NOTES

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES (Continued)

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.

NOTES (Continued)

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.

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.

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.

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.

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

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.

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)

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.

NOTES (Continued)

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.

NOTES (Continued)

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:	
• 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

NOTES (Continued)

7 SUMMARY OF MATERIAL ACCOUNTING INFORMATION AND DISCLOSURES (Continued)

7.22 Property and equipment and motor vehicles (Continued)

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.

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.

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.

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.

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.

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.

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.

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

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.

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

NOTES (Continued)

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%

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
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.

NOTES (Continued)

10 RISK MANAGEMENT (Continued)

10.3 Credit risk (Continued)

Summary of credit risk

31 December 2024 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	4,455,204	1,165,818	211,515	76,742	3,799,436	9,708,715	2,004	3,110,877	5,281,958
Stage 2	442,491	37,703	5,970	318	32,672	519,154	33	-	55,192
Stage 3	121,227	66,975	11,831	1,198	75,063	276,294	71	-	318
Total	**5,018,922**	**1,270,496**	**229,316**	**78,258**	**3,907,171**	**10,504,163**	**2,108**	**3,110,877**	**5,337,468**
ECL									
Stage 1	2,623	2,777	1,507	51	7,752	14,710	47	15,229	7,931
Stage 2	15,302	572	106	9	3,215	19,204	8	-	1,306
Stage 3	40,101	27,190	3,692	189	38,253	109,425	51	-	64
Total	**58,026**	**30,539**	**5,305**	**249**	**49,220**	**143,339**	**106**	**15,229**	**9,301**
Amortized cost									
Stage 1	4,452,581	1,163,041	210,008	76,691	3,791,684	9,694,005	1,957	3,095,648	5,274,027
Stage 2	427,189	37,131	5,864	309	29,457	499,950	25	-	53,886
Stage 3	81,126	39,785	8,139	1,009	36,810	166,869	20	-	254
Total	**4,960,896**	**1,239,957**	**224,011**	**78,009**	**3,857,951**	**10,360,824**	**2,002**	**3,095,648**	**5,328,167**
Coverage ratio[2]									
Stage 1	0.1%	0.2%	0.7%	0.1%	0.2%	0.2%	2.3%	0.5%	0.2%
Stage 2	3.5%	1.5%	1.8%	2.8%	9.8%	3.7%	24.2%	-	2.4%
Stage 3	33.1%	40.6%	31.2%	15.8%	51.0%	39.6%	71.8%	-	20.1%
Total	**1.2%**	**2.4%**	**2.3%**	**0.3%**	**1.3%**	**1.4%**	**5.0%**	**0.5%**	**0.2%**
Impairment charge									
Stage 1	(11,385)	(699)	1,324	(8)	2,288	(8,480)	30	1,320	7,494
Stage 2	(1,240)	(1,161)	35	(29)	388	(2,007)	(12)	-	1,303
Stage 3	63,187	18,476	2,383	(374)	14,032	97,704	(147)	-	51
Total	**50,562**	**16,616**	**3,742**	**(411)**	**16,708**	**87,217**	**(129)**	**1,320**	**8,848**
Cost of risk[3]									
Stage 1	(0.3%)	(0.1%)	0.6%	0.0%	0.1%	(0.1%)	1.5%	0%	0.1%
Stage 2	(0.3%)	(3.1%)	0.6%	(9.1%)	1.2%	(0.4%)	(36.4%)	-	2.4%
Stage 3	52.1%	27.6%	20.1%	(31.2%)	18.7%	35.4%	(207.0%)	-	16.0%
Total	**1.0%**	**1.3%**	**1.6%**	**(0.5%)**	**0.4%**	**0.8%**	**(6.1%)**	**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%

NOTES (Continued)

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.

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	Gross Carrying amount				Allowances for ECL				ECL Coverage			
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	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 31 December 2023	Gross Carrying amount				Allowances for ECL				ECL Coverage			
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

NOTES (Continued)

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	872	94	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	9,116	1,154	1,269	188	59,970	30,015	39	8	144,193	64,193
Total	**133,337**	**40,100**	**78,483**	**27,012**	**9,988**	**1,248**	**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	458	49	16	1	9,807	4,941	205	41	22,973	10,399
Other	130,437	38,057	68,896	23,688	9,530	1,199	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).

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).

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 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).

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

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).

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 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.

NOTES (Continued)

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).

NOTES (Continued)

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 2024 TZS' Million	GROUP 2023 TZS' Million	BANK 2024 TZS Million	BANK 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.

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

GROUP 31 December 2024 In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held: 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 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
	Fair value of collateral and credit enhancements held									
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 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
	Fair value of collateral and credit enhancements held under base case scenario								
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 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
	Fair value of collateral and credit enhancements held under base case scenario								
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 31 December 2024 In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario 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 31 December 2023 In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario 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 31 December 2024 In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario 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 31 December 2023 In TZS' Million	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held under base case scenario 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 31 December 2024 In TZS' Million	Fair value of collateral and credit enhancements held under base case scenario							
	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 31 December 2023 In TZS' Million	Fair value of collateral and credit enhancements held under base case scenario							
	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**

NOTES (Continued)

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 In TZS' Million	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3
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**

BANK	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	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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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**

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 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**

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)

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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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)

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	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 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2024 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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 31 December 2023 In TZS' Million	Stage 1	Stage 2	Stage 3	Total
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**

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 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				
Amount in TZS' Million	Pledged as collateral	Other*	Available as collateral	Other	Total
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				
Amount in TZS' Million	Pledged as collateral	Other*	Available as collateral	Other	Total
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.

NOTES (Continued)

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.

NOTES (Continued)

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).

NOTES (Continued)

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).

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).

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.

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
  $AEaR = (\text{Cumm GAP} \times \Delta rate) \times \text{Time bucket adjusted} / 365 \text{ days}.$
- 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.

NOTES (Continued)

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).

NOTES (Continued)

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.

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.

NOTES (Continued)

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.

NOTES (Continued)

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

NOTES (Continued)

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**

NOTES (Continued)

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

NOTES (Continued)

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.

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**

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 2024	GROUP 2023	BANK 2024	BANK 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 2024	GROUP 2023	BANK 2024	BANK 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 2024	GROUP 2023	BANK 2024	BANK 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**

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	12 months PD range	Stage 1	Stage 2	Stage 3	Total
Internal rating grade					
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	12 months PD range	Stage 1	Stage 2	Stage 3	Total
Internal rating grade					
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	12 months PD range	Stage 1	Stage 2	Stage 3	Total
Internal rating grade					
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 Internal rating grade	12 months PD range	Stage 1	Stage 2	Stage 3	Total
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	Amortised Cost			
31 December 2024	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	Amortised Cost			
As at 31 December 2023	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	Stage 1		
31 December 2024	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	Stage 1		
31 December 2023	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	Stage 1		
31 December 2024	Treasury bills	Treasury and Corporate bonds	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	Stage 1		
31 December 2023	Treasury bills	Treasury and Corporate bonds	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					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%	1,948,457	-	-	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					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%	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					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%	1,508,335	-	-	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					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%	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	Stage 1		
31 December 2024	Treasury bills	Treasury and Corporate bonds	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	Stage 1		
As at 31 December 2023	Treasury bills	Treasury and Corporate bonds	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**

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					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%	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					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%	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:

NOTES (Continued)

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	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
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**

NOTES (Continued)

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 2024	GROUP 2023	BANK 2024	BANK 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 2024	GROUP 2023	BANK 2024	BANK 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 2024	GROUP 2023	BANK 2024	BANK 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**

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.

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**

NOTES (Continued)

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**

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

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**

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**

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 2024	GROUP 2023	BANK 2024	BANK 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 Within 3 months	2024 3 -12 months	2023 Within 3 months	2023 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 Within 3 months	2024 3 -12 months	2023 Within 3 months	2023 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 2024	GROUP 2023	BANK 2024	BANK 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

NOTES (Continued)

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.

NOTES (Continued)

40 PROPERTY AND EQUIPMENT

GROUP — 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	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**

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 2024	GROUP 2023	BANK 2024	BANK 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 2024	GROUP 2023	BANK 2024	BANK 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 2024	GROUP 2023	BANK 2024	BANK 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 2024	GROUP 2023	BANK 2024	BANK 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	GROUP AND BANK 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)**

NOTES (Continued)

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.

NOTES (Continued)

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**

NOTES (Continued)

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.

NOTES (Continued)

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.

NOTES (Continued)

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.	(615)	-	-	(615)
(net of deferred tax)				
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.

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).

NOTES (Continued)

61 PROVISIONS OF LEGAL CLAIMS

In TZS' Million	GROUP 2024	GROUP 2023	BANK 2024	BANK 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).

NOTES (Continued)

62 CONTINGENT LIABILITIES

In TZS' Million	GROUP 2024	GROUP 2023	BANK 2024	BANK 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 2024	GROUP 2023	BANK 2024	BANK 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

NOTES (Continued)

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.