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**SCHEDULE OF OPERATING EXPENDITURE**

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
<b>Employment benefit expenses</b>		
Salaries and wages	2,940,740	2,748,019
National Social Security Fund	219,469	206,385
Skills Development Levy	120,199	106,503
Workers Compensation Fund	16,476	15,215
Visa and permits	18,434	20,953
Staff medical expenses	11,588	29,482
Other staff cost	52,883	40,599
<b>Total employment costs</b>	<b>3,379,789</b>	<b>3,167,157</b>
<b>Other operating expenses</b>		
Staff training and recruitment	28,217	14,552
Rates and taxes	206,931	206,745
Lighting	60,931	56,717
Directors fee and Board expenses	110,701	122,016
Professional fees	64,662	61,208
Audit fees	62,283	120,808
Printing and stationery	50,801	25,711
License fees	42,172	33,291
Advertisement and publicity	70,991	83,158
Sundry charges	180,322	172,647
Service charges	60,959	54,615
Insurance	506,854	507,855
Postage (Stamps), telephone, swift charges	756,659	560,563
Repairs and maintenance	174,057	137,716
Travelling expenses	118,204	106,787
Depreciation and amortisation	199,769	212,674
Interest cost	83,731	-
Amortization of intangible assets	10,803	10,029
Amortization (Right of use asset)	448,339	519,049
Security charges	58,036	65,316
Subscription	33,422	24,422
Business development and CSR	383	-
Finance Core Banking System expenses	587,110	515,637
<b>Total other operating expenses</b>	<b>3,916,338</b>	<b>3,611,516</b>
<b>Total operating expenses</b>	<b>7,296,126</b>	<b>6,778,672</b>