CRDB BANK

The bank that listens



Building Resilience for **Sustained Growth**

2024 INTEGRATED REPORT
& CONSOLIDATED FINANCIAL STATEMENTS

About our Theme

CRDB Bank is pleased to present its annual report for the financial year 2024, which highlights our commitment to **'Building Resilience for Sustained Growth.'** This theme reflects our performance and dedication to delivering long-term value to all stakeholders through strategic foresight and adaptability.

By establishing clear goals and implementing targeted initiatives, we have successfully navigated a dynamic landscape that drives financial growth, innovation, and market expansion. Strengthening strategic alliances remains central to our growth strategy, enabling us to create a greater impact while providing value to businesses and communities.

Our resilience is built on a solid foundation, a forward-looking vision, and a highly skilled workforce. As we continue to take the lead in digital transformation, regional expansion, and sustainability, we remain focused on deepening stakeholder relationships and shaping a more innovative, inclusive, and sustainable future.

Board Responsibility and Approval Statement

The Board of Directors acknowledges its responsibility for the integrity of this report. It has reviewed the operating context, strategy, and value creation model, ensuring that the report addresses all material issues that may impact the Group's ability to create value. In the Board's opinion, this report provides a fair and accurate representation of the Group's performance.

Report Scope and Boundary

This Integrated Report and Financial Statements cover the financial period from January 1, 2024, to December 31, 2024. It provides an overview of the Group's business activities during the year and offers insights into anticipated prospects for 2025 and beyond. CRDB Bank Group comprises CRDB Bank Plc (the 'Bank') and its subsidiaries: CRDB Bank Burundi S.A., CRDB Bank Foundation, CRDB Bank DRC, and CRDB Insurance Company Limited.





Reporting Frameworks

This report has been prepared in compliance with industry best practices and guided by the principles and requirements of the Integrated Reporting Framework. It adheres to the laws and guidelines governing listed companies, including the Bank of Tanzania's (BoT) prudential guidelines, as well as regulations set by the National Board of Accountants and Auditors (NBAA), Dar es Salaam Stock Exchange (DSE), and Capital Markets and Securities Authority (CMSA).

The Group and Bank consolidated Financial Statements were prepared in accordance with IFRS Accounting Standards and the Tanzania Financial Reporting Standards (TFRS1). To enhance clarity and transparency regarding our value creation process.

Materiality

We apply the principle of materiality to determine what information should be included in our report. This principle emphasises the issues, opportunities, and challenges that significantly impact the CRDB Group and its ability to consistently deliver value to our stakeholders in a sustainable way.

Process and Quality Assurance

Management and internal audit conducted a combined review to ensure the accuracy of the report's content, with the Board and its subcommittees providing oversight. While this report is not audited, it includes information extracted from the consolidated Group and Bank financial statements. The Group's consolidated annual financial statements were audited by PricewaterhouseCoopers (PwC) and received a clean audit report.

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Abbreviations

ADA	Advanced Diploma in Accountancy
AfDB	African Development Bank
AGM	Annual General Meeting
ALCO	Asset and Liability Committee
ALM	Asset Liability Management
AML	Anti-Money Laundering
ATMs	Automated Teller Machines
Basel II	Basel Accord II
Basel III	Basel Accord III
BCBS	Basel Committee on Banking Supervision
BCMS	Business Continuity Management System
BFIA	Banking and Financial Institutions Act, 2006
BIF	Burundian Francs
BOT	Bank of Tanzania
BSI	British Standards Institute
CASA	Current Account and Savings Account
CASAs	Current/ Savings Accounts
CCO	Chief Commercial Officer
CDD	Customer Due Diligence
CEO	Chief Executive Officer
CFT	Combating the Financing of Terrorism
CIR	Cost-to-income ratio
CISD	Critical Incident Stress Debriefing
CMSA	Capital Markets and Securities Authority
COO	Chief Operating Officer
CPA(T)	Certified Public Accountant (Tanzania)
CSR	Corporate Social Responsibility
DANIDA	Danish International Development Agency
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
DFIDs	Department for International Development
DR Congo	Democratic Republic of Congo
EaR	Earning at Risk
ECL	Expected Credit Loss
EIB	European Investment Bank
ESG	Environmental, Social, and Governance
EWSM	Early Warning Signs Models
EXCO	Executive Committee
FinTech	Financial Technology
FTP	Fund Transfer Pricing
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HQ	Headquarters
HR	Human Resources
ICT	Information and Communications Technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
INEDs	Independent Non-Executive Directors
ISO	International Organisation for Standardisation
KfW	Kreditanstalt für Wiederaufbau
KPI	Key Performance Indicator
KYC	Know Your Customer
LC	Letter of Credit
LCR	Liquidity Coverage Ratio
MA	Master of Arts
MBA	Master of Business Administration
MEMARTS	Memorandum and Articles Association
MIS	Management Information System
MNOs	Mobile Network Operators
MSc	Master of Science
MSMEs	Micro, Small, and Medium Enterprises
MtM	Mark to Market
NBAA	National Board of Accountants and Auditors
NBC	National Bank of Commerce
NDA	National Designated Authority
NDC	Nationally Determined Contribution
NEDs	Non-Executive Directors
NGOs	Non-Governmental Organisations
NOP	Foreign exchange open positions
NPL	Non-Performing Loan
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
OSHA	Occupational Safety and Health Administration
PCI-DSS	Payment Card Industry Data Security Standard
PGDA	Postgraduate Diploma in Accounting
POS	Point of Sale
PSSSF	Public Service Social Security Fund
PV01	Present Value of a Basis Point
QR	Quick Response
RAS	Risk Appetite Statement
RCKM	Rockham Capital Kimberlite
RCSAs	Risk Control Self Assessments
ROA	Return on Assets
ROE	Return on Equity
SDGs	Sustainable Development Goals
SLA	Service Level Agreement
SOPs	Standard Operating Procedures
TAT	Turn Around Time
TFRS	Tanzanian Financial Reporting Standards
TIB	Tanzania Investment Bank
TIRA	Tanzania Insurance Regulatory Authority
TMRC	Tanzania Mortgage Refinance Company
TZS	Tanzanian Shilling
UN	United Nations
UN	SDGs United Nations Sustainable Development Goals
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
USSD	Unstructured Supplementary Service Data
VAR	Value at Risk
YOY	Year-on-Year

ABOUT US

About CRDB Bank Group

We are an integrated financial services provider listed on the Dar es Salaam Stock Exchange (DSE) in Tanzania. Our vision is to transform lives and develop economies to their fullest potential. The Bank contributes to sustainable growth and financial inclusion by offering a comprehensive range of financial services. These services cater to individuals, small and medium-sized enterprises (SMEs), corporate banking, treasury and capital markets, premier banking and insurance services. We operate through a network of 259 branches, 684 ATMs (including deposit ATMs), 4,708 point-of-sale (POS) terminals, and 36,566 agents spread across the country.

Through our commitment to empowering communities and fostering economic resilience, we remain focused on creating lasting socio-economic value for all stakeholders.

Our Presence

We are based in Tanzania, where our headquarters are located. We have three wholly owned subsidiaries, including CRDB Bank Burundi S.A., which was incorporated in the Republic of Burundi in 2012; CRDB Insurance Company Limited, which was incorporated in the United Republic of Tanzania under TIRA in 2023; and CRDB Bank Foundation, which was registered in 2022 by the Registrar of NGOs. Additionally, the Bank controls another subsidiary, 'CRDB Bank Congo,' which was incorporated in the Democratic Republic of Congo in 2023 with 55% ownership. Each subsidiary contributes to an integrated financial services model that reinforces economic stability and long-term progress.



Burundi

CRDB Bank Burundi S.A. (2012)

Tanzania

Headquarters, with a strong regional presence

CRDB Insurance Company Limited (2023)

CRDB Bank Foundation (2022)

Democratic Republic of Congo

CRDB Bank Congo (2023)

Our Subsidiaries

CRDB Bank Burundi S.A.

A licensed Bank in Burundi under the Banks and Financial Institutions Act, 2003

CRDB Bank DR Congo

A limited company and licensed Bank registered under the Ohada Uniform Act, G.I.E., and the Banking Regulation of DR Congo

CRDB Insurance Company Limited

A licensed insurance company in Tanzania that engages in providing insurance services

CRDB Bank Foundation

A non-profit organisation registered in Tanzania, aiming to promote inclusive growth through community-focused initiatives

A snapshot of Group Performance

Amount in TZS Billions

Profit After Tax (PAT)

2020	165
2021	268
2022	351
2023	423
2024	551

Loans and Advances to Customers

2020	3,926
2021	5,040
2022	6,877
2023	8,443
2024	10,361

Total Assets

2020	7,170
2021	8,818
2022	11,637
2023	13,321
2024	16,699

Total Customer Deposits

2020	5,435
2021	6,490
2022	8,200
2023	8,856
2024	10,934

Total Equity

2020	1,011
2021	1,219
2022	1,479
2023	1,781
2024	2,173

Key Ratios

Earnings Per Share

2020	63.2
2021	102.67
2022	134.5
2023	161.9
2024	211.2

Cost to Income Ratio

2020	61.6%
2021	55.3%
2022	49.4%
2023	49.5%
2024	45.7%

ROA

2020	3.3%
2021	4.4%
2022	4.9%
2023	4.8%
2024	5.2%

NPL Ratio

2020	4.4%
2021	3.3%
2022	2.8%
2023	2.8%
2024	2.9%

ROE

2020	16.3%
2021	22.0%
2022	26.0%
2023	26.7%
2024	27.7%

PERFORMANCE SNAPSHOT

Year in Review:
Financial Performance

Group Performance

Profitability

Profit Before Tax
TZS 778.8 Billion

Profit After Tax (PAT)
TZS 551.5 Billion

Interest Income
TZS 1,562.1 Billion

Non-interest Income
TZS 560.1 Billion

Balance Sheet Growth

Total Assets: Increased by
25.3% to **TZS 16,698.8** Billion
(from TZS 13,321.3 Billion in FY 2023)

Customer Deposits: Increased by
23.5% to **TZS 10,934.1** Billion
(from TZS 8,856.0 Billion in FY 2023)

Net Loans and Advances: Increased by
22.7% to **TZS 10,360.8** Billion
(from ZS 8,443.5 Billion in FY 2023)

Business Growth

Market Share

Customer Deposits	Assets
CRDB Group **27%**	CRDB Group **26%**

CRDB Bank Group's Performance in Selected KPIs Against the Industry

KPI	Industry Average	CRDB Group
Non-performing Loans	5%	2.9%
Return on Assets	5%	5.2%
Return on Equity	22.1%	27.7%
Cost-to-Income Ratio	44.0%	45.7%



Subsidiary Performance

CRDB Bank Burundi S.A.

PAT	Total Deposits	Total Assets	Loans and Advances
TZS 40.3 Billion	**TZS 693.3** Billion	**TZS 1,484.4** Billion	**TZS 751.2** Billion

CRDB Bank Congo

Post-Tax Loss
TZS 6.7 Billion

Total Deposits
TZS 22.1 Billion

Total Assets
TZS 184.6 Billion

Loans and Advances
TZS 5.7 Billion



CRDB Insurance Company Limited

Gross Written Premium
TZS 26.9 Billion

Profit After Tax
TZS 0.3 Billion

Net Claims Incurred
TZS 2.9 Billion

Total Assets
TZS 19.2 Billion

CRDB Bank Foundation

Capacity Building
196,650
Youth and Women

Accounts Opened (Financial Inclusion)
144,810

Total Subsidiary Contribution

2024	2023
6.2%	**5.6%**

Non-Financial Performance

Planet

Disbursement to Green Projects
TZS 86.9 Billion

Reduction of paper usage by
21%
(Number of reams to 17,810 from 22,535 in 2023

Green bond (Medium-Term Note Programme)
TZS 86.9 Billion

EDGE Certification Standards
Awarded 'Green Building Certification'*



People

Employee satisfaction survey score
94%

Employee satisfaction survey participation
81%

Male and Female Employee Ratio
55% : 45%

>20%
Average Learning Manhours



Community

Investment in CSR initiatives
TZS 2.3 Billion

Increase in Usage of Digital Channels
53%

Customers Net Promoters Score
56%

YoY growth of number of customers
60%

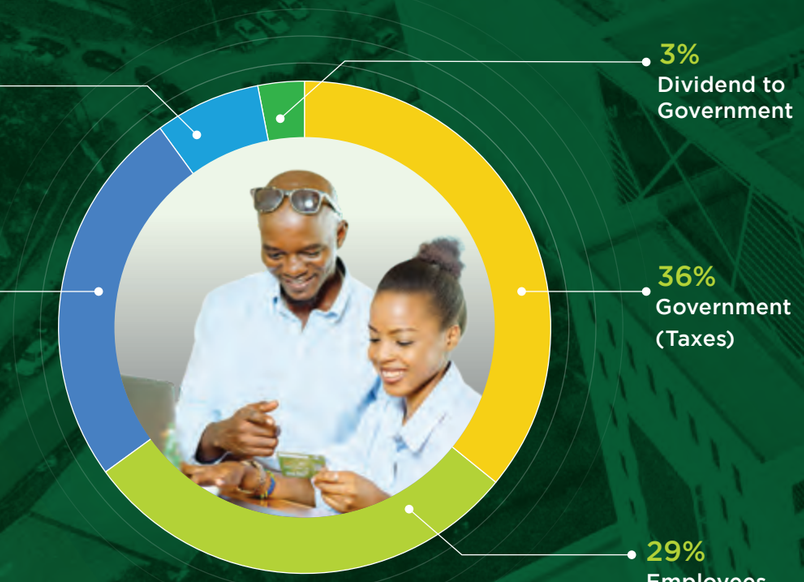
YoY growth of number of agents banking
6%



*CRDB Bank was awarded a "Green Building Certification" after achieving the required minimum efficiencies of 20% in three key EDGE indicators: energy savings of 21%, water savings of 21%, and a reduction of 27% in embodied carbon in materials.

VALUE ADDED STATEMENT

Value We Created



Value-added Statement	2024	2023
	TZS Millions	TZS Millions
Income earned from financial services	**1,562,110**	1,227,431
Cost incurred in provision of services	**(422,649)**	(350,133)
Value added from financial services	**1,139,461**	877,298
Non-operating income	**426,686**	417,040
Non-operating expenditure	**(274,856)**	(233,086)
Value - added	**1,291,291**	1,061,252

Distribution of Value-added	2024	2023
To Employees:		
Salaries and other benefits	**380,448**	338,243
To Shareholders:		
Dividend to other shareholders	**86,191**	77,572
Dividend to the government	**44,401**	39,961
To Government:		
Corporate tax	**218,714**	194,922
PAYE	**69,860**	64,089
Skills & development levy	**8,586**	8,072
Excise duty/ Service levy and other taxes	**55,541**	49,910
VAT on services	**109,119**	86,334
Total taxes	**461,819**	403,327
To expansion and growth:	**318,432**	202,149
Value distributed	**1,291,291**	1,061,252

CRDB Bank Group:

Driving Sustainable Growth



CRDB Bank Group stands as a trusted financial partner, driving inclusive and sustainable growth across the region. With a strong foundation in purpose, performance, and presence, we continue to expand our impact through customer-centric services, innovation, and a values-led approach. Guided by our mission and vision, we create long-term value for all stakeholders while advancing economic progress across Tanzania, Burundi, and the DRC.

Key Highlights 2024

TZS 1.749.9 Billion
Market Capitalisation

37,658
Number of shareholders

TZS 2,173.2 Billion
Total Shareholder's Equity

6.4 Million
Number of customers

TZS 16,698.8 Billion
Total Assets

4,251
Employees (Group)

27.7%
Return on equity

55:45
Male: Female ratio

TZS 318.5 Billion
Reinvested to grow and Sustain Operations

7%
Employees >50

TZS 670
Share price

55%
Employees aged 35-50 years

38%
Employees below 35 years of age

CRDB Bank is accredited by the UN GCF as a Direct Access Entity (DAE) for green financing in Tanzania.

Value Shared 2024

TZS 65
Dividend per share

TZS 2.3 Billion
Invested in corporate social initiatives

TZS 8.0 Billion
Spent on for Learning & development

TZS 461.8 Billion
Total taxes paid



Our Service Channels

259
Branches (including mobile branches)

684
ATMs (including depository ATMs)

36,566
Banking Agents

4,708
Point of Sales (POS) terminals

Strategic Partnerships for Sustained Progress

We forge strategic partnerships with global development organisations and financial institutions to enhance resilience, unlock growth opportunities, and drive sustainable impact.

MISSION, VISION, VALUES

The Foundation of Our Success

Driven by a clear purpose and bold vision, we are transforming the way we create value and drive impact. By nurturing synergy between our ambitions and strategic priorities, we aim to exceed stakeholders' expectations and build a lasting legacy of innovation and sustainability. Grounded in accountability and collaboration, we continue to strengthen our foundation and contribute to meaningful progress.



Our Purpose

Improve livelihoods and deliver

Our Vision

Transform lives and develop economies to their fullest potential.

Our Mission

Provide disruptive solutions to unlock social-economic value for our stakeholders.

Our Values

Deliver Impact
Deliver distinguished experiences to our stakeholders while caring for our community.

Behave Responsibly
Value integrity and hold ourselves accountable; being ethical and trustworthy in all we do.

Learning Continuously
Work with a growth mindset to unlock our fullest potential and stay ahead.

Achieve Together
Deliver as a team and ensure that every voice is heard, valued and respected.

Our Strengths

- Strong capital base with a well-established regional network.
- Modern, scalable technology infrastructure driving innovation.
- Commitment to world-class governance practices.
- Diverse, talented workforce with a multicultural outlook.
- Strategic partnerships to meet diverse market needs.
- Strong, Recognisable Brand.

Our Aspiration

We strive for growth that creates meaningful value for all stakeholders, reflected in thriving communities, improved livelihoods, and satisfied shareholders.

PRODUCTS & SERVICES

Innovative Banking Solutions

Retail Banking

What We Offer

We serve individuals, MSMEs, and businesses with a wide range of tailored financial solutions, ensuring financial empowerment across all customer segments.

Key Solutions

- Deposits & Savings
- Loans & Credit Facilities
- Investment Options (Fixed deposits)
- Insurance Solutions (Bancassurance offerings covering motor, personal accident, medical, fire, and group life insurance)
- Digital Banking Services (including CRDB Wakala – agency banking)

Whom We Serve

- Individuals
- Micro, Small & Medium Enterprises (MSMEs)
- Community-Based Groups (Vicoba, AMCOs, and cooperatives)

Our Competitive Advantage

- Strong Financial Performance & Governance
- Extensive Service Network – 250+ outlets, 36,000+ agents
- Regional Presence (Tanzania, Burundi, and the DRC)
- Diverse Product Offerings

KPIs

- Customer growth & retention
- Deposits
- Portfolio growth
- Income & Portfolio Quality
- Channel performance
- Digital adoption
- Accessibility and penetration

Future Plans

- Enhancing digital banking experiences
- Expanding insurance penetration
- Strengthening financial inclusion

Al-Barakah Banking

What We Offer

We offer Shariah-compliant banking solutions tailored to the evolving needs of businesses and individuals. Operating under the Directorate of Retail Banking, this specialised window provides both Retail and Corporate Banking customers with ethical financial products that align with Islamic banking principles.

Key Solutions

- Shariah-compliant financing
- Shariah-compliant asset-based financing

Whom We Serve

- Individuals
- Groups
- SMEs
- Corporates
- Institutions

Our Competitive Advantage

- Tanzania's only Shariah-compliant financing service
- Offers asset-based financing to new and existing customers
- Provides vehicle, equipment, and machinery financing
- No requirement for landed property as collateral

KPIs

- Customer growth & retention
- Deposits & Portfolio growth
- Income and Portfolio Quality

Future Plans

- Developing new Shariah-compliant investment products.
- Leveraging fintech solutions to enhance customer experience.
- Expanding financial literacy and awareness on Islamic banking.

Corporate Banking

What We Offer

We support large businesses and institutions with tailored solutions that enhance liquidity, enable investments, and ensure long-term sustainability through structured financing, trade services, and strategic advisory.

Key Solutions

- Working Capital Financing
- Trade Finance Solutions
- Project Financing & Investments
- Advisory Services
- Asset Financing
- Treasury & Transactional Services

Whom We Serve

- Large-scale businesses
- Government institutions
- Multinational corporations
- Parastatals

Our Competitive Advantage

- Seasoned professionals
- Strong goodwill
- Innovative products
- Advanced technology
- Structured financial solutions
- Strategic partnerships

KPIs

- Customer growth & retention
- Deposits, Portfolio growth
- Income & Portfolio Quality

Future Plans

- Expanding syndicated finance
- Enhancing agribusiness financing
- Driving digital transformation

Treasury & Capital Markets

What We Offer

We offer solutions tailored to the evolving needs of individuals, businesses, and financial institutions, focusing on liquidity, risk mitigation, and investment growth to drive long-term resilience.

Key Solutions

- Foreign Currency Payment Solutions
- Hedging Solutions
- Custodial Services
- Advisory Services

Whom We Serve

- Individuals & High-Net-Worth Clients
- MSMEs & SMEs
- Retail & Corporate Clients
- Financial Institutions & Interbank Participants

Our Competitive Advantage

- Extensive Branch Network
- Strong Capital Base
- Expert Treasury Team
- Global Credit Ratings
- Robust Liquidity
- Strategic Market Relationships

KPIs

- Balance sheet health
- Trade Income/Forex
- Capital Management
- Investments

Future Plans

- Expanding capital market participation
- Enhancing digital treasury services
- Fostering strategic partnerships

Factors Impeding Our Creation of Value

CRDB Bank Plc operates in a dynamic environment shaped by rapid technological advancement, evolving stakeholder expectations, regulatory changes, and environmental challenges. These factors, while posing risks, also present opportunities for transformation and value creation. Below is a summary of material issues that may impede value creation and how the Bank is actively responding.

Issue	Increasing Competition	Disruptive Technologies & Digital Adoption	Rising Stakeholder Expectations	Ongoing Regulatory and Policy Changes	Cybersecurity Threats & Information Risk	Climate Change & Environmental Risk	Demographic and Social Shifts
Risk/Impact on Value Creation	Heightened competition from FinTechs, Mobile Network Operators (MNOs), and regional banks may lead to revenue pressure and market share erosion if offerings are not differentiated or customer-centric.	The pace of technological change demands constant innovation; failure to adapt may render systems and services obsolete.	Inadequate stakeholder alignment can negatively affect trust, reputation, funding access, and long-term value creation	Regulatory changes can increase operational complexity and compliance costs, potentially affecting profitability	Increasing risk of cyber-attacks (e.g., phishing, ransomware) threatens data security, operational continuity	Both physical risks (e.g., flooding, drought) and transition risks (e.g., policy shifts, stranded assets) may impact lending portfolios and operations.	Youth unemployment, income disparities, and underserved populations can impede inclusive growth.
Our Response	• Accelerating our digital transformation through innovative products and agile service delivery • Enhancing customer experience via multiple channels: branches, agency banking, SimBanking, and CRDB Wakala • Reinforcing brand loyalty through the “Bank that Listens” customer philosophy	• Launched a scalable core banking system to support future innovation • Investing in AI, data analytics, and cybersecurity • Strengthening partnerships with technology providers to ensure agility and resilience	• Expanded sustainability and ESG reporting, integrated into strategic planning • Established channels for ongoing stakeholder engagement, e.g., CEO Town Halls, investor updates, CRDB Foundation outreach • Elevated customer satisfaction (CSAT 90%, NPS 56%) and employee engagement (94% satisfaction index)	• Dedicated Risk & Compliance department to monitor and manage policy shifts • Proactive participation in industry and regulatory forums • Significant investment in compliance, AML/CFT, ESG, and consumer protection frameworks	• Established a comprehensive Cyber Risk Management Framework • Continuous monitoring, penetration testing, and cybersecurity training for staff • Strengthened IT governance aligned with Bank of Tanzania and global standards	• Embedded ESG considerations in credit risk appraisal through Environmental & Social Management System (ESMS) • Accredited by Green Climate Fund; mobilising green finance for climate-resilient initiatives • Invested TZS 281.3 million in 2024 towards climate resilience and sustainability campaigns	• Focus on financial inclusion through Imbeju program: 196,650 reached in 2024 • Products tailored to demographic needs (e.g., Malkia, Scholar, Pension, Junior Jumbo accounts) • Expansion of agent network to 36,566 agents serving rural and peri-urban areas

VALUE-CREATION MODEL

Strategic Value Creation Model

Inputs

Capital

Financial Capital:
- Shareholder's fund
- Customer deposits
- Borrowings

Manufactured Capital
- Banking outlets, including mobile branches
- ATMs cash deposit and withdrawal machines
- Agency Banking
- Merchants

Intellectual Capital
- Focus on technology
- Robust loan origination & underwiring
- Risk Enterprise Management framework
- Collaboration with fintech and start-ups branded as 'IMBEJU
- Brand positioning

Human Capital
- Total workforce: 4,251 - 2,351 (55%) males & 1,896 (45%) females
- Experienced and competent key personnel management team
- Experienced and competent Board of Directors with diverse skills

Social and Relationship Capital
- 1% of CSR budget on net profit
- Strategic partnership(s) for the execution of community matters

Natural Capital
- LED lights
- Digital solutions
- Installation of sensor taps in our office buildings

Value Creation (Group)



Outputs

- Equity: **TZS 2.2 Trillion**
- Total assets: **TZS 16.7 Trillion**
- Customer deposits: **TZS 10.9 Trillion**
- Borrowings: **TZS 1.7 Trillion**
- Market share: **27%** deposits and **26%** total assets

- Easy access to financial services
- Financial inclusion

- Innovative products & solutions
- Automated processes
- Collaborative teams through a shared service model

- Improved staff morale
- Increase in staff productivity
- Lower staff turnover rate
- Improved staff skills
- Good health and safety records – award from OSHA

- We contributed to the implementation of UN SDGs 1 (No Poverty), 3 (Good Health and Well-being), and 4 (Quality Education).
- Reduced the unemployment rate

- Innovative and sustainable digital solutions

Outcomes

- Return on equity: **27.7%**
- Return on asset: **5.2%**
- Dividend per share: **TZS 65**
- Cost to income ratio: **45.7%**
- Total tax paid: **TZS 461.8 Bn**

- Banking outlets: **259**
- ATMs: **684**, including deposit ATMs
- POS machines: **4,708**
- Registered agents: **36,566**

- Strong brand
- Increase in digital transactions
- Operational efficiency

- Remarkable performance resulted from staff morale improvement
- Competent & efficient workforce
- Increased customer satisfaction, evidenced by an increase in NPS of **56%** (up from **53%** reported in 2023)

- **TZS 1 Bn** invested in education
- **TZS 156 Mn** supported healthcare
- **TZS 281Mn** allocated to environmental initiatives
- **TZS 432Mn** invested in women & youth programmes
- **TZS 438 Mn** directed to philanthropic activities

- Reduced electricity cost
- Improvement of TAT
- Reduced usage of paper by **21%** (number of reams to **17,810** from **22,535** in 2023)

Group Responses

Financial Capital
- We maintained a strong capital base and diversified funding sources, ensuring competitive banking solutions across our markets
- We access funds at competitive rates to optimise returns and maximise shareholder value

Manufactured Capital
- We continue to drive awareness and training on digital solutions.
- We continuously enhance our systems and processes for greater efficiency.
- We are expanding our outreach to improve financial accessibility.

Intellectual Capital
- Our robust technology and infrastructure ensure seamless customer experiences and strengthen resilience.
- We invest in our brand, subsidiaries, strategic partnerships, and innovative solutions to enhance customer value.

Human Capital
- We prioritise continuous training and development to enhance employee skills and competitiveness
- We foster a culture of continuous learning to equip our workforce for the digital future
- We offer additional compensation, including risk allowances and rent subsidies, to support staff in rural and high-risk areas

Social and Relationship Capital
- We will continue increasing our annual budget to serve a larger population.
- We remain focused on enhancing customer experience, ensuring seamless interactions across all touchpoints.

Natural Capital
- We will continue monitoring resource usage, including water, fuel, power, and paper
- We are strengthening governance and oversight of environmental matters

AWARDS & RECOGNITION

Excellence in Action

With a proud legacy of excellence, we continue to be recognised among the top financial institutions in our region. In 2024, we received 45+ awards from esteemed local and international organisations—an achievement that reaffirms our leadership and commitment to Building Resilience for Sustained Growth.

- **Excellence Awards** — European Society for Quality Research (ESQR)
- **GIFA Award** — GIFA Award
- **Most Innovative Customer-Centric Banking Brand - Tanzania 2024** — Global Brands Magazine
- **Most Sustainable Financial Service Provider- Tanzania 2024** — Global Brands Magazine
- **Best Bank for SMEs - in TZ** — Euromoney
- **CEO of the Year** — African Bank 4.0 Awards (Pan Africa)
- **Best SME Bank** — World Economic Magazine
- **Best Customer Service Bank** — World Economic Magazine
- **Best Internet Banking** — World Economic Magazine
- **Best Bancassurance Provider** — World Economic Magazine
- **Best Bank in Mobile Banking App** — International Business Magazine Award
- **Best Trade Finance Bank** — International Business Magazine Award
- **Best Commercial Bank Tanzania** — Global Business Magazine Awards
- **Best SME Bank Tanzania** — Global Business Magazine Awards
- **Best Domestic Retail Bank Tanzania** — Global Magazine Awards
- **Bank of the Year** — The Banker
- **Africa's Outstanding Professional** — The Business Executive Award
- **Best Bank for Trade Finance** — Middle East and Africa Innovation Award
- **Best Bank in Tanzania** — Global Finance
- **Best SME Banks Awards** — Global Finance
- **Bond of the Year Deal in Local Currency** — Bonds, Loans & ESG Capital Markets Africa Awards
- **Fire Award** — Winner in the Country Category
- **1st Runner-Up** — in the Banking Category Fire Award
- **Fire Award** — 2nd runner-up in the Listed Companies Category

- **Best SME Bank Tanzania** — Brands And Business Magazine
- **Best Retail Bank Tanzania** — Brands And Business Magazine
- **Best Commercial Bank Tanzania** — International Banker Awards
- **Africa Bank 4.0 Awards (Pan Africa)** — Bii World
- **Fastest Growing Islamic Banking window for Retail Banking, Tanzania 2024** — Global Banking & Finance Review
- **Fastest Growing Islamic Banking window for Corporate Banking Tanzania 2024** — Global Banking & Finance Review
- **Most Sustainable Bank – TZ** — Gazette International Awards
- **Most Innovative - TZ** — Gazette International Awards
- **ACOYA-ICT & Knowledge Management, Bank of the Year 2023** — ACOYA
- **Best Mobile Banking App in Tanzania 2024** — Global Finance Best Digital Bank
- **Best Consumer Digital Bank in Tanzania 2024** — Global Finance Best Digital Bank
- **The Preferred Convenient and Accessible Bank in Eastern Africa** — Consumer Choice Awards
- **The most creative and innovative consumer benefitting campaign of the year, 'Miamala inalipa, Swahiba'** — Consumer Choice Awards
- **Youth lead women empowerment program – CRDB Bank Foundation Imbeju Program** — Tanzania Emerging Youth Awards
- **STI Partner Award** — 9th STICE AWARDS
- **NGO's 2nd Runner Up: Partnership Category** — Business SDG Awards
- **NGO's 2nd Runner Up: Planet Category** — Business SDG Awards
- **NGO's 2nd Runner Up: People Category** — Business SDG Awards
- **NGO'S Winner: Tanzania** — Business SDG Awards
- **Country Winner: Tanzania** — Financial Reporting Awards
- **Banks Category: 1st Runner Up** — Financial Reporting Awards
- **Listed Category: 2nd Runner Up** — Financial Reporting Awards
- **Best Presented Financial Statements on IFRS Reporting** — NBAA
- **Best Presented Financial Statements - Large Banks** — NBAA
- **2nd Runner: Best Custodian Bank of the Year** — DSE Members Awards
- **3rd Runner Up: Best Bond Dealer of the Year** — DSE Members Awards
- **2nd Runner: Best Listed Company of the Year Under MIMs Banking and Investment Category** — DSE Members Awards
- **2nd Runner: Best Bond Issuer of the Year** — DSE Members Awards
- **3rd Winner** — on outstanding Tax Contribution TRA

MANAGEMENT TEAM

CRDB Group

Executive Leadership



Abdulmajid Nsekela

Group CEO and Managing Director

MBA-IBF, Birmingham University (UK)

PGD (Business Administration)-Birmingham University, UK, Adv. Dip (Banking)-IFM



Boma O. Raballa

Chief Commercial Officer (CCO)

MBA, Mzumbe University

BA (Accounting) Kampala International Univ. UG



Bruce Mwile

Chief Operations Officer (COO)

MBA - Finance (UDSM)

B.com (Finance), (UDSM)



Frederick Nshekanabo

Chief Finance Officer (CFO)

MSc. Finance - University of Strathclyde (UK), ACPA (T)

Advanced Dip Accountancy (IFM)

Management Team



Tully Esther Mwambapa

Director of Corporate Affairs & Public Relations and MD CRDB Foundation

MBA, BA Public Administration

& International Relations, (UDSM)



Xavery Makwi

Director of Credit

CPA (T), PGD (Legal Practice)

LST, LLB (Open University of Tanzania)

MBA, B. Com (Accountancy) UDSM



Leo Patrick Ndimbo

Director of Business Transformation

PGD- BA (CBE)

Int'l Adv. Dip in Computer Engineering (IADCE) - New Horizon University



John Baptiste Rugambo

Company Secretary

Business Administration (USIU, KE), BA, MA (International Business Administration) – USIU



Alexander Ngusaru

Director of Treasury

& Capital Markets

MBA, UDSM Strategic Leadership Training (DBS, University of Virginia), B.com (Finance)



Godfrey Rutasingwa

Director of Human Resources

MPA - Public Administration (Mzumbe) B.Ed., UDSM



Pendason Philemon

Director of Procurement

MBA- ESAMI, CSP (T), CIPP- Zhuhai-CHINA, Certified Company Director-IoD, United Kingdom and Tanzania.



Deusdedit Massuka

Director of ICT

MSc. Computer Numerical Control (CNC) Systems - St-Petersburg STU, Russia



Bonaventure Paul

Director Retail Banking

MSc. Accounting & Finance, Mzumbe University, CPA (T), Certified Professional Banker (CPB)



Jessica Nyachiro

Managing Director CRDB Congo Subsidiary

MA international business (IFM)

B.Ed., University of Nairobi (KE)



Godfrey Sigalla

Director of Internal Audit

CPA (T) PGD (Tax management), B. Com (Accounting), UDSM

MBA (Finance), UDSM



Frederick Siwale

Managing Director CRDB Burundi Subsidiary

MBA (UDSM) PGD in Business Administration – CBE



Mussa Kitambi

Director of Corporate Banking

MSc., Business Management (Birmingham City University),

BA, Economics (UDSM), ADA

Adv. Certificate in Credit Skills, London Institute of Banking & Finance (LIBF)



Willson Mnzava

Managing Director CRDB

Insurance Company Limited

MSc. in Insurance & Actuarial Science – IFM

Post Graduate Diploma in Cooperative – SUA, ADA



Admin Mwansasu

Director of Business Operations

B. Com (Finance) – UDSM Higher Dip. Banking (Milpark Business School, SA), CPB



James Mabula

Director, Risk & Compliance

MSc. Finance (University of Strathclyde, UK) PG Dip. Financial Management (IFM)

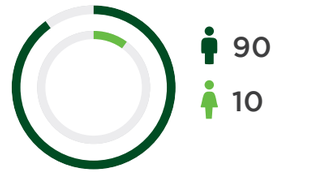
Certified Company Director – Izod UK

Advanced Diploma in Certified Accounting (IDM Mzumbe)

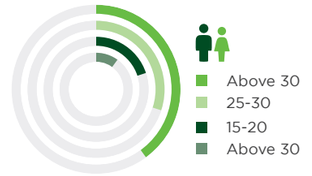
Expertise



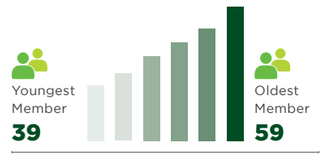
Gender Diversity (%)



Experience (Years)



Age Diversity (Years)



INVESTOR FACTSHEET

CRDB Bank Plc. Share Information as of 31 December, 2024

Number of Issued shares	2,611,838,584
Total number of authorised shares	4,000,000,000
Number of shareholders as of 31st December 2024	36,399
Primary listing exchange	Dar es Salaam Stock Exchange (DSE)
Ticker	CRDB
Listing year	June 2009
Cross-listed exchange	NIL
Free float	65.3%
Closing share price on 31st December 2024	TZS. 670.00
Price appreciation in December 2024	46%
Market capitalisation as of 31 December 2024	TZS. 1,749.9 Billion
Price/book	0.8X
Earnings per share as of December 2024	TZS.211
Dividend per share	**TZS. 65**
Dividend policy	Up to 35% distributable profits
Total shareholder's equity	TZS. 2,175 Billion

2025 Investor Calendar	Event
Date	
28th January 2025	**FY 2024 financial results announcement**
10th April 2025	**Publication of 2024 audited financial statement**
30th April 2025	**1Q 2025 financial results announcement**
17th May 2025	**Annual general meeting (AGM)**
30th July 2025	**IH 2025 financial results announcement**
30th October 2024	**Q3 2025 financial results announcement**

Shareholders Per Category

48%
GVT. Institutions & Cooperatives

33%
Local Investors

19%
Foreign Investors

No. of Shares

10% and more	894,828,676	**34.3%**
Less than 10%	605,829,559	**23.2%**
Less than 1%	1,111,180,349	**42.5%**

Major Shareholders (Above 5%) as of 31st December 2024

Entity	Number of Shares	%Shareholding
Danida Investment Fund	548,067,648	**21.0%**
PSSSF Pension Fund	346,761,028	**13.3%**
National Social Security Fund - UGANDA	196,456,402	**7.9%**

Driving Success Sustainably:

Strengthening Purpose, Strategy and Stakeholder Impact



Rooted in our purpose and strengthened by our values, we are driving success with a sharp focus on sustainability. This section outlines our strategic direction amid a dynamic operating environment, shaped by the insights of our stakeholders and the issues that matter most. It reflects the Board's guidance, our materiality-led approach, and our unwavering commitment to delivering value responsibly—today and into the future.

Message from the Chairman



These results affirm our commitment to maximising shareholder returns while maintaining financial resilience.

Dear Shareholders,

It is my privilege to present to you the Group Annual Report for the financial year ended 31 December 2024. For CRDB Group, the 2024 financial year was one of exceptional progress, anchored in resilience, strategic clarity, and a strong commitment to delivering long-term value to you, our esteemed shareholders.

Navigating a Complex Operating Environment

The economic environment in 2024 presented both challenges and opportunities. Inflation remained largely stable in Tanzania, with a year-end rate of 3.1%, while the foreign exchange market saw improvements due to favourable global conditions and enhanced policy coordination.

Despite liquidity pressures and currency volatility in some of our regional markets, CRDB Bank maintained strong fundamentals, thanks to prudent risk management and a diversified funding base.

Importantly, we advanced our efforts in sustainability and green finance, securing strategic partnerships to finance environmentally responsible initiatives and obtaining the IFC EDGE certification for green building standards, a first for our region.

Delivering Value to Shareholders

Our strategic focus on creating long-term value yielded strong returns in 2024. The Group posted a record Profit After Tax (PAT) of TZS 551.5 billion, representing a 30.4% increase from the previous year. This outstanding performance was driven by sustained growth in our core business lines, disciplined cost management, and improved asset quality.

Return on Equity (ROE) rose to 27.7%, reflecting enhanced capital efficiency and prudent financial stewardship. These results affirm our commitment to maximising shareholder returns while maintaining financial resilience.

The Bank's share price increased from TZS 460 to TZS 670 during the year—an impressive 45.7% growth; driving our market capitalisation to TZS 1.75 trillion, up from TZS 1.2 trillion in 2023. This performance underscores growing investor confidence and the strong fundamentals of our business.

Dividend Recommendation

In view of these achievements, and subject to approval at the forthcoming Annual General Meeting, the Board is pleased to recommend a dividend of TZS 65 per share, representing a 30% increase from the prior year. This reflects both the strength of our capital position and our commitment to returning value to you, our shareholders.

The Role of the Board in Strategy and Oversight

Our mandate as a Board remains focused on what matters most: protecting and growing shareholder value.

During the year, we provided active oversight as management continued to execute the Group's five-year strategic plan, "EVOLVE" (2023–2027). While the strategy's execution is rightly in management's domain, the Board's role has been to provide clear direction, evaluate performance, and ensure alignment with our long-term vision.

We remained vigilant in overseeing risk, supporting digital transformation, and strengthening our governance frameworks. Our committees - spanning audit, risk, credit, and nomination - worked diligently to ensure that our oversight remained fit for purpose in a rapidly evolving operating environment.

We also reviewed and updated the Bank's Memorandum and Articles of Association (MEMART) to ensure compliance with evolving legal and regulatory frameworks and to support our governance posture for future growth.

Governance Transitions and Board Strengthening

During the year under review, we made some changes at both the Board and executive levels that reflect our commitment to continuity and succession.

At the Board level, we bid farewell to Mr. Hosea Kashimba, whose guidance and insight over the years were instrumental in advancing our governance agenda. On behalf of the Board and our shareholders, I express deep gratitude for his valuable service. We also extend a warm welcome to Mr. Abdulrazak Badru, who brings a wealth of experience and will no doubt strengthen our collective oversight.

In management, Mr. Leslie Mwaikambo retired after years of dedicated service, during which he significantly shaped our operational architecture. He was succeeded by Mr. Admin Mwansasu, whose expertise and leadership are already advancing our Group's capabilities. Similarly, we recognise Mr. Prosper Nambaya for his impactful tenure as Director of Corporate Banking. His successor, Mr. Mussa Kitambi, steps into the role with a clear mandate to drive further growth and deepen our client engagement in this critical segment.

Stakeholder Engagement as a Catalyst for Growth

We recognise that our success in 2024 was not achieved in isolation. Strong engagement with key stakeholders, ranging from regulators, policymakers, employees and development partners to our customers and the communities we serve, was central to the Bank's progress.

We maintained constructive dialogues with the Bank of Tanzania and other regulatory bodies, ensuring compliance and contributing to national financial sector reforms. Our engagements extended to government ministries, regional economic platforms, and international partners, all of whom played a pivotal role in supporting our growth ambitions and reinforcing our leadership across East and Central Africa.

We also strengthened shareholder engagement, holding regular investor briefings, AGM dialogues, and transparency sessions that helped reinforce investor confidence in our governance and long-term strategy.

Regional Presence and Group Contributions

Our subsidiaries in Burundi and the Democratic While this report focuses on the consolidated Group's performance, I would like to acknowledge the valuable contributions of our subsidiaries in Burundi, the Democratic Republic of Congo (DRC), and CRDB Insurance. Their strategic relevance continues to support our broader goals of diversification, regional integration, and financial inclusion.

We remain committed to investing in their growth and ensuring that each subsidiary aligns with the Group's vision of building a sustainable and pan-African financial institution.

Future Outlook

As we look ahead to 2025, the Board remains firmly committed to securing the Group's long-term growth and resilience. Our focus will centre on safeguarding the interests of our shareholders through strong oversight, disciplined financial management, and well-defined succession planning. We will continue to support the management team as they lead the charge in driving digital innovation and enhancing operational efficiency across all areas of the business. At the same time, we are deepening our commitment to responsible banking, ensuring that environmental, social, and governance (ESG) considerations are integrated into every level of decision-making. Regional expansion will also remain a strategic priority, as we seek to capitalise on growth opportunities across East and Central Africa and strengthen our role in driving regional integration.

While we remain mindful of ongoing global uncertainties, our solid capital position, talented workforce, diversified portfolio, and robust governance framework provide a strong foundation for continued success. We approach the year ahead with confidence and optimism.

Appreciation

In closing, I would like to thank our shareholders for your continued confidence and partnership. Your trust fuels our determination to excel.

To our regulators and government stakeholders, thank you for your collaboration in enabling a robust and competitive financial sector.

To our Group CEO and Managing Director, Mr. Abdulmajid Nsekela, and the entire management team and staff — thank you for your dedication, professionalism, and resilience.

CRDB Bank is well-positioned to lead the future of financial services in our region, and together, we will continue to build a bank that not only delivers value, but also transforms lives and economies.



Dr. Ally H. Laay

Chairman

Taarifa ya Mwenyekiti wa Bodi

Matokeo haya yanathibitisha ahadi tuliyoitoa ya kukuza thamani ya wanahisa huku tukiendelea kuimarisha ustahimilivu wa kibiashara.



Ndugu Wanahisa,

Ninayo furaha kuwasilisha taarifa ya Mwaka ya Kampuni kwa mwaka wa fedha ulioishia tarehe Desemba 31, 2024. Mwaka huu umekuwa mzuri sana kwa Benki yetu ya CRDB, kwa matokeo yake thabiti kifedha na kiutendaji yanayoakisi mikakati bora na utekelezaji wenye ufanisi na kuongeza thamani ya muda mrefu ya wanahisa.

Mazingira ya Uendeshaji

Pamoja na fursa za kibiashara zilizojitokeza, kulikuwepo pia na changamoto mbalimbali katika mazingira ya kiuchumi kwa mwaka 2024. Tanzania iliweza kudhibiti mfumuko wa bei na kuendelea kuwa imara hadi mwisho wa mwaka, ambapo kiwango cha mfumuko wa bei kilifikia asilimia 3.1. Kwa upande mwingine, soko la fedha za kigeni liliimarika kutokana na kuimarika kwa uchumi wa dunia pamoja na ushirikiano madhubuti katika usimamizi wa sera za kifedha na kiuchumi.

Licha ya kuwepo msukumo na mahitaji makubwa ya upatikanaji wa fedha, pamoja na udhaifu wa sarafu katika baadhi ya masoko yetu ya kikanda, Benki ya CRDB ilijiimarisha katika usimamizi na udhibiti wa athari zote za kifedha pamoja na kufanya uwekezaji kwenye maeneo mbalimbali.

Zaidi ya hayo, benki yetu ikishiriana na wadau wake wa kimkakati iliendelea kuchangia juhudi za kutunza mazingira kwa kufadhili miradi inayolenga kuimarisha mazingira endelevu (Green finance). Kutokana na ushiriki wetu kwenye miradi mbalimbali ya kuboresha mazingira benki yetu imepata cheti usimamizi wa mazingira kwa viwango vya kimataifa (IFC EDGE certification for green building standards). Benki yetu imekua ya kwanza kupata ithibati hiyo katika ukanda huu.

Kuongeza Thamani kwa Wanahisa

Benki ya CRDB imeendelea kutekeleza mikakati ya kuongeza thamani kwa wanahisa, ambapo utekelezaji thabiti wa mikakati hiyo umezaa matokeo chanya katika mwaka wa fedha 2024. Benki ilipata faida baada ya kodi (Profit After Tax) ya Shilingi bilioni 551.5, ongezeko la asilimia 30.4 ikilinganishwa na mwaka uliopita.

Mafanikio haya yametokana na uboreshaji wa huduma, ukuaji wa shughuli za kibiashara katika maeneo mbalimbali, usimamizi madhubuti wa gharama za uendeshaji, pamoja na matumizi bora ya rasilimali.

Uwiano wa Faida kwa Mtaji (Return on Equity - ROE) uliongezeka hadi asilimia 27.7, jambo linalodhihirisha ufanisi wa matumizi ya mtaji na usimamizi bora wa fedha. Matokeo haya yanathibitisha dhamira ya benki katika kuongeza mapato kwa wanahisa huku ikiendelea kuimarisha nidhamu ya kifedha.

Bei ya hisa za Benki iliongezeka kutoka shilingi 460 hadi shilingi 670 wakati wa mwaka - ukuaji wa kuvutia wa 46%; kupelekea mtaji wa soko letu kufikia shilingi trilioni 1.75, kutoka shilingi trilioni 1.2 mwaka 2023. Utendaji huu unaonyesha jinsi wawekezaji wanavyoendelea kufaidika na kua na Imani na uwekezaji wao na misingi thabiti ya biashara yetu.

Pendekezo la Gawio

Kufuatia mafanikio haya, na endapo Mkutano Mkuu wa Mwaka utaridhia, Bodi inayo furaha kupendekeza gawio la shilingi 65 kwa kila hisa, ambalo ni ongezeko la 30% kutoka mwaka uliopita. Hii inaonyesha uwezo wa mtaji wetu na ahadi yetu ya kukuza thamani kwa wanahisa wetu.

Jukumu la Bodi katika Mkakati na Usimamizi

Jukumu kubwa na kipaumbele cha Bodi ni kulinda na kukuza thamani ya wanahisa.

Katika kipindi cha mwaka 2024, Bodi iliendelea kusimamia na kutoa maelekezo kwa uongozi wa benki juu ya utekelezaji wa mpango mkakati wa miaka mitano, “EVOLVE” (2023–2027). Pamoja na ukweli kwamba suala la utekelezaji wa mkakati ni jukumu la uongozi wa benki, Bodi imeendelea kutoa miongozo, kutathmini utendaji, na kuhakikisha kuwa utekelezaji wa mikakati unaendana na matarajio yetu ya muda mrefu.

Tuliendelea kuwa macho katika kusimamia hatari za kibiashara na uendeshaji, kuwezwsha mabadiliko ya kidijitali, na kuimarisha mifumo yetu ya utawala. Kamati zetu - za ukaguzi, hali za hatari, mikopo, na uteuzi - zilifanya kazi kwa bidii ili kuhakikisha kuwa uangalizi wetu unabaki imara na hasa katika kipindi hiki ambacho mazingira ya soko na uendeshaji yanayobadilika haraka sana.

Pia, tulipitia na kuboresha Katiba ya Benki (Memorandum and Articles of Association - MEMART) ili kuhakikisha kwamba inaendana na mabadiliko ya kisheria na mifumo ya usimamizi kwa lengo la kuendeleza utawala bora kwa maendelea wa baadaye.

Mabadiliko kwenye Bodi na Uongozi wa Benki

Katika kipindi cha mwaka 2024, palikua na mabadiliko kwenye Bodi ya wakurugenzi na uongozi kwa lengo la kuendeleza usimamizi na utekelezaji wa mpangomkakati wa benki na hivyo kuiwezesha benki kupata mafanikio makubwa zaidi.

Kwa upande wa wakurugenzi wa Bodi, Bwana Hosea Kashimba alimaliza muda wake na Bwana Abdulrazak Badru alichaguliwa kushika nafasi yake. Kwa niaba ya Bodi na wanahisa wetu ninapenda kutoa shukrani kubwa kwa Bwana Hosea Kashimba mchango wake kwenye Bodi na maendeleo ya benki yetu kwa miaka mingi na namtakia mafanikio katika shughuli zake za baadae., Pia, tunamkaribisha sana Bwana Abdulrazak Badru, ambaye analeta uzoefu mwingi na bila shaka atatusaidia sana tutakaposhirikiana naye katika usimamizi.

Katika uongozi wa benki, Bwana Leslie Mwaikambo alistaafu baada ya kuitumikia benki hii kwa uadilifu na bidii kwa miaka mingi. Nafasi yake imechukuliwa na Bwana Admin Mwansasu, ambaye tunaamini taaluma na uongozi wake utachangia kwenye maendeleo endelevu ya benki yetu. Pia Bwana Mussa Kitambi amekua Mkurugenzi wa Benki Idara ya Wateja Wakubwa akichukua nafasi ya Bwana Prosper Nambaya ambaye aliitumikia benki yetu kwa weledi na ufanisi mkubwa katika kukuza biashara kwenye idara ya wateja wakubwa.

Mahusiano na Ushirikiano na Wadau Mbalimbali

Tunatambua kuwa mafanikio yetu katika 2024 pia yalichangiwa na ushiriano wetu na wadau mbalimbali wa kibiashara. Tumekua na ushirikiano mkubwa na wadau muhimu, wakiwemo wasimamizi wa kisheria, watunga sera, na washirika wa maendeleo, wateja wetu na jamii inayotuzunguka.

Benki yetu imekua na mawasiliano ya mara kwa mara na Benki Kuu ya Tanzania pamoja na mamlaka nyingine za udhibiti wa shughuli za kibenki. Kwa kiasi kikubwa mazungumzo haya yamechangia kuboresha na kuleta mageuzi ya sekta ya fedha hapa nchini. Pia tuliweza kudumisha ushirikiano wetu na wizara za serikali, majukwaa ya kiuchumi ya kikanda, na washirika wetu wa kimataifa, ambao walitoa mchango mkubwa katika kusaidia kutimiza azma yetu ya ukuaji na kuimarisha uongozi wetu katika nchi za Afrika Mashariki na Kati.

Pia tuliimarisha ushiriki wa wanahisa kwa kufanya mikutano ya mara kwa mara na wawekezaji, majadiliano katika AGM, na vikao vya uwazi ambavyo vilisaidia kuimarisha imani ya wawekezaji waliyonayo kwa Bodi na uongozi wa benki na mkakati wetu wa muda mrefu.

CRDB Benki Yajitanua Kikanda na Mchango wa Kampuni Tanzu

Katika kutanua wigo wa uwekezaji benki ya CRDB iliwekeza katika kampuni nchini Burundi, Jamhuri ya Kidemokrasia ya Kongo (DRC) na kampuni ya Bima ya CRDB. Wakati tukiendelea kufurahia mafanikio ya benki yetu kwa ujumla, napenda kutambua michango muhimu kutoka kampuni zetu tanzu. Umuhimu wao wa kimkakati unaendelea kusaidia malengo yetu mapana ya kuongeza uwekezaji makini wa kikanda, na kufikisha huduma zetu za kifedha kwa watu wengi zaidi.

Mtazamo ya Kipindi Kijacho

Tunapoingia mwaka 2025, Bodi itaendelea kujizatiti katika kusimamia mfumo wa biashara ili kuhakikisha ukuaji na uthabiti wa muda mrefu wa benki. Lengo letu litazingatia kulinda maslahi ya wanahisa wetu kupitia utawala thabiti, usimamizi wa kifedha wenye nidhamu, na huku tukijikita katika fursa mpya za kibiashara. Tutaendelea kuisaidia uongozi wa benki katika kufanikisha uvumbuzi wa kidijitali na kukuza ufanisi wa kiutendaji katika maeneo yote ya biashara. Wakati huo huo, tutaendelea na dhamira ya benki ya kuhakikisha kuwa masuala ya mazingira, jamii, na uongozi bora (ESG) yanajumuishwa na kuzingatiwa katika ngazi zote za kufanya maamuzi. Pia, mkakati wa upanuzi wa benki kikanda utaendelea kuwa kipaumbele huku tukitafuta fursa za uwekezaji katika nchi za Afrika mashariki na kati na hii itatuwezeza kutimiza jukumu letu kuleta mtangamano wa kikanda.

Kwa kutambua kuwa mazingira ya biashara yanayobalidika kila mara duniani, benki yetu imejipanga kukabiliana nayo kwa kutumia Ingawa tunaendelea kutambua hali ya mtaji wetu imara, wafanyakazi wetu wenye bidii na ueledi, uwekezaji wa kitaalamu, na mfumo thabiti wa uongozi unaotuwezesha kufikia malengo tuliyojiwekea,. Tuna matumainin makubwa kwamba mwaka ujao utakua wa mafanikio makubwa zaidi.

Shukrani

Kwa kumalizia, ningependa kuwashukuru wanahisa wetu kwa kuendelea kua na imani na kutoa ushirikiano kwa Bodi na menejiment ya Benki. Imani yenu na heshima kubwa mliyotuma imetuongezea mori wa kuyi, miza majukumu yetu kwa weledi na juhudi kubwa ili kendelea kukuza uwekezaji wenu.

Pia tunatoa shukurani kwa serikali na ma, laka za udhibiti kwa kuendelea kutuunga mkono na kuweka mazingiza wezeshi ya ushindani wa kibiashara.

Kipekee napenda kutoa shukurani kwa Mkurugenzi Mtendaji wa Kampuni yetu, Bwana. Abdulmajid Nsekela, uongozi na wafanyakazi wote kwa weledi wao, kujitoa, kujituma kwao.

Benki ya CRDB imejiandaa na mikakati ya kuongoza na kuwa mfano wa huduma bora za kifedha katika ukanda huu., na kwa pamoja, tutaendelea kujenga benki ambayo si tu inatoa huduma bora, lakini pia inayogusa maisha ya watu na kuchangia kwenye uchumi.

Dkt. Ally H. Laay

OPERATING ENVIRONMENT

Operating Environment

Macro and Micro Economic Overview

Global Economic Growth

The global economy sustained its recovery towards the end of December 2024, driven by private consumption and easing monetary policies in major economies. Global trade remained strong, particularly in emerging markets and developing economies, amid rising demand. The global GDP growth is estimated at 3.2% in 2024 and is projected at 3.3% in 2025, with emerging and developing economies contributing most of the growth. Global headline inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026, converging back to the target earlier in advanced economies than in emerging markets and developing economies.

Among advanced economies, growth forecast revisions vary. In the United States, underlying demand remains robust, reflecting strong wealth effects, a less restrictive monetary policy stance, and supportive financial conditions. Growth is projected to be at 2.7% in 2025.

In the euro area, growth is expected to pick up but at a more gradual pace than anticipated, with geopolitical tensions continuing to weigh on sentiment. Weaker-than-expected momentum at the end of 2024, especially in manufacturing, and heightened political and policy uncertainty explain a downward revision of 0.2% point to 1.0% in 2025. In 2026, growth is set to rise to 1.4%.





Tanzania

The economy maintained robust performance in 2024, growing at an average of 5.6% and is projected to grow at 6% in 2025, mainly supported by agriculture, construction, improvement of transport and logistics, and stable power supply. Inflation remained stable throughout 2024, well below the target of 5%. We closed the year with inflation rate of 3.1% compared to 3.0% in December 2023. Inflationary pressures are projected to remain at around 3.1% to 3.5% due to adequate food supply, a stable exchange rate, and moderate oil prices in the world market.

Zanzibar's economy demonstrated steady growth in 2024, driven by a strong recovery in tourism, increased trade activities, and enhancements in infrastructure investments. The real GDP growth rate was estimated at 6.2%, a rise from 5.8% in 2023, fueled by expansions in tourism, construction, and agriculture. The economy is projected to grow robustly at 6.8% in 2025, supported by the implementation of blue economy initiatives and ongoing construction projects.

Headline inflation remained low and stable throughout 2024. By December 2024, the headline inflation rate was recorded at 4.9%, down from 5.5% in 2023. Inflation is expected to remain below the 5% target in 2025.

Money Supply and Credit Developments in Tanzania

During the year, the extended broad money supply (M3) grew by 11.1%, compared with 14.1% in December 2023, largely driven by credit to the private sector. Credit to the private sector grew by 12.4%, in line with the thrust of monetary policy, reflecting a strong and sustained demand for new loans, driven by improving global and domestic economic conditions and decreased lending risks, evidenced by a reduction in non-performing loans. In 2024, the ratios of credit to GDP and M3 to GDP (key indicators of financial deepening) were 19.4% and 26.2%, respectively, higher than 16.8% and 23.1% recorded in 2023.

Personal loans, particularly those extended to small and medium enterprises (SMEs), have consistently represented the largest portion of outstanding credit in the financial sector. These loans play a pivotal role in stimulating private sector credit growth. Following personal loans, trade financing also contributes significantly to this growth, facilitating the movement of goods and services and enabling businesses to capitalise on market opportunities. The combined impact of these lending practices underscores the importance of SMEs in driving economic development and maintaining robust financial health within the private sector.

Interest Rates

During the year, the overall lending rate slightly decreased to 15.2%, down from 15.3% in 2023. Similarly, the negotiated lending rates have dropped to 12.8%, compared to 13.0% in the previous year. On the other hand, the overall deposit rates have increased to 8.33%, rising from 7.5% in 2023. Likewise, the negotiated deposit rate has risen to 10.4%, up from 9% reported in 2023. As a result, the spread between short-term lending and deposit interest rates has narrowed to 6.12%, down from 7.0% during the same period in 2023.

Developments in the Foreign Exchange Market

Foreign exchange liquidity improved significantly during the year ending December 2024, on account of external and domestic factors. The main external factor was the improvement in global economic conditions, particularly interest rate cuts by central banks in advanced economies, a decrease in oil prices in the world market, and a decline in inflation, contributing to the improvement in foreign currency inflows. Interest rate cuts eased financial conditions in the international capital markets and reduced capital flows to the advanced economies. The decrease in oil prices and global inflation reduced demand for foreign exchange in the country.

Our Response

We strategically expanded our financing solutions for infrastructure and industrial projects, ensuring that businesses in construction, agriculture, and manufacturing had access to affordable credit. Our SME lending initiatives continued to empower businesses, while our digital banking services provided seamless financial solutions across sectors.

Burundi

The outlook for the Burundi economy for 2024 and 2025 is positive, with real GDP growth estimated at 4.6% in 2024 and projected to grow at 5.9% in 2025, This growth is expected to be driven primarily by significant investments in the mining sector and increased public spending. The mining sector is anticipated to play a crucial role in boosting economic activity, while public investment in infrastructure and social services will further support growth. Additionally, the government's efforts to improve the business environment and attract foreign investment are likely to contribute positively to the economic landscape.

Inflation in Burundi is expected to decrease significantly, from 22% in 2024 to 12.6% in 2025, largely due to improvements in local food supplies and better fiscal management. The reduction in inflation will help stabilise the economy and improve the purchasing power of Burundians. Furthermore, the budget deficit is projected to improve, falling to 4.4% of GDP in 2024 and 3.8% in 2025, as the government continues its fiscal consolidation efforts. However, potential risks such as political instability, regional security issues, and external economic shocks could pose challenges to these positive projections. Therefore, continued economic and financial reforms, along with support from international development partners, will be essential for sustaining this positive trajectory.

Democratic Republic of Congo (DRC)

GDP growth is estimated at 4.9% in 2024 and expected to stabilise at 4.8 % in 2025. This growth is expected to be driven by the continued expansion of major mines and a gradual acceleration of the non-extractive sector. The mining sector, particularly copper and cobalt, remains a key driver of economic activity, benefiting from high global demand and prices. Additionally, investments in infrastructure and energy projects, such as the Inga hydropower project, are anticipated to support growth in the non-extractive sectors.

The government's efforts to improve the business environment and attract foreign investment are also likely to contribute positively to the economic landscape. Inflation in the DRC is expected to decrease from 11.6% in 2024 to 9.2% in 2025. This reduction in inflation will help stabilise the economy and improve the purchasing power of Congolese citizens. However, the Congolese Franc (CDF) is forecasted to depreciate by 5% against the US Dollar, with the exchange rate shifting from USD/CDF 2,845 in 2024 to USD/CDF 2,977 in 2025.

Industry Landscape

Banking Sector Trends

The banking sector in Tanzania, Burundi, and the Democratic Republic of Congo (DRC) has continued to evolve as authorities implement new policies aimed at strengthening financial stability, enhancing consumer protection, and promoting responsible banking practices. This evolution is influenced by technological advancements, financial inclusion initiatives, increased competition, and regulatory reforms. The rapid adoption of digital banking and fintech solutions has transformed the delivery of financial services, resulting in a greater emphasis on mobile transactions, online lending platforms, and AI-driven customer engagement.

The demand for innovative financial products remained strong, particularly in agriculture, SMEs, and trade finance sectors, where businesses sought more flexible and tailored banking solutions. Governments and regulatory bodies focused on enhancing financial stability, improving consumer protection, and strengthening governance frameworks, leading to new compliance obligations and bank capital adequacy requirements.

The competitive landscape has become more intense, with traditional banks, mobile network operators, and fintech startups all competing for market share. The emergence of non-bank financial service providers has both created opportunities and posed challenges, pushing established banks to accelerate their digital transformation and broaden their service offerings to stay competitive.

Regulatory Environment in Tanzania

The banking environment remains stable and resilient, with sufficient capital to support economic activities. The Bank of Tanzania (BOT) plays a crucial role in maintaining the integrity and stability of the country's financial system. To fulfil this important mandate, the Bank developed guidelines on fees and charges for banks and financial institutions during the year. The guidelines are designed to provide directions on how banks and financial institutions should impose fees and charges for the financial products and services they offer to customers.

In developing these guidelines, the Central Bank adopted a consultative approach, involving various stakeholders to ensure that the guideline strikes a balance between the sustainability of financial institutions and the protection of consumer interests.

These detailed guidelines provide clear directions on the fair imposition of fees and charges related to the range of products and services offered by banks and financial institutions. They aim to create an equitable pricing structure that benefits consumers and financial providers, thus fostering a healthy competitive environment. By encouraging innovation in delivering financial products and services, these guidelines ultimately support the broader goal of financial inclusion, ensuring that a wider segment of the population has access to essential financial services.

Regulatory Environment in Congo and Burundi

In Burundi, the government launched comprehensive financial sector reforms, including new anti-money laundering (AML) measures, revised banking compliance regulations, and stricter risk management protocols. These reforms aimed to modernise the financial industry, attract investment, and improve access to credit.

In the DRC, the Central Bank of Congo (BCC) introduced stricter foreign exchange controls and capital requirements, aiming to limit dependence on the US dollar and stabilise the Congolese franc. Additionally, new licensing and compliance obligations for banks were enforced to improve governance and financial system integrity.

The Group Response to the Regulatory Environment

- The Group takes compliance with laws and regulations very seriously. We are committed to meeting the requirements to promote positive effects on the industry, our customers, and other stakeholders. To ensure compliance, we have a dedicated Risk and Compliance department with the primary responsibility of ensuring that our business operations adhere to laws, regulations, rules, and codes of conduct concerning proper standards of market conduct, managing conflicts of interest, and specifically dealing with matters such as the prevention of money laundering and terrorist financing.

  The Risk and Compliance department achieves this by regularly conducting physical and virtual meetings to inform all staff of new regulatory changes. These meetings help staff stay current on the latest compliance requirements so that we better serve customers and maintain the Group's reputation as a responsible and ethical business. The Group's commitment to compliance and risk management ensures that we continue to operate in a safe and responsible manner, providing our customers with the best possible service while adhering to all applicable laws and regulations.

- The Group maintains a good and ethical relationship with Government and Regulatory bodies to support the implementation of laws and regulations through engagement to ensure sustainable economic development.

- We deepened our digital transformation efforts, introducing enhanced mobile and internet banking solutions to meet the rising demand for seamless, technology-driven financial services. Recognising the shift towards digital payments, we strengthened partnerships with fintech firms and mobile network operators, expanding financial access to underserved communities.

- Additionally, we focused on expanding SME financing, ensuring businesses in key growth sectors received the support needed to scale operations and contribute to economic development. Our commitment to financial inclusion remained strong, with initiatives aimed at extending banking services to rural and unbanked populations through agent banking and mobile-based financial solutions.

By staying ahead of regulatory shifts, we positioned ourselves as a trusted, stable, and forward-thinking financial institution capable of navigating an increasingly complex banking landscape.



Risks and Opportunities

The macroeconomic and financial environment in 2024 presented both challenges and opportunities for banks operating in Tanzania, Burundi, and the DRC. Key risks included inflationary pressures, currency fluctuations, evolving regulatory frameworks, geopolitical uncertainties, and credit market volatility. Meanwhile, digital transformation, sustainable finance, SME growth, and cross-border trade expansion emerged as significant opportunities for the banking industry.

Inflationary risks persisted, particularly in Burundi and the DRC, where rising costs of essential goods and currency depreciation created economic strain on businesses and consumers. Regulatory changes introduced new compliance burdens, requiring banks to enhance risk management strategies and capital allocation models. Additionally, geopolitical factors, including regional trade policies and economic partnerships, influenced business confidence and investment flows.

However, technological advancements, fintech partnerships, and ESG-focused investment opportunities unlocked new growth areas for banks. The demand for sustainable finance solutions continued to rise, with green bonds, climate financing, and responsible lending initiatives gaining momentum. Furthermore, the growth of digital banking, mobile transactions, and AI-driven financial services created new avenues for customer engagement and operational efficiency.

CRDB's Response

We adopted a multi-layered risk management approach, integrating currency hedging strategies, enhanced credit risk assessments, and robust compliance monitoring to mitigate macroeconomic and regulatory risks. Our teams closely monitored inflation trends and exchange rate movements, ensuring agile financial planning and treasury management.

Recognising the potential in green finance and sustainable investments, we expanded our ESG-focused lending portfolio, launching new financial products that support renewable energy, conservation, and climate-resilient projects.

In response to the growing fintech and digital banking revolution, we accelerated investment in AI-powered financial services, offering enhanced digital experiences for customers while maintaining secure, efficient, and accessible banking operations.

By combining strong risk mitigation strategies with targeted growth initiatives, we reinforced our position as a leading financial institution, capable of sustaining long-term profitability and resilience in a dynamic market.

STAKEHOLDER ENGAGEMENT

Fostering Meaningful Stakeholders Relationships

	Shareholders/ Investors	Employees	Customers	Suppliers	Regulatory Authorities	Community/ Society
Areas of Engagement	• Annual General Meeting (AGM) • Annual Report • Shareholders' seminar • Investors' meeting • Quarterly reports	• Annual performance appraisal • Employee engagement initiatives • Employee annual feedback survey	• Customer visits • Call centre to ensure constant engagement • CRDB website • Social media platforms • Customer Satisfaction Survey	• Regular meetings • Phone calls • Surveys	• Regular meetings • Policy updates and directives • Mandatory filings with key regulators	• Regular meetings
Frequency	Continuous	Continuous/Annual performance review	Continuous	Continuous	Continuous	Continuous
Key Expectations	• Return on investment • Compliance Governance & ethical practices	• Fair remuneration • Effective performance management and recognition • Career development • A safe & healthy work environment	• Innovative financial solutions and services • Convenient access to banking services through digital channels • Excellence in client service • Strong cyber risk management	• Fair bidding and timely payments • Governance & ethical practices • Feedback on delivery of goods & services • Timely settlement of invoices	Compliance	• Financial literacy • Financial inclusion • Digital transformation
CRDB Group's Response	• Continuous engagement • Robust risk management and internal control processes • Continuous improvements in business performance	• Employee engagement • Health and wellness programmes • Continuous training • Embracing equity, diversity, and inclusiveness	• Awareness of data security & privacy • Improvement of products & services to cater to financial goals • Work on feedback obtained from the survey	• Ensure timely payments for services • Whistleblower Policy to ensure good practices • Continuous engagement through meetings • Monthly reconciliations of suppliers' accounts	• Compliance – including formulation of relevant policy framework and enforcement thereof	• Providing support to our communities and access to financing to address societal needs • Partnering with the community to address common social & environmental issues to build a thriving society
Outcome	• Dividend per share declared: TZS 65 (2024) vs. TZS 50 (2023) • Share price rose to TZS 670 (from TZS 460) • Market capitalisation increased to TZS 1.75 trillion (from TZS 1.2 trillion) • Maintained strong governance and transparent disclosures	• Satisfaction Index: 94% (up from 87%) • Training spends: TZS 7.98 billion (from TZS 6.6 billion) • Training staff: 4,081 (from 3,338) • Counselling support: 393 employees supported in 2024 • Workforce: 4,251 (45% women, 38% under age 35)	• Customer base: 6.4 million (up from 4.0 million) • NPS: 56% (from 53%) • CSAT: 90% (from 81%) • Digital transactions increased by 53% • Agents network: 36,566 (from 34,627)	• 80%+ local supplier base retained • Timely payments and contract fulfilment maintained • Enhanced ESG compliance in procurement policies	• Liquidity ratio of 28.2% above the regulatory threshold of 20%. • NPL ratio of 2.9% below the requirement of 5%. • CIR of 45.7 below the regulatory ratio of 55%. • CAR ratio of 17.2% above the ratio of 14.5% • Compliance of Tax payments with a Total Tax paid to Government TZS 461.8bn (2023:403.3bn)	• TZS 2.3 billion invested in CSI (2024) • Reached 196,650 women and youth (up from 109,722) • Promoted tree planting, clean cooking, and digital inclusion • Expanded access to financial literacy and MSME support
Capitals Impacted	• Financial Capital • Social & Relationship Capital	• Human Capital • Financial Capital	• Human Capital • Financial Capital	• Social & Relationship Capital • Financial Capital	• Financial Capital • Natural Capital • Social & Relationship Capital • Manufactured Capital • Intellectual Capital • Human Capital	• Social & Relationship Capital • Natural Capital

MATERIALITY

Materiality: A Strategic Lens for Resilience and Growth

Our approach to materiality balances regulatory requirements, stakeholders expectations, and long-term sustainability goals. We prioritise disclosures—both mandatory and voluntary—that are most relevant to our business and stakeholders.

For voluntary ESG and climate reporting, we tailor materiality assessments to fit the evolving landscape. While aligned with International Sustainability Standards Board (ISSB) standards, we integrate external frameworks, stakeholder insights, and industry best practices. We adopt new standards where they enhance our ability to address sustainability challenges effectively.

Our climate disclosures follow ISSB and Task Force on Climate-related Financial Disclosures (TCFD) guidelines, ensuring transparency in assessing ESG matters. While mandatory reporting governs our core sustainability disclosures, voluntary reporting allows us to address emerging investor and client priorities.



We apply a double materiality perspective to climate, evaluating both financial and environmental impacts. Our long-term assessments enable us to capture risks and opportunities that are critical to resilience and sustained growth.

A Structured Approach to Materiality

In FY 2024, we conducted a comprehensive materiality assessment to identify key ESG topics where our actions could create a meaningful impact. Our sustainability commitments align with both global and local frameworks, including:

- **UNFCCC**
- **UN SDGs**
- **IFC**
- **Tanzania's environmental regulations**
- **Paris Agreement**

Using a double materiality lens, we assessed risks and opportunities from both a business and stakeholders perspective. This approach allowed us to evaluate our operational impact on society and the environment holistically.



Our material topics are structured around the 4Ps—Planet, People, Prosperity, and Partnership—ensuring a focused and strategic approach to sustainability.

The assessment followed a four-step process:



Our Material Priorities

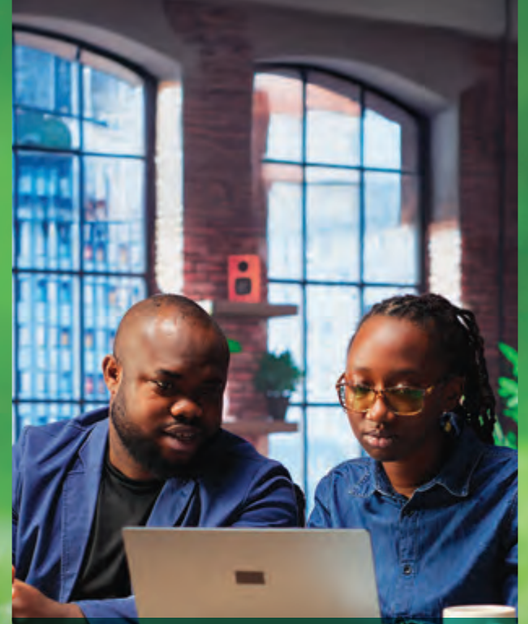
Planet



Managing our environmental footprint	GRI 302 GRI 305
Water and waste management	GRI 303
Energy efficiency	GRI 302
Sustainable financing	GRI 203 GRI 201
ESG integration in credit analysis	GRI 419

Capitals Impacted

People



Employees engagement	GRI 402 GRI 403
Employees wellbeing	GRI 403
Workforce diversity	GRI 405
Training and education	GRI 404
Talent management and succession planning	GRI 404
Performance management	GRI 404
Employees benefits	GRI 401

Capitals Impacted

Prosperity



Financial inclusion and capacity building	GRI 203 GRI 413
Digital transformation	GRI 418 GRI 203
Enhancing community welfare	GRI 413
Customer relationship management	GRI 416 GRI 418
Data security	GRI 418
Business ethics	GRI 205 GRI 206

Capitals Impacted

Partnership



Sustainable procurement	GRI 204, GRI 308, GRI 414
Strategic partnerships	GRI 102-13, GRI 203
Broader stakeholders engagement	GRI 102-40, GRI 413

Capitals Impacted

Financial Capital · Manufactured Capital · Intellectual Capital · Human Capital · Social & Relationship Capital · Natural Capital

STRATEGY

Strategic Focus for Long-Term Value

Our Strategy: E.V.O.L.V.E

We are on a strategic journey to rise above the competition and establish ourselves as the undisputed market leader.

Our Strategic Approach

- Leveraging digital capabilities
- Fostering an inclusive culture
- Prioritising well-being
- Ensuring customer-centricity
- Continuous self-assessment to address vulnerabilities



Strategic Pillars

Ring-fence the Business

Unlock untapped potential and introduce new offerings.



Grow the Business

Strengthen services and reinforce market presence.



Future-proof the Business

Enhance sustainability, governance, and adaptability.



Priority Segments

MSMEs

Providing comprehensive financial support and customised solutions through loans, education, networking, innovative tools, and market linkages.

Youth

Assisting the youth in developing financial literacy skills, providing access to customised services, and supporting entrepreneurship through digital banking solutions.

Agriculture

Empowering farmers to bolster food security, and drive sector growth.

Women

Promoting gender equality, leadership diversity, and financial empowerment.

Our Envisioned Impact

Building Economies

Expanded financial solutions drive economic development, with increased MSME and agribusiness financing. Greater accessibility that reaches remote areas, benefiting women and youth, while job creation across various sectors strengthens the broader economy.

Generating Value

Growth in community investment, benefiting businesses, women, and youth while increasing social return on investment. More community initiatives will be supported, amplifying the Bank's economic impact.

Optimising Talent

Employees satisfaction, wellness, and engagement improve alongside customer experience. Increased productivity with more employees participating in professional development, leadership, and women-focused programmes. Improved gender diversity in leadership will reinforce CRDB reputation as a top employer.

Leveraging Partnerships

Strategic partnerships will deliver higher business growth and enhance customer satisfaction. Increased joint initiatives and projects that highlight successful collaboration and mutual benefit.

Addressing Vulnerabilities

Efforts are focused on strengthening our credit rating and loan portfolio, while minimising security breaches and operational risks. Enhanced responsiveness to emerging market risks and improved compliance scores that reflect a proactive approach to stability and performance.

Environmental Stewardship

Financing for sustainable projects will increase, with additional funds raised for green initiatives. Resource efficiency efforts, including reduced water and energy consumption, will continue to align with our commitment to environmental sustainability and responsible business practices.

KEY INDICATOR	VALUE DRIVERS	YOY Change	KPI UNIT	2024	2023	2022	2021	2020	BENCHMARK	2024 TARGET	MEDIUM TERM	LONG TERM	ASSURANCE TYPE
PROFITABILITY													
Group Profit After Tax (PAT)	Growth/productivity	↑	TZS (Billion)	551.5	422.8	351.4	268.2	165.2	422.8	608	Increase	Increase	MBO
Subsidiary Contribution to Group PAT	Growth/productivity	↑	Percentage	6.2%	5.6%	6.6%	4.8%	6.8%	5.6%	>6.0%	Increase	Increase	MBO
Return on Equity (ROE)	Productivity/value creation	↑	Percentage	27.7%	26.7%	26.0%	22.0%	16.3%	26.7%	>28%	Increase	Increase	MBO
Return on Assets (ROA)	Productivity/value creation	↑	Percentage	5.2%	4.8%	4.9%	4.4%	3.3%	4.8%	>5.0%	Increase	Increase	MBO
Cost-to-income Ratio (CIR)	Capital Risk Management	↑	Percentage	45.7%	49.5%	49.4%	55.3%	61.6%	49.5%	<44.0%	45.0%<	Lower	MBO
Net Interest Margin	Growth/Productivity	↑	Percentage	9.3%	7.8%	8.2%	9.7%	10.7%	11.0%	>7.6%	Increase	Increase	MBO
Non-Funded Income Contribution to Total Income	Growth/Productivity	↓	Percentage	31.7%	35.0%	34.5%	32.6%	29.2%	35.0%	39.0%	Grow	Grow	MBO
BUSINESS GROWTH													
Total Assets	Business Growth	↑	TZS (Billion)	16,698.8	13,321.3	11,636.6	817.6	7,170.5	13,321.3	16,365	Grow	Grow	MBO
Loans and Advances	Growth/Productivity	↑	TZS (Billion)	10,360.8	8,443.5	6,876.6	5,040.4	3,929.1	8,443.5	9,915	Grow	Grow	MBO
Customers Deposits	Business Growth	↑	TZS (Billion)	10,214.7	8,856.0	8,200.4	6,489.6	5,434.6	8,856.0	11,502	Grow	Grow	MBO
Shareholders' Funds	Growth/Productivity	↑	TZS (Billion)	2,173.2	1,737.9	1,479.1	1,219.3	1,011.0	1,737.9	0	Increase	Increase	MBO
ASSET QUALITY													
NPL Ratio	Capital Risk Management	↑	Percentage	2.9%	2.8%	2.8%	3.3%	4.4%	<3.0%	<2.8%	Maintain	Maintain	MBO
Cost of Risk	Capital Risk Management	→	Percentage	0.3%	0.3%	1.0%	1.1%	2.5%	3.0%	<2.0%	Maintain	Maintain	MBO
Gross Loans to Customer Deposit	Capital Risk Management	↑	Percentage	103.0%	96.7%	85.8%	78.8%	75.0%	96.7%	<75%	Sustain	Sustain	MBO
CAPITAL & LIQUIDITY													
Core Capital (Tier 1)	Capital Risk Management	↑	Percentage	16.3%	16.0%	17.0%	20.0%	17.8%	12.5%	17%	Optimise	Sustain	MBO
Total Capital (Tier 1 + Tier 2)	Capital Risk Management	→	Percentage	17.2%	17.3%	18.5%	20.0%	17.9%	14.5%	18%	Optimise	Sustain	MBO
Liquidity Ratio	Capital Risk Management	↓	Percentage	28.2%	27.0%	27.0%	27.5%	25.5%	20.0%	28%	Optimise	Sustain	MBO
SHAREHOLDER VALUE													
Earnings Per Share (EPS)	Growth/Productivity	↑	TZS	211.15	161.9	134.1	102.7	63.2	161.9	>140.0	Increase	Increase	MBO
Dividend Per Share	Growth/Productivity	↑	TZS	65	50	45	36	22	50	>60	Increase	Increase	MBO
Share Price	Growth/Productivity	↑	TZS	670	460	380	280	225	460	Book Value	Book Value	Increase	MBO
DEEPENING ACCESS TO FINANCE													
Number of Bank Agents (CRDB Wakala)	Productivity/Efficiency	↑	Number	36,566	34,627	28,241	19,165	17,031	34,627	26,000	Increase	Grow	MBO
Digital Adoption & Usage (Accounts)	Productivity/Efficiency	↑	No (Millions)	4.1	3.3	2.5	1.8	1.2	3.3	>2.0	Increase	Grow	MBO
Digital Channel Usage	Productivity/Efficiency	↑	Percentage	97%	96%	96%	96%	90%	96%	>90.0%	Optimise	Increase	MBO
SERVICE EXPERIENCE													
Net Promoter Score (NPS)	Productivity	↑	Percentage	56%	53%	45%	41%	-	53%	52.0%	Increase	Increase	Management
Mystery Shopping Score*	Productivity	↓	Percentage	90%	91%	81%	79%	-	91%	82.0%	Increase	Increase	Management
Customer Satisfaction Index (CSAT)	Productivity	↑	Percentage	90%	90%	87%	77%	-	90%	>80.0%	Increase	Increase	Management
EMPLOYEE EXPERIENCE AND INCLUSIVITY													
Retention Rate	Productivity	↑	Percentage	97.9%	97.2%	98.0%	98.0%	98.0%	98.0%	>80.0%	Maintain	Sustain	Management
Diversity & Inclusion (Male:Female)	Productivity	↑	Ratio	55:45	56:44	57:43	57:43	56:44	50:50	60:40	Optimise	Sustain	MBO

↑ Positive Growth | ↓ Negative Growth | → No Change | MBO- Management And Board Oversight

↑ Positive Growth | ↓ Negative Growth | → No Change | MBO- Management And Board Oversight

Strategic Execution for
Long-term Value

Focused Growth, Strong Integration, Lasting Impact



With a clear vision and disciplined execution, we continue to deliver long-term value for our stakeholders. This section highlights strategic actions led by our Group CEO, the strength and stewardship of our six capitals, and the growing contribution of our subsidiaries. It reflects how we are building a resilient, diversified, and future-ready financial institution anchored in performance, innovation, and impact.

Message from the Group CEO



> Our achievements in 2024 demonstrate the effectiveness of our five-year strategy, which is based on three key priorities: growing the business, protecting its core areas, and preparing for the future.

Dear Shareholders,

The 2024 financial year marked a defining chapter in CRDB Bank Group's journey; one characterised by disciplined strategy execution, operational excellence, and a focus on value creation. Amidst global volatility and regional liquidity constraints, our Group demonstrated strategic clarity and resilience, posting record performance across financial and non-financial metrics. Our Profit After Tax (PAT) grew to TZS 551.5 billion, representing a robust 30.4% YoY growth. This growth is a result of intentional leadership and rigorous delivery on our strategic priorities.

Without a doubt, our accomplishments in 2024 are a testament to the strength of our five-year strategy, underpinned by three imperatives: growing the business, ringfencing the business, and future-proofing it. These imperatives continue to guide our approach in responding to evolving customer needs, market dynamics, and long-term sustainability goals; firmly positioning CRDB Bank as a regional leader in financial services.

Strategic Context and Market Realities

The global economy in 2024 was marked by widespread uncertainties. Geopolitical tensions, tightening monetary cycles, and persistent inflationary pressures weighed heavily on investor sentiment and cross-border liquidity. Across East Africa, structural constraints such as foreign exchange shortages and subdued credit flow tested the agility and resilience of financial institutions. In Tanzania, however, macroeconomic fundamentals held firm, driven by sound fiscal policies, increased infrastructure spending, and stable inflation.

For our Group, these external conditions necessitated a balance of prudence and ambition. We adopted adaptive strategies tailored to local conditions in Burundi and the DRC while continuing to drive growth in our home market through risk-sensitive lending, digital expansion, and innovation-led customer engagement.

Strategic Execution and Institutional Transformation

During FY 2024, we executed our strategy with dexterity, with a view of translating ambition into tangible results. Admittedly, our five-year strategy, which is in second year of implementation, continues to show resilience and adaptability, allowing us to build long-term value across retail, corporate, and institutional banking segments.

Growing the Business

Growth came through insight and execution. Guided by deep market research and insights, we explored opportunities in underserved segments, addressing needs across faith-based communities, prompting the successful rollout of the Sadaka Account - a Shariah-compliant solution tailored for religious giving. In partnership with Mpesa and Mixx by Yas (formerly Tigopesa), we expanded into micro-lending and device financing, unlocking access for previously unbanked and underbanked customers.

Beyond retail banking, we remained a strategic enabler for transformative economic ventures. A notable highlight was our co-financing of the Mahenge Graphite Project alongside the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC). Our participation in this project highlights our position as a key financier of national and regional industrialisation.

Ring-fencing the Business

Our foundational imperative remained to safeguard the integrity and efficiency of our operations. During the year, we deepened automation, streamlined customer journeys, and fortified internal systems. A highlight of the year was the rebranding and expansion of Huduma Dhahabu, our service excellence programme, which empowered front-line teams and institutionalised a culture of high-performance service delivery across the Group.

Similarly, we enhanced our core propositions including revamping our MSME proposition to integrate insurance services, simplifying business continuity for MSMEs. These improvements reflect our desire to deliver functional, inclusive, and agile banking solutions aligned to customer realities.

Future-proofing the Business

The third strategic thrust. - future readiness- remained a guiding principle to our transformation agenda. During the year under review, we completed critical technology infrastructure rollouts, including the successful implementation of a Card Switch and migration to our Enterprise Service Bus (ESB). These upgrades enhanced the stability and performance of our alternative channels, improving service reliability and transaction velocity.



In addition to the above, we strengthened our Enterprise Risk Management framework by embedding new capabilities to manage fast-evolving cyber risks, macro shocks, and ESG-linked exposures. Institutional agility and real-time responsiveness were key pillars of our operating model in the 2024 financial year.

In line with our human capital strategy, we continued to invest in internal culture and change leadership. Our staff engagements focused not only on operational excellence but on engendering a shared understanding of our sustainability agenda, reinforcing the shift towards climate-conscious and socially responsible banking.

Performance Review

Our strong financial outcomes in 2024 reflect the cumulative impact of strategic discipline, market insight, and risk-aware execution.

- Total Assets grew 25.3% to TZS 16,698.8 billion, affirming our ability to attract and deploy capital efficiently while maintaining portfolio quality.
- Customers' Deposits increased 23.5% to TZS 10,934.1 billion, driven by rising confidence in CRDB's stability, security, and digital capability.
- Loans and Advances rose 22.7% to TZS 10,360.8 billion, reinforcing our commitment to enabling inclusive economic participation through accessible and tailored credit solutions.

We closed the year with non-performing loans (NPLs) of 2.9%, below the minimum regulatory threshold of 5%. This achievement reflects the effectiveness of our credit risk frameworks and the proactive measures we have implemented to maintain a high-quality loan portfolio. Additionally, our Cost-to-Income Ratio (CIR) improved to 45.7%, underscoring the Group's operational efficiency. We continue to leverage technology, streamlining processes, and optimising resource utilisation to reduce costs while maintaining exceptional service quality.

This performance is not only commendable but sustainable, since it is built on a foundation of informed risk management, responsive operations, and inclusive growth.

Critical Enablers of Value Creation

As a Group, we have learned from experience that for us to succeed in our endeavours of value creation, it is critical to identify key enablers and pay close attention to them. During the year under review, three enablers - partnerships, sustainability, and financial strength; reinforced our strategic journey.



Strategic Partnerships

Building on our sustained engagements, we deepened collaborations with global institutions such as UNDP, DFC, FMO, PROPARCO, MUFG, Investec, Intesa San Paolo, and Water.org; unlocking access to blended finance, technical assistance, and cross-market opportunities. These alliances have advanced our goals in green finance, social impact lending, and capacity building across the Group.

Sustainability and ESG Leadership

At CRDB Bank Group, sustainability is no longer a peripheral agenda - it is embedded at the core of our strategy. During FY 2024, we expanded our financing of climate-smart agriculture, green infrastructure, and social enterprises. We also reduced our carbon footprint through resource optimisation and energy-efficient practices. In principle, our commitment to ESG, as a Group, is not only about compliance but also about leadership in building an inclusive, climate-resilient financial system.

Financial Soundness and Risk Management

Our financial strength was again affirmed by Moody's, which upgraded our credit rating from B2 to B1, with the outlook adjusted from Positive to Stable. This upward revision validates our capital adequacy, risk governance, and earnings consistency—placing us among the top-rated banking institutions in the region.

Subsidiaries Driving Regional Momentum

Our business diversification and regional expansion strategies is paying off with the continued positive outlook of our subsidiaries. During the year under review, the subsidiaries continued to play a key role in advancing the Group's strategic objectives and strengthening its footprint across East and Central Africa.

CRDB Burundi S.A. delivered strong performance, recording notable growth in both assets and income. This success was driven by enhanced service offerings, increased operational efficiency, and the continued rollout of digital solutions, which deepened customer engagement and supported the subsidiary's competitive positioning in the market.

CRDB Congo, despite operating in a complex and evolving environment, focused on strategic customer acquisition efforts, particularly in Kinshasa. The subsidiary laid important groundwork by building brand visibility, expanding its retail footprint, and initiating targeted market penetration efforts. While challenges remain, our long-term outlook for the Congolese market remains positive, underpinned by the country's economic potential and CRDB's commitment to strengthening its operational base.

CRDB Insurance made significant strides in revenue growth and market relevance by expanding its digital distribution channels and introducing innovative insurance products that respond to the evolving needs of customers. These initiatives have positioned the subsidiary as a key contributor to the Group's non-funded income and as a growing force within Tanzania's insurance landscape.

Together, the performance of these subsidiaries reflects CRDB Bank Group's commitment to regional diversification, financial inclusion, and integrated value delivery across all markets we serve.

Future Outlook

As we look to the future, our strategic vision is clear - to be the most dynamic, inclusive, and sustainable financial institution in the region.

Going into 2025, we will intensify our regional expansion, with a focus on East and Central Africa. This includes scaling cross-border financing, leveraging trade corridors, and deploying digital-first models to reach underserved markets. Our objective is to unlock new growth frontiers and solidify our regional leadership.

We will also deepen our commitment to proactive risk management, anticipating and responding to market shocks with agility and precision. As macroeconomic uncertainty persists, our risk posture will remain vigilant and adaptive.

Customer-centric innovation will continue to guide our product and service evolution. We are embedding AI and data analytics to enhance personalisation, improve risk prediction, and strengthen fraud detection, ensuring relevance, responsiveness, and resilience.

Above all, we are anchoring every initiative around stakeholder value. From SMEs to large corporates, from youth to pensioners, from urban centres to rural communities; our ambition is to serve with purpose, innovation, and integrity.

Acknowledgement

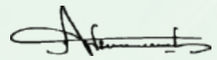
I wish to express my gratitude to the various stakeholders whose support has been instrumental in CRDB Bank's continued progress throughout 2024.

I extend my appreciation to the Board of Directors for their strategic guidance and governance oversight, which ensured the Bank remained aligned with its long-term objectives. I also acknowledge the invaluable contribution of our staff, who form the backbone of our operations and played a central role in executing key initiatives and maintaining momentum across our network.

I am grateful to our customers, whose continued engagement with our products and services significantly contributed to the Bank's financial performance and market relevance. Development partners and regulators also played a critical role by facilitating compliance, enabling strategic partnerships, and enhancing our capacity to implement key programmes.

Lastly, I thank our shareholders for their commitment to the Bank's vision. Their continued support provided the capital confidence necessary to drive growth and deliver long-term value.

Together, these stakeholders have strengthened our Group's foundation and positioned us for sustained success in the years ahead.



Abdulmajid M. Nsekela

Taarifa kutoka kwa Mkurugenzi Mtendaji



> Mafanikio yetu katika mwaka 2024 ni uthibitisho wa nguvu ya mkakati wetu wa miaka mitano, wenye mihili mikuu mitatu, ambayo ni kukuza biashara, kulinda biashara, na kutoa uhakikisho wa kibiashara wa siku zijazo.

Wapendwa Wanahisa,

Mwaka wa Fedha 2024 umetoa sura ya kipekee katika safari ya Taasisi ya Benki ya CRDB; ulikuwa mwaka ulioshuhudia utekelezaji wa kinidhamu wa mkakati, ubora wa utendaji kazi, na uzingatiaji wa utengenezaji wa thamani. Katikati ya hali tete ya kimataifa na vikwazo vya ukwasi wa kikanda, taasisi yetu ilionesha uwazi na uthabiti wa kimkakati, ikidhihirisha utendaji kazi wa hali ya juu katika vipimo vyote vya kifedha na visivyo vya kifedha. Faida yetu baada ya kodi ilikua hadi kufikia shilingi bilioni 551.5, ikiwa ni ukuaji thabiti wa asilimia 30.4 mwaka hadi mwaka. Ukuaji huu ni matokeo ya uongozi thabiti na utekelezaji madhubuti wa vipaumbele vyetu vya kimkakati. Bila shaka, mafanikio yetu katika mwaka 2024 ni uthibitisho wa nguvu ya mkakati wetu wa miaka mitano, wenye mihili mikuu mitatu, ambayo ni kukuza biashara, kulinda biashara, na kutoa uhakikisho wa kibiashara wa siku zijazo. Mihimili hii iliendelea kuongoza mbinu zetu katika kukabiliana na mahitaji yanayobadilika ya wateja wetu, mienendo ya soko, na malengo ya kudumu ya muda mrefu; na kuifanya Benki ya CRDB kuwa taasisi kinara ya huduma za kifedha kikanda.

Muktadha wa Kimkakati na Hali Halisi ya Soko

Katika mwaka 2024 uchumi wa kimataifa ulikabiliwa na ukosefu wa uhakika. Mivutano ya kisiasa kijiografia, ongezeko la mzunguko wa fedha, na shinikizo la kuendelea kwa mfumuko wa bei ni masuala yaliyotawala sana hisia za wawekezaji na ukwasi wa kimataifa. Katika ukanda wa Afrika Mashariki, vikwazo vya kimfumo kama vile uhaba wa fedha za kigeni na mtiririko mdogo wa mikopo ulitikisa ustahimilivu na uimara wa taasisi za fedha. Hata hivyo, nchini Tanzania, misingi ya uchumi mkuu ilisimama imara, ikichagizwa na sera nzuri za fedha, ongezeko la matumizi ya miundombinu, na mfumuko madhubuti wa bei.

Kwa taasisi yetu, masuala haya ya nje yaliwezesha uwiano kati ya ukwasi na matarajio. Tulipitisha mikakati inayonyumbulika ili kuendana na hali ya ndani nchini Burundi na Jamhuri ya Kidemokrasia ya Kongo, huku tukiendelea kuchochea ukuaji katika soko letu la nyumbani kupitia utoaji wa mikopo unaozingatia vihatarishi, upanuzi wa matumizi ya mifumo ya kidijiti, na ushirikishaji wa wateja unaoongozwa na uvumbuzi.

Utekelezaji wa Kimkakati na Mageuzi ya Kitaasisi

Katika Mwaka wa Fedha 2024, tulitekeleza mkakati wetu kwa ustadi ili kutafsiri matarajio kuwa matokeo halisi. Ni kweli kwamba mkakati wetu wa miaka mitano, ambao uko katika mwaka wa pili wa utekelezaji, unaendelea kuonesha uthabiti na unyumbufu, unaoturuhusu kujenga thamani ya muda mrefu katika maeneo ya huduma za kibenki kwa wateja binafsi, huduma za kibenki kwa kampuni kubwa, na huduma za kibenki kwa taasisi.

Kukuza Biashara

Ukuaji ulitokana na maono na utekelezaji. Tukiongozwa na utafiti wa kina wa soko na maono, tuligundua fursa katika sehemu ambazo zilikuwa hazijafikiwa, tukishughulikia mahitaji ya huduma za kibenki katika jumuiya za kidini, hivyo kufanikiwa kuanzisha Akaunti ya Sadaka - Suluhu Inayotii Sharia – iliyobuniwa kwa ajili ya miamala ya kidini. Kwa kushirikiana na Mpesa na Mixx by Yas (zamani Tigopesa), tulipanua huduma na kujumuisha utoaji wa mikopo binafsi na mikopo ya kununua vifaa, na kuwafikiaji wateja, ambao walikuwa wanapata huduma pungufu au hawakuwa na huduma kabisa za kibenki. Mbali na huduma za kibenki za wateja binafsi, tuliendelea kuwa wawezeshaji wa kimkakati wa kuleta mageuzi ya kiuchumi. Jambo muhimu zaidi lilikuwa ufadhili wa pamoja kati yetu na Benki ya Maendeleo Kusini mwa Afrika (DBSA) na Shirika la Maendeleo ya Viwanda (IDC) katika Mradi wa Kiwanda cha Grafiti cha Mahenge. Ushiriki wetu katika mradi huu ulidhihirisha msimamo wetu kama mfadhili mkuu wa maendeleo ya viwanda kitaifa na kikanda.

Kulinda Biashara

Sharti letu la msingi liliendelea kuwa kulinda uadilifu na ufanisi wa shughuli zetu. Katika mwaka huu, tulikuza uwekaji kiotomati, tukarahisisha safari za wateja, na tuliimarisha mifumo ya ndani. Jambo lililotia fora mwaka huu lilikuwa urekebishaji na upanuzi wa Huduma Dhahabu, programu yetu ya ubora wa huduma, ambayo iliwezesha timu za watoahuduma kwa wateja kuanzisha utamaduni wa utoaji huduma kwa ubora wa hali ya juu kote katika taasisi yetu. Vilevile, tuliboresha mpango wetu wa msingi ikiwa pamoja na kuandaa upya mpango wetu wa biashara ndogo sana, biashara ndogo, na biashara za kati (MSME) ili kuunganisha huduma za bima kwa lengo la kurahisisha mwendelezo wa biashara kwa biashara ndogo sana, biashara ndogo, na biashara za kati. Maboresho haya yaliakisi shauku yetu ya kutoa masuluhisho ya kibenki yanayofanya kazi, jumuishi, na ya haraka kulingana na hali halisi ya wateja.

Uthibitishaji wa Baadaye wa Biashara

Msukumo wa tatu wa kimkakati - utayari wa siku zijazo – uliendelea kuwa kanuni elekezi kwa ajenda yetu ya mageuzi. Katika mwaka uliomalizika, tulikamilisha uzinduzi rasmi wa miundombinu muhimu ya kiteknolojia, ikijumuisha utekelezaji wenye mafanikio wa Ubadilishaji Kadi na kuhamia kwenye Njia ya Kati ya Mawasiliano (ESB). Maboresho haya yaliimarisha uthabiti na utendaji kazi wa vyanzo vyetu mbadala, na kuboresha hali ya kuaminika kwa huduma zetu na kasi ya miamala.

Zaidi ya hayo, tuliimarisha mfumo wetu wa Udhibiti wa Vihatarishi vya Biashara kwa kujumuisha uwezo mpya wa kudhibiti vihatarishi vya kimtandao vinavyobadilika kwa kasi, majanga makubwa, na vibainishi vinayohusishwa na vihatarishi vya kimazingira, kijamii, na kiutawala (ESG). Uharaka wa kitaasisi na mwitiko kwa wakati halisi ulikuwa nguzo kuu za muundo wetu wa uendeshaji katika mwaka wa fedha 2024.



Kwa kuzingatia mkakati wetu wa rasilimali-watu, tuliendelea kuwekeza katika utamaduni wa ndani na mabadiliko ya uongozi. Ushirikishaji wa wafanyikazi wetu haukulenga tu ubora wa utendaji bali pia kukuza uelewa wa pamoja wa ajenda yetu ya uendelevu na uimarishaji wa mabadiliko kuelekea benki inayozingatia mabadiliko ya tabianchi na huduma za kibenki zinazozingatia uwajibikaji wa kijamii.

Tathmini ya Utendaji

Matokeo yetu madhubuti ya kifedha kwa mwaka 2024 yanaonesha athari za jumla za nidhamu ya kimkakati, maono ya soko, na utekelezaji wa utambuzi wa vihatarishi.

- Jumla ya mali ilikua kwa asilimia 25.3 hadi kufikia shilingi bilioni 16,698.8, hivyo kuthibitisha uwezo wetu wa kuvutia na kutumia mtaji kwa ufanisi huku tukidumisha ubora wa potifolio.
- Amana za wateja ziliongezeka kwa asilimia 23.5 hadi kufikia shilingi bilioni 10,934.1 kutokana na kuongezeka kwa imani kwa uthabiti, usalama, na uwezo wa kidijiti wa Benki ya CRDB.
- Mikopo na malipo ya awali yalipanda kwa asilimia 22.7 hadi kufikia shilingi bilioni 10,360.8, hivyo kusisitiza dhamira yetu ya kuwezesha ushirikishaji wa kiuchumi kupitia suluhu za mikopo zinazoweza kupatikana na mahususi.

Tulifunga mwaka kwa mikopo isiyolipika (NPLs) ya asilimia 2.9, zaidi ya kiwango cha chini cha asilimia 5 kinachotakiwa na mamlaka ya udhibiti. Mafanikio haya yanaonesha ufanisi wa mifumo yetu ya hatari za mikopo na hatua makini tulizozitekeleza ili kudumisha potifolio ya ubora wa juu wa mikopo. Vilevile, uwiano wetu kati ya gharama na mapato (CIR) uliimarika hadi kufikia asilimia 45.7, hivyo kuonesha ufanisi wa utendaji wa taasisi yetu. Tunaendelea kutumia teknolojia, kurahisisha michakato, na kuboresha matumizi ya rasilimali ili kupunguza gharama huku tukidumisha ubora wa kipekee wa huduma zetu.

Utendaji huu si tu ni wa kupongezwa, bali pia ni endelevu kwa kuwa umejengwa katika msingi wa usimamizi bainifu wa vihatarishi, utendaji kazi sikivu, na ukuaji jumuishi.

Viwezeshi Muhimu vya Utengenezaji wa Thamani

Kama taasisi, tumejifunza kutokana na uzoefu kuwa ili tufanikiwe katika jitihada zetu za kutengeneza thamani, ni lazima tutambue viwezeshi muhimu na kuvizingatia kwa makini. Katika mwaka unaotathminiwa, viwezeshi vitatu - ubia, uendelevu, na nguvu za kifedha - viliimarisha safari yetu ya kimkakati.

Ubia wa kimkakati

Kwa kuzingatia ushirikiano wetu endelevu, tulikuza ushirikiano na taasisi za kimataifa kama vile Shirika la Maendeleo la Umoja wa Mataifa (UNDP), Shirika la Kimataifa la Maendeleo ya Kifedha (DFC), Benki ya Maendeleo ya Uholanzi (FMO), Taasisi ya Maendeleo ya Kifedha ya Ufaransa (PROPARCO), Kampuni Kubwa ya Huduma za Kifedha Duniani (MUFG), Benki ya Kimataifa ya Uwekezaji na Usimamizi wa Mali (Investec), Intesa San Paolo, na Water.org. Pia, tulianzisha upatikanji wa huduma mseto za kifedha, msaada wa kitaalamu, na fursa mbalimbali za masoko. Ushirikiano huu uliendeleza malengo yetu katika utoaji wa fedha unaozingatia mazingira (kijani), ukopeshaji wa fedha unaozingatia manufaa ya kijamii, na ujenzi wa uwezo katika taasisi yote.

Uendelevu na Uongozi Unaozingatia Maslahi ya Kimazingira, Kijamii, na Kiutawala (ESG)

Katika Taasisi ya Benki ya CRDB, uendelevu si ajenda tena ya pembezoni – bali imejumuishwa katika kitovu cha mkakati wetu. Katika mwaka 2024, tulipanua utoaji wetu wa fedha kwa shughuli za kilimo kinachozingatia mabadiliko ya tabianchi, miundombinu ya kijani, na biashara za kijamii. Pia, tulipunguza kiwango chetu cha kaboni kupitia uboreshaji wa rasilimali na mbinu za matumizi bora ya nishati. Kama taasisi, dhamira yetu kwa maslahi ya kimazingira, kijamii, na kiutawala, hatufanyi tu kwa ajili ya kutimiza vigezo, bali pia kwa lengo la kuongoza mageuzi.

Umadhubuti wa Kifedha na Usimamizi wa Vihatarishi

Umadhubuti wetu wa kifedha ulithibitishwa tena na Moody's, ambayo iliboresha ukadiriaji wetu wa mkopo kutoka B2 hadi B1, na mtazamo uliorekebishwa kutoka chanya hadi imara. Mapitio haya ya juu yanathibitisha utoshelevu wetu wa mtaji, usimamizi wa vihatarishi, na uthabiti wa mapato—hivyo kutuweka miongoni mwa taasisi za kibenki zilizofanya vizuri zaidi katika ukanda huu.

Kampuni Tanzu Zinazochochea Mwamko wa Kikanda

Mikakati yetu ya utawanyaji wa biashara na upanuzi wa kikanda inazaa matunda kutokana na kampuni zetu tanzu kuendelea kwa mtazamo chanya. Katika mwaka unaotathminiwa, kampuni tanzu ziliendelea na jukumu muhimu la kufanikisha malengo ya kimkakati ya taasisi yetu na kuimarisha athari zake katika ukanda wa Afrika Mashariki na Kati.

Benki ya CRDB Burundi S.A. ilifanya vizuri na kupata ukuaji mkubwa wa mali na mapato. Mafanikio haya yalitokana na utoaji wa huduma ulioimarishwa, kuongezeka kwa ufanisi wa utendaji kazi, na kuendelea kutoa suluhu za kibenki kidijiti, ambazo zilikuza ushirikishaji wa wateja, hivyo kuunga mkono nafasi ya ushindani katika soko kwa kampuni yetu tanzu.

Benki ya CRDB Kongo, licha ya kufanya kazi katika mazingira magumu na yanayoendelea, ililenga jitihada za kimkakati za kupata wateja, hususani Jijini Kinshasa. Kampuni tanzu iliweka msingi muhimu kwa kujitangaza, kupanua wigo wake wa huduma za kibenki kwa watu binafsi, na kuanzisha juhudi mahususi za kuingia katika soko la huduma za kibenki. Ingawa bado kulikuwa na changamoto, mtazamo wetu wa muda mrefu kwa soko la Kongo bado ni wa kutia matumaini, ukichagizwa na uwezo wa kiuchumi wa nchi hiyo na dhamira ya Benki ya CRDB ya kuimarisha msingi wake wa kufanya kazi.

Kampuni ya Bima ya CRDB ilipiga hatua kubwa katika ukuaji wa mapato yake na umuhimu wa soko kwa kupanua njia zake za usambazaji wa bidhaa na huduma zake kidijiti na kuanzisha bidhaa za kibunifu za bima zinazokidhi mahitaji yanayobadilika ya wateja. Juhudi hizi zimeifanya kampuni tanzu kuwa mchangiaji mkuu wa mapato yasiyofadhiliwa ya taasisi na kama msukumo unaokua katika tasnia ya bima nchini Tanzania.

Kwa pamoja, utendaji wa kampuni hizi tanzu unaonesha dhamira ya Benki ya CRDB ya kuleta mtawanyo wa shughuli zake kikanda, ushirikishaji wa kifedha, na utoaji wa thamani jumuishi katika masoko yote tunayoyahudumia.

Mtazamo wa Baadaye

Tunapotazama mbele, dira yetu ya kimkakati iko bayana - kuwa taasisi madhubuti ya kifedha, jumuishi, na endelevu zaidi katika ukanda huu.

Tunapoingia mwaka 2025, tutaongeza upanuzi wetu wa kikanda, tukilenga Afrika Mashariki na Kati. Hatua hii ni pamoja na kuongeza uwekezaji wa kifedha unaovuka mipaka, kutumia njia na miundombinu ya kibiashara, na kupeleka programu mpya za kidijiti ili kuyafikia masoko ambayo hayajafikiwa. Lengo letu ni kufungua mipaka mipya ya ukuaji na kuimarisha utawala wetu wa kibiashara wa kikanda.

Pia, tutaongeza dhamiri yetu kwa udhibiti wa vihatarishi, kujitayarisha na kushughulikia majanga ya soko kwa haraka na usahihi. Kadiri kukosekana kwa uhakika wa uchumi mkuu kunavyozidi kuendelea, utayari wetu dhidi ya vihatarishi utaendelea kuwa macho na nyumbufu.

Uvumbuzi unaowalenga wateja utaendelea kuongoza mageuzi ya bidhaa na huduma zetu. Tunajumuisha matumizi ya akilimnemba (AI) na uchanganuzi wa data ili kuboresha uchakataji wa taarifa, kuboresha ubashiri wa vihatarishi; na kuimarisha utambuzi wa ulaghai, kuhakikisha umuhimu, uwajibikaji, na uthabiti.

Vilevile, tunahakikisha kuwa kila mpango unazigatia thamani ya wanahisa wetu. Kuanzia biashara ndogo na za kati hadi kampuni kubwa, kutoka vijana hadi wastaafu, kutoka mijini hadi jamii za vijijini; nia yetu ni kuwatumikia wateja wetu kwa shabaha, uvumbuzi, na uadilifu.

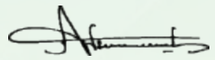
Shukrani

Ninapenda kutoa shukrani zangu kwa wadau mbalimbali ambao msaada wao umekuwa muhimu katika maendeleo ya Benki ya CRDB kwa mwaka mzima wa 2024.

Ninatoa shukrani zangu kwa Bodi ya Wakurugenzi kwa mwongozo wao wa kimkakati na usimamizi wa kiutawala, ambao ulihakikisha kuwa Benki inaendana na malengo yake ya muda mrefu. Aidha, ninatambua mchango mkubwa wa wafanyakazi wetu, ambao ni uti wa mgongo wa shughuli zetu. Wao walibeba jukumu kuu katika kutekeleza mipango muhimu na kudumisha mwamko katika mtandao wetu.

Ninawashukuru wateja wetu, ambao kuendelea kwao kujihusisha na bidhaa na huduma zetu kulichagiza, kwa kiasi kikubwa, utendaji wa kifedha wa Benki na umuhimu wa soko. Washirika wa maendeleo na mamlaka za udhibiti pia zilitekeleza jukumu muhimu kwa kuwezesha uzingatiaji, kuwezesha ubia wa kimkakati, na kuongeza uwezo wetu wa kutekeleza program zetu muhimu.

Mwisho, ninawashukuru wanahisa wetu kwa kujitolea kwao kwa ajili ya dira ya benki. Msaada wao unaoendelea ulitoa uhakika wa mtaji, ambao ni muhimu katika kuchochea ukuaji na kutoa thamani ya muda mrefu. Kwa pamoja, wanahisa hawa wameimarisha msingi wa taasisi yetu na kutuweka katika nafasi nzuri ya kupata mafanikio endelevu miaka ijayo.



Abdulmajid M. Nsekela

Financial Capital

Innovating Financial Solutions for Enduring Growth



At CRDB Bank PLC, financial capital represents more than just the monetary resources on our balance sheet—it serves as the critical foundation that enables us to deliver value to all stakeholders while contributing to Tanzania's broader economic development.

Message from the Group CFO



Reflecting on FY 2024, we showcase our Group's commitment to excellence, evident in our strong financial performance and significant growth across all key financial metrics. The Group achieved a remarkable 30.4% growth in Profit After Tax (PAT), to TZS 551.5 billion, up from TZS 422.8 billion in 2023. This growth underscores the successful implementation of our strategic initiatives and reaffirms our dedication to delivering sustained returns for our stakeholders.

In 2024, CRDB Bank Group continued demonstrating a strong performance despite the changing global economic landscape. This success is attributed to effective strategy implementation, sound financial management, and a resilient local business environment. Additionally, our strategic partnerships played a crucial role in driving our progress and enhancing the Group's operational capabilities.

As we reflect on 2024, we underscore the Group's steadfast commitment to excellence, which is evident in strengthening the Group's financial position and attaining significant growth across all key financial metrics. Our emphasis on cultivating strategic alliances and improving operational efficiency remained central to promoting sustainable development and fostering innovation for the future.

Sustained Performance

During the 2024 financial year, the Group achieved a notable 30.4% growth in Profit After Tax (PAT), reaching TZS 551.5 billion, from TZS 422.8 billion in 2023 mainly driven by growth in interest income by 27.3% and NFI by 11.2%, mostly from alternative channels, particularly simbanking, with a YoY growth of 48%. This growth underscores the successful execution of our strategic initiatives and reaffirms our commitment to delivering sustained returns to our stakeholders.

Total operating income before impairment charges increased by 24.6% YoY, rising to TZS 1,613.6 billion, from TZS 1,295.2 billion recorded in 2023. This growth was primarily driven by a 29.9% rise in net interest income, attributed to strong growth in retail loans and advances.

Successfully implementing various cost management initiatives effectively contained operating expense growth to 12.6%. This growth is primarily attributable to inflation, general appreciation of dollar against shilling – affecting dollar related costs and our strategic business expansion.

Our subsidiaries significantly contributed to the Group's performance, with Burundi achieving an impressive 27.5% YoY growth in PAT, reaching TZS 38.5 billion. The subsidiary's assets increased by 48.2% YoY to TZS 1,457.4 billion, while total deposits grew by 30.9% YoY to TZS 716.4 billion. Insurance Company Limited was able to break even in its first year of operations, recording a profit of TZS 0.3 billion, and CRDB Bank Congo also its first year of full operations recorded losses of TZS 6.8 billion. Their growth potentials remain promising.

Summary of Key Performance Indicators

Total Assets (TZS)

TZS 16,698.8 Billion
FY 2024

TZS 13,321.3 Billion
FY 2023

25.3% ▲
Change

Shareholders' funds

TZS 2,173.2 Billion
FY 2024

TZS 1,781.5 Billion
FY 2023

22.0% ▲
Change

Profit After Tax

TZS 551.5 Billion
FY 2024

TZS 422.8 Billion
FY 2023

30.4% ▲
Change

Return on Equity

27.7%
FY 2024

26.7%
FY 2023

3.7% ▲
Change

Return on Assets

5.2%
FY 2024

4.8%
FY 2023

8.3% ▲
Change

Cost-to-income ratio

45.7%
FY 2024

49.5%
FY 2023

7.7% ▲
Change



We take a comprehensive approach to our business, focusing strongly on customer satisfaction, sustainability and collaboration. This strategic mindset has yielded significant rewards, as reflected in our positive performance. As a result, most of our key performance metrics have shown consistent and significant improvement throughout the year.

Resilient Balance sheet

The Group maintained a strong balance sheet, achieving 25.3% YoY growth, increasing to TZS 16,698.8 billion. This growth was primarily driven by an increase in loans and advances, which rose by 22.7% YoY to TZS 10,360.8 billions. The increase in loans was supported by a 23.5% growth in customer deposits, a 67.9% increase in borrowing, and a 22.0% increase in shareholders' funds.

Asset quality remained robust throughout the year, as reflected in the 2.9% rate of non-performing loans, which is well below the regulatory threshold of 5%. Additionally, our bad debt recoveries recorded significant improvement, rising by 13.4% to TZS 39.8 billion in 2024, compared to TZS 35.1 billion in 2023. This growth is a positive indication of our proactive recovery strategy.

Diversified Sources of Funding

During the year, our Group maintained adequate liquidity to support business growth, achieving a liquidity-asset ratio of 28.2%, well above the regulatory requirement of 20.0%. Our successful deposit mobilisation campaigns resulted in YoY growth of 23.5% in customer deposits, TZS 10,934.1 billion, with a CASA (Current Account Savings Account) ratio of 84.0%. Customer deposits accounted for 75.0% of our total funding, while equity comprised 15% and borrowings constituted 10%.

Capital Management

The Group has been committed to prudent capital management practices throughout the year. We have selectively expanded our portfolio by focusing on high-yield and low risk-weighted assets and de-risking to ensure optimal capital utilisation. As at December 31, 2024, the Group remained well-capitalised and maintained healthy buffers above the minimum regulatory requirements. Our core capital ratio is 16.3%, and our total capital ratio at 17.2%, exceeding the minimum regulatory requirements of 12.5% and 14.5% respectively.

Following issuance of Basel II and III guidelines by the Bank of Tanzania in 2023, the Group successfully carried out parallel run of its capital position for 9 months from April 2024, in preparation for effective adoption in April 2025. The results from the parallel run show that the Group continues to be well capitalised, well above the regulatory requirements.

Solidifying Our Financial Strengths and Strategising for the Future

I believe that many opportunities lie ahead for us. By effectively leveraging these prospects, we can improve the services and ensure that our clients remain essential to the Group's success. Their support and collaboration are vital in maintaining our strong performance thus far. I am optimistic that we can navigate challenges together and seize advancements that will benefit our organisation and our valued clients.

I am optimistic about our growth potential by enhancing shareholder value through careful financial management and strategic investments. Our diverse portfolio and strong capital foundation position us well for achieving sustainable growth and profitability.

Frederick B. Nshekanabo

Taarifa ya Afisa Mkuu wa Fedha



Tunapoutafakari Mwaka wa Fedha 2024, tunaonesha dhamira yetu ya kuwa taasisi bora inayojidhihirisha kupitia matokeo thabiti ya utendaji wa kifedha.

Faida ya taasisi baada ya kodi ilikua kufikia shilingi bilioni 551.5, sawa na ongezeko la asilimia 30.4 kwa mwaka, ambao ni ukuaji mkubwa na wa kuvutia

Katika mwaka wa fedha wa 2024, Benki yetu ya CRDB imeendelea kupata mafanikio makubwa ya utendaji licha ya changamoto za kiuchumi kimataifa, utendaji mzuri huu unatokana na utekelezaji madhubuti wa mpango mkakati, usimamizi wa kifedha, na mazingira himilivu ya biashara nchini. Mafanikio yetu yaliimarishwa na ushirikiano wetu wa kimkakati, ambao ulikuwa msingi katika kuwezesha maendeleo yetu na kuimarisha uwezo wetu wa utendaji.

Tunapotafakari juu ya mwaka wa Fedha 2024, tunaona dhamira thabiti ya Benki yetu katika ubora, ambao unajidhihirisha katika kuimarika kwa uwezo wetu wa kifedha na kufikia ukuaji mkubwa katika vigezo vyote vya kifedha. Msisitizo wetu katika kukuza ushirikiano wa kimkakati na kuboresha ufanisi wa uendeshaji umekuwa nguzo muhimu katika kuendelezaukuaji endelevu na kuchochea ubunifu kwa ajili ya siku zijazo.

Muhtasari wa Utendaji

Katika mwaka wa fedha wa 2024, Benki yetu ilipata wa Faida Baada ya Kodi (PAT) ya shilingi bilioni 551.5 kutoka shilingi billion 422.8 mwaka 2023, ikiwa ni ongezeko la asilimia 30.4 kwa mwaka. Ukuaji huu ulitokana na ongezeko la mapato ya riba kwa asilimia 27.3 na mapato yasiyonariba kwa asilimia 11.2. Kwa mapato yasiyonariba yalichangiwa kwa kiasi kikubwa na vyanzo mbadala, hususan simbanking ikiwa na ukuwaji wa asilimia 48 kwa mwaka. Aidha, ukuaji huu mkubwa unathibitisha utekelezaji mzuri wa mipango yetu ya kimkakati na kudhihirisha dhamira yetu ya kutoa faida endelevu kwa wadau.

Jumla ya mapato ya uendeshaji kabla ya gharama za uchakavu yalifikia shilingi bilioni 1,613.6 kwa mwaka 2024 kutoka shilingi bilioni 1,295.2 yaliyoripotiwa mwaka wa 2023, ikiwa ni ongezeko la asilimia 24.6,. Ukuaji huu ulisababishwa na ongezeko la asilimia 29.9 la mapato halisi ya riba, hasa ukitokana na ukuaji mzuri wa mikopo ya rejareja.

Kwa kutekeleza mipango mbalimbali ya usimamizi wa gharama kulizuia kwa ufanisi ukuaji wa gharama za uendeshaji na kubakia na ukuaji wa asilimia 12.6 pekee. Ongezeko hili la gharama ulitokana kwa kiasi kikubwana mfumuko wa bei, kuimarika kwa thamani ya dola dhidi ya shilingi – ulioathiri gharama zinazohusiana na malipo ya dola na upanuzi wa kimkakati wa kibiashara.

Kampuni zetu tanzu zilichangia kwa kiasi kikubwa katika utendaji wa benki yetu huku Burundi ikipata ukuaji wa kuvutia ikiwa na mapato baada ya kodi (PAT) yaliyofikia shilingi bilioni 38.5 za Tanzania kwa mwaka 2024, sawa na ongezeko la asilimia 27.5 kutoka kwenya mapato ya mwaka 2023. Mali za kampuni tanzu ziliongezeka kwa asilimia 48.2 kutoka mwaka uliopita hadi bilioni 1,457.4 za Tanzania mwaka 2024, wakati jumla ya amana iliongezeka kwa asilimia 30.9 kutoka mwaka uliopita hadi shilingi bilioni 716.4 za Tanzania mwaka 2024.

Kampuni yetu ya Bima (Insurance Company Limited) katikamwaka wake wa kwanza wa shughuli ilipata faida ya shilingi bilioni 0.3 za Tanzania, wakati CRDB Congo ikipata hasara ya shilingi bilioni 6.8 za Tanzania katika mwaka wake wa kwanza wa shughuli kamili, ingawa kuna viashiria vizuri vya ukuaji wa kampuni hii tanzu.

Tunatumia mbinu thabiti katika biashara yetu, tukizingatia sana kutoa huduma bora kwa wateja, mipango endelevu na ushirikiano. Utendaji wetu huu wa kimkakati umekuwa na mafanikio makubwa, kama matokeo yanavyoonesha. Vigezo vingi muhimu vya kiutendaji vimeonyesha uthabiti na ongezeko kwa mwaka mzima.

Muhtasari wa Viashiria Muhimu vya Utendaji

Kiasi katika TSH Bilioni	Mwaka wa Fedha 2024	Mwaka wa Fedha 2023	% Badiliko
Jumla ya Mali (TSH)	**16,698.8**	13,321.3	25%
Fedha za wanahisa	**2,173.2**	1,781.5	22%
Faida Baada ya Kodi	**551.5**	422.8	30%
Faida kwa Mtaji	**27.7%**	26.7%	4%
Faida kwa Mali	**5.2%**	4.8%	8%
Uwiano wa gharama na mapato	**45.7%**	49.5%	8%

Mizania ya Fedha

Benki ilidumisha mizania ihimilivu na thabiti, huku mali zilifikia shilingi bilioni 16,698.8 zikiwa zimeongezeka kwa asilimia 25 kutoka mwaka uliopita. Ukuaji huu ulichangiwa na ongezeko la mikopo ya wateja, ambayo iliongezeka kwa asilimia 22.7 mwaka hadi mwaka kufikia shilingi bilioni 10,360.8. Ongezeko hili la mikopo lilichangiwa na ukuaji wa asilimia 23.5 katika amana za wateja, ongezeko la asilimia 67.9 katika madeni, na ongezeko la asilimia 22.0 katika fedha za wanahisa.

Ubora wa mali ulibaki imara mwaka mzima kama inavyooneshwa na kiwango cha asilimia 2.9 cha mikopo isiyolipika (chechefu) ambayo ni chini ya kiwango elekezi cha asilimia 5 kinachoruhusiwa na mamlaka ya udhubiti ya Benki Kuu ya Tanzania. Aidha, ukusanyaji wa mikopo sugu ulionesha kuimarika kwa kiasi kikubwa kutoka shilingi bilioni 35.1 za kwa mwaka wa 2023 hadi kufikia shilingi bilioni 39.8 kwa mwaka 2024 ikiwa ni ongezeko la asilimia 13.4. Ukuaji huu ni kielelezo cha mafanikio ya utekelezaji wa mkakati wetu wa kukusanya madeni ya mikopo sugu.

Vyanzo vya Anuai vya Upatikanaji wa Fedha

Katika mwaka 2024, benki ilidumisha ukwasi toshelevu wa kuwezesha ukuaji wa biashara na kufikia uwiano wa asilimia 28.2 kati ya ukwasi na mali zaidi ya matakwa ya kiudhibiti ya asilimia 20.0. Kampeni zetu za uhamasishaji wa amana zilisababisha ukuaji wa mwaka hadi mwaka wa asilimia 23.5 katika amana za wateja hadi kufikia amana ya shilingi bilioni 10,934.1 kwa mwaka 2024, na uwiano wa akaunti za hundi na akiba (CASA) ni asilimia 84.0. Amana za wateja zilichangia asilimai 75.0 ya jumla ya uwezeshaji wetu, mtaji mkuu ulikuwa asilimia 15 na madeni yalichangia asilimia i 10

Usimamizi wa Mtaji

Benki ilijizatiti kutekeleza mienendo bora wa mtaji kwa nidhamu na ufanisi mkubwa kwa mwaka mzima. Tumepanua uwekezaji wetu kwa kuangazia mali zinazozalisha faida kwa kiwango cha juu, na mali zenye kiwango kidogo cha vihatarishi na kupunguza hatari ili kuhakikisha kuna matumizi bora ya mtaji. Kufikia Desemba 31, 2024, Benki iliendelea kuwa mtaji madhubuti na kudumisha akiba ya dharura salama zaidi ya kiwango cha chini kinachotakiwa na mamlaka ya udhibiti. Uwiano wa mtaji mkuu ulikuwa asilima 16.3 na uwiano wa mtaji wa jumla ulikuwa asilimia 17.2, zaidi ya viwango vya elekezi vya Benki Kuu ya Tanzania ya asilimia 12.5 na asilimia 14.5 mtawaliwa.

Kufuatia kutolewa kwa mwongozo mpya wa kukokotoa mtaji (Basel II & III) na Benki Kuu ya Tanzania mnamo 2023, Benki yetu ilifanikiwa kutekeleza ukokotoaji wa mtaji kwa njia ya zamani na mpya kwa miezi 9 kuanzia Aprili 2024 kwa maandalizi ya kutumia mwongozo huu mpya utakaoanza kutumika kuanzia Aprili 2025. Matokeo yaliyotokana ukokotoaji huo yanaonyesha kuwa Benki inaendelea kuwa na mtaji wa kutosha zaidi ya kiwango cha chini elekeze kinachotakiwa Benki Kuu ya Tanzania.

Kuimarisha Umadhubuti wetu wa kifedha na Mikakati ya Baadae

Ninaamini kuwa mbele yetu kuna fursa nyingi. Kwa kutumia vyema matarajio haya tunaweza kuboresha huduma zetu na kuhakikisha kuwa wateja wetu wanaendelea kuwa sehemu muhimu ya mafanikio yetu.

Msaada na Ushirikiano wao ni muhimu katika kudumisha utendaji wetu dhabiti kufikia sasa. Nina matumaini kwamba kwa kushirikiana tunaweza kuzikabili changamoto na kupata maendeleo yatakayoinufaisha benki yetu na wateja wetu tunaowathamini.

Nina matumaini kuhusu fursa yetu ya ukuaji kwa kuongeza dhamani ya wanahisa kupitia usimamizi makini wa fedha na vitega uchumi vya kimkakati. Uwekezaji wetu mbalimbali na mtaji imara unafanya tuwe katika nafasi nzuri ya kufanikisha ukuaji endelevu na kuleta faida.



Frederick B. Nshekanabo

Key Highlights

Return on Equity

27.7% FY 2024

26.7% FY 2023

Profit Before Tax (TZS Billion)

778.8 FY 2024

598.7 FY 2023

Return on Assets

5.2% FY 2024

4.8% FY 2023

Net Fees and Commission Income (TZS Billion)

431.6 FY 2024

342.4 FY 2023

At CRDB Bank, financial capital represents more than just the monetary resources on our balance sheet—it serves as the critical foundation that enables us to deliver value to all stakeholders while contributing to Tanzania's broader economic development.

In 2024, our approach to financial capital management was guided by three fundamental principles:

Prudent Stewardship
Maintaining capital strength well above regulatory requirements while optimising our funding mix to ensure stability across economic cycles.

Strategic Deployment
Allocating resources to high-impact areas including retail banking expansion, digital transformation, and sustainable finance initiatives.

Integrated Value Creation
Recognising how financial capital interacts with and amplifies our other capitals – from the human expertise that drives our operations to the social relationships that underpin customer trust.

As we implement Basel III standards and navigate an evolving financial landscape, we remain committed to managing our financial capital with both discipline and vision, ensuring it continues to progress sustainably.

Our Financing Strategy

Short-term

Liquidity Management

- Flexible lines of credit for immediate liquidity and short-term opportunities.
- Short-term loans (less than 1 year) to address cash flow needs and fund urgent projects.

Internal Reallocations

- Regular budget reviews to reallocate funds from low-priority areas to high-impact initiatives.

Mid-term

Strategic Investments

- TZS 120 billion capital expenditure planned for FY 2025, with 47% allocated to ICT investments.
- Completion of the new core banking system to enhance reliability, digital solutions, and cybersecurity measures.

Long-term

Debt Financing

- Issuance of bonds to support growth while generating returns exceeding borrowing costs.

Strategic Partnerships

- Collaboration with institutions like IFC, AFDB, EIB, and others to co-fund key projects that enhance competitiveness and financial stability.
- Outstanding exposure of TZS 1,787 billion as of December 31, 2024.

The Bank's Capital Structure

Our capital structure in 2024 reflects our commitment to financial stability and sustainable growth, which allows us to offer competitive banking solutions across our markets.

We remained well-capitalised throughout the year, maintaining a core capital ratio of 16.3% and a total capital ratio of 17.2%, comfortably above the regulatory minimum requirements of 12.5% and 14.5%, respectively. These strong capital ratios highlight our resilience in navigating a challenging operating environment, which has been characterised by increased competition, rapid technological advancements, evolving customer expectations, macroeconomic uncertainties, and geopolitical risks.

Despite these challenges, we achieved an impressive 30.4% YoY growth in Profit After Tax in 2024, demonstrating our robust financial performance and ability to adapt to changing market dynamics. By maintaining a diversified funding mix and a strong capital base, we continue to create value for our stakeholders while positioning ourselves for sustained growth and long-term success in an increasingly dynamic financial landscape.

Debt: Strengthening Liquidity

In TZS' Billions	2024	2023
Customers Deposits	**10,934.1**	8,856.0
Borrowings - Current	**123.1**	67.3
Borrowings - Non-Current	**1,838.6**	1,172.0
Total Debt	**12,895.8**	**10,095.3**

Equity: Long-Term Value Creation

In TZS' Billion	2024	2023
Issued Capital	**65.3**	65.3
Share Premium	**158.3**	158.3
Retained Earnings	**1,869.1**	1,491.2
Other Reserves	**39.9**	23.1
Total Equity	**2,132.6**	**1,737.9**

Diversified and Stable: Our Funding Mix

Customer deposits accounted for 75.0% of our total funding, while equity comprised 15% and borrowings constituted 10%.

Short- and Long-Term Funding Strategies

We employ a balanced funding strategy to ensure liquidity and long-term financial stability, supporting both operational needs and strategic growth.

In the short term, we utilise interbank market transactions for immediate liquidity and maintain contingency funding through established lines with local and foreign banks, ensuring operational continuity.

For long-term funding, we focus on debt financing through innovative bonds like the Samia Bond for infrastructure and the Kijani Bond for green projects. Strategic partnerships with IFC, AFDB, and EIB enhance our financial strength, enabling co-funded initiatives that drive competitiveness and sustainable growth.



Our Business Segments Empowering Growth



Message from the Chief Commercial Officer (CCO)

As we look back on the evolving landscape of the 2024 financial year, The Bank has demonstrated remarkable dynamism in navigating a range of challenges while seizing emerging opportunities to strengthen its position as a market leader. Despite the economic fluctuations in 2024, the Group has shown resilience and agility, achieving impressive performance across various segments of its operations.

The 2024 financial year marked a period of dynamic commercial growth and resilience for CRDB Bank, laying a solid foundation for sustained performance and innovation. Our teams, supported by valued partners and loyal customers, demonstrated exceptional agility, transforming market challenges into opportunities that advanced our commercial objectives and enhanced stakeholder value.

Over the past year, CRDB Bank achieved commendable progress across its core business segments, driven by disciplined execution of our strategic pillars: growing the business, ring-fending the business, and preparing the business for the future. Our commitment to customer-centric solutions significantly elevated the Group's competitive positioning in the domestic market, resulting in robust YoY growth across both retail and corporate banking portfolios.

A highlight of our commercial achievements in 2024 was the continued expansion and penetration of our retail banking services. Enhanced market engagement strategies enabled us to tap into previously underserved segments, fueling notable growth in customer deposits and lending volumes. The strength and reach of our CRDB Wakala network, comprising over 36,000+ agents nationwide, played a crucial role in delivering accessible financial services, contributing substantially to our customer acquisition and retention objectives.

Our corporate and institutional banking segments further solidified their reputation as catalysts for economic transformation by delivering tailored financial solutions that advanced growth in key sectors including agriculture, infrastructure, and manufacturing. Through responsive strategies, our Group provided innovative financing structures and strategic advisory services, successfully positioning itself as a trusted financial partner, essential for driving substantial socio-economic development.

Digital transformation remained integral to our commercial strategy in 2024. Strategic investments in technology infrastructure enhanced the reliability and functionality of our digital channels, including SimBanking, CRDB Bank Internet Banking, and agency banking platforms. As a result, we witnessed accelerated adoption of digital services, increased transaction volumes, and a significant improvement in our cost-to-income ratio, further underscoring the efficacy of our digital-first approach.

Throughout the year, prudent risk management practices enabled us to effectively mitigate external pressures, such as foreign exchange volatility and inflationary challenges. Our disciplined lending practices and proactive cost management safeguarded our balance sheet, ensuring sustained capital strength and liquidity to support ongoing customer demands and strategic initiatives.

Future Outlook

Looking forward to 2025, our strategic priorities will revolve around deepening client relationships, enhancing product offerings, and maintaining our commitment to innovation. We have plans to further invest in building robust internal capabilities, supported by data-driven insights and customer-centric innovation. As a market leader, our ambition remains clear; to be the leading dynamic, inclusive, and sustainable financial institution in the region. We believe that by continuing to foster an agile, collaborative, and forward-thinking culture, we are well-equipped to capitalise on new opportunities and sustain our trajectory of commercial success.

Boma O. Raballa

Chief Commercial Officer (CCO)



Inclusive Growth Through Innovation and Reach



Bonaventura Paul

Director of Retail Banking

Retail Banking segment has reaffirmed its commitment to inclusive, innovative, and customer-centric banking across Tanzania, Burundi, and the Democratic Republic of Congo. The Bank has successfully empowered millions of individuals, microbusinesses, and cooperatives by offering a range of accessible and reliable financial solutions tailored to meet the diverse needs of clients. By seamlessly blending traditional banking practices with cutting-edge digital innovations and proactive community outreach programs, we continue to strengthen our role as a leader in promoting financial inclusion and economic development in the regions we serve.

Retail Banking

We are committed to making banking more accessible, inclusive, and innovative. Our Retail Banking division serves individuals, MSMEs, and businesses with a wide range of tailored financial solutions, ensuring financial empowerment across all customer segments. We continue to drive financial inclusion through expansive digital banking platforms, a strong branch network, and strategic partnerships while delivering superior banking experiences.

Our Retail Banking segment remains central to driving financial inclusion and delivering innovative solutions.

Retail banking deposits have grown at a Cumulative Annual Growth Rate of 26% YoY, increasing from TZS 5.1 trillion in 2023 to TZS 6.44 trillion in 2024. This growth reflects our internal deposit mobilisation campaigns and enhanced customer acquisition strategies, including the freelancer model. Improved branch service has further strengthened customer satisfaction, boosting our Net Promoter Scores.

Retail banking loans have also seen strong growth, rising from TZS 4.1 trillion in 2023 to TZS 5.33 trillion in 2024 at a CAGR of 30% YoY. Our partnerships with MNOs for micro-loans and the automation of government loans via ESS platforms have expanded credit access.

Customer acquisition has surged, with annual account openings increasing 27% YoY, from 1,257,736 accounts in 2023 to 1.6 million accounts in 2024. Digitised onboarding via SimBanking, simplified branch procedures, and the freelancer-led account-opening model have driven this success.

An Overview of the Business and Operational Design

Well-organised to drive financial inclusion, empower small businesses, facilitate payments, and promote the growth of key economic sectors

Consumer Banking **63%**

Bancassurance Banking **4.2%**

Card Business **7.8%**

Income **TZS 1 Tln**

Loans **TZS 5.3 Tln**

Deposits **TZS 6.4 Tln**

Branch Operations

Business Banking **12%**

Al-Barakah Banking **0.7%**

Agency Banking **8.7%**

Retail Banking Deposits:

Increased by 26% YoY, reaching TZS 6.44 trillion in 2024, up from TZS 5.1 trillion in 2023.

Retail Banking Loans:

Expanded by 30% YoY, rising from TZS 4.1 trillion in 2023 to TZS 5.33 trillion in 2024.

Customer Acquisition:

Account openings grew by 27% YoY, from 1,257,736 accounts in 2023 to an impressive 1.6 million accounts in 2024, driven by digitised onboarding processes and simplified procedures.



Al Barakah Banking

74% Growth in Financing
TZS 174 billion in 2024, supporting key economic sectors.

71% Deposit Growth
TZS 177 billion in 2024, reflecting strong market confidence.

In 2024, our third year of operation, Al Barakah Banking experienced remarkable growth. We expanded our customer base from 112,884 to 296,646 by the end of 2024, marking a strong 162.8% YoY increase. Our Shariah-compliant contract financing book grew from TZS 99.9 billion in 2023 to TZS 172.0 billion by the end of 2024, a 72.2% increase YoY. Similarly, customer deposits rose from TZS 103.5 to 177.8 billion in 2023 to TZS 177.8 billion in December 2024, reflecting a sharp 71.8% increase YoY.

Al Barakah Banking has been instrumental in driving financial inclusion and economic development across key sectors such as agriculture, trade, mining, transportation, and fishing. In 2024 alone, we financed agriculture worth TZS 31 billion, trade worth TZS 34 billion, and mining worth TZS 34 billion, among other sectors. This growth underscores our commitment to empowering communities through ethical financial solutions that align with Shariah principles.

We also launched innovative solutions such as value chain financing in collaboration with Puma Energies to address the needs of customers in the fuel trading business. Additionally, we introduced Takaful insurance services in partnership with Zanzibar Insurance Corporation (ZIC Takaful), extending Shariah-compliant insurance products to over 300 customers in 2024. These initiatives reflect our dedication to providing high-value services that cater to diverse customer needs while adhering to Islamic principles.

Our growth and commitment to excellence were recognised for the second consecutive year at the Global Islamic Finance Awards (GIFA), where we were awarded "Most Promising Islamic Banking Window Operation."

Key Highlights

Customer Base Growth:
Expanded from
112,884 customers in 2023 to
296,646 customers in 2024
(162.8% increase).

Shariah-Compliant Financing Book:
Grew from
TZS 99.9 Million in 2023 to
TZS 172.0 Million in 2024
(72.2% increase).

Customer Deposits:
Increased from
TZS 103.5 Million in 2023 to
TZS 177.8 Million in December 2024 (71.8% increase).

Sector Financing:
TZS 31 Billion
Agriculture
TZS 34 Billion
Trade
TZS 34 Billion
Mining

Innovative Solutions: Value chain financing with Puma Energies; Takaful insurance launched with ZIC Takaful for over
300 customers

Al Barakah Financing and Deposit-position

In Billions	Dec-24	Dec-23	Growth	Contribution to CRDB Group
Financing Book	**163.0**	92.4	76.4%	
SUKUK Investment	**9.0**	7.5	20.0%	
Total Assets	**172.0**	99.9	72.2%	1.66%
LC & Guarantees	**33.3**	17.3	92.5%	
Customer Demand Deposits CASA (Qardh)	**168.3**	89.2	88.7%	
Customer Investment Deposit (Mudharabah)	**9.5**	14.3	-33.6%	
Total Deposits	**177.8**	103.4	71.8%	1.64%

Al Barakah Income Report

In Billions	Dec-24	Dec-23	Growth	Contribution to CRDB Group
Total Shariah Financing Profit Income	**12.3**	4.5	173.3%	
Total SUKUK Investment Profit Income	**1.0**	0.6	66.7%	
Total Shariah Financing and Investment Income	**13.3**	5.1	160.8%	18.4%
Profit Sharing Expence to Mudharabah Investors	**1.1**	0.8	37.5%	
Net Shariah Financing and Investment Income	**12.2**	4.2	190.5%	
Non funding income (Fees & Commission)	**10.0**	4.0	150.0%	
Operating Profit	**22.2**	8.2	170.7%	1.34%
Customer Accounts	**296,646**	112,884	162.8%	4.60%







Dir. Abdul Ally Mohamed
Chairman



Sheikh Juma Amour
Member

Shariah Advisory Board

The Shariah Committee of CRDB Al Barakah confirms that its Islamic banking operations for the year ended 31st December 2024 were conducted in line with Shariah principles to the best of our knowledge, with any issues identified during the year properly resolved or addressed.



Dir. Xavery Makwi
Non voting Member



Sheikh Abdallah Salim
Member



Sheikh Issa Othman Issa
Member

Empowering Institutions for Sustainable Growth



Mussa Kitambi

Director of Corporate Banking

The 2024 financial year has unveiled a range of unique opportunities for the Corporate and Institutional Banking division, positioning us strategically to propel our Group towards new heights. By leveraging innovative financial solutions, enhancing client engagement, and fostering sustainable practices, we aim to provide tailored support that meets the evolving needs of our clients. Our commitment to responsible banking and investment in cutting-edge technology will not only drive profitability but also ensure long-term growth and stability in an increasingly competitive market. Through these efforts, we are set to build stronger partnerships and contribute meaningfully to the broader economic landscape.

Corporate Banking

In 2024, we strengthened our Syndication Unit by expanding partnerships with local, regional, and international counterparties, facilitating syndication deals worth $ 520 million across key sectors, including public projects, oil and gas, tobacco, mining, and transportation. As lead arranger, co-arranger, participant, and security agent, we supported de-risking facilities and importation projects valued at $ 320 million per deal, demonstrating our expertise in capital sourcing and management.

Our Agribusiness Agribusiness Unit played a vital role in supporting Tanzania's agriculture sector by extending credit facilities totalling TZS 2.01 trillion ($793 million) in 2024—45% of the country's total agricultural financing. This marks a 42% increase from TZS 1.04 trillion in 2023. By financing players across the agricultural value chain, from input suppliers to processors and exporters, we strengthened productivity and market access, reinforcing agriculture's role as a key driver of economic growth.

Financial Highlights

TZS 4,678 Billion
Assets

11.78%
Portfolio Yield

TZS 4,264 Billion
Off balance sheet

2.72%
NPL Ratio

Operational Highlights

USD 520 million
syndicated deals Funds
Expanding access to structured capital

TZS 2.01 trillion
Agribusiness Financing
Supporting 45% of Tanzania's agricultural credit

$200 million **GCF Funding &**
$300 million **Green Bond Initiative**
Promoting sustainable investments.

TZS 10.2B invested
in Cooperative Bank of Tanzania
Strengthening cooperative banking.

Arranged syndication deals worth
USD 520 Million
across sectors such as public projects, oil and gas, mining, transportation, and tobacco.

Facilitated importation projects valued up to
USD 320 Million

Agribusiness Financing Successes

Extended credit facilities totalling

TZS 2.01 Trillion ($793 million)
in 2024 (45% of total agricultural financing; +42% YoY).

Developed a digital platform with TFRA to streamline fertiliser distribution for over

8 Million
smallholder farmers ensuring transparency and efficiency

Supported key sectors such as

Agriculture
TZS 31 Billion

Trade
TZS 34 Billion

Mining
TZS 34 Billion
through tailored financial solutions

Driving Financial Resilience Through Market Leadership.



Alexander Ngusaru

Director of Treasury and Capital Markets

The Treasury and Capital Markets Division significantly enhanced its role as a strategic anchor for the Group. By effectively analysing market trends and economic indicators, the division skilfully navigated a complex and evolving macroeconomic landscape characterised by fluctuations in interest rates and geopolitical uncertainties. Through precise forecasting and proactive risk management strategies, the division not only safeguarded the Group's financial stability but also identified new opportunities for growth. This approach allowed the organisation to maintain its competitive edge and build resilience in an ever-changing market

Treasury and Capital Markets

TZS 262 Billion
IPO funds (81%) mobilised digitally

94%
of investors onboarded through SimBanking

Global rating by Moody's, reinforcing financial stability

In 2024, we became the first local bank in Tanzania to secure a Brokerage Licence, marking a strategic shift towards full-scale investment banking. This milestone reinforces our position as a one-stop financial services provider, enabling us to offer transaction advisory, sponsoring brokerage, trading, corporate finance, and wealth management services—directly contributing to improved market liquidity and advancing the Tanzanian Government's Capital Markets agenda.

We also pioneered the digitisation of IPO management through our SimBanking platform, enabling customers to conveniently open investment accounts and participate in IPOs. This innovation mobilised TZS 262 billion—81% of total funds raised—and onboarded over 6,800 digital investors, underscoring the power of digital channels in broadening market access.

Further strengthening our investment offerings, we launched three unique Collective Investment Schemes in partnership with licensed fund managers. This included a landmark collaboration with Sanlam Investments East Africa ($ 4 billion AUM), providing access to offshore opportunities. The introduction of the HALAL Fund and INUKA Money Market Fund has opened up cross-border investments across the EAC and SADC regions in equities, bonds, and ETFs.

We also successfully structured and secured regulatory approval for the Samia Infrastructure Bond—the second tranche under our sustainability bond programme—amounting to TZS 150 billion. This reaffirmed our commitment to financing sustainable development while diversifying long-term funding sources.

TZS 323 Billion
raised (115% oversubscription)

7,000+
new investors, majority retail

90%+
participation via SimBanking, enabling seamless self-service

To support inclusive growth, we mobilised funding from international financial institutions and global capital markets, directing resources to key sectors including SMEs, women and youth-led enterprises, green financing programmes, and agriculture. Our strong financial standing and growth outlook attracted interest from a diverse pool of international commercial banks, African financial institutions, and development partners.

Global Capital Mobilisation

- Secured over **USD 600 million** in medium to long-term facilities
- Funds directed to SMEs, women and youth-led businesses, green finance, and agriculture
- Backed by international commercial banks, African financial institutions, and development partners

Advancing Our Sustainability Commitment

Our commitment to sustainable finance drives impactful solutions for environmental and economic progress. In 2024, we achieved key milestones, reinforcing our leadership in sustainability.

Sustainable Finance Portfolio FY 2024

Eligible Activities	Amount (TZS Billion)	Status
Sustainable Agriculture	68.8	Refinanced
Sustainable Agriculture	5.5	New Disbursed Loans
Renewable Energy	12.6	New Disbursed Loans
Total Eligible Activities	**86.9**	

Green Bond Utilisation

Through our Green Bond program, projects worth TZS 86.9 billion (51%) were validated by the Sustainability Bond Committee as eligible for green bond proceeds. These projects are expected to deliver transformative impacts, including the installation of 5 MW renewable energy capacity, annual generation of 14 GWh of clean energy, and a reduction of 13.87 million tons of CO_2 emissions per year.

Green Climate Fund (GCF) Achievements

As an accredited entity of the Green Climate Fund (GCF), we secured $ 200 million to support climate adaptation technologies and practices and launched a $300 million Green Bond initiative to finance eco-friendly investments across multiple sectors. This funding targets 1.2 million direct beneficiaries and 4.9 million indirect beneficiaries over the program's lifetime. Additionally, we piloted Weather Index Insurance to de-risk farmers in vulnerable areas affected by critical weather uncertainties, further enhancing resilience within the agricultural sector.

Innovative Lending Products

Our innovative lending products under the Kijani Proposition have been instrumental in promoting sustainable practices. These include the Angaza Loan for solar energy financing, Nishati Safi Loan supporting LPG and biogas adoption for schools and industries, and the Recycle Loan facilitating waste conversion into raw materials for production.

Digital Innovation in Agriculture

In agriculture, we developed a digital platform in collaboration with TFRA to streamline fertiliser distribution for over **8 million** smallholder farmers, ensuring transparency and efficiency in subsidy allocation. This initiative has significantly enhanced productivity and accessibility for farmers across Tanzania.

Manufactured Capital

Strengthening Infrastructure for Resilient Growth



Highlights

250
Branches

9
Mobile Branches, increasing last-mile connectivity

684
ATMs enabling 24/7 access to cash and services

4,708
POS Machines, supporting cashless transactions

103,104
QR & Lipa Namba Merchants driving digital payment adoption

At CRDB Bank, our commitment to manufactured capital underpins our ability to scale, innovate, and sustain long-term growth. By continuously enhancing our physical and digital infrastructure, we create a robust financial ecosystem that drives operational efficiency, expands financial access, and strengthens service delivery. Our investments in branch networks, digital banking, green buildings, and core banking systems ensure we remain future-ready, resilient, and positioned for sustained success.

Expanding Our Physical Network for Greater Reach



Bruce Mwile

Chief Operations Officer (COO)

The 2024 financial year marked a transformative phase for CRDB Bank Group, enhancing operational capabilities and efficiency across divisions. A key achievement was the stabilisation and improvement of our IT infrastructure, which strengthened our resilience and accelerated innovation, ensuring reliable and seamless banking services for our customers.

Advancing Digital Transformation and Innovation

Digital transformation is at the heart of our strategy, enabling us to optimise processes, reduce costs, and deliver a superior customer experience. In 2024, we rolled out advanced Internet Banking and SimBanking mobile services in key markets such as the Democratic Republic of Congo (DRC) and Burundi, underscoring our commitment to innovation and inclusive finance. These enhancements have streamlined operations and empowered clients with secure, accessible financial solutions tailored to their needs. We also integrated paperless banking initiatives – including e-KYC, OPTIMA, and SAVY – to further improve efficiency. By digitising customer onboarding and internal workflows, we significantly reduced reliance on physical paperwork and branch visits, accelerating service delivery.

As Chief Operations Officer, I am proud of how our disciplined execution and relentless focus on innovation have turned our strategic vision into measurable results. We are not only adapting swiftly to new market dynamics, but also setting industry benchmarks for operational excellence. Our commitment to continuous process improvement means we remain well-positioned for sustainable growth and exceptional customer engagement in the years to come.

Network Expansion Highlights (FY 2024)

- Strategic ATM installations, improving self-service banking accessibility
- New branches launched, extending coverage in high-demand regions
- Upgrades to existing branches, integrating modern banking experiences

Expanding Our Network and Enhancing Customer Access

While advancing digital channels, we also broadened our physical presence to reinforce market leadership and bring our services closer to customers. As a leading financial institution in Tanzania, Burundi, and now the DRC, we continued to strengthen our branch and ATM network to expand reach and convenience. An omni-channel approach – connecting robust digital platforms with an expanding branch footprint – allows us to serve diverse customer segments and ensure that quality financial services are within reach for individuals and businesses alike.

In 2024, our network expansion efforts were substantial and strategic:

- New Branches: We opened new branches in high-demand regions (including our new market in the DRC), extending our market reach and supporting local economic growth.
- ATM Deployments: We installed additional ATMs and optimised their locations to improve banking accessibility in both urban and rural areas.
- Branch Upgrades: We modernised several existing branches with digital service zones and advanced banking systems, enriching the in-branch customer experience.

These investments in our physical network not only increase customer accessibility but also solidify CRDB's position as a bank of choice in the communities we serve.



Sustainable Infrastructure and Resilient Operations

In line with our commitment to sustainability, we have embedded environmental stewardship into our operational improvements. Our new headquarters in Tanzania, certified under IFC's EDGE green building standards, has set a benchmark in green banking infrastructure. This eco-efficient head office operates with 20% lower energy and water consumption compared to conventional buildings, demonstrating our dedication to reducing our environmental footprint. We have also expanded paperless banking practices across the Group, which has significantly cut down on operational emissions and waste. Notably, the rollout of digital KYC processes (e-KYC) has eliminated the need for paper-based documentation, reflecting our drive to innovate responsibly.

By investing in sustainable infrastructure and embracing green initiatives, we are leading the way in responsible banking while also enhancing the long-term resilience of our operations. These efforts ensure that our growth is balanced with environmental consciousness and that our services remain dependable even as we adapt to global challenges such as climate change.

Sustainability Achievements

20% lower energy and water consumption at our IFC EDGE-certified HQ

Paperless banking initiatives reducing operational emissions

E-KYC rollout, eliminating the need for physical documentation

Technology and Core Banking System Upgrades

To strengthen our operational backbone, we are making significant investments in ICT and core banking systems that enhance security, efficiency, and scalability.



ICT and Core Banking Investments

47% of FY25 CAPEX allocated to ICT, supporting mission-critical upgrades

Continuous investment in digital solutions and cybersecurity

New core banking system implementation, improving system reliability

Future Outlook: Strengthening Foundations for Growth

Looking ahead, we remain dedicated to expanding, modernising, and digitising our manufactured capital assets to enhance resilience and long-term value creation. Our focus will be on:



Further expanding digital banking capabilities to drive adoption

Strengthening ICT infrastructure for improved security and efficiency

Advancing sustainable banking practices, minimising our environmental footprint

Enhancing customer touchpoints, ensuring seamless omnichannel experiences

Forward-Looking

The successes of 2024 have reinforced the foundation for CRDB Bank Group's future. We enter 2025 with a stronger, smarter, and more agile operation. Our focus remains on leveraging technology, innovation, and prudent operational management to drive value for our customers and stakeholders. As we look ahead, we will continue to cultivate a culture of excellence and adaptability – one that keeps us at the forefront of the banking industry. We are confident that our digital transformation journey, ongoing process improvements, and sustainability initiatives will propel us to new heights, cementing CRDB Bank Group's position as a market leader and a trusted partner in the communities we serve.

Through these efforts, we will continue to build a strong, future-ready banking ecosystem that serves as a foundation for long-term resilience, innovation, and sustained success.



Intellectual Capital

Harnessing Innovation for Sustainable Growth



Our intellectual capital is at the core of our resilience and sustained growth, enabling us to drive financial inclusion, enhance customer experiences, and strengthen operational efficiencies. As we continue building a future-ready Bank, we remain focused on digital transformation, cybersecurity, and data protection, ensuring we stay ahead in a rapidly evolving financial landscape.

Advancing Digital Transformation for Seamless Banking

We are transforming our digital presence by offering simpler, more seamless interactions through our digital platforms while maintaining extensive customer reach through our leading branch network. Our commitment to digital transformation is shaping the 'Bank of the Future,' where customers can access financial services conveniently through mobile devices.

Online Transactions



Internet and mobile banking

FY 2024	159,395,450
FY 2023	104,152,021

Our suite of digital solutions—including **Simbanking, Internet Banking, Point of Sale (POS) machines, and Agency Banking (Fahari Huduma)**—allows customers to:

- Access credit
- Make intra-bank and interbank transfers
- Send money to mobile wallets
- Conduct vendor and merchant payments

The adoption of e-KYC, replacing traditional physical KYC, has streamlined onboarding and significantly reduced paper consumption.

We have also introduced paperless solutions such as OPTIMA and SAVY, which enable digital financial transactions with supporting documents, eliminating the need for printed vouchers.

By promoting the use of digital banking platforms, we are actively reducing emissions associated with travel and large branch operations while improving financial inclusion, particularly for underserved communities.

Expanding Digital Financial Inclusion

Digital financial inclusion remains a cornerstone of our strategy, ensuring that individuals from low-income and underbanked segments have access to affordable financial products. Our CRDB Bank Foundation and iMBEJU Programme play a pivotal role in supporting entrepreneurs and small businesses, leveraging digital solutions to drive economic empowerment.

Through various initiatives, we have empowered thousands, extending financial services to 127,801 beneficiaries.

Strategic Investments in Technology

We are making significant investments in technology to strengthen our infrastructure and enhance digital capabilities:

TZS 120 Billion
allocated as capital expenditure for FY25

47%
of this investment dedicated to Information and Communication Technology (ICT)

Ongoing implementation of a **new core banking system** to improve reliability and efficiency

Continued **advancements in cybersecurity** measures to safeguard data and mitigate risks

These investments are key to future-proofing our operations, ensuring seamless digital banking experiences, and reinforcing our cybersecurity framework.

Enhancing Customer Engagement Through Digital Solutions

At CRDB Bank, customer engagement is at the heart of our digital transformation journey. By leveraging technology, we continue to enhance accessibility, convenience, and personalised interactions, ensuring that customers receive seamless and efficient banking services. Our approach integrates multiple digital touchpoints, making banking more intuitive and responsive to customer needs.

Net Promoter Score (NPS): A Measure of Customer Loyalty

To gain deeper insights into customer satisfaction and loyalty, we introduced the Net Promoter Score (NPS) Survey—a globally recognised metric that evaluates the likelihood of customers recommending our products and services. NPS has become a crucial tool in identifying areas for improvement, allowing us to refine our offerings based on real-time feedback. By analysing customer sentiments, we can proactively enhance service delivery and strengthen long-term relationships, reinforcing our commitment to excellence in customer experience.

Online Video Tutorials: Empowering Customers with Knowledge

As digital banking solutions evolve, so do customer expectations for seamless access to financial services. To support this shift, we introduced online video tutorials—an intuitive engagement tool designed to guide customers through our digital banking platforms. These tutorials are available on our official website, social media platforms, and a dedicated YouTube playlist. By enabling self-service learning, this initiative improves service efficiency, accelerates digital adoption, and enhances the overall banking experience without requiring customers to visit a physical branch or contact centre.

Real-Time Customer Feedback Through SMS Shortcode 15089

To enhance service quality and responsiveness, we deployed an innovative digital feedback tool using SMS Shortcode 15089. This solution allows customers to share their experiences in real time, directly from their mobile devices. By integrating this feedback mechanism into our service framework, we can address concerns more efficiently while continuously refining our customer engagement strategies.

This pioneering initiative positions CRDB Bank as the first financial institution in Eastern, Sub-Saharan, and West Africa to implement such a solution, underscoring our leadership in customer-centric innovation.

Elle Chatbot: AI-Powered Assistance for Instant Support

Our AI-driven Elle Chatbot represents a significant step in advancing digital customer support. Deployed across CRDB Bank's website live chat and WhatsApp Business, Elle enhances accessibility by offering instant responses to customer queries. This innovation not only reduces wait times but also promotes self-service options, increases digital engagement, and ensures a seamless experience for customers. As the first Bank in East Africa to introduce a chatbot across both platforms, we continue to lead in digital financial services, ensuring that customers receive support whenever and wherever they need it.

Cybersecurity and Data Protection: Strengthening Digital Trust

With the increasing digitalisation of financial services, cybersecurity and data protection are paramount to maintaining trust and operational resilience.

Robust Cybersecurity Framework

Our cybersecurity policy, reviewed annually, is based on the 'assumed breach' principle, ensuring we prioritise prevention, detection, and rapid response to cyber threats. Key initiatives in 2024 included:

24/7 Cyber Threat Monitoring:
A dedicated Security Operations Centre (SOC) operates round the clock to detect and mitigate risks.

PCI DSS & ISO 27001 Re-certifications:
Validating our adherence to global security standards for data protection and information security.

Cyber Threat Hunting Programme:
Actively identifying vulnerabilities and strengthening internal defences.

Employee & Customer Awareness Programmes:
Comprehensive training sessions and security reminders to mitigate risks.

Data Protection and Compliance

We are committed to safeguarding customer information in alignment with regulatory standards, including the Personal Data Protection Act. Our approach includes:

- Regular Data Protection Impact Assessments (DPIAs)
- Vendor due diligence and stringent data encryption measures
- Access controls to limit data exposure to authorised personnel
- Training programmes for employees and dedicated privacy teams

By prioritising cybersecurity and data protection, we ensure compliance, build customer confidence, and reinforce the integrity of our digital banking ecosystem.

Driving Sustainable Innovation for the Future

Our digital-first approach aligns with our broader commitment to sustainability, reducing our carbon footprint while driving efficiency. We are continuously innovating to support the transition to a low-carbon economy, minimising our environmental impact by:

Encouraging digital banking adoption to reduce physical branch visits and related emissions

Implementing paperless solutions across operations

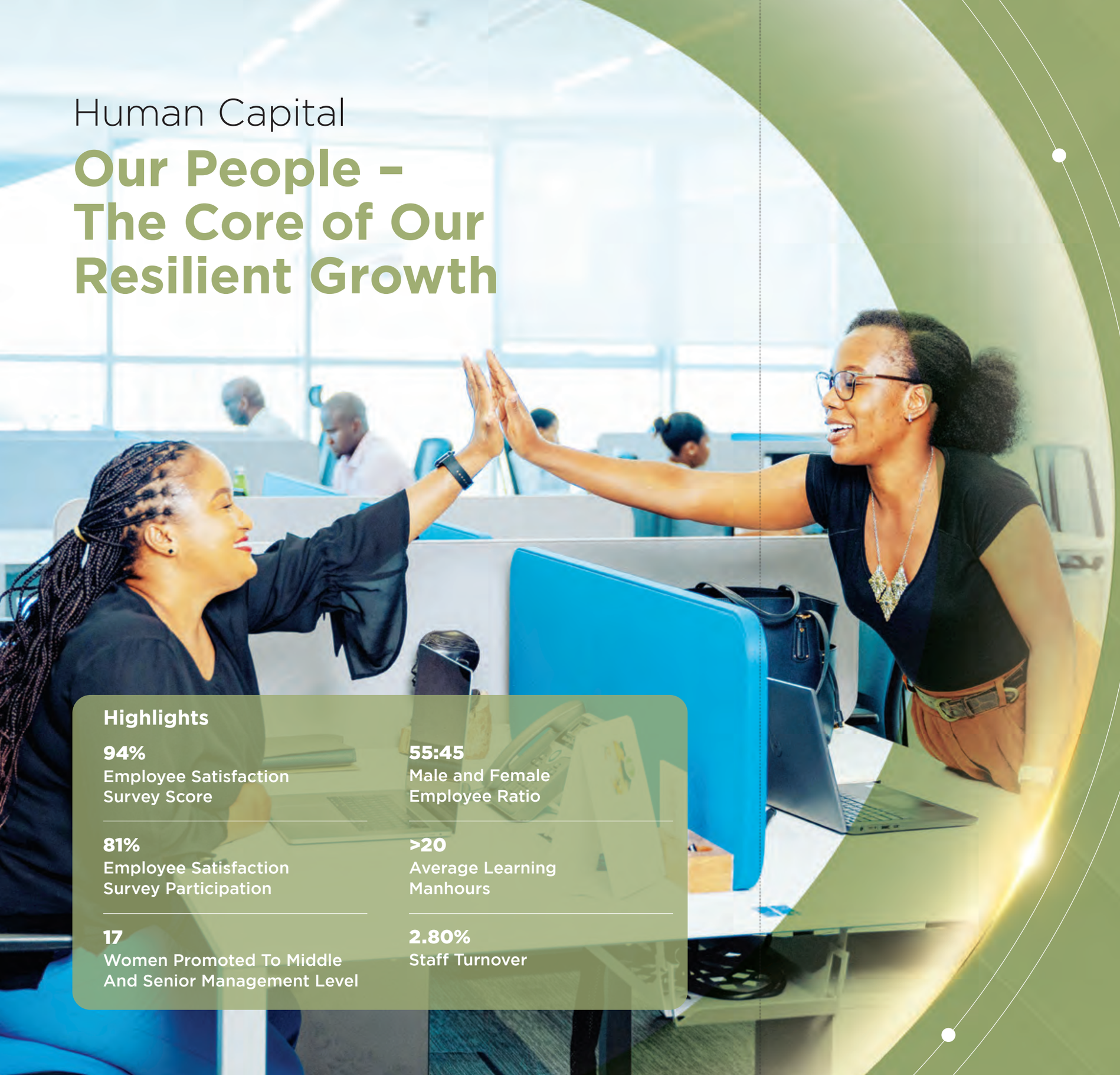
Advancing green building practices, such as our IFC EDGE-certified Head Office, which operates with 20% lower energy and water consumption

As we build a resilient and sustainable future, we remain committed to leveraging technology and innovation to enhance customer experiences, strengthen security, and expand financial inclusion.



Human Capital

Our People – The Core of Our Resilient Growth



Highlights

94%
Employee Satisfaction Survey Score

55:45
Male and Female Employee Ratio

81%
Employee Satisfaction Survey Participation

>20
Average Learning Manhours

17
Women Promoted To Middle And Senior Management Level

2.80%
Staff Turnover

At CRDB Bank, our people are at the heart of our success. We are committed to fostering a high-performance culture that empowers employees, nurtures leadership, and ensures long-term business sustainability. Our approach is rooted in continuous learning, with leadership development programmes covering key competencies such as team leadership, communication, decision-making, and thought leadership. Through structured talent management and succession planning, we identify, develop, and retain top talent, building a strong leadership pipeline to drive the Bank's continued growth.

Building resilience for sustained growth requires a workforce that is agile, capable, and future-ready. Our performance management system aligns employee capabilities with business objectives, fostering continuous engagement between line managers and employees. By ensuring timely feedback, recognition, and career development, we create an environment where our people thrive, strengthening the foundation for long-term success.

Empowering Talent to Drive Sustainable Performance



Godfrey Rutasingwa

Director of Human Resources

Our employees are the cornerstone of our success and play a vital role in achieving our strategic objectives. We recognise that fostering a culture of growth and development is essential; investing in our people's skills and capabilities enables them to thrive in their roles and contribute to our overall performance. This commitment to empowerment enhances individual potential and drives our Bank towards a more sustainable and prosperous future.

Talent Management

CRDB Bank adopts a structured approach to talent management, ensuring the identification, acquisition, development, and retention of high-potential employees. Our talent identification process is guided by the CRDB Talent Framework, which assesses individuals' potential for senior roles based on a combination of performance and leadership capabilities. This approach enhances employee engagement and strengthens loyalty, aligning with our strategic focus on leadership development.

No. of Employees by Country

Tanzania	DRC	Burundi	Total Employees -CRDB Group
4,006 FY 2024	59 FY 2024	186 FY 2024	4,251 FY 2024
3,790 FY 2023	26 FY 2023	146 FY 2023	3,962 FY 2023

Employee Tenures

0-5 years

FY 2024 1,589

FY 2023 1,366

6-10 years

FY 2024 1,000

FY 2023 1,266

11-20 years

FY 2024 1,188

FY 2023 1,100

Above 20 years

FY 2024 229

FY 2023 229

No. of Employees

Number of Staff

FY 2024 4,251

FY 2023 3,961

Employee Turnover

	FY 2024	FY 2023
Male	59%	60%
Female	41%	40%

Total voluntary employee turnover

FY 2024 116

FY 2023 105

New Hires

	FY 2024	FY 2023
Male	51%	54%
Female	49%	46%

Total new hires

FY 2024 386

FY 2023 334

Succession Planning

CRDB Bank prioritises succession planning to build a robust leadership pipeline and ensure business continuity. We identify critical roles, assess talent and potential successors, develop leadership capabilities, and monitor readiness at various levels. Successors are tracked, developed, and transitioned seamlessly into leadership roles, reinforcing our commitment to leadership excellence. We have achieved 97% coverage of key development areas for successors, with leadership programmes covering Team Leadership, Motivation, Communication, Thought Leadership, Decision-Making, and Stress Management.

At the Group level, we have identified 57 successors for ExCo positions, maintaining a 25:75 ratio. In subsidiaries, 28 successors have been identified, also maintaining a 25:75 ratio.

Talent Pool and Successors by Gender Distribution

CRDB Parent

	Male (%)	Female (%)	Total
Current EXCO Level	16 (94%)	1 (6%)	17
Successors	43 (75%)	14 (25%)	57

CRDB Subsidiaries

	Male (%)	Female (%)	Total
Current EXCO Level	2 (50%)	2 (50%)	4
Successors	21 (86%)	7 (33%)	28

Employee Engagement: Fostering a Connected and Purpose-Driven Workforce

At CRDB Bank, we are committed to fostering an engaged workforce aligned with our purpose, values, mission, and vision. Through targeted initiatives, we create an environment where employees thrive and achieve excellence.

In 2024, we expanded our engagement efforts by introducing new volunteering programmes, including skills-based financial literacy sessions that **reached 150 women and young girls in Zanzibar via the Imbeju Platform.** Our employees also took part in community-driven initiatives, such as donating medical supplies and cleaning hospitals, benefiting two hospitals in Zanzibar and Dodoma with the participation of 456 employees. Additionally, we mobilised employees for donation drives, contributing essential items such as shoes, clothes, books, and bags to underserved communities.

Beyond social impact, we strengthened internal engagement through a series of activities across our network, including:


CRDB Marathon events


CRDB SUPA CUP tournaments


Women's Day celebrations


Cancer Fun Walk


Father's Day and Men's Day events

Expanding Employee Engagement Initiatives

Our engagement strategy has grown significantly over the years, with FY 2024 witnessing an impressive surge in participation. Key initiatives included:

- Mental health and stress management workshops
- Employee wellness awareness campaigns
- Cancer Awareness Month and Fun Walks
- Women in Leadership events
- Health screenings for BMI, hypertension, hepatitis B, cervical and prostate cancer
- AIDS Day awareness
- Launch of the HE4SHE programme in 2024

This expanded focus resulted in a remarkable increase in participation from 16,863 in 2023 to 25,929 in 2024—a growth of 53.8% engagements, underscoring our commitment to employee well-being, inclusivity, and a thriving workplace culture.

Employee Well-being: A Holistic Approach to a Healthier Workforce

At CRDB Bank, we recognise that employee well-being is fundamental to both individual and organisational success. Our approach fosters a workplace culture that enables employees to proactively manage their health—physically, mentally, and emotionally—so they can perform at their best.

In 2024, we deepened our well-being initiatives, strengthening partnerships with external stakeholders to provide professional counselling services. These services supported employees and their dependants in managing everyday challenges, work-related stress, and health concerns. Grieving employees and families of late colleagues also received psychological support.

Our focus extended beyond physical and mental wellness to include stress management and relationship-building through awareness sessions and counselling. Virtual sessions covered essential topics such as Parenting & Digital Detox, My Health, My Right, My Choice, and Prevention of Workplace Disputes.

Strengthening Health and Wellness Initiatives

We enhanced our well-being programmes through:

Health Screening and Awareness Campaigns

- BMI, Hypertension, and Hepatitis B screenings
- AIDS Day awareness events
- Cancer Awareness Month, themed 'Close the Care Gap,' including:
  - Pink Ribbon Day in honour of affected employees and loved ones
  - Cancer awareness sessions across the organisation
  - Panel discussions with cancer survivors and caregivers
  - Free screenings for cervical, breast, and prostate cancer
  - Cancer Fun Walk as the month's concluding event

Employee Engagement and Wellness Activities

- Quarterly TGIF gatherings
- CRDB SUPA CUP tournaments
- Mental health workshops and stress management sessions
- Employee Wellness Awareness campaigns
- Father's Day and Men's Day celebrations
- International Women's Day and Women in Leadership events
- He4She mentoring programme launch in 2024

Measurable Impact

The impact of our initiatives is reflected in rising employee participation across various wellness activities:

Activity	Participation in FY 2023	Participation in FY 2024	YoY Growth
Quarterly TGIFs	1,800	**3,200**	43%
CRDB SUPA CUP	400	**700**	42%
Mental Health Workshops	1,500	**2,000**	25%
Stress Management	1,250	**870**	30%
Valentine's Day	1,500	**2,900**	48%
Wellness Awareness Campaigns	870	**2,700**	67%
Cancer Awareness Month	800	**3,500**	77%
Cancer Fun Walk	–	**570**	First Year
Employee Volunteering	–	**456**	First Year
Father's Day	–	**2,164**	First Year
Men's Day	1,500	**1,600**	6%
IWD	2,500	**2,900**	14%
Women in Leadership	180	**180**	No Change
Health Screenings	966	**1,093**	11%
AIDS Day	–	**440**	First Year
HE4SHE Mentoring	–	**200**	First Year

Positive Outcomes

80%

of employees reported increased engagement in wellness programmes, particularly in health screenings, stress management, and mental health workshops.

70%+

stated that these initiatives positively impacted their well-being, leading to improved physical health, reduced stress, and enhanced productivity.

Employees expressed interest in personalised wellness options, such as one-on-one consultations with fitness trainers and nutritionists.

As we move forward, CRDB Bank remains committed to evolving its well-being strategy to support a healthier, more engaged workforce.

Workforce Diversity: Fostering an Inclusive and Equitable Workplace

At CRDB Bank, diversity, equity, and inclusion (DEI) are embedded in our organisational culture. We are committed to creating an inclusive workplace where employees can bring their true selves to work, feel a sense of belonging, and contribute meaningfully without fear of bias or retaliation. With a presence across multiple jurisdictions, we prioritise recruiting, developing, and retaining a diverse workforce while fostering a culture that embraces different perspectives and backgrounds.

Our DEI strategy is anchored on three core pillars—gender, diversity, and inclusion—which drive our efforts to build a more equitable and representative organisation.

Percentage of Employees by Gender

Male

55% FY 2024 **56%** FY 2023

Female

45% FY 2024 **44%** FY 2023

Senior Leaders (middle management and above)

Male

79% FY 2024 **80%** FY 2023

Female

26% FY 2024 **24%** FY 2023

No. of Women in Management

Executive

FY 2024 1

FY 2023 0

Senior Management

FY 2024 0

FY 2023 1

Middle management

FY 2024 17

FY 2023 16

Percentage of Employees by Age

Below 35 years

FY 2024 38%

FY 2023 38%

Between 35 and 50 years

FY 2024 55%

FY 2023 55%

Above 50 years

FY 2024 7%

FY 2023 7%

Advancing Women's Empowerment

Women's empowerment remains a key strategic priority as we continue to equip female employees with the skills and opportunities necessary for leadership roles. In line with this commitment, CRDB Bank launched several initiatives in 2024, including:

HE4She Mentorship Programme

Providing structured mentorship for aspiring female leaders.

Leadership Development Programmes

- ATE Female Future Programme
- CRDB Senior Leaders Programme
- Transformative Leadership Programme
- CEO Apprenticeship Programme

International Women's Day (IWD) and Leadership Café

Engaging 931 female employees across various empowerment events.

Training and Development

A total of 829 female employees participated in leadership and skills development programmes.

Additionally, we hosted our first Youth Forum under the theme 'Unlock Your Potential', enrolling 100 employees—54% of whom were women—further strengthening our commitment to nurturing young talent.

Board Diversity: Strengthening Corporate Governance

Board diversity is fundamental to our corporate governance framework, enabling more effective decision-making through varied perspectives and expertise. A diverse Board enhances our ability to serve stakeholders, drive innovation, and remain competitive in a dynamic business environment.



Our proactive approach to Board diversity includes:

Strategic diversity targets	Inclusive policies	Continuous development	Transparency & Accountability
Ensuring representation across gender, ethnicity, age, and professional backgrounds.	Actively encouraging female leadership through targeted recruitment and headhunting.	Board members undergo regular training on diversity's role in effective governance.	We are committed to reporting on diversity metrics and progress.

As of 2024, our Board's gender diversity ratio stands at 85:15 (Male: Female).

We have structured strategies in place to increase female representation through mentorship, leadership programmes, and targeted recruitment efforts.

At CRDB Bank, diversity is more than a compliance measure—it is a business imperative that strengthens our resilience, enhances our reputation, and ensures long-term success in a rapidly evolving landscape.

Training and Development

CRDB Bank is committed to building and sustaining key talent within the organisation, fostering business growth through strategic learning initiatives. Aligning with our five-year strategy and 2024 development priorities, we have focused on lifelong learning and cultivating a new generation of inspirational and distinctive leaders across its subsidiaries.

Over 4,000 employees have benefited from diverse training delivery models, including workshops, seminars, digital learning, and in-person sessions. Capacity-building efforts have emphasised leadership, technical competencies, business growth, study tours, exchange programmes, certifications, mandatory training, women's development, mentorship/coaching, and soft skills enhancement.

Employees have actively utilised the Bank's online learning platform (LinkedIn), with an engagement rate exceeding 90% and an average learning time of 46.3 hours.

To promote accessibility and sustainability, 57% of training sessions were conducted virtually, while 8% followed a blended learning approach.

Induction Programme for New Board Members

New Board members undergo a structured induction programme to familiarise them with our business, organisational structure, subsidiaries, governance roles, strategic objectives, policies, and operational framework. The induction package includes Board charters, recent financial reports, and governing laws and regulations. Additionally, the Company Secretary provides comprehensive guidance on our corporate governance framework.

Board Training and Development

Board members receive training on their fiduciary duties and responsibilities, ensuring a clear understanding of corporate governance principles and sound decision-making.

Continuous training is mandated to keep Board members informed on evolving business and regulatory landscapes. The Board conducts annual training needs assessments to facilitate ongoing development.

Non-Executive Directors enhance their skills through regular interactions with senior management and updates on legislative, policy, and industry trends.

The Bank successfully delivered Board training sessions in 2024, as detailed below:

Training Type and Description	Date	Trainer
Committee Training 1 – Board oversight on credit, data analytics & AI, governing strategic performance	3–7 June 2024	Common Purpose Asia-Pacific Ltd
Committee Training 2 – Blockchain & cryptocurrency, AI for productivity, green finance, sustainability reporting, future leadership	1–5 July 2024	Alhuda CIBE FZ LLE & i2i Group Inc.
Global IIA International Conference – AI, cybersecurity, sustainability, global audit standards, leadership & Board relations	13–18 July 2024	Global Institute of Internal Auditors
Board & Management Study Tour – Digital financial inclusion, cybersecurity, regulatory policies, digital innovation	23–27 September 2024	Common Purpose Asia-Pacific Ltd

Employee Performance Management

We foster a strong performance-driven culture that aligns employee capabilities, roles, and rewards to optimise performance. Our performance management system serves as the foundation for structured feedback, recognition, development opportunities, and corrective action plans to enhance effectiveness.

Our performance cycle runs from January to December, promoting continuous engagement between line managers and employees. This ensures timely feedback and targeted interventions, enabling employees to improve and contribute effectively to our strategic goals.

Internal Talent Growth

In FY 2024

30.4% of positions (168 roles)

were filled internally, reinforcing CRDB Bank's commitment to employee development.

Employee Recognition

In FY 2024

140 employees

across branches and departments were honoured with recognition awards for their outstanding performance and dedication—doubling from **69** in the previous year.



Social and
Relationship Capital

Investing and Nurturing Where it Matters



Highlights

TZS 2.31 Billion
in CSI initiatives

10,000 Trees
planted

Our commitment to accountability is what enhances our value creation at CRDB Bank Plc. This accountability is reinforced by investments that optimise social, economic, and environmental development in the communities we serve.

We address community needs through targeted initiatives, further aligning the mission of transforming lives and the Bank's strategy.

In essence, we invest where it matters the most.

Corporate Social Investment (CSI)

We continued to invest in Corporate Social Investment (CSI) in FY 2024 to contribute to sustainable, economic, and community development initiatives, and enhance the overall community well-being.

CRDB Bank Plc invested TZS 2.3 Billion in total for varied initiatives.

Corporate Social Investment – FY 2024

TZS 1 Billion
Education

TZS 156 Million
Health

TZS 432 Million
Youth and Women Empowerment

TZS 281.3 Million
Environment

Education

Education has been an integral pillar of our Corporate Social Investment (CSI). In FY 2024, we constructed toilets and classrooms in several districts including Muheza, Nyamagana, Kondoa, and Babti, enabling increased access to education and decreased dropout rates.

Schools Impacted

Omumwani Bukoba Secondary School

Isabe Primary School in Kondoa

New Shikizi Muungano Primary School in Manyara

Kiloleni Primary School in Shinyanga

Kikilo Secondary School in Manyara

Misufini Primary School in Muheza, Tanga

Inclusive Efforts: Ensuring Opportunities for All

Endagikot. Primary School in Mbulu-Manyara

We built a designated special needs classroom for children with disabilities.

Safina Orphanage Centre

We funded 58 orphaned students in primary and secondary schools.

Keti Jifunze Campaign Impact

'**Keti Jifunze**,' our flagship programme, continued across eight of our zones. It supplements the government's efforts to facilitate better learning settings.

Reached	Provided	Amount invested
70+ councils and **100+** schools	**5,000+** desks and chairs	**700M+**



Taifa Cup Scholarship Programme

CRDB Bank Plc's Taifa Cup Scholarship Programme supports vocational and technical training for girls across various sectors such as healthcare, engineering, hospitality, and technology.

By covering their tuition, we enable these young women to acquire practical skills, opening up opportunities for job advancement and professional development. This initiative has successfully seen several participants completing their degrees and entering the workforce with essential expertise.

Broader Community Impact

Desks and chairs have at least 15 years of durability, which will benefit multiple generations. Given their lifespan, we have estimated the number of impacted students assuming that each school serves a new batch of students.



95,775-119,700
Students to be impacted

Enhanced Learning Environment
More focus and comfort since students no longer sit on the floor

Improved Classroom Management
Effective sessions due to organised seating

Minimal Dropout Rates
More attendance due to a supportive environment

Equity in Education
Bridging educational gaps

Health

We are committed to enhancing the well-being of Tanzanians. In FY 2024, our investments were directed towards addressing key health challenges, promoting health education, and improving access to medical services.

Enabling Better Healthcare Access and Quality

Professor Jay Foundation
Supports individuals with kidney disease, enhancing access to treatment and care.

Health Sector Research
Funds research that informs government policies and healthcare service improvements.

Mukulu Health Centre
Enhances healthcare access in underserved areas, benefiting thousands of residents.

Hospital Benches for Nyamagama Hospital
Donation of benches improves comfort and hospital experience at Nyamagama Hospital.

World Health Assembly (WHA)
Supported Tanzanian delegation's participation in the World Health Assembly, contributing to global policy development.

Bariadi District Council
Donated

TZS 5 Million

to support the completion of health and educational infrastructure in the district.

Afya Check Outreach Programme
In partnership with Afya Check, reached over

17,000

Tanzanians with preventative healthcare awareness.

Strategic Partnerships for Optimal Healthcare

Our strategic healthcare initiatives significantly raise awareness of common health risks and empower individuals with proactive health management tools, thereby enhancing the quality of life across communities.

Partnered with the

Afya Check Outreach Programme
to conduct preventive health outreach camps in Dar es Salaam, Dodoma, Lindi, Tanga, Mwanza, Arusha, and Mbeya, impacting

15,000 people

Collaborated with the

Muhimbili University of Health and Allied Sciences
to support the Ali Kimara Rare Disease Foundation's Rare Disease Research Fund to

promote scientific studies on rare diseases

Partnered with

Jakaya Kikwete Cardiac Institute (JKCI) and Comprehensive Community Based Rehabilitation Tanzania (CCBRT)
to facilitate specialised medical care, including cardiac surgeries for underprivileged children and maternal healthcare services for high-risk pregnancies

100
Underprivileged children's surgeries funded with JKCI

72
Women received maternal healthcare services in collaboration with CCBRT



Youth and Women Empowerment

We recognise the irrefutable relevance of youth and women in the government's agenda and our business strategy. Accordingly, we have several programmes and tailored products in place to support them and transform their lives.

Advancing Opportunities for Youth and Women

TPDF Football Team
Supports the TPDF football team to engage youth in sports and foster national pride.

Kuambiana Cup Tournament 2024 (Ludewa District)
Provides a platform for youth in Ludewa to showcase talents and engage in productive activities.

CRDB Bank Kizimkazi Market
Supports women entrepreneurs in accessing markets, enhancing their financial independence.

CRDB Bank Taifa Cup
Offers scholarships to talented young basketball players in partnership with the Tanzania Basketball Federation (TBF).

3rd Edition of African Businesswomen, Youth Trade Fair, and Summit 2024
Fosters women's business leadership and youth entrepreneurship, enhancing economic growth.

Malkia wa Nguvu 2024 Campaign
Supports women's empowerment and gender equality, promoting social inclusion.

Panda Initiative (Coastal Region)
Empowers women, youth refugees, and people with disabilities to create sustainable livelihoods.

Capacity Building Tumain Jipya Project 2024 (Dodoma)
Empowers women and youth through skills development and entrepreneurship for financial independence.

Imarisha Uchumi na Mama Samia Programme
Focuses on empowering women in Tanzania's mainland and islands, to facilitate access to economic opportunities and engage in local development.

Simba Queens (International Women's Day)
Supports Simba Queens, highlighting commitment to gender equality and empowering women in sports.

Tanga Women Empowerment Accelerator Programme
Provides resources and networks for women in Tanga to excel in business and leadership.

International Travel Agents' Trip to Explore Tanzania
Promotes tourism, cultural exposure, and Tanzania's rich natural heritage, extending benefits to women and youth in the tourism sector.

Moreover, we have actively supported the Africa Business Women and Youth Trade Fair and Summit and backed the Tanzania Women Miners Association to empower women in the mining sector.

Environment

CRDB Bank acknowledges the environment's vital role in shaping our daily lives. Therefore, we are dedicated to enhancing environmental conservation and sustainability, actively promoting initiatives that protect natural resources and improve community well-being. **Our accreditation with the Green Climate Fund testifies to this dedication.**

Reducing Our Footprint, Enhancing Our Impact

Vunjo Schools (Kilimanjaro)
Supported the planting of 10,000 trees across all Vunjo schools to combat deforestation and improve the local climate.

Women Clean Cooking Conference (Dodoma)
Supported a conference focusing on promoting clean cooking methods to reduce health risks and environmental damage.

NEEC and Women Clean Cooking Conference 2024
Backing an initiative to scale up clean cooking solutions and empower women.

Renewable Energy Initiative (Arusha Constituency)
Encouraged the use of sustainable energy sources to reduce dependence on non-renewable resources and promote cleaner energy use.

Flood Victims in Rufiji District
Supported maize seed purchases for flood victims to help rebuild agricultural livelihoods and ensure food security during testing times.

Creating Meaningful Change in Our Communities

Our community support extends beyond education, health, and empowerment by backing initiatives that foster cultural, social, and economic development.

This year, CRDB Bank played a significant role in facilitating the National Planning Commission's zonal symposiums, crucial for shaping the National Development Vision 2050.



Our Community Support Programmes

Motorcycles for Tourism Sector (Arusha Region)
Enhanced tourism mobility and growth of small tourism businesses.

National Development Vision 2050 Symposiums
Supported national development symposiums aligning with Tanzania's long-term vision.

Tanzania Military Academy (Monduli)
Sponsored TMA Stars FC, promoting youth sports, discipline, and teamwork.

Tulia Traditional Dances and the Kizimkazi Festival
Promote cultural heritage, community engagement and creation of employment.

CRDB Bank International Marathon
Flagship event where funds raised by participants and partners are used to provide medical assistance, showcasing our commitment to impactful community support.

'Zogo Mchongo' Initiative
A financial education programme on Clouds TV led by CRDB Bank, designed to educate Tanzanians about opportunities in financial institutions. It aims to foster economic independence and support the nation's goals for inclusive growth by addressing ignorance and poverty.



Supply Chain

An entity's supply chain management practices are dictated by its environment, which may be dynamic or resource-constrained. For us, it was imperative to transition our procurement and supply chain operations amid an evolving economic landscape. Accordingly, we adopted sustainable procurement practices like integrating social and environmental criteria, strategising supplier partnerships, and launching digital procurement platforms.

Our practices are aligned with global best practices and UN SDGs, underscoring our commitment to accountability and transparency in the financial services industry.

With Tanzania inching towards middle-income status, we believe such a transition is warranted in sectors like construction, manufacturing, and agriculture, vital to job creation and economic growth.

CRDB Bank's sustainable supply chain transformation positions it as a leader in promoting competitive economic growth across Tanzania and East Africa, serving as a model for regional economic sustainability.

However, in emerging markets, there are challenges to navigate with regard to supply chain transitions, which we effectively address through collaborations with development partners, the private sector, and the government.

Customer Experience

For CRDB Bank, the safety and protection of our customers is paramount. We have intensified efforts to safeguard their personal and sensitive information, significantly strengthening our cybersecurity infrastructure to prevent any risks of misuse.

Similarly, we champion active listening. Therefore, our customers' feedback is systematically gathered across various channels, ensuring our services align with their needs.

1st Bank
in East Africa to have digital assistance on website live chat and WhatsApp:
Elle Chatbot

1st Bank
in Eastern Africa, Sub-Saharan Africa, and West Africa to develop and implement a Digital Customer Feedback Tool

In FY 2024, our Customer Experience Unit headed a series of vital initiatives to reinforce our commitment to service excellence and enhance our 24/7 customer support system.

Customer Experience Initiatives – FY 2024

Net Promoter Score (NPS)
NPS assesses customer loyalty and their likelihood to recommend our services. It identifies satisfaction levels, areas for improvement, and service recommendation probability, enhancing service delivery through innovative solutions.

Mystery Shopping Survey
The Mystery Shopping Survey, conducted by 'secret agents,' evaluates customer interactions across frontline, offline, and back-office channels. It offers an unbiased view, driving continuous service excellence improvements.

CRDB Bank Digital Assistant, Elle Chatbot
Meet our AI-powered chatbot solution, Elle, deployed to enhance customer support and accessibility. Available on our website and WhatsApp, Elle offers automated responses and self-service options, reducing wait times and increasing digital engagement.

Online Video Tutorials
We provide digital access to banking services through smart engagement solutions, minimising in-branch visits. Guidance for these solutions is available on our website, social media, and a YouTube playlist, enhancing convenience and efficiency.

Digital Customer Feedback Tool, SMS Short Code to 15089
CRDB Bank introduced an SMS-based feedback tool, enabling customers to share their banking experiences easily and receive real-time responses. This pioneering initiative in the region measures NPS to enhance customer loyalty and service quality.

Recognition and Accountability Programme (for Internal Staff)
This programme enhances service delivery and innovation by recognising outstanding employee contributions and holding underperformers accountable, boosting staff motivation and preserving our competitive edge.

Natural Capital

Driving Sustainable Growth Through Environmental Stewardship



Highlights

21%
energy savings

27%
water savings

TZS 86.9 Billion
in green and sustainable loans

In FY 2024, CRDB Bank continued its commitment to fostering a sustainable and resilient environment by integrating environmental considerations into its operations. This year, we reinforced our leadership in sustainable finance, underscoring our dedication to aligning with both global and local frameworks aimed at fostering a just transition to a low-carbon economy.

Environmental Responsibility: A Core Element of Our Strategy

Environmental stewardship is at the heart of CRDB Bank's corporate philosophy. Our sustainability approach goes beyond mere compliance, extending to the responsible management of environmental resources. We recognise that sustainable practices mitigate risks while simultaneously unlocking new opportunities for innovation, resilience, and growth. Our strategy is in alignment with the UN SDGs and Tanzania's Nationally Determined Contributions (NDCs), reinforcing our commitment to sustainable development on both a local and global scale.

In FY 2024, CRDB Bank also supported initiatives aimed at reducing harmful emissions. Notably, we sponsored Clean Cooking campaigns in collaboration with the National Economic Empowerment Council, the Ministry of Energy, and local media. This programme educated communities on the detrimental effects of using charcoal and provided cleaner cooking alternatives like gas cylinders. These efforts contribute directly to reducing deforestation, promoting better health, and enhancing the overall quality of life in the regions we serve.

We acknowledge that certain sustainable ventures, particularly those in emerging sectors such as clean energy or climate-smart agriculture, may carry higher short-term execution risks. However, these projects offer significant potential for long-term environmental benefits and socio-economic development. CRDB Bank balances short-term profitability with its sustainability commitments by leveraging blended finance structures, including grants and concessional loans, ensuring that financial stability is maintained while pursuing impactful environmental goals.

Environmental stewardship is at the heart of CRDB Bank's corporate philosophy. Our sustainability approach goes beyond mere compliance.



CRDB Bank: A Pioneer in Green Building

A key milestone in our environmental journey has been the certification of our headquarters under the Excellence in Design for Greater Efficiencies (EDGE) framework. As the first building in Tanzania to receive the EDGE Green Building certificate, our HQ has demonstrated a reduction of 21% in energy consumption, 27% in water usage, and 28% in embodied carbon in materials. This certification reflects our ongoing efforts to ensure that our infrastructure is environmentally responsible, setting an example for other businesses in Tanzania and across Africa.

We are proud of this achievement and are committed to pushing for even higher sustainability standards. Our future goal is to secure the EDGE Advance certification by mid-2026, with the long-term target of achieving a net-zero carbon footprint by 2029.

Green Finance

Our sustainability journey was marked by significant strides in green financing, most notably through the disbursement of over TZS 86.9 Billion in green and sustainable loans.

These loans targeted sectors such as agriculture and renewable energy, which are critical to long-term environmental stability and economic growth. Backed by proceeds from the Kijani Bond, these investments are expected to generate 14.04 GWh of clean energy, mitigating 13.8 million kg of CO-e annually.



We remain resolute in our commitment to growing our green asset ratio from 7% in 2024 to 15% by 2030, and further to 30% by 2050. This ambition is fuelled by the success of the Kijani Proposition, which has expanded access to green loans aimed at promoting climate-resilient agriculture, sustainable transport, and clean cooking technologies. Through this initiative, we are actively supporting MSMEs and underserved communities, empowering them to build more sustainable and resilient businesses.



The Kijani Bond

The launch of the Kijani Bond marked a historic moment for CRDB Bank, as we became the first commercial bank in East and Central Africa to issue a green bond.

This bond is pivotal in financing environmentally sustainable projects, including green building initiatives, and it has garnered interest from global investors, including the International Finance Corporation (IFC). The bond's success, which saw an impressive **TZS 40 billion** raised, underscores the growing demand for green finance in Africa and the role of CRDB Bank as a leader in this field.

Through the Kijani Bond, we are further solidifying our commitment to creating a sustainable future, not just for Tanzania, but for the broader African continent. As we continue to expand our green and social investment portfolio, we remain dedicated to enhancing long-term value for both our shareholders and the communities we serve.

Sustainable Waste Management

At CRDB Bank, environmental responsibility extends beyond finance to our everyday operations. Our waste management system is designed to ensure that all waste is responsibly collected, recycled, and disposed of, in line with local and national regulations. In 2024, we achieved significant milestones in waste recycling, including:

16,850 kg
of paper and

7,977 kg
of cardboard recycled.

3,416 kg
of plastic

1,911 kg
of glass, and

47,296 kg
of food waste processed.

We continue to reduce our environmental impact through initiatives such as our paperless banking operations, which are helping reduce emissions associated with travel and large branch operations. By promoting the use of digital platforms and encouraging e-KYC processes, we are not only improving our operational efficiency but also contributing to the reduction of paper usage and waste.



Energy and Water Efficiency

Energy and water conservation remain priorities for CRDB Bank. We have implemented energy-efficient solutions, such as LED lighting, inverters, and motion sensors, across our operations. These measures contribute to a significant reduction in our energy consumption, complementing the efforts to make our headquarters building more energy-efficient through the use of reflective glass and sustainable construction materials.

In terms of water management, we aim to reduce our water usage by 20% by 2030. To achieve this, we have installed low-flow fixtures and water sensors at our head office, with plans to extend these measures across our branch network in the coming years. Our water filtration and purification solutions, which have already been deployed at our headquarters, will help eliminate the use of harmful plastic bottles and promote sustainability across the organisation.

Looking Ahead: Scaling Sustainable Practices

As we look to the future, CRDB Bank remains committed to scaling its sustainability initiatives, expanding our green financing solutions, and leveraging technology to track and enhance our environmental, social, and governance (ESG) performance. Through innovative products and strategic partnerships, we will continue to drive positive change in the communities we serve, contributing to a sustainable, low-carbon future for Tanzania and beyond.

Our sustainability journey is ongoing, and as we move forward, we will continue to refine our practices and embrace new opportunities for growth and environmental stewardship.

OUR SUBSIDIARIES

CRDB Bank Burundi

Strengthening Our Subsidiaries for Growth



Significant growth in digital adoption was recorded, with mobile banking transactions increasing by 48.6% and internet banking usage surging by 63.7%.

Managing Director's Statement

CRDB Bank Burundi S.A. delivered strong operational and financial performance in FY 2024, reflecting disciplined execution of our 2023-2027 medium-term strategy. We continued to scale our business, deepen customer engagement, and strengthen our digital infrastructure, while maintaining a prudent risk posture.

Our corporate loan book registered 35% growth, as we deepened relationships across key sectors. In retail banking, we achieved a 105% increase in active customer accounts, supported by the launch of the Intahe Premier Branch. Four additional branches are planned for 2025 to further strengthen outreach.

We successfully implemented a "phygital" model during the year, integrating physical and digital platforms to enhance customer experience and operational efficiency. This was complemented by the launch of innovative digital solutions, including a new mobile SimBanking app, enhanced USSD functionalities, and Visa Online. We also integrated REGIDESO for utility payments and migrated our ATM systems to the Smart VISTA platform.

The expansion of our 'Turi Hose' agency banking network to 2,000 outlets facilitated over 1 million transactions, reflecting strong uptake of alternative banking channels.

Our integration roadmap advanced steadily, with successful linkages to OBR and LUMITEL, and further integrations with Terrapay, PAFE, and MEDIABOX underway in 2025. We are also introducing SimBanking auto-registration via ATMs to simplify onboarding.

To promote inclusive finance, we extended credit access to MSMEs, women entrepreneurs, and agribusinesses. MSME loans rose to BIF 19.4 billion, supported by dedicated outreach teams. In 2025, we will introduce the 'Customer Rafiki' initiative to assist customers in accessing digital banking solutions.

Key Financial Highlights

TZS 40.3 Billion
Profit after tax

TZS 1,484.4 Billion
Total assets

TZS 751.2 Billion
Loans and Advances

TZS 693.3 Billion
Total Deposits

31.1%
Return on Equity

From a people perspective, we closed the year with 186 employees, of whom 60% were male and 40% female. We implemented wellness programmes to support both physical and mental well-being and launched "She Initiatives" to empower women in leadership roles—reinforcing our commitment to inclusive workforce development.

In line with the Group's ESG agenda, we embedded climate risk considerations into credit decisions and sustained support for community programmes in health, education, and the environment. We are also scaling up green finance in collaboration with key stakeholders.

Looking ahead, CRDB Bank Burundi S.A. remains committed to sustainable and inclusive growth, with a strategic focus on digital leadership, green finance, customer-centric innovation, and operational resilience—anchored by the upcoming implementation of the Temenos Transact T24 Core Banking System to modernise processes, enhance efficiency, and elevate service delivery. We will continue to strengthen the SME and MSME portfolios, deepen financial inclusion, and invest in cybersecurity and talent development to drive long-term, sustainable growth.

We remain committed to creating value for our customers, shareholders, and the communities we serve.

Fredrick Siwale
Managing Director

Board Members



Hosea E. Kashimba
Chairman



Dr. (Mrs.) Oda Sindayizeruka



Dr. Elizabeth Mkoba



Boma Raballa



Mr. Didace Ngendakumana



Mr. Salvator Minani



Mrs. Kahumbya Bashige

CRDB Bank Congo



At CRDB Bank Congo, we are committed to promoting financial inclusion and economic growth in the region. Our dedication to excellence and innovation motivates us to offer personalised banking solutions that cater to the unique needs of our customers. Together, we are creating a pathway to a prosperous future, empowering communities and businesses to thrive.

Message from the Managing Director

In our first full year of operations, FY 2024 marked a period of meaningful progress for CRDB Bank Congo, driven by focused execution across business growth, operational excellence, and customer-centric innovation. This was the second year of our five-year strategy and a pivotal one for establishing a solid foundation in the DRC market.

The year witnessed encouraging traction in digital expansion, branch rollout, customer acquisition, and infrastructure enhancement, despite the pressures of a full-year cost base.

During the year, we opened an additional branch and launched Visa acquiring and issuing services. The rollout of mobile and internet banking platforms contributed to increased customer touchpoints and transactional volumes, supporting balance sheet growth and customer base expansion.

We prioritised customer proximity and satisfaction through structured stakeholder engagements, feedback loops, and improved resolution turnaround. Our front-line staff underwent targeted upskilling to elevate service quality, while internal process reengineering accelerated decision-making and enhanced the customer value proposition.

On the infrastructure front, we continued strengthening our IT backbone with expanded offsite ATMs and digital channels such as SimBanking and internet banking. These investments improved both efficiency and service delivery, furthering our commitment to a digital-first approach.

Key Financial Highlights

TZS 6.7 Billion
Post-Tax Loss

TZS 22.1 Billion
Total Deposits

TZS 184.6 Billion
Total Assets

TZS 5.7 Billion
Loans and advances

Our people remain central to our journey. In FY 2024, we intensified efforts in culture transformation, performance management, and recognition. These initiatives reinforced employee engagement and aligned behaviours with our strategic priorities, fostering an accountable and performance-led culture.

As part of our social impact agenda, we launched the first CRDB Bank Marathon in DRC, raising funds for the Jason Sendwe Hospital paediatric ward in Lubumbashi. Additionally, we introduced Environmental Clubs in public primary schools, promoting awareness of sustainability from a young age.

Looking ahead, we remain focused on scaling our growth, increasing digital activity, and improving operational performance. We will continue leveraging Group-wide synergies while enhancing staff productivity and product capabilities. Strengthening our revenue streams, improving cost efficiency, and expanding our customer base remain top priorities as we move into the next phase of our strategy.

I extend my gratitude to our shareholders for their trust, to our customers and partners for their continued support, and to the Board and regulatory authorities for their guidance during this foundational phase. Above all, I thank our employees for their commitment and drive.

Jessica Nyachiro
Managing Director

Board Members



Dr. Fred Matola Msemwa
Chairman



Prof. Faustine Karrani Bee



Eng. Jameson James Kasati



Mr. Charles H. De Beauvoir Carey



Mr. Jeannot Okit'otete On'ahata



Mr. Olivier Christian Duterme



Mrs. Ornella Izemengia Bomine



Mrs. Rama Keto Bweya

CRDB Bank Foundation



We are committed to fostering financial inclusion and championing transformative socioeconomic growth. By addressing barriers to access, promoting innovative financial solutions, and empowering underserved communities, the Foundation aims to create opportunities that uplift lives and unlock potential.

From the Desk of the Managing Director

Driving Financial Inclusion and Inclusive Socio-Economic Transformation

In 2024, the CRDB Bank Foundation (CBF) deepened its mission of promoting financial literacy, inclusion, and entrepreneurship development to women and youth through targeted high-impact programs across Tanzania. CBF remained a critical implementing arm of CRDB Bank Group's financial inclusion strategy, aligning interventions with national development agenda and global sustainability frameworks.

With a strong focus on innovation, community engagement, and inclusive growth, the Foundation reached **218,471 beneficiaries** through its initiatives. This impact was made possible by a growing network of strategic partnerships and a commitment to data-driven program delivery.

Key Milestones in FY 2024

Financial Inclusion and capacity building

- **218,471 women and youth across Tanzania** participated in financial literacy sessions focused on savings, record keeping, credit management, digital literacy, small business planning and access to market readiness.
- These efforts contributed to the **increase in formal banking uptake** among micro and small enterprises (MSEs), particularly women and youth-led businesses.



iMBEJU Program Impact

- **iMBEJU Ng'ara: TZS 7.76 billion** disbursed in seed capital support and access to group lending products.
- iMBEJU Buni: Built capacity of over 300 youth-led Start-Up companies, with over TZS 450 million worth of seed capital to **youth-led start-ups,** boosting job creation and innovation.
- **iMBEJU Kilimo:** Provided access to finance and structured markets for **3,681 smallholder farmers**, collaborating with cooperatives across all strategic agriculture value chains.



Agricultural Off taking Linkage Model

- Partnered with **Tanzania Breweries Limited (TBL)** on a **Barley Pre-Finance Scheme**, improving productivity, income stability, and access to structured markets for rural farmers in Kilimanjaro, Arusha and Manyara regions.

Export Readiness & Market Access

- Rolled out the capacity building training to women led businesses in accessing the Africa free Continental Trade Area market (AfCFTA). The program run in partnership with UNDP & The Ministry of Industry & Trade linked and created platform for more than **2100** participants across Tanzania.

International Learning Exchanges

- Through collaboration with **SUGECO**, CBF facilitated international training for **176** Tanzanian youth in agriculture and entrepreneurship in **Germany, the Netherlands, and Denmark**.



CRDB Bank Marathon: Championing Health & Community Engagement

The 2024 edition of the **CRDB Bank Marathon** marked our 5th anniversary since the inception of this grand innovative program. We expanded our mark by hosting the race across the Group with our subsidiaries in Burundi and Democratic Republic of Congo hosting for the first time.

The event drew over **10,000 participants** and featured a strong corporate social investment narrative, uniting the Bank's customers, partners, and the broader public in a cause that speaks to the heart of the community. More than **550 children** from underprivileged families born with congenital heart diseases have since 2020 been treated and taken care of through our partner the Jakaya Kikwete Cardiac Institute.

Moreover in 2024, CBF continued to support women with high-risk pregnancies reaching an overall **178 women** most of them being underaged, disabled or fistula survivors through the CCBRT Hospital.

The Marathon has become a flagship platform for inclusive philanthropy and impact driven advocacy, while leaving a lasting love mark to the communities we serve.



Strategic Partnership Portfolio – 2024

In 2024, CRDB Bank Foundation strengthened its collaborative approach by building impactful partnerships that enhanced the reach, innovation, and sustainability of its programs. Our success is rooted in strong and diverse partnerships, working closely with the Government, local and international partners including Government of Tanzania **(Ministry of Community Development, Gender, Women & Special Groups, President's Office Rural Authorities and Local Government – PORALG, COSTECH,** etc), **UNDP, GIZ, CARE International, Tanzania Breweries Limited (TBL), UNFPA, SUGECO, TWCC, ELCT, BUTA VICCOBA,** and diverse **women's associations across Tanzania.**

The Foundation co-created solutions that addressed pressing economic challenges targeted support for women and youth entrepreneurs, financial inclusion, expanded access to finance, and comprehensive capacity building across all sectors.



Looking Ahead

As we move into 2025, the Foundation's priorities will focus on:

- Scaling financial literacy and inclusion to women and youth in rural and peri-urban areas.
- Scaling the support to Start-Ups and the Innovation Ecosystem.
- Expanding digital financial inclusion solutions for women and youth.

We will continue to position ourself as a leading force in socio-economic initiatives that drive financial inclusion, enterprise development, and inclusive growth in Tanzania and the region. Together, we remain focused on building an inclusive and sustainable future for in the markets we serve.

Tully Esther Mwambapa
Managing Director

Board Members



Mr. Martin Steven Warioba
Chairman



Coletha Ndunguru



Julia Seifert



Ambassador Maulidah Hassan



Ms Marianna Balampama



Oswald Urassa



Prof Mwasanga Nkundwe

CRDB Insurance Company Limited



We are committed to providing innovative and reliable insurance solutions that empower our clients to achieve their financial goals with confidence. Partnering with the CRDB Bank group allows us to extend our reach and offer unparalleled service and security to a broader community. Together, we are building a future where financial stability and peace of mind are accessible to all.

Message from the Managing Director

2024 marked a defining moment for CRDB Insurance as we achieved break-even — a milestone that reflects the maturity of our operations, the viability of our business model, and the disciplined execution of our strategic roadmap. This outcome affirms the collective commitment of our team and sets the stage for long-term, sustainable growth.

We entered the year focused on deepening financial inclusion and enhancing resilience across Tanzania's insurance landscape. This included expanding our digital footprint through SimBanking and DigiBima, and strengthening partnerships across the distribution ecosystem. Our newly introduced Sales Force Executive (SFE) channel broadened access to underserved markets, complementing growth in our bancassurance, broker, and agent networks. We now work with 31 brokers, aim to expand to 50, and plan to grow our agent base from 28 to 100 by 2025. Our bancassurance reach spans five partner banks, with two more targeted in the coming year.

Innovation continued to define our product development approach. We launched Weather Index Insurance and Cattle AI-Livestock Insurance — both designed to empower smallholder farmers with tailored, climate-resilient coverage. The introduction of Kijani Bima, approved by the Tanzania Insurance Regulatory Authority (TIRA), reflects our ongoing investment in inclusive and sustainable insurance solutions. We also enhanced policy management through the Smart Policy Cloud and streamlined commission processing via our automated Broker & Agent Commission system.

We integrated with the Zanzibar Revenue Authority for automated tax invoicing, onboarded UMABIWATA — a network of 50 female agency owners — and embedded sustainability into our governance and operations. Our climate initiatives included green partnerships, flood and drought coverage, and the listing of insurance products on digital platforms to increase accessibility.

Key Financial Highlights

TZS 26.9 Billion
Gross Written Premium (GWP)

TZS 7.1 Billion
Net Earned Premium

TZS 342 million
Profit After Tax (PAT)

TZS 19.2 Billion
Total Assets

TZS 14.8 Billion
Investment Portfolio (driven by UTT Funds, Treasury Bonds, Faida Fund)

TZS 5.9 Billion
Shareholders' Fund

TZS 2.9 Billion
Net Claims Incurred

As we look to 2025, we are prioritising deeper technology integration, expanded product offerings, and stronger outreach to rural and SME segments. With innovation, customer focus, and sustainability guiding our strategy, I am confident that CRDB Insurance will continue delivering long-term value and driving inclusive growth.

I extend my sincere gratitude to our customers, shareholders, business partners, and employees. Your trust and support have made this progress possible. Together, we will continue shaping a resilient and forward-looking insurance future for Tanzania.

Wilson Mnzava
Managing Director & Principal Officer

↑ YoY Growth

Board Members



Omari Mwaimu
Chairman



Gerald Kasaato



Hilda Shenyagwa Noor



Nura Masood



Bonaventure Paul

Sustaining Growth

Through Governance and Risk Oversight



Strong governance and prudent risk management form the foundation of our sustained growth. This section outlines the structures, leadership, and frameworks that guide our decision-making and safeguard stakeholder interests. With a committed Board, sound oversight, and a proactive risk culture, we continue to foster transparency, accountability, and resilience across the Group

CORPORATE GOVERNANCE

The Group Statement on Corporate Governance

The Bank's approach to corporate governance is comprehensive and designed to uphold the highest standards of accountability, transparency, and ethical practices. Our primary objective is to optimise performance, minimise risks, and protect the interests of our shareholders. To achieve this, we have put in place robust governance frameworks, policies, and procedures that go beyond regulatory requirements.

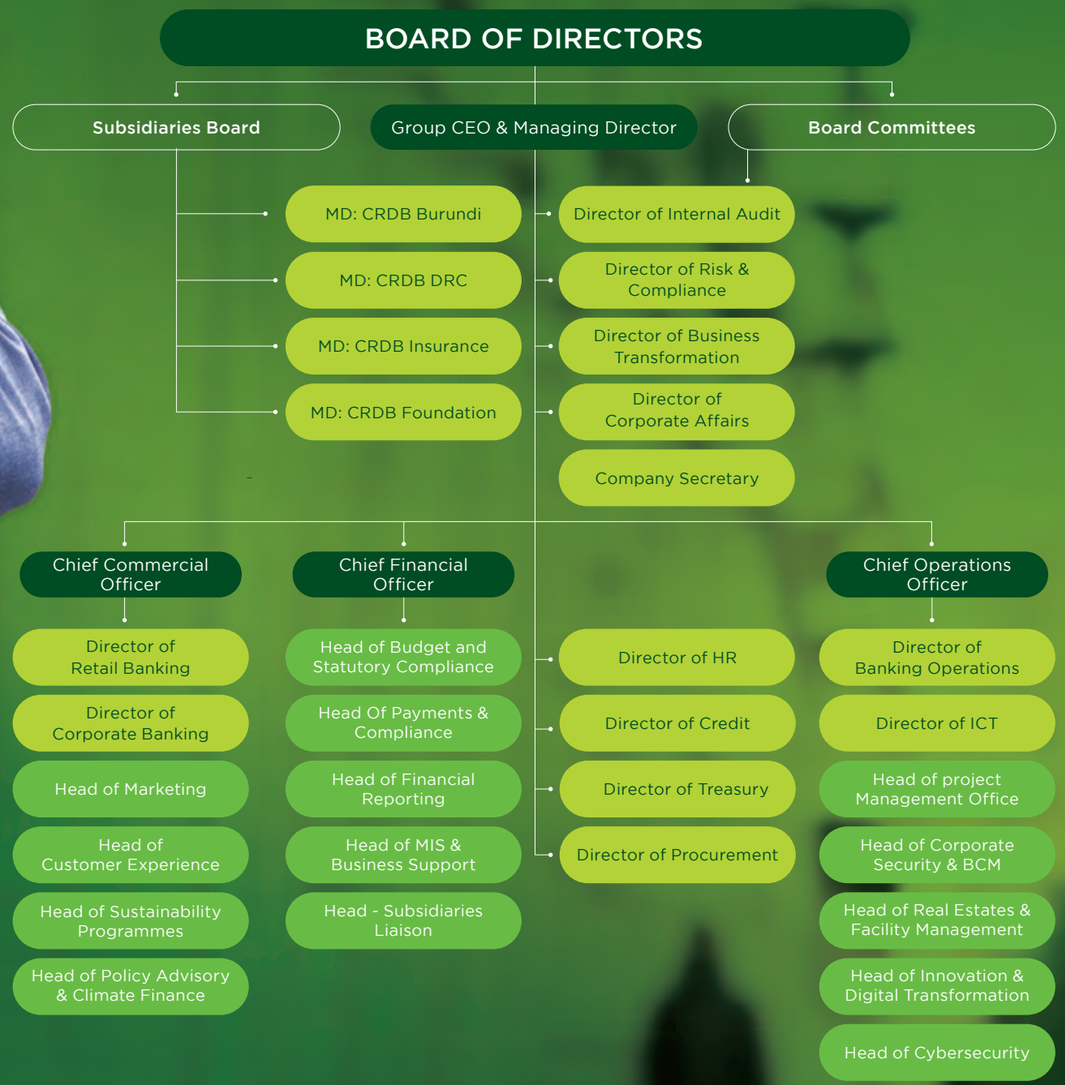
We have a Board of Directors that comprises highly experienced and knowledgeable individuals who bring diverse perspectives and skills to the table. The Board provides strategic oversight, sets the tone from the top, and ensures that our actions align with our core values and mission. We have also established various committees, including an Audit, Risk, and Compliance Committee, to provide independent oversight and guidance on key areas of our operations. These committees are composed of experts in their respective fields and are responsible for ensuring that our policies and practices are aligned with best practices.

Furthermore, we have implemented a strong risk management framework that enables us to identify, assess, and mitigate risks effectively. We prioritise transparency and accountability by regularly reporting to our shareholders and stakeholders on our performance, risks, and governance practices. At the heart of our corporate governance approach is a commitment to ethical practices, integrity, and social responsibility. We believe that our success is not only measured by financial performance but also by the positive impact we have on our communities and the environment.

Our Corporate Governance Framework

The organisation has implemented a comprehensive corporate governance framework. This framework enables the Board to efficiently oversee and direct the organisation's strategic direction, financial objectives, resource allocation, and risk tolerance. It also empowers the Board to hold the executive management accountable for their actions and ensure the successful implementation of the organisation's goals.

CRDB Bank Group Organisation Structure



Code of the Practice of Good Corporate Governance

The Board is committed to the principles of good corporate governance to strengthen and maintain the stakeholder's confidence. The Board retains full and effective control over the Group, monitors the executive management and makes sure the decision on material matters is in the hands of the Board to fulfil the Group's strategic objectives.

The Board is committed to healthy corporate governance practices, which strengthen and maintain confidence in the Bank, thereby contributing to optimal long-term value creation for shareholders and other stakeholders. The Board recognises its collective responsibility for the long-term success of the Group. The Board is committed to ensuring compliance with all applicable laws and regulations and considers adherence to non-binding rules, codes, and standards. Compliance is an agenda item in all Board meetings through the Board risk committee.

Through the Board risk committee, the Board is able to identify all regulations relevant to the Group and monitor changes to the rules and new regulations impacting the Group.



Principles of Good Corporate Governance



1 Leadership

- The Role of the Board
- Division of Responsibilities
- The Chairman
- Non-Executive Directors

2 Effectiveness

- Composition of the Board
- Appointment to the Board
- Commitment of the Board
- Development of Knowledge & Skill
- Information and Support
- Evaluation of the Board Performance
- Re-Election of the Board Member

3 Remuneration

The level and components of the Remuneration Procedure for developing policy

4 Effective Relation With Shareholders

- Dialogue with Shareholders
- Constructive Use of the AGM

5 Accountability

Financial Reporting, Risk Management, and Internal Control Audit Committees and Auditor

Statement of Responsibility for Those Charged with Governance

Those charged with governance are dedicated to upholding the highest standards of corporate governance. The Board is responsible for providing strategic direction, ensuring effective management oversight, and maintaining accountability to shareholders and stakeholders. This includes establishing the Bank's vision, mission, and values and ensuring their integration into its operations and culture.

The Board also oversees the implementation of policies and procedures that promote ethical behaviour, compliance with laws and regulations, and the effective management of risks to safeguard the Bank's assets and reputation. The Board has delegated the responsibility for implementing strategy and managing day-to-day operations to the Group Managing Director and Chief Executive Officer, along with the Senior Management Team.

Those charged with governance are committed to fulfilling their fiduciary responsibilities and have established principles to ensure that good governance practices are upheld in their dealings with the Group's shareholders, customers, and other relevant stakeholders in line with the spirit of the Capital Market and Securities Authority (CMSA) Act, 1994, guidelines on corporate governance practices by public listed companies in Tanzania, Section 4.0.

The Board is dedicated to ensuring a strong governance framework operates throughout the Group. It recognises that good corporate governance is essential to support management in achieving the Group's strategic objectives and operating a sustainable business for the benefit of all stakeholders. The Board understands that identifying, developing, and maintaining high standards of corporate governance suitable for the Group is an ongoing and dynamic process that must adapt to changes within the Group, Our business, the composition of the Board, and evolving corporate governance trends.

Those charged with governance are responsible for the overall governance of the Group. The Board applies good governance practices to promote strategic decision-making that aligns the interests of the Group with our stakeholders and the communities we serve. To achieve this, principles of accountability, transparency, ethical management, and fairness are embedded throughout the business.

Those charged with governance must act in good faith to enhance the Group's success for the benefit of our stakeholders. They should avoid any conflicts between their personal interests and those of the Group, in accordance with Section 209 of the Companies Act 2002. Directors must always prioritise the Group's best interests. They have a statutory duty to promote the Group's success, carefully considering the consequences of their decisions to uphold a reputation for high standards of business conduct.

The Bank remains committed to adhering to the highest standards of corporate governance and business ethics. Good corporate governance practices are essential for delivering sustainable value to our stakeholders. The Group also complies with regulations set by the CMSA, the Dar es Salaam Stock Exchange, and the ethical standards outlined in the Group's Code of Conduct.

Our strong corporate governance and responsible business culture form the foundation for long-term sustainable growth. To support this, sustainability has become a key focus in our board meeting agendas, ensuring that these important topics receive the attention they deserve and are discussed regularly. Furthermore, we have strengthened our sustainability team to effectively implement our initiatives and meet the expectations of our stakeholders.

Board Structure

The Board is structured to ensure a balance of skills, experience, and diversity necessary to provide effective leadership and oversight of the Group. The Board comprises both Executive and Non-Executive Directors, including Independent Non-Executive Directors, to ensure a robust governance framework.

The structure of the Board is as below;

Chairperson:
Leads the Board and ensures its effective functioning. The Chairperson is responsible for setting the agenda, facilitating open and constructive discussions, and ensuring that all Directors contribute to the decision-making process.

Executive Directors:
These Directors are involved in the day-to-day management of the Group. They bring in-depth knowledge of the Group's operations and are responsible for implementing the Board's strategic decisions.

Non-Executive Directors:
These Directors provide independent oversight and constructive challenge to the Executive Directors. They bring a diverse range of skills and experience from various industries and sectors.

Independent Non-Executive Directors::
These Directors are free from any business or other relationships that could materially interfere with their independent judgment. They play a crucial role in ensuring that the interests of all stakeholders are considered in the Board's decision-making process.

Board Committees

The Board has established several committees to assist in the discharge of its responsibilities. These committees include:

Board Audit Committee
Oversees financial reporting, internal controls, and risk management.

Board Risk Committee
Monitors and reviews the Company's risk management framework.

Board Governance, Nomination, and Human Resources Committee
Responsible for Board appointments and setting remuneration policies.

Board Credit Committee
Oversee the credit functions monitor and review the loan portfolio. quality.

The Board meets regularly to review the Group's performance, set strategic objectives, and ensure it operates in accordance with the highest standards of corporate governance.

Board Size

The Board determines its size and composition, adhering to the Company's Articles of Association, Board Charter, relevant policies, applicable laws, and best practices. The Board must always have a minimum of five members, of which two-thirds must be non-executive. Additionally, at least two members must be Tanzanian nationals. The composition of the Board is optimal, considering the size and nature of the Bank's business and its subsidiaries. It is adequately structured and in compliance with key governance codes and regulatory requirements.

During the year, the Board comprised fourteen Directors, including thirteen Non-Executive Directors and one Executive Director. Three of the thirteen Non-Executive Directors are Independent Non-Executive Directors.



The Board comprises diverse skills and expertise essential for effective management oversight and the Bank's operations. Each Board member possesses the necessary skills and has access to the tools required for effective performance.

The Board is confident that its current size is optimal, allowing it to effectively manage decision making processes and fulfill its diverse responsibilities. This size facilitates robust discussions, ensuring that a wide range of perspectives is represented while maintaining effective communication and collaboration among members. As a result, the Board is well-equipped to respond to challenges and opportunities in a timely and efficient manner.

Board Charter

The Group has a Board charter outlining the key values and principles of the Bank's Directors. It details the Board's responsibilities, governance practices, powers, and the separation of roles between the Board and Management, as well as the Company Secretary's responsibilities.

This Board charter is subject to the requirements contained in the Bank's Memorandum and Articles Association (MEMARTS), the Banking and Financial Institutions Act, 2006 (BFIA), CMSA Act and Guidelines, Company Laws and other applicable laws and regulatory provisions. The charter is reviewed every two years or on a need basis to ensure it remains adequate and consistent with the Board's purpose. Changes are subject to approval by the Board of Directors.

During the reporting period, the Board is assured that all individual Non-Executive Directors upheld their objective judgment per the approved Board Charter. This dedication to independence underscores the Board's commitment to upholding transparency, and accountability and maintaining elevated standards of corporate governance.

Appointments of the members of the Board

Appointments to the Board are made strictly based on merit, ensuring that candidates are evaluated against specific, objective criteria. This process considers the importance of fostering diversity within the Board, as it recognises the advantages that varied perspectives and experiences bring to effective governance. A comprehensive and rigorous selection process is adhered to when appointing Directors, involving multiple stages such as interviews, assessments, and reference checks to ensure the highest standards of candidate evaluation.

Non-executive Directors are appointed for an initial term of three years, which allows for a thorough integration into the Board's activities and culture. Following this period, their continuation on the Board is contingent upon re-election by shareholders at each Annual General Meeting (AGM). This mechanism not only maintains accountability but also ensures that the Board remains aligned with the interests of its shareholders.

A Board member will not serve in the Board for more than three terms of three years. The maximum tenure for Board membership shall not exceed 10 (ten) years unless an approval has been granted by the Central Bank of Tanzania.

The term of office for members of the Board is structured so that their terms do not end simultaneously. This approach ensures continuity within the Board, allowing for a seamless transition and sustained governance.

The Group has a formal and transparent procedure for appointing Board members. The vacancies are advertised to the public through newspapers and the Bank's website. This ensures that the selection process is fair, unbiased, and based on merit. By adhering to these principles, we maintain high standards of governance and accountability, fostering trust among stakeholders and promoting effective decision making.

In identifying suitable candidates for board positions, the committee follows these key steps:

The Group advertises the vacancy through various platforms to attract a diverse pool of candidates. In some cases, it may seek assistance from external consultants to enhance the search process.

Candidates are evaluated on several criteria, including academic qualifications, technical expertise, relevant experience, nationality, age, gender, integrity, and ethical standards. This comprehensive assessment ensures a well-rounded selection that reflects diverse perspectives.

After the evaluation, the Group Board Governance and Human Resource Committee recommends new nominees for appointment to the board, ensuring they align with the Group's strategic goals and governance needs.

To make it effective, the Board's consists of both Non-Executive Directors and Independent Non-Executive Directors. The Board recommends Directors for election and/or appointment to the shareholders at the Annual General Meetings (AGMs) for approval. A Board member elected/appointed by shareholders is not allowed to attend Board meetings or be assigned any responsibility until he/she obtains approval from the Central Bank of Tanzania.

All Directors are required to disclose outside Directorship's business and conflict of interest on an annual basis and inform the Company Secretary of any changes to such Directorships and conflict of interest within 30 days.

Non-Executive Directors do not have service contracts with the Bank but instead have letters of appointment which stipulate the terms of their appointment.

Value creation through good corporate governance

The Group practice good corporate governance through well-defined governance structures which are vital to support our ability to create and preserve value. Our approach to good corporate governance enhances the achievement of our strategic objectives over time and brings together the interests of all our stakeholders in creating sustainable value. Furthermore, Our Board is committed to continuing to improve corporate governance principles, policies, and practices by remaining up to date on the changes in regulations and best practices.

Our corporate governance approach ensures the Group;

- Adheres to applicable legal, regulatory and practice of good corporate governance.
- Deliver sustainable impact to our stakeholders while caring for our community and contributing to our economy and the environment through our business activities.
- Embedded in an ethical and risk-awareness culture.
- Promote transparency, accountability and empathy in managing our stakeholders' relationships

Roles and functions of the Board

The Board is responsible for ensuring adherence to the code of corporate governance/ Board charter. It is the ultimate decision-making body, and its key role is to provide strategic leadership and guidance to the Bank and its controlled subsidiaries (the Group) and effective oversight of risk management. The Board is accountable to the shareholders for the performance of the Bank's (Group's) businesses.

The specific roles and responsibilities of the Board include but are not limited to the following:

- To prepare financial statements of the Group which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions which cover the period from the beginning of the financial year to the end. The Statement of Directors' Responsibilities is found on page 142.
- This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it involves all those charged with governance who acted in this capacity during any part of the period covered by financial statements.
- Determine the Bank's vision, mission and values that promote the sustainability of the Bank.
- Appointing the Group Managing Director and CEO to whom the responsibility of managing the Group is being delegated; reviewing and evaluating his performance regularly; and reviewing and defining succession planning for the CEO and senior management. Approving corporate strategy, monitoring and evaluating the implementation of the strategy designed to create long-term value for the Group. The Board must understand the risks inherent in the Group's strategic plans and how those risks are managed.
- The Board is responsible for determining and amending the KPIs, such as financial ratios, to be applied in relation to the strategy.
- Establishing adequate policies and procedures that ensure the integrity and effective internal controls and adequate risk management practices across the Group.
- Setting the Group's risk appetite, reviewing and understanding the major risks, and overseeing the risk management processes and internal control systems.
- Reviewing the Group's plans for business resiliency. As part of its risk oversight function, the Board periodically reviews management's plans to address business resiliency, including business continuity, physical security, cybersecurity and crisis management.
- Ensure the Bank is adequately always capitalised.
- Approving significant capital expenditures and changes in the capital structure of the Bank, acquisitions and dispositions and new subsidiaries investments.
- Ensure the Group adheres to compliance with laws and regulations and maintains ethical conduct.
- Continuously monitoring the performance of the Bank and management.
- Reviewing and defining the succession planning of the Board and Committee Chair, Board vice Chair, CEO, and senior management.

During the year, the Board performed its roles and responsibilities, as evidenced by the remarkable performance of the Bank and subsidiaries (Group). All members of the Board were collectively responsible and complied with the code of good corporate governance.

Annual Board work plan

The Board has annual work plan which is designed to ensure that the Bank's Board of Directors operates effectively and efficiently throughout the year. It is the responsibility of the Chairman and the Company Secretary, working closely with the Group Managing Director and Chief Executive Officer, to come up with the annual Board work plan and the agenda for the Board meetings.

The plan outlines the key activities, meetings, and strategic initiatives that the Board will undertake to fulfill its responsibilities. By adhering to this structured approach, the Board can maintain high standards of oversight, accountability, and transparency, thereby fostering trust among stakeholders and supporting the Bank's long-term success. The work plan also facilitates proactive decision-making and continuous improvement, ensuring that the Board remains aligned with the Bank's goals and regulatory requirements.

Board operations

The Board meets at least once every three months to discuss the affairs of the Group, and the meetings are structured to allow for open discussions. The notice, agenda, and detailed Board papers are circulated seven days before the meetings to allow time for the Directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings. Those charged with Governance can request additional information to support their decision-making when necessary.

During the year, the Board met six(6) times as planned and, during the six meetings, had several discussions regarding the operations of the Bank together with its controlled subsidiaries.

The Board annually elects a chair who is a non-executive Director. The elected chair is not supposed to be a member of any Committee. When deemed fit, the chair may be invited to attend any of the committees' meetings, excluding the Audit Committee.

The Group is committed to maintaining a high standard of corporate governance. The Directors also recognise the importance of integrity, transparency, and accountability. In 2024, the Board constituted four subcommittees to improve corporate governance by delegating specific tasks from the main Board to a smaller group and harnessing the contribution of non-executive Directors whose term of reference is embedded in the respective Board Committee Charter. Committee members are elected annually from among the Board members.

The Board remains collectively responsible for any committee's decisions and is required to review the effectiveness and performance of committees annually

The sub-committees are;

- Board Audit Committee
- Board Governance, Nomination and Human Resources Committee
- Board Credit Committee
- Board Risk Committee

All these Board Committees are constituted and chaired by Non-Executive Directors.

The below table shows the planned meetings and execution for all Boards

Board	Planned Meetings	Executed
Main Board	6	6
Board Audit Committee	5	5
Board Governance, Nomination and Human Resources Committee	6	6
Board Credit Committee	15	15
Board Risk Committee	4	4
Shariah Advisory Board	4	4



Board activities

During the year, the key areas of focus for the Board's activities and topics discussed were on the following matters:

- The Board discussed the quarterly performance of all Group KPIs as presented by management and directed management accordingly regarding the expected performance of the Bank, its subsidiaries, and investments made by the Bank.
- The Board discussed and approved the Group's budget and strategy for the year 2025 as presented by the management by adding inputs and enlightening management on its expectations for implementing the strategy and budget.
- During the meetings, the Board also discussed the reports received from all Board committees and deliberated accordingly.
- Reviewing financial statements, budgets, and forecasts. The CFO, as a permanent invitee, provides detailed financial reports and insights, enabling the Board to make informed decisions regarding investments, cost management, and financial planning.
- Made a recommendation to the shareholders on the approved final dividend for 2024 performance
- Oversight of the Group and subsidiaries' performance.
- The Board reviewed policies, and compliance reports, with the Director of Risk and compliance providing updates on regulatory changes and compliance status.
- Engaged in detailed discussion on the Group Capital management.
- Approved the audit fees for the external auditor.
- Approved the Board Work Plan
- Reviewing audit reports which include audit findings for the respective year and direct management on addressing audit findings and implementing corrective actions.

Board diversity

Board diversity is a cornerstone of our commitment to good corporate governance. We believe that a diverse Board brings a wealth of perspectives, experiences, and skills that are essential for effective decision-making. Our board's diversity enables us to better understand and address the needs of our stakeholders, including employees, customers, and investors. This diversity fosters innovation and enhances our Group's performance, ensuring that we remain competitive in a rapidly changing business environment.

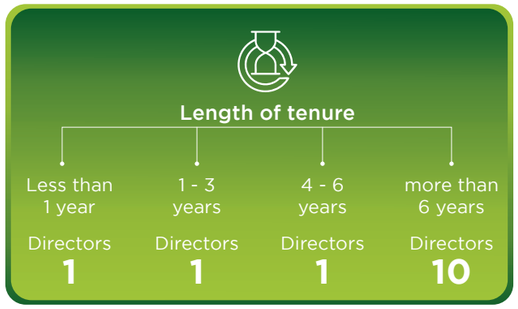
In line with best practices for corporate governance, we have implemented proactive strategies to ensure our Board reflects a mix of gender, ethnicity, age, and professional backgrounds. We have set ambitious diversity targets and established policies that promote inclusivity. Our Board members participate in regular training and development programs to understand the importance of diversity and how to leverage it for better governance. Additionally, we are committed to transparent reporting on board diversity, demonstrating our dedication to these principles and building trust with our stakeholders.

We recognise that board diversity is not merely about meeting regulatory requirements; it is about creating an environment where different viewpoints are valued and contribute to our success. By prioritising diversity, we enhance our reputation, attract top talent, and navigate the complexities of today's business landscape more effectively. Our commitment to good corporate governance practices that emphasise diversity ensures that we are resilient and adaptable, ready to thrive in an ever-changing world.

As of 2024, the gender diversity ratio of Directors between males and females is 85:15. There are strategies in place to ensure the number of women on the board increases by encouraging them to apply and by headhunting.

The duration of service for those charged with governance

The Group balance continuity and fresh perspectives on our Board by managing the length of tenure for our members. Our policy includes term limits and periodic evaluations to ensure a mix of long-serving Directors, who provide valuable experience, and newer members, who bring fresh insights. This approach fosters a dynamic and responsive Board, promoting continuous improvement and strategic foresight to guide the Group towards sustained success in an ever-changing business landscape.

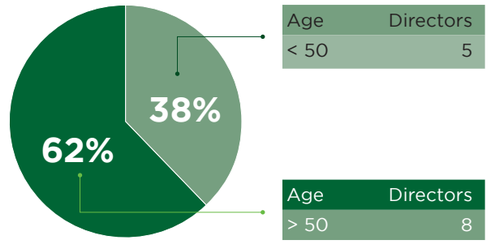


Age mix

The age diversity among the Board members at CRDB Bank Plc showcases a harmonious blend of seasoned expertise and innovative viewpoints. This diverse mix not only enriches the decision-making processes but also fosters a dynamic environment where traditional wisdom complements modern strategies. Below is a detailed table that illustrates this variety in age.

This combination fosters a harmonious blend of seasoned leadership and cutting-edge innovative thinking, significantly enhancing the Group's strategic direction and governance framework.

In Tanzania, there is no age limit for board members.



Age	Directors
< 50	5

Age	Directors
> 50	8

Board effectiveness

The effectiveness of the Board is emphasised by the diverse and experienced leadership team that plays a crucial role in guiding the Group towards its strategic goals. The Board is composed of both executive and non-executive Directors, including industry experts and independent members. This combination ensures a balanced approach to governance and decision-making.

Such diversity promotes strong oversight, strategic guidance, and accountability, all of which are essential for maintaining the Bank's robust market position and financial stability. The Board is also dedicated to continuous improvement and adheres to best practices in corporate governance. This commitment enhances its effectiveness, enabling the Group to navigate the ever-changing financial landscape and foster sustainable growth.

Those charged with governance

The Board is confident in its composition, which includes a well-balanced mix of members possessing the right blend of skills, diverse experiences, and extensive knowledge necessary to rigorously evaluate and enhance strategic proposals. Their collective insight enables them to offer independent judgment on critical issues related to performance and risk management. The Board comprises independent non-executive Directors who bring objective perspectives and valuable opinions on a variety of matters, ensuring that discussions are both comprehensive and insightful.

01 **Dr. Ally Hussein Laay**
Chairman

02 **Mr. Abdulmajid M. Nsekela**
Managing Director, Ex Officio

03 **Prof. Neema M. Mori**
Independent Non-executive Director

04 **Mr. Martin S. Warioba**
Independent Non-executive Director

05 **Mr. Jes Klausby**
Non-executive Director

06 **Eng. Boniface C. Muhegi**
Non-executive Director

07 **Prof. Faustine K. Bee**
Non-executive Director

08 **Dr. Fred M. Msemwa**
Non-executive Director

09 **Mr. Abdul A. Mohamed**
Non-executive Director

10 **Ms. Miranda N. Mpogolo**
Independent Non-Executive Director

11 **Mr. Gerald P. Kasaato**
Non-executive Director

12 **Mr. Abdulrazak I. Badru**
Non-Executive Director

13 **Mr. Pascal T. Mihayo**
Director of Legal Services and Company Secretary





Board of Directors



Dr. Ally H. Laay

Chairman

Dr. Laay has worked at various organizations and in different capacities including Principal Management Accountant at TANESCO, Management Consultant at PWC, Counterpart Director of Finance and Administration at Medical Stores Department, Director of Finance and Administration at TASAF, Director of Finance at ICAP of Columbia University and Director of Finance and Administration at the National Economic Empowerment Council.

Currently the Chairman of the Board of Directors of CRDB Bank Plc, CRDB Bank Plc has maintained its position as the largest Bank in Tanzania in terms of resources, customer deposits, loan portfolio, profits, and branch network under his stewardship. He is also a part-time consultant in Financial Management, Accountancy, Auditing, and Corporate Governance.

Dr. Laay holds an Advanced Diploma in Accountancy (ADA), Post Graduate Diploma in Accountancy (PGDA), Certified Public Accountant (CPAT), Master of Business Administration (MBA) from the University of Wales, Cardiff Business School in the UK and Ph.D. in Business Administration in Finance and Accounting from Commonwealth University, United Kingdom.

While being the CRDB Board Chairman, Dr Laay also serves as Board Chairman of the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). He is also a member of a number of boards including the Tanzania Tourist Board (TTB) (where he chairs the Audit, Risk, and Compliance Committee), member and Chairman of the Audit and Compliance Committee of the Foundation for Civil Society (FCS).

He previously served as a Board member at the Institute of Accountancy Arusha (IAA), National Housing Corporation (NHC), Aerial Glacier Pediatric Health Initiative (AGPAHI), and Tanzania Family Planning.



Prof. Neema M. Mori

Independent Non-executive Director, Vice Chair

Prof. Neema is an Associate Professor of Finance and Director of Public Services at the University of Dar es Salaam, Tanzania. Before that, she worked as a Senior Lecturer at the Department of Finance, University of Dar es Salaam, Research Fellow at University of Agder, Norway, Assistant Lecturer and Tutorial Assistant at University of Dar es Salaam and Audit Trainee at KPMG Tanzania.

Prof. Mori is impacting positively on women and youth as a trainer, researcher, coach and mentor in leadership and entrepreneurship. She is among the founders of various women leadership programmes in Tanzania. She has 20 years of experience in teaching, researching and consulting in areas of banking, finance, investment, corporate governance, microfinance and entrepreneurship. She is active in research and has published academic papers in international refereed journals such as Journal of Management and Governance, Journal of Emerging Market Finance and Journal of African Business.Prof Mori holds a PhD in International Business majoring in Corporate Governance and Boards of Financial Institutions from University of Agder Norway, Masters of Business Administration (MBA) majoring in Finance and Bachelor of Commerce (B.Com) majoring in Finance both from the University of Dar es Salaam.

Prof. Mori is the Vice chairperson of the Board, Chairperson of the Credit Committee and Member of the Risk Committee.She holds a Certification in Company Direction offered by the Institute of Directors – UK. She likes reading, singing and dancing and enjoys outside walking and exercising.

Prof. Mori is impacting positively on women and youth as a trainer, researcher, coach and mentor in leadership and entrepreneurship. She is among the founders of various women leadership programmes in Tanzania. She has 20 years of experience in teaching, researching and consulting in areas of banking, finance, investment, corporate governance, microfinance and entrepreneurship. She is active in research and has published academic papers in international refereed journals such as Journal of Management and Governance, Journal of Emerging Market Finance and Journal of African Business



Mr. Abdulmajid M. Nsekela

Managing Director, Ex Officio

Mr. Abdulmajid Mussa Nsekela is a seasoned African business leader with nearly three decades of experience in investment, business, retail, wealth management, and private banking across East Africa. His expertise spans transformational leadership, business turnaround, and strategic management. Throughout his career, he has held key roles in financial and strategic planning, risk management, governance, auditing, and compliance. In October 2018, he was appointed Group Chief Executive Officer (CEO) & Managing Director of CRDB Bank Plc. He is deeply passionate about leadership, economic empowerment, financial inclusion, and sustainable development.

During his first year at CRDB Bank, Mr. Nsekela led the Bank's accreditation by the United Nations Green Climate Fund (GCF) as a financial intermediary, making CRDB the first commercial bank in East and Central Africa to be accredited as a Direct Access Entity (DAE). Under his leadership, the Bank secured $100 million in 2021 to support climate-resilient agriculture and technology adaptation in Tanzania. In 2023, he spearheaded the launch of Tanzania's first green bond, valued at $300 million, further strengthening CRDB's position in sustainable finance.

Mr. Nsekela holds several leadership roles on key boards in Tanzania. He is the Chairman of the Tanzania Cooperative Development Commission (TCDC), the Arts and Culture Fund (Bodi ya Sanaa na Utamaduni), and the Tanzania Small Holders Tea Development Agency (TSHTDA). Additionally, he serves as a council member of the Tanzania National Business Council (TNBC) - Finance Working Group and is a board member of the Tanzania Financial Inclusion National Council (TFINC) and the Economic & Social Research Foundation (ESRF). Previously, he served on the boards of the Tanzania Private Sector Foundation (TPSF) and the Tanzania Mortgage Refinance Company Limited (TMRC). He is also the immediate former Chairman of the Tanzania Bankers Association (TBA), where he served for four years (2018-2022).

His leadership and impact in the financial sector have been widely recognised. In 2023, he was named among the 25 Top African Finance Leaders by the African Leadership Magazine (ALM). He was inducted into the African CEO's Hall of Fame (2020) by ALM and recognised among the 50 most reputable Bank CEOs in Africa (2021) by Reputation Poll International. In 2022, he received an Honorary Fellowship Award from the Tanzanian Institute of Banking (TIOB). He was also named CEO of the Year (2021 and 2022) by the Tanzania Top 100 Executives List and recognised as the "Most Inspiring Male Corporate Leader" by the Consumer Choice Awards in 2022.

Mr. Nsekela holds a Master's Degree in Business Administration - International Banking Finance (MBA-IBF) and a Post Graduate Diploma in Business Administration (PGDBA) from Birmingham University (UK). He also has an Advanced Diploma in Banking from the Institute of Finance Management (IFM), Tanzania, and is a graduate of Harvard Business School's Authentic Leadership Program.



Mr. Martin S. Warioba

Independent Non-executive Director

Martin Warioba is Founder and Managing Partner at Warioba Ventures, Africa-focused advisory and investment firm that provides advisory in corporate strategy, investment, project management, payments, risk management and technology. In addition, Warioba Ventures invests in early-stage startups, out of Tanzania as well as in East Africa, and builds sustainable ecosystem to support fintech and technology-related startups focusing on tackling Africa's great challenges. Martin oversees management and operations of Warioba Ventures.

He has 23-year experience in Information Technology, corporate management and payments, both as consultant, executive, project manager and software developer. Martin is one of key Payments and Digital Financial Services (DFS) experts in Africa and he was instrumental in development of payment scheme rules for world's first mobile wallet-to-mobile wallet interoperability between Mobile Network Operators (MNOs) in Tanzania as well as Democratic Republic of Congo, Rwanda, and Uganda. He advices Central Banks, Commercial Banks, MNOs, FinTech, Startups, Public and Private Sector, NGOs on Corporate Strategy, Digital Economy, DFS Interoperability, Payments, Policy & Regulations, Risk Management and Technology

Previously, Martin was a founder and Managing Partner at WS Technology Consulting, a successful business that operated across East Africa for 11 years. He also worked with Deloitte Consulting US LLP and Central Bank of Tanzania. Mr. Warioba has Computer Science degree with a minor in Mathematics from Louisiana State University as well as MBA and MSc in Information Management degrees from Arizona State University. Martin sits on board of CRDB Bank PLC and its Audit committee as Independent, Non-Executive Director, Board Chairman of CRDB Bank Foundation, Non-Executive Director representing all investors at DMRx LLC (Dawa Mkononi), and Non-Executive Board Director at Africa Business Angel Network (ABAN). Mr. Warioba is committed in mentoring young African professionals in areas of corporate governance, investment, leadership, management, technology and venture building. Due to his well-rounded technology and management expertise, Mr. Warioba is a regular speaker in many conferences and events across Africa. In his spare time, Martin enjoys reading, traveling and sports especially golf, basketball, athletics, and soccer.



Mr. Jes Klausby

Non-executive Director

Mr Jes Klausby is a Senior Bank Analyst at the Danish Central Bank. He worked as Executive Vice President, Head of Group Finance at Nykredit Group, Chairman/ Board Member of Dansk Pantebrevsbors, a subsidiary of Nykredit Realkredit, Managing Director at Nykredit Bank, a subsidiary of Nykredit Realkredit, Executive Vice President, Head of Central retail units in Nykredit Realkredit. He was also an External examiner in Finance at Danish Universities and a Teacher in Finance at Copenhagen Business School.

He has experience in financial reporting in a Danish bank, managing balanced scorecards, and implementing income and cost allocation in a complex financial organization.

Mr Klausby holds MSc in Mathematics and Economy from Aarhus University Denmark. He has attended a change management program at INSEAD. Mr Klausby is Chairman of the CRDB Bank Plc Risk Committee and member of the Governance, Nomination and Human Resource Committee.



Eng. Boniface C. Muhegi

Non-executive Director

Engineer Boniface Charles Muhegi is the Managing Director of JMK International Consultants Ltd (an engineering and project management consulting firm). He was the Registrar (Chief Executive Officer) of the Contractors Registration Board (CRB) for 15 years up to 2014 and is credited for the major strides made by CRB in conformity to its mission of regulating and developing a competitive and sustainable contracting industry with capable contractors who deliver quality works and observe safety in pursuit of economic growth.

He boasts of vast experience in the engineering and construction fields, having previously worked with the National Construction Council and Tanzania Electric Supply Company LTD (TANESCO).

Engineer Muhegi obtained his training in the spheres of engineering and construction management from reputable higher learning institutions namely; Master of Science in Engineering from the University of Melbourne, Australia, Bachelor of Science in Engineering (Civil) from University of Dar es Salaam, Advanced Post Graduate Diploma in Construction Management from the Institute of Housing Studies (IHS) Rotterdam, Netherlands. He has also attended short courses and seminars locally and abroad on technical, management, and governance issues.

He served as vice chair on the Advisory Board of Tanzania Building Agency (TBA) up to early 2014 and on the Boards of Tanzania Electric supply Company Limited (TANESCO),Dar es Salaam Water Sewerage Corporation(DAWASCO) and Public Procurement Regulatory Authority (PPRA) up to 2018. He is a Chairperson of the Governance, Nomination and Human Resources Committee and member of the Credit Committee of CRDB Bank Plc.



Prof. Faustine K. Bee

Non-executive Director

Prof. Faustine Karrani Bee was a distinguished Professor in Development Studies at Sokoine University of Agriculture (SUA) until December 2024. From March 2019 to July 2022, he served as Professor of Development Studies and Vice-Chancellor at the University of Dodoma (UDOM). Prior to his tenure at UDOM, he was the Vice-Chancellor at Moshi Co-operative University (MoCU), where he also held a professorship in Development Studies.

Prof. Bee began his academic career as a Tutor at the then Co-operative College Moshi in 1988, advancing to Lecturer in 1993. He served as Head of the Department from 1993 to 2000, and as Director of Research and Consultancy Services from 2000 to 2004. In 2004, the Co-operative College Moshi transitioned into the Moshi University College of Co-operative and Business Studies (MUCCoBS), a Constituent University College of SUA, where Prof. Bee ascended to the rank of Professor in 2014.

He held several key positions at MUCCoBS, including Director of the Bureau of Research and Consultancy Services (2006-2007), Deputy Principal (Academic) (2007-2010), and Principal (2010-2014). Prof. Bee played a pivotal role in transforming MUCCoBS into an independent university, Moshi Co-operative University (MoCU), in 2014, becoming its first Vice-Chancellor (September 2014 – March 2019).

Prof. Bee holds a Doctorate and a Master's degree in Development Studies, as well as a Bachelor's degree in Economics. He was a Visiting Research Fellow at the Institute of Developing Economies in Tokyo, Japan, from 1995 to 1996. Throughout his career, he has participated in numerous conferences and workshops both locally and internationally, and has an extensive record of research and publications.

He has served on various University Councils and Boards of Directors, including the University of Dodoma (2019-2022), Nelson Mandela – African Institution of Science and Technology (2016-2019), Sokoine University of Agriculture (2010-2014, 2017-2019), Moshi Co-operative University (2021-present), and Mwenge Catholic University (2016-present). He was Chairperson of the Inter-University Council for East Africa (IUCEA) (2019-2020) and the Committee of Vice Chancellors and Principals of Public Universities in Tanzania (CVCPUT) (2019-2021).

Prof. Bee has also chaired several boards, including the Local Authorities Pensions Fund (LAPF), College of African Wildlife Management Mweka, Moshi Urban Water Supply and Sanitation (MUWSA), and Dodoma Urban Water Supply and Sanitation Authority. He has been a board member of the Tanzania Coffee Board, Centre for Agricultural Mechanization and Rural Technology (CARMATEC), and Co-operative Audit and Supervision Corporation (COASCO).

Currently, Prof. Bee is a board member of CRDB Bank Plc, its subsidiary in DR Congo, and the newly formed Co-operative Bank of Tanzania Limited (CBT). He is a member of the Governance, Nomination, and Human Resources Committee, as well as the Credit Committee of the CRDB Bank Plc Board.



Mr. Abdul A. Mohamed

Non-executive Director

Mr. Abdul has extensive experience and a proven track record in dynamic, profitable, challenging, growth industries, including financial services, media, and commercial football. An accomplished financial specialist with high-quality leadership management, Mr. Abdul has served as Director of Strategy and Communication at Zanzibar State House since 2020. He has vast experience managing Van Mo Group, an emerging commodities trading and transport company with operations in Tanzania, Zambia, and South Africa, as Group Managing Director and CEO. Abdul has also served as Commercial Director at Azam Media Ltd. in 2018 and as Chief Executive Officer of Azam Football Club, Bakhresa Group, from 2016 to 2018; he was appointed General Manager of Azam Football Club in 2016. Between 2014 and 2015, he did the E & Y Summer Internship and served as a senior broadcasting Clouds Media Group (2010-2012) and ITV and Radio One (2003-2012).

Mr. Abdul is a Harvard alum from Harvard Kennedy School. He is also an accredited Harvard Business School-certified director; he holds a bachelor's degree in accounting and finance from Middlesex University UK. He is also a CFA Associate member and ACCA affiliate member from the United Kingdom. He is an IoD Certified Director.

Mr. Abdul is a member of the Governance, Nomination, and Human Resources as well as Risk Committees of the Board of Directors of CRDB Bank Plc and Chairperson of the Sharia Advisory Board.



Ms. Miranda N. Mpogolo

Independent Non-Executive Director

Miranda is the Founder and Managing Partner of Empower, a disruptive Tanzanian strategic consulting firm operating across Africa. Guided by their proprietary Theory of Transformation©, Empower collaborates with Executive Committees and Boards to translate organizational vision into actionable, measurable outcomes. The firm focuses on empowering people, enhancing processes, and strategically positioning brands to drive sustainable growth. Through its flagship Generation Empower (GenEm) initiative, Empower also invests in youth development, reinforcing Miranda's commitment to collective progress.

Miranda holds an MA in Theatre & Development Studies from the University of Leeds and a BA (Hons) in Drama, Applied Theatre & Education from The Central School of Speech & Drama in London. She has also completed the Certificate in Company Direction from the Institute of Directors (IoD) UK, a globally recognized qualification covering governance, finance, strategy, and leadership, equipping her with advanced skills in corporate governance and strategic leadership.

Miranda's influence extends beyond Empower, underpinned by extensive governance expertise across the financial, healthcare, and entrepreneurial sectors. She serves as Vice Chair of CCBRT Hospital, applying her skills to foster strategic growth and deliver meaningful social impact. Additionally, Miranda is Chair of the Africa Womens' Entrepreneurship Cooperative (AWEC), supporting women entrepreneurs across Africa. Her global perspective is further enriched by her roles as a Board Member of the Global AI Council and active participation in the Entrepreneurs' Organization (EO), where she contributes as a member of the Global Product Portfolio.

Inspired by the beauty of nature, the power of human connection, and the joy of family, Miranda channels her personal passions into her professional purpose—creating a more just, equitable, and thriving Africa for generations to come.

Miranda serves on the Board Governance, Nomination, and Human Resources Committee and the Credit Committee of CRDB Bank Plc.



Mr. Gerald P. Kasaato

Non – Executive Director

Mr. Gerald Paul Kasaato is the Deputy Managing Director of the National Social Security Fund (NSSF), a mandatory retirement savings scheme in Uganda with assets under management of approximately USD 7 Billion. Prior to that he was the Chief Investment Officer for 10 years for NSSF Uganda. Before that he was the Portfolio Manager in charge of Equities. Gerald also previously worked for National Housing and Construction Company Limited (Uganda) as Finance and Investment Manager and National Insurance Company Limited as Manager Investments and Treasury, and in the UK where he trained as a Chartered Accountant.

Mr. Kasaato is an alumnus of Harvard Business School. He holds a Bachelor of Science with Honors (BSc. Hons) in Accounting from Oxford Brookes University (UK), a Bachelor of Laws degree, LLB (Hons) from Nottingham Trent University (UK), an MBA in Finance from the University of Exeter (UK), and an MSc. in International Finance and Investment from London South Bank University (UK). He obtained the MSc. degree with distinction and was best graduating student on the MSc. Finance cohort in his graduation year. Gerald is a CFA Charter holder, a Chartered Accountant (UK), a Fellow of the Chartered Management Institute (FCMI, UK), and a member of the Institute of Certified Public Accountants of Uganda (ICPAU).

Gerald has obtained several trainings in the spheres of alternative investments from reputable higher learning institutions such as the Wharton School of the University of Pennsylvania and London Business School. Gerald has also undertaken the CEO Apprentice Program (Uganda) in Partnership with Strathmore Business School, Kenya.

Gerald in the past was a Non-Executive Director at both the Yield Fund Uganda—a private equity fund that focuses on agriculture in Uganda, and TPS (Uganda) also known as Serena Hotel. Additionally, Gerald was the Board Chairperson of Trade Development Bank, and Non-Executive Director representing the constituency that has; Uganda, Comoros, Democratic Republic of Congo, Sudan, and Angola. He served a three-year term which ended in September 2024. The term rotates across the five constituent member states.

Gerald loves travelling, listening to good debates, and watching sports such as formula one, football, rugby and tennis.

Mr. Kasaato is the Chairman of the Audit Committee of the Board of Directors of CRDB Bank Plc and represents CRDB Bank Plc on the board of the CRDB Insurance Company Limited (CIC).



Mr. Abdulrazak I. Badru

Non-Executive Director

Mr. Abdul-Razaq Ibrahim Badru is an accomplished business leader with over 20 years of extensive experience in management, strategy, capacity development, and business development across the public, non-profit, and commercial sectors. He currently serves as the Director General of the Public Service Social Security Fund (PSSSF), where he is accelerating transformational efforts to enhance financial sustainability, service delivery, and policy development in social security.

Prior to his current role, Mr. Badru was the Executive Director and Secretary to the Board of Directors (BoD) at the Higher Education Students' Loans Board (HESLB) in Tanzania from July 2016 to February 2024. Under his leadership, HESLB significantly improved access to education financing, enhanced loan recovery mechanisms, and strengthened operational and governance structures.

His career also includes serving as the Deputy Executive Director at the Ifakara Health Institute (IHI) in Dar es Salaam, Tanzania (2014–2016), where he played a pivotal role in driving institutional transformation and growth. From 2010 to 2013, he was the Country Director at Health Partners International (HPI) in Zambia, leading the implementation of health system strengthening initiatives and strategic partnerships.

Mr. Badru is a well-rounded professional with strong academic and leadership credentials. He holds: Postgraduate Diploma in Leadership from Aalto University Executive Education (AEE), Finland & Uongozi Leadership Institute, Tanzania. Master of Business Administration (MBA) in International Business Management – Indian Institute for Foreign Trade (IIFT), New Delhi, India and a Bachelor of Arts in Sociology – University of Dar es Salaam, Tanzania. He is a PhD candidate since 2018 exploring on the importance of aligning strategy and execution to create value, and sustainability

Additionally, he has attended specialized executive training programs in various fields both locally and internationally, equipping him with cutting-edge leadership, business management, and governance expertise.

A recognized leader in corporate governance, Mr. Badru serves on multiple boards, contributing his strategic insights and financial acumen:

Board Member, CRDB Bank Plc – Serving in the Audit Committee; Board Member, STAMICO – Supporting Tanzania's mining and mineral sector growth; Board Member & Committee Chair, KCMco – Providing oversight on governance and strategic direction. Board Member, BoT Mwalimu Nyerere Memorial Scholarship Fund – Advancing educational access for outstanding Tanzanian students. Member, Audit & Risk Committee, Sokoine University of Agriculture (SUA) – Strengthening institutional governance and financial sustainability.

With a proven track record in public sector leadership, financial stewardship, and policy development, Mr. Badru continues to drive impactful reforms and contribute to Tanzania's socio-economic development.



Mr. Royal J. Lyanga

Non-Executive Director

Royal Lyanga is a finance and tax expert with 20 years of experience in tax administration, financial planning, and public policy. He currently serves as the assistant commissioner for national planning and development at the Ministry of Finance and Planning, where he oversees the preparation and review of long-term development perspectives for the government of Tanzania. He plays a key role in formulating medium- and long-term plans to implement the Tanzania Development Vision.

Before joining the Ministry of Finance and Planning, Royal served as manager of statistics and business intelligence at the Tanzania Revenue Authority (TRA), where he also held roles as a principal statistician and statistician. Earlier in his career, he worked as an assistant lecturer at the Institute of Finance Management (IFM) in Dar es Salaam.

He is a board member of Tembo Nickel Corporation, a joint venture between the Tanzanian government and British firm Kabanga Nickel, managing one of the world's largest nickel deposit projects. He also represents the Ministry of Finance and Planning on the Committee of Finance and Budget for TAZAMA Pipeline Limited and is a member of the Commission for Review of Government Revenue and Expenditure Systems (CRGRES). Additionally, he has been appointed by the President to several negotiation and technical committees, particularly in the extractives industry.

Royal is a board member of the National Bureau of Statistics, serving as chairman of the statistical operations committee and a member of the Governance and Human Resources Committee.

With over 15 years of experience, he specialises in financial risk management, statistics and data analysis, research and policy analysis, tax revenue forecasting, financial modeling, fiscal policy formulation, planning, monitoring and evaluation, and trade statistics.

He holds a Master's Degree in Statistics from the University of Dar es Salaam, Tanzania, and has completed specialised training at institutions including Duke University (North Carolina, USA) and Pretoria University (South Africa).



Dr. Fred M. Msemwa

Non-executive Director

Fred Msemwa is the Managing Director of Watumishi Housing Investments (WHI), a real estate and fund management firm responsible for management of Watumishi Housing Real Estate Investment Trust (REIT) and FAIDA Fund which is an open-ended Collective Investment Scheme (CIS). He has more than twenty years' professional experience spanning across sectors including real estate, tourism, construction, energy and water regulation, accountancy, audit, fund management, bank governance, and risk management. He previously served as Director of Audit at the Energy and Water Regulatory Authority – EWURA, Deputy Principal at National College of Tourism and rose from an Accountant to Finance Manager at National Housing Corporation (NHC). Dr. Fred graduated in accountancy from the Institute of Finance Management (IFM) and holds MBA Finance (UK). He is a certified Board Director and holds PhD in Business Administration. He is the Board Chairman of CRDB Bank DR Congo and sits on the Risk and Credit Committees of CRDB Bank Plc and serves on the Boards of Business Registration Agency (BRELA) and SAGCOT. He volunteers as the Chair of the Youth Dream Foundation (YDF); a youth empowerment NGO focusing on education, careers guidance and entrepreneurship. He has authored a Book on Usimamizi wa Biashara na Fedha and written several articles on real estate investment, entrepreneurship and career development.



Company Secretary

The Company Secretary plays a vital role in supporting the Board by offering qualified, competent, and experienced assistance, although is not a member of the Board. The Board is responsible for appointing the Company Secretary. Throughout the year, the Company Secretary ensures compliance with all applicable laws, regulations, and professional standards to maintain a good professional standing.

The primary responsibilities of the Company Secretary include:

Offering guidance to the Board and individual Board members regarding their duties, responsibilities, and powers, particularly concerning compliance with applicable laws and, when relevant, stock exchange requirements, and ensuring that these are exercised in the best interest of the Company.

Ensuring that Board procedures are consistently followed and regularly reviewed and that the Board adheres to all applicable laws, rules, regulations, and governmental policies.

Assisting the Chairperson and the Group Managing Director and CEO in organising general meetings and Board activities. This includes:

- Organising General Meetings and Board Activities:
  - Providing Information: Ensuring that all necessary information is available to Board members for informed decision-making.
  - Preparing Agendas: Creating detailed agendas for meetings to ensure all relevant topics are covered.
  - Issuing Notices: Sending out official notices for meetings in a timely manner to ensure all members are informed.
  - Overseeing Meetings: Managing the logistics of meetings, ensuring they run smoothly and efficiently.
- Board Evaluations and Governance Audits:
  - Board Evaluations: Conducting regular assessments of the Board's performance to identify areas for improvement.
  - Governance Audits: Reviewing governance practices to ensure compliance with legal and regulatory standards.
- Board Induction and Development Programs:
  - Induction Programs: Providing new Board members with the necessary orientation and training to understand their roles and responsibilities.
  - Development Programs: Offering ongoing education and development opportunities to enhance the skills and knowledge of Board members.
- Succession Planning:
  - Developing and implementing plans to ensure a smooth transition of leadership within the Board and executive management.
  - Reviewing Governance Processes:
  - Regularly evaluating the effectiveness of governance processes within the Board and Group.
  - Making recommendations or developing initiatives to strengthen governance practices.
- Providing secretarial services to the Board, which includes preparing and adhering to the Board Work Plan, circulating Board papers ahead of meetings, keeping records of attendance, safeguarding the corporate seal and documenting its usage, ensuring timely preparation and distribution of minutes from Board meetings and Committees, updating Board and Committee charters, and promptly filing necessary returns with relevant authorities.
- Custodian of all Board's official records including Board packs, minutes, and Bank's MEMARTS.
- Ensuring compliance with governance regulations, including filing required returns, updating statutory registers and Articles of Association, and adhering to continuous listing requirements.
- Facilitating effective communication between the Group and its shareholders, as well as coordinating the publication and distribution of the annual report and financial statements.
- Organising and managing the process of conducting the Annual General Meeting (AGM) or extraordinary general meetings and advising on concerns that need to be raised at Board meetings to secure shareholder support and votes.
- Monitoring share movements on the Register of Shareholders

Separation of roles and responsibilities

The Chairman, a non-executive role, and the Group Managing Director and CEO are separate roles. The Chairman is responsible for the Board's leadership and management and for ensuring that the Board and its committee's function effectively.

The Group Managing Director and CEO bears overall responsibility for implementing the strategy agreed by the Board, the operational management of the Company, and the business enterprises connected with it. The Senior Management team supports him in this.

The Senior Management team is encouraged and invited to attend Board meetings to facilitate effective communication, assist the Board with its deliberations, and provide critical insights and analysis of various business units within the Bank. Board meetings are held quarterly to deliberate on the Group's results.

While the Chairman and Group Managing Director and CEO are collectively responsible for the leadership of the Group and for promoting the highest standards of integrity and probity, there is a clear and effective division of accountability and responsibility between the Chairman and the Chief Executive, and each plays a distinctive role but complementing each other to ensure that there is a balance of power and authority, and no individual has unfettered powers of decision and control.

Key roles and responsibilities of the Chairman of the Board.

- Provides leadership and governance of the Board to create the conditions for the overall effectiveness of the Board and individual Directors and ensures that the Board discusses all key and appropriate issues in a timely manner.
- Promotes effective relationships and open communication and creates an environment that allows constructive debates and challenges, both inside and outside the Boardroom, between Non-executive Directors and the management.
- Ensures that the Board plays a full and constructive part in developing and determining the Group's strategies and policies, that Board decisions are in the Group's best interests, and that they fairly reflect the Board's consensus.
- Ensures that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management.
- Establishes good corporate governance practices and procedures and promotes the highest standards of integrity, probity, and corporate governance throughout the Group and particularly at the Board level. It is the responsibility of the chairman to adhere to the code of corporate governance/ Board charter.

Key roles and responsibilities of the Group managing Director and Chief Executive Officer

- Leads the management in the day-to-day running of the Group's business in accordance with the business plans and within the budgets approved by the Board.
- Leads the management to ensure effective working relationships with the Chairman and the Board by meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities, and concerns.
- Develops and proposes the Group's strategies and policies for the Board's consideration.
- Implements, with the support of the management, the strategies and policies as approved by the Board and its committees in pursuit of the Group's objectives.
- Conducts the affairs of the Group in accordance with the practices and procedures adopted by the Board and promotes the highest standards of integrity, probity, and corporate governance within the Group.2-

Board independence

A key component of our governance framework is board independence. Our board comprises a majority of Directors who are not part of the Group's executive team or otherwise closely tied to the Bank. This structure ensures that our Directors can provide unbiased oversight, free from conflicts of interest, and make decisions that are in the best interest of our shareholders. By maintaining an independent board, we uphold the integrity of our governance practices and foster trust among our stakeholders.

The Group benefits from the presence of three Independent Non-Executive Directors who have no financial ties to it. Their independence allows them to provide unbiased oversight, hold management accountable, and contribute to strategic decision-making that aligns with shareholders' interests. Their independence is crucial in ensuring that the Board's actions are transparent and focused on long-term value creation for the Group.



Assessing independence.

The Board rigorously evaluates the independence of its Director's both at the time of their appointment and continuously throughout their tenure. Each Director is required to provide an annual declaration of their interests, any conflicts, and their independent status, with the opportunity to declare interests at any point during the year.

In assessing a Director's independence, the Board considers all relevant facts and circumstances, focusing on any direct or indirect relationships with the Bank, senior management, or other Directors that could influence their actual or perceived independence. This includes relationships with companies that have significant business ties with the Bank and not-for-profit organisations receiving substantial support from the Group.

The Board's independence is assessed annually in accordance with the National Board of Accountants and Auditors (NBAA) regulations. Additionally, all Board members are evaluated through the Regulator, the Central Bank of Tanzania (BOT).

Throughout the year, the Board received no complaints regarding Board Independence from the NBAA, the professional body, or from the Central Bank of Tanzania, the regulator.

Board committees

An effective committee structure permits the Board to address key areas in more depth than may be possible at the full Board level. Decisions about committee membership and chairs should be made by the full Board based on recommendations from the nominating/ corporate governance committee.

The responsibilities of each committee and the qualifications required for committee membership is clearly defined in a written charter that is approved by the Board. Each committee is required to review its charter annually and recommend changes to the Board. All committees are required to update the full Board of their activities on a regular basis. The report to include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.

The table below shows the number of Board and Committee meetings held during the year and the attendance by those charged with governance:

S/N	Name of Director	Main Board	Board Audit Committee	Board Credit Committee	Board Governance, Nomination and Human Resource Committee	Board Risk Committee
1	Dr. Ally H. Laay	6/6				
2	Prof. Neema M. Mori	6/6		15/15		3/4
3	Mr. Boniface C. Muhegi	6/6		13/15	6/6	
4	Mr. Hosea E. Kashimba*	3/6	3/5			
5	Mr. Jes Klausby	6/6			6/6	4/4
6	Prof. Faustine K. Bee	6/6		14/15	6/6	
7	Dr. Fred M. Msemwa	6/6		15/15		4/4
8	Mr. Abdul A. Mohamed	6/6				3/4
9	Mr. Martin S. Warioba	6/6	5/5			
10	Ms. Miranda N. Mpogolo	6/6		15/15	6/6	
11	Mr. Gerald P. Kasaato	5/5	5/5			
12	Mr. Royal J. Lyanga	5/6			6/6	4/4
13	Mr. Abdulrazak I. Badru*	1/6	1/5			

During the year, the Group has complied with the principles and codes of best practice.
There was no regulatory requirement that influence the design of the governance above.
* During the year, Mr. Abdulrazak I. Badru joined the Board of Directors in September 2024 to replace Mr. Hosea E. Kashimba

Permanent invitee to Board meetings

The Board ensures that key executives are permanent invitees to its meetings. This includes the Chief Financial Officer (CFO), Chief Commercial Officer (CCO), and Chief Operating Officer (COO). Their presence is crucial for providing expert insights and facilitating informed decision-making. By involving these senior officers, the Board can leverage their specialised knowledge and experience, ensuring that discussions are comprehensive, and decisions are well-grounded in the operational realities of the Group.

Board Audit Committee

The committee oversees the Group's internal audit function and ensures that the internal audit staff has adequate resources and support to carry out its role. The committee reviews the scope of the internal/ external audit plan, significant findings by the internal/ external audit and management's response, and the appointment and replacement of the senior internal auditing executive and assesses the performance and effectiveness of the internal audit function annually.

Role of the committee

- Overseeing the financial reporting process, ensuring that internal control systems are adequate and effective; and acting as a bridge between the external auditors and the management.
- Review the quarterly Group performance and give assurance on the integrity of the numbers to the main Board before publication and submission to the Central bank.
- Reviewing the integrity of the Group's Consolidated financial statements for the period ended 31 December.
- Review the appointment of the External auditors their terms of engagement and the audit fees and recommend to the Board for approval.
- Monitoring and reviewing the performance of the Group's external auditors.
- Reviewing periodic audit reports of the Group operations and internal controls presented by the internal auditors.
- Reviewing and recommend to the Board the internal and external audit plans.
- Approving committee annual work plan

This committee planned and met five (5) times during the year.

The committee comprised of the following members:

S/N	Name	Nationality	Qualification
1	Mr. Hosea E. Kashimba*	Tanzanian	MBA in Corporate Management, ADA, FCPA(T)
2	Mr. Martin S. Warioba	Tanzanian	MSc in Information Management, MBA BSc in Computer Science
3	Mr. Gerald P. Kasaato	Ugandan	MBA(Finance) MSc. in International Finance & Investment Bachelor of Laws degree, LLB (Hons) BSc. Hons) in accounting CFA Charter holder, a Chartered Accountant (UK), a Fellow of the Chartered Management Institute (FCMI, UK), and a member of the Institute of Certified Public Accountants of Uganda (ICPAU)
4	Mr. Abdulrazak I. Badru*	Tanzanian	PhD candidate exploring strategy alignment and execution to create value, and sustainability (in progress) MBA – International Business Management Postgraduate Diploma in Leadership B.A in Sociology – University of Dar es Salaam

* During the year Mr. Abdulrazak I. Badru joined the Audit Committee in September 2024 to replace Mr. Hosea E. Kashimba

To ensure full separation of membership, members serving in the Board Audit Committee are not allowed be elected to serve in any other committee. The committee like other committees, has a charter that describes its oversight function. All members served in this committee during the year are non-executives and independent with no financial interest in the entity or significant relationships with major shareholders, management, suppliers, or customers.

One member in the committee is an accountant holding professional certifications from various bodies. Mr. Gerald P. Kasaato who is chair, is a CFA Charter holder, UK Chartered Accountant (Fellow), a Fellow of the Chartered Management Institute (FCMI), and a member of the Institute of Certified Public Accountants of Uganda (ICPAU).

Activities of the Committee

- The committee held six meetings this year and performed the below activities;
- Reviewed the auditor appointment, considering their effectiveness, independence, and relevant guidelines, and made a recommendation to the Board before the approval at AGM.
- Reviewed and approved the quarterly financial reports for publication presented by the management which was audited by the internal auditors to be published as required by the regulations 7 and 8 of the banking and Financial Institutions (Disclosures) Regulations, 2014.
- Discussed quarterly internal audit reports done in various departments and general branch operations on selected branches which was presented by the Department of Internal audit. The reports were discussed by the members of the Board and direct internal audit department to increase the coverage of the areas to be audited to reduce risks of fraud, and over/understatement of the numbers. Emphasis was pressed on internal controls, to make sure that strong internal controls are in place and are being reviewed regularly.
- Discussed External Auditors' Audit report and audited financial statements for the year ended 31 December 2024 presented by the External Auditors (PwC) and directed management to ensure issues raised which are not system related, are closed timely.
- Discussed the performance of the internal audit department, especially on the closure of issues raised by the Central bank, and directed, they must validate all issues closed by management before they are shared to the Central bank as closed.
- Reviewed and recommended to the Board the internal and external audit plans.
- Approved committee annual work plan for FY 2024.

Board Governance, Nomination and Human Resources Committee

The Committee is responsible for ensuring that the Board remains balanced, both in terms of skills and experience and between executive and non-executive Directors. It leads the process for appointments to the Board, and makes recommendations to the Board, ensuring there is a formal, rigorous, and transparent procedure. It also decides on recruitment at senior levels based on the responsibilities and remuneration of management staff and Directors.

- Establish and recommends to the Board for approval criteria for Board membership and periodically reviews and recommends changes to the criteria.
- Review of the composition of the Board, along with its succession planning including an assessment of the mix of the Directors' skills, experience and an identification of qualifications and attributes that may be valuable in the future and anticipated Directors' exits.
- Reviewing the appointment of Directors to be recommended to the Board before are recommended to shareholders at the AGM for election and re-election for director who had reached the statutory retirement.
- Monitor evaluation of whether the Board has the necessary tools to effectively perform its oversight function.
- Reviewing and recommending for Board approval the remuneration proposals for Executive, non-executive Directors, as well as Senior Management.
- Reviewing key policies such as Human resources policy which guides the operations, remunerations and management of human capital.
- Reviewing and recommending the annual staff bonus to the Board.
- Reviewing and recommending the renewal of terms and conditions of employment for Board approval.

This committee planned and met five (5) times during the year.

The committee comprised of the following members:

S/N	Name	Nationality	Qualification
1	Eng. Boniface C. Muhegi	Tanzanian	MSc Engineering (Civil), BSc Engineering (Civil) Advanced Post Graduate Diploma in Construction Management
2	Mr. Jes Klausby	Danish	MSc Mathematics - Economics
3	Mr. Abdul A. Mohamed	Tanzanian	BSc in Accounting & Finance Associate member of CFA and ACCA (UK)
4	Ms. Miranda N. Mpogolo	Tanzanian	M.A in Theatre & Development Studies B.A (Hons) in Drama, Applied Theatre & Education
5	Prof. Faustine K. Bee	Tanzanian	PhD in Development Studies M.A in Development Studies, B.A in economics
6	Mr. Royal J. Lyanga	Tanzanian	M.A in Statistics, B.A in Statistics

Activities of the Committee

The committee held six meetings this year and performed the below activities;

- Discussed issues and matters pertaining to the Board and management including diversity to the Board and management.
- Reviewed the status of women empowerment including trainings to take higher positions.
- Discussed the staff productivity and directed management to ensure staff productivity is enhanced to increase revenues and consequently increase profits of the Group.
- Discussed and recommended to the Board the salary increments to staff
- Reviewed and recommended to the Board bonuses to be paid to staff for year 2024 based on the achievements against targets.
- Discussed and recommended to the Board the approval of the new company secretary whose tenure starts in January 2025.
- Reviewed and recommended to the Board for approval the training development of the Directors.
- Reviewed and made recommendations to the Board on the appointment of Directors, before approval at the AGM.

Board Credit Committee

In recognition that lending is the key business and number one income earner to the Group, the committee shall assist the Board and provide oversight responsibility in the management of credit risk by continuously reviewing and analyzing the Group's credit risk profile and advising the Board on the right direction and corrective action in a timely manner.

The Board credit committee seeks to ensure that the quality of the Bank's asset book remains within acceptable parameters and that the business has an effective credit policy, consistent with regulatory requirements and prudent risk management practices.

Role of the committee

- Assist the Board in understanding of the Bank's credit portfolio and activities including development of credit management strategies and recommending the same to the Board for approval.
- Monitor implementation of the approved credit management strategy.
- Provide strategic leadership role and oversight of credit risk management process and function in the Bank, including reviewing and recommending Credit Policies and credit risk appetite to the Board.
- Reviewing the quality and performance of the Bank's credit portfolio quarterly and advise management accordingly.
- Ensure Compliance to the Bank's Credit Policy and prudential regulations with respect to credit risk management.
- Reviewing and recommend to the Board for approval the loan and advances for charge off as per the Central bank regulation.

This committee planned and met fifteen times (15) during the year.

The committee comprised of the following members:

S/N	Name	Nationality	Qualification
1	Prof. Neema M. Mori	Tanzanian	PhD in International Business Corporate Governance & Boards of Financial Institutions MBA in Finance, Bachelor of Commerce in Finance
2	Eng. Boniface C. Muhegi	Tanzanian	MSc Engineering (Civil), BSc Engineering (Civil) Advanced Post Graduate Diploma in Construction Management
3	Dr. Fred M. Msemwa	Tanzanian	PhD in Business Administration, MBA in Finance
4	Prof. Faustine K. Bee	Tanzanian	PhD in Development Studies M.A in Development Studies, B.A in economics
5	Ms. Miranda N. Mpogolo	Tanzanian	M.A in Theatre & Development Studies B.A (Hons) in Drama, Applied Theatre & Education

Activities of the Committee

The committee held fifteen (15) meetings this year and performed the below activities;

- Reviewed the loan portfolio quality to ensure the Group comply with the internal limit set on NPL ratio and regulatory requirement of not more than 5%.
- Reviewed and recommended to the Board for the approval the annual review of the credit policy
- Reviewed and approved several loans and advances to customers which needed Board approval and recommended the same to the main Board for approval.
- Discussed on the single borrower limit and directed management to ensure the Bank always complies as per the regulation requirement.
- Discussed the restructured loans and thereafter made recommendations to the Board on the remedial actions as well as measures that may enhance the quality of the portfolio.

Board Risk committee

The main responsibility of the Board risk committee is Group risk oversight and is required to provide the main Board regularly with the information it needs to understand all the Group's major risks, their relationship to the Group's strategy and how these risks are being addressed. The committee oversees and advises on current and potential risk exposures of the Bank; the Bank's Risk Management Framework; the future risk strategy of the Bank, including strategy for capital and liquidity management and promoting a risk awareness culture in the Bank, alongside established policies, and procedures.

Role of the committee

- Group risk oversight
- Reviewing reports on the risk assessment every year

The committee maintains a risk register for each department and a consolidated risk register for the Group, which the Board reviews regularly

- Reviewing all business operations policies and recommend to the main Board for approval.
- Overseeing the internal control and risk management systems.
- Oversee Group's compliance with applicable legal and regulatory requirements

This committee planned and met four (4) times during the year.

The committee comprised of the following members:

S/N	Name	Nationality	Qualification
1	Mr. Jes Klausby	Danish	MSc Mathematics – Economics
2	Dr. Fred M. Msemwa	Tanzanian	PhD in Business Administration MBA in Finance
3	Prof. Neema M. Mori	Tanzanian	PhD in International Business Corporate Governance & Boards of Financial Institutions MBA in Finance Bachelor of Commerce in Finance
4	Mr. Abdul A. Mohamed	Tanzanian	BSc in Accounting & Finance Associate member of CFA and ACCA (UK)
5	Mr. Royal J. Lyanga	Tanzanian	M.A in Statistics, B.A in Statistics

Activities of the Committee

The committee held four (4) meetings this year and performed the below activities;

- Discussed on the risk assessment, management and compliance issues to avoid unnecessary penalties which can result from non-compliance on the internal controls and regulators.
- Reviewed and deliberated the risk assessment report presented by the management and thereafter recommended the report to the main Board.
- Discussed Group's compliance issues, including the Group's code of conduct, reporting compliance and compliance with all internal ratios set by the Board.
- Discussed the legal and regulatory updates.
- Reviewed the terms of reference of the committee.
- Approved committee annual work plan for the FY 2024.

In addition to the above committees, there are committees on a management level comprised of senior management whose frequency of meetings is weekly, monthly, and quarterly.

Shariah Advisory Board

The Shariah Advisory Board for CRDB Bank plays a crucial role in the Bank's operations by ensuring that all financial products and services offered under the Al barakah Islamic window comply with Islamic principles. This Board is made up of respected scholars and experts in Islamic finance who carefully review and approve the Bank's offerings. Their guidance guarantees that CRDB Bank's Islamic banking window, "Al Barakah," operates within the framework of Shariah law, providing ethical and interest-free financial solutions to its customers.

The Shariah Advisory Board comprised of the following members:

Name	Nationality	Age	Qualification
Mr. Abdul A. Mohamed	Tanzanian	34	BSc in Accounting and Finance
Mr. Sheikh Issa Othman Issa	Tanzanian	60	Advance Diploma in Social Science (Counselling)
Mr. Khalfan A. Salim	Tanzanian	41	Master's degree in management and leadership
Mr. Juma A. Mohammed	Tanzanian	57	MSc. in Finance
Mr. Exavery Makwi	Tanzanian	56	Master of Business Administration (Finance)
Prof. Monzer Kahf *	USA	84	Ph.D., Economics
Prof. Aishath Muneeza**	Maldivian	39	Ph.D., Islamic Banking

Shariah Advisory Board meetings

The Shariah Advisory Board planned to meet (4) and met (4) times during the year.

Name of Director	Number of meetings
Mr. Abdul A. Mohamed	4/4
Mr. Sheikh Issa Othman Issa	4/4
Mr. Khalfan A. Salim	4/4
Mr. Juma A. Mohammed	2/4
Mr. Exavery Makwi	4/4
Prof. Monzer Kahf *	-
Prof. Aishath Muneeza**	-

*Prof. Monzer Kahf retired in March 2024.
**Prof. Aishath Muneeza was appointed in November 2024

Directors' remunerations

Remuneration of Those charged with governance, (Directors) considers the demands, complexities, and performance of the Group. Management periodically prepares a propwosal for fees and other emoluments to be paid to Directors. Proposals include benchmarking against similar companies or the industry, market realities, and the need to attract and retain skilled, experienced Directors to drive the business. The same is forwarded to the Annual General Meeting (AGM) for final approval.

The Remunerations are reviewed annual to ensure are appropriate and adequate in comparison with the industry benchmark. The Directors are not eligible for pension scheme membership and are not part of the Bank's remuneration scheme.

The table below shows remunerations of the Directors of the parent company, subsidiaries and that of the Shariah advisory Board within the parent company. Information on aggregate amounts of the emoluments and fees paid during the year to Directors in comparison to the previous year is disclosed below: -

Name	2024 TZS Million	2023 TZS' Million
Dr. Ally H. Laay	89	89
Mr. Boniface C. Muhegi	84	84
Mr. Hosea E. Kashimba*	41	82
Prof. Neema M. Mori	86	86
Mr. Jes Klausby	80	80
Prof. Faustine K. Bee	80	80
Mr. Abdul A. Mohamed	76	76
Dr. Fred M. Msemwa	80	80
Mr. Martin S. Warioba	76	76
Ms. Miranda N. Mpogolo	80	80
Mr. Gerald P. Kasaato	76	76
Mr. Royal J. Lyanga	76	76
Mr. Abdulrazak I. Badru**	41	-
Mr. Abdulmajid M. Nsekela***	-	-
TOTAL	**965**	**965**

*During the year 2024 Mr. Hosea Kashimba was paid for two quarters that he served (Q1 and Q2) in the Board.

**During the year 2024 Mr. Abdulrazak Badru was paid for two quarter he served (Q3 and Q4) in the Board to replace Mr. Hosea E. Kashimba

***Mr. Abdulmajid Nsekela (Managing Director) is an ex-officio member who is paid a monthly salary by the Bank, this is part of key management remuneration

The table below shows Directors who also served the Group's subsidiaries during the year with the respective fees paid

Shariah Advisory Board

The table below shows Directors who served the Shariah Board during the year with the respective fees paid

Name	2024 TZS Million	2023 TZS' Million
Mr. Abdul A. Mohamed	32	32
Sheikh Issa Othman Issa	21	21
Mr. Khalfan A. Salim	21	21
Mr. Juma A. Mohammed	21	21
Mr. Exavery Makwi	21	21
Prof. Monzer Kahf	5	21
Prof. Aishath Muneeza	-	-
TOTAL	**121**	**137**

*Prof. Monzer Kahf retired in March 2024

**Prof. Aishath Muneeza was appointed in November 2024

Board and committees' performance evaluation

The Board has an effective mechanism for evaluating its performance on a continuing basis. The evaluation is based on an annual assessment of the effectiveness of the full Board, the operations of Board committees, and the contributions of individual Directors. The results of these evaluations are reported to the full Board, and thereafter, there is a follow-up on issues and concerns that emerge from the evaluations.

The Board periodically considers a combination of methods to result in a meaningful assessment of the Board and its committees. Common methods include the use of written questionnaires. After evaluation, the Board discusses the results of the evaluation exercise, which informs the Board on the training needs of its members.

After every three years, Board evaluation and assessment are done by an external party/consultant to ensure the Bank, and the Board continue to operate consistently within good governance and best practice principles. During the year, the evaluation of the Board, its committees and the individual Directors was performed internally using questionnaires, results discussed, and the training needs of the members were identified, which will be implemented in the year 2025.

Code of conduct and Ethical behaviour

The Board has adopted a code of conduct for all Directors and employees, including the chief executive officer, that addresses conflict of interest, among other things. The code is reviewed and updated regularly. It is shared annually with all employees and Directors, who are required to confirm in writing that they have complied with it.

Board members are expected to observe the highest standard of ethical behaviour, which supports and encourages policies that require Directors and all employees to maintain a high standard of integrity and display honesty in their dealings.

We are committed to high standards of ethical behaviour and operate a zero-tolerance approach to bribery and corruption, which we consider unethical and contrary to good corporate governance. It is the utmost responsibility of all staff within the Bank to comply with the Group's code of conduct. In addition, the code of conduct emphasises the responsibility of the Board and internal and external auditors to ensure the confidentiality of the Group information.

Board Policies

The Board has developed comprehensive policies and procedure documents to serve as essential guides for the Directors and Management in effectively executing their roles and responsibilities. These documents provide a framework that ensures clarity and accountability throughout the Group. Below, is a detailed summary of the governance documents along with their key provisions.

Conflict of interest policy

The Board has established a policy and a set of procedures relating to Directors' conflicts of interest and related party transactions. In all Board meetings, there is an agenda for declaring conflicts of interest, and a conflict-of-interest register is reviewed regularly.

Those charged with governance are expected to avoid any action, position, or interest that conflicts with the interest of the Bank or gives the appearance of a potential conflict. In this regard, all Directors are required to:

- Declare any interests that may give rise to potential or perceived conflict e.g., multiple Directorships, business relationships or other circumstances that could interfere with the exercise of objective judgment;
- Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting. The conflicted Director is not allowed to participate further in the discussion of that subject, nor vote on it.
- Director(s) with a continuing material conflict of interest is required to consider resigning from the Board.

Board members are required to inform the Company Secretary of any changes regarding Directorships and conflicts of interest within 30 days. The Board is required to evaluate all potential or perceived conflicts of interest as declared and approve such transactions with the Bank as may be appropriate.

A register of declared conflicts of interest is being maintained by the Company Secretary.

During the year, none of the Directors had a material interest, directly or indirectly, in any significant contract with the Group.

Insider trading and disclosure policy

It is the Group policy that Directors and employees considered to have privileged knowledge, from time to time, of material facts or changes in the affairs of the Group, which have not been disclosed to the public, including any information likely to affect the market price of the Bank's securities, cannot buy or sell ("trade") Group securities, except in accordance with the requirements of the Group policy.

CRDB Insiders are prohibited from trading Group securities either on their own behalf or on behalf of someone else when the trading window is closed. They are also required to keep any unpublished and non-public sensitive information received by them, whether in the ordinary course of their employment or office or otherwise, confidential and with sufficient protection from unauthorised disclosure or access.

The Bank regularly communicates through corporate communication with all staff to remind them of the restrictions on insider trading.

Whistle-blowing policy

The Group has strong whistle-blowing policies and procedures with the main objective of promoting a framework within the Bank where staff are encouraged and feel confident to reveal and report any fraudulent, immoral, unethical, or malicious activity or conduct of fellow employees, management, those charged with governance, clients, consultants, vendors, contractors, and/or any other parties with business relationship with the Bank which in their opinion may cause financial or reputational loss to the Bank.

The policy is crucial for fostering a compliance culture where employees follow internal policies and respect laws. The Bank is dedicated to upholding high ethical and legal standards. This policy allows concerns about fraud, corruption, or misconduct to be raised while protecting whistle-blowers from retaliation.

The whistle-blower and Witness Protection Act of 2015 makes it illegal for employers to retaliate against whistle-blowers.

Staff receive periodic training as part of their induction and ongoing development. This training encourages employees and other stakeholders to share information that supports good corporate governance practices. The Bank's website features a whistle-blower section where customers and other stakeholders are encouraged to report misconduct through various channels, either internally or externally via an independent third party. Whistle-blowers have the option to disclose their identity or remain anonymous.

Anti-Corruption and fraud risk policy

Our commitment to good corporate governance is reflected in our stringent anti - corruption and fraud risk policy which has been developed to provide a coordinated approach towards managing fraud and corruption risk as one of the key elements in our overall business risk management practices. We maintain a zero-tolerance stance towards any form of bribery or corruption, ensuring that all business activities are conducted with the highest level of integrity and transparency. This policy applies to all employees, directors, and third-party associates, requiring them to adhere to ethical standards and legal requirements. Regular training and awareness programs are conducted to ensure that everyone within the Group understands their responsibilities and the importance of compliance.

To safeguard against corruption and fraud, we have implemented robust internal controls and reporting mechanisms. These measures include thorough due diligence processes, regular audits, and a secure whistleblowing system that allows employees to report any suspicious activities without fear of retaliation. By fostering a culture of accountability and ethical behaviour, we aim to protect the interests of our stakeholders and uphold our reputation as a responsible and trustworthy organisation.

Anti-money laundering policy

The Board of Directors plays a vital role in ensuring effective corporate governance and compliance with anti-money laundering (AML) measures. Their responsibilities include establishing a clear governance framework, defining roles for AML compliance, and holding senior management accountable. The Group has implemented a strong governance process for AML measures to protect the Bank's reputation and financial stability. Adhering to this policy is mandatory at the Group level, as it ensures compliance with AML, counter-financing of terrorism (CFT), and counter-proliferation financing (CPF) legislation in all the countries where we operate.

Group Communication/ Public Relations Policy

The policy aims to ensure that the information originating from the Bank is accurate and complete, reflects the official position of the Bank and is released to the media and targeted public in a consistent and timely manner. The ultimate objective is to build a mutually beneficial relationship between the Bank and the public. The Board has established effective communication with the Bank's stakeholders including the media and other channels found appropriate.

- The primary objective of this policy is to ensure the Public Relations process is conducted in a structured, systematic and consistent manner,
- Define the roles of the Board and senior management in the management of Public Relations process in the Bank.
- Ensure the Bank is presented with consistent messages and with one clear voice to the media and public.
- Provide guidance and direction to all Bank staff regarding public and media for the benefit of the Bank.
- To develop positive public perceptions, manage and maintain internal and external public and media relations for the Bank's benefit.
- Guide the Bank's activities related to management of risks arising from local, regional, national and international publicity.
- Safeguard and enhance the Bank's reputation across the wider community.
- To promote the Bank's mission, vision and values

Remuneration policy

The policy outlines the guidelines and criteria for the compensation of those charged with governance. It aims to ensure transparency and fairness in the compensation process while aligning with the Groups' goals and values

Group operational policies

Comprehensive operational policies serve as essential guidelines for the Management team, enabling them to effectively navigate and execute the various functions within the Group's operations. These policies ensure that every process is streamlined and aligned with the overall strategic vision, fostering efficiency and promoting a culture of accountability across all levels of the Group.

Induction program of the new members of the Board

Each new Board member is required to participate in an induction program that is tailored to effectively orient the member to the Bank's business and organisation structure including subsidiaries, roles/responsibilities of the Board and its various committees, strategy, objectives, policies, procedures, operations, senior management, and the business environment. The induction package also includes all the necessary information that is required by a member for effective performance in the Board including Board charters, recent financial reports and governing laws and regulations. They receive comprehensive guidance from the Company Secretary on the Group's corporate governance framework.

Training and development of the members of the Board

The Board members are also being introduced to their fiduciary duties and responsibilities and any other aspects unique to the business. Therefore, the main purpose of the training is to ensure Board members have a clear understanding of their role in corporate governance and can exercise sound and objective judgment about the Bank's affairs.

The Board are required to ensure adequate training and development of the members through continuous training to keep them well informed on critical information pertinent to the business and corporate governance environment. It is the responsibility of the Board to conduct an annual review to identify training needs for each member on a regular basis and facilitate up-skilling as well as continuous development of each member.

Non-executive Directors also develop and refresh their skills and knowledge through periodic interactions and briefings with senior management of the Group's business functions, changes in laws and regulations, policies, and practices.

During the year, the Board completed the planned training and development sessions as per the table below;

S/N	Training type and description of training	When	Trainer
1	**Committee Training 1 Topics covered:** The role of Board on Credit oversight; Data Analytics and AI in transforming Company Direction; Board's role on Governing Strategic Performance.	June 3 – 7, 2024	Common Purpose Asia - Pacific Ltd
2	**Committee Training 2 Topics covered:** Blockchain and Cryptocurrency Financial Products; Emerging AI Technology against Employee improved productivity and performance; Green Finance (Borrowing, Lending & Incentives), Opportunities – MACG/Sustainability Reporting and Compliance and Leading from the Future.	July 1 – 5, 2024	Alhuda Cibe FZ LLE and i2i Group Inc.
3	**Global IIA International Conference Topics covered:** Artificial Intelligence; Cyber Security; Sustainability; Global Internal Audit Standards; Governance, Leadership and Board Relations and Human Capital and Social.	July 13 – 18, 2024	Global Institute of Internal Auditors
4	**Board and Management Study Tour Topics covered:** Digital Financial Inclusion; Cyber Security Measures and Fraud Prevention; Regulatory Policies and Digital Innovation and Leadership and Governance in Digital Transition.	September 23 – 27, 2024	Common Purpose Asia - Pacific Ltd

Access to independent advice

The Board may, from time to time, require independent legal, financial, governance or other expert advice. To facilitate this, the Board shall ensure members obtain external advice, as may be required, at the Bank's expense and shall invite senior management to provide technical advice as needed.

All non-executive Directors have access to independent professional advice or external specialists to support them in carrying out their responsibilities when the required expertise is lacking among the current Directors or staff within the Group.

Succession planning

The Group has in place a succession plan for those charged with governance of all critical skills, which is being reviewed regularly. The governing body bears ultimate responsibility for the succession plan. This is through the Board governance and Human resources committee. The committee plays a key role in devising criteria for governing body membership and governing body positions and possibly, with the assistance of external advisors, to identify specific individuals for nomination.

The succession discussion features on the Board governance and Human resources committee agenda as often as necessary for the committee to fulfil its duties. This allows the succession plan to take account of the changing dynamics of the business, making the Bank more agile and enhancing its ability to satisfactorily react to any sudden changes that may occur. The committee maintains a profile of desired skills, competencies, and skills gaps that need to be filled by potential candidates. In some cases, the committee may consult external resources (for example external search firms) to identify appropriate individuals to fill vacant positions.

The Group also rotates Board members between committees to ensure continuity of experience and knowledge and to introduce people to new ideas and expertise.

Access to information

Those charged with the governance have unrestricted access to information, and they are provided with timely information and comprehensive reports on material operational, risk management and financial matters of the Group to facilitate informed discussions during meetings. Those charged with governance have access to the advice of the Company Secretary, who provides support to the Board and is responsible for advising the Board on governance matters. Those charged with the governance also have access to independent professional advice at the Group's expense where they deem necessary to discharge their roles.

Board relationships/ engagement with shareholders/ stakeholders

The Group is committed to maintaining clear communication with our shareholders and other stakeholders by providing regular updates on our performance and addressing any relevant concerns. This commitment is evident through our quarterly financial performance summaries published in leading newspapers, the annual release of audited accounts, and our comprehensive annual integrated report, which complies with regulatory requirements. We also hold an Annual General Meeting to engage directly with our stakeholders.

Additionally, the Board maintains regular communication with analysts and investors, as we believe it is essential to keep them informed about the Bank's financial performance. The Bank strives to publish all relevant information to the market in a timely, effective, and non-discriminatory manner. Financial reports and stock exchange announcements are made available on the Bank's website as well as the Dar es Salaam Stock Exchange website.

The Board recognises, respects, and protects shareholders' rights and ensures equitable treatment of all shareholders in the same class of issued shares, whether minority, institutional, or foreign. It also provides shareholders with information as required under applicable law and has established mechanisms to ensure effective communication with shareholders, including the media, if appropriate.

The Board have a stakeholder-inclusive approach and is responsible for giving due consideration to the legitimate interests and expectations of the Bank's stakeholders in its deliberations, decisions, and actions. Shareholders are not a uniform group, and their interests may be diverse. Although the Board considers the shareholders' views, the Board's duty is to act in what it believes to be the long-term best interests of the Bank and all its shareholders.

The views of certain shareholders are one important factor that the Board evaluates in making decisions.

However, the Board is required to exercise its own independent judgment. Once the Board reaches a decision, the Group consider how best to communicate the Board's decision to shareholders.

The Group engages with long-term shareholders in a manner consistent with the respective roles of the Board and maintains effective protocols for shareholder communications with Directors and for Directors to respond in a timely manner to issues and concerns that are of widespread interest to long term shareholders. The Board has delegated the responsibility of managing stakeholders' relationships to management.

Group culture, ethics, and organisational values

CRDB Bank places great importance on its organisational culture, ethics, and values as it shapes its relationships with various stakeholders, including customers, employees, shareholders, and the wider community. The Bank's culture of excellence and customer-centric approach is evident in everything we do. Furthermore, the Bank realises that its success is closely linked to the well-being and prosperity of the communities it serves. The Bank is committed to transparency, integrity, and accountability, which ensures that it operates in a responsible and sustainable manner while promoting trust and confidence among its stakeholders.

Additionally, the Bank's emphasis on innovation, customer-centricity, and social responsibility enables it to create long-term value for all stakeholders while driving economic growth and development in Tanzania and beyond. CRDB Bank's culture, ethics, and values also significantly impact its decision-making processes and resource allocation.

The Group's code of conduct embodies its culture and values and reflects its commitment to operating responsibly and ethically with high standards of integrity. It provides a comprehensive description of the employees' responsibilities towards customers, other employees, businesses, and society. The code of conduct is designed to empower employees and enable effective decision making at all levels of our business according to defined ethical principles.

The Group have in place mechanisms for employees to seek guidance and to alert management and the Board about potential or actual misconduct without fear of retribution. As part of fostering a culture of compliance, the Group encourage employees to report compliance issues promptly and emphasise their policy of prohibiting retaliation against employees who report compliance issues in good faith.

Risk management and internal control

The Board ensures that the Bank has sound risk management and an internal control system that is appropriate to its activities. The risk management and internal control systems are based on the Bank's corporate values, ethics guidelines and principles

for sustainability and corporate social responsibility ("CSR"). It is the responsibility of the Management to ensure that adequate internal control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

Operational effectiveness and efficiency	Safeguarding of the Group's assets
Reliability of accounting records	Responsible behaviours towards all stakeholders
Compliance with applicable laws and regulations	Business continuity

To ensure the internal controls remain adequate, the Bank has a fully-fledged Risk and Compliance function that coordinates and oversees the implementation of an enterprise-wide risk management framework within the Group. The audit committee, on behalf of the Board, assess issues related to financial review and internal control and the external audit of the Group's accounts. The Board ensures that the Bank can produce reliable annual reports and that the external auditor's recommendations are given thorough consideration. During the year, internal control systems were assessed by the Board and were found to be at an acceptable level.

IT Governance

IT governance is part of the overall corporate governance of the Group, which is aimed at improving the overall management and implementation of IT structure to derive value from investment in information technology. The Group has in place an IT charter and policies which govern the structure and operations of ICT and is being reviewed annually. The charter enables the Group to manage IT risks effectively. It is the responsibility of the Board to ensure the activities associated with information and technology are aligned with the overall Group strategies/business objectives.

Financial reporting and auditing

The Bank publishes its quarterly financial statements within thirty days after the end of the quarter and publishes the annual audited financial statements within fifteen days after approval of the Board but not later than one hundred and five days after the end of the financial year as required by the 'Banking and Financial Institutions (Disclosures) Regulations, 2014.' Copies of the Bank's last audited financial statements are exhibited in the Bank's branches and website, and the annual report is made available to the public two weeks prior to the AGM.

Those charged with governance are responsible for preparing the Annual Report, including the Consolidated and Parent Company Financial Statements, in accordance with International Financial Reporting Standards (IFRS) to comply with the Companies Act 2002. In preparing these financial statements, the Directors are required to:

- Adopt the going concern basis unless it is inappropriate to do so;
- Select suitable accounting policies and then apply them consistently; and
- Make judgements and accounting estimates that are reasonable and prudent

The external auditor presented the audit results to the audit committee and the Board in the meeting dealing with the annual financial statements, including any material changes in the Bank's accounting principles and significant accounting estimates. The auditor also reported on whether the financial statements give a true and fair view of the Group's state of affairs.

Going Concern Assessment

Those charged with Governance have made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Bank's ability to continue as going concern. This assessment involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to Bank's continuance as a going concern for the foreseeable future.

- **Financial Performance**

  CRDB Bank remains the largest commercial Bank in Tanzania with a leading share of total deposits (27%) and total assets (25%) in the market. The Group closed the year with a strong Balance Sheet, total assets grew by 25.3% to TZS 16,698.8 billion (2023: TZS 13,321.3 billion). Customer deposits increased by 23.5% to TZS 10,934.1 billion (2023: TZS 8,856.0 billion). Net Loans and advances to customers increased by 22.7% from TZS 8,443.5 billion in 2023 to TZS 10,360.8 billion in 2024. After-tax profit of TZS 551.5 (2023: TZS 422.8) growth of 30.4%. Interest income increased from TZS 1,227.4 billion, recorded in 2023, to TZS 1,562.1 billion in 2024, an increase of 27.3%. Combined with commissions and fees, total non-interest income increased from TZS 503.5 billion to TZS 560.1 billion, an increase of 11.2%. Innovative and convenient products and services that were offered to the public contributed to such a positive trend.

- **Ensuring Sufficient Capital Maintenance**

  The Group has demonstrated robust financial health, with the Core capital ratio standing at 16.3% and the Total capital ratio at 17.2%. These figures significantly exceed the minimum regulatory requirements of 12.5% for Tier I capital and 14.5% for Tier II capital, showcasing the Bank's strong capital position and commitment to maintaining financial stability. This solid foundation not only ensures compliance with regulatory standards but also enhances the Bank's ability to support growth and manage risks effectively.

- **Credibility in payment obligations**

  The Group has established a strong reputation for credibility in meeting its payment obligations. We have a consistent track record of timely and accurate payments, which reflects our commitment to financial integrity and reliability. This credibility is further reinforced by the Group's robust capital ratios, which exceed regulatory requirements, ensuring a solid foundation for fulfilling its obligations. By prioritising transparency and accountability, the Group continues to build trust with its stakeholders, enhancing its reputation as a dependable financial institution.

- **Positive Operating Cashflow**

  Group cash flow represents its strengths in its ability to repay its obligations, ability to adapt in changing circumstances and generate sufficient cash and cash equivalents, which will lead the organisation to sustainable future growth. Group Cash Flow from operating activities in 2024 was positive TZS 1,102 billion.

- **Consistent payment of dividends**

  Over the past five years, the Bank has demonstrated strong financial performance and a clear commitment to shareholder value. Dividends per share have risen from TZS 22 per share in 2020 to TZS 65 per share in 2024. This consistent upward trend reflects resilient earnings, effective capital management, and confidence in our long-term strategy. The notable 30% increase in dividends in 2024 highlights our focus on sustainable value creation. We remain committed to delivering strong returns while ensuring sound governance and financial stability.

Year	2020	2021	2022	2023	2024
Dividend Per Share (TZS shilling)	22	36	45	50	65

- **Cross border/ Business/expansion**

  The Bank has expanded its geographic outreach by opening two subsidiaries in Burundi and the Democratic Republic of Congo and branches in various locations, considering their economic significance. As of December 31, 2024, the Bank operated 259 branches across the region.

  The Bank places great importance on product diversification, which is a key strategy for achieving customer satisfaction by tailoring services to meet customer needs. As a result of our effective organisational structure, skilled and dedicated workforce, and strategic business initiatives, the Group's total assets increased by 25% YoY, reaching TZS 16,699 billion in 2024. Additionally, total customer deposits rose by 24% YoY compared to 2023.

  The Bank's management is committed to sustaining this growth in the coming years, demonstrating the bank's intention for long-term success.

- **Satisfactory credit rating**

  The Bank upgraded to B1 from B2 and changed the outlook to stable from positive by Moody's in its report published on 26 March 2024. Moody's rating upgraded CRDB Bank Plc to B1 from B2 the long-term deposit ratings. Moody's also upgraded the ratings of the Bank on the baseline Credit assessment (BCA) to b1 from b2, the Adjusted BCA to B1 from B2, and long-term Counterparty Risk Ratings (CRRs) to Ba3 from B1 (cr).

- **Workplace satisfaction**

  A positive work environment and high employee satisfaction are vital for the Group's long-term success and sustainability. The Group promotes excellent communication among employees and strives to be honest while treating everyone fairly. Our team is the backbone of our operations, and their engagement, well-being, and productivity directly affect service quality, operational resilience, and strategic execution. Ongoing efforts in employee development and workplace satisfaction are essential for retaining top talent, fostering innovation, and enhancing our overall performance.

  In 2024, the Bank conducted an employee satisfaction survey, achieving an overall satisfaction level of 94% with high scores for job satisfaction and internal customer service. Details of the survey results are in section 6: 'Entity operation,' subsection: Employee engagement.

  The satisfaction level of our employee is the testament of our Group continuance as a going concern for the foreseeable future.

From the assessment, Those charged with Governance concluded that the Bank and its subsidiaries has the ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, those charged with governance are not aware of any material uncertainties that may cast significant doubt on the Bank and its subsidiary's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

In addition, there are NO events or conditions, which create uncertainty to the Group's ability to continue as a going concern in the next 12 months.

Executive and management Team

The Bank's executive office consists of the Managing Director, who is the Chief Executive Officer. He is assisted by the Chief Commercial Officer, Chief Operations Officer, and Chief Finance Officer, who report directly to him. They oversee various functions via Directors of departments within the Bank.

The Bank is organised in the following functions/ departments:

- Finance
- Credit
- Risk and Compliance
- Treasury and Capital Markets
- Human Resources
- Procurement
- ICT
- Banking Operations
- Retail Banking
- Internal Audit
- Corporate Affairs
- Corporate Banking
- Business Transformation
- Internal Audit

The key management personnel who served during the year, were:

Name	Position	Qualification	Age
Mr. Abdul-Majid Nsekela	Managing Director & Chief Executive Officer	MBA-IBF, PGD-Business Administration,	53
Mr. Boma Raballa	Chief Commercial Officer	MBA, BA (Accounting)	41
Mr. Bruce Mwile	Chief Operations Officer	MBA (Finance), B.com (Finance)	54
Mr. Frederick Nshekanabo	Chief Financial Officer	MSc. Finance, CPA (T), Advanced Diploma in Accountancy	53
Mr. Alex Ngusaru	Director of Treasury and Capital Markets	MBA (Finance)	56
Mr. Pendason Philemon	Director of Procurement	MBA, CSP (T), CIPP	51
Mr. Godfrey Sigalla	Director of Internal Audit	CPA (T), PGD (Tax management), B, Com (Accounting) and MBA (Finance)	51
Mr. Bonaventure Paul	Director of Retail Banking	MSc. Accounting & Finance, ADA, CPA(T)	44
Mr. Admin Mwansansu	Director of Banking Operations	Bachelor of Commerce in Accounting	42
Mr. Godfrey Rutasingwa	Director of Human Resources	Master's degree in public administration, bachelor's degree in education.	44
Mr. James Mabula	Director of Risk and Compliance	MSc. Finance, PG Dip. Financial Mgt. Advanced Diploma in Accounting.	50
Ms. Tully-Esther Mwambapa	Director of Corporate Affairs	MBA, BA Public Administration & International Relations.	57
Mr. Xavery Makwi	Director of Credit	CPA (T), PGD (Legal Practice), LST, LLB, MBA, B.com (Finance)	56
Mr. Deusdedit Massuka	Director of ICT	MSc. Computer Numerical Control (CNC) Systems	58
Mr. Mussa Kitambi	Director of Corporate Banking	Master's degree Banking and Finance	49
Mr. Leo Ndimbo	Director of Business Transformation	PGD- BA, Int'l Adv. Dip in Computer Engineering (IADCE)	40
Mr. John Rugambo	Company Secretary	MA International Business Administration	57
Mr. Fredrick Siwale	Managing Director – CRDB Bank Burundi (subsidiary)	MBA, PGD in Business Administration	48
Ms. Jessica Nyachiro	Managing Director – CRDB Bank Congo (subsidiary)	MBA International Business, B. Ed & Diploma in Accounting	46
Mr. Wilson Mnzava	Managing Director – CRDB Bank Insurance Company Ltd. (subsidiary)	MSc in Insurance & Actuarial Science, PGD in Cooperative.	50

Key roles and responsibilities of the Management team

The management team, spearheaded by the Group Managing Director and Chief Executive Officer, plays a crucial role in the daily operations of the Group, which oversees a diverse portfolio of financial services. This dynamic team, comprising experienced professionals from various sectors of the banking industry, is tasked with managing day-to-day activities and ensuring the effective execution of the comprehensive strategies and policies established by the Board of Directors.

Through regular performance monitoring using key performance indicators (KPIs) and data analytics, the Executive Team aligns departmental objectives with the organisation's overarching vision, driving efficiency and excellence. By fostering a culture of accountability and innovation, the management team encourages employees at all levels to contribute ideas and solutions, effectively nurturing talent and promoting professional growth within the Bank. This collaborative approach enhances service delivery and strengthens the Bank's competitive position in the market, ensuring sustainable growth and customer satisfaction

Management team is charged with the following duties:

Business operations

The CEO and management run the Group's business under the Board's oversight, with a view toward building long-term value.

Strategic planning

The CEO and senior management generally take the lead in articulating a vision for the Group's future and in developing strategic plans designed to create long-term value for the Group, with meaningful input from the Board. Management implements the plans following Board approval, regularly reviews progress against strategic plans with the Board, and recommends and carries out changes to the plans as necessary.

Identifying, evaluating, and managing risks

Management identifies, evaluates, and manages the risks that the Group undertakes in implementing its strategic plans and conducting its business. Management also evaluates whether these risks and related risk management efforts are consistent with the Group's risk appetite. Senior management keeps the Board and relevant committees informed about the Group's significant risks and its risk management processes.

Accurate and transparent financial reporting and disclosures

Management is responsible for the integrity of the Group's financial reporting system and the accurate and timely preparation of the Group's financial statements and related disclosures. It is management's responsibility, under the direction of the CEO and the Group's Chief Financial Officer, to establish, maintain and periodically evaluate the Group's internal controls over financial reporting and the Group's disclosure controls and procedures, including the ability of such controls and procedures to detect and deter fraudulent activity.

Annual operating plans and budgets

Senior management develops and presents the Group's annual operating plans and budgets to the Board. The management team implements and monitors the operating plans and budgets, adjusting them to reflect changing conditions, assumptions, and expectations. The team also keeps the Board apprised of significant developments and changes.

Business resiliency

Management develops, implements, and periodically reviews plans for business resiliency that provide the most critical protection considering the Group's operations. It is the responsibility of Management to identify the Group's major business and operational risks, including those relating to natural disasters, leadership gaps, physical security, cybersecurity, regulatory changes, and other matters. Management develops and implements crisis preparedness and response plans and works with the Board to identify situations (such as a crisis involving senior management) in which the Board may need to assume a more active response role.

A key factor in the ongoing success of the Group is the quality of its management team. This team is composed of individuals with a strong mix of leadership skills and diverse experiences. To effectively leverage this extensive expertise, the Group Managing Director has established Management Committees. These committees consist of departmental Directors and other senior managers as needed.

As of 2024, the Management Committees that support the Group's operations are structured as follows.

Executive Committee (EXCO)

Key Focus	Objectives
Strategy development & strategic updates	Oversee strategy development and receive updates on strategic initiatives implementation, including corporate BSC.
Policy development & Governance oversight	Institute policies and recommend to Board for approval Provide overall Governance oversight.
Leadership & resource deployment	Provide direction for the implementation of key strategic issues. Provide oversight and direct on optimal resource allocation.
People and culture	Discuss the implementation of culture transformation
Escalation points from other committees	Resolve any escalations from various committees. Challenge & re-organise underperforming committees of the Bank.
Decision making on key disruptions	Based on various strategic issues (internal & external), decide how to address disruptions and delegate execution to other committees.

Expected Outcome

- Enhanced collaboration between business functions,
- Improved productivity as senior management will be able to advise and take the lead on key business

Management Committee (MCM)

Key Focus	Objectives
Business Performance	Key Business strategies implementation updates from Business, including Treasury. Also, discuss the challenges and support needed
Operational Updates	Key Operational strategies implementation updates, challenges and support needed
Monitoring of deployed resources	Discuss how human, business, and operational resources have been optimised and give directives to correct deviations.
Escalation points from other committees	Resolve any escalations from various committees working under MCM.
Decision Making	Based on various deliberations, make decisions (within the Mandate) and give directives. Should escalate strategic issues to EXCO

Expected Outcome

- Focused discussions based on key business and operational results,
- Increased productivity
- Creates a culture of ownership where some decisions shall be made at a Business unit level instead of being brought to the Meetings

The Asset Liability Committee (ALCO)

Key Focus	Objectives
Manage structure and composition of Assets and Liabilities	• Continuously review and decide on strategy and direction of all aspects of balance sheet management • Oversee financial risk management and ensure compliance with all regulatory requirements
Manage Market Risk and Funding Optimisation	Ensure the Bank achieve its strategic goal while balancing both risk & return.
Monitor Regulatory Requirements	Review adherence to regulatory limits and requirements
Monitoring of deployed resources	• Discuss how business and operational resources have been • Optimised and give directives to correct deviations.
Decision Making	Based on various deliberations, make decisions (within Mandate) and give directives

Expected Outcome

- Focused discussions based on key ALCO targets, deviation, lags & exposure results,
- Increased productivity, and increased efficiency on resolving deviation from internal limit
- Creates a culture of ownership where some decisions shall be made at a Business unit level, instead of being brought to the Meetings.
- Enhance collaboration while decreasing silos among functional units

Management Audit and Risk Committee (MARC)

Key Focus	Objectives
Oversight on the Bank's Performance	• Continuously review and discuss on strategy execution and all aspects of the Bank's productivity • Oversee cost management and ensure compliance with all regulatory requirements
Monitor Culture & Management Actions	• Monitor culture initiatives implementation progress, • Monitor implementation of management directives from various management meetings
Manage BSC Optimisation	Ensure Bank achieve its strategic goal while balancing both risk & return through adequate KPIs and targets on day-to-day operations.
Decision Making	Based on various deliberations, make decisions (within Mandate) and give directives. Should escalate strategic issues to EXCO.

Expected Outcome

- Focused discussions based on key targets, deviation, lags & exposure results,
- Creates a culture of ownership where some decisions shall be made at a Business unit level, instead of being brought to the Meetings.

Productivity and Cost Committee (CPC)

Key Focus	Objectives
Risk Appetite	Set the tone and discuss the risk appetite of the Bank, any exceptions and significant deviations reported to Board.
ERM Practices across the Group	Oversight on Risk Management practices across CRDB Bank Group
Regulatory Compliance	Oversight on Regulatory Compliance across the Group.
State of Internal Audit	Oversight on where audit matters are being properly managed by the management of both the parent and subsidiaries.
Decision Making	Based on various deliberations, make decisions (within the Mandate) and give directives

Expected Outcome

- Focused discussions based on key RisksAudit & Controls exposure results,
- Increased productivity, increase efficiency on resolving audit and risk deviations
- Creates a culture of ownership where some decisions shall be made at a Business unit level, instead of being brought to the Meetings.
- Enhance accountability and collaboration while decreasing control issues to functional unit.

Customer Experience Forum (CEF)

Key Focus	Objectives
Oversight on Customer Experience	Oversight on the issues around customer experience and associated risks.
CX Strategy updates	Key customer experience strategies implementation updates, challenges and support needed from the management.
Performance management	Recommending the establishment of customer service standards and monitoring the performance of management to such standards
Escalation points	Resolve any escalations from branches and customer experience team, act as a centre for guidance and support
Decision Making	Based on various deliberations, make decisions (within Mandate) and give directives. Should escalate strategic issues to EXCO.

Expected Outcome

- Focused discussions based on key business results, to drive experience to customers.
- Increased productivity and ownership of deployed resources to create better customer experience culture.
- Creates a culture of ownership by business units to drive accountability around customer experience.
- Enhance accountability and collaboration while decreasing control issues around the customer experience process.

Compensation of Key Management Personnel

The Board reviews and approves the compensation of key management personnel on an annual basis. The remuneration of key management personnel during the year was TZS 12,588 million (2023: TZS 12,469 million). Details are in note 64 of the financial statement.

Group Performance evaluation and reward

The Group's performance and reward approach ensures remuneration structures are balanced and are designed to drive sustainable performance by ensuring that reward programmes support our business strategy and are both supportive of and aligned with sound remuneration practices. Individual rewards and incentives are linked directly to the performance and behaviour of the employee, the performance of their respective business units and the interests of shareholders. Details on the remuneration of the key management personnel are disclosed in Note 64 to the financial statements

Quality Management

Information security management system

The Bank is certified with ISO 27001: 2013 (Information security management system) international standard by the British Standard International (BSI). The certificate indicates the secure management of financial products and services, information processing and store facilities, databases, clients' data, and the Bank's financial information in core banking operations in the Bank.

The Bank has been certified as compliant with the Payment Card Industry Data Security Standard (PCI-DSS), which applies to any company that accepts, stores, processes, or transmits cardholder data. The certification was presented to the Bank following an in-depth assessment by Qualified Security Assessor (QSA) - Advantio Limited and after the Bank was found to have met all the standards' requirements. This compliance helps the Bank protect its payment systems from breaches and theft of cardholder data.

Business Continuity

Being the leading Bank in Tanzania, we found it imperative to be at the forefront of improving our business resilience by benchmarking our practices against the best management system/standards in the market. In this regard, we have been certified by the British Standards Institute (BSI) as ISO22301:2019 BCMS certified. ISO 22301 is the international standard for Business Continuity Management (BCM), and it provides a practical framework for setting and managing a business continuity management system, aiming to prevent, prepare for, respond to, and recover from unexpected and disruptive incidents.

Risk Management Report – FY 2024

Message From the Director of Risk and Compliance



Driving Strong Performance Amidst Uncertainty

In the face of an ever-evolving business landscape, CRDB Bank Plc has remained steadfast in its commitment to proactive risk management, which continues to play a critical role in driving the Bank's success. Despite headwinds such as fluctuating exchange rates, market liquidity issues and rising cyber threats, our ability to anticipate and address risks has been instrumental in delivering strong performance during uncertain times.

We have significantly enhanced our risk management framework, ensuring timely identification and mitigation of risks and control gaps. Our strategy integrates risk and opportunity assessment into every initiative, fostering a balanced approach to value creation. To strengthen resilience, we have automated key controls improving monitoring capabilities for early detection and swift mitigation of potential threats.

Further, our prudent risk appetite continues to align risk-taking with expected returns generating value for our shareholders while safeguarding the interest of our stakeholders. The Bank's strong financial performance reflects the success of this strategy, underpinned by robust governance and disciplined execution.

Throughout the year, CRDB Bank Plc navigated multiple challenges while maintaining a Non-Performing Loan (NPL) ratio within our established risk appetite. We closed the year with a strong capital position and buffers, ensuring the Bank remains well-positioned to absorb any potential shocks.

Looking forward, we are fully prepared to comply with the new capital and liquidity regulations set to take effect in April 2025. We are also embedding new guidelines on sustainability risk management and disclosures ensuring compliance, resilience, and a future-focused approach.

As we continue to drive the economic development of Tanzania and build a sustainable future for the communities we serve, the Bank remains committed to a dynamic and forward-looking approach to risk management. Our dedicated team is excited to continue contributing to the stability and growth of the Bank, safeguarding the future for all our stakeholders.

Risk Management

The Group remains committed to meeting stakeholders' expectations in mitigating risks through a robust enterprise risk management framework. It is designed to ensure that risks are systematically identified, assessed, managed and monitored, aimed at achieving an optimal-risk reward profile.

Our framework has well-defined internal structures, adequate processes, systems and policies, which monitor and mitigate current and emerging risks—whether stemming from external pressures or internal vulnerabilities—while promoting proactive, preventive actions to minimise potential harm, losses, or disruptions.

We strongly believe that effective risk prevention drives long-term shareholder value. By managing risks proactively and strategically, we unlock greater earning potential, ensure earnings stability, and safeguard the business from unexpected losses.

Primarily, our risk management framework aims to protect our solvency through the preservation of high asset quality, operational efficiency and prudent capital management. This approach supports sustained earnings that augment our core capital while ensuring regulatory compliance, and enhances market confidence, thereby fostering lasting stakeholder trust and support.

Risk Management Principles

At CRDB Bank Plc, we acknowledge that effective risk management is not just about mitigating threats—it is about creating value and supporting achievement of our strategic objectives. This is driven by continuous review of processes and systems to ensure our risk management framework remains relevant and impactful.

Our integrated risk management framework and governance structures are embedded within both operational and strategic planning processes. This ensures that key decision-makers across the Group rely on proactive risk principles to make informed choices, prioritise actions, and strike the right balance between risk and reward.

Drawing from experience, we understand that effective risk management requires a thorough analysis of all available information while recognising the potential limitations of that data. Accordingly, our risk management framework ensures both internal and external factors are carefully considered, enabling a well-rounded adaptive risk approach.

We also recognise the role of human and cultural factors in risk management. Our framework emphasises the importance of people and culture in achieving the Group's business objectives. To this end, we constantly engage stakeholders—internally and externally—throughout the risk management process, recognising that open communication and collaboration are key to identifying, analysing and monitoring risk effectively.

Moreover, we acknowledge that managing risk demands flexibility and adaptability. Operating in a dynamic and ever-evolving environment requires our continuous vigilance, scanning for emerging threats while adjusting for risks that no longer exist. The Group's commitment to strengthening its risk culture is reflected in the ongoing allocation of resources to ensure we manage risks effectively and demonstrate sustained achievement.

The Group's Attitude Towards Risk

We actively pursue opportunities within our risk appetite and risk tolerance levels. Each risk we take is carefully assessed to ensure potential benefits justify the exposure. Unacceptable risks, those that exceed maximum tolerance set by our Board of Directors or those that could hinder the Group's sustained growth and disrupt operations, are strictly avoided.

Group Approach In Managing Risk

The primary responsibility of managing risk resides with the business and functional areas, where the risk is taken (first line of defence). The Group business and subsidiary function owners are accountable for embedding the Group Risk Management Framework into daily risk management processes. All employees have the responsibility to ensure an effective risk management and must report appropriately any control failure, omissions or any potential exposures that may result in financial or reputational loss to the Group.

For every new product, process or system that is introduced or implemented in the Group, an internal control process is developed and made available to all relevant employees. The control process, at a minimum, includes the following elements: defined accountabilities, identification of key risks and controls in place to mitigate the risks, objectives of the internal controls being proposed, and description of the control environment —which must be implemented, maintained, monitored, and reported on.

The Group Management Audit and Risk Committee and Subsidiary's Audit and Risk Committees oversee risk management and monitor effectiveness of controls implementation in their respective areas.

The Group Risk and Compliance function provides an independent oversight and monitoring of group-wide risks and controls. This function reports directly to the Group CEO and Managing Director, ensuring transparency and accountability.

Risk Philosophy and Appetite

The Bank, while carrying out its business, is exposed to a broad range of risks. To support effective governance and foster a risk informed decision-making culture, the Bank has set out qualitative risk appetite statement (RAS) that outlines its approach to managing these exposures. The risk appetite statement considers the full spectrum of risks the Bank faces and provides a structured approach to manage them.

To complement this, the Bank has in place quantitative risk appetite in the form of risk limits, which enable the Bank to take calculated risks while ensuring operations remain within defined boundaries.

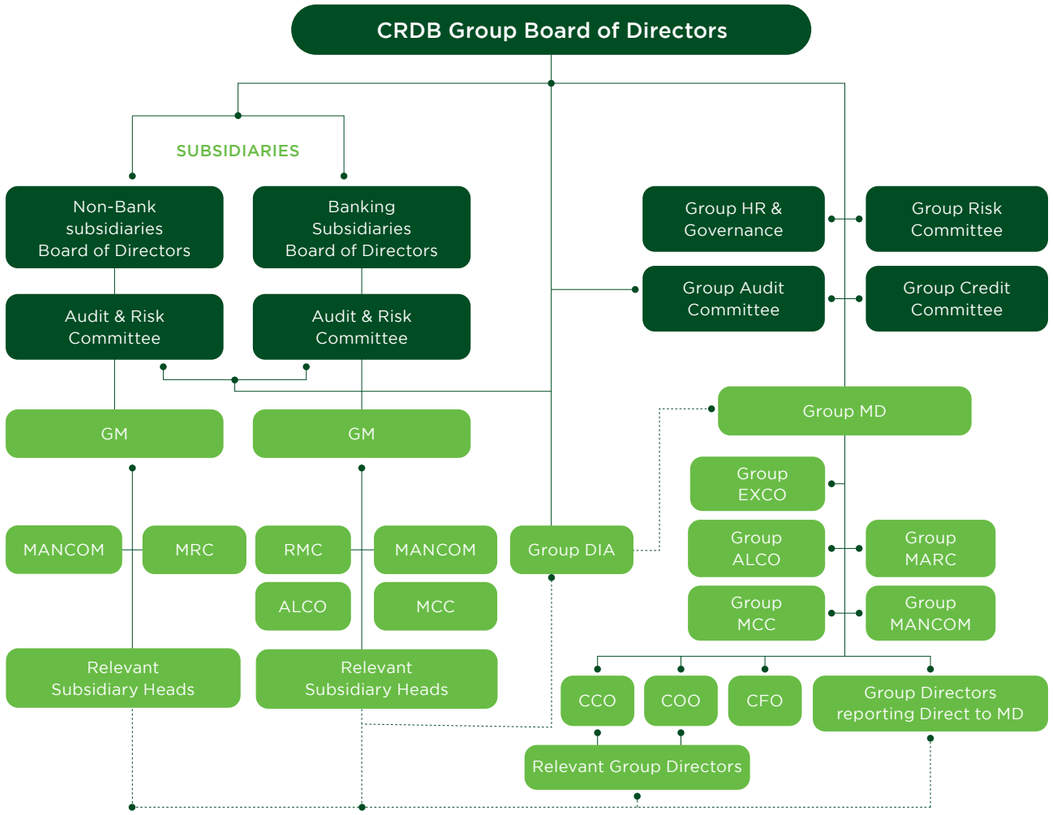
To supplement this, the Bank consistently ensures sufficient resources are available to manage risks effectively and maintain exposure within acceptable levels.

Further, the Bank acknowledges that eliminating all risks is neither possible nor desirable. Some level of risk is essential to foster innovation, enhance efficiency and seize strategic opportunities.

To reinforce this approach, the Bank has developed and implemented various policies, procedures and tools that align the risk appetite with the risk taken and expected returns. This ensures that decision making supports the Bank's strategic objectives.

Moreover, the Group maintains a zero-tolerance policy, demonstrating unwavering commitment to integrity and accountability. In other areas, the Bank embraces calculated risks to achieve its growth ambitions, always striving to align with industry best practices and maintain robust risk management across the Group.

CRDB Group Organisational Structure



Roles and Responsibilities of the Group Board of Directors in Risk Management

The Group's Board of Directors holds ultimate responsibility of the risk management function across the Group. This includes setting the tone and shaping a strong risk-aware culture throughout the Group.

Their key responsibilities include:

- Approving the overall business strategy, risk appetite and limits, the Group Risk Management Framework and its associated policies.
- Ensuring the risk management framework and its related policies are effectively embedded across the Group's operations with strict adherence to regulatory requirements at all times.
- Defining the nature, role, responsibility, and authority of the risk management function within the Group, ensuring a clear mandate and scope for risk oversight.
- Reviewing and monitoring the Group risk profile through management reports to assess the Group's risk exposure. This ensures risks remain within the Board approved appetite and timely remedial actions are taken.

Responsibilities of the Group Senior Management in Managing Risks

The Group Senior Executive Team plays a pivotal role in setting the tone for risk management and fostering a strong risk-aware culture across the Group.

Their key responsibilities include:

- Facilitate the review and/or development of the Group Risk Management Framework and its related policies, recommending changes to the Group Board for approval.
- Provide an oversight to the Bank and its subsidiaries' operations covering risk management, strategy formulation and execution.
- Execute the Group's strategy while proactively managing the inherent risks of each initiative, ensuring continuous compliance with laws and regulations, both on a long-term and day-to-day basis.
- Establish and regulate robust policies, controls and risk monitoring systems, while ensuring accountability and clear lines of authority throughout the Group.
- Establish and communicate a strong awareness of and the need for effective internal controls and high ethical standards.

Segregation of Duties in Managing Risks

All employees across the Group hold are vital in ensuring the business operates within the approved risk appetite. These responsibilities have been clearly defined based on their roles within the 'three lines of defence.'

First Line of Defence

The First Line of Defence comprises employees engaged in risk-taking, revenue generation and client facing areas of the Group and all associated support functions, including finance, treasury and capital markets, technology, human resources, operations and administration, etc.

Employees in the First Line of Defence have primary responsibility for their risks, including:

- Proactively identifying and managing all inherent risks in the activities they are engaged in and developing appropriate policies, business processes/standards and controls to govern their activities.
- Operating within approved risk limits and appetite.
- Escalating risk events to senior management and the Risk and Compliance function promptly.
- Ensuring the business/function structure reflects actual operating practices.
- Ensuring there are adequate, accurate, reliable and timely financial, operational and regulatory reports with exceptions noted and promptly investigated.
- Establishing and maintaining self-assessments to test controls and maintenance of departmental risk registers.
- Responsible for ensuring that identified material weaknesses (from internal or external reviews/audits) are adequately documented, given the appropriate attention (with objective verification and review), and timely resolved.

The First Line of Defence is responsible for designing and maintaining its own policies and controls in line with the established control framework, particularly for operational activities. All employees are expected to manage controls within the defined risk tolerances. While First Line teams may carry out control-related activities, these must stay within any applicable limits established. All activities in the First Line are subject to oversight from the relevant parts of the Second and Third Lines of Defence.

Second Line of Defence

The Risk and Compliance function comprises the Second Line of Defence. Its role is to coordinate the establishment of risk limits, rules and constraints under which the First Line activities shall be performed, consistent with the risk appetite. The Second Line actively monitors performance and intervenes when breaches occur, ensuring swift corrective action and maintaining risk discipline. It also holds the authority and responsibility to independently challenge risk decisions and exposures in the First Line whenever necessary.

In discharging its role, the Second Line shall:

- Develop and oversee risk management strategies, structures, and processes that address the institution's full spectrum of risks.
- Collaborate with the First Line to establish robust control processes that ensure compliance with relevant regulatory and legal requirements.
- Continuously monitor changes in relevant legislation and regulatory environment and ensure timely adaptation and compliance.
- Design and maintain risk management frameworks and structures to ensure consistent, effective risk management practices across the Group.
- Reinforce risk culture and strengthen risk management through awareness programmes and staff training.

Where deemed necessary by the Director of Risk and Compliance, the Second Line may take on additional activities or interventions to minimise or mitigate the Group's exposure to emerging or unforeseen risks, reinforcing its role as an independent, proactive safeguard.

Third Line of Defence

The Internal Audit function comprises the Third Line of Defence. It provides independent assurance to the Board of Directors and senior management regarding the effectiveness of governance, risk management, and control over current, systemic and evolving risks.

Combined Assurance

The Group has implemented a combined assurance framework designed to coordinate activities across the 'three lines of defence' for an effective control oversight. This has maximised oversight, minimised duplication of efforts and optimised overall assurance provided to senior management and Board of Directors about the risk and overall control environment.

Stress-Testing

The Group conducts stress testing to complement its existing risk management measures. It covers the principal risks to which the Group is exposed, namely: credit, interest rate, foreign exchange, liquidity, operational, and climate-related financial risks.

Stress tests provide an indication of the potential size of losses that could arise in an extreme or worst-case condition. The Group applies risk factor stress testing, where stress movements are applied to each risk category. The analysis assists in assessing and determining the Group's capital resilience under different assumed market shocks which are likely to occur.

Stress testing is carried out quarterly to evaluate capital adequacy. This serves as an early warning indicator to senior management on potential unfavourable outcomes and determines capital buffers necessary to absorb significant losses in severe market shocks. The results guide strategic decisions by highlighting weak spots and supporting pre-emptive measures to strengthen the Group's financial position.



Classifying Risks

The Group's risk management strategy aims to support the achievement of business objectives while identifying and quantifying risks, establishing clear risk ownership, and maximising business value, while considering associated costs and risk level of the organisation. Consequently, we have classified risks into distinct areas based on ownership and operation set up of our business. These categories are outlined in the table below.

Risks	Mitigations	Strategies	Capital impacted
Credit A risk of financial loss arising from non-payment of principal and interest on credit accommodations.	There are robust policies and processes for managing credit risk approved by the Board. The Group also ensure that; • All credit facilities are insured. • Credit risk is assessed and managed from credit origination to recovery management. • Monitoring is done throughout the credit management life circle.	Maintaining healthy asset quality with optimal risk reward considerations	
Market The risk of financial loss on earnings or capital arising from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices.	• Matching the sensitivity of Group assets and liabilities to changes in market interest rates. • Matching of assets and liabilities of the same currency. • Close monitoring of equity price movement	Optimising profitability of marked-to-market products within the constraints of liquidity and market risk appetite of the Bank	

Financial Capital Manufactured Capital Intellectual Capital

Human Capital Social and Relationship Capital Natural Capital

Risks	Mitigations	Strategies	Capital impacted
Liquidity Liquidity risk is the risk that the Bank may not be able to meet its financial obligations as they fall due without incurring unacceptable losses	The liquidity risk management process is monitored by the Asset and Liability Committee (ALCO) which includes. • Day-to-day funding. • Ensure liquidity is managed within the limits set. • Ensure diversification of funding sources to minimise liquidity concentration risk.	To maintain healthy liquidity in comparison to the balance sheet size of the bank to tide over any unforeseen stress scenario Maintaining competitive cost of funds	
Compliance Refers to the risk to earnings and capital from non-compliance with laws and regulations, or misinterpretation of them.	Comprehensive Board-approved Compliance policy in place. Management also ensures; • Daily monitoring of regulatory changes. • Awareness to all staff on the new regulations. • Conformance tests across the Group to detect compliance gaps. • Engagement with policymakers when contradictions arise among jurisdictions	Ensuring businesses work within the contours of regulation	
Operational Refer to the risk which arises from inadequate or failed internal processes, people and systems or from external events. It includes risk of loss due to legal risk.	A Board-approved governance structure is in place with detailed framework and processes, internal controls, information technology and fraud monitoring mechanisms	Minimising operational losses through risk mitigation	

Risks	Mitigations	Strategies	Capital impacted
Reputation Any adverse stakeholder and public perception about our Bank may negatively impact our ability to attract and retain customers and may expose us to litigation and regulatory actions	We communicate with our stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and their concerns.	Delivering superior customer experience	
Cyber and Data Risk of cyber-attacks on our Bank's systems through hacking, phishing, ransomware and other means, resulting in disruption of our services or theft or leak of sensitive internal data or customer information	• Our high-level cybersecurity strategy is centred around the following principles: proactiveness, defence, continuous improvement and comprehensive risk management. • The Bank's cybersecurity architecture has been meticulously designed and implemented to align with the regulatory landscape and with a highly Tech-enabled Cyber-risk Prevention.	• Facilitating growth via secure Digital initiatives. • Adapting and updating Cyber Defence framework to counter new-age threats • Continuous information security awareness for employees and customers	
Climate Climate change poses financial and physical risks stemming from the transition, which may affect our business's financial performance as climate risks materialise into financial risks	We evaluate climate-related risks as part of our comprehensive risk management strategy. We identify potential risks in the current risk structure and take proactive measures to mitigate or manage these risks through our ESMS.	• We are exploring frameworks to model and assess climate risk. • We also continue our endeavour to acquire granular data and test tools for climate risk assessment and conducting scenario analysis.	

Financial Capital Manufactured Capital Intellectual Capital
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Strategic Outlook

Navigating the Future: Resilient Growth and Strategic Expansion



Our strategic framework—centred on sustainable banking, innovation, and expansion—positions us for sustained growth and market leadership.

Delivering long-term value demands a clear strategy, strong leadership, and a proactive approach to shareholder expectations. Our five-year business strategy, ‘EVOLVE,’ embodies our drive for excellence and industry leadership.

We channel resources into sustainability-driven initiatives, environmental stewardship, and responsible banking, minimising our impact while maximising value. These efforts reinforce our commitment to resilience, sustainable growth, and long-term success.

Our Strategic Framework

Strategic
- Provide distinctive customer experience.
- Attract new and retain existing customers
- Increase the transaction income
- Compliance with Regulation
- Increase in market share

Economic
- Improve the return on equity
- Grow quality loan books responsibly
- Improve the efficiency ratio

Operational
- Digital transformation
- Develop automated solutions
- Train and develop employees

Social
- Help surrounding communities
- Financial inclusion
- Build a reputation as an employer of choice

Environmental
- Ensure environmental sustainability



Our Strategic Objectives

Elevate customer obsession

Enhance operational efficiency and effectiveness

Seize growth opportunities in emerging business markets

Expand locally and regionally, enhance international presence

Build a resilient and responsible organisation

Accelerate digital disruptive capabilities

Key Strategic Priorities for Sustained Growth

Corporate Social Investment

CRDB Bank's Corporate Social Investment strategy targets significant social challenges by creating sustainable solutions in areas of health and wellness, education, environment and financial capabilities with a focus on women and youth. It prioritises initiatives that address immediate community needs and empower communities to achieve self-sustainability.

Digital Leadership and Technological Advancements

Digital innovation remains central to our strategy. The focus is on leveraging cutting-edge technology to enhance customer experience, streamline operations, and drive efficiency across all touchpoints, ensuring agility in an increasingly digital world. This includes adopting new technologies and business models to foster growth and enhance digital adoption.

Cybersecurity Strategy

The Bank's high-level cybersecurity approach is built on principles of proactiveness, robust defence, continuous improvement, and comprehensive risk management.

ESG Integration

ESG and climate-related factors are embedded within the corporate strategy. By integrating these elements, we adopt a holistic approach to value creation, evaluating risks and opportunities related to sustainable and socially responsible practices.

Governance

Individuals in governance roles are responsible for overseeing the entity's strategic direction, including the financial reporting processes.

Regional Expansion

A key focus is on expanding into East and Central Africa, where the Bank aims to leverage cross-border opportunities, support regional trade, and enhance its position as a leading pan-African financial institution.

Our Roadmap for Transformative Growth

Achieve full digitalisation through advanced internet and mobile banking features to enhance banking accessibility.

Optimising our balance sheet and leveraging stakeholders engagement for business growth to accelerate strategy execution.

Strengthen technology to better serve customers and increase capacity to serve.

Enhance service through process simplification and automation to accelerate process reengineering programmes.

Strategic Pillars Shaping Progress

Our strategic pillars strengthen our competitive edge, drive business expansion, and embed sustainability at the core of our operations, ensuring a solid foundation for future growth. These guiding principles shape our initiatives, with clear, measurable goals in place to track our progress and sustain long-term impact.

Monitoring Strategic Performance

Governance plays a pivotal role in steering the Group's operations, ensuring alignment with our strategic vision. Through quarterly reviews of key performance indicators (KPIs), individuals in governance assess comprehensive reports from Management, evaluating successes and identifying challenges arising from internal and external factors.

These reports also outline the necessary support to achieve our objectives, enabling proactive decision-making and strategic interventions. This structured oversight framework strengthens operational effectiveness, driving sustained growth and resilience.

Strategic Pillars

- Ringfence the Business
- Grow the Business
- Futureproof the Business



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*Scan the QR code above to view the financials.

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

1 INTRODUCTION

Those charged with governance (" Directors") have the pleasure to submit their report and the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of CRDB Bank Plc ("the Bank") and its subsidiaries, CRDB Bank Burundi S.A., CRDB Bank Congo, CRDB Insurance Company Limited and CRDB Bank Foundation (together "the Group").

This report has been prepared in compliance with TFRS 1 issued by the National Board of Accountants and Auditors (NBAA) which became effective on 1 January 2021.

2 INCORPORATIONS

The Bank was incorporated in the United Republic of Tanzania under the Companies Act No.12 of 2002 as a Public Company limited by shares with registration number 30227. The Bank was established in 1996 and listed on the Dar es Salaam Stock Exchange on 17 June 2009. and has established three wholly owned subsidiaries, namely CRDB Bank Burundi S.A., incorporated in the Republic of Burundi in 2012, CRDB Insurance Company Limited incorporated in the United Republic of Tanzania under TIRA in 2023 and CRDB Bank Foundation registered by the Registrar of NGOs in 2023. The Bank also own another subsidiary in Congo, "CRDB Bank Congo ", incorporated in the Democratic Republic of Congo in 2023, with 55% ownership.

3 VISION

Transform lives and develop economies to their fullest potential.

4 MISSION

Provide disruptive solutions to unlock social-economic value for our stakeholders.

5 OUR PURPOSE

Improve livelihoods and deliver sustainable impact.

We believe our role as an organization is to positively impact the world and the people we serve. We strive to improve the livelihoods of our customers, employees, and communities by delivering innovative products and services that make a real difference in their lives.

6 ENTITY OPERATION

The bank is licensed in Tanzania under the Banking and Financial Institutions Act of 2006. It has several subsidiaries, which are as follows:

- CRDB Bank Burundi S.A: This is a licensed bank in Burundi under the Banks and Financial Institutions Act of 2003. It provides banking services.
- CRDB Bank Congo: CRDB Bank DR Congo is a public limited company and licensed Bank registered under the Ohada Uniform Act, relating to the law of commercial companies and G.I.E and the Banking Regulation of DR Congo. It provides banking services.
- CRDB Insurance Company Limited is a licensed insurance company in Tanzania that provides insurance services.
- CRDB Bank Foundation: This is a non-profit organization registered in Tanzania that aims to promote inclusive growth for social-economic and financial inclusion through community-focused initiatives.

The Bank is a public listed company on the Dar es Salaam Stock Exchange. The share price as at 31 December 2024 was TZS 670 (2023: TZS 460). Market capitalization as at 31 December 2024 was TZS 1,749.93 Billion (2023: TZS 1,201.45 Billion). The Bank remains one of the largest commercial Bank in Tanzania with a leading share of total customer deposits of 27% (2023:27%) and 26% (2023:25%) of assets as of 31 December 2024.

6 ENTITY OPERATION (Continued)

Environmental matters and impact on the Group's business operations

The Group believes that taking care of environmental and social matters is a key responsibility for everyone. As corporate citizens, we have embraced a culture of responsible living, with the ultimate intention of building a sustainable work environment with insignificant impact on the environment, which can impact business operations. Details on environmental matters, impact, and what the bank is doing to reduce the adverse effects of the environment and social risks have been disclosed under section 25.

Bank's Employees

Our people are the cornerstone of our success. Their engagement and commitment make us who we are. Our employees play an important role in contributing to the bank's long-term success and performance. The employee focus is centered on learning and development, employee well-being, employee engagement, and diversity and inclusion.

- **Learning and Development**

  The Bank greatly emphasizes continuous learning, even in a fast-paced environment. It offers online and classroom training programs to ensure that its staff stays updated with the latest industry trends and actively develops their skills. These programs are carefully designed to cater to the employees' busy schedules, allowing them to prioritize their work while taking advantage of the available training opportunities.

  To further encourage self-learning among its employees, the Bank has introduced an online platform that offers a wealth of educational resources, training materials, and interactive modules. This platform is accessible 24/7, allowing employees to learn at their own pace and convenience, regardless of location or schedule. Overall, the Bank is committed to providing its staff with ample opportunities for professional development and growth and constantly strives to create a supportive and conducive learning environment.

  By promoting self-learning through this platform, the Bank empowers its employees to take ownership of their professional development. They can continuously learn, acquire new competencies, and stay relevant. This benefits the individual employees and contributes to the Bank's overall growth and success.

  The availability of an online learning platform that can be accessed conveniently on mobile phones demonstrates the Bank's commitment to fostering a culture of learning and development throughout the year. In addition, the Bank has also established a dedicated unit to promote learning among its staff, and the top learners are recognized semi-annually based on the number of courses completed. This recognition serves as an encouragement for everyone to put in effort and improve their skills.

  During the year, the Group spent TZS 7.98 Billion (2023: TZS 6.60 Billion) for Learning and development, and 4,081 staff were trained (2023: TZS 3,338) from senior management to support staff level.

- **Employee Well-being**

  As a Bank, we believe employee wellness is essential to our overall employee value proposition. We prioritize the value of 'Care' and constantly seek ways to provide the best possible customer experience. We recognize that a happy and engaged workforce is critical to achieving this goal. To achieve this, we prioritize health and well-being. We understand that a sedentary lifestyle, poor posture, and stress are the primary health concerns in the workplace. To address these issues, we conduct regular medical check-ups, promote best health practices, and provide counselling services through a dedicated helpline to help our employees deal with mental health issues.

  Additionally, we offer medical coverage to all our employees, and we have a specialized maternity care program to support our female employees on the path to motherhood. We also understand the importance of nutrition, physical fitness, and stress reduction. Our bank firmly believes that quality health is essential for our organisation's success and for promoting our staff's well-being. In 2021,

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

6 ENTITY OPERATION (Continued)

Bank's Employees (Continued)

- **Employee Well-being (Continued)**

we launched well-being services focused on empowering our colleagues and eligible dependents to address challenges related to physical and social well-being. The services offered include:

i. Professional telephone counselling in Swahili and English: Counselling for psychosocial problems, substance abuse and addiction, relationship problems, financial management, health, personal, or work-related problems, and all mental disorders. During the year 144 staff received counselling through this platform.

ii. In 2024, 110 staff were provided with professional face-to-face Counselling for any psychological, relationship, medical stress, financial problems, marital and prenatal counselling, trauma-focused counselling, teenage counselling, family therapy, individual and corporate coaching, fitness, nutrition, and lifestyle management issues.

iii. Managerial Consultation for stress management, crisis management, assistance in managing risk cases, cultural diversity, or performance management of employees were provided to 139 staff in 2024.

iv. Psychiatric care arrangement: outpatient assessment and care through an accredited Psychiatrist.

v. Emergency response critical incident stress debriefing (CISD): Worksite counselling and stress management support for issues such as armed robbery, death, or disaster at a worksite.

vi. Education Support and awareness: Periodically conduct an awareness program across the network to equip employees with key psychological threats/signs. During the year 3500 staff were provided with awareness training on social wellbeing including mental health and stress management.

vii. Human Resource department, in collaboration with Occupational Safety and Health Authority (OSHA), annually conducts fitness to work and medical examinations for all staff.

- **Employee Engagement**

The Group believes Employee engagement is the foundation that supports several positive business outcomes, such as productivity, profitability, growth, customer experience, employee retention, and safety. At CRDB, employees are engaged at three levels: physical, emotional, and cognitive. These are not only to ensure full commitment from the employees but also create passionate and motivated workers who strive hard to work towards the Bank's vision and personal goals. By focusing on employee engagement at multiple levels and providing opportunities for growth, recognition, and well-being, CRDB aims to create a motivated and committed workforce that can contribute to the bank's success and deliver exceptional customer experiences.

In addition to work-related activities, CRDB organizes sports events such as the CRDB Super Cup and supports young talents through the UniTalent Sponsorship program. These initiatives contribute to employee engagement by promoting teamwork, friendship, and personal development outside the regular work environment.

Fundamentally, people want to be recognized and appreciated for their efforts. To emphasize this, in 2020, the Bank formally launched the "CEO Awards" award to recognise excellence in the workplace, which is conducted annually. The awards were structured in line with our strategic themes to recognize key drivers of change within the Bank. As a future-oriented employer, we believe in rewarding excellence among our staff as a motivating factor and a noble action.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

6 ENTITY OPERATION (Continued)

Bank's Employees (Continued)

- **Employee Engagement (Continued)**

The Bank believes that to continue becoming an employer of choice in the market, it must keep its employees engaged and listened to. From time to time, the Bank has used an employee satisfaction survey to listen to and engage its employees. The survey is conducted annually with the main aim of better understanding employees' morale, satisfaction, and engagement across the Bank and our subsidiaries. The survey is very important for the Group as it provides feedback to management to improve the working environment.

The survey is conducted via research, a simple and easy-to-use online survey tool. Employee survey responses are anonymous, and the survey team cannot trace individuals. The survey results are communicated to staff via organized Group sessions to discuss ways of improving our culture and performance and addressing problem areas.

The table below shows the results of the survey for the three years:

Employee survey data:	2024	2022	2020
Total eligible employees	3,984	3,712	3,278
Participation (no of employees)	3,227	3,623	2,560
Participation rate (%)	81%	98%	78%
Overall satisfaction index	**94%**	**87%**	**80%**

The survey results are used for three purposes.

i. Identify areas of strength, best practice, and potential improvement of our policies to make them more practical and effective.

ii. Understand engagement drivers, satisfaction levels, and team effectiveness.

iii. Formulate actions to resolve issues that demotivate people, compromise customer satisfaction, and /or diminish performance.

Furthermore, the Bank conducts quarterly town hall sessions branded as "CEO Town Hall" a platform where management communicates with employees on strategy, performance, and key updates. The platform also allows employees to ask various questions on performance and issues on staff matters. It is conducted physically and virtually from the head office to enable all staff to participate.

- **Diversity, Inclusiveness, Equity and Belonging**

The Group values Diversity, Inclusion, Equity, and Belonging, which fosters a positive work environment for all. This results in better ideas and promotes equality, ultimately delivering positive outcomes. The Group believes that a diverse and inclusive workplace is critical to ensure that every employee, irrespective of their background or role, feels equally involved, supported, and valued in all aspects of the workplace.

As a bank with a presence in several countries, our workforce comprises more than 4,000 employees. We believe having a diverse team is essential to our business's success, and we prioritise recruiting, developing, and retaining diverse talent. By doing so, we can better understand and connect with our customers, foster creativity and innovation, solve complex problems, make better business decisions, and boost employee engagement and morale.

The Group is committed to providing equal opportunities for all employees to develop and achieve their full potential, regardless of their background or identity. Diversity is an integral source of our strength because it fosters innovation and problem-solving by forcing everyone to look at things from different perspectives.

6 ENTITY OPERATION (Continued)

Bank's Employees (Continued)

- Our response
  - The Group has developed a Diversity, inclusion, equity, and belonging policy to ensure that the Bank adheres to the best human resources practices and standards. The policy sets out our approach to creating an inclusive and diverse work environment. The Group is an equal-gender employer, and several efforts are being made to maintain gender balance.
  - The Bank introduced the She Initiatives program as one of the initiatives aiming at empowering women through training, coaching, and mentoring. This program provides training, coaching, and mentoring opportunities to support women's professional growth and development. The She Initiatives program offers women various resources and support systems to enhance their skills, knowledge, and confidence. Training sessions are designed to equip women with the necessary tools and expertise to excel in their careers. These sessions may cover various topics, including leadership development, communication skills, financial literacy, and other relevant areas.
  - Through Coaching and mentoring, women participants are paired with experienced professionals who can provide guidance, advice, and support based on their expertise and experiences. This mentorship helps women navigate challenges, set goals, and make informed decisions about their career paths. By implementing the She Initiatives program, the Bank aims to create a more inclusive and supportive environment for women, enabling them to thrive professionally. The program seeks to empower women through training, coaching, and mentoring by equipping them with the necessary skills and knowledge to succeed in their chosen fields.

As of 31 December 2024, the Group's total workforce stood at 4,251 staff, with 2,355 (55%) males and 1,896 (45%) females. The workforce below 35 years of age (38%), between the age of 35-50 (55%) and above 50 years (7%). The Bank continued to focus on driving women's agenda through special sessions aimed at inspiring and empowering more women to draw unique leadership qualities that would enable them to rise to the highest levels of leadership.

Social and community issues

The Group acknowledges that Corporate Social and community issues are of increasing importance to our stakeholders and are vital to the continued success of the Group. The Bank is committed to contributing to sustainable developments by delivering economic, social, and environmental benefits for all its stakeholders. This is recognized as an important element of good corporate citizenship, alongside sustainability and good governance, and aims to improve the lives of disadvantaged people across multiple development sectors.

Our Group is committed to responsible and ethical operations that benefit all our stakeholders. To ensure this, we have a Corporate Social Investment (CSI) policy. Through this policy, we partner with communities and invest in them to find sustainable solutions. This helps us achieve our goal of operating in a socially responsible manner.

The Bank's Corporate Social Investment strategy addresses significant social problems to create sustainable solutions, particularly in health and wellness, education, environment, women and youth, and financial capabilities. The Bank also prioritizes programs that enable communities to meet their immediate needs and empower them to become self-sustainable and self-reliant in the future.

Employees are encouraged to participate in Corporate Social Investment (CSI) programs that aim to enhance the living standards of neighbouring communities. Employees are encouraged to participate in Corporate Social Investment (CSI) programs that aim to enhance the living standards of neighbouring communities.

For further details on our Environmental, social and Governance (ESG) section 25.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

6 ENTITY OPERATION (Continued)

The governance

Our Group is founded on strong principles of good corporate governance, which we conceive as integral to our prosperity. We understand the depth of the responsibility placed upon us by our shareholders to safeguard their hard-earned investments. Therefore, we conduct our business openly and transparently, adhering to the tenets of good corporate governance. We have a diverse Board of Directors with the right balance of skills and experience to steer our Group into prosperity.

Those charged with Governance are responsible for controlling the entity's strategic direction, including the financial reporting processes.

The Group has a Risk Management Framework integral to the Bank's corporate governance. It defines the Bank's high-level governance structure and documents the key responsibilities and accountabilities for managing risks inherent in the Group's business and operations.

For further details on our corporate governance structure, see section 23.

The Bank's operating model

Our integrated business model is designed to address the widespread needs of all market segments by responding to the rapidly changing world. Our governance operating model ensures robust internal governing bodies and proper systems and processes to support our customers and stakeholders.

The Bank continues to be innovative and adopt an agile operating model to respond rapidly to our customers' ever-changing needs. More details of the bank's operating model are disclosed under section 10.

Contractual arrangements

The Group entered several contract arrangements, which are grouped as enumerated below;

- Contractual arrangements with customers to whom we provide loans, advances, letters of credit, and guarantees.
- Long-term Borrowings with various reputable local and International Development Financial Institutions, such as IFC, AFDB, EIB, PROPARCO, INVESTEC, FMO, DFC, IBRD GCPF, CITI, ResponsAbility Investments AG, TIB, NBC, and TMRC, as detailed in note 51 of the consolidated and Bank financial statements.
- Strategic partners on green climate projects - GCF
- Contract with vendors/Suppliers of goods and services to the Group and Bank for the provision of various services as detailed in note 47 (other liabilities) of the consolidated and Bank financial statements.
- Professional service contracts with Consultants, Lawyers and Tax advisory firms.

7 OPERATING STRUCTURE

The Group provides a wide range of products that suit the needs of different segments in the market through our business divisions, namely Retail, Corporate, Treasury and Insurance. We are transforming our digital presence, providing simpler, seamless interactions through digital platforms while sustaining extensive customer reach through our leading branch network. We offer digital solutions, including simbanking, internet banking, point of sale (POS) machines, and Agency banking (Fahari-Huduma). Further details on our operating model are in section 10.

Products and services offered

The Bank has become one of the most innovative and preferred financial services partner in East Africa, supported by uniquely updated services like CRDB agency banking, Mobile banking, and Internet banking. The main services provided by CRDB are corporate banking, small business banking, Institution banking, Consumer banking, Capital market, and Insurance services through a network of 259 branches, including mobile branches, 684 ATMs, including depository ATMs, 4,708 Point of Sale (POS) terminals, and 36,566 registered banking Agents.

8 OPERATING ENVIRONMENT

Macro and micro economic overview

Global Economic Growth

The global economy sustained its recovery towards the end of December 2024, driven by private consumption and easing monetary policies in major economies. Global trade remained strong, particularly in emerging markets and developing economies, amid rising demand. The global GDP growth is estimated at 3.2% in 2024 and is projected at 3.3% in 2025, with emerging and developing economies contributing most of the growth. Global headline inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026, converging back to the target earlier in advanced economies than in emerging markets and developing economies.

Among advanced economies, growth forecast revisions vary. In the United States, underlying demand remains robust, reflecting strong wealth effects, a less restrictive monetary policy stance, and supportive financial conditions. Growth is projected to be at 2.7% in 2025.

In the euro area, growth is expected to pick up but at a more gradual pace than anticipated, with geopolitical tensions continuing to weigh on sentiment. Weaker-than-expected momentum at the end of 2024, especially in manufacturing, and heightened political and policy uncertainty explain a downward revision of 0.2% point to 1.0% in 2025. In 2026, growth is set to rise to 1.4%.

Emerging markets and developing economies

The overall growth forecast for emerging and developing economies in 2025 and 2026 is expected to align closely with the growth anticipated for 2024, indicating a period of relative stability in these regions. This stability is particularly vital as these economies face various global economic challenges, such as fluctuating commodity prices, shifts in trade dynamics, and inflationary pressures.

In 2025, China's economy is projected to expand by 4.6%, marking a slight upward revision of 0.1% points from previous estimates. This adjustment is attributed to favourable expectations stemming from recent trade policy developments, including trade agreements that may enhance export opportunities and stimulate domestic consumption.

Looking ahead to 2026, China's economic growth is expected to remain stable at 4.5%, sustaining the momentum gained in 2025. This consistency suggests that the foundations of the Chinese economy, such as innovation, infrastructure investment, and consumer spending, are likely to remain resilient, even amid potential global uncertainties.

In the Middle East and Central Asia, growth is projected to pick up, but less than expected in October. This mainly reflects a 1.3%-point downward revision to 2025 growth in Saudi Arabia, mostly driven by the extension of OPEC+ production cuts. In Latin America and the Caribbean, overall growth is projected to accelerate slightly in 2025 to 2.5%, despite an expected slowdown in the largest economies of the region. Growth in sub-Saharan Africa is expected to pick up in 2025, while it is forecast to slow down in emerging and developing Europe

East Africa

East Africa is the fastest-growing region in Africa, with a GDP growth rate averaging 4.8%. The region's economy is diverse, with agriculture playing a pivotal role. Key crops include coffee, tea, and horticultural products. Agriculture employs the majority of the population and contributes significantly to GDP. There has been rapid growth in tourism, with Tanzania and Kenya pioneering due to their safari parks.

Inflation rates in East Africa show significant variation across the region. By early 2025, Ethiopia's inflation rate is projected to reach 17%, while Kenya's is expected to be 3.5%, Tanzania's 3.1%, Burundi 12.6%, Congo 9.2% and Uganda's 3.7%. Key factors contributing to the anticipated inflation in East Africa include:

- **Oil Prices:** Fluctuations in global oil prices significantly impact inflation, especially in oil-importing countries like Kenya and Tanzania.
- **Exchange Rates:** Depreciation of local currencies increases the cost of imported goods, contributing to inflation.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

East Africa (Continued)

- **Political Stability:** Political turmoil disrupts supply chains and investor confidence, driving inflation. Stable governance helps manage inflation more effectively.

Challenges and Opportunities:

- Inflation Management: Central banks in East Africa focus on maintaining low and stable inflation through prudent fiscal management and monetary policy adjustments.
- Infrastructure Development: Efforts to improve infrastructure and attract foreign investment are ongoing, contributing to steady economic growth.

Tanzania

The economy maintained robust performance in 2024, growing at an average of 5.6% and is projected to grow at 6% in 2025, mainly supported by agriculture, construction, improvement of transport and logistics, and stable power supply. Inflation remained stable throughout 2024, well below the target of 5%. We closed the year with inflation rate of 3.1% compared to 3.0% in December 2023. Inflationary pressures are projected to remain at around 3.1% to 3.5% due to adequate food supply, a stable exchange rate, and moderate oil prices in the world market.

Zanzibar's economy demonstrated steady growth in 2024, driven by a strong recovery in tourism, increased trade activities, and enhancements in infrastructure investments. The real GDP growth rate was estimated at 6.2%, a rise from 5.8% in 2023, fueled by expansions in tourism, construction, and agriculture. The economy is projected to grow robustly at 6.8% in 2025, supported by the implementation of blue economy initiatives and ongoing construction projects.

Headline inflation remained low and stable throughout 2024. By December 2024, the headline inflation rate was recorded at 4.9%, down from 5.5% in 2023. Inflation is expected to remain below the 5% target in 2025.

Money Supply and Credit Developments in Tanzania

During the year, the extended broad money supply (M3) grew by 11.1%, compared with 14.1% in December 2023, largely driven by credit to the private sector. Credit to the private sector grew by 12.4%, in line with the thrust of monetary policy, reflecting a strong and sustained demand for new loans, driven by improving global and domestic economic conditions and decreased lending risks, evidenced by a reduction in non-performing loans. In 2024, the ratios of credit to GDP and M3 to GDP (key indicators of financial deepening) were 19.4% and 26.2%, respectively, higher than 16.8% and 23.1% recorded in 2023.

Personal loans, particularly those extended to small and medium enterprises (SMEs), have consistently represented the largest portion of outstanding credit in the financial sector. These loans play a pivotal role in stimulating private sector credit growth. Following personal loans, trade financing also contributes significantly to this growth, facilitating the movement of goods and services and enabling businesses to capitalize on market opportunities. The combined impact of these lending practices underscores the importance of SMEs in driving economic development and maintaining robust financial health within the private sector.

Interest Rates

During the year, the overall lending rate slightly decreased to 15.2%, down from 15.3% in 2023. Similarly, the negotiated lending rates have dropped to 12.8%, compared to 13.0% in the previous year. On the other hand, the overall deposit rates have increased to 8.33%, rising from 7.5% in 2023. Likewise, the negotiated deposit rate has risen to 10.4%, up from 9% reported in 2023. As a result, the spread between short-term lending and deposit interest rates has narrowed to 6.12%, down from 7.0% during the same period in 2023.

Developments in the Foreign Exchange Market

Foreign exchange liquidity improved significantly during the year ending December 2024, on account of external and domestic factors. The main external factor was the improvement in global economic conditions, particularly interest rate cuts by central banks in advanced economies, a decrease in oil prices

8 OPERATING ENVIRONMENT (Continued)

Tanzania (Continued)

in the world market, and a decline in inflation, contributing to the improvement in foreign currency inflows. Interest rate cuts eased financial conditions in the international capital markets and reduced capital flows to the advanced economies. The decrease in oil prices and global inflation reduced demand for foreign exchange in the country.

Climate change issues and policy options

Agriculture, manufacturing, and energy sectors are most vulnerable to climate change, with drought affecting agriculture and reliable power supply. According to the 2021 Global Conflict Risk Index (GCRI), Tanzania ranks 67th. The latest review of the 2015 Nationally Determined Contribution (NDC) estimated that the economic costs from climate shocks would be around 1% of GDP. The government has developed policies such as the National Climate Change Strategy 2021-2026, the Zanzibar Climate Change Strategy (2014), and the Environmental Management Act Cap to support climate resilience. Tanzania aims to reduce greenhouse gas emissions by 10-20%. by 2030 by promoting clean technologies and renewable energy sources, per their Nationally Determined Contribution (NDC). The country is on track to achieve SDG 13 on climate action.

Regulatory Environment in Tanzania Financial Sector

The banking environment remains stable and resilient, with sufficient capital to support economic activities. The Bank of Tanzania (BOT) plays a crucial role in maintaining the integrity and stability of the country's financial system. To fulfil this important mandate, the Bank developed guidelines on fees and charges for banks and financial institutions during the year. The guidelines are designed to provide directions on how banks and financial institutions should impose fees and charges for the financial products and services they offer to customers.

In developing these guidelines, the Central Bank adopted a consultative approach, involving various stakeholders to ensure that the guideline strikes a balance between the sustainability of financial institutions and the protection of consumer interests.

These detailed guidelines provide clear directions on the fair imposition of fees and charges related to the range of products and services offered by banks and financial institutions. They aim to create an equitable pricing structure that benefits consumers and financial providers, thus fostering a healthy competitive environment. By encouraging innovation in delivering financial products and services, these guidelines ultimately support the broader goal of financial inclusion, ensuring that a wider segment of the population has access to essential financial services.

The Group response to the regulatory environment

- The Group takes compliance with laws and regulations very seriously. We are committed to meeting the requirements to promote positive effects on the industry, our customers, and other stakeholders. To ensure compliance, we have a dedicated Risk and Compliance department with the primary responsibility of ensuring that our business operations adhere to laws, regulations, rules, and codes of conduct concerning proper standards of market conduct, managing conflicts of interest, and specifically dealing with matters such as the prevention of money laundering and terrorist financing.

  The Risk and Compliance department achieves this by regularly conducting physical and virtual meetings to inform all staff of new regulatory changes. These meetings help staff stay current on the latest compliance requirements so that we better serve customers and maintain the Group's reputation as a responsible and ethical business. The Group's commitment to compliance and risk management ensures that we continue to operate in a safe and responsible manner, providing our customers with the best possible service while adhering to all applicable laws and regulations.

- The Group maintains a good and ethical relationship with Government and Regulatory bodies to support the implementation of laws and regulations through engagement to ensure sustainable economic development.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Tanzania (Continued)

Regulatory Environment in Tanzania Financial Sector (Continued)

Taking action on climate change

Climate change is a complex global issue that poses a significant threat to our planet and all forms of life. As a responsible bank, we recognize the urgency of this challenge and are fully committed to managing our environmental impact. We focus on sustainable finance to help create a more sustainable future for everyone.

We are fully committed to promoting innovative solutions and facilitating the transition towards a low-carbon economy. To achieve this, we have adopted a strategic approach that involves directing resources towards initiatives prioritising sustainability, environmental preservation, and eco-friendly practices. Our initiatives are thoughtfully designed to manage and minimise the environmental and social impacts of our financial activities. Our primary goal is to promote a net positive societal effect by encouraging responsible financial practices.

As a responsible bank, we strive to ensure that our banking practices positively impact on the environment and do not cause any harm. To achieve this goal, we evaluate credit risks by considering environmental, social, and governance (ESG) factors within our ESMS. By adopting sustainable practices, we can effectively manage risks and take advantage of opportunities in the ever-changing economic landscape. More details on section 25 – Sustainability.

Burundi

The outlook for the Burundi economy for 2024 and 2025 is positive, with real GDP growth estimated at 4.6% in 2024 and projected to grow at 5.9% in 2025, This growth is expected to be driven primarily by significant investments in the mining sector and increased public spending. The mining sector is anticipated to play a crucial role in boosting economic activity, while public investment in infrastructure and social services will further support growth. Additionally, the government's efforts to improve the business environment and attract foreign investment are likely to contribute positively to the economic landscape.

Inflation in Burundi is expected to decrease significantly, from 22% in 2024 to 12.6% in 2025, largely due to improvements in local food supplies and better fiscal management. The reduction in inflation will help stabilize the economy and improve the purchasing power of Burundians. Furthermore, the budget deficit is projected to improve, falling to 4.4% of GDP in 2024 and 3.8% in 2025, as the government continues its fiscal consolidation efforts. However, potential risks such as political instability, regional security issues, and external economic shocks could pose challenges to these positive projections. Therefore, continued economic and financial reforms, along with support from international development partners, will be essential for sustaining this positive trajectory

Democratic Republic of Congo (DRC)

GDP growth is estimated at 4.9% in 2024 and expected to stabilize at 4.8 % in 2025. This growth is expected to be driven by the continued expansion of major mines and a gradual acceleration of the non-extractive sector. The mining sector, particularly copper and cobalt, remains a key driver of economic activity, benefiting from high global demand and prices. Additionally, investments in infrastructure and energy projects, such as the Inga hydropower project, are anticipated to support growth in the non-extractive sectors.

The government's efforts to improve the business environment and attract foreign investment are also likely to contribute positively to the economic landscape. Inflation in the DRC is expected to decrease from 11.6% in 2024 to 9.2% in 2025. This reduction in inflation will help stabilize the economy and improve the purchasing power of Congolese citizens. However, the Congolese Franc (CDF) is forecasted to depreciate by 5% against the US Dollar, with the exchange rate shifting from USD/CDF 2,845 in 2024 to USD/CDF 2,977 in 2025.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Burundi (Continued)

Competitive position

The banking landscape is facing increased competition from Mobile Network Operators (MNOs) and FinTech companies. MNOs use their mobile infrastructure to offer financial services like mobile money, which is especially beneficial in areas with limited traditional banking access. FinTech companies provide digital financial services such as peer-to-peer lending and digital wallets, leveraging technology to enhance user experience.

Additionally, mergers and acquisitions in the banking industry are creating larger entities with more resources, intensifying competition. These changes are pushing traditional banks to innovate and adapt to stay competitive in this rapidly evolving environment.

Our response

- The Group is dedicated to its digital transformation agenda, which seeks to create the Bank of the Future and offer customers convenient financial services through mobile devices. With simbanking and internet banking, our customers can access credit, make transfers within CRDB, transfer to other banks, and send money to mobile wallets. They can also make payments to vendors and merchants.
- The bank enhances its competitive edge by focusing on a customer-centric approach, prioritizing our slogan “The Bank that listens” to deliver value to all stakeholders through a dedicated workforce.
- A wide network of 259 branches and 36,566 registered Agents across Tanzania, Burundi, and the Democratic Republic of Congo to reach underserved populations.
- Our strong brand gives us a unique opportunity to enhance customer experience

Speed and effect of technological change

The banking industry has evolved with the rise of online banking. Today, banks provide services through digital channels, such as the Internet and mobile applications, while maintaining a limited physical presence. Their business operations rely on financial technology (fintech) and innovation to enhance customer experiences and promote financial inclusion.

However, the use of technology also exposes banks to various risks, particularly in the areas of information security and cybersecurity. Unauthorised access and cyberattacks put banks at risk of data leaks and breaches of confidentiality, which can lead to significant legal costs and damage the bank’s reputation.

Our response

- The Group strategically focuses on utilizing technological advancements to meet growing customer demands and stay competitive. The Bank is dedicated to adopting new technologies and business models that foster growth and enhance digital adoption.
- To prevent breaches, the Bank has developed a cyber risk management plan that protects its network from potential threats and ensures financial security for its clients. The bank prioritizes information security because its primary business is providing banking services to customers both within the country and in the Diaspora, through various physical and online channels.
- The Group is committed to staying up to date with technological advancements that enhance the speed, convenience, and safety of financial transactions for our customers. We are actively competing in this space by innovating new products that provide easier access to banking services. Additionally, we are strengthening our ICT infrastructure and transforming our operations to improve service delivery. We are also in the final stages of implementing a new core banking system to create a scalable infrastructure for future growth.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Market forces

The Group serves a diverse customer base with evolving needs and an increasing demand for greater value and convenience. The banking industry is significantly impacted by technology, and customers now expect seamless access to banking services 24/7, along with continuous innovation. The Group is committed to maintaining a customer-focused approach by developing innovative business models that meet customer demands and utilizing advanced technology to deliver effective solutions.

We have enhanced the capabilities of our banking systems and alternative channels, ensuring a strong presence nationwide and in our cross-border operations to provide an exceptional customer experience.

SWOC analysis

Strengths	Weaknesses
• Strong recognizable brand with strong relationship with clients • Asset size with market leadership • Digitalization and innovation: Being at the forefront of innovation allows us to deliver excellent customer experiences and enables growth. • Operations and governance: The Group Risk Management Framework forms the Bank’s integral part of corporate governance. • Customer focus: we are the Bank that listens. The Group maintains a customer-centric focus. • Large network footprint: The bank has the largest network of branches & agents. • Strong stakeholder relations: The Bank has strong relations with multiple stakeholders, including the Government • Strong CSI: The Bank has invested in community development. • Strong International affiliations and partnerships	• Semi automated process
Opportunities	**Challenges**
• Youth: a growing, vibrant population • Women, Informal, and SME sectors: underserved segments with limited offerings in the markets we operate • Agriculture Value Chains: The agriculture sector is heavily underinvested with few forward linkages in industries – increase focus on that sector • Strategic Partnerships: collaboration with diverse stakeholders to support growth and speed of execution • Regional Brand: Continue with cross Boarder expansion to increase our brand visibility	• Cyber risk • Macro-economic and geopolitical uncertainties • Climate risks • Disruptions caused by changes in technology. • Unpredictable changes in the regulatory environment.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Societal matters in the environment in which we operate

Financial inclusion

"Creating an enabling banking environment for everyone."

We are dedicated to fostering financial inclusion by ensuring our community can access affordable and convenient financial products and services, regardless of location, background, ethnicity or financial status. Our brand propositions and offerings have been designed to cater to our customer's diverse and evolving needs. We have invested significantly in the latest technologies and innovative delivery channels to ensure our services are accessible to everyone. We are committed to providing a level playing field for our customers, especially those in underserved and remote areas, to help them achieve their financial goals and aspirations.

Our response

- Our approach to financial inclusion centres on the CRDB Bank Foundation through the Imbeju programs, which empower individuals by providing valuable financial literacy training and capacity-building sessions. These initiatives enhance participants' business and financial management skills, transforming lives and strengthening local economies to their fullest potential. In 2024, we reached 196,650 (2023:109,722) women and youth across Tanzania, further solidifying our commitment to fostering economic empowerment and sustainability within communities.

- The Bank made reforms in its business, concentrating on creating sustainable value, increasing financial inclusion, and building the economy integrated through products, services, and innovative service delivery systems through our wide range of networks, ATMs, Agency banking and point of sales. Our distribution network, for example, CRDB registered agents, increased significantly to 36,566 from 34,627 recorded last year.

- In addition, through our Al Barakah banking services, we proudly offer an Islamic banking window designed specifically to cater to the community's needs that adhere to Shariah laws. Unlike conventional banking options, our Islamic window provides tailored financial solutions that align with religious principles, ensuring that our clients can manage their finances in a manner that respects their beliefs and values. Our commitment is to serve those seeking banking alternatives that are ethical and in harmony with their faith.

- The Bank has partnered with Development Finance Institutions (DFIs) to improve financial inclusion for small businesses in Tanzania, which are vital to the country's economy. The partnership focuses on providing credit and technical assistance to help these businesses modernize and digitize their operations. The Bank is committed to supporting small businesses, encouraging them to become active participants in their entrepreneurial journeys.

Human rights

As a socially responsible bank, we closely monitor the human rights elements of the markets we operate in. We strive to ensure human rights-related matters are suitably addressed across our operations and by the third parties we work with. Our human rights practices have been embedded within all our operations. This includes:

- Fostering a work environment free from all forms of harassment, bullying, and discrimination
- Combating financial crime and corruption(including bribery and money laundering)
- Robust due diligence on our suppliers, customers, and business partners to ensure compliance with ethical code of conduct.
- All existing employees are required to complete mandatory refresher training on AML annually and acknowledge that they understand our Code of Conduct, including our stance on anti-corruption.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Societal matters in the environment in which we operate (Continued)

Human rights (Continued)

All employees must report alleged or suspected human rights violations through the available reporting channels or our whistleblowing procedures. The Bank takes any reported incidence of human rights abuses seriously.

During the year, no incidence of human rights violations was reported.

Health

The Bank is committed to conducting its business in compliance with all applicable health and safety laws and regulations (the Occupational Safety and Health Act.No.5 of 2003). The Bank strive to provide a safe and healthy work environment to avoid adverse impact and injury to its employees and customers. The achievement of this goal is the responsibility of all employees of the Bank irrespective of their positions.

We recognize the importance of protecting our employees and customers from potential hazards and adverse effects. To this end, we actively assess and manage risks to prevent accidents and health issues. Our commitment extends to everyone present on our property—including our valued employees, contractors, customers, visitors, and public members. We ensure that all individuals are safeguarded against exposure to conditions that might compromise their health and safety. Through ongoing training, awareness programs, and safety protocols, we strive to foster a culture of safety that benefits everyone who interacts with our Bank.

Our response

- Considering the importance of employees' health, the Group invests in the best office chairs, which are comfortable and ergonomic seating for reducing backache.
- The Bank effectively adheres to workplace health and safety policy for its employees. Our office buildings have adequate lighting, which enables employees to view their work and environment easily without straining their eyes.
- The Group has been running various programs for employees across the country, including health check-ups for all employees each year, including introducing a special day for physical exercises and mental health awareness.
- The Bank has set up a special first aid room and Lactation room for mothers and children.

Poverty

The Group is committed to collaborating with society to create a brighter and more prosperous future as the country embarks on its journey towards self-reliance, in line with Sustainable Development Goal No. 1: "No Poverty." This goal aims to eradicate extreme poverty for all people by 2030. The bank is dedicated to implementing innovative solutions that enhance small businesses' access to financing and support entrepreneurs in accessing funds. By doing so, the bank seeks to promote growth and job creation while reducing poverty. This approach focuses on uplifting the most vulnerable members of society and fostering inclusive economic development.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Societal matters in the environment in which we operate (Continued)

Poverty (Continued)

Our response

- The Group has been setting aside 1% of its net profit back to the community on corporate social investment.
- The launch of the IMBEJU program is in line with the slogan “Leave No One Behind,” which emphasizes the empowerment of marginalized groups and tackling inequality in economic opportunities.
- The bank has entered into agreements with international agencies to obtain funds for issuing affordable loans to women and youth. These funds help the bank to expand access to finance for women and youth borrowers in the education and health sectors, micro, small and medium enterprises (MSMEs), and the informal sector throughout Tanzania.

Population and demographic changes

The Group considers various demographic factors, such as age, education, income, ethnicity, and gender, when developing new products, creating marketing campaigns, or deciding on branch and agency locations. Age is particularly important to monitor, especially considering the transfer of wealth to younger generations.

Our response

By closely observing these demographic factors, the Group ensures that its products and services are tailored to meet the unique needs and preferences of our customers, delivering the best possible experience. For instance, the Bank offers customized accounts for different demographics: Junior Jumbo accounts for children, Scholar accounts for college students, Malkia accounts for women, Imbeju seed capital for women and youth, Tanzanite accounts for the diaspora, and pension accounts specifically designed for pensioners.

Environmental challenges

The Bank faces environmental challenges, primarily driven by climate change and the need for sustainable practices. As a financial service provider, we must manage physical risks, such as damage from extreme weather events to our properties and held collateral. For instance, properties used as collateral in flood-prone areas are at risk of devaluation due to increased flooding, while agricultural loans may be affected by prolonged droughts.

We also encounter transition risks associated with moving towards a low-carbon economy. This requires compliance with evolving environmental regulations, integrating Environmental, Social, and Governance (ESG) criteria into our risk management systems, and addressing the impacts of climate change, which can disrupt supply chains and affect economic growth.

Additionally, the lack of standardized data for assessing environmental risks complicates the accurate measurement and reporting of our environmental impact.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Environmental challenges (Continued)

Our response

- As a responsible bank, we aim to ensure our practices positively impact the environment. We assess credit risks by considering environmental, social, and governance (ESG) factors through our Environmental and Social Management System (ESMS). By adopting sustainable practices, we can manage risks and seize opportunities in the changing economic landscape.
- The bank has implemented an environmental, social, and climate risk management policy to optimize opportunities and manage climate-related risks. This policy integrates climate risks into our governance and risk management practices, enhancing outcomes for financed activities in portfolio management and operations.
- We apply international best practices, including the IFC Performance Standards, in our credit review appraisals before approvals.
- We have invested TZS 281.3 Million during the year to combat the environmental challenges

Our Group is dedicated to enhancing environmental sustainability, reducing climate change risks, and contributing to a more sustainable future for the communities we serve. Section 25 on sustainability provides more details.

Political environment

The Bank operates in countries with stable political environments to safeguard its shareholders’ interests and fulfil the needs of its stakeholders. This approach also contributes to the overall stability and growth of both the bank and the economy. A stable political environment has boosted foreign and domestic investments, providing assurance to both local and international stakeholders.

Key stakeholders’ legitimate needs and interests and value created

The Bank recognizes that building strong relationships with stakeholders is essential for creating and maintaining value. To stay competitive and successful in the long run, we must meet and exceed their expectations. This approach helps us connect more deeply with the communities we serve, ensuring our relevance. Engaging with stakeholders allows us to understand how our actions impact society and the economy. This interaction enables us to share our solutions and initiatives while gathering valuable feedback. By listening to our stakeholders, we can make informed decisions that directly influence our strategy. Therefore, stakeholder engagement is crucial at every stage of our business.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Key stakeholders' legitimate needs and interests and value created (Continued)

The following are our key stakeholders, their concerns and expectations, our responses, and how we measure our performance.

Customers	Our feedback, decisions, and interactions with our customers significantly influence the growth and success of our Bank.	
Concerns and expectations	**Our response**	**How we measure our performance**
Security and fraud protection: Account security, transaction safety, and protection from fraud.	**Security measures:** • Our high-level cybersecurity strategy is centred around the following principles: proactiveness, defence, continuous improvement and comprehensive risk management. • The Bank's cybersecurity architecture has been meticulously designed and implemented to align with the regulatory landscape and with a highly Tech-enabled Cyber-risk Prevention. • Regular review of the cyber security systems.	All incidents are recorded, and monthly assessments check the number of fraud cases and measures to enhance the security of our systems.
Quality of service: Our customers value responsive and personalized service, which includes assistance with account management, inquiries, and issue resolution.	**Customer service excellence:** • Our primary goal is to provide world-class customer experience. Therefore, we continuously invest in our contact centre and customer experience department. • We have a customer complaint register at each branch and a resolution mechanism.	**Customer satisfaction surveys:** We regularly conduct surveys and gather feedback to assess customer satisfaction and identify areas for improvement. We use the Net Promoter Score (NPS) and the Customer Satisfaction Score (CSAT). **Customer complaint resolution:** We track and monitor customer complaints to ensure timely and satisfactory resolutions in line with established KPIs and industry best practices.
Convenience and accessibility: Our customers expect banking services to be convenient and accessible, whether through branches, agencies or digital platforms.	**Alternative Channel Banking:** The Bank offers various banking channels, including physical branches, agencies, online banking, and mobile apps, to ensure customers can access its services conveniently 24/7. **Branch realignment:** Our customer service manager is positioned at the forefront of engaging directly with customers. This initiative aims to improve customer experience in a more convenient manner.	The Bank measures through analysing the performance in terms of the number of customers and transactions in various banking channels.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Key stakeholders' legitimate needs and interests and value created (Continued)

Customers (Continued)		
Concerns and expectations	**Our response**	**How we measure our performance**
Transparency and fairness: Our customers want clear and transparent communication about fees, terms and conditions, as well as fair treatment in all interactions with the Bank.	**Transparency and communication:** • Through our digital communications channels and our branch service centre, we strive to provide clear and transparent information about fees, rates and charges. • We are also complying with BOT guidelines in quarterly publications of all our fees and charges.	Through customer feedback in formal and informal channels including social medias.
Value created	**Enhanced customer experience** We create value by fostering long-term customer relationships and loyalty by addressing key customer concerns and delivering exceptional service. This was evidenced by a customer NPS score of 56% from 53% in 2023 and a CSAT score of 90% from 81%.	
	Trust and reputation: Our dedication to security, convenience, transparency, and service excellence fosters trust and enhances our reputation, attracting significant growth in customers to 6.4 Million in 2024 from 4.0 Million in 2023	
	Financial performance: Positive customer experiences enhance our financial performance by driving increased customer retention, fostering cross-selling opportunities, and generating positive word-of-mouth referrals.	
	Social impact: By addressing customer needs and expectations, the Bank enhances societal well-being through the promotion of financial inclusion, economic stability, and trust in the banking system.	

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Key stakeholders' legitimate needs and interests and value created (Continued)

Employees	Our employees are our greatest asset, bringing the skills and expertise essential for the Bank's progress. Without them, we cannot effectively implement our strategy. Therefore, we continually engage with our employees to foster stable relationships, boost productivity, and ensure everyone is aligned to achieve our strategic objectives.	
Concerns and expectations	**Our response**	**How we measure our performance**
Career growth and development: Opportunities for career advancement, skills development and learning opportunities to equip them with an evolving technology landscape.	**Training and development programmes:** • We continue to offer training and development programmes, mentorship opportunities, and career progression pathways to support employees in enhancing their professional skills and advancing their careers. • The Bank offers an online platform to all employees through "linkedin learning", which provides various courses to equip staff for their personal and career development.	• Through performance management, the senior management team are being measured by training attended by their team. • The online training through LinkedIn is mandatory; hence, all staff are required to attend the learnings for a minimum of 24 hours annually, and the HR department will track their progress.
Compensation and benefits: Competitive salaries, comprehensive benefits packages, and attractive incentives.	**Competitive compensation and benefits:** • The bank reviews the salaries of all employees annually to account for inflation and individual performance. • All employees have access to medical coverage, ensuring competitiveness and attractive value propositions.	**Retention rates:** We analyze employee turnover rates to evaluate retention and identify factors influencing employee departure.
Work environment: A safe, healthy, inclusive and engaging work environment that promotes a culture of innovation.	**Work environment:** • We foster open communication channels to voice concerns through the Bank HR help desk platform, which provides centralised support to employees who encounter technical issues, have questions, or need guidance. • We conduct an anonymous annual employee survey, encouraging employees to provide 360-degree feedback. • Each department has designated specific Human Resource Business Partners (HRBPs) to promptly address and resolve employee.	**Performance reviews:** We conduct regular performance reviews and evaluations to assess both individual and team performance, set goals, and provide constructive feedback for improvement. **Employee feedback mechanisms:** The Bank encourages open communication and employee feedback through channels such as suggestion boxes, town hall meetings, the intranet and anonymous feedback surveys.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Key stakeholders' legitimate needs and interests and value created (Continued)

Employees(Continued)		
Concerns and expectations	**Our response**	**How we measure our performance**
Recognition and appreciation based on merit: Recognition of contributions and achievements, along with opportunities for feedback and constructive criticism.	• Fundamentally, people want to be recognised and appreciated for their efforts. To emphasise this, in 2020, the Bank formally launched an award named "CEO Awards," which is conducted annually and aims to recognise excellence in the workplace. • Internal recognition for staff outperforming sales, or any campaign launched, such as increasing deposits or selling new products.	**Participation rate:** • The percentage of employees actively participating in recognition campaigns is a vital metric for assessing the effectiveness of these initiatives. High participation rates indicate that employees are engaged and value the recognition efforts. **Employee feedback** • Conduct a survey regularly to gather the employees' opinions on the recognition program. This helps identify areas for improvement and understand how the appreciated employees feel.
Value created	**Employee Satisfaction and Retention:** By addressing key employee concerns and promoting a positive work culture, the Bank creates value by enhancing employee satisfaction, loyalty, and retention.	
	Enhanced productivity and performance: Engaged and satisfied employees are more likely to be productive, motivated, and committed to achieving the Bank's goals, resulting in improved performance and outcomes.	
	Talent attraction and Retention: The Bank promotes a supportive work culture and offers competitive benefits, which help attract top talent and recruit skilled professionals.	
	Innovation and creativity: A diverse and engaged workforce promotes innovation, creativity, and collaboration, fostering continuous improvement and adaptation to changing market dynamics.	

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Key stakeholders' legitimate needs and interests and value created (Continued)

Investors/ shareholders	We strengthen our engagement with shareholders and investors through transparent, consistent communication about our strategy execution and the outcomes that contribute to long-term, sustainable value creation.	
Concerns and expectations	**Our response**	**How we measure our performance**
Financial performance: Our investors and shareholders are concerned about the bank's financial health, including its profitability, revenue growth, and return on investment.	**Financial reporting and transparency:** Throughout the years, we have consistently provided timely and accurate financial reporting, including quarterly reports, annual reports, and investor presentations to keep investors informed about the Bank's financial performance.	Our financial performance is measured using metrics such as. • growth of revenue, • return on assets, • return on equity, • cost to income ratio • Asset quality • Earnings per share
Risk management: To provide assurance, our investors expect the Bank to implement strong risk management practices that effectively mitigate potential risks, including credit, market, operational, cyber, compliance, etc.	**Risk management framework:** We have a robust risk management framework that includes regular risk assessments, stress testing, and internal controls to effectively identify, assess, and mitigate risks.	**Risk management indicators:** Our key risk management indicators include capital adequacy ratios, liquidity ratios, credit risk metrics (such as non-performing loan ratios), and operational risk incidents. These are used to assess the effectiveness of the Bank's risk management practices.
Corporate governance: The Bank's governance structure, which includes transparency, accountability, and ethical standards, is a major concern for investors.	**Corporate governance framework:** We follow best practices in corporate governance, ensuring independent Board oversight, establishing clear conflict of interest policies, and committing to ethical conduct and integrity. Additionally, we take pride in having a highly skilled and experienced leadership team.	We regularly assess our corporate governance practices, including Board evaluations and compliance audits, while adhering to regulatory requirements and industry standards.
Sustainability practices Investors are more concerned about the Bank's sustainability practices.	• The Bank has established a dedicated unit to spearhead and monitor sustainability practices. • We have an ESG strategy embedded in the Group's corporate strategy. • Mandatory ESG training is provided to all staff. • It is a standing agenda item in Board discussions.	The performance is evaluated based on the metrics set in the strategy.
Value Created	By addressing investors' concerns and ensuring transparency, accountability, and financial stability, CRDB adds value by enhancing investor confidence and attracting capital investment.	
	Effective risk management practices reduce financial losses and reputational damage, thereby increasing shareholder value and ensuring the Group's long-term sustainability.	
	Strong corporate governance, ethical conduct, and a commitment to sustainability enhance CRDB's reputation and brand value, which helps attract customers, investors, and other stakeholders.	
	By incorporating ESG and climate-related factors into our business strategy and operations, we adopt a holistic approach to value creation when evaluating risks and opportunities related to sustainable and socially responsible practices.	

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)

Key stakeholders' legitimate needs and interests and value created (Continued)

Suppliers and business partners	Suppliers and business partners are fundamental to our brand's success and reputation. We prioritize building strong, collaborative relationships with these stakeholders through regular communication and joint initiatives. By sharing best practices, we enhance efficiency and foster innovation that benefits all parties involved. Our commitment to continuous improvement allows us to gain valuable insights into industry trends and challenges, helping us to amplify our positive impact on the community and the environment. In addition, we place great importance on ethical alignment. We strive to ensure that our business ethics, core values, internal policies, standards, and codes of conduct resonate with those of our partners.	
Concerns and expectations	**Our response**	**How we measure our performance**
Timely payments: Receiving timely payments for goods and services provided to us to maintain their own cash flow and operational stability.	**Prompt payments:** As a bank, we commit to making timely payments to suppliers, within agreed-upon terms, by actively managing our accounts payable process to minimise delays.	**Payment timeliness:** We measure the timeliness of payments to suppliers with key metrics such as days payable outstanding (DPO) and payment cycle times.
Fair treatment: Assurance of fair treatment when bidding for tenders, negotiating terms and during performance management.	**Effective communication:** In enhancing our engagement with our suppliers, we maintain open channels of communication with them, providing clear guidance, feedback and updates on procurement needs and requirements.	**Quality and compliance metrics:** Performance is evaluated based on quality and compliance metrics, such as product/service defects, specification adherence, and compliance with regulatory requirements.
Communication and transparency: Clear communication and transparency regarding expectations, requirements and changes in demand or procurement processes.	**Quality assurance:** We work closely with suppliers to establish quality standards provide necessary support and resources and conduct regular quality checks to ensure products or services meet expectations.	**Supplier satisfaction:** As our business partners, we aim to have regular engagement with our suppliers to assess supplier satisfaction levels, gather feedback on the procurement process and identify areas for improvement.
Quality and standards: Ability to meet our quality standards and compliance requirements.	**Fair and Sustainable procurement practices:** • We ensure fair treatment of suppliers through transparent procurement processes, competitive bidding and adherence to responsible sourcing principles, which include compliance with our code of conduct. • Our procurement decisions consider environmental and social impacts, promoting sustainable and ethical sourcing practices. • We give priority to local businesses when sourcing, with more than 80% of our suppliers being sourced locally.	**Contract performance:** We monitor supplier performance against contract terms, including delivery schedules, quality standards and cost efficiency, to ensure contractual obligations are met.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)
Key stakeholders' legitimate needs and interests and value created (Continued)

Suppliers and business partners(Continued)

Concerns and expectations	Our response	How we measure our performance
Value Created	**Supplier relationships:** By addressing suppliers' concerns and maintaining fair and transparent procurement practices, we create value by fostering strong, mutually beneficial relationships with suppliers.	
	Operational efficiency: Timely payments and effective communication with suppliers contribute to operational efficiency, reducing the risk of supply chain disruptions and improving overall procurement processes.	
	Quality and innovation: Ensuring quality standards and collaboration with suppliers fosters innovation and continuous improvement, creating value through the delivery of high-quality products and services to customers.	
	Reputation and trust: Demonstrating integrity, fairness and transparency in supplier relationships enhances the Bank's reputation for trustworthiness, creating value by attracting reputable suppliers and building confidence among stakeholders.	

Government and regulators	Regulators are integral to ensuring the integrity and stability of the financial sector, as they implement controls that mandate the responsible operation of financial institutions. Thus, it is imperative to cultivate strong professional relationships with these regulatory bodies by adhering to applicable laws and regulations. Our regulatory authorities include: • Bank of Tanzania Central bank • Capital market and securities authorities • Tax revenue authority • Insurance regulators (TIRA) • Dar es salaam stock exchange	
Concerns and expectations	Our response	How we measure our performance
Compliance with regulations: Regulators are concerned about our compliance with banking laws, regulations and industry standards to ensure the safety and soundness of the financial system.	**Risk management framework:** We implement a robust risk management framework that includes risk identification, assessment and mitigation strategies and monitoring processes to effectively manage various types of risks across the Group.	**Regulatory compliance audits:** Regulatory compliance audits, conducted by Risk team, internal audit teams or external auditors, assess our compliance with applicable laws, regulations and regulatory guidelines.
Risk management: Our risk management practices, including credit risk, liquidity risk, operational risk and compliance risk are scrutinized by regulators to mitigate potential threats to financial stability.	**Compliance programmes:** We have established robust compliance programs, policies, and procedures to actively promote adherence to regulatory requirements. Our dedicated compliance officers play a key role in monitoring and reporting on compliance activities, ensuring that we continually improve our practices. To further enhance our efforts, we provide regular training on essential banking regulations, focusing on areas such as Anti-Money Laundering (AML), data protection, cybersecurity, business continuity management (BCM), and environmental, social, and governance (ESG) principles. This proactive approach helps us foster a culture of compliance and accountability.	**Risk management metrics:** Risk management metrics, such as capital adequacy ratios, liquidity ratios, credit risk metrics (e.g., non-performing loan ratios) and operational risk incidents, are used to assess the effectiveness of the Bank's risk management practices.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)
Key stakeholders' legitimate needs and interests and value created (Continued)

Government and regulators(Continued)

Concerns and expectations	Our response	How we measure our performance
Financial health: Our financial health and stability, including capital adequacy, asset quality and liquidity levels, prevent systemic risks and maintain financial stability and resilient.	**Consumer protection measures:** We prioritise consumer protection by providing clear and transparent information to customers, handling complaints promptly and fairly, and adhering to regulations related to fair lending and consumer rights.	**Examination reports:** Regulators regularly assess our operations, risk management practices, and compliance with regulatory requirements. These assessment reports offer feedback on both strengths and areas for improvement.
Consumer protection: Measures such as equitable lending practices, comprehensive disclosures, and effective management of customer complaints are essential regulatory priorities aimed at safeguarding the interests of bank customers.	**Financial reporting and transparency:** We maintain transparent financial reporting practices and engage in regular communication with regulators to provide updates on financial performance, risk exposures and regulatory compliance efforts.	**Consumer complaints resolution:** We track and monitor the resolution of consumer complaints with metrics such as complaint response times, resolution rates, customer satisfaction scores and updates made on the Bank's website, in line with our commitment to the Central Bank of Tanzania to resolve customer complaints.
Value created	**Regulatory Compliance:** By addressing regulators' concerns and maintaining compliance with regulatory requirements, we create value by mitigating regulatory risks, avoiding penalties and preserving the Bank's reputation as a trusted and responsible financial institution.	
	Financial stability: Effective risk management practices and regulatory compliance contribute to our financial stability, creating value by enhancing investor confidence, maintaining access to capital markets and supporting sustainable growth by future proofing the Bank.	
	Consumer trust: Prioritising consumer protection measures and transparent communication with regulators builds consumer trust and confidence in the Bank, thus attracting and retaining customers and enhancing our reputation in the marketplace.	
	Systematic stability: By ensuring compliance with regulatory requirements and managing risks effectively, we contribute to systemic stability in the financial system, create value by minimising the risk of financial crises and promote economic stability and growth.	

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)
Key stakeholders' legitimate needs and interests and value created (Continued)

Communities	We made progress in our sustainability efforts, and in 2024, we invested TZS 2.3 Billion in corporate social initiatives. We focused on health, education, environment, women's and youth empowerment, and other corporate social investment (CSI) initiatives. These sectors are crucial to our corporate social investment approach and policy. We aim to improve people's lives, benefit our stakeholders, and enhance the Bank's reputation. By supporting the community through financial and in-kind aid, we strive to create a more sustainable impact on the community we serve.	
Concerns and expectations	Our response	How we measure our performance
Access to financial services: Advance financial inclusion by making banking products and services available in underserved community.	**Financial inclusion:** We are dedicated to promoting financial inclusion by providing affordable and convenient financial products and services to our community, regardless of location or background. Our offerings are tailored to meet diverse needs, supported by significant investments in technology and innovative delivery channels. We aim to create a level playing field for all customers, especially those in underserved areas, to help them achieve their financial goals.	**Financial inclusion metrics:** Performance is measured based on financial inclusion metrics, such as. • Number of new accounts. The Bank has seen a significant increase in its customer base, which has grown to 6.4 Million from 4.0 Million in 2023. • Number of agents increased to 36,566 from 34,627 in 2023, highlighting our commitment to delivering services to the unserved population. • loan disbursements to MSMEs and participation in financial literacy programmes. • Increase in online transactions by 53% through our various digital channels.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8 OPERATING ENVIRONMENT (Continued)
Key stakeholders' legitimate needs and interests and value created (Continued)

Communities (Continued)		
Concerns and expectations	Our response	How we measure our performance
Environmental footprint: The Bank is committed to promoting environmental conservation through various initiatives, ensuring that most of our supported activities are environmentally friendly. This commitment is further underscored by our accreditation with the Green Climate Fund.	**Initiatives in managing environmental footprint:** • In 2024, we funded clean cooking campaigns organized by the National Economic Empowerment Council, the Ministry of Energy, and Trident Media Organization, educating communities about the harmful effects of charcoal. As part of this initiative, families received gas cylinders as a cleaner cooking alternative. • we backed a tree planting program for youth in Vunjo Constituency to promote environmental sustainability through hands-on activities. The Bank invested TZS 281.3 Million in these efforts. • The Bank has implemented water filtration and purification solutions at our headquarters, to eliminate the use of harmful plastic bottles • Effective systems to ensure responsible waste collection, recycling and disposal. • The bank also encourages customers to use its digital banking platforms to reduce emissions associated with travel and running large branches • Implementation of paperless solutions "OPTIMA" and "IPV supporting documents on a user-friendly digital screen	• Reduce paper usage by 20% • Invest in digital tools – roll out BIO tools to all our Branches by 2030 • Source 20% of our electricity from renewable sources by 2030 and 40% by 2050. • Reduce water consumption by 25% by 2030 • Roll out of LED lights and sensor lights to all our outlets by 2030 • Reduce waste generation through prevention, reduction, recycling and reuse.
Value created	**Community empowerment:** By actively listening to community concerns and implementing comprehensive programs designed to enhance access to essential financial services, we foster local development and promote environmental sustainability. In doing so, we not only create significant value for these communities but also empower individuals, ultimately elevating their quality of life and fostering a brighter, more sustainable future for all. Through our CRDB Bank foundation with imbeju programs we have reached number of beneficiaries from underserved communities. • Capacity building beneficiaries: 196,650 • Financial inclusion: 144,810 • Digital financial inclusion: 127,801	

9 GROUP STRATEGY AND OBJECTIVES

Short, medium, and long-term strategic objectives

To create long-term sustainable value for the Group, we acknowledge the importance of having an appropriate strategy, focused leadership, strong corporate values, and a timely response to shareholders' needs. Our primary goal in the long term is to achieve undisputed market leadership.

In 2024, we entered the second year of implementing the Bank's new five-year business strategy for 2023-2027, themed "EVOLVE." We are confident in responding effectively to the industry's challenges. Most importantly, the Group has reimagined itself to enhance its competitiveness and ensure sustainability for decades. We prioritize efficiency, innovation, competitiveness, and a commitment to sustainability to achieve our ambitions for 2027 and fulfil our purpose.

Group strategic pillars

Our strategic pillars strengthen our market position, encourage business growth, ensure sustainability, and create a solid foundation for future development. These pillars guide our actions, and we have established measurable targets to monitor our progress.

Strategic Pillars	Ringfence the Business	Strengthen our service offerings and cement our presence in the market.
	Grow the Business	Tap into our unrealized potential and introduce offerings that are new to the Bank.
	Futureproof the Business	Enhance Sustainability and Governance, explore new horizons to adapt to evolving client demands.

Our strategic framework

The Group has established a framework that outlines the strategy to achieve its objectives

Objective	Strategy
Strategic	• Provide distinctive customer experience. • Attract new and retain existing customers • Increase the transaction income • Compliance with Regulation • Increase in market share
Economic	• Improve the return on equity • Grow quality loan book responsibly • Improve the efficiency ratio
Operational	• Digital transformation • Develop automated solutions • Train and develop employees
Social	• Help surrounding communities • Financial inclusion • Build a reputation as an employer of choice
Environmental	• Ensure environmental sustainability

Strategic objectives

- Elevate customer obsession
- Enhance operational efficiency and effectiveness
- Seize growth opportunities in emerging business markets
- Expand locally and regionally, enhance international presence
- Build a resilient and responsible organization
- Accelerate digital disruptive capabilities

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

9 GROUP STRATEGY AND OBJECTIVES (Continued)

Strategies to implement strategic objectives

- The Group aims to achieve digitalization across all our transactions through increasing accessibility of banking services by encouraging virtual money management through providing value-adding internet and mobile banking functionalities.
- The Group will continue to optimize the balance sheet, capitalize on stakeholder engagements for business growth, and build capacity to hasten the execution of the strategy.
- The Group shall also continue to create technological strength to increase our capacity to serve.
- We aspire to enhance the service experience through process simplification and automation. We will therefore prioritize the delivery of critical technology projects as enablers and accelerate process reengineering programs.

Resources allocation plans to implement our strategy

As we work towards implementing our strategy, one of our most crucial tasks is to create comprehensive plans for allocating our resources. This involves a detailed examination of our budget, personnel, and other assets, to identify the areas where they can have the greatest impact. To begin, we analyse our current resources and determine how they are being utilized. This allows us to identify any inefficiencies or redundancies that may exist and optimize our resource allocation accordingly.

We then evaluate our strategic priorities, identifying the projects and initiatives that are most crucial for achieving our overall goals. Based on this analysis, we develop detailed plans for allocating our resources in a way that maximizes their impact on our strategic objectives. This involves reallocating resources from less critical areas to those of greater strategic importance or investing in new resources that will help us achieve our goals more effectively. We carefully balance our resource allocation to ensure that we are making the most of our available resources while also maintaining financial sustainability and avoiding overstretching ourselves.

This allocation has been made with careful consideration of the current macroeconomic and operational environment, ensuring that we remain flexible and responsive in managing our resources effectively. Out of the total capital expenditure TZS 120 Billion for the FY 2025, 47% has been allocated to Information and Communication Technology (ICT). This significant investment is crucial for the implementation of mission-critical systems including completion of our new core banking system which will improve system reliability and continuing investing in digital solutions and advancing our cyber security measures to achieve our strategic goals.

By developing comprehensive and detailed strategic plans for resource allocation, we clearly identify and prioritize our most critical objectives. This approach allows us to optimize the use of our financial, human, and technological resources, ensuring that each resource is directed toward initiatives that offer the highest potential for impact.

Short- and long-term funding plans to support the strategies to achieve the Bank's objectives

The bank has short- and long-term funding plans designed to support our strategic initiatives aimed at achieving overarching objectives. These funding plans include a variety of sources, such as capital markets, customer deposits, and interbank loans, ensuring the bank maintains robust liquidity and financial stability. The short-term funding strategy focuses on meeting immediate operational needs and managing cash flow effectively, while the long-term funding strategy is geared towards financing investments that drive sustainable growth and profitability over time. By aligning these funding strategies with our overall goals, the bank is well-positioned to adapt to market changes and seize new opportunities for expansion.

Short term funding plan

- **Lines of credit:** We have established relationships with various financial institutions to create flexible lines of credit. These lines offer immediate liquidity, allowing the bank to quickly cover unexpected obligations or seize short-term opportunities without the delays associated with normal loan application processing.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

9 GROUP STRATEGY AND OBJECTIVES (Continued)

Short- and long-term funding plans to support the strategies to achieve the Bank's objectives (Continued)

Short term funding plan (Continued)

- The Bank uses short-term loans, usually with terms of one year or less, to meet immediate financial obligations. This strategy provides quick access to capital during times of tight cash flow, helping to ensure operational continuity or to fund specific projects that need prompt financing.
- **Internal financial reallocations:** We conduct a thorough review of the Bank's current budget to identify excess funds or underperforming areas. By reallocating resources from lower-priority projects to those that are urgent and necessary, the Bank effectively address pressing financial needs while maximizing overall efficiency.

Long-term Funding Plans

- **Debt Financing:** The Bank raises capital by issuing bonds or securing long-term loans from financial institutions. This strategy enables sustained growth and investment in key areas such as infrastructure through our Samia Bond, and in sustainable projects through our green bond, branded as Kijani Bond. We emphasize creating a positive impact on the communities we serve while generating returns that exceed the cost of borrowing over time.
- **Strategic Partnerships:** The Bank prioritizes the development of collaborative relationships with strategic partners who possess the expertise and resources needed to enhance our existing capabilities. These partnerships enable us to achieve our strategic goals more efficiently, leverage shared resources, access new markets, and acquire innovative technologies. By working together, we initiate co-funded projects that improve our competitiveness and financial stability.

Over the years, the Bank has worked with various Institutions, including IFC, AFDB, EIB, PROPARCO, INVESTEC, FMO, DFC, IBRD GCPF, CITI, ResponsAbility Investments AG, TIB, NBC, and TMRC to support key sectors of the economy. As at 31 December 2024, the Group had an outstanding exposure of TZS 1,787 Billion which includes subordinated debts as disclosed in Note 51 and 52 respectively.

Group strategic KPI

Key Financial Performance Indicator	Target 2024
Return on Equity	>26%
Return on Assets	>5%
Cost to income ratio (CIR)	<55%
Growth in customer deposits	>12%
Non-performing loans to total loans	<5%
Growth in loans and advances to customers	>10%
Growth in total assets	>15%
Total Capital ratio	>14.5%

Non-Financial KPIs

Description	2024 Target (YoY growth of number transactions from 2023)
Simbanking (USSD & App)	
Volume (transactions)	>50%
Number of registered accounts	>30%
Internet banking	
Volume (transactions)	>40%
Number of registered customers	>20%
Agency banking	
Volume (transactions)	>10%
Number of registered agents	>20%
ATMs	
Volume (transactions)	>10%
Number of registered cards	>20%

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

9 GROUP STRATEGY AND OBJECTIVES (Continued)

Monitoring the achievement of the strategic objectives

Those charged with governance play a crucial role in overseeing the Group's operations. They monitor the achievement of KPIs set quarterly through performance reports presented by Management. The reports highlight the achievement of each KPI, any challenges faced due to internal or external factors, and the support required to achieve the set objectives. This helps ensure that the Group is operating effectively and efficiently while staying aligned with its goals and objectives.

Those charged with governance manage the Group's operations by monitoring the achievement of KPIs set quarterly through the performance reports which are being presented by Management, highlighting the achievement of each KPI, challenges if any regarding the internal or external environment and the support required to achieve the set objectives.

10 GROUP BUSINESS OPERATING MODEL

The Bank plays a vital role in connecting capital providers with users. We acknowledge our importance in society, and our success as a business is closely linked to the progress of the individuals, communities, and businesses we serve. Our goal is to grow and create value for all our stakeholders. We believe that value is best reflected in the quality of life of our shareholders, employees, and community. In pursuing value for our stakeholders, we base our actions on a strong foundation of clearly defined values.

The Group's mission is to provide innovative solutions that unlock socio-economic value for our stakeholders, while our purpose is to enhance livelihoods and deliver sustainable impact.

The Bank maintain a robust portfolio supported by a resilient balance sheet and a talented workforce. We invest in our people, technology, and processes to deliver value responsibly and sustainably. We expand our delivery channels through innovation and strategic investments and increase access to financial services.

The Group has a comprehensive plan to promote financial inclusion, specifically targeting underserved communities through our CRDB Bank Foundation and Islamic Banking initiatives and incorporating lower market segments into the economic ecosystem. As a leading commercial bank in Tanzania, our relevance today and in the future depends on our ability to manage and leverage available resources effectively, transforming inputs through our operations into outputs and outcomes that fulfil the Bank's strategic purposes and create value in the short, medium, and long term.

How we differentiate ourselves in the market

We take pride in delivering exceptional customer service and providing tailored financial services, customized account packages, and dedicated relationship managers and customer experience teams to our valued customers. We aim to make our customers feel appreciated and valued. We offer convenient and user-friendly online and mobile banking services, and we have recently integrated the Simbanking platform (Mobile App and USSD) into a more stable and secure enterprise. This has enabled us to enhance customer experience, improve service performance, and deliver faster services.

We offer competitive rates and fees for banking services such as Current and Savings Accounts, Loans, Credit Cards, Agency Business, Online Banking, and Trade Finance. Additionally, we are an active member of the local community, and we believe that community involvement helps us build a positive reputation and win customer loyalty. Our Bank sponsors local events, donates to charities, and offers financial education programs through our CRDB Foundation to help improve financial literacy in the community.

10 GROUP BUSINESS OPERATING MODEL (Continued)

Our Group revenue generation after the initial point of sale

Our business operating model involves providing various financial services to our customers, for which we earn fees and commissions. We recognise this income based on the amount that we expect to receive in exchange for our services, which covers the cost of the system, software license, etc. When we service our customers, consideration is determined based on the bank's rates and charges. It is generally due immediately upon satisfaction of a service provided at a point in time or the end of the contract period for a service provided over time. The performance obligations, as well as the timing of their satisfaction, are identified and determined at the inception of the contract.

Non-funded income, which includes fees and commissions earned, is a crucial component of bank profitability, particularly during an economic slowdown or in times of difficulty in lending. Non-interest income is derived from sources outside a bank's core activities of taking deposits and managing loans. Banks generate a significant part of their non-interest income from fees imposed over time after the initial point of sale, such as account service charges, annual fees, deposit fees, mobile banking charges, withdrawal charges, etc.

Bank approaches the need for innovation

CRDB Bank's innovative solutions are the result of a profound understanding of our business strategy and the specific needs of our customers. As a customer-centric bank, we prioritize actively listening to and comprehending the unique requirements of our customers at any given moment. By doing so, the bank can tailor our strategies to effectively fulfil those needs and provide personalized solutions. This customer-focused approach allows us to continuously adapt and innovate to better serve our clientele.

Operating model and response to change

The Bank's operating model is designed to be flexible and provide room to quickly adapt to changes in the environment we operate. Continuous innovation and proactiveness are required for the bank to stay competitive in addressing market demands while improving customer experience. The bank's strategy is to continuously promote and drive an agile culture throughout the organisation to speed up execution and adapt to the changes in our environment.

Our delivery channels

- We have a robust branch network comprising 259 branches and 36,566 Agents spread across the country.
- Robust Mobile Banking Services, Self-Account opening, bill payment, etc.
- Internet Banking, International Money Transfers
- Debit and Credit Cards VISA, Union Pay, Mastercard cards

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

10 GROUP BUSINESS OPERATING MODEL (Continued)

Resources employed to provide service to our Stakeholders

Type	Inputs	Group activities for value creation	Output	Outcome	Group response
Financial resource	• Shareholder's fund • customer deposits • Borrowings	• Accepting customer's deposits • Provisions of Loans and advances • Local and International fund transfer • Insurance services	• Equity of TZS 2,173.3 Billion • Total assets TZS 16,698.8 Billion • customer deposits of TZS 10,934.1 Billion • Long term borrowings TZS 1,786.5 Billion • Market share of 27% deposits and 26% total assets	• Return on equity 27.7% • Return on asset 5.2% • Dividend per share TZS 65 • Cost to income ratio 45.7% • A total of TZS 218.7 Billion was paid as tax in 2024.	• The Group maintained a solid capital base and diversified funding sources that enabled us to provide banking solutions competitively across the markets we operate. • Group access funds at competitive rates, to efficiently create and maximize shareholder value.
Human resources	• The Group's total workforce stood at 4,251 employees, where 2,351 (55%) were males and 1,896 (45%) females. • Experienced and competent key personnel management team. • Experienced and competent Board of Directors with mix of skills.	• Various Training and development programs. • Competitive salary packages and benefits. • Continuous Employee engagement • Employee wellbeing initiatives • Occupational health and safety.	• Improved staff morale. • Increase in staff Productivity. • Lower staff turnover rate. • Improved staff Skills • Good health and safety records - award from OSHA.	• Remarkable performance resulted from staff morale improvement. • Competent and efficient workforce. • Increased customer satisfaction evidenced by an increase in NPS of 56% from 53% reported in 2023.	• continuous training and development programs. • Focused on embedding a culture of continuous development, which increases competitiveness and investment in the development of skills required by employees to serve the digital customer of the future. • Extra compensation to staff working in rural and risky areas. eg risk allowance, rent subsidy.
Intellectual resources	• Focus on technology. • Robust Loan origination and underwiring. • Risk enterprise Management framework. • Collaboration with fintech and start-ups branded as "IMBEJU". • Brand positioning.	• Digital Transformation. • Continuous improvement of systems and processes. • Increase awareness of the brand through various marketing activities and CSI.	• Innovative products and solutions. • Automated processes. • Collaborative teams through a shared service model.	• Strong Brand. • Increase in digital transactions. • Operational efficiency.	• Robust technology and infrastructure capabilities that drive seamless customer experiences and support strong resiliency. • Group invested in strong brand and subsidiary businesses, strategic partnerships, and innovative products and solutions that we offer to our customers.

10 GROUP BUSINESS OPERATING MODEL (Continued)

Resources employed to provide service to our Stakeholders (Continued)

Type	Inputs	Group activities for value creation	Output	Outcome	Group response
Natural resources	• LED lights. • Digital solutions. • Installation of sensor taps in our office buildings.	• Reduction of paper usage through; i. Implementation of Digital Banking Mobile and Internet banking, ATM. ii. Automated processes. iii. Implementation of a paperless solution "Optima". • Reduction of energy consumption initiatives.	• Innovative and sustainable digital solutions.	• Reduced electricity cost • Improvement of TAT • Reduction number of paper usage by 21% (number of reams to 17,810 from 22,535 in 2023).	• Continue monitoring resource usage (water, fuel, power, and paper). • Institute clear governance and oversight of environmental matters.
Manufactured resources	• Banking outlets, including mobile branches. • ATMs cash deposit and withdrawal machines. • Agency Banking. • Merchants.	• Investment in digital solutions. • Investment in banking outlets and alternative channels.	• Easy access to financial services. • Financial inclusion.	• Banking outlets (259), • ATMs (684), including deposit ATMs, • POS machines (4,708), • Registered agents (36,566)	• Continuing with awareness and training on digital solutions. • Continuous improvement of our systems and processes. • Continue increase in outreach – increase accessibility of financial services.
Social and relationship resources	• 1% of CSR budget on net profit. • Strategic Partnership on the execution of community matters.	• CSR programs executed. focused on health, education, and the environment. • Youth and women empowerment programs • Engagement with the community via marathons and sports.	• Contribute to the implementation of Goal no 1 "No poverty. • Contribute to the implementation of Goal no 3 "Good health and well-being." • Contribute to the implementation of Goal no 4 "Quality Education." • Reduce the unemployment rate.	• During the year, more than TZS 156 Million supported the health sector • TZS 1 Billion in supporting education sector • TZS 281 Million was used to implement environmental related initiative • TZS 432 Million has been invested in Women & Youth programs in 2024 • TZS 438 Million in supporting other philanthropic activities, • Net promoter scores of 56% from 53% in 2023.	• Continue to increase the annual budget to save a large population. • Continue to increase customer experience that is seamless across all our touchpoints.

10 GROUP BUSINESS OPERATING MODEL (Continued)

Factors that affect resources availability, quality and affordability and group's expectations and ability to produce flows from the resources to meet future demand

Resource	Inputs	Factors affecting the availability of resource	Factors affecting the quality of resource	Factors affecting the affordability of resource	Group's expectations and ability to produce flows from the resources to meet future demand
Financial resource	• Shareholder's fund • customer deposits • Borrowings	• Competition. • Complicated Terms of Borrowing covenants. • Geopolitical and macro-economic uncertainties	• Stable funds	• Funding cost	• The Group maintained a solid capital base and diversified funding sources. • The resource will enable the Group to invest in various digital solutions to meet future demands.
Human resources	• The Group's workforce. • Board of Directors.	• Qualifications and experienced workforce	• Integrity • Skills required • Good Corporate Governance	• Cost	• continuous training and development programs. • Invest in employee value propositions such as improvement in staff benefits. • Staff recognition through promotions and awards as a retention strategy.
Intellectual resources	• Focus on technology. • Brand	• Global shortage of future skills i.e. Artificial intelligence (AI), robotics • Cyber risk • change in technology	• Version of Technology • Brand positioning	• Investment Cost • Consulting cost on the new technology.	• Continue investment in new technology • Improvement in customer experience
Natural resources	• LED lights. • Digital solutions. • Installation of sensor taps in our office buildings.	• Shortage of sustainable eco-friendly products in the market • Climate change	• The source of origin	• Cost • Investments in R&D in innovative sustainable digital products.	• to ensure we reduce GHG emissions through investment in sustainable projects
Manufactured resources	• Banking outlets • ATMs • Agency Banking. • Merchants.	• Persistent system offline • Changes in Technology. • Slow pace of digital adoption	• System uptime • System capacity	• Cost	• Continuous improvement of our systems and processes. • Continue increase in outreach – increase accessibility of financial services.
Social and relationship resources	• 1% of CSR budget on net profit. • Stakeholders' engagement • Strategic Partnership	• Budget Constraints • partners to collaborate	• Project to invest in a sustainable outcome	• Good customer experience • Group reputation	• continue to drive digital adoption and engagement • Enhancing community welfare through CSI, focus on ESG

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

10 GROUP BUSINESS OPERATING MODEL (Continued)

Outcomes

We deliver value to our stakeholders and fulfil a vital role in the economies in which we operate.

Stakeholders	Positive Outcome	Negative outcome	Group response/ actions
Employees	• Conducive work environment. • Recognition and reward. • Self-led development and an opportunity for career progression. • Gender and diversity inclusiveness • Equal opportunities in training and development • free of discrimination and harassment	• Branch locations in rural areas which result in staff turnover.	• Extra motivations including rent payments
Customers	• Innovative, efficient cost-effective banking solutions that meet their needs. • Improved access to financial services. • A safe and trustworthy financial services provider • Supporting financial goals for our customers with products and services delivered through a superior offering.	• Lack of education on financial services to underserved communities which slows down the pace of financial inclusion.	• Continuous training on awareness and advantages of financial services through various campaigns e.g., road shows
Regulators	• Compliance with laws and regulations. • Continuous engagement. • Payment of taxes, 2024 TZS 218.7bn (2023: TZS 195.3bn) was paid to the Government	• Decrease in amount to be paid as Tax due to decrease in profitability. • Non-compliance to the regulations resulting in penalties and fines.	• Increase in profitability in line with strategic objectives. • The Group has a dedicated department that ensures compliance.
Society	• Providing support to our communities, and access to social and environmental financing to address societal needs. • Increased access to, and funding for education, health, and sports-related opportunities.	• Lack of presence in some areas especially in rural areas.	• Continue to increase a wide network through Agency banking to reach unbanked populations.
Investors/ shareholders	• Delivering attractive and sustainable shareholder returns on their investment on the foundation of a strong balance sheet. • Attractive dividends and growth in share price. The Bank paid TZS 50 per share as dividends in the year 2024 for 2023 performance and expects to pay TZS 65 per share in 2025 for 2024 performance.	• Decrease in amount to be paid as dividend due to decrease in profitability.	• Continuous engagement through AGM and shareholders' seminar • Investor's awareness day branded as "Uwekezaji day" which is being done annually.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

11 STAKEHOLDER RELATIONSHIP

Effective relationship through consistent dialogue with key stakeholders is central to business sustainability.

Stakeholder Group	Modes of engagement	Frequency	Key Concerns and Expectations	Response/ Mitigation
Shareholders/ Investors	• Annual General Meeting (AGM) • The annual report • Shareholder's seminar • Investor's meeting • Quarterly reports	Continuously.	• Return on investment. • Compliance • Governance and ethical practices	• Continuous engagement. • Robust risk management and Internal control processes. • Continuous improvements in business performance.
Employees	• Annual performance appraisal. • Employee engagement initiatives • Employee annual feedback survey	Continuously/ Annual performance review.	• Fair remuneration. • Effective performance management and recognition. • Career development. • A safe and healthy work environment.	• Employee engagement. • Health and wellness programs • Continuous training. • Embracing equity, diversity, and inclusiveness.
Customers	• Customer visits. • A call Centre is there to ensure constant engagement. • CRDB website and other social media platforms. • Customer satisfaction survey	Continuously.	• Innovative financial solutions and services • Convenient access to banking services through digital channels. • Excellence in client service. • Strong cyber risk management	• Awareness of data • security and privacy • Improvement of products and services to cater to their financial goals. • Work on the feedback • obtained from the survey.
Suppliers	• Regular meetings with suppliers. • Phone calls and surveys.	Continuously	• Fair bidding and timely payments • Governance and ethical practices. • Feedback on delivery of goods and services • Timely settlement of the invoice	• Ensure timely payments for services. • Whistleblower policy to ensure good practice. • Continuous engagement through meetings • Monthly reconciliations of supplier's account.
Regulatory authorities	• Regular meetings. • Policy updates and directives. • Mandatory fillings with Key Regulators	Continuously.	• Compliance	• Compliance including formulation of relevant policy framework and enforcement thereof.
Community/ Society	• Regular meetings.	Continuously.	• Financial literacy. • Inclusive growth.	• Providing support to our communities, and access to financing to address societal needs • Partnering with the community to address common social • and environmental issues to build a thriving society.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

12 FACTORS IMPACTED OUR ABILITY TO CREATE VALUE

Our current operating environment is marked by increased competition, disruptive technologies, changing consumer behaviour, and regulatory/policy changes. As part of our ongoing strategic, cultural, and digital journey, we prioritize the following material matters:

Material matters	Risk/impact on value creation	Our response
Global Economic Trends (US Dollar shortage)	• Increased the exchange rate, which increases the cost to the Bank, i.e., on serving foreign borrowings and procurement in forex. • Increase in non-performing foreign exchange loans due to borrowers' failure to meet payment plans.	• Implementation of BOT circular/Guideline on reduction of usage of US Dollar payments • Reduction of the issuance of foreign exchange loans • Limit the cash withdrawal of USD dollar
Increasing Competition	• Decrease in deposits • Decrease of the non-funded income	• Continuing delivering innovative products and services through an increasingly automated and digitized environment. • Improvements in the simbanking app have enhanced user experience and driven usage. • Implemented various campaigns through our simbanking app (Swahiba tuko mplangoni kwako) to increase deposits and non-funded income.
Disruptive technologies and digital adoption	• Increased cost on the investment of new technology • Increase cost in training cost on cyber security	• The Bank invest in new technologies to mitigate cyber risk and ensure data protection • Mandatory training to all staff on cyber security • Specific trainings to cybersecurity staff for more updates
Rising stakeholder expectations	• Increase in operational and investment cost due to; – Compliance in sustainability and ESG reporting – Stakeholders are pushing for rapid digital transformation to improve customer experience and operational efficiency. – Implementation of robust risk management on cyber security and data protection	• We have also adopted integrated and sustainable reporting to improve transparency in our value-creation process. • Major investment in the systems upgrade to enhance user experience • To better understand stakeholder expectations and incorporate them into our strategic planning, we have increased stakeholder engagement
Ongoing regulatory and policy changes	• Increasing compliance costs, mainly due to new regulations requiring system or operational changes, ultimately impact shareholder returns. • Increase of training cost on the new regulations	• Invested in compliance • Engagement with policymakers and communities to advocate for appropriate regulatory reform. • Training staff in the new regulations
Current and emerging risks	• Disruption of our services due to cyber attacks • Increase cost of assessment of portfolio and collateral held prone to physical risk • Increasing cost of compliance with new regulations on climate risk.	• The Group has a robust data protection and cybersecurity framework in place. • The Group has a dedicated cyber security unit and personnel with strong expertise in the field. • The Group has partnered with GCF on climate-related matters.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 CURRENT FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS

Financial Performance

Those charged with governance are responsible for the vision, mission, and strategic objectives of the Group and ensure the overall objectives are being supported by business plans, budgets, and marketing plans. The Board is also responsible for the review and approval of the operational and financial objectives of the Group, amendments of key performance indicators, financial statements before publication, and succession plan of senior management including a Chief executive officer. Quarterly, management presents the Group's performance to the Board for their review and guidance.

In 2024 the Group focused on the following strategic key areas:

- Protecting the bank's financial strength and market share.
- Build a resilient and responsible organization.
- Enhance operational efficiency and effectiveness through work force optimization to increase staff productivity.
- Accelerating automation, innovation, and digital adoption to streamline processes and increase customer experience.
- Prioritizing regulatory and compliance
- Expansion - locally and regionally.

Group Performance

CRDB Bank remains one of the largest commercial Bank in Tanzania with a leading share of total deposits (27%) and total assets (25%) in the market. During the year, the Group's total assets grew 25.3% to TZS 16,698.8 Billion (2023: TZS 13,321.3 Billion) whereas customer deposits grew by 23.5% to TZS 10,934.1 Billion (2023: TZS 8,856.0 Billion). Net Loans and advances to customers grew by 22.7% from TZS 8,443.5 Billion in 2023 to TZS 10,360.8 Billion in 2024. Innovative products and services that were offered to the public contributed to such a positive trend.

In 2024 the Group recorded a profit before tax of TZS 778.8 Billion (2023: TZS 598.7 Billion), an increase of 30.1% from the previous year and after-tax profit of TZS 551.5 (2023: TZS 422.8) growth of 30.4%. During the year, interest income grew from TZS 1,227.4 Billion recorded in 2023 to TZS 1,562.1 Billion in 2024, an increase of 27.3%. The interest expenses grew from TZS 350.1 Billion in the prior year to TZS 422.6 Billion, an increase of 20.7%. Combined with commissions and fees, total non-interest income increased from TZS 503.5 Billion to TZS 560.1 Billion, an increase of 11.2%. Operating costs grew by 12.6% from TZS 656.9 Billion in 2023 to TZS 739.6 Billion in 2024 because of the growth of the business.

Performance in the Banking industry

CRDB Bank continues to be among the top-leading banks in Tanzania regarding balance sheet size, with a 26% market share in total assets, 27% market share in deposits, 26% in Loans and advances, and 21% in capital base.

Key performance indicators of the Bank in comparison with the industry in 2024;

KPI	INDUSTRY AVERAGE	CRDB
Non-performing loans	5.0%	2.9%
ROA	5.0%	5.2%
ROE	22.1%	27.7%
CIR	44.0%	45.7%

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 CURRENT FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

Financial Performance (Continued)

CRDB Bank Burundi S.A.

The Burundi subsidiary made a 34.0% growth of profit after tax from TZS 30.2 Billion recorded in 2023 to TZS 40.3 Billion in 2024. Financial spread grew by 52.1% to TZS 64.6 Billion from TZS 42.5 Billion recorded in 2023 mainly due to growth in the Government securities and credit facilities. Total deposits grew by 28.7% to TZS 693.3 Billion compared to TZS 538.9 Billion recorded in 2023. Total assets grew by 50.4% to TZS 1,484.4 Billion from TZS 987.1 Billion recorded in 2023.

CRDB Bank Congo

In 2024, the Congo subsidiary started its second year of operation and recorded an after-tax loss of TZS 6.7 Billion. The financial spread increased to TZS 7.6 Billion, compared to TZS 1.69 Billion in 2023, primarily due to growth in government securities, loans, and bank placements. Total deposits amounted to TZS 22.1 Billion, while total assets reached TZS 184.6 Billion.

CRDB Insurance Company Limited

During the year, the insurance company recorded a profit after tax of TZS of 343.5 Million. Other operating income grew by 97%, primarily from investments in UTT Fund (Liquid and Bond), Government securities (Treasury Bonds), FDR, and Faida Fund, to TZS 1.3 Billion.

The Company's assets reached TZS 19.2 Billion, a growth of 133% compared to TZS 8.2 Billion in 2023. Operating expenses decrease by 14%, from TZS 1.8 Billion in 2023 to TZS 1.5 Billion in 2024.

CRDB Bancassurance

The Bancassurance operations within the Group have continued to grow since it was launched in March 2021 through partnerships with ten insurance companies. The solution enables customers to conveniently access insurance products, including life and non-life, under one roof, through mobile banking solutions and our wide range of networks nationwide. The solution serves CRDB and non-CRDB customers, starting with customer on boarding, claims, underwritings, commission collections, and payments. As at December 2024, commissions of TZS 25.69 Billion (2023: TZS 21.79 Billion) were earned from life and non-life insurance products and TZS 21.18 Billion as risk management fee. Total operating expenses were TZS 2.25 Billion (2023: TZS 2.28 Billion).

Al Barakah Banking

Al Barakah Banking represents CRDB's esteemed Islamic Banking window, catering to discerning clientele with a preference for Shariah compliant banking services. The proposition is operated under the Directorate of retail Banking and offers the solution cutting across both Retail banking (Consumer & Business Banking) and Corporate Banking customers. In 2024, our third year of operation, we continued to record significant growth, expanding our customer base from 112,621 in 2023 to 296,000 by the end of 2024, a strong 162% increase year-on-year.

Our Shariah compliant contract financing book also grew from TZS 99.98. Billion in 2023 to TZS 174 Billion by the end of 2024, a 74% increase year-on-year. Customer deposits in Al Barakah grew from TZS 103 Billion in 2023 to over TZS 177 Billion by December 2024, 71% increase year-on-year.

CRDB Islamic banking solution has been key not only for driving financial inclusion, but also to propel economic development by contributing to the financing to key sectors such as agriculture & fishing TZS 31 Billion, mining TZS 34 Billion, energy TZS 17 Billion, trade TZS 34 Billion, transportation TZS 13 Billion and health TZS 2.8 Billion. This robust growth not only underscores our unparalleled value proposition in Al Barakah banking offerings but also signifies the underlying demand for Shariah compliant financial services across our communities.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
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13 CURRENT FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

Financial Performance (Continued)

Key performance indicators (KPIs)

Those charged with Governance approve and monitor quarterly the implementation of the Group KPIs in line with the strategic objectives through the performance report presented by management. This report highlights the achievement of key KPIs, any challenges regarding the internal and external environment, and the support required to achieve the set objectives.

In managing the KPI, the Group does the following;

- The Group KPIs are proposed by management and approved by those charged with Governance.
- The CEO and Managing Director of the Group cascade the KPI developed to senior management.
- The Senior management team cascades to Departmental Heads, and a departmental balance scorecard is developed for monitoring the KPI set to contribute to the Group KPIs.
- A monthly review is performed for each department to ensure the Group's strategic objectives are implemented as per the KPI set and monitored. Every quarter is presented to the Board.
- Ensure the availability of resources needed to implement the set KPIs.
- Assess the impact (positive and negative) to our stakeholders on the implementation of the KPIs

Key performance indicators, both financial and non-financial, are used by those charged with Governance to assess the Group's performance against its strategic objectives.

Performance of the financial KPIs as at 31 December.

KPI	Definition and Formula	2024	2023	Purpose
Return on Equity	(Net profit/Total equity) *100%	27.7%	26.7%	Measure the ability of the Group to generate profit from the shareholders' investment.
Return on Assets	(Profit Before Tax/ Total assets) *100%	5.2%	4.8%	The ratio determines how efficiently a Group uses its assets to generate a profit.
Operating expenses to Operating Income	(Operating expense/Net interest income + non-interest income) *100%	45.7%	49.5%	Measure the operating cost as compared to the income it generates. The lower the ratio the better the performance of the Group.
Gross loans to customer deposits	(Gross loans to customers/Total deposits from customers) *100%	96.1%	96.7%	Used to assess a bank's liquidity by comparing a Group's total loans to its total deposits for the same period.
Growth in customer deposits	(Increase in customer deposits/ Opening balance of customer deposits) *100%	23.5%	8.0%	Measure the growth of customer deposits from the previous year
Non-performing loans to total loans	(Non-performing loans/Gross loans and advances) *100%	2.9%	2.8%	Measure the quality of the loan portfolio

13 CURRENT FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

Financial Performance (Continued)

KPI	Definition and Formula	2024	2023	Purpose
Growth in loans and advances to customers	(Increase in Loans and advances / Opening balance of loans and advances) *100%	22.7%	21.7%	Measure the growth of loans and advances to customers from the previous year
Growth in total assets	(Increase in assets for the year/Total asset opening balance) *100%	25.3%	14.5%	Measure the growth of total assets from the previous year
Tier 1 Capital ratio	(Core capital/ Risk-weighted assets including off balance sheet items) *100%	16.3%	16.0%	Measure the Group financial strength.
Total Capital ratio	(Total capital/ Risk-weighted assets including off-balance sheet items) *100%	17.2%	17.3%	This is a supplementary capital used to measure the Group's financial strength
Earnings per share	Profit attributable to equity shareholders/ Number of ordinary shares in issue (TZS)	211.2	161.9	Indicates how much money a Bank makes for each share invested.

- The source of the above KPI computed is based on the numbers of the audited financial statements and no adjustment made.
- The computation of the KPIs were based on the actual numbers, with no assumptions made.
- During the year there were no changes to either KPIs or the computation method that needed to be disclosed in the underlying accounting policies adopted in the financial statements compared to previous financial years.
- The group complied with all the regulatory ratios during the year.

The Group KPI targets for 2024 are disclosed in section 8.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
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13 CURRENT FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

Financial Performance (Continued)

Performance of non-financial KPIs

Description	2024	2023	YoY
Sim banking (USSD & App)			
Volume (transactions)	122,340,987	97,562,564	25%
Number of registered accounts	2,062,692	3,299,953	-37%
Internet banking			
Volume (transactions)	10,317,892	6,589,457	57%
Number of registered customers	60,473	82,760	-27%
Agency banking			
Volume (transactions)	104,703,207	87,868,901	19%
Number of registered agents	36,566	34,627	6%
ATMs			
Volume (transactions)	28,338,190	24,124,042	17%
Number of registered cards	6,800,127	4,627,385	47%

How we delivered the KPIs set

- Strong relationship with our stakeholders
- Strong and competent Board, leadership, and management team
- Well aligned Group strategy and business objectives
- Major investment in digital transformation led to efficient operations. We revamped and launched the new Simbanking App and USSD to increase experience and drive usage.
- Aligned branch operations to the new operating model to fit service demands, increase productivity and improve controls.
- Promoted self-learning and accelerated capacity building socially and professionally.
- Conducted HQ and branch processes alignment to optimize resource utilization.
- Paper-less withdrawal at branches using SimBanking
- Automated SLA across the bank to drive customer satisfaction and accountability.
- Migrated disaster recovery data - centre to a robust colocation facility to enhance ICT resilience

Budget Performance

The Group budget process starts with the preparation of budget guidelines which are formulated based on banks' strategic priorities for the year. Financial policies are designed to ensure that all budgetary decisions support the bank's overarching goals and respond proactively to external market conditions.

All budget estimates undergo thorough review and clearance by the respective reporting chiefs before submission to the Finance Department for review and final consolidation, ensuring that all strategic initiatives are adequately funded. After consolidation the draft budget is also being reviewed by EXCO, before presentation to the Board of Directors for consideration and approval.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 CURRENT FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

Financial Performance (Continued)

Budget Performance (Continued)

Achievement against targets

KPI (Amount in TZS' BN)	ACTUAL 2024	TARGET 2024	Variance	Remarks
Profit after Tax	551	608	(9%)	The Group ended the year with a profit after tax (PAT) of TZS 551 Billion, marking a 30.4% YoY growth mainly driven by growth in interest income by 24% and NFI by 33%. However, slightly below the budget by 9% due to NFI being below the budget by 20%, specifically from FX revaluation loss affected by dollar depreciation.
Total Assets	16,699	16,365	2%	The balance sheet grew by 25% YoY to TZS 16,699bn, slightly above the budget by 2%. This was mainly driven by a 23% increase in loans and advances and a 36% rise in balances with other banks.
Total Deposits	10,934	11,502	(5%)	Customer deposits grew by 24% YoY to TZS 10,934bn, driven by a 30% increase in demand deposits,21% savings deposits and 5% growth in time deposits, below the budget by 5% due to tightening market liquidity in the last half of the year and increased collective schemes and bond investments opportunities for customers.
Net Loan & Advances	10,361	9,915	4%	Net loans and advances grew by 23% YoY to TZS 10,361bn, above the budget by 4%. The growth is from corporate at 30%, SMEs at 9%, and personal at 23%.
Return on asset	5.2%	6.0%	(13%)	A slight decrease was mainly due to profit being 9% below budget.
Return on equity	27.7%	28.0%	(1%)	A slight decrease was mainly due to profit being 9% below budget.
Cost to income ratio	45.7%	44.0%	(4%)	The Group achieved a cost-to-income ratio of 45.7%, below the regulatory requirements of 55% due to various cost management initiatives and increased revenue. However, it was slightly above the budget by 4% resulted from of interest expense associated with rising interest and foreign exchange rates.
NPL	2.9%	3.0%	3%	The Group's NPL stood at 2.9%, below the target of 3.0%. This positive outcome was due to effective portfolio management, which minimised migration to a worse category and charge-off loans during the year, in line with BOT requirement.

From the above table, the majority of the KPIs were not achieved against the set budget primarily due to the challenges of prevailing market dynamics, which impacted the overall business operations and performance. Below are some challenges faced;

- Market liquidity constraints compelled the Group to increase borrowing to fund business growth to meet our stakeholders' needs and expectations, resulting in a surge in interest expenses. The increase in interest expense had a direct impact on the bottom line.
- The forex shortage in the interbank market impacted our forex margins income as trading activities remained low, while the appreciation affected related operating expenses.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 CURRENT FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

Financial Performance (Continued)

Budget Performance (Continued)

Achievement against targets (Continued)

The Group has taken measures to enhance our deposit mobilization efforts and optimize the cost of funding to support business growth while navigating external dynamics and addressing internal gaps. These initiatives are designed to ensure that the Group is well-positioned to capitalize on growth opportunities in the future. The Group's diverse range of businesses across the region is a strong commercial differentiator, enabling it to leverage our competitive advantages and deliver exceptional value to our customers over the medium and long term.

The Group has achieved some KPIs, e.g., the NPL ratio of 2.9% against the Regulatory threshold of below 5% due to the successful containment of portfolio migration to higher risk categories, and the cost-to-income ratio of 45.7% below the regulatory threshold of 55% due to the ongoing implementation of the cost management strategy. Despite the setback, the Group remains committed to identifying and addressing the underlying issues while exploring new strategies to improve future performance and achieve our goals.

Future Development Plans

In 2024, the Bank continued implementing its five-year strategy (2023-2027) themed "EVOLVE," which builds upon the foundation established in the previous strategy. The approach focuses on three main pillars: growing the business, safeguarding the business, and preparing the business for the future. By responding to market dynamics, the Bank has successfully maintained its relevance.

Going forward, the Group will focus on retaining and increasing our market share while driving business growth in the region through strategic partnerships and innovative digital solutions. As our customers' needs and preferences continuously evolve, our success in the market will depend on our ability to respond with strong offerings. The Group will continue to prioritize the delivery of our customers' digital strategies, enabling process optimization, enhancing customer experience, and ensuring ease of use.

The Group is committed to strengthening its ICT infrastructure to support future growth and transform our operations and service offerings. Our goal is to enhance the entire operational value chain through process simplification and automation. Therefore, we will prioritize critical technology projects as key enablers and accelerate our process reengineering initiatives. To achieve this, we will continue to invest in advanced technological capabilities that will streamline our operations and elevate the quality of the services we provide. This investment will enhance our cyber maturity, bolster our data protection measures, and create a robust framework that supports sustainable growth.

Our strategic direction will ensure a harmonious balance between ambitious business growth, sustainability, and adherence to compliance with regulations. This focus will enable us to thrive in a dynamic marketplace while maintaining the highest standards of integrity and security.

Group's Environmental, Social, and Governance (ESG) priorities are essential for our future growth and will shape our investment and capital allocation decisions. As nations develop plans to achieve net-zero emissions, we have the chance to strengthen our partnerships with stakeholders on their sustainability journeys. By aligning with the Sustainable Development Goals (SDGs), we can significantly support our customers' sustainability initiatives.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 CURRENT FINANCIAL PERFORMANCE AND FUTURE DEVELOPMENT PLANS (Continued)

Future Development Plans (Continued)

We are committed to fostering a sustainable future by leveraging our expertise and resources to positively impact the communities we serve.

2025 Group aspirations:

- Prioritise a lifestyle experience - Leverage technology to enhance frontline customer experience.
- Enhance ecosystem banking - Activate and strengthen value chain optimization.
- Optimize the partners' portfolio - Acquire new and optimize existing partnerships to enhance the ability to serve and grow
- Strengthen talent optimisation - Develop staff to enhance strategy delivery
- Strengthen governance & resilience - Proactively manage emerging risks and evolving dynamics.

Investment in capital expenditure in 2025

- Investments in new and completion of the mission-critical system aimed at creating a scalable infrastructure for future growth, i.e., completion of the core banking system and other systems carried forward from 2024.
- Continue investing in cyber security to mitigate cyber-attacks and data protection and enhance cyber security maturity.
- Renovation of some branches to enhance customer experience.

The Group's expectations from the investment

The investment made during the year, together with planned investment expenditures, will increase operational efficiencies, cost reduction, profitability, and sustainability and create a sustainable business. The transformation targets building a superior banking experience and generating value for all stakeholders. The Bank will harness the opportunities brought about by the transformation initiatives being implemented to achieve a more productive performance. The Bank will endeavour to ensure continuity of the 5-year business strategy, building on the gains made during the year.

In 2025, our Group's strategy focuses on developing new products and services that align with our customers' evolving needs, keeping pace with technology, and providing sustainable support for our customers and community. This strategy aims to unlock the Group's full potential by enhancing service efficiency and transforming our sales force. We have adopted a forward-thinking model that ensures the long-term stability of our Group. Our plan involves leveraging technology, talent, and opportunities to create a strong value proposition for our customers.

Key priorities for the coming year include the continued expansion of our agency banking business and digital solutions which offer a cost-effective way for the Group to broaden its reach and provide financial services to underserved communities

We will also continue to accelerate process automation review, reengineering, and streamlining our processes. We believe this will enhance efficiency in our service delivery and, in turn, deliver a superior experience for our customers.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

14 MAIN TRENDS AND FACTORS LIKELY TO AFFECT FUTURE DEVELOPMENT PLANS

The banking industry is experiencing a fundamental shift, driven by new competition from FinTech, a cultural shift, continuous change in regulations and compliance, and disruptive technologies. The emergence of FinTech/non-bank start-ups is changing the competitive landscape in financial services, driving traditional institutions to rethink how they conduct business.

Increasing Competition

The competition posed by FinTech, which mainly targets some of the most profitable areas in financial services, is substantial. These Fintech and start-ups are expected to divert revenue from traditional banks and financial Institutions. These new industry entrants are forcing many financial institutions to strive for partnerships and acquisition opportunities as a measure to survive. For the traditional bank to maintain a competitive advantage, it must learn from FinTech by providing a simplified and intuitive customer experience.

Cultural Shift

In the digital world, manual processes and procedures are not an option. Banks must consider technology-based resolutions to banking industry challenges. As a result, banks and financial institutions must institute a culture of innovation in which technology is leveraged to optimize existing processes and procedures for maximum efficiency. The cultural shift towards new technologies reflects the acceptance of digital transformation.

Regulatory Compliance

Regulatory compliance has become one of the most significant challenges in the banking industry due to the growing number of regulations that banks must comply with. Banks sometimes incur additional costs to stay updated on the latest regulatory changes and implement the necessary controls. Overcoming regulatory compliance challenges requires banks to foster a culture of compliance within the organization and implement formal compliance structures and systems.

Rising Expectations

Customers today are more informed than ever, with dynamic needs that demand a high level of personalized service and convenience in their banking experiences. This has led to an increased expectation for digital interactions. Millennials have been at the forefront of this shift towards digitization, showing a strong preference for engaging with brands via social media. They represent a significant portion of mobile and internet banking users. As a result, banks anticipate that future generations will favour mobile banking over visiting physical branches. This trend presents a challenge for banks: they must maintain a hybrid banking model that effectively serves both older and younger generations.

Continuous Innovation

For banks to sustain themselves in the current world, continuous innovation is required, which helps them stay competitive and address market demands while improving customer experience. Innovation stems from insight, which tends to be discovered through customer interactions and continuous analysis. Banks need to build advanced analytics capability to maximize the utilization of the data asset in revenue growth, risk/fraud control, and efficiency (financial control and operational cost). The banks should also continuously promote and drive an agile culture throughout the organisation to manage digital transformation's speed, scale, and value.

14 MAIN TRENDS AND FACTORS LIKELY TO AFFECT FUTURE DEVELOPMENT PLANS (Continued)

Emerging risk

Climate-related risks

Climate change is the major emerging risk in the world, with a potential disruptive impact on the economy. As the world transitions to a low-carbon economy, it poses physical and transition risks to our business. The banking industry is currently working on two interconnected objectives. At the same time, in figuring out the impact of climate change on strategy and operations, banks are attempting to help customers and societies navigate these complicated and fast-moving market dynamics.

The Group categorizes climate-related risks into two;

- Physical risks cover risks that impact the premises and operations of the bank, its customers, and the wider economy. These include extreme weather events and long-term shifts in climate that can lead to the closing of branches or facilities, negatively impact clients' creditworthiness, and adversely affect value asset prices.
- Transition risks cover those that impact a bank's products and services because of the move toward a lower carbon economy. These include the extent to which a Group funds or has a stake in entities that emit greenhouse gases (GHGs), evolving stakeholder expectations, and associated legal or regulatory changes.

Cybersecurity risk

As technology advances, it has become increasingly important for our bank to acknowledge and address the potential risk of cyber-attacks. Cyber-attacks can occur through various means, such as hacking, phishing, and other methods. These attacks can lead to a disruption in our services or a leak of the Group's confidential and customer information.

To mitigate these risks, we have implemented a comprehensive data protection and cybersecurity framework. Our framework includes a range of measures, such as firewalls, intrusion detection and prevention systems, encryption technologies, and multi-factor authentication. These technologies protect our systems from unauthorised access, data theft, and other malicious activities.

Macroeconomic and geopolitical uncertainty

During the year, significant commodity price volatility, high inflation, rising interest rates, and increasing energy prices have affected the current economic environment. The bank focused on supporting our stakeholders in navigating the negative impact of global geopolitical and macroeconomic uncertainties and building resilience that will enable them to withstand future shocks.

15 OUR RISK MANAGEMENT

The Group is committed to meeting stakeholders' expectations in mitigating risks through a robust enterprise-wide risk management framework. The framework ensures that risks are identified, quantified, managed, and monitored to achieve an optimal-risk reward profile. Our enterprise risk management framework has well-defined internal structures, adequate processes, systems, and policies, which monitor and help to mitigate existing and prospective risks or threats of damage, injury, liability, loss, and any other negative occurrence that may arise from external or internal vulnerabilities, and which may be avoided through preventive action.

The Group's Risk Management Framework is implemented through a 'three lines of defence' model, which defines clear responsibilities and accountabilities and ensures effective independent oversight and assurance activities cover key decisions. Details of the three lines of defence are disclosed in Note 10.2 of the financial statements.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

15 OUR RISK MANAGEMENT (Continued)

Risk Management Principles

CRDB Group considers the value our risk framework creates in managing risk to ensure it contributes to the group's objectives. This is achieved through continuous review of processes and systems. Strategically, we have integrated risk management and governing structures that form part of our planning processes at both operational and strategic levels.

All key decision-makers within CRDB Group rely on proactive risk management principles to make informed choices, identify priorities, and choose the appropriate action. We address uncertainties by proactively identifying potential risks and implementing controls and treatments to maximise the chance of gain while minimising the chances of loss.

To manage risk effectively, we must understand and consider all available information relevant to an activity while being conscious that that information may be limited.

Our risk management framework guides us in determining how all available information informs the risk management process, considering the internal and external operating environments.

We also appreciate the role of human and cultural factors in risk management. This framework recognizes people and culture's contribution to achieving the group's business objectives. For this reason, we constantly engage internal and external stakeholders throughout the risk management process, recognising that communication and consultation are key to identifying, analysing, and monitoring risk.

Besides, we acknowledge that managing risk needs flexibility, hence our focus on dynamism. We operate in a challenging environment, which requires that we stay alive to need context for managing risk and continuously work to identify new risks that emerge while making allowances for those risks that no longer exist. CRDB Group aspires to improve its risk management culture by allocating adequate resources over time to efficiently manage risks and ensure the ability to demonstrate continual achievement.

Group's attitude toward risk

We actively take risks, as allowed within our risk appetite and risk tolerance levels. In taking risks, we exhaustively examine the adequacy of the benefits in business terms. Unacceptable risks are risks at a level that exceeds the maximum risk tolerance level, as defined by the Board of Directors, or risks that may impair the growth of the group and perhaps cripple operations. We take a comprehensive perspective, considering regulatory requirements to maximise the group's profitability at a risk level that aligns with our risk appetite.

Risk philosophy and appetite

The Group considers risk management as one of its core functions and a key factor for business continuity and providing stable and good returns to its shareholders. Various policies, procedures, and tools that spell out the risk appetite commensurate to the risk taken and expected return have been developed and implemented. In this process, the Group strives to match the best practices in risk management and ensure that risks are adequately managed throughout the group.

Group approach in managing risk

The primary responsibility for managing risk resides with the business and functional areas where the risk is taken. The Group Business and Subsidiary function owners ensure that the Group Risk Management Framework has been embedded within the Group and Subsidiary's daily risk management processes. In addition, all employees are responsible for ensuring effective management of risk and must report appropriately any known breakdowns/omissions in control or any potential exposures that may result in financial or reputational loss to the Group.

For every product, process, or system introduced or implemented in the Group, an internal control document is developed and made available to all relevant employees. This document includes the following elements, at minimum: a statement of accountabilities, risk identification and controls in place to mitigate the risks, Objectives of the proposed internal controls, and a description of the control environment that must be implemented and maintained, including monitoring and reporting.

15 OUR RISK MANAGEMENT (Continued)

Group approach in managing risk (Continued)

The Group management audit & risk committee is established to manage risks and monitor the effectiveness of control implementation. The Group Risk and Compliance function provides an independent oversight and monitoring process for Group risk and controls across the Group and reports to the Group CEO and Managing Director.

Roles and responsibilities of the Group Board of Directors in risk management

The Group Board of Directors is responsible for Risk Management functions across the Group, including setting the tone and influencing the culture of risk management within the Group. Other responsibilities include:

- Approving the overall business strategies, Group Risk Management Framework, and its associated policies.
- Ensure adequate implementation of risk management framework by the management
- Defining the nature, role, responsibility, and authority of the risk management function within the Group, including the scope of risk management work;
- Monitoring the Group risk profile through reports from Management to determine the level of risk exposure and whether it is within the Board's risk appetite and promptly take remedial actions.

Responsibility of Group senior management in managing risk

Setting the tone of risk management and influencing risk management culture within the Group. More specifically, the Group Executive team has the following responsibilities:

- Facilitate the review or development of the Group Risk Management Framework and its related policies and recommend changes to the Group Board for approval.
- Provides oversight to the Bank and subsidiaries' operations, covering Risk Management and Strategy formulation and execution.
- Implementing strategies in a manner that limits risks associated with each strategy and ensures compliance with laws and regulations on both long-term and day-to-day basis.
- Ensure appropriate policies, controls, and risk monitoring systems are in place and that accountability and lines of authority are clearly defined.
- Establishing and communicating strong awareness of the need for effective internal

Uncertainties in the operating environment

In the environment in which we operate, there are unforeseen circumstances that the Group cannot predict. Uncertainty implies that the outlook for the economy is unpredictable and that there is a high likelihood of negative economic events; however, in case of uncertainties, the Group has a robust risk management process where risk management tools have been deployed to ensure proactive measures are achieved to the greatest extent.

The Bank continues to monitor the economic environment and execute measures to protect the business by reinventing processes and systems to ensure that we adapt to the ongoing changes of the economic environment and, at the same time, protect our customers by offering an enhanced value proposition and having in place contingencies in our business strategy.

We strongly believe that preventing risks enhances shareholder value because it allows us to manage risks proactively and intelligently, which maximises the Group's potential for earnings, ensures stability, and takes measures to protect the business against unexpected losses. Primarily, Our risk management processes aim to protect the Group's solvency by preserving high asset quality, efficient operations, and prudent capital management, resulting in sustained earnings that augment core capital, enable regulatory compliance, and enhance market reputation and stakeholder support.

The table below shows the principal risk, the description of the risk, opportunities, and mitigations to address the risk, strategies, and capital impacted.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

16 PRINCIPAL RISKS, UNCERTAINTIES, OPPORTUNITIES AND MITIGATIONS

Principal Risk	Context	Cause/ Circumstance	Key risk indicators (KRI)	Likelihood	Magnitude/ impact	Opportunities and Mitigations
Credit Risk	A risk of financial loss arising from non-payment of principal and interest of credit accommodations.	• Significant adverse changes in the political, economic, regulatory, and technological environment of the borrowers • Death of a Borrower • Borrower becomes bankrupt.	Significant increases in credit risk and default.	The risk event is likely to occur.	Severe - it increases impairment losses, which affect the Group's profitability and liquidity.	All credit facilities are insured. Credit risk is assessed and managed from credit origination to recovery management. Monitoring is done throughout the credit management life circle.
Liquidity Risk	Liquidity Risk is a risk of loss arising from a situation where there will not be enough cash and cash equivalents to meet maturing obligations.	• Mismatch between loans and deposits. • Mismatch of maturity between assets and liabilities • Decrease of money supply in the economy.	Decrease in Liquidity ratio below the internal limit.	The risk event is likely to occur.	Severe – will result to the; • fines and penalties due to non-compliance to regulatory liquidity ratio of 20% and above. • Failure to meet the maturing obligation • Failure to meet day-to-day operation.	The liquidity risk management process is monitored by the Asset and Liability Committee (ALCO) which includes. • Day-to-day funding. • Ensure liquidity is managed within the limits set. • Ensure diversification of funding sources to minimise liquidity concentration risk.
Market Risk	The risk of financial loss on earnings or capital arising from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices.	Market risks arise from open positions in interest rate, currency, price, and equity investments, all of which are exposed to general and specific market movements and changes in the volatility of market rates or prices.	• Changes in interest rate. • Forex fluctuations. • Changes in equity prices.	The risk event is likely to occur	Severe – will result in adverse movements of interest rates, foreign exchange rates, and equity prices, impacting profitability.	• Matching the sensitivity of Group assets and liabilities from changes in market interest rate. • Matching of assets and liability of the same currency. • Close monitoring of equity price movement
Compliance Risk	Refers to the risk to earnings and capital from non-compliance with laws and regulations, or misinterpretation of them.	• Incorrect interpretations of laws and regulations • Non-compliance with laws/ regulations and prescribed standards • Changes in regulatory environments. • Contradicting laws in Parent and subsidiary jurisdiction.	Late submission of returns and statutory payments.	The risk event is likely to occur.	Severe – will result to. • fines and penalties due to non-compliance to laws and regulations, which affect Group profitability.	• Daily monitoring of regulatory changes. • Awareness to all staff on the new regulations. • Conformance tests across the Group to detect compliance gaps • Engaging policymakers when contradictions arise among jurisdictions.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

17 CAPITAL STRUCTURE AND FUNDING MIX

Capital structure

The Bank's capital structure for the year under review is as follows:

Authorized

4,000,000,000 ordinary shares of TZS 25 each

Issued and fully paid

2,611,838,584 ordinary shares of TZS 25 each

There were no changes in capital structure as compared to the previous financial year. Share capital details are disclosed under Note 55 in the notes to the financial statements.

The Bank remained strong in terms of financial position, well-capitalized and closed the year with a core capital ratio of 16.3% and a total capital ratio of 17.2%, both above the regulatory requirement of 12.5% and 14.5% respective. During the year, the factors which impacted the Bank's financial position include increased competition, disruptive technologies, digital adoption, raised stakeholder expectations, and challenges associated with macroeconomics and geopolitical uncertainties. However, the Group managed to withstand all the mentioned challenges, as evidenced by the remarkable year-on-year growth of 30.4% Profit after tax.

More details on the factors that impacted our ability to create value are disclosed under section 12.

The Group anticipates the same factors are likely to affect its future financial position. However, the Bank has a bold strategy to overcome the noted challenges.

Bank's utilization of long-lasting assets

During the year, the Bank effectively utilized its long-lasting assets as evidenced by a return on assets ratio of 5.2% which is above the bank's target of >3%. The increase indicates better utilization and efficiency in using the assets to generate revenue. The Bank closed the year with long-lasting assets of TZS 511.9bn (2023: TZS 476.9bn) both tangible and intangible assets used in the expansion and upgrading of the existing assets to enhance productivity for a sustainable future.

In terms of cash flows, the Bank closed the year with a healthy liquidity ratio of 28.2% above the regulatory requirement of 20% indicating the Bank's ability to sustain operations without financial strain and positive operating cash flow which provides insights into the Bank's ability to generate sufficient cash to fund its activities.

Funding mix

The Group's primary funding source during the year was deposits from customers (Demand, savings, and time/ fixed deposits), which accounted for 75% of the total funding. The Current/ Savings Accounts (CASAs) represented 84% of total customer deposits as at December 2024 (2023:83%). Another major funding source was the borrowings of TZS 978bn (2023: TZS 579bn), which were used to fund business growth to meet our stakeholders' needs and expectations. The borrowings accounted for 10% of the total funding, and Equity 15% of the total funding.

There was no major change in the funding mix in 2024 compared to 2023.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

17 CAPITAL STRUCTURE AND FUNDING MIX (Continued)

Funding mix (Continued)

The balance between debt and equity was as follows;

Debt	GROUP		BANK	
In TZS' Million	2024	2023	2024	2023
Customer deposits	10,934,131	8,855,978	10,214,699	8,315,233
Borrowings - Current	123,080	67,278	123,080	116,278
Borrowings – non-current	1,838,626	1,172,021	1,838,626	1,172,021
	12,895,837	**10,095,277**	**12,176,405**	**9,603,532**
Equity				
Issued capital	65,296	65,296	65,296	65,296
Share premium	158,314	158,314	158,314	158,314
Retained earnings	1,872,606	1,491,183	1,829,535	1,448,851
Other reserves	36,373	23,083	22,693	12,866
	2,132,589	**1,737,876**	**2,075,838**	**1,685,327**

Borrowings include subordinated debts and Green bonds.

The balance between equity and debt, the maturity profile of debt, the type of capital instruments used, currency, regulatory capital and interest rate structure are under the Treasury and Capital Market department and are being monitored by the ALCO committee, which meets monthly. The maturity profile of the Group and Bank's financial assets and the undiscounted cash flows of its financial liabilities as of 31 December are disclosed in note 10.4.4 of the financial statement. Treasury and capital market department are also in charge of short and longer-term funding plans to support the strategies of those charged with governance to achieve the Bank's objectives. As per the funding mix, there are short and long-term borrowing; likewise, for deposits, there are time deposits with longer terms to match the maturity profile of the Bank's financial assets

The Group has adopted the above capital structure of deposits (73%), equity (14%) and borrowings (13%) because of the associated cost.

Funding approach

The Group's primary source of funding is customer deposits. The Group maintain a diversified and stable funding base comprising demand, savings, and time deposits. The Group places considerable importance on the stability of these deposits, which is achieved through the Group's retail banking activities and by maintaining depositor confidence in the Group's business strategies and financial strength.

The Group borrows from the interbank market through transactions with other banks for short-term liquidity requirements. As part of the contingency funding plan, the Group has funding lines with local and foreign banks for short-term funding requirements.

Other Group's source of funding is borrowings which are long-term, and the Group has entered covenants in some borrowings in financing contracts, however, none of the borrowings have the effect of restricting the use of financing arrangements or credit facilities, and negotiations with the lenders on the operation of these covenants.

The Group and Bank did not have any defaults of principal, interest, or other breaches regarding borrowings during 2024 or 2023. During the year, the Bank did not enter any covenant in financing contracts that could restrict the use of financing arrangements or credit facilities.

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

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

18 TREASURY POLICIES

Treasury conducts its activities within a comprehensive framework provided by the Board-approved Financial Policies and Treasury Policies, which are reviewed and approved by the Board on an annual basis. Treasury is guided by the principles of professionalism, transparency, accountability, and profit maximization within a conservative set of risk parameters.

The Board of Directors, through its Board Risk Committee, had overall responsibility for managing market risks (liquidity risk, interest rate risk). At the management level, the Asset Liability Management Committee (ALCO) and Management Risk Committee are responsible for managing Market Risks.

As the main player in the market risk space, Treasury performs her roles and functions under the oversight of the Assets Liabilities Committee (ALCO), which seats monthly.

Treasury policies are structured in a way to achieve strategic management of Group's statement of financial position with the focus of realizing optimal returns while minimizing risk exposure and related funding costs. Within this framework, Treasury applies the best available market knowledge and techniques to achieve the Group's strategic objectives.

Objectives

The overall objective provides guidance on the management of assets and liabilities as they fall due in the most cost-effective way. The policy aims at providing guidance on:

- Managing liquidity and funding under normal and stressful conditions.
- Establishing internal limits and triggers for liquidity risk management.
- Coordinating decisions made within operating areas that affect the Bank's liquidity position.
- Establishing responsibility and framework for decision-making that may affect the Bank's liquidity position.
- Compliance with regulatory requirements.

The key treasury policies are:

Market Risk Policy

The policy provides guidance/ framework for managing exchange rate and interest risks and protects the value of bank assets from adverse effects of market rate movements.

Liquidity Policy

The policy provides guidance on managing liquidity risk under normal and crisis situations. It sets out a liquidity management decision-making structure in the Bank, approaches to funding and liquidity operations, limits to liquidity risk exposures, procedures and systems for liquidity planning and management, regulatory compliance, reporting, control, and contingency funding planning.

The Group places a strong emphasis on managing liquidity risk and daily cash flows, which is handled by the Treasury Department through the Asset Liability Committee (ALCO) to ensure the Group holds sufficient liquid assets to enable it to continue with its normal operations. Asset Liability Committee (ALCO) also manages the Bank's exposure to liquidity risk by ensuring that limits are in line with realistic assumptions and tracking compliance monthly. The Group closed the year with a liquidity ratio of 28.2%, which is above the regulatory requirement of 20%.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Group also has lines of credit that it can access to meet liquidity needs. Net liquid assets consist of cash, short–term bank deposits and liquid debt securities available for immediate sale, less deposits for banks and other issued securities and borrowings due to mature within the next month.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

18 TREASURY POLICIES (Continued)

Liquidity Policy (Continued)

The Group does not foresee problems on the liquidity in the next 12 months which can affect the business operations.

The ability to transfer funds from a parent or its subsidiary to meet the obligations of another part of the group is not restricted.

Liquidity management process

The Group's liquidity management process is being carried out within the Group and Bank and monitored by the Asset and Liability Committee (ALCO) of the individual banks which includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintain an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

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

Contingency Funding Policy

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

Limit Policy

The policy provides guidance/framework for managing market and liquidity risks for the counterparts at the domestic and international levels. It also provides guidance for investment and credit exposures limits.

Asset Liability Management (ALM) and Investment Policy

The policy highlights a set of actions and procedures designed to manage the Bank's financial risks to ensure competitive return on assets by putting in place specific predefined risk management policies. It covers strategic management of the Bank's statement of financial position and off-balance sheet items intending to achieve sustained growth, profitability, and solvency. It involves a multiplicity of management activities and responsibilities, including the formulation of short and long-term strategic goals and objectives and the management of financial risks.

Fund Transfer Pricing (FTP) Model

The model highlights the process of charging fund users and crediting fund providers to enable the Bank to evaluate the profitability of deposits and loans in line with the bank's own Assets and Liability management strategies.

19 MAJOR FINANCING TRANSACTIONS

During the year, the Group received TZS 978 Billion as long-term borrowing from various strategic partners, as disclosed in Note 51. The borrowings aim to fund business growth to meet our stakeholders' needs and expectations

The major financing from borrowings resulted into the increase in interest expenses by 47%YoY which account for 28% out of total interest expenses during the year. The Group does not foresee the major change of interest rate which could impact the profitability of the Group.

20 CASH FLOWS

The Group's major source of cash flow was from operating activities, which was attributable to an increase in customer deposits by TZS 2,132.9 Billion (2023: increase of TZS 635.6 Billion). The funds generated in 2024 were mainly utilised on lending to customers by TZS 2,105.5 Billion (2023: increase of TZS 1,510.1 Billion) and servicing borrowings by TZS 359.5 Billion (2023: TZS 227.6 Billion). The increase in customer deposits and loans and advances to customers are the key factors driving the Group's cash flow from operations.

Another major source of cash flow was the borrowings of TZS 978 Billion (2023: TZS 579 Billion), which were used to fund business growth and meet our stakeholders' needs and expectations. The Group's projections indicate that future cash flows will mostly be generated from customer deposits. The Group implements different strategies to mobilise deposits and maintain sound liquidity to meet its cash flow commitments.

Additional information to supplement the information provided in the financial statement

During the year, the Group's cash flows were affected by a variety of factors, primarily related to macroeconomic conditions. Below are the specific factors that impacted cash flows, as well as those that may affect future cash flows.

Factors impacted the cashflow during the year

- **Shortage of foreign exchange:** The year 2024, started with continued interest rates hikes in advanced economies as they battled with inflation. This trend stared to normalize in the second half of the year with many central banks announcing interest rates cuts as they achieved inflation targets. Many African economies experienced severe shortage of foreign exchange arising from unfavourable balance of payments. However, in Tanzania the situation started to normalise in the second half of the year on the account of increasing Tourism activities and well as export of major commodities.
- **Market liquidity constraints:** To address this, the Group made the strategic decision to increase borrowing to fund business growth to meet our stakeholders' needs and expectations.
- **Interest Rate Fluctuations:** Changes in interest rates can affect the cost of borrowing and the returns on investments, influencing banks' cash flows.

Factors likely to affect future cashflow:

- **Regulatory Changes:** Ongoing and upcoming regulatory changes may affect banks' operational costs and compliance requirements, which could impact our cash flows. Compliance with Basel III entails higher capital requirements, with mandatory implementation by 2025. This means we will be required to hold additional capital in reserve, reducing the amount available for lending and other revenue-generating activities.
- **Technological Advancements:** The rapid advancement of technology presents both challenges and opportunities for the Bank. To remain competitive in this ever-changing environment, we need to continually update and improve our systems. Our commitment to innovation will require significant investments in state of the art technology to enhance our ICT infrastructure.

  While these technological enhancements are vital for ensuring our ongoing relevance in the financial sector, we must also recognize that they will have a substantial impact on our cash flows. Initial outlays for technology adoption may strain our financial resources in the short term; however, the long-term benefits of increased operational efficiency, customer satisfaction, and market competitiveness will ultimately outweigh these upfront costs. In 2025 more than 40% of our capital expenditure has been allocated to ICT projects.

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20 CASH FLOWS (Continued)

The Group future plans on the use of the excess cashflow

In the future, the Group plans to strategically use any surplus cash generated from its operations to expand its presence. This expansion will involve opening new facilities and investing in advanced technologies. Our goal is to significantly enhance our overall operational capacity, ensuring that we meet the growing demand for our products and services while maintaining high standards of quality and efficiency. This approach will position us for sustainable growth and increased competitiveness in the market.

Short-term Plans:

Effectively managing a bank's excess cash flow in the short term is crucial for optimizing returns while maintaining our liquidity position. By strategically allocating these funds into various financial instruments such as money market and short-term securities, we enhance our financial stability and ensure we are well-prepared for future opportunities or unexpected needs. This approach not only maximizes the potential earnings on excess funds but also supports the bank's overall financial health and operational efficiency.

Long-term Plans:

In the long term, a bank's excess cash flow will be strategically allocated to support sustainable growth and enhance financial stability.

- Capital Expenditure Investments
  - Invest in new initiatives and complete mission-critical systems to create a scalable infrastructure for future growth. This includes finalizing the core banking system and other projects that were carried over from 2024.
  - Continue investment in cybersecurity measures to mitigate the risks of cyber-attacks and enhance data protection, thereby improving overall cybersecurity maturity.
  - Renovate select branches to enhance the customer experience.

The Group future plans on the use of the excess cashflow

- Investment in government and corporate bonds which provide steady returns over time.
- Another key strategy is to strengthen the bank's capital reserves, ensuring compliance with regulatory requirements and enhancing the institution's ability to withstand economic downturns.
- Cross-border expansion to increase our presence and customer base which will drive long-term profitability.

By carefully balancing these investments, we can optimize excess cash flow to achieve sustained growth and resilience in an ever-evolving financial landscape.

21 BORROWING

The Bank has been working with various reputable local and International Development Financial Institutions who have shown interest to support our economy through our Bank. Over the years, the Bank has worked with various Institutions, including IFC, AFDB, EIB, PROPARCO, INVESTEC, FMO, DFC, IBRD GCPF, CITI, ResponsAbility Investments AG, TIB, NBC and TMRC to support key sectors of the economy. As at 31 December 2024, the Group had an outstanding exposure of TZS 1,962 Billion which includes Green Bond and subordinated debts as disclosed in Note 50, 51 and 52.

The borrowings intended to provide financial support for different sectors of the economy, including funding for business expansion, promoting knowledge sharing, offering technical assistance, and facilitating job creation. All borrowings are long-term, with a maturity profile extending beyond one year. The increase in borrowings, which amounts to TZS 978 Billion, was necessary due to the liquidity challenges faced in the market during the year.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants and expect to comply in the future.

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22 SHAREHOLDERS OF THE BANK

The Bank's Articles of Association recognize three categories of shareholders namely, shareholders holding 10% or more of the total paid-up shares, shareholders holding less than 10% of the total paid-up shares and shareholders holding less than 1%.

At the end of the year, the shareholding of these three groups was as follows:

Group Shareholding	2024		2023	
	No. of shares	%	No. of shares	%
10% and more	894,828,676	34.3	894,828,676	34.3
Less than 10%	605,829,559	23.2	631,026,062	24.2
Less than 1%	1,111,180,349	42.5	1,085,983,846	41.5
Total	**2,611,838,584**	**100.0**	**2,611,838,584**	**100.0**

Companies Shareholding

Shareholders holding 1% or more of the total paid-up capital as at 31 December are listed below:

Shareholders	2024		2023	
	No. of shares	%	No. of shares	%
DANIDA Investment Fund	548,067,648	21.0	548,067,648	21.0
PSSSF Pension Fund	346,761,028	13.3	346,761,028	13.3
National Social Security Fund - Uganda	206,246,402	7.9	196,456,402	7.5
Kimberlite Frontier Master Africa Fund LP RCKM	61,641,280	2.4	64,352,349	2.5
Patrick Schegg	50,754,057	1.9	50,754,057	1.9
National Social Security Fund (NSSF)	43,575,766	1.7	-	-
Wegen Kilimanjaro Frontier Africa Fund	41,652,795	1.6	41,652,795	1.6
Zanzibar Social Security Fund	41,373,558	1.6	41,373,558	1.6
Change Global Frontier Market, PL Fund-CGPA	34,019,789	1.3	44,216,540	1.7
Hans Aingaya Macha	32,764,200	1.3	32,764,200	1.3
Umoja Unit Trust Scheme (UTT)	32,430,701	1.2	-	-
National Health Insurance Fund	32,040,040	1.2	32,040,040	1.2
CMG Investment Limited	29,330,971	1.1	29,330,971	1.1
Abbas Export Ltd.	-	-	67,515,720	2.6
Duet Africa Opportunities Master Fund IC	-	-	30,569,430	1.2
Total	**1,500,658,235**	**57.5**	**1,525,854,738**	**58.5**

The total number of shareholders by the end of 2024 stood at 37,658 (2023: 32,395 shareholders).

Directors Shareholding

Shareholdings by those charged with governance as at 31 December are listed here under;

Name	Status	Number of shares 2024	Number of shares 2023
Dr. Ally H. Laay	Chairman	201,548	161,548
Mr. Abdulmajid M. Nsekela	Group CEO and Managing Director	204,650	204,650
Prof. Neema M. Mori	Independent Non-executive Director	-	-
Mr. Jes Klausby	Non-executive Director	-	-
Mr. Boniface C. Muhegi	Non-executive Director	2,241,352	2,231,352
Mr. Hosea E. Kashimba	Non-executive Director	64,875	64,875
Prof. Faustine K. Bee	Non-executive Director	41,536	41,536

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

22 SHAREHOLDERS OF THE BANK (Continued)

Directors Shareholding (Continued)

Name	Status	Number of shares 2024	Number of shares 2023
Dr. Fred M. Msemwa	Non-executive Director	12,612	12,612
Mr. Abdul A. Mohamed	Non-executive Director	2,450	2,450
Mr. Martin S. Warioba	Independent Non-executive Director	-	-
Ms. Miranda N. Mpogolo	Independent Non-Executive Director	-	-
Mr. Gerald P. Kasaato	Non-Executive Director	-	-
Mr. Royal J. Lyanga	Non- Executive Director	-	-

23 CORPORATE GOVERNANCE

The Group Statement on Corporate Governance

The Bank's approach to corporate governance is comprehensive and designed to uphold the highest standards of accountability, transparency, and ethical practices. Our primary objective is to optimize performance, minimize risks, and protect the interests of our shareholders. To achieve this, we have put in place robust governance frameworks, policies, and procedures that go beyond regulatory requirements.

We have a Board of Directors that comprises highly experienced and knowledgeable individuals who bring diverse perspectives and skills to the table. The Board provides strategic oversight, sets the tone from the top, and ensures that our actions align with our core values and mission. We have also established various committees, including an Audit, Risk, and Compliance Committee, to provide independent oversight and guidance on key areas of our operations. These committees are composed of experts in their respective fields and are responsible for ensuring that our policies and practices are aligned with best practices.

Furthermore, we have implemented a strong risk management framework that enables us to identify, assess, and mitigate risks effectively. We prioritize transparency and accountability by regularly reporting to our shareholders and stakeholders on our performance, risks, and governance practices. At the heart of our corporate governance approach is a commitment to ethical practices, integrity, and social responsibility. We believe that our success is not only measured by financial performance but also by the positive impact we have on our communities and the environment.

Our Corporate Governance framework

The organization has implemented a comprehensive corporate governance framework. This framework enables the Board to efficiently oversee and direct the organization's strategic direction, financial objectives, resource allocation, and risk tolerance. It also empowers the Board to hold executive management accountable for their actions and ensure the successful implementation of the organization's goals.

Code of Corporate practice of good corporate governance

- The Board is committed to the principles of good corporate governance to strengthen and maintain the stakeholder's confidence. The Board retains full and effective control over the Group, monitors the executive management and makes sure the decision on material matters is in the hands of the Board to fulfil the Group's strategic objectives.
- The Board is committed to healthy corporate governance practices, which strengthen and maintain confidence in the Bank, thereby contributing to optimal long-term value creation for shareholders and other stakeholders. The Board recognises its collective responsibility for the long-term success of the Group. The Board is committed to ensuring compliance with all applicable laws and regulations and considers adherence to non-binding rules, codes, and standards. Compliance is an agenda item in all Board meetings through the Board risk committee.
- Through the Board risk committee, the Board is able to identify all regulations relevant to the group and monitor changes to the rules and new regulations impacting the group.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Statement of responsibilities for those charged with governance

Those charged with governance are dedicated to upholding the highest standards of corporate governance. The Board is responsible for providing strategic direction, ensuring effective management oversight, and maintaining accountability to shareholders and stakeholders. This includes establishing the bank's vision, mission, and values and ensuring their integration into its operations and culture.

The Board also oversees the implementation of policies and procedures that promote ethical behaviour, compliance with laws and regulations, and the effective management of risks to safeguard the bank's assets and reputation. The Board has delegated the responsibility for implementing strategy and managing day to day operations to the Group Managing Director and Chief Executive Officer, along with the Senior Management Team.

Those charged with governance are committed to fulfilling their fiduciary responsibilities and have established principles to ensure that good governance practices are upheld in their dealings with the Group's shareholders, customers, and other relevant stakeholders in line with the spirit of the Capital markets and securities (CMSA) act, 1994 guidelines on corporate governance practices by public listed companies in Tanzania section 4.0

The Board is dedicated to ensuring a strong governance framework operates throughout the Group. It recognizes that good corporate governance is essential to support management in achieving the Group's strategic objectives and operating a sustainable business for the benefit of all stakeholders. The Board understands that identifying, developing, and maintaining high standards of corporate governance suitable for the Group is an ongoing and dynamic process that must adapt to changes within the Group, its business, the composition of the Board, and evolving corporate governance trends.

Those charged with governance are responsible for the overall governance of the Group. The Board applies good governance practices to promote strategic decision-making that aligns the interests of the Group with our stakeholders and the communities we serve. To achieve this, principles of accountability, transparency, ethical management, and fairness are embedded throughout the business.

Those charged with governance must act in good faith to enhance the Group's success for the benefit of our stakeholders. They should avoid any conflicts between their personal interests and those of the Group, in accordance with Section 209 of the Companies Act 2002. Directors must always prioritize the Group's best interests. They have a statutory duty to promote the Group's success, carefully considering the consequences of their decisions to uphold a reputation for high standards of business conduct.

The Bank remains committed to adhering to the highest standards of corporate governance and business ethics. Good corporate governance practices are essential for delivering sustainable value to our stakeholders. The Group also complies with regulations set by the CMSA, the Dar es Salaam Stock Exchange, and the ethical standards outlined in the Group's Code of Conduct.

Our strong corporate governance and responsible business culture form the foundation for long-term sustainable growth. To support this, sustainability has become a key focus in our board meeting agendas, ensuring that these important topics receive the attention they deserve and are discussed regularly. Furthermore, we have strengthened our sustainability team to effectively implement our initiatives and meet the expectations of our stakeholders.

Board Structure

The Board is structured to ensure a balance of skills, experience, and diversity necessary to provide effective leadership and oversight of the Group. The Board comprises both Executive and Non-Executive Directors, including Independent Non-Executive Directors, to ensure a robust governance framework.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Structuree (Continued)

The structure of the Board is as below;

- **Chairperson:** Leads the Board and ensures its effective functioning. The Chairperson is responsible for setting the agenda, facilitating open and constructive discussions, and ensuring that all Directors contribute to the decision-making process.
- **Executive Directors:** These Directors are involved in the day-to-day management of the Group. They bring in-depth knowledge of the Group's operations and are responsible for implementing the Board's strategic decisions.
- **Non-Executive Directors:** These Directors provide independent oversight and constructive challenge to the Executive Directors. They bring a diverse range of skills and experience from various industries and sectors.
- **Independent Non-Executive Directors:** These Directors are free from any business or other relationships that could materially interfere with their independent judgment. They play a crucial role in ensuring that the interests of all stakeholders are considered in the Board's decision-making process.
- **Board Committees:** The Board has established several committees to assist in the discharge of its responsibilities. These committees include:
  - Board Audit Committee: Oversees financial reporting, internal controls, and risk management.
  - Board Risk Committee: Monitors and reviews the Company's risk management framework.
  - Board Governance, Nomination, and Human Resources Committee: Responsible for Board appointments and setting remuneration policies.
  - Board Credit Committee: Oversee the credit functions monitor and review the loan portfolio. quality.

The Board meets regularly to review the Group's performance, set strategic objectives, and ensure it operates in accordance with the highest standards of corporate governance.

Board Size

The Board determines its size and composition, adhering to the Company's Articles of Association, Board Charter, relevant policies, applicable laws, and best practices. The Board must always have a minimum of five members, of which two-thirds must be non-executive. Additionally, at least two members must be Tanzanian nationals. The composition of the Board is optimal, considering the size and nature of the Bank's business and its subsidiaries. It is adequately structured and in compliance with key governance codes and regulatory requirements.

During the year, the Board comprised fourteen Directors, including thirteen Non-Executive Directors and one Executive Director. Three of the thirteen Non-Executive Directors are Independent Non-Executive Directors. The Board comprises diverse skills and expertise essential for effective management oversight and the Bank's operations. Each Board member possesses the necessary skills and has access to the tools required for effective performance.

The Board is confident that its current size is optimal, allowing it to effectively manage decision making processes and fulfill its diverse responsibilities. This size facilitates robust discussions, ensuring that a wide range of perspectives is represented while maintaining effective communication and collaboration among members. As a result, the Board is well-equipped to respond to challenges and opportunities in a timely and efficient manner.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Charter

The Group has a Board charter outlining the key values and principles of the bank's Directors. It details the Board's responsibilities, governance practices, powers, and the separation of roles between the Board and Management, as well as the Company Secretary's responsibilities.

This Board charter is subject to the requirements contained in the Bank's Memorandum and Articles Association (MEMARTS), the Banking and Financial Institutions Act, 2006 (BFIA), CMSA Act & Guidelines, Company Laws and other applicable laws and regulatory provisions. The charter is reviewed every two years or on a need basis to ensure it remains adequate and consistent with the Board's purpose. Changes are subject to approval by the Board of Directors.

During the reporting period, the Board is assured that all individual Non-Executive Directors upheld their objective judgment per the approved Board Charter. This dedication to independence underscores the Board's commitment to upholding transparency, and accountability and maintaining elevated standards of corporate governance.

Appointments of the members of the Board

Appointments to the Board are made strictly based on merit, ensuring that candidates are evaluated against specific, objective criteria. This process considers the importance of fostering diversity within the Board, as it recognizes the advantages that varied perspectives and experiences bring to effective governance. A comprehensive and rigorous selection process is adhered to when appointing Directors, involving multiple stages such as interviews, assessments, and reference checks to ensure the highest standards of candidate evaluation.

Non-executive Directors are appointed for an initial term of three years, which allows for a thorough integration into the Board's activities and culture. Following this period, their continuation on the Board is contingent upon re-election by shareholders at each Annual General Meeting (AGM). This mechanism not only maintains accountability but also ensures that the Board remains aligned with the interests of its shareholders.

A Board member will not serve in the Board for more than three terms of three years. The maximum tenure for Board membership shall not exceed 10 (ten) years unless an approval has been granted by the Central Bank of Tanzania.

The term of office for members of the Board is structured so that their terms do not end simultaneously. This approach ensures continuity within the Board, allowing for a seamless transition and sustained governance.

The Group has a formal and transparent procedure for appointing Board members. The vacancies are advertised to the public through newspapers and the Bank's website. This ensures that the selection process is fair, unbiased, and based on merit. By adhering to these principles, we maintain high standards of governance and accountability, fostering trust among stakeholders and promoting effective decision making.

In identifying suitable candidates for board positions, the committee follows these key steps:

- The Group advertises the vacancy through various platforms to attract a diverse pool of candidates. In some cases, it may seek assistance from external consultants to enhance the search process.
- Candidates are evaluated on several criteria, including academic qualifications, technical expertise, relevant experience, nationality, age, gender, integrity, and ethical standards. This comprehensive assessment ensures a well-rounded selection that reflects diverse perspectives.
- After the evaluation, the Group Board Governance and Human Resource Committee recommends new nominees for appointment to the board, ensuring they align with the Group's strategic goals and governance needs.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Appointments of the members of the Board (Continued)

To make it effective, the Board's consists of both Non-Executive Directors and Independent Non-Executive Directors. The Board recommends Directors for election and/or appointment to the shareholders at the Annual General Meetings (AGMs) for approval. A Board member elected/appointed by shareholders is not allowed to attend Board meetings or be assigned any responsibility until he/she obtains approval from the Central Bank of Tanzania.

All Directors are required to disclose outside Directorship's business and conflict of interest on an annual basis and inform the Company Secretary of any changes to such Directorships and conflict of interest within 30 days.

Non-Executive Directors do not have service contracts with the Bank but instead have letters of appointment which stipulate the terms of their appointment.

Value creation through good corporate governance

The Group practice good corporate governance through well-defined governance structures which are vital to support our ability to create and preserve value. Our approach to good corporate governance enhances the achievement of our strategic objectives over time and brings together the interests of all our stakeholders in creating sustainable value. Furthermore, Our Board is committed to continuing to improve corporate governance principles, policies, and practices by remaining up to date on the changes in regulations and best practices.

Our corporate governance approach ensures the Group;

- Adheres to applicable legal, regulatory and practice of good corporate governance.
- Deliver sustainable impact to our stakeholders while caring for our community and contributing to our economy and the environment through our business activities.
- Embedded in an ethical and risk-awareness culture.
- Promote transparency, accountability and empathy in managing our stakeholders' relationships.

Roles and functions of the Board

The Board is responsible for ensuring adherence to the code of corporate governance/ Board charter. It is the ultimate decision-making body, and its key role is to provide strategic leadership and guidance to the Bank and its controlled subsidiaries (the Group) and effective oversight of risk management. The Board is accountable to the shareholders for the performance of the Bank's (Group's) businesses.

The specific roles and responsibilities of the Board include but are not limited to the following:

- To prepare financial statements of the Group which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions which cover the period from the beginning of the financial year to the end. The Statement of Directors' Responsibilities is found on page 142.

  This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it involves all those charged with governance who acted in this capacity during any part of the period covered by financial statements.
- Determine the Bank's vision, mission and values that promote the sustainability of the Bank.
- Appointing the Group Managing Director and CEO to whom the responsibility of managing the Group is being delegated; reviewing and evaluating his performance regularly; and reviewing and defining succession planning for the CEO and senior management.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Roles and functions of the Board (Continued)

- Approving corporate strategy, monitoring and evaluating the implementation of the strategy designed to create long-term value for the Group. The Board must understand the risks inherent in the Group's strategic plans and how those risks are managed.
- The Board is responsible for determining and amending the KPIs, such as financial ratios, to be applied in relation to the strategy.
- Establishing adequate policies and procedures that ensure the integrity and effective internal controls and adequate risk management practices across the Group.
- Setting the Group's risk appetite, reviewing and understanding the major risks, and overseeing the risk management processes and internal control systems.
- Reviewing the Group's plans for business resiliency. As part of its risk oversight function, the Board periodically reviews management's plans to address business resiliency, including business continuity, physical security, cybersecurity and crisis management.
- Ensure the Bank is adequately always capitalised.
- Approving significant capital expenditures and changes in the capital structure of the Bank, acquisitions and dispositions and new subsidiaries investments.
- Ensure the Group adheres to compliance with laws and regulations and maintains ethical conduct.
- Continuously monitoring the performance of the Bank and management.
- Reviewing and defining the succession planning of the Board and Committee Chair, Board vice Chair, CEO, and senior management.

During the year, the Board performed its roles and responsibilities, as evidenced by the remarkable performance of the bank and subsidiaries (Group). All members of the Board were collectively responsible and complied with the code of good corporate governance.

Annual Board work plan

The Board has annual work plan which is designed to ensure that the bank's Board of Directors operates effectively and efficiently throughout the year. It is the responsibility of the Chairman and the Company Secretary, working closely with the Group Managing Director and Chief Executive Officer, to come up with the annual Board work plan and the agenda for the Board meetings.

The plan outlines the key activities, meetings, and strategic initiatives that the Board will undertake to fulfill its responsibilities. By adhering to this structured approach, the Board can maintain high standards of oversight, accountability, and transparency, thereby fostering trust among stakeholders and supporting the bank's long-term success. The work plan also facilitates proactive decision-making and continuous improvement, ensuring that the Board remains aligned with the bank's goals and regulatory requirements.

Board operations

The Board meets at least once every three months to discuss the affairs of the Group, and the meetings are structured to allow for open discussions. The notice, agenda, and detailed Board papers are circulated seven days before the meetings to allow time for the Directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings. Those charged with Governance can request additional information to support their decision-making when necessary.

During the year, the Board met six(6) times as planned and, during the six meetings, had several discussions regarding the operations of the Bank together with its controlled subsidiaries.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board operations (Continued)

The Board annually elects a chair who is a non-executive Director. The elected chair is not supposed to be a member of any Committee. When deemed fit, the chair may be invited to attend any of the committees' meetings, excluding the Audit Committee.

The Group is committed to maintaining a high standard of corporate governance. The Directors also recognise the importance of integrity, transparency, and accountability. In 2024, the Board constituted four subcommittees to improve corporate governance by delegating specific tasks from the main Board to a smaller group and harnessing the contribution of non-executive Directors whose term of reference is embedded in the respective Board Committee Charter. Committee members are elected annually from among the Board members.

The Board remains collectively responsible for any committee's decisions and is required to review the effectiveness and performance of committees annually.

The sub-committees are;

- Board Audit Committee
- Board Governance, Nomination and Human Resources Committee
- Board Credit Committee and;
- Board Risk Committee

All these Board Committees are constituted and chaired by Non-Executive Directors.

The below table shows the planned meetings and execution for all Boards

Board	Planned Meetings	Executed
Main Board	6	6
Board Audit Committee	5	5
Board Governance, Nomination and Human Resources Committee	6	6
Board Credit Committee	15	15
Board Risk Committee	4	4
Shariah Advisory Board	4	4

Board activities

During the year, the key areas of focus for the Board's activities and topics discussed were on the following matters:

- The Board discussed the quarterly performance of all Group KPIs as presented by management and directed management accordingly regarding the expected performance of the bank, its subsidiaries, and investments made by the bank.
- The Board discussed and approved the Group's budget and strategy for the year 2025 as presented by the management by adding inputs and enlightening management on its expectations for implementing the strategy and budget.
- During the meetings, the Board also discussed the reports received from all Board committees and deliberated accordingly.
- Reviewing financial statements, budgets, and forecasts. The CFO, as a permanent invitee, provides detailed financial reports and insights, enabling the Board to make informed decisions regarding investments, cost management, and financial planning.

23 CORPORATE GOVERNANCE (Continued)

Board activities (Continued)

- Made a recommendation to the shareholders on the approved final dividend for 2024 performance
- Oversight of the Group and subsidiaries' performance.
- The Board reviewed policies, and compliance reports, with the Director of Risk and compliance providing updates on regulatory changes and compliance status.
- Engaged in detailed discussion on the Group Capital management.
- Approved the audit fees for the external auditor.
- Approved the Board Work Plan
- Reviewing audit reports which include audit findings for the respective year and direct management on addressing audit findings and implementing corrective actions.

Board diversity

Board diversity is a cornerstone of our commitment to good corporate governance. We believe that a diverse Board brings a wealth of perspectives, experiences, and skills that are essential for effective decision-making. Our board's diversity enables us to better understand and address the needs of our stakeholders, including employees, customers, and investors. This diversity fosters innovation and enhances our Group's performance, ensuring that we remain competitive in a rapidly changing business environment.

In line with best practices for corporate governance, we have implemented proactive strategies to ensure our Board reflects a mix of gender, ethnicity, age, and professional backgrounds. We have set ambitious diversity targets and established policies that promote inclusivity. Our Board members participate in regular training and development programs to understand the importance of diversity and how to leverage it for better governance. Additionally, we are committed to transparent reporting on board diversity, demonstrating our dedication to these principles and building trust with our stakeholders.

We recognize that board diversity is not merely about meeting regulatory requirements; it is about creating an environment where different viewpoints are valued and contribute to our success. By prioritizing diversity, we enhance our reputation, attract top talent, and navigate the complexities of today's business landscape more effectively. Our commitment to good corporate governance practices that emphasize diversity ensures that we are resilient and adaptable, ready to thrive in an ever-changing world.

As of 2024, the gender diversity ratio of Directors between males and females is 85:15. There are strategies in place to ensure the number of women on the board increases by encouraging them to apply and by headhunting.

The duration of service for those charged with governance

The Group balance continuity and fresh perspectives on our Board by managing the length of tenure for our members. Our policy includes term limits and periodic evaluations to ensure a mix of long-serving Directors, who provide valuable experience, and newer members, who bring fresh insights. This approach fosters a dynamic and responsive Board, promoting continuous improvement and strategic foresight to guide the Group towards sustained success in an ever-changing business landscape.

Length of tenure	Directors
Less than 1 year	1
1 - 3 years	1
4 - 6 years	1
more than 6 years	10

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board diversity (Continued)

Age mix

The age diversity among the Board members at CRDB Bank Plc showcases a harmonious blend of seasoned expertise and innovative viewpoints. This diverse mix not only enriches the decision-making processes but also fosters a dynamic environment where traditional wisdom complements modern strategies. Below is a detailed table that illustrates this variety in age.

Age	Directors	Composition
< 50	5	38%
> 50	8	62%

This combination fosters a harmonious blend of seasoned leadership and cutting-edge innovative thinking, significantly enhancing the Group's strategic direction and governance framework.

In Tanzania, there is no age limit for board members.

Board effectiveness

The effectiveness of the Board is emphasized by the diverse and experienced leadership team that plays a crucial role in guiding the Group toward its strategic goals. The Board is composed of both executive and non-executive Directors, including industry experts and independent members. This combination ensures a balanced approach to governance and decision-making.

Such diversity promotes strong oversight, strategic guidance, and accountability, all of which are essential for maintaining the bank's robust market position and financial stability. The Board is also dedicated to continuous improvement and adheres to best practices in corporate governance. This commitment enhances its effectiveness, enabling the Group to navigate the ever-changing financial landscape and foster sustainable growth.

Those charged with governance

The Board is confident in its composition, which includes a well-balanced mix of members possessing the right blend of skills, diverse experiences, and extensive knowledge necessary to rigorously evaluate and enhance strategic proposals. Their collective insight enables them to offer independent judgment on critical issues related to performance and risk management. The Board comprises independent non-executive Directors who bring objective perspectives and valuable opinions on a variety of matters, ensuring that discussions are both comprehensive and insightful.

The table below show the composition of those charged with governance served during the year

The Board comprised thirteen Directors - Twelve Non- executive Directors and the Managing Director who is an Ex-officio member.

Name	Gender	Position	Qualifications	Age	Nationality	Date of Appointment/ Resignation
Dr. Ally H. Laay	M	Chairman	PhD in Business Administration in Finance and Accounting MBA in Finance and Marketing, PGDA, ADA, FCPA(T)	68	Tanzanian	Re-appointed May 2022
Mr. Abdulmajid M. Nsekela	M	Managing Director, Ex Officio	MBA-IBF, PGD-Business Administration	53	Tanzanian	Appointed October 2018

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Those charged with governance (Continued)

The table below show the composition of those charged with governance served during the year (Continued)

Name	Gender	Position	Qualifications	Age	Nationality	Date of Appointment/ Resignation
Prof. Neema M. Mori	F	Independent Non-executive Director	PhD in International Business Corporate Governance & Boards of Financial Institutions MBA in Finance Bachelor of Commerce in Finance	46	Tanzanian	Re-appointed May 2023
Mr. Martin S. Warioba	M	Independent Non-executive Director	MSc in Information Management MBA BSc in Computer Science	47	Tanzanian	Re-appointed May 2022
Mr. Jes Klausby	M	Non-executive Director	MSc in Mathematics and Economy	69	Danish	Re-appointed June 2023
Eng. Boniface C. Muhegi	M	Non-executive Director	MSc Engineering (Civil) BSc Engineering Advanced Post Graduate Diploma in Construction Management	70	Tanzanian	Re-appointed May 2022
Mr. Hosea E. Kashimba	M	Non-executive Director	MBA in Corporate Management ADA, FCPA(T)	54	Tanzanian	Resignation May 2024
Prof. Faustine K. Bee	M	Non-executive Director	PhD in Development Studies M.A in Development Studies B.A in economics	65	Tanzanian	Re-appointed May 2024
Dr. Fred M. Msemwa	M	Non-executive Director	PhD in Business Administration MBA in Finance	52	Tanzanian	Re-appointed May 2022
Mr. Abdul A. Mohamed	M	Non-executive Director	BSc in Accounting & Finance Associate member of CFA and ACCA (UK)	34	Tanzanian	Re-appointed May 2023

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Those charged with governance (Continued)

The table below show the composition of those charged with governance served during the year (Continued)

Name	Gender	Position	Qualifications	Age	Nationality	Date of Appointment/ Resignation
Ms. Miranda N. Mpogolo	F	Independent Non-Executive Director	M.A in Theatre & Development Studies B.A (Hons) in Drama, Applied Theatre & Education	41	Tanzanian	Re-appointed May 2023
Mr. Gerald P. Kasaato	M	Non-Executive Director	MBA(Finance) MSc. in International Finance & Investment Bachelor of Laws degree, LLB (Hons) BSc. Hons) in accounting CFA Charter holder, a Chartered Accountant (UK), a Fellow of the Chartered Management Institute (FCMI, UK), and a member of the Institute of Certified Public Accountants of Uganda (ICPAU).	45	Ugandan	Re-appointed May 2024
Mr. Royal J. Lyanga	M	Non-Executive Director	M.A in Statistics B.A in Statistics	54	Tanzanian	Appointed October 2021
Mr. Abdulrazak I. Badru	M	Non-Executive Director	PhD candidate exploring strategy alignment and execution to create value, and sustainability (in progress) MBA – International Business Management Postgraduate Diploma in Leadership B.A in Sociology – University of Dar es Salaam	56	Tanzanian	Appointed May 2024

M - Male F – Female

There was no regulatory requirement that influenced the design of the governance above.

The Company Secretary during the year ended 31 December 2024 was Mr. John-Baptist Rugambo (Tanzanian), 57 years old

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Company Secretary

The Company Secretary plays a vital role in supporting the Board by offering qualified, competent, and experienced assistance, although is not a member of the Board. The Board is responsible for appointing the Company Secretary. Throughout the year, the Company Secretary ensures compliance with all applicable laws, regulations, and professional standards to maintain a good professional standing.

The primary responsibilities of the Company Secretary include:

- Offering guidance to the Board and individual Board members regarding their duties, responsibilities, and powers, particularly concerning compliance with applicable laws and, when relevant, stock exchange requirements, and ensuring that these are exercised in the best interest of the Company.
- Ensuring that Board procedures are consistently followed and regularly reviewed and that the Board adheres to all applicable laws, rules, regulations, and governmental policies.
- Assisting the Chairperson and the Group Managing Director and CEO in organizing general meetings and Board activities. This includes:
- Organizing General Meetings and Board Activities:
  - Providing Information: Ensuring that all necessary information is available to Board members for informed decision-making.
  - Preparing Agendas: Creating detailed agendas for meetings to ensure all relevant topics are covered.
  - Issuing Notices: Sending out official notices for meetings in a timely manner to ensure all members are informed.
  - Overseeing Meetings: Managing the logistics of meetings, ensuring they run smoothly and efficiently.
- Board Evaluations and Governance Audits:
  - Board Evaluations: Conducting regular assessments of the Board's performance to identify areas for improvement.
  - Governance Audits: Reviewing governance practices to ensure compliance with legal and regulatory standards.
- Board Induction and Development Programs:
  - Induction Programs: Providing new Board members with the necessary orientation and training to understand their roles and responsibilities.
  - Development Programs: Offering ongoing education and development opportunities to enhance the skills and knowledge of Board members.
- Succession Planning:
  - Developing and implementing plans to ensure a smooth transition of leadership within the Board and executive management.
- Reviewing Governance Processes:
  - Regularly evaluating the effectiveness of governance processes within the Board and Group.
  - Making recommendations or developing initiatives to strengthen governance practices.
- Providing secretarial services to the Board, which includes preparing and adhering to the Board Work Plan, circulating Board papers ahead of meetings, keeping records of attendance, safeguarding the corporate seal and documenting its usage, ensuring timely preparation and distribution of minutes from Board meetings and Committees, updating Board and Committee charters, and promptly filing necessary returns with relevant authorities.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Company Secretary (Continued)

- Custodian of all Board's official records including Board packs, minutes, and bank's MEMARTS.
- Ensuring compliance with governance regulations, including filing required returns, updating statutory registers and Articles of Association, and adhering to continuous listing requirements.
- Facilitating effective communication between the Group and its shareholders, as well as coordinating the publication and distribution of the annual report and financial statements.
- Organizing and managing the process of conducting the Annual General Meeting (AGM) or extraordinary general meetings and advising on concerns that need to be raised at Board meetings to secure shareholder support and votes.
- Monitoring share movements on the Register of Shareholders

Both the appointment and removal of the Company Secretary are the responsibility of the Board.

Separation of roles and responsibilities

The Chairman, a non-executive role, and the Group Managing Director and CEO are separate roles. The Chairman is responsible for the Board's leadership and management and for ensuring that the Board and its committee's function effectively.

The Group Managing Director and CEO bears overall responsibility for implementing the strategy agreed by the Board, the operational management of the Company, and the business enterprises connected with it. The Senior Management team supports him in this.

The Senior Management team is encouraged and invited to attend Board meetings to facilitate effective communication, assist the Board with its deliberations, and provide critical insights and analysis of various business units within the Bank. Board meetings are held quarterly to deliberate on the Group's results.

While the Chairman and Group Managing Director and CEO are collectively responsible for the leadership of the Group and for promoting the highest standards of integrity and probity, there is a clear and effective division of accountability and responsibility between the Chairman and the Chief Executive, and each plays a distinctive role but complementing each other to ensure that there is a balance of power and authority, and no individual has unfettered powers of decision and control.

Key roles and responsibilities of the Chairman of the Board.

- Provides leadership and governance of the Board to create the conditions for the overall effectiveness of the Board and individual Directors and ensures that the Board discusses all key and appropriate issues in a timely manner.
- Promotes effective relationships and open communication and creates an environment that allows constructive debates and challenges, both inside and outside the Boardroom, between Non-executive Directors and the management.
- Ensures that the Board plays a full and constructive part in developing and determining the Group's strategies and policies, that Board decisions are in the Group's best interests, and that they fairly reflect the Board's consensus.

23 CORPORATE GOVERNANCE (Continued)

Separation of roles and responsibilities

- Ensures that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management.
- Establishes good corporate governance practices and procedures and promotes the highest standards of integrity, probity, and corporate governance throughout the Group and particularly at the Board level. It is the responsibility of the chairman to adhere to the code of corporate governance/ Board charter.

Key roles and responsibilities of the Group managing Director and Chief Executive Officer

- Leads the management in the day-to-day running of the Group's business in accordance with the business plans and within the budgets approved by the Board.
- Leads the management to ensure effective working relationships with the Chairman and the Board by meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities, and concerns.
- Develops and proposes the Group's strategies and policies for the Board's consideration.
- Implements, with the support of the management, the strategies and policies as approved by the Board and its committees in pursuit of the Group's objectives.
- Conducts the affairs of the Group in accordance with the practices and procedures adopted by the Board and promotes the highest standards of integrity, probity, and corporate governance within the Group.

Board Independence

A key component of our governance framework is board independence. Our board comprises a majority of Directors who are not part of the Group's executive team or otherwise closely tied to the Bank. This structure ensures that our Directors can provide unbiased oversight, free from conflicts of interest, and make decisions that are in the best interest of our shareholders. By maintaining an independent board, we uphold the integrity of our governance practices and foster trust among our stakeholders.

The Group benefits from the presence of three Independent Non-Executive Directors who have no financial ties to it. Their independence allows them to provide unbiased oversight, hold management accountable, and contribute to strategic decision-making that aligns with shareholders' interests. Their independence is crucial in ensuring that the Board's actions are transparent and focused on long-term value creation for the Group.

Assessing independence.

The Board rigorously evaluates the independence of its Director's both at the time of their appointment and continuously throughout their tenure. Each Director is required to provide an annual declaration of their interests, any conflicts, and their independent status, with the opportunity to declare interests at any point during the year.

In assessing a Director's independence, the Board considers all relevant facts and circumstances, focusing on any direct or indirect relationships with the Bank, senior management, or other Directors that could influence their actual or perceived independence. This includes relationships with companies that have significant business ties with the Bank and not-for-profit organizations receiving substantial support from the Group.

The Board's independence is assessed annually in accordance with the National Board of Accountants and Auditors (NBAA) regulations. Additionally, all Board members are evaluated through the Regulator, the Central Bank of Tanzania (BOT).

Throughout the year, the Board received no complaints regarding Board Independence from the NBAA, the professional body, or from the Central Bank of Tanzania, the regulator.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Committees

An effective committee structure permits the Board to address key areas in more depth than may be possible at the full Board level. Decisions about committee membership and chairs should be made by the full Board based on recommendations from the nominating/corporate governance committee.

The responsibilities of each committee and the qualifications required for committee membership is clearly defined in a written charter that is approved by the Board. Each committee is required to review its charter annually and recommend changes to the Board. All committees are required to update the full Board of their activities on a regular basis. The report to include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.

The table below shows the number of Board and Committee meetings held during the year and the attendance by those charged with governance:

S/N	Name of Director	Main Board	Board Audit Committee	Board Credit Committee	Board Governance, Nomination and Human Resource Committee	Board Risk Committee
1	Dr. Ally H. Laay	6/6				
2	Prof. Neema M. Mori	6/6		15/15		3/4
3	Mr. Boniface C. Muhegi	6/6		13/15	6/6	
4	Mr. Hosea E. Kashimba *	3/6	3/5			
5	Mr. Jes Klausby	6/6			6/6	4/4
6	Prof. Faustine K. Bee	6/6		14/15	6/6	
7	Dr. Fred M. Msemwa	6/6		15/15		4/4
8	Mr. Abdul A. Mohamed	6/6			5/6	3/4
9	Mr. Martin S. Warioba	6/6	5/5			
10	Ms. Miranda N. Mpogolo	6/6		15/15	6/6	
11	Mr. Gerald P. Kasaato	6/6	5/5			
12	Mr. Royal J. Lyanga	5/6			6/6	4/4
13	Mr. Abdulrazak I. Badru *	1/6	1/5			

During the year, the Group has complied with the principles and codes of best practice.

There was no regulatory requirement that influence the design of the governance above.

* During the year, Mr. Abdulrazak I. Badru joined the Board of Directors in September 2024 to replace Mr. Hosea E. Kashimba

Permanent invitee to Board meetings

The Board ensures that key executives are permanent invitees to its meetings. This includes the Chief Financial Officer (CFO), Chief Commercial Officer (CCO), and Chief Operating Officer (COO). Their presence is crucial for providing expert insights and facilitating informed decision-making. By involving these senior officers, the Board can leverage their specialized knowledge and experience, ensuring that discussions are comprehensive, and decisions are well-grounded in the operational realities of the Group.

Board Audit Committee

The committee oversees the Group's internal audit function and ensures that the internal audit staff has adequate resources and support to carry out its role. The committee reviews the scope of the internal/ external audit plan, significant findings by the internal/ external audit and management's response, and the appointment and replacement of the senior internal auditing executive and assesses the performance and effectiveness of the internal audit function annually.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Committees (Continued)

Board Audit Committee (Continued)

Role of the committee

- Overseeing the financial reporting process, ensuring that internal control systems are adequate and effective; and acting as a bridge between the external auditors and the management.
- Review the quarterly Group performance and give assurance on the integrity of the numbers to the main Board before publication and submission to the Central bank.
- Reviewing the integrity of the Group's Consolidated financial statements for the period ended 31 December.
- Review the appointment of the External auditors their terms of engagement and the audit fees and recommend to the Board for approval.
- Monitoring and reviewing the performance of the Group's external auditors.
- Reviewing periodic audit reports of the Group operations and internal controls presented by the internal auditors.
- Reviewing and recommend to the Board the internal and external audit plans.
- Approving committee annual work plan

This committee planned and met five (5) times during the year.

The committee comprised of the following members:

S/N	Name	Nationality	Qualification
1	Mr. Hosea E. Kashimba*	Tanzanian	MBA in Corporate Management, ADA, FCPA(T)
2	Mr. Martin S. Warioba	Tanzanian	MSc in Information Management, MBA BSc in Computer Science
3	Mr. Gerald P. Kasaato	Ugandan	MBA(Finance) MSc. in International Finance & Investment Bachelor of Laws degree, LLB (Hons) BSc. Hons) in accounting CFA Charter holder, a Chartered Accountant (UK), a Fellow of the Chartered Management Institute (FCMI, UK), and a member of the Institute of Certified Public Accountants of Uganda (ICPAU)
4	Mr. Abdulrazak I. Badru*	Tanzanian	PhD candidate exploring strategy alignment and execution to create value, and sustainability (in progress) MBA – International Business Management Postgraduate Diploma in Leadership B.A in Sociology – University of Dar es Salaam

* During the year, Mr. Abdulrazak I. Badru joined the Board of Directors in September 2024 to replace Mr. Hosea E. Kashimba

To ensure full separation of membership, members serving in the Board Audit Committee are not allowed be elected to serve in any other committee. The committee like other committees, has a charter that describes its oversight function. All members served in this committee during the year are non-executives and independent with no financial interest in the entity or significant relationships with major shareholders, management, suppliers, or customers.

One member in the committee is an accountant holding professional certifications from various bodies. Mr. Gerald P. Kasaato who is chair, is a CFA Charter holder, UK Chartered Accountant (Fellow), a Fellow of the Chartered Management Institute (FCMI), and a member of the Institute of Certified Public Accountants of Uganda (ICPAU).

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Committees (Continued)

Board Audit Committee (Continued)

Activities of the Committee

The committee held six meetings this year and performed the below activities;

- Reviewed the auditor appointment, considering their effectiveness, independence, and relevant guidelines, and made a recommendation to the Board before the approval at AGM.
- Reviewed and approved the quarterly financial reports for publication presented by the management which was audited by the internal auditors to be published as required by the regulations 7 and 8 of the banking and Financial Institutions (Disclosures) Regulations, 2014.
- Discussed quarterly internal audit reports done in various departments and general branch operations on selected branches which was presented by the Department of Internal audit. The reports were discussed by the members of the Board and direct internal audit department to increase the coverage of the areas to be audited to reduce risks of fraud, and over/understatement of the numbers. Emphasis was pressed on internal controls, to make sure that strong internal controls are in place and are being reviewed regularly.
- Discussed External Auditors' Audit report and audited financial statements for the year ended 31 December 2024 presented by the External Auditors (PwC) and directed management to ensure issues raised which are not system related, are closed timely.
- Discussed the performance of the internal audit department, especially on the closure of issues raised by the Central bank, and directed, they must validate all issues closed by management before they are shared to the Central bank as closed.
- Reviewed and recommended to the Board the internal and external audit plans.
- Approved committee annual work plan for FY 2024.

Board Governance, Nomination and Human Resources Committee

The Committee is responsible for ensuring that the Board remains balanced, both in terms of skills and experience and between executive and non-executive Directors. It leads the process for appointments to the Board, and makes recommendations to the Board, ensuring there is a formal, rigorous, and transparent procedure. It also decides on recruitment at senior levels based on the responsibilities and remuneration of management staff and Directors.

Role of the committee

- Establish and recommends to the Board for approval criteria for Board membership and periodically reviews and recommends changes to the criteria.
- Review of the composition of the Board, along with its succession planning including an assessment of the mix of the Directors' skills, experience and an identification of qualifications and attributes that may be valuable in the future and anticipated Directors' exits.
- Reviewing the appointment of Directors to be recommended to the Board before are recommended to shareholders at the AGM for election and re-election for director who had reached the statutory retirement.
- Monitor evaluation of whether the Board has the necessary tools to effectively perform its oversight function.
- Reviewing and recommending for Board approval the remuneration proposals for Executive, non-executive Directors, as well as Senior Management.
- Reviewing key policies such as Human resources policy which guides the operations, remunerations and management of human capital.
- Reviewing and recommending the annual staff bonus to the Board.
- Reviewing and recommending the renewal of terms and conditions of employment for Board approval.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Committees (Continued)

Board Governance, Nomination and Human Resources Committee (Continued)

This committee planned and met six (6) times during the year.

The committee comprised of the following members:

S/N	Name	Nationality	Qualification
1	Eng. Boniface C. Muhegi	Tanzanian	MSc Engineering (Civil), BSc Engineering (Civil) Advanced Post Graduate Diploma in Construction Management
2	Mr. Jes Klausby	Danish	MSc Mathematics - Economics
3	Mr. Abdul A. Mohamed	Tanzanian	BSc in Accounting & Finance Associate member of CFA and ACCA (UK)
4	Ms. Miranda N. Mpogolo	Tanzanian	M.A in Theatre & Development Studies B.A (Hons) in Drama, Applied Theatre & Education
5	Prof. Faustine K. Bee	Tanzanian	PhD in Development Studies M.A in Development Studies, B.A in economics
6	Mr. Royal J. Lyanga	Tanzanian	M.A in Statistics, B.A in Statistics

Activities of the Committee

The committee held six meetings this year and performed the below activities;

- Discussed issues and matters pertaining to the Board and management including diversity to the Board and management.
- Reviewed the status of women empowerment including trainings to take higher positions.
- Discussed the staff productivity and directed management to ensure staff productivity is enhanced to increase revenues and consequently increase profits of the Group.
- Discussed and recommended to the Board the salary increments to staff
- Reviewed and recommended to the Board bonuses to be paid to staff for year 2024 based on the achievements against targets.
- Discussed and recommended to the Board the approval of the new company secretary whose tenure starts in January 2025.
- Reviewed and recommended to the Board for approval the training development of the Directors.
- Reviewed and made recommendations to the Board on the appointment of Directors, before approval at the AGM.

Board Credit Committee

In recognition that lending is the key business and number one income earner to the Group, the committee shall assist the Board and provide oversight responsibility in the management of credit risk by continuously reviewing and analyzing the Group's credit risk profile and advising the Board on the right direction and corrective action in a timely manner.

The Board credit committee seeks to ensure that the quality of the Bank's asset book remains within acceptable parameters and that the business has an effective credit policy, consistent with regulatory requirements and prudent risk management practices.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Committees (Continued)

Board Credit Committee (Continued)

Role of the committee

- Assist the Board in understanding of the Bank's credit portfolio and activities including development of credit management strategies and recommending the same to the Board for approval.
- Monitor implementation of the approved credit management strategy.
- Provide strategic leadership role and oversight of credit risk management process and function in the Bank, including reviewing and recommending Credit Policies and credit risk appetite to the Board.
- Reviewing the quality and performance of the Bank's credit portfolio quarterly and advise management accordingly.
- Ensure Compliance to the Bank's Credit Policy and prudential regulations with respect to credit risk management.
- Reviewing and recommend to the Board for approval the loan and advances for charge off as per the Central bank regulation.

This committee planned and met fifteen times (15) during the year.

The committee comprised of the following members:

S/N	Name	Nationality	Qualification
1	Prof. Neema M. Mori	Tanzanian	PhD in International Business Corporate Governance & Boards of Financial Institutions MBA in Finance, Bachelor of Commerce in Finance
2	Eng. Boniface C. Muhegi	Tanzanian	MSc Engineering (Civil), BSc Engineering (Civil) Advanced Post Graduate Diploma in Construction Management
3	Dr. Fred M. Msemwa	Tanzanian	PhD in Business Administration, MBA in Finance
4	Prof. Faustine K. Bee	Tanzanian	PhD in Development Studies M.A in Development Studies, B.A in economics
5	Ms. Miranda N. Mpogolo	Tanzanian	M.A in Theatre & Development Studies B.A (Hons) in Drama, Applied Theatre & Education

Activities of the Committee

The committee held fifteen (15) meetings this year and performed the below activities;

- Reviewed the loan portfolio quality to ensure the Group comply with the internal limit set on NPL ratio and regulatory requirement of not more than 5%.
- Reviewed and recommended to the Board for the approval the annual review of the credit policy
- Reviewed and approved several loans and advances to customers which needed Board approval and recommended the same to the main Board for approval.
- Discussed on the single borrower limit and directed management to ensure the bank always complies as per the regulation requirement.
- Discussed the restructured loans and thereafter made recommendations to the Board on the remedial actions as well as measures that may enhance the quality of the portfolio.

23 CORPORATE GOVERNANCE (Continued)

Board Committees (Continued)

Board Risk committee

The main responsibility of the Board risk committee is Group risk oversight and is required to provide the main Board regularly with the information it needs to understand all the Group's major risks, their relationship to the Group's strategy and how these risks are being addressed. The committee oversees and advises on current and potential risk exposures of the Bank; the Bank's Risk Management Framework; the future risk strategy of the Bank, including strategy for capital and liquidity management and promoting a risk awareness culture in the Bank, alongside established policies, and procedures.

Role of the committee

- Group risk oversight
- Reviewing reports on the risk assessment every year
- The committee maintains a risk register for each department and a consolidated risk register for the Group, which the Board reviews regularly
- Reviewing all business operations policies and recommend to the main Board for approval.
- Overseeing the internal control and risk management systems.
- Oversee Group's compliance with applicable legal and regulatory requirements

This committee planned and met four (4) times during the year.

The committee comprised of the following members:

S/N	Name	Nationality	Qualification
1	Mr. Jes Klausby	Danish	MSc Mathematics – Economics
2	Dr. Fred M. Msemwa	Tanzanian	PhD in Business Administration MBA in Finance
3	Prof. Neema M. Mori	Tanzanian	PhD in International Business Corporate Governance & Boards of Financial Institutions MBA in Finance Bachelor of Commerce in Finance
4	Mr. Abdul A. Mohamed	Tanzanian	BSc in Accounting & Finance Associate member of CFA and ACCA (UK)
5	Mr. Royal J. Lyanga	Tanzanian	M.A in Statistics, B.A in Statistics

Activities of the Committee

The committee held four (4) meetings this year and performed the below activities;

- Discussed on the risk assessment, management and compliance issues to avoid unnecessary penalties which can result from non-compliance on the internal controls and regulators.
- Reviewed and deliberated the risk assessment report presented by the management and thereafter recommended the report to the main Board.
- Discussed Group's compliance issues, including the Group's code of conduct, reporting compliance and compliance with all internal ratios set by the Board.
- Discussed the legal and regulatory updates.
- Reviewed the terms of reference of the committee.
- Approved committee annual work plan for the FY 2024.

In addition to the above committees, there are committees on a management level comprised of senior management whose frequency of meetings is weekly, monthly, and quarterly.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Shariah Advisory Board

The Shariah Advisory Board for CRDB Bank plays a crucial role in the bank's operations by ensuring that all financial products and services offered under the Al barakah Islamic window comply with Islamic principles. This Board is made up of respected scholars and experts in Islamic finance who carefully review and approve the bank's offerings. Their guidance guarantees that CRDB Bank's Islamic banking window, "Al Barakah," operates within the framework of Shariah law, providing ethical and interest-free financial solutions to its customers.

The Shariah Advisory Board comprised of the following members:

Name	Nationality	Age	Qualification
Mr. Abdul A. Mohamed	Tanzanian	34	BSc in Accounting and Finance
Mr. Sheikh Issa Othman Issa	Tanzanian	60	Advance Diploma in Social Science (Counselling)
Mr. Khalfan A. Salim	Tanzanian	41	Master's degree in management and leadership
Mr. Juma A. Mohammed	Tanzanian	57	MSc. in Finance
Mr. Exavery Makwi	Tanzanian	56	Master of Business Administration (Finance)
Prof. Monzer Kahf *	USA	84	Ph.D., Economics
Prof. Aishath Muneeza**	Maldivian	39	Ph.D., Islamic Banking

Shariah Advisory Board meetings

The Shariah Advisory Board planned to meet (4) and met (4) times during the year.

Name of Director	Number of meetings
Mr. Abdul A. Mohamed	4/4
Mr. Sheikh Issa Othman Issa	4/4
Mr. Khalfan A. Salim	4/4
Mr. Juma A. Mohammed	2/4
Mr. Exavery Makwi	4/4
Prof. Monzer Kahf *	-
Prof. Aishath Muneeza**	-

*Prof. Monzer Kahf retired in March 2024.

**Prof. Aishath Muneeza was appointed in November 2024

Directors' Remunerations

Remuneration of Those charged with governance, (Directors) considers the demands, complexities, and performance of the Group. Management periodically prepares a proposal for fees and other emoluments to be paid to Directors. Proposals include benchmarking against similar companies or the industry, market realities, and the need to attract and retain skilled, experienced Directors to drive the business. The same is forwarded to the Annual General Meeting (AGM) for final approval.

The Remunerations are reviewed annual to ensure are appropriate and adequate in comparison with the industry benchmark. The Directors are not eligible for pension scheme membership and are not part of the Bank's remuneration scheme.

The table below shows remunerations of the Directors of the parent company, subsidiaries and that of the Shariah advisory Board within the parent company.

23 CORPORATE GOVERNANCE (Continued)

Directors' Remunerations (Continued)

Information on aggregate amounts of the emoluments and fees paid during the year to Directors in comparison to the previous year is disclosed below: -

Name	2024 TZS Million	2023 TZS' Million
Dr. Ally H. Laay	89	89
Mr. Boniface C. Muhegi	84	84
Mr. Hosea E. Kashimba*	41	82
Prof. Neema M. Mori	86	86
Mr. Jes Klausby	80	80
Prof. Faustine K. Bee	80	80
Mr. Abdul A. Mohamed	76	76
Dr. Fred M. Msemwa	80	80
Mr. Martin S. Warioba	76	76
Ms. Miranda N. Mpogolo	80	80
Mr. Gerald P. Kasaato	76	76
Mr. Royal J. Lyanga	76	76
Mr. Abdulrazak I. Badru**	38	-
Mr. Abdulmajid M. Nsekela***	-	-
TOTAL	**965**	**965**

During the year 2024 Mr. Hosea Kashimba was paid for two quarters that he served (Q1 and Q2) in the Board.

** During the year 2024 Mr. Abdulrazak Badru was paid for two quarter he served (Q3 and Q4) in the Board to replace Mr. Hosea E. Kashimba

***Mr. Abdulmajid Nsekela (Managing Director) is an ex-officio member who is paid a monthly salary by the Bank, this is part of key management remuneration

The table below shows Directors who also served the Group's subsidiaries during the year with the respective fees paid

Name	2024 TZS Million	2023 TZS' Million
Mr. Hosea E. Kashimba	92	83
Prof. Faustine K. Bee	46	46
Dr. Fred M. Msemwa	44	31
Mr. Martin S. Warioba	26	1
Mr. Gerald P. Kasaato	19	19
TOTAL	**227**	**180**

Details of the meetings attended has been disclosed to the respective subsidiary's separate financial statements for the year ended 31 December 2024.

Shariah Advisory Board

The table below shows Directors who served the Shariah Board during the year with the respective fees paid

Name	2024 TZS Million	2023 TZS' Million
Mr. Abdul A. Mohamed	32	32
Mr. Sheikh Issa Othman Issa	21	21
Mr. Khalfan A. Salim	21	21
Mr. Juma A. Mohammed	21	21
Mr. Exavery Makwi	21	21
Prof. Monzer Kahf	5	21
Prof. Aishath Muneeza	-	-
TOTAL	**121**	**137**

*Prof. Monzer Kahf retired in March 2024

**Prof. Aishath Muneeza was appointed in November 2024

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board and committees' performance evaluation

The Board has an effective mechanism for evaluating its performance on a continuing basis. The evaluation is based on an annual assessment of the effectiveness of the full Board, the operations of Board committees, and the contributions of individual Directors. The results of these evaluations are reported to the full Board, and thereafter, there is a follow-up on issues and concerns that emerge from the evaluations.

The Board periodically considers a combination of methods to result in a meaningful assessment of the Board and its committees. Common methods include the use of written questionnaires. After evaluation, the Board discusses the results of the evaluation exercise, which informs the Board on the training needs of its members.

After every three years, Board evaluation and assessment are done by an external party/consultant to ensure the Bank, and the Board continue to operate consistently within good governance and best practice principles. During the year, the evaluation of the Board, its committees and the individual Directors was performed internally using questionnaires, results discussed, and the training needs of the members were identified, which will be implemented in the year 2025.

Code of conduct and Ethical behaviour

The Board has adopted a code of conduct for all Directors and employees, including the chief executive officer, that addresses conflict of interest, among other things. The code is reviewed and updated regularly. It is shared annually with all employees and Directors, who are required to confirm in writing that they have complied with it.

Board members are expected to observe the highest standard of ethical behaviour, which supports and encourages policies that require Directors and all employees to maintain a high standard of integrity and display honesty in their dealings.

We are committed to high standards of ethical behaviour and operate a zero-tolerance approach to bribery and corruption, which we consider unethical and contrary to good corporate governance. It is the utmost responsibility of all staff within the Bank to comply with the Group's code of conduct. In addition, the code of conduct emphasises the responsibility of the Board and internal and external auditors to ensure the confidentiality of the Group information.

Board Policies

The Board has developed comprehensive policies and procedure documents to serve as essential guides for the Directors and Management in effectively executing their roles and responsibilities. These documents provide a framework that ensures clarity and accountability throughout the Group. Below, is a detailed summary of the governance documents along with their key provisions.

Conflict of interest policy

The Board has established a policy and a set of procedures relating to Directors' conflicts of interest and related party transactions. In all Board meetings, there is an agenda for declaring conflicts of interest, and a conflict-of-interest register is reviewed regularly.

Those charged with governance are expected to avoid any action, position, or interest that conflicts with the interest of the Bank or gives the appearance of a potential conflict. In this regard, all Directors are required to:

- Declare any interests that may give rise to potential or perceived conflict e.g., multiple Directorships, business relationships or other circumstances that could interfere with the exercise of objective judgment;
- Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting. The conflicted Director is not allowed to participate further in the discussion of that subject, nor vote on it.
- Director(s) with a continuing material conflict of interest is required to consider resigning from the Board.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Policies (Continued)

Board members are required to inform the Company Secretary of any changes regarding Directorships and conflicts of interest within 30 days. The Board is required to evaluate all potential or perceived conflicts of interest as declared and approve such transactions with the bank as may be appropriate.

A register of declared conflicts of interest is being maintained by the Company Secretary.

During the year, none of the Directors had a material interest, directly or indirectly, in any significant contract with the Group.

Insider trading and disclosure policy

It is the Group policy that Directors and employees considered to have privileged knowledge, from time to time, of material facts or changes in the affairs of the Group, which have not been disclosed to the public, including any information likely to affect the market price of the Bank's securities, cannot buy or sell ("trade") Group securities, except in accordance with the requirements of the Group policy.

CRDB Insiders are prohibited from trading Group securities either on their own behalf or on behalf of someone else when the trading window is closed. They are also required to keep any unpublished and non-public sensitive information received by them, whether in the ordinary course of their employment or office or otherwise, confidential and with sufficient protection from unauthorized disclosure or access.

The Bank regularly communicates through corporate communication with all staff to remind them of the restrictions on insider trading.

Whistle-blowing policy

The Group has strong whistle-blowing policies and procedures with the main objective of promoting a framework within the Bank where staff are encouraged and feel confident to reveal and report any fraudulent, immoral, unethical, or malicious activity or conduct of fellow employees, management, those charged with governance, clients, consultants, vendors, contractors, and/or any other parties with business relationship with the Bank which in their opinion may cause financial or reputational loss to the Bank.

The policy is crucial for fostering a compliance culture where employees follow internal policies and respect laws. The Bank is dedicated to upholding high ethical and legal standards. This policy allows concerns about fraud, corruption, or misconduct to be raised while protecting whistle-blowers from retaliation.

The whistle-blower and Witness Protection Act of 2015 makes it illegal for employers to retaliate against whistle-blowers.

Staff receive periodic training as part of their induction and ongoing development. This training encourages employees and other stakeholders to share information that supports good corporate governance practices. The bank's website features a whistle-blower section where customers and other stakeholders are encouraged to report misconduct through various channels, either internally or externally via an independent third party. Whistle-blowers have the option to disclose their identity or remain anonymous.

Anti-Corruption and fraud risk policy

Our commitment to good corporate governance is reflected in our stringent anti - corruption and fraud risk policy which has been developed to provide a coordinated approach towards managing fraud and corruption risk as one of the key elements in our overall business risk management practices. We maintain a zero-tolerance stance towards any form of bribery or corruption, ensuring that all business activities are conducted with the highest level of integrity and transparency. This policy applies to all employees, directors, and third-party associates, requiring them to adhere to ethical standards and legal requirements. Regular training and awareness programs are conducted to ensure that everyone within the Group understands their responsibilities and the importance of compliance.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board Policies (Continued)

To safeguard against corruption and fraud, we have implemented robust internal controls and reporting mechanisms. These measures include thorough due diligence processes, regular audits, and a secure whistleblowing system that allows employees to report any suspicious activities without fear of retaliation. By fostering a culture of accountability and ethical behaviour, we aim to protect the interests of our stakeholders and uphold our reputation as a responsible and trustworthy organization.

Anti-money laundering policy

The Board of Directors plays a vital role in ensuring effective corporate governance and compliance with anti-money laundering (AML) measures. Their responsibilities include establishing a clear governance framework, defining roles for AML compliance, and holding senior management accountable. The Group has implemented a strong governance process for AML measures to protect the bank's reputation and financial stability. Adhering to this policy is mandatory at the Group level, as it ensures compliance with AML, counter-financing of terrorism (CFT), and counter-proliferation financing (CPF) legislation in all the countries where we operate.

Group Communication/ Public Relations Policy

The policy aims to ensure that the information originating from the Bank is accurate and complete, reflects the official position of the Bank and is released to the media and targeted public in a consistent and timely manner. The ultimate objective is to build a mutually beneficial relationship between the Bank and the public. The Board has established effective communication with the Bank's stakeholders including the media and other channels found appropriate.

- The primary objective of this policy is to ensure the Public Relations process is conducted in a structured, systematic and consistent manner,
- Define the roles of the Board and senior management in the management of Public Relations process in the Bank.
- Ensure the Bank is presented with consistent messages and with one clear voice to the media and public.
- Provide guidance and direction to all Bank staff regarding public and media for the benefit of the Bank.
- To develop positive public perceptions, manage and maintain internal and external public and media relations for the Bank's benefit.
- Guide the Bank's activities related to management of risks arising from local, regional, national and international publicity.
- Safeguard and enhance the Bank's reputation across the wider community.
- To promote the Bank's mission, vision and values

Remuneration policy

The policy outlines the guidelines and criteria for the compensation of those charged with governance. It aims to ensure transparency and fairness in the compensation process while aligning with the Groups' goals and values

Group operational policies

Comprehensive operational policies serve as essential guidelines for the Management team, enabling them to effectively navigate and execute the various functions within the Group's operations. These policies ensure that every process is streamlined and aligned with the overall strategic vision, fostering efficiency and promoting a culture of accountability across all levels of the Group.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Induction program of the new members of the Board

Each new Board member is required to participate in an induction program that is tailored to effectively orient the member to the Bank's business and organization structure including subsidiaries, roles/ responsibilities of the Board and its various committees, strategy, objectives, policies, procedures, operations, senior management, and the business environment. The induction package also includes all the necessary information that is required by a member for effective performance in the Board including Board charters, recent financial reports and governing laws and regulations. They receive comprehensive guidance from the Company Secretary on the Group's corporate governance framework.

Training and development of the members of the Board

The Board members are also being introduced to their fiduciary duties and responsibilities and any other aspects unique to the business. Therefore, the main purpose of the training is to ensure Board members have a clear understanding of their role in corporate governance and can exercise sound and objective judgment about the bank's affairs.

The Board are required to ensure adequate training and development of the members through continuous training to keep them well informed on critical information pertinent to the business and corporate governance environment. It is the responsibility of the Board to conduct an annual review to identify training needs for each member on a regular basis and facilitate up-skilling as well as continuous development of each member.

Non-executive Directors also develop and refresh their skills and knowledge through periodic interactions and briefings with senior management of the Group's business functions, changes in laws and regulations, policies, and practices.

During the year, the Board completed the planned training and development sessions as per the table below;

S/N	Training Type and description of training	When	Trainer
1	**Committee Training 1** **Topics covered:** The role of Board on Credit oversight; Data Analytics and AI in transforming Company Direction; Board's role on Governing Strategic Performance.	June 3 – 7, 2024	Common Purpose Asia - Pacific Ltd
2	**Committee Training 2** **Topics covered:** Blockchain and Cryptocurrency Financial Products; Emerging AI Technology against Employee improved productivity and performance; Green Finance (Borrowing, Lending & Incentives), Opportunities – MACG/Sustainability Reporting and Compliance and Leading from the Future.	July 1 – 5, 2024	Alhuda Cibe FZ LLE and i2i Group Inc.
3	**Global IIA International Conference** **Topics covered:** Artificial Intelligence; Cyber Security; Sustainability; Global Internal Audit Standards; Governance, Leadership and Board Relations and Human Capital and Social.	July 13 – 18, 2024	Global Institute of Internal Auditors
4	**Board and Management Study Tour** **Topics covered:** Digital Financial Inclusion; Cyber Security Measures and Fraud Prevention; Regulatory Policies and Digital Innovation and Leadership and Governance in Digital Transition.	September 23 – 27, 2024	Common Purpose Asia - Pacific Ltd

Access to independent advice

The Board may, from time to time, require independent legal, financial, governance or other expert advice. To facilitate this, the Board shall ensure members obtain external advice, as may be required, at the bank's expense and shall invite senior management to provide technical advice as needed.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Access to independent advice (Continued)

All non-executive Directors have access to independent professional advice or external specialists to support them in carrying out their responsibilities when the required expertise is lacking among the current Directors or staff within the Group.

Succession planning

The Group has in place a succession plan for those charged with governance of all critical skills, which is being reviewed regularly. The governing body bears ultimate responsibility for the succession plan. This is through the Board governance and Human resources committee. The committee plays a key role in devising criteria for governing body membership and governing body positions and possibly, with the assistance of external advisors, to identify specific individuals for nomination.

The succession discussion features on the Board governance and Human resources committee agenda as often as necessary for the committee to fulfil its duties. This allows the succession plan to take account of the changing dynamics of the business, making the Bank more agile and enhancing its ability to satisfactorily react to any sudden changes that may occur. The committee maintains a profile of desired skills, competencies, and skills gaps that need to be filled by potential candidates. In some cases, the committee may consult external resources (for example external search firms) to identify appropriate individuals to fill vacant positions.

The Group also rotates Board members between committees to ensure continuity of experience and knowledge and to introduce people to new ideas and expertise.

Access to information

Those charged with the governance have unrestricted access to information, and they are provided with timely information and comprehensive reports on material operational, risk management and financial matters of the Group to facilitate informed discussions during meetings. Those charged with governance have access to the advice of the Company Secretary, who provides support to the Board and is responsible for advising the Board on governance matters. Those charged with the governance also have access to independent professional advice at the Group's expense where they deem necessary to discharge their roles.

Board relationships/ engagement with shareholders/ stakeholders

The Group is committed to maintaining clear communication with our shareholders and other stakeholders by providing regular updates on our performance and addressing any relevant concerns. This commitment is evident through our quarterly financial performance summaries published in leading newspapers, the annual release of audited accounts, and our comprehensive annual integrated report, which complies with regulatory requirements. We also hold an Annual General Meeting to engage directly with our stakeholders.

Additionally, the Board maintains regular communication with analysts and investors, as we believe it is essential to keep them informed about the Bank's financial performance. The Bank strives to publish all relevant information to the market in a timely, effective, and non-discriminatory manner. Financial reports and stock exchange announcements are made available on the Bank's website as well as the Dar es Salaam Stock Exchange website.

The Board recognizes, respects, and protects shareholders' rights and ensures equitable treatment of all shareholders in the same class of issued shares, whether minority, institutional, or foreign. It also provides shareholders with information as required under applicable law and has established mechanisms to ensure effective communication with shareholders, including the media, if appropriate.

The Board have a stakeholder-inclusive approach and is responsible for giving due consideration to the legitimate interests and expectations of the bank's stakeholders in its deliberations, decisions, and actions. Shareholders are not a uniform group, and their interests may be diverse. Although the Board considers the shareholders' views, the Board's duty is to act in what it believes to be the long-term best interests of the bank and all its shareholders.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Board relationships/ engagement with shareholders/ stakeholders (Continued)

The views of certain shareholders are one important factor that the Board evaluates in making decisions.

However, the Board is required to exercise its own independent judgment. Once the Board reaches a decision, the Group consider how best to communicate the Board's decision to shareholders.

The Group engages with long-term shareholders in a manner consistent with the respective roles of the Board and maintains effective protocols for shareholder communications with Directors and for Directors to respond in a timely manner to issues and concerns that are of widespread interest to long term shareholders. The Board has delegated the responsibility of managing stakeholders' relationships to management.

Group culture, ethics, and organisational values

CRDB Bank places great importance on its organizational culture, ethics, and values as it shapes its relationships with various stakeholders, including customers, employees, shareholders, and the wider community. The Bank's culture of excellence and customer-centric approach is evident in everything we do. Furthermore, the Bank realizes that its success is closely linked to the well-being and prosperity of the communities it serves. The Bank is committed to transparency, integrity, and accountability, which ensures that it operates in a responsible and sustainable manner while promoting trust and confidence among its stakeholders.

Additionally, the Bank's emphasis on innovation, customer-centricity, and social responsibility enables it to create long-term value for all stakeholders while driving economic growth and development in Tanzania and beyond. CRDB Bank's culture, ethics, and values also significantly impact its decision-making processes and resource allocation.

The Group's code of conduct embodies its culture and values and reflects its commitment to operating responsibly and ethically with high standards of integrity. It provides a comprehensive description of the employees' responsibilities towards customers, other employees, businesses, and society. The code of conduct is designed to empower employees and enable effective decision making at all levels of our business according to defined ethical principles.

The Group have in place mechanisms for employees to seek guidance and to alert management and the Board about potential or actual misconduct without fear of retribution. As part of fostering a culture of compliance, the Group encourage employees to report compliance issues promptly and emphasize their policy of prohibiting retaliation against employees who report compliance issues in good faith.

Risk management and internal control

The Board ensures that the Bank has sound risk management and an internal control system that is appropriate to its activities. The risk management and internal control systems are based on the Bank's corporate values, ethics guidelines and principles for sustainability and corporate social responsibility ("CSR"). It is the responsibility of the Management to ensure that adequate internal control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

- Operational effectiveness and efficiency;
- Safeguarding of the Group's assets;
- Reliability of accounting records;
- Responsible behaviours towards all stakeholders
- Compliance with applicable laws and regulations; and
- Business continuity.

To ensure the internal controls remain adequate, the Bank has a fully-fledged Risk and Compliance function that coordinates and oversees the implementation of an enterprise-wide risk management framework within the Group. The audit committee, on behalf of the Board, assess issues related to financial review

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Risk management and internal control (Continued)

and internal control and the external audit of the Group's accounts. The Board ensures that the Bank can produce reliable annual reports and that the external auditor's recommendations are given thorough consideration. During the year, internal control systems were assessed by the Board and were found to be at an acceptable level.

IT Governance

IT governance is part of the overall corporate governance of the Group, which is aimed at improving the overall management and implementation of IT structure to derive value from investment in information technology. The Group has in place an IT charter and policies which govern the structure and operations of ICT and is being reviewed annually. The charter enables the Group to manage IT risks effectively. It is the responsibility of the Board to ensure the activities associated with information and technology are aligned with the overall Group strategies/business objectives.

Financial reporting and auditing

The Bank publishes its quarterly financial statements within thirty days after the end of the quarter and publishes the annual audited financial statements within fifteen days after approval of the Board but not later than one hundred and five days after the end of the financial year as required by the "Banking and Financial Institutions (Disclosures) Regulations, 2014". Copies of the Bank's last audited financial statements are exhibited in the Bank's branches and website, and the annual report is made available to the public two weeks prior to the AGM.

Those charged with governance are responsible for preparing the Annual Report, including the Consolidated and Parent Company Financial Statements, in accordance with International Financial Reporting Standards (IFRS) to comply with the Companies Act 2002. In preparing these financial statements, the Directors are required to:

- Adopt the going concern basis unless it is inappropriate to do so;
- Select suitable accounting policies and then apply them consistently; and
- Make judgements and accounting estimates that are reasonable and prudent

The external auditor presented the audit results to the audit committee and the Board in the meeting dealing with the annual financial statements, including any material changes in the Bank's accounting principles and significant accounting estimates. The auditor also reported on whether the financial statements give a true and fair view of the Group's state of affairs.

Going Concern Assessment

Those charged with Governance have made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Bank's ability to continue as going concern. This assessment involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to Bank's continuance as a going concern for the foreseeable future.

- **Financial Performance**

CRDB Bank remains the largest commercial Bank in Tanzania with a leading share of total deposits (27%) and total assets (25%) in the market. The Group closed the year with a strong Balance Sheet, total assets grew by 25.3% to TZS 16,698.8 Billion (2023: TZS 13,321.3 Billion). Customer deposits increased by 23.5% to TZS 10,934.1 Billion (2023: TZS 8,856.0 Billion). Net Loans and advances to customers increased by 22.7% from TZS 8,443.5 Billion in 2023 to TZS 10,360.8 Billion in 2024. After-tax profit of TZS 551.5 (2023: TZS 422.8) growth of 30.4%. Interest income increased from TZS 1,227.4 Billion, recorded in 2023, to TZS 1,562.1 Billion in 2024, an increase of 27.3%. Combined with commissions and fees, total non-interest income increased from TZS 503.5 Billion to TZS 560.1 Billion, an increase of 11.2%. Innovative and convenient products and services that were offered to the public contributed to such a positive trend.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Going Concern Assessment (Continued)

- **Ensuring Sufficient Capital Maintenance**

  The Group has demonstrated robust financial health, with the Core capital ratio standing at 16.3% and the Total capital ratio at 17.2%. These figures significantly exceed the minimum regulatory requirements of 12.5% for Tier I capital and 14.5% for Tier II capital, showcasing the Bank's strong capital position and commitment to maintaining financial stability. This solid foundation not only ensures compliance with regulatory standards but also enhances the Bank's ability to support growth and manage risks effectively.

- **Credibility in payment obligations**

  The Group has established a strong reputation for credibility in meeting its payment obligations. We have a consistent track record of timely and accurate payments, which reflects our commitment to financial integrity and reliability. This credibility is further reinforced by the Group's robust capital ratios, which exceed regulatory requirements, ensuring a solid foundation for fulfilling its obligations. By prioritizing transparency and accountability, the Group continues to build trust with its stakeholders, enhancing its reputation as a dependable financial institution.

- **Positive Operating Cashflow**

  Group cash flow represents its strengths in its ability to repay its obligations, ability to adapt in changing circumstances and generate sufficient cash and cash equivalents, which will lead the organization to sustainable future growth. Group Cash Flow from operating activities in 2024 was positive TZS 1,102 Billion.

- **Consistent payment of dividends**

  Over the past five years, the Bank has demonstrated strong financial performance and a clear commitment to shareholder value. Dividends per share have risen from TZS 22 per share in 2020 to TZS 65 per share in 2024. This consistent upward trend reflects resilient earnings, effective capital management, and confidence in our long-term strategy. The notable 30% increase in dividends in 2024 highlights our focus on sustainable value creation. We remain committed to delivering strong returns while ensuring sound governance and financial stability.

Year	2020	2021	2022	2023	2024
Dividend Per Share (TZS shilling)	22	36	45	50	65

- **Cross border/ Business/ expansion**

  The Bank has expanded its geographic outreach by opening two subsidiaries in Burundi and the Democratic Republic of Congo and branches in various locations, considering their economic significance. As of December 31, 2024, the Bank operated 259 branches across the region.

  The Bank places great importance on product diversification, which is a key strategy for achieving customer satisfaction by tailoring services to meet customer needs. As a result of our effective organizational structure, skilled and dedicated workforce, and strategic business initiatives, the Group's total assets increased by 25% year-on-year, reaching TZS 16,699 Billion in 2024. Additionally, total customer deposits rose by 23% year-on-year compared to 2023.

  The Bank's management is committed to sustaining this growth in the coming years, demonstrating the bank's intention for long-term success.

- **Satisfactory credit rating**

  The Bank upgraded to B1 from B2 and changed the outlook to stable from positive by Moody's in its report published on 26 March 2024. Moody's rating upgraded CRDB Bank Plc to B1 from B2 the long-term deposit ratings. Moody's also upgraded the ratings of the Bank on the baseline Credit assessment (BCA) to b1 from b2, the Adjusted BCA to B1 from B2, and long-term Counterparty Risk Ratings (CRRs) to Ba3 from B1 (cr).

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Going Concern Assessment (Continued)

- **Workplace satisfaction**

  A positive work environment and high employee satisfaction are vital for the Group's long-term success and sustainability. The Group promotes excellent communication among employees and strives to be honest while treating everyone fairly. Our team is the backbone of our operations, and their engagement, well-being, and productivity directly affect service quality, operational resilience, and strategic execution. Ongoing efforts in employee development and workplace satisfaction are essential for retaining top talent, fostering innovation, and enhancing our overall performance.

  In 2024, the Bank conducted an employee satisfaction survey, achieving an overall satisfaction level of 94% with high scores for job satisfaction and internal customer service. Details of the survey results are in section 6: 'Entity operation', subsection: Employee engagement.

  The satisfaction level of our employee is the testament of our Group continuance as a going concern for the foreseeable future.

  From the assessment, Those charged with Governance concluded that the Bank and its subsidiaries has the ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, those charged with governance are not aware of any material uncertainties that may cast significant doubt on the Bank and its subsidiary's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

  In addition, there are NO events or conditions, which create uncertainty to the Group's ability to continue as a going concern in the next 12 months.

Executive and management Team

The Bank's executive office consists of the Managing Director, who is the Chief Executive Officer. He is assisted by the Chief Commercial Officer, Chief Operations Officer, and Chief Finance Officer, who report directly to him. They oversee various functions via Directors of departments within the Bank.

The Bank is organized in the following functions/ departments:

• Finance	• Procurement	• Corporate Affairs
• Credit	• ICT	• Corporate Banking
• Risk and Compliance	• Banking Operations	• Business Transformation
• Treasury and Capital Markets	• Retail Banking	• Internal Audit
• Human Resources	• Internal Audit	

The key management personnel who served during the year, were:

Name	Position	Qualification	Age
Mr. Abdul-Majid Nsekela	Managing Director & Chief Executive Officer	MBA-IBF, PGD-Business Administration,	53
Mr. Boma Raballa	Chief Commercial Officer	MBA, BA (Accounting)	41
Mr. Bruce Mwile	Chief Operations Officer	MBA (Finance), B.com (Finance)	54
Mr. Frederick Nshekanabo	Chief Financial Officer	MSc. Finance, CPA (T), Advanced Diploma in Accountancy	53
Mr. Alex Ngusaru	Director of Treasury and Capital Markets	MBA (Finance)	56
Mr. Pendason Philemon	Director of Procurement	MBA, CSP (T), CIPP	50
Mr. Godfrey Sigalla	Director of Internal Audit	CPA (T), PGD (Tax management), B, Com (Accounting) and MBA (Finance)	51
Mr. Bonaventure Paul	Director of Retail Banking	MSc. Accounting & Finance, ADA, CPA(T)	44

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Executive and management Team (Continued)

Name	Position	Qualification	Age
Mr. Admin Mwansansu	Director of Banking Operations	Bachelor of Commerce in Accounting	41
Mr. Godfrey Rutasingwa	Director of Human Resources	Master's degree in public administration, bachelor's degree in education.	44
Mr. James Mabula	Director of Risk and Compliance	MSc. Finance, MBA, PG Dip. Financial Mgt. Advanced Diploma in Accounting.	50
Ms. Tully-Esther Mwambapa	Director of Corporate Affairs	MBA, BA Public Administration & International Relations.	57
Mr. Xavery Makwi	Director of Credit	CPA (T), PGD (Legal Practice), LST, LLB, MBA, B.com (Finance)	56
Mr. Deusdedit Massuka	Director of ICT	MSc. Computer Numerical Control (CNC) Systems	58
Mr. Mussa Kitambi	Director of Corporate Banking	Master's degree Banking and Finance	49
Mr. Leo Ndimbo	Director of Business Transformation	PGD- BA, Int'l Adv. Dip in Computer Engineering (IADCE)	40
Mr. John Rugambo	Company Secretary	MA International Business Administration	57
Mr. Fredrick Siwale	Managing Director – CRDB Bank Burundi (subsidiary)	MBA, PGD in Business Administration	48
Ms. Jessica Nyachiro	Managing Director – CRDB Bank Congo (subsidiary)	MBA International Business, B. Ed & Diploma in Accounting	46
Mr. Wilson Mnzava	Managing Director – CRDB Bank Insurance Company Ltd. (subsidiary)	MSc in Insurance & Actuarial Science, PGD in Cooperative.	49

Key roles and responsibilities of the Management team

The management team, spearheaded by the Group Managing Director and Chief Executive Officer, plays a crucial role in the daily operations of the Group, which oversees a diverse portfolio of financial services. This dynamic team, comprising experienced professionals from various sectors of the banking industry, is tasked with managing day-to-day activities and ensuring the effective execution of the comprehensive strategies and policies established by the Board of Directors.

Through regular performance monitoring using key performance indicators (KPIs) and data analytics, the Executive Team aligns departmental objectives with the organisation's overarching vision, driving efficiency and excellence. By fostering a culture of accountability and innovation, the management team encourages employees at all levels to contribute ideas and solutions, effectively nurturing talent and promoting professional growth within the Bank. This collaborative approach enhances service delivery and strengthens the Bank's competitive position in the market, ensuring sustainable growth and customer satisfaction

Management team is charged with the following duties:

- **Business operations –** The CEO and management run the Group's business under the Board's oversight, with a view toward building long-term value.
- **Strategic planning -** The CEO and senior management generally take the lead in articulating a vision for the Group's future and in developing strategic plans designed to create long-term value for the Group, with meaningful input from the Board. Management implements the plans following Board approval, regularly reviews progress against strategic plans with the Board, and recommends and carries out changes to the plans as necessary.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Executive and management Team (Continued)

Key roles and responsibilities of the Management team (Continued)

- **Identifying, evaluating, and managing risks -** Management identifies, evaluates, and manages the risks that the Group undertakes in implementing its strategic plans and conducting its business. Management also evaluates whether these risks and related risk management efforts are consistent with the Group's risk appetite. Senior management keeps the Board and relevant committees informed about the Group's significant risks and its risk management processes.
- **Accurate and transparent financial reporting and disclosures -** Management is responsible for the integrity of the Group's financial reporting system and the accurate and timely preparation of the Group's financial statements and related disclosures. It is management's responsibility, under the direction of the CEO and the Group's Chief Financial Officer, to establish, maintain and periodically evaluate the Group's internal controls over financial reporting and the Group's disclosure controls and procedures, including the ability of such controls and procedures to detect and deter fraudulent activity.
- **Annual operating plans and budgets -** Senior management develops and presents the group's annual operating plans and budgets to the Board. The management team implements and monitors the operating plans and budgets, adjusting them to reflect changing conditions, assumptions, and expectations. The team also keeps the Board apprised of significant developments and changes.
- **Business resiliency -** Management develops, implements, and periodically reviews plans for business resiliency that provide the most critical protection considering the Group's operations. It is the responsibility of Management to identify the Group's major business and operational risks, including those relating to natural disasters, leadership gaps, physical security, cybersecurity, regulatory changes, and other matters. Management develops and implements crisis preparedness and response plans and works with the Board to identify situations (such as a crisis involving senior management) in which the Board may need to assume a more active response role.

A key factor in the ongoing success of the Group is the quality of its management team. This team is composed of individuals with a strong mix of leadership skills and diverse experiences. To effectively leverage this extensive expertise, the Group Managing Director has established Management Committees. These committees consist of departmental Directors and other senior managers as needed.

As of 2024, the Management Committees that support the Group's operations are structured as follows.

Executive Committee (EXCO)

Key Focus	Objectives
Strategy development & strategic updates	• Oversee strategy development and receive updates on strategic initiatives implementation, including corporate BSC.
Policy development & Governance oversight	• Institute policies and recommend to Board for approval • Provide overall Governance oversight.
Leadership & resource deployment	• Provide direction for the implementation of key strategic issues. • Provide oversight and direct on optimal resource allocation.
People and culture	• Discuss the implementation of culture transformation
Escalation points from other committees	• Resolve any escalations from various committees. • Challenge & re-organise underperforming committees of the Bank.
Decision making on key disruptions	• Based on various strategic issues (internal & external), decide how to address disruptions and delegate execution to other committees.
Expected Outcome	
• Enhanced collaboration between business functions, • Improved productivity as senior management will be able to advise and take the lead on key business	

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Executive and management Team (Continued)

Management Committee (MCM)

Key Focus area	Key objective
Business Performance	Key Business strategies implementation updates from Business, including Treasury. Also, discuss the challenges and support needed
Operational Updates	Key Operational strategies implementation updates, challenges and support needed
Monitoring of deployed resources	Discuss how human, business, and operational resources have been optimized and give directives to correct deviations.
Escalation points from other committees	Resolve any escalations from various committees working under MCM.
Decision Making	Based on various deliberations, make decisions (within the Mandate) and give directives. Should escalate strategic issues to EXCO
Expected Outcome	
• Focused discussions based on key business and operational results, • Increased productivity • Creates a culture of ownership where some decisions shall be made at a Business unit level instead of being brought to the Meetings	

The Asset Liability Committee (ALCO)

Key Focus area	Key objective
Manage structure and composition of Assets and Liabilities	• Continuously review and decide on strategy and direction of all aspects of balance sheet management • Oversee financial risk management and ensure compliance with all regulatory requirements
Manage Market Risk and Funding Optimization	• Ensure the Bank achieve its strategic goal while balancing both risk & return.
Monitor Regulatory Requirements	• Review adherence to regulatory limits and requirements
Monitoring of deployed resources	• Discuss how business and operational resources have been • optimized and give directives to correct deviations.
Decision Making	• Based on various deliberations, make decisions (within Mandate) and give directives
Expected Outcome	
• Focused discussions based on key ALCO targets, deviation, lags & exposure results, • Increased productivity, and increased efficiency on resolving deviation from internal limit • Creates a culture of ownership where some decisions shall be made at a Business unit level, instead of being brought to the Meetings. • Enhance collaboration while decreasing silos among functional units	

Management Audit and Risk Committee (MARC)

Key Focus area	Key objective
Risk Appetite	• Set the tone and discuss the risk appetite of the Bank, any exceptions and significant deviations reported to Board.
ERM Practices across the Group	• Oversight on Risk Management practices across CRDB Bank group
Regulatory Compliance	• Oversight on Regulatory Compliance across the Group.
State of Internal Audit	• Oversight on where audit matters are being properly managed by the management of both the parent and subsidiaries.
Decision Making	• Based on various deliberations, make decisions (within the Mandate) and give directives

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23 CORPORATE GOVERNANCE (Continued)

Executive and management Team (Continued)

Key Focus area	Key objective
Expected Outcome	
• Focused discussions based on key RisksAudit & Controls exposure results, • Increased productivity, increase efficiency on resolving audit and risk deviations • Creates a culture of ownership where some decisions shall be made at a Business unit level, instead of being brought to the Meetings. • Enhance accountability and collaboration while decreasing control issues to functional unit.	

Productivity and Cost Committee (CPC)

Key Focus	Objectives
Oversight on the Bank's Performance	• Continuously review and discuss on strategy execution and all aspects of the Bank's productivity • Oversee cost management and ensure compliance with all regulatory requirements
Monitor Culture & Management Actions	• Monitor culture initiatives implementation progress, • Monitor implementation of management directives from various management meetings
Manage BSC Optimization	• Ensure Bank achieve its strategic goal while balancing both risk & return through adequate KPIs and targets on day-to-day operations.
Decision Making	• Based on various deliberations, make decisions (within Mandate) and give directives. Should escalate strategic issues to EXCO.
Expected Outcome	
• Focused discussions based on key targets, deviation, lags & exposure results, • Creates a culture of ownership where some decisions shall be made at a Business unit level, instead of being brought to the Meetings.	

Customer Experience Forum (CEF)

Key Focus	Key objective
Oversight on Customer Experience	• Oversight on the issues around customer experience and associated risks.
CX Strategy updates	• Key customer experience strategies implementation updates, challenges and support needed from the management.
Performance management	• Recommending the establishment of customer service standards and monitoring the performance of management to such standards
Escalation points	• Resolve any escalations from branches and customer experience team, act as a centre for guidance and support
Decision Making	• Based on various deliberations, make decisions (within Mandate) and give directives. Should escalate strategic issues to EXCO.
Expected Outcome	
• Focused discussions based on key business results, to drive experience to customers. • Increased productivity and ownership of deployed resources to create better customer • experience culture. • Creates a culture of ownership by business units to drive accountability around customer • experience. • Enhance accountability and collaboration while decreasing control issues around the • customer experience process.	

23 CORPORATE GOVERNANCE (Continued)

Executive and management Team (Continued)

Compensation of Key Management Personnel

The Board reviews and approves the compensation of key management personnel on an annual basis. The remuneration of key management personnel during the year was TZS 12,588 Million (2023: TZS 12,469 Million). Details are in note 64 of the financial statement.

Group Performance evaluation and reward

The Group's performance and reward approach ensures remuneration structures are balanced and are designed to drive sustainable performance by ensuring that reward programmes support our business strategy and are both supportive of and aligned with sound remuneration practices. Individual rewards and incentives are linked directly to the performance and behaviour of the employee, the performance of their respective business units and the interests of shareholders. Details on the remuneration of the key management personnel are disclosed in Note 64 to the financial statements

24 QUALITY MANAGEMENT

Information security management system

The Bank is certified with ISO 27001: 2013 (Information security management system) international standard by the British Standard International (BSI). The certificate indicates the secure management of financial products and services, information processing and store facilities, databases, clients' data, and the Bank's financial information in core banking operations in the Bank.

The Bank has been certified as compliant with the Payment Card Industry Data Security Standard (PCI-DSS), which applies to any company that accepts, stores, processes, or transmits cardholder data. The certification was presented to the Bank following an in-depth assessment by Qualified Security Assessor (QSA) - Advantio Limited and after the Bank was found to have met all the standards' requirements. This compliance helps the Bank protect its payment systems from breaches and theft of cardholder data.

Business Continuity

Being the leading Bank in Tanzania, we found it imperative to be at the forefront of improving our business resilience by benchmarking our practices against the best management system/standards in the market. In this regard, we have been certified by the British Standards Institute (BSI) as ISO22301:2019 BCMS certified. ISO 22301 is the international standard for Business Continuity Management (BCM), and it provides a practical framework for setting and managing a business continuity management system, aiming to prevent, prepare for, respond to, and recover from unexpected and disruptive incidents.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The Bank plays a vital role in sustainability initiatives aligning with sustainable development goals and the UN Agenda 2030 by investing in environmentally and socially responsible practices. One of our key strategic objectives in our new 5-year business strategy (2024–2027) is to build a resilient and accountable organisation by creating an environment that guarantees business sustainability, good governance, and a positive impact on the environment and community we serve.

To achieve this objective, the Bank has developed a set of policies, procedures, tools, and a dedicated unit equipped with knowledge for the implementation of the Environmental and Social Management Systems (ESMS) and experience in applying local and national environmental and social laws and regulations as well as international standards.

The unit is also in charge of innovating and formulating transformative ideas to implement green and sustainability projects based on the bank's credit policies, environmental and social policies and procedures, and adhering to international treaties and standards. We are proud of being a socially conscious enterprise founded on honest living. For us, sustainability of the environment, economy and society is an inevitable responsibility to ensure that the way we conduct ourselves today will not impose unfair costs on future generations.

Our Environmental, Social, and Climate risk management policy statement

"The Bank is committed to promoting environmentally sound and sustainable development in the full range of its credit products. We believe that environmental, social, and climate sustainability is fundamental to achieving outcomes consistent with our credit policy. We recognise that projects that foster environmental, social, and climate resilience rank among the highest priorities of our activities".

A brief note on materiality

The Bank recognizes that assessing materiality requires careful consideration of not only the applicable materiality standards but also our purpose in assessing and communicating materiality to our stakeholders. Our public disclosures, including our voluntary sustainability and climate-related reports, focus on various topics relevant to our business and of interest to investors and other stakeholders.

In our voluntary environmental, social, and governance (ESG) and climate-related disclosures, we have adapted our approach to materiality based on the topic and purpose. While we adhere to the definition of materiality established in the Internation Sustainability Standard Board (ISSB) standards, the Bank also considers other factors, including the materiality standards of certain external frameworks and reporting guidelines relevant to climate and sustainability. We consider the views of our key stakeholders and our ambition to lead in our industry. To support our multi-faceted approach to materiality, we sometimes adopt new frameworks and standards when we believe it will help us address sustainability issues more effectively.

When discussing climate risks and opportunities, the Bank employs a materiality approach consistent with both the ISSB standards and Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We generally assess ESG matters in alignment with our method for evaluating materiality for required disclosures. In our voluntary disclosures, we often include information that we know investors and clients are interested in, in addition to what is provided in our mandatory reports.

The Bank also embraces a climate change "double materiality" perspective, which examines both the impact of climate on our business and the impact of our business on the climate. We use longer time frames to assess potential impacts than those typically used in our required disclosures. This approach captures important details regarding sustainability issues, including climate-related risks and opportunities.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our four-step approach for assessing material topics

In 2024, we undertook a comprehensive materiality assessment to determine the most significant issues to report from an ESG (Environmental, Social, and Governance) perspective. We aimed to identify the areas where we could make a real difference and provide a meaningful impact to our stakeholders

Our sustainability commitments and approach are aligned with the local and global frameworks and directives, including the following:

- UNFCCC
- UN Sustainability Development Goals (UN SDGs)
- IFC
- Environmental regulations in Tanzania
- Paris agreement

To reach the material topics, we utilised a "double materiality" approach in our assessment, which allowed us to understand the risks and opportunities to our Group and the potential impacts on external stakeholders. This approach enabled us to take a holistic view of our operations and understand how we contribute positively to society and the environment.

The material sustainability matters are based on the 4Ps: Planet, People, Prosperity, and Partnership. Focusing on these areas can make a meaningful impact and contribute to a more sustainable future. Below are the four-step approach during the assessment;

- Stakeholders' engagement
- Identifying the universe of relevant ESG
- Data collection analysis
- Calibration of results

Material topics

The material Sustainability topics we identified in this assessment guide our sustainability priorities based on our 4 Ps: Planet, People, Prosperity, and Partnership. We believe that focusing on these areas can make a meaningful impact and contribute to a more sustainable future for all.

Planet	People	Prosperity	Partnership
We are fully committed to promoting environmentally sound and sustainable business practices through: • Managing our environmental footprints. • Water and waste management • Energy efficiency • Sustainable Financing • Incorporation of ESG factors in credit analysis	We believe that our people are the heart of our business through. • Employee engagement • Employee wellbeing • Workforce Diversity • Training and education • Talent management and succession planning • Employee Performance management • Employee's benefit	We remain committed to the success and well-being of our community through. • Financial Inclusion and capacity building • Digital transformation • Enhancing Community Welfare • Customer relationship management • Data security • Business ethics	Enhancing the strategic partnership to increase our capacity to serve through; • Sustainable procurement • Our Strategic partners • Other partners

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability approach

"Embedding 'sustainability' in all we do."

As responsible corporate citizens, we believe our business activities should positively impact the environment and society while delivering value to our shareholders. Our approach to sustainability is embedded deeply in our Group strategy and business operations. We have set ambitious targets for ourselves in environmental and social responsibility, and we are committed to achieving those targets through a combination of innovation, collaboration, and responsible business practices.

We recognise that our industry has a significant role in addressing the challenges of climate change, social inequality, and environmental matters. As such, we have taken proactive steps to reduce our carbon footprint and support sustainable development projects in the communities we serve.

The Group implemented robust governance and compliance frameworks to ensure that we operate ethically and transparently while upholding the highest standards of integrity and accountability. Our commitment to good governance is reflected in our adherence to local and international laws and regulations and our internal policies and procedures. We believe our ESG performance is critical to our long-term success as a business.

Our unwavering commitment to embedding sustainability in our business operations is driven by a strategic focus on four key pillars:

Planet pillar, climate change has been the focus of many; as a Bank, we strive to minimise our environmental impact by reducing our carbon footprint. We also aim to create sustainable practices and work closely with our stakeholders in this journey.

Environmental footprint

Considering the crucial impact of environmental conservation, the bank has developed a specific environmental and social policy. The policy articulates the Bank's commitments to sustainable development, elaborates how the Bank integrates environmental and social issues into our processes and activities and sets the roles and responsibilities, including the requirements to deliver these commitments. The policy defines how the Bank manages the environmental and social risks and impacts and supports the overall sustainability of our operations and investments in line with our obligations under national and international law and other relevant standards.

Through the policy, the bank commits to:

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

The Group actively fosters a culture of responsible living, prioritizing practices that support environmental sustainability. Our goal is to create a work environment that not only minimizes adverse effects on the planet but ideally has no negative impact at all. This commitment involves implementing eco-friendly policies, such as reducing waste, utilizing renewable energy sources etc. By prioritizing these initiatives, we aim to cultivate a workplace that aligns with our values of stewardship and environmental integrity, ensuring a healthier planet for future generations.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability approach (Continued)

Planet pillar (Continued)

Below are some initiatives implemented to reduce environmental footprint during the year.

- The bank has a robust Environmental and Social management system (ESMS) in place with environmental and social policies, procedures, and tools for assessing the environmental and social impact of projects financed by the Bank.
- The bank has also established a unit designated for assessing and managing Environmental and Social Risks associated with financed projects and advises management accordingly.
- Sustainable finance: The Bank has established a Green, Social, and Sustainability Bond Framework to allow the issuing of Green, Social, and Sustainability Bonds.
- In 2024, we updated our Bank's credit risk policy and procedures to incorporate the Bank of Tanzania's requirement to consider climate-related risks in our lending process.
- Implementation of Paperless withdrawal at branches using Simbanking and continuing rolling out e-banking services to all customer correspondences.
- Use of automated internal memo and approval workflow system to track and control the number of printouts monthly.
- Continuing creating awareness of an online lending solution for salaried employees, pensioners and agents using the Simbanking mobile application, in which customers apply without visiting branches, and eliminating the paper trail throughout the processes.
- Adopting collaboration technologies within the Bank's communication systems, such as videoconference kits to cut the number of hours and material resources spent travelling by air or road for meetings and using electronic reports.

In addition to our efforts to minimize our environmental footprint, we actively support community initiatives aimed at reducing emissions. In 2024, the Bank sponsored several Clean Cooking campaigns organized by the National Economic Empowerment Council, Arusha Constituency, the Ministry of Energy, and Trident Media Organization. These initiatives focused on educating communities about the detrimental effects of using charcoal for cooking. As part of the program, some families were provided with gas cylinders, offering a cleaner and more sustainable cooking alternative.

The People pillar is focused on creating a safe and inclusive workplace for all our employees, promoting diversity and equal opportunities, and ensuring fair labour practices throughout our operations.

Our response

- Our staff has undergone several capacity-building programs to strengthen their skills. The training programs aim to enhance their understanding of sustainable finance products and relevant industry best practices. This will enable us to exploit sustainable finance opportunities and better manage climate risks. Our credit analysts and relationship managers (RMs) undergo mandatory training to ensure compliance and consistency in implementing our climate risk policies and procedures.
- Creating a great workplace - We value and champion diversity and drive our businesses to create conducive working environments that nurture employees and encourage them to grow and act with integrity. We believe nurturing an engaged, capable, and enthusiastic workforce is instrumental to our businesses' success.
- The Bank continues to invest in the wellbeing of all employees, enabling them to enjoy their work and prioritising health and safety for all employees.
- The Group values diversity, equity, and inclusion, creating a positive work environment that fosters creativity, equality, and results.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability approach (Continued)

The Prosperity pillar is centred around creating long-term value for all our stakeholders, and communities we serve. Our unwavering commitment to the prosperity and welfare of our community is at the forefront of everything we do. We are dedicated to expanding our banking activities together with various digital solutions to facilitate a smooth transition towards a low-carbon economy, thereby minimising our environmental footprint while promoting financial inclusion and community well-being. We achieve this by implementing sustainable business practices that ensure profitability and growth while promoting sustainable economic development in our operating regions. We also strive to support our communities by investing in environment, education, health, and other social initiatives.

Enhancing Community Welfare

In 2024, the Bank continued its commitment to Corporate Social Investment by making investments that positively impacted social, economic, and environmental development in the communities we serve. Our Corporate Social Investment (CSI) initiatives focus on key sectors that contribute to sustainable growth and enhance the well-being of the community.

Through targeted initiatives aimed to address community needs aligning to the Bank's Business Strategy and the mission to transform lives, the Bank invested TZS 2.3 Billion to the Education, Health, Environment, Youth and Women Empowerment, and other community and economic development initiatives across the country.

Social Investment Footprint

Health

The Bank is committed to supporting health initiatives that enhance the well-being of Tanzanians. In 2024, our investment focused on improving access to medical services, promoting health education, and addressing key health challenges in the country.

During the year, the Bank partnered with the Afya Check Outreach Program to conduct preventive health outreach camps in Dar es Salaam, Dodoma, Lindi, Tanga, Mwanza, Arusha, and Mbeya. Through these camps, about 15,000 people were reached, providing them with essential health screenings, information, and guidance on preventive care. The impact of this initiative did not only help to raise awareness about common health risks but also empowered people to take proactive steps in managing their health. Ultimately, this program helped to enhance the quality of life for people and contributing to healthier, more informed communities.

The Bank supported the Rare Disease Research Fund fundraising event organised by the Ali Kimara Rare Disease Foundation in collaboration with the Muhimbili University of Health and Allied Sciences. The aim of this research is to stimulate and promote scientific studies on rare diseases and provide critical data on the prevalence and types of rare diseases in the country, as well as identify the clinical needs and interventions required for better care and treatment. The research will explore public perceptions and understanding of rare diseases, helping to raise awareness and address knowledge gaps. Through this collaboration, the Bank is contributing to the advancement of healthcare research, which will then help improve the quality of life for people affected by rare diseases.

The Bank also supported events organised by other partner organisations that aims at improving health care services to the community.

The bank extended TZS 156 Million for this cause.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability approach (Continued)

Education

Education remains a cornerstone of CRDB Bank's Corporate Social Investment. In 2024, we continued our flagship program, "Keti Jifunze," in collaboration with local District Councils across all eight of our zones. This initiative supports the government's efforts to improve the education sector by creating better learning environments. We constructed classrooms and toilets in various districts, including Babati, Kondoa, Nyamagana, and Muheza. Through the campaign, we supplied desks and computers to various schools to ensure that students have the necessary tools to facilitate their studies.

This year, the Bank also expanded its efforts to promote inclusivity and accessibility in education, particularly for children with special needs. We built accessible classrooms, provided suitable desks and tables, and delivered other essential learning materials and mattresses to schools in Rukwa, Mbulu, and Songwe regions. These initiatives help make education accessible to all children, regardless of their physical or learning challenges.

Through our Taifa Cup Scholarship program, we have been supporting girls pursuing vocational and technical training at various colleges across the country. By covering their school fees, we are helping these young women gain valuable skills that will open doors to better job opportunities and career growth. Some of these girls completed their degree during the year equipped with the practical knowledge and expertise needed to thrive in various industries, such as healthcare, engineering, hospitality, and technology.

One Billion was invested in education during the year.

Youth and Women Empowerment

Youth and women are key priorities in both the Bank's business strategy and the government's agenda. To support these groups, the Bank has been creating various programs and products tailored to the needs of youth and women, helping them grow their businesses and transform their lives.

During the year, the Bank, through its Corporate Social Investment (CSI) initiatives, supported several projects aimed at empowering youth and women. These included sponsoring sports activities like the Ndondo Cup, Tanzania Military Academy, the Kuambiana Tournament and others, both provide youth with the opportunity to showcase and develop their talents.

We also supported the Malkia wa Nguvu campaign, organized by Clouds Media Group, which celebrates and empowers women enterpreneurs across different sectors in the country. Additionally, the Bank was involved in the Africa Businesswomen and Youth Trade Fair and Summit and supported the Tanzania Women Miners Association in their efforts to uplift women in the mining industry. These initiatives help create opportunities for youth and women to thrive, providing them with the tools, networks, and platforms to grow their businesses. The Bank invested TZS 432 Million for this cause.

Other social initiative

Other CSI initiatives supported during the year included supporting the National Planning Commission in their zonal symposiums for the National Development Vision 2050. This campaign aimed to involve citizens in the preparation of the vision, ensuring that the plans reflect the needs and aspirations of the people. The Bank also contributed to the construction of the Kizimkazi market, helping improve local infrastructure and support economic growth.

The Bank also sponsored several community engagements programs, such as the Tulia traditional dances and the Kizimkazi Festival, which featured Ngalawa races, tug of war, swimming competitions, and other traditional performances. These events provided not only entertainment but also brought economic benefits to the community. They promoted teamwork, physical fitness, and celebrated the area's cultural heritage. Winners of the competitions were awarded various prizes, including cash rewards and a grand prize of a modern, environmentally friendly fishing boat.

The Bank uses TZS 438 Million for this cause.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability approach (Continued)

Additionally, the Bank supported the Ministry of State, President's Office – Regional Administration and Local Government (PORALG) by purchasing 7,142 kilograms of maize seeds, worth TZS 50 Million, which were distributed to victims of floods in Rufiji District. This substantial contribution played a critical role in aiding the recovery efforts of flood-affected communities and helped farmers quickly restart their agricultural activities. The provision of maize seeds not only helped to restore food security for many families but also contributed to rebuilding the local economy.

Customer relationship management

We listen to our customers carefully and gather feedback from multiple channels to cater to their needs. Maintaining the trust of our customers is of utmost importance to us. Therefore, we take great care to ensure their safety and protection from any risk. To prevent misuse of customers' personal and sensitive information, we continuously enhance the integrity and robustness of our cyber security infrastructure.

Our Bank has a strong complaint-handling system for both employees and customers. This system is defined according to policies approved by the Board and is overseen and reported on by the Board. We provide several channels for customers to file complaints, including at the branch, through our call centre, and via digital platforms. We prioritize transparency and consistency in tracking, recording, and resolving complaints. All complaints are documented in a register and monitored to ensure complete resolution.

Finally, the Partnership pillar is focused on building strong partnerships with our stakeholders, including customers, suppliers, governments, NGOs, strategic partners, and other organisations. We collaborate with these partners to create innovative solutions that address social and environmental challenges and promote sustainable development. We are fully committed to working closely with our business partners and other strategic investors to promote social and economic progress while maintaining trust and the value chain.

Managing our partners

Sustainable procurement

We are committed to ensuring that our procurement practices are sustainable and equitable. As we expand our regional presence, we purchase various goods and services, including office equipment, software, corporate services, and stationery. We prioritise environmental and social considerations, ethical business practices, and financial factors to ensure our sustainable procurement process.

"Instilling Transparency, Accountability, and Ethics in Procurement"

We firmly believe conducting business ethically, fairly, and transparently is paramount. Therefore, we strive to establish and maintain good relationships with our suppliers while fostering a competitive environment that aligns with our procurement policy.

We continuously monitor their activities to ensure that our suppliers and other business partners comply with our ethical and business standards. We take any incidence of breach of our business conduct seriously, including harassment, human rights abuse, and corruption/bribery. If any such incident occurs, we reserve the right to take immediate action, which may involve terminating the contract.

Our procurement systems and processes ensure value for money is derived in all procurement of goods and services. All suppliers, contractors, and consultants are treated fairly and given equal opportunities to obtain contracts with the bank. Procurement is done most efficiently, upholding the principles of value for money, transparency, and fairness. All staff involved in the procurement process shall follow an appropriate Code of Ethics.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability approach (Continued)

Partnership pillar (Continued)

Managing our partners (Continued)

Our Strategic Partners

The Bank emphasises building collaborative relationships with strategic partners with the expertise and resources to augment our existing capabilities, allowing us to achieve our strategic goals more efficiently and effectively. The Bank is firmly committed to aligning with the United Nations' Sustainable Development Goals (SDGs) and recognises partnerships' significant role in achieving this shared objective.

To drive positive change and make a meaningful impact on the global community, the bank has established partnerships with a range of organisations, including GCF, AFDB, EIB, PROPARCO, INVESTEC, FMO, DFC, IBRD GCPF, CITI, ResponsAbility Investments AG, TIB, NBC, TMRC, and more. These partnerships aim to achieve the bank's objectives by leveraging each partner's strengths and expertise. By working together towards sustainable development, the bank aims to make a positive difference and create prosperity for all.

Other partners

The Group and its subsidiaries work closely with key regulatory bodies such as the Central Banks, Revenue Authorities, Dar es Salaam Stock Exchange (DSE), Capital Markets, and Security Authority (CMSA). This collaboration ensures the Bank fully complies with all relevant laws and regulations governing its operations. By working together, the Bank and these regulatory bodies create a sustainable working environment that promotes growth, stability, and transparency in the financial sector.

The Core Content of Group Sustainability

The Bank follows the framework set by the Task Force on Climate-related Financial Disclosures (TCFD), focusing on four key areas: governance, strategy, risk management, and metrics and targets. By concentrating on these crucial elements, the Bank provides comprehensive and transparent climate-related financial disclosures. This approach not only helps stakeholders make informed decisions but also showcases the Bank's commitment to sustainable development.

Our Sustainability Governance

Those charged with governance oversee sustainability-related risks and opportunities, as outlined in the Environmental, social, and climate risk management policy. However, the implementation of the sustainability initiatives has been delegated to the management through a dedicated unit, the 'Sustainability Unit '. This unit plays a crucial role in advancing the Bank's sustainability agenda, ensuring that environmental and social considerations are integrated into all aspects of Bank operations.

The Sustainability unit is composed of experts who comprehensively manage environmental, social, and climate-related financial risks. To fulfill this role, the unit develops guidelines and controls for the routine evaluation, assessment, and monitoring of environmental and social risks and for managing climate-related financial risks within the credit portfolio. The governance body possesses knowledge and skills gained from various sustainability training programs, equipping it with the knowledge to oversee the strategies that address these risks and opportunities.

Those charged with governance oversee the execution of sustainability initiatives by reviewing detailed quarterly reports submitted by management. These reports not only present the progress made towards the established sustainability targets but also analyze the challenges encountered and strategies adopted to overcome them. Sustainability continues to be a vital focus in all quarterly board meetings, where it is consistently highlighted as a core component towards creating a sustainable future. The Board actively engages in discussions about ongoing initiatives, evaluates performance metrics, and sets new objectives to enhance our environmental and social impact, demonstrating our unwavering commitment to fostering a sustainable future.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our Sustainability Governance (Continued)

Responsibilities of Those charged with governance

- Approve the Environmental, Social, and Climate Risk Management Policy as management recommends and ensure that management always complies with its requirements.
- Ensure relevant sustainability and ESG matters are incorporated into purpose, governance, strategy, decision-making, risk management, and accountability reporting.
- Defined targets and metrics are identified and monitored.
- Approve the implementation of green and climate finance-related projects.
- Provide oversight to ensure compliance with all applicable legal and regulatory environmental, social, and climate risk management requirements.
- Approve and periodically review the strategies, policies, procedures, and risk management frameworks for environmental, social, and climate-related financial risks.
- Ensure relevant capacity-building and training programs on environmental, social, and climate-related financial risks and consider incorporating them into the bank's strategy and risk management framework.

Responsibilities of the management

- Implementation of the environmental, social, and climate risk management strategies, policies, and procedures.
- Ensure that the risk and compliance functions and internal and external audit functions review the extent of adherence to this policy and the adequacy of its controls.
- Ensure the environmental, social, and climate-related budget is approved to implement policy objectives effectively.
- Develop and implement environmental, social, and climate-related financial risk management strategies, policies, and frameworks. Regularly review the effectiveness of the strategies, policies, frameworks, tools, and controls.
- Provide periodic reports to the Board on environmental, social, and climate-related financial risk issues.
- Ensure that staff have sufficient awareness and understanding of the sustainability business practice and can identify potential environmental, social, and climate-related financial risks through periodic training and capacity development and
- Ensure that material environmental, social, and climate-related financial risk issues are addressed promptly.

Trade-offs to comply with sustainability initiatives

The Bank is committed to integrating sustainability into its operations, but this commitment involves navigating several trade-offs. One significant trade-off is the allocation of financial resources. Investing in sustainable technologies and practices often requires substantial upfront costs, which can impact short-term profitability. However, these investments are essential for long-term environmental benefits and regulatory compliance.

Additionally, the bank must balance the need to meet immediate financial targets with the imperative to support social and community initiatives that may not yield immediate returns but are crucial for long-term social impact. Another trade-off involves operational adjustments, such as adopting energy-efficient systems or reducing waste, which may initially disrupt established processes but ultimately lead to greater efficiency and sustainability. By carefully managing these trade-offs, Bank aims to achieve a sustainable balance that supports both its financial goals and its commitment to environmental and social responsibility.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our Sustainability Governance (Continued)

Remuneration on sustainability initiatives

There is no direct link between executive compensation and the achievement of sustainability initiatives. While we recognise the importance of sustainability in our overall business strategy, our remuneration policies have traditionally focused on financial performance metrics such as revenue growth, profitability, and shareholders return.

However, we understand that integrating sustainability into our remuneration structure is crucial for aligning our long-term business goals with environmental and social responsibilities. As we move forward, we are committed to exploring ways to incorporate sustainability metrics into our executive compensation plans. This will ensure our leadership is motivated to achieve both financial success and significant advancements in our sustainability efforts.

By linking compensation to sustainability performance, we believe it will foster a culture of accountability and commitment to sustainable practices. This approach will motivate our team to achieve financial targets and contribute positively to the environment and society.

Management controls and procedures to support the oversight of sustainability-related risk and opportunities

The Bank has robust Environmental and Social Management Systems (ESMS) and has developed a set of policies, procedures, tools, and a dedicated unit equipped with knowledge for the implementation of the ESMS and experience of applying local and national environmental and social laws and regulations as well as international standards.

The unit is also in charge of innovating and formulating transformative ideas that will lead to the implementation of green and sustainability projects based on the bank's credit policies, environmental and social policies and procedures, as well as adhering to international treaties and standards. Our environmental and social policies and procedures are guided by the Tanzania Environmental Management Act (2004) and its specific regulations and guidelines, as amended and issued from time to time, and the best international practices, including the Performance Standards issued by the International Finance Corporation (IFC).

The bank's Environmental and Social Impact Assessment (ESIA) and monitoring process for the projects being financed by the bank forms part of the Bank's Environmental and Social Management (ESM) procedure while also adhering to the Environmental and Social (E&S) policy, the Credit Operating Manual, and the Credit Policy. The bank has an internally developed Environmental and Social Due Diligence (ESDD) template and tool that is used in the assessment of environmental and social risks of projects.

More details on Governance including Those charged with governance are in section 23.

Our sustainability strategy

The Group's sustainability strategy is designed to align our business priorities with core ethical principles, driving tangible progress toward our vision of achieving sustainable performance. This approach not only aims to create positive impacts for our stakeholders ranging from employees and customers to investors and communities but also fosters a healthier environment for future generations.

Our commitment to sustainability is deeply embedded in our overarching Group strategy, which serves as a comprehensive framework that guides our initiatives. By integrating key performance indicators and adhering to industry best practices, we ensure that our sustainability efforts are both impactful and measurable, reinforcing our dedication to responsible business practices and long-term value creation. This strategic alignment is essential for navigating the complexities of today's global landscape and delivering meaningful contributions to society and the planet.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability strategy (Continued)

The Bank places particular emphasis on inclusive economic development, social well-being, and responsible stewardship of environmental resources, recognizing that robust sustainability efforts not only mitigate risks but also unlock opportunities for innovation, resilience, and growth.

We aspire to be a purpose-driven institution that leaves a positive footprint wherever it operates. This sustainability approach is guided by the Bank's corporate philosophy and a broader commitment to global frameworks such as the United Nations Sustainable Development Goals (SDGs) and Tanzania's Nationally Determined Contributions (NDCs). The Bank seeks to foster a just transition to a low-carbon economy while catalyzing equitable socio-economic progress by embedding sustainability priorities throughout its governance, operations, product development, and stakeholder engagements.

Pillars on our sustainability strategy

Our sustainability ambition	To leave a positive footprint in every aspect of life		
	Lead a positive social impact	Drive transition to a sustainable economy	Foster collaborations for greater impact
Sustainability pillars	Contribute towards an inclusive and financially healthier society	Deliver financial solutions and advisory to individuals and companies in vulnerable sectors	Work with others to create more impact and achieve long-term value
Areas of focus	• Service Accessibility • Financial inclusion and resilience • Financial literacy • Entrepreneurship • Socially responsible investments	• Sustainable solutions • Client advisory • Contribute to the transition to a low-carbon economy	• Partnership for the Goals • Funding opportunities • Diversified Investments • Regional Expansion

Group initiatives to reduce our emissions

Waste Management

Our Group maintains effective waste management systems to ensure responsible waste collection, recycling, and disposal. We have implemented a waste disposal mechanism in alignment with local and national regulations. As part of our waste management initiatives, the following were carried out:

- All cardboard and white paper are sent to a local manufacturer, who turns them into toilet paper rolls and brown envelopes.
- Plastic bottles were shredded into flakes used to make fibre in some industries in Tanzania and for exporting overseas to make new plastic bottles, plastic chairs, berry containers, shirts and jackets.
- Cans were provided to a local manufacturer to produce metal products such as steel frames and bars.
- Glass waste was delivered to a local manufacturer to make new plastic bottles.

Quantity of wastes recycled during the year

Waste categories	Paper	Card board	Plastic	Glass	Food waste	Others (Nylon, Cans, Tins)	Total waste
Wastes recycled in (Kgs)	16,850	7,977	3,416	1,911	47,296	258	77,708

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability strategy (Continued)

Group initiatives to reduce our emissions (Continued)

During the year 81% out of total waste was recycled to produce various items like bottles, toilet papers roll, brown envelope, new plastic bottles etc

Operating in paperless mode

To implement this, the Group has started improving communication and providing service to our customers via our online platforms instead of paper, such as emails, SMS, phone calls, Simbanking, Internet banking and e-statements to our retail banking customers.

The bank also encourages customers to use its digital banking platforms to reduce emissions associated with travel and running large branches. The bank has also selectively initiated the e-KYC process, replacing the earlier physical KYC, resulting in significant savings in paper.

Online transactions	2024	2023	%
Internet and mobile banking	159,395,450	104,152,021	53%

Additionally, the Bank Implemented paperless solutions “OPTIMA” and “SAVY”, which allow the voucher Initiator to upload the intended financial transaction with supporting documents on a user-friendly digital screen. The transaction, including the attached documents, will pass through the required authorisations to the posting Unit without involving the printing of papers and manual voucher delivery

Energy efficiency

Our greenhouse gas emissions are mainly caused by the consumption of purchased electricity, diesel, and petrol used in our standby generators. We are reducing our energy consumption across all our operations. This includes using energy-efficient LED lights, inverters, and motion sensor lighting. We believe these initiatives will complement our efforts to reduce energy consumption and help to reduce our carbon footprint.

Our headquarters building has been designed to meet sustainability requirements and standards. Much of it has been constructed using glass, which helps reflect light and reduces carbon emissions from energy use. This, in turn, reduces the need for power and utilities during the day, making energy use more efficient.

Water management

We aim to reduce our water use by 20% by 2030. To achieve this, we have deployed several water efficiency measures throughout our head office, and the plan is to roll them out in our branches. These measures include the installation of low-flow fixtures and water sensors. We remain committed to reducing our water usage and increasing our sustainability efforts as we work towards a more environmentally friendly future.

Our total water consumption in litres in 2024 decreased by 4.2% to 248 from 259 litres in 2023.

Roll-out filtration and purification solutions

Our bank has implemented water filtration and purification solutions at its headquarters, accommodating more than 1,300 people. This initiative is part of our sustainability and green campaign to eliminate the use of harmful plastic bottles. The project’s first phase was completed in 2024, and we plan to roll out this initiative to other bank outlets by 2030.

Sustainable Finance

“Channelling funds where it matters”.

We are committed to fostering innovative solutions that help facilitate the transition towards a low-carbon economy. To achieve this, we have adopted a strategic approach that involves channeling resources towards initiatives prioritising sustainability, environmental preservation, and eco-friendly practices. Our initiatives are carefully designed to manage and minimize environmental and social impacts of financial

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability strategy (Continued)

Group initiatives to reduce our emissions (Continued)

activities. Our primary objective is to promote a net positive societal effect by encouraging responsible financial practices

The issuance of our Green Bond

Recognizing the urgent need to address the impact of climate change, in 2023, we issued the Green Bond branded as “Kijani Bond.” This financial instrument aims to finance sustainable and green projects that align with the Bank’s mission to support environmentally friendly initiatives. We are proud to be at the forefront of this transition towards a more sustainable future, and we will continue to explore new ways to impact society and the environment positively.

This Medium-Term Note Programme (MTN) worth TZS 780 Billion, equivalent to US$300 Million, becomes the first bond with green, social and sustainability components to be issued in Tanzania and the largest in Sub-Saharan Africa by a corporation listed on a stock exchange. The objective of the MTN is to raise funds that will be used to finance eligible Green, Social and Sustainability projects under the bank’s sustainability bond framework and in line with the principles and recommendations of the International Capital Markets Association (ICMA).

The MTN will be issued in tranches. The first tranche was issued in 2023, and TZS171.8bn was raised and oversubscribed by 429.6%, which evidenced investors’ confidence in the Bank’s ability to promote a sustainable economy. Kijani Bond is listed at DSE.

Proceeds from the issuance of the Kijani bond will be used in the following projects/activities:

- Sustainable Agriculture
- Renewable energy
- Energy Efficiency
- Green building
- Sustainable Water and waste management
- Clean Transportation
- Sustainable forestry and fisheries

As a responsible bank, we ensure that our banking practices promote positive outcomes and do not harm the planet. We assess credit risks by incorporating environmental, social, and governance (ESG) factors into our ESMS. By adopting sustainable practices, we can better manage risks and capitalize on opportunities in the changing economic environment.

Environmental and social sustainability are crucial for achieving our desired outcomes and align with our long-term growth strategy. The Group is fully dedicated to minimising scope 3 emissions through sustainable lending. To accomplish this goal, we prioritize financing projects and businesses with a clear plan for responsibly managing social and environmental resources.

We follow international best practices, including the IFC Performance Standards, to ensure our investments support sustainability initiatives. We aspire to become a leader in sustainability in the region and make a lasting commitment to climate action. In addition, the Group will decarbonise our existing portfolio to achieve a green asset ratio of 15% by 2030 and 30% by 2050, up from the baseline of 7% in 2023. The portfolio review to identify green assets was done by the Climate Bonds Initiative (CBI) using MDB principles, ICMA principles and EU and CBI Taxonomy.

The portfolio’s decarbonization will be implemented by communicating the Group’s sustainability initiatives and engaging our stakeholders in the transition pathways towards reducing their carbon emissions.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Our sustainability strategy (Continued)

Group initiatives to reduce our emissions (Continued)

Green building certification

Our head office building underwent independent verification in 2023 using IFC's EDGE certification framework. In 2024, our Bank was awarded a "Green Building Certification" after achieving the required minimum efficiencies of 20% in three key EDGE indicators: energy savings of 21%, water savings of 21%, and a reduction of 27% in embodied carbon in materials. This certification signifies that the building has demonstrated at least 20% in operational savings.

These certifications are granted by third-party organizations, which establish benchmarks for measuring a building's sustainability. Achieving EDGE certification goes beyond simply implementing sustainable practices; it reflects a commitment to enhancing our environment and inspiring others to improve their sustainability efforts. Our building has been recognized as one that is designed, constructed, and operated in an environmentally friendly and responsible manner.

Risk Management

The Group recognizes that conducting business entails both risks and opportunities. Effective risk management is imperative to address potential risks and pursue possible opportunities, to deliver our objectives and sustainable growth. The risk management framework aims to provide consistent guidance for managing the risks of the Group per good corporate governance principles.

The Group acknowledges that engaging in business activities inherently involves navigating both risks and opportunities. To successfully manage these uncertainties and capitalize on potential advantages, effective risk management is essential. This process not only safeguards our assets but also enables us to pursue avenues for sustainable growth and innovation.

The risk management framework is designed to establish a comprehensive and consistent approach for identifying, assessing, and mitigating risks across all levels of the Group. In alignment with best practices of corporate governance, this risk framework emphasizes proactive strategies that equip our leaders and teams with the tools necessary to make informed decisions. By fostering a culture of risk awareness and accountability, we aim to enhance our resilience in a dynamic business environment while ensuring the achievement of our strategic objectives.

More details on risk management are under section 10.

Metrics and Targets

Metrics and targets are crucial for assessing and managing Group climate-related risks and opportunities. These metrics help in monitoring and evaluating the Group's environmental impact and its progress towards sustainability goals.

The Group is currently engaged in a comprehensive effort to identify specific metrics and targets that will allow us to effectively monitor our progress toward achieving our sustainability goals. This process includes a thorough evaluation of climate-related risks and opportunities identified through our assessments. By establishing these precise metrics, we aim to implement effective strategies for managing and mitigating our environmental impact. The outcomes of this initiative, along with our developed targets, will be disclosed in our forthcoming sustainability report, providing stakeholders with a clear understanding of our commitments and progress in this critical area.

The Group's Contributions to SDGs

The United Nations (UN) has established 17 Sustainable Development Goals (SDGs) and corresponding targets to address barriers to economic, social, and environmental progress by 2030. These goals were adopted by all UN member states and provided a framework for transforming the world. As the leading banking institution in Tanzania, with a growing presence in other East African markets, we acknowledge our impact on the communities in which we operate. Therefore, we strive to support our communities comprehensively while safeguarding the environment and improving our business performance.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

We recognise that our business plays a vital role in accomplishing the United Nations Sustainable Development Goals, which outline broad societal objectives for the world's most pressing social, environmental, and economic challenges. In line with this, we have identified SDG targets to which we can make the most significant contribution as per the below:

Priority Goal - SDG	Related SDGs	Our response
Goal No 13 Climate action	**15** - Life on land **14** - Life below water **7** - Affordable and clean energy **11** - Sustainable cities and communities **12** - Responsible consumption and production	We support green and climate finance initiatives, deploying environmental best practices that we incorporate into our investment and credit processes through a comprehensive Environmental and Social Management System (ESMS). We collaborate with different climate practitioners to mobilise financial resources and develop climate change mitigation and adaptation projects with the aim of meeting climate ambition targets.
Goal No 3 Good health and wellbeing	**2** - Zero hunger **6** - Clean water and sanitation	The bank contributes to ensuring sustainability in the community's access to quality healthcare and well-being for all ages by supporting health investments to promote balanced lives and investing in communities to promote long-term mental and physical health and well-being through our social investment corporate initiative.
Goal No 4 Quality Education	**16** - Peace, justice and strong institutions	We are committed to providing quality education infrastructure and opportunities for lifelong learning. During the year, we invested TZS 1 Billion to support the education sector. The investment was focused on upgrading infrastructure to improve students' learning environments.
Goal No 10 Reduced inequalities	**5** – Gender equality	We are committed to promoting gender equality and empowering women inside and outside our Bank. We have established the "She Initiative Program" to enhance women's leadership skills and offer the Malkia Account that enables women to save money and access loans at a special concessional rate. By providing women with these resources, we can help them achieve their financial goals and contribute to the growth of our economy.
Goal No 17 Partnership for the goals	None	The Bank has partnered with various strategic partners, such as the Green Climate Fund, to finance green projects in Tanzania. This is part of our efforts to meet SDG targets. The total funding value is US$200 Million (GCF US$100 Million and CRDB Bank US$100 Million). Using these concessional resources, CRDB Bank will launch three new financial products to support local agribusiness: a dedicated credit line for climate adaptation technologies and practices, a credit guarantee facility to expand access to new borrowers, and a weather-indexed insurance product to help protect against losses from climate-related events.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Climate-Related Risk and Opportunities

The Bank is fully committed to upholding a high level of transparency regarding its environmental, social, and governance (ESG) practices. In alignment with the International Financial Reporting Standards (IFRS) S2, we meticulously provide comprehensive disclosures that highlight the various climate-related risks and opportunities that may influence our operations, strategic initiatives, and overall financial performance.

These disclosures aim to provide stakeholders with comprehensive insights into how the Bank identifies, assesses, and manages climate-related risks, including both physical and transition risks, as well as the opportunities arising from the transition to a lower-carbon economy. This commitment enables us to proactively address potential challenges while also capitalising on emerging opportunities related to climate change, demonstrating our dedication to sustainable business practices and responsible bank.

By adhering to IFRS S2, The Bank ensures that its stakeholders are well-informed about the bank's climate governance, strategy, risk management, metrics and targets, and performance, enabling them to make decisions regarding their engagement with the Bank.

Climate-related risks to which the bank is exposed

Physical Risks

These risks arise from the physical effects of climate change, including acute risks such as extreme weather events (e.g., floods and droughts) and chronic risks like rising sea levels and changes in temperature. Such events can disrupt our operations, impair asset values, and affect the financial health of our clients.

Transition Risks

Transitioning to a lower-carbon economy presents a range of risks, including regulatory changes, market shifts, technological advancements, and reputational impacts. Regulatory changes may require compliance with new laws and regulations, while market shifts could affect the demand for our products and services. Technological advancements could render our existing systems obsolete, and reputational impacts could arise from stakeholders' expectations of our environmental performance.

Climate change poses financial and physical risks stemming from the transition, which may affect our business's financial performance as climate risks materialise into financial risks. We evaluate climate-related risks as part of our comprehensive risk management strategy. We identify potential risks in the current risk structure and take proactive measures to mitigate or manage these risks through our ESMS.

The below table show the assessment of Climate risk, which may materialise in the different financial risk categories as a reaction to physical and transition risks.

Climate risk	Credit Risk	Market Risk	Operational Risk	Liquidity and funding Risks	Our response
Physical risks	• Impairment of collateral, which may increase credit risk	• Fluctuation of foreign exchange • Increase in interest rate	• increase in impairment losses resulting in decreased profitability • unavailability of banking Services.	Decreased bank liquidity due to reduced cash flow makes it more challenging to meet our short-term obligations and funding growth.	We have a robust risk management framework to identify, quantify, manage, and monitor risks effectively.
Transition risks	• Stranded assets • Increase in default from the sectors impacted by the transition to a low-carbon economy	• Price fluctuations due to policy changes	• Fines and penalties due to noncompliance with the new policies • Increase in cost	Decrease in cashflow	

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Climate-Related Risk and Opportunities (Continued)

Climate-related risks to which the bank is exposed (Continued)

Climate-Related Risks and Potential Financial Impacts

Risk	Climate-Related Risks	Potential Financial Impacts	Our responses/ mitigation
Transition Risks	**Policy and Legal**		
	• Enhanced emissions-reporting obligations • Changes in regulation of existing services • Exposure to litigation for non-compliance	• Increased operating and investment costs • Write-offs of stranded assets • asset impairment due to policy changes	• We are actively engaging with policymakers to ensure we comply with regulations.
	Technology		
	• Substitution of existing products and services with lower emissions options • Costs to transition to lower emissions technology	• Write-offs of systems due to emerging eco-technologies. • Research and development (R&D) expenditures in new and alternative technologies • Capital investments in the new technology. • Costs increase due to changes in processes.	• Our digital banking products are designed to have a low carbon footprint i.e. • Simbanking, Internet banking, e-statement
	Market		
	Changing customer behaviour Uncertainty in market signals	• Reduced demand for goods and services due to shift in consumer preferences • Unexpected and sudden changes in energy prices.	• The bank issued a green bond to fund sustainable projects, reflecting customer demand for eco-friendly products. • Engage and encourage stakeholders to join us in our sustainability journey.
	Reputation		
	Increased stakeholder concern or negative stakeholder feedback	• Reduced revenue from decreased demand • Reduction in fund availability from our • Investors/strategic partners	• We continue to manage our carbon footprint and transition to low carbon economy
Physical risks	**Acute**	• Reduction in revenue	• We have developed an incidence and crisis management guideline to ensure we have the necessary resilience and crisis management
	Increased severity of extreme weather events such as floods	• Write-offs of damage to property • Increased capital costs (e.g., for replacing damaged facilities)	• Continues to ensure health and safety measures are in place.
	Chronic	• Disruption of the supply chain	
	• Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels	• Interrupted or suspended transportation for customers and employees to reach offices.	

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Climate-Related Risk and Opportunities (Continued)

Climate-related risks to which the bank is exposed (Continued)

Climate-Related Opportunities and Potential Financial Impacts (Continued)

	Climate-Related Opportunities	Potential Financial Impacts	Our responses
Resource efficiency	• Reduced water usage and consumption. • Waste management • Energy efficiency, e.g., Use of LED lighting technology	• Reduced operating costs • Reduce our carbon footprint • reducing paper usage	• We continue to invest in energy-efficient equipment such as LED lights and inverters. • We have waste management dust bins • We have motion sensor lighting in some of our buildings to manage the usage of electricity • Our HQ building has a sensor water tap to manage water usage
Energy Source	• Use of lower-emission sources of energy, for example, the use of solar energy	• Reduced operational costs using alternative sources of energy, e.g. use of Solar energy	• Continue to finance investments in renewable energy
Products and services	• Investment in digital solutions to increase transaction volumes	• Increased revenue	• Continue to invest in digital platforms to reduce carbon emissions
Markets	• Access to sustainable financing • Access to funds from strategic partners who are keen on sustainable projects	• Increased revenues through access to new and emerging markets • Increased funding	• In 2023, the Bank issued a green bond to fund sustainable projects,
Build Resilience	• Improving efficiency towards creating a sustainable future	• Increased revenue through the introduction of new sustainable products and services (Low emissions)	• Continue with the adaptation and mitigation of climate-related risk and development of sustainable products and services

Climate-Related Opportunities available to the Bank

The Bank adopts a proactive and comprehensive approach to managing climate-related risks while also seizing opportunities that arise from the changing environment. This commitment highlights our dedication to sustainable development and responsible banking practices. Through regular assessments of the potential impacts of climate change on our operations and services, we strive to not only mitigate risks but also capitalize on new opportunities that can drive growth. Our goal is to generate enduring value for all our stakeholders, while also making a meaningful contribution to environmental sustainability and societal well-being.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Climate-Related Risk and Opportunities (Continued)

Climate-Related Opportunities available to the Bank (Continued)

Sustainable Agriculture	Including Agriculture Resilience and Adaptation (ARA) lending operations and supporting a guaranteed credit-enhancement facility and insurance products and services to ease financing for smallholder farmers pursuing adaptation investments.
Eligible technologies and practices may include: • Greening farming Infrastructures: Shading house, Storage facilities for crop protection (including port-harvest to reduce waste) and Water storage facilities. • Crop Productivity and soil/water management: Crop shifting, nature-based methods of harvesting, protected cultivation solutions, rainwater harvesting, solar pumps, etc • Post-harvest waste solutions: Transformation of agricultural products using energy-efficient and renewable solutions. • Reduced energy use in traction (e.g., efficient tillage), irrigation, and other agriculture processes. • Rehabilitation of degraded lands (including reforestation/afforestation, agroforestry).	
Environmental/social benefits • GHG emissions reduction (CO_2 tons equivalent) • Number of most vulnerable people and communities positively impacted through improved health and well-being and food and water security. • Increased lending to the agricultural sector; Investments in adaptation and resilience measures to address climate risks in the agriculture sector (cropping sector) in the face of climate variability.	
Renewable Energy	Renewable energy generation and efficiency projects.
Eligible assets for the acquisition, conception, construction, operation, development, and installation of renewable energy generation sources and facilities with associated transmission and grid infrastructure, including: • Wind projects, including onshore and offshore wind energy projects. • Solar photovoltaic and Concentrated Solar Power • Hydropower facilities/hydroelectric projects • Environmental/Social benefits • GHG emissions reduction (tons CO_2 equivalent)	
Green Building	Financing the construction, acquisition or retrofitting of Green buildings
Eligible assets for the construction, acquisition or retrofitting of Green buildings which meet the regional/ national /internationally recognized standards or certification as per below: • Green buildings with certification from EDGE certified, EDGE Advanced, EDGE Zero carbon, LEED Gold	
Environmental/Social benefits • GHG emissions reduction (tons C02 equivalent) • Energy saved - materials. • Water saved	
Energy efficiency	Financing clean and efficient manufacturing and other industrial processes.
Eligible Assets to support customers involved in the development, manufacture, repair, maintenance or installation of energy efficiency technologies, products, and systems including: • Bio-based products that are certified by the Roundtable on Sustainable Biomaterials (RSB) • Industrial energy-efficiency improvements through the installation of more efficient equipment. • More efficient replacement of older facilities, including sensors, automatic switches, and energy-star-certified lights and utilities. Improvement in utility-scale energy efficiency through efficient energy use, and loss reduction • Waste-to-energy projects/facilities that follow the waste hierarchy to ensure that as much of the waste as possible is reused and recycled before being converted to energy.	
Environmental/Social benefits • GHG emissions reduction (tons C02 equivalent) • Reduced waste to landfill (tonnes/year)	

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Climate-Related Risk and Opportunities (Continued)

Climate-Related Opportunities available to the Bank (Continued)

Sustainable water and waste management.	Financing sustainable infrastructure for clean and drinking water, wastewater treatment, sustainable urban drainage systems and other forms of flooding mitigation.
Eligible Assets to support the construction, extension, renewal, upgrade or operation of sustainable water and wastewater facilities, including: • sustainable infrastructure for clean and drinking water, wastewater treatment, sustainable urban drainage systems and other forms of flooding mitigation. • Eligibility excludes wastewater treatment from fossil fuel operations.	
Environmental/Social benefits • Water saved (m^3) • Waste and water treated (m^3) • Access to clean water and sanitation	
Clean Transportation	Financing Clean transportation to support the transition to low-carbon transportation.
Eligible Assets supporting the transition low carbon transportation of people and materials, including for the development, sale, operation, and upgrade of infrastructure projects, including for: • Sustainable transportation solutions, i.e., Electric power trains and vehicles Green transport modes rely on renewable energy sources such as wind and solar energy, hydroelectricity, and biomass.	
Environmental/Social benefits • GHG emissions reduction (tons CO_2 equivalent)	
Sustainable forestry and fisheries	Comprised of operation, construction, maintenance and development of land-based fish farming, facilities with wastewater treatment, including wastewater from land-based aquaculture activities, except the treatment of wastewater from fossil fuel operations.
• Sustainably Managed Forestry that increases carbon stocks • Biosphere conservation projects targeting reducing emissions from the deforestation or degradation of ecosystems. • Sustainable aquaculture comprises the operation, construction, maintenance, and development of land-based fish farming.	
Environmental/Social benefits • Protected or restored habitats • Forest / native vegetation restoration • GHG emissions reduction (tons CO_2 equivalent)	

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Group's Initiatives Towards Low Carbon Economy

The Group has been actively involved in promoting a low-carbon economy through several key initiatives. These initiatives encompass investments in sustainable projects, partnership with environmentally conscious organizations and the development of green financial products aimed at reducing carbon footprints that aligns with the Bank's mission to support environmentally friendly initiatives. Through these strategic actions, the Bank is not only contributing to environmental sustainability but also encouraging its clients and the wider community to adopt greener practices.

Below are some initiatives:

Green, Social, and Sustainability Bond Framework

In March 2023, the Bank introduced an innovative Green, Social, and Sustainability Bond Framework, highlighting its strong commitment to promoting environmental and social sustainability. This comprehensive framework is designed to support and prioritize a range of impactful projects aimed at enhancing ecological and social well-being. Key initiatives under this program include those focused on renewable energy sources, improvements in energy efficiency, and projects that strengthen climate resilience. Through this strategic approach, the Bank aims to foster a sustainable future for both communities and the environment.

Green Bond Issuance

Recognizing the urgent need to address the impact of climate change, in 2023 the Bank issued the first Green Bond branded as "Kijani Bond" to finance climate-friendly projects. The proceeds from this bond are used to support sustainable development initiatives such as climate-smart agriculture, renewable energy, water management, forestry, and green building projects.

Green Climate Fund (GCF) Accreditation

The Bank has earned esteemed accreditation from the United Nations Green Climate Fund (GCF), positioning itself as a pivotal financial intermediary in the advancement of green financing initiatives across Tanzania. This accreditation is not merely a badge of honor; it signifies the bank's capability to access and mobilize substantial financial resources for a diverse range of large-scale projects.

These projects are designed to deliver a profound impact on both social and economic development, addressing critical issues such as climate change mitigation, renewable energy adoption, and sustainable resource management.

By leveraging this opportunity, The Bank is actively involved in fostering transformative change throughout the country, ensuring that projects align with sustainable development goals while improving community resilience and promoting environmental stewardship. Through strategic partnerships and innovative financing solutions, the bank is committed to driving progress that benefits both people and the planet.

Sustainable Finance Unit (SFU)

The Bank has a dedicated Sustainable Finance Unit (SFU) that oversees the implementation of climate action projects based on our social and environmental policies and procedures. The SFU ensures that our projects adhere to international best practices and environmental and social management systems (ESMS). This unit is guided by our comprehensive social and environmental policies and procedures, ensuring that all initiatives align with our commitment to sustainability. The SFU not only monitors compliance with these internal policies but also ensures that our projects adhere to international best practices. In doing so, it rigorously applies environmental and social management systems (ESMS) to assess and mitigate potential impacts, fostering responsible and effective project execution that supports our broader environmental goals.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Group's Initiatives Towards Low Carbon Economy (Continued)

Sustainable Finance Unit (SFU) (Continued)

The bank has established a governance framework designed to ensure that both the Board of Directors and senior management play an active role in overseeing sustainability and climate-related risks and opportunities. This framework facilitates an integrated approach to governance, where climate risks and opportunities considerations are not only recognized but also prioritized within the organization's overall strategy.

The Board receives quarterly updates on sustainability initiatives, allowing for informed discussions and decision-making. These updates encompass various aspects, including progress on current sustainability projects, challenges faced, and potential opportunities for enhancement. By incorporating sustainability into the strategic decision-making process, the bank aligns its business objectives with the broader goals of the environment, where the Climate is the central focus and social responsibility, ensuring that sustainability is a fundamental element of its long-term strategy. This proactive approach helps the bank effectively manage climate risks and opportunities while positioning it as a leader in sustainable banking practices.

Sustainability Disclosure Topics

Sustainability disclosure topics encompass a broad range of areas that reflect the Group's impact on the environment, society, and governance. The sustainability disclosure topics include;

- Data security
- Incorporation of ESG matters in credit analysis
- Business Ethics and code of conduct
- Financial inclusion and capacity building
- Financed emissions
- Systematic Risk management

These topics represent the Group's comprehensive approach to sustainability, ensuring that our operations align with broader societal goals and positively impact the communities we serve. By addressing these areas, the Group provides a clear view of its sustainability efforts, enabling stakeholders to understand our commitment to responsible and sustainable practices. This holistic approach not only enhances the Group's reputation but also fosters trust and promotes positive change.

Data security initiatives at our Group

The Group is deeply committed to ensuring the security of its operations, customers, and stakeholders. As part of our comprehensive sustainability agenda, we have implemented a range of robust security measures designed to safeguard our assets, sensitive data, and overall operational integrity. This commitment significantly contributes to a safer, more resilient banking environment.

Our dedication to security is not just a regulatory requirement; it is an integral component of our sustainability strategy. We continually assess and enhance our security protocols, ensuring that they adapt to emerging threats and technological advancements. This dynamic approach enables us to create a safe and trustworthy banking atmosphere for our customers and stakeholders alike.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
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25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

Data security initiatives at our Group (Continued)

Specifically, our initiatives encompass multiple facets of security, including;

Cybersecurity Enhancements	• Advanced Threat Detection: CRDB Bank has invested in state-of-the-art cybersecurity technologies to detect and mitigate potential threats. This includes real-time monitoring systems and AI-driven threat analysis. • Employee Training: Regular training sessions are conducted to educate employees on cybersecurity best practices, ensuring they are equipped to handle potential security breaches.
Physical Security	• Secure Facilities: Our branches and data centers are equipped with advanced security systems, including surveillance cameras, access control mechanisms, and alarm systems to prevent unauthorized access. • Emergency Response Plans: We have established comprehensive emergency response plans to address any physical security incidents promptly and effectively.
Data Protection	• Encryption Protocols: CRDB Bank employs robust encryption protocols to protect sensitive customer data during transmission and storage. • Compliance with Regulations: We adhere to national and international data protection regulations, ensuring that our data-handling practices meet the highest standards of security and privacy.

Our cybersecurity team employs cutting-edge technologies and monitors systems 24/7 to detect and mitigate potential threats swiftly. We are continuously improving our security measures and aim to create a safe and trustworthy banking environment for our customers and stakeholders, reflecting our commitment to sustainable and responsible banking practices.

Incorporation of environmental, social, and governance factors in credit analysis

As a responsible banking institution, we are committed to implementing banking practices that drive positive environmental and social outcomes while safeguarding the planet. We rigorously evaluate credit risks by incorporating comprehensive environmental, social, and governance (ESG) factors into our robust Environmental and Social Management System (ESMS). Our Bank has developed a detailed credit appraisal checklist designed to assess and prioritize ESG considerations before approving any financial projects or investments. The assessment cuts across all segments, including commercial lending and project finance.

By proactively adopting sustainable practices, we manage risks effectively and capitalize on emerging opportunities within the dynamic economic landscape. We recognize that environmental and social sustainability are crucial for achieving our strategic objectives and long-term growth trajectory. Our credit policy is intentionally designed to prioritize projects that enhance environmental stewardship and social equity, ensuring that we contribute positively to the communities we serve.

Furthermore, we adhere to international best practices, including the International Finance Corporation (IFC) Performance Standards, which guide us in evaluating the sustainability and impact of our projects. With a focus on fostering innovation in sustainable finance, we aspire to set a benchmark for sustainability leadership within our region. Our unwavering commitment to climate action underpins all our initiatives, driving us to promote a greener, more sustainable future for all stakeholders involved.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

The Bank's environmental, social and climate risk management policy

The Bank is committed to promoting environmentally sound and sustainable development in the full range of its credit products. The Bank believes that environmental, social, and climate sustainability is a fundamental aspect of achieving outcomes consistent with its credit policy and recognises that projects that foster environmental, social, and climate resilience rank among the highest priorities of its activities.

The policy's objectives are to Provide a mechanism to enable the Bank to optimize opportunities, manage climate risks and impacts, and improve the outcomes of the financed activities by incorporating climate-related financial risks into our governance and risk management practices in portfolio management and across the bank's operations.

Oversight and accountability to the incorporation of ESG factors

Responsibilities of the Board

- Approve the Environmental, Social, and Climate Risk Management Policy as recommended by senior management and ensure that the management complies at all times with the requirements of this policy.
- Approve the implementation of green and climate finance-related projects or programs under international funds.
- Provide an oversight role to ensure compliance with all applicable legal and regulatory requirements of environmental, social, and climate risk management.

Responsibilities of the credit department

- Ensure that all projects/business activities loan packs have dully filled environmental and social Risk Assessment (ESRA) checklist and incorporate the climate-related financial risk issues and field visit reports are in place.
- Ensure the ESRA checklist has been completed by the responsible lending officer (RO/RM) during customer recruitment and/or during regular customer meetings with key personnel, monitoring, or when customers request project expansion or additional financing enhancement.
- Ensure the availability of the Environmental and Social Risk Assessment (ESRA) section to all credit appraisal templates in order for the credit analyst to input his or her environmental and social as well as climate-related analysis observations.
- Involve the Sustainable Finance Unit (SFU) in the review of various credit documents, including appraisal templates, policies, procedures, training guidelines, curriculums, and manuals, to ensure the inclusion of ESRA and climate risk assessment in the credit flow from end to end.
- Ensure that climate-related financial risks are assessed, for instance, during client onboarding, credit application, and credit review processes.
- The credit management team and other authorities in the loan appraisal, approval, and disbursement processes should be aware and consider that E&S risks are as critical as other risks during the credit appraisal process. The commitment of management will motivate other technical staff to consider ESRA during day-to-day project financing.
- The Department of Credit should include the topics of environmental, social, and climate issues and involve the Sustainable Finance Unit (SFU) in all credit-related training for all levels, including entry-level, periodic, and internal training curriculum, in order to build internal capacity and awareness for sustainability, environmental, and social management systems (ESMS) and climate-related financial risk exposures and mitigation tools of the bank.
- Ensuring that Environmental, Social and Climate-related risk covenants in loan agreements executed between the bank and borrowers are adhered to. Ensuring that Environmental and Social covenants in loan agreements executed between the bank and borrowers are adhered.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

Business ethics and code of conduct

The Group is dedicated to protecting its reputation and that of our stakeholders as we fulfill our responsibilities. This oversight lies entirely with the bank's management and employees. We believe that maintaining an ethical culture in the financial sector is crucial for customers, employees, regulators, and the banking sector's integrity. A secure, reliable, and efficient financial system is one of the pillars of economic stability in any country. Therefore, nurturing an ethical culture is essential for our Bank.

Based on this commitment, we have developed a Code of conduct with a comprehensive set of minimum behaviors, conduct standards, and acceptable practices that all employees must demonstrate and adhere to while performing their duties within the Bank. This commitment ensures everyone upholds the Bank's values and maintains a professional environment.

Objectives of our code of conduct

The Bank recognizes the importance of maintaining the highest standards of professionalism, integrity, honesty, and fairness among all its staff. Therefore, it is committed to taking all necessary measures to uphold these principles. The objectives of this Code of Conduct are to ensure strict adherence to the best banking practices in accordance with the Tanzania Bankers Association's (TBA) guidelines and to promote a continuous commitment to ethical conduct and professional standards among all staff and stakeholders. This commitment aims to strengthen the core values of both the Bank and TBA.

Below are the specific objectives of our code of conduct:

- Guide every Staff member to meet their professional obligations to customers and other stakeholders by maintaining and enforcing the highest level of professionalism, integrity, and ethical conduct.
- Ensure that staff conduct themselves in a manner that always befits the good name and image of the Bank and the banking industry.
- Ensure that every staff member complies with applicable laws and regulations guiding the banking industry by upholding and adhering to the spirit and principles provided for in this code of conduct.
- Reaffirm and restate the commitment of the Bank and its staff to adhering to specific obligations provided in this code of conduct and TBA. Put in place mechanisms for enforcing this code of conduct to achieve its intended purpose.

Purposes of the code

The main purpose of this code of conduct is to set and maintain a standard for acceptable behavior for all bank employees. It acts as a reminder to the employees of what is expected of them. It further highlights that their actions should always align with the ethos of the business to protect the reputation of "the Bank" and its Employees.

The purpose is to identify specific behaviors that are either essential to success or those that could negatively impact objectives or the wider reputation of the Bank. The Bank foresees compliance mechanisms, disciplinary procedures, and grievance actions that are appropriate if employees fail to comply with the Code. Any employee who breaches or fails to report an actual or suspected breach will be subjected to corrective and disciplinary action. Corrective or disciplinary action can range from reprimands to termination of the working relationship, depending on the severity of the breach.

Core principles for the Group code of conduct

Our core ethical values, outlined in the table below, establish a corporate code of ethics that requires understanding and active participation from everyone in the Group. This Code specifies the expected standards of behavior and the operating principles that must be followed. Every staff member is required to ensure that the bank always maintains high ethical standards and that adequate internal control measures are in place to guard against unethical practices.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

Business ethics and code of conduct (Continued)

Core principles for the Group code of conduct (Continued)

Service excellence	• Provide excellent service to clients, partners, and colleagues. • Value strong and long-term relationships with clients, partners, and colleagues • Strive to understand the need of clients, partners, and colleagues
Professional behaviour	• Comply with professional standards and applicable laws and regulations • Avoid any action that may discredit the Bank.
Integrity	• Earn trust by straightforward and honest behaviour in professional and business relationships. • Be truthful about the services provided, the knowledge possessed, and the experience gained.
Fair business practices	• Be committed to fair business practices and "arm's length" transactions. • Respect competitors and do not compete unfairly.
Accountability	• Understand one's responsibilities and decisions and assume them without trying to avoid them. • Report any relevant misconduct using the proper escalation and clearance protocol.
Objectivity	• Be objective in providing services and advice to our customers. • Address differences of opinion and handle them constructively and professionally.
Confidentiality	• Respect the confidentiality of information. • Do not misuse information of the Bank, clients or colleagues for personal advantage or for the benefit of third parties.
Respect & Diversity	• Treat all colleagues with respect, courtesy, and fairness. • Encourage and value the diverse mix of people, opinions, and experiences. • Promote equal opportunity for all.

Compliance with the Group code of conduct

Compliance with our code of conduct is embedded in our employment contracts, recruitment and performance management activities. All employees must comply with our code of conduct and report conduct that may breach the law, the code or policy.

Any employee, contractor, or consultant can confidentially report concerns about conduct, practices, or issues to our Risk and compliance department and the HR department. To help our employees apply the principles of our code of conduct, we have developed a training course for newly appointed employees as part of the induction course. Annually, all employees are reminded of the code of conduct when declaring assets and liabilities. Additionally, employees must undertake mandatory training on anti-money laundering and counter-terrorist activity, personal data protection and privacy, and cyber security.

Metrics

As a financial institution, we operate under stringent legal regulations designed to combat tax evasion, fraud, insider trading, antitrust behaviour, money laundering, corrupt practices, price fixing and market manipulation. To uphold our commitment to ethical banking and integrity, we have implemented a comprehensive zero-tolerance framework. This framework aims to rigorously enforce compliance with all applicable laws and regulations. We prioritize transparency and accountability in our operations, ensuring all employees are trained to recognise and report suspicious activities. By maintaining these high standards, we strive to protect our customers, shareholders, and the broader financial system from illicit activities.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

During the year, the Bank had no significant monetary losses resulted from legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.

Reporting compliance

Reporting misconduct is crucial to ensure ethical practices and maintain trust within the Group. Employees and stakeholders are encouraged to report any unethical behaviour, fraud, or violations of Group policies through established channels such as the internal whistleblowing system, dedicated hotlines, or directly to the Risk and compliance department and Human resource department. The Bank guarantees confidentiality and protection against retaliation for those who come forward with genuine concerns. By fostering a culture of transparency and accountability, the Bank aims to uphold its integrity and commitment to ethical standards.

Group whistle-blower policies and procedures

The Group has strong whistle-blowing policies and procedures with the primary objective of promoting a framework within the Bank where staff are encouraged and feel confident to reveal and report any fraudulent, immoral, unethical, or malicious activity or conduct of fellow employees, management, those charged with governance, clients, consultants, vendors, contractors, and any other parties with a business relationship with the Bank which in their opinion may cause financial or reputational loss to the Bank. The policy is essential for maintaining a positive compliance culture in which employees adhere to all internal bank policies and respect the country's applicable laws and regulations.

The Bank is committed to maintaining the highest possible standards of ethical and legal conduct within all its projects, programs, and businesses. In line with this commitment and to enhance good governance and transparency, this policy provides an avenue for raising concerns related to fraud, corruption, or any other misconduct and assuring that persons who disclose information about these misconducts will be protected from retaliation. The policy sets out the mechanism for employees and non-employees to report any concerns or suspicions regarding possible violations of laws, rules or regulations or suspected wrongdoing of internal Bank policies, standards, or procedures.

The whistle-blower and Witness Protection Act of 2015 makes it illegal for employers to retaliate against whistle-blowers. Staff are periodically trained as part of induction and ongoing development, encouraging staff and other stakeholders to bring out information helpful in enforcing good corporate governance practices. The whistle-blower section is also found on the bank's website, where customers and other stakeholders are advised to raise concerns on misconduct through either internal or external - Independent third-party channels. The whistle-blowers have options of whether to reveal their identity or remain anonymous.

Issues that may be reported through the Bank whistleblowing channels include:

- Breaches of group policies and procedures „
- Abuse of power or authority
- Fraud, theft, bribery or corruption
- Incidence of noncompliance with laws and regulations „
- Human rights abuses
- Sexual misconduct
- Discrimination and harassment
- Danger to the health and safety of others

All received whistle-blowing cases were kept confidential and anonymous, and they were all addressed.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

Financial inclusion & capacity building

We are dedicated to fostering financial inclusion by ensuring our community can access affordable and convenient financial products and services, regardless of location, background, or financial status. Our brand propositions and offerings have been designed to cater to our customer's diverse and evolving needs. We have invested significantly in the latest technologies and innovative delivery channels to ensure our services are accessible to everyone. We are committed to providing a level playing field for our customers, especially those in underserved and remote areas, to help them achieve their financial goals and aspirations.

The Bank has seen a significant increase in its customer base, which has grown to 6.4 Million from 4.0 Million in 2023. This growth has been attributed to the expansion of our agency banking services, which have played a crucial role in providing access to financial services. We have grown our agency network to 36,566 from 34,627 in 2023, highlighting our commitment to delivering services to the unserved population. Furthermore, the bank has seen an increase in online transactions by 53% through our various digital channels.

Creating an enabling banking environment for everyone

Promoting financial inclusion involves increasing accessibility of our financial products by the low-income earners group. Through our various digital solutions, we have managed to increase the accessibility of our banking products by the underbanked community. We believe that digital transformation to reduce the cost of access is crucial towards greater financial inclusion. We have carried out several initiatives to provide communities with affordable products and services to elevate their financial well-being.

The Bank has entered into several agreements with international agencies to secure funds to facilitate the provision of affordable loans to women and youth. Through such funding arrangements, the Bank has provided affordable loans to women and youth borrowers, particularly in the education & health sectors, MSMEs, and the informal sectors in Tanzania.

The below table shows the amount of loans outstanding that qualify for programmes designed to promote small business and community development.

Outstanding Loan balances in TZS' Million	2024	2023
Loan to SMEs	1,270,496	967,739
Loan to women	1,619,125	1,596,883
Loan to small farmers	74,214	49,493
Loan to Government workers	1,984,279	2,450,807
Total	**4,948,114**	**5,064,922**

Promoting financial literacy

We strongly believe that financial literacy can empower our stakeholders to make better and more informed financial decisions, which help them to gain control of their future. To this end, we have implemented a diverse range of initiatives that are designed to enhance financial knowledge and awareness. For instance, every year, we organise various seminars, including “Uwekezaji Day” and the AGM, which incorporate topics on financial literacy for our shareholders and other stakeholders. These seminars are facilitated by experts from both within and outside the Bank.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

Financial inclusion & capacity building (Continued)

Promoting financial literacy (Continued)

Our CRDB bank foundation continues to empower individuals with valuable financial literacy training and capacity-building sessions through our dedicated program. These initiatives aim to enhance their business and financial management skills, transforming their lives and bolstering local economies to their fullest potential. In 2024, we reached 196,650 (2023:109,722) women and youth across Tanzania, further solidifying our commitment to fostering economic empowerment and sustainability within the communities we serve.

Furthermore, during holidays, we conduct free training sessions on financial literacy for students of all levels. Through these initiatives, we aim to educate and empower students to become more financially savvy and confident in making financial decisions.

Promoting Financial Inclusion

Our approach to financial inclusion centres on the CRDB Bank Foundation through the Imbeju programs and our Al Barakah banking. Through our Imbeju program, we are committed to promoting financial inclusion by offering various services/products including savings accounts that have been specifically designed to remove barriers for the unbanked and underbanked populations. These accounts come with no monthly maintenance fees, allowing customers to save their money without incurring unnecessary charges. Customers only incur transaction fees, making the account both accessible and cost-effective.

This initiative aims to empower individuals who may have previously felt excluded from traditional banking services. As a testament to our efforts, during the year, 144,810 accounts were opened (68,043:2023). From our records, no account was closed during the year (Nil:2023).

Our Al Barakah banking offers Islamic banking services designed specifically to cater to the community's needs that adhere to Shariah laws. Unlike conventional banking options, our Islamic window provides tailored financial solutions that align with religious principles, ensuring that our clients can manage their finances in a manner that respects their beliefs and values. Our commitment is to serve those seeking banking alternatives that are ethical and in harmony with their faith. In 2024, our third year of operation, we continued to experience significant growth, expanding our customer base from 112,621 in 2023 to 296,000 by the end of 2024, a growth of 162% year-on-year.

Short and long-term strategy to increase small business and community development

The initiative is a key component of our overall group strategy, which aims to optimize our portfolio mix by placing a stronger emphasis on retail loans in comparison to corporate loans and advances. Specifically, our focus is on increasing the volume of retail loans, which encompasses small and medium enterprises (SMEs), micro, small, and medium enterprises (MSMEs), as well as personal loans. This strategic shift is designed to not only diversify our lending activities but also to cater to the growing demand in the retail lending sector and support economic development at various levels. By enhancing our offerings in these areas, we aim to strengthen our market position and better serve our customers' financial needs.

Managing financed emissions

These emissions refer to the greenhouse gases that the Bank indirectly finances through our lending and investment activities. As part of our comprehensive commitment to sustainability and the global transition to net-zero emissions, the Group is actively assessing financed and associated greenhouse gas emissions across our portfolio. This assessment includes a detailed analysis of various sectors and projects we support, with the aim of identifying and understanding the carbon footprint linked to our financial activities. By doing so, we strive to enhance our accountability and align our strategies with international climate goals, ultimately supporting a more sustainable future.

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

Managing financed emissions (Continued)

This involves several key steps:

- Assessment of carbon footprint: We are conducting comprehensive assessments of the carbon footprint associated with our loan portfolios, beginning with the corporate and mortgage segments. This process involves identifying high-emission sectors and projects and quantifying the emissions they generate.
- Setting reduction targets: Based on our ongoing assessment, we will establish ambitious yet achievable targets to reduce financed emissions. These targets will align with our Group strategy and adhere to international standards and frameworks, such as the Paris agreement and the science-based targets Initiative (site).
- Implementing reduction strategies: we will implement various strategies to meet our reduction targets. These include promoting green financing, supporting renewable energy projects, and encouraging our clients to adopt sustainable practices.
- Monitoring and reporting: Continuous monitoring and transparent reporting are essential to our approach. We will regularly track our progress toward emission reduction targets and report to stakeholders, ensuring accountability and transparency.

Green financing initiatives

CRDB Bank has taken significant steps towards green financing, demonstrating our commitment to environmental sustainability. In 2023, the Bank launched the Medium-Term Note Programme (MTN) worth TZS 780 Billion, equivalent to US$300 Million. This became the first bond with green, social, and sustainability components to be issued in Tanzania and the largest in Sub-Saharan Africa by a company listed on a stock exchange. The objective of the MTN is to raise funds that will be used to finance eligible Green, Social, and Sustainability projects under the bank's sustainability bond framework. This aligns with the International Capital Markets Association (ICMA) principles and recommendations. The MTN will be issued in tranches.

Green climate fund (GCF) accreditation

In 2021, CRDB Bank became the first commercial Bank in Africa approved by GCF, with a total funding value of US$200 Million [GCF US$IOO Million ((70mn Senior Loans + 10mn Guarantees + 20mnGrants) and Co-financing US$IOO Million]. Using these concessional resources, the Bank will launch three new financial products to support local agribusiness:

- A dedicated credit line for climate adaptation technologies and practices.
- A credit guarantee facility to expand access to new borrowers.
- A weather-indexed insurance product to help protect against losses from climate-related events.

This program aims to reach more than 6.1 Million direct and indirect beneficiaries by transforming the country's climate financing processes to address affordable climate adaptation technologies in the agriculture sector. This will ultimately boost food security and enhance the resilience of the agricultural sector, including smallholder farmers, thereby improving our citizens' livelihoods and quality of life.

The loan is disbursed in tranches within a program implementation period of 5 years. In 2023, the Bank received the first tranche of USD 35 Million out of USD 70 Million as an adaptation credit facility for executing a lending program titled Tanzania Agriculture Climate Adaptation Technology Deployment Programme (TACATDP). The program is expected to support farmers in Tanzania in accessing loans that will enable them to acquire climate adaptation technologies to increase resilience in farming activities and combat the effects of climate change in agriculture.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25 SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (Continued)

Sustainability Disclosure Topics (Continued)

Systemic Risk Management

Effective risk management is crucial to safeguard our financial health and prevent systemic instability. Our robust risk management framework helps in identifying, assessing, and mitigating potential losses from credit defaults, market fluctuations, liquidity issues, interest rate changes, and operational failures and reports the risks inherent to our business operations to the appropriate levels of management so that risk mitigation actions can be implemented.

Through the effective use of processes, information, and technology, we have developed a multi-layered risk management framework that identifies, assesses, monitors, and manages risks (credit risk, market risk, liquidity risk, interest rate risk, and operational risk). Our framework incorporates a Board-approved Stress Testing Policy & System, a vital component of our Internal Capital Adequacy Assessment Process (ICAAP). Stress testing plays a vital role in this assessment by simulating a variety of stressful, yet realistic scenarios to assess our vulnerability to extreme conditions.

Furthermore, we recognise the growing importance of environmental, social, and governance (ESG) factors. Our ESG & Climate Change Assessment framework helps us identify and mitigate potential ESG risks and climate change threats associated with our borrowers and their business operations.

Our independent risk and compliance department ensures objectivity and oversight. A robust risk assessment helps us evaluate the likelihood and potential impact of each risk. We then implement a combination of mitigation techniques, such as setting credit limits, diversifying loan portfolios, managing interest rate exposure, and implementing robust internal controls, to proactively manage these risks.

26 RESULTS AND DIVIDENDS

The Board recommends a dividend of TZS 65 per share from the year 2024 profit after Tax (2023: TZS 50 per share). The total amount of dividend recommended is TZS 169,770 Billion (2023: TZS 130,592 Million), which is 32.2% of the net profit (2023: 30.9%).

27 CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

The results of the Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility under the Tanzania Companies Act 2002 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in notes 5 and 8 to the Financial Statements.

28 SOLVENCY

The state of affairs of the Group and the Bank as at 31 December 2024 is set out on page 334 of the financial statements. The Directors consider the Group and Bank to be solvent within the meaning ascribed by the Tanzania Companies Act No.12 of 2002. The Board of Directors confirms that, the applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis, and it reasonably expects the Bank to have adequate resources to continue in operational existence for the foreseeable future.

29 ACQUISITIONS AND DISPOSALS

During the year there were neither acquisitions nor disposals of subsidiaries.

30 INVESTMENTS

The Group held the following investments:

Investments as at 31 December 2024:	Number of shares	Value of shares (TZS' Million)
Tanzania Mortgage Refinance Company (TMRC)	4,500,000	7,299
Dar es Salaam Stock Exchange (DSE)	327,632	786
Tandahimba Community Bank (TACOBA)*	-	-
Burundi National switch	-	-
Kilimanjaro Cooperative Bank (KCBL)	-	-
Watumishi housing	10,000,000	1,230
Cooperatives Bank of Tanzania	11,048,500	5,524

Investments as at 31 December 2023:	Number of shares	Value of shares (TZS' Million)
Tanzania Mortgage Refinance Company (TMRC)	3,000,000	4,866
Dar es Salaam Stock Exchange (DSE)	327,632	590
Tandahimba Community Bank (TACOBA)*	3,300,000	2,283
Burundi National switch	10,000	88
Kilimanjaro Cooperative Bank (KCBL)	1,400,000	6,108
Watumishi housing	10,000,000	1,000

*The Group holds 3.2 Million preference shares and 100,000 ordinary shares of TACOBA

31 INVESTMENTS IN SUBSIDIARIES

The Bank has established three wholly owned subsidiaries, namely CRDB Bank Burundi S.A., incorporated in the Republic of Burundi in 2012, CRDB Insurance Company Limited incorporated in the United Republic of Tanzania under TIRA in 2024 and CRDB Bank Foundation registered by the Registrar of NGOs in 2023. The Bank also own another subsidiary in Congo, "CRDB Bank Congo ", incorporated in the Democratic Republic of Congo in 2023, with 55% ownership.

The countries of incorporation are also their principal place of business.

All subsidiaries are unlisted and have the same year-end as the Bank. The investment in the subsidiaries includes the cost of shares and other initial payments made for the subsidiaries.

32 EMPLOYEES WELFARE

CRDB Bank is committed to achieving its business objectives through its people. We believe that our employees are our most valuable assets, and we make an effort to develop their abilities and productivity. We encourage a work culture, foster relationships with them at every level in the Group and encourage them to express their views and share their ideas to bring about improvements towards the achievement of our vision.

This is based on the conviction that a pleasant and safe working climate, with an emphasis on the enduring availability of a satisfactorily trained, active, and motivated workforce evidenced by very low employee turnover, is a critical success factor for the Bank and its subsidiaries. The Bank strives to create an environment responsive to different cultures and groups in all our interactions with employees, customers, visitors, suppliers, contractors, shareholders, investors and in the communities in which we operate.

There are a lot of talks these days about the importance of good nutrition, physical fitness, and stress reduction. Our Bank firmly believes that quality health plays an important role in the success of the organization and in promoting health and well-being among our staff. The Bank launched well-being services in 2021 with a focus on empowering colleagues and eligible dependents to address individuals' challenges which require support in physical and social well-being.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

32 EMPLOYEES WELFARE (Continued)

The Services includes;

- Professional telephone counselling in swahili and english: Counselling for psychosocial problems, substance abuse, and addiction, relationship problems, financial management, health, personal, or work-related problems, and all mental disorders.
- Professional face-to-face counselling: For any psychological, relationship, medical stress, financial problems, marital and prenatal counselling, trauma-focused counselling, teenage counselling, family therapy, individual and corporate coaching, fitness, nutrition, and lifestyle management.
- Managerial consultation for stress management, crisis management, assistance in managing risk cases, cultural diversity, or employee performance management.
- Psychiatric care arrangement: outpatient assessment and care through an accredited Psychiatrist.
- Emergency response critical incident stress debriefing (CISD): Worksite counselling and stress management support such as armed robbery, death, or disaster at a worksite.
- Education support and awareness: Conduct an awareness program across the network periodically to equip employees with key psychological threats/signs.

Management and Employee Relationship

The Group's management focuses on building the right culture as a strategic human resource priority by ensuring that the Bank's culture is embedded across all levels and the same is driven across the entire workforce. Having the right culture is an essential element for the Group's future development as we transform towards creating the digital era of banking. Amongst the key components in this development is ensuring that our leaders are charged with the major roles of fostering strong leadership capabilities, talent management, and enhancing employee relationships and development.

Our leaders believe in and always strive to create an enabling environment where all employees will be able to utilize their fullest potential while allowing them to connect to each other with dignity and respect. Through this approach, the management maintains a harmonious working environment with both the employees and the Trade Union.

Resultant to these initiatives, the Group has been able to retain its key staff and maintain the turnover rate below 2%, which is far below the industry rate. Additionally, CRDB Bank continued to maintain a strong organization health index compared to the global benchmarks as rated by McKenzie, which indicates a strong capacity to continuously improve its performance in the future.

Employees Performance Management

The Bank uses a Performance Management System to evaluate employees' performance against set and agreed-upon objectives. The system forms the basis for providing employees with performance feedback, recognition, development, and a corrective action plan to promote effective performance.

The Performance Management System is an integrated process with the full participation of managers and staff in both setting and reviewing performance objectives. The Bank uses the Balanced Scorecard and Competencies Framework as a tool for assessing the performance of its employees. The Balanced Score Card Performance review is conducted semi-annually where the Line Manager and the subordinate meet to review the performance of that ending period and as a session for giving feedback. The Performance assessment results form a valuable component of one's reward.

Training and Development

The role of training is to improve job performance, develop skills, and prepare individuals for other roles and responsibilities. As with promotion and career development, decisions regarding who is trained and how that training will be facilitated will be based on individual development needs and not on age, disability, gender, socio-economic status, ethnicity, or religion.

32 EMPLOYEES WELFARE (Continued)

Training and Development (Continued)

The Bank regards its employees as the most valuable asset and is committed to the learning, development, and growth of its employees. The Bank realizes that in discharging its objectives it needs to have trained and skilled personnel to maintain a well-balanced organization and a management team capable of performing the duties of the bank properly. To meet its present and future human capital demands, the Bank trains and develops its employees through various development programs. The Bank encourages its employees to train and develop themselves to acquire skills, knowledge and competencies which are necessary for their productivity, efficiency, and career development plan. The Bank has adopted a 70-20-10 model which reveals that individuals tend to learn 70% of their knowledge from challenging experiences and assignments (On the job), 20% from developmental relationships, and 10% from coursework and training.

The Group continued to take advantage of the modern facilities at the Training Centre for the development of its workforce. The Group used different learning methodologies to offer these trainings which included: blended learning through different facilities like Video Conferencing which allowed facilitators from one point to interact with different business units; web-based learning (eLearning) whereby one could learn at their own pace; Distance Learning Programs for Professional Banking Qualification; and face to face training sessions which were conducted within and outside the Group. All employees of the Group, have access to more than one learning option and are encouraged to use the opportunity to re-tool and up-skill themselves in their specialised area of working and personal development to enable them to discharge their duties effectively.

Youth Programs

During the year, the Bank launched the Graduate Program, which focuses on preparing college graduates to become experts in banking and building them into future leaders. The program is a rich career and professional development opportunity for committed graduates who aim to make a positive impact in the Banking Sector.

The program came at the right time when the government and development partners in the country are investing heavily in ensuring that university graduates in the country find employment and create a self-employed environment. The program provides more than a job. It creates a fast-paced journey to grow the skills of young graduates, develop their careers, and unlock their potential. A total of 32 young graduates were enrolled both from Tanzania and Burundi. In the course, the trainees receive field training through branches, departments, and units within the bank to build their resilience. As a local Bank, We are proud to be part of the youth employment solution.

Employee Wellbeing Initiatives

The Bank have an employee wellness program which is a professional service that offers confidential counselling, sensitization training, capacity building and support with regards to health-related issues. The program aims at sensitizing staff to change and live healthier lifestyles. It emphasizes the balancing of work/life within dimensions like emotional control, behaviour change, mind and body health, physical fitness, etc. Employees have access to a range of health and wellbeing resources, including medical cover, occupational health services and an employee assistance program.

The Bank continued to offer unique employee wellness programs that went far beyond the normal offerings to employees and their family members. These programs included programs for teenagers, housemaids, and counselling sessions for all staff and their dependents.

Occupational health and safety policy

The Bank has an occupational health and safety policy that aims to ensure Occupational Health and Safety (OHS) for CRDB Bank staff, its customers, and its premises. The policy specifies the control requirements and guidelines with respect to OHS and provides obligations and responsibilities to staff, the Board of Directors, and Management to ensure they act in a manner consistent with regulatory requirements and this Policy.

The primary objective of the policy is to ensure premises and OHS key risks are understood across the Bank, assessed, and mitigated appropriately and adequately managed. The policy set out the minimum control requirements to address the Premises & OHS framework by explaining 'what' Business Units and Functions need to do; and ensure compliance with relevant legal and regulatory requirements, including any required authorizations, permissions, and licenses.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

32 EMPLOYEES WELFARE (Continued)

Occupational health and safety policy (Continued)

Furthermore, employees are encouraged to participate in various sports activities and work in partnership with external leading health specialists to ensure that health and fitness are a top priority. In addition, the Bank provides medical benefits through a medical insurance scheme to all employees' spouses and to a maximum of four dependents on a non-contributory basis.

Annual leave

Every employee is entitled to 30 calendar days of annual paid leave once in each calendar year. For every full month worked an employee earns 2.5 leave days. Out of the 30 leave calendar days, an employee is required to take at least 14 days of consecutive leave in a calendar year.

Employee grievance and complaints management mechanism

The Bank recognize the value and importance of having a harmonious environment at the workplace and makes an effort to ensure any reported complaints and grievances are expeditiously handled.

Financial Assistance to staff / Staff loan scheme

The Bank offers staff loans to enable its employees to acquire capital goods and property, to effect improvements to their properties, to meet educational expenses for themselves or dependents and to meet unforeseen financial commitments. Staff loans are guided by the Bank's Credit Policy and Credit Manual. Loans are available to all confirmed employees depending on the assessment of the need and circumstances if it is in line with the Human Resources and Credit Policies.

Staffing

The Group has a clear hiring policy, which is built on the provision of equal employment opportunities to all genders. It ensures to provide equal access to employment free from discrimination of any kind and without regard to factors like race, colour religion, sex, nationality, national origin, tribe, age or disability, social origin, political opinion, gender, pregnancy, marital status, HIV/AIDS, station of life which does not impair someone's abilities to carry out his duties.

Decisions regarding promotions and career development focus on skills and talents rather than assumptions based on age, disability, gender, socioeconomic status, ethnicity, and religion.

The hiring policy is reviewed annually through process views, and recommendations from key stakeholders, such as the "Trade Union," are considered.

Persons with Disabilities

It is the Group's policy to employ disabled persons wherever practicable. The Group has always considered this policy whenever it recruits. As of 31 December 2024, the Bank has seven (7) persons with disabilities. We practise a non-discrimination policy against qualified individuals with disabilities in job application procedures, hiring, firing, promotion, compensation, job training, and other areas of employment.

In the event of any employee becoming physically challenged (disabled) in the course of employment, where possible, the bank can arrange training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development.

If an employee has a disability, the Group make reasonable adjustments, to accommodate individual requirements. Where possible a range of training options will be used, such as e-learning and regional seminars, to ensure that everyone has equal access to training irrespective of disability, location, or hours of work. Training materials will aim to reflect, in the language and images, the diversity of our employees and customers.

Non-discrimination/ harassment

To provide equal employment and advancement opportunities to all individuals, the Bank's employment decisions are based on merit, qualifications, and abilities. There is no discrimination in employment opportunities or practices because of race, colour, religion, sex, nationality, tribe, age disability, social origin, political opinion, gender, pregnancy, marital status, HIV/AIDS, and status of life.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

32 EMPLOYEES WELFARE (Continued)

Non-discrimination/ harassment (Continued)

The Bank is committed to providing a work environment that is free of discrimination and harassment including sexual harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic are not tolerated.

Employees with questions or concerns about discrimination and/or harassment in the workplace are encouraged to inform or report to their direct reports. If the Supervisor is the one accused, the staff is advised to report such an incident to the next Manager or Director in the chain of command. Staff found to be engaging in unlawful discrimination is subject to disciplinary action, including termination of employment. Employees are encouraged to raise concerns and report all discriminatory and harassment incidents without fear of reprisal.

Employee Benefit Plan

CRDB Bank Plc is a registered member of the Public Service Social Security Fund, in which the employee and the employer make monthly contributions according to the law. The Bank and employees both contribute 15% and 5% respectively of the employees' basic salaries to PSSSF. The Group's contributions are charged to profit or loss when incurred. The Group's obligations under the schemes are limited to specific contributions legislated from time to time.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

33 TALENT MANAGEMENT AND SUCCESSION PLANNING

Succession planning

The Bank endeavours to minimize the risk of key man dependence by creating a succession pool. Successor's development plans are established in preparation for their readiness. The succession pool creates a provision for talent sourcing in the event of attrition in a critical position. The Succession planning process in the Bank is mainly built to address the following main objectives: Identify high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy, ensure the systematic and long-term development of individuals to replace critical job incumbents as the need arises, provide a continuous flow of talented people to meet the bank's management needs. Succession planning reduces the risk or time it takes to fill a critical role if someone leaves.

Talent management

The Bank undertakes to identify, develop, and retain talented employees. The Bank has its talent management framework, which provides a guideline on how talent will be identified in the bank, linking performance to potential. To enable the Bank to remain competitive and successfully carry out its activities and ensure the long-term supply of required skills and expertise for its business development and sustainability, it is in the bank's best interests to develop staff to be prepared to assume different leadership levels rather than position. Talent Management and development is a model developed to ensure a knowledgeable labour supply exists within the Bank to replace personnel leaving the organization regardless of the reason.

34 RELATED PARTY DISCLOSURES

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of business, several banking relationships are entered into with related parties' i.e., key management staff, Directors, their associates, and companies associated with Directors. Such relationships are guided by policies approved by the Board to ensure the same is done at arm's length. Loans and advances to companies associated with Directors amounted to TZS 3,828 Million (2023: TZS 1,637 Million), while loans and advances to Directors and other key management personnel amounted to TZS 16,587 Million (2023: TZS 13,593 Million). The volumes of related party transactions for the year and the outstanding amounts at the year-end are provided under Note 64 of the financial statements.

The transactions with related parties are carried at arm's length basis.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

35 POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group did not make any political contributions during the year 2024 (2023: Nil).

36 SERIOUS PREJUDICIAL ISSUES/ MATTERS

No serious legal matters could affect the Group or Bank during the year 2024 (2023: None).

37 EVENTS AFTER THE REPORTING PERIOD

There were no other events after the reporting period which required adjustment or disclosure in the financial statements.

38 STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (The Report by those charged with governance). This standard replaces TFRS 1 on the Directors' report that was issued by NBAA on 1 January 2010. The standard becomes operative for financial statements covering accounting periods beginning on or after 1 January 2023.

39 APPOINTMENT OF AUDITORS

PricewaterhouseCoopers (PwC)
Certified Public Accountant
Pemba house, 369 Touré drive
Oysterbay
P.O. Box 45
Dar es Salaam, Tanzania
Registration number - 117633
TIN number - 110-212-285
VRN number: 10009908I

Our External auditor (PwC) has been appointed as per the 'Banking and Financial Institutions (External Auditors) Regulation, 2014, section 5 (1) 'A bank or financial institution shall appoint annually an external auditor who has no conflict of interest and notify the Bank within seven days of such appointment'. PwC was approved at the Annual General Meeting held on 18 May 2024.

PricewaterhouseCoopers- PF Number: ACPA 047

40 RESPONSIBILITY OF THE AUDITORS

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

41 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of those charged with governance to prepare financial statements of the Group which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions. This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements, and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

BY ORDER OF THOSE CHARGED WITH GOVERNANCE
SIGNED ON ITS BEHALF BY:

Dr. Ally H. Laay
Chairman

26 March 2025
Date

Gerald P. Kasaato
Non-executive Director

26 March 2025
Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

The Companies Act No.12 of 2002 requires Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and Bank as at the end of the financial year and of its profit or loss for the year. It also requires Directors to ensure that the Group and Bank keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and Bank. They are also responsible for safeguarding the assets of the Group and Bank and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS accounting standards and the requirements of the Companies Act No.12 of 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and Bank and of its profit in accordance with IFRS accounting standards. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:

Dr. Ally H. Laay
Chairman

26 March 2025
Date

DECLARATION OF THE CHIEF FINANCIAL OFFICER

FOR THE YEAR ENDED 31 DECEMBER 2024

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

It is the duty of a Professional Accountant to assist the Board of Directors in discharging the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with IFRS accounting standards and statutory financial reporting requirements.

The full legal responsibility for preparing financial statements rests with the Board of those charged with governance, as declared under the Statement of Directors' Responsibility on page 326.

I Frederick Bayona Nshekanabo, being the Chief Financial Officer of CRDB Bank Plc, hereby acknowledge my responsibility of ensuring that consolidated and separate financial statements of CRDB Bank Plc (the ''Bank'') and its subsidiaries for the year ended 31 December 2024 have been prepared in compliance with IFRS accounting standards and the requirements of Companies Act No.12 of 2002 and Banking and Financial Institutions Act (BFIA), 2006 and its regulations.

I, thus, confirm that the consolidated and separate financial statements give a true and fair view position of CRDB Bank Plc and its subsidiaries as of that date and that it has been prepared based on properly maintained financial records.

Signed By:

Frederick B. Nshekanabo
Chairman
ACPA 1388

26 March 2025
Date

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CRDB BANK PLC

REPORT ON THE AUDIT OF THE GROUP AND BANK FINANCIAL STATEMENTS

Our opinion

In our opinion, the Group and Bank financial statements give a true and fair view of the Group and Bank financial position of CRDB Bank Plc (the Bank) and its subsidiaries (together the Group) as at 31 December 2024, and of its Group and Bank financial performance and its Group and Bank cash flows for the year then ended in accordance with IFRS accounting standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

CRDB Bank Plc's Group and Bank financial statements as set out on pages 332 to 615 comprise:

- the Group and Bank statements of financial position as at 31 December 2024;
- the Group and Bank statements of profit or loss and other comprehensive income for the year then ended;
- the Group and Bank statements of changes in equity for the year then ended;
- the Group and Bank statements of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies and other explanatory information.

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 Group and Bank financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key audit matters

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

REPORT ON THE AUDIT OF THE GROUP AND BANK FINANCIAL STATEMENTS (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans and advances Loans and advances to customers comprise a significant portion of the Group's and bank's total assets. The estimation of expected credit losses (ECL) on loans and advances requires significant management judgment using subjective assumptions over both when and how much to record as loan impairment provision. Details of the loans and advances to customer and ECL balances, and the policies for estimating ECL are disclosed in notes 7.15, 10, 33 and 35 of the financial statements. The key areas where management has exercised significant judgement include: • Quantitative and qualitative criteria for classification of loans and advances based on assessment of factors contributing to significant increase in credit risk and default; • Determination of the probability of default (PD), including the determination and forecast of forward-looking information used in the ECL models; • Determination of the loss given default (LGD) which include estimation of the expected cash flows, recovery period and recovery rates. • Determination of exposure at default (EAD); Due to the value of the loans and advances to customers, the significant impact of management judgments applied in calculating the ECL, we designated this as a key audit matter in our audit.	We obtained understanding and audited the Group's methodology for determining ECL and evaluated it against the requirements of IFRS 9. Our audit included, amongst others, the following audit procedures performed in collaboration with our internal IFRS 9 model specialists and actuarial team: • We tested the quantitative and qualitative criteria used in the classification of loans and advances. We tested and challenged the judgments applied in the staging of some selected loans and advances to customers. We applied data analytics tools assess performance trend of customers over a period under review and challenged this performance against management's classification. • As the quantitative basis of classification of loans and advances is reliant on information systems, we understood and tested key information technology general and application controls including the calculation of the number of days past due. • Tested the critical data used in the ECL calculation by reconciling to source systems. • We tested the portfolio segmentation which is used to determine PD and LGD. • We tested the reliability, accuracy and reasonableness of information and assumptions used for estimating the exposure at default, probability of default and loss given default. • We challenged management's basis for establishing the correlation between forward looking parameters and the Bank's non-performing loan trends. • We tested the loss given default for the secured and unsecured loan portfolio. • We tested the expected cash flows and challenged management's assumptions of recovery estimates for unsecured facilities. • We tested recovery costs and recovery periods used to estimate the recoverable amount of collateral for secured facilities. • For forward-looking assumptions used in the ECL calculations, we corroborated the data and assumptions using publicly available information. We tested the forward- looking scenarios and parameters used by management in estimating projected probabilities of default. • We reviewed and assessed whether the disclosures in the financial statements were adequate, accurate and appropriate in line with IFRS and relevant Bank of Tanzania regulations.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS OF CRDB BANK PLC

REPORT ON THE AUDIT OF THE GROUP AND BANK FINANCIAL STATEMENTS (Continued)

Other information

The directors are responsible for the other information. The other information comprises Corporate information, The Report by those charged with governance, Statement of Directors' responsibilities and Declaration of the Chief Financial Officer (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the Group and Bank

The directors are responsible for the preparation of the Group and Bank financial statements that give a true and fair view in accordance with IFRS accounting standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of Group and Bank financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Group and Bank financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Bank 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 Group and Bank financial statements.

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

- Identify and assess the risks of material misstatement of the Group and Bank financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS OF CRDB BANK PLC

REPORT ON THE AUDIT OF THE GROUP AND BANK FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and Bank financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Bank financial statements, including the disclosures, and whether the Group and Bank financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

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

REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS

This report, including the opinion, has been prepared for, and only for, the Bank's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Report of those charged with governance is not consistent with the financial statements, if the Bank has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Bank is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Cletus Kiyuga- ACPA PP1981

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date: 27 March 2025

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

In TZS' Million	Note	GROUP		BANK	
		2024	2023	2024	2023
Interest income calculated using the effective interest Method	12	1,562,110	1,227,052	1,443,750	1,158,360
Other interest and similar income	12	-	379	-	379
Interest expense calculated using the Effective interest method	13	(417,894)	(346,426)	(375,147)	(323,385)
Other interest and similar expenses	13	(4,755)	(3,707)	(3,413)	(3,410)
Net interest income		**1,139,461**	**877,298**	**1,065,190**	**831,944**
Fees and commission income	14	517,641	428,839	507,942	420,405
Fees and commission expense	15	(86,013)	(86,415)	(83,539)	(84,892)
Net fees and Commission Income		**431,628**	**342,424**	**424,403**	**335,513**
Insurance service revenue	20	14,351	180	-	-
Insurance service expense	20	(4,867)	(63)	-	-
Net expense from reinsurance contracts held	20	(4,942)	(83)	-	-
Insurance service result		**4,542**	**34**	**-**	**-**
Net foreign exchange income	16	31,534	65,949	15,732	56,895
Credit Loss expense on financial assets	34	(95,187)	(39,658)	(91,879)	(36,782)
Net gains/ (losses) on financial assets at fair value through profit or loss	17	1,429	349	82	(282)
Net losses on equity investment at fair value through profit or loss	17	(2,018)	-	(2,018)	-
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	18	5,510	7,038	5,510	7,038
Other operating income	19	1,465	2,115	12,441	12,606
Net Operating Income		**1,518,364**	**1,255,549**	**1,429,461**	**1,206,932**
Operating expenses	21	(272,787)	(219,468)	(241,442)	(202,324)
Depreciation of Property and equipment and Motor vehicles	22A	(58,947)	(55,725)	(55,466)	(53,896)
Amortization of right of use assets, prepaid leases and intangible assets	22B	(25,317)	(28,975)	(23,572)	(28,373)
Employees benefit expenses	23	(380,448)	(338,243)	(354,310)	(322,641)
Impairment other Assets	36	(2,069)	(3,729)	(1,819)	(3,726)
Impairment non-current held for sale	37	-	(10,758)	-	(10,758)
Total Operating Expenses		**(739,568)**	**(656,898)**	**(676,609)**	**(621,718)**
Profit before income tax		778,796	598,651	752,852	585,214
Income tax expense	24A	(227,309)	(175,859)	(225,087)	(176,599)
Profit for the year		**551,487**	**422,792**	**527,765**	**408,615**
Profit attributable to:					
Equity holders of the parent		554,442	424,690	527,765	408,615
Non-Controlling interests*	56	(2,955)	(1,898)	-	-
		551,487	**422,792**	**527,765**	**408,615**
Basic and diluted earnings per share attributable to equity holders of the parent entity (TZS)	25	211.15	161.88	202.07	156.45

*The Group's subsidiaries ownership detailed under note 38 "Investment in subsidiaries"

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

In TZS' Million	Note	GROUP		BANK	
		2024	2023	2024	2023
Profit for the year		551,487	422,792	527,765	408,615
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
(Losses)/Gains on Debt instruments at FVOCI		1,662	(41,862)	1,662	(41,862)
Gains on Debt instrument at FVOCI reclassified to Profit or loss		(5,510)	(7,038)	(5,510)	(7,038)
Exchange differences on translation of foreign operations		(13,846)	(8,803)	-	-
Income tax relating to these items**	44	1,154	14,670	1,154	14,670
Total items that will be reclassified to the statement of profit or loss		**(16,540)**	**(43,033)**	**(2,694)**	**(34,230)**
Items that may not be subsequently reclassified to profit or loss:					
Gains/(losses) on equity instrument at FVOCI		(5,669)	34	(5,669)	34
Income tax relating to these items**	44	1,701	(10)	1,701	(10)
Total items that will not be reclassified to the statement of profit or loss		**(3,968)**	**24**	**(3,968)**	**24**
Other comprehensive income for the year, net of tax		(20,508)	(43,009)	(6,662)	(34,206)
Total comprehensive income		**530,979**	**379,783**	**521,103**	**374,409**
Total comprehensive income attributable to:					
Owners of the parent entity		533,934	381,681	521,103	374,409
Non-controlling interests*		(2,955)	(1,898)	-	-
		530,979	**379,783**	**521,103**	**374,409**

*The Group's subsidiaries ownership detailed under note 38 "Investment in subsidiaries"

**Taxes relate to Gains/(losses) on equity instrument at FVOCI.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

In TZS' Million	Note	GROUP		BANK	
ASSETS		2024	2023	2024	2023
Cash and balances with the central bank	27	2,371,330	1,011,638	2,163,724	943,499
Due from banks	28	924,538	762,332	918,759	754,036
Financial Assets at fair value through profit or loss	29	15,428	6,983	5,812	1,102
Debt Instruments at fair value through other comprehensive income	30	135,291	226,178	135,291	226,178
Equity investment at fair value through profit or loss	31A	-	2,283	-	2,283
Equity investment at fair value through other comprehensive income	31B	13,609	11,652	13,609	11,564
Credit cards	32	2,002	2,309	2,002	2,309
Loans and advances to customers	33	10,360,824	8,443,491	9,995,475	8,035,550
Debt Instrument at amortised cost	30	1,948,028	1,960,715	1,507,906	1,738,669
Current income Tax recoverable	24B	-	1,828	-	3,234
Other assets	36	259,978	275,029	239,108	254,405
Investment in subsidiaries	38	-	-	107,604	86,477
Motor vehicles	39	23,817	21,528	20,235	19,794
Property and equipment	40	374,007	372,699	340,388	344,009
Right-of-use assets	41	57,418	46,055	42,068	41,984
Prepaid leases	42	8,737	9,007	8,737	9,007
Deferred income tax asset	44	98,416	93,917	95,749	91,346
Intangible assets	43	105,328	73,645	102,486	72,999
TOTAL ASSETS		**16,698,751**	**13,321,289**	**15,698,953**	**12,638,445**
LIABILITIES					
Balances due to other banks	45	1,108,682	995,561	994,029	983,017
Deposits from Customer	46	10,934,131	8,855,978	10,214,699	8,315,233
Other liabilities	47	420,633	374,862	377,813	347,182
Current income Tax payable	24B	6,827	-	6,619	-
Lease Liability	48	63,064	49,817	47,123	45,628
Insurance Contract Liabilities	49	8,163	1,341	-	-
Reinsurance Contract Liabilities	49	1,173	184	-	-
Green Bond	50	175,204	175,204	175,204	175,204
Borrowings	51	1,659,620	933,109	1,659,620	933,109
Subordinated Debts	52	126,882	130,986	126,882	130,986
Grant	53	18,470	21,536	18,470	21,536
Provisions	61	2,656	1,223	2,656	1,223
TOTAL LIABILITIES		**14,525,505**	**11,539,801**	**13,623,115**	**10,953,118**
EQUITY					
Share capital	55	65,296	65,296	65,296	65,296
Share premium	57	158,314	158,314	158,314	158,314
Retained earnings	57	1,869,055	1,491,183	1,825,984	1,448,851
Reserve	57	39,924	23,083	26,244	12,866
Total Equity attributable to Parent		**2,132,589**	**1,737,876**	**2,075,838**	**1,685,327**
Total Equity attributable to non-controlling Interest	56	40,657	43,612	-	-
TOTAL EQUITY		**2,173,246**	**1,781,488**	**2,075,838**	**1,685,327**
TOTAL LIABILITIES AND EQUITY		**16,698,751**	**13,321,289**	**15,698,953**	**12,638,445**

The financial statements on pages 332 to 615 were approved and authorized for issue by those charged with governance on 14 March 2025 and signed on its behalf.

Dr. Ally H. Laay
Chairman

Abdulmajid M. Nsekela
Managing Director

Gerald P. Kasaato
Non-executive Director

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

GROUP In TZS' Million Year ended 31 December 2024	Note	Share capital	Share premium	Retained earnings	Non-distributable reserve	Legal provision reserve	Revaluation reserve	Exchange differences on translation of foreign operations	Total Shareholders' funds attributable to Parent	Total Shareholders' funds attributable to NCI	Total Shareholders' funds
At 1 January 2024		65,296	158,314	1,491,183	5,419	14,935	11,190	(8,461)	1,737,876	43,612	1,781,488
Profit for the year		-	-	554,442	-	-	-	-	554,442	(2,955)	551,487
Comprehensive income		-	-	-	-	-	-	-	-	-	-
Gains on Debt instruments at FVOCI		-	-	-	-	-	1,662	-	1,662	-	1,662
Gains on Debt instrument at FVOCI reclassified to P&L	57	-	-	-	-	-	(5,510)	-	(5,510)	-	(5,510)
Revaluation gains/ (losses) on equity instrument at FVOCI		-	-	-	-	-	(5,669)	-	(5,669)	-	(5,669)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(13,846)	(13,846)	-	(13,846)
Deferred Tax on OCI	44	-	-	-	-	-	2,855	-	2,855	-	2,855
Total comprehensive income		**-**	**-**	**554,442**	**-**	**-**	**(6,662)**	**(13,846)**	**(20,508)**	**(2,955)**	
Derecognition of Equity investment at FVOCI				(7,000)	-	-	7,000	-			
Transfer of excess depreciation net of deferred tax	57	-	-	763	-	-	(763)	-			
Transfer to non-distributable reserve	57	-	-	(18,812)	10,183	-	-	-	(8,629)	-	(8,629)
Legal Provision	57	-	-	(20,929)	-	20,929	-	-	-	-	-
Transactions with shareholders		-	-	-	-	-	-	-	-	-	-
Share capital issue	55	-	-	-	-	-	-	-	-	-	-
Dividends declared	26	-	-	(130,592)	-	-	-	-	(130,592)	-	(130,592)
At 31 December 2024		**65,296**	**158,314**	**1,869,055**	**15,602**	**35,864**	**10,765**	**(22,307)**	**2,132,589**	**40,657**	**2,173,246**

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

GROUP In TZS' Million Year ended 31 December 2023	Note	Share capital	Share premium	Retained earnings	Non-distributable reserve	Legal provision reserve	Revaluation reserve	Exchange differences on translation of foreign operations	Total Shareholders' funds attributable to Parent	Total Shareholders' funds attributable to NCI	Total Shareholders' funds
At 1 January 2023		65,296	158,314	1,196,472	1,576	11,065	46,011	342	1,479,076	-	1,479,076
Profit for the year		-	-	424,690	-	-	-	-	424,690	(1,898)	422,792
Comprehensive income											
Loss on Debt instruments at FVOCI	57	-	-	-	-	-	(41,862)	-	(41,862)	-	(41,862)
Gains on Debt instrument at FVOCI reclassified to P&L		-	-	-	-	-	(7,038)	-	(7,038)	-	(7,038)
Revaluation gains/ (losses) on equity instrument at FVOCI	44	-	-	-	-	-	34	-	34	-	34
Tax on OCI		-	-	-	-	-	(10)	-	(10)	-	(10)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(8,803)	(8,803)	-	(8,803)
Deferred Tax		-	-	-	-	-	14,670	-	14,670	-	14,670
Total comprehensive income	57	**-**	**-**	**424,690**	**-**	**-**	**(34,206)**	**(8,803)**	**381,681**	**(1,898)**	**379,783**
Transfer of excess depreciation net of deferred tax		-	-	615	-	-	(615)	-	-	-	-
Transfer to non-distributable reserve	57	-	-	(1,676)	3,843	-	-	-	2,167	-	2,167
Legal Provision	57	-	-	(11,385)	-	3,870	-	-	(7,515)	-	(7,515)
Transactions with shareholders											
Share capital issue	55s	-	-	-	-	-	-	-	-	45,510	45,510
Dividends declared	26	-	-	(117,533)	-	-	-	-	(117,533)	-	(117,533)
At 31 December 2023		**65,296**	**158,314**	**1,491,183**	**5,419**	**14,935**	**11,190**	**(8,461)**	**1,737,876**	**43,612**	**1,781,488**

SSTATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

BANK In TZS' Million Year ended 31 December 2024	Note	Share capital	Share premium	Retained earnings	Non-distributable reserve	Revaluation reserve	Total
At 1 January 2024		65,296	158,314	1,448,851	1,676	11,190	1,685,327
Profit for the year		-	-	527,765	-		527,765
		-	-	-	-		
Comprehensive income		-	-	-	-		
Gains/ (Losses) on debt instruments at fair value through OCI		-	-	-	-	1,662	1,662
Reclassified to profit or loss	57	-	-	-	-	(5,510)	(5,510)
Revaluation gains/ (losses) on equity instrument at FVOCI		-	-	-	-	(5,669)	(5,669)
Deferred Tax on OCI	44	-	-	-	-	2,855	2,855
Total comprehensive income		**-**	**-**	**527,765**	**-**	**(6,662)**	**(6,662)**
Derecognition of Equity investment at FVOCI				(7,000)	-	7,000	-
Transfer of excess depreciation net of deferred tax	57	-	-	763	-	(763)	-
Transfer to non-distributable reserve	57	-	-	(13,803)	13,803	-	-
Transactions with shareholders							
Dividend Declared	26	-	-	(130,592)	-	-	(130,592)
At 31 December 2024		**65,296**	**158,314**	**1,825,984**	**15,479**	**10,765**	**2,075,838**

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

BANK In TZS' Million Year ended 31 December 2023	Note	Share capital	Share premium	Retained earnings	Non-distributable reserve	Revaluation reserve	Total
At 1 January 2023		65,296	158,314	1,158,830	-	46,011	1,428,451
Profit for the year		-	-	408,615	-	-	408,615
Comprehensive income							
Loss on debt instruments at fair value through OCI		-	-	-	-	(41,862)	(41,862)
Reclassified to profit or loss	57	-	-	-	-	(7,038)	(7,038)
Revaluation gains/ (losses) on equity instrument at FVOCI		-	-	-	-	34	34
Tax on OCI	44	-	-	-	-	(10)	(10)
Deferred Tax		-	-	-	-	14,670	14,670
Total comprehensive income				**408,615**	**-**	**(34,206)**	**374,409**
Transfer of excess depreciation net of deferred tax	57	-	-	615		(615)	-
Transfer to non-distributable reserve	57	-	-	(1,676)	1,676	-	-
Transactions with shareholders							
Dividend Declared	26	-	-	(117,533)	-	-	(117,533)
At 31 December 2023		**65,296**	**158,314**	**1,448,851**	**1,676**	**11,190**	**1,685,327**

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

In TZS' Million	Note	GROUP		BANK	
		2024	2023	2024	2023
Cash flow from operating activities					
Net cash generated from / used in operating activities	59(B)	1,102,188	(318,986)	913,201	(157,694)
Cash flows from investing activities					
Purchase of property and equipment	40	(60,922)	(73,955)	(47,821)	(53,922)
Purchase of motor vehicle	39	(7,336)	(6,922)	(5,150)	(6,191)
Purchase of intangible assets	43	(43,135)	(31,379)	(40,400)	(31,314)
Investment in Subsidiaries	38	-	-	-	(64,794)
Dividend received	19	156	820	11,132	11,311
Proceeds from disposal of property and equipment and motor vehicle		891	542	471	542
Net cash used in investing activities		**(110,346)**	**(110,894)**	**(81,768)**	**(144,368)**
Cash flows from financing activities					
Dividends paid	47	(127,407)	(115,354)	(127,407)	(115,354)
Equity investment FVOCI	31B	(7,857)	-	(7,857)	-
Additional investment in subsidiaries	38	-	-	(21,127)	-
Proceeds from issuance of shares to non-controlling interest	56	-	45,510	-	-
Grant received	53	-	19,900	-	19,900
Borrowings received	51	978,057	578,741	978,057	578,741
Green Bond received	50	-	171,826	-	171,826
Interest paid on Green Bond	50	(17,612)	-	(17,612)	-
Repayment of borrowings	51	(246,588)	(161,513)	(246,588)	(161,513)
Interest paid on borrowings	51	(82,020)	(55,121)	(82,020)	(55,121)
Receipts from Subordinated debt	52	-	-	-	-
Interest paid on subordinate debt	52	(13,325)	(10,973)	(13,325)	(10,973)
Interest paid on lease liabilities	48	(4,755)	(3,707)	(3,413)	(3,410)
Principal payment on lease liabilities	48	(12,537)	(14,267)	(11,449)	(13,868)
Net cash generated from financing activities		**465,956**	**455,042**	**447,259**	**410,228**
Cash and cash equivalents at 1 January		1,337,549	1,288,450	1,307,671	1,174,696
Net cash used in operating activities		1,102,188	(318,986)	913,201	(157,694)
Net cash used in investing activities		(110,346)	(110,894)	(81,768)	(144,368)
Net cash generated from financing activities		465,956	455,042	447,259	410,228
Foreign currency exchange difference		31,551	23,937	27,150	24,809
Cash and cash equivalents at 31 December	**59(B)**	**2,826,898**	**1,337,549**	**2,613,513**	**1,307,671**

NOTES

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1 CORPORATE INFORMATION

CRDB Bank Plc (the "Bank") and its subsidiaries, CRDB Bank Burundi S.A, CRDB Bank Congo, CRDB Insurance Company Limited, and CRDB Bank Foundation (together, "the Group"), provide corporate and retail Banking services, including insurance services. The Bank is a public limited company incorporated under the Companies Act No.12 of 2002 and is domiciled in Tanzania.

The Bank, CRDB Insurance Company Limited and CRDB Bank Foundation operate in Tanzania. CRDB Bank Burundi S.A. operates in Burundi, while CRDB Congo operates in Congo DRC.

The Bank's shares are listed on the Dar es Salaam Stock Exchange (DSE).

The address of its registered office is as follows:

CRDB Headquarters,
Plot No.25 & 26 Ali Hassan Mwinyi Road &
Plot No.21 Barack Obama Road
P.O. Box 268, 11101 Dar es Salaam, Tanzania

The Group and Bank consolidated financial statements for the year ended 31 December 2024 were approved for issue by Those Charged with governance on 14 March 2025. Neither the entity's owners nor others have the power to amend the financial statements after they are issued.

2 BASIS OF PREPARATION

The Group and Bank consolidated financial statements have been prepared on a historical cost basis, except for the following;

- Debt instrument at fair value through OCI and motor vehicles measured at fair value
- Other financial assets and liabilities are measured at amortised cost as explained in the accounting policies.
- Financial assets measured at FVPL
- Equity instrument measured at FVOCI
- Equity instrument measured at FVPL

In the preparation of financial statements, the Group has considered the impact of macro-economic and geopolitical uncertainty, especially on areas which need significant estimates and judgements and considered materiality assessments.

The financial statements are presented in Tanzania shillings (TZS) which is the functional currency, and the amounts are rounded to the nearest Million, except where otherwise indicated.

The Group has prepared its The Group and Bank consolidated financial statements on the basis that it will continue to operate as a going concern.

NOTES (Continued)

3 STATEMENT OF COMPLIANCE

The Group and Bank consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and are prepared in the manner required by the Companies Act No.12 of 2002.

The Group and Bank consolidated financial statements, except for cashflow statement, have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Group's accounting policies.

Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Group's financial statements, therefore, present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 8.

4 PRESENTATION OF FINANCIAL STATEMENTS

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 31 December 2024, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended; as well as the notes, which comprise a summary of accounting policies and other explanatory notes.

The Bank presents its statement of financial position in order of liquidity based on its intention and perceived ability to recover/settle most assets/liabilities of the corresponding financial statement line item. Financial assets and liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

Application of the going concern principle

The Group's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. In making this assessment, the Bank has considered the impact of climate-related matters on going concern assessment. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

NOTES (Continued)

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these financial statements. Other amendments and interpretations apply for the first time in 2024 but do not have an impact on the Bank's consolidated financial statements.

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

(i) New and amended standards adopted by the Group and Bank

The following standards have been adopted by the Group and Bank for the first time for the financial year beginning on 1 January 2024:

(i) IFRS Accounting Standards and amendments effective for the first time for December 2024 year-ends

Number	Effective date	Executive summary
Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The amendments are not expected to have a material impact on the Group's financial statements
Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The amendments are not expected to have a material impact on the Group's financial statements
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The amendments are not expected to have a material impact on the Group's financial statements

NOTES (Continued)

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(ii) IFRS Accounting Standards and amendments issued but not effective

Number	Effective date	Executive summary
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendments are not expected to have a material impact on the Group's financial statements
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The Group is currently working to identify all impacts the amendments will have on its financial statements.

NOTES (Continued)

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(ii) IFRS Accounting Standards and amendments issued but not effectivet (Continued)

Number	Effective date	Executive summary
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027 (Published May 2024)	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

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

For all new standards and interpretations not yet adopted by the Group and Bank, they will be adopted on the respective effective dates, if applicable.

NOTES (Continued)

6 BASIS OF CONSOLIDATION

The Group and Bank consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries, CRDB Insurance Company Limited, CRDB Bank Burundi S.A., CRDB Bank Congo and CRDB Bank Foundation for the year ended 31 December 2024. The reporting date for all subsidiaries is 31 December.

The Bank consolidates a subsidiary when it controls it. Control is achieved when the Bank is exposed or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Bank considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Bank can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights

Whether the Bank is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns. Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Bank and to the non-controlling interests (NCIs), even if this results in the NCIs having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Bank's accounting policies.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control. Disclosures for investment in subsidiaries are provided in Note 38.

Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position, respectively.

Transactions eliminated on consolidation

All Intercompany transactions/ balances (assets, liabilities, equity, income, expenses, and cash flows) between members of the Bank are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES

7.1 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in 'Tanzanian Shillings (TZS), which is the Group's presentation and functional currency. The Bank uses the direct method of consolidation.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Transactions in foreign currencies during the year are converted into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. All foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the income statement, except for the effective portion of the differences on foreign currency borrowings that are accounted for as an effective hedge against a net investment in a foreign entity. These differences are recognised in OCI until the disposal of the net investment, at which time, they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI. Non–monetary items that are measured at historical cost in a foreign currency are translated using the prevailing exchange rates as at the date of recognition.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows: -

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in 'Exchange differences on translation of foreign operations' in equity.

7.2 Recognition of interest income and expense

Interest income includes:

- Interest on financial instruments measured at amortised cost and debt instruments measured at fair value through other comprehensive income.
- Interest on financial asset debt instruments measured at fair value through profit or loss that are held by and managed as part of the group's funding operations.

7.2.1 The effective interest rate method

The Bank recognise interest income for all financial assets measured at amortised cost and FVOCI using the effective interest rate method. Interest expense is also calculated using the effective interest rate method for all financial liabilities held at amortised cost.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.2 Recognition of interest income and expense (Continued)

7.2.1 The effective interest rate method (Continued)

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. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income 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 instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes loan application and loan commitment fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by considering transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also considers the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount.

The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

7.2.2 Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

The Group calculates interest income on financial assets other than those considered credit-impaired by applying the EIR to the gross carrying amount of the financial asset.

In its Interest income/expense calculated using the effective interest method, the Bank only includes interest on those financial instruments that are set out in Note 7.2.1 above. Other interest income/expense includes interest on all financial assets/liabilities measured at FVPL, other than those held for trading, using the contractual interest rate. Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in 'Net trading income'.

When a financial asset becomes credit-impaired (as set out in Note 7.15) and is therefore regarded as "stage 3" the interest income is calculated by applying the EIR to the net amortised cost of the credit-impaired financial asset (i.e., the gross carrying amount less the allowance for expected credit losses (ECLs). If the financial asset cures (as outlined in Note 7.16) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.2 Recognition of interest income and expense (Continued)

7.2.2 Interest and similar income/expense (Continued)

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

7.3 Fees and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified and determined at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations, as explained further in notes 7.3.1 and 7.3.2 below.

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

Based on the nature of the Bank's revenue contracts, which are in a single performance obligation, the Bank has not made any significant judgment when allocating the transaction price to the performance obligation.

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

7.3.1 The Group's fees and commission where performance obligations are satisfied over time.

Performance obligations satisfied over time include Loan commitment fees, Loan syndication fees, custody fees, interchange fees and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

The Bank's fee and commission income from services where performance obligations are satisfied over time include the following:

Loan commitment fees: These are fixed annual fees paid by customers for loans and other credit facilities with the Bank. Commitment/Facility fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and amortised over the loan tenure.

As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis. Payment of the fees is due and received monthly in arrears. But, where it is unlikely that a specific lending arrangement will be entered into with the customer, the loan commitment is not measured at fair value.

The Group does not designate loan commitments as financial liabilities at fair value through profit or loss. Commitment fees, together with related direct costs, for loan facilities where drawdown is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where drawdown is not probable are recognised over the term of the commitment.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.3 Fees and commission income (Continued)

7.3.1 The Group's fees and commission where performance obligations are satisfied over time. (Continued)

Loan syndication fees: These are recognised as revenue when the syndication has been completed, and the Group has retained no part of the loan package for itself or has retained no part at the same effective interest rate as the other participants. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income.

Custody fees: The Bank earns a fixed annual fee for providing its customers with custody services, which include the safekeeping of purchased securities and processing of any dividend income and interest payments. As the benefit to the customer of the services is transferred evenly over the service period, these fees are recognised as revenue evenly over the period, based on time elapsed. Payment of these fees is due and received quarterly in arrears.

Interchange fees: The Bank provides its customers with credit card processing services (i.e., authorisation and settlement of transactions executed with the Bank's credit cards) where it is entitled to an interchange fee for each transaction (i.e., when a credit cardholder purchases goods and services from merchants using the Bank's credit card). The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. Interchange and merchant fees are recognised upon settlement of the card transaction payment.

Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. Commission earned on the sale of insurance products to customers of the group on behalf of an insurer (Bank assurance services) are recognised at the point that the significant obligation has been fulfilled.

7.3.2 The Group's fees and commission where performance obligations are satisfied at a point in time.

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer, where the customer does not simultaneously receive and consumes the benefits of the Bank's performance as it performs the service. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria.

These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as Salary processing fees, Insurance Commission services, Sale of cheque books, ATM withdrawal charges, statement charges, and other fees and commissions of that nature. The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

The Bank's fee and commission income from services where performance obligations are satisfied at a point include the following:

Transactional fees: Transactional fees are service charges on deposit accounts, cash management services and transactional processing fees such as fees income generated from credit and bank card usage. Fees earned on the execution of a significant act typically include transactional fees. Transaction and processing fees are recognised at the point in time the transaction occurs, or service is performed. They include banking services such as Automated Teller Machine (ATM) fees, wire transfer fees, overdraft or late fees and foreign exchange fees, among others. These fees are received, and the Group's provides the service, monthly; the fees are recognised in income on this basis. The Group also receives certain fees in respect of its asset finance business where the performance obligations are typically fulfilled towards the end of the customer contract; these fees are recognised in income on this basis.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.3 Fees and commission income (Continued)

7.3.3 Contract balances

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

- 'Fees and commissions receivables' are recognised in the statement of financial position under 'Other assets. The receivable arises from revenue from contracts with customers, which represent the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortised cost and subject to the impairment provisions of IFRS 9. Revenue recognised from contracts with customers is disaggregated based on the nature and timing of revenue recognition.

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

7.4 Net foreign exchange income

Net foreign exchange income includes all gains/(losses) from trading and changes in fair value for financial assets and financial liabilities.

7.5 Net gains / (losses) on financial assets at fair value through profit or loss

Net gains/ (losses) on financial assets at FVTPL represent revenue from non-trading assets invested for the purpose of cashflow management. The financial asset is designated at FVTPL and measured at FVTPL as elected under IFRS 9. The line item represents fair value changes.

7.6 Net gains/(losses) on derecognition of financial assets measured at amortised cost or FVOCI

Net gain/(loss) on derecognition of financial assets measured at amortised cost includes income (or loss) recognised on sale or derecognition of financial assets measured at amortised costs calculated as the difference between the book value (including impairment) and the proceeds received. When the financial asset measured through FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and presented in the profit or loss statement within 'net gains/ (losses) on derecognition of financial assets measured at fair value through OCI'.

7.7 Financial instruments - initial recognition

7.7.1 Date of recognition

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognized on the date on which the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

7.7.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing them. Financial instruments are initially measured at their fair value (as defined in Note 7.7). Except in the case of financial assets and liabilities recorded at FVPL, transaction costs are added to or subtracted from this amount. Receivables are measured at the transaction price. Immediately after initial recognition, an expected credit loss allowance is recognised for newly originated financial assets measured at amortised cost or fair value through other comprehensive income debt instruments (refer to note 30 for further details).

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.7 Financial instruments - initial recognition (Continued)

7.7.3 Day 1 Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

7.7.4 Measurement categories of financial assets and liabilities

Classification and subsequent measurement of financial assets depend on;

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

- The cash flow characteristics of the asset.

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

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

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within 'net gains/ (losses) on financial assets at fair value through profit or loss' in the period in which it arises. Financial assets designated in this class are not held for trading.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest and are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. Interest income from these financial assets is included in interest income using the effective interest rate method.

The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The main consideration in determining the different business models across the group is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.7 Financial instruments - initial recognition (Continued)

7.7.4 Measurement categories of financial assets and liabilities (Continued)

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

Category (as defined by IFRS 9)		Class (as determined by the Bank)		Subclass
Financial Assets	Amortized cost	Due from banks		
		Loans and advances to customers	Loans to individuals (personal lending)	Personal Loans
				Mortgage Loans
			Loans to corporate entities	Corporate Customers
			Loans to SMEs	SME Loans
			Loans to Microfinance	Microfinance Loans
		Credit cards		
		Other assets (excluding non-financial assets)		
		Investment in Debt securities	Debt instruments	Treasury Bill and Bonds (SPPI)
			Private Bonds	Private Bonds
		Settlement and clearing accounts		
		Cash balances with the central bank		
	Fair value through other comprehensive income (FVOCI)	Equity investments designated at FVOCI		
		Other treasury bonds held to collect contractual cash flows and sale		
	Fair value through Profit or Loss (FVPL)	Equity investments designated at FVPL		
		Financial assets designated at FVPL		
Financial assets Held for trading	Fair value through Profit or Loss (FVPL)	Debt Instruments		
Financial liabilities	Financial liabilities at amortised cost	Deposits from Banks		
		Borrowings, Green bond, subordinated debts, and other liabilities		
		Deposits from customers	Retail customers	
			Corporate customers	
Off-balance sheet financial instruments	Loan commitments			
	Guarantees, acceptances and other financial liabilities			

7.8 Fair value measurement

The Group measures financial instruments such as equity investments and debt instruments at FVTPL and FVOCI investment securities at fair value at each reporting date. The fair value of financial instruments 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability if market participants act in their best economic interest.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.8 Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 financial instruments:** Those are financial instruments traded in active markets. The determination of fair values of financial assets and financial liabilities is based on market prices or dealer price quotations without any deduction for transaction costs. This includes listed equity securities and debt instruments.

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

- **Level 2 financial instruments:** Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3.

- **Level 3 financial instruments** include one or more unobservable inputs that are significant to the measurement as a whole.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where the Bank manages a group of financial assets and liabilities based on its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis, however the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the IFRS offsetting criteria.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.8 Fair value measurement (Continued)

Valuation Principles and Governance

The Group's fair value methodology and the governance over its models include several controls and other procedures to ensure appropriate measures to ensure its quality and adequacy. All new product initiatives, including their valuation methodologies, are subject to approvals by various functions of the Group, including the Risk Department and Finance. The responsibility of ongoing measurement resides with Finance, which reports to the Chief Financial Officer.

The fair value estimates are being validated by:

- Benchmarking prices against observable market prices or other independent sources
- Re-performing the model calculations
- Evaluating and validating input parameters

Valuation techniques

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

The Bank periodically reviews its valuation techniques, including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Bank's financial instruments such as credit risk, own credit and/or funding costs.

Therefore, the Bank applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value. These include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, reflecting the credit risk of the individual counterparties for non-collateralized financial instruments.

The Bank estimates the value of its credit from market observable data, such as secondary prices for its traded debt.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period

Transfers between levels

- The financial instruments are transferred from Level 1 to Level 2 when they cease to be actively traded during the year.
- The financial instruments are transferred from Level 2 to Level 1 when actively traded during the year.
- Transfers out of the level 3 portfolio arise when inputs that could significantly impact the instrument's valuation become market observable after previously being non-market observable.
- Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting period during which the change occurred.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.8 Fair value measurement (Continued)

Reporting and disclosures

For fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The fair value of a financial instrument is generally measured on an individual basis. However, when the bank manages a group of financial assets and liabilities based on its net market or credit risk exposure (as defined in IFRS 7), the bank can opt to measure the fair value of that group based on its net position. The financial statements present the underlying financial assets and liabilities separately unless they satisfy the IFRS offsetting criteria.

Gains or losses on the valuation of FVOCI are recognised in other comprehensive income.

Gains or losses on the valuation of FVPL are recognised in profit or loss.

7.9 Financial assets and liabilities per financial statement line

7.9.1 Loan and advances to banks, Loans and advances to customers, Debt instruments measured at amortized cost, Credit cards, financial assets measured at FVPL, Equity instrument measured at FVPL, Equity instrument measured at FVOCI.

The Bank measures Loans and advances to banks, Loans and advances to customers, Debt instruments measured at amortized cost, Credit cards, financial assets measured at FVPL, Equity instruments measured at FVPL, Equity instruments measured at FVOCI only if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows on specified dates solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

7.9.1.1 Business Model Assessment

The business model reflects how the Group manages the assets to generate cash flows. That is whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), the financial assets are classified as part of the 'other' business model and measured at FVPL.

The Group considers factors such as experience in collecting the cash flows for these assets, evaluating and reporting the asset's Performance to key management personnel, assessing and managing risks, and compensating managers when determining the business model for a Group of assets.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, among other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the Group only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction because substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.9 Financial assets and liabilities per financial statement line (Continued)

7.9.1.1 Business Model Assessment (Continued)

If sales of financial assets are infrequent, the significance of these sales is considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. Determining whether sales are significant or frequent requires management to use its judgment. The significance and frequency of sales are assessed on a case-by-case basis at the business model level.

The frequency is assessed on an annual basis, and sales of assets that take place once or less per annum are infrequent. If sales take place more than once per annum, it does not mean that the business models are not to collect contractual cash flows; rather, the reasons for the sales need to be more carefully considered. Management will consider the volume and number of sales relatives to the total assets in the business model to determine whether it is significant. The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Suppose cash flows after initial recognition are realised in a way that is different from the Bank's original expectations. In that case, the Bank does not change the classification of the remaining financial assets held in that business model. Still, it incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

7.9.1.2 The SPPI test

As a second step of its classification process, the Bank assesses the contractual terms of the financial assets to identify whether they meet the SPPI test.

For this test, ' principal' is defined as the fair value of the financial asset at initial recognition. It may change over the asset's life (for example, if there are principal repayments or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

The Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement.

For the purpose of this test, the' principal' is defined as the fair value of the financial asset at initial recognition, which may change over the asset's life (for example, if there are principal repayments or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.9 Financial assets and liabilities per financial statement line (Continued)

7.9.1.2 The SPPI test (Continued)

relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. Where the contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The SPPI test is applied on a portfolio basis for all loans and advances as the cash flow characteristics of these assets are standardized. Where the cash flow characteristics of an instrument are not standardized, then the SPPI test will be performed on an individual instrument at initial recognition.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in contractual cash flows unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

The Bank may issue loans that include features that change the contractual cash flows based on the borrower meeting certain contractually specified environmental, social and governance (ESG) targets. These are known as ESG-linked (or sustainability-linked) loans. For example, the contractual interest rate is reduced if the borrower meets specific targets for reducing carbon emissions. In line with the policy outlined above, if the ESG feature is assessed as resulting in a de minimis exposure to risks or volatility in the contractual cash flows, then the ESG feature does not affect the classification of the loan. However, if the effect of the ESG feature is assessed as being more than de minimis, then further judgement is required about whether the feature does not introduce compensation for risks inconsistent with basic lending arrangements.

7.9.2 Financial assets or financial liabilities held for trading.

The Bank classifies financial assets or liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking.

Held for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Included in this classification are debt securities and equities that have been acquired principally to sell or repurchase in the near term.

7.9.3 Debt Instruments at FVOCI

The Group classifies debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value, with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost as explained in note 7.2.2. The ECL calculation for debt instruments at FVOCI is presented in Note 7.15.3. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

7.9.4 Equity Instruments at FVOCI

Equity instruments are instruments that meet the definition of equity from the issuer's perspective: instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group's policy is to designate equity investments as FVOCI when not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.9 Financial assets and liabilities per financial statement line (Continued)

7.9.5 Debt issued and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by considering costs that are an integral part of the EIR.

7.9.6 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and liabilities in this category have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria is met.

Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis

  Or

- The liabilities are part of a group of financial liabilities, which are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial assets and liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss except for movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are designated through OCI and do not get recycled to the profit or loss.

Interest earned or incurred on instruments designated at FVPL Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

7.9.7 Financial guarantees, letters of credit and undrawn loan commitments

The Bank may issue financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the commission received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL allowance.

The commission received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credit are commitments under which the Bank is required to provide a loan with pre-specified terms to the customer throughout the commitment. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. Acceptances and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities. The Bank has elected not to apply IFRS 17 Insurance contracts as permitted for financial guaranteed contracts since the Bank has not explicitly asserted that it considers such contracts to be insurance contracts.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.10 Reclassification of financial assets and liabilities

A change in business model only occurs on rare occasions when the Group changes how it manages financial assets. Any change in the business model would result in a reclassification of the relevant financial assets from the start of the first reporting period following the change. Such changes are expected to be infrequent, and none occurred during the period. Financial liabilities are never reclassified

7.11 Modifications of financial assets and financial liabilities

7.11.1 Modification of financial assets

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties rather than taking possession or enforcing the collection of collateral. A modification of a financial asset occurs when the contractual terms governing the cash flows of the financial asset are renegotiated or otherwise modified between its initial recognition and maturity.

A modification affects the amount and timing of the contractual cash flows immediately or later. If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. To renegotiate or modify the contractual cash flows of loans to customers, the Bank assesses whether the new terms differ substantially from the original ones. The Bank does this by considering, among others, the following factors:

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

Suppose cash flows are modified when the borrower is in financial difficulties. In that case, the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. Suppose the Group plans to modify a financial asset in a way that would result in the forgiveness of cash flows. In that case, it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in the derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over its remaining term.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.11 Modifications of financial assets and financial liabilities (Continued)

7.11.2 Modification of Financial Liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised, and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

A substantial modification of the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss

Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

7.12 Derecognition of financial assets and liabilities

7.12.1 Derecognition due to substantial modification of terms and conditions

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

7.12.2 Derecognition other than substantial modification of terms and conditions

7.12.2.1 Financial assets

A financial asset is derecognized when the rights to receive cash flows from it have expired. The Bank also derecognizes the financial asset if it has transferred it, and the transfer qualifies for derecognition.

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

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

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the original asset) but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients) when all the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients.

The Bank must remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents,

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.12 Derecognition of financial assets and liabilities (Continued)

7.12.2.1 Financial assets (Continued)

including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the assets.

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

7.12.2.2 Financial Liabilities

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

7.13 Forborne Modified Loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties rather than taking possession or enforcing the collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided because of the borrower's present or expected financial difficulties, and the Bank would not have agreed to them if the borrower had been financially healthy.

Indicators of financial difficulties include defaults on covenants or significant concerns raised by Credit analysts. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. If modifications are substantial, the loan is derecognised, as explained in Note 7.11. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms.

The Bank also reassesses whether there has been a significant increase in credit risk, as set out in note 10.3.2.5 and whether the assets should be classified as Stage 3. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off. Once an asset has been classified as forborne, it will remain forborne for a minimum of 6 months for credit revolving facilities and 4 consecutive instalments for term loans as a probation period.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.13 Forborne Modified Loans (Continued)

For the loan to be reclassified out of the forborne category, the customer must meet all the following criteria:

- All of its facilities have to be considered performing.
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due Details of forborne assets are disclosed in Note 10.3.5.

7.14 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and an intention to settle on a net basis, realising the assets and settling the liabilities simultaneously.

Financial assets and liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

Income and expenses are presented on a net basis only when permitted under IFRS accounting standards or for gains and losses arising from a group of similar transactions, such as in the Group's trading activity.

7.15 Impairment of financial assets

7.15.1 Overview of the ECL principles

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

Due from banks;

- Loans and advances to customers;
- Debt instrument at FVOCI;
- Credit cards;
- Loan commitments issued;
- Financial guarantee and letter of credit; and
- Other assets (excluding non-financial assets).

Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12-month ECL) as outlined in Note 7.15.2. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 10.3.2.5.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.15 Impairment of financial assets (Continued)

7.15.1 Overview of the ECL principles (Continued)

Except for POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- Lifetime ECL, i.e., ECL that results from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. The Group apply low credit risk exemption for financial instruments with no significant increase in credit risk.

Both Lifetime ECL and 12-month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in Note 10.2.3.6.

The Bank has established a policy to assess whether a financial instrument's credit risk has increased significantly since initial recognition at the end of each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. For the purposes of determining ECL, all facilities whose contractual payments are more than 30 days due but less than or equal to 90 days due are grouped in stage 2 as they are taken to have experienced a significant increase in credit risk.

As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3 as described below:

- **Stage 1:** When loans are first recognized, the Bank recognizes an allowance based on a 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- S**tage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the Lifetime ECL. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans considered credit-impaired (as outlined in Note 10.3.8) The Bank records an allowance for the Lifetime ECL.
- **POCI:** Purchased or originated credit-impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition, and interest income is subsequently recognised based on a credit-adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.15 Impairment of financial assets (Continued)

7.15.2 Calculation of ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Group calculates ECL by projecting the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The mechanics of the ECL calculations are outlined below, and the key elements are, as follows:

PD—The Probability of Default estimates the likelihood of default over a given time horizon. It is calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporates the impact of forward-looking economic assumptions that influence credit risk, such as interest rates, unemployment rates, and GDP forecasts.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

EAD – The Exposure at Default is an estimate of the exposure at a future default date, considering the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation, and prepayments, together with the impact of forward-looking economic assumptions where relevant. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortized products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over 12 months or a lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking the current drawn balance and adding a "credit conversion factor," which allows for the expected drawdown of the remaining limit by the time of default. Based on an analysis of the Group's recent default data, these assumptions vary by product type and current limit utilization band.

LGD—The Loss Given Default is an estimate of the loss arising when a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank expects to receive. The 12-month and lifetime LGDs are determined based on the factors that impact the recoveries made post-default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at the product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.15 Impairment of financial assets (Continued)

7.15.2 Calculation of ECL (Continued)

When estimating the ECL, the Bank considers three scenarios (a base case, an upside, and a downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will be cured and the value of collateral or the amount that might be received for selling the asset.

Except for credit cards and other revolving facilities, for which the treatment is separately set out in Note 7.15.4, the maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on an annual basis.

The mechanics of the ECL method are summarised below:

Stage 1: The 12-month ECL is calculated as the portion of the Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECL. The mechanics are like those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the instrument's lifetime. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognizes the Lifetime expected credit losses for these loans. The method is like that for Stage 2 assets, with the PD set at 100%.

POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

Loan commitments and letters of credit: When estimating Lifetime ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.15 Impairment of financial assets (Continued)

7.15.2 Calculation of ECL (Continued)

For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within other Liabilities

Financial guarantee contracts: The ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument and any amounts that the Group expects to receive from the holder, the debtor, or any other party. The ECL related to financial guarantee contracts is recognised within the Provisions.

7.15.3 Debt instruments measured at fair value through OCI

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

7.15.4 Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit card facilities, in which the Bank has the right to cancel and/or reduce the facilities within a notice period. The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is like other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage. The interest rate used to discount the ECL for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation considers that many facilities are repaid in full each month and are consequently not charged interest.

7.15.5 Purchased or originated credit-impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in Lifetime ECL since initial recognition in the loss allowance.

7.15.6 Forward-looking economic information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as GDP growth, unemployment rates, inflation rates, lending rates, and money supply. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 10.3.3.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD, and LGD. These assumptions vary by product type. Refer to note 7.15.2 for an explanation of forward-looking information and its inclusion in ECL calculations.

There were no changes in estimation techniques/ assumptions made during the reporting period.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.15 Impairment of financial assets (Continued)

7.15.7 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision under other liabilities; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the cumulative changes in the fair value reserve.

7.15.8 Limitation of estimation techniques

The models applied by the Group may not always capture all characteristics of the market at a point in time as they cannot be recalibrated at the same pace as changes in market conditions. Interim adjustments are expected to be made until the base models are updated. Although the Group uses data that is as current as possible, models used to calculate ECLs are based on data that is up to date except for certain macroeconomic factors for which the data is updated once it is available.

7.16 Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, and other non-financial assets. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards, and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL.

On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed at a minimum, at inception and re-assessed upon issuing an additional loan or restructuring a loan. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

Guarantees held are included in the measurement of loan ECL when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended. Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.17 Collateral repossessed

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

In its normal course of business, the Group engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

7.18 Write-offs

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

The Group writes off non-performing financial assets that have been past due for more than four (4) consecutive quarters. The Group may write off financial assets in whole or in part when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include

- ceasing enforcement activity and
- where the Group's recovery method is foreclosing on collateral, and the value of the collateral is such that there is no reasonable expectation of recovering in full. The assessment is done for specific borrowers.

7.19 Cure of non-performing financial assets including modified loans

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

Under migration from stage 3 to stage 2, the Bank shall consider the criteria for the upgrade of credit accommodation as follows:

- In the case of overdraft facilities, the account has satisfactorily performed for a minimum period of two consecutive quarters; and
- In the case of term loans, the obligor has timely paid four consecutive instalments.

These periods have been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions. On the other hand, credit exposures may migrate from stage 2 to stage 1 when there is a significant improvement of credit exposure. In determining whether an exposure should shift backwards from stage 2 to stage 1, The Bank shall consider the following;

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

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.19 Cure of non-performing financial assets including modified loans (Continued)

Upgrade from stage 2 to stage 1 shall be subject to a monitoring period of 90 days for conventional loans and 30 days for Microfinance loans to confirm if the risk of default has decreased sufficiently before upgrading such exposure. For credit exposures that have cured, i.e., shifted from stage 2 to stage 1 or stage 3 to stage 2, interest income is calculated on the gross carrying amount of the asset at the beginning of the period before allowance for ECLs using the effective interest rate. The gross carrying amount of the exposure shall be the amortized cost at the end of the period less allowance for ECL computed.

7.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at calls with banks, other short-term term highly liquid investments with original maturities of three months or less, including cash and non-restricted balances with Central bank, Investment securities and amounts Due from banks that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents include the cash reserve requirement held with Central bank.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

7.21 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Bank leases office space in various parts of the region. Rental contracts are typically made for fixed periods of five to ten years but may have extension options as described in (v) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Bank is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payments that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.21 Leases (Continued)

To determine the incremental borrowing rate, the Bank:

- where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and.
- adjusts specific to the lease, such as term, country, currency, and security

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs; and
- restoration costs

Critical judgements in determining the lease term

- Extension and termination options - Extension and termination options are included in a number of property lease contracts. These terms maximise operational flexibility in managing contracts.
- In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).

Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicle leases have not been included in the lease liability because the Bank could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs that affects this assessment and is within the control of the lessee.

Group as a lessee

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

a) **Right-of-use asset**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.21 Leases (Continued)

Group as a lessee (Continued)

payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 7.24 Impairment of non-financial assets.

b) **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments.

c) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets (i.e. those that have the value of TZS 2 Million or below) recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

Currently, the Bank is a Lessor of Operating Leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

7.21.1 Prepaid Leases

Prepaid leases relate to advance payments made for the right of occupancy of land held by the Bank. Initially prepaid leases are recognised at the amount paid to the Government to acquire the right of use of land. Directly attributable costs are added to the initial carrying amount. Subsequently, prepaid leases are amortised over the period of the leases which ranges between 66-99 years.

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.22 Property and equipment and motor vehicles

Recognition and measurement

Upon initial recognition Property and equipment and motor vehicles are recorded at a cost which includes expenditure that is directly attributable to the acquisition of the items.

Subsequently, motor vehicles are stated in the statement of financial position at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The valuation is determined by independent valuers with reference to the market value of motor vehicles. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase arising on the revaluation of such motor vehicles is recognized in other comprehensive income and cumulated in revaluation reserve in equity except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.

A decrease in the carrying amount arising from the revaluation of such motor vehicles is recognized in profit or loss to the extent that it exceeds the balance, if any, held in a revaluation reserve relating to a previous revaluation of that asset. Excess depreciation arising from the revaluation is amortized over the remaining useful life of the revalued assets through a transfer from the revaluation reserve to retain earnings.

Land and buildings comprise mainly conventional branches and offices.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. When revalued assets are sold, the amounts included in the revaluation surplus relating to those assets are transferred to retained earnings.

Depreciation

Depreciation of assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Bank buildings and prepaid leases	66 years
ICT equipment	5 years
Data Centre equipment	8 years
Generators	8 years
Motor vehicles:	
• Hardtop	10 years
• Other Motor vehicles	7 years
• Motorcycle	3 years
• Office equipment	5 years
Furniture and fittings:	

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.22 Property and equipment and motor vehicles (Continued)

• Hardwood	10 years
• Softwood	5 years
Smart card equipment:	
• ATM machines	8 years
• POS	5 years
• Mobile phones	3 years
• Security equipment	5 years
Leasehold improvement (ATM and Branches):	
• Leasehold for ATM	8 years
• Leasehold for Branches	10years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

7.23 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.

Acquired computer software licenses shall be capitalized based on the costs incurred to acquire and bring to use the specific software. These costs shall be amortized over their estimated useful lives (For fixed-term software based on a licensing period and for Perpetual software for ten years).

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

The Group has no intangible assets with indefinite useful lives

7.24 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.24 Impairment of non-financial assets (Continued)

For the purposes of assessing impairment, assets are grouped together into the smallest group that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (Cash Generating Units or CGUs). The impairment test can also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation because 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses. The detailed exposures are provided in Note 49. The unwinding of the discount is recognised as a finance cost.

Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements. Further disclosures are provided in Note 62.

7.26 Taxes

7.26.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in Note 24.

7.26.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.26 Taxes (Continued)

7.26.2 Deferred tax (Continued)

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

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

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only offsets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

7.26.3 Uncertain Tax Positions

The group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRI₹23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The group recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

7.26.4 Levies and similar charges

The Group recognises the liability arising from levies and similar charges such as City service levy paid quarterly to the local government authority, excise and stamp duty paid monthly to the Tanzania Revenue Authority (TRA). These charges are to be legally enforceable in the reporting period. A revision for levies is recognised when the condition that triggers the payment of the levy is met.

7.27 Equity instruments

Own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity. Consideration paid or received on the purchase, sale, issue or cancellation of the Bank's own equity instruments is recognised directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

When the Group holds its own equity instruments on behalf of its clients, those holdings are not included in the Bank's statement of financial position. Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as trading instruments and changes in the fair value are reported in the income statement in 'Net trading income'.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.28 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

During the year, the Group had no borrowing costs eligible for capitalisation.

7.29 Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when extinguished. Such financial liabilities include deposits from banks or customers, other liabilities, subordinate debts and borrowings.

7.30 Grants

Income-based grants are deferred in the balance sheet and released to the income statement to match the related expenditure that they are intended to compensate. Asset-based grants are deferred and matched with the depreciation on the asset for which the grant arises.

Grants that involve recognized assets are presented in the balance sheet either as deferred income or by deducting the grant in arriving at the asset's carrying amount, in which case the grant is recognized as a reduction of depreciation.

7.30 Share capital and equity reserves

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as a 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

The reserves recorded in equity (OCI) on the Bank's statement of financial position include:

- The cumulative net change in the fair value of debt instruments classified at FVOCI, less the allowance for ECL
- The cumulative net change in fair value of equity instruments at FVOCI
- Exchange differences on translation of foreign operations, which is used to record exchange differences arising from the translation of the net investment in foreign operations.
- Revaluation of gain on property and equipment.
- Other capital reserve (further details are provided on note 57).

7.31 Earnings per share

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

7.32 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

The presentation of dividend income in the consolidated statement of profit or loss depends on the classification and measurement of the equity investment, i.e.

- for equity instruments designated at FVOCI dividend income is presented in other income; and
- for equity instruments not designated at FVOCI and not held for trading, dividend income is presented as net income from other instruments at FVPL.

7.33 Dividend on ordinary shares

Dividends on ordinary shares are recognised as liabilities and deducted from equity when they are approved by the Bank's shareholders at the Annual General Meeting. Payment of dividends is subject to withholding tax at the enacted rate of 5%.

7.34 Legal and other claims

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation because of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

7.35 Contingencies and Commitments

Transactions are classified as contingencies where the Group's obligations depend on uncertain future events. Items are classified as commitments where the Group commits itself to future transactions if the items will result in the acquisition of assets.

7.36 Insurance Operations

7.36.1 Definition and classification of policyholder contracts

The Group issues contracts that transfer insurance risks as defined under IFRS 17 through its wholly owned subsidiary, CRDB Insurance Company Limited.

An insurance contract is a contract under which the insurer accepts significant insurance risk, from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contacts may also transfer financial risk. The Group determines insurance risk as significant if, and only if, an insured event could cause the Group to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance. The possibility of a loss is measured on a present-value basis.

The Group assesses whether it accepts significant insurance risk under the individual contract that it issues, i.e., not by groups of contracts, the outcome of which determines if the contract is within the scope of IFRS 17 or another IFRS standard. In some cases, management applies judgment as to whether there are significant insurance risks under the contracts it issues. The Group considers its substantive rights and obligations, whether they arise from a contract, law or regulation when applying IFRS 17. CRDB Insurance Company Limited has insurance risk for General business.

7.36.2 Separating components from insurance and reinsurance contracts

The Group assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.3 Level of aggregation

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts.

As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Group has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised.
- Environmental factors, e.g., a change in market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a Group can comprise a single contract.

7.36.4 Cohorts

In addition to this required grouping above, the Group are not permitted to include contracts issued more than one year apart in the same group. The Group has elected to combine contracts in the same annual calendar year at initial recognition. The recognition and measurement requirements are then applied to these groups of contracts.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.5 Measurement approaches for IFRS 17 insurance contracts

The measurement approaches refer to the models prescribed for valuing the IFRS 17 defined insurance contracts and impact how the amounts are recognised in the income statement over time. Insurance revenue is recognised throughout the contracts in a way that best reflects the delivery of the contracted obligations in the reporting period.

For all measurement approaches, the total insurance contract asset or liability is the sum of:

- The Liability for remaining coverage (LRC), the Group's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the insurance coverage) and pay amounts under existing insurance contracts that are not included as above, and relate to insurance contract services not yet provided, i.e. the obligations that relate to future provisions of insurance contract services, or other amounts that are not related to the future provision of insurance contract services and that have not been transferred to the Liability for incurred claims (LIC).
- The LIC, which is the Group's obligation to investigate and pay valid claims for insured events that have already occurred, including vents that have occurred but have not been reported and other incurred insurance expenses; and to pay amounts that relate to insurance contract services that have already been provided, or other amounts that are not related to the provision of insurance contract services and that are not included in the LRC.
- The asset for insurance acquisition cash flows is directly attributable to acquisition costs incurred by the group in establishing product lines prior to a group of insurance contracts being recognised.

All components of the LRC are grouped together in the applicable cohorts for initial and subsequent recognition. On initial recognition, the LRC for PAA contracts consists of:

- Fulfilment cash flows (FCF), comprising current estimates of future cash flows (within the boundary of the contract), an adjustment that reflects the time value of money and the financial risks related to future cash flows to the extent that financial risks are not included in the estimates of the FCF;
- An explicit risk adjustment (RA) for non-financial risk.

For all reinsurance contracts. the total reinsurance contract asset or liability is the sum of:

- The Assets for remaining coverage (ARC), if the contract is still in the coverage period; and
- The Amount recoverable on incurred claims (ARIC), if the insured event has occurred.

The measurement approaches used for insurance and reinsurance contracts are appropriate for the terms and conditions, and the characteristics of the insurance or reinsurance contract being measured. Consistent assumptions are used to measure the estimates used in measuring the groups of reinsurance contracts held with those estimates used to measure the groups of underlying insurance contracts. The allocation of contracts to each measurement approach is dictated by IFRS 17. However, there is an element of judgment in certain cases and a permitted simplification if prescribed eligibility criteria are met. Due to the short nature of contracts that the Group issues, it applies the PAA.

When applying IAS 21, The Effects of Changes in Foreign Exchange Rates (IAS 21), to a group of insurance contracts that generate cash flows in a foreign currency, the group treats the group of contracts as a non-monetary item.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.5 Measurement approaches for IFRS 17 insurance contracts (Continued)

7.36.5.1 Premium Allocation Approach (PAA)

The PAA simplifies the General Measurement Model (GMM) approach for contracts with short boundaries, a coverage period of 12 months or less, or where they meet the PAA eligibility criteria (for both insurance and reinsurance contracts). The eligibility criteria are met if, at the inception of the group of contracts, it is expected that the simplification would produce a measurement of the LRC for that group of contracts that would not differ materially from that had the simplified measurement approach not been applied.

Profit for the period under the PAA approach is mainly determined with reference to the amount of expected premium receipts less expenses in the period. The key difference therefore is how the LRC is measured, with the PAA. This approach avoids the complexities associated with updating a CSM (as there is no CSM) and estimating future claims.

Revenue recognition for PAA measured contracts reflects the transfer of insurance contract services, which for the Group, is generally over the passage of time (unless other indicators are more representative of the service provided).

Once a contract is eligible for the PAA, it is the Group's choice whether to elect it or not (an accounting policy election at inception of the contract). In order to be eligible for PAA, the coverage period must be one year or less or in certain cases with longer coverage period, if specific eligibility criteria can be met.

Although the calculation of the LRC differs from that used for those contracts measured under the GMM measurement approach, the LIC approach is the same for both measurement models.

7.36.6 Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous, The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

(i) The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

(ii) The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.7 Contract boundary

The Group includes all the future cash flows within the boundary of each contract in the group to measure a group of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the insurer can compel the policyholder to pay the premiums or in which the Insurer has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

(a) The Insurer has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflect those risks.

Or

(b) Both of the following criteria are satisfied:

- The Insurer has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflect the risk of that portfolio.
- The pricing of the premiums up to the date when the risks are reassessed does not consider the risks that relate to periods after the reassessment date A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

7.36.8 Insurance contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

a. The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary.

or

b. For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and the types of its lines of business.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

c. The extent of future cash flows related to any derivatives embedded in the contracts.

d. The length of the coverage period of the group of contracts

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

e. The premiums, if any, received at initial recognition

f. Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.8 Insurance contracts – initial measurement (Continued)

g. Plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and

h. Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

Given the short-term nature of insurance contracts (that is, all insurance contracts have a coverage period of one year or less), no allowance for the time value of money is made for the liability for remaining coverage.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract.

Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such an onerous group, depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 20.

Insurance contracts – subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period.
- Minus insurance acquisition cash flows, with the exception of the property insurance product line for which the Group chooses to expense insurance acquisition cash flows as they occur.
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows are recognised as an expense in the reporting period for the group.
- Plus, any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows; they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such an onerous group, depicting the losses recognised. For additional disclosures on the loss component. Insurance acquisition cash flows are allocated on a straight-line basis as a portion of the premium to profit or loss (through insurance revenue).

7.36.9 Reinsurance contracts held – initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on to the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example, the generation of expenses or reduction in expenses rather than revenue.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.9 Reinsurance contracts held – initial measurement (Continued)

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

7.36.10 Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

7.36.11 Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. With the exception of the property insurance product line, for which the Group chooses to expense insurance acquisition cash flows as they occur, the Group uses a systematic and rational method to allocate:

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

  (i) to that group; and

  (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts. The time bands when the Group expects to derecognise the above asset for insurance acquisition cash flows are disclosed in Note 49.

At the end of each reporting period, the Group revises amount of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- An impairment test at the level of an existing or future group of insurance contracts; and

- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.11 Insurance acquisition cash flows (Continued)

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss. The Group recognises in profit or loss a reversal of some or all an impairment loss previously recognised and increases the carrying amount of the asset to the extent that the impairment conditions no longer exist or have improved.

7.36.12 Risk adjustment (RA)

The RA is an explicit, current adjustment to compensate the Group for bearing non-financial risk, that is, insurance risk, a deferral of margin to cover the risk of variation to the estimated cash flows. The risk adjustment is released over the contact duration in line with the reduction of the estimated risk. The group has adopted the confidence level approach to determine the amount of risk adjustment required. Risk adjustment is calculated based on the 75% confidence level.

7.36.13 Risk adjustment – reinsurance

For reinsurance contracts, the risk adjustment for non-financial risk represents the amount of risk being transferred to the reinsurer.

7.36.14 Insurance Revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services based on the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

7.36.15 Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts, the loss component will be zero.

7.36.16 Loss-recovery components

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.16 Loss-recovery components (Continued)

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

7.36.17 Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the yields of highly liquid government securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to be observable market rates.

The group does not adjust the liability for remaining coverage for the effect of discounting when the coverage period is less than one year. Additionally, the group does not adjust future cash flows in the liability for incurred claims for the time value of money and the effect of financial risk when those cash flows are expected to be paid in less than one year

7.36.18 Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

7.36.19 Net income or expense from reinsurance contracts held

The Group presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

7.36.20 Presentation

The Group has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Group disaggregates the total amount recognised in the statement of profit or loss into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses. The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.36 Insurance Operations (Continued)

7.36.21 Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

7.37 Employee benefits

Short-term employee benefits

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

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as employee benefit expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group also contributes to the statutory defined contribution in the various countries in which it operates. The Group's contribution to these schemes is recognised in the profit or loss.

Gratuity

Contract staff are entitled to gratuity payment at the completion of the contract. Provision is made for gratuity in line with the contracts. The gratuity is not a defined benefit arrangement. The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

Termination benefits

Termination benefits are expensed at the earliest of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

7.38 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported consistent with the internal reporting provided to the Bank's Management Team, which is the Chief operating decision maker. The Group's is divided into three business segments and two geographic segments. Details of the Group's segments are provided under Note 9.

7.39 The use of "Group" and "Bank"

The Group has used the words "Group" and "Bank", interchangeably across the annual and consolidated financial statements for the period ended 31 December.

NOTES (Continued)

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

8.1. Significant Judgements

In applying the Bank's accounting policies, management has made the following judgements, each have the most significant effects on the amounts recognised in the consolidated financial statements.

8.1.1 Impairment losses on financial assets

In determining the expected credit losses, the Bank makes the following judgements:

- Significant increase in credit risk (SICR) In assessing whether a significant increase in credit risk (SICR) has occurred for an exposure since initial recognition, the Bank considers both quantitative and qualitative information and analysis. In doing so, the Bank makes judgements about the appropriate indicators used as SICR triggers.
- The triggers the Bank has determined as appropriate include the 30-day backstop, movement in PD, and other qualitative factors, such as moving a customer/facility to the watch list or the account becoming forborne. See Note 10.3.2.5. for further details.
- Multiple economic scenarios The Bank, in its measurement of ECL, makes judgements about the type and number of macroeconomic scenarios to reflect the Bank's exposure to credit risk. For example, the Bank has determined that three (3) scenarios are appropriate-upside, base case, and downside. See Note 10.3.3. for further disclosures relating to the different scenarios.
- Definition of Default Significant judgment exists regarding when an asset is considered to have defaulted and the resulting definition of default against which parameters of the ECL model, such as PD, LGD, and EAD, are evaluated. See Note 10.3.2.1.
- Other judgements in the determination of ECL include
  - Development of ECL models, including the segmentation of products, the various formulas, and the choice of inputs, for example, which inputs are relevant for the particular exposures in particular regions.
  - The segmentation of financial assets when their ECL is assessed on a collective basis

8.1.2 Fair value

Significant judgement is exercised in classifying fair value instruments as level 3 as their valuation is driven by significant unobservable inputs. The Bank considers an instrument to be valued using significant unobservable inputs when more than 10% of the instrument's valuation is determined by unobservable inputs.

8.2. Significant estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

NOTES (Continued)

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.2. Significant estimates and assumptions (Continued)

8.2.1 Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires assumptions in the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, such as changes that can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with several underlying assumptions regarding the variable inputs and their interdependencies. Elements of the ECL calculation that involve assumptions and estimate uncertainty include:

- The weightings assigned to the multiple economic scenarios to reflect the exposure to credit risk
- The value of specific economic inputs included in the assessment, such as unemployment levels and collateral values, and the effect on PDs, EADs, and LGDs. See Note 10.3.3 for an analysis of the inputs to the ECL model.
- The value of specific economic inputs included in the assessment, such as unemployment levels and collateral values, and the effect on PDs, EADs, and LGDs. See Note 10.3.3 for an analysis of the inputs to the ECL model.
- In addition to the judgements outlined above regarding SICR triggers, qualitative criteria are assessed to determine if there has been a significant increase in credit risk. These supplementary factors (such as sectorial approaches) result in significant assumptions and estimation uncertainty.

The Bank regularly reviews its models in the context of actual loss experience and adjusts when necessary. Refer to Note 10.3.3 for further details on ECLs and sensitivities.

8.2.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but estimation is required to establish fair values where this is not feasible. Assumptions and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation, and volatility. For further details about determining fair value, please see Notes 7.8 and 11.

8.3. Other accounting judgements, estimates, and assumptions

8.3.1. Impact of climate risk on accounting judgments and estimates

Where appropriate, the Bank considers climate-related matters in its estimates and assumptions, which may increase the inherent level of uncertainty. This assessment includes a wide range of possible impacts on the Bank due to physical and transition risks. The Bank and its customers are exposed to the physical risks of climate change and the risks of transitioning to a net-zero economy. These risks may involve refinancing and liquidity risks for certain customers in high-risk sectors where financial institutions may seek to reduce their exposures in the future. Even though climate-related risks might not currently significantly impact measurement, the Bank is closely monitoring relevant changes and developments.

NOTES (Continued)

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.3. Other accounting judgements, estimates, and assumptions (Continued)

8.3.1. Impact of climate risk on accounting judgments and estimates (Continued)

The items and considerations that are most directly impacted by climate-related matters are:

- Expected credit losses (ECL): Customers and portfolios exposed to climate risk may have a resultant deterioration in creditworthiness and a consequential impact on ECL. For example, the measurement of ECL may be affected by physical climate-related risks such as floods or outbreaks of fire, which may negatively affect a borrower's ability to repay the loan or result in a deterioration in the value of underlying collateral pledged. Transition risks may result from government or institutional policy changes, with consequential credit quality deterioration in sectors or countries affected.

  The underlying Bank collaterals held are not expected to be impacted by climate risk as the assets are not in high-risk geographical areas. Refer to Note 10.3.7.2 where the gross carrying amount, and allowance for ECL, per industry segment are disclosed. As a result of the factors outlined here, it was assessed that the magnitude of any impact of climate risk would not be material in the current reporting period.

- Classification of ESG-linked (or sustainability-linked) loans and bonds: For loans and bonds with sustainability-linked features, the Bank determines whether the instrument passes the sole payments of principal and interest test by considering whether they provide commensurate compensation for basic lending risks, such as credit risk, or whether they do not introduce compensation for risks that are inconsistent with basic lending arrangements. Some features may be de minimis or non-genuine. Refer to Note 7.9.1.2 above for further considerations. Based on the size of the loan portfolio held by the Bank at 31 December 2024, the impact was assessed to be immaterial.
- Fair value measurement: The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. Consequently, the Bank concluded that climate risk has been adequately reflected within the fair value of its assets and liabilities. Where prices are observable, the fair value is assumed to already incorporate the market's participants' view of climate risk variables. Where a proxy valuation approach has been used for unobservable prices, selecting the proxy includes considering climate risk factors where appropriate. Refer to the climate risk considerations commentary in Note 11 for further considerations of how these judgements are applied.

8.3.2 Deferred tax assets

The recognition of a deferred tax asset relies on assessing the probability and sufficiency of future taxable profits and reversals of existing taxable temporary differences. Judgment is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits, together with future tax-planning strategies. The judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, and future reversals of existing taxable temporary differences.

8.3.3 Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

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

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive to exercise either the renewal or termination.

NOTES (Continued)

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.3. Other accounting judgements, estimates, and assumptions (Continued)

8.3.3 Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee) (Continued)

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

8.3.4 Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease; therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR, therefore, reflects what the Group 'would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make specific entity-specific estimates (such as the subsidiary's stand-alone credit rating).

8.3.5 Effective Interest Rate (EIR) method

The Bank's EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). In making this assessment, the Bank considers the extent of any changes to the contractual cash flows because of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. This estimation, by nature, requires an element of judgement regarding the instruments' expected behaviour and life cycle, as well as expected changes to the Bank's base rate and other fee income/expense that are integral parts of the instrument.

8.3.6 Provisions and Other Contingent Liabilities

The Group operates in a regulatory and legal environment that naturally has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration, and regulatory investigations and proceedings arising from the ordinary course of the Bank's business.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case.

A contingent liability is disclosed when the probability of outflow is remote or likely, but a reliable estimate cannot be made. However, when the Bank believes that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank considers several factors, including legal advice, the stage of the matter and historical evidence from similar incidents.

When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses.

NOTES (Continued)

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.3. Other accounting judgements, estimates, and assumptions (Continued)

8.3.7 Property, equipment, and intangible assets

Those charged with governance make critical estimates to determine the useful lives of property, equipment, and intangible assets and their residual values. The Group reviews the estimated useful lives of property, equipment, and useful lives at the end of each reporting period. Applicable useful rates are provided under Note 7.22.

8.3.8 Determination of control of another entity

The Group determines its control over another entity when the below conditions are fulfilled;

- It has power over the Subsidiary.
- It has exposure, or rights, to variable returns and
- ability to use power to affect returns.

Therefore, the entity will be consolidated into the financial statements of the Parent.

The presence of control is reassessed whenever relevant facts or circumstances change.

Presentations

- Non-controlling interest (NCI) will be presented within equity in the consolidated statement of the financial position, separate from the equity attributable to the parent's owners.
- A parent entity, in presenting consolidated financial statements, will allocate the profit or loss and total comprehensive income between the owners of the parent and the non-controlling interests.
- Changes in a parent's ownership interest in an entity that don't result in loss of control are treated as equity transactions. The changes will not impact the profit or loss, recognised assets (including goodwill), or liabilities.

Loss of control

When a Group loses control of a subsidiary, it will apply the following accounting approach:

- Derecognise all assets (including goodwill) and liabilities of the former subsidiary at their carrying amount,
- Derecognise the non-controlling interest,
- Recognise the received consideration at fair value,
- Recognise any retained investment in the former subsidiary at fair value,
- Recognise any resulting difference as a gain or loss in profit or loss attributable to the parent

8.4 Insurance contracts

8.4.1 Unit of account - Insurance contracts aggregation

The Group defines a portfolio as insurance contracts subject to similar risks and managed together. Assessing which risks are similar and how contracts are managed requires judgment. The Group has determined that contracts within the same product lines (such as Motor Insurance, Fire insurance, Engineering insurance, etc.) are within the same portfolio as they have similar risks and are managed together.

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. Aggregating insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts require significant judgment.

NOTES (Continued)

8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

8.4 Insurance contracts (Continued)

8.4.1 Unit of account - Insurance contracts aggregation (Continued)

The Group measures all its insurance contracts using the PAA. In this case, the Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised.
- Environmental factors, e.g., a change in market experience or regulations.

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

In 2024, the Group did not identify any facts or circumstances that might have indicated that a group of contracts measured under the PAA had become onerous. All contracts measured by the Group in 2024 under the PAA were determined to be non-onerous on initial recognition.

8.4.2 Liability for Incurred Claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is that a past claims development experience using market or other best available information can be used to project future claims development and, hence, ultimate claims costs. These methods extrapolate the development of paid and incurred losses using market data, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years by significant product lines and claim types. Large claims are usually separately addressed, either by being reserved at face value of loss adjuster estimates or separately projected to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (e.g., to reflect one-off occurrences, changes in external levels of claims inflation, legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered an allowance in measuring ultimate claims costs. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement, and changes in foreign currency exchange rates.

8.4.3 Assessment of directly attributable cash flows:

The Group uses judgment in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs.

When estimating fulfilment cash flows, the Group also allocates fixed and variable overhead fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

NOTES (Continued)

9 SEGMENT INFORMATION

IFRS 8 requires that the Group's organisational structure be divided into identifiable business segments, each of which is reported separately in the internal management reporting system. In this case, the Group's business segments are Corporate Banking, Retail Banking, and Treasury. These segments are distinct divisions of the Group's operations, each with activities and performance metrics. By analysing the financial performance of each business segment, the Group can gain valuable insights into the strengths and weaknesses of its operations, enabling it to make informed decisions about future investments and strategic initiatives.

Segments	Descriptions
Corporate Banking	Includes services and products to corporate and high net worth individuals, including deposits, letters of credit, guarantees, lending and other products and dealing with financial institutions.
Retail Banking	Includes services and products to individuals and small and medium enterprises, including deposits and lending.
Treasury	This includes treasury services, investment management services, and asset management activities related to dealings, managing, and custody of securities.

The Executive Management Committee monitors the operating results of its business units separately to make decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements.

Operating segments are reported in a manner consistent with the internal reporting. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs eliminated in the parent. Income and expenses directly associated with each segment are included in determining business segment performance.

Segment information has been prepared per the "management approach", which requires the presentation of segments based on the internal reports about components of the entity, which are regularly reviewed by the Executive committee, who are the chief operating decision makers to allocate resources to segments and to assess their performance. The agreed allocation basis between segments was not changed during the year.

NOTES (Continued)

9 SEGMENT INFORMATION (Continued)

9.1 Profit segments

An analysis of the profit or loss statement, including total assets and liabilities, is as follows:

GROUP TZS' Million	Corporate Banking	Retail Banking	Treasury	Total
31 December 2024				
External Operating income				
Interest income Calculated using the Effective Interest Method	497,416	786,722	277,972	1,562,110
Interest expense Calculated using the Effective Interest Method	(126,417)	(145,687)	(145,790)	(417,894)
Other Interest and Similar expense	(693)	(3,614)	(448)	(4,755)
Net interest income	**370,306**	**637,421**	**131,734**	**1,139,461**
Fee and Commission income	87,765	419,480	10,396	517,641
Fee and Commission expense	(804)	(79,615)	(5,594)	(86,013)
Net Fee and Commission income	**86,961**	**339,865**	**4,802**	**431,628**
Insurance Revenue	-	14,351	-	14,351
Insurance service expenses	-	(4,867)	-	(4,867)
Net expense/income from reinsurance contracts held	-	(4,942)	-	(4,942)
Insurance service result	**-**	**4,542**	**-**	**4,542**
Net foreign exchange income	-	-	31,534	31,534
Credit Loss expense on financial assets	(46,264)	(49,670)	747	(95,187)
Net gains/ (losses) on financial assets at FVOCI	-	1,346	83	1,429
Net losses on equity investment at FVPL	-	-	(2,018)	(2,018)
Net gains/(losses) on derecognition of financial assets measured at FVOCI	-	-	5,510	5,510
Other Operating income	181	947	337	1,465
Net Operating Income	**411,184**	**934,451**	**172,729**	**1,518,364**
Operating expenses	(26,916)	(228,960)	(16,911)	(272,787)
Depreciation	(6,915)	(49,023)	(3,009)	(58,947)
Amortisation	(2,492)	(21,004)	(1,821)	(25,317)
Employee benefit expenses	(39,755)	(320,982)	(19,711)	(380,448)
Impairment Other Assets	(336)	(1,650)	(83)	(2,069)
Total Operating Expenses	**(76,414)**	**(621,619)**	**(41,535)**	**(739,568)**
Profit Before Tax	**334,770**	**312,832**	**131,194**	**778,796**
Income Tax Expense	(97,710)	(91,307)	(38,292)	(227,309)
Profit for the year	**237,060**	**221,525**	**92,902**	**551,487**
Asset and Liability				
Segment assets	4,678,269	5,456,204	5,682,371	15,816,844
Unallocated Asset	-	-	-	881,907
Total Assets	**4,678,269**	**5,456,204**	**5,682,371**	**16,698,751**
Segment liabilities	5,468,778	4,841,784	3,648,401	13,958,963
Unallocated liabilities	-	-	-	566,542
Total Liabilities	**5,468,778**	**4,841,784**	**3,648,401**	**14,525,505**

NOTES (Continued)

9 SEGMENT INFORMATION (Continued)

9.1 Profit segments (Continued)

An analysis of the profit or loss statement, including total assets and liabilities, is as follows:

GROUP TZS' Million	Corporate Banking	Retail Banking	Treasury	Total
31 December 2023				
External Operating income				
Interest income Calculated using the Effective Interest Method	330,914	648,140	247,998	1,227,052
Other Interest and Similar Income	-	-	379	379
Interest expense Calculated using the Effective Interest Method	(77,088)	(49,479)	(219,859)	(346,426)
Other Interest and Similar Expenses	(1,142)	(2,151)	(414)	(3,707)
Net interest income	**252,684**	**596,510**	**28,104**	**877,298**
Fee and Commission income	95,607	322,973	10,259	428,839
Fee and Commission expense	(6,204)	(69,003)	(11,208)	(86,415)
Net Fee and Commission income	**89,403**	**253,970**	**(949)**	**342,424**
Insurance Revenue	-	180	-	180
Insurance service expenses	-	(63)	-	(63)
Net expense/income from reinsurance contracts held	-	(83)	-	(83)
Insurance service result	**-**	**34**	**-**	**34**
Net foreign exchange income	-	-	65,949	65,949
Credit Loss expense on financial assets	(22,937)	(17,287)	566	(39,658)
Net gains/ (losses) on financial assets at fair value through profit or loss	-	631	(282)	349
Net gains on derecognition of financial assets measured at fair value through OCI	-	-	7,038	7,038
Other Operating income	-	1,297	818	2,115
Net Operating Income	**319,150**	**835,155**	**101,244**	**1,255,549**
Operating Expenses	(56,697)	(134,417)	(28,354)	(219,468)
Depreciation	(13,896)	(34,366)	(7,463)	(55,725)
Amortization	(7,206)	(18,000)	(3,769)	(28,975)
Employee benefit expenses	(85,147)	(213,062)	(40,034)	(338,243)
Impairment non – current held for sale	(10,758)	-	-	(10,758)
Impairment Other Assets	(930)	(2,348)	(451)	(3,729)
Total Operating Expenses	**(174,634)**	**(402,193)**	**(80,071)**	**(656,898)**
Profit Before Tax	144,516	432,962	21,173	598,651
Income Tax Expense	(42,453)	(127,186)	(6,220)	(175,859)
Profit for the year	**186,969**	**560,148**	**27,393**	**422,792**
Assets and Liabilities				
Segment assets*	4,734,238	3,800,399	4,075,541	12,610,178
Unallocated Asset	-	-	-	711,111
Total Assets	**4,734,238**	**3,800,399**	**4,075,541**	**13,321,289**
Segment liabilities**	(3,729,711)	(5,191,173)	(2,244,878)	(11,165,762)
Unallocated liabilities	-	-	-	(374,039)
Total Liabilities	**(3,729,711)**	**(5,191,173)**	**(2,244,878)**	**(11,539,801)**

NOTES (Continued)

9 SEGMENT INFORMATION (Continued)

9.1 Profit segments (Continued)

An analysis of the profit or loss statement, including total assets and liabilities, is as follows:

BANK TZS' Million	Corporate Banking	Retail Banking	Treasury	Total
31 December 2024				
External Operating income				
Interest income Calculated using the Effective Interest Method	434,730	769,839	239,181	1,443,750
Other Interest and Similar Income				-
Interest expense Calculated using the Effective Interest Method	(96,468)	(140,910)	(137,769)	(375,147)
Other Interest and Similar expense	(349)	(2,939)	(125)	(3,413)
Net interest income	**337,913**	**625,990**	**101,287**	**1,065,190**
Fee and Commission income	85,368	412,202	10,372	507,942
Fee and Commission expense	(84)	(78,756)	(4,699)	(83,539)
Net Fee and Commission income	**85,284**	**333,446**	**5,673**	**424,403**
Net foreign exchange income			15,732	15,732
Credit Loss expense on financial assets	(43,625)	(49,001)	747	(91,879)
Net gains/(losses) on derecognition of financial assets measured at fair value through OCI	-	-	82	82
Net gains/(losses) on financial assets at fair value through profit or loss	-	-	(2,018)	(2,018)
Net gains/(losses) on derecognition of financial assets measured at fair value through OCI	-	-	5,510	5,510
Other Operating income	-	1,309	11,132	12,441
Net Operating Income	**379,572**	**911,744**	**138,145**	**1,429,461**
Operating expenses	(24,543)	(208,078)	(8,821)	(241,442)
Depreciation	(5,711)	(47,702)	(2,053)	(55,466)
Amortisation	(2,371)	(20,348)	(853)	(23,572)
Employee benefit expenses	(37,978)	(305,751)	(10,581)	(354,310)
Impairment Other Assets	(253)	(1,566)	-	(1,819)
Total Operating Expenses	**(70,856)**	**(583,445)**	**(22,308)**	**(676,609)**
Profit Before Tax	**308,716**	**328,299**	**115,837**	**752,852**
Income Tax Expense	(92,299)	(98,155)	(34,633)	(225,087)
Profit for the year	**216,417**	**230,144**	**81,204**	**527,765**
Asset and Liability				
Segment assets	4,749,429	5,308,480	4,852,073	14,909,982
Unallocated Asset	-	-	-	788,971
Total Assets	**4,749,429**	**5,308,480**	**4,852,073**	**15,698,953**
Segment liabilities	5,466,896	4,747,804	2,955,735	13,170,435
Unallocated liabilities	-	-	-	452,680
Total Liabilities	**5,466,896**	**4,747,804**	**2,955,735**	**13,623,115**

NOTES (Continued)

9 SEGMENT INFORMATION (Continued)

9.1 Profit segments (Continued)

An analysis of the profit or loss statement, including total assets and liabilities, is as follows:

BANK TZS' Million	Corporate Banking	Retail Banking	Treasury	Total
31 December 2023				
External Operating income				
Interest income Calculated using the Effective Interest Method	299,458	637,902	221,000	1,158,360
Other Interest and Similar Income	-	-	379	379
Interest expense Calculated using the Effective Interest Method	(79,031)	(46,944)	(197,410)	(323,385)
Other Interest and Similar Expenses	(850)	(2,147)	(413)	(3,410)
Net interest income	**219,577**	**588,811**	**23,556**	**831,944**
Fee and Commission income	90,051	320,112	10,242	420,405
Fee and Commission expense	(6,150)	(68,154)	(10,588)	(84,892)
Net Fee and Commission income	**83,901**	**251,958**	**(346)**	**335,513**
Net foreign exchange income	-	-	56,895	56,895
Credit Loss expense on financial assets	(20,661)	(16,688)	567	(36,782)
Net losses on financial assets at fair value through profit or loss	-	-	(282)	(282)
Net gains on derecognition of financial assets measured at fair value through OCI	-	-	7,038	7,038
Other Operating income	-	1,296	11,310	12,606
Net Operating Income	**282,817**	**825,377**	**98,738**	**1,206,932**
Operating expenses	(50,140)	(127,791)	(24,393)	(202,324)
Depreciation	(13,424)	(33,941)	(6,531)	(53,896)
Amortization	(7,067)	(17,868)	(3,438)	(28,373)
Employee benefit expenses	(80,360)	(203,186)	(39,095)	(322,641)
Impairment non – current held for sale	(10,758)	-	-	(10,758)
Impairment Other Assets	(928)	(2,347)	(451)	(3,726)
Total Operating Expenses	**(162,677)**	**(385,133)**	**(73,908)**	**(621,718)**
Profit Before Tax	120,140	440,244	24,830	585,214
Income Tax Expense	(38,691)	(130,807)	(7,101)	(176,599)
Profit for the year	**81,449**	**309,437**	**17,729**	**408,615**
Asset and Liability				
Segment assets*	4,451,396	3,674,509	3,764,100	11,890,005
Unallocated Asset	-	-	-	748,440
Total Assets	**4,451,396**	**3,674,509**	**3,764,100**	**12,638,445**
Segment liabilities**	(3,209,106)	(5,105,555)	(2,222,316)	(10,536,977)
Unallocated liabilities	-	-	-	(416,141)
Total Liabilities	**(3,209,106)**	**(5,105,555)**	**(2,222,316)**	**(10,953,118)**

NOTES (Continued)

9 SEGMENT INFORMATION (Continued)

9.2 Geographical information

Geographically, the Group operates in the United Republic of Tanzania, the Republic of Burundi, and the Republic of DRC. The financial performance and financial position of the Group by the geographic segment is as follows:

GROUP In TZS' Million	Tanzania	Burundi	Congo	Consolidation adjustment	Total
31 December 2024					
External Operating income					
Interest income Calculated using the Effective Interest Method	1,443,750	113,660	8,872	(4,172)	1,562,110
Interest expense Calculated using the Effective Interest Method	(375,148)	(46,734)	(184)	4,172	(417,894)
Other Interest and Similar expense	(3,515)	(303)	(937)		(4,755)
Net interest income	**1,065,087**	**66,623**	**7,751**	**-**	**1,139,461**
Fee and Commission income	509,802	8,268	1,213	(1,642)	517,641
Fee and Commission expense	(84,059)	(3,378)	(218)	1,642	(86,013)
Net Fee and Commission income	**425,743**	**4,890**	**995**	**-**	**431,628**
Insurance Revenue	14,351	-	-	-	14,351
Insurance service expenses	(4,867)	-	-	-	(4,867)
Net expense/income from reinsurance contracts held	(4,942)	-	-	-	(4,942)
Insurance service result	**4,542**	**-**	**-**	**-**	**4,542**
Net foreign exchange income	15,732	11,414	4,388	-	31,534
Credit Loss expense on financial assets	(91,880)	(3,307)	-	-	(95,187)
Net gains/(losses) on derecognition of financial assets measured at FVOCI	1,429	-	-	-	1,429
Net gains/(losses) on financial assets at fair value through profit or loss	(2,018)	-	-	-	(2,018)
Net gains/(losses) on derecognition of financial assets measured at FVOCI	5,510	-	-	-	5,510
Other Operating income	16,024	378	165	(15,102)	1,465
Net Operating Income	**1,440,169**	**79,998**	**13,299**	**(15,102)**	**1,518,364**
Operating Expenses	(246,787)	(22,731)	(7,395)	4,126	(272,787)
Depreciation	(55,694)	(1,258)	(1,995)	-	(58,947)
Amortisation	(23,658)	(634)	(1,025)	-	(25,317)
Employee benefit expenses	(358,384)	(12,806)	(9,258)	-	(380,448)
Impairment Other Assets	(1,818)	(161)	(90)	-	(2,069)
Total Operating Expenses	**(686,341)**	**(37,590)**	**(19,763)**	**4,126**	**(739,568)**
Profit Before Tax	**753,828**	**42,408**	**(6,464)**	**(10,976)**	**778,796**
Income Tax Expense	(225,050)	(2,157)	(102)		(227,309)
Profit for the year	**528,778**	**40,251**	**(6,566)**	**(10,976)**	**551,487**
Asset and Liability					
Segment assets	15,719,420	1,492,395	184,540	(697,604)	16,698,751
Total Assets	**15,719,420**	**1,492,395**	**184,540**	**(697,604)**	**16,698,751**
Segment liabilities	13,637,962	1,374,673	103,295	(590,425)	14,525,505
Total Liabilities	**13,637,962**	**1,374,673**	**103,295**	**(590,425)**	**14,525,505**

NOTES (Continued)

9 SEGMENT INFORMATION (Continued)

9.2 Geographical information (Continued)

GROUP In TZS' Million	Tanzania	Burundi	Congo	Consolidation adjustment	Total
31 December 2023					
External Operating income					
Interest income Calculated using the Effective Interest Method	1,158,360	76,014	1,986	(9,308)	1,227,052
Other Interest and similar Income	379	-	-	-	379
Interest expense Calculated using the Effective Interest Method	(323,385)	(32,344)	(5)	9,308	(346,426)
Other Interest and Similar expense	(3,411)	(11)	(285)		(3,707)
Net interest income	**831,943**	**43,659**	**1,696**	**-**	**877,298**
Fee and Commission income	421,748	8,033	75	(1,017)	428,839
Fee and Commission expense	(84,932)	(2,082)	(418)	1,017	(86,415)
Net Fee and Commission income	**336,816**	**5,951**	**(343)**	**-**	**342,424**
Insurance Revenue	180	-	-	-	180
Insurance service expenses	(63)	-	-	-	(63)
Net expense/income from reinsurance contracts held	(83)	-	-	-	(83)
Insurance service result	**34**	**-**	**-**	**-**	**34**
Net foreign exchange income	56,896	9,052	1	-	65,949
Credit Loss expense on financial assets	(36,720)	(2,938)	-	-	(39,658)
Net gains on financial assets at fair value through profit or loss	349	-	-	-	349
Net gains on derecognition of financial assets measured at fair value through profit or Loss	7,038	-	-	-	7,038
Other Operating income	12,544	63	-	(10,492)	2,115
Net Operating Income	**1,208,900**	**55,787**	**1,354**	**(10,492)**	**1,255,549**
Operating expenses	(203,551)	(13,242)	(2,675)	-	(219,468)
Depreciation	(53,802)	(1,076)	(847)	-	(55,725)
Amortization	(28,520)	(157)	(298)	-	(28,975)
Employee benefit expenses	(325,045)	(9,668)	(3,530)	-	(338,243)
Impairment non – current held for sale	(10,758)	-	-	-	(10,758)
Impairment Other Assets	(3,726)	(3)	-	-	(3,729)
Total Operating Expenses	**(625,402)**	**(24,146)**	**(7,350)**	**-**	**(656,898)**
Profit Before Tax	583,498	31,641	(5,996)	(10,492)	598,651
Income Tax Expense	(176,131)	(1,506)	1,778	-	(175,859)
Profit for the year	**407,367**	**30,135**	**(4,218)**	**(10,492)**	**422,792**
Asset and Liability					
Segment assets*	12,408,448	983,516	123,853	(194,528)	13,321,289
Total Assets	**12,408,448**	**983,516**	**123,853**	**(194,528)**	**13,321,289**
Segment liabilities**	(10,933,483)	(903,009)	(25,754)	322,445	(11,539,801)
Total Liabilities	**(10,933,483)**	**(903,009)**	**(25,754)**	**322,445**	**(11,539,801)**

NOTES (Continued)

9 SEGMENT INFORMATION (Continued)

9.2 Geographical information (Continued)

*Segment assets mainly include loans and advances to customers, and Debt instruments. The amounts for these items are shown in the statement of financial position.

**Segment liabilities mainly include deposit from customers, Deposits, and balances due to other Banks and Borrowings. The amounts for these items are shown in the statement of financial position.

Cash flows from operating, investing, and financing activities for the geographical segments are as follows:

Year ended 31 December 2024 In TZS' Million	Tanzania	Burundi	Congo	Total
Net cash from operating activities	1,140,639	(60,741)	22,290	1,102,188
Net cash used in investing activities	(93,812)	(11,578)	(4,956)	(110,346)
Net cash used in financing activities	465,956	-	-	465,956
	1,512,783	**(72,319)**	**17,334**	**1,457,798**
Net increase in cash and cash equivalents	1,512,783	(72,319)	17,334	1,457,798
Cash and cash equivalents at 1 Jan	1,481,003	(102,786)	(40,668)	1,337,549
Effect of exchange rate change in cash and cash equivalent	27,149	1,760	2,642	31,551
Cash and cash equivalent at 31 December	**3,020,935**	**(173,345)**	**(20,692)**	**2,826,898**

Year ended 31 December 2023 In TZS' Million	Tanzania	Burundi	Congo	Total
Net cash from operating activities	(42,758)	(187,225)	(89,003)	(318,986)
Net cash used in investing activities	(102,791)	(8,840)	737	(110,894)
Net cash used in financing activities	409,532	-	45,510	455,042
	263,983	**(196,065)**	**(42,756)**	**25,162**
Net increase in cash and cash equivalents	263,983	(196,065)	(42,756)	25,162
Cash and cash equivalents at 1 January	1,192,211	96,239	-	1,288,450
Effect of exchange rate change in cash and cash equivalent	24,809	(2,960)	2,088	23,937
Cash and cash equivalent at 31 December	**1,481,003**	**(102,786)**	**(40,668)**	**1,337,549**

In computing the above segment information.

- Interest Income, Interest Expense and Loan Impairment charges segmentation computation has been changed from a systematic allocation basis using an agreed internal allocation basis to specific identification from the individual segments.
- Expenses have been identified explicitly with individual segments or using agreed internal allocation. Retail (branch) overhead cost has been transferred to Corporate and Treasury due to Retail segment support to corporate and treasury business through the branch network, whose costs are assumed to be shared at 5 and 10 per cent of retail (Administrative and staff overhead) between treasury and corporate segment, respectively.
- Assets and liabilities have been either specifically identified with individual segment or allocated to segment on a systematic basis using an agreed internal allocation basis.
  - Cash, Bank Balances, Debt instruments and Due from banks have been allocated to Treasury.
  - Loans and advances and Deposits have been allocated to Corporate and Retail Segments.

NOTES (Continued)

9 SEGMENT INFORMATION (Continued)

9.2 Geographical information (Continued)

- Unallocated assets include Sundry debtors, bills receivables, Bank card stock, advance payment for capital expenditures, prepayments, receivables from mobile phone companies, tax-related accounts and due from related parties. Unallocated liabilities include bills payables, dividends payable, accrued expenses, deferred income, sundry creditors, credit outstanding, unclaimed customers balances and due to related parties.
- Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.
- In 2024 or 2023, no revenues from transactions with a single external customer amounted to 10% or more of the Group's revenues.
- Currently, it is not possible to segregate revenues from external customers for each product and service as the information is not available, and the cost to develop would be excessive.
- The measurement methods used to determine the reported segment profit or loss did not change from prior periods.

10 RISK MANAGEMENT

10.1 Risk Management Framework

The group is committed to meeting stakeholders' expectations in mitigating risks through a robust enterprise-wide risk management framework. The framework ensures that risks are identified, quantified, managed, and monitored to achieve an optimal-risk reward profile. Our enterprise risk management framework has well-defined internal structures, adequate processes, systems, and policies, which monitor and help to mitigate existing and prospective risks or threats of damage, injury, liability, loss, and any other negative occurrence that may arise from external or internal vulnerabilities, and which may be avoided through preventive action.

We strongly believe that preventing risks enhances shareholder value because it allows us to manage risks proactively and intelligently, which maximises the group's potential for earnings, ensures stability and takes measures to protect the business against unexpected losses. Primarily, our risk management aims to safeguard solvency by preserving high asset quality, efficient operations and prudent capital management, resulting in sustained earnings that augment core capital, enabling regulatory compliance, and enhancing market reputation and stakeholder support.

10.1.1 Introduction and risk profile

CRDB Group is based in Tanzania and has operations in Burundi as well. While risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement, and monitoring, and subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability, and each employee is accountable for the risk exposures relating to his or her responsibilities.

The Group has a General Risk Control and Management framework adapted to its business model, organisation, and the geographical areas in which it operates. The Group operates within the framework of the control and risk management strategy defined by the Bank's Risk Management Committee and adapts to an economic and regulatory environment, addressing management globally and adapting to circumstances at any time.

The framework establishes a risk management system adapted to the Bank's risk profile and strategy. The risks inherent in the business that make up the risk profile of the Group are referred to as Principal Risks, which include credit risk, market risk, operation risk, compliance risk, Information Technology ("IT") Risk, funding risk, strategic risk, and reputation risk which account for most of the total risks faced by the bank and the Group at large:

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.1 Risk Management Framework (Continued)

10.1.2 Risk Management Structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has appointed the Risk Committee members, who are responsible for monitoring the overall risk process within the Bank. The Risk Committee has the overall responsibility for developing the risk strategy and implementing principles, frameworks, policies, and limits.

The Risk Committee manages risk decisions, monitors risk levels, and reports to the main Board. The Risk Department is responsible for implementing and maintaining risk-related procedures to ensure an independent control process is maintained. The department works closely with and reports to the Risk Committee to ensure that procedures are compliant with the overall framework.

The Risk department monitors compliance with risk principles, policies, and limits across the Bank. Each department within the Bank has its own unit, which is responsible for controlling risks, including monitoring the actual risk of exposures against authorised limits and assessing risks of new products and structured transactions.

The risk department also ensures the complete capture of the risks in its risk measurement and reporting systems. A Group Risk Profile report is produced monthly. The same covers all the principal risk inputs into the report for each risk type managed by the relevant Group Risk owner, with the overall report being coordinated and produced by the Group Risk and Compliance department. The Bank's Treasury manages its assets, liabilities, and overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank.

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Bank's compliance with them. Internal Audit discusses the results of all risk assessments conducted during the year with management and reports its findings and recommendations to the Board. In addition, the group maintains a risk register that is regularly reviewed by the Board.

10.1.3 Risk mitigation and risk culture

As part of its overall risk management, the Group monitors current and forecasted economic variables such as economic growth, inflation, foreign exchange trends, interest rates, and loan book performance and determines their impact on its strategies. To remain effective, the Group sets limits to monitor risk exposures to different economic sectors and risk areas, which are continuously monitored to ensure that appropriate actions are taken timely to address them. We promote a strong risk culture where employees at all levels are responsible for managing and escalating risks and are empowered and encouraged to act as risk managers.

We expect employees to exhibit behaviours that support a strong risk culture in line with our Code of Conduct. This expectation continues to be reinforced through communications campaigns and mandatory employee training courses. In addition, our Board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.1 Risk Management Framework (Continued)

10.1.4 Risk measurement and reporting systems

The Group's risks are measured using a method that reflects the expected loss likely to arise in normal circumstances and unexpected losses, which estimates the actual loss based on statistical models. The models use probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise if extreme events which are unlikely to occur do occur. Monitoring and controlling risks are primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

Risk reports are submitted regularly to senior management committees and the Board to keep them apprised of the Group's risk profile. A Group Risk Profile report, produced monthly, covers all the significant risk inputs for each risk type that is tabled to the Board Risk Committee for quarterly review and auctioning. Similarly, there is a process to report and monitor intercompany risk exposures through Group ALCO. It is the Bank's policy to ensure that robust risk awareness is embedded in its organizational risk culture. Employees are expected to take ownership and be accountable for the risks the Bank is exposed to that they decide to take on. The Bank's continuous training and development emphasizes that employees are made aware of the Bank's risk appetite, and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Bank's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

10.1.5 Risk governance and risk management strategies and systems

Our risk governance frameworks, policies and appetite provide the principles and guidance for the Group's risk management activities. They guide our key decisions for capital management, strategic planning and budgeting and performance management to ensure that the risk dimension is appropriately and sufficiently considered. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. As part of its governance structure, the Board of Directors has embedded a comprehensive risk management framework for identifying, measuring, controlling (setting risk mitigations) and monitoring of the Group's risks.

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

The Group's Risk Management Framework is implemented through a 'three lines of defence' model which defines clear responsibilities and accountabilities and ensures effective independent oversight and assurance activities take place covering key decisions.

First Line of Defence – The Risk Owner: The business and support units have primary responsibility for implementing and executing effective controls to manage the risks arising from their business activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with risk policies, appetite, limits, and controls and to highlight control breakdowns, inadequacy of processes and unexpected risk events.

Second Line of Defence – Risk Oversight: The Risk and Compliance department, which is a centralized function, headed by the Director of Risk and Compliance, provide the Second Line of Defence. It supports the Group's strategy of balancing growth with stability by establishing risk frameworks, policies, appetite, and limits within which the business functions must operate. They are also responsible for the independent review and monitoring of the Group's risk profile and for highlighting any significant vulnerabilities and risk issues to the

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.1 Risk Management Framework (Continued)

respective senior management committees. The independence of risk and control oversight functions from business functions ensures that the necessary checks and balances are in place.

Third Line of Defence – Independent Audit: The Group's internal auditors conduct risk-based audits covering all aspects of the First and Second Lines of Defence to provide independent assurance to the Audit Committee (AC) and the Board, on the effectiveness of the risk management and control structure, policies, frameworks, systems, and processes.

The major risks to which the Group is exposed, including non-financial risks, are credit risk, operational risk, compliance risk, reputation risk, business risk, strategic risk, market risk, liquidity risk and capital risk.

A combination of these risks occurring concurrently would be the most likely cause of significant loss. The Group's approach to managing risk on a holistic basis therefore ensures that risks are not managed in isolation.

Combined assurance

The Group has implemented a combined assurance framework, which requires coordinated control activities across the three lines of defense for an effective control oversight. This has maximized oversight, minimized duplication of efforts, and optimized overall assurance provided to executives and Board of Directors about the overall control environment of the Group.

10.1.6 Excessive risk concentration

Concentrations arise when several counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. To avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. We perform regular assessments of emerging risks and in-depth reviews on industry trends to provide a forward-looking view on developments that could impact on the Group's portfolio.

10.2 Risk of spill-over from our Subsidiaries

The Group has two subsidiaries operating in Burundi and Congo. Any risks, uncertainties, or negative events resulting from the subsidiary's activities can have an impact on the Group's operations. Each subsidiary's Board is responsible for managing the significant risks, including Credit, Concentration, Market, Operational, Liquidity, Technology, Reputation, Compliance, and others. The Group Risk Management Committee periodically reviews these risks and provides guidance on risk management practices as required. To ensure a comprehensive assessment of risk for the entire group, stress testing is carried out by integrating the stress tests of all subsidiaries.

10.3 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. There is also credit risk in the off-balance sheet financial instruments, such as loan commitments, letters of credit and guarantees. The credit risk management and control are centralised under the credit risk management team of the Bank and reported to the Board of Directors and management regularly.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established using a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss because of the risks to which it is exposed and take corrective actions.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

Climate risk considerations

The effect of climate risk on credit risk was assessed, and the impact in the current year was determined to not be material at 31 December 2024. Refer to Note 8.1 for further details on the judgements made as part of this assessment.

10.3.1 Credit–related commitments risks

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings on behalf of a customer authorising a third party to draw drafts on a Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of 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 Group and Bank are potentially exposed to loss in amounts equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

10.3.2 Impairment assessment

10.3.2.1 Definition of default and credit-impaired assets

IFRS 9 does not define default but requires the definition to be consistent with the definition used for internal credit risk management purposes. The Group considers a financial asset as 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

Loans and advances to customers, credit cards, loan commitments and financial guarantees

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

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

- the borrower is in long-term forbearance
- the borrower is deceased/insolvent
- the borrower is in breach of financial covenant(s)
- an active market for that financial asset has disappeared because of financial difficulties
- concessions have been made by the lender relating to the borrower's financial difficulty
- it is becoming probable that the borrower will enter Bankruptcy
- payment deferral /extension of payment period

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Due from banks and Cash and Balances with Central Bank

For Due from banks, below are considered as default when they occur:

- When repayment of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay
- When a counterparty is taken under management by Statutory Manager
- When a counterparty license has been revoked by the Central bank
- When the counterparty is declared bankrupt by responsible bodies like Registration, Insolvency or court.

Debt instruments

For Debt instruments, below are considered as default when they occur;

Quantitative and qualitative criteria;

- When repayment of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay.
- When repayments of interest and principal are not done on time as per contractual schedules and that such delays considered are not those caused by operational issues
- When the government is downgraded to below rating "C" status by international rating agency such as Moody's, S & P, or Fitch.
- When the Government is declared default/bankrupt by responsible agencies i.e. World Bank, IMF etc.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired,

the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding. It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the customer has met certain criteria. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Other financial assets

For other financial assets, below are considered as default when they occur;

Quantitative and qualitative criteria;

- The Group considers other financial assets in default when contractual payments are over 90 days past due.
- The Group may also consider other financial assets to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

10.3.2.2 Group's internal ratings scale and PD estimation process

Loans and advances to customers, credit cards, loan commitments and financial guarantees

The Group and Bank has its internal credit rating tools tailored in accordance with the Bank of Tanzania (BOT) guidelines that reflect its assessment of the probability of default of individual counterparties. Customers are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Group rating	Description of the grade	Stage	PD Range		Number of days past due
1	Current	Stage 1	0.05%	3.39%	0
2	Current	Stage 1	0.05%	5.99%	1-30
3	Especially mentioned 1	Stage 2	0.71%	17.42%	31-60
4	Especially mentioned 2	Stage 2	1.64%	33.70%	61-90
5	Substandard, Doubtful, Loss	Stage 3	100.00%	100.00%	91 and above

The PDs obtained as above are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information. This is repeated for each economic scenario as appropriate.

The PD range applies to all segments of the loan portfolio.

Due from banks, nostro balances and debt instruments

For internal monitoring, Due from banks, nostro balances and debt instruments are rated into four categories/ staging based on their financial position. Additionally, qualitative characteristics is taken into consideration when scoring a counterparty. Counterparts with history of default are usually rated as High risk and dealing limits are cancelled.

Group's rating	Score	PD range	Staging
Defaulted	0.0%-0.5%	100.0%	Stage 3
High	0.6%-1.9%	2.1%-4.0%	Stage 2
Medium	2.0% – 8.0%	0.06%-2.0%	Stage 1
Low	>8.0%	0.03%-0.05%	Stage 1

The Due from banks, nostro balances and debt instruments as at 31 December 2024, are all low risk.

Other financial assets (receivables)

The internal ratings of other financial assets are based on their financial position. Additionally, qualitative characteristics is taken into consideration when scoring a counterparty. Counterparts with history of default are usually rated as High risk and dealing limits are cancelled.

Group's rating	Days past due	Loss rate	Staging
Current	0-30	0.0%-0.2%	Stage 1
Especially mentioned 1	31-60	0.3%- 1.57%	Stage 2
Especially mentioned 2	61-90	1.58%- 4.71%	Stage 2
Substandard and Doubtful	91-180	4.72%-7.58%	Stage 3
Loss	181 Or more	100%	Stage 3

Off balance sheet facilities

The internal PD ratings for off-balance sheet facilities are same as for on balance sheet facilities.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.2.3 Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12-month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are considered.

For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

10.3.2.4 Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates consider the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The Bank segments its loans into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics. Further recent data and forward-looking economic scenarios are used to determine the IFRS 9 LGD rate for each group of financial instruments.

The Bank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

10.3.2.5 Significant increase in credit risk

The Group continuously monitors all assets subject to ECL. To determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or Lifetime ECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date, with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure

The Bank uses two criteria for determining whether there has been a significant increase in credit risk:

- A quantitative test based on movement in PD
- Qualitative indicators

The Bank considers debt instrument assets, credit cards, loan commitments and financial guarantee contracts to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Loans and advances to customers, credit cards, loan commitments and financial guarantees

Quantitative criteria

Based on quantitative review for the purpose of the expected credit losses calculations, loans and advances, loan commitments and financial guarantees shall be classified as follows;

1. **0 – 30 days to be classified as Stage 1;** Loans and advances, loan commitments and financial guarantees which are performing according to contracted terms and conditions with low credit risk at the reporting date with 12-month expected credit losses being recognised.

2. **31 – 90 days to be classified as Stage 2**; Loans and advances, loan commitments and financial guarantees which have had significant increase in credit risk since initial recognition but do not have objective evidence of credit loss event with lifetime expected credit losses being recognized.

3. **90 days or more to be classified as Stage 3;** Loans and advances, loan commitments and financial guarantees which have objective evidence of impairment at the reporting date with lifetime expected credit losses being recognized (credit-impaired assets).

For Personal Loans if the borrower meets one or more of the following criteria:

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

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

- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates.
- Actual or expected forbearance or restructuring.
- Actual or expected significant adverse change in operating results of the borrower.

Significant change in collateral value which is expected to increase risk of default.

Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans.

Adverse changes of external data from credit references agencies

Significant adversely changes in political, regulatory and technological environment of the borrowers or in its business activities.

The Group monitors all financial assets that are subject to assess whether there has been a significant increase in credit risk since initial recognition. When there is a significant increase in credit risk (SICR) since initial recognition is identified, a financial asset is moved from stage 1 to 'Stage 2' but is not yet deemed to be credit impaired. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

The table below summarises the 'three-stage' model for impairment based on changes in credit quality since initial recognition.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

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

Due from banks, Cash and Balances with Central Bank and other financial assets

Below are quantitative and qualitative factors considered as indicators of significant increase in credit risk;

- The counterparty is more than 15 days past due for Due from banks, Cash and Balances with Central Bank on its contractual payments and more than 30 days past due for other financial assets.
- Significant counterparty management restructuring due to continues bad performance of the company.
- Significant adverse change in the regulatory, economic or technology of the borrower that results in a significant change in the borrower's ability to meet its debt obligations.
- Significant reductions in financial support from a parent company that resulted to significant adverse change of operating results of the counterparty.

Debt instruments

Below are quantitative and qualitative factors considered as indicators of significant increase in credit risk

- The counterparty is more than 15 days past due on its contractual payments.
- The Government has received a low credit rating i.e. "C" by the international rating agencies;
- The Government has initiated debt restructuring process.

10.3.2.6 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed into segments and sub-segments to account for the differences in risk between segments and sub segments into smaller homogeneous portfolio based on combination of internal and external characteristics of the loan and based on shared risk characteristics, such that risk exposures within a Group are homogeneous.

Furthermore, the sectoral sub-segments are consolidated into segments as per the nature of the activity and similarity in characteristics to arrive at a homogeneous pool. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

The default definition has been applied consistently for all the segments to model the probability of default (PD), exposure at default (EAD) and loss given default (LGD) throughout the Group's expected loss calculations.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.3 Analysis of inputs to the ECL model under multiple economic scenarios

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g., For unemployment) or a long run average growth rate (e.g., GDP) over a period of two to five years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group's economics team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearity's are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators.

This determines whether the whole financial instrument is in stage 1, stage 2, or stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12-month ECL (stage 1), or a probability weighted lifetime ECL (stages 2 and 3). These probability weighted ECLs are determined by running. Each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearity's and asymmetries within the Group's different portfolio to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Group and Bank assess on a forward-looking basis the expected credit losses (ECL') associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is 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.

Note 7.15 provides more detail of how the expected credit loss allowance is measured.

Main macro-economic factors

The table below presents the key macroeconomic factors used to assess the forward-looking impact on the expected credit loss (ECL) provisions for financial assets. These factors are considered among the most significant determinants of the Group's expected credit loss. The variables may change from year to year based on their correlation with the inputs used for ECL assessments. Each scenario—base case, upside, and downside—is presented for each identified period.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Tanzania

Macroeconomic variable	Average	Maximum	Minimum
GDP PPP real rate %	0.14	0.14	0.13
GDP current prices and exchange rate %	11.68	14.38	10.86
Fuel price real %	(0.01)	0.43	(0.65)
Exports real rate %	8.51	26.71	0.30
GDP nominal rate %	7.61	10.46	1.99
Domestic Demand Real %	5.47	6.50	5.08

31 December	Assigned weight	2024	2025	2026	2027	2028
	%	%	%	%	%	%
GDP PPP real rate*						
Base Case	68.20%	0.13	0.13	0.14	0.14	0.14
Upside	10.60%	0.14	0.14	0.15	0.15	0.15
Downside	21.20%	0.12	0.13	0.14	0.14	0.14
GDP current prices and exchange rate **						
Base Case	68.20%	14.38	11.14	10.86	10.93	11.08
Upside	10.60%	16.62	14.80	14.52	14.59	14.74
Downside	21.20%	12.14	8.79	8.51	8.58	8.73
Fuel price rate**						
Base Case	68.20%	(0.65)	(0.23)	0.03	0.37	0.43
Upside	10.60%	(6.63)	(7.39)	(7.13)	(6.79)	(6.73)
Downside	21.20%	5.33	5.12	5.38	5.72	5.78
GDP nominal rate**						
Base Case	68.20%	1.99	8.64	10.46	9.31	7.64
Upside	10.60%	2.88	10.75	12.57	11.42	9.75
Downside	21.20%	1.10	5.84	7.66	6.51	4.84
Domestic Demand Real Rate**						
Base Case	68.20%	5.37	6.50	5.30	5.11	5.08
Upside	10.60%	7.41	8.51	7.31	7.12	7.09
Downside	21.20%	3.33	4.50	3.30	3.11	3.08
Export Real Rate**						
Base Case	68.20%	26.71	4.46	0.30	4.08	6.99
Upside	10.60%	39.43	19.66	15.50	19.28	22.19
Downside	21.20%	13.99	(6.92)	(11.08)	(7.30)	(4.39)

There were changes in macro-economic variables from prior year based on the correlation with the input used for ECL assessment.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Burundi

Macroeconomic variable	Average	Maximum	Minimum
GVA in industry real rate %	1.87	3.16	(0.65)
Lending rate %	14.65	15.50	14.25

31 December	Assigned weight	2024	2025	2026	2027	2028
	%	%	%	%	%	%
GVA in industry real rate*						
Base Case	68.20%	(0.65)	2.10	1.76	2.99	3.16
Upside	10.60%	5.33	7.45	7.11	8.34	8.51
Downside	21.20%	(6.63)	(3.88)	(4.22)	(2.99)	(2.82)
Lending rate **						
Base Case	68.20%	15.50	15.00	14.25	14.25	14.25
Upside	10.60%	14.23	13.66	12.91	12.91	12.91
Downside	21.20%	16.77	17.08	16.33	16.33	16.33

Congo

Macroeconomic variable	Average	Maximum	Minimum
Inflation rate %	10.01	17.73	7.80
GDP nominal rate %	7.61	10.46	1.99

31 December	Assigned weight	2024	2025	2026	2027	2028
	%	%	%	%	%	%
Inflation rate*						
Base Case	68.20%	17.73	8.71	7.80	7.87	7.93
Upside	10.60%	12.12	3.67	2.76	2.83	2.89
Downside	21.20%	23.34	15.86	14.95	15.02	15.08
GDP nominal rate**						
Base Case	68.20%	17.90	13.25	12.30	12.27	12.33

Analysis of inputs to the ECL model under multiple economic scenarios relating to loan and advances (which include credit cards under personal segment) and off-balance sheet.

The Bank has assessed the impact of climate risks, macroeconomic and geopolitical uncertainties at the end of the reporting period, with no material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Furthermore, the Bank has performed a sensitivity analysis of the macro-economic variables to the expected credit loss and disclosed only the GDP which is the most sensitive to the bank's performance.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Macroeconomic variable	2023		
	Average	Max	Min
GDP Nominal Rate %	0.13	0.14	0.13
Consumption private Real Rate %	143.33	162.18	124.49
Inflation	4.82	5.95	3.69
Gross Value Added Real%	0.93	1.73	0.13
Domestic Demand Real %	5.39	7.73	3.05

The most significant period-end assumptions used for the ECL estimate are set out below;

31 December	Assigned weight	2023	2024	2025	2026	2027
	%	%	%	%	%	%
GDP Nominal Rate*						
Base Case	68.20%	0.13	0.13	0.14	0.08	0.08
Upside	10.60%	0.14	0.14	0.15	0.09	0.09
Downside	21.20%	0.12	0.12	0.13	0.07	0.08
Consumption Private Real Rate**						
Base Case	68.20%	140.50	145.70	153.59	160.72	167.90
Upside	10.60%	148.15	158.21	166.10	173.23	180.41
Downside	21.20%	132.85	137.66	145.55	152.68	159.86
Inflation Rate						
Base Case	68.20%	3.81	4.92	5.95	5.24	4.85
Upside	10.60%	3.39	4.53	5.56	4.85	4.46
Downside	21.20%	4.23	5.36	6.39	5.68	5.29
Gross Value Added real***						
Base Case	68.20%	1.73	1.69	1.44	1.28	1.14
Upside	10.60%	2.43	3.03	2.78	2.63	2.48
Downside	21.20%	1.03	0.81	0.56	0.41	0.26
Domestic Demand real******						
Base Case	68.20%	3.05	3.97	4.09	5.56	5.00
Upside	10.60%	5.12	6.00	6.12	7.59	7.03
Downside	21.20%	0.98	0.84	0.96	2.43	1.87

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Burundi

31 December	Assigned weight	2023	2024	2025	2026	2027
	%	%	%	%	%	%
Productivity growth rate*						
Base Case	68.20%	(6.15)	0.17	(1.58)	(1.76)	(1.67)
Upside	10.60%	(4.73)	1.65	(0.10)	(0.27)	(0.18)
Downside	21.20%	(7.57)	(1.26)	(3.01)	(3.18)	(3.09)
Unemployment rate**						
Base Case	68.20%	(10.18)	(14.41)	(29.34)	31.97	(28.23)
Upside	10.60%	(12.04)	(19.45)	(34.38)	(37.02)	(33.28)
Downside	21.20%	(8.310	(10.77)	(25.70)	(28.33)	(24.60)

* GDP Growth are expressed as an annual percentage change

** These rates are expressed as a percentage as at the end of the forecast year.

*** The value that producers have added to the goods and services they have bought.

**** The monetary value of final goods and services bought by the final users/ consumers in a country in a given period of time.

The weightings assigned to each economic scenario during the year was 68.2%,10.6% and 21.2% for “base”, “upside” and “downside” respectively.

Analysis of inputs to the ECL model under multiple economic scenarios relating to loan and advances (which include credit cards under personal segment) and off-balance sheet.

The Bank has assessed the impact of macro-economic and other qualitative assessment considerations at the end of the reporting period, no material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Furthermore, the Bank has performed sensitivity analysis of the macro-economic variables to the expected credit loss and disclosed only the GDP which is the most sensitive to the banks.

Group

- An increase in GDP rate by 10% decreases ECL by 1.05%, hence decreased ECL by 1.05%
- A decrease in GDP rate by 10% increases ECL by 2.69%, hence increases ECL by 2.69%

Sensitivity Analysis	2024		2023	
	Expected loss allowance			
In TZS' Million	Higher end	Lower end	Higher end	Lower end
31 December				
Corporate	58,350	57,755	70,310	66,940
SME	30,669	30,421	16,881	14,938
Microfinance	5,332	5,281	1,766	1,745
Mortgage	345	217	753	746
Personal loans	51,991	48,907	37,482	37,168
Off-balance sheet exposures	10,163	8,563	680	453
Total expected loss allowance	**156,850**	**151,144**	**127,872**	**121,990**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Bank

- An increase in GDP rate by 10% decreases ECL by 1.06%, hence decreased ECL by 1.06%
- A decrease in GDP rate by 10% increases ECL by 2.78%, hence increases ECL by 2.78%

Sensitivity Analysis	2024		2023	
	Expected loss allowance			
In TZS' Million	Higher end	Lower end	Higher end	Lower end
31 December				
Corporate	56,927	56,373	70,310	66,940
SME	30,244	30,001	16,776	14,833
Microfinance	1,296	1,288	1,691	1,669
Mortgage	345	217	753	746
Personal loans	51,068	47,993	37,111	36,805
Off-balance sheet exposures	10,149	8,551	666	438
Total expected loss allowance	**150,029**	**144,423**	**127,307**	**121,431**

Under current and forecasted economic conditions, cash and balances with the central bank, other assets, debt instruments, and due from banks are not expected to be materially sensitive to changes in macroeconomic assumptions and therefore have not been included in this sensitivity analysis. Instead, ECL for these instruments is more sensitive to obligor-specific factors and recovery strategies that are independent of macroeconomic factors.

The following tables outline the impact of multiple scenarios on the allowance. This table shows both the contribution to the total ECL of each probability-weighted scenario in addition to the total incremental effect on ECL of applying multiple economic scenarios compared to the ECL that would have resulted from applying a 100% weighting to the base case scenario:

(a) ECL for each scenario based on the probability allocation

GROUP							
31 December 2024 / In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	5,018,922	1,270,496	229,316	78,258	3,907,171	5,337,468	15,841,631
ECL							
Upside (10.6%)	6,151	3,238	562	26	5,228	985	16,190
Base (68.2%)	39,573	20,829	3,618	170	33,535	6,343	104,068
Downside (21.2%)	12,302	6,472	1,125	53	10,457	1,973	32,382
	58,026	**30,539**	**5,305**	**249**	**49,220**	**9,301**	**152,640**
Effect of multiple economic scenario	**138**	**27**	**21**	**4**	**252**	**728**	**1,170**

GROUP							
31 December 2023 / In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	4,017,460	965,797	187,230	69,603	3,326,676	3,764,807	12,331,573
ECL							
Upside (10.6%)	7,219	1,672	185	79	3,928	55	13,138
Base (68.2%)	46,447	10,758	1,191	422	20,726	286	79,830
Downside (21.2%)	20,951	1,493	187	159	7,858	112	30,760
	74,617	**13,923**	**1,563**	**660**	**32,512**	**453**	**123,728**
Effect of multiple economic scenario	**161**	**128**	**6**	**4**	**325**	**26**	**650**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

BANK							
31 December 2024 / In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	4,805,890	1,246,690	198,682	78,258	3,802,537	5,276,517	15,408,574
ECL							
Upside (10.6%)	6,002	3,193	137	26	5,131	984	15,473
Base (68.2%)	38,616	20,541	880	170	32,909	6,334	99,450
Downside (21.2%)	12,005	6,383	274	53	10,262	1,970	30,947
	56,623	**30,117**	**1,291**	**249**	**48,302**	**9,288**	**145,870**
Effect of multiple economic scenario	**119**	**25**	**-1**	**4**	**246**	**727**	**1,120**

BANK							
31 December 2023 / In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Gross exposure	3,732,697	952,857	174,021	69,603	3,229,153	3,687,119	11,845,450
ECL							
Upside (10.6%)	7,219	1,662	178	79	3,894	54	13,086
Base (68.2%)	46,447	10,695	948	422	20,507	290	79,309
Downside (21.2%)	20,944	1,482	356	159	7,789	109	30,839
	74,610	**13,839**	**1,482**	**660**	**32,190**	**453**	**123,234**
Effect of multiple economic scenario	**161**	**126**	**5**	**4**	**323**	**25**	**644**

The following tables outline the impact on ECL from applying a 100% weighting to each scenario:

(b) ECL under each case assuming 100% weight for each probability scenario

GROUP							
31 December 2024 / In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	56,044	29,865	5,100	228	46,641	6,494	144,372
Base	57,888	30,512	5,284	245	48,968	8,573	151,470
Downside	59,915	31,209	5,482	272	52,233	11,928	161,039
Proportion of assets in stage 2							
Upside	11.24%	1.48%	1.89%	3.03%	5.70%	14.24%	7.22%
Base	12.85%	1.76%	1.99%	3.33%	6.14%	13.69%	8.10%
Downside	14.47%	2.07%	2.07%	3.52%	6.50%	12.34%	8.88%

GROUP							
31 December 2023 / In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	67,227	14,755	1,706	726	34,999	363	119,776
Base	67,944	15,647	1,740	745	36,737	500	123,313
Downside	69,080	16,686	1,785	770	39,142	686	128,149
Proportion of assets in stage 2							
Upside	1.23%	7.71%	3.34%	4.47%	7.35%	22.54%	3.93%
Base	1.64%	8.97%	3.97%	4.88%	7.67%	20.26%	4.49%
Downside	2.13%	10.21%	4.63%	5.27%	7.85%	18.30%	5.07%

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

BANK 31 December 2024 In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	54,818	29,473	1,280	228	45,758	6,483	138,040
Base	56,504	30,092	1,292	245	48,056	8,561	144,750
Downside	58,360	30,760	1,302	272	51,279	11,914	153,887
Proportion of assets in stage 2							
Upside	11.49%	1.41%	0.35%	3.03%	3.49%	14.26%	7.44%
Base	13.16%	1.69%	0.43%	3.33%	6.17%	13.71%	8.36%
Downside	14.86%	2.00%	0.52%	3.52%	6.52%	12.36%	9.17%

BANK 31 December 2023 In TZS' Million	Corporate	SME	Micro finance	Mortgage	Personal	Off-balance sheet	Total
Upside	67,227	14,672	1,646	726	34,696	354	119,321
Base	67,944	15,556	1,675	745	36,416	488	122,824
Downside	69,081	16,585	1,712	770	38,798	670	127,616
Proportion of assets in stage 2							
Upside	1.23%	7.46%	3.38%	4.47%	5.09%	23.12%	3.85%
Base	1.64%	8.71%	4.05%	4.88%	7.50%	20.77%	4.40%
Downside	2.13%	9.95%	4.75%	5.27%	7.67%	18.73%	4.97%

Under current and forecasted economic conditions, stage 3 instruments are not expected to be materially sensitive to changes in macroeconomic assumptions and therefore have not been included in this sensitivity analysis. Instead, ECL on stage 3 instruments is more sensitive to idiosyncratic obligor-specific factors and recovery strategies that are independent of macroeconomic factors.

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Summary of credit risk

31 December 2024 GROUP	Loans and advances to customers							Off-balance sheet exposure
In TZS' Million	Corporate	SME	Micro	Mortgage	Personal	Credit card	Total	Other financial assets[1]
Gross carrying amount								
Stage 1	4,455,204	1,165,818	211,515	76,742	3,799,436	2,004	9,708,715	3,110,877 5,281,958
Stage 2	442,491	37,703	5,970	318	32,672	33	519,154	- 55,192
Stage 3	121,227	66,975	11,831	1,198	75,063	71	276,294	- 318
Total	**5,018,922**	**1,270,496**	**229,316**	**78,258**	**3,907,171**	**2,108**	**10,504,163**	**3,110,877 5,337,468**
ECL								
Stage 1	2,623	2,777	1,507	51	7,752	47	14,710	15,229 7,931
Stage 2	15,302	572	106	9	3,215	8	19,204	- 1,306
Stage 3	40,101	27,190	3,692	189	38,253	51	109,425	- 64
Total	**58,026**	**30,539**	**5,305**	**249**	**49,220**	**106**	**143,339**	**15,229 9,301**
Amortized cost								
Stage 1	4,452,581	1,163,041	210,008	76,691	3,791,684	1,957	9,694,005	3,095,648 5,274,027
Stage 2	427,189	37,131	5,864	309	29,457	25	499,950	- 53,886
Stage 3	81,126	39,785	8,139	1,009	36,810	20	166,869	- 254
Total	**4,960,896**	**1,239,957**	**224,011**	**78,009**	**3,857,951**	**2,002**	**10,360,824**	**3,095,648 5,328,167**
Coverage ratio[2]								
Stage 1	0.1%	0.2%	0.7%	0.1%	0.2%	2.3%	0.2%	0.5% 0.2%
Stage 2	3.5%	1.5%	1.8%	2.8%	9.8%	24.2%	3.7%	- 2.4%
Stage 3	33.1%	40.6%	31.2%	15.8%	51.0%	71.8%	39.6%	- 20.1%
Total	**1.2%**	**2.4%**	**2.3%**	**0.3%**	**1.3%**	**5.0%**	**1.4%**	**0.5% 0.2%**
Impairment charge								
Stage 1	(11,385)	(699)	1,324	(8)	2,288	30	(8,480)	1,320 7,494
Stage 2	(1,240)	(1,161)	35	(29)	388	(12)	(2,007)	- 1,303
Stage 3	63,187	18,476	2,383	(374)	14,032	(147)	97,704	- 51
Total	**50,562**	**16,616**	**3,742**	**(411)**	**16,708**	**(129)**	**87,217**	**1,320 8,848**
Cost of risk[3]								
Stage 1	(0.3%)	(0.1%)	0.6%	0.0%	0.1%	1.5%	(0.1%)	0% 0.1%
Stage 2	(0.3%)	(3.1%)	0.6%	(9.1%)	1.2%	(36.4%)	(0.4%)	- 2.4%
Stage 3	52.1%	27.6%	20.1%	(31.2%)	18.7%	(207.0%)	35.4%	- 16.0%
Total	**1.0%**	**1.3%**	**1.6%**	**(0.5%)**	**0.4%**	**(6.1%)**	**0.8%**	**0% 0.2%**

[4]Total cost of risk for the Group 0.5%

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Summary of credit risk (Continued)

31 December 2023 GROUP	Loans and advances to customers								
In TZS' Million	Corporate	SME	Micro	Mortgage	Personal	Total	Credit card	Other financial assets[1]	Off-balance sheet exposure
Gross carrying amount									
Stage 1	3,719,286	847,840	171,726	67,147	3,272,026	8,078,025	2,261	4,288,096	4,006,375
Stage 2	162,249	79,249	6,440	956	20,496	269,390	85	-	15,163
Stage 3	135,925	38,708	9,064	1,500	34,154	219,351	198	-	735
Total	**4,017,460**	**965,797**	**187,230**	**69,603**	**3,326,676**	**8,566,766**	**2,544**	**4,288,096**	**4,022,273**
ECL									
Stage 1	14,008	3,476	183	59	5,464	23,190	17	16,603	336
Stage 2	16,542	1,733	71	38	2,827	21,211	20	-	104
Stage 3	44,067	8,714	1,309	563	24,221	78,874	198	-	13
Total	**74,617**	**13,923**	**1,563**	**660**	**32,512**	**123,275**	**235**	**16,603**	**453**
Amortised cost									
Stage 1	3,705,278	844,364	171,543	67,088	3,266,562	8,054,835	2,244	4,271,493	4,006,039
Stage 2	145,707	77,516	6,369	918	17,669	248,179	65	-	14,955
Stage 3	91,858	29,994	7,755	937	9,933	140,477	-	-	722
Total	**3,942,843**	**951,874**	**185,667**	**68,943**	**3,294,164**	**8,443,491**	**2,309**	**4,271,493**	**4,021,716**
Coverage ratio[2]									
Stage 1	0.38%	0.41%	0.11%	0.09%	0.17%	0.29%	0.75%	0.39%	0.01%
Stage 2	10.20%	2.19%	1.10%	3.97%	13.79%	7.87%	23.53%	-	0.69%
Stage 3	32.42%	22.51%	14.44%	37.53%	70.92%	35.96%	100%	-	1.77%
Total	**1.86%**	**1.44%**	**0.83%**	**0.95%**	**0.98%**	**1.44%**	**9.24%**	**0.39%**	**0.01%**
Impairment charge									
Stage 1	8,260	1,922	9	42	(13,525)	(3,292)	(438)	3,163	(307)
Stage 2	(2,619)	(1,237)	28	(111)	(288)	(4,227)	0	-	(109)
Stage 3	52,089	(6,539)	1,145	(590)	2,434	48,539	109	-	(51)
Total	**57,730**	**(5,854)**	**1,182**	**(659)**	**(11,379)**	**41,020**	**(329)**	**3,163**	**(467)**
Cost of risk3									
Stage 1	0.22%	0.23%	0.01%	0.06%	(0.41%	(0.04%)	(19.37%)	0.07%	0.01%
Stage 2	(1.61%)	(1.56%)	0.43%	(11.61%)	(1.41%)	(1.57%)	0.00%	-	0.72%
Stage 3	38.32%	(16.89%)	12.63%	(39.33%)	7.13%	22.13%	55.05%	-	6.94%
Total	**1.44%**	**(0.61%)**	**0.63%**	**(0.95%)**	**(0.34%)**	**0.48%**	**(12.93%)**	**0.07%**	**0.01%**

[4]Total cost of risk for the Group 0.3%

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Summary of credit risk (Continued)

31 December 2024 BANK	Loans and advances to customers								
In TZS' Million	Corporate	SME	Micro	Mortgage	Personal	Total	Credit card	Other financial assets[1]	Off-balance sheet exposure
Gross carrying amount									
Stage 1	4,243,560	1,145,356	184,329	76,742	3,700,628	9,350,615	2,004	2,666,433	5,221,007
Stage 2	441,687	35,980	5,434	318	30,007	486,426	33	-	55,192
Stage 3	120,643	65,354	8,919	1,198	71,902	268,016	71	-	318
Total	**4,805,890**	**1,246,690**	**198,682**	**78,258**	**3,802,537**	**10,132,057**	**2,108**	**2,666,433**	**5,276,517**
ECL									
Stage 1	1,219	2,559	37	51	7,690	11,556	47	14,975	7,918
Stage 2	15,302	546	6	9	3,170	19,033	8	-	1,306
Stage 3	40,102	27,012	1,248	189	37,442	105,993	51	-	64
Total	**56,623**	**30,117**	**1,291**	**249**	**48,302**	**136,582**	**106**	**14,975**	**9,288**
Amortized cost									
Stage 1	4,242,341	1,142,797	184,292	76,691	3,692,938	9,339,059	1,957	2,651,458	5,213,089
Stage 2	426,385	35,434	5,428	309	26,837	494,393	25	-	53,886
Stage 3	80,541	38,342	7,671	1,009	34,460	162,023	20	-	254
Total	**4,749,267**	**1,216,573**	**197,391**	**78,009**	**3,754,235**	**9,995,475**	**2,002**	**2,651,458**	**5,267,229**
Coverage ratio2									
Stage 1	0.03%	0.22%	0.02%	0.07%	0.21%	0.12%	2.35%	0.56%	0.15%
Stage 2	3.46%	1.52%	0.11%	2.83%	10.56%	3.71%	24.24%	-	2.37%
Stage 3	33.24%	41.33%	13.99%	15.78%	52.07%	39.55%	71.83%	-	-
Total	**1.18%**	**2.42%**	**0.65%**	**0.32%**	**1.27%**	**1.35%**	**5.03%**	**0.56%**	**0.18%**
Impairment charge									
Stage 1	(12,788)	(907)	(115)	(8)	2,243	(11,575)	30	1,070	7,481
Stage 2	(1,243)	(1,137)	(64)	(29)	429	(2,044)	(12)	-	1,303
Stage 3	66,165	18,322	(12)	(374)	13,440	97,541	(147)	-	51
Total	**52,134**	**16,278**	**(191)**	**(411)**	**16,112**	**83,922**	**(129)**	**1,070**	**8,835**
Cost of risk3									
Stage 1	(0.3%)	(0.1%)	(0.1%)	0.0%	0.1%	(0.1%)	1.5%	0.04%	0.1%
Stage 2	(0.3%)	(3.2%)	(1.2%)	(9.1%)	14.3%	(0.4%)	(36.4%)	-	2.4%
Stage 3	54.8%	28.0%	(0.1%)	(31.2%)	18.7%	36.4%	(207.0%)	-	16.0%
Total	**1.1%**	**1.3%**	**(0.1%)**	**(0.5%)**	**0.4%**	**0.8%**	**(6.1%)**	**0.04%**	**0.2%**

[4]Total cost of risk for the Bank 0.5%

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

31 December 2023 BANK	Loans and advances to customers								
In TZS' Million	Corporate	SME	Micro	Mortgage	Personal	Total	Credit card	Other financial assets[1]	Off-balance sheet exposure
Gross carrying amount									
Stage 1	3,434,516	836,889	158,568	67,147	3,180,134	7,677,254	2,261	2,871,553	3,976,833
Stage 2	162,248	77,505	6,441	956	16,101	263,251	85	-	15,163
Stage 3	135,933	38,463	9,012	1,500	32,918	217,826	198	-	735
Total	**3,732,697**	**952,857**	**174,021**	**69,603**	**3,229,153**	**8,158,331**	**2,544**	**2,871,553**	**3,992,731**
ECL									
Stage 1	14,007	3,466	152	59	5,447	23,131	17	16,599	437
Stage 2	16,545	1,683	70	38	2,741	21,077	20	-	3
Stage 3	44,058	8,690	1,260	563	24,002	78,573	198	-	13
Total	**74,610**	**13,839**	**1,482**	**660**	**32,190**	**122,781**	**235**	**16,599**	**453**
Amortized cost									
Stage 1	3,420,509	833,423	158,416	67,088	3,174,687	7,654,123	2,244	2,854,954	3,976,396
Stage 2	145,703	75,822	6,371	918	13,360	242,174	65	-	15,160
Stage 3	91,875	29,773	7,752	937	8,916	139,253	-	-	722
Total	**3,658,087**	**939,018**	**172,539**	**68,943**	**3,196,963**	**8,035,550**	**2,309**	**2,854,954**	**3,992,278**
Coverage ratio[2]									
Stage 1	0.4%	0.4%	0.1%	0.1%	0.2%	1.2%	0.75%	0.6%	0.0%
Stage 2	10.2%	2.2%	1.1%	4.0%	17.0%	34.5%	23.53%	-	0.0%
Stage 3	32.4%	22.6%	14.0%	37.5%	72.9%	179.4%	100%	-	1.8%
Total	**2.0%**	**1.5%**	**0.9%**	**0.9%**	**1.0%**	**6.3%**	**9.24%**	**0.6%**	**0.0%**
Impairment charge									
Stage 1	8,291	1,922	9	42	(13,525)	(3,261)	(438)	3,163	(307)
Stage 2	(2,664)	(1,237)	28	(111)	(288)	(4,272)	0	-	(109)
Stage 3	49,228	(6,539)	1,145	(590)	2,434	45,678	109	-	(51)
Total	**54,855**	**(5,854)**	**1,182**	**(659)**	**(11,379)**	**38,145**	**(329)**	**3,163**	**(467)**
Cost of risk[3]									
Stage 1	(0.1%)	0.2%	0.0%	0.1%	(0.4%)	(0.2%)	(19.37%)	0.1%	0.0%
Stage 2	(0.1%)	(1.6%)	0.4%	(10.8%)	(2.4%)	(0.7%)	0.00%	0.0%	0.7%
Stage 3	59.3%	(16.4%)	10.6%	(37.8%)	3.4%	34.8%	55.05%	0.0%	6.9%
Total	**2.0%**	**(0.6%)**	**0.6%**	**(0.9%)**	**(0.4%)**	**0.7%**	**(12.93%)**	**0.1%**	**0.0%**

[4]Total cost of risk for the Bank 0.3%

[1]Other financial assets subject to impairment" include due from banks, debt instruments at amortised cost, debt instruments at FVOCI and other assets (receivables)

[2]The coverage ratio is calculated as the total ECL allowance divided by gross carrying amount

[3]The cost of risk ratio is calculated as the impairment charge for the year divided by assets' gross carrying amount.

[4]Total cost of risk for the Group is calculated as the total ECL charge divided by loans and advances to customers, other financial assets and off-balance sheet as disclosed above.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.3.2 Risk concentration in gross carrying amounts and corresponding ECL by segment, industry, and geographical location

The analysis is presented below:

GROUP 31 December 2024												
In TZS' Million	Gross Carrying amount				Allowances for ECL				ECL Coverage			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Segment												
Corporate	4,455,204	442,491	121,227	5,018,922	2,623	15,302	40,101	58,026	0.1%	3.5%	33.1%	1.2%
SME	1,165,818	37,703	66,975	1,270,496	2,777	572	27,190	30,539	0.2%	1.5%	40.6%	2.4%
Microfinance	211,515	5,970	11,831	229,316	1,507	106	3,692	5,305	0.7%	1.8%	31.2%	2.3%
Mortgage	76,742	318	1,198	78,258	51	9	189	249	0.1%	2.8%	15.8%	0.3%
Personal	3,799,436	32,672	75,063	3,907,171	7,752	3,215	38,253	49,220	0.2%	9.8%	51.0%	1.3%
Total	**9,708,715**	**519,154**	**276,294**	**10,504,163**	**14,710**	**19,204**	**109,425**	**143,339**	**0.2%**	**3.7%**	**39.6%**	**1.4%**
Industry												
Agriculture	2,051,526	156,835	115,154	2,323,515	3,066	14,527	20,618	38,211	0.1%	9.3%	17.9%	1.6%
Financial institutions	96,744	525	168	97,437	812	41	39	892	0.8%	7.8%	23.2%	0.9%
Hotels and restaurants	67,419	47,084	5,935	120,438	64	276	5,065	5,405	0.1%	0.6%	85.3%	4.5%
Individuals	3,661,350	32,689	75,055	3,769,094	7,739	3,236	38,245	49,220	0.2%	9.9%	51.0%	1.3%
Manufacturing	784,603	93,939	3,638	882,180	68	282	439	789	0.0%	0.3%	12.1%	0.1%
Others	1,390,978	159,504	32,467	1,582,949	1,331	410	20,281	22,022	0.1%	0.3%	62.5%	1.4%
Trading	1,386,332	27,357	42,004	1,455,693	1,351	424	23,200	24,975	0.1%	1.5%	55.2%	1.7%
Transport and communication	269,763	1,221	1,873	272,857	279	8	1,538	1,825	0.1%	0.7%	82.1%	0.7%
Total	**9,708,715**	**519,154**	**276,294**	**10,504,163**	**14,710**	**19,204**	**109,425**	**143,339**	**0.2%**	**3.7%**	**39.6%**	**1.4%**
Region												
Tanzania	8,959,089	513,426	268,016	9,740,531	11,556	19,033	105,993	136,582	0.1%	3.7%	39.5%	1.4%
Burundi	743,918	5,728	8,278	757,924	3,154	171	3,432	6,757	0.4%	3.0%	41.5%	0.9%
Congo	5,708	-	-	5,708	-	-	-	-	0.0%	0.0%	0.0%	0.0%
Total	**9,708,715**	**519,154**	**276,294**	**10,504,163**	**14,710**	**19,204**	**109,425**	**143,339**	**0.2%**	**3.7%**	**39.6%**	**1.4%**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.3.2 Risk concentration in gross carrying amounts and corresponding ECL by segment, industry, and geographical location (Continued)

The analysis is presented below:

GROUP												
31 December 2023												
In TZS' Million	Gross Carrying amount				Allowances for ECL				ECL Coverage			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Segment												
Corporate	3,719,286	162,249	135,925	4,017,460	14,008	16,542	44,067	74,617	0.4%	10.2%	32.4%	1.9%
SME	847,840	79,249	38,708	965,797	3,476	1,733	8,714	13,923	0.4%	2.2%	22.5%	1.4%
Microfinance	171,726	6,440	9,064	187,230	183	71	1,309	1,563	0.1%	1.1%	14.4%	0.8%
Mortgage	67,147	956	1,500	69,603	59	38	563	660	0.1%	4.0%	37.5%	0.9%
Personal	3,272,026	20,496	34,154	3,326,676	5,464	2,827	24,221	32,512	0.2%	13.8%	70.9%	1.0%
Total	**8,078,025**	**269,390**	**219,351**	**8,566,766**	**23,190**	**21,211**	**78,874**	**123,275**	**0.3%**	**7.9%**	**36.0%**	**1.4%**
Industry												
Agriculture	1,574,614	35,980	97,943	1,708,537	3,496	15,594	10,325	29,415	0.2%	43.3%	10.5%	1.7%
Financial institutions	44,367	21,688	193	66,248	35	337	53	425	0.1%	1.6%	27.5%	0.6%
Hotels and restaurants	55,439	27,661	650	83,750	28	1,019	79	1,126	0.1%	3.7%	12.2%	1.3%
Individuals	3,133,826	20,466	34,094	3,188,386	5,442	2,827	24,192	32,461	0.2%	13.8%	71.0%	1.0%
Manufacturing	605,490	18,293	26	623,809	393	26	-	419	0.1%	0.1%	0.0%	0.1%
Others	1,454,494	82,144	53,027	1,589,665	12,148	467	36,584	49,199	0.8%	0.6%	69.0%	3.1%
Trading	1,006,266	59,838	26,682	1,092,786	475	634	6,407	7,516	0.0%	1.1%	24.0%	0.7%
Transport and communication	203,529	3,320	6,736	213,585	1,173	307	1,234	2,714	0.6%	9.2%	18.3%	1.3%
Total	**8,078,025**	**269,390**	**219,351**	**8,566,766**	**23,190**	**21,211**	**78,874**	**123,275**	**0.3%**	**7.9%**	**36.0%**	**1.4%**
Region												
Tanzania	7,481,309	263,251	217,825	7,962,385	23,132	21,077	78,572	122,781	0.3%	8.0%	36.1%	1.5%
Burundi	596,716	6,139	1,526	604,381	58	134	302	494	0.0%	2.2%	19.8%	0.1%
Total	**8,078,025**	**269,390**	**219,351**	**8,566,766**	**23,190**	**21,211**	**78,874**	**123,275**	**0.3%**	**7.9%**	**36.0%**	**1.4%**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.3.2 Risk concentration in gross carrying amounts and corresponding ECL by segment, industry, and geographical location (Continued)

The analysis is presented below:

BANK												
31 December 2024												
In TZS' Million	Gross Carrying amount				Allowances for ECL				ECL Coverage			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Segment												
Corporate	4,243,560	441,687	120,643	4,805,890	1,219	15,302	40,102	56,623	0.0%	3.5%	33.2%	1.2%
SME	1,145,356	35,980	65,354	1,246,690	2,559	546	27,012	30,117	0.2%	1.5%	41.3%	2.4%
Microfinance	184,329	5,434	8,919	198,682	37	6	1,248	1,291	0.0%	0.1%	14.0%	0.6%
Mortgage	76,742	318	1,198	78,258	51	9	189	249	0.1%	2.8%	15.8%	0.3%
Personal	3,700,628	30,007	71,902	3,802,537	7,690	3,170	37,442	48,302	0.2%	10.6%	52.1%	1.3%
Total	**9,350,615**	**513,426**	**268,016**	**10,132,057**	**11,556**	**19,033**	**105,993**	**136,582**	**0.1%**	**3.7%**	**39.5%**	**1.3%**
Industry												
Agriculture	1,672,244	156,186	111,452	1,939,882	1,493	14,426	18,177	34,096	0.1%	9.2%	16.3%	1.8%
Financial institutions	464,370	525	84	464,979	43	41	10	94	0.0%	7.8%	11.9%	0.0%
Hotels & restaurants	66,769	47,084	5,935	119,788	55	276	5,065	5,396	0.1%	0.6%	85.3%	4.5%
Individuals	3,567,160	30,028	71,902	3,669,090	7,669	3,191	37,442	48,302	0.2%	10.6%	52.1%	1.3%
Manufacturing	697,306	93,134	3,623	794,063	44	281	434	759	0.0%	0.3%	12.0%	0.1%
Others	1,327,292	159,375	32,386	1,519,053	1,245	411	20,274	21,930	0.1%	0.3%	62.6%	1.4%
Trading	1,330,987	25,873	40,761	1,397,621	851	399	23,053	24,303	0.1%	1.5%	56.6%	1.7%
Transport and communication	224,487	1,221	1,873	227,581	156	8	1,538	1,702	0.1%	0.7%	82.1%	0.7%
Total	**9,350,615**	**513,426**	**268,016**	**10,132,057**	**11,556**	**19,033**	**105,993**	**136,582**	**0.1%**	**3.7%**	**39.6%**	**1.4%**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.3.2 Risk concentration in gross carrying amounts and corresponding ECL by segment, industry, and geographical location (Continued)

The analysis is presented below:

BANK	Gross Carrying amount				Allowances for ECL				ECL Coverage			
31 December 2023												
In TZS' Million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Segment												
Corporate	3,434,516	162,248	135,933	3,732,697	14,007	16,545	44,058	74,610	0.4%	10.2%	32.4%	2.0%
SME	836,889	77,505	38,463	952,857	3,466	1,683	8,690	13,839	0.4%	2.2%	22.6%	1.5%
Microfinance	158,568	6,441	9,012	174,021	152	70	1,260	1,482	0.1%	1.1%	14.0%	0.9%
Mortgage	67,147	956	1,500	69,603	59	38	563	660	0.1%	4.0%	37.5%	0.9%
Personal	3,180,134	16,101	32,918	3,229,153	5,447	2,741	24,002	32,190	0.2%	17.0%	72.9%	1.0%
Total	**7,677,254**	**263,251**	**217,826**	**8,158,331**	**23,131**	**21,077**	**78,573**	**122,781**	**0.3%**	**8.0%**	**36.1%**	**1.5%**
Industry												
Agriculture	1,205,804	35,980	97,943	1,339,727	3,492	15,594	10,325	29,411	0.3%	43.3%	10.5%	2.2%
Financial institutions	230,079	21,688	141	251,908	9	337	4	350	0.0%	1.6%	2.8%	0.1%
Hotels & restaurants	55,139	27,661	650	83,450	28	1,019	79	1,126	0.1%	3.7%	12.2%	1.3%
Individuals	3,048,285	16,100	32,858	3,097,243	5,427	2,741	23,972	32,140	0.2%	17.0%	73.0%	1.0%
Manufacturing	561,624	18,293	26	579,943	393	26	-	419	0.1%	0.1%	0.0%	0.1%
Others	1,391,433	82,114	53,030	1,526,577	12,141	468	36,585	49,194	0.9%	0.6%	69.0%	3.2%
Trading	984,767	58,272	26,455	1,069,494	468	587	6,377	7,432	0.0%	1.0%	24.1%	0.7%
Transport and communication	200,123	3,143	6,723	209,989	1,173	305	1,231	2,709	0.6%	9.7%	18.3%	1.3%
Total	**7,677,254**	**263,251**	**217,826**	**8,158,331**	**23,131**	**21,077**	**78,573**	**122,781**	**0.3%**	**8.0%**	**36.1%**	**1.5%**

10.3.3.3 Analysis of stage 2 loans reflecting the criteria for inclusion in stage 2

An analysis of stage 2 balances at the reporting date reflecting the reasons for inclusion in stage 2 by class of loans and advances to customers (gross carrying amount and corresponding ECL) is presented below. For the purposes of this analysis, where balances satisfy more than one criterion for determining a significant increase in credit risk, the corresponding gross carrying amount and ECL have been assigned in the order of the categories presented, for example, accounts with PD deterioration may also trigger backstops, but are only reported under "PD movement". The indicators of significant increases in credit risk (SICR) are explained in Note 10.3.2.5.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Expected credit losses

10.3.3.3 Analysis of stage 2 loans reflecting the criteria for inclusion in stage 2 (Continued)

GROUP																
31 December 2024																
In TZS' Million	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Credit card	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 30 Days past due																
- Forbearance support provided	173,471	4,055	5,887	-	-	-	-	-	54	28	-	-	41,456	957	220,868	5,040
- Other qualitative reasons	251,948	10,922	4,341	68	74	1	-	-	16,615	1,074	-	-	12,744	326	285,722	12,391
More than 30 days past due	17,072	325	27,475	504	5,896	105	318	9	16,003	2,113	33	8	992	23	67,789	3,087
Total	**442,491**	**15,302**	**37,703**	**572**	**5,970**	**106**	**318**	**9**	**32,672**	**3,215**	**33**	**8**	**55,192**	**1,306**	**574,379**	**20,518**

GROUP																
31 December 2023																
In TZS' Million	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Credit card	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 30 Days past due																
- Forbearance support provided	50,747	1,548	43,200	975	484	21	-	-	725	208	-	-	2,373	-	97,529	2,752
- Other qualitative reasons	50,299	14,718	16,531	454	195	2	34	1	4,607	539	-	-	11,685	-	83,351	15,714
More than 30 days past due	61,203	276	19,518	304	5,761	48	922	37	15,164	2,080	85	20	1,105	104	103,758	2,869
Total	**162,249**	**16,542**	**79,249**	**1,733**	**6,440**	**71**	**956**	**38**	**20,496**	**2,827**	**85**	**20**	**15,163**	**104**	**284,638**	**21,335**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.3.3 Analysis of stage 2 loans reflecting the criteria for inclusion in stage 2 (Continued)

BANK																
31 December 2024																
In TZS' Million	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Credit card	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 30 Days past due																
- Forbearance support provided	173,471	4,055	5,887	-	-	-	-	-	54	28	-	-	41,456	957	220,868	5,040
- Other qualitative reasons	251,968	10,922	4,376	69	131	1	-	-	16,616	1,071	-	-	12,744	326	285,835	12,389
More than 30 days past due	16,248	325	25,717	477	5,303	5	318	9	13,337	2,071	33	8	992	23	61,948	2,918
Total	**441,687**	**15,302**	**35,980**	**546**	**5,434**	**6**	**318**	**9**	**30,007**	**3,170**	**33**	**8**	**55,192**	**1,306**	**568,651**	**20,347**

BANK																
31 December 2023																
In TZS' Million	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Credit card	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 30 Days past due																
- Forbearance support provided	50,747	1,548	43,200	975	484	21	-	-	725	208	-	-	2,373	-	97,529	2,752
- Other qualitative reasons	50,298	14,721	16,287	434	196	1	34	1	4,231	527	-	-	11,685	-	82,731	15,684
More than 30 days past due	61,203	276	18,018	274	5,761	48	922	37	11,145	2,006	33	8	1,105	3	98,187	2,652
Total	**162,248**	**16,545**	**77,505**	**1,683**	**6,441**	**70**	**956**	**38**	**16,101**	**2,741**	**33**	**8**	**15,163**	**3**	**278,447**	**36,243**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.3.4 Analysis of stage 3 loans

An analysis of stage 3 loans is presented below. The table shows loans less than 90 days past due and loans greater than 90 days past due by portfolio and stage, thus presenting the loans classified as stage 3 due to aging and those identified at an early stage due to other criteria. Stage 3 exposures are further analysed to indicate those that are no longer credit impaired but in a cure period that precedes a transfer back to stage 2.

GROUP														
31 December 2024														
In TZS' Million	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 90 days DPD	92,331	23,251	19,667	11,034	872	94	16	1	12,235	7,562	279	56	125,400	41,998
More than 90 days DPD	28,896	16,850	47,308	16,156	10,959	3,598	1,182	188	62,828	30,691	39	8	151,212	67,491
Total	**121,227**	**40,101**	**66,975**	**27,190**	**11,831**	**3,692**	**1,198**	**189**	**75,063**	**38,253**	**318**	**64**	**276,612**	**109,489**
No longer impaired but in cure period	2,900	2,043	9,587	3,324	458	49	16	1	9,807	4,941	205	41	22,973	10,399
Other	118,327	38,058	57,388	23,866	11,373	3,643	1,182	188	65,256	33,312	113	23	253,639	99,090

GROUP														
31 December 2023														
In TZS' Million	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 90 days DPD	72,678	18,539	24,253	5,238	680	91	1,008	253	9,233	6,983	398	-	108,250	31,104
More than 90 days DPD	63,247	25,528	14,455	3,476	8,384	1,218	492	310	24,921	17,238	337	13	111,836	47,783
Total	**135,925**	**44,067**	**38,708**	**8,714**	**9,064**	**1,309**	**1,500**	**563**	**34,154**	**24,221**	**735**	**13**	**220,086**	**78,887**
No longer impaired but in cure period	8,458	507	4,248	420	508	43	837	329	4,002	3,058	-	-	18,053	4,357
Other	127,467	43,560	34,460	8,294	8,556	1,266	663	234	30,152	21,163	735	13	202,033	74,530

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.3.4 Analysis of stage 3 loans (Continued)

BANK													
31 December 2024													
In TZS' Million	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 90 days DPD	105,081	23,250	32,940	11,034			16	1	18,032	7,478	279	56	157,220	41,913
More than 90 days DPD	28,256	16,850	45,543	15,978			1,269	188	59,970	30,015	39	8	144,193	64,193
Total	**133,337**	**40,100**	**78,483**	**27,012**			**1,285**	**189**	**78,002**	**37,493**	**318**	**64**	**301,413**	**106,106**
No longer impaired but in cure period	2,900	2,043	9,587	3,324			16	1	9,807	4,941	205	41	22,973	10,399
Other	130,437	38,057	68,896	23,688			1,269	188	68,195	32,552	113	23	278,440	95,707

BANK													
31 December 2023													
In TZS' Million	Corporate	ECL	SME	ECL	Microfinance	ECL	Mortgage	ECL	Personal	ECL	Off-balance sheet exposures	ECL	Total Gross Carrying amount	ECL
Less than 90 days DPD	72,678	18,530	24,284	5,248	4,207	443	608	253	9,052	6,951	398	-	111,227	31,425
More than 90 days DPD	63,255	25,528	14,179	3,442	4,805	817	892	310	23,866	17,051	337	13	107,334	47,161
Total	**135,933**	**44,058**	**38,463**	**8,690**	**9,012**	**1,260**	**1,500**	**563**	**32,918**	**24,002**	**735**	**13**	**218,561**	**78,586**
No longer impaired but in cure period	8,458	507	4,248	420	508	972	837	329	4,002	3,058	-	-	18,053	5,286
Other	127,475	43,551	34,215	8,270	8,504	288	663	234	28,916	20,944	735	13	200,508	73,300

10.3.4 Model adjustments

Assessment and impact on ECL measurement.

The Bank's models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios. Given the degree of uncertainty surrounding the current economic environment, and the potential limitations on reliable data to model the impact on the banking book, as well as operational and timing challenges in incorporating the latest available macroeconomic inputs into the ECL models, the use of judgmental adjustments was applied.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Management overlays

Management overlays are made to incorporate uncertainties resulting from macro-economic and other qualitative assessment considerations. The significant overlay relates to Stage 3 loans. Additional information and sensitivity analysis in respect of the inputs to the ECL model under multiple economic scenarios is provided in Note 10.3.3.

The Bank has incorporated all the relevant information calibrated in the model and applying management overlay. The below were among the factors which were taken into consideration:

- Changes to the economic outlook and the impact on macroeconomic scenarios and assumptions.
- Qualitative assessment in considering portfolio level credit risk analysis by accelerate provision to some customers on a case-by-case basis.
- Extension of payment term on modified financial assets.
- Assessment on significant increase in credit risk.

The Group has put in place a robust control in determining management overlays in the ECL computation. These controls involve regular reviews and approval of material overlay adjustment by senior management team.

Post-model adjustments and management overlays made in estimating the reported ECL for the Group and Bank as at 31 December 2024 are set out in the following table:

In TZS' Million	Modelled ECL	Management overlays	Total ECL	Adjustment as a % of total ECL
Corporate lending	55,731	2,295	58,026	4%
SME lending	27,903	2,636	30,539	9%
Microfinance lending	5,118	187	5,305	4%
Mortgage lending	249	-	249	0%
Personal lending	49,192	28	49,220	0%
Credit Card	98	8	106	8%
Off-balance sheet	9,301	-	9,301	0%
Total	**147,592**	**5,154**	**152,746**	

Overlay adjustments are reassessed and adjusted where required at every reporting date.

There was no overlay done for subsidiaries in the ECL assessment

No model adjustments/overlays were done for ECL relating to other financial instruments.

Management overlays made in estimating the reported ECL for the Group as at 31 December 2023 are set out in the following table:

In TZS' Million	Modelled ECL	Management overlays	Total ECL	Adjustment as a % of total ECL
Corporate lending	67,901	6,716	74,617	9%
SME lending	12,391	1,532	13,923	11%
Mortgage lending	363	297	660	45%
Microfinance lending	891	672	1,563	43%
Personal lending	31,862	650	32,512	2%
Credit Card	235	-	235	0%
Off-balance sheet	453	-	453	0%
Total	**114,096**	**9,867**	**123,963**	

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.5 Forborne and modified loans

Restructuring of loans with borrowers who are facing financial difficulty which resulted into modification loss has decreased during the year to TZS 6.4 Billion (2023: TZS 8.9 Billion).

Restructuring is a qualitative indicator of default and credit impairment, and expectations of restructuring are relevant to assessing whether there is a significant increase in credit risk. Following restructuring, a customer needs to demonstrate consistently good payment behaviour over a period before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECLs.

During the year ended 31 December 2024 the bank restructured credit facilities for specific customers with liquidity constraints arising from business operations. The gross carrying amount of restructured loans which resulted into modification loss was TZS 212.9 Billion arising from business operations. All restructures were done within the regulatory and credit policy requirements.

The table below include stage 2 and 3 assets which were modified during the period with the related modification loss suffered by the Group and Bank.

Amount in TZS' Million	2024	2023
Amortised costs of financial assets that result into modification loss during the period (carrying amount)	212,942	456,313
Net modification gain/(loss)	6,412	444

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12-month ECL measurement during the period for the Group and Bank.

31 December 2024	Amount in TZS' Million			
	Post modification Pre-modification			
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
Facilities that have been cured since modification and are now measured using 12-month ECL (Stage 1)	107,953	6,874	114,168	2,379
Facilities that reverted to (Stage 2/3) Lifetime ECL having once cured	67,072	8,364	125,950	5,507

31 December 2023	Amount in TZS' Million			
	Post modification Pre-modification			
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
Facilities that have been cured since modification and are now measured using 12-month ECL (Stage 1)	93,388	2,451	291,541	2,652
Facilities that reverted to (Stage 2/3) Lifetime ECL having once cured	62,926	5,688	161,681	4,808

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration

The following tables break down the Group's and Bank's main credit exposure as categorised by industry sector and geographical sectors as of 31 December 2024.

(a) Industry sectors

GROUP 31 December 2024 In TZS' Million	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										
Balances with central bank*	1,817,019	-	-	-	-	-	-	-	-	1,817,019
Due from banks	924,538	-	-	-	-	-	-	-	-	924,538
Debt Instruments at FVOCI	-	-	135,291	-	-	-	-	-	-	135,291
Credit card		-	-	-	-	-	-	2,002	-	2,002
Loans and advances to customers										-
- Corporate	62,496	868,122	-	740,663	179,420	72,823	2,029,082	509	1,007,781	4,960,896
- SME	8,941	11,427	-	528,344	84,009	34,640	244,747	-	327,849	1,239,957
- Microfinance	19,906	1,841	-	160,933	7,603	7,568	11,477	66	14,617	224,011
- Mortgage	-	-	-	-	-	-	-	-	78,009	78,009
- Personal	5,201	-	-	779	-	-	-	3,719,299	132,672	3,857,951
Debt Instrument at amortized costs	-	-	1,948,028	-	-	-	-	-	-	1,948,028
Other assets**	-	-	-	-	-	-	-	-	103,804	103,804
	2,838,101	**881,390**	**2,083,319**	**1,430,719**	**271,032**	**115,031**	**2,285,306**	**3,721,876**	**1,664,732**	**15,291,506**
Off-Balance sheet items										
Guarantees	21,303	47,211	-	223,444	7,531	35	27,902	398	2,481,672	2,809,496
Letters of credit	97,942	59,716	-	813,024	24,911	-	302,139	261	149,163	1,447,156
Commitment to extend credit	-	-	-	-	-	-	-	-	1,071,515	1,071,515
	119,245	**106,927**	**- 1,036,468**		**32,442**	**35**	**330,041**	**659**	**3,702,350**	**5,328,167**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(a) Industry sectors (Continued)

GROUP 31 December 2023 In TZS' Million	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										
Balances with central bank*	522,940	-	-	-	-	-	-	-	-	522,940
Due from banks	762,332	-	-	-	-	-	-	-	-	762,332
Debt Instruments at FVOCI	-	-	226,178	-	-	-	-	-	-	226,178
Credit card		-	-	-	-	-	-	2,309	-	2,309
Loans and advances to customers										
- Corporate	43,769	612,914	-	609,730	129,958	39,991	1,448,384	-	1,058,097	3,942,843
- SME	8,578	8,892	-	336,533	75,543	36,107	225,685	-	260,536	951,874
- Microfinance	13,476	1,583	-	139,001	5,370	6,526	5,053	-	14,658	185,667
- Mortgage	-	-	-	-	-	-	-	-	68,943	68,943
- Personal	-	-	-	-	-	-	-	3,155,931	138,233	3,294,164
Debt Instrument at amortized costs	-	-	1,960,715	-	-	-	-	-	-	1,960,715
Other assets**	-	-	-	-	-	-	-	-	148,903	148,903
	1,351,095	**623,389**	**2,186,893**	**1,085,264**	**210,871**	**82,624**	**1,679,122**	**3,158,240**	**1,689,370**	**12,066,868**
Off-Balance sheet items										
Guarantees	5,959	6,834	-	409,064	9,913	-	20,074	193	1,966,233	2,418,270
Letters of credit	4,172	188,953	-	760,853	86,894	-	193,419	-	35,598	1,269,889
Commitment to extend credit									333,997	333,997
	10,131	**195,787**	**-**	**1,169,917**	**96,807**	**-**	**213,493**	**193**	**2,335,828**	**4,022,156**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(a) Industry sectors (Continued)

BANK 31 December 2024 In TZS' Million	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										
Balances with central bank*	1,629,511	-	-	-	-	-	-	-	-	1,629,511
Due from banks	918,759	-	-	-	-	-	-	-	-	918,759
Debt Instruments at FVOCI	-	-	135,291	-	-	-	-	-	-	135,291
Credit card		-	-	-	-	-	-	2,002	-	2,002
Loans and advances to customers										-
- Corporate	450,409	780,820	-	700,710	135,112	72,324	1,661,562	-	948,330	4,749,267
- SME	8,886	10,643	-	511,658	83,164	34,499	244,223	-	323,500	1,216,573
- Microfinance	5,589	1,841	-	160,172	7,603	7,568	-	-	14,618	197,391
- Mortgage	-	-	-	-	-	-	-	-	78,009	78,009
- Personal	-	-	-	779	-	-	-	3,620,787	132,669	3,754,235
Debt Instrument at amortized costs	-	-	1,507,906	-	-	-	-	-	-	1,507,906
Other assets**	-	-	-	-	-	-	-	-	90,840	90,840
	3,013,154	**793,304**	**1,643,197**	**1,373,319**	**225,879**	**114,391**	**1,905,785**	**3,622,789**	**1,587,966**	**14,279,784**
Off-Balance sheet items										
Guarantees	21,303	47,211	-	222,653	7,531	35	27,902	398	2,480,632	2,807,665
Letters of credit	97,942	59,716	-	813,024	24,911	-	302,139	261	149,163	1,447,156
Commitment to extend credit	-	-	-	-	-	-	-	-	1,012,408	1,012,408
	119,245	**106,927**	**-**	**1,035,677**	**32,442**	**35**	**330,041**	**659**	**3,642,203**	**5,267,229**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(a) Industry sectors (Continued)

BANK 31 December 2023 In TZS' Million	Financial institutions	Manufacturing	Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Financial assets										
Balances with central bank*	467,692	-	-	-	-	-	-	-	-	467,692
Due from banks	754,036	-	-	-	-	-	-	-	-	754,036
Debt Instruments at FVOCI	-	-	226,178	-	-	-	-	-	-	226,178
Credit card		-	-	-	-	-	-	2,309	-	2,309
Loans and advances to customers										
- Corporate	239,715	569,552	-	595,849	127,129	39,991	1,082,780	-	1,003,071	3,658,087
- SME	8,490	8,389	-	327,213	74,781	35,807	225,492	-	258,846	939,018
- Microfinance	3,353	1,583	-	139,001	5,370	6,526	2,044	-	14,662	172,539
- Mortgage	-	-	-	-	-	-	-	-	68,943	68,943
- Personal	-	-	-	-	-	-	-	3,067,412	129,551	3,196,963
Debt Instrument at amortized costs	-	-	1,738,669	-	-	-	-	-	-	1,738,669
Other assets**	-	-	-	-	-	-	-	-	138,138	138,138
	1,473,286	**579,524**	**1,964,847**	**1,062,063**	**207,280**	**82,324**	**1,310,316**	**3,069,721**	**1,613,211**	**11,362,572**
Off-Balance sheet items										
Guarantees	5,959	6,834	-	407,805	9,913	-	20,074	193	1,965,998	2,416,776
Letters of credit	4,172	115,037	-	759,331	86,139	-	193,419	-	111,791	1,269,889
Commitment to extend credit	-	-		-	-		-		305,613	305,613
	10,131	**121,871**	**-**	**1,167,136**	**96,052**	**-**	**213,493**	**193**	**2,383,402**	**3,992,278**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

(b) Geographical sectors

GROUP 31 December 2024 In TZS' Million	Tanzania	Europe	America	Burundi	Congo	Others	Total
Balances with central bank*	1,817,019	-	-	-	-	-	1,817,019
Due from banks	41,073	257,323	346,796	39,405	-	239,941	924,538
Debt Instruments at FVOCI	135,291	-	-	-	-	-	135,291
Credit card	2,002	-	-	-	-	-	2,002
Loans and advances to customers							-
- Corporate	4,204,021	-	-	751,167	5,708	-	4,960,896
- SME	1,239,957	-	-	-	-	-	1,239,957
- Microfinance	224,011	-	-	-	-	-	224,011
- Mortgage	78,009	-	-	-	-	-	78,009
- Personal	3,857,951	-	-	-	-	-	3,857,951
Debt instrument at amortized cost	1,948,028	-	-	-	-	-	1,948,028
Other assets**	103,804	-	-	-	-	-	103,804
	13,651,166	**257,323**	**346,796**	**790,572**	**5,708**	**239,941**	**15,291,506**
Off balance sheet items							
Guarantees	2,809,496	-	-	-	-	-	2,809,496
Letters of credit	1,447,156	-	-	-	-	-	1,447,156
Commitment to extend credit	1,071,515	-	-	-	-	-	1,071,515
	5,328,167	**-**	**-**	**-**	**-**	**-**	**5,328,167**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(b) Geographical sectors (Continued)

GROUP 31 December 2023 In TZS' Million	Tanzania	Europe	America	Burundi	Congo	Others
Balances with central bank*	522,940	-	-	-	-	522,940
Due from banks	42,986	180,947	206,580	65,657	266,162	762,332
Debt Instruments at FVOCI	226,178	-	-	-	-	226,178
Credit card	2,309	-	-	-	-	2,309
Loans and advances to customers						
- Corporate	3,462,129	-	-	480,714	-	3,942,843
- SME	939,034	-	-	12,840	-	951,874
- Microfinance	172,535	-	-	13,132	-	185,667
- Mortgage	68,943	-	-	-	-	68,943
- Personal	3,194,519	-	-	99,645	-	3,294,164
Debt instrument at amortized cost	1,960,715	-	-	-	-	1,960,715
Other assets**	134,516	-	-	14,387	-	148,903
	10,726,804	**180,947**	**206,580**	**686,375**	**266,162**	**12,066,868**
Off balance sheet items						
Guarantees	2,418,270	-	-	-	-	2,418,270
Letters of credit	1,269,889	-	-	-	-	1,269,889
Commitment to extend credit	333,997	-	-	-	-	333,997
	4,022,156	**-**	**-**	**-**	**-**	**4,022,156**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(b) Geographical sectors (Continued)

BANK 31 December 2024 In TZS' Million	Tanzania	Europe	America	Burundi	Others	Total
Balances with central bank*	1,629,511	-	-	-	-	1,629,511
Due from banks	41,073	257,323	346,796	103,929	169,638	918,759
Debt Instruments at FVOCI	135,291	-	-	-	-	135,291
Credit card	2,002	-	-	-	-	2,002
Loans and advances to customers						-
- Corporate	4,357,741	-	-	391,526	-	4,749,267
- SME	1,216,573	-	-	-	-	1,216,573
- Microfinance	197,391	-	-	-	-	197,391
- Mortgage	78,009	-	-	-	-	78,009
- Personal	3,754,235	-	-	-	-	3,754,235
Debt instrument at amortized cost	1,507,906	-	-	-	-	1,507,906
Other assets**	90,840	-	-	-	-	90,840
	13,010,572	**257,323**	**346,796**	**495,455**	**169,638**	**14,279,784**
Off balance sheet items						
Guarantees	2,807,665	-	-	-	-	2,807,665
Letters of credit	1,447,156	-	-	-	-	1,447,156
Commitment to extend credit	1,012,408	-	-	-	-	1,012,408
	5,267,229	**-**	**-**	**-**	**-**	**5,267,229**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(b) Geographical sectors (Continued)

BANK 31 December 2023 In TZS' Million	Tanzania	Europe	America	Burundi	Others	Total
Balances with central bank*	467,692	-	-	-	-	467,692
Due from banks	42,986	178,977	206,449	130,570	195,054	754,036
Debt Instruments at FVOCI	226,178	-	-	-	-	226,178
Credit card	2,309	-	-	-	-	2,309
Loans and advances to customers						
- Corporate	3,462,141	-	-	195,946	-	3,658,087
- SME	939,018	-	-	-	-	939,018
- Microfinance	172,539	-	-	-	-	172,539
- Mortgage	68,943	-	-	-	-	68,943
- Personal	3,196,963	-	-	-	-	3,196,963
Debt instrument at amortized cost	1,738,669	-	-	-	-	1,738,669
Other assets**	138,138	-	-	-	-	138,138
	10,455,576	**178,977**	**206,449**	**326,516**	**195,054**	**11,362,572**
Off balance sheet items						
Guarantees	2,416,776	-	-	-	-	2,416,776
Letters of credit	1,269,889	-	-	-	-	1,269,889
Commitment to extend credit	305,613	-	-	-	-	305,613
	3,992,278	**-**	**-**	**-**	**-**	**3,992,278**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(c) Credit quality per segments, industry and asset classes

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Balance with central bank*	1,817,019	-	-	1,817,019
Due from banks	924,538	-	-	924,538
Debt instruments at FVOCI	135,291	-	-	135,291
Credit card	1,957	25	20	2,002
Loans and advances				
Corporate	4,452,581	427,189	81,126	4,960,896
SME	1,163,041	37,131	39,785	1,239,957
Microfinance	210,008	5,864	8,139	224,011
Mortgage	76,691	309	1,009	78,009
Personal loans	3,791,684	29,457	36,810	3,857,951
Debt instruments at amortised cost	1,948,028	-	-	1,948,028
Other assets**	103,804	-	-	103,804
	14,624,642	**499,975**	**166,889**	**15,291,506**
Off balance sheet				
Guarantees	2,790,721	18,521	254	2,809,496
Letters of credit	1,411,791	35,365	-	1,447,156
Commitments to extend credit	1,071,515	-	-	1,071,515
	5,274,027	**53,886**	**254**	**5,328,167**
Per industry				
Agriculture	2,048,462	142,308	94,536	2,285,306
Financial institutions	2,837,488	484	129	2,838,101
Government	2,083,319	-	-	2,083,319
Hotels and restaurants	67,353	46,808	870	115,031
Individuals	3,655,568	29,478	36,830	3,721,876
Manufacturing	784,534	93,657	3,199	881,390
Others	1,493,452	159,094	12,186	1,664,732
Trading	1,384,982	26,933	18,804	1,430,719
Transport and communication	269,484	1,213	335	271,032
	14,624,642	**499,975**	**166,889**	**15,291,506**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(c) Credit quality per segments, industry and asset classes (Continued)

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Balances with Central Bank*	522,940	-	-	522,940
Due from banks	762,332	-	-	762,332
Debt instruments at FVOCI	226,178	-	-	226,178
Credit cards	2,244	65	-	2,309
Loans and advances to customers				-
Corporate	3,705,278	145,707	91,858	3,942,843
SME	844,364	77,516	29,994	951,874
Microfinance	171,543	6,369	7,755	185,667
Mortgage	67,088	918	937	68,943
Personal	3,266,562	17,669	9,933	3,294,164
Debt instruments at amortized cost	1,960,715	-	-	1,960,715
Other assets**	148,903	-	-	148,903
	11,678,147	**248,244**	**140,477**	**12,066,868**
Off balance sheet items:				
Guarantees	2,417,550	-	720	2,418,270
Letters of credit	1,266,091	3,798	-	1,269,889
Commitments to extend credit	333,997	-	-	333,997
	4,017,638	**3,798**	**720**	**4,022,156**
Per industry				
Financial institutions	1,329,605	21,351	140	1,351,096
Manufacturing	605,096	18,267	26	623,389
Government	2,186,893	-	-	2,186,893
Trading	1,005,791	59,198	20,275	1,085,264
Transport and communication	202,356	3,013	5,502	210,871
Hotels and restaurants	55,411	26,642	571	82,624
Agriculture	1,571,120	20,386	87,616	1,679,122
Individuals	3,130,628	17,711	9,901	3,158,240
Others	1,591,247	81,676	16,446	1,689,369
	11,678,147	**248,244**	**140,477**	**12,066,868**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(c) Credit quality per segments, industry and asset classes (Continued)

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Balance with central bank*	1,629,511	-	-	1,629,511
Due from banks	918,759	-	-	918,759
Debt instruments at FVOCI	135,291	-	-	135,291
Credit card	1,957	25	20	2,002
Loans and advances				-
Corporate	4,242,341	426,385	80,541	4,749,267
SME	1,142,797	35,434	38,342	1,216,573
Microfinance	184,292	5,428	7,671	197,391
Mortgage	76,691	309	1,009	78,009
Personal loans	3,692,938	26,837	34,460	3,754,235
Debt instruments at amortised cost	1,507,906	-	-	1,507,906
Other assets**	90,840	-	-	90,840
	13,623,323	**494,418**	**162,043**	**14,279,784**
Off balance sheet				
Guarantees	2,788,890	18,521	254	2,807,665
Letters of credit	1,411,791	35,365	-	1,447,156
Commitments to extend credit	1,012,408	-	-	1,012,408
	5,213,089	**53,886**	**254**	**5,267,229**
Per industry				
Agriculture	1,670,750	141,760	93,275	1,905,785
Financial institutions	3,012,596	484	74	3,013,154
Government	1,643,197	-	-	1,643,197
Hotels and restaurants	66,713	46,808	870	114,391
Individuals	3,561,447	26,862	34,480	3,622,789
Manufacturing	697,262	92,853	3,189	793,304
Others	1,416,890	158,964	12,112	1,587,966
Trading	1,330,137	25,474	17,708	1,373,319
Transport and communication	224,331	1,213	335	225,879
	13,623,323	**494,418**	**162,043**	**14,279,784**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.6 Analysis of risk concentration (Continued)

(c) Credit quality per segments, industry and asset classes (Continued)

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Balance with central bank*	467,692	-	-	467,692
Due from banks	754,036	-	-	754,036
Debt instruments at FVOCI	226,178	-	-	226,178
Credit card	2,244	65	-	2,309
Loans and advances				-
Corporate	3,420,509	145,703	91,875	3,658,087
SME	833,423	75,822	29,773	939,018
Microfinance	158,416	6,371	7,752	172,539
Mortgage	67,087	919	937	68,943
Personal loans	3,174,687	13,360	8,916	3,196,963
Debt instruments at amortised cost	1,738,669	-	-	1,738,669
Other assets**	138,138	-	-	138,138
	10,981,079	**242,240**	**139,253**	**11,362,572**
Off balance sheet				
Guarantees	2,416,056	-	720	2,416,776
Letters of credit	1,266,091	3,798	-	1,269,889
Commitments to extend credit	305,613	-	-	305,613
	3,987,760	**3,798**	**720**	**3,992,278**
Per industry				
Financial institutions	1,451,798	21,351	137	1,473,286
Manufacturing	561,231	18,267	26	579,524
Government	1,964,847	-	-	1,964,847
Trading	984,300	57,685	20,078	1,062,063
Transport and communication	198,950	2,838	5,492	207,280
Hotel and restaurant	55,111	26,642	571	82,324
Agriculture	1,202,315	20,385	87,616	1,310,316
Individuals	3,045,102	13,424	8,886	3,067,412
Others	1,517,425	81,648	16,447	1,615,520
	10,981,079	**242,240**	**139,253**	**11,362,572**

*Cash and balances with central Bank do not include cash in hand

**Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

Despite the macroeconomic and geopolitical uncertainties, credit portfolio performance has been relatively stable in the year 2024. There was no material adverse impact on portfolio as per industry basis.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For securities lending and reverse repurchase transactions, cash or securities
- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Bank also obtains guarantees from parent companies for loans to their subsidiaries. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through weekly analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits, where appropriate. Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group and Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group and Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. Collateralization requirement of 125% is applicable to Corporate, SMEs, Microfinance and Mortgage loans. Personal loans are practically unsecured in terms of physical securities.

The principal collateral types for loans and advances are:

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

Terms and conditions that apply for collateral held as securities

- The collateral must be mortgaged by the Bank.
- The borrower is required to pay the land rent if the pledged collateral is a landed property and insure the pledged collateral to a reputable insurance company
- In the event that the borrower defaults the pledged collateral can be ceased by the Bank and sold

The valuation and management of the collateral across all business units of the group are governed by the Group credit policy. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. To minimise the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

Collaterals pledged

The Group has pledged part of its Treasury bills and bonds to fulfil the collateral requirements of various short-term borrowings from other Banks. The Group also holds Treasury Bills and Bonds amounting TZS 703,263 Million as at 31 December 2024 (2023: TZS 186,315 Million) in respects of short-term borrowings extended to other banks. The Group has no control on collaterals pledged by other banks as it has an obligation to return the securities to the counterparties upon settlement of the loans, and it is not permitted to sell or repledge the collateral in the absence of default by the owner of the collateral. There are no other significant terms and conditions associated with the use of collateral.

Despite the impact of climate risks, macro-economic and geopolitical uncertainties there were no material adverse impact on the value of collaterals pledges as securities which were considered in the measurement of ECL.

Collateral repossessed

In its normal course of business, the Bank engages external agents to recover funds from repossessed properties or other assets in its retail portfolio, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

(b) Credit-related commitments

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

Commitments to extend credit represent unused portions of 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 Group and Bank are potentially exposed to loss in amounts equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(c) Write-off

The Group may write-off financial assets that are still subject to enforcement activity while the Bank still seeks to recover amounts it is legally owned in full. The outstanding contractual amounts of such assets written off during the year ended 31 December 2024 was TZS 104,092 Million (2023: TZS 114,779 Million).

When entering new markets or new industries, to minimise the potential increase of credit risk exposure, the Group focused more on the business with large corporate enterprises or banks with good credit rating or retail customers providing sufficient collateral.

Collateral held against impaired loans is maintained at fair value. The valuation of collateral is monitored regularly and is tested after every three years.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

Financial instruments whose carrying amounts represent the maximum exposure to credit risk without taking account of any collateral held or other credit enhancements are shown below: -

GROUP In TZS' Million	2024	%	2023	%
Financial assets:				
Balances with Central Bank	1,817,019	9%	522,940	3%
Due from banks	924,538	4%	762,332	5%
Debt instruments at FVOCI	135,291	1%	226,178	1%
Credit cards	2,002	0%	2,309	1%
Loans and advances to customers		0%		
- Corporate	4,960,896	24%	3,942,843	25%
- SME	1,239,957	6%	951,874	6%
- Microfinance	224,011	1%	185,667	1%
- Mortgage	78,009	0%	68,943	0%
- Personal	3,857,951	19%	3,294,164	20%
Debt instruments at amortised cost	1,948,028	9%	1,960,715	12%
Other assets*	103,804	0%	148,903	1%
	15,291,506	**74%**	**12,066,868**	**75%**
Off balance sheet items:				
Guarantees	2,809,496	14%	2,418,270	15%
Letters of credit	1,447,156	7%	1,269,889	8%
Commitments to extend credit	1,071,515	5%	333,997	2%
	5,328,167	26%	4,022,156	25%
	20,619,673	**100%**	**16,089,024**	**100%**

BANK In TZS' Million	2024	%	2023	%
Financial assets:				
Balances with Central Bank	1,629,511	8%	467,692	3%
Due from banks	918,759	5%	754,036	5%
Debt instruments at FVOCI	135,291	1%	226,178	1%
Credit cards	2,002	0%	2,309	0%
Loans and advances to customers				
- Corporate	4,749,267	24%	3,658,087	24%
- SME	1,216,573	6%	939,018	6%
- Microfinance	197,391	1%	172,539	1%
- Mortgage	78,009	0%	68,943	1%
- Personal	3,754,235	19%	3,196,963	21%
Debt instruments at amortised cost	1,507,906	8%	1,738,669	11%
Other assets*	90,840	0%	138,138	1%
	14,279,784	**73%**	**11,362,572**	**74%**
Off balance sheet items:				
Guarantees	2,807,665	14%	2,416,776	16%
Letters of credit	1,447,156	7%	1,269,889	8%
Commitments to extend credit	1,012,408	5%	305,613	2%
	5,267,229	27%	3,992,278	26%
	19,547,013	**100%**	**15,355,952**	**100%**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

The Group loans and advances to customers and off-balance sheet items comprise of 77% (2023: 79%) of the total credit exposure. The Directors are confident in the ability to continue to minimize the credit risk to the Group and Bank.

Due from banks are to reputable banks operating internationally or in Tanzania and East Africa, and as at December 2024 TZS 34 Billion was held as collateral. The list of these banks and their nostro and placement accounts balances are shown below.

Name of Bank	Country	GROUP		BANK	
		2024 TZS' Million	2023 TZS' Million	2024 TZS Million	2023 TZS Million
JP Morgan Chase Bank	USA	181,895	87,092	181,895	87,092
Citibank NY	USA	164,900	118,100	164,901	118,100
Afrexim Bank	Egypt	148,107	73,728	132,114	73,728
DZ Bank	Germany	107,630	162,891	127,846	162,891
Commerz Bank	Germany	97,222	15,594	107,630	15,594
BGF Bank	Burundi	39,405	52,019	-	-
Tanzania Postal Bank	Tanzania	19,984	-	19,984	-
Citibank London	UK	19,347	40,843	19,347	40,843
Azania Bank Limited	Tanzania	14,389	15,013	14,389	15,013
TIB Corporate Bank	Tanzania	3,701	-	3,701	-
Standard Chartered Bank	Europe	2,500	-	2,500	-
Others	Worldwide	125,458	197,052	144,452	240,775
		924,538	**762,332**	**918,759**	**754,036**

While collateral is an important mitigant to credit risk, the Group's underwriting policy ensures that loans are strictly granted on a going concern basis with adequate demonstration of repayment capacity. Other than exposures that are unsecured, all other facilities are secured by collateral in the form of charges over cash, land and buildings, marketable securities, plant, and machinery, amongst other.

The tables on the following pages show.

- the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.
- the analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECL when the expected value of the collateral, measured using multiple economic scenarios, is greater than the LGD. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is lower than fair value at the reporting date.

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

GROUP		Fair value of collateral and credit enhancements held									
31 December 2024 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/Gov Guarantees	Property	Other	Surplus collateral	Total Collateral	Net Exposure	Associated ECL	% of exposure per collateral requirements
Balance with central bank	1,817,019	-	-	-	-	-	-	1,817,019	-	-
Due from banks	924,538	-	-	-	-	-	-	924,538	891	-
Debt instruments at FVOCI	135,291	-	-	-	-	-	-	135,291	19	-
Credit card	2,002	-	-	-	-	-	-	2,002	106	-
Loans and advances								-		
- Corporate	4,960,896	1,389,798	1,732,733	10,110,790	626,106	(3,101,211)	10,758,216	-	58,026	217%
- SME	1,239,957	28,534	770,960	2,102,727	80,563	(1,164,614)	1,818,170	-	30,539	147%
- Microfinance	224,011	6,992	48,950	678,657	1,680	(358,937)	377,342	-	5,305	168%
- Mortgage	78,009	-	9,865	156,790	5,810	(68,090)	104,375	-	249	134%
- Personal loans	3,857,951	13,745	56,692	159,744	385,584	(55,688)	560,077	3,297,874	49,220	15%
Debt instruments at amortised cost	1,948,028	-	-	-	-	-	-	1,948,028	429	-
Other assets	103,804	-	-	-	-	-	-	103,804	13,834	-
Total Financial Assets	**15,291,506**	**1,439,069**	**2,619,200**	**13,208,708**	**1,099,743**	**(4,748,540)**	**13,618,180**	**8,228,556**	**158,618**	
Off-Balance sheet items										
Guarantees	2,809,496	-	349,532	-	1,104,354	(8,426)	1,445,460	1,364,036	4,957	51%
Letters of credit	1,447,156	-	89	-	206,543	(5)	206,627	1,240,529	4,344	14%
Commitments to extend credit	1,071,515	-	-	-	-	-	-	1,071,515	-	0%
	5,328,167	**-**	**349,621**	**-**	**1,310,897**	**(8,431)**	**1,652,087**	**3,676,080**	**9,301**	

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

GROUP	Fair value of collateral and credit enhancements held									
31 December 2023 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/Gov Guarantees	Property	Other	Surplus collateral	Total Collateral	Net Exposure	Associated ECL	% of exposure per collateral requirements
Financial assets										
Balance with central bank	522,940	-	-	-	-	-	-	522,940	-	0%
Due from banks	762,332	-	-	-	-	-	-	762,332	1,495	0%
Debt instruments at FVOCI	226,178	-	-	-	-	-	-	226,178	28	0%
Credit card	2,309	-	-	-	-	-	-	2,309	235	0%
Loans and advances										
- Corporate	3,942,843	35,205	915,927	3,680,010	1,767,110	(1,342,855)	5,055,397	-	74,617	128%
- SME	951,874	46,077	385,749	1,704,186	745,229	(633,707)	2,247,534	-	13,923	236%
- Microfinance	185,667	1,611	14,262	558,768	43,923	(195,414)	423,150	-	1,563	228%
- Mortgage	68,943	2,732	41	124,145	5,450	(34,308)	98,060	-	660	142%
- Personal loans	3,294,164	173,511	18,344	153,809	34,259	(32,371)	347,552	2,946,612	32,512	11%
Debt instruments at amortised cost	1,960,715	-	-	-	-	-	-	1,960,715	564	0%
Other assets	148,903	-	-	-	-	-	-	148,903	14,516	0%
Total Financial Assets	**12,066,868**	**259,136**	**1,334,323**	**6,220,918**	**2,595,971**	**(2,238,655)**	**8,171,693**	**6,569,989**	**140,113**	
Off-Balance sheet items										
Guarantees	2,418,270	-	1,064,213	-	165,471	(28,731)	1,200,953	1,217,317	325	50%
Letters of credit	1,269,889	-	39,655	-	198,220	(3,587)	234,288	1,035,601	128	17%
Commitments to extend credit	333,997	-	-	-	-	-	-	333,997	-	0%
	4,022,156	**-**	**1,103,868**	**-**	**363,691**	**(32,318)**	**1,435,241**	**2,586,915**	**453**	

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

BANK	Fair value of collateral and credit enhancements held									
31 December 2024 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/Gov Guarantees	Property	Other	Surplus collateral	Total Collateral	Net Exposure	Associated ECL	% of exposure per collateral requirements
Balance with central bank	1,629,511	-	-	-	-	-	-	1,629,511	-	0%
Due from banks	918,759	-	-	-	-	-	-	918,759	891	0%
Debt instruments at FVOCI	135,291	-	-	-	-	-	-	135,291	-	0%
Credit card	2,002	-	-	-	-	-	-	2,002	101	0%
Loans and advances	-						-			
- Corporate	4,749,267	1,389,798	1,711,494	4,515,557	6,919	(2,210,145)	5,413,623	-	56,623	114%
- SME	1,216,573	28,534	770,960	2,083,598	64,315	(1,157,255)	1,790,152	-	30,117	147%
- Microfinance	197,391	6,992	48,950	678,657	1,680	(358,937)	377,342	-	1,291	191%
- Mortgage	78,009	-	9,865	155,890	3,663	(68,090)	101,328	-	249	130%
- Personal loans	3,754,235	13,745	56,692	144,359	364,555	(55,358)	523,993	3,230,242	48,302	14%
Debt instruments at amortised cost	1,507,906	-	-	-	-	-	-	1,507,906	429	0%
Other assets	90,840	-	-	-	-	-	-	90,840	13,637	0%
Total Financial Assets held at amortised cost	**14,279,784**	**1,439,069**	**2,597,961**	**7,578,061**	**441,132**	**(3,849,785)**	**8,206,438**	**7,514,551**	**151,640**	
Off Balance sheet Items										
Guarantees	2,807,665	-	349,532	-	1,102,885	(8,426)	1,443,991	1,363,674	4,944	51%
Letters of credit	1,447,156	-	89	-	206,543	(5)	206,627	1,240,529	4,344	14%
Commitments to extend credit	1,012,408	-	-	-	-	-	-	1,012,408	-	0%
	5,267,229	**-**	**349,621**	**-**	**1,309,428**	**(8,431)**	**1,650,618**	**3,616,611**	**9,288**	

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

Type of collateral or credit enhancement for all financial instruments and associated ECL

BANK	Fair value of collateral and credit enhancements held								
31 December 2023									
In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/Gov Guarantees	Property	Other	Surplus collateral	Total Collateral	Net Exposure	Associated ECL	% of exposure per collateral requirements
Balance with central bank	467,692	-	-	-	-	-	-	467,692	-	0%
Due from banks	754,036	-	-	-	-	-	-	754,036	1,495	0%
Financial Assets at FVPL	1,102	-	-	-	-	-	-	1,102	-	0%
Debt instruments at FVOCI	226,178	-	-	-	-	-	-	226,178	28	0%
Credit card	2,309	-	-	-	-	-	-	2,309	235	0%
Loans and advances										
- Corporate	3,658,087	35,205	880,646	3,647,132	1,220,303	(1,332,897)	4,450,389	-	74,610	122%
- SME	939,018	46,077	385,749	1,699,162	745,040	(632,562)	2,243,466	-	13,839	239%
- Microfinance	172,539	1,611	14,262	558,768	42,510	(195,414)	421,737	-	1,482	244%
- Mortgage	68,943	2,732	41	124,145	5,450	(34,308)	98,060	-	660	142%
- Personal loans	3,196,963	173,511	18,344	150,467	29,522	(31,013)	340,831	2,856,132	32,190	11%
Debt instruments at amortised cost	1,738,669	-	-	-	-	-	-	1,738,669	564	0%
Other assets	138,138	-	-	-	-	-	-	138,138	14,512	0%
Total Financial Assets held at amortised cost	**11,363,674**	**259,136**	**1,299,042**	**6,179,674**	**2,042,825**	**(2,226,194)**	**7,554,483**	**6,184,256**	**139,615**	
Off Balance sheet Items										
Guarantees	2,416,776	-	1,064,213	-	164,724	(28,731)	1,200,206	1,216,570	325	50%
Letters of credit	1,269,889	-	39,655	-	122,026	(3,587)	158,094	1,111,796	128	12%
Commitments to extend credit	305,613	-	-	-	-	-	-	305,613	-	0%
	3,992,278	**-**	**1,103,868**	**-**	**286,750**	**(32,318)**	**1,358,300**	**2,633,979**	**453**	**34**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECL when the expected value of the collateral, measured using multiple economic scenarios, is greater than the LGD. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is lower than fair value at the reporting date.

GROUP	Fair value of collateral and credit enhancements held under base case scenario								
31 December 2024									
In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
31 December 2024									
Financial assets									
Loans and advances to customers									
- Corporate	81,126	-	-	220,058	15,868	(71,420)	164,506	-	40,101
- SME	39,785	100	300	127,268	26,993	(61,661)	93,000	-	27,190
- Microfinance	8,139	-	440	31,304	3,502	(16,158)	19,088	-	3,692
- Mortgage	1,009	-	-	1,995	-	(854)	1,141	-	189
- Personal	36,810	368	271	1,887	766	(848)	2,444	37,341	38,253
	166,869	**468**	**1,011**	**382,512**	**47,129**	**(150,941)**	**280,179**	**37,341**	**109,425**
Off-Balance Sheet Items									
Guarantees	254	-	-	-	-	-	-	254	64
	254	**-**	**-**	**-**	**-**	**-**	**-**	**254**	**64**

GROUP	Fair value of collateral and credit enhancements held under base case scenario								
31 December 2023									
In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
Financial assets									
Loans and advances to customers									
- Corporate	91,858	-	14,252	195,352	1,835	(27,744)	183,695	-	44,067
- SME	29,994	286	17,539	206,218	12,715	(60,272)	176,486	-	8,714
- Microfinance	7,755	-	160	22,556	5,091	(7,774)	20,033	-	1,309
- Mortgage	937	-	-	2,118	-	(571)	1,547	-	563
- Personal	9,933	60	414	38	84	(35)	561	9,372	24,221
	140,477	**346**	**32,365**	**426,282**	**19,725**	**(96,396)**	**382,322**	**9,372**	**78,874**
Off-Balance Sheet Items									
Guarantees	722	-	-	-	15	-	15	707	13
	722	**-**	**-**	**-**	**15**	**-**	**15**	**707**	**13**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECL when the expected value of the collateral, measured using multiple economic scenarios, is greater than the LGD. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is lower than fair value at the reporting date.

BANK	Fair value of collateral and credit enhancements held under base case scenario								
31 December 2024 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
Financial assets									
Loans and advances to customers									
- Corporate	80,541	-	-	219,452	13,223	(71,420)	161,255	-	40,102
- SME	38,342	100	300	123,730	26,675	(60,767)	90,038	-	27,012
- Microfinance	7,671	-	440	30,404	3,502	(15,913)	18,433	-	1,248
- Mortgage	1,009	-	-	1,995	-	(854)	1,141	-	189
- Personal loans	34,460	368	271	1,326	44	(588)	1,421	33,039	37,442
	162,023	**468**	**1,011**	**376,907**	**43,444**	**(149,542)**	**272,288**	**33,039**	**105,993**
Off-Balance Sheet Items									
Guarantees	254	-	-	-	-	-	-	254	64
	254	**-**	**-**	**-**	**-**	**-**	**-**	**254**	**64**

BANK	Fair value of collateral and credit enhancements held under base case scenario								
31 December 2023 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
Financial assets									
Loans and advances to customers									
- Corporate	91,875	-	14,252	195,352	1,721	(27,744)	183,581	-	44,058
- SME	29,773	286	17,539	205,985	12,715	(60,186)	176,339	-	8,690
- Microfinance	7,752	-	160	22,556	5,091	(7,774)	20,033	-	1,260
- Mortgage	937	-	-	2,118	-	(571)	1,547	-	563
- Personal	8,916	60	414	38	84	(35)	561	8,355	24,002
	139,253	**346**	**32,365**	**426,049**	**19,611**	**(96,310)**	**382,061**	**8,355**	**78,573**
Off-Balance Sheet Items									
Guarantees	722	-	-	-	15	-	15	707	13
	722	**-**	**-**	**-**	**15**	**-**	**15**	**707**	**13**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

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

GROUP	Fair value of collateral and credit enhancements held under base case scenario							
31 December 2024 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure
Financial assets								
Loans and advances to customers								
- Corporate	2,909,630	1,828	1,393,569	8,491,095	1,628,718	(2,379,119)	9,136,091	-
- SME	543,221	61,429	10,623	1,446,209	576,100	(788,260)	1,306,101	-
- Microfinance	127,854	1,442	-	588,690	36,472	(311,121)	315,483	-
- Mortgage	-	-	-	-	-	-	-	-
- Personal	235,890	339,328	703	38,383	70,509	(14,080)	434,843	-
	3,816,595	**404,027**	**1,404,895**	**10,564,377**	**2,311,799**	**(3,492,580)**	**11,192,518**	**-**
Off Balance sheet Items								
Guarantees	421,128	-	278,017	-	260,302	(6,700)	531,619	-
Letters of credit	88,347	-	-	-	138,020	-	138,020	-
	509,475	**-**	**278,017**	**-**	**398,322**	**(6,700)**	**669,639**	**-**

GROUP	Fair value of collateral and credit enhancements held under base case scenario							
31 December 2023 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure
Financial assets								
Loans and advances to customers								
- Corporate	1,889,397	35,170	524,261	2,626,822	1,259,749	(806,832)	3,639,170	-
- SME	534,975	43,836	354,474	1,425,616	671,220	(515,794)	1,979,352	-
- Microfinance	134,122	1,611	12,402	534,063	28,789	(185,991)	390,874	-
- Mortgage	-	-	-	-	-	-	-	-
- Personal	123,732	167,032	17,672	34,082	30,110	(11,151)	237,745	-
	2,682,226	**247,649**	**908,809**	**4,620,583**	**1,989,868**	**(1,519,768)**	**6,247,141**	**-**
Off Balance sheet Items								
Guarantees	36,536	-	-	-	51,231	(543)	50,688	-
Letters of credit	8,295	-	-	-	10,826	(254)	10,572	-
	44,831	**-**	**-**	**-**	**62,057**	**(797)**	**61,260**	**-**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

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

BANK	Fair value of collateral and credit enhancements held under base case scenario							
31 December 2024 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure
Financial assets								
Loans and advances to customers								
- Corporate	2,392,536	1,828	1,372,330	2,898,858	1,097,749	(1,501,208)	3,869,557	-
- SME	531,814	61,429	10,623	1,428,875	560,404	(781,444)	1,279,887	-
- Microfinance	127,854	1,442	-	588,327	35,972	(311,121)	314,620	-
- Mortgage	-	-	-	-	-	-	-	-
- Personal	218,700	339,328	703	23,213	52,151	(11,129)	404,266	-
	3,270,904	**404,027**	**1,383,656**	**4,939,273**	**1,746,276**	**(2,604,902)**	**5,868,330**	**-**
Off Balance sheet Items								
Guarantees	420,342	-	278,017	-	259,490	(6,700)	530,807	-
Letters of credit	88,347	-	-	-	138,020	-	138,020	-
	508,689		**278,017**		**397,510**	**(6,700)**	**668,827**	

BANK	Fair value of collateral and credit enhancements held under base case scenario							
31 December 2023 In TZS' Million	Maximum exposure to credit risk	Securities	3rd party/ gov guarantees	Property	Other	Surplus collateral	Total collateral	Net exposure
Financial assets								
Loans and advances to customers								
- Corporate	1,487,904	35,170	524,261	2,594,920	722,441	(798,350)	3,078,442	-
- SME	533,756	43,836	354,474	1,420,973	671,031	(514,619)	1,975,695	-
- Microfinance	134,054	1,611	12,402	534,063	28,638	(185,991)	390,723	-
- Mortgage	-	-	-	-	-	-	-	-
- Personal	120,854	167,032	17,672	31,503	25,808	(9,976)	232,039	-
	2,276,568	**247,649**	**908,809**	**4,581,459**	**1,447,918**	**(1,508,936)**	**5,676,899**	**-**
Off Balance sheet Items								
Guarantees	36,536	-	-	-	51,231	(543)	50,688	-
Letters of credit	8,295	-	-	-	10,826	(254)	10,572	-
	44,831	**-**	**-**	**-**	**62,057**	**(797)**	**61,260**	**-**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

The table below summarises the gross carrying amount for loans and advances of stage 2 and 3 and associated collateral.

GROUP	Gross carrying amount			Collateral			Net exposure		
31 December 2024 In TZS' Million	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3
Corporate	5,018,922	442,491	121,227	10,758,216	634,243	164,895	-	-	-
SME	1,270,496	37,703	66,975	1,818,170	47,071	92,999	-	-	-
Microfinance	229,316	5,970	11,831	377,342	12,668	19,088	-	-	-
Mortgage	78,258	318	1,198	104,375	300	1,141	-	18	57
Personal	3,907,171	32,672	75,063	560,077	2,676	2,444	3,347,094	29,996	72,619
Total	**10,504,163**	**519,154**	**276,294**	**13,618,180**	**696,958**	**280,567**	**3,347,094**	**30,014**	**72,676**
Off-Balance Sheet Items									
Guarantees	2,814,453	18,803	318	1,445,460	76	-	1,368,993	18,727	318
Letters of credit	1,451,500	36,389	-	206,627	-	-	1,244,873	36,389	-
	4,265,953	**55,192**	**318**	**1,652,087**	**76**	**-**	**2,613,866**	**55,116**	**318**

GROUP	Gross carrying amount			Collateral			Net exposure		
31 December 2023 In TZS' Million	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3
Corporate	4,017,460	162,249	135,925	5,056,234	146,589	183,695	-	15,660	-
SME	965,797	79,249	38,708	2,246,803	233,917	176,486	-	-	-
Mortgage	187,230	6,440	9,064	424,279	15,884	20,033	-	-	-
Personal	69,603	956	1,500	98,059	1,661	1,547	-	-	-
Microfinance	3,326,676	20,496	34,154	347,533	635	561	2,979,143	19,861	33,593
Total	**8,566,766**	**269,390**	**219,351**	**8,172,908**	**398,686**	**382,322**	**2,979,143**	**35,521**	**33,593**
Off-Balance Sheet Items									
Guarantees	2,418,595	-	733	1,200,953	198	14	1,217,642	-	719
Letters of credit	1,451,500	3,801	-	234,288	-	-	1,217,212	3,801	-
	3,870,095	**3,801**	**733**	**1,435,241**	**198**	**14**	**2,434,854**	**3,603**	**719**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.7 Collateral and other credit enhancements (Continued)

The table below summarises the gross carrying amount for loans and advances of stage 2 and 3 and associated collateral.

BANK	Gross carrying amount				Collateral			Net exposure		
31 December 2024	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3
In TZS' Million									
Corporate	4,805,890	441,687	120,643	5,413,623	633,011	161,255	-	-	-
SME	1,246,690	35,980	65,354	1,790,152	45,072	90,037	-	-	-
Microfinance	198,682	5,434	8,919	377,342	12,668	18,433	-	-	-
Mortgage	78,258	318	1,198	101,328	300	1,141	-	18	57
Personal	3,802,537	30,007	71,902	523,993	2,226	1,421	3,278,544	27,781	70,481
	10,132,057	**513,426**	**268,016**	**8,206,438**	**693,277**	**272,287**	**3,278,544**	**27,799**	**70,538**
Off-Balance Sheet Items									
Guarantees	2,812,609	18,803	318	1,443,991	76	-	1,368,618	18,727	318
Letters of credit	1,451,500	36,389	-	206,627	-	-	1,244,873	36,389	-
	4,264,109	**55,192**	**318**	**1,650,618**	**76**	**-**	**2,613,491**	**55,116**	**318**
Total	**8,158,331**	**263,251**	**217,826**	**7,554,482**	**398,686**	**381,894**	**2,888,341**	**31,125**	**32,357**
Off-Balance Sheet Items									
Guarantees	2,417,101	-	733	1,200,206	198	14	1,216,895	-198	719
Letters of credit	1,451,500	3,801	-	158,094	-	-	1,293,406	3,801	-
	3,868,601	**3,801**	**733**	**1,358,300**	**198**	**14**	**2,510,301**	**3,603**	**719**

BANK	Gross carrying amount				Collateral			Net exposure		
31 December 2023	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3
In TZS' Million									
Corporate	3,732,697	162,248	135,933	4,451,481	146,589	183,583	-	15,659	-
SME	952,857	77,505	38,463	2,242,735	233,917	176,160	-	-	-
Mortgage	174,021	6,441	9,012	421,395	15,884	20,044	-	-	-
Personal	69,603	956	1,500	98,059	1,661	1,546	-	-	-
Microfinance	3,229,153	16,101	32,918	340,812	635	561	2,888,341	15,466	32,357
Total	**8,158,331**	**263,251**	**217,826**	**7,554,482**	**398,686**	**381,894**	**2,888,341**	**31,125**	**32,357**
Off-Balance Sheet Items									
Guarantees	2,417,101	-	733	1,200,206	198	14	1,216,895	-198	719
Letters of credit	1,451,500	3,801	-	158,094	-	-	1,293,406	3,801	-
	3,868,601	**3,801**	**733**	**1,358,300**	**198**	**14**	**2,510,301**	**3,603**	**719**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers

Loans and advances based on internal rating are summarised as follows:

GROUP				
31 December 2024	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Internal rating grade				
Current	9,708,715	-	-	9,708,715
Especially mentioned	-	519,154	-	519,154
Sub-standard	-	-	60,319	60,319
Doubtful	-	-	156,539	156,539
Loss	-	-	59,436	59,436
Gross Carrying amount	**9,708,715**	**519,154**	**276,294**	**10,504,163**
ECL allowance	(14,710)	(19,204)	(109,425)	(143,339)
Net Loans and advances to customers	**9,694,005**	**499,950**	**166,869**	**10,360,824**

GROUP				
31 December 2023	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Internal rating grade				
Current	8,078,025	-	-	8,078,025
Especially mentioned	-	269,390	-	269,390
Sub-standard	-	-	104,550	104,550
Doubtful	-	-	41,012	41,012
Loss	-	-	73,789	73,789
Gross Carrying amount	**8,078,025**	**269,390**	**219,351**	**8,566,766**
ECL allowance	(23,190)	(21,211)	(78,874)	(123,275)
Net Loans and advances to customers	**8,054,835**	**248,179**	**140,477**	**8,443,491**

Loans and advances based on internal rating are summarised as follows:

BANK				
31 December 2024	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Internal rating grade				
Current	9,350,615	-	-	9,350,615
Especially mentioned	-	513,426	-	513,426
Sub-standard	-	-	57,387	57,387
Doubtful	-	-	152,083	152,083
Loss			58,546	58,546
Gross Carrying amount	**9,350,615**	**513,426**	**268,016**	**10,132,057**
ECL allowance	(11,556)	(19,033)	(105,993)	(136,582)
Net Loans and advances to customers	**9,339,059**	**494,393**	**162,023**	**9,995,475**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	7,677,253	-	-	7,677,253
Especially mentioned	-	263,252	-	263,252
Sub-standard	-	-	103,899	103,899
Doubtful	-	-	40,441	40,441
Loss	-	-	73,486	73,486
Gross Carrying amount	**7,677,253**	**263,252**	**217,826**	**8,158,331**
ECL allowance	(23,131)	(21,077)	(78,573)	(122,781)
Net Loans and advances to customers	**7,654,122**	**242,175**	**139,253**	**8,035,550**

The total impairment provision for loans and advances represents both individually impaired loans and loans assessed on a portfolio basis.

Corporate lending

An analysis of Loans and advances based on internal rating in relation to corporate lending is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	4,455,204	-	-	4,455,204
Especially mentioned	-	442,491	-	442,491
Sub-standard	-	-	1,909	1,909
Doubtful	-	-	104,782	104,782
Loss	-	-	14,536	14,536
Gross Carrying amount	**4,455,204**	**442,491**	**121,227**	**5,018,922**
ECL allowance	(2,623)	(15,302)	(40,101)	(58,026)
Net Loans and advances to customers	**4,452,581**	**427,189**	**81,126**	**4,960,896**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	3,719,286	-	-	3,719,286
Especially mentioned	-	162,249	-	162,249
Sub-standard	-	-	75,695	75,695
Doubtful	-	-	7,046	7,046
Loss	-	-	53,184	53,184
Gross Carrying amount	**3,719,286**	**162,249**	**135,925**	**4,017,460**
ECL allowance	(14,008)	(16,542)	(44,067)	(74,617)
Net Loans and advances to customers	**3,705,278**	**145,707**	**91,858**	**3,942,843**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

SME lending

An analysis of Loans and advances based on internal rating in relation to SME lending is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	1,165,818	-	-	1,165,818
Especially mentioned	-	37,703	-	37,703
Sub-standard	-	-	30,452	30,452
Doubtful	-	-	22,714	22,714
Loss	-	-	13,809	13,809
Gross Carrying amount	**1,165,818**	**37,703**	**66,975**	**1,270,496**
ECL allowance	(2,777)	(572)	(27,190)	(30,539)
Net Loans and advances to customers	**1,163,041**	**37,131**	**39,785**	**1,239,957**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	847,840	-	-	847,840
Especially mentioned	-	79,249	-	79,249
Sub-standard	-	-	13,293	13,293
Doubtful	-	-	17,099	17,099
Loss	-	-	8,316	8,316
Gross Carrying amount	**847,840**	**79,249**	**38,708**	**965,797**
ECL allowance	(3,476)	(1,733)	(8,714)	(13,923)
Net Loans and advances to customers	**844,364**	**77,516**	**29,994**	**951,874**

Microfinance lending

An analysis of Loans and advances based on internal rating in relation to Microfinance lending is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	211,515	-	-	211,515
Especially mentioned	-	5,970	-	5,970
Sub-standard	-	-	5,202	5,202
Doubtful	-	-	5,116	5,116
Loss	-	-	1,513	1,513
Gross Carrying amount	**211,515**	**5,970**	**11,831**	**229,316**
ECL allowance	(1,507)	(106)	(3,692)	(5,305)
Net Loans and advances to customers	**210,008**	**5,864**	**8,139**	**224,011**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Microfinance lending (Continued)

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	171,726	-	-	171,726
Especially mentioned	-	6,440	-	6,440
Sub-standard	-	-	3,988	3,988
Doubtful	-	-	3,574	3,574
Loss	-	-	1,502	1,502
Gross Carrying amount	**171,726**	**6,440**	**9,064**	**187,230**
ECL allowance	(183)	(71)	(1,309)	(1,563)
Net Loans and advances to customers	**171,543**	**6,369**	**7755**	**185,667**

Mortgage lending

An analysis of Loans and advances based on internal rating in relation to Mortgage lending is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	76,742	-	-	76,742
Especially mentioned	-	318	-	318
Sub-standard	-	-	948	948
Doubtful	-	-	250	250
Loss	-	-	-	-
Gross Carrying amount	**76,742**	**318**	**1,198**	**78,258**
ECL allowance	(51)	(9)	(189)	(249)
Net Loans and advances to customers	**76,691**	**309**	**1,009**	**78,009**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	67,147	-	-	67,147
Especially mentioned	-	956	-	956
Sub-standard	-	-	489	489
Doubtful	-	-	650	650
Loss	-	-	361	361
Gross Carrying amount	**67,147**	**956**	**1,500**	**69,603**
ECL allowance	(59)	(38)	(563)	(660)
Net Loans and advances to customers	**67,088**	**918**	**937**	**68,943**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Personal lending

An analysis of Loans and advances based on internal rating in relation to Personal lending is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	3,799,436	-	-	3,799,436
Especially mentioned	-	32,672	-	32,672
Sub-standard	-	-	21,808	21,808
Doubtful	-	-	23,677	23,677
Loss	-	-	29,578	29,578
Gross Carrying amount	**3,799,436**	**32,672**	**75,063**	**3,907,171**
ECL allowance	(7,752)	(3,215)	(38,253)	(49,220)
Net Loans and advances to customers	**3,791,684**	**29,457**	**36,810**	**3,857,951**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	3,272,026	-	-	3,272,026
Especially mentioned	-	20,496	-	20,496
Sub-standard	-	-	11,085	11,085
Doubtful	-	-	12,643	12,643
Loss	-	-	10,426	10,426
Gross Carrying amount	**3,272,026**	**20,496**	**34,154**	**3,326,676**
ECL allowance	(5,464)	(2,827)	(24,221)	(32,512)
Net Loans and advances to customers	**3,266,562**	**17,669**	**9,933**	**3,294,164**

Corporate lending

An analysis of Loans and advances based on internal rating in relation to corporate lending is, as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	4,243,560	-	-	4,243,560
Especially mentioned	-	441,687	-	441,687
Sub-standard	-	-	1,570	1,570
Doubtful	-	-	104,537	104,537
Loss	-	-	14,536	14,536
Gross Carrying amount	**4,243,560**	**441,687**	**120,643**	**4,805,890**
ECL allowance	(1,219)	(15,302)	(40,102)	(56,623)
Net Loans and advances to customers	**4,242,341**	**426,385**	**80,541**	**4,749,267**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Corporate lending (Continued)

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	3,434,516	-	-	3,434,516
Especially mentioned	-	162,248	-	162,248
Sub-standard	-	-	75,695	75,695
Doubtful	-	-	7,046	7,046
Loss	-	-	53,192	53,192
Gross Carrying amount	**3,434,516**	**162,248**	**135,933**	**3,732,697**
ECL allowance	(14,007)	(16,545)	(44,058)	(74,610)
Net Loans and advances to customers	**3,420,509**	**145,703**	**91,875**	**3,658,087**

SME lending

An analysis of Loans and advances based on internal rating in relation to SME lending is, as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	1,145,356	-	-	1,145,356
Especially mentioned	-	35,980	-	35,980
Sub-standard	-	-	29,827	29,827
Doubtful	-	-	22,169	22,169
Loss	-	-	13,358	13,358
Gross Carrying amount	**1,145,356**	**35,980**	**65,354**	**1,246,690**
ECL allowance	(2,559)	(546)	(27,012)	(30,117)
Net Loans and advances to customers	**1,142,797**	**35,434**	**38,342**	**1,216,573**

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	836,889	-	-	836,889
Especially mentioned	-	77,505	-	77,505
Sub-standard	-	-	13,293	13,293
Doubtful	-	-	16,919	16,919
Loss	-	-	8,251	8,251
Gross Carrying amount	**836,889**	**77,505**	**38,463**	**952,857**
ECL allowance	(3,466)	(1,683)	(8,690)	(13,839)
Net Loans and advances to customers	**833,423**	**75,822**	**29,773**	**939,018**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Microfinance lending

An analysis of Loans and advances based on internal rating in relation to Microfinance lending is, as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	184,329	-	-	184,329
Especially mentioned	-	5,434	-	5,434
Sub-standard	-	-	4,113	4,113
Doubtful	-	-	3,293	3,293
Loss	-	-	1,513	1,513
Gross Carrying amount	**184,329**	**5,434**	**8,919**	**198,682**
ECL allowance	(37)	(6)	(1,248)	(1,291)
Net Loans and advances to customers	**184,292**	**5,428**	**7,671**	**197,391**

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	158,568	-	-	158,568
Especially mentioned	-	6,441	-	6,441
Sub-standard	-	-	3,936	3,936
Doubtful	-	-	3,574	3,574
Loss	-	-	1,502	1,502
Gross Carrying amount	**158,568**	**6,441**	**9,012**	**174,021**
ECL allowance	(152)	(70)	(1,260)	(1,482)
Net Loans and advances to customers	**158,416**	**6,371**	**7,752**	**172,539**

Mortgage lending

An analysis of Loans and advances based on internal rating in relation to Mortgage lending is, as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	76,742	-	-	76,742
Especially mentioned	-	318	-	318
Sub-standard	-	-	948	948
Doubtful	-	-	250	250
Loss	-	-	-	-
Gross Carrying amount	**76,742**	**318**	**1,198**	**78,258**
ECL allowance	(51)	(9)	(189)	(249)
Net Loans and advances to customers	**76,691**	**309**	**1,009**	**78,009**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Mortgage lending (Continued)

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	67,147	-	-	67,147
Especially mentioned	-	956	-	956
Sub-standard	-	-	489	489
Doubtful	-	-	650	650
Loss	-	-	361	361
Gross Carrying amount	**67,147**	**956**	**1,500**	**69,603**
ECL allowance	(59)	(38)	(563)	(660)
Net Loans and advances to customers	**67,088**	**918**	**937**	**68,943**

Personal lending

An analysis of Loans and advances based on internal rating in relation to Personal lending is, as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	3,700,628	-	-	3,700,628
Especially mentioned	-	30,007	-	30,007
Sub-standard	-	-	20,929	20,929
Doubtful	-	-	21,834	21,834
Loss	-	-	29,139	29,139
Gross Carrying amount	**3,700,628**	**30,007**	**71,902**	**3,802,537**
ECL allowance	(7,690)	(3,170)	(37,442)	(48,302)
Net Loans and advances to customers	**3,692,938**	**26,837**	**34,460**	**3,754,235**

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	3,180,134	-	-	3,180,134
Especially mentioned	-	16,101	-	16,101
Sub-standard	-	-	10,486	10,486
Doubtful	-	-	12,252	12,252
Loss	-	-	10,180	10,180
Gross Carrying amount	**3,180,134**	**16,101**	**32,918**	**3,229,153**
ECL allowance	(5,447)	(2,741)	(24,002)	(32,190)
Net Loans and advances to customers	**3,174,687**	**13,360**	**8,916**	**3,196,963**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

An analysis of changes in the gross carrying amount for the Group is, as follows:

GROUP Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	8,078,025	269,390	219,351	8,566,766
Changes in the gross carrying amount	-	-	-	-
– Transfer to stage 1	32,670	(28,785)	(3,885)	-
– Transfer to stage 2	(510,712)	511,765	(1,053)	-
– Transfer to stage 3	(252,031)	(27,772)	279,803	-
New financial assets originated or purchased	5,749,331	-	-	5,749,331
Payments received and financial assets derecognised	(3,453,531)	(221,974)	(126,721)	(3,802,226)
Foreign exchange adjustments	(68,044)	(2,952)	(3,337)	(74,333)
Effects of modification	1,282	3,403	(3,869)	816
Accrued Interest	131,725	16,079	20,097	167,901
Write-offs	-	-	(104,092)	(104,092)
Gross carrying amount as at 31 December 2024	**9,708,715**	**519,154**	**276,294**	**10,504,163**
Loss allowance as at 31 December 2024	**14,710**	**19,204**	**109,425**	**143,339**

GROUP Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	6,589,228	262,001	190,060	7,041,289
Changes in the gross carrying amount				
– Transfer to stage 1	99,329	(81,382)	(17,947)	-
– Transfer to stage 2	(74,284)	74,823	(539)	-
– Transfer to stage 3	(60,256)	(17,694)	77,950	-
New financial assets originated or purchased	3,835,338	-	-	3,835,338
Payments received and financial assets derecognised	(3,261,297)	(118,331)	(38,273)	(3,417,901)
Foreign exchange adjustments	199,769	13,558	6,142	219,469
Effects of modification	650,455	127,359	101,670	879,484
Accrued Interest	99,743	9,056	15,067	123,866
Write-offs	-	-	(114,779)	(114,779)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**8,078,025**	**269,390**	**219,351**	**8,566,766**
Loss allowance as at 31 December 2023	**23,190**	**21,211**	**78,874**	**123,275**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

An analysis of changes in the corresponding ECL allowances for the Group is, as follows:

GROUP Loss allowances - Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	23,189	21,211	78,873	123,273
Changes in the loss allowance	-	-	-	-
– Transfer to stage 1	3,070	(1,107)	(1,963)	-
– Transfer to stage 2	(17,742)	18,252	(510)	-
– Transfer to stage 3	(55,814)	(2,218)	58,032	-
– Write-offs	-	-	(104,092)	(104,092)
New financial assets originated or purchased	79,303	-	-	79,303
Payments received and financial assets that have been derecognised	(7,024)	(17,940)	(7,034)	(31,998)
Unwind discount	1,751	123	2,295	4,169
Impact on ECL Transfers	(11,859)	776	83,338	72,255
Effects of modification	(164)	107	486	429
Loss allowance as at 31 December 2024	**14,710**	**19,204**	**109,425**	**143,339**

GROUP Loss allowances - Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	26,480	25,438	112,862	164,780
Changes in the loss allowance				
– Transfer to stage 1	12,949	(4,978)	(7,971)	-
– Transfer to stage 2	(265)	419	(154)	-
– Transfer to stage 3	(4,323)	(1,463)	5,786	-
– Write-offs	-	-	(114,779)	(114,779)
New financial assets originated or purchased	14,377	-	-	14,377
Payments received and financial assets that have been derecognised	(6,961)	(3,999)	(15,343)	(26,303)
Unwind discount	3,325	184	2,761	6,270
Impact on ECL Transfers	(23,282)	2,935	90,232	69,885
Effects of modification	856	2,662	5,448	8,966
Changes in models/risk parameters	34	13	32	79
Loss allowance as at 31 December 2023	**23,190**	**21,211**	**78,874**	**123,275**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances for the Bank is, as follows:

BANK Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	7,677,254	263,251	217,826	8,158,331
Changes in the gross carrying amount	-	-	-	-
– Transfer to stage 1	30,462	(26,873)	(3,589)	-
– Transfer to stage 2	(505,986)	506,983	(997)	-
– Transfer to stage 3	(244,170)	(26,702)	270,872	-
New financial assets originated or purchased	5,585,132	-	-	5,585,132
Payments received and financial assets derecognised	(3,255,092)	(219,578)	(124,141)	(3,598,811)
Foreign exchange adjustments	(57,148)	(2,952)	(3,337)	(63,437)
Effects of modification	3,282	3,403	(3,869)	2,816
Accrued interest	116,881	15,894	19,227	152,002
Write-offs	-	-	(103,976)	(103,976)
Gross carrying amount as at 31 December 2024	**9,350,615**	**513,426**	**268,016**	**10,132,057**
Loss allowance as at 31 December 2024	**11,556**	**19,033**	**105,993**	**136,582**

BANK Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	6,425,170	258,534	186,617	6,870,321
Changes in the gross carrying amount				
– Transfer to stage 1	95,057	(79,591)	(15,466)	-
– Transfer to stage 2	(71,312)	71,846	(534)	-
– Transfer to stage 3	(58,811)	(17,494)	76,305	-
New financial assets originated or purchased	3,376,775	-	-	3,376,775
Payments received and financial assets derecognised	(2,967,093)	(117,345)	(37,169)	(3,121,607)
Foreign exchange adjustments	141,020	13,558	6,141	160,719
Effects of modification	650,455	127,363	101,670	879,488
Accrued interest	85,992	6,381	14,964	107,337
Write-offs	-	-	(114,702)	(114,702)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**7,677,253**	**263,252**	**217,826**	**8,158,331**
Loss allowance as at 31 December 2023	**23,131**	**21,077**	**78,573**	**122,781**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

An analysis of changes in the corresponding ECL allowances for the Bank is, as follows:

BANK				
Loss allowances - Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	23,131	21,077	78,573	122,781
Changes in the loss allowance	-	-	-	-
– Transfer to stage 1	2,966	(1,054)	(1,912)	-
– Transfer to stage 2	(17,601)	18,100	(499)	-
– Transfer to stage 3	(54,099)	(2,199)	56,298	-
– Write-offs	-	-	(103,976)	(103,976)
New financial assets originated or purchased	75,017	-	-	75,017
Payments received and financial assets that have been derecognised	(6,998)	(17,881)	(6,979)	(31,858)
Unwind discount	1,732	120	2,280	4,132
Impact on ECL Transfers	(12,428)	763	81,722	70,057
Effects of modification	(164)	107	486	429
Loss allowance as at 31 December 2024	**11,556**	**19,033**	**105,993**	**136,582**

BANK				
Loss allowances - Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	26,392	25,349	112,562	164,303
Changes in the loss allowance				
– Transfer to stage 1	12,810	(4,937)	(7,873)	-
– Transfer to stage 2	(263)	416	(153)	-
– Transfer to stage 3	(4,322)	(1,460)	5,782	-
– Write-offs	-	-	(114,702)	(114,702)
New financial assets originated or purchased	14,233	-	-	14,233
Payments received and financial assets that have been derecognised	(6,921)	(3,973)	(15,308)	(26,202)
Unwind discount	3,301	182	2,731	6,214
Impact on ECL Transfers	(22,990)	2,822	90,054	69,886
Effects of modification	891	2,678	5,480	9,049
Loss allowance as at 31 December 2023	**23,131**	**21,077**	**78,573**	**122,781**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Corporate lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to corporate lending is, as follows:

GROUP				
Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	3,719,286	162,249	135,925	4,017,460
Changes in the gross carrying amount				-
– Transfer to stage 1	11,795	(11,795)	-	-
– Transfer to stage 2	(430,154)	430,154	-	-
– Transfer to stage 3	(119,150)	(8,848)	127,998	-
New financial assets originated or purchased	2,683,495	-	-	2,683,495
Payments received and financial assets derecognised	(1,426,104)	(139,494)	(79,227)	(1,644,825)
Exchange rate adjustments	(66,424)	(2,871)	(3,261)	(72,556)
Effects of modification	7,914	209	(1,427)	6,696
Accrued interest	74,546	12,887	4,479	91,912
Write-offs	-	-	(63,260)	(63,260)
Gross carrying amount as at 31 December 2024	**4,455,204**	**442,491**	**121,227**	**5,018,922**
Loss allowance as at 31 December 2024	**2,623**	**15,302**	**40,101**	**58,026**

GROUP				
Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	2,904,920	170,534	109,430	3,184,884
Changes in the gross carrying amount				
– Transfer to stage 1	66,531	(60,009)	(6,522)	-
– Transfer to stage 2	(41,833)	41,833	-	-
– Transfer to stage 3	(28,959)	(2,727)	31,686	-
New financial assets originated or purchased	1,532,348	-	-	1,532,348
Payments received and financial assets derecognised	(1,511,258)	(88,062)	(15,682)	(1,615,002)
Foreign exchange adjustments	195,920	13,076	6,036	215,032
Effects of modification	545,408	84,516	88,937	718,861
Accrued interest	56,209	3,088	6,745	66,042
Write-offs	-	-	(84,705)	(84,705)
Gross carrying amount as at 31 December 2023	**3,719,286**	**162,249**	**135,925**	**4,017,460**
Loss allowance as at 31 December 2023	**14,008**	**16,542**	**44,067**	**74,617**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Corporate lending (Continued)

GROUP Loss allowances - Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	14,008	16,542	44,067	74,617
Changes in the loss allowance				-
– Transfer to stage 1	51	(51)	-	-
– Transfer to stage 2	(14,983)	14,983	-	-
– Transfer to stage 3	(23,714)	(998)	24,712	-
– Write-offs	-	-	(63,260)	(63,260)
New financial assets originated or purchased	37,724	-	-	37,724
Payments received and financial assets derecognised	(2,351)	(15,498)	(1,660)	(19,509)
Unwind discount	609	1	786	1,396
Impact on ECL Transfers	(8,549)	323	34,852	26,626
Effects of modification	(172)	-	604	432
Loss allowance as at 31 December 2024	**2,623**	**15,302**	**40,101**	**58,026**

GROUP Loss allowances - Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	6,763	19,109	73,247	99,119
Changes in the loss allowance				
– Transfer to stage 1	7,129	(3,373)	(3,756)	-
– Transfer to stage 2	(31)	31	-	-
– Transfer to stage 3	(4,050)	(19)	4,069	-
– Write-offs	-	-	(84,705)	(84,705)
New financial assets originated or purchased	1,284	-	-	1,284
Payments received and financial assets derecognised	(1,313)	(2,160)	(4,995)	(8,468)
Unwind discount	600	11	1,226	1,837
Impact on ECL Transfers	3,227	1,352	56,085	60,664
Effects of modification	399	1,591	2,896	4,886
Changes in models/risk parameters	-	-	-	-
Loss allowance as at 31 December 2023	**14,008**	**16,542**	**44,067**	**74,617**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

SME lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to SME lending is, as follows:

GROUP Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	847,840	79,249	38,708	965,797
Changes in the gross carrying amount				-
– Transfer to stage 1	9,762	(8,577)	(1,185)	-
– Transfer to stage 2	(37,656)	38,018	(362)	-
– Transfer to stage 3	(57,511)	(11,873)	69,384	-
New financial assets originated or purchased	944,080	-	-	944,080
Payments received and financial assets derecognised	(558,780)	(64,067)	(23,659)	(646,506)
Foreign exchange adjustments	(986)	(50)	(51)	(1,087)
Effects of modification	(1,164)	3,008	(2,706)	(862)
Accrued interest	20,233	1,995	8,023	30,251
Write-offs	-	-	(21,177)	(21,177)
Gross carrying amount as at 31 December 2024	**1,165,818**	**37,703**	**66,975**	**1,270,496**
Loss allowance as at 31 December 2024	**2,777**	**572**	**27,190**	**30,539**

GROUP Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	603,343	66,389	42,474	712,206
Changes in the gross carrying amount				
– Transfer to stage 1	19,823	(11,593)	(8,230)	-
– Transfer to stage 2	(13,385)	13,652	(267)	-
– Transfer to stage 3	(7,176)	(9,131)	16,307	-
New financial assets originated or purchased	540,679	-	-	540,679
Payments received and financial assets derecognised	(386,529)	(26,384)	(13,669)	(426,582)
Foreign exchange adjustments	2,234	213	26	2,473
Effects of modification	72,979	41,643	10,646	125,268
Accrued interest	15,872	4,460	3,483	23,815
Write-offs	-	-	(12,062)	(12,062)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**847,840**	**79,249**	**38,708**	**965,797**
Loss allowance as at 31 December 2023	**3,476**	**1,733**	**8,714**	**13,923**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

SME lending (Continued)

GROUP Loss allowances - Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	3,476	1,733	8,714	13,923
Changes in the loss allowance				-
– Transfer to stage 1	638	(132)	(506)	-
– Transfer to stage 2	(578)	739	(161)	-
– Transfer to stage 3	(13,937)	(411)	14,348	-
– Write-offs	-	-	(21,177)	(21,177)
New financial assets originated or purchased	16,116	-	-	16,116
Payments received and financial assets derecognised	(2,185)	(1,218)	(972)	(4,375)
Unwind discount	241	63	266	570
Impact on ECL Transfers	(1,004)	(309)	26,796	25,483
Effects of modifications	10	107	(118)	(1)
Loss allowance as at 31 December 2024	**2,777**	**572**	**27,190**	**30,539**

GROUP Loss allowances - Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	1,852	2,935	15,093	19,880
Changes in the loss allowance				
– Transfer to stage 1	2,686	(502)	(2,184)	-
– Transfer to stage 2	(114)	121	(7)	-
– Transfer to stage 3	(32)	(541)	573	-
– Write-offs	-	-	(12,062)	(12,062)
New financial assets originated or purchased	3,310	-	-	3,310
Payments received and financial assets derecognised	(721)	(1,293)	(7,510)	(9,524)
Unwind discount	483	114	395	992
Impact on ECL Transfers	(4,137)	(47)	12,546	8,362
Effects of modifications	149	946	1,870	2,965
Changes in models/risk parameters	-	-	-	-
Loss allowance as at 31 December 2023	**3,476**	**1,733**	**8,714**	**13,923**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Microfinance lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Microfinance lending is, as follows:

GROUP Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	171,726	6,440	9,064	187,230
Changes in the gross carrying amount				-
– Transfer to stage 1	1,197	(685)	(512)	-
– Transfer to stage 2	(8,308)	8,424	(116)	-
– Transfer to stage 3	(13,141)	(1,629)	14,770	-
New financial assets originated or purchased	200,032	-	-	200,032
Payments received and financial assets derecognised	(142,145)	(6,798)	(11,058)	(160,001)
Foreign exchange adjustments	-	-	-	-
Effects of modification	6	-	7	13
Accrued interest	2,148	218	1,458	3,824
Write off	-	-	(1,782)	(1,782)
Gross carrying amount as at 31 December 2024	**211,515**	**5,970**	**11,831**	**229,316**
Loss allowance as at 31 December 2024	**1,507**	**106**	**3,692**	**5,305**

GROUP Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	127,823	3,754	4,546	136,123
Changes in the gross carrying amount				
– Transfer to stage 1	520	(310)	(210)	-
– Transfer to stage 2	(4,733)	4,762	(29)	-
– Transfer to stage 3	(6,635)	(1,058)	7,693	-
New financial assets originated or purchased	158,995	-	-	158,995
Payments received and financial assets derecognised	(106,644)	(1,473)	(2,904)	(111,021)
Foreign exchange adjustments	2	-	-	2
Effects of modification	826	613	890	2,329
Accrued interest	1,572	152	795	2,519
Write off			(1,717)	(1,717)
Gross carrying amount as at 31 December 2023	**171,726**	**6,440**	**9,064**	**187,230**
Loss allowance as at 31 December 2023	**182**	**71**	**1,310**	**1,563**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Microfinance lending (Continued)

GROUP				
Loss allowances - Loans and advances to customers at amortised cost				
31 December 2024	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Loss allowance as at 1 January 2024	182	71	1,310	1,563
Changes in the loss allowance				-
– Transfer to stage 1	151	(25)	(126)	-
– Transfer to stage 2	(104)	104	-	-
– Transfer to stage 3	(1,932)	(6)	1,938	-
– Write-offs	-	-	(1,782)	(1,782)
New financial assets originated or purchased	3,215	-	-	3,215
Payments received and financial assets derecognised	(255)	(40)	(569)	(864)
Unwind discount	8	-	9	17
Impact on ECL Transfers	242	2	2,912	3,156
Effect of modification	-	-	-	-
Loss allowance as at 31 December 2024	**1,507**	**106**	**3,692**	**5,305**

GROUP				
Loss allowances - Loans and advances to customers at amortised cost				
31 December 2023	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Loss allowance as at 1 January 2023	167	47	306	520
Changes in the loss allowance				
– Transfer to stage 1	24	(11)	(13)	-
– Transfer to stage 2	(13)	13	-	-
– Transfer to stage 3	(35)	(20)	55	-
– Write-offs	-	-	(1,717)	(1,717)
New financial assets originated or purchased	772	-	-	772
Payments received and financial assets derecognised	(60)	(12)	(272)	(344)
Unwind discount	9	2	7	18
Impact on ECL Transfers	(716)	39	2,912	2,235
Effect of modification	-	-	-	-
Changes in models/risk parameters	34	13	32	79
Loss allowance as at 31 December 2023	**182**	**71**	**1,310**	**1,563**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Mortgage lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to mortgage lending is, as follows:

GROUP				
Loans and advances to customers at amortised cost				
31 December 2024	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Gross carrying amount as at 1 January 2024	67,147	956	1,500	69,603
Changes in the gross carrying amount				-
– Transfer to stage 1	743	(679)	(64)	-
– Transfer to stage 2	(352)	352	-	-
– Transfer to stage 3	(707)	(167)	874	-
New financial assets originated or purchased	27,418	-	-	27,418
Payments received and financial assets derecognised	(17,846)	(327)	(369)	(18,542)
Foreign exchange adjustments	(420)	(13)	(13)	(446)
Effects of modification	(244)	186	31	(27)
Accrued interest	1,003	10	86	1,099
Write-offs	-	-	(847)	(847)
Gross carrying amount as at 31 December 2024	**76,742**	**318**	**1,198**	**78,258**
Loss allowance as at 31 December 2024	**51**	**9**	**189**	**249**

GROUP				
Loans and advances to customers at amortised cost				
31 December 2023	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Gross carrying amount as at 1 January 2023	53,545	4,763	2,328	60,636
Changes in the gross carrying amount				
– Transfer to stage 1	4,540	(3,854)	(686)	-
– Transfer to stage 2	(1,242)	1,332	(90)	-
– Transfer to stage 3	(100)	(818)	918	-
New financial assets originated or purchased	24,137	-	-	24,137
Payments received and financial assets derecognised	(16,376)	(759)	(614)	(17,749)
Foreign exchange adjustments	773	266	73	1,112
Effects of modification	1,030	-	-	1,030
Accrued interest	840	26	172	1,038
Write-offs	-	-	(601)	(601)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**67,147**	**956**	**1,500**	**69,603**
Loss allowance as at 31 December 2023	**59**	**38**	**563**	**660**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Mortgage lending (Continued)

GROUP				
Loss allowances - Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
In TZS' Million				
Loss allowance as at 1 January 2024	59	38	563	660
Changes in the loss allowance				
– Transfer to stage 1	33	(27)	(6)	-
– Transfer to stage 2	(2)	2	-	-
– Transfer to stage 3	(2)	(4)	6	-
– Write-offs	-	-	(847)	(847)
New financial assets originated or purchased	19	-	-	19
Payments received and financial assets derecognised	(16)	(7)	(126)	(149)
Unwind discount	10	-	18	28
Impact on ECL Transfers	(48)	7	581	540
Effect of modification	(2)	-	-	(2)
Loss allowance as at 31 December 2024	**51**	**9**	**189**	**249**

GROUP				
Loss allowances - Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
In TZS' Million				
Loss allowance as at 1 2023	22	141	1,130	1,293
Changes in the loss allowance				
– Transfer to stage 1	562	(115)	(447)	-
– Transfer to stage 2	-	39	(39)	-
– Transfer to stage 3	-	(24)	24	-
– Write-offs	-	-	(601)	(601)
New financial assets originated or purchased	128	-	-	128
Payments received and financial assets derecognised	(6)	-	(331)	(337)
Unwind discount	50	4	19	73
Impact on ECL Transfers	(697)	(7)	808	104
Effect of modification	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Loss allowance as at 31 December 2023	**59**	**38**	**563**	**660**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Personal lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to personal lending is, as follows:

GROUP				
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
In TZS' Million				
Gross carrying amount as at 1 January 2024	3,272,026	20,496	34,154	3,326,676
Changes in the gross carrying amount				
– Transfer to stage 1	9,173	(7,049)	(2,124)	-
– Transfer to stage 2	(34,242)	34,817	(575)	-
– Transfer to stage 3	(61,522)	(5,255)	66,777	-
New financial assets originated or purchased	1,894,306	-	-	1,894,306
Payments received and financial assets derecognised	(1,308,656)	(11,288)	(12,408)	(1,332,352)
	(214)	(18)	(12)	(244)
Effects of modification	(5,230)	-	226	(5,004)
Accrued interest	33,795	969	6,051	40,815
Write-offs	-	-	(17,026)	(17,026)
Gross carrying amount as at 31 December 2024	**3,799,436**	**32,672**	**75,063**	**3,907,171**
Loss allowance as at 31 December 2024	**7,752**	**3,215**	**38,253**	**49,220**

GROUP				
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
In TZS' Million				
Gross carrying amount as at 1 January 2023	2,899,597	16,561	31,282	2,947,440
Changes in the gross carrying amount				
– Transfer to stage 1	7,915	(5,616)	(2,299)	-
– Transfer to stage 2	(13,092)	13,244	(152)	-
– Transfer to stage 3	(17,386)	(3,960)	21,346	-
New financial assets originated or purchased	1,579,179	-	-	1,579,179
Payments received and financial assets derecognised	(1,240,490)	(1,653)	(5,404)	(1,247,547)
Foreign exchange adjustments	840	3	7	850
Effects of modification	30,212	587	1,197	31,996
Accrued interest	25,251	1,330	3,871	30,452
Write-offs	-	-	(15,694)	(15,694)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**3,272,026**	**20,496**	**34,154**	**3,326,676**
Loss allowance as at 31 December 2023	**5,464**	**2,827**	**24,221**	**32,512**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Personal lending (Continued)

GROUP				
Loss allowances - Loans and advances to customers at amortised cost				
31 December 2024	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Loss allowance as at 1 January 2024	5,464	2,827	24,221	32,512
Changes in the loss allowance				-
– Transfer to stage 1	2,197	(872)	(1,325)	-
– Transfer to stage 2	(2,075)	2,424	(349)	-
– Transfer to stage 3	(16,229)	(799)	17,028	-
– Write-offs	-	-	(17,026)	(17,026)
New financial assets originated or purchased	22,229	-	-	22,229
Payments received and financial assets derecognised	(2,217)	(1,177)	(3,707)	(7,101)
Unwind discount	883	59	1,214	2,156
Impact on ECL Transfers	(2,500)	753	18,197	16,450
Effect of modification	-	-	-	-
Loss allowance as at 31 December 2024	**7,752**	**3,215**	**38,253**	**49,220**

GROUP				
Loans and advances to customers at amortised cost				
31 December 2023	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Loss allowance as at 1 January 2023	17,676	3,206	23,088	43,970
Changes in the loss allowance				
– Transfer to stage 1	2,546	(978)	(1,568)	-
– Transfer to stage 2	(106)	215	(109)	-
– Transfer to stage 3	(206)	(860)	1,066	-
– Write-offs	-	-	(15,694)	(15,694)
New financial assets originated or purchased	8,883	-	-	8,883
Payments received and financial assets derecognised	(4,861)	(532)	(2,235)	(7,628)
Unwind discount	2,183	53	1,114	3,350
Impact on ECL Transfers	(20,959)	1,598	17,877	(1,484)
Effect of modification	308	125	682	1,115
Changes in models/risk parameters	-	-	-	-
Loss allowance as at 31 December 2023	**5,464**	**2,827**	**24,221**	**32,512**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Corporate lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to corporate lending is, as follows:

BANK				
Loans and advances to customers at amortised cost				
31 December 2024	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Gross carrying amount as at 1 January 2024	3,434,516	162,248	135,933	3,732,697
Changes in the gross carrying amount				-
– Transfer to stage 1	12,599	(12,599)	-	-
– Transfer to stage 2	(430,154)	430,154	-	-
– Transfer to stage 3	(118,329)	(8,848)	127,177	-
New financial assets originated or purchased	2,606,190	-	-	2,606,190
Payments received and financial assets derecognised	(1,274,489)	(139,473)	(78,939)	(1,492,901)
Foreign exchange adjustments	(55,574)	(2,871)	(3,261)	(61,706)
Effects of modification	7,914	209	(1,427)	6,696
Accrued interest	60,887	12,867	4,420	78,174
Write-offs	-	-	(63,260)	(63,260)
Gross carrying amount as at 31 December 2024	**4,243,560**	**441,687**	**120,643**	**4,805,890**
Loss allowance as at 31 December 2024	**1,219**	**15,302**	**40,102**	**56,623**

BANK				
Loans and advances to customers at amortised cost				
31 December 2023	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Gross carrying amount as at 1 January 2023	2,860,070	170,366	107,250	3,137,686
Changes in the gross carrying amount				
– Transfer to stage 1	64,567	(60,010)	(4,557)	-
– Transfer to stage 2	(41,833)	41,833	-	-
– Transfer to stage 3	(28,959)	(2,727)	31,686	-
New financial assets originated or purchased	1,141,778	-	-	1,141,778
Payments received and financial assets derecognised	(1,286,706)	(87,894)	(15,467)	(1,390,067)
Foreign exchange adjustments	137,171	13,076	6,036	156,283
Effects of modification	545,408	84,516	88,937	718,861
Accrued interest	43,020	3,088	6,753	52,861
Write-offs	-	-	(84,705)	(84,705)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**3,434,516**	**162,248**	**135,933**	**3,732,697**
Loss allowance as at 31 December 2023	**14,007**	**16,545**	**44,058**	**74,610**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Corporate lending (Continued)

BANK				
Loss allowances - Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
In TZS' Million				
Loss allowance as at 1 January 2024	14,007	16,545	44,058	74,610
Changes in the loss allowance				-
– Transfer to stage 1	51	(51)	-	-
– Transfer to stage 2	(14,979)	14,979	-	-
– Transfer to stage 3	(23,714)	(997)	24,711	-
– Write-offs	-	-	(63,260)	(63,260)
New financial assets originated or purchased	36,662	-	-	36,662
Payments received and financial assets derecognised	(2,351)	(15,498)	(1,660)	(19,509)
Unwind discount	606	1	795	1,402
Impact on ECL Transfers	(8,891)	323	34,854	26,286
Effects of modification	(172)	-	604	432
Loss allowance as at 31 December 2024	**1,219**	**15,302**	**40,102**	**56,623**

BANK				
Loss allowances - Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
In TZS' Million				
Loss allowance as at 1 January 2023	6,710	19,108	73,232	99,050
Changes in the loss allowance				
– Transfer to stage 1	7,114	(3,373)	(3,741)	-
– Transfer to stage 2	(31)	31	-	-
– Transfer to stage 3	(4,050)	(19)	4,069	-
– Write-offs	-	-	(84,705)	(84,705)
New financial assets originated or purchased	1,284	-	-	1,284
Payments received and financial assets derecognised	(1,278)	(2,159)	(4,995)	(8,432)
Unwind discount	597	12	1,226	1,835
Impact on ECL Transfers	3,262	1,352	56,076	60,690
Effects of modification	399	1,593	2,896	4,888
Loss allowance as at 31 December 2023	**14,007**	**16,545**	**44,058**	**74,610**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

SME lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to SME lending is, as follows:

BANK				
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
In TZS' Million				
Gross carrying amount as at 1 January 2024	836,889	77,505	38,463	952,857
Changes in the gross carrying amount				-
– Transfer to stage 1	9,586	(8,401)	(1,185)	-
– Transfer to stage 2	(35,882)	36,244	(362)	-
– Transfer to stage 3	(56,212)	(11,414)	67,626	-
New financial assets originated or purchased	927,026	-	-	927,026
Payments received and financial assets derecognised	(554,048)	(62,854)	(23,198)	(640,100)
Foreign exchange adjustment	(986)	(50)	(51)	(1,087)
Effects of modification	(1,164)	3,008	(2,706)	(862)
Accrued interest	20,147	1,942	7,857	29,946
Write-offs	-	-	(21,090)	(21,090)
Gross carrying amount as at 31 December 2024	**1,145,356**	**35,980**	**65,354**	**1,246,690**
Loss allowance as at 31 December 2024	**2,559**	**546**	**27,012**	**30,117**

BANK				
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
In TZS' Million				
Gross carrying amount as at 1 January 2023	599,371	66,221	41,819	707,411
Changes in the gross carrying amount				
– Transfer to stage 1	19,398	(11,593)	(7,805)	-
– Transfer to stage 2	(13,352)	13,619	(267)	-
– Transfer to stage 3	(7,084)	(9,076)	16,160	-
New financial assets originated or purchased	529,540	-	-	529,540
Payments received and financial assets derecognised	(382,041)	(26,272)	(13,557)	(421,870)
Foreign exchange adjustments	2,234	213	26	2,473
Effects of modification	72,979	41,643	10,646	125,268
Accrued interest	15,844	2,750	3,447	22,041
Write-offs	-	-	(12,006)	(12,006)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**836,889**	**77,505**	**38,463**	**952,857**
Loss allowance as at 31 December 2023	**3,466**	**1,683**	**8,690**	**13,839**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

SME lending (Continued)

BANK				
Loss allowances - Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
In TZS' Million				
Loss allowance as at 1 January 2024	3,466	1,683	8,690	13,839
Changes in the loss allowance				-
– Transfer to stage 1	636	(130)	(506)	-
– Transfer to stage 2	(551)	712	(161)	-
– Transfer to stage 3	(13,830)	(404)	14,234	-
– Write-offs	-	-	(21,090)	(21,090)
New financial assets originated or purchased	15,812	-	-	15,812
Payments received and financial assets derecognised	(2,181)	(1,176)	(972)	(4,329)
Unwind discount	240	63	265	568
Impact on ECL Transfers	(1,043)	(309)	26,670	25,318
Effects of modification	10	107	(118)	(1)
Loss allowance as at 31 December 2024	**2,559**	**546**	**27,012**	**30,117**

BANK				
Loss allowances - Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
In TZS' Million				
Loss allowance as at 1 January 2023	1,845	2,933	15,003	19,781
Changes in the loss allowance				
– Transfer to stage 1	2,636	(502)	(2,134)	-
– Transfer to stage 2	(113)	120	(7)	-
– Transfer to stage 3	(31)	(540)	571	-
– Write-offs	-	-	(12,006)	(12,006)
New financial assets originated or purchased	3,233	-	-	3,233
Payments received and financial assets derecognised	(720)	(1,291)	(7,495)	(9,506)
Unwind discount	475	114	391	980
Impact on ECL Transfers	(4,008)	(97)	12,497	8,392
Effects of modification	149	946	1,870	2,965
Loss allowance as at 31 December 2023	**3,466**	**1,683**	**8,690**	**13,839**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Microfinance lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Microfinance lending is, as follows:

BANK				
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
In TZS' Million				
Gross carrying amount as at 1 January 2024	158,568	6,441	9,012	174,021
Changes in the gross carrying amount				-
– Transfer to stage 1	1,197	(685)	(512)	-
– Transfer to stage 2	(7,765)	7,881	(116)	-
– Transfer to stage 3	(9,688)	(1,629)	11,317	-
New financial assets originated or purchased	178,140	-	-	178,140
Payments received and financial assets derecognised	(137,618)	(6,735)	(10,035)	(154,388)
Foreign exchange adjustments	-	-	-	-
Effects of modification	6	-	7	13
Accrued interest	1,489	161	1,000	2,650
Write-offs	-	-	(1,754)	(1,754)
Gross carrying amount as at 31 December 2024	**184,329**	**5,434**	**8,919**	**198,682**
Loss allowance as at 31 December 2024	**37**	**6**	**1,248**	**1,291**

BANK				
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
In TZS' Million				
Gross carrying amount as at 1 January 2023	121,420	3,706	4,545	129,671
Changes in the gross carrying amount				
– Transfer to stage 1	520	(310)	(210)	-
– Transfer to stage 2	(4,733)	4,762	(29)	-
– Transfer to stage 3	(6,560)	(1,009)	7,569	-
New financial assets originated or purchased	151,906	-	-	151,906
Payments received and financial assets derecognised	(106,173)	(1,473)	(2,845)	(110,491)
Foreign exchange adjustment	2	-	-	2
Effects of modification	826	614	890	2,330
Accrued interest	1,360	151	795	2,306
Write-offs	-	-	(1,703)	(1,703)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**158,568**	**6,441**	**9,012**	**174,021**
Loss allowance as at 31 December 2023	**152**	**70**	**1,260**	**1,482**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Microfinance lending (Continued)

BANK				
Loss allowances - Loans and advances to customers at amortised cost				
31 December 2024	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Loss allowance as at 1 January 2024	152	70	1,260	1,482
Changes in the loss allowance				-
– Transfer to stage 1	151	(25)	(126)	-
– Transfer to stage 2	(6)	6	-	-
– Transfer to stage 3	(424)	(6)	430	-
– Write-offs	-	-	(1,754)	(1,754)
New financial assets originated or purchased	435	-	-	435
Payments received and financial assets derecognised	(252)	(39)	(549)	(840)
Unwind discount	5	-	10	15
Impact on ECL Transfers	(24)	-	1,977	1,953
Effects of modification	-	-	-	-
Loss allowance as at 31 December 2024	**37**	**6**	**1,248**	**1,291**

BANK				
Loans and advances to customers at amortised cost				
31 December 2023	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Loss allowance as at 1 January 2023	157	46	304	507
Changes in the loss allowance				
– Transfer to stage 1	25	(11)	(14)	-
– Transfer to stage 2	(13)	13	-	-
– Transfer to stage 3	(34)	(20)	54	-
– Write-offs	-	-	(1,703)	(1,703)
New financial assets originated or purchased	766	-	-	766
Payments received and financial assets derecognised	(60)	(12)	(272)	(344)
Unwind discount	8	2	7	17
Impact on ECL Transfers	(731)	39	2,852	2,160
Effects of modification	34	13	32	79
Loss allowance as at 31 December 2023	**152**	**70**	**1,260**	**1,482**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Mortgage lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to mortgage lending is, as follows:

BANK				
Loans and advances to customers at amortised cost				
31 December 2024	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Gross carrying amount as at 1 January 2024	67,147	956	1,500	69,603
Changes in the gross carrying amount				-
– Transfer to stage 1	743	(679)	(64)	-
– Transfer to stage 2	(352)	352	-	-
– Transfer to stage 3	(707)	(167)	874	-
New financial assets originated or purchased	27,418	-	-	27,418
Payments received and financial assets derecognised	(17,846)	(327)	(369)	(18,542)
Foreign exchange adjustments	(420)	(13)	(13)	(446)
Effects of modification	(244)	186	31	(27)
Accrued interest	1,003	10	86	1,099
Write-offs	-	-	(847)	(847)
Gross carrying amount as at 31 December 2024	**76,742**	**318**	**1,198**	**78,258**
Loss allowance as at 31 December 2024	**51**	**9**	**189**	**249**

BANK				
Loans and advances to customers at amortised cost				
31 December 2023	Stage 1	Stage 2	Stage 3	Total
In TZS' Million				
Gross carrying amount as at 1 January 2023	53,545	4,763	2,328	60,636
Changes in the gross carrying amount				
– Transfer to stage 1	4,540	(3,854)	(686)	-
– Transfer to stage 2	(1,242)	1,332	(90)	-
– Transfer to stage 3	(100)	(818)	918	-
New financial assets originated or purchased	24,137	-	-	24,137
Payments received and financial assets derecognised	(16,376)	(759)	(614)	(17,749)
Foreign exchange adjustments	773	266	73	1,112
Effects of modification	1,030	-	-	1,030
Accrued interest	840	26	172	1,038
Write-offs	-	-	(601)	(601)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**67,147**	**956**	**1,500**	**69,603**
Loss allowance as at 31 December 2023	**59**	**38**	**563**	**660**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Mortgage lending (Continued)

BANK				
Loss allowances - Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
In TZS' Million				
Loss allowance as at 1 January 2024	59	38	563	660
Changes in the loss allowance				
– Transfer to stage 1	33	(27)	(6)	-
– Transfer to stage 2	(2)	2	-	-
– Transfer to stage 3	(2)	(4)	6	-
– Write-offs	-	-	(847)	(847)
New financial assets originated or purchased	19	-	-	19
Payments received and financial assets derecognised	(16)	(7)	(126)	(149)
Unwind discount	10	-	18	28
Impact on ECL Transfers	(48)	7	581	540
Effect of modification	(2)	-	-	(2)
Loss allowance as at 31 December 2024	**51**	**9**	**189**	**249**

BANK				
Loss allowances - Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
In TZS' Million				
Loss allowance as at 1 January 2023	22	141	1,130	1,293
Changes in the loss allowance				
– Transfer to stage 1	562	(115)	(447)	-
– Transfer to stage 2	(1)	39	(38)	-
– Transfer to stage 3	1	(24)	23	-
– Write-offs	-	-	(601)	(601)
New financial assets originated or purchased	127	-	-	127
Payments received and financial assets derecognised	(6)	-	(331)	(337)
Unwind discount	50	4	19	73
Impact on ECL Transfers	(697)	(7)	808	104
Effect of modification	1	-	-	1
Loss allowance as at 31 December 2023	**59**	**38**	**563**	**660**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Personal lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to personal lending is, as follows:

BANK				
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
In TZS' Million				
Gross carrying amount as at 1 January 2024	3,180,134	16,101	32,918	3,229,153
Changes in the gross carrying amount				-
– Transfer to stage 1	6,337	(4,509)	(1,828)	-
– Transfer to stage 2	(31,833)	32,352	(519)	-
– Transfer to stage 3	(59,234)	(4,644)	63,878	-
New financial assets originated or purchased	1,846,358	-	-	1,846,358
Payments received and financial assets derecognised	(1,271,091)	(10,189)	(11,600)	(1,292,880)
Foreign exchange adjustments	(168)	(18)	(12)	(198)
Effects of modification	(3,230)	-	226	(3,004)
Accrued interest	33,355	914	5,864	40,133
Write-offs	-	-	(17,025)	(17,025)
Gross carrying amount as at 31 December 2024	**3,700,628**	**30,007**	**71,902**	**3,802,537**
Loss allowance as at 31 December 2024	**7,690**	**3,170**	**37,442**	**48,302**

BANK				
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
In TZS' Million				
Gross carrying amount as at 1 January 2023	2,790,764	13,478	30,675	2,834,917
Changes in the gross carrying amount				
– Transfer to stage 1	6,032	(3,824)	(2,208)	-
– Transfer to stage 2	(10,152)	10,301	(149)	-
– Transfer to stage 3	(16,108)	(3,864)	19,972	-
New financial assets originated or purchased	1,529,414	-	-	1,529,414
Payments received and financial assets derecognised	(1,175,797)	(947)	(4,686)	(1,181,430)
Foreign exchange adjustments	840	3	7	850
Effects of modification	30,212	588	1,197	31,997
Accrued interest	24,929	366	3,797	29,092
Write-offs	-	-	(15,687)	(15,687)
Other Changes	-	-	-	-
Gross carrying amount as at 31 December 2023	**3,180,134**	**16,101**	**32,918**	**3,229,153**
Loss allowance as at 31 December 2023	**5,447**	**2,741**	**24,002**	**32,190**

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.8 Analysis of loans and advances to customers (Continued)

Personal lending (Continued)

GROUP Loss allowances - Loans and advances to customers at amortised cost 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	5,447	2,741	24,002	32,190
Changes in the loss allowance				-
– Transfer to stage 1	2,095	(821)	(1,274)	-
– Transfer to stage 2	(2,063)	2,401	(338)	-
– Transfer to stage 3	(16,129)	(788)	16,917	-
– Write-offs	-	-	(17,025)	(17,025)
New financial assets originated or purchased	22,089	-	-	22,089
Payments received and financial assets derecognised	(2,198)	(1,161)	(3,672)	(7,031)
Unwind discount	871	56	1,192	2,119
Impact on ECL Transfers	(2,422)	742	17,640	15,960
Effect of modification	-	-	-	-
Loss allowance as at 31 December 2024	**7,690**	**3,170**	**37,442**	**48,302**

BANK Loss allowances - Loans and advances to customers at amortised cost 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	17,658	3,121	22,893	43,672
Changes in the loss allowance				
– Transfer to stage 1	2,474	(936)	(1,538)	-
– Transfer to stage 2	(105)	213	(108)	-
– Transfer to stage 3	(206)	(857)	1,063	-
– Write-offs	-	-	(15,687)	(15,687)
New financial assets originated or purchased	8,820	-	-	8,820
Payments received and financial assets derecognised	(4,857)	(511)	(2,212)	(7,580)
Unwind discount	2,171	50	1,088	3,309
Impact on ECL Transfers	(20,816)	1,535	17,821	(1,460)
Effect of modification	308	126	682	1,116
Loss allowance as at 31 December 2023	**5,447**	**2,741**	**24,002**	**32,190**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

10.3.9 Credit exposure – Reinsurance contract assets

The table below provides the information regarding the credit risk exposure from reinsurance contracts. All reinsurance contracts are rated high grade as per internal rating.

Reinsurance contracts held In TZS' Million	Reinsurance contract Assets 31 Dec 2024
Motor	377
Fire	-
Engineering	1,510
Others	-
Total reinsurance contracts held	**1,887**

The Group's maximum exposure to credit risk from reinsurance contract assets is TZS 1,887Million.

10.4 Capital, Liquidity and funding risk

The Bank has developed a comprehensive approach to the management of capital, liquidity and funding, supported by clearly defined governance and processes employed to manage and mitigate capital, liquidity and funding risks.

This section provides an overview of the Bank's risk appetite and corresponding management policies and tools in place for each of these risks.

10.4.1 Capital management

The primary objectives of the Bank's capital management policy are to ensure that the Bank complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios to support its business and to maximise shareholder value.

The Bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders. No changes have been made to the objectives, policies, and processes from the previous years. However, they are under constant review by the Board.

10.4.2 Liquidity and funding risks

Liquidity risk is defined as the risk that the Group does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due because of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. Funding risk arises when the Group does not maintain a diversified and stable funding base, while minimising its cost.

To limit these risks, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity daily. The Group has developed internal control processes and contingency plans for managing liquidity risk. The ALCO is responsible for managing the Group's liquidity risk through comprehensive policies, governance and review procedures, stress testing, monitoring of limit sets to ensure these are in line with the overall liquidity risk appetite and strategy of the Group. The treasury department is responsible for working with other departments within the Group to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding, if required.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Group also has lines of credit that it can access to meet liquidity needs. Net liquid assets consist of cash, short-term bank deposits and liquid debt securities available for immediate sale, less deposit for banks and other issued securities and borrowings due to mature within the next month.

The ratios during the year were, as follows:

Liquidity ratio

In TZS' Million	GROUP AND BANK	
	2024	2023
Year-end	28.2%	27.0%
Maximum	30.3%	27.8%
Minimum	23.6%	24.2%
Average	**26.3%**	**26.3%**

Macro -economic and geopolitical uncertainties had no significant impact to the Group liquidity as at 31 December 2024 the liquidity ratio stood at 28.2% which is above the required regulatory ratio of 20%

Advances to deposit ratios

In TZS' Million	GROUP AND BANK	
	2024	2023
Year-end	83.5%	95.4%
Maximum	89.7%	94.3%
Minimum	80.9%	83.3%
Average	**85.4%**	**90.0%**

Funding approach

The Group's and Bank's major source of funding is customer deposits. To this end, the Group and Bank maintain a diversified and stable funding base comprising current/demand, savings, and time deposits. The Group places considerable importance on the stability of these deposits, which are achieved through the Group's retail banking activities and by maintaining depositor confidence in the Group's business strategies and financial strength.

The Group borrows from the interbank market through transactions with other banks for short-term liquidity requirements. As part of the contingency funding plan, the Group has funding lines with both local and foreign banks for short and long-term funding requirements.

The Group's and Bank's liquidity management process, as carried out within the Group and Bank and monitored by the Asset and Liability Committee (ALCO) of the individual banks include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintain an active presence in money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring liquidity ratios against internal and regulatory requirements, and
- Managing the concentration and profile of debt maturities.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

Funding approach (Continued)

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (Note 10.4.4).

10.4.2.1 Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

The Bank also uses the LCR and NSFR to monitor liquidity as prescribed by the Basel Committee on Banking Supervision to monitor and promote a robust liquidity profile. The Bank calculates the LCR on a daily basis which measures the adequacy of High-Quality Liquid Assets to survive an acute stress scenario over a period of 30 days. The Bank calculates the NSFR monthly which measures the available amount of stable funding that exceeds the required amount of stable funding required for a 12-month period of extended stress conditions in the market.

Liquidity reserve disclosure

GROUP AND BANK In TZS' Million	2024	2023
Source of Incremental funding or Margin requirement		
Cash and balances with Central Bank	1,848,910	636,510
Deposits in other banks available overnight	925,429	763,827
Government securities	729,240	738,139
Other liquid assets eligible at Central Bank other than mentioned above	3,471,091	2,558,621
Other liquid assets	9,616	6,983
Total liquid Assets	**6,984,286**	**4,704,080**

10.4.3 Stress Testing

In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stressful factors relating to both the market in general and specifically to the Group. Additionally, stress testing is performed for a combination of both the market and specific stress factors relating to the Bank. Liquidity mismatch reporting and stress testing results are reported regularly and reviewed by the Asset and Liability Committee (ALCO), Executive Committee and Board risk committee.

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group and Bank's financial assets and the undiscounted cash flows of its financial liabilities as of 31 December, as the Group and Bank manage the inherent liquidity risk based on expected undiscounted cash flows.

GROUP					In TZS' Million
31 December 2024	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial Assets					
Cash and balances with the Central bank	2,371,330	-	-	-	2,371,330
Due from banks	983,762	-	-	-	983,762
Financial assets at FVPL	15,428	-	-	-	15,428
Debt instruments at FVOCI	-	4,223	12,151	118,936	135,310
Credit cards	2,002	-	-	-	2,002
Loans and advances to customers	1,629,204	2,087,255	5,569,987	7,850,351	17,136,797
Debt instruments at amortized cost	329,100	353,374	400,317	2,884,780	3,967,571
Other assets*	103,804	-	-	-	103,804
Total undiscounted financial assets	**5,434,630**	**2,444,852**	**5,982,455**	**10,854,067**	**24,716,004**
Financial Liabilities					
Deposits from customers	848,389	275,533	-	-	1,123,922
Deposits from banks	9,994,634	918,689	54,548	-	10,967,871
Subordinated debt	5,109	-	165,430	-	170,539
Borrowings	5,122	93,504	1,134,664	974,107	2,207,397
Green Bond	3,378	-	239,927	-	243,305
Lease liabilities	73	1,987	32,548	95,661	130,269
Other liabilities**	345,408	-	-	-	345,408
Total undiscounted financial liabilities	**11,202,113**	**1,289,713**	**1,627,117**	**1,069,768**	**15,188,711**
Net undiscounted financial assets/(liabilities)	**(5,767,483)**	**1,155,139**	**4,355,338**	**9,784,299**	**9,527,293**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

GROUP					In TZS' Million
31 December 2023	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial Assets					
Cash and balances with the Central bank	1,011,638	-	-	-	1,011,638
Due from banks	787,484	67,809	-	-	855,293
Financial assets at FVPL	6,983	-	-	-	6,983
Debt instruments at FVOCI	-	-	3,835	730,852	734,687
Credit cards	2,309	-	-		2,309
Loans and advances to customers	1,277,273	1,415,391	4,363,518	6,311,454	13,367,636
Debt instruments at amortized cost	255,504	415,403	403,405	2,532,196	3,606,508
Other assets*	149,278	-	-	-	149,278
Total undiscounted financial assets	**3,490,469**	**1,898,603**	**4,770,758**	**9,574,502**	**19,734,332**
Financial Liabilities					
Deposits from customers	556,797	449,882	-	-	1,006,679
Deposits from banks	7,982,341	692,704	189,642	-	8,864,687
Subordinated debt	5,414	-	208,802	-	214,216
Borrowings	17,847	42,838	1,404,365	79,037	1,544,087
Green Bond	3,378	-	257,833	-	261,211
Lease liabilities	69	1,306	32,833	78,835	113,043
Other liabilities**	303,207	-	-	-	303,207
Total undiscounted financial liabilities	**8,869,053**	**1,186,730**	**2,093,475**	**157,872**	**12,307,130**
Net undiscounted financial assets/(liabilities)	**(5,378,584)**	**711,873**	**2,677,283**	**9,416,630**	**7,427,202**

*Other assets (excludes prepayments, stock and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

BANK					In TZS' Million
31 December 2024	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial Assets					
Cash and balances with the Central bank	2,163,724	-	-	-	2,163,724
Due from banks	919,751	-	-	-	919,751
Financial assets at FVPL	5,812	-	-	-	5,812
Debt instruments at FVOCI	-	4,223	12,151	118,936	135,310
Credit cards	2,002	-	-	-	2,002
Loans and advances to customers	1,571,595	2,046,526	4,919,959	7,436,509	15,974,589
Debt instruments at amortized cost	233,241	170,499	253,165	2,789,081	3,445,986
Other assets*	90,840	-	-	-	90,840
Total undiscounted financial assets	**4,986,965**	**2,221,248**	**5,185,275**	**10,344,526**	**22,738,014**
Financial Liabilities					
Deposits from customers	733,736	275,533	-	-	1,009,269
Balances from banks	9,314,093	887,709	53,975	-	10,255,777
Subordinated debt	5,122	93,504	1,134,664	974,107	2,207,397
Borrowings	3,378	-	239,927	-	243,305
Green Bond	5,109	-	165,430	-	170,539
Lease liabilities	73	1,936	26,399	77,703	106,111
Other liabilities**	307,449	-	-	-	307,449
Total undiscounted financial liabilities	**10,368,960**	**1,258,682**	**1,620,395**	**1,051,810**	**14,299,847**
Net undiscounted financial assets/(liabilities)	**(5,381,995)**	**962,566**	**3,564,880**	**9,292,716**	**8,438,167**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

BANK					In TZS' Million
31 December 2023	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial Assets					
Cash and balances with the Central bank	943,499	-	-	-	943,499
Due from banks	746,287	16,248	-	-	762,535
Financial assets at FVPL	1,102	-	-	-	1,102
Debt instruments at FVOCI	-	-	3,835	730,852	734,687
Credit cards	2,309	-	-	-	2,309
Loans and advances to customers	1,224,159	1,402,488	3,713,312	6,120,083	12,460,042
Debt instruments at amortized cost	244,005	372,521	311,388	2,401,886	3,329,800
Other assets*	138,038	-	-	-	138,038
Total undiscounted financial assets	**3,299,399**	**1,791,257**	**4,028,535**	**9,252,821**	**18,372,012**
Financial Liabilities					
Deposits from customers	544,252	449,882	-	-	994,134
Balances from banks	7,462,360	673,566	188,947	-	8,324,873
Subordinated debt	17,847	42,838	1,404,365	79,037	1,544,087
Borrowings	3,378	-	257,833	-	261,211
Green Bond	5,414	-	208,802	-	214,216
Lease liabilities	69	1,306	32,651	68,191	102,217
Other liabilities**	279,524	-	-	-	279,524
Total undiscounted financial liabilities	**8,312,844**	**1,167,592**	**2,092,598**	**147,228**	**11,720,262**
Net undiscounted financial assets/(liabilities)	**(5,013,445)**	**623,665**	**1,935,937**	**9,105,593**	**6,651,750**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

10.4.4 Analysis of financial assets and liabilities by remaining contractual maturities (Continued)

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

The tables below show the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. Capital commitments relate to the acquisition of property and equipment.

GROUP 31 December 2024 In TZS' Million	Within 1 year	1 – 5 years	Over 5 years	Total
letters of credit	1,427,510	19,646	-	1,447,156
Guarantees	2,809,496	-	-	2,809,496
Commitments to extend credit	1,071,515	-	-	1,071,515
Total commitments and guarantees	**5,308,521**	**19,646**	**-**	**5,328,167**

GROUP 31 December 2023 In TZS' Million	Within 1 year	1 – 5 years	Over 5 years	Total
letters of credit	271,039	1,075,172	1	1,346,212
Guarantees	2,418,595	-	-	2,418,595
Commitments to extend credit	333,997	-	-	333,997
Total commitments and guarantees	**3,023,631**	**1,075,172**	**1**	**4,098,804**

BANK 31 December 2024 In TZS' Million	Within 1 year	1 – 5 years	Over 5 years	Total
Outstanding letters of credit	1,427,510	19,646	-	1,447,156
Guarantees	2,807,665	-	-	2,807,665
Commitments to extend credit	1,012,408	-	-	1,012,408
Total commitments and guarantees	**5,247,583**	**19,646**	**-**	**5,267,229**

BANK 31 December 2023 In TZS' Million	Within 1 year	1 – 5 years	Over 5 years	Total
letters of credit	194,845	1,075,172	1	1,270,018
Guarantees	2,425,101	-	-	2,425,101
Commitments to extend credit	305,613	-	-	305,613
Total commitments and guarantees	**2,925,559**	**1,075,172**	**1**	**4,000,732**

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

10.4.5 Analysis of encumbered and unencumbered assets

Below is the analysis of the Bank's encumbered and unencumbered assets that would be available to obtain additional future funding as securities. For this purpose, encumbered assets are:

Assets which have been pledged as collateral (e.g., which are required to be separately disclosed under IFRS 7); or

Assets that an entity believes it is restricted from using to secure funding, for legal or other reasons, which may include market practice or sound risk management. Restrictions related to the legal position of certain assets, for example, those held by consolidated securitisation vehicles or in pools for covered bond issuances, may vary in different jurisdictions. Unencumbered assets are the remaining assets that the Bank owns.

GROUP As at 31 December 2024	Encumbered		Unencumbered		Total
Amount in TZS' Million	Pledged as collateral	Other*	Available as collateral	Other	
Cash and balances with the central bank	-	469,860	1,901,470	-	2,371,330
Due from banks	33,583	-	-	890,955	924,538
Financial Assets at FVPL	-	-	-	15,428	15,428
Debt Instruments at FVOCI	-	-	-	135,291	135,291
Credit card	-	-	-	2,002	2,002
Equity investment at FVPL	-	-	-	-	-
Equity investment at FVOCI	-	-	-	13,609	13,609
Loans and advances to customers	-	-	-	10,360,824	10,360,824
Debt Instrument at amortized costs	703,262	-	-	1,244,766	1,948,028
Other assets	-	-	-	103,804	103,804
Total	**736,845**	**469,860**	**1,901,470**	**12,766,679**	**15,874,854**

GROUP As at 31 December 2023	Encumbered		Unencumbered		Total
Amount in TZS' Million	Pledged as collateral	Other*	Available as collateral	Other	
Cash and balances with central bank	-	375,128	636,510	-	1,011,638
Due from banks	51,069	-	-	711,263	762,332
Financial Assets at FVPL	-	-	-	6,983	6,983
Debt Instruments at FVOCI	-	-	-	226,178	226,178
Credit card	-	-	-	2,309	2,309
Equity investment at FVPL	-	-	-	2,283	2,283
Equity investment at FVOCI	-	-	-	11,652	11,652
Loans and advances to customers	-	-	-	8,443,491	8,443,491
Debt Instrument at amortised costs	186,315	-	-	1,774,400	1,960,715
Other assets	-	-	-	148,903	148,903
Total	**237,384**	**375,128**	**636,510**	**11,327,462**	**12,576,484**

*Represents the statutory minimum reserve balance with Bank of Tanzania which is not available for use by Group.

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

10.4.5 Analysis of encumbered and unencumbered assets (Continued)

BANK					
As at 31 December 2024	Encumbered		Unencumbered		Total
Amount in TZS' Million	Pledged as collateral	Other*	Available as collateral	Other	
Cash and balances with the central bank	-	469,860	1,693,864	-	2,163,724
Due from banks	33,583	-	-	885,176	918,759
Financial Assets at FVPL	-	-	-	5,812	5,812
Debt Instruments at FVOCI	-	-	-	135,291	135,291
Credit card	-	-	-	2002	2002
Equity investment at FVPL	-	-	-	-	-
Equity investment at FVOCI	-	-	-	13,609	13,609
Loans and advances to customers	-	-	-	9,995,475	9,995,475
Debt Instrument at amortized costs	703,262	-	-	804,644	1,507,906
Other assets	-	-	-	90,840	90,840
Total	**736,845**	**469,860**	**1,693,864**	**11,932,849**	**14,833,418**

BANK					
As at 31 December 2023	Encumbered		Unencumbered		Total
Amount in TZS' Million	Pledged as collateral	Other*	Available as collateral	Other	
Cash and balances with central bank	-	375,128	568,371	-	943,499
Due from banks	51,069	-	-	702,967	754,036
Financial Assets at FVPL	-	-	-	1,102	1,102
Debt Instruments at FVOCI	-	-	-	226,178	226,178
Credit card	-	-	-	2,309	2,309
Equity investment at FVPL	-	-	-	2,283	2,283
Equity investment at FVOCI	-	-	-	11,564	11,564
Loans and advances to customers	-	-	-	8,035,550	8,035,550
Debt Instrument at amortised costs	186,315	-	-	1,552,354	1,738,669
Other assets	-	-	-	138,138	138,138
Total	**237,384**	**375,128**	**568,371**	**10,672,445**	**11,853,328**

*Represents the statutory minimum reserve balance with Bank of Tanzania which is not available for use by Group.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.4 Capital, Liquidity and funding risk (Continued)

Country risk

Country risk is the risk that an occurrence within a country could have an adverse effect on the Group, directly by impairing the value of the Group or indirectly through an obligor's ability to meet its obligations to the Group. Generally, these occurrences relate, but are not limited, to sovereign events such as defaults or restructuring; political events such as contested elections or referendums; restrictions on currency movements; non–market currency convertibility; regional conflicts; economic contagion from other events such as sovereign default issues or regional turmoil; banking and currency crisis; and natural disasters.

The Group's risk management framework incorporates several measures and tools to monitor this risk. These measures include stress testing of concentrated portfolios and various limits by country. The country risk is generally identified with the domicile of the legal entity which is the Group's counterparty, unless most assets or revenues of such entity are in another country, in which case reference is made to such different country.

The Group exposures by country risk has been disclosed under Note 10.3.6 Analysis of risk concentration (b) Geographical analysis

10.5 Market risk

Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either traded (the Trading book) or non-traded (the Banking book) portfolios and manages each of those portfolios separately. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the Group's retail and commercial Banking assets and liabilities, and debt instrument at fair value through OCI.

Risk management Process

The Group takes on various risks and therefore requires adequate and robust risk management process to minimize losses and maximize opportunities. The risk management process involves identification, assessment/measurement, control/mitigation and reporting. The Limits Policy sets out the risk appetite or maximum approved exposures that can be taken by the Bank, while remaining in compliance with regulatory requirements.

Identification of market risks

The process of identifying all market risks associated with banking operations, for the Group to implement internal controls and procedures to mitigate those risks. It includes analysis of new products, processes, and systems.

For the purpose of identification, market risk has been categorised as follows:

- Foreign exchange risk in Note 10.5.1
- Equity price risk in Note 10.5.2
- Interest rate risk in Note 10.5.3

The Group's risk management strategy for its Banking book is different for each of the above categories of market risk.

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

Assessment/Measurement

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk.

The Group take on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. The risk measures include; position limits, sensitivity limits, namely, Present Value of a Basis Point (PV01), Value-at-Risk (VaR) that reflects the interdependency between risk variables. The Group also applies interest rate gap coupled with Earning at Risk and stress testing analysis in measuring exposure to market risk for the purpose of managing and controlling market risk exposures within acceptable limits while optimising the return on investment.

Control/Mitigation

As a part of its established market risk management process, the Risk and compliance department monitors early signs of possible changes in market conditions such as:

- anticipated and actual changes to interest rates;
- economic and geopolitical factors driving currency
- equity price movements.

Furthermore, the Group set market risk limits which are approved by the Board and continuously reviewed by Group Risk and compliance department. At an operational level, market risk is primarily managed by the Bank's treasury department, which is responsible for ensuring that the Bank's exposures are in compliance with market risk limits approved by the Board and to take adequate actions when necessary.

Governance and Reporting

A Group Risk Profile report is produced monthly which cover all the principal risks and is managed by the relevant Group Risk owner, with the overall report being coordinated and produced by the Group Risk and Compliance department. The report is tabled to the Group Operational Risk Committee (ORC) for review and actioning on monthly basis, while a quarterly report is communicated to the Group Management Audit & Risk Committee (MARC) and then presented to the Board Risk Committee on quarterly basis by the Group Director of Risk and Compliance.

The Board of Directors determines the Group's risk appetite, approve the limits policy, and ensure management takes necessary steps to monitor, control and report on limits compliance in adherence to the Bank's policies and regulatory requirements. Management Audit and Risk Committee have a role to ensure adherence to the policy and regulatory requirements and quarterly reporting to the Board Risk Committee with respect to adherence of approved limits vs. utilization with explanation on all breaches including action taken to remediate the breach.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Currency sensitivity analysis

With all other variables held constant, a shift in foreign exchange rate by 4% on foreign-denominated financial assets and liabilities would have resulted in lower or higher profit before tax as follows:

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
USD	(21,067)	5,163	(22,726)	8,698
EURO	(168)	(188)	(114)	(323)
GBP	(89)	125	(89)	125
BIF	163	(493)	163	(493)
Other	179	54	179	54

With all other variables held constant, a shift in foreign exchange rate by 4% on foreign-denominated financial assets and liabilities would have resulted in lower or higher equity as follows:

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
USD	(14,747)	3,614	(15,908)	6,089
EURO	(118)	(132)	(80)	(226)
GBP	(62)	88	(62)	88
BIF	114	(345)	114	(345)
Other	125	38	125	38

If the exchange rate for the BIF were to shift by 4%, then the impact on the translation reserve in relation to the translation of CRDB Bank Burundi SA for consolidation purposes would be TZS 880 Million (2023: TZS 905 Million).

The Bank's strategy is to monitor positions daily to ensure it manages against currency risk. Positions are maintained within established limits by balancing the assets and liabilities in the relevant currencies.

The below tables show the concentrations of foreign currency risk on the gross carrying value of financial assets and liabilities.

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.1 Foreign exchange risk (Continued)

GROUP As at 31 December 2024 In TZS' Million	TZS	USD	EURO	GBP	BIF	Others	Total
Financial Assets							
Cash and balances with the Central bank	1,373,779	985,740	8,846	857	-	2,108	2,371,330
Due from banks	121,431	587,260	206,110	2,502	4,079	3,156	924,538
Financial assets at FVPL	15,428	-	-	-	-	-	15,428
Debt instruments at FVOCI	135,291	-	-	-	-	-	135,291
Loans and advances to customers	8,111,686	2,248,615	523	-	-	-	10,360,824
Debt instruments at amortized cost	1,948,028	-	-	-	-	-	1,948,028
Credit cards	2002	-	-	-	-	-	2,002
Other assets	89,799	13,019	986	-	-	-	103,804
Total financial assets	**11,797,444**	**3,834,634**	**216,465**	**3,359**	**4,079**	**5,264**	**15,861,245**
Financial Liabilities							
Deposits from customers	8,595,090	2,113,027	219,890	5,566	-	558	10,934,131
Deposits from Banks	581,436	526,502	720	24	-	-	1,108,682
Lease liabilities	63,064	-	-	-	-	-	63,064
Other liabilities**	336,189	9,165	54	-	-	-	345,408
Green Bond	175,204	-	-	-	-	-	175,204
Subordinated debts	-	126,882	-	-	-	-	126,882
Borrowings	95,186	1,564,434	-	-	-	-	1,659,620
Total Financial Liabilities	**9,846,169**	**4,340,010**	**220,664**	**5,590**	**-**	**558**	**14,412,991**
Net on-balance sheet financial position	**1,951,275**	**(505,376)**	**(4,199)**	**(2,231)**	**4,079**	**4,706**	**1,448,254**
Off-balance sheet commitments	**1,012,408**	**-**	**-**	**-**	**-**	**-**	**1,012,408**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.1 Foreign exchange risk (Continued)

GROUP As at 31 December 2023 In TZS' Million	TZS	USD	EURO	GBP	BIF	Others	Total
Financial Assets							
Cash and balances with the Central bank	790,520	210,244	7,873	1,611	-	1,390	1,011,638
Due from banks	82,755	409,845	239,453	1,944	12,324	16,011	762,332
Financial assets at FVPL	6,983	-	-	-	-	-	6,983
Debt instruments at FVOCI	226,178	-	-	-	-	-	226,178
Loans and advances to customers	6,109,581	2,332,220	1,690	-	-	-	8,443,491
Debt instruments at amortized cost	1,960,715	-	-	-	-	-	1,960,715
Credit cards	2,309	-	-	-	-	-	2,309
Other assets	142,163	6,740	-	-	-	-	148,903
Total financial assets	**9,321,204**	**2,959,049**	**249,016**	**3,555**	**12,324**	**17,401**	**12,562,549**
Financial Liabilities							
Deposits from customers	7,357,537	1,228,494	244,313	6,683	-	18,751	8,855,778
Deposits from Banks	119,171	876,390	-	-	-	-	995,561
Lease liabilities	49,817	-	-	-	-	-	49,817
Other liabilities**	290,365	12,247	11	6	-	-	302,629
Green Bond	175,204	-	-	-	-	-	175,204
Subordinated debts	-	130,986	-	-	-	-	130,986
Borrowings	93,107	840,002	-	-	-	-	933,109
Total Financial Liabilities	**8,085,201**	**3,088,119**	**244,324**	**6,689**	**-**	**18,751**	**11,443,084**
Net on-balance sheet financial position	**1,236,003**	**(129,070)**	**4,692**	**(3,134)**	**12,324**	**(1,350)**	**1,119,465**
Off-balance sheet commitments	**1,099,862**	**2,382,913**	**281,842**	**-**	**-**	**190**	**3,764,807**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.1 Foreign exchange risk (Continued)

BANK As at 31 December 2024 In TZS' Million	TZS	USD	EURO	GBP	BIF	Others	Total
Financial Assets							
Cash and balances with the Central bank	1,287,281	867,542	5,937	856	-	2,108	2,163,724
Due from banks	40,802	663,165	205,055	2,502	4,079	3,156	918,759
Financial assets at FVPL	5,812	-	-	-	-	-	5,812
Debt instruments at FVOCI	135,291	-	-	-	-	-	135,291
Loans and advances to customers	7,831,920	2,163,032	523	-	-	-	9,995,475
Debt instruments at amortized cost	1,507,906	-	-	-	-	-	1,507,906
Credit cards	2,002	-	-	-	-	-	2,002
Other assets	76,835	13,019	986	-	-	-	90,840
Total financial assets	**10,887,849**	**3,706,758**	**212,501**	**3,358**	**4,079**	**5,264**	**14,819,809**
Financial Liabilities							
Deposits from customers	7,954,260	2,041,656	212,663	5,562	-	558	10,214,699
Deposits from Banks	479,914	511,466	2,623	26	-	-	994,029
Lease liabilities	47,123	-	-	-	-	-	47,123
Other liabilities**	298,230	9,165	54	-	-	-	307,449
Green Bond	175,204	-	-	-	-	-	175,204
Subordinated debts	-	126,882	-	-	-	-	126,882
Borrowings	95,186	1,564,434	-	-	-	-	1,659,620
Total Financial Liabilities	**9,049,917**	**4,253,603**	**215,340**	**5,588**	**-**	**558**	**13,525,006**
Net on-balance sheet financial position	**1,837,932**	**(546,845)**	**(2,839)**	**(2,230)**	**4,079**	**4,706**	**1,294,803**
Off balance sheet	**1,012,408**	**-**	**-**	**-**	**-**	**-**	**1,012,408**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.1 Foreign exchange risk (Continued)

BANK As at 31 December 2023 In TZS' Million	TZS	USD	EURO	GBP	BIF	Others	Total
Financial Assets							
Cash and balances with the Central bank	729,364	203,734	7,400	1,611	-	1,390	943,499
Due from banks	40,514	443,790	239,453	1,944	12,324	16,011	754,036
Financial assets at FVPL	1,102	-	-	-	-	-	1,102
Debt instruments at FVOCI	226,178	-	-	-	-	-	226,178
Loans and advances to customers	5,962,836	2,071,024	1,690	-	-	-	8,035,550
Debt instruments at amortized cost	1,738,669	-	-	-	-	-	1,738,669
Credit cards	2,309	-	-	-	-	-	2,309
Other assets	131,398	6,740	-	-	-	-	138,138
Total financial assets	**8,832,370**	**2,725,288**	**248,543**	**3,555**	**12,324**	**17,401**	**11,839,481**
Financial Liabilities							
Deposits from customers	6,965,206	1,084,145	240,453	6,678	-	18,751	8,315,233
Deposits from Banks	106,926	876,091	-	-	-	-	983,017
Lease liabilities	45,628	-	-	-	-	-	45,628
Other liabilities**	268,000	11,521	11	6	-	-	279,538
Green Bond	175,204	-	-	-	-	-	175,204
Subordinated debts	-	130,986	-	-	-	-	130,986
Borrowings	93,107	840,002	-	-	-	-	933,109
Total Financial Liabilities	**7,654,071**	**2,942,745**	**240,464**	**6,684**	**-**	**18,751**	**10,862,715**
Net on-balance sheet financial position	**1,178,299**	**(217,457)**	**8,079**	**(3,129)**	**12,324**	**(1,350)**	**976,766**
Off balance sheet	**1,099,502**	**2,305,994**	**281,433**	**-**	**-**	**190**	**3,687,119**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.2 Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The Group and the Bank are exposed to equity securities price risk as it currently holds investments disclosed under Note 31B.

The above equity instruments exposed to price risk are presented on the statement of financial position as equity instrument at fair value through Other Comprehensive Income (OCI). If the market price of instruments had increased/decreased by 2% with all other variables held constant, the fair value reserve in equity instrument would have increased/decreased because of gains or losses on equity instrument classified as equity instrument at FVOCI by TZS 146 Million as at 31 December 2024 (2023: TZS 97 Million) for the Group and Bank.

Measurement of equity Price risk

The Group is exposed to equity securities price risk as it has investment in listed shares (for the Dar es Salaam stock exchange). The Group Board set limits on investment exposure to reduce equity price risk associated with listed stocks. This mitigates potential losses from stock price declines and protects the portfolio against market price fluctuations.

In relation to unlisted equity investments, the Group assesses the appropriateness of valuation techniques used and the practicality of unobservable inputs and assumptions used in the determination of fair value and whether the valuation adjustments fell within an acceptable range based on industry knowledge and available market information.

Methodology

The Group uses the discounted cashflow method for unlisted equities to determine the present value of future cash flows to derive the value of an investment. For listed equities, the Group applies mark to market with prices from an independent source.

Assumptions

Below is the assumption the Group uses to arrive at the fair value of the investment;

- Discount rate -The Group assumes the rate that would have applied if the same investment had been invested in a quoted instrument.

10.5.3 Interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rates levels consistent with the Bank's business strategies. Interest rate monitoring is done through the Group's Asset and Liability Committee.

The Group and Bank take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase because of such changes but may produce losses if unexpected movements arise.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.3 Interest rate risk (Continued)

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Control/Mitigations

The Group's Asset and Liability Committee (''ALCO'') sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is regularly monitored by an independent Risk and Compliance department and reported regularly to ALCO and the Board. The interest rate gap is within internal limits.

Sensitivity analysis for interest rate risk.

Methodology

a) Gap analysis

Gap analysis is used to assess the interest rate sensitivity of re-pricing mismatches in the Bank's non-trading operations. The Bank's interest rate risk exposure calculations are generally based on the earlier of contractual re-pricing or maturity of assets and liabilities, although certain assets and liabilities such as deposits without a fixed maturity are assigned a maturity profile based on observed historical consumer behaviour.

The Bank utilises gap analysis for measuring and managing interest rate risk. A positive gap indicates that the Bank has more interest rate sensitive assets than interest rate sensitive liabilities. A positive or asset sensitive gap means that an increase in market interest rates could cause an increase in the net interest margin and vice versa. Conversely, a negative or liability sensitive gap implies that the Bank's net interest margin could decline because of increase in market rates and vice versa.

The Bank assesses and monitors the impact on net income (upwards or downwards) in case of interest rates movement over time buckets of (0-90 days, 91-180 days and 181-365 days). The process is as follows:-

- Rate sensitive assets (RSAs) and Rate sensitive liabilities (RSLs) are classified into maturity buckets according to their contractual time left to maturity whereas variable rate RSAs and RSLs are classified according to time left until next re-pricing date.
- In line with the Basel Committee on Banking Supervision: RSAs and RSLs lacking definitive re-pricing buckets (e.g., savings deposit liabilities) are assigned to re-pricing time buckets according to judgment and past experience of the bank (based on behavioural assumptions).
- The GAP between RSAs and RSLs is calculated for each maturity bucket, as well as cumulatively.
- The cumulative GAP obtained in respective time buckets is stressed with an assumed 1% change interest to obtain change in value of unmatched RSAs or RSLs. The rate impact is adjusted to minimize double counting of stressing previous GAP made on earlier buckets, hence the formula used is
  AEaR = (Cumm GAP × △rate) × Time bucket adjusted / 365 days.
- The result or change on income is then divided by budgeted earnings for that specific GAP i.e., quarterly budget to arrive at the impact of rate change on overall budgeted income for that specific period should the rate change.

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.3 Interest rate risk (Continued)

A trigger has been set at less or equal to 10 percent. Results above this level should trigger calibration of the RSAs and/or RSLs in that specific bucket to reduce the gap and hence resulting impact should rate change.

b) Bonds Trading Book Interest Risk Measurement - PV01 methodology

The bank applies Present Value of a Basis Point (PV01) to measure the change in value of interest rate sensitive exposures resulting from one basis point increase in interest rate (the change in the price of bond/ securities for a positive parallel shift of one basis point in the yield curve).

c) The Bank uses the Present value (PV) methodology

To measure the current value of the Available for Sale portfolio the Group use the prevailing yield minus the current value of security stressed with additional basis points on prevailing weighted average yield to maturity. The results show the potential loss on AFS bond portfolio.

With all other variables held constant, if the interest rates prevailing during the year shifted by 500 basis points on all Group and Bank interest-bearing assets and liabilities, profit before tax would be lower or higher by TZS 938 Million (2023: TZS 226.5 Million).

With all other variables held constant, if the interest rates prevailing during the year shifted by 500 basis points on all Group and Bank interest-bearing assets and liabilities, equity would be lower or higher by TZS 656 Million (2023: TZS 158.6 Million).

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

10.5.3 Interest rate risk (Continued)

10.5.3.1 Interest rate repricing profile (non-trading)

The following table provides an analysis of the Bank's interest rate risk exposure on non–trading financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates.

GROUP					
As at 31 December 2024 In TZS' Million	Up to 3 months	3 - 12 months	Over 1 year	Non-interest bearing	Total
Assets					
Cash and balances with the Central bank	-	-	-	2,371,330	2,371,330
Due from banks	924,538	-	-	-	924,538
Debt instruments at FVOCI	-	4,223	131,068	-	135,291
Credit cards	2,002	-	-	-	2,002
Loans and advances to customers	1,573,425	1,889,925	6,897,474	-	10,360,824
Debt instruments at amortized cost	323,853	337,847	1,286,328	-	1,948,028
Other financial assets*	-	-	-	103,804	103,804
Total financial assets	**2,823,818**	**2,231,995**	**8,314,870**	**2,475,134**	**15,845,817**
Liabilities					
Deposits from customers	9,940,335	847,556	49,277	96,963	10,934,131
Balances from other banks	847,900	260,782	-	-	1,108,682
Borrowings	5,028	89,057	1,565,535	-	1,659,620
Green Bond	3,378	-	171,826	-	175,204
Subordinated Debts	5,109	-	121,773	-	126,882
Lease liability	29	1,728	61,307	-	63,064
Other Liabilities**	-	-	-	345,408	345,408
Total financial liabilities	**10,801,779**	**1,199,123**	**1,969,718**	**442,371**	**14,412,991**
Total interest gap	**(7,977,961)**	**1,032,872**	**6,345,152**		

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

All financial instruments are at fixed interest rate.

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

GROUP					
As at 31 December 2023 In TZS' Million	Up to 3 months	3 - 12 months	Over 1 year	Non-interest bearing	Total
Assets					
Cash and balances with the Central bank	-	-	-	1,011,638	1,011,638
Due from banks	746,101	16,231	-	-	762,332
Debt instruments at FVOCI	-	-	226,178		226,178
Credit cards	2,309	-	-	-	2,309
Loans and advances to customers	1,086,692	1,471,929	5,854,870	-	8,413,491
Debt instruments at amortized cost	257,713	480,426	1,222,576	-	1,960,715
Other financial assets*	-	-	-	148,903	148,903
Total financial assets	**2,092,815**	**1,968,586**	**7,303,624**	**1,160,541**	**12,525,566**
Liabilities					
Deposits from customers	7,958,850	661,111	163,060	72,957	8,855,978
Balances from other banks	576,151	419,410	-	-	995,561
Borrowings	17,847	40,639	874,623	-	933,109
Green Bond	3,378	-	171,826	-	175,204
Subordinated Debts	5,414	-	125,572	-	130,986
Lease liability	-	1,375	48,442	-	49,817
Other Liabilities**	-	-	-	302,629	302,629
Total financial liabilities	**8,561,640**	**1,122,535**	**1,383,523**	**375,586**	**11,443,284**
Total interest gap	**(6,468,825)**	**846,051**	**5,920,101**		

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

All financial instruments are at fixed interest rate.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

BANK					
As at 31 December 2024 In TZS' Million	Up to 3 months	3 - 12 months	Over 1 year	Non-interest bearing	Total
Assets					
Cash and balances with the Central bank	-	-	-	2,163,724	2,163,724
Due from banks	918,759	-	-	-	918,759
Debts instruments at FVOCI	-	4,223	131,068	-	135,291
Credit cards	2,002	-	-	-	2,002
Loans and advances to customers	1,517,023	1,849,648	6,628,804	-	9,995,475
Debt instruments at amortized cost	228,713	160,465	1,118,728	-	1,507,906
Other financial assets*	-	-	-	90,840	90,840
Total financial assets	**2,666,497**	**2,014,336**	**7,878,600**	**2,254,564**	**14,813,997**
Liabilities					
Deposits from customers	9,251,323	817,666	48,747	96,963	10,214,699
Balances from other banks	733,247	260,782	-	-	994,029
Borrowings	5,028	89,057	1,565,535	-	1,659,620
Greed Bond	3,378	-	171,826	-	175,204
Subordinated Debts	-	-	126,882	-	126,882
Lease liability	29	1,679	45,415	-	47,123
Other Liabilities**	-	-	-	307,449	307,449
Total financial liabilities	**9,993,005**	**1,169,184**	**1,958,405**	**404,412**	**13,525,006**
Total interest gap	**(7,326,508)**	**845,152**	**5,920,195**		

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

All financial instruments are at fixed interest rate.

10 RISK MANAGEMENT (Continued)

10.5 Market risk (Continued)

BANK					
As at 31 December 2023 In TZS' Million	Up to 3 months	3 - 12 months	Over 1 year	Non-interest bearing	Total
Assets					
Cash and balances with the Central bank	-	-	-	943,499	943,499
Due from banks	737,805	16,231	-	-	754,036
Debts instruments at FVOCI	-		226,178	-	226,178
Credit cards	2,309	-	-	-	2,309
Loans and advances to customers	1,027,123	1,458,391	5,550,036	-	8,035,550
Debt instruments at amortized cost	246,281	439,294	1,053,094	-	1,738,669
Other financial assets*	-	-	-	138,138	138,138
Total financial assets	**2,013,518**	**1,913,916**	**6,829,308**	**1,081,637**	**11,838,379**
Liabilities					
Deposits from customers	7,437,206	642,569	162,501	72,957	8,315,233
Balances from other banks	563,606	419,410	-	-	983,016
Borrowings	17,847	40,639	874,623	-	933,109
Greed Bond	3,378	-	171,826	-	175,204
Subordinated Debts	5,414	-	125,572	-	130,986
Lease liability	-	1,375	44,253	-	45,628
Other Liabilities**	-	-	-	279,538	279,538
Total financial liabilities	**8,027,451**	**1,103,993**	**1,378,775**	**352,495**	**10,862,714**
Total interest gap	**(6,013,933)**	**809,923**	**5,450,533**		

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

**Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

All financial instruments are at fixed interest rate.

10 RISK MANAGEMENT (Continued)

10.6 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud, or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

10.7 Strategic risk

Strategic risk refers to the current or prospective negative impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes. It is the risk of not achieving our strategic goals.

Business risk refers to the adverse impact on earnings or capital arising from changes in business parameters such as volumes, margins and costs. The sources of business risk include uncompetitive products or pricing, internal inefficiencies, and changes in general business conditions such as market contraction or changes in customers' expectations and demand. It is the risk of not achieving our short-term business objectives.

Our Board of Directors and senior management committees are responsible for managing risks associated with the Group's business. The Managing Director and CEO, supported by senior management committees, oversees the day-to-day management of the Group and make business decisions within the Group's risk appetite. The Group's strategy is then translated into annual financial targets, considering the macroeconomic environment, and cascaded to specific business for development and implementation.

10.8 Compliance risk

Compliance risk encompasses regulatory and legal compliance risk. Compliance risk is the risk that the Bank incurs financial or reputational risk through imposition of penalties or fines because of not adhering to applicable laws, rules and regulations and good market practice (including ethical standards). The Group's compliance function proactively seeks to enhance compliance risk management and the supporting control framework.

The Group operates in a market where there is a significant level of regulatory change activity, therefore, compliance risk is a key area of focus for Senior Management. The compliance function monitors this risk through reference to metrics relevant to the Group, review of incident reports and assessments, risk and control assessments pertaining to the first and second lines of defence functions, results of regulatory assessments, and review of results internal audit and external audit reports. Remediation of controls is conducted in a timely manner.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.9 Climate-related risks

These includes physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally.

Certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains. The Group has made significant progress in embedding climate risk in its Risk framework, including the development of appropriate climate risk policies and a sustainability unit, which is responsible for developing groupwide policies, processes and controls to incorporate climate risks in the management of principal risk categories. In addition, the Group has re-evaluated its model landscape to incorporate climate-related risks and their impact on borrower's credit risk.

The Group has introduced mechanisms to collect additional information for assessment of both physical and transition risks, in order to understand the impact of climate-related risks. The Group has also made significant progress in building the knowledge and capacity of its workforce in matters relating to climate-related risk. Despite the progress, the Group acknowledges the need for further efforts to fully integrate climate in the Groups risk assessments and management protocols including building climate scenarios. Refer to Note 8.3.1 for details of accounting judgements, estimates, and assumptions regarding climate-related risks.

10.10 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Group principally issues the following types of non-life insurance contracts: accident; motor, engineering, fire and property insurance. There were no long-term insurance contracts (i.e., contracts with duration of more than one year) as of year-end.

The primary risk that the Group faces under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance liabilities for a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning. This could happen if the frequency or severity of claims and benefits is higher than expected. Insurance events are unpredictable, and the actual number and amount of claims and benefits will differ from year to year compared to the level established using statistical techniques.

Factors that aggravate insurance risk include a lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

10.10.1 Managing insurance risk

The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts.

The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.10 Insurance risk (Continued)

10.10.1 Managing insurance risk (Continued)

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group.

The Group further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance held is placed on a proportional basis. Proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group. Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations.

For claims that have been reported at the financial position date, expert assessors estimate the expected cost of the final settlement. For expected claims that have not been reported by the financial position date and incurred but not reported (IBNR) provision is calculated using appropriate techniques. Consideration is also given to any stipulated minimum IBNR prescribed by regulations.

These provisions for claims are discounted for the time value of money increased by risk margin. Using the experience of a range of specialist claims assessors, provisions are reviewed at least annually to ensure they are sufficient.

The Group has not disclosed claim development tables as the insurance operations started towards the year 2023.

The following tables disclose the concentration of insurance liabilities by the class of business in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy.

Concentration of Insurance liabilities by class of business:

Maximum insured loss

Class of business	31 December 2024				31 December 2023			
In TZS' Million	<50	50-100	>100	Total	<50	50-100	>100	Total
Motor	-	-	331	331	38	-	-	38
Fire	-	-	2,688	2,688	-	-	156	156
Engineering	-	-	1,111	1,111	15	-	-	15
Others	-	-	1,006	1,006	1	-	-	1
Total	**-**	**-**	**5,136**	**5,136**	**54**	**-**	**156**	**210**

Concentration risk on reinsurance contracts

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.10 Insurance risk (Continued)

10.10.1 Managing insurance risk (Continued)

of creditworthiness of reinsurers and updates the reinsurance purchase strategy. The Company's reinsurance contracts are mainly with Tanzania Reinsurance Company Limited (TAN-RE).

Liquidity risk – Insurance exposures

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. The Group's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment. The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

Pricing of risk

Pricing risks are managed by carefully establishing criteria by which each potential customer is allocated to the appropriate risk category, applying the underwriting rules, and by establishing prices appropriate to each risk category. Underwriting performance is measured by monitoring the claims loss ratio which is the ratio of claims to premiums.

Reserving risk

For claims that have been reported by the financial position date, expert assessors estimate the expected cost of the final settlement. For expected claims that have not been reported by the financial position date and incurred but not reported (IBNR) provision is calculated using appropriate techniques. Consideration is also given to any stipulated minimum IBNR prescribed by regulations. These provisions for claims are discounted for the time value of money increased by risk margin. Using the experience of a range of specialist claims assessors, provisions are reviewed at least annually to ensure they are sufficient.

Insurance risk sensitivity

The liability for incurred claims is sensitive to the expected loss ratio as shown in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following sensitivity analysis shows the impact on gross liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

Significant Assumption	Motor	Engineering	Fire	Others
TZS 'Million		Loss ratio		
Change in assumptions	10%	10%	10%	10%
Impact on profit before tax gross of reinsurance	56.18	14.03	51.0	5.84
Impact on equity gross of reinsurance	39.32	9.82	35.70	4.09

NOTES (Continued)

11 FAIR VALUE MEASUREMENT

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. This note describes the fair value measurement of both financial and non-financial instruments.

11.1 Valuation principles

Financial instruments are evaluated based on their fair value, representing the amount received if the asset was sold or the liability was transferred in an orderly transaction between market participants at the measurement date. The fair value is a market-based measurement and uses the same assumptions that market participants would use when pricing an asset or liability under current market conditions. When estimating the fair value of an asset or a liability, the group considers the characteristics of the asset or liability that market participants would consider when pricing the asset or liability at the measurement date. The Group is presumed to be a going concern when determining fair value.

If the market is not available, the most advantageous market accessible to the Group on that date is considered. The fair value of a liability reflects its non-performance risk, which refers to the risk that the obligation will not be fulfilled and affects the value at which the liability is transferred.

The Group evaluates the fair value of cash and cash equivalents, loans, advances, customer deposits, and borrowed funds by considering various parameters such as interest rates, specific country factors, and individual creditworthiness of the customer.

The valuation is performed on a discounted cash flow basis, which involves estimating the future cash flows associated with the financial instrument and discounting them to present value. Based on this evaluation, allowances are considered for the expected losses of the receivables.

Overall, the Group's approach to determining fair value is based on rigorous analysis and consideration of various factors that can impact the value of financial instruments. This helps ensure that the Group has a reliable and accurate understanding of the fair value of its financial instruments.

Therefore, when measuring the fair value, we consider the characteristics of asset or liability when pricing the asset or liability at the measurement date which includes;

- the condition and location of the asset; and
- restrictions, if any, on the sale or use of the asset.
- Impact of climate related risks

11.2 Valuation governance

The Bank's fair value methodology and the governance over its models include a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with finance which reports under Chief Financial officer and on the quarterly basis are reviewed by the Internal audit function.

The reviewers validate fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameter

11 FAIR VALUE MEASUREMENT (Continued)

11.3 Group and Bank's assets and liabilities by fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's and Bank's market assumptions.

These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following tables represents the Group's and Bank's financial assets that are measured at fair value at 31 December 2024. Motor vehicles that are measured at fair value are disclosed under Note 39.

GROUP	In TZS' Million			
31 December 2024	Level 1	Level 2	Level 3	Total
Financial Assets measured at FVPL	15,428	-	-	15,428
Debt instrument measured at FVOCI:	-	135,291	-	135,291
- Treasury Bonds				
Equity Investment measured at FVOCI	786	7,299	5,524	13,609
Equity Investment measured at FVPL	-	-	-	-
Total assets	**16,214**	**142,590**	**5,524**	**164,328**

GROUP	In TZS' Million			
31 December 2023	Level 1	Level 2	Level 3	Total
Financial Assets measured at FVPL	6,983	-	-	6,983
Debt instrument measured at FVOCI:	-	226,178	-	226,178
- Treasury Bonds				
Equity Investment measured at FVOCI	590	4,954	6,108	11,652
Equity Investment measured at FVPL	-	-	2,283	2,283
Total assets	**7,573**	**231,132**	**8,391**	**247,096**

BANK	In TZS' Million			
31 December 2024	Level 1	Level 2	Level 3	Total
Financial Assets measured at FVPL	1,230	-	-	1,230
Debt instrument measured at FVOCI	-	135,291	-	135,291
- Treasury Bonds				
Equity Investment measured at FVOCI	786	7,299	5,524	13,609
Equity Investment measured at FVPL	-	-	-	-
Total assets	**2,016**	**142,590**	**5,524**	**150,130**

11 FAIR VALUE MEASUREMENT (Continued)

11.3 Group and Bank's assets and liabilities by fair value hierarchy (Continued)

BANK	In TZS' Million			
31 December 2023	Level 1	Level 2	Level 3	Total
Financial Assets measured at FVPL	1,102	-	-	1,102
Debt instrument measured at FVOCI		226,178	-	226,178
- Treasury Bonds				
Equity Investment measured at FVOCI	590	4,866	6,108	11,564
Equity Investment measured at FVPL	-	-	2,283	2,283
Total assets	**1,692**	**231,044**	**8,391**	**241,127**

- There were no transfers between hierarchy levels 1 and 2 during the year.
- There were no transfers into and out of Level 3 of the fair value hierarchy during the year.
- There were no intra-level transfers, and there was sufficient information available to measure the fair value of financial instruments based on observable market inputs during the year

11.4 Valuation techniques

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer/Bank of Tanzania quotes for similar instruments;
- Quoted prices for identical or similar assets or liabilities in markets that are not active.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Group is the current bid price of debt securities from the most current Bank of Tanzania auction results. Instruments included in Level 1 comprise primarily equity investments

Financial instruments in level 2

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

Where they are available, the fair value of loans and advances (including off balance sheet exposures, credit cards and other assets) is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses and interest rates. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions. To improve the accuracy of the valuation, estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as product and borrower type.

The fair value of deposits (banks and customers), borrowings, other liabilities is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms

11 FAIR VALUE MEASUREMENT (Continued)

11.4 Valuation techniques (Continued)

Financial instruments in level 3

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

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

Valuation Techniques and Sensitivity analysis for Level 2 and 3 for Financial Assets				
Instrument	**Valuation Technique**	**Significant unobservable inputs**	**Range (Weighted Average)**	**Effect of reasonably possible alternative assumptions [Favourable/(unfavourable) change]**
Equity instruments at FVOCI	DCF method	Discount rate	2024:16%-17% 2023:16%-17%	2% increase (decrease) in discount rate would result in a (decrease) increase in fair value by TZS 16mn (2023: TZS 31mn).
		Discounted cashflow	Investment based	Increased (decreased) by 2% would result in an increase (decrease) by TZS 146 Million as at 31 December 2024 (2023: TZS 97 Million) for the Group and Bank.
Debt Instruments at FVOCI	DCF method	Discount rate	2024:10%-18% 2023:14%-16%	Significant increase in discount rate would result in lower fair value.
		Discounted cashflow	Based on expected cash flows as per contractual terms.	A significant increase in expected net cashflow would result in higher fair value.
Financial Assets FVPL	NAV	Unit Price	Investment based	2% increase (decrease) in discount rate would result in an increase (decrease) in fair value by TZS 17 Million (2023: TZS 15 Million).
Valuation Techniques and Sensitivity analysis for Level 2 and 3 for Non-Financial Assets				
MOTOR VEHICLE	Direct sales comparison approach	Prices of similar nature (per unit cost)	2024: 157mn 2023: TZS168mn	4% increase (decrease) in discount rate would result in an increase (decrease) in fair value by TZS 1,672mn (2023: TZS 1,604mn).

Valuation Techniques and Sensitivity analysis for Level 2 and 3 for Financial Assets

- There were no other significant unobservable inputs used other than the discount rate and prices of similar nature (per unit cost) in the measurement of fair value of equity investments and motor vehicles respectively as stated above.
- There was no interrelationship between significant unobservable inputs and other unobservable inputs used in the fair value measurement.
- The change of one or more of the unobservable inputs to reflect reasonably possible alternative assumptions has not changed the fair value significantly during the year.
- During the year there was no significant change in fair value resulting from changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions.

NOTES (Continued)

11 FAIR VALUE MEASUREMENT (Continued)

11.4 Valuation techniques (Continued)

Valuation Techniques and Sensitivity analysis for Level 2 and 3 for Financial Assets (Continued)

Fair value measurement is based on assumptions and inputs. During financial disruptions, the assumptions and inputs are expected to change, however volatility in prices in Tanzania market was insignificant as there was no material change on both quoted and unquoted instruments despite the geopolitical and macro-economic uncertainties. This was mainly due to strong measures the Central Bank of Tanzania (BOT) took to minimise the risks.

During the year, there has been no change in valuation techniques on all levels.

11.5 Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Bank requires significant unobservable inputs to calculate their fair value.

Reconciliation of Level 3 - Equity Investments at FVPL				
	GROUP		BANK	
In TZS' Million	2024	2023	2024	2023
At 1 January	2,283	2,291	2,283	2,291
Gain/(loss) on fair value remeasurement	-	(8)	-	(8)
Derecognition	(2,283)	-	(2,283)	-
Purchases	-	-	-	-
At 31 December	**-**	**2,283**	**-**	**2,283**

During the year there were no purchases, sales, issues and settlements.

Reconciliation of Level 3 - Equity Investments at FVPL				
	GROUP		BANK	
In TZS' Million	2024	2023	2024	2023
At 1 January	6,108	6,108	6,108	6,108
Derecognition	(6,108)	-	(6,108)	-
Purchases	5,524	-	5,524	-
At 31 December	**5,524**	**6,108**	**5,524**	**6,108**

During the year there were neither no sales nor issues.

There were no any transfers into and out of Level 3 of the fair value hierarchy during the year.

11.6 Valuation methodologies of financial instruments not measured at fair value

The fair value of assets and liabilities not measured at fair value approximately carrying amounts. have been disclosed in this note below for both Group and Bank.

Cash and balances with Central bank

The carrying amount of cash and balances with the Central bank is a reasonable approximation of its fair value.

Due from banks

Due from banks include interbank placements and cheques and items for clearing. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

NOTES (Continued)

11 FAIR VALUE MEASUREMENT (Continued)

11.6 Valuation methodologies of financial instruments not measured at fair value (Continued)

Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flow expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Investment securities

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

Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount is a reasonable approximation of fair value.

Off-balance sheet financial instruments

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

Borrowings

The estimated fair value is based on discounted cash flows using the prevailing interest rate.

Credit card

The estimated fair value is based on discounted cash flows using the prevailing interest rate.

Other assets/other liabilities

The carrying amount of other assets/liabilities is a reasonable approximation of its fair value because of its short term in nature.

GROUP					
31 December 2024	Level 1	Level 2	Level 3	Fair value	Carrying value
In TZS' Million					
Financial assets					
Cash and balances with Central bank	-	-	2,371,330	2,371,330	2,371,330
Due from banks	-	-	924,538	924,538	924,538
Loans and advances to customers	-	-	10,360,824	10,360,824	10,413,707
Credit cards	-	-	2,002	2,002	2,002
Debt instruments at amortized cost	-	1,948,028	-	1,948,028	1,948,028
Other assets*	-	-	261,780	261,780	261,780
	-	**1,948,028**	**13,920,474**	**15,868,502**	**15,921,385**
Financial liabilities					
Balances due to other banks	-	-	1,108,682	1,108,682	1,108,682
Deposits from customers	-	-	10,934,131	10,934,131	10,934,131
Borrowings	-	-	1,659,620	1,659,620	1,659,620
Lease liabilities	-	-	63,064	63,064	63,064
Other liabilities**	-	-	420,633	420,633	420,633
	-	**-**	**14,186,130**	**14,186,130**	**14,186,130**

NOTES (Continued)

11 FAIR VALUE MEASUREMENT (Continued)

11.6 Valuation methodologies of financial instruments not measured at fair value (Continued)

GROUP					
31 December 2023	Level 1	Level 2	Level 3	Fair value	Carrying value
In TZS' Million					
Financial assets					
Cash and balances with Central bank	-	-	1,011,638	1,011,638	1,011,638
Due from banks	-	-	762,332	762,332	762,332
Loans and advances to customers	-	-	8,443,491	8,443,491	8,493,486
Credit cards	-	-	2,309	2,309	2,309
Debt instruments at amortized cost	-	1,960,715	-	1,960,715	1,960,715
Other assets*	-	-	275,029	275,029	275,029
	-	**1,960,715**	**10,494,799**	**12,455,514**	**12,505,509**
Financial liabilities					
Balances due to other banks	-	-	995,561	995,561	995,561
Deposits from customers	-	-	8,855,978	8,855,978	8,855,978
Borrowings	-	-	933,109	933,109	933,109
Lease liabilities	-	-	49,817	49,817	49,817
Other liabilities**	-	-	374,862	374,862	374,862
	-	**-**	**11,209,327**	**11,209,327**	**11,209,327**

BANK					
31 December 2024	Level 1	Level 2	Level 3	Fair value	Carrying value
In TZS' Million					
Financial assets					
Cash and balances with Central bank	-	-	2,163,724	2,163,724	2,163,724
Due from banks	-	-	918,759	918,759	918,759
Loans and advances to customers	-	-	9,995,475	9,995,475	10,048,358
Credit cards	-	-	2,002	2,002	2,002
Debt instruments at amortized cost	-	1,507,906	-	1,507,906	1,507,906
Other assets*	-	-	239,108	239,108	239,108
	-	**1,507,906**	**13,319,068**	**14,826,974**	**14,879,857**
Financial liabilities	-	-	994,029	994,029	994,029
Balances due to other banks	-	-	10,214,699	10,214,699	10,214,699
Deposits from customers	-	-	1,659,620	1,659,620	1,659,620
Borrowings	-	-	47,123	47,123	47,123
Lease liabilities	-	-	377,813	377,813	377,813
Other liabilities**	**-**	**-**	**13,293,284**	**13,293,284**	**13,293,284**

NOTES (Continued)

11 FAIR VALUE MEASUREMENT (Continued)

11.6 Valuation methodologies of financial instruments not measured at fair value (Continued)

BANK					
31 December 2024	Level 1	Level 2	Level 3	Fair value	Carrying value
In TZS' Million					
Financial assets					
Cash and balances with Central bank	-	-	943,499	943,499	943,499
Due from banks	-	-	754,036	754,036	754,036
Loans and advances to customers	-	-	8,035,550	8,035,550	8,085,545
Credit cards	-	-	2,309	2,309	2,309
Debt instruments at amortized cost	-	1,738,669	-	1,738,669	1,738,669
Other assets*	-	-	254,405	254,405	254,405
	-	**1,738,669**	**9,989,799**	**11,728,468**	**11,778,463**
Financial liabilities					
Balances due to other banks	-	-	983,017	983,017	983,017
Deposits from customers	-	-	8,315,233	8,315,233	8,315,233
Borrowings	-	-	933,109	933,109	933,109
Lease liabilities	-	-	45,628	45,628	45,628
Other liabilities**	-	-	347,182	347,182	347,182
	-	**-**	**10,624,169**	**10,624,169**	**10,624,169**

12 INTEREST AND SIMILAR INCOME

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Interest income calculated using the effective interest method Loans and advances to customers	`			
- Term loans	1,076,474	854,037	1,000,987	813,359
- Overdrafts	206,414	124,562	201,960	122,733
- Credit cards	1,622	1,268	1,622	1,268
Due from banks	34,432	22,067	25,332	19,335
Discount earned and interest on Debt instruments				
- Treasury bills	52,890	32,271	42,253	30,234
- Treasury and corporate bonds at amortised cost	171,372	133,565	152,690	112,149
- Treasury bonds at FVOCI	18,906	59,282	18,906	59,282
	1,562,110	**1,227,052**	**1,443,750**	**1,158,360**
Other interest and Similar income				
- Treasury bonds at FVPL	-	379	-	379
Total interest and similar income	**1,562,110**	**1,227,431**	**1,443,750**	**1,158,739**

NOTES (Continued)

13 INTEREST AND SIMILAR EXPENSE

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Interest expense calculated using the effective interest method				
Deposits from customers				
– current accounts	22,713	20,090	18,769	15,087
– savings accounts	34,186	27,354	30,998	24,819
– fixed deposits	126,488	118,142	122,271	115,781
Deposits and balances due to other banks	118,547	101,865	87,149	88,723
Borrowings (Note 51)	85,328	63,271	85,328	63,271
Green Bond (Note 50)	17,612	3,378	17,612	3,378
Subordinated debt (Note 52)	13,020	12,326	13,020	12,326
	417,894	**346,426**	**375,147**	**323,385**
Interest expense on lease liability calculated using the effective interest method (Note 48)	4,755	3,707	3,413	3,410
Total interest and similar expenses	**422,649**	**350,133**	**378,560**	**326,795**

14 FEES AND COMMISSION INCOME

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Disaggregated revenue information				
Fees income earned from services that are provided over time:				
Service charge on customer accounts	37,269	35,312	36,257	34,527
Commission on mobile phone services	162,770	113,844	162,315	113,538
Loan management fees*	18,585	14,587	18,540	14,556
VISA and master card fees	24,252	21,898	24,054	21,519
Commission on letters of credit***	26,175	32,207	25,438	31,395
Bank cards-annual fees	21,190	20,772	21,023	20,644
Agency Banking	80,331	66,334	80,139	66,189
Fees on point of sale	4,848	7,987	4,426	7,970
Custodianship Commission	10,396	7,636	10,372	7,619
Commission on guarantees***	22,609	9,586	22,353	9,493
	408,425	**330,163**	**404,917**	**327,450**
Fees income from providing financial services at a point in time:				
Salary processing fees	3,387	3,361	3,238	3,189
Bancassurance Commission	40,969	34,140	40,871	33,983
Fees on local transfers and drafts	10,885	21,154	9,348	20,161
Fees on international telegraphic transfers	3,949	2,922	326	343
Sale of Cheque books	640	645	604	612
ATM withdrawal charges	26,998	23,089	26,920	23,039
Statement Charges	1,582	1,895	1,557	1,874
Other fees and commissions**	20,806	11,470	20,161	9,754
	109,216	**98,676**	**103,025**	**92,955**
Gross fees and commission income	**517,641**	**428,839**	**507,942**	**420,405**

NOTES (Continued)

14 FEES AND COMMISSION INCOME (Continued)

*These are fees which are not an integral part in the calculation of effective interest rate and are being amortized over the life of the loan. This relates to fees charged for the management of the loan over its tenure. The fees cover cost such as site visits and credit monitoring.

Disaggregation of the above fees and commission is based on whether the customer simultaneously receives and consumes the benefits provided by the Group

**This includes finance income from reinsurance contract held TZS 0.2 Million (2023: TZS1Million) which is not disclosed in the Group statement of Profit or loss and other comprehensive income as per IAS 1.82 as the amount is immaterial to be disclosed in separate line.

***This includes the commissions released from the opening balance of deferred fees, TZS 2,610 Million for Letter of credit and TZS 10,079 Million for guarantees commission.

Contract Balances

There were no significant judgements made in the determination of revenue under IFRS 15. Details of contract balances related to unearned fees and commissions are disclosed under Note 47.

Disaggregated fees and commission income

In the following table, fees and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by type of services. The table also includes a reconciliation of the disaggregated fees and commission income with the Group's reportable segments (see Note 9).

GROUP In TZS' Million Year ended 31 December 2024 Disaggregated revenue information	Corporate Banking	Retail Banking	Treasury	Total
Fees income earned from services that are provided over time:				
Service charge on customer accounts	8,486	28,783	-	37,269
Commission on mobile phone services	6,351	156,419	-	162,770
Loan management fees*	8,792	9,793	-	18,585
VISA and master card fees	-	24,252	-	24,252
Commission on letters of credit	26,175	-	-	26,175
Bank cards-annual fees	283	20,907	-	21,190
Agency Banking	-	80,331	-	80,331
Fees on point of sale	1,182	3,666	-	4,848
Custodianship Commission	-	-	10,396	10,396
Commission on guarantees	22,609	-	-	22,609
	73,878	**324,151**	**10,396**	**408,425**
Fees income from providing financial services at a point in time:				
Salary processing fees	1,558	1,829	-	3,387
Bancassurance Commission	2,845	38,124	-	40,969
Fees on local transfers and drafts	854	10,031	-	10,885
Fees on international telegraphic transfers	162	3,787	-	3,949
Sale of Cheque books	173	467	-	640
ATM withdrawal charges	-	26,998	-	26,998
Statement Charges	110	1,472	-	1,582
Other fees and commissions	8,185	12,621	-	20,806
	13,887	**95,329**	**-**	**109,216**
Gross fees and commission income	**87,765**	**419,480**	**10,396**	**517,641**

14 FEES AND COMMISSION INCOME (Continued)

GROUP In TZS' Million Year ended 31 December 2024 Disaggregated revenue information	Corporate Banking	Retail Banking	Treasury	Total
Geographical information				
Tanzania	85,790	411,974	10,396	508,160
Burundi	1,453	6,815	-	8,268
Congo	522	691	-	1,213
Gross fees and commission income	**87,765**	**419,480**	**10,396**	**517,641**

GROUP In TZS' Million Year ended 31 December 2023 Disaggregated revenue information	Corporate Banking	Retail Banking	Treasury	Total
Fees income earned from services that are provided over time:				
Service charge on customer accounts	14,022	21,290	-	35,312
Commission on mobile phone services	-	113,844	-	113,844
Loan management fees*	7,920	6,667	-	14,587
VISA and master card fees	-	21,898	-	21,898
Commission on letters of credit	32,207	-	-	32,207
Bank cards-annual fees	-	20,772	-	20,772
Agency Banking	-	66,334	-	66,334
Fees on point of sale	-	7,987	-	7,987
Custodianship Commission	-	-	7,636	7,636
Commission on guarantees	9,586	-	-	9,586
	63,735	**258,792**	**7,636**	**330,163**
Fees income from providing financial services at a point in time:				
Salary processing fees	3,361	-	-	3,361
Bancassurance Commission	-	34,140	-	34,140
Fees on local transfers and drafts	21,154	-	-	21,154
Fees on international telegraphic transfers	2,922	-	-	2,922
Sale of Cheque books	645	-	-	645
ATM withdrawal charges	-	23,089	-	23,089
Statement Charges	1,895	-	-	1,895
Other fees and commissions	1,895	6,952	2,623	11,470
	31,872	**64,181**	**2,623**	**98,676**
Gross fees and commission income	**95,607**	**322,973**	**10,259**	**428,839**
Geographical information				
Tanzania	88,470	322,002	10,259	420,731
Burundi	7,062	971	-	8,033
Congo	75	-	-	75
Gross fees and commission income	**95,607**	**322,973**	**10,259**	**428,839**

NOTES (Continued)

14 FEES AND COMMISSION INCOME (Continued)

BANK In TZS' Million Year ended 31 December 2024 Disaggregated revenue information	Corporate Banking	Retail Banking	Treasury	Total
Fees income earned from services that are provided over time:				
Service charge on customer accounts	8,426	27,831	-	36,257
Commission on mobile phone services	5,968	156,347	-	162,315
Loan management fees*	8,747	9,793	-	18,540
VISA and master card fees	-	24,054	-	24,054
Commission on letters of credit	25,438	-	-	25,438
Bank cards-annual fees	250	20,773	-	21,023
Agency Banking	-	80,139	-	80,139
Fees on point of sale	1,231	3,195	-	4,426
Custodianship Commission	-	-	10,372	10,372
Commission on guarantees	22,353	-	-	22,353
	72,413	**322,132**	**10,372**	**404,917**
Fees income from providing financial services at a point in time:				
Salary processing fees	1,409	1,829	-	3,238
Bancassurance Commission	2,747	38,124	-	40,871
Fees on local transfers and drafts	573	8,775	-	9,348
Fees on international telegraphic transfers	-	326	-	326
Sale of Cheque books	137	467	-	604
ATM withdrawal charges	-	26,920	-	26,920
Statement Charges	108	1,449	-	1,557
Other fees and commissions	7,981	12,180	-	20,161
	12,955	**90,070**	**-**	**103,025**
Gross fees and commission income	**85,368**	**412,202**	**10,372**	**507,942**

BANK In TZS' Million Year ended 31 December 2023 Disaggregated revenue information	Corporate Banking	Retail Banking	Treasury	Total
Fees income earned from services that are provided over time:				
Service charge on customer accounts	13,326	21,201	-	34,527
Commission on mobile phone services	-	113,538	-	113,538
Loan management fees*	7,920	6,636	-	14,556
VISA and master card fees	-	21,519	-	21,519
Commission on letters of credit	31,395	-	-	31,395
Bank cards-annual fees	-	20,644	-	20,644
Agency Banking	-	66,189	-	66,189
Fees on point of sale	-	7,970	-	7,970
Custodianship Commission	-	-	7,619	7,619
Commission on guarantees	9,493	-	-	9,493
	62,134	**257,697**	**7,619**	**327,450**

NOTES (Continued)

14 FEES AND COMMISSION INCOME (Continued)

BANK In TZS' Million Year ended 31 December 2023 Disaggregated revenue information	Corporate Banking	Retail Banking	Treasury	Total
Fees income from providing financial services at a point in time:				
Salary processing fees	3,189	-	-	3,189
Bancassurance Commission	-	33,983	-	33,983
Fees on local transfers and drafts	20,161	-	-	20,161
Fees on international telegraphic transfers	343	-	-	343
Sale of Cheque books	612	-	-	612
ATM withdrawal charges	-	23,039	-	23,039
Statement Charges	1,874	-	-	1,874
Other fees and commissions	1,738	5,393	2,623	9,754
	27,917	**62,415**	**2,623**	**92,955**
Gross fees and commission income	**90,051**	**320,112**	**10,242**	**420,405**

15 FEES AND COMMISSION EXPENSES

	GROUP		BANK	
	2024 TZS' Million	2023 TZS' Million	2024 TZS' Million	2023 TZS' Million
Commission expenses Agency Banking	55,469	52,748	55,282	52,605
Commission expenses Nostro transactions	4,917	7,759	4,699	7,596
Commission expenses to VISA and Mastercard	23,474	24,691	23,474	24,691
Other commission expenses	2,153	1,217	84	-
	86,013	**86,415**	**83,539**	**84,892**

16 FOREIGN EXCHANGE INCOME

	GROUP		BANK	
	2024 TZS' Million	2023 TZS' Million	2024 TZS' Million	2023 TZS' Million
Foreign exchange income	31,534	65,949	15,732	56,895

17 NET GAIN OR (LOSS) ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		BANK	
	2024 TZS' Million	2023 TZS' Million	2024 TZS' Million	2023 TZS' Million
Financial assets measured at fair value through profit or loss*	1,429	349	82	(282)
Equity investment measured at fair value through profit or loss (Note 31A)	(2,018)	-	(2,018)	-
	(589)	**349**	**(1,936)**	**(282)**

*Fair value gain relating to UTT investment in Liquid fund and debt instruments held for trading that have been classified as a financial asset at FVPL.

The above amounts relate to financial instruments mandatorily measured at fair value through profit or loss.

NOTES (Continued)

18 NET GAIN ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI

	GROUP		BANK	
	2024 TZS' Million	2023 TZS' Million	2024 TZS' Million	2023 TZS' Million
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	5,510	7,038	5,510	7,038

19 OTHER OPERATING INCOME

	GROUP		BANK	
	2024 TZS' Million	2023 TZS' Million	2024 TZS' Million	2023 TZS' Million
Rental income* (Note 63.2)	123	81	123	81
Dividend income from investment	156	820	11,132	11,311
FSDT Assets grant income (Note 53.1)	728	700	728	700
MIVARF (Note 53.2)	458	514	458	514
	1,465	**2,115**	**12,441**	**12,606**

*This represents income from leases.

20 INSURANCE REVENUE AND EXPENSES

A. Insurance revenue

The breakdown of insurance service revenue results by major product lines is presented below:

Insurance revenue In TZS' Million	Motor	Fire	Engineering	Others	Total
31 December 2024					
Contracts measured under the PAA - (Revenue)	6,896	4,450	1,142	1,863	14,351
31 December 2023					
Contracts measured under the PAA - (Revenue)	125	52	1	2	180

B. Insurance service expenses

The breakdown of insurance service revenue results by major product lines is presented below:

31 December 2024 In TZS' Million	Motor	Fire	Engineering	Others	Total
Incurred claims and other expenses- claims during the year	2,276	263	8	30	2,577
Amortisation of insurance acquisition cash flows-Incurred/Earned Commission expenses	810	867	185	308	2,170
Losses on onerous contracts and reversals of those losses	-	-			
Changes to liabilities for incurred claims	108	8	2	2	120
Insurance acquisition cash flows recognised when incurred	-	-	-	-	-
Total	**3,194**	**1,138**	**195**	**340**	**4,867**

NOTES (Continued)

20 INSURANCE REVENUE AND EXPENSES (Continued)

B. Insurance service expenses (Continued)

31 December 2024 In TZS' Million	Motor	Fire	Engineering	Others	Total
Incurred claims and other expenses- claims during the year	22	17	-	-	39
Amortisation of insurance acquisition cash flows-Incurred/Earned Commission expenses	7	13	-	-	20
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Changes to liabilities for incurred claims	-	-		2	120
Insurance acquisition cash flows recognised when incurred	-	4	-	-	4
Total	**29**	**34**	**-**	**-**	**63**

C. Net expenses from reinsurance contracts held

The breakdown of insurance service revenue results by major product lines is presented below:

31 December 2024 In TZS' Million	Motor	Fire	Engineering	Others	Total
Premium ceded to reinsurance companies	1,468	3,149	901	1,710	7,228
Reinsurance recoveries	(511)	(159)	-	(14)	(684)
Commission income	(297)	(873)	(196)	(236)	(1,602)
Total	**660**	**2,117**	**705**	**1,460**	**4,942**

31 December 2024 In TZS' Million	Motor	Fire	Engineering	Others	Total
Premium ceded to reinsurance companies	31	72	1	-	104
Commission income	(3)	(17)	(1)	-	(21)
Total	**28**	**55**	**-**	**-**	**83**

21 OPERATING EXPENSES

	GROUP		BANK	
	2024 TZS' Million	2023 TZS' Million	2024 TZS' Million	2023 TZS' Million
General expenses	120,696	102,750	114,523	99,074
Board Fees*	2,202	1,853	1,086	1,102
Board Expenses**	8,019	5,326	5,293	3,561
Auditors' fees	807	706	627	577
Communication and IT costs	50,386	42,938	48,674	42,098
Marketing and advertising expenses	20,212	18,031	21,889	16,566
Travelling costs	22,567	16,117	16,301	12,855
Utilities expenses	5,659	5,226	5,411	5,062
Repairs and Maintenance	7,768	7,948	7,389	7,742
Local taxes***	13,656	6,375	6,513	3,302
Shareholders Meetings expenses****	1,463	1,336	1,338	1,336
Loss on disposal	1,029	1,015	1,407	1,015
Bancassurance expenses	2,250	2,280	2,250	2,280
Other expenses	16,073	7,567	8,741	5,754
	272,787	**219,468**	**241,442**	**202,324**

NOTES (Continued)

21 OPERATING EXPENSES (Continued)

*Board Fee refers to the retainer fee payable to non-executive Directors during the year of service.

**Board expenses are all reasonable out-of-pocket expenses incurred by each non-executive Director in connection with attending the meetings of the Board and any committee thereof.

***This is service levy charged on turnover and advertisement tax on billboards, posters & hoarding paid to municipal authorities. An increase arose from a new tax implemented in mid-2023 at our Burundi subsidiary, which is 8% applied to total income. For 2024, the tax was applied for the entire year.

**** Shareholders meeting expenses are expenses associated with the Annual General meeting which is being done every year.

Other expenses include several administrative expenses whose individual amounts are very small to be disclosed separately i.e., direct sales expenses, business development expenses etc.

During the year there were neither short term lease expense nor expense of leases of low value.

22A DEPRECIATION

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Depreciation of property and equipment (Note 40)	53,949	51,993	50,941	50,333
Depreciation of Motor vehicles (Note 39)	4,998	3,732	4,525	3,563
	58,947	**55,725**	**55,466**	**53,896**

22B AMORTISATION

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Amortization right-of-use assets (Note 41)	14,065	15,837	12,519	15,397
Amortization of Prepaid Leases (Note 42)	255	256	255	256
Amortization of intangible assets (Note 43)	10,997	12,882	10,798	12,720
	25,317	**28,975**	**23,572**	**28,373**

23 EMPLOYEES BENEFIT EXPENSES

	GROUP		BANK	
	2024 TZS' Million	2023 TZS' Million	2024 TZS' Million	2023 TZS' Million
Salaries and wages	246,579	217,931	230,023	207,686
Bonus	24,038	24,104	22,600	23,140
Social security contributions	30,410	27,719	29,174	27,037
Gratuity	6,351	5,388	4,895	4,487
Training and development	7,980	6,576	6,994	6,040
Employees separation costs	74	2,215	74	2,215
Leave allowance	17,955	16,740	16,984	15,890
Medical expenses	13,095	8,906	12,313	8,746
Staff Welfare	11,224	11,068	10,538	10,706
Skills & Development Levy	8,586	8,072	8,465	8,022
Group Personal Accident	1,444	639	1,296	617
Staff Transfers	1,800	1,983	1,680	1,864
Staff award	714	2,871	714	2,871
Staff uniforms	4,792	210	4,743	205
Workman's compensation	1,081	996	1,069	988
Retirement benefits	2,365	1,389	2,365	1,389
Other staff costs*	1,960	1,436	383	738
	380,448	**338,243**	**354,310**	**322,641**

*Other staff costs include several employees benefits expenses whose individual amounts are too small to be disclosed separately, e.g., condolences and burial expenses, staff recruitment-associated costs, etc.

NOTES (Continued)

24 INCOME TAX

(A) Income tax expense – amount recognised in profit or loss

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Current income tax – current year*	230,056	194,445	227,737	192,914
Current income tax – prior years**	(1,102)	8,700	(1,102)	8,627
Deferred tax – current year	(4,963)	(19,366)	(4,982)	(17,022)
Deferred tax – prior years	3,318	(7,920)	3,434	(7,920)
	227,309	**175,859**	**225,087**	**176,599**

*The amount includes TZS 6,103mn (2023: TZS 5,666mn) relating to tax chargeable in respect of a foreign subsidiary (CRDB Burundi).

**Includes charges in relation to prior and current years.

(B) Income tax recoverable

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	1,828	8,098	3,234	9,854
Payments made during the year	218,714	195,283	215,249	193,331
Charge to profit or loss*	(228,953)	(203,145)	(226,635)	(201,541)
Withholding tax utilized	1,584	1,592	1,533	1,590
Closing balance	**(6,827)**	**1,828**	**(6,619)**	**3,234**

(C) Reconciliation of accounting profit to tax charge

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

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Profit before income tax	778,797	598,651	752,852	585,214
Tax calculated at the statutory income tax rate at 30%	233,639	179,595	225,859	175,564
Tax effect of:				
Depreciation on non-qualifying assets	855	668	842	659
Losses/(gains) on sales of non-qualifying assets	(20)	68	(20)	68
Expenses not deductible for tax purposes	5,264	3,320	5,113	3,195
Under/over provisions of current tax in previous years	(1,102)	8,700	(1,102)	8,627
Under/(over) provision of deferred tax in previous years	3,318	(7,920)	3,434	(7,920)
Tax on foreign subsidiary	6,103	4,864	6,103	4,864
Tax on exempted income**	(15,433)	(8,654)	(15,143)	(8,494)
Other*	(5,315)	(4,782)	1	36
Income tax expense	**227,309**	**175,859**	**225,087**	**176,599**
Effective tax rate	**29%**	**29%**	**30%**	**30%**

Bank's taxation is based on consistent rate of 30% for both 2024 and 2023.

There is no change in tax rate from the previous year and no temporary differences associated with investments in subsidiaries, which can be found in the statement of financial position, mainly because of the inexistence of temporary differences and the fact that it is unlikely that the difference will be reversed in the future.

NOTES (Continued)

24 INCOME TAX (Continued)

* Other factors include the effect of Burundi's lower tax rate from the expected 30% due to existing incentives and consolidation tax adjustment.

** This relates to income which is exempted from tax according to local tax laws

Uncertainty over income tax treatments

There is no uncertainty over income tax treatments. The adopted tax treatment is consistent with the requirement of the tax law. It is not probable that the allowed deduction will be disallowed by the tax authority during tax audit.

25 EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributed to the shareholders of the Group by the weighted average number of ordinary shares outstanding as at close of the year.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Profit for the year (TZS'Million)	551,487	422,792	527,765	408,615
Number of shares ('Million)	2,612	2,612	2,612	2,612
Basic and diluted earnings per share (TZS)	211.15	161.88	202.07	156.45

There were no potentially dilutive ordinary shares outstanding as at 31 December 2024 (2023: Nil). Diluted earnings per share are the same as basic earnings per share.

26 DISTRIBUTIONS MADE AND PROPOSED

TZS' Million	2024	2023
Cash dividends on ordinary shares declared: *		
Dividend declared in 2023 is TZS 50 per share (2022: TZS 45 per share)	130,592	117,533
Proposed dividends on ordinary shares:		
Cash dividend for 2024: TZS 65 per share (2023: TZS 50 per share)	169,770	130,592
Non-cash distribution		
There was no non-cash distribution during the year (2023: NIL)		

The Directors propose payment of a dividend of TZS 65 per share, amounting to TZS 169,770 Million out of 2024 profit, to be ratified at the Annual General Meeting to be held in May 2025. In May 2024, a dividend of TZS 50 per share, amounting to TZS 130,592 Million, was approved by shareholders and paid.

The proposed dividend on ordinary shares is subject to approval at the Annual General Meeting and is not recognised as a liability as at 31 December.

*Represents cash dividends declared in 2023 and paid in 2024, and dividends declared in 2022 paid in 2023.

27 CASH AND BALANCES WITH CENTRAL BANK

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Cash in hand	554,312	488,698	534,213	475,807
Clearing accounts with Central bank	1,347,158	147,812	1,159,651	92,564
Statutory Minimum Reserves (SMR) *	469,860	375,128	469,860	375,128
	2,371,330	**1,011,638**	**2,163,724**	**943,499**

*In accordance with Section 44 of the Bank of Tanzania Act, 2006 and Sections 4 and 71 of the Banking and Financial Institutions Act, 2006; the Bank is required to maintain Statutory Minimum Reserves (SMR) on its total deposit liabilities and funds borrowed from the public.

NOTES (Continued)

27 CASH AND BALANCES WITH CENTRAL BANK (Continued)

- The SMR deposit is required to be at least 6% of customers' total deposits and borrowings from the public and 40% of government deposits.
- The required reserve ratio determined by the Bank of the Republic of Burundi is set at 3% of the total deposit liabilities, remain unchanged from previous year.
- The allowance for ECL relating to Cash and balances with Central bank in 2024 and 2023 is immaterial.
- Effective from 20 June 2017, the Bank of Tanzania unified the Statutory Minimum Reserves (SMR) account with the Clearing accounts to increase flexibility in liquidity management by banks and promote sustainability and short-term interest rates.
- Deposits with the Central Bank represent mandatory reserve deposits and are not available for use in the Bank's day–to–day operations. For this reason, it does not meet the criteria for cash and cash equivalent. Cash in hand and balances with the Central bank are non-interest-bearing assets.

The table below shows the credit quality for the gross carrying amount of cash and balances with central per stages 1, 2 and 3 based on the bank's internal credit rating system, and year-end stage classification.

GROUP					Amounts in TZS' Million
31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	1,817,018			1,817,018
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,817,018**			**1,817,018**

GROUP					Amounts in TZS' Million
31 December 2023 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	522,940	-	-	522,940
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**522,940**	**-**	**-**	**522,940**

BANK					Amounts in TZS' Million
31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	1,629,511			1,629,511
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,629,511**			**1,629,511**

NOTES (Continued)

27 CASH AND BALANCES WITH CENTRAL BANK (Continued)

BANK					Amounts in TZS' Million
31 December 2023	12 months PD range	Stage 1	Stage 2	Stage 3	Total
Internal rating grade					
High grade	0.0%-0.5%	467,692		-	467,692
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**467,692**	**-**	**-**	**467,692**

28 DUE FROM BANKS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Cheques and items for clearing	472	893	-	-
Nostro accounts balances	783,448	478,888	783,904	559,244
Placements with other banks	141,508	284,046	135,745	196,287
Less: Allowance for ECL	(890)	(1,495)	(890)	(1,495)
	924,538	**762,332**	**918,759**	**754,036**
Maturity analysis				
Redeemable on demand				
- Cheques and items for clearing	472	893	-	-
- Nostro accounts balances	783,448	478,888	783,904	559,244
Placements with other banks				
- Maturing within 3 months	141,508	221,260	135,745	180,056
- 3 months to 12 months	-	62,786	-	16,231
Less: Allowance for ECL	(890)	(1,495)	(890)	(1,495)
	924,538	**762,332**	**918,759**	**754,036**
Cheques and items for clearing	472	893	-	-
Nostro accounts balances	783,448	478,888	783,904	559,244
Placements maturing within 3 months	141,508	221,260	135,745	180,056
Cash and cash equivalent (Note 59)	**925,428**	**701,041**	**919,649**	**739,300**

The maturity analysis is based on the remaining periods to contractual maturity from year end.

An analysis of changes in the gross carrying amount in relation to Placement with other banks is, as follows:

Placements with other banks	GROUP		BANK	
TZS' Million	2024	2023	2024	2023
At start of year	282,658	573,571	196,287	587,542
Additions	13,786,055	14,152,703	13,405,795	14,064,951
Matured	(13,927,205)	(14,442,228)	(13,466,337)	(14,456,206)
At end of year	**141,508**	**284,046**	**135,745**	**196,287**
Less: Allowance for ECL	(730)	(1,388)	(730)	(1,388)
	140,778	**282,658**	**135,015**	**194,899**

ECL for nostro accounts balances and cheques and items for clearing are immaterial amount to TZS 161 Million (2023: 107 Million).

The placements made at the year-end 2024 were for high rated banks with low credit risk and no history of default.

NOTES (Continued)

28 DUE FROM BANKS (Continued)

An analysis of changes in the gross carrying amount in relation to placements with other banks is, as follows:

GROUP 31 December 2024	Stage 1	Total
Placements with other banks	TZS' Million	TZS' Million
Gross carrying amount as at 1 January 2024	282,658	282,658
New financial assets originated or purchased	13,786,055	13,786,055
Payments received and financial assets derecognised	(13,929,591)	(13,929,591)
Accrued interest	2,386	2,386
Gross carrying amount as at 31 December 2024	**141,508**	**141,508**
Loss allowance as at 31 December 2024	**730**	**730**

GROUP 31 December 2023	Stage 1	Total
Placements with other banks	TZS' Million	TZS' Million
Gross carrying amount as at 1 January 2023	573,571	573,571
New financial assets originated or purchased	14,149,196	14,149,196
Payments received and financial assets derecognised	(14,442,228)	(14,442,228)
Accrued interest	3,507	3,507
Gross carrying amount as at 31 December 2023	**284,046**	**284,046**
Loss allowance as at 31 December 2023	**1,388**	**1,388**

BANK 31 December 2024	Stage 1	Total
Placements with other banks	TZS' Million	TZS' Million
Gross carrying amount as at 1 January 2024	196,287	196,287
New financial assets originated or purchased	13,405,688	13,405,688
Payments received and financial assets derecognised	(13,466,337)	(13,466,337)
Accrued interest	107	107
Gross carrying amount as at 31 December 2024	**135,745**	**135,745**
Loss allowance as at 31 December 2024	**730**	**730**

BANK 31 December 2023	Stage 1	Total
Placements with other banks	TZS' Million	TZS' Million
Gross carrying amount as at 1 January 2023	589,658	589,658
New financial assets originated or purchased	14,061,444	14,061,444
Payments received and financial assets derecognised	(14,456,206)	(14,456,206)
Accrued interest	3,507	3,507
Gross carrying amount as at 31 December 2023	**196,287**	**196,287**
Loss allowance as at 31 December 2023	**1,388**	**1,388**

NOTES (Continued)

28 DUE FROM BANKS (Continued)

GROUP					Amounts in TZS' Million
31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%				
Standard grade	0.5%-11.7%	141,508	-	-	141,508
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**141,508**	**-**	**-**	**141,508**

GROUP					Amounts in TZS' Million
31 December 2023 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	284,046	-	-	284,046
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**284,046**	**-**	**-**	**284,046**

BANK					Amounts in TZS' Million
31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%				
Standard grade	0.5%-11.7%	135,745	-	-	135,745
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**135,745**	**-**	**-**	**135,745**

BANK					Amounts in TZS' Million
31 December 2023 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	196,287	-	-	196,287
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**196,287**	**-**	**-**	**196,287**

The table below shows the gross carrying amount of nostro accounts balances and cheques and items for clearing per credit risk, based on the bank's internal credit rating system, and year-end stage classification.

NOTES (Continued)

28 DUE FROM BANKS (Continued)

GROUP					Amounts in TZS' Million
31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%				
Standard grade	0.5%-11.7%	783,920	-	-	783,920
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**783,920**	**-**	**-**	**783,920**

GROUP					Amounts in TZS' Million
31 December 2023 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	479,781	-	-	479,781
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**479,781**	**-**	**-**	**479,781**

BANK					Amounts in TZS' Million
31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	783,904	-	-	783,904
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**783,904**			**783,904**

GROUP					Amounts in TZS' Million
31 December 2023 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
High grade	0.0%-0.5%	-	-	-	-
Standard grade	0.5%-11.7%	559,244	-	-	559,244
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**559,244**	**-**	**-**	**559,244**

NOTES (Continued)

28 DUE FROM BANKS (Continued)

An analysis of movement of ECL is, as follows:

GROUP and BANK In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
As at 1 January 2024	1,495	-	-	1,495
Charge/(release) for the year	(605)	-	-	(605)
Loss allowance as at 31 December 2024	**890**	**-**	**-**	**890**

GROUP and BANK In TZS' Million	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
As at 1 January 2023	2,193	-	-	2,193
Charge/(release) for the year	(698)	-	-	(698)
Loss allowance as at 31 December 2024	**1,495**	**-**	**-**	**1,495**

For customer with sovereign rating portfolio the PD and LGD are determined by looking up in transition matrices for time horizon of one year, published by external rating agencies. However, when the counterparty is not rated by external rating agencies, so it has no rating, and no externally available value of PD, the Bank set up an internal model for determining the PD value where each customer is assigned a credit rating reflective of their creditworthiness by using Analytic Hierarchy Process (AHP) which is a multi-criteria decision-making method based on mathematics and credit risk analysis rather than using the general country rating PD for each counterpart not rated. The counterparties' PD range from 0.5% to 11.7%.

29 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
UTT Investment in Liquid Fund	9,616	5,881	-	-
Investment at Orbit Securities (Inuka Fund)	4,582	-	4,582	-
Watumishi Faida Fund	1,230	1,102	1,230	1,102
	15,428	**6,983**	**5,812**	**1,102**

The total amount includes Group's subsidiary CRDB insurance company Ltd investment in UTT Liquid

Fund Unit Trust Scheme and investment by the Parent in Watumishi Housing investments (WHI) (Faida Fund) TZS10mn at TZS 100 per unit and investment at Orbit Securities (Inuka Fund) TZS4.5bn at TZS 100 per unit. The share price of Faida fund appreciates to TZS 123.17 per units and share price for Inuka fund appreciate to TZS 101.8 at the end of the year 2024.

Management elected the designation of the financial assets at FVPL since initial recognition as required by IFRS 9 and no changes of classification at the reporting date. The financial asset is not held for trading.

NOTES (Continued)

30 DEBT INSTRUMENTS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Debt instruments at amortized cost				
Treasury bills	489,373	613,979	330,633	599,220
Treasury and corporate bonds	1,459,084	1,347,300	1,177,702	1,140,013
Less: Allowance for ECL	(429)	(564)	(429)	(564)
	1,948,028	**1,960,715**	**1,507,906**	**1,738,669**
Debt instruments at FVOCI				
Treasury bond	135,310	226,206	135,310	226,206
Less: Allowance for ECL	(19)	(28)	(19)	(28)
	135,291	**226,178**	**135,291**	**226,178**

Treasury bills and bonds are debt securities issued by the Government. As at 31 December 2024, treasury bonds amounting to TZS 703,262 Million (2023: TZS 186,315 Million) had been pledged as collateral for various short-term borrowings from other Banks.

The fair value of the Treasury bills and bonds pledged as collateral approximate the carrying amount. In case of default, the lender has the rights over the debt securities pledged by the Bank.

The Bank did not have any debt instrument measured at FVOCI which were pledged as collateral as at 31 December 2024 (2023: Nil).

As at 31 December, there were neither transferred financial assets nor repurchase and securities lending transactions (2023: Nil).

The maturity analysis of debt instruments net of ECL is as follows:

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Maturing within 3 months				
Treasury bills	240,421	374,867	218,753	348,289
Treasury bonds	83,432	13,169	9,959	13,169
Maturing after 3 months - 12 months				
Treasury bills	266,144	239,048	111,880	233,112
Treasury bonds	75,927	91,006	52,650	91,006
Maturing after 12 months				
Treasury bonds	1,417,395	1,468,803	1,249,955	1,279,271
	2,083,319	**2,186,893**	**1,643,197**	**1,964,847**
Current	665,924	718,090	393,242	685,576
Non-current	1,417,395	1,468,803	1,249,955	1,279,271
	2,083,319	**2,186,893**	**1,643,197**	**1,964,847**

NOTES (Continued)

30 DEBT INSTRUMENTS (Continued)

An analysis of changes in the gross carrying amount in relation to debt instruments for the Group is, as follows:

GROUP In TZS' Million 31 December 2024	Treasury bills	Treasury and Corporate bonds	FVOCI	Total
At start of year	613,979	1,347,300	226,206	2,187,485
New financial assets purchased	481,539	197,747	81,184	760,470
Accrued interest	7,626	36,189	4,332	48,147
Payments received and financial assets derecognised	(613,771)	(122,152)	(184,554)	(920,477)
Revaluation gains on debt instrument at FVOCI	-	-	8,142	8,142
At end of year	**489,373**	**1,459,084**	**135,310**	**2,083,767**
Less: Allowance for ECL	(48)	(381)	(19)	(448)
Net debt instruments	**489,325**	**1,458,703**	**135,291**	**2,083,319**

GROUP In TZS' Million 31 December 2023	Treasury bills	Treasury and Corporate bonds	FVOCI	Total
At start of year	515,200	969,121	786,225	2,270,546
New financial assets purchased	619,136	527,892	29,333	1,176,361
Accrued interest	18,173	35,519	5,906	59,598
Payments received and financial assets derecognised	(538,530)	(185,232)	(607,248)	(1,331,010)
Revaluation gains on debt instrument at FVOCI	-	-	11,990	11,990
At end of year	**613,979**	**1,347,300**	**226,206**	**2,187,485**
Less: Allowance for ECL	(84)	(480)	(28)	(592)
Net debt instruments	**613,895**	**1,346,820**	**226,178**	**2,186,893**

An analysis of changes in the gross carrying amount in relation to debt instruments for the Bank is, as follows:

BANK In TZS' Million 31 December 2024	Amortised Cost Treasury bills	Treasury and Corporate bonds	FVOCI	Total
At start of year	599,220	1,140,013	226,206	1,965,439
New financial assets purchased	325,820	92,374	81,184	499,378
Accrued interest	4,813	27,498	4,332	36,643
Payments received and financial assets derecognised	(599,220)	(82,183)	(184,554)	(865,957)
Revaluation gains on debt instrument at FVOCI	-	-	8,142	8,142
At end of year	**330,633**	**1,177,702**	**135,310**	**1,643,645**
Less: Allowance for ECL	(48)	(381)	(19)	(448)
Net debt instruments	**330,585**	**1,177,321**	**135,291**	**1,643,197**

NOTES (Continued)

30 DEBT INSTRUMENTS (Continued)

BANK In TZS' Million As at 31 December 2023	Amortised Cost Treasury bills	Treasury and Corporate bonds	FVOCI	Total
At start of year	451,535	697,066	786,225	1,934,826
New financial assets purchased	619,136	527,892	29,333	1,176,361
Accrued interest	17,820	28,634	5,906	52,360
Payments received and financial assets derecognised	(489,271)	(113,579)	(607,248)	(1,210,098)
Revaluation gains on debt instrument at FVOCI	-	-	11,990	11,990
At end of year	**599,220**	**1,140,013**	**226,206**	**1,965,439**
Less: Allowance for ECL	(84)	(480)	(28)	(592)
Net debt instruments	**599,136**	**1,139,533**	**226,178**	**1,964,847**

During the year, the Bank did not reclassify instruments from amortised cost into fair value through profit or loss (FVPL) or from FVOCI into FVPL.

Debt instruments measured at amortised cost

An analysis of changes in the gross carrying amount in relation to debt instruments at amortised cost is, as follows:

GROUP In TZS' Million 31 December 2024	Stage 1 Treasury bills	Treasury and Corporate bonds	Total
Debt instruments at amortised cost			
Gross carrying amount as at 1 January 2024	613,979	1,347,300	1,961,279
New financial assets originated or purchased	481,539	197,747	679,286
Accrued interest	7,626	36,189	43,815
Payments received and financial assets derecognised	(613,771)	(122,152)	(735,923)
Gross carrying amount as at 31 December 2024	**489,373**	**1,459,084**	**1,948,457**
Loss allowance as at 31 December 2024	**(48)**	**(381)**	**(429)**

GROUP In TZS' Million 31 December 2023	Stage 1 Treasury bills	Treasury and Corporate bonds	Total
Debt instruments at amortised cost			
Gross carrying amount as at 1 January 2024	515,200	969,121	1,484,321
New financial assets originated or purchased	619,136	527,892	1,147,028
Accrued interest	17,820	28,634	46,454
Payments received and financial assets derecognised	(538,177)	(178,347)	(716,524)
Gross carrying amount as at 31 December 2024	**613,979**	**1,347,300**	**1,961,279**
Loss allowance as at 31 December 2024	**(84)**	**(480)**	**(564)**

NOTES (Continued)

30 DEBT INSTRUMENTS (Continued)

BANK In TZS' Million 31 December 2024	Stage 1 Treasury bills	Stage 1 Treasury and Corporate bonds	Stage 1 Total
Gross carrying amount as at 1 January 2024	599,220	1,140,013	1,739,233
New financial assets originated or purchased	325,820	92,374	418,194
Accrued interest	4,813	27,498	32,311
Payments received and financial assets derecognised	(599,220)	(82,183)	(681,403)
Gross carrying amount as at 31 December 2024	**330,633**	**1,177,702**	**1,508,335**
Loss allowance as at 31 December 2024	**(48)**	**(381)**	**(429)**

BANK In TZS' Million 31 December 2023	Stage 1 Treasury bills	Stage 1 Treasury and Corporate bonds	Stage 1 Total
Gross carrying amount as at 1 January 2023	451,535	697,066	1,148,601
New financial assets originated or purchased	619,136	527,892	1,147,028
Accrued interest	17,820	28,634	46,454
Payments received and financial assets derecognised	(489,271)	(113,579)	(602,850)
Gross carrying amount as at 31 December 2023	**599,220**	**1,140,013**	**1,739,233**
Loss allowance as at 31 December 2023	**(84)**	**(480)**	**(564)**

The table below shows the gross carrying amount of the debt instruments measured at amortised cost by credit risk, based on the bank's internal credit rating system, and year-end stage classification.

GROUP 31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Amounts in TZS' Million Total
High grade	0.0%-0.5%	1,948,457	-	-	1,948,457
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,948,457**	**-**	**-**	**1,948,457**

GROUP 31 December 2023 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Amounts in TZS' Million Total
High grade	0.0%-0.5%	1,961,279	-	-	1,961,279
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,961,279**	**-**	**-**	**1,961,279**

NOTES (Continued)

30 DEBT INSTRUMENTS (Continued)

BANK 31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Amounts in TZS' Million Total
High grade	0.0%-0.5%	1,508,335	-	-	1,508,335
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,508,335**	**-**	**-**	**1,508,335**

BANK 31 December 2023 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Amounts in TZS' Million Total
High grade	0.0%-0.5%	1,739,233	-	-	1,739,233
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**1,739,233**	**-**	**-**	**1,739,233**

Debt instruments measured at amortised cost

An analysis of movement of ECL in relation to Debt instruments at amortised cost is, as follows:

GROUP AND BANK In TZS' Million 31 December 2024	Stage 1 Treasury bills	Stage 1 Treasury and Corporate bonds	Stage 1 Total
As at 1 January 2024	84	480	564
Charge/(release) for the year	(36)	(99)	(135)
Loss allowance as at 31 December 2024	**48**	**381**	**429**

GROUP In TZS' Million As at 31 December 2023	Stage 1 Treasury bills	Stage 1 Treasury and Corporate bonds	Stage 1 Total
As at 1 January 2023	64	289	353
Charge/(release) for the year	20	191	211
Loss allowance as at 31 December 2023	**84**	**480**	**564**

NOTES (Continued)

30 DEBT INSTRUMENTS (Continued)

Debt instruments measured at FVOCI

An analysis of changes in the gross carrying amount in relation to Debt instruments at FVOCI is, as follows:

GROUP AND BANK Debt instruments at FVOCI In TZS' Million	Stage 1	Total
31 December 2024		
Gross carrying amount as at 1 January 2024	226,206	226,206
New financial assets originated or purchased	81,184	81,184
Accrued Interest	4,332	4,332
Payments received and financial assets derecognised	(184,554)	(184,554)
Revaluation gains on debt instrument at FVOCI	8,142	8,142
Gross carrying amount as at 31 December 2024	**135,310**	**135,310**
Loss allowance as at 31 December 2024	**(19)**	**(19)**

GROUP AND BANK Debt instruments at FVOCI In TZS' Million	Stage 1	Total
As at 31 December 2023		
Gross carrying amount as at 1 January 2023	786,225	786,225
New financial assets originated or purchased	29,333	29,333
Accrued Interest	5,906	5,906
Payments received and financial assets derecognised	(607,248)	(607,248)
Revaluation gains on debt instrument at FVOCI	11,990	11,990
Gross carrying amount as at 31 December 2023	**226,206**	**226,206**
Loss allowance as at 31 December 2023	**(28)**	**(28)**

Debt instruments measured at FVOCI

The table below shows the fair value of the debt instruments measured at FVOCI by credit risk, based on the bank's internal credit rating system, and year-end stage classification.

GROUP AND BANK 31 December 2024 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
					Amounts in TZS' Million
High grade	0.0%-0.5%	135,310	-	-	135,310
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**135,310**	**-**	**-**	**135,310**

30 DEBT INSTRUMENTS (Continued)

GROUP AND BANK 31 December 2023 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
					Amounts in TZS' Million
High grade	0.0%-0.5%	226,206	-	-	226,206
Standard grade	0.5%-11.7%	-	-	-	-
Sub-standard grade	11.7%-29.5%	-	-	-	-
Low grade	29.5%-100.0%	-	-	-	-
Individually impaired	100%	-	-	-	-
Gross Carrying amount		**226,206**	**-**	**-**	**226,206**

In relation to grading of debt instruments measured at amortised cost and FVOCI, the Bank suggests that 'investment grade' rating which is classified as high grade under the Bank's internal rating system as an indicator for a low credit risk and use PD rate of 0.03% and LGD of 45% as recommended by Basel for non-collateralized facility.

An analysis of the movement of ECL in relation to Debt instruments measured at FVOCI is, as follows:

GROUP AND BANK In TZS' Million 31 December 2024	FVOCI	Total
As at 1 January 2024	28	28
Charge/(release) for the year	(9)	(9)
Loss allowance as at 31 December 2024	**19**	**19**

GROUP AND BANK In TZS' Million 31 December 2023	FVOCI	Total
As at 1 January 2023	107	107
Charge/(release) for the year	(79)	(79)
Loss allowance as at 31 December 2023	**28**	**28**

31A EQUITY INVESTMENTS AT FVPL

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	2,283	2,291	2,283	2,291
Share redemption*	-	(8)	-	(8)
Revaluation gain/ (loss)	-	-	-	-
Derecognition	(2,283)		(2,283)	
At 31 December	**-**	**2,283**	**-**	**2,283**

TACOBA is a community bank limited by shares that has operated in the Tandahimba District Council, Mtwara Region, since 2008. As of 31 December 2024, the bank had no shares. In 2023, the Group held a 7.7% shareholding, comprising 3.2 Million preference shares and 100,000 ordinary shares of TACOBA, for a total of TZS 2,283 Million.

The preference shares were fully derecognized, and the ordinary shares were transferred to the Cooperative Bank of Tanzania (CBT) as part of our new investment strategy.

NOTES (Continued)

31A EQUITY INVESTMENTS AT FVPL (Continued)

CBT is a newly formed bank resulting from the merger of TACOBA and KCBL. Its headquarters are in Dodoma. CRDB has become an investor with a 20% shareholding. The establishment of CBT is expected to significantly strengthen the cooperative sector in Tanzania, with robust support from the Tanzanian government and the Tanzania Cooperative Development Commission (TCDC).

31B EQUITY INVESTMENTS AT FVOCI

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Investment in Tanzania Mortgage Refinance Company (TMRC)	7,299	4,866	7,299	4,866
Investment in Dar es Salaam Stock Exchange (DSE)	786	590	786	590
Investment in Kilimanjaro Community Bank (KCBL)	-	6,108	-	6,108
Investment in Cooperative Bank of Tanzania (CBT)	5,524		5,524	
Burundi National switch	-	88	-	-
	13,609	**11,652**	**13,609**	**11,564**

- Tanzania Mortgage Refinance Company (TMRC) is a private sector institution owned by banks that supports banks in mortgage lending by refinancing their mortgage portfolios. The bank's percentage shareholding in TMRC as of 31 December 2024 was 17.14% (2023: 17.14%).
- Dar es Salaam Stock Exchange (DSE) is a stock exchange located in Dar es Salaam. It was incorporated in September 1996 and started trading in April 1998. The Capital Market and Securities Authority (CMSA) monitors and supervises the exchange's activities. The Bank's shareholding in DSE as of 31 December 2024 was 1.6% (2023: 1.6%).
- Kilimanjaro Cooperative Bank Limited (KCBL) was registered under the Cooperative Societies Act, 1991 (Revised in 2003 and 2013) and was granted banking license no. CBA 008 on 4 August 1995 to operate as a community bank in the Kilimanjaro Region. The bank started operations on 10 July 1996, becoming the first Cooperative Bank in the country, 100% owned by Tanzanians. The bank's target market is individuals and cooperative societies, including AMCOS and SACCOS.
- As of 31 December 2024, the Bank had no shares with KCBL, this investment was fully derecognised after the merger with TACOBA, (2023: 51%). CRDB Bank Plc has no control over KCBL.
- Investment in Cooperative Bank of Tanzania (CBT): This is a new investment made on 19 December 2024 after the merger of TACOBA and KCBL to form a Cooperative Bank. The CRDB Bank holds a 20% shareholding.
- Burundi National Switch is a company limited by shares whose shareholders are the members of the Burundi Bankers Association and the Bank of the Republic of Burundi. The Group's shareholding in Burundi National Switch as of 31 December 2024 was Nill (2023: 0.52%).

The FVOCI designation was made because the investments are expected to be held for strategic purposes in the long term.

The Group receive dividends from its equities TZS 123 Million 2024 (2023: TZS 81 Million), and the Bank derecognised KCBL FVOCI equity instruments in 2024.

The fair value of unquoted equity investments is estimated using discounted cash flow techniques. The following methods and assumptions were used to estimate fair values:

31B EQUITY INVESTMENTS AT FVOCI (Continued)

The cash flow projection of the investment for the remaining period has been considered as at 31 December 2024.

A discount rate of 16% per annum as a weighted average lending rate and average Treasury bond rate between 2-5 years.

The Group held the following shares in the above equity investment

Investment	31 December 2024		31 December 2023	
	Number of shares	Value of shares (TZS' Million)	Number of shares	Value of shares (TZS' Million)
Tanzania Mortgage Refinance Company (TMRC)	4,500,000	7,299	3,000,000	4,866
Dar es Salaam Stock Exchange (DSE)	327,632	786	327,632	590
Burundi National switch	-	-	10,000	88
Kilimanjaro Cooperative Bank (KCBL)*	-	-	1,400,000	6,108
Investment in Cooperative Bank of Tanzania (CBT)	11,048,500	5,524	-	-

32 CREDIT CARDS

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to credit cards is as follows.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Carrying amount	2,108	2,544	2,108	2,544
Less: Allowance for ECL	(106)	(235)	(106)	(235)
Net Credit cards	2,002	2,309	2,002	2,309

An analysis of credit cards based on internal ratings is summarised as follows:

GROUP AND BANK				Amounts in TZS' Million
31 December 2024				
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Current	2,004	-	-	2,004
Especially mentioned	-	33	-	33
Sub-standard	-	-	63	63
Doubtful	-	-	2	2
Loss	-	-	6	6
Gross Carrying amount	**2,004**	**33**	**71**	**2,108**
Less: Allowance for ECL	(47)	(8)	(51)	(106)
Net Credit cards	**1,957**	**25**	**20**	**2,002**

NOTES (Continued)

32 CREDIT CARDS (Continued)

GROUP AND BANK				Amounts in TZS' Million
31 December 2023				
Internal rating grade	Stage 1	Stage 2	Stage 3	Total
Current	2,261	-	-	2,261
Especially mentioned	-	85	-	85
Sub-standard	-	-	136	136
Doubtful	-	-	2	2
Loss	-	-	60	60
Gross Carrying amount	**2,261**	**85**	**198**	**2,544**
Less: Allowance for ECL	(17)	(20)	(198)	(235)
Net Credit cards	**2,244**	**65**	**-**	**2,309**

An analysis of changes in the gross carrying amount in relation to credit cards is, as follows:

GROUP AND BANK				
31 December 2024				
In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	2,261	85	198	2,544
Changes in the gross carrying amount				
- Transfer to stage 1	74	(67)	(7)	-
- Transfer to stage 2	(6)	6	-	-
- Transfer to stage 3	(25)	-	25	-
New financial assets purchased	327	-	-	327
Payment received and financial assets derecognised	(1,024)	-	(219)	(1,243)
Accrued interest	434	9	37	480
Gross carrying amount as at 31 December 2024	**2,041**	**33**	**34**	**2,108**
Loss allowance as at 31 December 2024	**47**	**8**	**51**	**106**

GROUP AND BANK				
31 December 2023				
In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2023	1,640	58	111	1,809
Changes in the gross carrying amount				
- Transfer to stage 1	73	(55)	(18)	-
- Transfer to stage 2	(31)	32	(1)	-
- Transfer to stage 3	(42)	(7)	49	-
New financial assets purchased	251	-	-	251
Accrued interest	481	58	83	622
Payment received and financial assets derecognised	(111)	(1)	(26)	(138)
Gross carrying amount as at 31 December 2023	**2,261**	**85**	**198**	**2,544**
Loss allowance as at 31 December 2023	**17**	**20**	**198**	**235**

32 CREDIT CARDS (Continued)

An analysis of changes in the corresponding ECL allowances in relation to credit cards is, as follows:

GROUP AND BANK				
31 December 2024				
In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	17	20	198	235
Change in the loss allowance				-
- Transfer to stage 1	32	(20)	(12)	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	(1)	-	1	-
Write-offs	-	-	-	-
New financial assets originated	15	-	-	15
Payment received and financial assets derecognised	(33)	-	(191)	(224)
Unwind discount	17	-	55	72
Impact on ECL transfers	-	8	-	8
Loss allowance as at 31 December 2024	**47**	**8**	**51**	**106**

GROUP AND BANK				
31 December 2023				
In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023	455	20	89	564
Change in the loss allowance				
- Transfer to stage 1	30	(17)	(13)	-
- Transfer to stage 2	(4)	4	-	-
- Transfer to stage 3	(3)	(2)	5	-
New financial assets originated	7	-	-	7
Payment received and financial assets derecognised	(181)	-	(39)	(220)
Unwind discount	167	2	23	192
Impact on ECL transfers	(454)	13	133	(308)
Loss allowance as at 31 December 2023	**17**	**20**	**198**	**235**

An analysis of the movement of ECL in relation to credit cards is, as follows:

GROUP AND BANK				
31 December 2024				
In TZS' Million	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	17	20	198	235
Charge/(release) for the year	30	(12)	(147)	(129)
Loss allowance as at 31 December 2024	**47**	**8**	**51**	**106**

GROUP AND BANK				
31 December 2023				
In TZS' Million	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	455	20	89	564
Charge/(release) for the year	(438)	-	109	(329)
Loss allowance as at 31 December 2023	**17**	**20**	**198**	**235**

NOTES (Continued)

33 LOANS AND ADVANCES TO CUSTOMERS

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Corporate	4,455,204	442,491	121,227	5,018,922
SME	1,165,818	37,703	66,975	1,270,496
Micro finance	211,515	5,970	11,831	229,316
Mortgage	76,742	318	1,198	78,258
Personal	3,799,436	32,672	75,063	3,907,171
Gross loans and advances to customers	**9,708,715**	**519,154**	**276,294**	**10,504,163**
Less: Provision for impairment	(14,710)	(19,204)	(109,425)	(143,339)
Net loans and advances to customers	**9,694,005**	**499,950**	**166,869**	**10,360,824**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Corporate	3,719,286	162,249	135,925	4,017,460
SME	847,840	79,249	38,708	965,797
Microfinance	171,726	6,440	9,064	187,230
Mortgage	67,147	956	1,500	69,603
Personal	3,272,026	20,496	34,154	3,326,676
Gross loans and advances to customers	**8,078,025**	**269,390**	**219,351**	**8,566,766**
Less: Provision for impairment	(23,190)	(21,211)	(78,874)	(123,275)
Net loans and advances to customers	**8,054,835**	**248,179**	**140,477**	**8,443,491**

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Corporate	4,243,560	441,687	120,643	4,805,890
SME	1,145,356	35,980	65,354	1,246,690
Micro finance	184,329	5,434	8,919	198,682
Mortgage	76,742	318	1,198	78,258
Personal	3,700,628	30,007	71,902	3,802,537
Gross loans and advances to customers	**9,350,615**	**513,426**	**268,016**	**10,132,057**
Less: Provision for impairment	(11,556)	(19,033)	(105,993)	(136,582)
Net loans and advances to customers	**9,339,059**	**494,393**	**162,023**	**9,995,475**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Corporate	3,434,516	162,248	135,933	3,732,697
SME	836,889	77,505	38,463	952,857
Microfinance	158,568	6,441	9,012	174,021
Mortgage	67,147	956	1,500	69,603
Personal	3,180,134	16,101	32,918	3,229,153
Gross loans and advances to customers	**7,677,254**	**263,251**	**217,826**	**8,158,331**
Less: Provision for impairment	(23,131)	(21,077)	(78,573)	(122,781)
Net loans and advances to customers	**7,654,123**	**242,174**	**139,253**	**8,035,550**

NOTES (Continued)

33 LOANS AND ADVANCES TO CUSTOMERS (Continued)

Despite the current macroeconomic and geopolitical uncertainties, credit portfolio performance has been relatively stable in 2024. The Group NPL ratio stood at 2.9%, due to the successful containment of portfolio migration to higher risk categories through establishing proactive portfolio monitoring strategies, automatic identification of early warning signals and taking corrective actions, strategic growth in portfolio with higher yield but lower credit risk such as consumer loans, de-risking strategy, timely restructuring of credit facilities to align with the anticipated cash flows and writing off accounts in line with BOT guidelines.

In 2024, the Group and Bank did not acquire a portfolio categorised as Purchased or originated credit-impaired assets (POCI)

The contractual amount outstanding on loans and advances written off by the Bank as at 31 December 2024 and still subject to enforcement activity was TZS 104,092 Million (2023: TZS 114,779 Million).

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
- Maturity within 3 months	1,573,425	1,251,386	1,517,023	1,199,148
- Maturing after 3 months but within 12 months	1,889,925	1,975,319	1,849,648	1,963,411
- Maturity after 1 year	6,897,474	5,216,786	6,628,804	4,872,991
Net loans and advances to customers	**10,360,824**	**8,443,491**	**9,995,475**	**8,035,550**

Analysis by geographical location.

The Bank categorises loans and advances to customers into 6 regions of loan origination for the purpose of regulatory reporting to the Bank of Tanzania.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Dar es Salaam zone	5,258,967	4,329,916	5,650,495	4,527,812
Mbeya zone	861,886	498,168	861,886	498,168
Lake zone	1,619,626	1,298,423	1,619,626	1,298,423
Zanzibar zone	999,102	1,068,781	999,102	1,068,781
Arusha zone	1,000,948	765,147	1,000,948	765,147
Burundi	757,926	606,331	-	-
Congo	5,708	-	-	-
Gross loans and advances to customers	**10,504,163**	**8,566,766**	**10,132,057**	**8,158,331**

The composition of the zones is as follows:

Zone	Component regions
Dar es Salaam zone	All Dar es Salaam branches
Lake zone	Kagera, Kigoma, Mara, Mwanza, Simiyu, Geita, Shinyanga, Tabora and Singida
Mbeya zone	Mbeya, Sumbawanga Njombe, Katavi, Rukwa and Ruvuma
Zanzibar zone	Coast, Unguja, Lindi, Morogoro and Mtwara
Arusha zone	Arusha, Kilimanjaro, Manyara, Tanga and Dodoma
Burundi zone	Bujumbura
Congo Zone	Lubumbashi and Kinshasa

NOTES (Continued)

33 LOANS AND ADVANCES TO CUSTOMERS (Continued)

Analysis by geographical location.

The Bank categorises loans and advances to customers into 6 regions of loan origination for the purpose of regulatory reporting to the Bank of Tanzania.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Agriculture	38,211	29,415	34,096	29,411
Financial Institutions	892	425	94	350
Hotels and restaurants	5,405	1,126	5,396	1,126
Manufacturing	789	419	759	419
Individual	49,220	32,461	48,302	32,140
Trading	24,975	7,516	24,303	7,432
Transport and Communication	1,825	2,714	1,702	2,709
Others	22,022	49,199	21,930	49,194
Total loss allowance	**143,339**	**123,275**	**136,582**	**122,781**

Analysis of movement in the Loss allowance.

GROUP TZS' Million	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	23,190	21,211	78,874	123,275
Charge for the year	(8,480)	(2,007)	140,513	130,026
Write-offs			(104,092)	(104,092)
Foreign exchange and other movements	-	-	(5,870)	(5,870)
Total loss allowance	**14,710**	**19,204**	**109,425**	**143,339**

GROUP TZS' Million	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	26,480	25,438	112,862	164,780
Charge for the year	(3,290)	(4,227)	80,791	73,274
Write-offs	-	-	(114,779)	(114,779)
Total loss allowance	**23,190**	**21,211**	**78,874**	**123,275**

Analysis of movement in the ECL – charge to profit or loss;

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Impairment charges for credit losses	(8,480)	(2,007)	140,513	130,026
Provision-Burundi*	-	-	(3,027)	(3,027)
Amount recovered during the year	-	-	(39,782)	(39,782)
Charge to profit or loss	**(8,480)**	**(2,007)**	**97,704**	**87,217**

*Represent additional impairment charge of our Burundi subsidiary as per Burundi Central Bank against non-distributable reserve

NOTES (Continued)

33 LOANS AND ADVANCES TO CUSTOMERS (Continued)

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Impairment charges for credit losses	(3,290)	(4,227)	80,791	73,274
Provision-Burundi*	-	-	2,843	2,843
Amount recovered during the year	-	-	(35,097)	(35,097)
Charge to profit or loss	**(3,290)**	**(4,227)**	**48,537**	**41,020**

Analysis of movement in the Loss allowance

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	23,131	21,077	78,573	122,781
Charge for the year	(11,575)	(2,044)	137,267	123,648
Write-offs	-	-	(103,976)	(103,976)
Foreign exchange and other movements	-	-	(5,871)	(5,871)
Total loss allowance	**11,556**	**19,033**	**105,993**	**136,582**

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	26,392	25,349	112,562	164,303
Charge for the year	(3,261)	(4,272)	80,713	73,180
Write-offs	-	-	(114,702)	(114,702)
Total loss allowance	**23,131**	**21,077**	**78,573**	**122,781**

Analysis of movement in the ECL – charge to profit or loss;

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Impairment charges for credit losses	(11,575)	(2,044)	137,267	123,648
Amount recovered during the year	-	-	(39,726)	(39,726)
Charge to profit or loss	**(11,575)**	**(2,044)**	**97,541**	**83,922**

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Impairment charges for credit losses	(3,261)	(4,272)	80,713	73,180
Amount recovered during the year	-	-	(35,035)	(35,035)
Charge to profit or loss	**(3,261)**	**(4,272)**	**45,678**	**38,145**

NOTES (Continued)

34 CREDIT LOSS EXPENSE

GROUP 31 December 2024 In TZS' Million		Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	Note 33	(8,480)	(2,007)	97,704	87,217
Debt instruments*	Note 30	(144)	-	-	(144)
Placements with other banks	Note 28	(605)	-	-	(605)
Credit cards	Note 32	30	(12)	(147)	(129)
Off Balance sheet items	Note 35	7,494	1,303	51	8,848
		(1,705)	**(716)**	**97,608**	**95,187**

GROUP 31 December 2023 In TZS' Million		Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	Note 33	(3,290)	(4,227)	48,537	41,020
Debt instruments*	Note 30	132	-	-	132
Placements with other banks	Note 28	(698)	-	-	(698)
Credit cards	Note 32	(438)	-	109	(329)
Off Balance sheet items	Note 35	(307)	(109)	(51)	(467)
		(4,601)	**(4,336)**	**48,595**	**39,658**

BANK 31 December 2024 In TZS' Million		Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	Note 33	(11,575)	(2,044)	97,541	83,922
Debt instruments*	Note 30	(144)	-	-	(144)
Placements with other banks	Note 28	(605)	-	-	(605)
Credit cards	Note 32	30	(12)	(147)	(129)
Off Balance sheet items	Note 35	7,481	1,303	51	8,835
		(4,813)	**(753)**	**97,445**	**91,879**

BANK 31 December 2023 In TZS' Million		Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	Note 33	(3,261)	(4,272)	45,678	38,145
Debt instruments*	Note 30	131	-	-	131
Placements with other banks	Note 28	(698)	-	-	(698)
Credit cards	Note 32	(438)	-	109	(329)
Off Balance sheet items	Note 35	(307)	(109)	(51)	(467)
		(4,573)	**(4,381)**	**45,736**	**36,782**

*Includes ECL charge for debt instruments measured at FVOCI and debt instrument at amortized cost.

NOTES (Continued)

35 OFF BALANCE SHEET FINANCIAL ASSETS

An analysis of off-balance sheet items based on internal rating are summarised as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	5,281,958	-	-	5,281,958
Especially mentioned	-	55,192	-	55,192
Sub-standard	-	-	244	244
Doubtful	-	-	74	74
Loss	-	-	-	-
Gross Carrying amount	**5,281,958**	**55,192**	**318**	**5,337,468**
Less: Allowance for ECL	(7,931)	(1,306)	(64)	(9,301)
Net Off Balance sheet financial assets	**5,274,027**	**53,886**	**254**	**5,328,167**

An analysis of the movement of ECL in relation to off-balance sheet is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	437	3	13	453
Charge/(release) for the period	7,494	1,303	51	8,848
Loss allowance as at 31 December 2024	**7,931**	**1,306**	**64**	**9,301**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	4,006,711	-	-	4,006,711
Especially mentioned	-	15,163	-	15,163
Sub-standard	-	-	564	564
Doubtful	-	-	171	171
Loss	-	-	-	-
Gross Carrying amount	**4,006,711**	**15,163**	**735**	**4,022,609**
Less: Allowance for ECL	(437)	(3)	(13)	(453)
Net Off Balance sheet financial assets	**4,006,274**	**15,160**	**722**	**4,022,156**

An analysis of movement of ECL in relation to off balance sheet is, as follows:

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	643	213	64	920
Charge/(release) for the year	(206)	(210)	(51)	(467)
Loss allowance as at 31 December 2023	**437**	**3**	**13**	**453**

NOTES (Continued)

35 OFF BALANCE SHEET FINANCIAL ASSETS (Continued)

An analysis of off-balance sheet items based on internal rating are summarised as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	5,221,007	-	-	5,221,007
Especially mentioned	-	55,192	-	55,192
Sub-standard	-	-	244	244
Doubtful	-	-	74	74
Loss	-	-	-	-
Gross Carrying amount	**5,221,007**	**55,192**	**318**	**5,276,517**
Less: Allowance for ECL	(7,918)	(1,306)	(64)	(9,288)
Net Off Balance sheet financial assets	**5,213,089**	**53,886**	**254**	**5,267,229**

An analysis of the movement of ECL in relation to off-balance sheet is as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	437	3	13	453
Charge/(release) for the period	7,481	1,303	51	8,835
Loss allowance as at 31 December 2024	**7,918**	**1,306**	**64**	**9,288**

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Current	3,976,833	-	-	3,976,833
Especially mentioned	-	15,163	-	15,163
Sub-standard	-	-	564	564
Doubtful	-	-	171	171
Loss	-	-	-	-
Gross Carrying amount	**3,976,833**	**15,163**	**735**	**3,992,731**
Less: Allowance for ECL	(437)	(3)	(13)	(453)
Net Off Balance sheet financial assets	**3,976,396**	**15,160**	**722**	**3,992,278**

An analysis of movement of ECL in relation to off balance sheet is, as follows:

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	643	213	64	920
Charge/(release) for the year	(206)	(210)	(51)	(467)
Loss allowance as at 31 December 2023	**437**	**3**	**13**	**453**

NOTES (Continued)

35 OFF BALANCE SHEET FINANCIAL ASSETS (Continued)

An analysis of changes in the exposure amount in relation to financial guarantees is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2024	2,417,862	-	733	2,418,595
Changes in the gross carrying amount				
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	(18,803)	18,803	-	-
– Transfer to stage 3	(290)	-	290	-
New financial assets originated or purchased	1,793,005	-	-	1,793,005
Financial assets that have been derecognised	(1,396,442)	-	(705)	(1,397,147)
Gross carrying amount as at 31 December 2024	**2,795,332**	**18,803**	**318**	**2,814,453**
Loss allowance as at 31 December 2024	**4,611**	**282**	**64**	**4,957**

An analysis of movement of ECL in relation to financial guarantee is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 01 January 2024	312	-	13	325
Changes in the loss allowance	-	-	-	-
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	(1)	1	-	-
– Transfer to stage 3	-	-	-	-
New financial assets originated or purchased	3,605	-	-	3,605
Financial assets that have been derecognised	(1,445)	-	-	(1,445)
Unwind discount	-	-	-	-
Impact on ECL Transfers	2,140	281	51	2,472
Loss allowance as at 31 December 2024	**4,611**	**282**	**64**	**4,957**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2023	1,426,808	20,636	3,171	1,450,615
New exposures	1,678,948	-	-	1,678,948
Exposures derecognised/ matured	(706,918)	(1,612)	(2,438)	(710,968)
-Transfer to stage 1	19,024	(19,024)	-	-
-Transfer to stage 2	-	-	-	-
-Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Exposure amount as at 31 December 2023	**2,417,862**	**-**	**733**	**2,418,595**
Loss allowance as at 31 December 2023	**312**	**-**	**13**	**325**

35 OFF BALANCE SHEET FINANCIAL ASSETS (Continued)

An analysis of movement of ECL in relation to financial guarantee is, as follows:

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	265	48	19	332
New exposures	284	-	-	284
Exposures derecognised/ matured	(204)	(20)	(16)	(240)
- Transfer to stage 1	28	(28)	-	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
Write-off	-	-	-	-
Impact on ECL transfers	(61)	-	10	(51)
Loss allowance as at 31 December 2024	**312**	**-**	**13**	**325**

An analysis of changes in the exposure amount in relation to financial guarantees is, as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2024	2,416,368	-	733	2,417,101
Changes in the gross carrying amount				-
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	(18,803)	18,803	-	-
– Transfer to stage 3	(290)	-	290	-
New financial assets originated or purchased	1,791,281	-	-	1,791,281
Financial assets that have been derecognised	(1,395,068)	-	(705)	(1,395,773)
Exposure amount as at 31 December 2024	**2,793,488**	**18,803**	**318**	**2,812,609**
Loss allowance as at 31 December 2024	**4,598**	**282**	**64**	**4,944**

An analysis of movement of ECL in relation to financial guarantee is, as follows:

BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 01 January 2024	312	-	13	325
Changes in the loss allowance	-	-	-	-
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	(1)	1	-	-
– Transfer to stage 3	-	-	-	-
New financial assets originated or purchased	3,592	-	-	3,592
Financial assets that have been derecognised	(1,445)	-	-	(1,445)
Impact on ECL Transfers	2,140	281	51	2,472
Loss allowance as at 31 December 2024	**4,598**	**282**	**64**	**4,944**

35 OFF BALANCE SHEET FINANCIAL ASSETS (Continued)

An analysis of changes in the exposure amount in relation to financial guarantees is, as follows

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2023	1,426,304	20,636	3,171	1,450,111
New exposures	1,677,533	-	-	1,677,533
Exposures derecognised/ matured	(706,493)	(1,612)	(2,438)	(710,543)
-Transfer to stage 1	19,024	(19,024)	-	-
-Transfer to stage 2	-	-	-	-
-Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Exposure amount as at 31 December 2023	**2,416,368**	**-**	**733**	**2,417,101**
Loss allowance as at 31 December 2023	**312**	**-**	**13**	**325**

An analysis of the movement of ECL in relation to financial guarantee is, as follows:

BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	265	48	19	332
New exposures	284	-	-	284
Exposures derecognised/ matured	(204)	(20)	(16)	(240)
- Transfer to stage 1	28	(28)	-	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Impact on ECL transfers	**(163)**	**102**	**10**	**(51)**
Loss allowance as at 31 December 2024	**210**	**102**	**13**	**325**

An analysis of changes in the exposure amount in relation to letters of credit is, as follows:

GROUP AND BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2024	1,266,216	3,801	-	1,270,017
Changes in the gross carrying amount	-	-	-	-
– Transfer to stage 1	-	-	-	-
– Transfer to stage 2	(32,588)	32,588	-	-
– Transfer to stage 3	(290)	-	290	-
New financial assets originated or purchased	925,848	-	-	925,848
Financial assets that have been derecognised	(744,075)	-	(290)	(744,365)
Exposure amount as at 31 December 2024	**1,415,111**	**36,389**	**-**	**1,451,500**
Loss allowance as at 31 December 2024	**3,320**	**1,024**	**-**	**4,344**

NOTES (Continued)

35 OFF BALANCE SHEET FINANCIAL ASSETS (Continued)

An analysis of movement of ECL in relation to financial guarantee is, as follows:

GROUP AND BANK 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	125	3	-	128
New exposures				
Exposures derecognised/ matured				
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	(1)	1	-	-
- Transfer to stage 3	-	-	-	-
New financial assets originated or purchased	2,295	1,020	-	3,315
Financial assets that have been derecognised	-	-	-	-
Unwind discount	-	-	-	-
Impact on ECL Transfers	901	-	-	901
Loss allowance as at 31 December 2024	**3,320**	**1,024**	**-**	**4,344**

An analysis of changes in the exposure amount in relation to letters of credit is, as follows:

GROUP AND BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2023	1,827,755	38,068	4,494	1,870,317
New exposures	1,191,427	-	-	1,191,427
Exposures derecognised/ matured	(1,752,966)	(34,267)	(4,494)	(1,791,727)
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Exposure amount as at 31 December 2023	**1,266,216**	**3,801**	**-**	**1,270,017**
Loss allowance as at 31 December 2023	**125**	**3**	**-**	**128**

An analysis of movement of ECL in relation to letters of credit is, as follows:

GROUP AND BANK 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	378	165	45	588
New exposures	125	-	-	125
Exposures derecognised/ matured	(346)	(165)	(45)	(556)
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
Write off	-	-	-	-
Impact on ECL Transfers	**(32)**	**3**	**-**	**(29)**
Loss allowance as at 31 December 2024	**125**	**3**	**-**	**128**

NOTES (Continued)

35 OFF BALANCE SHEET FINANCIAL ASSETS (Continued)

An analysis of changes in the exposure amount in relation to commitment to extend credit is, as follows:

GROUP 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2024	333,997	-	-	333,997
New exposures	1,071,515	-	-	1,071,515
Exposures derecognised/ matured	(333,997)	-	-	(333,997)
Exposure amount as at 31 December 2024	**1,071,515**	**-**	**-**	**1,071,515**
Loss allowance as at 31 December 2024	**-**	**-**	**-**	**-**

GROUP 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2023	462,402	-	-	462,402
New exposures	333,997	-	-	333,997
Exposures derecognised/ matured	(462,402)	-	-	(462,402)
Exposure amount as at 31 December 2023	**333,997**	**-**	**-**	**333,997**
Loss allowance as at 31 December 2023	**-**	**-**	**-**	**-**

An analysis of changes in the exposure amount in relation to commitment to extend credit is, as follows:

BANK Commitment to extend credit 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2024	305,613	-	-	305,613
New exposures	1,012,408	-	-	1,012,408
Exposures derecognised/ matured	(305,613)	-	-	(305,613)
Exposure amount as at 31 December 2024	**1,012,408**	**-**	**-**	**1,012,408**
Loss allowance as at 31 December 2024	-	-	-	-

BANK Commitment to extend credit 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
Exposure amount as at 1 January 2023	462,402	-	-	462,402
New exposures	305,613	-	-	305,613
Exposures derecognised/ matured	(462,402)	-	-	(462,402)
Exposure amount as at 31 December 2023	**305,613**	**-**	**-**	**305,613**
Loss allowance as at 31 December 2023	-	-	-	-

NOTES (Continued)

36 OTHER ASSETS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Other financial Assets*				
Due from a related party (Note 64)	-	-	3,616	3,777
Receivable from mobile phone companies	32,936	61,514	32,936	61,514
Other receivables**	84,702	101,905	67,925	87,359
Less: Impairment	(13,834)	(14,516)	(13,637)	(14,512)
	103,804	**148,903**	**90,840**	**138,138**
Other non-financial assets				
Advance payment for capital expenditure	29,681	26,527	29,681	26,527
Prepaid expenses	122,455	96,687	114,642	86,838
Bank card stock	2,350	1,669	2,257	1,659
Stationery stock	1,688	1,243	1,688	1,243
	156,174	**126,126**	**148,268**	**116,267**
Total	**259,978**	**275,029**	**239,108**	**254,405**

* Impairment of other financial assets is determined based on the expected credit loss model under IFRS 9.

**Within 'Other receivables', includes receivables of fees and commissions of TZS 16,543 Million (2023: TZS 11,910 Million) which represent the Bank's right to an amount of consideration that is unconditional, only the passage of time is required before payment of the consideration is due. These are measured at amortised cost and subject to the impairment provisions of IFRS 9. As at 31 December 2024, the impairment provisions which relates to these receivables is TZS 762 Million (2023: TZS 2,827 Million).

As at 31 December 2024 the Group had no contract assets (2023: Nil)

All other assets are current.

Maturity analysis

GROUP 31 December In TZS' Million	2024		2023	
	Within 3 months	3 -12 months	Within 3 months	3 -12 months
Receivable from mobile phone companies	32,936	-	61,514	-
Other receivables	84,702	-	101,905	-
Less: Provision for impairment	(13,834)	-	(14,516)	-
	103,804	**-**	**148,903**	**-**

BANK 31 December In TZS' Million	2024		2023	
	Within 3 months	3 -12 months	Within 3 months	3 -12 months
Due from a related party (Note 64)	3,616	-	3,777	-
Receivable from mobile phone companies	32,936	-	61,514	-
Other receivables	67,925	-	87,359	-
Less: Provision for impairment	(13,637)	-	(14,512)	-
	90,840	**-**	**138,138**	**-**

NOTES (Continued)

36 OTHER ASSETS (Continued)

Movement in provision for impairment on other assets is as shown below:

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	14,516	17,591	14,512	17,588
Reclass to non-current assets Held for sale	-	(5,842)	-	(5,842)
Increase during the year	2,069	3,729	1,819	3,726
Write-offs	(2,751)	(962)	(2,694)	(960)
At 31 December	**13,834**	**14,516**	**13,637**	**14,512**

Historical loss rate used for the ECL Simplified Approach:

The Bank has used a simplified approach to estimate the ECL for receivables in scope of IFRS 9. The loss rate is derived as a percentage of outstanding balance out of total receivables per transaction. Given the short-term nature of other receivables management has assessed that the impact of macro -economic and geopolitical uncertainties is insignificant on ECL measurement.

GROUP 2024 Receivables Amount in TZS Million	Days past due				
	0-30	31-60	61-90	91-180	Above 180 days
Expected credit loss rate	0.2%	1.6%	4.7%	(7.6%)	(100.0%)
Gross carrying amount	92,720	3,308	2,271	8,297	11,042
Expected credit loss	674	51	106	1,961	11,042

GROUP 2023 Receivables Amount in TZS Million	Days past due				
	0-30	31-60	61-90	91-180	Above 180 days
Expected credit loss rate	0.1%	4.3%	14.4%	23.6%	100.0%
Gross carrying amount	144,557	1,785	1,323	2,569	13,185
Expected credit loss	**458**	**76**	**190**	**607**	**13,185**

BANK 2024 Receivables Amount in TZS Million	Days past due				
	0-30	31-60	61-90	91-180	Above 180 days
Expected credit loss rate	0.2%	1.6%	4.7%	(7.6%)	(100.0%)
Gross carrying amount	79,559	3,308	2,271	8,297	11,042
Expected credit loss	477	51	106	1,961	11,042

NOTES (Continued)

36 OTHER ASSETS (Continued)

BANK					
2023					
Receivables					
Amount in TZS Million	Days past due				
	0-30	31-60	61-90	91-180	Above 180 days
Expected credit loss rate	0.1%	4.3%	14.4%	23.6%	100.0%
Gross carrying amount	133,788	1,785	1,323	2,569	13,185
Expected credit loss	**454**	**76**	**190**	**607**	**13,185**

37 NON-CURRENT ASSETS HELD FOR SALE

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Carrying value as at 1 January	-	16,600	-	16,600
Reclassification of impairment charge from other assets	-	(5,842)	-	(5,842)
Impairment charge	-	(10,758)	-	(10,758)
Carrying value as at 31 December	**-**	**-**	**-**	**-**

The Bank derecognised an asset previously classified as held for sale after management determined that it was technologically obsolete. This decision resulted in a full impairment of the asset, and the loss was reflected in the profit or loss statement, affecting the Bank's financial performance for the period.

38 INVESTMENTS IN SUBSIDIARIES

In TZS' Million	Incorporation	Held %	2024	2023
CRDB Bank Burundi S. A	Burundi	100%	48,481	28,354
CRDB Insurance Company Ltd	Tanzania	100%	3,500	2,500
CRDB Bank CONGO	DRC	55%	55,623	55,623
			107,604	**86,477**

The Group also has a non-profit organization "CRDB Bank Foundation", as a Corporate Social Investment wing of the Group. The Foundation is 100% controlled by the Group. No capital investment was made to the Foundation during the year.

Movement analysis (Bank)

In TZS' Million	2024	2023
At 1 January	86,477	24,083
Additions	21,127	62,394
At 31 December	**107,604**	**86,477**

- CRDB Bank Burundi S.A. is a licensed bank in Burundi under the Banks and Financial Institutions Act, 2003 of the Republic of Burundi.
- CRDB Insurance Company Limited is engaged in providing insurance Services.
- CRDB Bank DR Congo is a public limited company and licensed Bank registered under the Ohada Uniform Act, relating to the law of commercial companies and G.I.E and the Banking Regulation of DR Congo
- The countries of incorporation are also their principal place of business.

NOTES (Continued)

38 INVESTMENTS IN SUBSIDIARIES (Continued)

- All subsidiaries are unlisted and have the same financial statement date (31 December) as the parent.
- The investment in the subsidiaries includes the cost of shares and other initial payments made for the subsidiaries.
- The subsidiaries listed above have share capital consisting solely of ordinary shares.
- During the year, no significant judgements and assumptions were made in determining the Bank's interest in the subsidiaries.
- There are no protective rights of the subsidiaries which can significantly restrict the parent from accessing or using the assets and settling the liabilities of the Group.
- There are no contingent liabilities relating to the Bank's interest in the subsidiaries during the year.
- During the year, the Group had no structured entity.

Restrictions

- During the year, there were no significant restrictions (statutory, contractual, or regulatory) of a parent or its subsidiaries to transfer cash or other assets to or from other entities within a Group.
- There were no guarantees or other requirements that could restrict dividends and other capital distributions being paid or loans and advances being made or repaid to (or from) other entities within the group.
- There are no protective rights of non-controlling interests that can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the Group.

39 MOTOR VEHICLES

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Cost				
At 1 January	33,809	28,057	31,312	26,597
Additions	7,336	6,922	5,150	6,191
Revaluation	(32)	-	-	-
Disposals	(728)	(1,476)	(420)	(1,476)
Exchange differences	220	306	-	-
At 31 December	**40,605**	**33,809**	**36,042**	**31,312**
Depreciation				
At 1 January	(12,292)	(9,277)	(11,518)	(8,683)
Charge for the year	(4,998)	(3,732)	(4,525)	(3,563)
Disposals	502	728	236	728
At 31 December	**(16,788)**	**(12,281)**	**(15,807)**	**(11,518)**
Net book value	**23,817**	**21,528**	**20,235**	**19,794**

The Group's Motor vehicles were last revalued on 2019 by independent valuers Coswil Consult Ltd and M & R Agency Limited, respectively. The valuers are registered and licensed to conduct valuation. The valuation, which conforms to International Valuation Standards, was determined by comparative method, and the valuation approach adopted was depreciated replacement cost, alternatively secondhand markets were visited, and comparable sales taken note. The valuation done was because the NPV of the valued

39 MOTOR VEHICLES (Continued)

assets was below market value and the assets are in use and based on assessment done the assets are expecting to have long life.

Replacement method is based on the rationale that value of vehicles involves the estimation of the cost as if it were new, using the comparison method or the available data. The amount of depreciation and obsolescence is then estimated and deducted from the cost of new vehicle to arrive at the depreciated replacement cost. The resultant figure is now the depreciated replacement cost, which in our case is equated to the market value/fair Value.

The valuation techniques used are the same as those use in previous years.

Based on management assessment the impact of fair value changes during the year is insignificant.

If motor vehicles were stated on the historical basis, the amount would be as follows.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Cost	60,397	53,789	54,976	50,246
Accumulated depreciation	(50,166)	(48,787)	(46,946)	(45,686)
Net book value	**10,231**	**5,002**	**8,030**	**4,560**

Non-financial assets measured at fair value

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Fair value hierarchy – Level 3				
At 1 January	21,517	18,780	19,794	17,914
Exchange rate difference	220	306	-	-
Purchases	7,336	6,922	5,150	6,191
Revaluation	(32)	-	-	-
Net carrying amount at disposals	(226)	(748)	(184)	(748)
Depreciation charge	(4,998)	(3,732)	(4,525)	(3,563)
Net book value	**23,817**	**21,528**	**20,235**	**19,794**

- As at 31 December 2024, the Group had neither restriction on title nor motor vehicle pledged as security for liabilities (2023: Nil).
- There were no capitalized borrowing costs related to the acquisition Motor vehicles during the year ended 31 December 2024 (2023: Nil).
- There were no idle assets as at 31 December 2024 (2023: Nil).
- There was no Motor vehicle acquired during the year through business combinations.
- During the year there was no revaluation for Motor vehicles.
- There were no other changes under Motor vehicles during the year.
- As at 31 December 2024, management has assessed impairment of motor vehicles, there was no impairment recognised or reversed during the year.

40 PROPERTY AND EQUIPMENT

In TZS' Million

GROUP 31 December 2024	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smart card equipment	Security equipment	Work in Progress*	Total
Cost								
At 1 January	218,576	114,392	130,578	127,381	98,003	21,343	10,907	721,180
Exchange rate difference**	-	(206)	(131)	(362)	(342)	(32)	82	(991)
Additions	3,576	5,580	11,410	23,592	3,013	3,390	10,361	60,922
WIP capitalization	-	761	114	23	3	153	(2,601)	(1,547)
Disposals	-	(8,133)	(264)	(1,242)	(9,344)	-	-	(18,983)
Reclassification***	-	81	(94)	(283)	-	-	(3,052)	(3,348)
At 31 December	**222,152**	**112,475**	**141,613**	**149,109**	**91,333**	**24,854**	**15,697**	**757,233**
Depreciation								
At 1 January	(34,260)	(76,740)	(96,776)	(76,979)	(52,573)	(11,153)	-	(348,481)
Charge for the year	(3,101)	(9,886)	(12,821)	(14,014)	(10,389)	(3,738)	-	(53,949)
Disposal	-	7,102	263	1,237	9,195	-	-	17,797
Reclassification***	11	701	(258)	(61)	1,014	-	-	1,407
At 31 December	**(37,350)**	**(78,823)**	**(109,592)**	**(89,817)**	**(52,753)**	**(14,892)**	**-**	**(383,226)**
Net book value	**184,802**	**33,652**	**32,021**	**59,292**	**38,580**	**9,963**	**15,697**	**374,007**

40 PROPERTY AND EQUIPMENT (Continued)

GROUP								In TZS' Million
31 December 2023	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smart card equipment	Security equipment	Work in Progress*	Total
Cost								
At 1 January	216,995	107,022	123,310	105,403	79,999	17,760	4,411	654,900
Additions	1,581	7,644	10,709	22,779	18,088	3,445	9,709	73,955
Reclassification***	-	1,775	448	40	26	239	(3,213)	(685)
Disposals	-	(253)	(3,584)	(751)	-	(43)	-	(4,631)
Exchange rate difference**	-	(1,796)	(305)	(90)	(110)	(58)	-	(2,359)
At 31 December	**218,576**	**114,392**	**130,578**	**127,381**	**98,003**	**21,343**	**10,907**	**721,180**
Depreciation								
At 1 January	(31,214)	(69,002)	(88,102)	(62,802)	(42,157)	(8,132)	-	(301,409)
Charge for the year	(3,046)	(7,946)	(13,750)	(14,866)	(9,321)	(3,064)	-	(51,993)
Reclassification***			1,448	(61)	(1,095)		-	292
Disposal	-	208	3,628	750	-	43	-	4,629
At 31 December	**(34,260)**	**(76,740)**	**(96,776)**	**(76,979)**	**(52,573)**	**(11,153)**	**-**	**(348,481)**
Net book value	**184,316**	**37,652**	**33,802**	**50,402**	**45,430**	**10,190**	**10,907**	**372,699**

NOTES (Continued)

40 PROPERTY AND EQUIPMENT (Continued)

BANK								In TZS' Million
31 December 2024	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smart card equipment	Security equipment	Work in Progress*	Total
Cost								
At 1 January	209,634	108,962	125,020	119,683	96,097	21,336	1,144	681,876
Additions	3,576	4,628	10,033	23,010	1,972	3,352	1,250	47,821
WIP Capitalization	-	761	114	23	3	153	(1,054)	-
Disposals	-	(8,133)	(264)	(1,242)	(9,344)	-	-	(18,983)
Reclassification***	-	7	-	-	-	-	-	7
At 31 December	**213,210**	**106,225**	**134,903**	**141,474**	**88,728**	**24,841**	**1,340**	**710,721**
Depreciation								
At 1 January	(25,307)	(80,269)	(93,350)	(75,620)	(52,134)	(11,187)	-	(337,867)
Charge for the year	(3,101)	(8,833)	(12,434)	(12,507)	(10,302)	(3,764)	-	(50,941)
Disposal	-	7,102	263	1,237	9,195	-	-	17,797
Reclassification***	-	(13)	(258)	(61)	1,011	(1)	-	678
At 31 December	**(28,408)**	**(82,013)**	**(105,779)**	**(86,951)**	**(52,230)**	**(14,952)**	**-**	**(370,333)**
Net book value	**184,802**	**24,212**	**29,124**	**54,523**	**36,498**	**9,889**	**1,340**	**340,388**

40 PROPERTY AND EQUIPMENT (Continued)

BANK								In TZS' Million
31 December 2023	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smart card equipment	Security equipment	Work in Progress*	Total
Cost								
At 1 January	208,043	101,612	118,925	104,425	79,176	17,768	2,751	632,700
Additions	1,591	5,828	9,231	15,971	16,895	3,372	1,034	53,922
Reclassification***	-	1,775	446	40	26	239	(2,641)	(115)
Disposals	-	(253)	(3,582)	(753)	-	(43)	-	(4,631)
At 31 December	**209,634**	**108,962**	**125,020**	**119,683**	**96,097**	**21,336**	**1,144**	**681,876**
Depreciation								
At 1 January	(22,261)	(72,893)	(84,997)	(62,119)	(41,853)	(8,140)	-	(292,263)
Charge for the year	(3,046)	(7,584)	(13,237)	(14,190)	(9,186)	(3,090)	-	(50,333)
Reclassification***	-	208	5,000	750	-	43	-	6,001
Disposals	-	-	(116)	(61)	(1,095)	-	-	(1,272)
At 31 December	**(25,307)**	**(80,269)**	**(93,350)**	**(75,620)**	**(52,134)**	**(11,187)**		**(337,867)**
Net book value	**184,327**	**28,693**	**31,670**	**44,063**	**43,963**	**10,149**	**1,144**	**344,009**

* Work in progress relates to the Bank's buildings under construction and other PPE.

** Exchange rate differences arising on the translation of financial statement of CRDB Burundi (BIF) and CRDB Congo (USD)management into the presentation currency (TZS).

*** Reclassification relates to correction of items initially recognised under the wrong asset class, and advance capital expenditure payments wrongly recognised under other assets or under property and equipment.

- As of 31 December 2024, the Group had neither restriction on title nor property and equipment pledged as security for liabilities (2023: Nil).
- There were no capitalized borrowing costs related to the acquisition of property. plant and equipment during the year ended 31 December 2024 (2023: Nil).
- There were no idle assets as at 31 December 2024 (2023: Nil).
- As at 31 December 2024, contractual commitment for the acquisition of property, plant and equipment amount of TZS 11,652 Million (2023: TZS 1,923 Million) Note 62.
- There was no property, plant and equipment acquired during the year through business combinations.
- There were no other changes under property, plant and equipment during the year.
- As at 31 December 2024, management has assessed impairment of property, plant and equipment, there were no impairment recognised or reversed during the year.

41 RIGHT-OF-USE OF ASSETS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	83,898	51,252	78,601	50,261
Additions	31,516	32,646	18,633	28,340
Derecognition	(14,799)	-	(14,799)	-
At 31 December	**100,615**	**83,898**	**82,435**	**78,601**
Depreciation				
At 1 January	(37,843)	(21,965)	(36,617)	(21,220)
Charge for the year	(14,065)	(15,837)	(12,519)	(15,397)
Derecognition	8,769	-	8,769	-
Exchange rate difference	(58)	(41)	-	-
At 31 December	**(43,197)**	**(37,843)**	**(40,367)**	**(36,617)**
Net book value	**57,418**	**46,055**	**42,068**	**41,984**

The Right-of-use of assets relates to leases of office spaces.

42 PREPAID LEASES

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Cost prepaid				
At 1 January	11,732	11,846	11,732	11,846
Disposal	(17)	(114)	(17)	(114)
At 31 December	**11,715**	**11,732**	**11,715**	**11,732**
Amortization				
At 1 January	(2,725)	(2,540)	(2,725)	(2,540)
Charge for the year	(255)	(256)	(255)	(256)
Disposal	2	71	2	71
At 31 December	**(2,978)**	**(2,725)**	**(2,978)**	**(2,725)**
Net book value	**8,737**	**9,007**	**8,737**	**9,007**

Prepaid leases relate to advance payments made for the right of occupancy of various portions of leasehold land where the Bank has its business premises.

NOTES (Continued)

43A INTANGIBLES ASSETS IN USE

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Cost				
At 1 January	111,633	102,835	106,992	98,091
Additions	14,693	11,058	11,958	10,993
Disposal	(4,446)	(2,092)	(4,446)	(2,092)
Exchange rate difference**	(340)	(168)	-	-
At 31 December	**121,540**	**111,633**	**114,504**	**106,992**
Amortization				
At 1 January	(73,589)	(62,035)	(69,594)	(58,202)
Charge for the year	(10,997)	(12,882)	(10,798)	(12,720)
Reclassification	378	-	378	
Disposal	3,953	1,328	3,953	1,328
At 31 December	**(80,255)**	**(73,589)**	**(76,061)**	**(69,594)**
Net book value At 31 December	**41,285**	**38,044**	**38,443**	**37,398**

Intangible assets relate to computer software used by the Group. Fully amortized intangible assets with a gross value of TZS 56,435 Million (2023: TZS 22,560 Million) are still in use. The notional amortization charge would have been TZS 5,643 Million (2023: TZS 4,301 Million). Some fully depreciated software is PSQL 2000i, SAP system, OPICS system, IBM P6, BWC License for ATMs, Operation Risk System, ORACLE, Video conference, and IBM security software.

- As at 31 December 2024, included in intangible assets is the New enterprise bus center system which is material with carrying amount of TZS 10,100 Million (Nil: 2023) with remaining amortization period of nine (9) years.
- No intangible asset was pledged as security for liabilities as at 31 December 2024.
- There are also no restrictions other than those outlined in the software license.
- As at 31 December 2024, there were no significant intangible assets controlled by the Group which have not been recognized as assets.
- There was no internally developed software during the year (Nil: 2023).
- There were no intangible assets acquired during the year through business combinations.
- No revaluation of intangible assets was carried out during the year.
- Write off related to intangible assets (software) that were decommissioned during the year and the full carrying value was written off. Based on management assessment there were no any other intangible assets that were impaired as at year end.
- During the year there were no intangible assets assessed as having indefinite useful life.
- There were no intangible assets acquired by way of government grants during the year.
- As at 31 December 2024, there were no contractual commitments for the acquisition of intangible assets.
- As at 31 December 2024, there were no significant intangible assets controlled by the Group which have not been recognized as assets.

**Exchange rate differences arising from the translation of a subsidiary's financial statement, CRDB Burundi (BIF), into the presentation currency (TZS).

NOTES (Continued)

43B INTANGIBLES ASSETS (WIP)

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Cost				
At 1 January	35,601	15,280	35,601	15,280
Additions	28,442	20,321	28,442	20,321
At 31 December	**64,043**	**35,601**	**64,043**	**35,601**
Total intangible assets	**105,328**	**73,645**	**102,486**	**72,999**

Prior year numbers re classified from other assets

44 DEFERRED INCOME TAX

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	93,917	51,949	91,346	51,743
Adjustment to opening balance	(1)	22	-	-
(Debit)/ Credit to profit or loss				
In respect to current year (Note 24a)	4,963	19,366	4,982	17,023
Under provision in prior year (Note 24a)	(3,318)	7,920	(3,435)	7,920
(Debit)/ Credit to OCI				
Charge to other comprehensive income*	2,855	14,660	2,855	14,660
At 31 December	**98,416**	**93,917**	**95,748**	**91,346**

*Charge to other comprehensive income includes;

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Tax related to Debt instrument at FVOCI	1,154	14,670	1,154	14,670
Tax related to equity instrument at FVOCI	1,701	(10)	1,701	(10)
	2,855	**14,660**	**2,855**	**14,660**

Deferred income tax asset/(liability) is attributed to the following items:

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Accelerated capital allowance	(21,462)	(19,545)	(21,490)	(19,536)
Other provisions*	32,579	33,925	29,939	31,345
ECL related to loans and advances	69,959	66,080	69,959	66,080
Deferred income	17,296	15,761	17,296	15,761
Leases	1,194	1,701	1,194	1,701
Unrealised (gain)/ loss on debt instrument at fair value through OCI	(2,443)	(3,597)	(2,443)	(3,597)
Unrealised (gain)/loss on equity instrument at fair value through OCI	1,293	(408)	1,293	(408)
	98,416	**93,917**	**95,748**	**91,346**
Expected to be recovered within 12months	8,665	8,268	8,430	8,043
Expected to be recovered after 12months	89,751	85,649	87,318	83,303
	98,416	**93,917**	**95,748**	**91,346**

*Includes a deferred tax on other assets, legal claim provisions, accrued expenses, fair value gain or loss, and interest in suspense.

NOTES (Continued)

44 DEFERRED INCOME TAX (Continued)

Deferred income tax recognized in profit or loss during the year.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Accelerated capital allowance	1,917	812	1,954	808
Other provisions*	1,341	(9713)	1,407	(7,366)
ECL related to loans and advances	(3,879)	(13,662)	(3,879)	(13,662)
Deferred income	(1,535)	(3,536)	(1,535)	(3,536)
Leases	509	(1,186)	507	(1,186)
Total charge/(credit)	**(1,649)**	**(27,286)**	**(1,548)**	**24,942**

*Includes a deferred tax movement on other assets, legal claim provisions, accrued expenses, fair value gain or loss, and interest in suspense

45 BALANCES DUE TO OTHER BANKS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Balances from other banks	1,108,682	995,561	994,029	983,017

All balances from other banks are current.

46 DEPOSITS FROM CUSTOMERS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Current and demand accounts	5,330,444	4,117,345	4,810,979	3,698,066
Savings accounts	3,902,157	3,247,963	3,786,348	3,162,344
Term/call deposits	1,701,530	1,490,670	1,617,372	1,454,823
	10,934,131	**8,855,978**	**10,214,699**	**8,315,233**
Current deposits	10,884,854	8,692,918	10,165,952	8,152,732
Non-current deposits	49,277	163,060	48,747	162,501
	10,934,131	**8,855,978**	**10,214,699**	**8,315,233**

Savings accounts, term/call deposits and some current and demand deposits are interest bearing accounts. These interest-bearing customer deposit accounts carry variable interest rates.

Maturity analysis

GROUP 31 December 2024 In TZS' Million	On demand	Within 3 months	3 -12 months	Over 1 year	Total
Current and demand accounts	5,330,444	-	-	-	5,330,444
Savings account	3,902,157	-	-	-	3,902,157
Term/call deposits	312,657	492,040	847,556	49,277	1,701,530
	9,545,258	**492,040**	**847,556**	**49,277**	**10,934,131**

GROUP 31 December 2023 In TZS' Million	On demand	Within 3 months	3 -12 months	Over 1 year	Total
Current and demand accounts	4,117,345	-	-	-	4,117,345
Savings account	3,247,963	-	-	-	3,247,963
Term/call deposits	197,243	469,256	661,111	163,060	1,490,670
	7,562,551	**469,256**	**661,111**	**163,060**	**8,855,978**

NOTES (Continued)

46 DEPOSITS FROM CUSTOMERS (Continued)

BANK 31 December 2024 In TZS' Million	On demand	Within 3 months	3 -12 months	Over 1 year	Total
Current and demand accounts	4,810,979	-	-	-	4,810,979
Savings account	3,786,348	-	-	-	3,786,348
Term/call deposits	303,848	447,111	817,666	48,747	1,617,372
	8,901,175	**447,111**	**817,666**	**48,747**	**10,214,699**

BANK 31 December 2023 In TZS' Million	On demand	Within 3 months	3 -12 months	Over 1 year	Total
Current and demand accounts	3,698,066	-	-	-	3,698,066
Savings account	3,162,344	-	-	-	3,162,344
Term/call deposits	195,524	454,229	642,569	162,501	1,454,823
	7,055,934	**454,229**	**642,569**	**162,501**	**8,315,233**

47 OTHER LIABILITIES

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Bills payable	2,048	2,358	1,049	1,097
Dividend payable	16,667	13,482	16,667	13,482
Accrued expenses	73,002	71,505	66,657	67,031
Contract liabilities (Deferred income) *	65,927	57,359	61,076	53,709
Outstanding credits	5,106	4,988	5,067	4,736
Unclaimed customer balances	143,142	68,129	141,501	67,767
ECL Off-balance sheet items (Note 35)	9,300	453	9,287	453
Other payables**	105,441	156,588	76,509	138,907
	420,633	**374,862**	**377,813**	**347,182**

- Bills payable represents Banker's cheques issued to customers that have not yet been presented for payment.
- Dividend payable represents uncollected dividends by the Bank's shareholders.
- Outstanding credits represent suspended customer balances while their Bank accounts are in the process of being opened.
- Other liabilities are expected to be settled within no more than 12 months after the reporting date.

Dividend paid

In TZS' Million	GROUP AND BANK	
	2024	2023
At 1 January	13,482	11,303
Dividend declared 2023/2021	130,592	117,533
Dividend paid	(127,407)	(115,354)
At 31 December	**16,667**	**13,482**

NOTES (Continued)

47 OTHER LIABILITIES (Continued)

Contract Liabilities (Deferred income) *

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	57,358	42,301	53,709	40,744
Additional	36,276	29,648	35,074	27,556
Revenue recognised	(27,707)	(14,591)	(27,707)	(14,591)
At 31 December	**65,927**	**57,358**	**61,076**	**53,709**

Contract liabilities are unearned fees and commissions related to various services offered by the Bank and funds from various strategic partners TZS 3,843 Million.

Revenue recognized during the year that was included in the opening balance is TZS 21,259 Million (2023: TZS 12,629 Million) for the loan facility fees and TZS 6,448 Million (2023: TZS 7,221 Million) for commission income from the letters of credit and guarantees.

** Includes mainly amount payable to suppliers/ vendors and funds from the Loan Board to be transferred to student accounts to other banks.

48 LEASE LIABILITIES

The Group leases various branch premises and offices under non-cancellable lease agreements. The lease terms are between 5 and 10 years, and most lease agreements are renewable at the end of the lease period at market rate. No arrangements have been entered into for contingent rental payments, and no restrictions have been imposed by these lease arrangements.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The carrying amounts of lease liabilities and the movement during the year is shown below:

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
As at 1 January	49,817	31,437	45,628	31,156
Additions	31,609	32,647	18,633	28,340
Interest expense	4,755	3,707	3,413	3,410
Interest paid	(4,755)	(3,707)	(3,413)	(3,410)
Principal paid	(12,537)	(14,267)	(11,449)	(13,868)
Derecognition	(5,689)	-	(5,689)	-
Fx differences	(136)	-	-	-
At 31 December	**63,064**	**49,817**	**47,123**	**45,628**

The Group had total cash outflows for leases of TZS 17,978 Million (2023: TZS 11,054)

NOTES (Continued)

48 LEASE LIABILITIES (Continued)

The following are the minimum lease payment commitments considered under IFRS 16 Relating to recognised liabilities.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Present value of minimum lease commitment	63,064	49,817	47,123	45,628
Future finance costs	67,205	63,308	58,988	56,634
Total minimum lease commitments	**130,269**	**113,125**	**106,111**	**102,262**

The maturity analysis for the lease liability is as follows.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Within three Months	73	92	73	75
Within one Year	1,987	1,365	1,936	1,345
After One Year	128,209	111,668	104,102	100,842
Total minimum lease commitments	**130,269**	**113,125**	**106,111**	**102,262**

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Current	1,757	1,375	1,708	1,375
Non – Current	61,307	48,442	45,415	44,253
	63,064	**49,817**	**47,123**	**45,628**

The maturity analysis of the lease liabilities on an undiscounted basis is set out in the liquidity risk section of note 10.4.4.

49 INSURANCE AND REINSURANCE CONTRACTS

Insurance and Reinsurance contract liabilities

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

Insurance contracts issued 31 December 2024 In TZS' Million	Insurance contracts assets	Insurance contracts liabilities	Net Insurance contracts liabilities
Motor	-	4,843	(4,843)
Fire	-	1,098	(1,098)
Engineering	-	1,163	(1,163)
Others	-	1,059	(1,059)
Total insurance contracts issued	**-**	**8,163**	**(8,163)**

49 INSURANCE AND REINSURANCE CONTRACTS (Continued)

Insurance and Reinsurance contract liabilities (Continued)

Insurance contracts issued 31 December 2023 In TZS' Million	Insurance contracts assets	Insurance contracts liabilities	Net Insurance contracts liabilities
Motor	73	(945)	(872)
Fire	-	(473)	(473)
Engineering	13	(9)	4
Others	3	(3)	-
Total insurance contracts issued	**89**	**(1,430)**	**(1,341)**

Maturity analysis:

- The liability for incurred claims as of year end is insignificant as the Group started its insurance operations towards the end of the year 2024.
- A significant portion of the insurance contract liability relates to the liability for remaining coverage, which is expected to be recognised as revenue in the next one year.
- The maturity profile of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Group are based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

Reinsurance contracts held 31 December 2024 In TZS' Million	Insurance contracts assets	Insurance contracts liabilities	Net Insurance contracts liabilities
Motor	377	-	377
Fire	-	(1,758)	(1,758)
Engineering	1,510	-	1,510
Others	-	(1,302)	(1,302)
Total insurance contracts issued	**1,887**	**(3,060)**	**(1,173)**

Insurance contracts issued 31 December 2023 In TZS' Million	Insurance contracts assets	Insurance contracts liabilities	Net Insurance contracts liabilities
Motor	-	(156)	(156)
Fire	-	(27)	(27)
Engineering	-	(1)	(1)
Total insurance contracts issued	**-**	**(184)**	**(184)**

* reinsurance is in liability position due to outstanding premiums payable to reinsurers.

NOTES (Continued)

49 INSURANCE AND REINSURANCE CONTRACTS (Continued)

Maturity analysis:

The liability in respect of reinsurance contract assets is expected to be settled within 1 year.

Insurance contract Liabilities

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC)*

31 December 2024 In TZS' Million	Liability for remaining coverage excluding loss component	Liability for incurred claims including the risk adjustment**	Total
Insurance contract liabilities as at 1 Jan 2024	1,320	21	1,341
Net insurance contract liabilities as at 01 Jan 2024	1,320	21	1,341
Insurance revenue	14,351	-	14,351
Insurance service expenses:			
Incurred claims and other expenses	-	(2,577)	(2,577)
Losses on onerous contracts and reversals of those losses	-	-	
Allocation of insurance acquisition cash flows	(2,170)	-	(2,170)
Changes to liabilities for incurred claims		(120)	(120)
Insurance service result	**12,181**	**(2,697)**	**9,484**
Insurance finance expenses	-	-	-
Effect of movements in exchange rates	-	-	-
Total changes in the statement of comprehensive income	**12,181**	**(2,697)**	**9,484**
Cash flows:			
Premiums received	21,416	-	21,416
Claims and other expenses paid		(1,914)	(1,914)
Insurance acquisition cash flows-commission expenses	(3,196)		(3,196)
Total cash flows	**18,220**	**(1,914)**	**16,306**
Net insurance contract liabilities as at 31 December 2024	**7,359**	**804**	**8,163**

Insurance contract Liabilities

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC)*

31 December 2023 In TZS' Million	Liability for remaining coverage excluding loss component	Liability for incurred claims including the risk adjustment**	Total
Insurance contract (assets)/liabilities on 1 January 2023	-	-	-
Insurance revenue	180	-	180
Insurance service expenses:	-	-	-
Incurred claims and other expenses	-	(39)	(39)
Losses on onerous contracts and reversals of those losses	-	-	-
Amortization of insurance acquisition cash flows	(21)	-	(21)
Changes to liabilities for incurred claims	-	(3)	(3)
Insurance service expenses	**(21)**	**(42)**	**(63)**

NOTES (Continued)

49 INSURANCE AND REINSURANCE CONTRACTS (Continued)

31 December 2023 In TZS' Million	Liability for remaining coverage excluding loss component	Liability for incurred claims including the risk adjustment**	Total
Insurance service results (before reinsurance contracts)	159	(42)	117
Insurance finance expenses	-	-	-
Effect of movements in exchange rates	-	-	-
Total changes in the statement of comprehensive income	**159**	**(42)**	**117**
Cash flows:			
Premiums received	1,751	-	1,751
Claims and other expenses paid	-	(21)	(21)
Insurance acquisition cash flows-commission expenses	(272)	-	(272)
Total cash flows	**1,479**	**(21)**	**1,458**
Net Insurance contract liabilities as at 31 December 2023	**1,320**	**21**	**1,341**

Reinsurance Contract liabilities

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC)*

31 December 2024 In TZS' Million	Assets for remaining coverage excluding loss component	Amounts recoverable on incurred claims including the risk adjustment**	Total
Reinsurance contract liabilities as at 1 Jan 2024	85	-	85
Net reinsurance contract assets/(liabilities) as at 1 Jan 2024	(85)	-	(85)
An allocation of reinsurance premiums	7,228	-	7,228
Amounts recoverable from reinsurers for incurred claims	-	(684)	(684)
Amounts recoverable for incurred claims and other expenses (Including Loss-recovery)	-	-	-
allocation of insurance acquisition cash in-flows	(1,602)	-	(1,602)
Net income or expense from reinsurance contracts held			
Insurance service result	5,626	(684)	4,942
Insurance finance expenses			
Effect of movements in exchange rates			
Total changes in the statement of comprehensive income	**5,626**	**(684)**	**4,942**
Cash flows:			
Premiums received	6,777	-	6,777
Claims and other expenses paid	-	(139)	(139)
Insurance acquisition cash flows-commissions expenses	(2,784)		(2,784)
Total cash flows	3,993	(139)	3,854
Net insurance contract (assets)/liabilities as at 31 December 2024	**(1,718)**	**545**	**(1,173)**

NOTES (Continued)

49 INSURANCE AND REINSURANCE CONTRACTS (Continued)

Reinsurance Contract liabilities

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC)*

31 December 2024 In TZS' Million	Assets for remaining coverage excluding loss component	Amounts recoverable on incurred claims including the risk adjustment**	Total
Reinsurance contract liabilities as at 1 Jan 2024	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 Jan 2023	-	-	-
An allocation of reinsurance premiums	106	-	106
Amounts recoverable from reinsurers for incurred claims	-	-	-
Amounts recoverable for incurred claims and other expenses (Including Loss-recovery)	-	-	-
allocation of insurance acquisition cash in-flows	(21)	-	(21)
Net income or expense from reinsurance contracts held	(21)	-	(21)
Insurance service result	85	-	85
Insurance finance expenses	-	-	-
Effect of movements in exchange rates	-	-	-
Total changes in the statement of comprehensive income	**85**	**-**	**85**
Cash flows:			
Premiums received	-	-	-
Claims and other expenses paid	-	-	-
Insurance acquisition cash flows-commissions expenses	-	-	-
Total cash flows	-	-	-
Net insurance contract (assets)/liabilities as at 31 December 2023	**85**	**-**	**85**

* The Group has provided the net assets or liabilities reconciliations for insurance and reinsurance contracts. In view of this, the group views the entire insurance operations as one reportable group for disclosure purposes due to the size of the insurance business.

** Management has assessed the risk adjustment for the liabilities for the incurred claims to be immaterial.

- There was no loss recovery component recognised during the period.
- There was no asset or amounts recoverable for incurred claims as at year end.
- The reinsurance contracts held balance is in a liability position at the year end due to unpaid premiums due to reinsurance companies. Premiums to reinsurance companies are paid on quarterly basis. The liability balance of TZS 1,173mn (2023:184mn)represents net payable to reinsurance companies.

NOTES (Continued)

50 GREEN BOND

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	175,204	-	175,204	-
The amount received during the year	-	171,826	-	171,826
Interest charge for the year	17,612	3,378	17,612	3,378
Interest paid in the year	(17,612)	-	(17,612)	-
At 31 December	**175,204**	**175,204**	**175,204**	**175,204**
Current	3,378	3,378	3,378	3,378
Non-current	171,826	171,826	171,826	171,826
	175,204	**175,204**	**175,204**	**175,204**

In 2023, we issued the Green Bond branded as "Kijani Bond." This financial instrument aims to finance sustainable and green projects that align with the Bank's mission to support environmentally friendly initiatives.

This Medium-Term Note Programme (MTN) worth TZS 780 Billion, equivalent to US$300 Million, becomes the first bond with green, social and sustainability components to be issued in Tanzania and the largest in Sub-Saharan Africa by a corporation listed on a stock exchange. The MTN will be issued in tranches. The first tranche was issued in 2023, and TZS171.8 Billion was raised and oversubscribed by 429.6%.

The Bond is for the period of up to 5 years with semi-annual interest and bears the interest rate of 10.25%.

51 BORROWINGS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	933,109	491,277	933,109	491,277
Loan received during the year	978,057	578,741	978,057	578,741
Interest charge	85,328	63,271	85,328	63,271
Interest paid	(82,020)	(55,121)	(82,020)	(55,121)
Repayment of principal	(246,588)	(161,513)	(246,588)	(161,513)
Exchange rate differences	(8,266)	16,454	(8,266)	16,454
At 31 December	**1,659,620**	**933,109**	**1,659,620**	**933,109**
Current	94,085	58,486	94,085	58,486
Non-current	1,565,535	874,623	1,565,535	874,623
	1,659,620	**933,109**	**1,659,620**	**933,109**

The Group and Bank has not had any defaults of principal, interest, or other breaches regarding borrowings during 2024 or 2023.

51 BORROWINGS (Continued)

Long-Term Borrowings

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
AFDB	22,652	64,549	22,652	64,549
EIB	336,163	378,752	336,163	378,752
TMRC	27,065	27,070	27,065	27,070
TIB	25	103	25	103
NBC	9,586	18,118	9,586	18,118
PROPACO	133,245	76,188	133,245	76,188
IFC	119,697	182,490	119,697	182,490
INVESTEC	156,760	72,060	156,760	72,060
GCPF	25,087	25,879	25,087	25,879
GCF	85,217	87,900	85,217	87,900
CITI BANK	50,068	-	50,068	-
DFC	506,722	-	506,722	-
FMO	162,946	-	162,946	-
RESPONSIBILITY	24,387	-	24,387	-
At 31 December	**1,659,620**	**933,109**	**1,659,620**	**933,109**

51.1 AFDB BORROWING

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	64,549	71,825	64,549	71,825
Loan received during the year	-	25,114	-	25,114
Loan repaid during the year	(40,864)	(37,672)	(40,864)	(37,672)
Interest charge for the year	3,292	4,912	3,292	4,912
Interest paid in the year	(3,643)	(4,074)	(3,643)	(4,074)
Foreign exchange difference	(682)	4,444	(682)	4,444
At 31 December	**22,652**	**64,549**	**22,652**	**64,549**

In 2023, the Bank and the African Development Bank (AFDB) entered into a Senior Credit Line agreement amounting to USD 10 Million, with a duration of eight years. This agreement is designed to support the Bank's initiatives aimed at fostering the growth of enterprises owned by women. In addition, the facility includes Technical Assistance to bolster the Bank's ability to effectively engage and support a greater number of women-owned businesses.

In April 2017, the Bank secured a long-term loan facility of USD 90 Million, which was initially signed in November 2016. The facility was fully repaid and a matured in August 2024. This fund was allocated for financing infrastructure projects, with a stipulation that at least 25% of the proceeds be directed towards lending activities for Small and Medium-sized Enterprises (SMEs) in critical sectors of the Tanzanian economy, including agriculture, construction, transport, and services.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

NOTES (Continued)

51 BORROWINGS (Continued)

51.2 EIB BORROWING

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	378,752	18,156	378,752	18,156
Loan received during the year	17,277	370,291	17,277	370,291
Interest charge for the year	10,987	13,108	10,987	13,108
Interest paid in the year	(26,165)	(13,557)	(26,165)	(13,557)
Principal repayment during the year	(44,556)	(9,246)	(44,556)	(9,246)
Foreign exchange difference	(132)	-	(132)	-
At 31 December	**336,163**	**378,752**	**336,163**	**378,752**

In 2014, the Bank entered into a facility agreement with European Investment Bank (EIB) for a senior credit line of Euro 55 Million converted to TZS from initial recognition in 2016. These funds were earmarked for Mid-caps and SMEs in the country. The facility was for a period of 8 years which has been fully repaid and matured in April 2024.

In 2023 the Bank entered into a new facility agreement with European Investment Bank (EIB) for senior credit line of EUR 150 Million, these funds were dedicated to supporting Small and Medium Enterprises with a special focus on Blue Economy and Gender. The facility was disbursed in different tranches with varying maturities of up to12 years.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

51.3 TMRC BORROWING

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	27,063	27,077	27,063	27,077
Interest charge for the year	2,038	1,694	2,038	1,694
Interest paid in the year	(2,036)	(1,708)	(2,036)	(1,708)
At 31 December	**27,065**	**27,063**	**27,065**	**27,063**

The Bank signed a master finance agreement with Tanzania Mortgage Refinance Company (TMRC) in 2014, to support growth in the Bank's mortgage portfolio. As at 31 December the Bank had an outstanding loan of TZS 27 Billion which is fully deployed to the mortgage portfolio.

The facility is for the period of up to 5 years with an expected maturity of June 2028.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

51.4 TIB BORROWING

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	103	208	103	208
Interest charge for the year	4	17	4	17
Interest paid in the year	(6)	(19)	(6)	(19)
Principal repayment during the year	(76)	(103)	(76)	(103)
At 31 December	**25**	**103**	**25**	**103**

On 15 March 2017, the Bank received funds amounting to TZS 399.5 Million in favour of Andoya Hydro power. There is no collateral pledged to secure these loans. The Bank complied with all terms and conditions of each of the agreements during the year and there were no any defaults on either principal or interest of loan payable.

The loan tenure is 9 years.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

NOTES (Continued)

51 BORROWINGS (Continued)

51.5 NBC BORROWING

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	18,118	22,024	18,118	22,024
Amount received	1,431	2,329	1,431	2,329
Interest charge for the year	(1,840)	(2,515)	(1,840)	(2,515)
Interest paid in the year	(8,123)	(3,720)	(8,123)	(3,720)
At 31 December	**9,586**	**18,118**	**9,586**	**18,118**

The Borrowing from NBC Tanzania successfully followed invitation and agreement with NBC Bank to Risk participation arrangement (RPA) of TZS 20.97 Billion (equivalent to USD 9 Million) for on-lending to the Agricultural sector. The facility expected to mature in August 2025.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

51.6 PROPARCO

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	76,189	117,868	76,189	117,868
Loan received during the year	108,257	-	108,257	-
Interest charge for the year	11,563	10,701	11,563	10,701
Interest paid in the year	(13,292)	(7,487)	(13,292)	(7,487)
Principal repayment	(48,716)	(50,229)	(48,716)	(50,229)
Foreign exchange difference	(756)	5,335	(756)	5,335
At 31 December	**133,245**	**76,188**	**133,245**	**76,188**

The Bank has entered into a Senior facility agreement amounting to USD 50 Million with Société De Promotion Et De Participation Pour La Cooperation Économique S.A. (PROPARCO). This facility, which spans three years, is designed to strengthen the Bank's initiatives aimed at supporting Small and Medium Enterprises, with a particular emphasis on Micro enterprises.

To further reinforce the Bank's capabilities, the agreement includes a Portfolio guarantees totaling Euro 26.5 Million and Technical Assistance, focusing on key areas of mutual interest, such as Micro Women Businesses and Enterprises, as well as Micro, Small, and Medium Enterprises impacted by COVID-19. The disbursement of this facility took place in April 2023, with a maturity date anticipated in May 2025.

The facility was disbursed in April 2023 for a period of up to 3 years with an expected maturity of May 2025.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

51.7 IFC

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	182,490	234,119	182,490	234,119
Loan received during the year	-	-	-	-
Interest charge for the year	13,855	23,805	13,855	23,805
Interest paid in the year	(15,158)	(21,560)	(15,158)	(21,560)
Principal repayment	(59,597)	(60,543)	(59,597)	(60,543)
Foreign exchange difference	(1,893)	6,669	(1,893)	6,669
At 31 December	**119,697**	**182,490**	**119,697**	**182,490**

51 BORROWINGS (Continued)

51.7 IFC (Continued)

In August 2022, the Bank received a disbursement of USD 100 Million from International Finance Corporations (IFC), a senior debt facility signed between the two institutions in June 2022. The facility aims at supporting Bank's lending program to Eligible Sub-borrowers through Eligible Sub-loans in response to the COVID-19 pandemic as well as SME and Women-Owned SME eligible sub-borrowers.

The facility is for a period of 5 years with an expected maturity on December 2026

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

51.8 INVESTEC BORROWING

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	72,060	-	72,060	-
Loan received during the year	109,610	70,320	109,610	70,320
Interest charge for the year	4,104	4,823	4,104	4,823
Interest paid in the year	(3,295)	(3,083)	(3,295)	(3,083)
Principal repayment during the year	(24,358)	-	(24,358)	-
Foreign exchange difference	(1,361)	-	(1,361)	-
At 31 December	**156,760**	**72,060**	**156,760**	72,060

In 2023, the Bank successfully raised USD 150 Million through a syndication led by Investec Bank and Intesa Sanpaolo. This funding was structured in two tranches: a one-year tranche amounting to USD 122 Million and a two-year tranche totaling USD 28 Million. The one-year tranche was fully repaid upon maturity in September 2024, while the two-year tranche received partial repayment.

In September 2024, the Bank returned to the market, again partnering with Investec Bank and Intesa Sanpaolo to secure an additional USD 150 Million through syndication. This new funding was also divided into two tranches: a one-year tranche of USD 105 Million and a two-year tranche of USD 45 Million.

The syndication included participants from various countries, including South Africa, the United Arab Emirates, the United Kingdom, Qatar, Italy, Mauritius, Luxembourg, Egypt, and Germany

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

51.9 GCPF BORROWING

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	25,879	-	25,879	-
Loan received during the year	-	25,114	-	25,114
Interest charge for the year	2,098	1,880	2,098	1,880
Interest paid in the year	(2,133)	(1,115)	(2,133)	(1,115)
Foreign exchange difference	(757)	-	(757)	-
At 31 December	**25,087**	**25,879**	**25,087**	**25,879**

The Bank entered into a facility agreement with Global Climate Partnership Fund S.A (GCPF) for a senior credit line of USD 25 Million for Green and Climate facility projects. The bank received its first tranche of USD 10 Million on August 2023. This facility included technical support to enhance the Bank's efforts in managing climate-related projects.

The facility is for a period of up to 7 years with 2 years grace period expected to mature in 2030.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

51 BORROWINGS (Continued)

51.10 GCF BORROWING

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	87,900	-	87,900	-
Loan received during the year	-	87,900	-	87,900
Interest charge for the year	889	-	889	-
Interest paid in the year	(886)	-	(886)	-
Foreign exchange difference	(2,686)		(2,686)	
At 31 December	**85,217**	**87,900**	**85,217**	**87,900**

CRDB entered an agreement with the United Nations Green Climate Fund (GCF) to receive a concessional agriculture adaptation credit of USD 70 Million. The loan is disbursed in tranches within a program implementation period of 5 years. On 22nd December 2023, the Bank received the first tranche of USD 35 Million as an adaptation credit facility for the execution of a lending program titled Tanzania Agriculture Climate Adaptation Technology Deployment Programme (TACATDP). The program is expected to support farmers in Tanzania to access loans that will enable them to acquire climate adaptation technologies to increase resilience in farming activities to combat the effects of climate change in agriculture.

The concessional loan is for up to 20 years, has a 5-year grace period, and is expected to mature in 2043.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

51.11 FMO

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Loan received during the year	182,684	-	182,684	-
Interest charge for the year	7,461	-	7,461	-
Interest paid in the year	(6,901)	-	(6,901)	-
Principal repayment during the year	(20,298)		(20,298)	
At 31 December	**162,946**	**-**	**162,946**	**-**

The Bank has entered into a Senior credit facility agreement amounting to USD 125 Million with Société De Promotion Et De Participation Pour La Cooperation Économique S.A. (PROPARCO) and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO). (Out of USD 125 Million, USD 50 from PROPARCO and USD 75 Million from FMO).

During the year USD 75 Million was received.

This facility, which spans five years, is designed to bolster the Bank's efforts in Climate Financing, Agriculture, Agro-processing, and Gender initiatives. The full amount was disbursed in July 2024, with a maturity date set for December 2028.

As of December 31, 2024, both the Group and the Bank were in compliance with all covenants set forth by the lenders.

NOTES (Continued)

51 BORROWINGS (Continued)

51.12 RESPONSABILITY

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	-	-	-	-
Loan received during the year	24,358	-	24,358	-
Interest charge for the year	29	-	29	-
Interest paid in the year	-	-	-	-
At 31 December	**24,387**	**-**	**24,387**	**-**

ResponsAbility Investments AG is an international access private sector entity based in Switzerland acting as an asset manager for a collective of investment schemes for private and institutional investors as well as portfolio manager, advisor, originator, and service provider for other investment products. ResponsAbility offered the Bank with credit facilities totalling USD 35 Million through various managed funds.

In 2024, ResponsAbility extended an additional USD 10 Million to the Bank through its three funds: the Micro & SME Finance Debt Fund, the Financial Inclusion Fund, and the Micro and SME Finance Leaders Fund. This funding is aimed at promoting financial inclusion by fostering growth among micro and small to medium-sized enterprises. The funds were received in December 2024, with an anticipated maturity date in September 2027.

As of December 31, 2024, both the Group and the Bank complied with all lender covenants.

51.13 CITIBANK

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	-	-	-	-
Loan received during the year	48,716	-	48,716	-
Interest charge for the year	2,539	-	2,539	-
Interest paid in the year	(1,187)	-	(1,187)	-
At 31 December	**50,068**	**-**	**50,068**	**-**

51.14 DFC

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	-	-	-	-
Loan received during the year	487,156	-	487,156	-
Interest charge for the year	25,046	-	25,046	-
Interest paid in the year	(5,480)	-	(5,480)	-
At 31 December	**506,722**	**-**	**506,722**	**-**

The Bank has successfully established a Senior Credit facility agreement amounting to USD 320 Million with the United States International Development Finance Corporation (DFC) and Citibank Europe Plc. In this agreement, DFC has allocated USD 300 Million as a long-term investment for a duration of up to eight years, while Citibank Europe has committed USD 20 Million for a two-year period.

This facility aims to enhance financing opportunities for small businesses in the East Africa region, thereby strengthening the Bank's capacity to provide loans to small and medium-sized enterprises (SMEs) in Tanzania and Burundi, with a particular emphasis on businesses led or owned by women.

During the year, the Bank received a disbursement of USD 220 Million from the total loan commitment, with the DFC portion maturing in January 2032 and the Citibank portion (as per note 51.13) maturing in March 2026.

As of December 31, 2024, both the Group and the Bank were fully compliant with all covenants.

NOTES (Continued)

52 SUBORDINATED DEBT- AFDB

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	130,986	120,742	130,986	120,742
Loan received during the year	-	-	-	-
Interest charge for the year	13,020	12,326	13,020	12,326
Interest paid in the year	(13,325)	(10,973)	(13,325)	(10,973)
Foreign exchange difference	(3,799)	8,891	(3,799)	8,891
At 31 December	**126,882**	**130,986**	**126,882**	**130,986**
Current	5,109	5,414	5,109	5,414
Non-current	121,773	125,572	121,773	125,572
	126,882	**130,986**	**126,882**	**130,986**

In February 2022, the Bank received a disbursement of USD 50 Million a subordinated USD term facility from African Development Bank (AfDB) per the facility agreement signed in November 2021. The facility is for a period of seven years with a five years' grace period. The facility is geared towards augmenting the Bank's capital base to enable it to expand its operations in East and Central African regions particularly providing finance in the agriculture, manufacturing, and trade sectors as well as SME's and local corporates.

As at 31 December 2024, the Group and Bank were compliant with all the lender's covenants.

53 GRANTS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	21,536	3,012	21,536	3,012
Grant received during the year	-	19,900	-	19,900
Grant amount utilised	(3,066)	(1,214)	(3,066)	(1,214)
Reclassification to deferred income	-	(162)	-	(162)
At 31 December	**18,470**	**21,536**	**18,470**	**21,536**

53.1 FSDT GRANTS

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	1,178	2,040	1,178	2,040
Reclassification to deferred income	-	(162)	-	(162)
Grant amount utilised	(727)	(700)	(727)	(700)
At 31 December	**451**	**1,178**	**451**	**1,178**

On 26 May 2008, CRDB Bank Plc signed a four-year funding agreement with the Financial Sector Deepening Trust of Tanzania (FSDT) amounting to USD 3,806,500 as a grant for strengthening the Bank's microfinance partner institutions and increasing outreach.

The grant was utilized to construct service centres and purchase motor vehicles.

There are no conditions attached to the grant during the year.

53 GRANTS (Continued)

53.2 MIVARF ASSET GRANT

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	458	972	458	972
Grant amount utilised	(458)	(514)	(458)	(514)
At 31 December	**-**	**458**	**-**	**458**

On 2 January 2013, the Group signed a six-year funding agreement with the Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) amounting to USD 4,000,008 as a grant for improving/ strengthening and developing access to financial services on a sustainable basis to rural micro and small-scale entrepreneurship activities that will lead to increased productivities in rural areas. The grant was utilized to construct service centres and purchase motor vehicles.

This grant expired in 2019. The outstanding amount relates to a deferred grant, which is being amortized in line with the corresponding depreciation for the respective PPE.

There are no conditions attached to the grant during the year.

53.3 GCF GRANT

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
At 1 January	19,900	-	19,900	-
Grant received during the year	-	19,900	-	19,900
Grant amount utilised	(1,881)	-	(1,881)	-
At 31 December	**18,019**	**19,900**	**18,019**	**19,900**

During the year, the Bank received a grant of USD 7.9 Million to be used in training, capacity building and policy interventions as specified in component 2 of Tanzania Agriculture Climate Adaptation Technology Deployment Programme (TACATDP) approved by Green Climate Fund (GCF). This grant will help the bank to enhance capacity on adaptation lending while facilitating to promote policy interventions to government agencies, ministries, and private institutions to unlock any significant barriers towards addressing climate change impacts through concessional lending.

54 NET DEBT RECONCILIATION

The analysis and movement of the net debt is, as follows:

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Lease Liability	63,064	49,817	47,123	45,628
Borrowings	1,659,620	933,109	1,659,620	933,109
Green Bond	175,204	175,204	175,204	175,204
Subordinated Debts	126,882	130,986	126,882	130,986
Net debt	**2,024,770**	**1,289,116**	**2,008,829**	**1,284,927**

NOTES (Continued)

54 NET DEBT RECONCILIATION (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

GROUP 31 December 2024 In TZS'Million	Lease Liability	Borrowings	Green Bond	Subordinated Debts	Total
Balance as at 1 January 2024	49,817	933,109	175,204	130,986	1,289,116
Changes from financing cashflows					
Borrowings received	-	978,057	-	-	978,057
Repayment of borrowings	-	(246,588)		-	(246,588)
Principal payment on lease liabilities	(12,537)	-	-	-	(12,537)
Total changes from financing cash flows	**(12,537)**	**731,469**	**-**	**-**	**718,932**
The effect of changes in FX rates	(136)	(8,266)	-	(3,799)	(12,201)
Other changes					
Liability-related	25,920	-	-	-	25,920
Interest Charge	4,755	85,328	17,660	13,020	120,763
Interest paid	(4,755)	(82,020)	(17,660)	(13,325)	(117,760)
Total liability-related other changes	**25,920**	**3,308**	**-**	**(305)**	**28,923**
Balance at 31 December 2024	**63,064**	**1,659,620**	**175,204**	**126,882**	**2,024,770**

GROUP 31 December 2023 In TZS'Million	Lease Liability	Borrowings	Green Bond	Subordinated Debts	Total
Balance as at 1 January 2023	31,437	491,277	-	120,742	643,456
Changes from financing cashflows					
Borrowings received	-	578,741	171,826	-	750,567
Repayment of borrowings	-	(161,513)	-	-	(161,513)
Principal payment on lease liabilities	(14,267)	-	-	-	(14,267)
Total changes from financing cash flows	**(14,267)**	**417,228**	**171,826**	**-**	**574,787**
The effect of changes in FX rates		16,454	-	8,891	25,345
Other changes					
Liability-related	32,647			-	32,647
Interest Charge	3,711	63,271	3,378	12,326	82,686
Interest paid	(3,711)	(55,121)	-	(10,973)	(69,805)
Total liability-related other changes	**32,647**	**8,150**	**3,378**	**1,353**	**45,528**
Balance at 31 December 2023	**49,817**	**933,109**	**175,204**	**130,986**	**1,289,116**

NOTES (Continued)

54 NET DEBT RECONCILIATION (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

BANK 31 December 2024 In TZS'Million	Lease Liability	Borrowings	Green Bond	Subordinated Debts	Total
Balance as at 1 January 2024	45,628	933,109	175,204	130,986	1,284,927
Changes from financing cashflows					
Borrowings received	-	978,057	-	-	978,057
Repayment of borrowings	-	(246,588)	-	-	(246,588)
Principal payment on lease liabilities	(11,449)	-	-	-	(11,449)
Total changes from financing cash flows	**(11,449)**	**731,469**	**-**	**-**	**720,020**
The effect of changes in FX rates	-	(8,266)		(3,799)	(12,065)
Other changes					
Liability-related	12,944	-	-	-	12,944
Interest charge	3,413	85,328	17,660	13,020	119,421
Interest paid	(3,413)	(82,020)	(17,660)	(13,325)	(116,418)
Total liability-related other changes	**12,944**	**3,308**	**-**	**(305)**	**15,947**
Balance at 31 December 2024	**47,123**	**1,659,620**	**175,204**	**126,882**	**2,008,829**

BANK 31 December 2023 In TZS'Million	Lease Liability	Borrowings	Green Bond	Subordinated Debts	Total
Balance as at 1 January 2023	31,156	491,277	-	120,742	643,175
Changes from financing cashflows					
Borrowings received	-	578,741	171,826	-	750,567
Repayment of borrowings	-	(161,513)	-	-	(161,513)
Principal payment on lease liabilities	(13,868)	-	-	-	(13,868)
Total changes from financing cash flows	**(13,868)**	**417,228**	**171,826**	**-**	**575,186**
The effect of changes in FX rates	-	16,454	-	8,891	25,345
Other changes					
Liability-related	28,340	-	-	-	28,340
Interest charge	3,411	63,271	3,378	12,326	82,386
Interest paid	(3,411)	(55,121)	-	(10,973)	(69,505)
Total liability-related other changes	**28,340**	**8,150**	**3,378**	**1,353**	**41,221**
Balance at 31 December 2023	**45,628**	**933,109**	**175,204**	**130,986**	**1,284,927**

NOTES (Continued)

55 SHARE CAPITAL

	GROUP		BANK	
	2024 TZS' Million	2023 TZS' Million	2024 TZS' Million	2023 TZS' Million
Authorized 4,000,000,000 ordinary shares of TZS 25 each	100,000	100,000	100,000	100,000
Issued and fully paid 2,611,838,584 (2023: 2,611,838,584) ordinary shares of TZS 25 each				
Number of shares				
At 1 January	2,612	2,612	2,612	2,612
Issued shares	-	-	-	-
At 31 December	**2,612**	**2,612**	**2,612**	**2,612**
Value of shares				
At 1 January	65,296	65,296	65,296	65,296
Issued shares	-	-	-	-
At 31 December	**65,296**	**65,296**	**65,296**	**65,296**

56 NON-CONTROLLING INTERESTS (NCI)

Non-controlling interest balance relates to the value of the interest held by the non-controlling shareholders in CRDB DRC. CRDB DRC was incorporated and started its operations during the year 2024. CRDB Bank owns 55% shares in CRDB DRC.

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

31 December In TZS' Million	CRDB DRC 2024	CRDB DRC 2023
Summarised statement of financial position		
Current assets	171,106	107,444
Current liabilities	(93,529)	(21,621)
Current net assets	**77,577**	**85,823**
Non-current assets	13,516	14,932
Non-current liabilities	-	(4,133)
Non-current net assets	**13,516**	**10,799**
Net assets	**91,093**	**96,622**
Accumulated balance for material NCI	**40,657**	**43,612**

NOTES (Continued)

56 NON-CONTROLLING INTERESTS (NCI) (Continued)

Summarized statement of comprehensive income

31 December In TZS' Million	CRDB DRC 2024	CRDB DRC 2023
Loss for the year	(6,566)	(4,218)
Other comprehensive income	-	-
Total comprehensive loss	**(6,566)**	**(4,218)**
Loss allocated to NCI (45%)	**(2,955)**	**(1,898)**

Summarised cash flows

31 December In TZS' Million	CRDB DRC 2024	CRDB DRC 2023
Cash flows from operating activities	22,290	(101,760)
Cash flows from investing activities	(4,956)	737
Cash flows from financing activities	-	45,510
Net increase/ (decrease) in cash and cash equivalents	**17,334**	**(55,513)**

Transactions with non-controlling interests

There were no transactions with non-controlling interests during the year.

No dividends were paid to non-controlling interests during the year.

57 RESERVES

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Annual General Meetings of the Company. For the time being, there is no any restriction which has been attached to the ordinary shares of the company.

Share premium

Share premium represents the surplus of market price over the nominal value of the shares issued, comprising the rights issue and Initial Public offering (IPO).

Retained earnings

Retained earnings consist of profits generated by a company that was not distributed to shareholders as dividend but reinvested in business.

TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Legal reserve	35,864	14,935	-	-
Non distributable reserve	15,602	5,419	15,479	1,676
Exchange differences on translation of	(22,307)	(8,461)	-	-
foreign operations	10,765	11,190	10,765	11,190
Revaluation reserve				
At 31 December	**39,924**	**23,083**	**26,244**	**12,866**

NOTES (Continued)

57 RESERVES (Continued)

Non distributable reserve

The reserves represent the excess of Central Bank provisions over IFRS provisions. These reserves do form part of Tier 2 capital. As per central Bank of Tanzania the reserve is charged against the retained earning while as per Burundi Central Bank the reserve is charged against profit and Loss.

Exchange differences on translation of foreign operations

Represents exchange differences arising from translation of the financial performance and position of a subsidiary company that has a functional currency different from the Group's presentation currency. This is a non-distributable reserve.

Legal provision reserve

This represents five percent of net profit which is set aside in compliance with the Burundi company law for CRDB Bank Burundi SA.

Revaluation reserve

The reserve is made up of periodic adjustment arising from the fair valuation of motor vehicles, net of related deferred taxation and fair valuation of debt and equity instruments at fair value through OCI financial assets and liabilities. The reserve is not available for distribution to the shareholders.

The revaluations reserve movements for the Group are as shown below:

GROUP AND BANK 31 December 2024 In TZS' Million	Motor vehicles	Debt instrument at fair value through OCI	Equity instrument at fair value through OCI	Total
At 1 January	1,869	9,232	89	11,190
Gain on debt instrument at FVOCI reclassified to Profit and loss	-	(5,510)	-	(5,510)
Gain on debt instrument at FVOCI	-	1,662	-	1,662
Revaluation loss on equity instrument at FVOCI	-	-	(5,669)	(5,669)
Deferred tax on OCI	-	1,154	1,701	2,855
Derecognition of the investment at FVOCI	-	-	7,000	7,000
Release to retained earnings. (net of deferred tax)	(763)	-	-	(763)
At 31 December	**1,106**	**6,538**	**3,121**	**10,765**

GROUP AND BANK 31 December 2023 In TZS' Million	Motor vehicles	Debt instrument at fair value through OCI	Equity instrument at fair value through OCI	Total
At 1 January	2,484	43,462	65	46,011
Increase/(decrease) during the year	-	(34,230)	24	(34,206)
Release to retained earnings. (net of deferred tax)	(615)	-	-	(615)
At 31 December	**1,869**	**9,232**	**89**	**11,190**

58 CAPITAL MANAGEMENT

The Bank's objectives for managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

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

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

The Central Bank requires the Banking Group to:

a) hold the minimum level of core capital of TZS15 Billion.

b) maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 12.5%; and

c) Maintain total capital of not less than 14.5% of risk-weighted assets plus risk-weighted off-balance sheet items.

The Bank's regulatory capital as managed by its Finance department is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Intangible assets and prepaid expenses are deducted in arriving at Tier 1 capital: and
- Tier 2 capital: qualifying subordinated loan capital and general banking reserve

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

Capital allocation

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital is undertaken by Treasury department and is subject to review by the Group Asset and Liability Management Committee (ALCO).

New regulations

During the year, the Central Bank issued several regulations for the implementation of Basel II and III. Basel II introduced the concept of Risk-weighted assets, acknowledging that not all assets carry the same level of risk. This allowed banks to allocate capital more accurately based on the riskiness of their portfolios. The framework was segregated into three pillars: Minimum Capital Requirements, Supervisory Review, and Market Discipline. These pillars aimed to enhance Risk Management practices, regulatory oversight, and market transparency.

NOTES (Continued)

58 CAPITAL MANAGEMENT (Continued)

New regulations (Continued)

Basel III went beyond Basel II's focus on Risk Management and aimed to build resilience and stability in the banking sector. The framework introduced higher Minimum Capital Requirements and, Critically Capital Buffers. These buffers act as cushions during economic stress, making sure that banks have sufficient capital to absorb losses.

The mandatory compliance of Basel II and III is set to start in April 2025. The Group is well-positioned to comply with laws and regulations and embrace their positive effects on the industry. The Group will continue to focus on increasing sources of revenue to increase available capital and growing assets with low-risk weights to reduce the anticipated capital stress resulting from the new Basel II and III regulations.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2024 and 2023. During those two periods, the Group and Bank complied with all the externally imposed capital requirements to which they are subject.

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Tier 1 capital				
Share capital	65,296	65,296	65,296	65,296
Share Premium	158,314	158,314	158,314	158,314
Retained earnings	1,869,055	1,491,183	1,825,984	1,448,851
Prepaid expenses	(73,763)	(44,915)	(65,858)	(35,044)
Deferred tax asset	(98,416)	(93,917)	(95,749)	(91,346)
Total qualifying Tier 1 capital	**1,920,486**	**1,575,961**	**1,887,987**	**1,546,071**
Tier 2 capital				
General Banking reserve	15,602	5,419	15,479	1,676
Subordinated debt	91,963	130,986	91,963	130,986
Total qualifying Tier 2 capital	**107,565**	**136,405**	**107,442**	**132,662**
Total regulatory capital	**2,028,051**	**1,712,366**	**1,995,429**	**1,678,733**
Risk-weighted assets				
On-balance sheet	8,242,648	6,526,385	7,733,324	6,298,570
Off-balance sheet	2,626,383	2,597,432	2,610,319	2,568,713
Market risk	36,242	64,848	13,322	64,848
Operational risk	884,276	686,223	833,695	686,223
Total risk-weighted assets	**11,789,549**	**9,874,888**	**11,190,660**	**9,618,354**

Required	ratio %	Group's ratio 2024 %	Group's Ratio 2023 %	Bank's Ratio 2024 %	Bank's ratio 2023 %
Tier 1 capital	12.5	16.3	16.0	16.9	16.1
Tier 1 + Tier 2 capital (Total capital)	**14.5**	**17.2**	**17.3**	**17.8**	**17.5**

Throughout the year, the Group remained committed to prudent capital management practices, selectively growing our portfolio with high-yield and Risk-Weighted assets while also de-risking to ensure optimal capital utilization. Despite the microeconomic and geopolitical uncertainties, we remained well-capitalized and maintained healthy buffers above the minimum regulatory requirements. Our Group core and total capital ratios stood at an impressive 16.3% and 17.2%, respectively, exceeding the minimum regulatory requirements of 12.5% and 14.5% for Tier I and Tier II.

NOTES (Continued)

59 ADDITIONAL CASHFLOW INFORMATION

A. Cash flow from operating activities

In TZS' Million	Note	2024	2023	2024	2023
Profit before income tax		778,796	598,651	752,852	585,214
Adjustment for:					
Depreciation of property and equipment	40	53,949	51,993	50,941	50,333
Depreciation of motor vehicles	39	4,998	3,732	4,525	3,563
Depreciation of right-of-use assets	41	14,065	15,837	12,519	15,397
Amortization of intangible assets	43	10,997	12,882	10,798	12,720
Depreciation of prepaid leases	42	255	256	255	256
Loss on disposal of property and equipment, Motor vehicle, Prepaid leases, and Intangible assets	21	1,029	1,015	1,407	1,015
Loan impairment charges	33	126,999	76,117	123,648	73,180
ECL- Debt instruments	34	(144)	131	(144)	131
ECL - Placements	34	(605)	(698)	(605)	(698)
ECL - Off-balance sheet	34	8,848	(467)	8,835	(467)
ECL - Credit cards	34	(129)	(329)	(129)	(329)
Dividend income from investments	19	(156)	(820)	(11,132)	(11,311)
Impairment – non current assets held for sale	37	-	10,758	-	10,758
Impairment other assets	36	2,069	3,726	1,819	3,726
Grant utilization	53	(3,066)	(1,214)	(3,066)	(1,214)
Interest income	12	(1,562,110)	(1,227,052)	(1,443,750)	(1,158,360)
Interest expense	13	422,649	350,132	378,560	326,796
Losses on equity investment at fair value through profit or loss		2,145	-	2,145	-
Foreign currency exchange (gains)/ losses on borrowings	51	(8,266)	16,454	(8,266)	16,454
Foreign currency exchange losses on subordinated debt	52	(3,799)	8,891	(3,799)	8,891
Foreign currency exchange gain on operating activities		13,992	(90,157)	8,427	(89,025)
Foreign currency exchange gain on cash and cash equivalents		(31,551)	(23,937)	(27,150)	(24,809)
		(169,035)	**(194,099)**	**(141,310)**	**(177,779)**
Changes in operating assets and liabilities:					
Statutory minimum reserve		(94,732)	14,556	(94,732)	14,556
Due from banks		60,591	(69,318)	16,231	(40,929)
Financial Assets at FVPL		(8,444)	17,442	(4,710)	17,037
Debt Instruments at FVOCI		85,474	549,549	85,474	549,549
Credit card		436	(733)	436	(733)
Loans and advances to customers		(2,084,130)	(1,508,494)	(2,107,677)	(1,211,619)
Debt Instrument at amortized costs		13,751	(469,438)	230,021	(582,047)
Other assets		12,985	(41,437)	13,423	(17,985)
Deposits from customers		2,132,869	636,157	1,955,577	621,079
Deposits and balances due to other banks		113,121	(175,567)	11,012	(214,078)
Other liabilities		33,741	191,480	18,611	193,086
Provisions on legal claims		1,433	(357)	1,433	(357)
		267,095	**(856,160)**	**125,099**	**(672,441)**

NOTES (Continued)

59 ADDITIONAL CASHFLOW INFORMATION (Continued)

A. Cash flow from operating activities (Continued)

In TZS' Million	Note	2024	2023	2024	2023
Interest received from loans and advances to Banks		34,431	22,067	28,737	18,906
Interest received from loans and advances to customers		1,239,284	937,703	1,158,285	902,055
Interest received from credit card		1,622	1,268	1,622	1,268
Interest received from Debt instruments at amortized cost		223,334	158,315	195,821	133,797
Interest received from Debt instruments at FVOCI		20,480	69,752	20,480	69,752
Interest received from financial assets FVPL		-	380	-	380
Interest paid		(296,310)	(262,929)	(260,284)	(240,301)
Income tax paid	24B	(218,714)	(195,283)	(215,249)	(193,331)
		1,004,127	**731,273**	**929,412**	**692,526**
Net cash generated from / used in operating activities		**1,102,188**	**(318,986)**	**913,201**	**(157,694)**

The aggregate amount of cash flows used to increase operating capacity

During the year, the Bank invested TZS 21,126 Million in our subsidiaries, CRDB Insurance Company Ltd and CRDB Bank Burundi, as disclosed in Note 38, "Investment in Subsidiaries". All investments were made in cash.

Cash flows used to maintain our operating capacity

The Group spent a total of TZS 111,394 Million to purchase property and equipment, motor vehicles to replace the old ones (obsolete), and software to upgrade existing software resulting from new technological advancements. In addition, the Group received borrowings amounting to TZS 957,759 Million mainly to fund business growth and meet the expectations of our stakeholders.

B. Analysis of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Cash in hand (Note 27)	554,312	488,698	534,213	475,807
Balances with Central Bank (Note 27)	1,347,158	147,812	1,159,651	92,564
Due from banks (Note 28)	925,428	701,039	919,649	739,300
	2,826,898	**1,337,549**	**2,613,513**	**1,307,671**

NOTES (Continued)

60 FINANCIAL INSTRUMENTS BY CATEGORY

GROUP At 31 December 2024 TZS' Million	Amortised cost	At fair value through OCI	At fair value through PL	Total
Financial assets				
Cash and balances with Central bank	2,371,330	-	-	2,371,330
Due from banks	924,538	-	-	924,538
Financial assets at FVPL	-	-	15,428	15,428
Debt instruments at FVOCI	-	135,291	-	135,291
Loans and advances to customers	10,360,824	-	-	10,360,824
Debt instruments at amortised cost	1,948,028	-	-	1,948,028
Credit cards	2,002	-	-	2,002
Equity investment	-	13,609	-	13,609
Other assets	103,804	-	-	103,804
	15,710,526	**148,900**	**15,428**	**15,874,854**

GROUP At 31 December 2023 TZS' Million	Amortised cost	At fair value through OCI	At fair value through PL	Total
Financial assets				
Cash and balances with Central bank	1,011,638	-	-	1,011,638
Due from banks	762,332	-	-	762,332
Financial assets at FVPL	-	-	6,983	6,983
Debt instruments at FVOCI	-	226,178	-	226,178
Loans and advances to customers	8,443,491	-	-	8,443,491
Debt instruments at amortised cost	1,960,715	-	-	1,960,715
Credit cards	2,309	-	-	2,309
Equity investment	-	11,652	2,283	13,935
Other assets	148,903	-	-	148,903
	12,329,388	**237,830**	**9,266**	**12,576,484**

* Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

GROUP Financial liabilities at amortised cost In TZS' Million	2024	2023
Deposits from banks	1,108,682	995,561
Deposits customers	10,934,131	8,855,978
Other liabilities*	345,408	302,629
Lease liabilities	63,064	49,817
Subordinated debt	126,882	130,986
Green Bond	175,204	175,204
Borrowings	1,659,620	933,109
	14,412,991	**11,443,284**

*Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

NOTES (Continued)

60 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

BANK At 31 December 2024 TZS' Million	Amortised cost	At fair value through OCI	At fair value through PL	Total
Financial assets				
Cash and balances with Central bank	2,163,724	-	-	2,163,724
Due from banks	918,759	-	-	918,759
Financial assets at FVPL	-	-	5,812	5,812
Debt instruments at FVOCI	-	135,291	-	135,291
Loans and advances to customers	9,995,475	-	-	9,995,475
Debt instruments at amortised cost	1,507,906	-	-	1,507,906
Credit cards	2,002	-	-	2,002
Equity investment	-	13,609	-	13,609
Other assets	90,840	-	-	90,840
	14,678,706	**148,900**	**5,812**	**14,833,418**

BANK At 31 December 2023 TZS' Million	Amortised cost	At fair value through OCI	At fair value through PL	Total
Financial assets				
Cash and balances with Central bank	943,499	-	-	943,499
Due from banks	754,036	-	-	754,036
Financial assets at FVPL	-	-	1,102	1,102
Debt instruments at FVOCI	-	226,178	-	226,178
Loans and advances to customers	8,035,550	-	-	8,035,550
Debt instruments at amortised cost	1,738,669	-	-	1,738,669
Credit cards	2,309	-	-	2,309
Equity investment	-	11,564	2,283	13,847
Other assets	138,138	-	-	138,138
	11,612,201	**237,742**	**3,385**	**11,853,328**

*Other assets (excludes prepayments, stock, and advanced payment for capital expenditure as they are not financial assets).

BANK Financial liabilities at amortised cost In TZS' Million	2024	2023
Deposits from banks	994,029	983,017
Deposits customers	10,214,699	8,315,233
Other liabilities*	307,449	279,538
Lease liabilities	47,123	45,628
Subordinated debt	126,882	130,986
Green Bond	175,204	175,204
Borrowings	1,659,620	933,109
	13,525,006	**10,862,715**

*Other liabilities (excludes deferred income and ECL of off-balance sheet as they are not financial liabilities).

61 PROVISIONS OF LEGAL CLAIMS

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Provision for litigation				
At 1 January	1,223	147,812	1,580	1,580
Additional provisions	3,426		616	616
Amount paid in the year	(1,993)		(973)	(973)
At 31 December	**2,656**		**1,223**	**1,223**

A Group recognised provision when it has a present obligation because of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation. Further, a reliable estimate of the amount of the obligation is required to be made.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosers in its financial statements.

Various assumptions are therefore required to determine if a provision is required to be recognised, and further, the carrying amount thereof. With regards to the assessment of matters of a significant nature, including potential litigation and claims, management relies on the advice of the Group's legal counsel.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank considers several assumptions concerning future events including;

- legal advice,
- the stage of the matter and
- historical evidence from similar incidents.

As at year end, there were several pending legal cases where the Bank was a defendant. Provision has been made for legal cases where professional advice indicates that it is probable that loss will arise. The Directors have considered it probable that the unfavourable outcome of these cases to the Bank could result into an estimated loss of TZS 2,656 Million (2023:TZS 1,223 Million). For cases whose outcomes are uncertain, contingent liabilities have been considered as disclosed in Note 62.

Base on the nature of such disputes the outcome and expected timing of resulting outflows of economic benefits from settlement of these cases is uncertain.

The opinion of those charged with governance after taking proper legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2024.

In the year ending 31 December 2024, the company did not expect any reimbursement from the amount provided (2023: NIL).

62 CONTINGENT LIABILITIES

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Guarantees	2,808,197	2,418,270	2,808,197	2,416,776
Letters of credit	1,429,508	1,346,084	1,429,508	1,269,889
Commitment to extend credit	1,012,408	333,997	1,012,408	305,613
Legal claims	4,366	9,220	4,366	9,220
Tax assessments	87,681	16,438	87,681	16,438
	5,342,160	**4,124,009**	**5,342,160**	**4,017,936**

Letters of credit are commitments by the Bank to make payments to third parties, on production of agreed documents on behalf of customers, and are reimbursed by the customers. Guarantees are generally issued by the Bank on behalf of customers to guarantee customers to third parties.

The Bank will only be required to meet these obligations in the event of the customer's default.

The Group and Bank are, in the normal course of business, involved in several court cases and tax disputes with the revenue authorities. The Group management has taken appropriate legal measures to defend its position. Appropriate provisions have been made by the management for the liabilities arising as disclosed in Note 61. Contingent liabilities arise for cases for which the outcome cannot be reliably determined at the date of signing these financial statements.

The tax assessments represent contingent tax liabilities of the Group currently pending determination at various stages of dispute resolution. Management's assessment considers the likelihood of these liabilities materializing to be low.

For events whose outcomes are uncertain, the Group management considers contingent liabilities given the subjectivity and uncertainty of determining the probability and amount of losses. The Group management considers several factors including legal advice, the stage of the matter and historical evidence from similar incidents.

In the year ending 31 December 2024, the company did not expect any reimbursement from the amount provided (2023: NIL).

63 COMMITMENTS AND LEASES

63.1 Commitments

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Commitments to extend credit	1,012,408	333,997	1,012,408	305,613
Capital commitments				
Authorized and contracted for	32,794	49,060	27,283	49,060
Authorized and not yet contracted for	87,923	102,643	72,329	102,643
	120,717	**151,703**	**99,612**	**151,703**

Group capital commitments authorized and contracted for are in respect of the following projects;

- New Core Banking System TZS 26,056Mn
- New Enterprise Service Bus TZS 3,273Mn
- Full Card Management and Switching Solution TZS 1,928Mn
- Agency and Internet Banking Enhancement TZS 1,534

63 COMMITMENTS AND LEASES (Continued)

63.2 Group as lessee

The Group has entered commercial leases for various office spaces, including ATM lobbies. The leases have an average life of between three (3) and ten (10) years.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

- The lease agreements do not impose any covenants. However, leased assets may not be used as security for borrowing purposes.
- There are no restrictions placed upon the lessee entering into these lease agreements.
- During the year, the Group had no sale and leaseback transactions.
- There were no leases which were not yet commenced to which the Group was committed during the year.
- There were no variable lease payments during the year.
- There was no residual value guarantees during the year.
- The Group had no short-term leases or leases of low-value assets during the year (2023: Nil).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In TZS' Million 31 December 2024	1-5 years	Over 5 years	Total
Extension options not to be exercised	203	-	203
Termination options expected to be exercised	-	-	-
	203	**-**	**203**

In TZS' Million 31 December 2023	1-5 years	Over 5 years	Total
Extension options not to be exercised	246	-	246
Termination options expected to be exercised	-	-	-
	246	**-**	**246**

During the year, no concessions were given in terms of rent payments from Landlords.

63.3 Group and Bank as lessor

The Group and Bank acts as lessor of the land and building. These leases have an average contract lease of between three and six months with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering these leases.

Rental income recognised by the Group during the year is TZS 123 Million (2023: TZS 81 Million). The rental income includes TZS 19.7 Million (2023: TZS 19.7 Million) resulted from subleasing of the right of use assets.

NOTES (Continued)

63 COMMITMENTS AND LEASES (Continued)

63.3 Group and Bank as lessor (Continued)

Future minimum lease payments under non-cancellable operating leases as of 31 December were, as follows;

In TZS' Million	2024	2023
Within one year	123	81
After one year	-	-
	123	**81**

The above lease arrangements are mainly for the bank's staff on a short-term basis. The Bank has the option to terminate the lease with no significant penalties.

64 RELATED PARTY DISCLOSURES

Parties are related to if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, several Banking transactions are entered into with related parties' i.e., key management staff, Directors, their associates, and companies associated with Directors. These include loans and deposits. Loans and advances to customers as at 31 December 2024 include loans and advances to Directors, other key management personnel and companies associated with Directors.

The volume of related party transactions for the year and the outstanding amount at the year-end for the Group are as follows:

In TZS' Million	Companies associated with Directors		Directors and other key management personnel	
	2024	2023	2024	2023
Loans and advances to related parties				
At 1 January	1,637	729	13,593	10,768
Net movement during the year*	2,191	908	2,994	2,825
At 31 December	**3,828**	**1,637**	**16,587**	**13,593**
Interest earned	**110**	**102**	**667**	**914**
Current	-	-	-	-
Non-current	3,828	1,637	16,587	13,593
	3,828	**1,637**	**16,587**	**13,593**

*Includes disbursements and repayments throughout the year.

Loans to key management personnel were issued at an off-market interest rate as per Group policy. They are treated as employee benefits like other staff loans. Mortgage loans issued to key management are secured and repayable within 20 years, while personal loans are unsecured and repayable within 5 years.

- Loans to non-executive Directors were issued on commercial terms.
- As of 31 December 2024, the total outstanding loan balances were TZS 20,415 Million (2023: TZS 15,230 Million).
- As at 31 December 2024, the Group and Bank held collateral valued of TZS 19,328 Million (2023: TZS 13,904 Million) from key management personnel and non-executive Directors.
- Loans and advances to related parties fall under Stage 1, and the balance sheet provisions for doubtful debts relate to the outstanding balances, which are TZS 12 Million (2023: TZS 3 Million).
- Provision expenses recognized/ charged to profit or loss during the year in respect of bad or doubtful debts due from related parties is TZS 9 Million (2023: TZS 2 Million).

NOTES (Continued)

64 RELATED PARTY DISCLOSURES (Continued)

In TZS' Million	Companies associated with Directors		Directors and other key management personnel	
	2024	2023	2024	2023
Deposits from related parties				
At 1 January	2,149	10	3,233	1,453
Net movement during the year*	(1,380)	2,139	(42)	1,780
At 31 December	**769**	**2,149**	**3,191**	**3,233**
Interest paid	**-**	**-**	**-**	**-**

*Includes deposits and withdrawals throughout the year

Balances outstanding with related companies were as follows;

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Due from related parties*				
CRDB Burundi S. A	-	-	3,713	3,775
CRDB Insurance Company		-	-	2
Due to related parties*				
CRDB Insurance Company	-	-	97	-
Loan advanced to subsidiary**				
CRDB Burundi S. A	-	-	383,322	190,751
Nostro to subsidiary				
CRDB Burundi S. A	-	-	76,046	89,621
Placement to subsidiary				
CRDB Burundi S. A****	-	-	23,871	40,877
CRDB Congo****	-	-	36,537	-

*Amount due to/from subsidiaries relating to sales and purchases related parties which are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest-free, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The TZS 10.6bn in the year 2024 (2023: TZS 4.3bn) relates to a dividend distribution to the parent.

** Loans advanced to subsidiaries relate to facilities which were intended to finance the below projects.

- To finance purchases of machinery for the cement production plant at an interest rate of 4.6%. The loan is fully secured and repayable in full on 21 July 2025.
- To support the Government in executing United Nations Security Council Resolution No 2149 (2104) of 10 April 2014 at an interest rate of 7%. The loan is fully secured and repayable in full on 21 January 2026.

***Placement to subsidiary relates to a placement with CRDB Burundi S.A. intended to finance subsidiary operations. The Placement is made on terms equivalent to those that prevail in arm's length transactions. The outstanding balance at the year-end is unsecured. Interest is charged at 10.0% per annum and repayable in full on 7 January 2025.

****Placement to subsidiary relates to a placement with CRDB Congo, intended to finance subsidiary operations. The Placement is made on terms equivalent to those that prevail in arm's length transactions. The outstanding balance at the year-end is unsecured. Interest is charged at 4.5% per annum and repayable in full on 21 January 2025.

NOTES (Continued)

64 RELATED PARTY DISCLOSURES (Continued)

Interest received and paid from and to related parties respectively were as follows;

In TZS' Million	GROUP		BANK	
	2024	2023	2024	2023
Interest Income received from subsidiary				
CRDB Burundi S. A	-	-	3,630	9,308
Transactions with related companies were as follows;				
Payments made on behalf of subsidiaries				
CRDB Burundi S. A	-	-		7,432
CRDB Insurance Broker Company Ltd	-	-		2
	-	-		7,434
Rent paid to the parent	-	-	-	-
CRDB Burundi S. A	-	-	-	-
CRDB Insurance Broker Company Ltd	-	-	-	-

Transactions with Related Parties

Purchase/ sale of properties on behalf of subsidiaries

In the year ending 31 December 2024, the company did not sale or purchase properties to/from any related party (2023: NIL).

Transfer of research and development

In the year ending 31 December 2024, the company did not transfer any cost of research and development to/from any related party (2023: Nil).

Guarantee

In the year ending 31 December 2024, there was no guarantee given or received to/from any related party (2023: Nil).

Settlement of liabilities on behalf of the entity or by the entity on behalf of another party

In the year ending 31 December 2024, there were no settlement of liabilities on behalf of the entity or by the entity on behalf of another entity (2023: Nil).

Rendering or receiving of services

During the year, there were neither services rendered nor received to/from a related party.

Leases

There were no lease transactions with related parties during the year (2023: Nil).

Treasury Shares

During the year, the Bank did not reacquire its own equity instruments from related parties.

NOTES (Continued)

64 RELATED PARTY DISCLOSURES (Continued)

Compensation of Key Management Personnel

A Non-executive Director's remuneration has been disclosed under section 10 of the Director's report whereas remuneration for key management personnel has been disclosed under section 21. Key management personnel comprise the Board of Directors, Managing Director, Chief Commercial Officer, Chief Operations Officer, Chief Financial Officer and Directors of departments who are reporting directly to the Managing Director.

The remuneration of key management personnel during the year was as follows:

In TZS' Million	2024	2023
Short-term employee benefits (salary)	11,267	10,936
Other long-term benefit (gratuity)	1,321	1,533
	12,588	**12,469**

- The above compensation is a total salary package including all employment benefits and pension.
- There was no separation costs during the year related to severance pay of some key management personnel (2023: Nil).
- The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel.
- During the year ended 31 December 2024, there were no pension contributions paid on behalf of Directors to defined contribution schemes.

The group does not have a defined benefit scheme for Directors. Generally, the non-executive Directors do not receive pension entitlements from the Group.

There were neither termination benefits nor share-based payment benefits made during the year (2023: Nil).

Transactions and Balances with the Government of Tanzania

The Government of Tanzania owns 34.3% (2023: 34.3%) equity in the Bank through DANIDA Investment funds and Pension Funds and has significant influence. The Bank invested in government securities during the year, and at the year-end, the amount receivable from the Government of Tanzania in the form of treasury bills and bonds amounted to TZS 1,640,697 Million (2023: TZS1,964,847 Million). Interest earned from investment in government securities during the year was TZS 213,849 Million (2023: TZS 201,665 Million). ECL related to transactions and balances are disclosed under note 30.

The Bank also accepts deposits from various Government institutions and related agencies, which attract interest like other deposits. As at 31 December 2024, deposit balances relating to the Government institutions and related agencies collectively amounted to TZS 606,592 Million (2023: TZS 281,781 Million).

NOTES (Continued)

65 COMPARATIVES RECLASSIFICATION

	GROUP			BANK			
Financial element affected	As reported in 2024	As Reported in 2023	Changes	As reported in 2024	Reported in 2023	Changes	Remarks
Statement of financial position							
Intangible assets	73,645	38,044	(35,601)	72,999	37,398	35,601	Reclassification of intangible WIP from other assets
Other assets	-	35,601	35,601	-	35,601	(35,601)	
Net effect	**73,645**	**73,645**	**-**	**72,999**	**72,999**	**-**	
Other assets	275,029	310,630	35,601	254,405	290,006	35,601	
Intangible assets	-	(35,601)	(35,601)	-	(35,601)	(35,601)	
Net effect	**275,029**	**275,029**	**-**	**254,405**	**254,405**	**-**	
Profit or loss and other comprehensive income							
Other operating income	2,115	1,280	(835)	12,606	11,591	(1,015)	Reclassification of insurance service revenue and loss in disposal from other operating income
Loss in disposal	-	1,015	1,015	-	1,015	1,015	
Insurance service revenue	-	(180)	(180)	-	-	-	
Net effect	**2,115**	**2,115**	**-**	**12,606**	**12,606**	**-**	
Operating expenses	219,468	218,599	(869)	202,324	201,309	(1,015)	Reclassification of loss in disposal from other operating income
Loss in disposal	-	1,015	1,015	-	1,015	1,015	
Insurance service expenses	-	63	(63)	-	-	-	
Net expenses from re insurance contracts	-	83	(83)	-	-	-	
	219,468	**219,760**	**-**	**202,324**	**202,324**	**-**	

66 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no events after the reporting period which required adjustment or disclosure in the financial statements.

CRDB BANK

The bank that listens