GUARANTY TRUST BANK (TANZANIA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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GUARANTY TRUST BANK (TANZANIA) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

CORPORATE INFORMATION

DIRECTORS

Name	Age	Position	Nationality	Qualification	Appointment
Mr. Juma Alli Mohamed Muhimbi	72	Chairman	Tanzanian	Fellow Certified Public Accountant	10 February 2017
Mr. Julius Olusegun Kosebinu Agbaje	61	Director	Nigerian	Master of Business Administration	10 February 2017
Mr. Hanish Chandaria	52	Director	British	Master of Business Administration	10 February 2017
Dr. Florence Temu	54	Director	Tanzanian	Public Health Specialist	25 April 2018
Arch. Mbaraka Hussein Igangula	54	Director	Tanzanian	Master of Engineering Management	10 June 2021
Dr. Habibu Juma Suluo	60	Director	Tanzanian	Fellow Certified Public Accountant	28 December 2021
Ms. Charity Mwakio	56	Director	Tanzanian	Certified Chartered Accountant	18 January 2022
Mr. Ayodele Opeyemi Popoola	53	Managing Director	Nigerian	Certified Chartered Accountant	14 November 2024

Source: *GTBank, December 2025*

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Plot 4, Regent Estate, Victoria, Bagamoyo Road,
P.O.Box 31111
Dar es Salaam
Tanzania

PRINCIPAL BANKER

Bank of Tanzania
10 Mirambo Street
P.O Box 2939
Dar es salaam,
Tanzania

BANK SECRETARY

Mr. Edwin Mhande
P.O.Box 31111
Dar es Salaam
Tanzania

INDEPENDENT AUDITOR

Nexia Tanzania
Certified Public Accountants (Tanzania)
2nd Floor, Oyster Plaza, Haile Selassie Road
P.O.Box 12729
Dar es Salaam, Tanzania

GUARANTY TRUST BANK (TANZANIA) LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2025

1 INTRODUCTION

The Directors present their report together with the audited financial statements of Guaranty Trust Bank (Tanzania) Limited (the "Bank") for the year ended 31 December 2025, which disclose the state of financial affairs of the Bank.

2 INCORPORATION

The Bank is a limited liability company incorporated under the Companies Act, 2002, domiciled in the United Republic of Tanzania, and a subsidiary of Guaranty Trust Bank Limited, Nigeria. Guaranty Trust Bank (Tanzania) Limited obtained a banking operating license from the Bank of Tanzania on 28 December 2017.

3 BANK'S VISION AND MISSION

Bank's vision

We are a team driven to deliver the utmost in customer service.

We are synonymous with innovation, building excellence and superior financial performance and creating role models for society.

Bank's mission

We are a high-quality financial services provider with the urge to be the best at all times whilst adding value to all stakeholders.

Core Values

Our style of operation, staff conduct, and service delivery models are built on eight (08) core principles aptly dubbed. The Orange Rules align with the Bank's vibrant Orange corporate colour.

Why Orange?

- Orange is a joyous colour.
- Orange frees and releases emotion.
- Orange evokes a feeling of warmth.
- Orange demands attention.
- Orange stimulates the mind.
- Orange indicates a person who is sociable and loves to be in the company of others; a person who has loads of energy, exciting and fun to be with.
- Orange relates to a person who has great practical-hands on-skills.
- Orange personalities are friendly, ready smile, respond positively, and fluent if not profound in speech. They are good-natured, gregarious, and do not like to be left alone.

3 BANK'S VISION AND MISSION (CONTINUED)

The Orange Rules are principles for progression, success, relationships, and life. They guide our approach to banking and everything we do. These rules are: -

i) **Simplicity**
We are straightforward, direct, and easy to deal with, making the complex uncomplicated.

ii) **Professionalism**
We are thorough and efficient, always inspiring confidence.

iii) **Service**
This is our major strength; we're constantly improving our ability to delight our customers.

iv) **Friendliness**
We enjoy working together to fulfil customers' needs, building mutually rewarding relationships.

v) **Excellence**
We stand out from the crowd, always refreshing, always beyond the ordinary.

vi) **Trustworthiness**
We are reliable; what we say is what we do; trust us to always do what is right.

vii) **Social Responsibility**
We care, we believe in building and sharing for the good of all.

viii) **Innovation**
We evoke inspiration and respect; our originality is second to none, we are bold, classy, and always setting the pace.

4 PRINCIPAL ACTIVITIES

The Guaranty Trust Bank (Tanzania) Limited (GTBank) is a financial institution that provides banking and related services as stipulated in the Banking and Financial Institutions Act, 2006 of Tanzania. A comprehensive range of banking and financial services are provided to individuals, businesses, and public sector entities. As a subsidiary of Guaranty Trust Holding Company Plc (GTCO), GTBank principal activities span retail, corporate, and investment banking in Tanzania.

A breakdown of GTBank's principal activities and key business segments is summarized below:

4 PRINCIPAL ACTIVITIES (CONTINUED)

Business Segment	Target Clients	Core Products and Services
Corporate Banking	Large corporations, multinationals	Loans, overdrafts, foreign currency and derivative products, trade services, loan syndication, business and financial advisory.
Commercial and Business Banking	Medium-sized companies, Corporate customers	Credit facilities, business accounts, cash management, trade finance, business and financial advisory.
SME Banking	Small and Medium Sized Enterprises (SMEs)	Business accounts, quick credit, payment solutions, business and financial advisory.
Retail Banking	Individual consumers	Savings accounts, current accounts, consume loans, mortgages, credit cards, debit cards, investment products, business and financial advisory.
Public Sector Banking	Government, Ministries, Departments, Agencies	Banking services tailored for Government entities, Staff loans, business and financial advisory.
Digital and E-Banking	All customer segments	Digital platforms, payment gateways, Mobile App, USSD Code for simple banking (*150*97#), business and financial advisory.

Source: *GTBank, December 2025*

5 FINANCIAL PERFORMANCE AND POSITION FOR THE YEAR

The Bank posted a loss before tax of TZS 246.39 million during the year ended 31 December 2025 (2024: Loss TZS 1,862 million), which was a significant decrease from the prior year, attributed to the following key performance parameters:

- Total operating income for the period was TZS 6,660 million compared to TZS 5,916 million in 2024. This growth was primarily driven by 2% increase in interest income supported by enhanced earning asset volume, predominantly from placements with other banks.

- Customer deposits increased to TZS 59,527 million (2024: TZS 47,113 million), reflecting a 26% growth in 2025, driven by deposit mobilization initiatives, including digital platforms.

- Total assets increased to TZS 78,088 million (2024: TZS 69,967 million) primarily reflecting a TZS 8,121 million increase. Loans and advances increased to TZS 40,121 million, reflecting a 2.5% increase in 2025, while investment in government securities increased by 39.9% from TZS 10,162 million to TZS 14,110 million.

- Total operating expenses decreased to TZS 6,907 million compared to TZS 7,779 million in 2024. The 11% decrease reflects the Bank's cost minimization strategy and a significant tax payment of TZS 1 billion in 2024.

5 FINANCIAL PERFORMANCE AND POSITION FOR THE YEAR (CONTINUED)

The following Key Performance Indicators (KPIs) are considered by the directors to be effective in measuring the delivery of the Bank's strategy and managing the business:

Performance indicator	Definition/calculation method	2025	2024
Return on Equity	Net Profit (Loss)/Total equity *100	-2.3%	-11.35%
Return on assets	Profit (Loss) Before Tax/Total assets * 100	-0.32%	-2.73%
Cost to income ratio	Operating Expenses/(Net Interest Income + Non Interest Income) * 100	104%	131.48%
Interest margin on earning assets	Total interest income/(interest on government securities + balances with other financial institutions + interbank loan receivables + net loans, advances and overdraft) * 100	11.17%	7.43%
Non - interest income to Gross income	Non - interest income/Total income * 100	15.10%	33.71%
Gross loans to customers to customer deposits	Total loans and advances to customers/Total deposits from customers * 100	27.53%	36.77%
Non - performing loans to gross loans	Non - performing loans/Gross loans and advances * 100	3.13%	3.81%
Earning assets to total assets	Earning assets/Total assets * 100	70.11%	70.45%
Growth In total assets	Trend (2025 Total assets – 2024 Total assets/2024 total assets) * 100	11.61%	-4.04%
Growth in Loans and Advances to Customers	Trend (2025 Loans and advances – 2024 Loans and advances)/2024 loans and advances * 100	2.54%	-0.74%
Growth in Deposits due to Customers	Trend (2025 Deposits – 2024 Deposits)/2024 Deposits * 100	26.35%	-7.55%

Source: *GTBank, December 2025*

Capital adequacy	Definition/calculation method	2025	2024
Tier 1 Capital	Core capital/Risk weighted assets including off balance sheet items	41.36%	40.67%
Tier 1+Tier 2 Capital	Total capital/Risk Weighted assets including off-balance sheet items.	41.36%	40.67%

Source: *GTBank, December 2025*

6 OBJECTIVES AND STRATEGIES

We have established new strategic priorities to solidify our position in the market, promote business growth, ensure sustainability, and lay a strong foundation for future growth. These priorities are at the forefront of everything we do, and we have set measurable targets to track our progress.

6.1 CORE OBJECTIVES OF THE BANK

The Bank's Core Objectives are to emerge as;

(a) The customer service differentiator in the Tanzania Banking Industry.
(b) Among the most profitable Bank in the industry.
(c) The most cost-effective bank in Tanzania.

6.2 STRATEGIES FOR ACHIEVING THE BANK'S SET OBJECTIVES

The Bank's well-groomed strategies aimed at achieving its set objectives are built around the following: -

(a) Targeted Customer Acquisition

Our entry into the market is based on acquiring customers within specific market segments, primarily Personal Banking, Small and Medium Scale Enterprises, Trade and Commercial Banking.

(b) Robust Technology

The deployment of the best and most modern Information Technology infrastructure remains critical to achieving the Bank's global strategic intent, as it will provide a consistent, efficient, and effective approach to delivering exceptional service across all channels.

(c) Digital Channels

Sustained innovation is the most resilient source of competitive advantage in modern banking, as it delivers convenience and reliability, thereby facilitating ultimate customer satisfaction. Hence, we remain focused on always deploying best-in-class digital channels in the market.

(d) Best Practice Personnel Management

The existence of an excellent workforce remains a critical factor in achieving the Bank's global intent. Therefore, the adoption of best-practice personnel management to attract and retain exceptional individuals, while developing them into top-notch professionals and role models with a strong commitment to achieving their personal and organizational objectives.

(e) Effective Risk Management & Compliance Framework

Development of a successful Bank is hinged on effective risk management and compliance framework for the prevention among others, regulatory penalties and sanctions, losses and reputational damage. The bank adheres to all regulatory risk thresholds cum local and international best practices, with an efficient electronic platform that monitors money laundering, terrorism financing, and other transactional risks.

6. OBJECTIVES AND STRATEGIES (CONTINUED)
6.2 STRATEGIES FOR ACHIEVING THE BANK'S SET OBJECTIVES (CONTINUED)

(f) Accentuate Cost Containment

Effective cost efficiency is a critical enabler for the Bank's profitability objectives. Effective budgeting, stringent purchasing procedures, cost control, and adoption of efficient technology are tools for achieving the desired cost-to-income ratio.

6.3 MANAGING OPERATIONS FOR THE BANK

The Bank's operational activities are managed through four (4) management committees: Assets and Liability Management Committee, Management Credit Committee, Management Risk Committee, and Criticized Assets Committee to ensure effective and good Corporate Governance at the management level. These Committees form the bedrock of the Bank's long-term professional management of its business.

For smooth and effective operations coupled with superior customer service, the Bank chooses to focus on the following:

(a) Consistent deployment of innovative, convenient, reliable, and user-friendly channels that enhance customer satisfaction.
(b) Establishment of an independent compliance unit equipped with the latest electronic platforms to monitor money laundering, terrorism financing, and other transactional risks aimed at avoiding regulatory sanctions, financial and reputational losses.
(c) Cost containment.
(d) Creation of exceptional and unique customer experience through sustained personalized services that ensure consistent growth in customer acquisition and retention.
(e) Consistent provision of scalable and secure IT infrastructure and applications to support delivery of exceptional customer service across all channels.
(f) Establishment of a control environment in line with international standards for proactive transaction monitoring to achieve the Bank's objective of zero tolerance for fraud & losses.
(g) Achievement of 99% customer satisfaction with the resolution of customer complaints within 24 hours.
(h) Attraction and development of exceptional individuals into top-notch professionals and role models with strong commitment and determination to achieve personal and organizational objectives, and
(i) Creation of a robust system that operates above all regulatory risk thresholds and conforms to local and international best practices.

6 OBJECTIVES AND STRATEGIES (CONTINUED)
6.3 MANAGING OPERATIONS FOR THE BANK (CONTINUED)
6.3.1 INPUTS/RESOURCES

(a) Financial

(i) Deposits: The Bank's deposits from customers during the period increased by 26% from TZS 47.11 billion (2024) to TZS 59.53 billion (2025). The increase in deposits was due to customer inflows in the ordinary course of business.

(ii) Loans and advances: The Bank's loans and advances to customers during the period dropped by 5.4% from TZS 17.32 billion (2024) to TZS 16.39 billion (2025). This was mainly due to regular repayments and slow loan growth amid macro challenges. Apart from the drop, the Bank's Non-Performing Loans Ratio stood at 3.13% at the close of the year compared to 3.81% in the prior year.

(iii) Equity: During the period under review, no capital injection was implemented by the Bank. The Bank continued to operate with a strong capital adequacy ratio above all statutory requirements in the industry, namely 41.36%, well above the minimum regulatory limit of 12.50%. (2024: 40.67%)

(iv) Borrowings: During the period, the bank was well capitalized and able to deploy quality-earning assets sourced from customer deposits.

(b) Intellectual innovations 2025

Best-in-class digital deployments achieved through consistent innovation remain the Bank's competitive advantage. In the year under review, the Bank deployed the following additional services to the market.

(i) Introduction to Agency Banking (GTWakala), a new service offered by the Bank that allows customers to quickly deposit or withdraw money from the Bank through its agents. This service provides greater accessibility and convenience for customers who choose an alternative to traditional banking channels.

(ii) Digital customer onboarding through the Bank's mobile application (GTWorld App). This innovation was achieved through a third-party collaboration and direct integration of the App with the National Identification Agency (NIDA). Tanzanians were provided with the opportunity of instantly establishing a relationship with the Bank through validation of their NIDA unique identification number and capturing of their thumbprint in line with regulatory requirements. The App was further improved with new features that make transaction processing easier and more convenient.

6 OBJECTIVES AND STRATEGIES (CONTINUED)
6.3 MANAGING OPERATIONS FOR THE BANK (CONTINUED)
6.3.1 INPUTS/RESOURCES (CONTINUED)

(iii) Implementation of Tanzania Instant Payment System (TIPS), which was available to all banking channels: mobile, internet banking, and in-person services. This allows customers to effect instant transfers to other banks and mobile wallets, reducing the time and effort required to complete financial transactions. The availability of this service is a key source of competitive advantage for the Bank in the market.

(iv) Introduction of International Money Transfer Service through partnership with international operators such as Ria, Western Union, and MoneyGram, hence creating easier avenues for customers to send and receive money from overseas.

(v) Enhancement of the Guaranty Automated Payment System (GAPS) – the Bank's Corporate Internet Banking Platform for exceptional customer experience. These features ensure the monitoring of duplicate transactions, a resubmission option for failed transactions, and transaction cancellation at the uploader level.

(c) Human Capital

Our workforce remains our most valuable asset in meeting our vision of becoming the leading customer-centric national and global bank. As such, the health and safety of all our employees, customers, vendors, and other stakeholders are of utmost priority to us. Our strategic policy is to continue to make our workplace conducive for all. In short, we continue to strive to create a safer and healthier working environment.

We provided training to our entire staff on several subjects, including Cybersecurity, Corporate Governance, Customer Relationship Management, Compliance, Environmental and Social Risk Management, Leadership and Management, First Aid, CPR (Cardiopulmonary resuscitation), and Emergency Care Responses, among others.

(d) Financial Capital

The Bank maintains an optimal level of capital to meet the regulatory minimum capital requirement of TZS 15 billion, supporting business growth and investment activities. During the year (2025) our core capital stood at TZS 15.802 billion (2024: TZS 16.05 billion) which is a slight decrease by TZS 248 million.

(e) Social and Relationship Capital

We passionately believe that Corporate Social Responsibility embodies an ardent commitment and social pact with all the stakeholders. Thus, the Bank is committed to enriching lives in the diverse communities in which it operates. That said, the Bank participated in the Goat Races 2025 by purchasing a racing goat, with event proceeds channelled to the execution of charitable educational activities by the Rotary Club, an international non-profit organization of compassionate individuals with a common drive to serve disadvantaged communities.

6 OBJECTIVES AND STRATEGIES (CONTINUED)
6.3 MANAGING OPERATIONS FOR THE BANK (CONTINUED)
6.3.1 INPUTS/RESOURCES (CONTINUED)

(f) Intellectual Capital

We are a team committed to providing exceptional financial services and continually surpassing our stakeholders' expectations.

We achieve this by:

- Continually improving the Quality Management System to ensure the effectiveness and efficiency of our processes.
- Creating quality awareness within our organization.
- Creating a conducive environment for innovative ideas.
- Monitoring, benchmarking, and continually improving our products, services, and employees' performance.
- Implementing a Quality Management System that meets the requirements of the ISO 9001:2015 quality standards.

(g) Natural Capital

The Bank, through its parent-holding company, is also an organizational stakeholder of the Global Reporting Initiative. Our role is to promote research and development in sustainability reporting. The Global Reporting Initiative is an international not-for-profit organization that provides sustainability reporting guidelines to support a sustainable global economy.

6.4 OPERATING ACTIVITIES

The operating activities of the Bank are centred on: -

(a) Account Opening and Customer Profiling.
(b) Processing of customer transactions.
(c) Customer Activation on our Electronic Banking Channels.
(d) Processing of Customers' Account Statements Requests.
(e) Debit Cards issuance and Hot listing.
(f) Balance Inquiry.
(g) Collection, Recording, and Resolution of Customer Complaints.
(h) Provision of loans and advances to customers
(i) Investments in government securities held to maturity
(j) Financial advisory and consultancy services to customers

6.5 OUTPUTS

The Bank offers two categories of services: **Banking Services** and **e-Banking Services**.

(a) Banking Services

i. Treasury Banking

GT Bank has a full-fledged Treasury team dedicated to providing innovative solutions for your foreign exchange needs and investment services, supported by state-of-the-art infrastructure and proficient in meeting all treasury requirements.

6 OBJECTIVES AND STRATEGIES (CONTINUED)

6.5 OUTPUTS (CONTINUED)

(a) Banking Services (Continued)

The Treasury Team issues continuous market up-dates daily and a weekly summary to enable its corporate, trade and retail customers to keep abreast of the latest market news and currency trends.

- GT Bank offers Foreign Exchange services.
- Competitive pricing.
- Real-time market updates available.

ii. Business Banking

a) Loans and Advances

i. Time Loans.

This is a short-term, usually less than 12 months, asset-based business loan payable in a few instalments. Time loans are commonly used to finance revenue-generating assets (such as inventory), which then provide the funds to repay the loan.

ii. Invoice Discount Facility.

The Invoice Discount Facility is a short-term borrowing facility that provides quick cash flow support to Companies by freeing up cash tied up in outstanding invoices.

iii. Overdrafts

This is short-term financing not exceeding 12 months intended to support working capital. It finances short-term financing needs during the intervals between receipt of proceeds and the payment period, in the context of the asset conversion cycle.

iv. Term Loans.

This is a monetary loan that is repaid in regular payments over a set period. They are usually structured so that repayment can be covered in the mid to long term. The ability to repay over a long period of time is attractive for new or expanding enterprises, as the assumption is that they will increase their profit over time, due to such an elongated tenor their charges are usually subject to changes in market conditions.

v. Post-Import Financing

The service helps importers match cash outflows with receivables. GT Bank can arrange post-import finance to pay off import obligations, allowing the importer to concentrate on making sales to meet the rescheduled settlement date(s).

6 OBJECTIVES AND STRATEGIES (CONTINUED)

6.5 OUTPUTS (CONTINUED)

(a) Banking Services (Continued)

vi. Trade Finance

GT Bank Trade Finance products cater for the Export and Import clients. Our Relationship Managers who are in direct contact with customers provide solutions to meet the customers' needs. A variety of products are offered, ably assisted by SWIFT and Treasury, equipped with Reuters on-line trading (Foreign Exchange Dealing Room).

iii. Personal Banking

(c) Savings Account

Earn attractive interest on your daily balance whilst enjoying 24/7 banking and a personalized Tanzania Shillings MasterCard for cash withdrawals and online payments.

(d) Smart Kids Save (SKS) Account - Start your children on the road to financial success

The Smart Kids Save account is designed to enable parents/guardians to save for their children aged between 0 and 17 years, whilst also developing a savings culture in them. Teaching children the value of savings early can help them develop SMART financial habits for life.

(e) Target Savings Account (GT Target) - Turn your goals into milestones

Whether you are saving towards your dream wedding or have set your sights on a new car, with GT Target, you are guaranteed to achieve your financial goals. To sign up for GT Target, all you need is an existing GT Bank Account.

(f) Salary Account

This is a special account for employees (salary earners) of identified reputable private and public organizations

(g) Seniors Account

The Senior's Account is a current account designed specifically for senior citizens aged 60 and above.

6 OBJECTIVES AND STRATEGIES (CONTINUED)

6.5 OUTPUTS (CONTINUED)

(a) e-Banking Services

(i) Online Banking

Guaranty Trust Bank's Internet banking platform is a robust channel designed with the state-of –the-art technology that gives you unlimited access to your accounts and allows customers to conveniently perform over 90% of their bank transactions online in real-time. Internet Banking enables customers to enjoy the convenience of managing finances quickly and easily at a time that suits them. Customers can bank safely and securely at work, home, or abroad.

(ii) GTWorld

The Mobile Banking App is seamlessly designed to make all that's important to you easily accessible. The facial recognition feature means that you now have a mobile banking App that recognizes you and adapts to how and when you want to bank.

(iii) Simple Banking (*150*97#)

The platform allows customers to access selected mobile banking services by dialling a short code on their mobile phones, including basic-feature phones, without needing mobile internet data.

6.6 OUTCOMES

(a) Investors

The bank's investment ratios continued to improve year on year, despite our loss-making position. The bank is now positioned for profitability in the subsequent years.

(i) **Return on Equity**:

The return on equity was -2.3% (2024: -11.35%), an improvement of 79.7% year on year.

(ii) **Return on Assets:**

The return on assets -0.48% (2024: 2.73%), an improvement of 82.4%.

(iii) **Earnings per share:**

Earnings per share were TZS -244/share (2024: TZS -1,250/share), which indicates an improvement year on year.

(b) Regulators

The Bank continued to comply with all applicable regulations throughout the year. Highlights of our regulatory activities include paying corporate tax to the tax authority. During the year under review, we incurred a corporate tax expense of TZS 45.44 million in the course of the reporting year.

6 OBJECTIVES AND STRATEGIES (CONTINUED)

6.6 OUTCOMES (Continued)

(c) Employees

At the closure of the 2025 financial year, the Bank had sixty-three (63) employees, with 34 females and 29 males. This ensured a gender distribution of 54%:46% Female to Male.

(d) Customers

We continue to serve customers, clients, and communities, and create value for stakeholders.

The Bank opened 22,666 accounts in the year ended 31 December 2025, compared with 15,156 in the preceding year, an increase of 49.55%. The accounts are segmented into Individual Accounts, SKS Accounts, Salary Accounts, Senior Accounts, Commercial and Small and Medium Scale Enterprises Accounts, Sole Proprietors, SACCOS Accounts and GTCREA8 Accounts.

7 SHAREHOLDERS OF THE BANK

As of 31 December 2025, the following shareholders held shares in Guaranty Trust Bank (Tanzania) Limited:

Name of Shareholder	Origin	2025		2024	
		Number of Shares	Value of Shares	Number of Shares	Value of Shares
GUARANTY TRUST BANK LIMITED	Nigeria	1,164,776	25,508,594,400	1,164,776	25,508,594,400
DHANJI H. CHANDARIA	Kenya	191,606	4,196,171,400	191,606	4,196,171,400
RAMESHKUMAR M. PATEL	Kenya	172,203	3,771,245,700	172,203	3,771,245,700
		1,528,585	**33,476,011,500**	**1,528,585**	**33,476,011,500**

Source: *GTBank, December 2025*

8 RELATED PARTY TRANSACTIONS

All related party transactions and balances as of 31 December 2025 are disclosed in Note 35 to the financial statements. The key management personnel, including the Board Chairman and the Board Members, made declarations by completing a Form for Declaration of Related Party Transactions. The form was designed and issued by the National Board of Accountants and Auditors (NBAA) for the purpose of making sure that every transaction done by the Bank with the related parties is adequately disclosed and thus provide users of financial statements with adequate information for decision making.

9 DIRECTORS

The Directors of the Bank on the date of this report, who have been in office since 1st January 2025 are:

Directors	Position	Qualification	Nationality	Appointment /resignation	Dates of Attendance
Mr. Juma Alli Mohamed Muhimbi	Chairman	Fellow Certified Public Accountant	Tanzanian	10 February 2017	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Mr. Julius Olusegun Kosebinu Agbaje	Director	Master of Business Administration	Nigerian	10 February 2017	22 May 2025 28 August 2025 10 December 2025
Dr. Florence Temu	Director	Public Health Specialist	Tanzanian	25 April 2018	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Mr. Hanish Chandaria	Director	Master of Business Administration	British	10 February 2017	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Arch. Mbaraka Hussein Igangula	Director	Master of Engineering Management	Tanzanian	10 June 2021	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Dr. Habibu Juma Suluo	Director	Fellow Certified Public Accountant	Tanzanian	28 December 2021	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Ms Charity Mwakio	Director	Certified Chartered Accountant	Tanzanian	18 January 2022	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Mr. Ayodele Opeyemi Popoola	Managing Director	Certified Chartered Accountant & Certified Chartered Stockbroker	Nigerian	14 November 2024	27 February 2025 22 May 2025 28 August 2025 10 December 2025

Source: *GTBank, December 2025*

9 DIRECTORS (CONTINUED)

The Board met four (4) times during the year. The Board's key areas of focus in 2025 are set out below:

- Deliberation of the Board's Committees reports.
- Deliberation of the Departmental reports presented by Managing Director including Commentary/Updates and the Financial Statements.
- Consideration of Bank of Tanzania Examination Report Update.

10 DIVIDEND

The directors do not recommend payment of a dividend for the current year (2024: NIL).

11 CORPORATE GOVERNANCE

11.1 Corporate Governance Statement

At the end of the reporting period, the Board of Directors consisted of 8 directors, including the Managing Director. Apart from the Managing Director, no other director holds an executive position in the Bank. The Board takes overall responsibility for the Bank, including identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management's business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal controls, policies, and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to the Managing Director, assisted by senior management. Senior management is invited to attend Board committee meetings and facilitates the effective control of all the Bank's operational activities, acting as a medium of communication and coordination between all the various business units. The Bank is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency, and accountability. The Board is committed to the highest standards of business integrity, ethical values, and governance; it recognizes the Bank's responsibility to conduct its affairs with transparency, prudence, fairness, accountability, and social responsibility, thereby safeguarding the interests of all stakeholders.

During the year, the Bank's Board of Directors had the following Board subcommittees to ensure a high standard of corporate governance throughout the Bank. All these Committees report to the main Board of Directors.

11 CORPORATE GOVERNANCE (CONTINUED)

11.1 Corporate Governance Statement (Continued)

i) Board Credit Committee

Membership of the Committee is currently made up of three (3) members comprising: One (1) Non-Executive Director and two (2) Independent Non-Executive Directors.

Name	Position	Nationality	Dates of Attendance
Mr. Julius Olusegun Kosebinu Agbaje	Non-executive, Chairman	Nigerian	22 May 2025 28 August 2025 10 December 2025
Dr. Florence Temu	Independent Non-executive, Member	Tanzanian	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Arch. Mbaraka Hussein Igangula	Independent Non-executive, Member	Tanzanian	27 February 2025 22 May 2025 28 August 2025 10 December 2025

Source: *GTBank, December 2025*

The Committee met four times during the year. The Committee's key areas of focus in 2025 were:

- Overview of the Credit portfolio and Facility Summary Reports (FSRs) relating thereto.
- Consideration of security documentation status.

The Board Credit Committee is responsible for approval of credit facilities in the Bank. The Terms of Reference of this Committee include but are not limited to the following:

- To consider and approve specific loans above the Management Credit Committee's authority limit, as determined by the Board from time to time, such approval to be granted electronically or by appending their signature on the applicable documents.
- To review Management Credit Committee's authority level as and when deemed necessary and recommend new levels to the Board for consideration, to review the Asset and Liability Management of the Bank.
- To flag the Board of Directors' related loans, to monitor and flag the top debtors to the attention of the Board.
- To review the Bank's internal control procedures in relation to credit risk assets and be satisfied that they are sufficient to safeguard the quality of the Bank's risk assets.
- To review and be satisfied that the Bank complies with regulatory requirements regarding the grant of credit facilities.
- To handle other issues that may be referred to by the Board of Directors from time to time.

The Board Credit Committee meets at least once in each quarter. Additional meetings are however, convened as required.

11 CORPORATE GOVERNANCE (CONTINUED)

11.1 Corporate Governance Statement (Continued)

ii) Board Audit Committee

Membership of the Committee is currently made up of three (3) members comprising: One (1) Non-Executive Director and two (2) Independent Non-Executive Directors.

Name	Position	Nationality	Dates of Attendance
Dr. Habibu Juma Suluo	Independent Non-executive, Chairman	Tanzanian	13 February 2025 12 May 2025 30 July 2025 13 November 2025
Mr. Hanish Chandaria	Non-executive, Member	British	13 February 2025 12 May 2025 30 July 2025
Ms. Charity Mwakio	Independent Non-executive, Member	Tanzanian	13 February 2025 12 May 2025 30 July 2025 13 November 2025

Source: *GTBank, December 2025*

The Committee met four times during the year. The Committee's key areas of focus in 2025 were:

- Audit Plan, Audit Performance, Work in Progress and Status of audit issues.
- Summarized Quarterly Reports and follow-ups.
- Previous audit findings follow up.
- Bank organogram including changes in management team.
- New Regulations and Sanctions.

The Board Audit Committee is responsible for oversight of audit functions. The Terms of Reference of the Board Audit Committee include but are not limited to the following:

- To monitor the financial reporting process and its output.
- To oversee the establishment of accounting policies and practices by the Bank and to review the significant qualitative aspects of the Bank's accounting practices, including accounting estimates and financial statement disclosures.
- To monitor the integrity of the Bank's financial statements and any formal announcements relating to the Bank's financial performance.
- To ensure that senior management establishes and maintains an adequate and effective internal control framework. Such a framework should be designed to provide assurance in areas including reporting (financial, operational and risk), monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets.
- To monitor and review the effectiveness of the Bank's internal audit function; to approve the internal audit plan, scope, cycle and budget.
- To review the audit charter and the code of ethics of the internal audit function.

11 CORPORATE GOVERNANCE (CONTINUED)

11.1 Corporate Governance Statement (Continued)

- To review discoveries of fraud and violations of laws and regulations as raised by the Internal Auditor.

The Committee is required to hold its Meetings once every quarter.

iii) Board Risk and Compliance Committee

Membership of the Committee is currently made up of three (3) members comprising: One (1) Non-Executive Director and two (2) Independent Non-Executive Directors.

Name	Position	Nationality	Dates of Attendance
Dr. Florence Temu	Independent non-executive, Chairman	Tanzanian	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Mr. Julius Olusegun Kosebinu Agbaje	Non-executive, Member	Nigerian	22 May 2025 28 August 2025 10 December 2025
Arch. Mbaraka Hussein Igangula	Independent non-executive, Member	Tanzanian	27 February 2025 22 May 2025 28 August 2025 10 December 2025

Source: *GTBank, December 2025*

The Committee met four times during the year. The Committee's key areas of focus in 2025 were:

- Presentation of the Quarterly Risk Reports.
- Presentation of the Quarterly Compliance Reports.
- Approval of Policies and Charters.

The Board Risk Committee is tasked with the responsibility of setting and reviewing the Bank's risk policies. The coverage of supervision includes the following: Credit Risk, Reputational Risk, Operations Risk, Technology Risk, Market and Rate Risks, Liquidity Risk and other pervasive risks as may be posed by the events in the industry at any point in time. The Terms of Reference of the Board Risk Management Committee include the following:

- Reviewing and recommending for approval of the Board, the Bank's Risk Management Policies including the risk profile and limits.
- Determining the adequacy and effectiveness of the Bank's risk detection and measurement systems and controls.
- Evaluating the Bank's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the Bank's activities and risk profile.
- Oversight of Management's process for the identification of significant risks across the Bank and the adequacy of risk mitigation, prevention, detection and reporting mechanisms.

11 CORPORATE GOVERNANCE (CONTINUED)

11.1 Corporate Governance Statement (Continued)

- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Bank's risk profile.
- Any other issue referred to the Committee from time to time by the Board.
- Identify, Nominate and recommend for approval to the Board of Directors suitable candidates to fill Board vacancies as and when they arise through properly established criteria.
- Nominate and recommend for approval to the Board of Directors suitable candidates to fill Senior Management vacancies as and when they arise through properly established criteria.
- Undertake regular review of the composition, size and the structure of the Board and give recommendations on any adjustments as and when required.
- Review and approve the Bank's policies relating to staff compensation, benefits and rewards.
- Review and approve the Banks's organizational structure and ensure the structure facilitates effective decision making and good governance.
- Ensure that the Bank has in place a proper succession planning system.
- Ensure that the Bank has sound policies and procedures on the appointment of senior managerial staff that clearly defines the duties, and the required qualifications and levels of experience for the roles.
- Establish performance standards for the Managing Director and ensure it is consistent with the Bank's long-term strategies and objectives and monitor performance against these standards.
- Oversee the Bank's compensation system for members of staff.
- Exercise oversight on the human resource aspects of the Bank including staffing levels, employee retention rate, equality and diversity.
- Ensure that it has access to all information that it requires to fulfill its responsibilities.
- Undertake any other issue referred to the Committee by the Board.

The Committee meets quarterly and additional meetings are convened as required. The Head of Risk and Compliance of the Bank presents regular briefings to the Committee at its meetings.

iv) Board Remuneration Committee

Membership of the Committee is currently made up of three (3) members comprising: One (1) Non-Executive Director and two (2) Independent Non-Executive Directors

11 CORPORATE GOVERNANCE (CONTINUED)

11.1 Corporate Governance Statement (Continued)

Name	Position	Nationality	Dates of Attendance
Arch. Mbaraka Hussein Igangula	Independent Non-executive, Chairman	Tanzanian	27 February 2025 22 May 2025 28 August 2025 10 December 2025
Mr. Julius Olusegun Kosebinu Agbaje	Non-executive, Member	Nigerian	22 May 2025 28 August 2025 10 December 2025
Dr. Florence Temu	Independent Non-executive, Member	Tanzanian	27 February 2025 22 May 2025 28 August 2025 10 December 2025

Source: *GTBank, December 2025*

The Committee met four times during the year. The Committee's key areas of focus in 2025 were:

- Presentation and Approval of Charter for the Board Remuneration Committee.
- Presentation of Human Resource Management Report.
- Presentation of the Organization Structure.
- Approval of Policies.

The Board Remuneration Committee is primarily responsible for identifying, nominating, and recommending suitable candidates to fill board and senior management vacancies, and for exercising overall oversight of human resource affairs in the Bank. The Committee, in discharging its mandate and responsibilities, acts in accordance with the regulations laid down by the Board and as may be issued by the Bank's regulators from time to time, as well as other laws applicable.

12. MANAGEMENT OF THE BANK

The management of the Bank is under the Managing Director and is organized in the following departments.

- Financial Control.
- Legal and External Communications.
- Treasury.
- Digital Banking.
- Corporate Banking.
- SME (Small and Medium Enterprises) Banking
- Retail Banking.
- Commercial Banking.
- Credit Administration.
- Risk and Compliance Management.

12 MANAGEMENT OF THE BANK (CONTINUED)

- Systems and Control (Internal Audit).
- Information Technology.
- Human Resources and Administration.
- Transaction Services.

13 TREASURY AND CAPITAL MARKET POLICIES

The Bank maintains well documented Market and Liquidity Risk Management Policies which outline approved Treasury activities in the Bank and how various risks that arise from such dealings together with other banking activities are identified, measured and managed. These, among others, include interest rate risk, liquidity risk and Trading risk.

Regulatory and Internal Limits on the above-stated risks are stipulated to enable efficient monitoring of compliance. Moreover, to combat any losses that may result from dealing activities, the policy allows for the establishment of dealer limits, counterparty limits, and stop-loss limits that must be reviewed regularly and kept up to date. In addition to this, roles and responsibilities of Treasury staff, Market Risk unit, senior management and Assets and Liabilities Management Committee (ALMAC) members in complying with the policy are clearly stipulated.

The following risks are covered in the Market and Liquidity Risk Policies.

a) Interest Rate Risk Management

This section is designed to provide written guidelines for the identification, measurement, monitoring, control and reporting of interest rate risk. With the increasing volatility of the global financial services industry, it has become even more imperative for Banks to continue to proactively monitor their vulnerability to changes in interest rates and react appropriately to those changes to produce adequate earnings on a consistent basis.

b) Liquidity Risk Management

- Liquidity Risk is the current and future risk to the Bank's earnings & capital arising from its inability to meet its funding obligations and commitments as and when due, at a reasonable price.
- Monitoring of liquidity ratios, i.e., Liquid Asset Ratio (LAR), Loan to Deposit Ratio (LDR) against internal and regulatory limits
- Maintaining a portfolio of highly liquid and marketable securities that can easily be liquidated as protection against any unforeseen cash flows stress.
- Performing liquidity stress
- Managing the concentration of customer deposits and assets to avoid extreme mismatches

13 TREASURY AND CAPITAL MARKET POLICIES (CONTINUED)

- Poor or inadequate liquidity risk management could result in a funding crunch in which the bank could be unable to meet deposit withdrawals and loan funding requests from its customers. This inadequate management could further lead to litigations, loss of earnings, inability to seize new business opportunities, and eventual collapse of an institution. The Banks Liquidity Risk management process entails the following activities as monitored by Assets and Liabilities Committee.
- Day-to-day funding, managed by monitoring future cash flows to ensure that daily obligations can be met. This includes replenishment of funds as they mature or borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen.
- Maintaining a robust and effective contingency funding plan to support in cases of liquidity stress.

c) Trading Risk

Trading Risk, in this policy, is defined as the risk of losses in on and off trading positions arising from movements in market prices such as interest rates, foreign exchange rates, equity and commodity prices. This policy is developed for the Bank's liabilities and asset holdings in the domestic and foreign money market, bond market and foreign currencies.

The specific goals and objectives of trading risk management are:

- Provide oversight and guidance relating to trading risk identification, measurement, monitoring, control and reporting.
- Detail trading risk sources relating to foreign exchange, interest rate, and equity and commodity prices.
- Provide a format to ensure the appropriate management of all trading-related risks to the Bank.
- Report on all trading risk exposures within the Bank's business Design, implement and use rate scenarios and stress testing models to assess the vulnerability of the Bank's trading portfolios to changes in market prices.
- Establish framework for estimating capital charge requirement for trading risk.
- Establish measures for evaluating the economic value of the Bank's trading and investment portfolios susceptible to market prices.
- Promote communication among employees, managements, and directors whose activities affect trading risk management activities.
- Ensure that appropriate levels of procedures, controls and self-monitoring techniques are implemented and properly administered.

The Market and Liquidity Risk Policy further outline the roles and responsibilities of ALMAC, Risk management unit, senior management and managing market and Liquidity risks for the Bank.

14 FUTURE DEVELOPMENT PLANS

The Bank has concluded its eighth year of operations and sustained consistent growth and improved efficiency. These achievements are attributable to the Bank's achieved market competitiveness through focus on exciting customer experiences across its distinct digital offerings and service delivery by its well-groomed employees. As the Bank progresses into the ninth year of operations, focus is to achieve expanded market relevance through larger market share to facilitate achievement of its objective to be the market service differentiator. The Bank's expanded digital channels will support achievement of the outlined broad stakeholders' objective as it is ready to introduce an e-commerce payment platform, agency banking and a second physical branch in the new year to support growth.

In addition to the additional service channels, the Bank is endowed with a team that is constantly improving the existing channels. On the backdrop of available differentiated digital offerings, customer acquisition will be greatly supported to boost market share in the focus sectors of personal and premium banking, small and medium enterprises banking and commercial banking. The bank currently participates in the activities of the corporate sector through support offered across their respective value chain.

The Bank's primary focus for the subsequent year is to emerge profitable and commence expansion of its footprints across the country. The strategy for expansion will be primarily through partnerships and the establishment of additional branches in strategic locations over the next three (3) years. In addition, capital will be deployed strategically to enhance technology infrastructure and digital channels, primarily to support deposit mobilization.

Considering the Bank's key strengths and resources, the Directors believe the Bank will achieve its objectives as highlighted above. Being affiliated with the renowned Guaranty Trust Holding Company Plc, with a presence in 11 countries worldwide, the Bank also enjoys considerable technological and intellectual capital from the Group's experience over the last 31-years. The Bank's focused drive to further penetrate the market will enhance its revenue streams, ably supported by the improved adoption of motivational and staff retention schemes, which have resulted in a reliable and committed team to date.

15 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

15.1 RISK MANAGEMENT AND INTERNAL CONTROL

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

15 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (CONTINUED)

15.1 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

- The effectiveness and efficiency of operations.
- The safeguarding of the Bank's assets.
- Compliance with applicable laws and regulations.
- The reliability of accounting records.
- Business sustainability under normal as well as adverse conditions; and
- Responsible behavior towards all stakeholders

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

The Board assessed the internal control systems throughout the financial year ended 31 December 2025 and is of the opinion that they met acceptable criteria.

16 SUSTAINABILITY – ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Guaranty Trust Bank (Tanzania) Limited recognizes the increasing importance of environmental, social, and governance (ESG) factors and climate-related financial risks to the Bank's long-term risk profile, business model resilience, and stakeholder expectations. These disclosures outline the governance structures, strategic responses, risk management practices, and metrics through which the Bank identifies, assesses, manages, and reports climate-related and ESG-related financial risks.

Our Environmental, Social, and Climate Risk Management Policy Statement

The Bank is committed to promoting environmentally sound and sustainable development in the full range of its credit products. We believe that environmental, social, and climate sustainability is fundamental to achieving outcomes consistent with our credit policy. We recognize that projects that foster environmental, social, and climate resilience rank among the highest priorities of our activities.

Our Sustainability Governance

The responsibility for overseeing sustainability and ESG matters rests with those in charge of governance, who are ultimately responsible for oversight of the Bank's ESG and climate-related financial risks. They discharge their responsibilities through the Board Risk and Compliance Committee, which meets quarterly to give updates on the Bank's exposure to climate-related financial risks, progress on ESG initiatives, and emerging regulatory developments.

16 SUSTAINABILITY – ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (CONTINUED)

Responsibilities of Those Charged with Governance

- Approve the Sustainability and Climate Risk Management Policy as management recommends and ensure that the management always complies with the policy's requirements.
- Ensure relevant sustainability and ESG matters are incorporated into purpose, governance, strategy, decision-making, risk management, and accountability reporting.
- Defined targets and metrics are identified and monitored.
- Provide oversight to ensure compliance with all applicable legal and regulatory environmental, social, and climate risk management requirements.
- Approve and periodically review the strategies, policies, procedures, and risk management frameworks for environmental, social, and climate-related financial risks.

Responsibilities of the Management

- Implementation of the environmental, social, and climate risk management strategies, policies, and procedures.
- Embed climate-related factors into the credit appraisal and loan monitoring process.
- Ensure the environmental, social, and climate-related budget is approved to implement policy objectives effectively.
- Develop and implement sustainability and climate-related financial risk management strategies, policies, and frameworks. Regularly review the effectiveness of the strategies, policies, frameworks, tools, and controls.
- Introducing climate-risk evaluation in collateral valuation guidelines.
- Provide periodic reports to the board on environmental, social, and climate-related financial risk issues.
- Ensure that staff have sufficient awareness and understanding of the sustainability business practice and can identify potential environmental, social, and climate-related financial risks through periodic training and capacity development, and
- Ensure that material environmental, social, and climate-related financial risk issues are addressed promptly

Environmental footprint

Considering the crucial impact of environmental conservation, the bank has developed a specific environmental and social policy. The policy articulates the Bank's commitments to sustainable development, elaborates how the Bank integrates environmental and social issues into our processes and activities, and sets the roles and responsibilities, including the requirements to deliver these commitments. The policy defines how the Bank manages environmental and social risks and impacts and supports the overall sustainability of our operations and investments, in line with our obligations under national and international law and other relevant standards.

16 SUSTAINABILITY – ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) (CONTINUED)

Through the policy, the bank commits to:

- Examine the environmental and social issues and concerns associated with potential business activities proposed for financing or being financed.
- Identify, evaluate, and manage the environmental and social risks and the associated financial implications of these issues and concerns.
- Where avoidance is impossible, mitigate adverse impacts to people and the environment.
- Give due consideration to vulnerable and marginalized populations, groups, individuals, local communities, indigenous peoples, and other marginalized groups affected or potentially affected by the Bank-financed activities

Below are some initiatives implemented to reduce the environmental footprint

- The bank has in place sustainability and climate risk policies, procedures, and tools for assessing the environmental and social impact of projects financed by the Bank.
- The bank has also established a unit designated for assessing and managing Environmental and Social Risks associated with financed projects and advises management accordingly.
- The Bank has established policies and procedures aligned with Bank of Tanzania requirements to incorporate climate-related risks into the lending process.
- The Bank has implemented online account opening and is progressively expanding e-banking services for customer correspondence, contributing to a reduction in paper consumption and supporting the Bank's environmental sustainability objectives.
- The Bank has implemented online account opening and an internal workflow system (Process Marker) and is progressively expanding e-banking services for customer correspondence, reducing paper consumption, and supporting the Bank's environmental sustainability objectives.
- Continuing to create awareness of an online lending solution for salary advance employees, using the Sim banking mobile application, in which customers apply without visiting branches, and eliminating the paper trail throughout the process.

17 INITIATIVES TO REDUCE OUR EMISSIONS

Our Bank maintains effective waste management systems to ensure responsible waste collection, recycling, and disposal. We have implemented a waste-disposal mechanism in line with local and national regulations. As part of our waste management initiatives, the following were carried out:

- **Energy efficiency:** Total energy consumption is reduced by ensuring all computers are switched off during non-working hours.
- **Fuel management**: Total fuel usage is minimized through strict controls to avoid unnecessary use of official vehicles.
- **Digitalization:** Implementation of online account opening and an internal workflow system (Process Marker), alongside progressive expansion of e-banking services, reducing paper consumption.
- Waste recycling: A significant quantity of waste was recycled during the year, reducing landfill contributions and associated greenhouse gas emissions.

17 INITIATIVES TO REDUCE OUR EMISSIONS (CONTINUED)

Approach towards sustainable lending

As a responsible bank, we ensure that our banking practices promote positive outcomes and do not harm the planet. We assess credit risks by incorporating environmental, social, and governance (ESG) factors into our ESMS. By adopting sustainable practices, we can better manage risks and capitalize on opportunities in the changing economic environment.
Environmental and social sustainability are crucial for achieving our desired outcomes and align with our long-term growth strategy. The Bank is fully dedicated to minimizing scope 3 emissions through sustainable lending. To accomplish this goal, we prioritize financing projects and businesses with a clear plan for responsibly managing social and environmental resources.

We follow best international practices, including the IFC Performance Standards, to ensure our investments support sustainability initiatives. We aspire to become a sustainability leader in the region and to make a lasting commitment to climate action.
The portfolio's decarbonization will be implemented by communicating the Group's sustainability initiatives and engaging our stakeholders in transition pathways to reduce their carbon emissions.

18 CLIMATE-RELATED FINANCIAL RISKS MANAGEMENT

Climate-related risks and opportunities are overseen by the Board through the Board Risk Management Committee, with operational responsibility delegated to management.

The Bank's operations and lending activities are exposed to both **physical** and **transition** risks.

- **Physical risks** arise mainly from flooding in coastal and lake regions, affecting retail, SME, and agricultural borrowers.
- **Transition risks** arise from evolving regulatory requirements, carbon policies and shifts towards renewable energy, which may affect the creditworthiness of corporate customers, particularly in manufacturing, transport and construction

Climate-related risks are incorporated into the Bank's existing risk taxonomy as follows:

- **Credit Risk:** Client credit assessments include ESG questionnaires and climate-risk scoring.
- **Market Risk:** The Bank monitors climate-related exposure in its investment portfolio.
- **Operational Risk:** Business continuity arrangements have been updated to account for climate-related disruptions.
- **Reputational Risk:** Screening ensures the Bank does not finance activities with material environmental harm.

The Bank performed a climate-risk heat map of its loan portfolio, identifying manufacturing and transport as sectors of elevated risk. Monitoring tools include:

- enhanced due diligence for environmentally sensitive industries; and
- collateral vulnerability assessments using hazard-zone data.

18 CLIMATE-RELATED FINANCIAL RISKS MANAGEMENT (CONTINUED)

The Bank has adopted the following climate-related targets:

- Achieve **net-zero financed emissions by 2050**.
- Reduce the Bank's Weighted Average Carbon Intensity by **25% by 2030**.
- Increase sustainable and green lending to **TZS 10 billion by 2030**.

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 its inherent level of uncertainty. This assessment covers a wide range of potential impacts on the Bank from both physical and transition risks. The Bank and its customers are exposed to the physical risks from 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. However, the nature and location of the Bank's counterparties and the underlying collateral limit the impact of this exposure. Even though climate-related risks might not currently have a significant impact on measurement, the Bank is closely monitoring relevant changes and developments.

The items and considerations that are most directly impacted by climate-related matters are:
Expected credit losses (ECL): Customers and portfolios with exposure 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 the underlying collateral pledged. Transition risks may result from government or institutional policy changes, leading to a deterioration in credit quality in affected sectors or countries.

An analysis of counterparties' exposure to these climate risks found that, on the whole, they are not expected to be materially impacted by physical or transition risks associated with climate change. Furthermore, the underlying collateral for the assets is not expected to be affected by climate risk, as the assets are not located in high-risk geographical areas and have EPC ratings largely in compliance with current regulations.
It was assessed that the magnitude of any climate risk impact 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 solely 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.
Based on the size of the Bank's portfolio of these products at 31 December 2025, the impact was assessed as immaterial.

18 CLIMATE-RELATED FINANCIAL RISKS MANAGEMENT (CONTINUED)

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, it is assumed that the fair value already incorporates market's participants view of climate risk variables. Where a proxy valuation approach has been used for unobservable prices, the selection of the proxy includes consideration of climate risk factors where appropriate.

Linkage to the Financial Statements
Management has considered the effects of sustainability and climate-related risks on the financial statements, including the following:

- Expected credit losses (Note 10)
- Impairment of non-financial assets (Note 5(n))
- Provisions and contingencies (Note 34)

19 STAKEHOLDERS' RELATIONSHIP

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

Shareholders
Shareholders of the bank provide capital that the bank uses to create value in the country's financial market, and we are committed to maximizing returns for our shareholders by effectively utilizing both our owned and shared resources.

Customers
The bank caters to a diverse range of customers, including account holders and walk-in clients seeking financial services. We offer a variety of products for corporate, retail, and mass market customers, providing both general and customized solutions tailored to individual needs.

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

Vendors
To ensure smooth operations and excellent service for our customers, the bank establishes contracts with all major suppliers and service providers, including service-level agreements. Additionally, the bank ensures timely payments for these services to support the sustainable growth of our vendors.

19 STAKEHOLDERS' RELATIONSHIP (CONTINUED)

Employees

The Bank recruits professional employees with high integrity through a competitive recruitment process. This approach allows us to build a highly qualified and innovative workforce while providing equal employment opportunities to all social groups. Focusing on employee motivation and retention is essential for maintaining our competitive edge in the market.

20 GOING CONCERN

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

21 EMPLOYEE'S WELFARE

Management and Employees' Relationship

The Bank's achievements and financial results in such a challenging market are a testimony to the good relationship between employees and management. The Bank continued to enjoy a good relationship between employees and management for the year ended 31 December 2025. No unresolved complaints were received by management from employees during the year.

Employment Opportunities

The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion, and disability which do not impair the ability to discharge duties.

Employees Performance Management

The Bank uses a Performance Management System to evaluate employees' performance against set and agreed-upon objectives. The system provides the basis for employees to receive performance feedback, recognition, development, and a corrective action plan to promote effective performance.

Training Facilities

For the Bank to achieve its business strategy, it needs talented people who deliver superior results. To support and enable our people to give their best, we provide an engaging and fulfilling environment with opportunities for personal and professional growth, maintain a competitive reward strategy and continuously enhance our people's practices. Training programs have been developed and continue to be developed to ensure employees are adequately trained at all levels. All employees have annual training to upgrade skills and enhance development.

21 EMPLOYEE'S WELFARE (CONTINUED)

Medical Assistance
All members of staff and a maximum of four (04) beneficiaries (dependants) for each employee were provided with medical insurance guaranteed by the Bank. In the meantime, these services are provided by Strategies Insurance Company Limited.

Employees Benefit Plan
The Bank pays contributions to publicly administered pension plans on a mandatory basis, which qualify as a defined contribution plan. Publicly administered pension plans of which the Banks' employees are members include the National Social Security Fund (NSSF), of which the Bank contributes 10% of employees' monthly remuneration.

22 DISABLED PERSONS AND GENDER PARITY

Disabled Persons
Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues, and appropriate training is arranged. It is the policy of the Bank that training, career development, and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Gender Parity
The Bank is an equal opportunity employer and maintains a reasonable gender balance among its employees. The Bank had the following employees by gender:

Gender	2025		2024	
	No.	%	No.	%
Female	34	54	32	52
Male	29	46	29	48
Total	**63**	**100**	**61**	**100**

23 SOCIAL AND ENVIRONMENTAL POLICY

The Bank recognizes that sustainable development depends on a positive interaction among economic growth, social upliftment, and environmental protection. The bank has a policy framework designed to ensure that all projects undertaken comply with the relevant social and environmental regulations and standards, including local, national, and international standards.

23. SOCIAL AND ENVIRONMENTAL POLICY (CONTINUED)

The policy framework commits the Bank to:

- Support business activities that contribute to the protection and improvement of the environment.
- Monitor the effects of the Bank's activities on the environment and work towards improvement and pollution prevention.
- Comply with all applicable laws and regulations related to environmental protection and other requirements to which the Bank is subject and subscribed to; and
- Provide financing to projects with minimal adverse impact on the environment while ensuring that those having potentially major adverse environmental and social impact are accompanied by adequate mitigation measures.

24 POLITICAL AND CHARITABLE DONATIONS

The Bank contributes to Rotary Family Health Day, amounting to TZS 500,000 (2024: 4,400,000).

25 CORPORATE SOCIAL RESPONSIBILITY

The Bank is committed to giving back to the communities in which it operates by engaging in various corporate social responsibility activities that have a positive impact on the social, economic, and cultural lives of beneficiaries. The Bank focuses on helping both the education and health sectors. We passionately believe that Corporate Social Responsibility embodies an ardent commitment and social pact with all the stakeholders. Thus, the Bank is committed to enriching lives in the diverse communities in which it operates. That said, the Bank participated in the Goat Races 2025 by purchasing a racing goat, with event proceeds to be channelled towards the execution of charitable educational activities by the Rotary Club, an international non-profit organization of compassionate individuals with a common drive to serve disadvantaged communities.

26 STATEMENT OF COMPLIANCE

The report by Those Charged with Governance is prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (TFRS No. 1), as issued by the National Board of Accountants and Auditors (NBAA), and became effective on 1 January 2021.

27 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

Those Charged with Governance at the Bank are committed to the highest standards of business integrity, ethical values, and governance. They recognize the Bank's responsibility to conduct its affairs with transparency, prudence, fairness, accountability, and social responsibility, thereby safeguarding the interests of all stakeholders.

28 FUTURE PERFORMANCE OF SIGNIFICANT EVENTS AFTER REPORTING DATE

After the reporting date 31 December 2025, the Bank received a capital injection of TZS 1,994.7 million from the Parent Bank, Guaranty Trust Bank Limited Nigeria, on 21 January 2026 to support expansion and improve working capital. This event occurred after the reporting period and, therefore, has not been adjusted in the financial statements for the year ended 31 December 2025.

29 APPOINTMENT OF THE AUDITORS

M/s Nexia Tanzania, the Certified Public Accountants (Tanzania) with TIN No. 126-541-015, VRN No. 40-021277-Z and NBAA registration No PF 266 was appointed during the Annual General Meeting (AGM) of the year 2023 and authorized to carry out the audit of the Bank for three (3) years. The Bank's external audit of the financial year ended 31 December 2025 is their last assignment and they have completed their six (06) years term of appointment. The appointment of M/s Nexia Tanzania was considered and approved in accordance with the Companies Act, 2002.

30 RESPONSIBILITIES OF THE AUDITORS

The Bank's auditor, Nexia Tanzania, has a statutory responsibility to report to the stakeholders as to whether the financial statements of the Bank present fairly the financial position, financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs), the Tanzania Financial Reporting Standard (TFRS 1) and in the manner required by the Banking and Financial Institutions Act 2006 and the Companies Act, 2002.

31 BY ORDER OF THE BOARD

This report was approved and authorized for issue by the Board of Directors during its 32nd Ordinary Meeting held on **17 March 2026,** and signed on its behalf by:

Juma Alli Muhimbi
Board Chairman

30-03-2026
Date

Ayodele Opeyemi Popoola
Managing Director

30-03-2026
Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors are required in terms of the Tanzania Companies Act of 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Bank as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRSs), the Tanzania Financial Reporting Standards No. 1 (TFRS 1), the Banking and Financial Institutions Act, 2006, and the requirements of the Tanzania Companies Act of 2002. The external auditors are engaged to express an independent opinion on the financial statements.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Bank and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control to reduce the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Bank, and all employees are required to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The Bank's risk management focuses on identifying, assessing, managing, and monitoring all known risks across the Bank. While operating risk cannot be fully eliminated, the Bank endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed in accordance with predetermined procedures and constraints.

The Directors acknowledge that they are responsible for establishing appropriate policies and procedures to prevent non-compliance with laws and regulations (NOCLAR), including whistleblowing procedures as a necessary part of good internal governance.

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

The Directors have reviewed the Bank's cash flow forecast for the year 31 December 2026 and, in the light of this review and the current financial position, they are satisfied that the Bank has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 43 to 113, which have been prepared on the going concern basis, were authorized and approved by the Board of Directors during its 32nd Ordinary Meeting held on **17 March 2026** and signed on its behalf by:

Juma Alli Muhimbi

Board Chairman

Date: 30-03-2026

Ayodele Opeyemi Popoola

Managing Director

Date: 30-03-2026

GUARANTY TRUST BANK (TANZANIA) LIMITED

DECLARATION OF THE HEAD OF FINANCE

FOR THE YEAR ENDED 31 DECEMBER 2025

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

It is the duty of a Professional Accountant to assist the Board of Directors and Management to discharge the responsibility of preparing financial statements showing a true and fair view of the Authority's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Legal responsibility for ensuring that Management prepares and presents the complete set of financial statements in accordance with International Financial Reporting Standards (IFRSs), the Banking and Financial Institutions Act, 2006, and the requirements of the Companies Act, 2002, rests with the Board of Directors, as stated on the above page in the Statement of Directors' Responsibilities.

I, **ACPA. Peter Mkande**, being the Head of Financial Control, hereby acknowledges my responsibility of ensuring that financial statements for the year ended 31 December 2025 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view of the position of Guaranty Trust Bank (Tanzania) Limited as of 31 December 2025, and that they have been prepared on the basis of properly maintained financial records.

Signature: 

Signed by: CPA. Peter Mkande

Position: Head, Financial Control

NBAA Membership No.: ACPA 6218

Date: 30 – 03 – 2026

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Guaranty Trust Bank (Tanzania) Limited, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006 of Tanzania.

Basis for Opinion

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

Other Matter

The Bank incurred a net loss of TZS 372.9 million resulting in accumulated losses of TZS 17.34 billion as at 31 December 2025. However, the bank-maintained a core capital of TZS 15.8 billion at the end of the year, which is TZS 0.8 billion in excess of the regulatory minimum core capital requirement of TZS 15 billion. Additionally, the Parent company and majority shareholder (Guaranty Trust Bank Limited) of Nigeria, has the ability and intent to support the subsidiary (Guaranty Trust Bank (Tanzania) Limited) to ensure the subsidiary is adequately funded to meet its working capital and other requirements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF GUARANTY TRUST BANK (TANZANIA) LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

No.	Key audit matter	How our audit addressed the key audit matter
1.	**Impairment loss on loans and advances to customers**	
	Impairment is a subjective area due to the level of judgement applied by management in determining provisions. The Bank is required to calculate impairment of loans and advances in accordance with both the regulations of the Bank of Tanzania and IFRSs. We focused on the identification of impairment events, which differs based upon the type of lending product and customer. Judgement is required to determine whether a loss has been incurred. We also focused on the measurement of impairment losses, including the assessment of whether historical experience is appropriate when assessing the likelihood of incurred losses in respect to loans. As disclosed in under the *significant accounting policies,* judgement is applied in determining the appropriate parameters and assumptions used to calculate impairment. For example, the assumption of customer that will default, the valuation of collateral for secured lending and the expected future cash flows of loans. The disclosure associated with credit risk is set out in the financial statements, under Significant accounting policies	• Our audit procedures included the assessment of key controls over the approval, recording and monitoring of loans and advances, and evaluating the methodologies, inputs and assumptions used by the Bank in calculating collectively assessed impairment losses, and assessing the adequacy of impairment allowances for individually assessed loans and advances. We compared the Bank's assumptions for impairment allowances to externally available industry, financial and economic data and our own assessment in relation to key inputs. As part of this, we assessed the Bank's estimates and assumptions used including the consistency of judgement applied in determination of the amount and timing of expected future cash flows, and consideration of economic factors and historical default rates. • We evaluated whether the Bank's assumption on the expected future cash flows, including the value of realisable collateral was based on up-to-date valuations and available market information. • We also assessed whether the financial statements disclosures appropriately reflect the Bank's exposure to credit risk. • We challenged management assumptions regarding the recovery rate of unsecured facilities.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF GUARANTY TRUST BANK (TANZANIA) LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

No.	Key audit matter	How our audit addressed the key audit matter
2.	**Information control systems and controls over financial reporting in the financial statements.**	
	The Banks financial and accounting and reporting systems are heavily dependent on complex systems. Significant reliance on IT systems presents a significant risk to the Bank as the core banking system is considered complex due to multiple significant functionalities and interdependencies with other systems. We spent significant audit effort in the audit of these systems as part of the audit process, as it is critical for the control environment of the bank and therefore, we determined it to be a key audit matter.	Our audit procedures in this area included, among others the use of our IT auditors specialists in: • Reviewing of IT Governance practices to access their adequacy, the existence of IT Risk assessment, and the role of IT Steering Committee (if any) and the Board of Directors. • Reviewing information systems within the financial institutions including core banking system, operating systems, applications, databases, servers and networking devices and confirm whether all the systems are robust enough to ensure data integrity, confidentiality and availability. • Performing application controls testing which include configuration controls, sensitive access and segregation of duties controls, interface controls, data integrity controls and obtain reasonable assurance on the accuracy and completeness of reports. • Reviewing and accessing whether balances resulting from all transactions and data processed within the institution's IT system are accurately captured and reported in the General Ledger, the Financial Statements and Returns submitted to the BOT; and • Reviewing IT security controls including application security, privileged access, audit trails, system monitoring and maintenance, controls over program and system changes, integrity and systems ability to recover from unexpected shutdown`s and ability to recover from a disaster resulting in loss of data. The business continuity practice in its totality was reviewed.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF GUARANTY TRUST BANK (TANZANIA) LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Other information consists of the information included in the corporate information, report by those charged with governance, statement of directors' responsibilities and declaration of the head of finance, other than the financial statements and our auditor's opinion thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006 of Tanzania, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is given in the Appendix to Independent Auditor's report. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF GUARANTY TRUST BANK (TANZANIA) LIMITED

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements
This report, including the opinion, has been prepared for, and only for, the Bank's members as a body in accordance with the Tanzanian Companies Act, 2002 and for no other purpose.

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

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

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

(iii) the Bank's statement of financial position and statement of comprehensive income agree with the books of account.

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

- In our opinion, the capital adequacy ratios as presented in Page 4 of the financial statements have been computed in accordance with the Banking and Financial Institutions Act, 2006, and the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014 of Tanzania.

Nexia Tanzania.

Nexia Tanzania
Certified Public Accountants
2nd Floor, Oyster Plaza, Haile Selassie Road
P.O. Box 12729, Dar es Salaam, Tanzania.

S. Jaffer

Sujata Jaffer
Engagement Partner
NBAA registration no. ACPA 718
Dar es Salaam
Ref : NTZ/04/2026

Date: 30 March **2026**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF GUARANTY TRUST BANK (TANZANIA) LIMITED

Report on the Audit of the Financial Statements (continued)

Appendix to Independent Auditors Report

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

GUARANTY TRUST BANK (TANZANIA) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2025 TZS'000	2024 TZS'000
Interest income	8	5,045,091	4,942,451
Interest expense	9	(468,152)	(805,770)
Net interest income		**4,576,939**	**4,136,681**
Expected credit losses	10	(129,255)	(214,745)
Net interest income after loan impairment charges		**4,447,684**	**3,921,936**
Fees and commission income	11A	2,304,138	2,528,250
Fees and commission expense	11B	(1,096,732)	(1,801,785)
Net fees and commission income		**1,207,406**	**726,465**
Foreign exchange gains	12	971,272	907,898
Other income	13	34,616	360,374
Total Non-Interest Income		**1,005,888**	**1,268,272**
Total operating income		**6,660,978**	**5,916,673**
Personnel expenses	14	(2,841,692)	(2,920,204)
General and administrative expenses	15	(3,305,787)	(4,290,023)
Depreciation and amortization	16	(759,884)	(569,096)
Total expenses		**(6,907,363)**	**(7,779,323)**
Loss before income tax		**(246,385)**	**(1,862,650)**
Income tax expense	26	(126,588)	(48,774)
Loss for the year		**(372,973)**	**(1,911,424)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(372,973)**	**(1,911,424)**

GUARANTY TRUST BANK (TANZANIA) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

STATEMENT OF FINANCIAL POSITION

	Notes	2025 TZS'000	2024 TZS'000
Assets			
Cash and other balances with Bank of Tanzania	17	8,591,876	5,596,964
Balances with other Banks	18	512,633	1,536,092
Loans and advances to banks	19	23,732,938	21,805,352
Loans and advances to customers	20	16,388,769	17,322,730
Investment in Government securities	21	14,110,130	10,162,500
Intangible assets	22	469,399	533,719
Property and equipment	23	11,577,035	10,059,031
Right of use of assets	24	1,417,792	1,478,401
Other assets	25	1,287,814	1,472,479
Total assets		**78,088,386**	**69,967,268**
Liabilities			
Deposits from customers	27	59,527,945	47,113,441
Deposits from banks	28	-	2,601,140
Lease obligations	29	1,189,439	1,127,250
Other liabilities	30	1,052,488	2,529,200
Current income tax payable	26	95,250	-
Total liabilities		**61,865,122**	**53,371,031**
Equity			
Share capital	31	33,476,012	33,476,012
Accumulated losses		(17,341,975)	(17,016,660)
Statutory reserve	32	89,227	136,885
Total equity		**16,223,264**	**16,596,237**
Total liabilities and equity		**78,088,386**	**69,967,268**

The financial statements on pages 43 to 113 were approved and authorised for issue by the Board of Directors during its 32nd Ordinary Meeting held on **17 March 2026** and signed on its behalf by:

Juma Alli Muhimbi

Board Chairman

Date: 30-03-2026

Ayodele Opeyemi Popoola

Managing Director

Date: 30-03-2026

GUARANTY TRUST BANK (TANZANIA) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

STATEMENT OF CHANGES IN EQUITY

	Share Capital TZS'000	Regulatory reserve** TZS'000	Accumulated Losses TZS'000	Total TZS'000
Balance at 1 January 2025	**33,476,012**	**136,885**	**(17,016,660)**	**16,596,237**
Loss for the year	-	-	(372,973)	**(372,973)**
Transfer to Statutory reserve	-	(47,658)	47,658	-
Balance at 31 December 2025	**33,476,012**	**89,227**	**(17,341,975)**	**16,223,264**
Balance at 1 January 2024	**33,476,012**	**118,385**	**(15,086,736)**	**18,507,661**
Loss for the year	-	-	(1,911,424)	(1,911,424)
Transfer to Statutory Reserve	-	18,500	(18,500)	-
Balance at 31 December 2024	**33,476,012**	**136,885**	**(17,016,660)**	**16,596,237**

** Regulatory Reserve represents an amount set aside to cover additional provision for loan losses required to comply with the requirements of the Bank of Tanzania prudential guidelines. This reserve is not available for distribution as dividends.

STATEMENT OF CASH FLOWS

	Notes	2025	2024
		TZS '000	TZS '000
Cash flow from operating activities			
Loss before tax		(246,385)	(1,862,650)
Adjustments for:			
Impairment of loans and advances	10	129,255	214,745
Depreciation of property and equipment	16	524,848	369,720
Non trading foreign exchange gain	12	66,908	11,413
Amortization of intangible assets	22	174,427	141,186
Depreciation- Right of Use Asset	24	60,609	60,609
Finance cost- lease obligation	29	62,189	62,189
Cash flows generated from/used in from operating profits before working capital changes		**771,851**	**(1,002,788)**
Changes in operating assets and liabilities:			
Change in Statutory Minimum Reserve	17	(150,922)	(92,330)
Change in loans and advances to customers	20	933,961	125,505
Change in other assets	25	184,665	1,038,424
Change in deposits from customers	27	12,414,504	(7,787,822)
Change in deposits from banks	28	(2,601,140)	2,601,140
Change in other liabilities	30	(1,476,712)	150,440
Net cash inflows from/ (used in) operating activities		**10,076,207**	**(4,967,431)**
Income Tax paid	26	(31,338)	(49,163)
Net cash inflows from/ (used in) operating activities		**10,044,869**	**(5,016,594)**
Purchase of property and equipment	23	(2,116,708)	(3,350,448)
Purchase of intangible assets	22	(43,991)	(52,225)
Proceeds from disposal of property and equipment		42,356	106,171
Net cash used in investing activities		**(2,118,343)**	**(3,296,502)**
(Decrease) in cash and cash equivalents		**7,926,526**	**(8,313,096)**
Cash and cash equivalents at 01 January	**33**	**35,643,333**	**44,091,550**
Effects of exchange rate differences on cash and cash equivalents		(230,779)	(135,121)
Cash and cash equivalents at 31 December	33	**43,339,080**	**35,643,333**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Guaranty Trust Bank (Tanzania) Limited (the "Bank") is a limited liability company incorporated in the United Republic of Tanzania under the Companies Act, 2002, and regulated by the Bank of Tanzania under the Banking and Financial Institutions Act, 2006. The details of the address of its registered office and principal place of business are disclosed on Corporate Information (page 1 of this document) whilst the principal activities of the Bank are described in para 4 of the Report by Those Charged with Governance.

2. BASIS OF PREPARATION

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

a) Statement of Compliance

The financial statements of Guaranty Trust Bank (Tanzania) Limited have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations as issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. In addition, the financial statements of the Bank have been prepared in the manner required by the Banking and Financial Institutions Act No. 5 of 2006, and the Companies Act No.12 of 2002.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis except where otherwise stated in the accounting policies.

c) Presentation of Financial Statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

d) Going Concern

The Bank's management and directors have assessed the Bank's ability to continue as a going concern and have concluded that there are no reasons to believe that the Bank will not be a going concern. The financial statements have therefore been prepared on the going concern assumption.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Tanzania Shillings (TZS) and the amounts are rounded to the nearest thousand (TZS'000) except where otherwise indicated.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these 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.

a) Changes in accounting policies and disclosures

i) ***New and amended standards and Interpretations effective during the year***

Title	Key requirements
Lack of Exchangeability - Amendments to IAS 21	Effective for reporting periods beginning on or after 01 January 2025. Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. It specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. This amendment did not have a material impact on the Bank's financial statements.

ii) ***New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2025***

Title	Key requirements	Effective Date
Amendments to Classification & Measurement of Financial Instruments (IFRS 9 / IFRS 7)	On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include: • Clarifications of the requirements for recognition and derecognition of financial assets and liabilities • A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date • Additional guidance on how the contractual cash flows for financial assets with environmental, social and	Effective for annual periods starting on or after 1 January 2026.

Title	Key requirements	Effective Date
	corporate governance (ESG) and similar features should be assessed • Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments • The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI) The Bank has determined that it will not apply the accounting policy option to derecognize financial liabilities before the settlement date. Moreover, the Bank has also reviewed its other payment systems (such as cheques, credit cards, debit cards) and concluded that the recognition and derecognition policies are already in line with the amendments. In addition, the Bank has assessed the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the assessments performed, the amendments in these areas are not expected to have a material impact on the financial statements.	
Contracts referencing nature-dependent electricity (Amendments to IFRS 9 / IFRS 7)	In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity. The amendments: • Clarify the application of the 'own-use' requirements for in-scope contracts • Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts • Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The amendments concerning the own use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date.	Effective for annual periods starting on or after 1 January 2026. (Early adoption is allowed, but it must be disclosed)

Title	Key requirements	Effective Date
	Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures. The Bank does not expect that the amendments will have a material impact on its financial statements.	
IFRS 18 – Presentation and Disclosure in Financial Statements	In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operation. The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from profit or loss to operating profit or loss and removing the optionality around classification of cash flows from dividends and interest. The Bank is currently working to identify the impacts the standard will have on the primary financial statements and notes to the financial statements.	Effective for annual periods starting on or after 01 January 2027

5. SIGNIFICANT ACCOUNTING POLICIES

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.

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized in statement of profit or loss and other comprehensive income using the effective interest rate method.

The effective interest method is a method of calculating the amortized 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 gross carrying amount of the financial asset or financial liability.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for;

(a) Purchased or originated credit-impaired financial assets for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.

(b) Financial assets that are not purchased or originated credit impaired but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e.net of the expected credit loss provision).

(c) Interest accruing from non-performing credit accommodations are suspended from being recognized in the statement of profit or loss and other comprehensive income. When credit accommodation is upgraded to a current status, the suspended interest is released to the statement of profit or loss and other comprehensive income.

(b) Fees and Commission income

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

(i) Fee and commission income from services where performance obligations are satisfied over time

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

The Bank's fee and commission income from services where performance obligations are satisfied over time include the following:

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Fees and Commission Income (Continued)

(i) Fee and commission income from services where performance obligations are satisfied over time (Continued)

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 recognized as revenue evenly over the period, based on time elapsed. Payment of these fees is due and received quarterly in arrears

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

Interchange fees: The Bank provides its customers with credit card processing services (i.e., authorization and settlement of transactions executed with the Bank's credit cards) where it is entitled to an interchange fee for each transaction (i.e., when a credit cardholder purchases goods and services from merchants using the Bank's credit card). The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. The variable interchange fees are allocated to each distinct day, based on the number and value of transactions processed that day, and the allocated revenue is recognized as the entity performs.

Transactional fees: Transactional fees are service charges on deposit accounts, cash management services, and transactional processing fees such as fees income generated from credit and bank card usage. Fees earned on the execution of a significant act typically include transactional fees. Transaction and processing fees are recognized 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.

(ii) Fee and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognized once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees. The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Fees and Commission Income (Continued)

(ii) Fee and commission income from providing services where performance obligations are satisfied at a point in time (Continued)

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

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

Unearned fees and commissions are included under 'Other liabilities, which represent the Bank's obligation to transfer services to a customer for which the Bank has received consideration (or an amount of consideration is due) from the customer. A liability for unearned fees and commissions is recognized when the payment is made or the payment is due (whichever is earlier). Unearned fees and commissions are recognized as revenue when (or as) the Bank performs. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates ("the functional currency"). The financial statements are presented in Tanzania Shillings (TZS) rounded to the nearest thousand, which is the Bank's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated at the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in foreign currency, 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 the profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets

Measurement methods

Amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognized on trade-date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

(d) Financial assets (Continued)

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition the entity recognizes the difference as follows;

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

Classification and subsequent measurement

Following the adoption of IFRS 9, the Bank classifies its financial assets into the following categories:

- Amortized cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables.

The classification and subsequent measurement of debt instruments depend on:

(a) The Bank's business model for managing the assets; and
(b) The cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

(i) Amortized cost:

This category includes assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (SPPI), and that are not designated at fair value through profit or loss. The carrying amounts of these assets is adjusted by any expected credit loss allowance. Interest income from these assets is included in "interest and similar income" using the effective interest rate method. Loans and advances to customers, balances due from other banks, balances due from Bank of Tanzania and other assets fall under this classification.

(e) Impairment of financial assets

The Bank assesses on a forward-looking basis the expected credit loss ('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 Bank 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether the new terms are substantially different to the original terms.

(e) Impairment of financial assets (Continued)

If the terms are substantially different, the Bank derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor unable to make the originally agreed payments.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(f) Financial liabilities

The Bank's holding in financial liabilities is mainly in financial liabilities at amortized cost. Financial liabilities are derecognized when extinguished.

Liabilities measured at amortized cost

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(h) Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount of the loss allowance. The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument. For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision.

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

(i) Classes of financial instruments

The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table as follows: -

Financial assets	**Category**
Cash and balances with Bank of Tanzania	Amortized cost
Balances due from other banks	Amortized cost
Government securities	Amortized cost
Loans and advances to customers	Amortized cost
Other assets excluding prepayments	Amortized cost
Financial liabilities	
Balances due to other banks	Amortized cost
Deposits from customers	Amortized cost
Long term borrowings	Amortized cost
Other liabilities	Amortized cost

(j) Taxes

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Taxes (Continued)

Deferred tax liabilities are recognized 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 and does not give rise to equal taxable and deductible temporary differences.
- 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.

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 utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period In which the liability is settled or the asset realized based on tax rates (and tax laws) that have been enacted or substantially enacted at the end of the reporting period.

(iii) Value Added Tax (VAT)

The Bank pays VAT on all its taxable purchases during the course of operation (input tax). The Bank also collects VAT that is output on the fees and commissions charged on the financial services according to the prevailing laws and remits the amount to Tanzania Revenue Authority (TRA).
Revenues, expenses and assets are recognized net of the amount of VAT except where the VAT incurred on a purchase of assets or services is not recoverable from the TRA in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT recoverable from or payable to tax authorities includes part of receivables or payables in statement of financial position.

(k) Provisions

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

(l) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss, if any.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property and equipment (Continued)

Depreciation of owned assets is calculated on a straight-line basis over the estimated useful lives of the assets, as follows, at the following annual rates:

	Percentage (%)
Lease hold improvements	6.67
Freehold Building	3.30
Furniture and fittings and Office Equipment	20.00
Motor vehicles	20.00
Computer Hardware	33.30
Machinery and Equipment	20.00
Automated Teller Machines (ATMs)	12.50

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. An item of property, plant and equipment and any significant part initially recognized is derecognized 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 on 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 when the asset is derecognized. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognized in profit or loss.
The useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

(m) Intangible assets

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Intangible assets (Continued)

- Core Banking Software recognized as intangible assets are amortized on a straight basis over their estimated useful life of 10 years while other Software costs are amortized on a straight basis over their estimated useful life of 5 years.

	Useful Life	Amortization rate
Computer software (Core banking system)	10 years	10.00%
Computer software (others)	5 years	20.00%

(n) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired at the end of the reporting period.

(o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with Bank of Tanzania, Government Securities and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement (Statutory Minimum Reserve) held with the Bank of Tanzania.

(p) Employee benefits

Short term employment benefits such as salaries, social security contributions and leave are recognized in profit or loss when they fall due.

The Bank and its employees contribute to the National Social Security Fund (NSSF), which are statutory defined contribution scheme i.e. short-term benefits and termination benefits (e.g. wages and salaries, annual leave) as per IAS 19 Employee benefits. Employees contribute 10% of their monthly emoluments while the Bank contributes 10% to the scheme. Apart from these monthly contributions, the Bank has no further commitments or obligations to the Fund and it has no post-retirement benefit scheme.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Share capital

Ordinary shares are classified as 'share capital' in equity. Issued shares are recorded at nominal value and any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(r) Contingent Liabilities

Acceptances, Guarantees and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

(s) Leases

Accounting policies applicable under IFRS 16 Leases

The Bank assesses at contract inception whether a contract is or contains a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Bank applies a single recognition and measurement approach for all leases except for short term leases and leases of low value. The lease liabilities are recognized to make lease payments and right of use assets representing the right to use the underlying assets.

The Bank recognizes right of use assets at the commencement 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 re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at/or before the commencement date less any lease incentives received.

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

After the commencement date, the amount of lease liabilities is increased to reflect accretion of interest and reduced by the lease payments made.

(t) Dividends on ordinary share capital

Dividend distribution to the Banks shareholders is recognized as a liability and deducted from equity in the Banks financial statements in the period in which the dividends are approved by Banks shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Regulatory Reserve (Statutory Non- Distributable reserves)

IFRS 9 requires the bank to recognize an impairment loss when there is objective evidence that loans and advances are impaired. However, Bank of Tanzania prudential guidelines require the bank to set aside amounts as provision for losses on loans and advances in addition to those losses that have been recognized under IFRS 9. Any such amounts set aside represent appropriations of retained earnings and not expenses in determining profit or loss. The provision as per IFRS 9 is not less than the provision as per the Bank of Tanzania Guidelines.

6. FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risk. Taking risk is core to a financial business, and the operational risks are inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by a risk management department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, market risk (such as foreign exchange risk and interest rate risk), credit risk, and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important risks are credit risk, liquidity risk and market risk. The risks arising from financial instruments to which the Bank is exposed are financial risks, which include credit risk, liquidity risk and market risk.

6.1 Credit risk

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

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities (trading exposures), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans.

Credit risk is the single largest risk for the Bank's business; the Directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Directors and head of each business unit regularly.

6. FINANCIAL MANAGEMENT (CONTINUED)

6.1 Credit Risk (Continued)

6.1.1 Credit risk management

Loans and advances (incl. loan commitments and guarantees)

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Bank reflects three components (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derives the 'exposure at default'(EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default'-LGD). Exposure at default is based on the amounts the Bank expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the

Bank includes any amount already drawn plus further amount that may have been drawn by the time of default, should it occur. For regulatory purposes and for internal monitoring of the quality of the loan portfolio, all the customers are segmented into five rating classes as shown below:

Bank's internal ratings scale

Bank's rating	Description of the grade	Equivalent IFRS 9 grading
1 - 6	Current	Stage I
7	Especially mentioned	Stage II
8	Substandard	Stage III
9	Doubtful	Stage III
10	Loss	Stage III

6.1.2 Risk limit control and mitigation policies

The Bank manages limits and controls concentrations of credit risk wherever they are identified and to individual counterparties and groups, and to industries. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and industry sector are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.2 Risk limit control and mitigation policies (Continued)

The following are ways the Bank may use to mitigate the credit risks.

(i) Collateral

The Bank employs 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 Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

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

Long-term finance and lending to corporate entities are generally secured.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

(ii) 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 by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than direct loans. Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

6.1.3 Expected credit loss measurement

The Bank follows the "three-stage" model for impairment based on changes in credit quality since initial recognition as follows:

- A financial instrument that is not credit impaired on initial recognition is classified in "Stage 1" and has it credit risk continuously monitored by the Bank.
- If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to "stage 2" but is not yet deemed to be credit impaired.
- If financial instrument is credit-impaired, the financial instrument is then moved to "stage

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.3 Expected credit loss measurement (Continued)

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information such as inflation, interest rate, exchange rate, GDP.

6.1.3.1 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 that the bank has determined as appropriate include the 30-day backstop, movement in PD and other qualitative factors.

6.1.3.2 Loans and advances to customers

The Bank considers both qualitative and quantitative criteria to determine whether a loan to customers has experienced a significant increase in credit risk.

Quantitative criteria

A financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments or in case of non-amortizing facilities, has an expired line or exposure above limit which has not been regularized for a period exceeding 30 days.

Qualitative criteria

A financial instrument is considered to have experienced a significant increase in credit risk If the borrower meets one or more of the following criteria:

- When client diverts funds to be used for another purpose instead of the approved purpose e.g. loan approved for working capital, but client used it for purchasing asset which is not generating enough cash flows.
- Credit accommodations where corresponding promissory notes or credit agreements were signed by a person who is not authorized by the company/firm.
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates.
- Credit accommodations granted to companies not covered by authenticated board resolutions authorizing the borrowings.
- Un-located certificate of title for the property securing the granted credit facility.

At the time of undertaking of restructuring necessitated by financial difficulties.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.3 Expected credit loss measurement (Continued)

6.1.3.3 Balances due from other banks

The Bank considers both qualitative and quantitative criteria to determine whether a credit facility to other banks has experienced a significant increase in credit risk. This is done through internal rating system as shown in the following table

Internal rating criteria

No	Rating description	Score range	Credit risk	Staging
1	Very Good	1.0 - <2.0	Very low risk	Stage 1
2	Good	2.0 - <2.5	Low risk	Stage 1
3	Average	2.5 - <3.0	Relative low risk	Stage 1
4 & 5	Poor and very poor	3.0 - <=5.0	Increase in credit risk	Stage 2
-	Defaulted	Any	Impaired	Stage 3

Interbank placements to counterparties between 1 and 3 are considered to have low credit risk at any point in time and at the reporting date unless they move to rating 4 & 5 or other factors which triggers significant increase in credit risk occurs. When a counterparty moves from upper category (1) to lower categories (2 or 3) it will not be considered as significant increase in credit risk since it does not depict significant changes in internal price indicators of credit risk, however when it is downgraded to category 4 & 5 will be considered as significant increase in credit risk.
Other qualitative factors considered as indicators of significant increase in credit risk are:

- Significant counterparty management restructuring or reorganization due to prolonged poor performance of the entity.
- Significant adverse change in the regulatory, economic, or technological environment of the borrower results in a significant change in the borrower's ability to meet its debt obligations
- Significant reductions in financial support from a parent entity that resulted to significant adverse changes of operating results of the counterparty.

Government securities

Government securities are considered to have experienced a significant increase in credit risk when at least one of the following factors has occurred:

- The government has received a low credit rating ("C") by the international rating agencies.
- The government has initiated debt restructuring process

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.3 Expected credit loss measurement (Continued)

6.1.3.4 Definition of default and credit-impaired assets

Loans and advances to customers

The Bank defines a loan or advance to customer as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

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:

- Customer's business extinction or significant deterioration due to natural disaster or man-made factor with no business insurance recovery/reinstatement
- The borrower is deceased
- Customer business declared bankrupt, under liquidation, under supervisory management, or facing regulatory recovery that goes to rampant business closures.
- The borrower is in breach of financial covenant(s)
- Customers dealing with activities that are banned by current government policy i.e. change of government policy on particular activities or sector.
- The calling of the guarantee by the guaranteed third party, this to be applicable where the bank has issued a guarantee to back up its customer who is doing business with a third party.

Balances due from other banks

For balances from other banks below events are considered as default when they occur.

- When repayments 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 and Trusteeship Agency (RITA) and Court.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.3 Expected credit loss measurement (Continued)

6.1.3.5 Measuring ECL – Inputs, assumptions and estimation techniques

Government securities

For government securities, below events are considered as default when they occur.

- 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 like World Bank or IMF.
- The Expected Credit Loss (ECL) is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

Loans and advances to customers

- **Probability of Default (PD)** represents an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio

- **Exposure at Default (EAD)** is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- **Loss Given Default (LGD)** represents is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognized separately. It is usually expressed as a percentage of the EAD.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.3.5 Measuring ECL – Inputs, assumptions and estimation techniques (continued)

Balances due from other banks

- The ECL model for interbank placements is built on key variables Exposure at Default (EAD), Loss Given Default (LGD) and Probability of default (PD)
- The PD refers to the likelihood of a default over a time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its debt obligations. PD for counterparties are assessed under the framework of internal rating system.
- The EAD defined as gross exposure in the event of obligor default over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). The bank assesses EAD at each deal/facility level. EAD is equivalent to the existing outstanding balance (including interest accrued at the reporting date).
- The LGD, this refers to the share of an asset that is lost if a borrower default. LGD for interbank investment is computed based on recovery rate that is assessed based on historical recovery experience of counterparties' experience in the market.

Government securities

- The ECL model for government securities is built on key variables exposure at Default (EAD), Loss Given Default (LGD) and Probability of default (PD).
- The PD refers to the likelihood of a default over a time horizon. It provides an estimate of the likelihood that a government will be unable to meet its debt obligations.
- The EAD defined as gross exposure in the event of government default over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). The bank assesses EAD at each deal/facility level. EAD is equivalent to the existing outstanding balance (including interest accrued at the reporting date).
- The LGD, this refers to the share of an asset that is lost if the government default. LGD for government securities is computed based on collateral placed or recovery rate experience

6.1.3.6 Forward looking information incorporated in the model

Incorporation of forward-looking parameters in ECL calculation has been assessed and analyzed to the extent of their relevance in relation to the bank's credit facilities performance and default rates and their availability with reasonable cost.

Macroeconomics factors were assessed to check their correlation and/or causal effect relationship with bank default rates and evolution. None of them demonstrated hypothetical based correlation with the bank's default rate evolution over a period under observation. Industry sectorial performance was the only reliably available variable which show reasonable correlation with Bank's default rate evolution in the time horizon considered. Industry performance is the underlying variable which affected by range of Macro economic variables in the economy at large in the country. Thus, industry sectorial performance is the only factor incorporated in the ECL calculation specifically in PD computation that builds up the forward-looking perspective.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.3.6 Forward looking information incorporated in the model (Continued)

Sensitivity analysis

The most significant assumptions affecting the ECL allowance are as follows:

i) Market value of collaterals given its impact on Loss Given Default (LGD)
ii) Realization period of re-possessed collaterals given its impact on present value of the collaterals
iii) Probability of Defaults (PDs)
iv) Recovery rate of unsecured portfolio

Set out below are the changes to the ECL as at **31 December 2025** that would result from reasonably possible changes in these parameters from the actual assumptions used

	Change in probability of defaults (PDs)	
	Increase by 5% TZS'000	Decrease by 5% TZS'000
Increase/(decrease) in ECL allowance	5,611	(5,611)

6.1.3.7 Write-off policy

Financial assets are written off either in their entirety or partially when the Bank has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense

The Bank writes off financial assets whereas it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The decision to write off credit facility has to get approval by the Board of Directors.

6.1.3.7. Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.3.7 Loss allowance (Continued)

- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis.
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.3.7 Loss allowance (Continued)

ECL allowance reconciliation	Stage I 12 - Month ECL TZS'000	Stage II Lifetime ECL TZS'000	Stage III Lifetime ECL TZS'000	Total TZS'000
Balance as at 01 January 2025	**136,409**	**1,315**	**279,956**	**417,680**
Transfers:				
-Transfer from stage 1 to stage 2	(2,923)	2,923	-	-
-Transfer from stage 1 to stage 3	(2,356)	-	2,356	-
-Transfer from stage 2 to stage 1	(6,255)	-	(11,563)	(17,818)
Allowance on new loans and advances	-	201	-	201
Changes in PDs/LGDs/EADs	-	-	-	-
Balance as at 31 December 2025	**125,311**	**4,089**	**267,751**	**397,151**

ECL allowance reconciliation	Stage I 12 - Month ECL TZS'000	Stage II Lifetime ECL TZS'000	Stage III Lifetime ECL TZS'000	Total TZS'000
Balance as at 01 January 2024	136,845	965	276,958	414,768
Transfers:				
-Transfer from stage 1 to stage 2	(236)	236	-	-
-Transfer from stage 1 to stage 3	(210)	-	210	-
-Transfer from stage 2 to stage 1	10	(10)	-	-
Allowance on new loans and advances	-	124	-	124
Changes in PDs/LGDs/EADs	-	-	2,788	2,788
Balance as at 31 December 2024	**136,409**	**1,315**	**279,956**	**417,680**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.6 Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum on balance sheet exposure to credit risk is as shown below:

	2025		2024	
	TZS'000	%	TZS'000	%
Cash and balances with Bank of Tanzania	8,591,876	13%	5,596,964	10%
Balances due from other banks	23,732,938	37%	21,805,352	39%
Government securities	14,110,130	22%	10,162,500	18%
Loans and advances to customers	16,388,769	26%	17,322,730	31%
Other assets	1,287,814	2%	1,472,479	2%
	64,111,527	**100%**	**56,360,025**	**100%**

The table below show the profile of the loans and advances to customers' analyses according to the internal ratings grading system.

	Stage I 12 - Month ECL TZS'000	Stage II Lifetime ECL TZS'000	Stage III Lifetime ECL TZS'000	Total TZS'000
Current	15,874,784	-	-	15,874,784
Especially mentioned	-	391,150	-	391,150
Substandard	-	-	259,993	259,993
Doubtful	-	-	155,996	155,996
Loss	-	-	103,997	103,997
Gross carrying amount	**15,874,784**	**391,150**	**519,986**	**16,785,920**
ECL allowance	(105,841)	(3,078)	(288,232)	(397,151)
Net loans & advances	**15,768,943**	**388,072**	**231,754**	**16,388,769**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (Continued)

6.1.7 Profile of financial assets subject to credit risk

	2025 (%)	
	Gross loans & advances	Impairment provisions
Stage I	95%	27%
Stage II	2%	1%
Stage III	3%	72%
	100%	**100%**

	2024 (%)	
	Gross loans & advances	Impairment provisions
	95%	29%
	1%	1%
	4%	70%
	100%	**100%**

	2025 (TZS'000)	
	Loans and advances to customers	All other financial assets subject to credit risk
Stage I	15,874,784	39,643,515
Stage II	391,150	-
Stage III	519,986	-
	16,785,920	**39,643,515**
Less impairment allowances:	(397,151)	-
Net	**16,388,769**	**39,643,515**

	2024 (TZS'000)	
	Loans and advances to customers	All other financial assets subject to credit risk
	16,828,270	39,100,907
	235,697	-
	676,443	-
	17,740,410	**39,100,907**
	(417,680)	-
	17,322,730	**39,100,907**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.7 Profile of financial assets subject to credit risk (continued)

Analysis of all other financial assets subject to credit risk:

	Stage I	Stage II	Stage III	Specific impairment	Net
2025 (TZS'000)		-	-	-	
Cash and balances with Bank of Tanzania	8,591,876	-	-		8,591,876
Balances due from other banks	24,245,571	-	-	-	24,245,571
Government securities	14,110,130	-	-	-	14,110,130
Other assets (excluding prepayments)	861,202	-	-	-	861,202
	47,808,779	**-**	**-**	**-**	**47,808,779**

	Stage I	Stage II	Stage III	Specific impairment	Net
2024 (TZS'000)					
Cash and balances with Bank of Tanzania	7,133,055	-	-	-	7,133,055
Balances due from other banks	21,805,352	-	-	-	21,805,352
Government securities held at amortized cost	10,162,500	-	-	-	10,162,500
Other assets (excluding prepayments & stationeries)	929,374	-	-	-	929,374
	40,030,281	**-**	**-**	**-**	**40,030,281**

6. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

6.1 Credit risk (continued)

6.1.7 Profile of financial assets subject to credit risk (Continued)

At the end of the reporting period, the total impairment provision for loans and advances was TZS 397.15 million (2024: TZS 417.68 million). Further information of the impairment allowance for loans and advances to customers is provided in note 20.

At 31 December 2025, the Bank's total loans and advances to customers decreased by 5.4% as a result of maturity during the year. When entering into new markets or new industries, in order to minimize the potential increase of credit risk exposure, the Bank focuses more on the business with clients or Banks with good credit rating or retail customers providing sufficient collateral.

(a) ***Stage I /neither past due nor impaired***

The portfolio of loans and advances that were classified as stage I in 2025: (Amounts are in TZS'000).

	Overdraft	Term loans	Corporate customers	*SME	Total	Loans & advances to Banks
31-Dec-25						
Stage I	1,260,246	4,854,989	3,656,372	6,617,162	16,388,769	23,732,938
	1,260,246	**4,254,716**	**3,656,372**	**6,617,162**	**15,788,496**	**23,732,938**
31-Dec-24						
Stage I	1,074,709	7,699,115	4,168,485	4,380,421	17,322,730	21,805,352
	1,074,709	**7,699,115**	**4,168,485**	**4,380,421**	**17,322,730**	**21,805,352**

*SME - Small and Medium Enterprises.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

6.1 Credit risk (continued)

6.1.7 Profile of financial assets subject to credit risk (Continued)

(b) Other financial assets stage I

	2025 TZS'000	2024 TZS'000
Cash and balances with Bank of Tanzania	8,591,876	7,133,055
Balances due from other banks	24,245,571	21,805,352
Government securities	14,110,130	10,162,500
Other assets (excluding prepayments)	861,202	929,374
Total	**47,808,779**	**40,030,281**

6. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

6.1 Credit risk (continued)

6.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorized by geographical region as of 31 December 2025. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties. (amounts are in TZS'000):

	Tanzania TZS'000	Europe TZS'000	America TZS'000	Others TZS'000	Total TZS'000
Cash and balances with Bank of Tanzania	8,591,876	-	-	-	**8,591,876**
Balance due from other banks	24,245,571	-	-	-	**24,245,571**
Government securities	14,110,130	-	-	-	**14,110,130**
Loans and advances to customers					
To individuals:					
- Term loans	6,115,235	-	-	-	**6,115,235**
To corporate entities:					
- Corporate customers	3,656,372	-	-	-	**3,656,372**
- SMEs (Small and Medium Enterprises)	6,617,162	-	-	-	**6,617,162**
Other assets (excluding prepayments)	861,202	-	-	-	**861,202**
As 31 December 2025	**64,197,548**	**-**	**-**	**-**	**64,197,548**
Credit risk exposures relating to off-balance sheet items are as follows:					
Undrawn formal stand-by facilities, credit lines and other commitments to lend	1,260,246	-	-	-	1,260,246
Outstanding guarantees and indemnities	1,930,473	-	-	-	1,930,473
Letters of credit	-	-	-	-	-
As 31 December 2025	**3,190,719**	**-**	**-**	**-**	**3,190,719**

6. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

6.1 Credit risk (Continued)

6.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors (Continued)

	Tanzania TZS'000	Europe TZS'000	America TZS'000	Others TZS'000	Total TZS'000
Cash and balances with Bank of Tanzania	7,133,055	-	-	-	5,596,964
Balance due from other banks	512,633	-	-	-	512,633
Government securities	10,162,500	-	-	-	10,162,500
Loans and advances to customers					
To individuals:					
- Term loans	8,773,824	-	-	-	8,773,824
To corporate entities:					
- Corporate customers	4,168,485	-	-	-	4,168,485
- SMEs (Small and Medium Enterprises)	4,380,421	-	-	-	4,380,421
Other assets (excluding prepayments & Inventories)	929,374	-	-	-	929,374
As 31 December 2024	**34,524,201**	**-**	**-**	**-**	**34,524,201**
Credit risk exposures relating to off-balance sheet items are as follows:					
Undrawn formal stand-by facilities, credit lines and other commitments to lend					
Outstanding guarantees and indemnities	4,283,029	-	-	-	4,283,029
Letters of credit	-	-	-	-	-
As 31 December 2024	**4,283,029**	**-**	**-**	**-**	**4,283,029**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.8 Concentration of risks of financial assets with credit risk exposure (continued)

a) Industry sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of its counterparties (amounts are in TZS'000):

	Financial institutions	Building & construction	Wholesale & retail trade	Individuals	Other	Total
Cash and balances with Bank of Tanzania	8,591,876	-	-	-	-	8,591,876
Balance due from other banks	512,633	-	-	-	-	512,633
Loans and advances to banks	23,732,938	-	-	-	-	23,732,938
Government Securities	14,110,130	-	-	-	-	14,110,130
Loans and advances to customers						
Individuals	-	-	-	1,233,048	7,640,135	8,873,183
Corporates	10,181	472,225	7,033,179	-	-	7,515,585
Other assets	-	-	-	-	1,287,814	1,287,814
At 31 December 2025	**46,957,758**	**472,225**	**7,033,179**	**1,233,048**	**8,927,949**	**64,624,159**

Credit risk exposures relating to off-balance sheet items are as follows:

Outstanding guarantees and indemnities	-	1,930,472	-	-	-	1,930,472
Letters of credit	-	-	-	-	-	-
At 31 December 2025	**-**	**1,930,472**	**-**	**-**	**-**	**1,930,472**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.8 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors (continued)

31 December 2024	Financial institutions TZS '000'	Building & construction TZS '000'	Wholesale and retail trade TZS '000'	Individuals TZS '000'	Other TZS '000'	Total TZS '000'
Cash and balances with Bank of Tanzania	5,596,964	-	-	-	-	5,596,964
Balance due from other banks	1,536,092	-	-	-	-	1,536,092
Loans and advances to banks	21,805,352	-	-	-	-	21,805,352
Government Securities	10,162,500	-	-	-	-	10,162,500
Loans and advances to customers						
Individuals	-	-	-	6,521,527		6,521,527
Corporates	5,397	109,794	6,446,169	-	4,239,803	10,801,163
Other assets	-	-	-	-	1,472,479	1,472,479
31 December 2024	**39,106,305**	**109,794**	**6,446,169**	**6,521,527**	**5,712,282**	**57,896,117**
Credit risk exposures relating to off-balance sheet items are as follows:						
Outstanding guarantees and indemnities	-	4,283,029	-	-	-	4,283,029
Letters of credit	-	-	-	-	-	-
At 31 December 2024	**-**	**4,283,029**	**-**	**-**	**-**	**4,283,029**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk

The Bank takes on exposure to market risks. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates and foreign currencies, 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, credit spreads, and foreign exchange rates. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in the Bank's treasury department and monitored regularly. Regular reports are submitted to the Board of Directors and heads of department. Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities.

6.2.1 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.

At 31 December 2025, if the functional currency had strengthened/weakened by 5% against the United States Dollar (USD) with all other variables held constant, post-tax loss for the year would have been TZS 28.14 Million (2024: TZS 22.49 Million) lower/higher mainly as a result of foreign exchange gains/losses on translation for USD denominated financial assets and liabilities, respectively.

At 31 December 2025, if the functional currency had strengthened/weakened by 5% against the Sterling Pound (GBP) with all other variables held constant, post-tax loss for the year would have been TZS 2.12 Million (2024: 1.07 Million) lower/higher mainly as a result of foreign exchange gains/losses on translation for Sterling Pound denominated financial assets and liabilities respectively.

At 31 December 2025, if the functional currency had strengthened/weakened by 5% against the Euro with all other variables held constant, post-tax profit for the year would have been TZS 3.12 Million (2024: TZS 2.34 Million) lower/higher mainly as a result of foreign exchange gains/losses on translation for Euro denominated financial assets and liabilities respectively.

The exposure to foreign currencies other than the USD, Euro and GBP is minimal.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.1 Foreign exchange risk (Continued)

The table below summaries the Bank's exposure to foreign currency exchange rate risk at 31 December 2025 and 31 December 2024. Included in the table are the Bank's financial instruments at carrying amounts, categorized by currency (amounts translated to equivalent TZS"000) as follows:

At 31 December 2025	TZS TZS '000'	USD TZS '000'	GBP TZS '000'	EURO TZS '000'	Total TZS '000'
Assets					
Cash in Hand	657,347	-	-	-	657,347
Balances with Bank of Tanzania	7,934,529	-	-	-	7,934,529
Balance due from other banks	-	512,633	-	-	512,633
Loans and advances to banks	22,231,421	1,501,517	-	-	23,732,938
Investment securities	14,110,130	-	-	-	14,110,130
Loans and advances to customers	13,692,092	2,696,677	-	-	16,388,769
Other assets	1,201,539	86,276	-	-	1,287,814
Total assets	**59,827,058**	**4,797,103**	**-**	**-**	**64,624,160**
Liabilities					
Deposits from banks	-	-	-	-	-
Deposits from customers	26,570,925	29,981,147	30,495	2,945,378	59,527,945
Other liabilities	1,092,184	1,132,096	16,597	1,051	2,241,927
Total liabilities	**27,663,109**	**31,113,243**	**47,092**	**2,946,429**	**61,769,872**
Net balance sheet position	**32,163,949**	**(26,316,140)**	**(47,092)**	**(2,946,429)**	**2,854,288**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.1 Foreign exchange risk (Continued)

At 31 December 2024	TZS TZS '000'	USD TZS '000'	GBP TZS '000'	EURO TZS '000'	Total TZS '000'
Assets					
Cash in Hand	871,096	119,340	13,416	12,616	1,016,468
Balances with Bank of Tanzania	2,922,427	1,658,069	-	-	4,580,497
Balances with Financial Institutions	-	1,536,092	-	-	1,536,092
Loans and advances to banks		21,805,352	-	-	21,805,352
Investment securities	10,162,500	-	-	-	10,162,500
Loans and advances to customers	14,472,375	2,850,355	-	-	17,322,730
Other assets	1,373,8	98,647	-	-	1,472,479
Total assets	**29,802,230**	**28,067,855**	**13,416**	**12,616**	**57,896,118**
Liabilities					
Deposits from banks	2,601,140	-	-	-	2,601,140
Deposits from customers	21,029,580	23,728,603	24,135	2,331,122	47,113,440
Other liabilities	1,781,554	1,846,658	27,072	1,166	3,656,450
Total liabilities	**25,412,274**	**25,575,261**	**51,207**	**2,332,288**	**53,371,030**
Net balance sheet position	**4,389,956**	**2,492,594**	**(37,791)**	**(2,319,672)**	**4,525,088**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. Management sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily. The table below summarizes the Bank's exposure to interest rate risk. It includes the Bank's financial instruments at carrying amounts, categorized by maturity dates. The Bank does not bear any interest rate risk on off balance sheet items. (amounts are TZS'000).

At 31 December 2025	Up to 1 month TZS'000	1 – 3 Months TZS'000	3 – 12 months TZS'000	Above 1 year TZS'000	Non-interest bearing TZS'000	Total TZS'000
Assets:						
Cash in Hand	-	-	-	-	657,347	657,347
Balances with Bank of Tanzania	-	-	-	-	7,934,529	7,934,529
Balance due from other banks	-	-	-	-	512,633	512,633
Loans and advances to banks	23,732,938	-	-	-	-	23,732,938
Investment securities	-	4,806,250	6,221,440	3,082,440	-	14,110,130
Loans and advances to customers	-	6,009,437	3,631,125	6,748,207	-	16,388,769
Other assets	-	-	-	-	1,287,814	1,287,814
Total assets	**23,732,938**	**10,815,687**	**8,987,375**	**10,695,837**	**10,392,323**	**64,624,160**
Liabilities:						
Deposits from banks	-	-	-	-	-	-
Deposits from customers	49,028,557	-	10,499,388	-	-	59,527,945
Other liabilities	1,052,152	-	-	1,189,775		2,241,927
Total liabilities (Excluding non-financial liabilities)	**50,080,709**	**-**	**10,499,388**	**1,189,775**	**-**	**61,769,872**
Interest sensitivity gap	**(26,347,771)**	**10,815,687**	**(1,512,013)**	**9,506,062**	**10,392,323**	**2,854,288**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (Continued)

6.2.2 Interest rate risk (continued)

At 31 December 2024	Up to 1 month TZS'000	1 –3 months TZS'000	3– 12 months TZS'000	Above 1 year TZS'000	Non-interest bearing TZS'000	Total TZS'000
Assets						
Cash in Hand	-	-	-	-	1,016,467	1,016,467
Balances with Bank of Tanzania	-	-	-	-	4,580,497	4,580,497
Balance due from other banks	-	-	-	-	1,536,092	1,536,092
Loans and advances to banks	21,805,352	-	-	-	-	21,805,352
Investment securities	-	4,806,250	5,356,250	-	-	10,162,500
Loans and advances to customers	-	6,009,437	5,283,040	6,030,253	-	17,322,730
Other assets	-	-	-	-	1,472,479	1,472,479
Total assets (Excluding non-financial assets)	**21,805,352**	**10,815,687**	**8,987,375**	**7,682,168**	**8,605,535**	**57,896,117**
Liabilities						
Deposits from banks	2,601,140	-	-	-	-	2,601,140
Deposits from customers	40,049,595	-	7,063,846	-	-	47,113,441
Other liabilities	-	3,656,450	-	-	-	3,656,450
Total liabilities (Excluding non-financial liabilities)	**42,650,735**	**3,656,450**	**7,063,846**	**-**	**-**	**53,371,031**
Interest sensitivity gap	**(20,845,383)**	**7,159,237**	**1,923,529**	**7,682,168**	**8,605,535**	**4,525,086**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2.2 Interest rate risk (Continued)

The table below summarizes a range of effective interest rates by major currencies for monetary financial instruments for the year ended 31 December 2025 and 31 December 2024:

	2025		2024	
Assets	**TZS**	**USD**	**TZS**	**USD**
Loans and advances to customers	14%-19%	8%-10%	11%-19%	7.0%-10.0%
Loans and advances to banks	6%-8%	5%-5.5%	6.0%-8.0%	3.5%-5.5%
Liabilities				
Deposits from customers	3%-8%	0.5%-2%	3.0%-9.0%	0.5%-2.0%
Balances due from other banks	5%-8%	0%	6.0%-8.0%	0%

At 31 December 2025, if the interest rates on functional currency denominated assets and liabilities had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been TZS 26 million (2024: post tax loss TZS 39 million) lower/higher, mainly as a result of fluctuations in interest income and interest expense.

At 31 December 2025, if the interest rates on USD denominated assets and liabilities had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been TZS 38 million (2024: post tax loss TZS 44 million) lower/higher, mainly as a result of fluctuations in interest income and interest expense. The exposure to interest rates fluctuations on assets and liabilities denominated in currencies other than USD is minimal.

6.2.3 Price risk

The Bank does not hold any financial instruments that is subject to price risk during the year 2025 (2024: None).

6.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

6.3.1 Liquidity risk management process

The Bank's liquidity management process, as carried out within the Bank and monitored by a separate treasury team, includes:

- Maintaining documented liquidity risk/crisis management plans which among other things defines situations which could precipitate liquidity crisis. Examples of such situations are: unusual activities at the branches, default by one or more large borrowers, devaluation of currency in which the Bank has large exposure and large litigation claim on the Bank.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3.1 Liquidity risk management process (continued)

- Maintaining adequate liquidity at all times and for all currencies, and hence to be in a position, in the normal course of business to meet all our obligations, to repay depositors, to fulfill commitments to lend and to meet any other commitment made. This takes the form of maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

- Managing the concentration and profile of debt maturities.

- Presence of Liquidity Crisis Management Team (LCMT) whose purpose is to mitigate adverse effects of liquidity crisis. Among other things, it is tasked with: investigating causes of crisis, assess the timing and duration thereof; decide on preliminary remedial actions to mitigate the effects of the crisis; assessing market sentiments.

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

6.3.2 Funding approach

Sources of liquidity are regularly reviewed by a separate treasury team to maintain a wide diversification by currency, geography, provider, product and term.

6.3.3 Minimum liquidity

Section 7 of the Banking and Financial Institutions (Liquidity Management) Regulations, 2014 requires that a Bank or financial institution shall maintain liquid assets amounting to not less than twenty percent (20%) of its demand liabilities. The Bank's liquidity ratio at the end of the period was 74.01% (2024: 70.59%).

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (Continued)

6.3.4 Non derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows, as the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

At 31 December 2025	1 to 3 Months TZS'000	3 to 6 Months TZS'000	6 to 12 Months TZS'000	1 to 5 years TZS'000	More than 5 years TZS'000	Total TZS'000
Assets						
Cash in Hand	657,347	-	-	-	-	657,347
Cash and balances with Bank of Tanzania	7,934,529	-	-	-	-	7,934,529
Balance due from other banks	512,633	-	-	-	-	512,633
Loans and advances to banks	23,732,938	-	-	-	-	23,732,938
Loans and advances to customers	5,615,772	2,402,866	1,032,486	5,231,681	2,105,964	16,388,769
Investment securities	4,030,846	5,007,099	5,072,184	-	-	14,110,130
Other assets	573,697	714,117	-	-	-	1,287,814
Total financial assets	**43,057,762**	**8,124,082**	**6,104,670**	**5,231,681**	**2,105,964**	**64,624,160**
Deposits from customers	49,028,557	-	10,499,388	-	-	59,527,945
Deposits from Banks	-	-	-	-	-	-
Other liabilities	1,052,488	-	-	1,189,439	-	2,241,927
Total financial liabilities	**50,080,709**	**-**	**10,499,388**	**1,189,439**	**-**	**61,769,872**
Net liquidity gap	**(7,023,283)**	**8,124,082**	**(4,394,718)**	**4,042,242**	**2,105,964**	**2,854,288**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (Continued)

6.3.4 Non-derivative cash flows (Continued)

At 31 December 2024	1 to 3 Months TZS'000	3 to 6 Months TZS'000	6 to 12 Months TZS'000	1 to 5 years TZS'000	More than 5 years TZS'000	Total TZS'000
Assets						
Cash in Hand	1,016,467	-	-	-	-	1,016,467
Cash and balances with Bank of Tanzania	4,580,497	-	-	-	-	4,580,497
Balance due from other banks	1,536,092	-	-	-	-	1,536,092
Loans and advances to banks	21,805,352	-	-	-	-	21,805,352
Loans and advances to customers	5,935,803	2,539,800	1,091,325	5,892,329	1,863,473	17,322,730
Investment securities	2,903,125	3,606,249	3,653,125	-	-	10,162,499
Other assets	655,962	-	816,517	-	-	1,472,479
Total financial assets	**38,433,298**	**6,146,049**	**5,560,967**	**5,892,329**	**1,863,473**	**57,896,116**
Deposits from customers	40,049,595	-	7,063,846	-	-	47,113,441
Deposits from Banks	2,601,140	-	-	-	-	2,601,140
Other liabilities	3,656,450	-	-	-	-	3,656,450
Total financial liabilities	**46,307,185**	**-**	**7,063,846**	**-**	**-**	**53,371,031**
Net liquidity gap	**(7,873,887)**	**6,146,049**	**(1,502,879)**	**5,892,329**	**1,863,473**	**4,525,085**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (continued)

6.3.4 Non derivative cash flows (Continued)

	TZS'000
31 December 2025	
Financial assets	
Loans and advances to banks	23,732,938
Balance due from other banks	512,633
Financial liabilities	
Other Liabilities	2,241,927
Net financial position	**22,003,644**
31 December 2024	
Financial assets	
Loans and advances to banks	21,805,352
Balance due from other banks	1,536,092
Financial liabilities	
Other Liabilities	3,656,450
Net financial position	**19,684,994**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, balances with Bank of Tanzania, items in the course of collection and treasury bill, balance due from other banks and loans and advances to customers.

6.3.5 Fair values of financial assets and liabilities

The fair value of government securities is based on the last auction for treasury bills and bonds that was held at year end. The fair values of the Bank's other financial assets such as loans and advances to customers and financial liabilities such as deposits and interbank borrowings approximate the respective carrying amounts due to the generally short periods to maturity dates.

Deposits from banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

Fair value hierarchy

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

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (Continued)

6.3.4 Non derivative cash flows (Continued)

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges and exchanges traded derivatives like futures.

- 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). The sources of input parameters are: LIBOR yield curve, Bloomberg and Reuters.

- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (Continued)

6.3.5 Fair values of financial assets and liabilities (Continued)

Fair value hierarchy (Continued)

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy set out below as at 31 December 2025 and 2024:

	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Total fair value TZS'000
31 December 2025				
Assets				
Government securities (Note 21)	-	14,110,130	-	14,110,130
Equity investment	-	-	-	-
	-	**14,110,130**	-	**14,110,130**
Liabilities				
Derivative financial instruments	-	-	-	-
31 December 2024				
Assets				
Government securities (Note 21)	-	10,162,500	-	10,162,500
Equity investment	-	-	-	-
	-	**10,162,500**	-	**10,162,500**
Liabilities				
Derivative financial instruments	-	-	-	-

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (Continued)

6.3.5 Fair values of financial assets and liabilities (Continued)

Fair value hierarchy (Continued)

The table below analyses the fair value hierarchy of the Bank's financial assets and liabilities (by class) not measured at fair value at 31 December 2025.

At 31 December 2025	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Total fair value TZS'000	Carrying value TZS'000
Assets					
Cash in Hand	-	657,347	-	657,347	657,347
Balances with Bank of Tanzania	-	7,934,529	-	7,934,529	7,934,529
Balance due from other banks	-	512,633	-	512,633	512,633
Loans and advances to banks	-	23,732,938	-	23,732,938	23,732,938
Investment securities	-	14,110,130	-	14,110,130	14,110,130
Loans and advances to customers	-	16,388,769	-	16,388,769	16,388,769
Other assets	-	-	1,287,814	1,287,814	1,287,814
Total assets	**-**	**63,336,346**	**1,287,814**	**64,624,160**	**64,624,160**
Liabilities					
Deposits from banks	-	-	-	-	-
Deposits from customers	-	59,527,945	-	59,527,945	59,527,945
Other liabilities	-	-	2,241,927	2,241,927	2,241,927
Total liabilities	**-**	**59,527,945**	**2,241,927**	**61,769,872**	**61,769,872**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3.5 Fair values of financial assets and liabilities (Continued)

Fair value hierarchy (continued)

The table below analyses the fair value hierarchy of the Bank's financial assets and liabilities (by class) not measured at fair value at 31 December 2024.

At 31 December 2024	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Total fair value TZS'000	Carrying value TZS'000
Assets					
Cash in Hand	-	1,016,467	-	1,016,467	1,016,467
Balances with Bank of Tanzania	-	4,580,497	-	4,580,497	4,580,497
Balance due from other banks	-	1,536,092	-	1,536,092	1,536,092
Loans and advances to banks	-	21,805,352	-	21,805,352	21,805,352
Investment securities	-	10,162,500	-	10,162,500	10,162,500
Loans and advances to customers	-	17,322,730	-	17,322,730	17,322,730
Other assets	-	-	1,472,479	1,472,479	1,472,479
Total assets	**-**	**56,423,638**	**1,472,479**	**57,896,117**	**57,896,117**
Liabilities					
Deposits from banks	-	2,601,140	-	2,601,140	2,601,140
Deposits from customers	-	47,113,441	-	47,113,441	47,113,441
Other Liabilities	-	-	3,656,450	3,656,450	3,656,450
Total liabilities	**-**	**49,714,581**	**3,656,450**	**53,371,031**	**53,371,031**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Capital management

The primary objectives of the Bank's capital management which is a broader concept than the 'equity' in the statement of financial position, are:

- To comply with the regulatory capital requirements set by the Banking and Financial Institution Act, 2006 (the "Act") and related regulations.
- 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;
- To maintain a strong capital base to support the development of its business.
- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and,
- To maximize shareholders value

Regulatory Capital Requirements

The Bank of Tanzania (BOT) requires each commercial bank to:

a) hold minimum level of the core capital of TZS 15 billion.

b) maintain a ratio of core capital to the risk-weighted assets plus risk weighted off statement of financial position assets (the 'Basel ratio') plus market risks and operational risk charges at or above the required minimum of 12.5%

c) A ratio of total capital of not less than 14.5% of the risk weighted assets plus risk weighted off statement of financial position items plus market risks and operational risk charges.

The Bank's regulatory capital as managed by its Treasury department is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Prepaid expenses, deferred tax assets and intangible assets other than software are deducted in arriving at Tier 1 capital; and

- Tier 2 capital: qualifying subordinated loan capital and regulatory general provisions for loans and advances.

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, taking into account 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.

	2025 TZS'000	2024 TZS'000
Tier 1 capital		
Ordinary share capital	33,476,012	33,476,012
Less: Accumulated losses	(17,341,975)	(17,016,660)
	16,134,037	**16,459,352**
Less:		
Prepaid expenses	(426,612)	(403,393)
General Reserve	89,227	136,885
Deferred tax asset	-	-
Total qualifying Tier 1 capital	**15,796,652**	**16,190,843**
Risk-weighted assets		
On statement of financial position risk weighted assets	34,415,107	30,556,423
Off statement of financial position risk weighted exposures	112,189	1,843,872
Total adjusted capital required for operational risk	6,023,832	5,966,817
Total adjusted capital required for market risk	117,786	519,223
Total risk-weighted assets on and off statement of financial statement	**40,668,914**	**38,888,335**

Limits are applied to elements of the capital base, for example qualifying tier 2 capital cannot exceed tier 1 capital and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital.

BOT monitors capital requirements for the supervised banks and financial institutions. Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines implemented by BOT for supervisory purposes. The required information is filed with BOT on a quarterly basis.

The table below summarizes the composition of regulatory capital of the Bank for the year ended 31 December 2025 and year ended 31 December 2024.

Bank ratios	2025	2024
Tier 1 (BOT Minimum required is 12.5%)	41.36%	40.67%
Tier 1 + Tier 2 (BOT Minimum required is 14.5%)	41.36%	40.67%

There were no changes in the regulatory capital requirements during the year.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND ESTIMATIONS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Judgements

In the process of applying the Bank's accounting policies, management has made judgements apart from those involving estimations which have the most significant effect on the amounts recognized in the financial statements:

Going Concern Assessment

In the process of applying the Bank's accounting policies, the Bank's management and directors have made significant judgements in determining that the Bank will successfully implement its business and capital restoration plans and will consequently continue in existence for the foreseeable future.

Refer to Note 2 for further details on going concern.

Significant increase of credit risk (SICR)

SICR is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account passage of time). Whether a change in the risk of default is significant or not assessed using quantitative factors that is financial assets that are 30 or more days past due and not credit impaired will always be considered to have experienced a SICR. Financial assets that are 30 or less days past due are considered to have low credit risk. The Bank considers other qualitative factors that reasonably reflect SICR.

Refer to Note 6.1 for further disclosure on the financial assets subject to ECL.

Deferred Tax Asset

Deferred Tax assets are recognized in respect of tax losses and tax credits to the extent that is probable that future taxable profit will be available against the tax losses and credits can be utilized. Judgement is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Refer to Note 5 (j) for further disclosure on deferred tax.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND ESTIMATIONS (CONTINUED)

(ii) Estimates and Assumptions

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next period. All estimates and assumptions required are in conformity with IFRS and are the best estimates undertaken in accordance with relevant standard.

Determination of ECL allowances

The measurement of ECLs under IFRS 9 across all categories of financial assets requires judgement and estimations. These estimates are driven by a number of factors, changes which can result in different levels of allowances. The ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

The most significant assumptions affecting the ECL allowance are as follows:

- Market value of collaterals given its impact on Loss Given Default (LGD)
- Realization period of re-possessed collaterals given its impact on present value of collaterals
- Probabilities of default (PDs) change in macros impacting PDs
- Recovery rate of unsecured portfolio

Taxes

The Bank is subjected to numerous taxes and levies by various government and quasi government regulatory bodies. As a rule of thumb, the Bank recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. If management becomes aware in any manner that the initially recorded liability was erroneous such a difference will impact income and the liabilities will be adjusted accordingly.

Useful lives, Depreciation methods and residual values of property and equipment, intangible assets and right of use assets

The Bank reviews the estimated useful lives, depreciation methods and residual values of property and equipment, intangible assets and right of use assets at the end of each annual reporting period. Factors considered when reviewing useful lives and residual values include:

- The expected usage of the asset by the Bank, which is assessed by reference to the asset's expected capacity
- The expected physical wear and tear which depend on operational factors, the repair and maintenance programme of the Bank and the care and maintenance of the asset while idle and,
- Legal or similar limits on the use of the asset such as the expiry dates of related leases

Refer to Notes 22, 23 and 24 for the carrying amounts of the right of use assets, intangible assets and property and equipment.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND ESTIMATIONS (CONTINUED)

(ii) Estimates and assumptions (Continued)

Incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease therefore it uses its IBR to measure lease liabilities. The IBR is the rate of interest that would have to be paid to borrow over a similar term and with 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 the Bank would have to pay which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Refer to Note 6.2.2 for further detail.

		2025	2024
8	**INTEREST INCOME**	**TZS '000**	**TZS '000**
	Loans and advances to customers	2,460,252	2,607,733
	Placements	1,420,871	973,039
	Government Securities	1,163,968	1,361,679
		5,045,091	**4,942,451**

* Interest is calculated using Effective Interest Method

9	**INTEREST EXPENSE**		
	Savings Deposits	42,948	47,603
	Time Deposit	207,428	397,519
	Current and Call Deposits	147,269	343,030
	Borrowings	8,318	17,618
		405,963	**743,581**
	Other similar interest expenses		
	Lease Liabilities Interest	62,189	-
		468,152	**805,770**

* Interest is calculated using Effective Interest Method

10	**LOAN IMPAIRMENT CHARGES**		
	ECL – Loans and Advances (Note 20)	129,255	214,745
		129,255	**214,745**

		2025 TZS '000	2024 TZS '000
11A	**FEES AND COMMISSION INCOME**		
	Management and Facility Fees	651,663	661,830
	Agency and Mobile Commissions	680,232	764,867
	Card and Ledger Fees	294,615	363,640
	Income from Transaction charges	479,366	488,667
	Withdrawal Fees	165,675	164,833
	Other Fees and Commissions*	32,587	84,413
		2,304,138	**2,528,250**

* Other Fees and Commission Income comprise of Commission on restructured loans, Cheque Book Issue Charges etc.

11B	**FEES AND COMMISSION EXPENSES**		
	Commission expense on Mastercard	956,813	1,615,236
	Commission expense on ATM from Other Banks	34,146	41,035
	Other Fees and Commission Expense	95,485	120,995
	Commission Expense on Agency Banking	10,288	24,519
		1,096,732	**1,801,785**
12	**FOREIGN EXCHANGE INCOME**		
	Foreign Currency Translation	66,908	11,413
	Foreign Currency Trading Gains	904,364	896,485
		971,272	**907,898**
13	**OTHER INCOME**		
	Other income and refunds	34,616	360,374
		34,616	**360,374**
14	**PERSONNEL EXPENSES**		
	Salaries and Wages	2,166,053	2,265,047
	Social Security Contributions	219,454	238,088
	Staff Leave	104,618	162,209
	Staff Benefits	130	-
	Other Staff Costs*	351,437	254,860
		2,841,692	**2,920,204**

* Other Staff Costs comprise of staff medical expenses, condolences, staff permits, per diem etc.

	2025 TZS '000	2024 TZS '000
15 GENERAL AND ADMINISTRATIVE EXPENSES		
Directors Emoluments	213,235	194,016
Licenses, Permits and Subscription Expenses	25,859	17,150
Utility Expenses	60,895	74,693
Insurance Expenses	131,964	121,593
Security Expenses	49,966	55,350
Rent Expenses	173,341	91,228
Training Expenses	7,226	10,920
Travelling and Accommodation Expenses	89,466	119,652
Printing, Stationery and Postage Expenses	74,669	144,015
Audit Fees	99,671	74,784
IT services costs	1,022,640	1,114,267
Marketing and Advertising Expenses	112,131	82,780
Repair and Maintenance Expenses	61,712	89,253
Legal and Professional Fees	164,040	36,524
Fines and Penalties**	1,000	1,000
Fuel Expenses	39,996	96,219
Data Connectivity Charges	189,969	229,178
City Service Levy	19,965	14,531
Excise Duty and VAT Expenses	723,143	202,189
Other Operating Expenses*	44,899	1,520,682
	3,305,787	**4,290,023**

* Other Operating Expenses comprise of donation, housekeeping, entertainment expenses etc.

** The Bank was penalized by the Bank of Tanzania for breaching the SMR minimum requirement.

16 DEPRECIATION AND AMORTIZATION		
Depreciation of Property and equipment (Note 23)	524,848	367,301
Amortization of Intangible assets (Note 22)	174,427	141,186
Depreciation on Right of use asset (Note 24)	60,609	60,609
	759,884	**569,096**

17 CASH AND BALANCES WITH BANK OF TANZANIA		
Cash in Hand (Petty Cash, Cash in Vault and ATM)	456,121	460,854
TIPS Settlement account	201,226	555,613
Current Account with Bank of Tanzania	4,326,032	1,122,922
	4,983,379	**2,139,389**
Statutory Minimum Reserve (SMR)*	3,608,497	3,457,575
	8,591,876	**5,596,964**

* Banks are mandated to maintain a minimal cash reserve on deposits with the Bank of Tanzania. The SMR deposit is not accessible to finance the bank's daily operations; consequently, it is excluded from the cash and cash equivalents for the purpose of the statement of cash flows (Note 33).

		2025 TZS '000	2024 TZS '000
18	**BALANCES WITH OTHER BANKS**		
	Nostro account balances*	512,633	1,536,092
		512,633	**1,536,092**

* Nostro account balance is the balance maintained with Guaranty Trust Bank UK Limited and Bank of Beirut

19	**LOANS AND ADVANCES TO BANKS**		
	Placements with other banks	23,711,200	21,805,352
	Interest Receivable on Placements	21,738	-
		23,732,938	**21,805,352**

Placements with other institutions generate interest at market rates. Placements with other banks generated an average of 6.5% in local currency and 3.43% in USD as of 31 December 2025.

20	**LOANS AND ADVANCES TO CUSTOMERS**		
	Overdrafts	1,395,842	1,074,714
	Retails Loans	4,595,691	6,059,007
	Insurance Premium Facility	1,489,212	2,304,790
	Commercial Loans	3,725,657	2,911,781
	Interest Receivable - Loans	5,579,518	5,390,118
	Total gross Loan	**16,785,920**	**17,740,410**
	Less: Allowances for impairment on loans and advances	(397,151)	(417,680)
	Net loans and advances	**16,388,769**	**17,322,730**
	Current	9,640,562	11,292,477
	Non-current	6,748,207	6,030,253
		16,388,769	**17,322,730**
	Movement in allowance for ECL was as follows:		
	At 01 January	417,680	414,768
	Charge for the year (Note 10)	129,255	214,745
	Write offs	(149,784)	(211,833)
	At 31 December	**397,151**	**417,680**

		2025 TZS '000	2024 TZS '000
21	**INVESTMENT IN GOVERNMENT SECURITIES**		
	Treasury Bills	11,027,690	10,162,500
	Treasury Bonds	2,966,796	-
	Interest Receivable on Treasury Bonds	115,644	-
		14,110,130	**10,162,500**

Treasury Bills and Bonds are issued by the Government of the United Republic of Tanzania.

	Maturity Analysis		
	Maturities within 12 months		
	Treasury Bills	11,027,690	10,162,500
		11,027,690	**10,162,500**
	Maturities after 12 months		
	Treasury Bonds including Interest receivable	3,082,440	-
		3,082,440	-
22	**INTANGIBLE ASSETS**		
	Cost		
	As at 01 January	3,462,922	3,410,697
	Additions	43,991	52,225
	Transfer from Work in progress (Note 23)	66,117	-
	As at 31 December	**3,573,030**	**3,462,922**
	Accumulated Amortization		
	As at 01 January	(2,929,204)	(2,788,017)
	Charge for the Year	(174,427)	(141,186)
	As at 31 December	**(3,103,631)**	**(2,929,203)**
	Net Book Value as of 31 December	**469,399**	**533,719**

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

23 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture & Equipment	Motor vehicles	Computer equipment	ATM	Capital work in progress*	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost							
As at 01 January 2025	**6,921,350**	**2,801,916**	**744,559**	**521,697**	**-**	**4,310,373**	**15,299,895**
Reclassifications	-	-	-	(100,220)	100,220	-	-
Additions	-	51,831	-	30,294	-	2,034,582	2,116,708
Transfers	-	-	-	584,648	-	(650,764)	(66,116)
Disposals	-	(31,095)	-	(11,308)	-	-	(42,404)
As at 31 December 2025	**6,921,350**	**2,822,651**	**744,559**	**1,025,111**	**100,220**	**5,694,191**	**17,308,083**
Accumulated Depreciation							
As at 01 January 2025	**(1,599,989)**	**(2,738,890)**	**(426,113)**	**(475,872)**	**-**	**-**	**(5,240,864)**
Reclassifications	-	-	-	100,220	(100,220)	-	-
Charge for the year	(230,975)	(24,931)	(92,331)	(176,611)	-	-	(524,848)
Disposals	-	25,222	-	9,442	-	-	34,664
As at 31 December 2025	**(1,830,964)**	**(2,738,599)**	**(518,444)**	**(542,821)**	**(100,220)**	**-**	**(5,731,048)**
Net Book Value 31 Dec.2025	**5,090,386**	**84,053**	**226,115**	**482,289**	**-**	**5,694,191**	**11,577,035**

* Capital work in progress primarily comprises expenditures incurred in the establishment of the Bank's new core banking system and costs relating to the Bank's second branch, which is still under development and has not yet commenced operations.

As of 31 December 2025, the Bank had fully depreciated property and equipment with a gross carrying amount of TZS 3,405.7 Billion that are still in active use. These assets primarily consist of ATMs, Motor vehicles, Computer hardware and equipment, which continue to contribute to the Company's operations. In the opinion of the directors there is no impairment of property and equipment.

23 PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvements TZS'000	Furniture & equipment TZS'000	Motor vehicles TZS'000	Computer equipment TZS'000	Capital work in progress TZS'000	Total TZS'000
Cost						
As at 01 January 2024	**6,921,350**	**2,764,690**	**1,120,147**	**492,496**	**650,764**	**11,949,447**
Reclassifications	-	-	(375,588)	(2,419)	-	(378,007)
Additions	-	37,226	-	31,620	3,659,609	3,728,455
Balance at 31 December 2024	**6,921,350**	**2,801,916**	**744,559**	**521,697**	**4,310,373**	**15,299,895**
Accumulated Depreciation						
As at 1 January 2024	**(1,368,957)**	**(2,717,777)**	**(709,370)**	**(453,047)**	**-**	**(5,249,151)**
Charge for the year	(231,032)	(21,113)	(92,331)	(22,825)	-	(367,301)
Disposal	-	-	375,588	-	-	375,588
As at 31 December 2024	**(1,599,989)**	**(2,738,890)**	(426,113)	**(475,872)**	**-**	**(5,240,864)**
Net Book Value 31 December 2024	**5,321,361**	**63,026**	318,446	**45,825**	**4,310,373**	**10,059,031**

		2025 TZS '000	2024 TZS '000
24	**RIGHT OF USE OF ASSETS**		
	Cost		
	As of 01 January,	1,842,056	1,842,056
	As at 31 December	**1,842,056**	**1,842,056**
	Accumulated Depreciation		
	As of 01 January	(363,655)	(303,047)
	Charge for the year	(60,609)	(60,608)
	As of 31 December	**(424,264)**	**(363,655)**
	Net Book Value as of 31 December	**1,417,792**	**1,478,401**
25	**OTHER ASSETS**		
	Sundry Debtors	331,658	313,236
	Prepayments	426,612	672,250
	Balances with MNOs	284,517	321,667
	Rent Deposit	28,445	1,750
	Advances *	216,582	163,576
		1,287,814	**1,472,479**

*Advances include Cash Advances, Recovery Advances etc.

26	**TAXATION**		
	Income tax expense		
	Current tax - current year (alternative minimum tax)	76,774	37,354
	Current tax - prior years	29,503	(108)
	Deferred tax - current year	20,311	11,528
		126,588	**48,774**

	2025 TZS '000	2024 TZS '000
26. TAXATION (CONTINUED)		
Tax rate reconciliation:		
Accounting loss before taxation	(246,385)	(1,862,650)
Income tax charge to P&L	126,588	48,774
Tax credit at applicable rate (30%)	73,916	558,795
	200,504	**607,569**
Explained by:		
Tax on non-deductible expenses	65,660	53,503
Deferred tax credit not recognized	-	506,018
Prior year over/(under) - current tax	29,503	(108)
Prior year over/(under) deferred tax not recognized	-	11,528
Alternative Minimum Tax (AMT)	76,774	37,354
Other PPE adjustments	-	(726)
Other adjustments	28,567	-
	200,504	**607,569**
Current income tax account		
Opening balance	-	389
Charge for the year	126,588	48,774
Tax paid during the year	(31,338)	(49,163)
As at 31 December	**95,250**	**-**
Deferred tax liability (asset)		
Deferred tax at the beginning	(3,579,189)	(4,594,689)
Deferred tax on domestic tax losses (30%)	51,147	(517,216)
Deferred tax liability (asset) on property and Equipment	7,941	(12,056)
Deferred tax asset on provisions/loan impairment	(38,777)	(874)
Over/(under) provision in prior year	-	1,545,646
As at 31 December	**(3,558,878)**	**(3,579,188)**

The deferred tax asset has not been recognized in the financial statements as it is not probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

The normal procedure for agreeing final tax liability in Tanzania involves the filing its income tax returns with Tanzania Revenue Authority (TRA) followed by performing their own review of the company's submission and issuing their notice of tax assessments to the company. The final income tax liability as determined by Tanzania Revenue Authority (TRA) after review may differ from the liability determined by the company and procedures are in place for the company to object and appeal against such assessments. It is common that a timeframe from the company's own submission on its final tax returns and for Tanzania Revenue Authority (TRA) performing their review and issuing notice of final tax assessment may take several months or years.

		2025 TZS '000	2024 TZS '000
27	**DEPOSITS FROM CUSTOMERS**		
	Savings Account	2,564,106	5,902,441
	Current Account	52,047,988	34,345,826
	Call Deposit	2,032,601	2,016,601
	Insurance Premium Collection	130,019	111,714
	Term Deposits	2,647,018	4,672,729
	Accrued Interest Payable on Deposits	106,213	64,130
		59,527,945	**47,113,441**
28	**DEPOSITS FROM BANKS**		
	Deposits from Banks	-	2,601,140
		-	**2,601,140**
29	**LEASE LIABILITIES**		
	As at 01 January	1,127,250	1,065,061
	Interest accrued	62,189	62,189
	As at 31 December	**1,189,439**	**1,127,250**
30	**OTHER LIABILITIES**		
	Deferred income	180,687	32,710
	Sundry Creditors and accruals	664,624	2,258,403
	Statutory and Tax Payables	207,179	238,087
		1,052,488	**2,529,200**
31	**SHARE CAPITAL**		
	Authorized Share Capital		
	1,826,485 ordinary shares @ Tzs 21,900	**40,000,022**	**40,000,022**
	Issued Share Capital		
	1,528,585 ordinary shares @ Tzs 21,900	**33,476,012**	**33,476,012**
	Movement of shares during the year		
	As of 01 January	33,476,012	33,476,012
	As of 31 December	**33,476,012**	**33,476,012**

		2025 TZS '000	2024 TZS '000
32	**STATUTORY RESERVE (NON-DISTRIBUTABLE RESERVE)**		
	Opening reserve	136,885	118,385
	Loan loss provision – BOT	349,493	436,179
	Loan loss provision – IFRS 9	(397,151)	(417,679)
	Variance	**89,227**	**136,885**

The regulatory reserve related to the excess of the regulatory provisions for loans and advances above the IFRS 9 Provisions. The regulatory provisions and reserve are determined in accordance with the Banking and Financial Institutions prudential regulations and guidelines. The reserve is not available for distribution to the shareholders and excluded when determining regulatory core capital

33	**CASH AND CASH EQUIVALENTS**		
	Cash and Balances with Bank of Tanzania (Excluding SMR) (Note 17)	4,983,379	2,139,389
	Loans and Advances to Banks (Note 19)	23,732,938	21,805,352
	Investment in Government Securities (Note 21)	14,110,130	10,162,500
	Balances held with other banks (Note 18)	512,633	1,536,092
		43,339,080	**35,643,333**

34 CONTINGENT LIABILITIES AND COMMITMENTS

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

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

Outstanding guarantees and indemnities:		
Foreign Currency	1,025,475	3,731,072
Local currency	904,997	551,956
	1,930,473	**4,283,029**

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.

34 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

The Bank in the normal course of business, involved in several court cases and tax disputes with the revenue authorities. The Bank has taken appropriate legal measures to defend its position. Appropriate provisions have been made by the Bank for the liabilities arising. Contingent liabilities arise for cases for which the outcome cannot be reliably determined as at the date of signing these financial statements.

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.

Contingencies

Legal claims

The Bank was a defendant in numerous litigations as of December 31, 2025. The plaintiffs claim that the Bank caused the alleged loss of enterprises and breach of contract, and they are claiming damages and interest on the amount. The Directors are of the opinion that these claims will not result in any substantial liabilities.

Nature of commitments

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

Capital commitments

These capital commitments pertain to ongoing activities that are currently being contracted and approved.

As at 31 December 2025, the Bank had capital commitments of TZS 0.691 Million, TZS 461.65 Million and TZS 2,034 million (2024: TZS 37.23 Million, 31.62 Million and TZS 3,659.61 Million in respect to equipments and work in progress) in respect of furniture, Motor vehicle, Computer and work in progress. The Bank's management is confident that future net revenues and funding will be sufficient to cover this commitment.

Operating lease commitments

The Bank does not have any commitments in respect of non-cancellable lease commitments.

34 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

Other contingent liabilities

Following TRA audits conducted on the Bank for the financial years the 2018 – 2022, Tanzania Revenue Authority (TRA) issued formal assessments on a number of tax heads amounting to a sum of TZS 2,456,674,984.80. Upon review of the assessment the Bank paid a sum of TZS 1,186,026,405.33 in 2024 and objected to the remaining balance of TZS 1,270,738,659.80. TRA subsequently determined the objections by maintaining its initial position and the Bank submitted appeals against the TRA's final determination. As at the date of this report, the respective cases are under out of court settlement discussions.

Additionally, for the 2023 financial year tax audit an initial assessment of TZS 450,229,541.73 was raised of which the sum of TZS 150,076,513.91 was paid as tax deposit to validate the objections. TRA determined the objections by maintaining their initial position. Consequently, the Bank decided not to pursue appeal and has commenced discussions on settlement of the obligation.

35. RELATED PARTY TRANSACTIONS AND BALANCES

A related party is a person or entity that has control, joint control, or significant influence over the reporting entity, or is a member of its key management personnel.

In the normal course of business transactions are entered into with related parties' i.e. key management staff, Directors, their associates, and companies associated with Directors. These include loans and advances to Directors, deposits to directors and compensation to key management personnel. The related party transactions during the year and the balances due to the related parties were:

A) Deposits and Loans to directors and key management personnel

(a) Deposits	2025 TZS'000	2024 TZS'000
At start of the year	211,538	149,091
Deposit movement during the year	(46,923)	62,447
At the end of the year	**164,615**	**211,538**

(b) Loan and advances		
At start of the year	214,135	251,627
Loans issued during the year	177,585	73,072
Loan repayment	(114,414)	(110,564)
At the end of the year	**277,306**	**214,135**

35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

B) Key management personnel compensation

Key management personnel are described as those people who have authority and responsibility for planning, directing and controlling the activities of the bank, directly or indirectly, including any director of the bank. The key management personnel compensation balances during the year were on short-term benefits only as follow:

	2025 TZS'000	2024 TZS'000
Salaries and other short-term employee benefits	**1,287,348**	**1,240,222**

(c) Directors' Remuneration

Directors' remuneration (sitting allowances) and other emoluments in respect of Board and Committees meetings paid during the year were as follows:

Directors' remuneration (executive)	-	90,980
Directors' remuneration (non-executive)	204,575	194,016
Total	**204,575**	**284,996**

36. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, whether favourable or unfavourable, that occur between the end of the reporting period and the date when the Banks financial statements were authorised for issue. There are two types of such events which require disclosure as per IFRSs: those that provide evidence of conditions that existed at the end of the reporting period, which are adjusting events after the reporting period; and those that are indicative of conditions that arose after the reporting period, which are non-adjusting events after the reporting period.

The Bank had a non-adjusting event of receiving a capital injection amounting to TZS 1,994.7 million received from the Parent Bank, the Guaranty Trust Bank Limited of Nigeria. The additional capital was received on 21 January 2026 to support the Bank's expansion and improve its working capital.

37. COMPARATIVE FIGURES

The figures in the financial statements are presented alongside the previous period figures for comparative purpose and identification of any reclassifications made.