RIGHTS ISSUE
Prospectus

Rights issue of One (1) New Ordinary Share for every One (1) share held
at an Offer Price of TZS 110 per share
Number of Shares 97,646,913
Amount to be raised
TZS 10,741,160,430

Lead Arranger And Sponsoring Broker

iTrust FINANCE

CALENDAR OF PRINCIPAL EVENTS

November 2024

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27		29	30

December 2024

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25 Christmas Day	26	27	28
29	30	31	1	2	3	4

Last Trading Day	5th November 2024
Record Date (Rights allotment date)	8th November 2024
Distribution of Prospectus and PAOs to Eligible Shareholders	11th November 2024
Opening of Rights Issue	11th November 2024
Closing of the Rights Issue	6th December 2024
Announcement of Offer Results	11th December 2024
Submission of Register to CSDR	12th December 2024
Listing and Commencement of Trading at the DSE	18th December 2024

CAUTIONARY STATEMENT

This Prospectus has been prepared in compliance with the Capital Markets and Securities Act, cap. 79 of the Laws of United Republic of Tanzania (Act No. 5 of 19194); the Companies Act, Cap. 212 of the Laws of United Republic of Tanzania (Act No. 12 of 2002) and the Capital Markets and Securities (The Capitalisation and Rights Issues) Regulations 2000.

A copy of this Prospectus has been delivered to the Capital Markets and Securities Authority (CMSA) for approval and to the Registrar of Companies (BRELA) for registration. Approval of this prospectus by CMSA is not taken as an indication of the merits of DCB Commercial Bank PLC or its application. The securities offered in this prospectus have not been approved or disapproved by the CMSA.

Prospective investors should carefully consider the matters set forth under the caption "Risk Factors" under section 5 of this prospectus. If you are in doubt about the contents of this Prospectus, you should consult your Investment Advisor, Stockbroker, Lawyer, Banker, or any other Financial Consultant.

IMPORTANT NOTICE

This Prospectus is issued by DCB Commercial Bank PLC ("the Issuer" or "the Company") and has been prepared in respect of the issue and subscription of the New Shares being issued under DCB Commercial Bank PLC capital raising exercise (the "Rights Issue") and subsequent listing of the New Shares on the Main Investment Market Segment of the Dar es Salaam Stock Exchange (DSE). This follows approval of the Rights Issue by the Board and Shareholders through resolutions dated 29th February 2024 and 14th September 2024, respectively.

The Application Form required for the subscription of the Rights Shares accompanies this Prospectus. The Offer will open at 9:00 am on 11th November 2024 and close at 4:00 pm on 6th December 2024. The application procedure has been set out in Section 2 of this Prospectus and in the accompanying Application Form.

The Offer shares applied for pursuant to the Offer will rank Pari-passu in all respect with the existing issued ordinary shares of DCB Commercial Bank PLC. The Offer shares will qualify for any dividend to be declared for the financial year 2024 and onwards.

FORWARD LOOKING STATEMENTS

This Prospectus contains “forward looking statements” relating to the Company’s business. All statements, other than statements of historical fact are, or may be deemed to be forward-looking statements, including, without limitation, those concerning strategy; the economic outlook; Investments, market returns, cash, costs, growth prospects and outlook for operations, individually or in the aggregate; and liquidity, capital resources, expenditure and the outcome and consequences of any pending litigation proceedings.

These forward-looking statements are not based on historical facts, but rather reflect current views concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “may”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “would be”, “planned”, “estimated”, “potential” or similar words and expressions. Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, future expansion projects or future capital expenditure levels and exchange rates, sales forecasts and parameters and other economic factors, such as interest rates and inflation.

The Issuer cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity, and the developments within the industry in which the Issuer operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

The prospective investors should keep in mind that any forward-looking statement made in this Prospectus is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of DCB Commercial Bank PLC not to develop as expected may emerge from time to time and it is not possible to predict all of them.

The Issuer has no duty to and does not intend to update or revise the forward-looking statements contained in this Prospectus after the date of this Prospectus, except as may be required by law.

DIRECTORS DECLARATION

The Board of Directors of DCB Commercial Bank PLC having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and there are no other material facts the omission of which would make any statement herein, whether of fact or opinion, misleading.

The directors are required in terms of the Companies Act 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.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner.

The Board of Directors of DCB Commercial Bank PLC, whose particulars appear in section 4.5 of this Prospectus, collectively and individually accept responsibility accordingly.

Zawadia Nanyaro	Regina Mduma	20th September 2024
Board Chairperson	**Company Secretary**	**Date**

CHAIRPERSON'S STATEMENT

Dear Shareholders,

First and foremost, I wish to express my deepest gratitude to all of you for your unwavering support and participation in our Annual General Meeting held on 14th September 2024. I am pleased to announce that your approval of the Rights Issue at our recent Annual General Meeting marks a critical milestone in our journey toward revitalizing our bank and positioning it for sustainable growth. I strongly encourage each shareholder to seize this opportunity and subscribe for an additional 1 share for every one share held as of the register's closure on 8th November 2024.

In 2023, DCB demonstrated resilience and adaptability amidst a dynamic economic and operational landscape.

As a bank, we were able to grow our balance sheet by 9%; NPL significantly reduced by 50% from the ratio of 12% to 6% and the deposit trend remained positive throughout the year.

Further, the Board undertook a conscious decision of reviewing key management positions which is central to the achievement of the 2024 – 2028 strategic direction. During 2023 the board approved the appointment of the new Managing Director Mr. Sabasaba Moshingi who comes with a wealth of experience of over 30 years in banking and has demonstrated significant transformation of small banks to tier one banks. Mr Moshingi joined the bank at the end of the year 2023. With the current management, the Board is confident that the bank's strategic vision will be implemented to increase Shareholder value.

To ensure long-term business sustainability; the Board and Management has developed a new five-year strategy for the bank from 2024 to 2028. The key focus areas of the strategy include growing the Bank's capital position to TZS 61 billion by 2028 with a capital adequacy ratio of 19%, change of deposit mobilization strategy, growth of quality loan portfolio, provision of banking services to low-income earners and channel optimization. The newly crafted five-year strategy will result in the growth of the balance sheet to half a trillion, growth of return on equity by 21.8%, and attainment of a cost-efficiency ratio of 48% as well as maintenance of the bank's non-performing loans below 4.5%.

In view of the above, the Rights Issue is not just a capital-raising exercise; it is a decisive step toward securing our bank's future. We have initiated a comprehensive restructuring and turnaround strategy, which, with your support, will be significantly accelerated. This Rights Issue represents a unique opportunity for you, our valued shareholders, to contribute to and benefit from the bank's recovery and our shared future.

We therefore recommend a price per share of TZS 110, representing a 21.4% from the reference average trading price, which we believe is reasonable based on current market trends.

The Directors take full responsibility for the content of this Prospectus, and we encourage you to carefully review the details of the Rights Issue information provided within. Thank you for your continued confidence and support in DCB Bank PLC.

Yours Sincerely,

Zawadia Nanyaro

Board Chairperson

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GLOSSARY OF DEFINITIONS AND ABBREVIATIONS

The following definitions (in addition to the definitions contained in the body herein) shall apply throughout this Prospectus except where the context otherwise requires:

"BOT"	The Bank of Tanzania.
"BRELA"	Business Registration and Licensing Agency
"CDS"	Central Depository System.
"CMSA"	Capital Markets and Securities Authority, the Regulator of Capital Markets in Tanzania.
"CMS Act"	The Capital Markets and Securities Act [Cap 79 R. E. 2002];
"Collecting Agent"	All licensed dealing members of the DSE and Branches of the Receiving Bank (DCB Commercial Bank PLC)
"Company" or "Issuer"	DCB Commercial bank PLC, a company incorporated under the Companies Act "Cap. 212" of the Laws of Tanzania.
"Companies Act"	The Companies Act, Cap 212 as amended.
"CSD"	Central Securities Depository.
"CSDR"	CSD & Registry Company Limited
"DSE"	Dar es Salaam Stock Exchange PLC.
"Fair Competition Act"	The Fair Competition Act 2003;
"Lead Advisor And Sponsoring Broker	iTrust Finance Limited, a licensed Investment Advisor and Stock Broker, appointed as Lead Advisor and Sponsoring Broker to this Issue.
"New Shares"	The new ordinary shares of DCB Commercial Bank PLC, which are to be issued pursuant to this Prospectus.
"Offer Price"	TZS 110 per New Share.
"PAO"	Provisional Allotment Offer, an offer sent out to qualifying shareholders in respect of the New Shares.
"Prospectus"	This Rights Issue Prospectus and appendices to it.
"Reporting Accountant"	Auditax International having their registered office at Auditax House-3rd Floor, Coca-Cola Road Dar-es-salaam, Tanzania.
"Closing date"	8th November 2024 the date on which entitlement to Rights issue shares will be determined.
"Receiving Bank"	DCB Commercial Bank PLC
"Rights"	The right to subscribe for New Shares under the terms of this Prospectus and the PAO.
"Rights Issue Closure"	The date of closure of the Rights Issue which is 6th December 2024.
"Rights Issue"	The issue of 97,646,913 New Shares by way of rights as described in this document.
"Tanzania Shillings or TZS"	The lawful currency of Tanzania.
"DCB"	DCB Commercial Bank PLC.
"Untaken Rights"	The aggregate of New Shares not subscribed for, which can be sold to the underwriters.
"Underwriter"	Underwriting Consortium.

1. EXECUTIVE SUMMARY

1.1. Introduction

This section contains a summary of the offer for New Shares. This Prospectus should be read in its entirety along with other documents available for inspection for a full appreciation of the Offer.

1.2. The Offer

DCB Commercial Bank PLC is offering a total of 97,646,913 New Shares at TZS 110/= per Share to raise TZS 10,741,160,430/= (before expenses) under this Prospectus on the basis of 1 New Share for every 1 Existing Ordinary Share held on the Record Date of 8th November 2024.

1.3. Rights Issue Statistics

Offer Price	TZS 110 per New Share
Total Number of New Shares Offered	97,646,913 Ordinary Shares, to rank pari passu in all respects with the existing Ordinary Shares
Total amount to be raised before expenses	TZS 10,741,160,430
Ratio of entitlement of the offer	1 New Share for every 1 Ordinary Shares Held

1.4. Purpose of the Rights Issue

The Rights issue is being undertaken subsequent to a resolution made by DCB's Board of Directors and approved at the Annual General Meeting Held on 14th September 2024. The proceeds of the Rights Issue shall be used in;

- Raising a significant level of equity capital to fund the bank's growth as outlined in the five-year strategic plan.
- Strengthening the balance sheet of the bank.

1.5. Other Key Rights Issue Data

Par Value	TZS 250
Total Number of Authorised shares of DCB Commercial PLC	400,000,000
Nominal Value Per share	TZS 250
Total number of issued and fully paid-up shares before the Rights Issue	97,646,913
Authorized share capital of DCB Commercial Bank PLC	TZS 100,000,000,000
Fully paid-up share capital of DCB Commercial Bank PLC before the Rights Issue (97,646,913 shares)	TZS 24,061,904,000
Market Capitalization (closing price TZS 140 on the DSE on 31st Aug 2024)	TZS 13,670,567,820
Offer Price per share	TZS110
Number of New Shares on offer under the Rights Issue	97,646,913
Total number of issued and fully paid-up shares after the Rights Issue	195,293,826

1.6. Timetable Of Principal Events

Event	Date
Last Trading Day	5th November 2024
Record Date (Cut-Off Date)	8th November 2024
Distribution of Prospectus and PAOs to Eligible Shareholders	11th November 2024
Opening of Rights Issue	11st November 2024
Closing of Rights Issue	6th December 2024
Announcement of Offer Results	11th December 2024
Submission of Registry to CSDR	12th December 2024
Listing and Commencement of Trading at the DSE	18th December 2024

1.7. Corporate Information of the Issue

i) Issuer Name	DCB Commercial Bank PLC
ii) Registered Office of the Issuer	DCB House, Plot No. 182 Block R Morogoro Road P.O. Box 19798 Dar es Salaam, Tanzania Tel: +255-22-2172201 Email: info@dcb.co.tz
iii) Chief Executive Officer	Sabasaba Moshingi
iv) Main Bankers	Bank of Tanzania P.O Box 2939 Dar es Salaam
v) Auditors	KPMG East Africa The Luminary, 2nd Floor Haile Selassie Road, Masaki Dar es Salaam
vi) Financial Calendar	31st December

1.8. Transaction Advisors

Lead Transaction Advisor	iTrust Finance Limited 429 Mahando Street, Block C, Masaki P.O. Box 22636, Dar es Salaam, Tanzania
Receiving Bank	DCB House, Plot No. 182 Block R Morogoro Road P.O. Box 19798 Dar es Salaam, Tanzania
Sponsoring Broker	iTrust Finance Limited 429 Mahando Street, Block C, Masaki P.O. Box 22636, Dar es Salaam, Tanzania
Legal Advisors	Endoxa Law 15 Tunisia Road Dar es Salaam, Tanzania
Reporting Accountant	Auditax International Auditax House, 3rd Floor, Coca-Cola Road. Dar es Salaam, Tanzania.
Registrar	CSD & Registry Company Limited 2nd Floor, Kambarage House, 6 Ufukoni Street. PO Box 70081, Dar es Salaam, Tanzania.

1.9. Use of Proceeds

The net proceeds of the Rights Issue will be used in;

- Raising a significant level of equity capital to fund the bank's growth as outlined in the five-year strategic plan.
- Strengthening the balance sheet of the bank.

2. DESCRIPTION OF THE RIGHTS ISSUE

2.1. Basis of the Offer Price

The Directors have set the Rights Issue price at TZS 110/= per share, approximately 21.4% discount on the then ruling price at the DSE of TZS 140 as of 31st August 2024. Accordingly, Qualifying Shareholders have been provisionally allotted shares at a price of TZS 110/= per share.

2.2. Underwriting

The bank has appointed iTrust Finance as Lead Arranger for the Underwriting Consortium for any untaken shares.

2.3. Terms of the Rights Issue

2. 3.1. Offer for Subscription

DCB Commercial Bank PLC hereby offers to Eligible Shareholders as of the Record Date of 8th November 2024 by way of rights issue, a total of 97,646,913 New Shares at the Rights Issue Offer price of TZS 110/= per New Share payable in full on acceptance on the terms set out below.

1. Persons who are not Eligible Shareholders as of the Record Date will not be entitled to participate in the offer.
2. The Rights Issue is on the basis of a ratio of 1 New Share for every 1 Existing Share.
3. The number of New Shares that an Eligible Shareholder is entitled to (i.e. entitlement) is shown on the PAO. The PAO shall be accessible to eligible shareholders electronically through their email addresses and physical copies will also be available at all DCB branches, all stockbroker offices and DCB offices.
4. Eligible Shareholders may also, at their option, choose not to take any action at all and any untaken Rights will be treated as 5 and 6 below.
5. Eligible Shareholders who have already fully taken their entitlement can also request to subscribe for additional untaken shares. The eligible shareholders will have to indicate the number of additional shares in the PAO. Upon closing of the rights issue, any untaken shares will be allotted to the shareholders who had requested to take more shares in their PAO.
6. Any untaken shares after 5 above, will be taken up by the Underwriting consortium at the price of TZS 110 per share subject to the terms in the underwriting agreement.

2.3.2. Transfer of Rights

In line with the decision of the Board of Directors of DCB Commercial Bank PLC and the Annual General Meeting, the rights shall be for existing shareholders only and not transferable.

2.3.3. Status Of the New Shares

The New Shares will rank Pari passu in all respects with Existing DCB Shares including the right to receive in full all dividends and other distributions declared, made, or paid in respect of the Ordinary Shares, for the financial year ending 31 December 2024.

Eligible Shareholders who comply with the procedures for acceptance as set out in this Prospectus, will receive their New Shares in electronic form by way of credit to their respective CDS Accounts. It is the responsibility of Eligible Shareholders to ensure that their CDS Account details set out in the Entitlement and Acceptance Form are correct.

New Shares will be admitted at the DSE on Thursday, 18th December 2024 with dealings of New Shares commencing on the same date.

2.3.4. Opening and Closing Date of The Rights Issue

The Rights Issue will open at 9:00 a.m. on Monday, 11th November 2024 and close at 4:00 p.m. on Friday, 6th December 2024.

2.4. Entitlement of the Rights

Shareholders Entitlement is shown on the PAO. The number of New Shares offered to Eligible Shareholders has been calculated pro rata based on the Entitlement Ratio.

2.5. Options Available to Eligible Shareholders

i) Full Acceptance: Shareholder may choose to take up full quota of the entitled shares.

ii) Partial Acceptance: Shareholder may choose to only pay for partial shares whereby the rest of the shares shall be untaken shares.

iii) Do nothing: Shareholder may decide to do nothing and therefore the Entitlement to Rights will lapse.

iv) See section; 2.3.1.5

2.6. Procedures In Respect to The Rights Issue Acceptance and Application Procedure

Eligible Shareholders may take up all, some or none of the Rights. Eligible Shareholders wishing to take up all their Rights are required to observe the following:

i) Acceptance of the Offer, once given is irrevocable.

ii) Persons wishing to apply for New Shares must complete the Entitlement and Acceptance Form.

iii) Except in the case of negligence or wilful default on the part of DCB Commercial Bank PLC, their Advisors or any of the Authorized Agents, neither the Issuer, nor any of the Advisors nor any of the Authorized Agents nor its Processing Agent shall be under any liability whatsoever should an Entitlement and Acceptance Form not be received by the Closing Date.

iv) Acceptance may only be communicated by submitting a duly completed Entitlement and Acceptance Form online or by duly signed form together with payment of the Application Money for the number of New Shares applied for, which cannot be withdrawn and constitutes a binding application for the number of New Shares specified in the Entitlement form.

The Entitlement and Acceptance Form, once duly completed and signed, must be returned to DCB Commercial Bank PLC either directly or through any Authorized Agent, together with proof of payment of the Application Money for the number of New Shares. Payment of the Application Money must be made as specified in section 2.7 no later than 4.00 pm on Friday 6th December 2024.

v) New Shares in respect of which duly completed and signed Entitlement, Acceptance Forms together with the Application Money paid in accordance with the sections above, are not received by DCB Commercial Bank PLC or an Authorized Agent by the dates and times stipulated in this prospectus, it will be deemed not have been subscribed.

vi) Eligible Shareholders who wish to take up their full Entitlement are required to duly complete the section entitled “Full Acceptance” as well as other relevant sections of the PAO. Eligible Shareholders wishing to accept only part of their entitlement are required to duly complete the section of the PAO entitled “Partial Acceptance” as well as other relevant sections of the PAO.

vii) Only Eligible Shareholders will be permitted to apply.

2.7. Application Money

Payment for the New Shares shall be made in the form of Bank or Mobile money transfer for values that are below five million shillings or through TISS for values that are above five million shillings. Such transfers for each PAO must be in Tanzanian Shillings transferred to the receiving Bank account detailed in this Prospectus and the form.

Payment may also be made by the shareholder by depositing directly to a dedicated collection account. Please note that no interest will be payable by DCB Commercial Bank PLC on money received.

2.8. Rejection Policy

In addition to the procedure for acceptance set under section 2.5, applications may also be rejected at the discretion of DCB Directors and CMSA for the following reasons:

a) The PAO is missing.

b) Missing CDS number in the form.

c) Missing or illegible name of primary applicant/joint applicant/corporate applicant in any application.

d) Missing or illegible identification number, including company registration number.

e) Missing account number.

f) Insufficient documentation.

g) Missing Company details.

h) Missing or inappropriately signed Application Form.

2.9. Refund Policy

No interest will be paid on any Application Monies to any Eligible Shareholder or other person taking the Rights. If existing shareholders oversubscribe the untaken shares, then after a Pari-passu allotments, refunds will be paid into the Bank account given in the Application Form.

2.10. Untaken Rights and Allocation Policy

All Eligible Shareholders who apply for their New Shares in full shall receive the full number of New Shares indicated in their PAO. New Shares not taken up shall form Untaken Rights which shall be sold to eligible shareholders who have applied for them at TZS 110 per share. Any remaining untaken shares will be taken by the Underwriting consortium at the same price as per the terms given in the underwriting agreement.

2.11. Foreign Investors

Eligible Foreign Investors wishing to apply for the entitlement to New Shares must satisfy themselves as to the full observance of the laws of the relevant jurisdiction and governmental and other consents to ensure that all requisite formalities are adhered to, and pay any issue, transfer, or other taxes due in such jurisdiction.

Before applying for and purchasing New Shares, foreign investors are advised to consult their own professional advisors as to whether they require any governmental or other approvals or need to observe any applicable legal or regulatory requirements. Eligible foreign Shareholders are requested to note that DCB Commercial Bank PLC is subject to the provisions of the Capital Markets and Securities Act, Cap 79 of the Laws of Tanzania and the Regulations made thereunder.

2.12. Tax Implications

Eligible Shareholders interested in participating in the Rights Issue should consult their tax advisors of any possible tax implications connected with the Rights Issue. Therefore, DCB Commercial Bank PLC and the Directors consider it inappropriate to provide detailed advice in respect of taxation consequences in connection with the Rights Issue save for what is expressly set out in this Prospectus.

Neither DCB Commercial Bank PLC nor any of the Directors or any DCB Commercial Bank PLC officers or advisors accepts any liability for any tax implications for Eligible Shareholders in connection with the Rights Issue. Local investors and Foreign Investors are subject to withholding tax on dividends at the prevailing rate.

2.13. Expenses of the Offer

Role	Amount (TZS)
Advisors Fees	240,000,000
Underwriting Fees	150,000,000
CMSA Prospectus Evaluation Fees	50,289,430
DSE Listing Fees	30,000,000
Printing Expenses	15,000,000
Marketing & Publicity	25,000,000
Placement Fees (0.6%)	70,305,790
Contingency	30,000,000
IPO Processing Fee	10,000,000
Total Issue Expenses	**620,595,220**

NB.

*These figures are exclusive of VAT (where applicable) and may be subject to change.

2.14. Governing Law

The Rights Issue Documents and any contract resulting from the acceptance of an application to purchase the New Shares shall be governed by and construed in accordance with the Laws of Tanzania.

3. CORPORATE INFORMATION OF THE ISSUER

3.1. Background

DCB Bank is a fully-fledged retail and commercial bank in Tanzania. The bank offers banking services to individuals, small and medium sized businesses, as well as large corporate clients. DCB Bank has a network of 9 branches, over 700 agents, and is member of the 280+ Umoja switch ATMs.

DCB was registered as a limited company on 6th September 2001. In April 2002, DCB started business as a regional microfinance institution. On 12th June 2003 the bank was issued with a license to carry out banking business as Dar es Salaam Community Bank Limited.

In 2008, DCB became the first bank in Tanzania to be listed on Dar es Salaam Stock Exchange (DSE). In February 2012, the bank was issued a license to carry out banking business country wide as a fully-fledged commercial bank. The bank changed its name from Dar es Salaam Community Bank Plc to DCB Commercial Bank Plc.

3.2. Vision

The vision of DCB Commercial Bank Plc is to be the preferred financial services provider in Tanzania.

3.3. Mission

To provide convenient, excellent, and innovative financial services to our esteemed customers, while contributing to social and economic development and generating value to shareholders.

3.4. Principal Activities

The principal activities of the Bank are taking deposits on demand, providing short-term, medium-term, and long-term credit facilities, and other banking services allowed under Banking and Financial Institutions Act, of 2006. The bank's core business segments include Personal Banking, Group Lending and Business Banking.

3.5. Economic Outlook

Overall macroeconomic performance of Tanzanian economy continues to be stable, with Gross Domestic Product (GDP) growing to 5.2% in 2023 (5.7%: 2022). GDP growth is projected to rise in its current growth trajectory to an average of around 7% per year.

The expected positive outlook is based on the ongoing strategic investments in infrastructure particularly roads, railways and growth enhancing investments in power generation in the country which are expected to boost domestic output.

The main drivers of GDP growth are agriculture, telecommunications, transport, financial intermediation, manufacturing, construction, and retail trade sectors. The inflation rate has remained stable below 5% in the last few years even with significant global supply chain shocks.

3.6. DCB's Strategy

- **Capital Growth -** The capital injection through the rights issue will empower the bank to expand its lending capacity, invest in cutting-edge technologies, and enhance service delivery across all its channels. Beyond the rights issue, the bank is exploring additional avenues to strengthen its capital base further. These include the issuance of corporate bonds to attract long-term investment and strategic partnerships with both local and international lenders. These initiatives will be particularly focused on projects that align with the bank's commitment to supporting women, youth and promoting environmental sustainability.
- **Customer Deposit Growth** – The bank's deposit growth strategy is centred on raising the proportion of affordable deposits to expensive deposits from the current 30:70 mix to 40:60 by 2028. This will be achieved through targeted initiatives aimed at key deposit segments. The bank will deepen its relationship with its main shareholders especially local government authorities in Dar es Salaam to channel their businesses to DCB Bank.

- **Channel Optimization –** The bank plans to optimize both its branch network and digital channels. The bank plans to open six (6) new branches and relocate three (3) existing ones to more strategic business areas. This expansion will enhance the bank's physical presence and make its services more accessible to a broader customer base. The digital transformation journey will continue with upgrades to the USSD, mobile apps, internet banking, and agency banking platforms. These enhancements are designed to improve customer experience and ensure that the digital channels can efficiently handle increased transaction volumes.

- **Quality Asset Growth and Income Diversification -** The bank aims to grow its loan portfolio from TZS 120 billion to TZS 332 billion by 2028 while simultaneously increasing non-funded income streams. This will be achieved through the optimization of alternative channels, bancassurance, trade finance, and treasury transactions. The bank aims to increase the percentage of digitally active customers from 32.5% to 45.0%, enhancing customer engagement and revenue generation. The microcredit portfolio is expected to grow to TZS 50 billion, while commercial loans are projected to grow to TZS 186 billion.
- **Banking to Low-Income Earners (Microcredit & MSME) -** Recognizing the potential in the low-income segment, the bank will intensify its focus on Microcredit and MSME banking. By extending financial services to underserved segments, the bank aims to contribute to financial inclusion while tapping into a high-growth market.

3.7. Financial Highlights for the Three-Year Period Ending on 31st December 2023

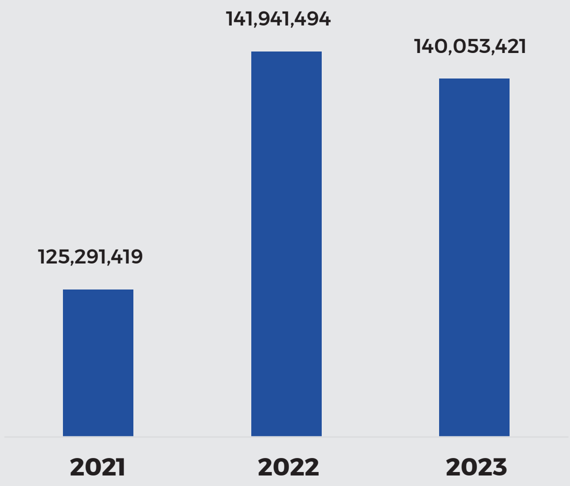
Financial Highlights	2021	2022	2023
	TZS '000	TZS '000	TZS '000
Net Interest Income	16,153,371	15,227,027	12,749,506
Operating Expenses	(18,724,544)	(20,667,027)	(20,711,618)
Operating Income	16,539,701	21,634,375	16,117,665
Profit (Loss) before taxation	(2,184,843)	967,348	(4,593,953)
Net Income	(1,644,060)	747,703	(3,618,232)
Total assets	192,453,680	211,904,075	230,982,152
Total Loans and Advances	114,715,813	120,847,669	120,403,894
Total Deposits	125,291,419	141,941,494	140,053,421
Shareholders' funds	**27,579,007**	**28,469,252**	**24,708,478**

3.8. Key Performance Ratios

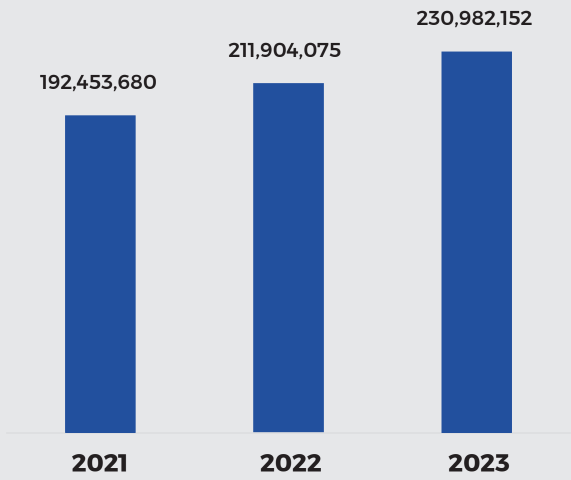
Key Ratio's	2021	2022	2023
Earnings Per Share	TZS (16.8)	TZS 7.7	TZS (37.1)
Book Value Per Share	TZS 282.4	TZS 291.6	TZS 253.3
ROA (%)	(0.9%)	0.4%	(2.0%)
ROE (%)	(6.0%)	3%	(15%)
NPL (%)	11.1%	12.2%	6.0%
Tier 1 Capital	14.0%	14.4%	12.0%
Tier 2 Capital	0.4%	0.5%	0.4%

3.9 FINANCIAL HIGHLIGHTS FOR THE THREE-YEAR PERIOD ENDING ON 31ST DECEMBER 2023

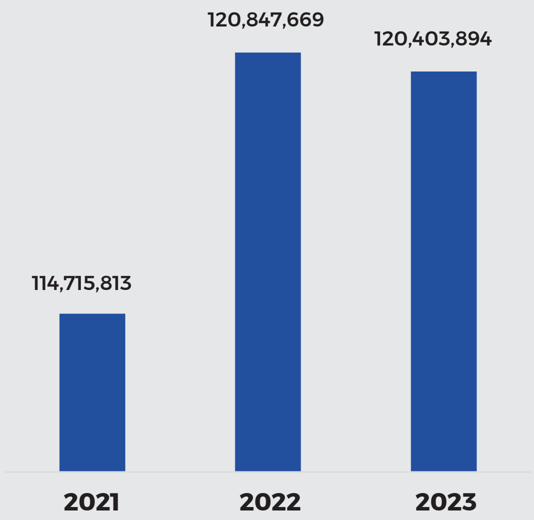
Customer Deposits (TZS '000)



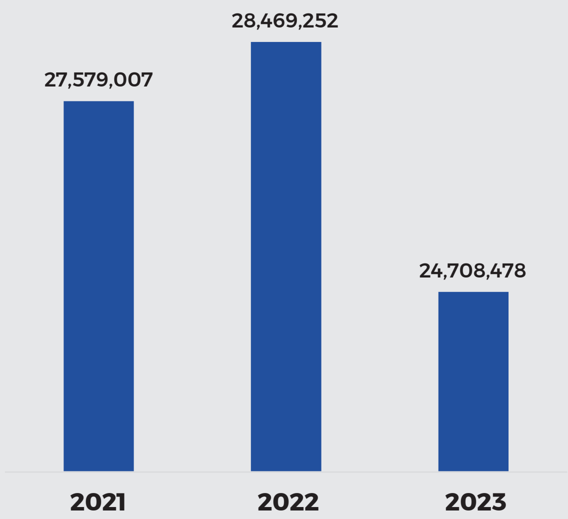
Total Assets (TZS '000)



Loans and Advances (TZS '000)



Shareholder Funds (TZS '000)



3.10. . Financial Projections Summary

- Assets are projected to grow by 19.7% from TZS 231.0 billion in 2023 to TZS 276.4 billion closing 2024 and by 17.2% to TZS 323.9 billion in 2025 and by 21.3% from TZS 323.9 billion to TZS 392.97billion by December 2026.
- Shareholder funds are projected to grow by 39.7% from TZS 24.7 billion in 2023 to TZS 34.5 billion by end 2024 and by 8.9% to TZS 37.6 billion by December 2025, and by 14.9% from TZS 37.6 billion in 2025 to TZS 43.2 billion by December 2026.
- Profit after tax is projected to increase from a loss of TZS (3.6) billion in 2023 to TZS 551 million by end of December 2024.

3.11. DCB's Operating Model

DCB is a fully fledged bank catering to the diverse banking needs of individuals, small to medium-sized businesses, and large corporate clients. The bank has segmented its clients' service into Personal banking, Group banking, Business banking, corporate banking, and Treasury services to offer targeted solutions that meet our customers' unique needs.

Summary of the business segments composition for 2023 is presented below:

3.12. Business Segments for the past three years

3.12.1. Loans and Advances to Customers

Business Segment	2021 TZS '000	2022 TZS '000	2023 TZS '000
Business Banking	42,226,691	40,227,736	59,768,866
Personal Banking	63,067,913	72,481,935	58,399,670
Microfinance	9,421,209	8,137,998	2,235,358

3.12.2. Customer Deposits

Business Segment	2021 TZS '000	2022 TZS '000	2023 TZS '000
Business Banking	54,992,143	65,927,731	59,593,405
Personal Banking	66,388,076	71,406,026	78,843,742
Microfinance	3,911,200	3,170,342	1,616,274

3.12.3. Shares and Shareholders Statistics

Shares	2023 No of shares	2022 No of shares	2021 No of shares
Authorized shares	400,000,000	400,000,000	400,000,000
Issued:	0	0	0
Paid up Ordinary Shares	97,646,913	97,646,913	97,646,913

3.13. Major Shareholders as of June 2024

Major Shareholders	No. of Shares	Percentage
Umoja Unit trust Scheme	14,091,297	14.32%
Dar es Salaam City Council	10,228,320	10.48%
Ilala Municipal Council	7,866,859	8.06%
UTT-Asset Management & Investor's Service Plc (UTT-Amis)	7,028,838	7.20%
National Health Insurance Fund	6,000,000	6.14%
Kinondoni Municipal Council	5,625,019	5.76%
Temeke Municipal Council	3,422,252	3.50%
Ubungo Municipal Council	2,877,367	2.95%
Kigamboni Municipal Council	2,281,502	2.34%
Regular Income Unit Trust Scheme	1,588,497	1.63%
Children's Career Plan Unit Trust Scheme	402,847	0.41%
UTT-Project & Infrastructure Development Plc	100,000	0.10%
Other 7,196 Members	36,134,115	37.00%
Total	**97,646,913**	**100.00**

3.14. Board of Directors

	Name	Position	Nationality
1	Ms. Zawadia J. Nanyaro	Chairperson	Tanzanian
2	Mr. Alexander M. Sanga	Vice-Chairperson	Tanzanian
3	Ms. Pamela F. Nchimbi	Member	Tanzanian
4	Dr Amina A. Baamary	Member	Tanzanian
5	Mr. Cliff N. Maregeli	Member	Tanzanian
6	Mr. David M. Shambwe	Member	Tanzanian
7	Ms. Hanifa S. Hamza	Member	Tanzanian
8	Prof. Tadeo A. Satta	Member	Tanzanian
9	Mr. Sabasaba K. Moshingi	Member	Tanzanian

3.15. Executive Management

	Name	Position	Nationality
1.	Mr. Sabasaba K. Moshingi	Managing Director	Tanzanian
2.	Mr. Siriaki S. Kirki	Acting Director of Finance	Tanzanian
3.	Mr. Leonard E. Katamba	Director of Technology and Operations	Tanzanian
4.	Mr. Ramadhan B. Mganga	Director of Retail Banking	Tanzanian
5.	Mr. Emmanuel Y. Mushi	Acting Director of Risk and Compliance	Tanzanian
6.	Ms. Msingo O. Mkanzabi	Director of Human Resources	Tanzanian
7.	Ms. Regina M. Mduma	Director of Legal & Company Secretary	Tanzanian
8.	Mr. Deogratius Thadei	Director of Credit Risk	Tanzanian
9.	Mr. Emmanuel O. Barenga	Director of Internal Audit	Tanzanian

4. CORPORATE GOVERNANCE OF THE ISSUER

4.1 Responsibilities of the Board

The Board's primary role is to protect and enhance long-term shareholders value, while considering the interests of other stakeholders. The Board is responsible for the overall corporate governance including formulating its strategic direction, setting policies for all areas of the bank' activities, approving and monitoring business plans and budgets, setting remuneration, appointing, removing and creating succession policies for the management team, establishing and monitoring the achievement of management's goals and ensuring the integrity of risk management, internal controls, legal compliance and management information systems. The Board is also responsible for approving and monitoring financial and other reporting to shareholders.

In year 2023, the Board met eighteen (18) times, of which four (4) were ordinary meetings and fourteen (14) extraordinary meetings. The board has delegated the day-to-day management of the company's operations to the Managing Director who is supported by the Management team. The management is invited to attend board meetings and facilitate the effective control of the company's activities. The extraordinary meetings included discussion and approval of the annual plan and budget, and annual audited accounts.

4.2 Composition of the Board

The board is currently comprised of nine (9) directors including the Managing Director and one of whom is the Chairperson. Apart from the Managing Director no other director holds an executive position in the bank.

4.3 Board and Management Committees

The role of Board Committees is to assist the Board in its responsibilities in key areas. Each Committee has a charter to govern the roles and responsibilities as well as the efficiency and effectiveness of board performance. The Board has three (3) Committees namely; Board Audit, Risk and Compliance Committee (BARCC), Board Governance and Human Resources Committee (BGHRC) and Board Credit Committee (BCC).

4.3.1 Board Audit, Risk and Compliance Committee (BARCC)

The Board Audit, Risk, and Compliance Committee comprises of three (3) directors. The Committee holds four (4) ordinary meetings and a minimum of two (2) extraordinary meetings in a year to discuss the quarterly performance reports, annual financial statements and annual policy reviews.

BARCC Committee Members are;

Name	Position
Prof. Tadeo A. Satta	Chairperson
Ms. Pamela F. Nchimbi	Member
Mr. Cliff N. Maregeli	Member

4.3.2 Board Governance and Human Resources Committee (BGHRC)

The Board Governance and Human Resources Committee comprises of four (4) members and holds four (4) ordinary meetings and one (1) extraordinary meeting during the year to discuss.

BGHRC Committee Members are;

Name	Position
Mr. Alexander Sanga	Chairperson
Mr. David Shambwe	Member
Ms. Hanifa Hamza	Member
Dr. Amina Baamary	Member

4.3.3 Board Credit Committee (BCC)

The Board Credit Committee comprises of four (4) members and holds four (4) ordinary meetings.

BSCC Committee members are;

Name	Position
Mr. David M. Shambwe	Chairperson
Mr. Alexander M. Sanga	Member
Ms. Hanifa S. Hamza	Member
Dr. Amina Baamary	Member

4.4 Directors' Shareholding

As of 31 December 2023, the directors of the Company held direct and indirect beneficial interests of its issued ordinary shares, as set out below.

Director	2023	2022
Ms. Zawadia J. Nanyaro	105,240	21,832
Ms. Pamela F. Nchimbi	466,717	185,020
Mr. Cliff N. Maregeli	79,270	50,934
Mr. David M. Shambwe	47,399	-
Mr. Alexander M. Sanga	21,000	-
Dr. Amina A. Baamary	9,760	-
Mr. Sabasaba K. Moshingi	67,046	-
Total	**719,626**	**614,877**

4.5 Board of Directors Profile

The Company's directors are appointed by the shareholders as provided in the Articles of Association of the company. A brief profile of the company's directors at the date of the Prospectus is as follows:

NO.	NAME	POSITION	NATIONALITY	QUALIFICATION & EXPERIENCE
1	**Zawadia Nanyaro** (52yrs) 	Board Chairperson Non-Executive.	Tanzanian	Ms. Zawadia Nanyaro is a highly skilled and experienced financial expert with a wealth of knowledge in internal and external audit, accounting, and good governance. She currently serves as the CEO of Lilac Lines Tanzania, an audit and tax consultancy firm. Her previous experience includes positions at PriceWaterhouseCoopers (PWC), Tanzania Breweries (TBL), and the Export Processing Zones Authority (EPZA) She holds a Master's Degree in Business Administration in Finance and Bachelor of Commerce in Accounting, both degrees obtained from the University of Dar es Salaam, CPA (T) in Public Practice (CPA-PP), a Certified Information System Auditor–CISA and a Certified Director from Institute of Directors in Tanzania
2	**Mr. Alexander Sanga** (46yrs) 	Vice Chairperson Non-Executive Member.	Tanzanian	Mr. Alexander Sanga is a seasoned expert in the field of technology, information systems, IT, and digital information security. He currently serves as the Director of Information technology at the National Health Insurance Fund (NHIF). He holds an MBA, Bachelor of science in computer science, Certified Information Systems Audit (CISA), Certified Information Manager (CISM), Agile Expert Certified Credential (AEC), Scrum Master Certified Credential (SMC), Certified and Information System Control (CRISC), Certified in Governance of Enterprise IT (CGEIT)
3	**Ms. Pamela Nchimbi** (43yrs) 	Non-Executive Member.	Tanzanian	Ms. Pamela Nchimbi is seasoned expert in investment management, capital markets, securities, and fund management. She currently serves as the director of the Investment Management Department at UTT Asset Management and Investor Services. Previously, she served as a Treasury dealer for the Commercial Bank of Africa. She holds an MBA, Bachelor of Commerce (Corporate Finance), ACI dealing certificate, Fundamental Securities Certificate, Asset & Liabilities Management Certificate and Authorized dealer's Representative. She is also a top tier Chartered Financial Analyst (CFA).

4	**Mr. David Misonge Shambwe** (51YRS) 	Non-Executive Member.	Tanzanian	David Shambwe is an accomplished and results- driven Business leader with over 20 years of experience leading high-growth organisations. His career began at Kibo Breweries (Diageo Group) in 2000, where he quickly rose to territory manager. Over the years, he has taken on various significant leadership roles and capacities, including Director of Retail Banking at Commercial Bank of Africa (CBA), Director of Business Development and Treasury at National Housing Corporation (NHC), and Executive Director (Forest Development Trust). Currently serves as a consultant and Non-Executive Director of Puma Energy, Cereal and Other Produce Board (CPB) and DCB Commercial Bank PLC. Other previous assignments include as a member of the task force formulating Mortgage Financing Act 2008/2009 regulations, Contributor and presenter of a paper on the potential of the Housing and mortgage industry in Tanzania at the Conference of Financial Institutions (COFI), Arusha 2008 organised by Central Bank of Tanzania and a Member of the Country Technical Team – Second Generation Financial Sector reforms. He holds a Bachelor of Commercial in Marketing from the University of Dar es Salaam and The ACI dealing Certificate ACI-Financial Markets Associations (Oct-2005)

5	**Mr. Cliff Maregeli** (44yrs) 	Non-Executive Member.	Tanzanian	Mr. Cliff Maregeli is a highly skilled and experienced professional in the field of communication technology, IT systems, and digital information security. He currently serves as the director of ICT for TANESCO where he demonstrated exceptional leadership and expertise in managing complex IT systems and ensuring the security of digital information. He has a Master of Science degree in Computer Engineering from TU Delft University in the Netherlands, as well as a Bachelor of Science in Computer Engineering and Information Technology from the University of Dar es Salaam. Additionally, he is a certified project management professional (PMP) from the Project Management Institute (PMI).
6	**Dr Amina Baamary** (48yrs) 	Non-Executive Member	Tanzanian	Dr. Amina Baamary is a highly skilled and experienced professional in the field of business, specializing in loans for entrepreneurs and self-development groups. She has a strong focus on Small Group Credit Management and Small and Medium Business Development. She currently serves as a Lecturer at the University of Dar es Salaam Business School (UDBS). Dr. Baamary holds a PhD in Business Management with a specialization in small group Credit Management and Entrepreneur Development from the University of Dar es Salaam/Copenhagen Business School. She also possesses a Masters Degree in Business Administration in Finance from the University of Dar es Salaam, a Bachelors Degree in Commerce majoring in corporate finance from the same institution, and a Diploma in Accounting from the College of Business Education.

7	**Prof. (Emeritus) Tadeo Andrew Satta** (63yrs) 	Non-Executive Member.	Tanzanian	Prof. Satta has done several consultancy assignments for different government ministries and institutions, financial and banking institutions, local and international organisation. Currently, he is the director for the Bank of Tanzania Academy Advisory Board. He established the Centre for Advanced Studies in Corporate Governance, Entrepreneurship and Finance (CASCEF) in 2006 and held the position of founding Director until October 2010 He holds a Ph.D. in Development Finance from the University of Manchester in the UK. Prof. Satta's Ph.D. work covered Financing Micro and Small-scale Enterprises in Tanzania. He also holds an MBA in Financial Management with Distinction from the University of Hull in the UK. Further, he holds Post Graduate Diploma in Financial Management and Advanced Diploma in Banking from the Institute of Finance Management. His main research and consulting interests are on Finance and Development; Digital Technologies and Financial Services; International Trade Finance; Risk Management and Business Continuity; and Governance and Leadership.
8	**Ms Hanifa Hamza** (41yrs) 	Non-Executive Director	Tanzanian	Ms. Hanifa Hamza is a highly skilled and experienced professional in the fields of business, administration and leadership. She currently serves as the Municipal Director for Kinondoni Municipal Council. She joined the Board of Directors of DCB Commercial Bank Plc in May 2022. She is representing the Kinondoni Municipal Council on the Board of Directors where she has demonstrated exceptional leadership and management skills. She holds a Master's Degree in International Business Management, a Bachelor's Degree in Business Management, a Diploma in Sales, and a Certificate in Insurance Skills.

9	**Mr Sabasaba Moshingi** (54yrs) 	Executive Director (Managing Director)	Tanzanian	Mr. Sabasaba Moshingi was appointed by the Board of Directors of DCB Commercial Bank PLC as the Managing Director and joined the bank in November 2023. Prior to joining DCB Commercial Bank, Mr. Moshingi was the Chief Executive Officer for Tanzania Commercial Bank PLC for 12 years. During his tenor as a CEO, Tanzania Commercial Bank was transformed from a small bank with a total asset of TZS 121 billion to TZS 1.4 trillion, making it one of the largest bank in Tanzania. Prior to joining TCB, Mr. Moshingi was Regional Head of Consumer Banking Operational Risk and Sales Governance for Standard Chartered Bank from 2007 in Northern Gulf, Levant and Oman (the Region was made up of 5 countries namely, Jordan, Lebanon, Qatar, Oman and Bahrain)-based in the Kingdom of Bahrain. Mr. Moshingi, a seasoned banker is also a Board Member and Chairman of Tigopesa Tanzania, Board member of the World Savings and Retail Banking Institute (WSBI Headquartered in Brussels, Belgium), Governing Council Member and Chairman pf the Education Committee of the Tanzania Institute of Bankers, Board Member and Chairman of UmojaSwitch Company Limited, Board Member and Chairman of UBX Tanzania Limited, Board Member of TMRC and a Fellow of US Based Eisenhower Fellowship. Mr. Moshingi is a certified banker with a Master of Business Administration degree (Finance) from the University of Dar-es-Salaam.

4.6 Executive Management Team

Currently the Management team consists of the Chief Executive Officer, Director Legal Affairs & Company Secretary, Director of Finance, Director, Human Resources, Director Risk and Compliance, Director Credit Risk, Director of Retail Banking and Director Operations & Tech.

	NAME, TITLE AND COUNTRY OF RESIDENCE	ACADEMIC QUALIFICATION AND WORK EXPERIENCE
1	**Mr. Sabasaba Moshingi** Managing Director Tanzanian (54yrs) 	See Directors Profile.
2	**Ms. Regina Mduma Director,** Legal Affairs & company Secretary Tanzanian (44yrs) 	Regina Mduma is a seasoned legal professional with nineteen (19) years of experience in law. She is an expert in corporate governance, banking and finance law, international trade law, insurance law, international contracts and arbitration. With a Master's in Law (LLM) in Import and Export Law (International Trade Law) from North-West University Potchefstroom Campus in South Africa, and a Bachelor of Laws (LLB) from the National University of Lesotho, Regina was admitted to practice as an Advocate and Attorney in three different jurisdictions (United Republic of Tanzania, The Kingdom of Lesotho and The Republic of Botswana). This enabled Regina to earn skills in both English Common Law and Roman Dutch Law legal systems. In addition to her good credentials, Ms. Mduma holds certificates in both short-term (General Insurance) and long-term insurance (Life Insurance) from the South Africa Institute of Insurance (IISA) and Botswana Accountancy Collage respectively. She has also been certified as a Company Secretary and a Director by the Institute of Directors in Tanzania (IoDT). Regina is a member of the Tanganyika Law Society and the East African Law Society. She is also a non-practice member of the Lesotho Law Society and Botswana Law Society.
3	**Mr. Siriaki Surumbu** Ag. Director of Finance Tanzanian (37yrs) 	Mr. Siriaki is a seasoned banker with over 13 years of experience in the banking sector, he currently serves as the Acting Chief Finance Officer at DCB Commercial Bank PLC. Throughout his career at DCB, he has held key roles, including Finance Manager and Manager of Business Performance and Analytics. His expertise in financial reporting, business strategy, and balance sheet management has been pivotal to the bank's operational efficiency and strategic planning. He holds a Bachelor's Degree in Commerce with a focus on Accounting from the University of Dar es Salaam and is a Certified Public Accountant (CPA) accredited by the National Board of Accountants and Auditors (NBAA).

4 **Ms. Msingo Mkanzabi Director,**

Human Resources

Tanzanian (44 yrs)

Msingo Mkanzabi is the Director Human Resources at DCB. She is responsible for developing and executing human resource and procurement strategy in support of the overall bank's and strategic plan. Specifically, she oversees succession planning, talent management, change management, organizational and performance management, training and development, compensation, vendor management, supplies and office administration.

Msingo holds an Honours Degree in Industrial and Organisational Psychology from the University of South Africa. She also holds a Bachelor of Social Sciences Degree in Industrial, Organisational and Labour Studies, from University of Cape Town. She has over 17 years of experience providing human capital advisory services in various sectors in East Africa. She worked as a Manager for Deloitte Consulting Limited before joining DCB.

5 **Mr. Emmanuel Yakobo Mushi**

Acting Director, Risk and Compliance

Tanzanian (41Yrs)

Emmanuel is a banking professional with over 14 years of experience and currently serves as the Acting Director of Risk and Compliance. In this role, he is responsible for developing and implementing the bank's overall risk strategy, as well as managing compliance, credit, operations, and market risk to ensure alignment with the bank's business goals.

Prior to this, Emmanuel held key roles within DCB, including Senior Risk and Compliance Officer and Finance Officer. He has also worked as a Finance Officer at International Commercial Bank (T) LTD and began his career as a Finance Officer Trainee at Tanzania Investment Bank (TIB) Limited.

Emmanuel holds an Advanced Diploma in Accountancy from the Tanzania Institute of Accountancy and a Professional Certificate in Network Administration from the University of Dar es Salaam Computer Centre. He is currently pursuing a Master of Science in Finance and Investment at the Institute of Finance Management.

6 **Mr. Deusdedith Thadei**

Director, Credit Risk

Tanzanian (37 Yrs)

Deogratius Thadei is a qualified accountant with over 9 years of experience in auditing, accounting, and finance. He has worked with Deloitte & Touche and First National Bank Tanzania. Deogratius has a strong background in finance, including budgeting, forecasting, procurement, cash flow management, and knowledge of Tanzanian tax matters. He is an excellent leader with a track record of improving financial management and reporting, streamlining operations and processes, and enhancing internal controls.

Deogratius holds an Authorized Certified Public Accountant (ACPA- T) certification from the National Board of Accountants and Auditors Tanzania, and a Bachelor of Business Accounting and Finance from Mzumbe University. He is a member of the Association of Certified Chartered Accountants (ACCA - UK) and the Institute of Internal Auditors Tanzania.

His employment record includes working as an Internal Audit Manager at First National Bank Tanzania and various roles at Deloitte & Touche Tanzania, including Audit Associate, Audit Senior Associate, and Audit Senior. Deogratius has experience in managing audit engagement teams, evaluating internal controls, reviewing financial statements, and ensuring compliance with laws and regulations

7 **Mr. Ramadhan Mganga**

Director of Retail Banking
Tanzanian (45 Yrs)

Mr. Ramadhan Mganga joined DCB Commercial Bank as Director of Retail Banking in July 2024, responsible for driving retail business operations and the bank's strategy to deliver sustainable business growth.

Prior to joining DCB he has worked with Tanzania Commercial Bank (TCB) as Chief Manager Microfinance, and with Tanzania Postal Bank as Senior Manager Retail.

He holds a Master's Degree in Business Administration- Corporate Management from Mzumbe University, and a Bachelor of

Science in Forestry from Sokoine University of Agriculture (SUA). He also holds a Microfinance certificate offered by Global Development learning Tokyo Japan and is a recognized expert and fully certified trainer of the Micro finance.

8 **Mr. Leonard Emmanuel Katamba**

Director Operations & Tech

Tanzanian (42 Yrs)

Mr. Katamba joined DCB in 2024 as the Director of Operations & Technology, with 16 years of progressive experience and having a reputation for developing and executing holistic strategies that merge technology innovation with operational efficiency to drive digital transformative changes.

Prior to Joining DCB he worked with Tanzania Commercial Bank (TCB) and CBA Bank (now NCBA) where he has a proven track record on cross-functional leadership and partnership collaborations on driving Innovation and digital banking transformations.

He holds a degree graduate in Computer Science from the University of Dar es Salaam with additional training skills on leadership, partnership, process automations, projects management, digital products management, and operational excellence.

Mr. Emmanuel O. Barenga

Director, Internal Audit

Tanzanian (34 Yrs

Emmanuel Barenga is a versatile professional with proven success in leading internal audit and advisory assignments, with a strong track record of driving operational excellence. Adept at steering cross-functional teams, mentoring emerging talent, and fostering a culture of continuous improvement and innovation.

Before joining DCB Commercial Bank, He worked with Deloitte East Africa within the Risk advisory service line and Golden Land Group (Currently China-Dasheng Commercial Bank) as a graduate management trainee based in Nanjin China.

He holds Master's Degree in Finance and Investment from the Institute of Finance Management, Bachelor degree on actuarial science, Postgraduate diploma in scientific computing (Artificial intelligence and machine learning) both from the University of Dar es salaam, Certified Public Accountant (CPA-T), Certified Information System Auditor (CISA) and Certified in Risk and Information System Control (CRISC) and Certified Information Security Manager both from ISACA and Certificate in Commercial Banking Credit Analysis issues by the Corporate Finance Institute.

5. RISK FACTORS

Any investment venture is always associated with risks. Risks are important for investors to know, especially the shareholders of DCB who shall participate in this Rights issue. Risks can affect the Company's operations and lead losses, if not carefully identified, monitored, managed, and mitigated. It is emphasized that prices of shares and other securities on the stock exchanges may go up or down and there is no guarantee that previous good performance by any or all shares will necessarily repeat itself in the future. Prospective investors should carefully consider the risks described below, along with all the information contained in this Prospectus, before making any investment decision; additional risks and uncertainties not presently known or deemed immaterial could also impair the bank's operations and financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. As part of its governance structure, the Board of Directors has established a Board Audit, Risk and Compliance Committee (BARCC) to assist it in identifying, measuring, controlling (setting risk mitigations) and monitoring of risks. The Board of Directors accepts ultimate responsibility for the risk management and internal control function.

5.1 Risk Related to the Issuer

The bank by virtue of the nature of its business and operations is exposed to the following risks from its business operations and use of financial instruments. The bank's risk management framework is designed to identify, evaluate, mitigate, and monitor these risks to ensure financial stability, compliance with regulatory requirements, and the safeguarding of shareholder value. The key risks that the bank faces are outlined below:

5.1.1 Financial Risks

Financial risks include liquidity and credit risks. The bank's overall risk management involves identifying these risks early, mitigating their impact and monitoring such risks continuously to ensure that the bank can meet its obligations and achieve its strategic objective. The key financial risks are outlined below:

- **Liquidity Risk**

  Liquidity risk is the risk that the bank will not have sufficient funds to meet its financial obligations. A failure to maintain adequate liquidity could impair the bank's ability to support ongoing operations, repay debt, and comply with regulatory liquidity requirements, potentially leading to operational disruptions and loss of market confidence.

- **Risk Mitigation**

  The bank manages liquidity risk through an ongoing review of its liquidity position and of future commitments and credit facilities.

  Moreover, the bank performs estimates of the cash flows with a gauge of the forecast, conducts stress tests and scenario analysis to assess its ability to meet obligations under adverse conditions.

- **Credit Risk**

  Credit risk is the risk of financial loss arising from a counterparty's failure to meet its contractual obligations. This risk is inherent in the bank's lending activities, investment portfolios, and other financial transactions.

- **Risk Mitigation**

  The bank employs a robust credit risk management framework that includes thorough credit assessments, setting appropriate credit limits, and ongoing monitoring of credit exposures and diversifying its credit portfolio across sectors, and counterparty types to reduce concentration risk.

5.1.2 Operational Risks

The bank is exposed to operational risks that may arise from inadequate or failed internal processes, people, systems, or external events. This risk includes fraud, cybersecurity threats, and operational disruptions.

Risk Mitigation

Risk management policies and systems are reviewed regularly to ensure all controls remain adequate in minimizing inherent operational risk. Regular training and awareness programs are conducted to ensure that employees understand the operational risk framework and comply with relevant policies and incident management and business continuity plans in place.

5.1.3 Compliance Risk

This risk exposes the company to fines, regulatory sanctions, civil money penalties, payment of damages, and the voiding of contracts. It is the current and prospective risk to earnings or capital arising from violations of, or non-compliance with, laws, regulations, internal policies and procedures, or ethical standards. This risk is particularly significant in the banking sector, where the regulatory environment is complex and continuously evolving.

Risk Mitigation

The company has set policies governing the detection, prevention, monitoring, and reporting of compliance risk for both regulatory and internal controls. A comprehensive compliance management framework is in place, which includes regular monitoring and review of regulatory changes, staff training programs, and regular compliance audits and risk assessments to identify potential areas of non-compliance and takes corrective action promptly.

5.1.4 Strategic Risk

Strategic risks are those risks that arise from formulation of strategic plans, business plans and implementation of plans that are inappropriate and inconsistent with internal factors and the external environment which may in turn affect earnings, capital, or viability of the business.

Risk Mitigation

To avert strategic risks, the Board of Directors and Senior management carefully formulates strategic and business plans, supportive to corporate governance, in addition to putting in place internal infrastructure appropriate for implementation of the strategic plan.

5.1.5 Reputational Risk

Reputational risk is the potential that negative publicity regarding the company's business practices, whether true or false, will may cause loss of customer confidence, decline in its share price, or cause costly litigations. This risk may result from a company's failure to effectively manage any or all the other risk types.

Risk Mitigation

The ultimate accountability for reputational risk management rests with the Board. The Board of Directors explicitly addresses reputational risk as distinct and controllable risk to company's safety and soundness through a versatile risk management framework for reputational risk.

5.2 Risks Related to the Market

Market risk is the risk of losses arising from movements in market prices, including interest rates, foreign exchange rates, and equity prices. Market risk affects the bank's earnings and capital, primarily through its lending, investment, and trading activities.

5.2.1 Interest rate Risk

Interest rate risk is the risk that fluctuations in interest rates will negatively affect the bank's financial performance. This risk arises from the mismatch in the maturity and re-pricing of the bank's assets and liabilities, which can lead to reduced net interest margins, changes in the value of interest-sensitive assets, and potential impacts on earnings and capital.

Risk Mitigation

To mitigate this risk, the company diversifies its investments across various securities with different maturities to minimize risks inherent in fixed income investing.

5.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk that fluctuations in foreign currency exchange rates will adversely impact on the bank's financial performance. This risk arises from the bank's exposure to foreign currency-denominated assets, liabilities, and off-balance-sheet items, as well as from its trading activities in foreign exchange markets.

Risk Mitigation

To mitigate this risk, the bank has a rigorous framework that includes monitoring and managing currency exposures daily.

5.2.3 Political Risk

Tanzania, like most developing countries, is subject to certain political, economic, and social events that may individually or collectively, create risks for investors. These risks are more difficult to predict and measure than in developed countries. However, Tanzania's political arena is safe and stable for business practice.

Risk Mitigation

To mitigate the political risk arising in Tanzania where DCB solely operates, the company does regular risk analysis through counter party brokers in the respective countries to better understand the market, local political system, and specific risks.

5.3 Risks Related to the Securities Being Issued

5.3.1 Price Volatility of Shares

The price of shares listed on the stock exchange may fluctuate from time to time due to market conditions, economic factors, or changes in investor sentiment. Past stock performance is no guarantee of future returns.

Risk Mitigation

The shareholders are advised to consult their professional investment advisors before making the decision to invest.

Additionally, shareholders are encouraged to adopt a long-term investment strategy to mitigate the impact of short-term price fluctuations and benefit from potential long-term value appreciation.

5.3.2 Dilution Risk

Existing shareholders who do not participate in the Rights Issue may experience dilution of their ownership stake as new shares are issued.

Risk Mitigation

Shareholders are encouraged to participate in the rights issue to avoid being diluted.

6. STATUTORY AND GENERAL INFORMATION

6.1. Incorporation Details

The Bank was incorporated on 6th September 2001 with the number of incorporation 42094, under the Companies Ordinance, Cap 212 (later repealed by the Companies Act No 12 of 2002) and is listed at the Dar es Salaam Stock Exchange. The Bank of Tanzania provided license under the Banking and Financial Institutions Act No. 5 of 2006.

6.2. Registered office of the Company

The registered office of the company is located in DCB House, Magomeni Mwembechai, Morogoro Road, Dar es Salaam and its postal address is P.O Box 19798, Dar es Salaam.

6.3. Authorized and Issued Share Capital

The authorized share capital of the Issuer as of 31st December 2023 was TZS 100,000,000,000.00 divided into 400,000,000 ordinary shares at a par value of TZS 250.

The issued and fully paid-up share capital of the Issuer as of 31st December 2023 was TZS 24,411,725,750 divided into 97,646,913 ordinary shares of TZS 250 each. The holders of ordinary shares are entitled to receive dividends declared from time to time.

6.4. Dividend Policy

Declaration of dividend is subject to regulatory requirements and Directors' recommendation as well as approval by the Annual General Meeting and the state of the Company's financial position.

ENDOXA

7. LEGAL OPINION

Private and Confidential

Managing Director
DCB Commercial Bank Plc
DCB House
Magomeni Mwembechai
Plot No.183, Block R
P. O. Box 19798, Dar Es Salaam
Tanzania
(as the Company)

Our Ref: END/01/DCB/09/2024
Your Ref: N/A
Date: 24th September 2024
Dear Sir,

Re: Legal opinion in respect of the Rights Issue of DCB Commercial Bank Public Limited Company.

1. Background

1.1. We have acted as Legal Advisors to DCB Commercial Bank Public Limited Company (the Company) in relation to the right issue of 97,646,913 ordinary shares in which each share being valued at TZS 110 raising TZS 10,741,160,430 pursuant to the information supplied below (Rights Issue).

1.2. This opinion ("Opinion") is given based on the laws of Tanzania existing as the date hereof taking into account the information provided to us by the Company and an official search report obtained from the Companies Registry in respect of the Company. We are a firm of duly registered advocates practicing in Tanzania and therefore duly qualified to give this Opinion.

2. Definitions and Interpretations

2.1. Wherever used in this Opinion, unless the context otherwise requires, the following terms will have the following meaning:

2.1.1. "BOT" means the Bank of Tanzania;

2.1.2. "BRELA" means Business Registration and Licensing Agency

2.1.3. "CMS Act" means the Capital Markets and Securities Act [Cap 79 R. E. 2002];

2.1.4. "Company" means DCB Commercial Bank Public Company Limited, a limited liability company incorporated in Tanzania on 6th September 2001 with Certificate of Incorporation Number 42094 with registered office address at Plot No.183, Block R, Magomeni Mwembechai, Kinondoni, P.O. Box 19798, Dar es Salaam.

2.1.5. "Companies Act" means the Companies Act, Cap 212 as amended.

2.1.6. "Companies Registry" means the Business Registration and Licensing Agency.

2.1.7. "CMSA" means Capital Markets and Securities Authority established under the Capital Markets Act Cap 79;

2.1.8. "DSE" means Dar es Salaam Stock Exchange.

2.1.9. "Fair Competition Act" means the Fair Competition Act 2003;

2.1.10. "Tanzania Shillings or TZS" means the lawful currency of Tanzania.

2.2. Unless otherwise provided, references herein to a specified paragraph shall be construed as a reference to a specified paragraph hereof. In this Opinion, the headings are inserted for convenience of reference only and shall not be used to define, interpret or limit the content hereof; and

2.3. Terms and expressions referring to the singular are deemed to include the plural and vice-versa.

3. Sources of information, documents and the laws examined

3.1. For the purpose of this Opinion, we have examined the following documents issued to us by the Company:

3.1.1. Copy of the Certificate of Incorporation issued by the Business Registration and Licensing Agency ("Brela") with incorporation no. 42094

3.1.2. Copy of the Certificate on change of name from the Business Registration and Licensing Agency ("Brela") dated 20th February 2012 in respect of the change of name from the Dar Es Salaam Community Bank Plc to the DCB Commercial Bank Plc.

3.1.3. Proof of change of address dated 10th November 2021. (Brela Form 111);

3.1.4. Memorandum and Articles of Association including all amendments up to 17th June 2023. **("MEMART")**

3.1.5. Annual Returns Filed in the last 5 years from 2019 - 2023. The return date being 06th September.

3.1.6. Copies of Company's Audited Financial Accounts for the year 2021-2023. **("the Audited Financial Accounts")**

3.1.7. Copy of the search report dated 02nd September 2024 obtained from the Business Registration and Licensing Agency **("Brela Search Report")**

3.2. In addition, for the purpose of this Opinion, we have examined the following documents issued to us by the Company:

3.2.1. Copy of the resolution of the board of directors of the Company dated 12th April 2024 noting the need for capital and directing management to prepare a proposal for raising capital via a Rights Issue **("The Board of Directors Preliminary Approval Resolution")**

3.2.2. Copy of the resolution of the Board of Directors of the Company dated 29th Febuary 2024 approving inter alia the Right issue **(Board approval of the Rights Issue).**

3.2.3. Copy of the resolution of the shareholders of the Company dated 14th September 2024 approving inter alia the Right issue. **(Shareholders' approval of the Rights Issue)**

3.2.4. Copy of the DCB letter to Bank of Tanzania notifying them of the planned Rights Issue as part of DCB's capital plan dated August 2024. **(BOT notification letter).**

3.2.5. Copy of the letter from Bank of Tanzania approving the rights issuance dated 30th September 2024.

3.2.6. Copy of banking license No. CBA 00053 issued by the Bank of Tanzania **("BOT")** authorising the Company to conduct banking business dated 25 July 2012 **(the "BOT License")**

3.2.7. Copy of the letter from the Bank of Tanzania **("BOT")** approving the Company to conduct microfinance business dated 16 October 2001 with reference No. DBS/I.40/8.

3.2.8. The Company has been duly authorized and issued a business License B.L. No: 200000053579 by the Business Registration and Licensing Agency (BRELA) issued on 28/08/2023 and expires on 07/09/2024, to conduct banking activities. **("the Business License").**

3.2.9. Copy of the certificate of registration from Public Service Social Security Fund with registration No. 1002144 and proof of payment. **("PSSF Certificate")**

3.2.10. Copy of the certificate of registration of Factory/Workplace with registration no. 411102013 being registered on 4 October 2023. **("OSHA Certificate")**

3.2.11. Copy of the certificate of registration of an employer with Workers Compensation Fund with registration no. 004806 issued on 30 April 2016. **("WCF Certificate")**

3.2.12. Copy of Tax Identification Number certificate with registration No. 101-237-699 with effect from 2 November 2001 to be payable to large taxpayers dept at LTD Central at Magomeni Mwembe Chai. **("TIN Certificate")**

3.2.13. Copy of the Value Added Tax certificate with registration Number (VRN) 40-011553-R with effect from 19 March 2012. **("VAT Certificate")**

3.2.14. The disclosure documents from the Company disclosing, material agreements (as defined in clause 3.8 below), Insurances (as defined in clause 3.5), Ownership of vehicles and the leased properties.

3.2.15. A summary of the court cases, pleadings, claims involving the Company provided by the Company (as defined in clause 3.9 and 3.11 respectively).

3.2.16. The CFO's NPL report for the years 2021 to 2023, assets register as at the date of this Opinion and Performance Report up to 30 June 2024.

3.3. For the purpose of this Opinion, we have examined the following statutes, regulations and guidelines.

3.3.1. The Banking and Financial Institutions Act, Chapter 342 Revised Edition 2002 (as amended) (the **BAFIA);**

3.3.2. The Banking and Financial Institutions (Corporate Governance) Regulations, 2021 (as amended) **(the Corporate Governance Regulations);**

3.3.3. The Capital Markets and Securities Act, Chapter 79 Revised Edition 2002 (as amended) **(the CMSA Act)**;

3.3.4. The Capital Markets and Securities (the Capitalisation and Rights Issue) Regulations G.N. No.288 of 2000; **(the Capitalisation and Right issue Regulations);**

3.3.5. The Capital Markets and Securities (Prospectus Requirements) Regulations, (GN. No. 769 of 1997) **(the CMSA Prospectus Regulations);**

3.3.6. The Companies Act, 2002, Chapter 212 Revised Edition 2002 (as amended) **(the Companies Act);**

3.3.7. The Dar Es Salaam Stock Exchange Public Limited Company Rules, 2022. **("the DSE Rules")**

3.3.8. The Capital Markets and Securities Guidance on Corporate Governance Practices by Public Listed Companies in Tanzania, 2002

3.3.9. The Income Tax Act, Chapter 332 Revised Edition 2019. **("the Income Tax Act");**

3.3.10. The Stamp Duty Act, Chapter 189 Revised Edition 2019. **("the Stamp Duty Act")**

3.4. We have not undertaken any other searches or enquiries in respect of the matters referred to in this opinion and have not examined any other documents entered into or affecting the Company or any other person, save as stated above. Except where otherwise expressly stated herein, we have not carried out any further investigations in relation to the Company's business or the assets of the Company or any other person nor have we undertaken any independent verification of the information and documents provided to us by the Company, third parties and any other persons.

4. Opinions

4.1. Based on the information made available to us by the Company officials, as well as the Company's records listed above and considering the matters contained in the above documents and subject to, other provisions of this Opinion, we are of the following opinion. 3.2.

4.2. Corporate Standing of the Company

4.2.1. The Company is a duly registered public company limited by shares, duly incorporated in Tanzania pursuant to the provisions of the Companies Act, with powers to execute, deliver and exercise its rights and perform its obligations pursuant to this Rights Issue, and that appropriate authorisations of the Company have been duly authorised for such execution and performance.

4.2.2. The Company was incorporated on the 6 September 2001 and commenced operating as a regional microfinance business in April 2002 under the legal name of Dar Es Salaam Community Bank before being licensed as a regional commercial bank in June 2003. In July 2012 it converted into a fully-fledged commercial bank.

4.2.3. The Company has been listed on the Dar Es Salaam Stock Exchange since 2008 and is actively trading on the exchange in the main investment market segment.

4.2.4. The Company is licensed to conduct banking business in Tanzania Mainland and Zanzibar under the BAFIA and has all the requisite corporate powers to carry on the business as now conducted.

4.2.5. The Company has the corporate power to enter into contracts to which it is a party, including the Rights Issue Documents, and to perform its obligations under the Rights Issue Documents to which it is a party.

4.2.6. The Company has a corporate power to own properties and other assets in Tanzania its own name.

4.2.7. The BRELA Search Results indicates that no insolvency proceedings in force against the Company in any jurisdiction. Insolvency proceedings include liquidation, administration, administrative and reorganisation.

4.3. Company's capacity, authority and execution

4.3.1. The Articles of Association of the Company do not conflict with and shall not result in the breach of any applicable law, rule or regulation or any agreement or obligation to which the Company is a party or bound by, which would individually or in the aggregate impair the validity of the Issue or have material adverse effect on the ability of the Company to perform its obligations after the Rights Issue.

4.3.2. Subject to paragraph 6 (Assumptions), the Rights Issue complies with the Companies Act and all other laws relevant and enforceable in Tanzania at the time of giving this Opinion. Further, as at the date of this Opinion, the Rights Issue does not require any approval or registration pursuant to the provisions of the CMS Act.

4.3.3. Based upon and subject as aforesaid, and without prejudice to the generality of the matters set out in paragraph 4.3 of this Opinion, we are further of the considered opinion that:

4.3.3.1 The Company is mandated under Article 15 and 16 (1) and (2) of its Articles of Association with authority from the shareholders general meeting to increase the capital and invite the existing members to subscribe further capital in proportion, as nearly as the circumstances admit to the amount of the existing shares in which they are entitled. This is provided that the offer is accepted within the specified notice period.

4.3.3.2 Pursuant to the Shareholders' Resolution dated 18th September 2024 passed at the 22nd Annual General Meeting held on 14th September 2024, the Shareholders authorised the issuance of 97,646,913 (Ninety-Seven Million, Six Hundred Forty-Six Thousand, Nine Hundred Thirteen) ordinary shares of TZS 110/- each by way of rights to holders of ordinary shares at the Company. On the date of Rights Issue, the Rights Issue will be on the basis of one (1) new ordinary share to everyone (1) ordinary share already owned. According to the terms of the underwriting agreement, underwriters will be permitted to subscribe, at the issuance price, for issuance shares which have not been taken up by existing shareholders under the Rights Issue.

4.3.4. The Company has corporate power and authority to execute, where relevant deliver and exercise its rights under and perform its obligations pursuant to the Rights Issue and Rights Issue Documents to which it is a party and that such execution and performance have been duly authorized by appropriate corporate actions.3.4.5.

4.3.5. Subject to clause 6 (Assumptions) and Clause 5 (Qualifications) the execution and delivery by the Company of the documents to which it is a party do not, and the performance of the Company of its obligations thereinunder and the consummation of the transaction contemplated by the Company will not:

a) result in a violation of the constitutional documents of the Company; or

b) result in the violation of any law or judgment or order or rule or regulation in Tanzania or;

c) result in a breach of any provision imposing a limit on borrowing powers of the Company or;

d) result in a breach of any agreement entered by the Company.

4.3.6. The Company has taken all necessary actions to permit such execution, delivery, exercise and performance.

4.3.7. Each document has been duly executed, constitutes a legal, valid, binding and enforceable obligation under Tanzanian law.

4.3.8. Other than filings and registration of the documents with the CMSA and DSE, and for stamping, there are no mandatory requirements under the laws of Tanzania for filing and registration of the documents.

4.4. The shareholding structure and rights of shareholders of the Company

4.4.1. The BRELA Search Report indicates an authorised nominal share capital of the Company of Tanzanian Shillings one hundred billion (TZS 100,000,000,000) divided into four hundred million (400,000,000) ordinary shares of Tanzanian Shillings two hundred and fifty (TZS 250) each.

4.4.2. The audited financial statements for the year ending 31 December 2023 indicate that 97,646,913 ordinary shares have been called up and fully paid.

4.4.3. The majority shareholding reflected in the BRELA Search Report as at 3 September 2024 is as follows:

Name	No of Shares	% Holding
UTT-ASSET MANAGEMENT AND INVESTOR SERVICES PLC	23,211,479	23.77
DAR ES SALAAM CITY COUNCIL	10,228,320	10.47
ILALA MUNICIPAL COUNCIL	7,866,859	8.06
NATIONAL HEALTH INSURANCE FUND	6,000,000	6.14
KINONDONI MUNICIPAL COUNCIL	5,625,019	5.76
TEMEKE MUNICIPAL COUNCIL	3,422,252	3.50
UBUNGO MUNICIPAL COUNCIL	2,877,367	2.95
KIGAMBONI MUNICIPAL COUNCIL	2,281,502	2.34
GENERAL PUBLIC	36,134,115	37
Total share capital	97,646,913	100

There are discrepancies between the shareholding structure appearing in the Audited Financial Statement for the year ending 31 December 2023 and the Brela Search Report. The Company has filed a return showing the change of particulars at BRELA in September 2024 which when accepted will regularise the anomalies. As shareholders of a listed company trade their shares at the exchange freely, officials of the Company are constantly in the process of updating the records at BRELA.

4.4.4. Based upon and subject as aforethought, the existing capital of the Company is in conformity with Tanzanian law and has received all necessary authorisations.

4.4.5. That further, holders of the Rights Shares will have the same rights as the holders of existing shares including the right to attend the annual general meeting (Article 18), rights to vote in general meetings on the basis of one member one vote (Article 35) and the right to vote on the appointment and removal of directors at the annual general meeting (Article 48(6). Subject an alternative shareholding qualification for directors is fixed at the annual general meeting, no person shall be appointed as a director unless they own one (1) equity share in the Company (Article 51). Not withholding anything in the Articles of Association of the Company, a director cannot vote in a matter or contract in which he has a direct or indirect personal interest (Article 51(4)).

4.5. Board of Directors

4.5.1. Based on the BRELA Search Report, the current Board of Directors of the Company are as follows:

Name	Position	Nationality
Zawadi Jafet Nanyaro	Chairperson/Non-Executive Director	Tanzanian
Pamela Francis Nchimbi	Non-Executive Director	Tanzanian
Cliff Nyangas Maregeli	Non-Executive Director	Tanzanian
Alexander Maleck Sanga	Non-Executive Director	Tanzanian
Dr Amina Abdul Baamary	Non-Executive Director	Tanzanian
David Misonge Shambwe	Non-Executive Director	Tanzanian
Hanifa Suleiman Hamza	Non-Executive Director	Tanzanian
Prof Tadeo Andrew Satta	Non-Executive Director	Tanzanian
Sabasaba Kitewite Moshingi	Executive Director	Tanzanian

4.6. The Licenses, consents and approvals

4.6.1. The Company holds and all material licenses, approvals and consents required to perform its business including but not limited to:

4.6.1.1. a banking license issued by the Bank of Tanzania

4.6.1.2. business licenses for its head offices and branches issued by BRELA.

4.6.1.3. Certificate of registration for the Tax Identification Number (TIN)

4.6.1.4. Certificate of registration of Value Added Tax (VAT).

4.6.1.5. Certificate of Registration with the Public Service Social Security Fund (PSSSF)

4.6.1.6. diverse other licenses.

4.6.2. All the licenses, approvals and consents that were reviewed remain valid as at the date of this Opinion.

4.6.3. Save for the aforesaid and the letters of approval from the CMSA and DSE and, if applicable, the FCC, which will be obtained after the date of this Opinion, all authorizations, approvals, consents, licenses, exemptions, filings or registrations with government authority or authorities in Tanzania required in connection with the Rights Issue, have been obtained, are proper form and in full force and effect.

4.7. Property, Land and Assets

4.7.1. We confirm as of the date of this Opinion the Company does not own any real property.

4.7.2 .We confirm that as of the date of this Opinion, the Company validly and legally leases as a tenant, the leased properties listed in Part I of Schedule 2 (List of properties leased by the Company as a tenant) of this Opinion.

4.7.3. We confirm that as of the date of this opinion, the Company validly and legally owns a total of 8 vehicles as listed in Part II of Schedule 2 (List of Vehicles) of this Opinion.

4.7.4. We confirm that the register reviewed reveal that the Company has a proper management of the assets and can be assessed once it is required to do so.

4.8. Material Contracts.

4.8.1 .To the best of our knowledge and having relied on the information provided to us by the Company, we have reviewed the material contracts that includes IT Technical services agreement, management agreement, risk and sub participation agreements as clearly listed in Part I Schedule 1 (Material Agreements)] of this Opinion.

4.8.2. To the best of our knowledge and having relied on the information provided to us by the Company, as of the date of this Opinion, the Company has not breached any material obligations in the material agreements that are disclosed in Schedule 1 (Material Agreements and Insurances) of this Opinion.

4.8.3. We have reviewed the material insurance owned by the Company including but not limited to the Bankers Blanket Bond and such other insurances as listed in, Schedule 1 (Material Agreements and insurance) of this Opinion and indicated the validity of the same.

4.9. Material Litigations

4.9.1. To the best of our knowledge, information and beliefs and having relied on the information provided to us by the Company, the Company's directors are not involved in any material litigations, prosecutions or other civil or criminal legal action.

4.9.2 .To the best of our knowledge, information and beliefs and having relied on the information provided to us by the Company, the Company is involved in material litigation of civil in nature, where the Company was sued as listed in Part I Schedule 2 (Material Litigation) of this Opinion and where the Company was suing as listed in Part II Schedule 2 (Material Litigations) of this Opinion.

4.10. Regulatory Matters

4.10.1. Based on the information provided by officials of the Company, the Company's management has plans in place to regularize the breach minimum capital adequacy ratios of the Company.

4.10.2. Based on the information provided by the Company's officials, the Company is in the process of registering as a data controller and data processor at the Personal Data Protection Commission whose deadline is 30 September 2024.

4.10.3. As at the date of this Opinion, the Company had no trade or service mark registered in its name and the brand and log remains unprotected.

4.11. Immunity

4.11.1 .In any proceedings relating to the documents to which the Company is a party, the Company is not entitled to claim for itself or for its properties, immunity or protection from suit, attachment, execution or other legal proceedings

4.12. Tax Payable

4.12.1. Stamp duty is payable in Tanzania on documents relating to property and other matters in accordance with the Stamp Duty Act. Failure to stamp a document which is liable to stamping within 30 days from the date of execution will result in the document not being admitted as evidence in court of law.

4.12.2. Withholding Tax charged on dividends payments made by corporations listed in the Dar es salaam Stock Exchange is 5 % for non-residents. Likewise for dividend payments made by resident corporation to another resident corporation where the corporation receiving the dividend holds 25% or more of the shares it will be charged 5%.

4.12.3. Shares or securities held in a resident entity will be charged 10% for residents as gains and realization of an asset.

4.12.4. Exemption on realization of Investment assets: This is applicable for DSE shares held by a person with shareholding less than 25%.

5. Qualifications

5.1. This opinion is subject to the following qualifications.

5.1.1. This Opinion is given in accordance with Tanzanian laws. We offer no opinion in relation to laws of other jurisdictions.

5.1.2. This opinion and any non-contractual obligations connected with it are governed by Tanzanian laws and are subject to the exclusive jurisdiction of Tanzanian courts.

5.1.3. This opinion is given only in relation to Tanzanian laws as it is understood at the date of this opinion.

5.1.4. We have no duty to keep you informed of subsequent developments which might affect this Opinion.

5.1.5. If a question arises in relation to a cross-border transaction, it may not be the Tanzanian courts which decide that question and Tanzanian law may not be used to settle it.

5.1.6. We express no opinion on, and have taken no account of, the laws of any jurisdiction other than Tanzania. In particular, we express no opinion on the effect of documents governed by laws other than Tanzanian laws.

5.1.7. We express no opinion on matters of fact.

5.1.8. The Brela Search Reports is not conclusive evidence of the shareholding structure of the Company of a publicly traded company. For instance, BRELA is reliant on third parties to provide them information and there will be a time-lag between an occurrence of a share purchase and its filing at BRELA. Shareholders can also trade their shares at the exchange freely, meaning officials of the Company are constantly in the process of updating the records at BRELA.

5.1.9. The BRELA Search Report may be unreliable. In particular, it is not conclusively capable of disclosing whether or not insolvency proceedings have been commenced in Tanzania, and it does not indicate if insolvency proceedings have begun elsewhere. The BRELA Search Report are not conclusively capable of revealing whether or not:

a) A winding up order has been made or a resolution passed for winding up; or

b) An administration order has been made; or

c) A receiver, administrative receiver, administrator or liquidator has been appointed.

since notice of these matters may not be fille with BRELA immediately and, when filled, may not be entered on the public file of the Borrower immediately. In addition, the Brela Search Report are not capable of revealing, prior to making of the relevant order, whether or not a winding up petition or a petition for an administration order has been presented.

6. Assumptions

6.1. This opinion is subject to the following assumptions.

6.1.1. In relation to each the Documents, each person which is expressed to be party save for the Company:

6.1.2. is duly incorporated and is validly existing;

6.1.3. has the capacity to execute each Document to which it is expressed to be a party and to perform the obligations it is expressed to assume under it;

6.1.4. has taken all necessary corporate action to authorise it to execute each Document to which it is expressed to be a party and to perform the obligations it is expressed to assume under it; and

6.1.5. has duly executed and delivered each Document to which it is expressed to be a party in good faith and in belief that the same would benefit such party.

6.2. All signatures on the Documents are genuine.

6.3. There have been no variation, waiver or discharge of any of the provisions of the Documents.

6.4. Nothing in the Documents, contravenes or could result in contravention of any obligation of any of the parties.

6.5. All Documents submitted to us are copies are true and complete copies of the originals thereof.

6.6. None of the Documents are (wholly or in part) void, voidable, unenforceable, ineffective or otherwise capable of being affected because of any vitiating matter (such as mistake, misrepresentation, duress, undue influence, fraud, breach of directors' duties, illegality or public policy) that is not clear from the terms of the English Documents.

6.7. Each party which is a company is solvent both on a balance sheet and on a cash-flow basis and will remain so immediately after the Right Issue has been completed.

6.8. That all information contained in the Prospectus and all information in respect of the Company and its affiliates and subsidiaries supplied to us by the Company, its officers and advisers is true, accurate and is up to date as of the date hereof.

6.9. That all material statement of fact, opinions and views expressed to us by and on behalf of the Company and all advisors or their respective shareholders, directors, officers and agents, were honestly held by them and all statement of facts were made and continue to be true, accurate and not misleading.

6.10. There are no other facts relevant to this opinion that do not appear from the Issue Documents

7. Consents

7.1. We confirm that we have given, and as at the date of issue of the Prospectus, have not withdrawn our consent to the issue and to the inclusion of our legal opinion therein.

8. Governing Law

8.1. The Opinion is given in accordance with Tanzanian law. We offer no opinion in relation to laws of other jurisdictions.

8.2. This opinion and any non-contractual obligations connected with it are governed by Tanzanian law and are subject to the exclusive jurisdiction of Tanzanian courts.

8.3. This opinion is given only in relation to Tanzanian law as it is understood at the date of this opinion.

8.4. We have no duty to keep you informed of subsequent developments which might affect this Opinion.

8.5. We express no opinion on, and have taken no account of, the laws of any jurisdiction other than Tanzania. In particular, we express no opinion on the effect of documents governed by laws other than Tanzanian law.

8.6. We express no opinion on matters of fact.

Yours Faithfully

Doxa Mbapila

For Endoxa Law

SCHEDULE 1- MATERIAL AGREEMENTS AND INSURANCES

S/N	Document Name
1.	Service Level Agreement to provide Electronic Funds Transfer Switching Services and Leasing of Automated Teller Machines (EFT Switch Agreement) between Business Connexion Tanzania Limited and Azania Commercial Bank, Azania Bank, Dar Es Salaam Community Bank, Tanzania Investment Bank, BOA Bank (Tanzania) Limited and Twiga Bancorp dated 7th August 2008.
2.	Agreement for the provision of Software License and Services Agreement for the business of retail and corporate banking services between DCB Commercial Bank Plc Bank and Virtual Galaxy Infotech Private Limited dated 21st August 2020.
3.	Agreement for the provision of connectivity and support by DCB Commercial Bank and UBX (TANZANIA) LIMITED dated 1st March 2024.
4.	Agreement for the exchange online and active directory services by DCB Commercial Bank and IVO Solutions Limited dated 6th June 2024.
5.	Agreement for the provision for the provision of VPN data service and other network services by DCB Commercial Bank Plc PLC and NET Solutions Limited dated 8th March 2024.
6.	Maintenance Services Agreement by DCB Commercial Bank Plc PLC and Gemin Investment Co. Ltd dated 1st February 2024.
7.	Agreement for licensing software and service agreement (Core Banking System Agreement) by DCB Commercial Bank Plc Plc Bank and Virtual Galaxy Infotech Private Limited dated 28th.May 2016.
8.	Agreement for the provision of online cash collection services by DCB Commercial Bank Plc PLC and UTT Asset Management and Investors Services PLC dated 15th November 2023
9.	Agreement for provision of local bulk messaging to customers by DCB Commercial Bank Plc PLC and Selcom Paytech Limited dated 27th May 2020.
10.	Agreement for annual maintenance through SWIFT/RGTS straight through Processing System (estp) Software Annual License Contract by DCB Commercial Bank Plc Plc and Ecletics International Limited dated 1st January 2023
11.	Line Credit Agreement between African Development Bank and CRDB Bank PLC signed on 27th July 2022
12.	A membership agreement to provide electronic transaction processing Banking services through Umojaswitch between Dar es salaam Commercial Bank Plc and Umojaswitch company Ltd dated 23rd November 2022
13.	The bill service agreement where SELCOM agree with Bank to share the rebate generated from the Bill payment services. (For three year) between Selcom Paytech limited and DCB dated 22nd August 2023
14.	Umojaswitch company limited (USC) and DCB Commercial Bank Plc being an agreement ATM rental agreement for 60 months dated 27 April 2021
15.	Maintenance agreement for E- Banker Core Banking software between Virtual galax infotech private limited and DCB dated 28 May 2016
16.	Facility agreement entered between DCB Commercial Bank as borrower and National Bank of Commerce as lender for the sum of TZS 20,000,000,000/= (Twenty Billion Shillings) with a tenor of 36 months dated 21 February 2024
17.	The loan facility agreement dated 8th April 2022 entered by between Tanzania Mortgage Refinance Company Limited and DCB Commercial Bank Plc for the sum of TZS 4,000,000,000 (Four Billion Shillings) with maturity date of 11th April 2024 which is in the process of being renewed.
18.	The loan facility agreement dated 8th October 2019 entered by between Tanzania Mortgage Refinance Company Limited and DCB Commercial Bank Plc for the sum of TZS 2,000,000,000/- (Two Billion Shillings) with maturity date of 15th July 2024 which is in the process of being renewed.

19.	The loan facility agreement dated 21st June 2019 entered by between Tanzania Mortgage Refinance Company Limited and DCB Commercial Bank Plc for the sum of TZS 1,500,000,000/- (One Billion Five Hundred Million Shillings). The facility was renewed for another five-year tenor on the 31st January 2023.
20.	Loan facility agreement dated 31st March 2016 entered by Bank of Tanzania as lender and DCB Commercial Bank Plc as Borrower for the sum of TZS 2,000,000,000/= (Two Billion Shillings) expiring on 29th July 2024. This facility is in the process of being renewed.
21.	Loan facility agreement dated 31st July 2015 entered by Bank of Tanzania as lender and DCB Commercial Bank as Borrower of the sum of TZs 1,000,000,000/= (One Billion Shillings) and expired on 30th July 2024. The facility is in the process of being renewed.
22.	Bankers blanket bond, electronic computer and bankers' professional indemnity insurance with policy No DSM/PLIB/POL/0288681 between DCB commercial bank PLC and Britam insurance (Tanzania) limited commence on 01st May 2024, due date on 30th April 2025 for the amount of USD 79,215/=
23.	Electronic equipment insurance with policy No DSM/ELOP/POL/0265089 between DCB commercial bank PLC and Britam insurance (Tanzania) limited with its agent Aris Risk &insurance solutions limited, commence on 01st May 2024, due date on 30th April 2025, for the amount of TZS 4,041,957.84/=.
24.	Public liability with policy No. DSM/PLIB/POL/0343581 between DCB commercial bank PLC and Britam insurance (Tanzania) limited commence on 01st May 2024, due date on 30th April 2025 for the amount of TZS 500,000/=
25.	Fire insurance with policy No DSM/BPR/POL/0265087 between DCB commercial bank PLC and Britam insurance (Tanzania) limited with its agent named Aris Risk &insurance solutions limited commence on 01st May 2024, due date on 30th April 2025 for the amount of TZS 5,135,858.55/=.

SCHEDULE 2: LIST OF PROPERTIES AND VEHICLES

PART I: LIST OF PROPERTIES LEASED BY THE COMPANY AS A TENANT

S/N	DCB Commercial Bank Plc	Location and Description of the Leased Property	Commencement Date of Tenancy	Expiry Date
1.	DCB Commercial Bank Plc	Magomeni	1st October 2014	Renewed yearly
2	DCB Commercial Bank Plc	Temeke	31st August 2017	1st July 2027
3.	DCB Commercial Bank Plc	Plot No: 182&183 Block: R CT No: 81866 Magomeni area with Kinondoni municipality	1st Jan 2011	31st March 2050
4.	DCB Commercial Bank Plc	Plot No:38 South Ursino, Ali Hassan Mwinyi Road, Kinondoni Municipality- Dar es salaam	1st Dec 2020	NIL
5.	DCB Commercial Bank Plc	Plot :1465 & 1467 Block: c CT. No: 41836 Ukonga Stakishari area.	24th Nov 2021	24th Nov 2024
6.	DCB Commercial Bank Plc	Plot No 4& 5 Block W Uhindini Dodoma City CT No.	1st Sept 2022	31st August 2025
7.	DCB Commercial Bank Plc	Plot. 1 Block V CT,No 96400 Buyuni area, Ilala municipality.	1st November 2023	31st October 2025
8.	DCB Commercial Bank Plc	Plot No 9/2 CT. No. 33020 Mabibo service area Dar Es Salaam.	1st March 2013	31st dec 2022 (ask whether is renewed one)
9.	DCB Commercial Bank Plc	Tabata Mandela (No specification)	1st Feb 2023	31st January 2024
10	DCB Commercial Bank Plc	Plot 10, Block 75 CT No: 51516 Kariakoo Uhuru Dar es salaam, Ilala municipality.	1st January 2017	31st December 2026

PART II: VEHICLES OWNED BY THE COMPANY

S/N	Registration number	Make	Model	Board	Year of purchase	Registered owner
1	T 970 DNA	Tata	Xenon	Pick-up	2018	DCB bank
2	T934 BZA	Toyota	Landcruiser	Hard top	2012	DCB bank
3	T 628 DDD	Toyota	Hilux	Pick up	2015	DCB bank
4	T299 DJU	Toyota	Hilux	Pick up	2017	DCB bank
5	T 404 CWS	Toyota	Hilux	Pick up	2015	DCB bank
6	T388 CWS	Toyota	Hilux	Pick up	2014	DCB bank
7	617 DKX	Nissan	Patrol	Station wagon	2016	DCB bank
8	T 278 DNC	Tata	Xenon LT	Pick-up	2018	DCB bank
9	MC729 BYJ	Bajaj	Boxer	MC	2017	DCB bank
10	MC 736 BYJ	Bajaj	boxer	MC	2017	DCB Bank

SCHEDULE 3- MATERIAL LITIGATIONS

PART I: CASES AGAINST THE COMPANY

S/N	Court/Tribunal/ Case Number	Parties	Description	Estimated Value/ Claim Amount TZS	Prospects of Success and Reasons Thereof
	Land Application No 14 of 2021 Pending before Kinondoni District Land & Housing Tribunal.	Ramadhani Mfaume Mselemu t/a Mselem Medical Centre V. DCB & Shia Debt Management & Auction Mart Ltd & Ally Lubeya	That applicant was issued with a loan of TZS 150,000,000 secured by a mortgage over landed property. The loan was to be paid for a period of 48 months and upon default the Company bank commenced recovery measures by conducting a public auction of the mortgage land of the applicant.	TZS 198,405,592.02	The plaintiff is suing under the mortgage as a mortgagor claiming the bank to have sold the property at undervalued price compared to the market price at the same. The bank has a high chance of success since the plaintiff is objecting merely to the purchase price of the mortgaged property which has been paid by the highest bidder to the public auction made under the requirements of the land law.
	Extended Land Appeal No. 216 of 2022 Pending before Kinondoni Resident Magistrate's Court with extended jurisdiction	William Wilson Mhamali V. Juma Rajabu Furaji, DCB & Mark Auctioneers	This is an appeal against bank upon the case being dismissed for want of locus standi for the appellant, who sued the bank claiming the ownership of landed property which was not the real owner. The landed property was sold by public auction after the default of Juma Rajabu to repay the loan that was advanced by DCB. The matter was adjourned sine die pending the appellant to find another advocate since his advocate has been suspended from practicing.	TZS 710,387,746.327	The bank has a reasonable chance of success since the appellant has no interest on the disputed land as he is neither the owner nor the owner nor the interest holder to the landed property. The ownership of the appellant ceased when his landed property was sold out by CRDB at the time of exercising her right under mortgage.

S/N	Court/Tribunal/ Case Number	Parties	Description	Estimated Value/ Claim Amount TZS	Prospects of Success and Reasons Thereof
	Land Application No 316 of 2023 Pending before Ilala District Land & Housing Tribunal	Joel Lameck Madaha V. Martha John Masanja, DCB & Adili Auction Mart Ltd	That the bank granted the 1st respondent a loan of TZS20,000,000/= secured by a mortgage deed, The facility agreement and mortgage deeds were executed by both parties. The borrower also provided a spousal consent form. Upon the borrower's default, the bank followed the procedure of recovery of the outstanding loan of TZS10,720,574.34, including but not limited to the issuance of the default notice and exercise the right of sale of the mortgaged property though the applicant filed the present case while challenging the purported sale for want of the spousal consent.	TZS 10,720,574.34	Subject to the mortgage deed being effectively registered at the land registry as a legal mortgage, the bank has a high chance of success since the conclusive evidence of the spousal consent is the is an affidavit declaring that the loan arrangement is known to the other spouse and approve the landed property to be used as the collateral to obtain the loan. It is evidenced under the given file that, the spousal consent was duly executed by the husband of the borrower, therefore is estopped from denying the same.
	Civil Case No. 227 of 2023 Pending before Kinondoni District Court.	Aden Dastan Kimambo **V.** DCB & Kemmon Ltd	The plaintiff filed the case against the bank for trespass to the landed property located at plot no 1202 Block A with CT. 82206. the bank intent to sale by way of public auction after default of Given Dastan Kimambo to repay the loan advanced to him in 2019 under mortgage of the dispute landed property. And the mortgaged property was owned by the borrower who is Given Dastan Kimambo.	TZS 121,948,707.00	The bank has a high chance of success since the plaintiff filed the case to the wrong forum. And the property alleged to have trespassed is not the property of the plaintiff rather the property of the borrower therefore the plaintiff has no locus standi to claim over the disputed landed property.

S/N	Court/Tribunal/ Case Number	Parties	Description	Estimated Value/ Claim Amount TZS	Prospects of Success and Reasons Thereof
	Land Case No. 393 of 2023 Pending before High Court Land Division DSM	Salehe Hassan Msahara **V.** Salehe Msahara Construction Ltd, DCB & Mark Auctioneers & Court Brokers Co Ltd	The plaintiff is a third-party mortgagor. The borrower defaulted and the bank tried to dispose of the mortgaged property. The plaintiff filed a case against the borrow and bank jointly and severally, seeking a permanent injunction restraining the defendants from disposing of the properties of the plaintiff mortgaged property and a declaration that any sale of the mortgaged properties is null and void.	TZS 415,186,377.13	The plaintiff is suing under mortgage as a mortgagor and guarantor for the loan of Salehe Msahara Construction (borrower). The bank has low chance of success. 1. As a mortgagor was not notified by a statutory notice of 60 days before exercising the recovery measures under the Land Act. 2. As a guarantor was not notified for the default of the borrower which makes him being discharged under the Law of Contract.
	Land Appeal No. 206/2023 Pending before High Court Land Division DSM	Philimon Eliskia Mavoo **V.** DCB & Koti Brothers Co. Ltd	This is an appeal to the High Court Land Division Dar es salaam arising from the decision of the district land and housing tribunal for ilala which ruled to the effect that the appellant has to pay the outstanding Loan of TZS 35,509,718.78 after defaulting to pay the loan facility. The bank was exercising her right under mortgage and the appellant filed the case to the Tribunal for being null and void which was concluded in the favour of the respondent hence this Appeal.	TZS 35,509,718.78	The bank has a high chance of success since he has followed all the recovery procedure against the appellant though it was without success. Therefore, while trying to exercise her right under the mortgage deed, the appellant decided to file the case to the tribunal to challenge the intended sale. The bank also stand with the reasonable chance of success since all the documents to the loan facility is within the file including but not limited to the spousal consent of the mortgagor.

S/N	Court/Tribunal/ Case Number	Parties	Description	Estimated Value/ Claim Amount TZS	Prospects of Success and Reasons Thereof
	Land Application No 105 of 2024 Pending before Ilala District Land & Housing Tribunal	Dennis Laurean Rugaimukamu V. DCB, Roselyne Rugaimukamu,and others	That sometime in April 2022 the 5th respondent was granted micro housing loan facility of 10,000,000.00 payable within 18 months under the rate of 23 % reducing per annum with the penalty of 5%above the normal rate for unpaid installment (s). the loan was secured by equitable mortgage created over the residential property owned by the 5th respondent having purchased from the 4th respondent who was the wife of the applicant.	TZS 11,552,926.00	The bank has low chance of success since they did not conduct due diligence to know whether the applicant was still the owner of the said property. Since initially the property was owned by the applicant and the 5th respondent therefore any transfer to the said property was to involve the applicant this implies that the transfer made by the 5th respondent to the 4th respondent is void since did not involve the co-owner who is the applicant. Also, the loan created by depositing the sale agreement which is not recognized in law and at equity.
	Land Application No 105 of 2024 Pending before Bagamoyo District Land & Housing Tribunal	Rehema Joachim Minja V. Evod Silemu, DCB, Raisa Co Ltd & Aqwilina Silayo	The plaintiff file an application to be declared as a lawfully owner of the disputed land. The disputed land is being sold by bank upon default to pay the loan by the 4th respondent. The 4th respondent owned the disputed land since 2010 where he was issued with the CT no 92956 and enjoyed exclusive possession without any interference	TZS 86,600,000 (it is the amount advanced to the borrower under the file the outstanding loan is not stated.)	The bank has a high chance of success since the property advanced for the mortgage is owned by the defaulter.

CLAIMS BY DCB				
Receivership Undertaken by appointed Receiver Manager	Receivership between DCB Commercial Bank Plc and Maxcom Africa Limited	The receivership process initiated by the bank against Maxcom Africa Limited to realize the outstanding Amount, undertaken by appointed Receiver Manager	657,000,000.	The chance of success for the bank to recover its debts it low since the bank and her appointed receiver manager failed to locate the office of the borrower and they tried to trace its debts, the bank found that the same has been paid in fully
Execution No. 210/2023 Pending before Ilala District Land & Housing Tribunal	DCB Commercial Bank Plc V. Philimon Eliskia Mavoo	It an application for execution decree under the mode of attachment and sale of the residential house situated on Plot No.2131 Block N Tabata Kiaukuru area Ilala Municipality Dar es salaam.	TZS 41,977,663.40	The application is pending waiting for the appeal filed against the said judgement of Ilala District Land and housing tribunal.
Commercial case No. 6656 of 2024 Pending before Kisutu Resident Magistrate's Court	Commercial Bank Plc V. Emmanuel Kyissima	The bank claims against the respondent for payment of TZS38,885,976.35 in term of the personal loan facility granted in September 2018. From October 2018 the defendant was timely effecting monthly installment until February 2021 when resigned from Tanzania insurance regulatory authority employment and joined his current employer namely BUMACO insurance company ltd of which he defaulted in paying the agreed installments since the last installment was paid in March 2022.	TZS 38,885,976.35	That the bank has a reasonable chance of success since the evidential documents to the loan facility is featured to the court file. The defendant defaulted to pay after changing of the employer and the bank had regularly informs the defendant to pay and the reminder was served to his employer without success.

CLAIMS BY DCB				
Commercial case No. 8269 of 2024 Pending before Kisutu Resident Magistrate's Court	Commercial Bank Plc **V.** Ismail Athuman Almas	The plaintiff claims against the defendant for the payment of TZS 41, 486,664.70 and the general dameges to be assessed by the court as a result of default to pay the loan facility advanced to the defendant in September 2018.from September 2018 the defendant was timely effecting monthly installment until September 2020 when defaulted in paying the agreed installments since the last installment was paid on 28th august 2020	TZS 41,486,664.70	The bank stands with high chance of success since even the defendant admit the debt of TZS 24, 755,838. And the documents in support of the said contract is within the court file to support the plaintiff's case on the remaining unadmitted debts outstanding to the defendant.

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8. REPORTING ACCOUNTANT'S OPINION

24-Sep-24

Introduction to Reporting Accountant's Report

To

Board of Directors,

DCB House

Plot No. 182 Block R, Magomeni Mwembechai

P.O Box 19798, Dar es Salaam.

We hereby submit our Reporting Accountant's report in accordance with the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2022, hereafter referred to as the "Regulations".

We have reviewed the audited financial statements of DCB Commercial Bank Plc (the "Company") and for the following periods:

a) Year ended 31 December 2023
b) Year ended 31 December 2022
c) Year ended 31 December 2021 Restated

Responsibilities of the Directors

The Directors of DCB Commercial Bank Plc are responsible for the preparation and accuracy of the historical financial information of DCB Commercial Bank Plc for the years ended 31 December 2023, 31 December 2022, and restated 31 December 2021, and the preparation and presentation of the forecasted financial information for years ending 31 December 2024, 2025, 2026, 2027 and 2028, and cashflow for the respective years. ("Forecasted Financial Information") and the assumptions on which it is prepared ("Directors' Assumptions").

The statutory financial statements for the years ended 31 December 2023, 31 December 2022, and 31 December 2021 were audited by PricewaterhouseCoopers Limited and received unqualified audit reports.

Our responsibilities as reporting accountants

Our responsibilities are detailed in our engagement letter. These included compiling a Reporting Accountant's Report that includes the following:

a) An Independent Review Report on Historical Financial Information in accordance with ISRE 2400 (Revised).

b) A compilation report in accordance with the requirements of the Capital Markets and Securities Act Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations" and the International Standard on Related Services applicable to compilation engagements (ISRS) 4410 Compilation Engagements as set out on pages 47 to 136.

c) A report on the forecasted financial information for the 5 years running from year ending 31 December 2024 to 31 December 2028, and their respective Cash flows, including a limited assurance conclusion on the reasonableness of the Directors' Assumptions and an opinion on the Forecasted Financial Information in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information (ISAE) 3400 The Examination of Prospective Financial Information, set out on pages 140 to 143.

Consent

We consent to the inclusion of this report in the DCB Commercial Bank Plc Right Issue of Shares Prospectus to be issued between September and October 2024 in the form and context in which it appears.

The engagement partner responsible for the engagement resulting in this Reporting Accountant's Report is CPA Khalfani Mbwambo (ACPA 3224)

For and on behalf of:

Auditax International,

Certified Public Accountants (T)

P.O. Box 77949

Dar es Salaam, Tanzania

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Signed by: CPA Khalfani Mbwambo (ACPA – 3224)

Date: 24th September 2024

INDEPENDENT PRACTITIONER'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DCB COMMERCIAL BANK PLC

We have reviewed the accompanying financial statements of DCB Commercial Bank Plc set out on pages 47 to 136, which comprise the company's statements of financial position as at 31 December 2023, 31 December 2022 and restated 31 December 2021 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Management' s Responsibility for the Historical Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) 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.

Practitioner' s Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards). This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Basis of conclusion

The financial information set out in this report was prepared in accordance with the International Standard on Related Services 4410 – Engagement to compile financial statements ("ISRS 4410") and is based on the audited financial statements of the group, after making the adjustments considered appropriate to make all the financial statements compliant with International Financial Reporting Standards. Further, to enable us to prepare an Accountant's Report, we carried out procedures to satisfy ourselves that the information presented in the financial statements was in accordance with the Regulations. In compiling the financial information, we have not effected adjustments to the information presented in the audited financial statements. In addition to our compilation engagement, we have reviewed the financial information of the company for the three years presented.

We conducted our review in accordance with the International Standard on Review Engagements 2400, Engagements to Review Financial Statements ("ISRE 2400"). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement.

A review is limited primarily to inquiries of management and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical financial statements do not give a true and fair view of the company's statements of financial position of DCB Commercial Bank Plc as at 31 December 2022, 31 December 2021 and 31 December 2020 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the for the years then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

For and on behalf of:

Auditax International,

Certified Public Accountants (T)

P.O. Box 77949

Dar es Salaam, Tanzania

....

Signed by: CPA Khalfani Mbwambo (ACPA – 3224)

Date: 24th September 2024

REPORTING ACCOUNTANT'S COMPILATION REPORT TO THE DIRECTORS OF DCB COMMERCIAL BANK PLC

We have compiled the accompanying financial statements of DCB Commercial Bank Plc on pages 47 to 136, based on information you have provided. These financial statements comprise the DCB Commercial Bank Plc statements of financial position as at 31 December 2023, 31 December 2022, and 31 December 2021, and the company's statements of profit or loss and other comprehensive income, company's statements of changes in equity and company's statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the compilation and presentation of these financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on the financial statements.

For and on behalf of:

Auditax International,

Certified Public Accountants (T)

P.O. Box 77949

Dar es Salaam, Tanzania

....

Signed by: CPA Khalfani Mbwambo (ACPA – 3224)

Date: 24th September 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023, 2022, AND 2021

	Notes	2023 TZS'000	2022 TZS'000	2021 TZS'000 Restated
Interest and similar income	8	27,835,426	28,607,305	27,617,664
Interest and similar expense	9	(15,085,920)	(13,380,278)	(11,464,293)
Net interest income		**12,749,506**	**15,227,027**	**16,153,371**
Credit impairment losses		(3,109,550)	(3,874,865)	(6,503,867)
Net interest income after loan impairment		**9,639,956**	**11,352,162**	**9,649,504**
Fees and commission income	10	4,880,621	5,751,715	4,826,434
Foreign exchange income	11	364,191	386,107	280,258
Other operating income	12	1,232,897	4,144,391	1,783,505
Total non-interest income		**6,477,709**	**10,282,213**	**6,890,197**
Total operating income		**16,117,665**	**21,634,375**	**16,539,701**
Operating expenses				
Staff expenses	13	(10,042,148)	(9,993,648)	(9,765,285)
General administrative expenses	14	(6,817,215)	(8,052,221)	(6,435,238)
Depreciation and amortization expenses	15	(3,852,255)	(2,621,158)	(2,524,021)
Total operating expenses		**(20,711,618)**	**(20,667,027)**	**(18,724,544)**
(Loss)/profit before income tax		**(4,593,953)**	**967,348**	**(2,184,843)**
Income tax credit/(charge)	19	975,721	(219,645)	540,783
(Loss)/profit for the year		**(3,618,232)**	**747,703**	**(1,644,060)**
Items that may be reclassified to profit or loss **Fair value gain on FVOCI debt instrument net of tax**				
Other comprehensive income		(142,542)	142,542	(163,681)
Total comprehensive income for the year		**(3,760,774)**	**890,245**	**(1,807,741)**
(Loss)/earnings per share (basic and diluted)	34	**(37)**	**8**	**(17)**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023, 2022, AND 2021

	Notes	2023 TZS'000	2022 TZS'000	2021 TZS'000 Restated
Assets				
Cash and balances with the Bank of Tanzania	20	21,576,928	19,005,746	20,053,560
Government securities – FVOCI	22	-	27,639,102	-
Government securities – Amortized cost	22	57,156,768	13,663,360	28,616,539
Equity investment at FVOCI	24	2,040,200	2,040,200	2,040,200
Balances due from other banks	21	5,271,278	3,963,844	2,286,048
Loans and advances to customers	23	120,403,894	120,847,669	114,715,813
Corporation tax recoverable	28	975,000	2,095,060	2,085,029
Deferred income tax asset	30	7,053,824	5,210,033	5,206,655
Other assets	27	3,001,042	3,230,825	2,187,779
Right of use asset	36(i)	6,890,965	5,494,196	6,305,536
Property and Equipment	25	2,981,231	3,646,824	3,845,700
Intangible assets	26	3,631,022	5,067,216	5,110,821
Total assets		**230,982,152**	**211,904,075**	**192,453,680**
Liabilities				
Due to other banks	29.a	47,664,218	23,934,235	24,749,752
Deposits from customers	29.b	140,053,421	141,941,494	125,291,419
Borrowings	31	11,213,836	11,900,791	8,426,352
Other liabilities	32	2,862,953	2,774,670	2,860,555
Lease liabilities	36(ii)	4,479,246	2,883,633	3,546,595
Total liabilities		**206,273,674**	**183,434,823**	**164,874,673**
Equity				
Share capital	33	24,061,904	24,061,904	24,061,904
Share premium		4,183,291	4,183,291	4,183,291
Advance towards share capital		-	-	0
Accumulated losses		(4,145,700)	(3,792,602)	(4,751,930)
Regulatory banking risk reserve		130,043	3,395,177	3,606,802
Fair valuation reserve		478,940	621,482	478,940
Total equity		**24,708,478**	**28,469,252**	**27,579,007**
Total liabilities and equity		**230,982,152**	**211,904,075**	**192,453,680**

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021

Year ended 31 December 2023	Note	Share capital TZS'000	Share premium TZS'000	Accumulated losses TZS'000	**Regulatory banking risk reserve TZS'000	Fair valuation reserve TZS'000	Total equity TZS'000
At 1 January 2023		24,061,904	4,183,291	(3,792,602)	3,395,177	621,482	28,469,252
Loss for the year		-	-	(3,618,232)	-	-	(3,618,232)
Fair value gain on FVOCI debt instrument		-	-	-	-	(203,631)	(203,631)
Deferred tax on fair value gain		-	-	-	-	61,089	61,089
Total comprehensive income		**-**	**-**	**(3,618,232)**	**-**	**(142,542)**	**(3,760,774)**
Transfer to/(from)regulatory risk reserve**		-	-	3,265,134	(3,265,134)	-	-
Dividend paid		-	-	-	-	-	-
At 31 December 2023		**24,061,904**	**4,183,291**	**(4,145,700)**	**130,043**	**478,940**	**24,708,478**

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021 (CONTINUED)

Year ended 31 December 2022	Note	Share capital TZS'000	Share premium TZS'000	Accumulated losses TZS'000	**Regulatory banking risk reserve TZS'000	Fair valuation reserve TZS'000	Total equity TZS'000
At 1 January 2022		24,061,904	4,183,291	(4,751,930)	3,606,802	478,940	27,579,007
Profit for the year		-	-	747,703	-	-	747,703
Fair value gain on FVOCI debt instrument		-	-	-	-	203,631	203,631
Deferred tax on fair value gain		-	-	-	-	(61,089)	(61,089)
Total comprehensive income		**-**	**-**	**747,703**	**-**	**142,542**	**890,245**
Transfer to/(from)regulatory risk reserve**		-	-	211,625	(211,625)	-	-
Dividend paid		-	-	-	-	-	-
Advance toward share capital		-	-	-	-	-	-
At 31 December 2022		**24,061,904**	**4,183,291**	**(3,792,602)**	**3,395,177**	**621,482**	**28,469,252**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023, 2022, AND 2021 (CONTINUED)

Year ended 31 December 2021	Note	Share capital TZS'000	Share premium TZS'000	Advance towards share capital TZS'000	Accumulated losses TZS'000	**Regulatory banking risk reserve TZS'000	Fair valuation reserve TZS'000	Total equity TZS'000
At 1 January 2021								
As previously stated		22,741,149	4,104,046	1,400,000	(2,217,315)	2,944,457	642,621	29,614,958
Prior year adjustment	40	-	-	-	(228,210)	-	-	(228,210)
As restated		**22,741,149**	**4,104,046**	**1,400,000**	**(2,445,525)**	**2,944,457**	**642,621**	**29,386,748**
Profit/(Loss) for the year								
As previously stated		-	-	-	798,136	-	-	798,136
Prior year adjustment	40	-	-	-	(2,442,196)	-	-	(2,442,196)
As restated		-	-	-	(1,644,060)	-	-	(1,644,060)
Fair value gain on FVOCI debt instrument		-	-	-	-	-	(93,532)	(93,532)
Deferred tax on fair value gain		-	-	-	-	-	(70,149)	(70,149)
Total comprehensive income		**-**	**-**	**-**	**(1,644,060)**	**-**	**(163,681)**	**(1,807,741)**
Transfer to /(from) regulatory risk reserve								
As previously stated		-	-	-	1,189,279	(1,189,279)	-	-
Prior year adjustment	40	-	-	-	(1,851,624)	1,851,624	-	-
As restated		-	-	-	(662,345)	662,345	-	-
Dividends paid		-	-	-	-	-	-	-
Advance toward share capital		1,320,755	79,245	(1,400,000)	-	-	-	-
At 31 December 2021		**24,061,904**	**4,183,291**	**-**	**(4,751,930)**	**3,606,802**	**478,940**	**27,579,007**

STATEMENT OF CASHFLOWS FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021

	Note	2023 TZS'000	2022 TZS'000	2021 TZS'000 Restated
Cash flows from operating activities				
(Loss)/profit before income tax		**(4,593,953)**	**967,348**	**(2,184,843)**
Adjusted for:				
Depreciation and amortization	15	3,852,255	2,621,158	2,523,993
Interest expense on borrowings	31	984,669	929,893	833,544
Dividend received		(36,531)	(27,313)	(34,779)
Loss on disposal of property and equipment		30,554	-	-
Foreign exchange difference on leases		4,965	-	-
Finance cost on Lease liability	36(ii)	326,917	242,244	277,493
Other movements		-	236,078	(229,716)
Exchange (gain)/loss in cash and cash equivalent		(711,499)	5,314	(32,442)
Write off of fixed assets		-	-	140,548
		(142,623)	**4,974,722**	**1,293,798**
Changes in operating assets and liabilities:				
Change in statutory minimum reserve		(1,099,172)	(1,155,781)	(1,475,233)
Change in loans and advances to customers		443,775	(6,131,856)	(16,649,959)
Change in other assets		229,783	(1,043,046)	(301,674)
Change in deposits from banks		23,729,983	(815,517)	(2,763,902)
Change in deposits from customers		(1,888,073)	16,650,075	25,787,573
Change in other liabilities		103,588	(21,137)	473,432
Change in government securities		(16,057,937)	(12,685,923)	5,092,252
Cash generated/(used in) from operations		**5,319,324**	**(228,463)**	**11,456,287**
Income tax received/(paid)	28	313,079	(297,021)	(318,343)
Net cash generated from/(used in) operating activities		**5,632,403**	**(525,484)**	**11,137,944**
Cash flows from investing activities				
Purchase of property and equipment	25	(270,281)	(767,027)	(1,549,672)
Purchases of intangible assets	26	(414,884)	(783,114)	(826,310)
Purchases of right of use assets	36(ii)	-	(34,018)	(86,628)
Investment in shares		-	-	(217,000)
Dividend received		36,531	27,313	34,779
Net cash used in investing activities		**(648,634)**	**(1,556,846)**	**(2,644,831)**
Cash flows from financing activities				
Dividends paid		(15,304)	(64,748)	-
Proceeds from borrowing	31	-	4,000,000	-
Lease payment-principal	36(ii)	(901,979)	(675,709)	(655,810)
Lease payment-interest	36(ii)	(326,917)	(242,244)	(277,493)
Principal repayments of borrowings	31	(674,196)	(609,301)	(2,425,651)
Interest repayments of borrowings	31	(997,428)	(846,153)	(901,789)
Net cash (used in)/generated from financing activities		**(2,915,824)**	**1,561,845**	**(4,260,743)**
Increase/(decrease) in cash and cash equivalents		**2,067,945**	**(520,485)**	**4,232,370**
Cash and cash equivalents at the beginning of the year		**13,249,861**	**13,775,660**	**9,510,848**
Exchange gain/(loss) in cash and cash equivalent		**711,499**	**(5,314)**	**32,442**
Cash and cash equivalents at the end of the year	**35**	**16,029,305**	**13,249,861**	**13,775,660**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

DCB Commercial Bank Plc is a Public Limited Company and is incorporated and domiciled in the United Republic of Tanzania. The Bank is listed on the Dar es Salaam Stock Exchange (DSE). The principal activities of the Bank are described in the report of the Directors.

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 periods presented, unless otherwise stated.

The Bank's financial statements have been prepared in accordance with and comply with IFRS Accounting Standards and the requirements of the Companies Act, 2002; the Banking and Financial Institutions Act, 2006 and National Board of Accountants and Auditors Technical Pronouncements.

The financial statements comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes. The measurement basis applied in the preparation of these financial statements is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania shillings (TZS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3. CHANGES IN ACCOUNTING POLICIES

i) New and amended standards adopted by the Bank

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1st January 2023	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

i) New and amended standards adopted by the Bank (Continued)

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1st January 2023	For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. In response to some of the concerns and challenges raised, the Board developed targeted amendments, and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non- current	Annual periods beginning on or after 1 January 2023	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023.	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted.	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

ii) New and revised standards and interpretation which have been issued but are not effective.

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Bank. The Bank's assessment of the impact of these new standards and interpretations is set out below:

Number	Effective date	Executive summary
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below.

a) 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 entity operates ("the functional currency"). The financial statements are presented in Tanzania shillings (TZS), rounded to the nearest thousands, which is the Bank's functional currency.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) Transactions and balances

Transactions in foreign currencies during the year are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as at the end of the reporting period. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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 recognized in profit or loss.

b) Interest income and expense

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

i) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit – adjusted effective interest is applied to the amortised cost of the financial asset.

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

c) Fee and commission income and expense

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating, and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Bank to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Bank will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Bank does not designate loan commitments as financial liabilities at fair value through profit or loss.

Fees and commission are generally recognized on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred and recognized as an adjustment to the effective interest rate on the loan. Commissions and fees arising from various services offered by the Bank are recognized upon completion of underlying transaction on which the bank will have satisfied the performance obligation.

d) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade – date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measure a financial asset or financial liability at its fair value plus or minus in the case of a financial asset or financial liability not a 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 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 recognised for financial assets measured at amortised cost and investments in debts instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

i) 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 recognised as a gain or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial assets and financial liabilities (Continued)

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

i) Classification and subsequent measurement

The Bank classifies its financial assets in accordance with IFRS 9 and in the following measurement categories:

- Fair Value through other comprehensive income (FVOCI); or
- Amortised cost.

Classification and subsequent measurement of debt instruments depend on:

i) The Bank's business model for managing the asset; and

ii) The cash flow characteristics of the asset.

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

- Amortised cost: Assets that are held for collection for contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 6. Interest income from these financial assets is included in 'Interest and similar income' using effective interest rate method. Loans and advances to customers, financial assets held to collect (such as government securities), cash and balances with BOT, placement with other banks and other assets fall under this classification.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principals and interest, and that are not designated at FVPL, re measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit and loss. When the financial asset is derecognised in 'Net Investment income'. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model for a Bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Another example is the liquidity portfolio of assets, which is held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purposes of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of Short-term profit taking. These securities are classified in the 'other' business model and measured at FVOCI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial assets and financial liabilities (Continued)

Classification and subsequent measurement (continued)

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments or principals and interest (the SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposures to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss.Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principals and interest. The Bank reclassifies debts investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

ii) Impairment

The Bank assesses on a forward –looking basis the expected credit losses ('ECL') associated with its debt instruments assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises 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 efforts at the reporting date about past events, current conditions and forecast of future economic conditions.

iii) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assess whether the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantially new terms are introduced, such as a profit share/equity- based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant changes in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affects the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises 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 the initial recognition for impairment calculation purposes, including for the purposes of determining whether a significant increase in credit risk has occurred. However, the Bank also assessed whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as gains or loss on derecognition. 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 recognises 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 (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial assets and financial liabilities (continued)

iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

i) Has no obligation to make payments unless it collects equivalent amounts from the assets.

ii) Is prohibited from selling or pledging the assets; and

iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Bank retains a subordinated residual interest.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Example of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designated an equity investment at fair value through other comprehensive Income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established. Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement or profit or loss.

Financial Liabilities

i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to Changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial assets and financial liabilities (continued)

Financial Liabilities (continued)

i) Classification and subsequent measurement (continued)

- ·Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments
- Lease liabilities: Financial obligations to make payments arising from a lease, measured on a discounted basis. Lease liability is calculated using the present value of the lease payments over the lease term discounted, typically, using the lessee's incremental borrowing rate.

ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

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

Loan 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial assets and financial liabilities (continued)

Financial Liabilities (continued)

Financial guarantee contracts and loan commitments (continued)

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

e) Income tax

Income tax expense is the aggregate of the charge to the statement of profit or loss comprehensive income in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is tax not accounted for.

Deferred income tax is determined using rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

f) Provisions

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

g) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation, and any accumulated impairment in value. Depreciation is calculated on the straight-line basis at annual rates estimated to write down the carrying values of the assets to their residual value over their expected useful lives. The annual rates in use are

Asset Category	Year 2022	Year 2021	Year 2020
Office machinery and equipment	20%	20%	20%
Furniture, fixtures, and fittings	20%	20%	20%
Computers and IT equipment	25%	25%	25%
Generator	12.50%	12.50%	12.50%
Motor vehicles	25%	25%	25%
Leasehold improvements	10%	10%	10%

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at the end of the reporting period. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Property and equipment (continued)

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

h) Leases-Lease liability and right of use Asset

The Bank leases office space in various parts of the region. Rental contracts are typically made for fixed periods of 5 to 10 years but may have extension options. Lease terms are negotiated on an individual basis, but lease agreements do not impose any covenants, and leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Bank is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

For measurement of the lease liabilities, the lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by DCB Bank, which does not have recent third-party financing, and
- adjusts specific to the lease, e.g. term, country, currency and security

Right-of-use assets are measured at cost comprising the following:

- ·the amount of the initial measurement of lease liability.
- any lease payment made at or before the commencement date less any lease incentive received
- any initial direct costs and or restoration costs

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Extension and termination options are included in several property leases contracts. These terms are used to maximize operational flexibility in terms of managing contracts.

i) Intangible assets

Acquired computer software licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over the useful economic life of 10 years.

j) Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, deposits held at call with Banks and investments in money market instruments with maturity periods of three months. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and all cash equivalent items original maturing within 90 days from the date of acquisition including non-restricted balances with the Bank of Tanzania, treasury bills, loans and advances to other banks, amounts due from other Banks and short-term investment securities. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Tanzania. Interest income and expense other than from borrowings is considered as cash from operating activities. Interest expense on borrowings is treated cash from financing activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Employees' benefits

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

i) Post retirement benefits

The Bank operates a defined contribution plan whereby each of its employees and the Bank contribute 5% and 15% respectively, of the employees' monthly salaries to the Managed Statutory Fund, namely the Public Service Social Security Fund (PSSSF). The Bank has no further commitments or obligations to the Funds, and it has no other post-retirement benefit scheme. The contributions are charged to profit or loss in the year to which they relate.

ii) Other employee benefits

The Bank provides free medical treatment to staff and their eligible dependents. The cost is charged to profit or loss. The estimated monetary liability for employees' accrued leave entitlement at the statement of financial position date is recognized as an expense accrual.

l) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

m) Share capital

The Bank has only one class of ordinary shares which is classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Dividends on shares

Dividend payable is recognized as liability in the period in which it is declared. Proposed dividends are disclosed as a separate component of equity. Before recommending any dividend, the Board of Directors may set aside out of the profits of the Bank, such sums as they think proper, to a reserve fund or reserve account, which shall at the discretion of the Board, be applicable for any purpose for which the profits of the Bank may lawfully be applied. Whenever dividend is declared, the amount shall not exceed 50% of the annual profit after tax.

n) Statutory credit risk reserve

The statutory credit risk reserve includes the amount by which the Central bank of Tanzania requires in addition to the IFRS impairment provision. Changes in this reserve are accounted for as transfers to and from retained earnings as appropriate.

o) Fair valuation reserve

The fair valuation reserve includes the fair value gains (losses) on financial instruments held at FVOCI net of deferred tax asset (liability) on the same.

p) Earnings per share

The Bank presents basic and diluted earnings per share (EPS) in the consolidated and Bank financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary share

q) Segment reporting

The Bank has the following operating segments: Treasury, Retail Banking and other. Following the management approach to IFRS 8, operating segments are reported in a manner consistent with the internal reporting to the Bank's management team, which is responsible for allocating resources to the reportable segments and assessing their performances. All operating segments used by the Bank meet the definition of a reportable segment under IFRS 8.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

r) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where deemed appropriate, classification for the comparative numbers has been adjusted to align with current year's presentation.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

a) Measurement of the expected credit loss allowance

The Bank measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses). The Bank uses several significant judgements in applying the accounting requirements for measuring ECL, such as:

- Determination criteria for significant increase in credit risk.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Estimating Probability of default, Exposure at Default and Loss Given Default
- Detailed information about the judgement and estimates made by the Bank are explained under note 6.1.
- Sensitivity of probably weightings and macros analysis for expected credit losses per segment has been done under note 6.1.3.4.

b) Useful lives of Property and equipment, leased premises refurbishments and intangible assets

Critical estimates are made by the Directors in determining the useful lives of property and equipment, leased premises refurbishment and intangible assets as well as their residual values.

c) Taxes

The Bank is subjected to several 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 judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax recognized in the Bank's statement of financial position as of 31 December 2023 was TZS 7.04 billion (2022: TZS 5.2 billion). The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences. Additional information about the Company's plans to generate sufficient taxable profits to utilize the deferred income tax asset is disclosed on Note 30 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

d) Provisions and Contingent liabilities

The Bank has contingent liabilities arising out of pending legal cases. Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgements than other types of provisions. When cases are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists because of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise.

As matters progress through various stages of the cases, Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognized, and the estimated amounts of any such provisions, revising previous judgements and estimates as appropriate. At the year-end not legal cases that amount for recognition.

e) Leases

For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Bank could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

In applying IFRS 16 the Bank has used the following permitted practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics for which TZS leases rate use is 11 percent and USD leases rate use is 4 percent.
- the accounting for operating leases with a lease term of less than 12 months and lease of low value.
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the leases term where the contract contains options to extend or terminate the lease.

6. FINANCIAL RISK MANAGEMENT

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign-exchange risk, interest-rate risk, credit risk, and liquidity risk. Risk management is carried out by the Risk and Compliance Department under policies approved by the Board of Directors. The risk and compliance department evaluate financial risk in close co-operation with the operating units.

6.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business. Management, therefore, carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are centralized in the credit risk management team of the Bank and reported to the Board of Directors and heads of department regularly.

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank uses general approach in measuring credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) by taking into consideration 12-month credit loss unless significant increase in credit risk occurs then lifetime credit loss is measured. This is like the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Risk portfolios

The segmentation into risk portfolios is based on Bank's segments at industry and product levels. For impairment assessment, the Bank's total exposures are segmented along product lines. The Bank is of the opinion that these segmentations share similar credit risk characteristics and can be monitored collectively for credit risk. These segments are:

- Corporate and SME Loans
- Housing and Mortgage loans
- Salaried loans
- Microfinance (SGL) loans

6.1.1 Credit risk measurement

The Bank uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Bank use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data applied in forward looking scenarios. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

Each risk portfolio is further divided into risk groups based on:

- Days Past Due (DPD) intervals (applicable only for non-defaulted exposures and defaulted exposures),
- Internal client rating.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

On the default identification approach, days past due (DPD) are examined at the transaction for retail portfolio and at the client level for corporate where the following conditions are considered:

- DPD at the transaction level is counted from the date, on which any part of the exposure becomes due, regardless of the amount of due exposure.
- DPD at the client level is the maximum DPD out of all exposures to the client.

The bank segment of Risk Groups (RGs) by categories in the ECL model is as shown below:

	Salaried, Corporate and SME, Housing and Mortgage loans	Microfinance (SGL)
Risk Group	Number of days past due	Number of days past due
Risk Group 1 (RG1)	Not due	Not due
Risk Group 2 (RG2)	1-30 days	1-5 days
Risk Group 3 (RG3)	31 - 60 days	6-15 days
Risk Group 4 (RG4)	61-90 days	16 - 30 days
Default Risk Group (RG5)	Above 90 days	Above 30 days

Exposure at Default for term loans is estimated as contractual rundown on the loans. For the off-balance sheet items, the exposure at default is estimated by determining a credit conversion factor (CCF).

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 rating	Risk Group	Description of the grade
1	RG1	Current
2	RG2	Current
3	RG3	Especially mentioned
4	RG4	Especially mentioned
5	RG5	Sub-standard, Doubtful and Loss

Treasury products

For debt securities in the treasury portfolio, balances with central bank, balances due from other banks and other assets, external credit rating agency's grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realized default rates over the prior 12 months, as published by the rating agency.

6.1.2 Risk limit control and mitigation policies

The Bank manages limits and controls concentrations of credit risk wherever they are identified. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to group of borrowers.

The Board has delegated responsibility for the management of credit risk to the Board Audit and Risk Compliance Committee responsible for overseeing of the Bank's credit risk including:

- Formulating credit policies, covering collateral requirements, credit assessment, risk grading, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure of the approval and renewal of the credit facilities.
- Authorization limits are allocated to various officers at different levels. Larger facilities require approval by Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

- Reviewing and assessing credit risk. Credit department assesses all credit exposures prior to facilities being committed to customers concerned. Renewals and reviews of facilities are subject to the same review process.
- Reviewing compliance of business units with agreed exposure limits. Regular reports are provided to Board through Board Audit and Compliance Committee in respect of the quality of loan portfolio; and
- Providing advice, guidance and specialist skills to business units to promote best practice in the management of credit risk.

Regular audits of credit department processes are undertaken by internal audit department. The internal rating scale assists Directors to determine whether there is significant increase in credit risk, based on the following criteria set out by the Bank:

- Delinquency in contractual payments of principal or interest.
- Cash flow difficulties experienced by the borrower.
- Breach of loan covenants or conditions; and
- Deterioration in the value of collateral.

The Bank's policy requires the review of individual financial assets regularly and monitoring is on weekly basis for SGL product and other portfolio on monthly basis. Microfinances have cash covers of not less that 30% before loan initial recognition, most salaried loan are unsecured, and rest of the segments are secured by;

- Mortgages over properties
- Charges over business assets such as inventory and accounts receivable
- Charges over financial instruments such as debt securities and equities and
- Cash Covers

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.

Undrawn commitments represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on undrawn commitments, 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 undrawn commitments 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.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its 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. Refer to note 6.1.3.1 for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 6.1.3.2 for a description of how the Bank defines credit-impaired and default.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. Please refer to note 6.1.3.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 6.1.3.4 includes an explanation of how the Bank has incorporated this in its ECL models.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition; their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the Bank determines appropriate groupings when ECL is measured on a collective basis (refer to note 6.1.3.5).

The following diagram summarizes the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
Initial recognition	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

6.1.3.1: Significant increase in credit risk (SICR)

The Bank decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Bank uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The Bank applies qualitative and quantitative criteria for stage classification and for its forward and backward migration.

Quantitative factors:

The bank monitors the performance based on aging and therefore uses days past due criteria in line with the Bank on Tanzania. The table below shows the stages assigned to various risk groups depending on the number of days past due which is a measure of the significant increase in credit risk: The bank also uses 30 days' rebuttable presumption that credit risk has increased significantly when repayment is on monthly basis and 5 days when repayment is on weekly basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement. (continued)

Risk Group	Salaried, Corporate and SME, Housing and Mortgage loans Number of days past due	Microfinance (SGL) Number of days past due	Microfinance (SGL) Staging based on IFRS 9
Risk Group 1 (RG1)	Not due	Not due	Stage 1
Risk Group 2 (RG2)	1-30 days	1-5 days	Stage 1
Risk Group 3 (RG3)	31 - 60 days	6-15 days	Stage 2
Risk Group 4 (RG4)	61-90 days	16 - 30 days	Stage 2
Default Risk Group (RG5)	Above 90 days	Above 30 days	Stage 3

Qualitative factors

There are other factors that are considered by the bank policies in the determination of significant increase in credit risk. They include but not limited to the following:

Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g., increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.

Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), E.g., credit spread; credit default swap prices; length of time or the extent to which the fair value of a financial asset has been less than its amortized cost; other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).

Changes in the Bank's credit management approach in relation to the financial instrument (e.g., based on emerging indicators of changes in the credit risk of the financial instrument, the bank's credit risk management practice is expected to become more active or focused on managing the instrument, including the instrument becoming more closely monitored or controlled, or the bank specifically intervening with the borrower).

Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations (e.g. increase in interest rates or unemployment rates); operating results of the borrower e.g. declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations; or regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations (e.g. a decline in the demand for the borrower's sales product because of a shift in technology).

Significant changes in the value of collateral or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to pay or otherwise effect the probability of default (e.g. if the value of collateral declines because house prices decline, borrowers in some jurisdictions have a greater incentive to default on their mortgages); or quality of a guarantee provided. by a shareholder (or an individual's parents) if the shareholder (or parents) have an incentive and financial ability to prevent default by capital or cash infusion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3.1: Significant increase in credit risk (SICR) (continued)

Qualitative factors (continued)

Expected changes in the loan documentation (e.g., breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).

Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group (e.g., increase in delayed contractual payments or number of credit card borrowers expected to approach or exceed their credit limit or who are expected to be paying the minimum monthly amount).

6.1.3.2: Definition of default and credit impaired assets

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

Quantitative

The Bank considers a term loan to be in default if the repayments on the loan are more than 90 days past due for all Corporate Loans, Housing and Mortgage, Salaried loans and SME Loans. Term loans under the SGL are in default if the repayments on the loans are more than 30 days past due. See the table in section 6.1.3.1 above.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates he is in significant financial difficulty. These are instances where the borrower is in long-term forbearance, deceased, insolvent, in breach of financial covenant(s), an active market for that financial asset has disappeared because of financial difficulties, Concessions have been made by the lender relating to the borrower's financial difficulty, or it is becoming probable that the borrower will enter bankruptcy.

6.1.3.3: Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) 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:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.
- The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3.3: Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

6.1.3.4: Forward-looking information incorporated in the ECL models

The calculation of ECL incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

In the expected credit losses models, the Bank relies on a broad range of forward-looking information as economic factors, which includes:

- Interest rate.
- Gross domestic product GDP.
- Population.
- Employment, Labor force.
- Money supply.
- Exchange rate.
- Household spending.
- Foreign reserve.
- Inflation.

The bank tested correction between macroeconomic variables and Historical data per segments, the highest correction selected and applied to a specific segment to forecast the future probability of default, recovery rate and cure rate. The Historical and forecasted economic variables have been adopted from among of the big three credit rating agencies in the world with the most recent forecast made in 2020.

Sensitivity Analysis

The bank has sensitized the assumptions affecting the ECL allowance based on weightings and macro- economic variables applied.

Weightings assigned to each economic scenario into Base line (80%), Best Case (10%) and worst case (10%), by taking Base line (50%), Best Case (25%) and worst case (25%) the bank ECL would change as indicated below:

Year ended 31 December 2023 '(000)			
Segment	Base line (80%), Best Case (10%) and worst case (10%)	Base line (50%), Best Case (25%) and worst case (25%)	Impact of changing weightings
Corporate and SME	266,588	272,555	(5,967)
Housing and Mortgage loans	19,472	20,583	(1,111)
Microfinance (SGL)	1,224,931	1,222,461	2,470
Salaried loans	3,037,188	3,016,529	20,659
Total	**4,548,179**	**4,532,128**	**16,051**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3.4: Forward-looking information incorporated in the ECL models (continued)

	Year ended 31 December 2022		
Segment	Base line (80%), Best Case (10%) and worst case (10%)	Base line (50%), Best Case (25%) and worst case (25%)	Impact of changing weightings
Corporate and SME	432,469	435,217	(2,748)
Housing and Mortgage loans	127,001	128,364	(1,363)
Microfinance (SGL)	1,546,490	1,533,799	12,691
Salaried loans	7,412,099	7,838,165	(426,066)
Total	9,518,059	9,935,545	(417,486)

	Year ended 31 December 2021		
Segment	Base line (80%), Best Case (10%) and worst case (10%)	Base line (50%), Best Case (25%) and worst case (25%)	Impact of changing weightings
Corporate and SME	617,184	613,869	3,315
Housing and Mortgage loans	58,886	60,283	(1,397)
Microfinance (SGL)	442,973	436,571	6,401
Salaried loans	5,899,040	6,407,933	(508,893)
Total	7,018,082	7,518,656	(500,574)

The bank tested correction between macroeconomic variables and historical data per segments, the highest correction selected and applied to a specific segment to forecast the future probability of default, recovery rate and cure rate. The following table indicates the impact of increasing each macroeconomic variable selected per segment by 5% per annual.

Segment	ECL at 31 December 2023	ECL after increase of 5% for each highest correlated variable per segment	Impact of Changing each Macroeconomic variable by 5% pa
Corporate and SME	266,588	266,613	(25)
Housing and Mortgage loans	19,472	20,819	(1,347)
Microfinance (SGL)	1,224,931	1,225,062	(131)
Salaried loans	3,037,188	3,037,757	(569)
Total	4,548,179	4,550,251	(2,072)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3.4: Forward-looking information incorporated in the ECL models (continued)

Segment	ECL at 31 December 2022	ECL after increase of 5% for each highest correlated variable per segment	Impact of Changing each Macroeconomic variable by 5% pa
Corporate and SME	432,469	204,788	227,681
Housing and Mortgage loans	127,001	86,791	40,210
Microfinance (SGL)	1,546,490	1,548,259	(1,769)
Salaried loans	7,412,099	7,083,669	328,430
Total	9,518,059	8,923,507	594,552

Segment	ECL at 31 December 2021	ECL after increase of 5% for each highest correlated variable per segment	Impact of Changing each Macroeconomic variable by 5% pa
Corporate and SME	617,183,968	623,224,552	(6,040,584)
Housing and Mortgage loans	58,885,876	57,794,202	1,091,674
Microfinance (SGL)	442,972,502	444,678,299	(1,705,797)
Salaried loans	5,899,039,817	5,450,323,827	448,715,990
Total	7,018,082,163	6,576,020,880	442,061,283

6.1.3.5 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. According to IFRS, the Bank shall group its financial assets into homogenous groups with similar credit risk characteristics for the purpose of credit risk parameters calculation. In the Methodology the process of grouping the portfolio is further referred to as portfolio segmentation.

For the purpose of practical implementation, it is assumed that exposures with similar risk profile are allocated to the same risk portfolio, and further to the same risk group within the portfolio. A single risk group within is assumed to be the homogenous group of assets according to the IFRS definition.

The segmentation criteria used by the Bank are primarily based on expert judgment and experience of the Bank's employees, supported by statistical verification of historical data where necessary. The general segmentation criteria are presented below:

- Corporates and SME Loans- The corporate loans include all overdraft, and all commercial loans granted for duration not exceeding three years for working capital purposes as revolving line of credit, expansion or modernization of the plant and facilities. Except overdraft, Corporate loans& SME loans duration is to a maximum of three years, the corporate commercial loans are for working capital and investment. Both overdraft and corporate commercial loans are secured by legal mortgage or against own fund. These Loans have monthly, quarterly, or semi-annual repayment of both principal and interest unlike overdraft where repayment depends on account operations.
- Housing and Mortgage loans - The loans are granted for the purpose of house purchase, renovation, and construction. The house finance by the bank is pledged as security. Loans tenure up to 5 years for housing microfinance and 15 years for mortgage with monthly instalment of principal and interest. All housing microfinance is for residential purposes and mortgage for both commercial and residential purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3.5 Grouping of instruments for losses measured on a collective basis (continued)

- Salaried Loans - This Credit scheme intends to cater for salaried employees' financial needs and in particular to assist salaried employees to gain financial home needs for both public and private sectors employees. A Collective Guarantee Agreement between the bank and the employer shall act as a security for the loan, for loans above TZS 50 million the borrower should pledge security. Employers deduct loans instalment on monthly basis from employees monthly earning. This loan has maximum of 7 years' tenures. The maximum loans amount for is TZS 500 million for secured and TZS 50 million for unsecured facility.
- Microfinance (SGL)- These loans granted to self-employed households and youth, small amount which security is based on group guarantee with weekly regular re-payments and deposits. Loan amounts range from TZS 350,000 to TZS 5,000,000 with loan tenure to maximum of 1 year (12 months). Weekly cash deposit and Group guarantee are the main collateral for this product.

6.1.4.1: Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets

(a) The bank exposure -All segment

2023		ECL Staging		
Amounts in TZS'000	Stage 1	Stage 2	Stage 3	
Credit grade (Risk Group)	12-month ECL	Lifetime ECL	Lifetime ECL	Total
RG 1	100,282,108	-	-	100,282,108
RG 2	12,277,895	-	-	12,277,895
RG 3	-	3,478,263	-	3,478,263
RG 4	-	2,068,389	-	2,068,389
RG Default	-	-	6,845,418	6,845,418
Gross Carrying amount	112,560,003	5,546,652	6,845,418	124,952,073
Loss allowance	(1,075,887)	(800,805)	(2,671,487)	(4,548,179)
Carrying amount	111,484,116	4,745,847	4,173,931	120,403,894

2022		ECL Staging		
Amounts in TZS'000	Stage 1	Stage 2	Stage 3	
Credit grade (Risk Group)	12-month ECL	Lifetime ECL	Lifetime ECL	Total
RG 1	93,257,613	-	-	93,257,613
RG 2	10,247,427	-	-	10,247,427
RG 3	-	5,978,433	-	5,978,433
RG 4	-	4,950,352	-	4,950,352
RG Default	-	-	15,931,903	15,931,903
Gross Carrying amount	103,505,040	10,928,785	15,931,903	130,365,728
Loss allowance	(939,934)	(1,686,638)	(6,891,487)	(9,518,059)
Carrying amount	102,565,106	9,242,147	9,040,416	120,847,669

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

The bank exposure for each segment is shown as below.

(b) Corporates and SME Loans

2023	ECL Staging			
Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	30,129,907	-	-	30,129,907
RG 2	5,806,167	-	-	5,806,167
RG 3		1,310,935	-	1,310,935
RG 4	-	787,128	-	787,128
RG Default			1,972,126	1,972,126
Gross Carrying amount	35,936,074	2,098,063	1,972,126	40,006,263
Loss allowance	(113,363)	(87,026)	(66,199)	(266,588)
Carrying amount	35,822,711	2,011,037	1,905,927	39,739,675

2022	ECL Staging			
Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	30,145,224	-	-	30,145,224
RG 2	3,495,204	-	-	3,495,204
RG 3	-	1,678,196	-	1,678,196
RG 4	-	1,860,637	-	1,860,637
RG Default	-	-	3,477,564	3,477,564
Gross Carrying amount	33,640,428	3,538,833	3,477,564	40,656,825
Loss allowance	(59,981)	(57,274)	(315,214)	(432,469)
Carrying amount	33,580,447	3,481,559	3,162,350	40,224,356

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4.1: Maximum exposure to credit risk - Financial instruments subject to impairment (continued)

(c) Housing and Mortgage loans

2023	ECL Staging			
Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	20,711,931	-	-	20,711,931
RG 2	2,485,272	-	-	2,485,272
RG 3	-	344,367	-	344,367
RG 4	-	293,949	-	293,949
RG Default	-	-	1,162,240	1,162,240
Gross Carrying amount	23,197,203	638,316	1,162,240	24,997,759
Loss allowance	(14,490)	(370)	(4,612)	(19,472)
Carrying amount	23,182,713	637,946	1,157,628	24,978,287

2022	ECL Staging			
Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	10,415,852	-	-	10,415,852
RG 2	2,116,862	-	-	2,116,862
RG 3	-	984,552	-	984,552
RG 4	-	515,676	-	515,676
RG Default	-	-	1,859,279	1,859,279
Gross Carrying amount	12,532,714	1,500,228	1,859,279	15,892,221
Loss allowance	(13,926)	(16,235)	(96,840)	(127,001)
Carrying amount	12,518,788	1,483,993	1,762,439	15,765,220

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4.1: Maximum exposure to credit risk - Financial instruments subject to impairment (continued)

(d) Salaried loans

2023	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	48,062,023	-	-	48,062,023
RG 2	3,781,007	-	-	3,781,007
RG 3	-	1,585,370	-	1,585,370
RG 4	-	710,062	-	710,062
RG Default	-	-	2,349,301	2,349,301
Gross Carrying amount	51,843,030	2,295,432	2,349,301	56,487,763
Loss allowance	(937,752)	(706,552)	(1,392,884)	(3,037,188)
Carrying amount	50,905,278	1,588,880	956,417	53,450,575

2022	ECL Staging			
Amounts in TZS'000	Stage 1	Stage 2	Stage 3	
Credit grade (Risk Group)	12-month ECL	Lifetime ECL	Lifetime ECL	Total
RG 1	48,986,247	-	-	48,986,247
RG 2	3,802,985	-	-	3,802,985
RG 3	-	2,433,476	-	2,433,476
RG 4	-	930,307	-	930,307
RG Default	-	-	7,979,179	7,979,179
Gross Carrying amount	52,789,232	3,363,783	7,979,179	64,132,194
Loss allowance	(836,510)	(1,534,851)	(5,040,738)	(7,412,099)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

(e) Microfinance

2023	ECL Staging			
Amounts in TZS'000 Credit grade (Risk Group)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
RG 1	1,378,247	-	-	1,378,247
RG 2	205,449	-	-	205,449
RG 3	-	237,591	-	237,591
RG 4	-	277,250	-	277,250
RG Default	-	-	1,361,751	1,361,751
Gross Carrying amount	1,583,696	514,841	1,361,751	3,460,288
Loss allowance	(10,282)	(6,857)	(1,207,792)	(1,224,931)
Carrying amount	**1,573,414**	**507,984**	**153,959**	**2,235,357**

2022	ECL Staging			
Amounts in TZS'000 Credit grade (Risk Group)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
RG 1	3,710,290	-	-	3,710,290
RG 2	832,376	-	-	832,376
RG 3	-	882,209	-	882,209
RG 4	-	1,643,732	-	1,643,732
RG Default	-	-	2,615,881	2,615,881
Gross Carrying amount	4,542,666	2,525,941	2,615,881	9,684,488
Loss allowance	(29,517)	(78,278)	(1,438,695)	(1,546,490)
Carrying amount	**4,513,149**	**2,447,663**	**1,177,186**	**8,137,998**

(f) Off balance sheet exposures

2023	ECL Staging			
Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	21,571,709	-	-	21,571,709
Carrying amount	**21,571,709**	**-**	**-**	**21,571,709**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4.1: Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

(f) Off balance sheet exposures

2022	ECL Staging			
Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade (Risk Group)				
RG 1	9,766,435	-	-	9,766,435
Carrying amount	**9,766,435**	**-**	**-**	**9,766,435**

(g) Other financial instruments

Other financial assets are in stage 1. ECL was determined to be immaterial and therefore has not been recorded. See the summary of the maximum exposures below.

Amounts in TZS'000	2023 Total	2022 Total
Financial Asset	**12-month ECL**	**12-month ECL**
Cash balances with Bank of Tanzania	18,914,717	15,431,928
Amounts due from other Banks and financial institutions	5,271,278	3,963,844
Other assets	736,763	1,799,769
Government securities	57,156,768	41,302,462
Gross carrying amount	82,079,526	62,498,003
Loss allowance	-	-
Carrying amount	**82,079,526**	**62,498,003**

6.1.4.2 Collateral and other credit enhancements

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated when the loan is up for renewal or when the loan is individually assessed as impaired.

For loans and advances to customers, the amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are as follows:

- For SGL, the security is group guarantee, cash cover as well as movable assets.
- For micro and small medium enterprises (MSME); collateral over residential properties.
- For salaried loans; employers' guarantees.
- For housing micro finance and mortgages; over residential properties.
- For Corporate loans, collateral over residential properties.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, except for asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4.2 Collateral and other credit enhancements (continued)

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period. The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below

As at 31 December 2023	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (stage 3)	TZS'000	TZS'000	TZS'000	TZS'000
Corporates and SME Loans	1,972,126	66,199	1,905,927	5,162,264
Housing and Mortgage loans	1,162,240	4,612	1,157,628	2,676,695
Salaried loans	2,350,427	1,392,884	957,543	-
Microfinance (SGL)	1,361,751	1,207,792	153,959	78,461
Total credit impaired assets	**6,846,544**	**2,671,487**	**4,175,057**	**7,917,420**

As at 31 December 2022	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets (stage 3)	TZS'000	TZS'000	TZS'000	TZS'000
Corporates and SME Loans	3,477,565	315,214	3,162,351	6,527,691
Housing and Mortgage loans	1,859,279	96,840	1,762,439	3,409,587
Salaried loans	7,979,178	5,040,738	2,938,440	152,000
Microfinance (SGL)	2,615,881	1,438,695	1,177,186	64,528
Total credit impaired assets	**15,931,903**	**6,891,487**	**9,040,416**	**10,153,806**

6.1.5: Gross carrying amount

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance was as follows.

- New loans booking/disbursements which increases stage 1, the bank do not have purchased credit impaired.
- Write off loans gross caring amount which resulted to decrease in impairment for stage 3 and
- Restructuring of credit accommodation/Modification of contractual cash flows of financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

The following table further explains changes in the gross carrying amount of each segmented portfolio to help explain their significance to the changes in the loss allowance for the same portfolio.

(a) Gross loans for the year 2023 Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**103,505,040**	**10,928,785**	**15,931,903**	**130,365,728**
Movements				
Transfer from stage 1 to stage 2	(3,568,814)	1,967,012	-	(1,601,802)
Transfer from stage 1 to stage 3	(2,613,322)	-	1,558,032	(1,055,290)
Transfer from stage 2 to stage 1	743,499	(1,087,860)	-	(344,361)
Transfers from stage 2 to stage 3	-	(3,052,560)	2,068,584	(983,976)
Transfer from stage 3 to stage 1	272,042	-	(786,340)	(514,298)
Transfer from stage 3 to stage 2		31,980	(45,416)	(13,436)
Remained in stage	(12,174,750)	(299,940)	(420,711)	(12,895,401)
Financial assets derecognized during the period other than write-offs	(41,985,051)	(5,393,794)	(4,193,051)	(51,571,896)
Write-offs	(13,415)	-	(8,368,722)	(8,382,137)
New financial assets originated or purchased	69,457,603	2,370,146	1,179,430	73,007,179
Changes due to modifications that did not result in de-recognition	(1,062,829)	82,883	(78,291)	(1,058,237)
Gross carrying amount as at 31 December 2023	**112,560,003**	**5,546,652**	**6,845,418**	**124,952,073**

Gross loans for the year 2022 Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**100,113,617**	**8,071,476**	**13,552,169**	**121,737,262**
Movements				
Transfer from stage 1 to stage 2	(5,442,559)	4,670,327	-	(772,232)
Transfer from stage 1 to stage 3	(4,349,932)	-	2,919,216	(1,430,716)
Transfer from stage 2 to stage 1	904,462	(885,822)	-	18,640
Transfers from stage 2 to stage 3	-	(2,971,430)	2,237,363	(734,067)
Transfer from stage 3 to stage 1	258,114	-	(184,266)	73,848
Transfer from stage 3 to stage 2	-	300,617	(371,486)	(70,869)
Remained in stage	(8,832,789)	(178,100)	(711,370)	(9,722,259)
Financial assets derecognized during the period other than write-offs	(18,694,657)	(2,163,895)	(792,063)	(21,650,615)
Write-offs	-	-	(1,455,530)	(1,455,530)
New financial assets originated or purchased	39,548,784	4,085,612	737,870	44,372,266
Gross carrying amount as at 31 December 2022	**103,505,040**	**10,928,785**	**15,931,903**	**130,365,728**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

(b) Corporates and SME Loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2023	**33,640,428**	**3,538,833**	**3,477,564**	**40,656,825**
Movements				
Transfer from stage 1 to stage 2	(1,969,232)	1,018,075	-	(951,157)
Transfer from stage 1 to stage 3	(369,166)	-	228,295	(140,871)
Transfer from stage 2 to stage 1	16,472	(74,175)	-	(57,703)
Transfers from stage 2 to stage 3	-	(879,345)	719,566	(159,779)
Transfer from stage 3 to stage 1	20,334	-	(71,608)	(51,274)
Transfer from stage 3 to stage 2	-	-	-	-
Remained in stage	(4,915,599)	(97,560)	(222,566)	(5,235,725)
Financial assets derecognized during the period other than write-offs	(17,789,643)	(2,220,320)	(1,174,115)	(21,184,078)
Write-offs	-	-	(1,515,562)	(1,515,562)
New financial assets originated or purchased	27,299,327	792,515	530,493	28,622,335
Changes due to modifications that did not result in de-recognition	3,153	20,040	59	23,252
Gross carrying amount as at 31 December 2023	**35,936,074**	**2,098,063**	**1,972,126**	**40,006,263**

	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2022	**29,764,963**	**2,040,181**	**3,498,999**	**35,304,143**
Movements				
Transfer from stage 1 to stage 2	(1,421,511)	994,645	-	(426,866)
Transfer from stage 1 to stage 3	(1,125,395)	-	793,124	(332,271)
Transfer from stage 2 to stage 1	210,408	(223,198)	-	(12,790)
Transfers from stage 2 to stage 3	-	(489,532)	450,127	(39,405)
Transfer from stage 3 to stage 1	3,086	-	(442)	2,644
Transfer from stage 3 to stage 2	-	120,532	(166,277)	(45,745)
Remained in stage	(4,094,481)	(77,076)	(149,668)	(4,321,225)
Financial assets derecognized during the period other than write-offs	(10,486,057)	(1,102,559)	(169,066)	(11,757,682)
Write-offs	-	-	(1,010,460)	(1,010,460)
New financial assets originated or purchased	20,789,415	2,275,840	231,227	23,296,482
Gross carrying amount as at 31 December 2022	**33,640,428**	**3,538,833**	**3,477,564**	**40,656,825**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

(c) Housing and Mortgage loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	12,532,714	1,500,228	1,859,279	15,892,221
Movements				
Transfer from stage 1 to stage 2	(435,496)	320,314	-	(115,182)
Transfer from stage 1 to stage 3	(397,669)	-	368,383	(29,286)
Transfer from stage 2 to stage 1	367,746	(425,083)	-	(57,337)
Transfers from stage 2 to stage 3	-	(463,414)	399,800	(63,614)
Transfer from stage 3 to stage 1	116,338		(445,107)	(328,769)
Transfer from stage 3 to stage 2		8,916	(16,176)	(7,260)
Remained in stage	(1,542,209)	(74,677)	(10,066)	(1,626,952)
Financial assets derecognized during the period other than write-offs	(4,037,701)	(285,928)	(469,528)	(4,793,157)
Write-offs	-	-	(659,403)	(659,403)
New financial assets originated or purchased	17,365,669	67,577	169,708	17,602,954
Changes due to modifications that did not result in de-recognition	(772,189)	(9,617)	(34,650)	(816,456)
Gross carrying amount as at 31 December 2023	**23,197,203**	**638,316**	**1,162,240**	**24,997,759**

Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**10,369,100**	**1,143,581**	**1,741,788**	**13,254,469**
Movements				
Transfer from stage 1 to stage 2	(1,277,609)	1,078,607	-	(199,002)
Transfer from stage 1 to stage 3	(324,746)	-	277,600	(47,146)
Transfer from stage 2 to stage 1	44,406	(119,052)	-	(74,646)
Transfers from stage 2 to stage 3	-	(493,578)	463,571	(30,007)
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	821	(4,121)	(3,300)
Remained in stage	(1,026,154)	(52,554)	(73,572)	(1,152,280)
Financial assets derecognized during the period other than write-offs	(1,637,714)	(112,811)	(127,169)	(1,877,694)
Write-offs	-	-	(445,070)	(445,070)
New financial assets originated or purchased	6,385,431	55,214	26,252	6,466,897
Gross carrying amount as at 31 December 2022	**12,532,714**	**1,500,228**	**1,859,279**	**15,892,221**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

(d) Salaried loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**52,789,232**	**3,363,783**	**7,979,179**	**64,132,194**
Movements				
Transfer from stage 1 to stage 2	(1,159,086)	628,579	-	(530,507)
Transfer from stage 1 to stage 3	(853,077)	-	633,050	(220,027)
Transfer from stage 2 to stage 1	359,281	(588,602)	-	(229,321)
Transfers from stage 2 to stage 3	-	(459,275)	395,334	(63,941)
Transfer from stage 3 to stage 1	135,370	-	(269,625)	(134,255)
Transfer from stage 3 to stage 2	-	23,064	(29,240)	(6,176)
Remained in stage	(5,716,942)	(127,703)	(81,448)	(5,926,093)
Financial assets derecognized during the period other than write-offs	(16,615,091)	(1,612,131)	(2,381,939)	(20,609,161)
Write-offs	(13,415)	-	(4,104,978)	(4,118,393)
New financial assets originated or purchased	23,210,551	995,257	252,668	24,458,476
Changes due to modifications that did not result in de-recognition	(293,793)	72,460	(43,700)	(265,033)
Gross carrying amount as at 31 December 2023	**51,843,030**	**2,295,432**	**2,349,301**	**56,487,763**

Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**54,280,109**	**2,394,044**	**6,925,689**	**63,599,842**
Movements				
Transfer from stage 1 to stage 2	(1,659,594)	1,412,145	-	(247,449)
Transfer from stage 1 to stage 3	(1,425,513)	-	1,175,368	(250,145)
Transfer from stage 2 to stage 1	314,535	(299,933)	-	14,602
Transfers from stage 2 to stage 3	-	(801,557)	707,302	(94,255)
Transfer from stage 3 to stage 1	227,336	-	(174,272)	53,064
Transfer from stage 3 to stage 2	-	131,786	(185,458)	(53,672)
Remained in stage	(4,413,486)	(138,242)	(363,565)	(4,915,293)
Financial assets derecognized during the period other than write-offs	(5,134,547)	(259,587)	(424,507)	(5,818,641)
Write-offs	-	-	-	-
New financial assets originated or purchase	10,600,392	925,127	318,622	11,844,141
Gross carrying amount as at 31 December 2022	**52,789,232**	**3,363,783**	**7,979,179**	**64,132,194**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Gross carrying amount (continued)

(e) Microfinance (SGL)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**4,542,666**	**2,525,941**	**2,615,881**	**9,684,488**
Movements				
Transfer from stage 1 to stage 2	(5,000)	44	-	(4,956)
Transfer from stage 1 to stage 3	(993,410)	-	328,304	(665,106)
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(1,250,526)	553,884	(696,642)
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-			
Remained in stage	-	-	(106,631)	(106,631)
Financial assets derecognized during the period other than write-offs	(3,542,616)	(1,275,415)	(167,469)	(4,985,500)
Write-offs	-		(2,088,779)	(2,088,779)
New financial assets originated or purchased	1,582,056	514,797	226,561	2,323,414
Gross carrying amount as at 31 December 2023	**1,583,696**	**514,841**	**1,361,751**	**3,460,288**
As at 1 January 2022	5,699,445	2,493,670	1,385,693	9,578,808
Movements				
Transfer from stage 1 to stage 2	(1,083,845)	1,184,930	-	101,085
Transfer from stage 1 to stage 3	(1,474,278)	-	673,124	(801,154)
Transfer from stage 2 to stage 1	335,113	(243,639)	-	91,474
Transfers from stage 2 to stage 3	-	(1,186,763)	616,363	(570,400)
Transfer from stage 3 to stage 1	27,692	-	(9,552)	18,140
Transfer from stage 3 to stage 2	-	47,478	(15,630)	31,848
Remained in stage	701,332	89,772	(124,565)	666,539
Financial assets derecognized during the period other than write-offs	(1,436,339)	(688,938)	(71,321)	(2,196,598)
Write-offs	-	-	-	-
New financial assets originated or purchased	1,773,546	829,431	161,769	2,764,746
Gross carrying amount as at 31 December 2022	**4,542,666**	**2,525,941**	**2,615,881**	**9,684,488**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: 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 recognised 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.
- Discounts 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).

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

(a) Loss allowance 2023	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2023	**939,934**	**1,686,638**	**6,891,487**	**9,518,059**
Movements				
Transfer from stage 1 to stage 2	(38,719)	302,190	-	263,471
Transfer from stage 1 to stage 3	(30,167)	-	669,067	638,900
Transfer from stage 2 to stage 1	3,532	(200,755)	-	(197,223)
Transfers from stage 2 to stage 3	-	(286,496)	771,157	484,661
Transfer from stage 3 to stage 1	3,822	-	(178,580)	(174,758)
Transfer from stage 3 to stage 2	-	6,893	(18,751)	(11,858)
Remained in stage	115,248	(157,421)	(16,770)	(58,943)
Financial assets derecognized during the period other than write-offs	(387,498)	(858,432)	(1,749,307)	(2,995,237)
Write-offs	(115)	-	(3,982,880)	(3,982,995)
New financial assets originated or purchased	469,850	308,188	286,064	1,064,102
Gross carrying amount as at 31 December 2023	**1,075,887**	**800,805**	**2,671,487**	**4,548,179**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

Loss allowance 2022 Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**889,098**	**1,192,714**	**4,936,270**	**7,018,082**
Movements				
Transfer from stage 1 to stage 2	(56,256)	769,909	-	713,653
Transfer from stage 1 to stage 3	(35,555)	-	1,130,898	1,095,343
Transfer from stage 2 to stage 1	21,052	(138,825)	-	(117,773)
Transfers from stage 2 to stage 3	-	(421,035)	797,803	376,768
Transfer from stage 3 to stage 1	8,852	-	(104,513)	(95,661)
Transfer from stage 3 to stage 2	-	36,894	(112,801)	(75,907)
Remained in stage	(15,501)	10,235	566,951	561,685
Financial assets derecognized during the period other than write-offs	(62,160)	(136,830)	(270,075)	(469,065)
Write-offs	-	-	(341,246)	(341,246)
New financial assets originated or purchased	190,404	373,576	288,200	852,180
Gross carrying amount as at 31 December 2022	**939,934**	**1,686,638**	**6,891,487**	**9,518,059**

(b) Corporates and SME Loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**59,981**	**57,274**	**315,214**	**432,469**
Movements				
Transfer from stage 1 to stage 2	(277)	87,027	-	86,750
Transfer from stage 1 to stage 3	(374)	-	-	(374)
Transfers from stage 2 to stage 3		(30,740)	6,636	(24,104)
Remained in stage	54,486	(20,697)	52,744	86,533
Financial assets derecognized during the period other than write-offs	(16,162)	(5,838)	(128,284)	(150,284)
Write-offs	-	-	(184,116)	(184,116)
New financial assets originated or purchased	15,709		4,005	19,714
As at 31 December 2023	**113,363**	**87,026**	**66,199**	**266,588**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

(c) Corporates and SME Loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2022	**130,228**	**9,723**	**477,233**	**617,184**
Movements				
Transfer from stage 1 to stage 2	(1,786)	20,767	-	18,981
Transfer from stage 1 to stage 3	(1,048)	-	7,975	6,927
Transfers from stage 2 to stage 3	-	-	9,901	9,901
Remained in stage	(73,180)	2,195	161,408	90,423
Financial assets derecognized during the period other than write-offs	(417)	(6,850)	(57)	(7,324)
Write-offs	-	-	(341,246)	(341,246)
New financial assets originated or purchased	6,184	31,439	-	37,623
As at 31 December 2022	**59,981**	**57,274**	**315,214**	**432,469**

(d) Housing and Mortgage loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS'000	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2023	**13,926**	**16,235**	**96,840**	**127,001**
Movements				
Transfer from stage 1 to stage 2	(3,261)	369	-	(2,892)
Transfers from stage 2 to stage 1	-	(6,392)	-	(6,392)
Transfers from stage 2 to stage 3	-	-	4,612	4,612
Transfers from stage 3 to stage 1	-	-	(5,673)	(5,673)
Remained in stage	3,179	(3,663)		(484)
Financial assets derecognized during the period other than write-offs	(4,081)	(6,179)	(4,555)	(14,815)
Write-offs	-	-	(86,612)	(86,612)
New financial assets originated or purchased	4,727	-	-	4,727
As at 31 December 2023	**14,490**	**370**	**4,612**	**19,472**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

Housing and Mortgage loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**5,862**	**-**	**53,024**	**58,886**
Movements				
Transfer from stage 1 to stage 2	(24)	15,461	-	15,437
Remained in stage	3,291	774	43,816	47,881
New financial assets originated or purchased	4,797	-	-	4,797
As at 31 December 2022	**13,926**	**16,235**	**96,840**	**127,001**

(d) Salaried loans Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	**836,510**	**1,534,851**	**5,040,738**	**7,412,099**
Movements				
Transfer from stage 1 to stage 2	(35,102)	214,794	-	179,692
Transfer from stage 1 to stage 3	(19,341)	-	368,303	348,962
Transfer from stage 2 to stage 1	3,532	(194,363)	-	(190,831)
Transfers from stage 2 to stage 3	-	(200,637)	230,002	29,365
Transfer from stage 3 to stage 1	3,822	-	(172,907)	(169,085)
Transfer from stage 3 to stage 2	-	6,893	(18,751)	(11,858)
Remained in stage	57,431	(133,061)	(117,731)	(193,361)
Financial assets derecognized during the period other than write-offs	(348,420)	(823,255)	(1,527,506)	(2,699,181)
Write-offs	(115)	-	(2,556,264)	(2,556,379)
New financial assets originated or purchased	439,435	301,330	147,000	887,765
As at 31 December 2023	**937,752**	**706,552**	**1,392,884**	**3,037,188**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

Amounts in TZS'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	747,826	1,168,338	3,982,876	5,899,040
Movements				
Transfer from stage 1 to stage 2	(53,860)	693,009	-	639,149
Transfer from stage 1 to stage 3	(31,966)	-	753,748	721,782
Transfer from stage 2 to stage 1	18,124	(138,266)	-	(120,142)
Transfers from stage 2 to stage 3	-	(409,737)	453,583	43,846
Transfer from stage 3 to stage 1	8,602	-	(102,079)	(93,477)
Transfer from stage 3 to stage 2	-	35,040	(108,631)	(73,591)
Remained in stage	37,678	(12,044)	108,259	133,893
Financial assets derecognized during the period other than write-offs	(60,859)	(128,369)	(251,346)	(440,574)
New financial assets originated or purchased	170,965	326,880	204,328	702,173
As at 31 December 2022	**836,510**	**1,534,851**	**5,040,738**	**7,412,099**

(e) Microfinance (SGL) Amounts in TZS' 000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	29,517	78,278	1,438,695	1,546,490
Movements				
Transfer from stage 1 to stage 2	(79)	-	-	(79)
Transfer from stage 1 to stage 3	(10,452)	-	300,764	290,312
Transfer from stage 2 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(55,119)	529,907	474,788
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Remained in stage	152	-	48,217	48,369
Financial assets derecognized during the period other than write-offs	(18,835)	(23,160)	(88,962)	(130,957)
Write-offs			(1,155,888)	(1,155,888)
New financial assets originated or purchased	9,979	6,858	135,059	151,896
As at 31 December 2023	**10,282**	**6,857**	**1,207,792**	**1,224,931**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.6: Loss allowance (continued)

(e) Microfinance (SGL) Amounts in TZS' 000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	5,182	14,653	423,137	442,972
Movements				
Transfer from stage 1 to stage 2	(586)	40,672	-	40,086
Transfer from stage 1 to stage 3	(2,541)	-	369,175	366,634
Transfer from stage 2 to stage 1	2,928	(559)	-	2,369
Transfers from stage 2 to stage 3	-	(11,298)	334,319	323,021
Transfer from stage 3 to stage 1	250	-	(2,434)	(2,184)
Transfer from stage 3 to stage 2	-	1,854	(4,170)	(2,316)
Remained in stage	16,710	19,310	253,468	289,488
Financial assets derecognized during the period other than write-offs	(884)	(1,611)	(18,672)	(21,167)
Write-offs	-	-	-	-
New financial assets originated or purchased	8,458	15,257	83,872	107,587
As at 31 December 2022	**29,517**	**78,278**	**1,438,695**	**1,546,490**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.7 Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Bank's credit exposure at carrying amounts, as categorized by the industry sectors of the Bank's counterparties. The bank's financial assets are all confined within Tanzania and therefore no separate disclosure for geographical segmentation was considered necessary.

2023 (TZS'000)	Financial institution	Wholesale and Retail Banking	Individual	Other	Total
Balances with Bank of Tanzania	18,914,717	-	-	-	18,914,717
Balances due from other banks	5,271,278	-	-	-	5,271,278
Government securities	57,156,768	-	-	-	57,156,768
Other assets	-	-	-	736,763	736,763
Loans and advances to customers	-	59,870,093	60,533,801		
Total on balance sheet	**81,342,763**	**59,870,093**	**60,533,801**	**736,763**	**202,483,420**
Guarantees and indemnities	-	20,815,791	-	-	-
Commitments to extend credit	-	755,918	-	-	-
Total off- balance sheet	**-**	**21,571,709**	**-**	**-**	**284,562,946**

6.1.8 Repossessed collateral

During the year, the Bank did not obtain assets by taking possession of collateral held as security. Repossessed properties are usually sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

6.1.9 Write-off policy

The Bank writes off loans as and when the Board of Directors approves after accepting the recommendations by the management that the loans are irrecoverable. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure. During the year TZS 8.1 billion was written off for loans qualifying for write off as per regulatory requirements. The bank is still enforcing recovery measures on the balance.

6.2 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimizing the return on risk. The principal measurement technique used to measure and control market risk is the stress tests as outlined below.

6.2.1 Foreign exchange risk

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Bank covers: interest rate, credit, foreign exchange, and liquidity risks, where stress movements are applied to each risk category to assess the overall impact and the Bank's capital resilience to different market risk factor shocks. The results of the stress tests are reviewed by the Asset and Liability Management Committee (ALCO) and reported to the Board of Directors. Below are the results of stress test in relation to foreign exchange, interest rate, credit and liquidity risks as at 31 December 2023.

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 which is monitored daily. The Bank's net foreign currency exposure as at 31 December 2023 was TZS 898 million (2022: TZS 428 million). The bank stress test for forex exchange fluctuation is shown in the below table.

Year	Risk category	Impact on statement of profit or loss and other comprehensive income	Impact on core capital
2023	Exchange rate: fluctuates by 10%	Decrease/increase profit before tax by TZS 111 million.	Reduce/increase profit before tax by TZS 120 million.
2022	Exchange rate: fluctuates by 10%	Decrease/increase profit before tax by TZS 129 million.	Reduce/increase profit before tax by TZS 129 million.
2021	Exchange rate: fluctuates by 10%	decrease/increase profit before tax by TZS 175 million.	Reduce/increase profit before tax by TZS 175 million

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

The Bank is exposed mainly to USD currency for which as at 31 December 2023 the exposure is summarized in the table below (All amounts expressed in equivalent Tanzanian Shillings).

2023	TZS'000	USD '000	GBP '000	EURO '000	OTHER '000	TOTAL '000
Assets						
Cash and balances with Bank of Tanzania	13,245,026	8,312,870	5,865	13,167	-	21,576,928
Balances due from other banks	3,150,391	1,785,937	8,521	320,539	5,890	5,271,278
Government securities held to maturity	57,156,768	-	-	-	-	57,156,768
Equity investment	2,040,200	-	-	-	-	2,040,200
Loans and advances to customers	111,153,573	9,250,321	-	-	-	120,403,894
Other assets exclude prepayment and stationeries	736,582	181				
Total financial assets	**187,482,540**	**19,349,309**	**14,386**	**333,706**	**5,890**	**207,185,831**
Liabilities						
Deposits due to banks	31,271,526	16,122,217	-	270,475	-	47,664,218
Deposits due to customers	135,655,245	4,258,620	-	139,291	265	140,053,421
Borrowings	11,213,836	-	-	-	-	11,213,836
Other liabilities	1,400,235	28,180	-	-	-	1,428,415
Total financial liabilities	**179,540,842**	**20,409,017**	**-**	**409,766**	**265**	**200,359,890**
Net gap of foreign exchange risk	**7,941,698**	**(1,059,708)**	**14,386**	**(76,060)**	**5,625**	**6,825,941**

The bank manages foreign exchange gaps by using currency swap instrument and short-term interbank borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

2023	TZS'000	USD '000	GBP '000	EURO'000	OTHER '000	TOTAL '000
Off Balance sheet						
Guarantees and indemnities	20,815,791	-	-	-	-	20,815,791
Commitments to extend credit	755,918	-	-	-	-	755,918
Total off-balance sheet	**21,571,709**	**-**	**-**	**-**	**-**	**21,571,709**
Net off balance sheet	**21,571,709**	**-**	**-**	**-**	**-**	**21,571,709**

2022	TZS'000	USD '000	GBP '000	EURO '000	OTHER '000	TOTAL '000
Assets						
Cash and balances with Bank of Tanzania	15,437,829	3,361,299	42,564	164,054	-	19,005,746
Balances due from other banks	2,306,420	1,639,069	7,991	8,285	2,079	3,963,844
Government securities held to maturity	41,302,462	-	-	-	-	41,302,462
Equity investment	2,040,200	-	-	-	-	2,040,200
Loans and advances to customers	110,284,313	10,563,356	-	-	-	120,847,669
Other assets exclude prepayment and stationeries	1,799,769	-	-	-	-	1,799,769
Total financial assets	**173,170,993**	**15,563,724**	**50,555**	**172,339**	**2,079**	**188,959,690**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

2022	TZS'000	USD '000	GBP '000	EURO '000	OTHER '000	TOTAL '000
Liabilities						
Deposits due to banks	12,653,557	11,280,678	-	-	-	23,934,235
Deposits due to customers	137,089,978	4,851,177	-	49	290	141,941,494
Borrowings	11,900,791	-	-	-	-	11,900,791
Other liabilities	1,468,392	19,622	-	-	-	1,488,014
Total financial liabilities	**163,112,718**	**16,151,477**	**-**	**49**	**290**	**179,264,534**
Net gap of foreign exchange risk	**10,058,275**	**(587,753)**	**50,555**			**9,695,156**
The bank manages foreign exchange gaps by using currency swap instrument and short-term interbank borrowings						
Off Balance sheet						
Guarantees and indemnities	7,986,779	-	-	-	-	7,986,779
Commitments to extend credit	1,779,656	-	-	-	-	1,779,656
Total off-balance sheet	**9,766,435**	**-**	**-**	**-**	**-**	**9,766,435**
Net off balance sheet	**9,766,435**	**-**	**-**	**-**	**-**	**9,766,435**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

2021	TZS'000	USD '000	GBP '000	EURO '000	OTHER '000	TOTAL '000
Assets						
Cash and balances with Bank of Tanzania	15,165,284	4,564,478	46,050	138,248	139,500	20,053,560
Balances due from other banks	1,373,694	632,751	9,392	266,613	3,598	2,286,048
Government securities held to maturity	28,616,539	-	-	-	-	28,616,539
Equity investment	2,040,200	-	-	-	-	2,040,200
Loans and advances to customers	108,107,173	6,608,640	-	-	-	114,715,813
Other assets exclude prepayment and stationeries	336,289	-	-	-	-	336,289
Total financial assets	**155,639,179**	**11,805,869**	**55,442**	**404,861**	**143,098**	**168,048,449**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

2021	TZS'000	USD '000	GBP '000	EURO '000	OTHER '000	TOTAL '000
Liabilities						
Deposits due to banks	22,317,974	2,431,778	-	-	-	24,749,752
Deposits due to customers	114,981,946	10,308,846	-	277	350	125,291,419
Borrowings	8,426,352	-	-	-	-	8,426,352
Lease liability	2,137,747	1,408,848	-	-	-	3,546,595
Other liabilities	694,972	13,689	-	-	-	708,661
Total financial liabilities	**148,558,991**	**14,163,161**	**-**	**277**	**350**	**162,722,779**
Net gap of foreign exchange risk	**9,763,387**	**(2,357,292)**	**55,442**	**404,584**	**142,748**	**8,008,869**
The bank manages foreign exchange gaps by using currency swap instrument and short-term interbank borrowings						
Off Balance sheet						
Guarantees and indemnities	6,821,408	-	-	-	-	6,821,408
Commitments to extend credit	1,551,351	-	-	-	-	1,551,351
Total off-balance sheet	**8,372,759**	**-**	**-**	**-**	**-**	**8,372,759**
Net off balance sheet	**8,372,759**	**-**	**-**	**-**	**-**	**8,372,759**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest margins may increase because of changes in the prevailing levels of market rates but may also decrease or create losses if unexpected movements arise. The Board sets limits on the level of mismatch of interest re-pricing that may be undertaken. Consequently, the interest sensitivity effects on profit or loss would not be significant given the re-pricing frequency.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the bank's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Aggregate non-trading interest rate risk positions are managed by treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the positions.

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows. The table below summarizes the exposure to interest rates risks. Included in the table are the Bank's assets and liabilities at carrying amounts categorized by the earlier of contractual re-pricing or maturity dates. The Bank does not bear an interest rate risk on off balance sheet items. The stress test for interest rate risk summaries below.

Year	Risk category	Impact on statement of profit or loss and other comprehensive income	Impact on core capital
2023	Interest rate risk: stress reduce interest margin by 5%	Reduce profit before tax by TZS 284 million	Reduce profit before tax by TZS 284 million
2022	Interest rate risk: stress reduce interest margin by 5%	Reduce profit before tax by TZS 312 million	Reduce profit before tax by TZS 312 million
2021	Interest rate risk: stress reduce interest margin by 5%	Reduce profit before tax by TZS 404 million	Reduce profit before tax by TZS 404 million

The table presented here in shows the exposure to interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2023	Up to 1 Month TZS'000	1 - 3 Months TZS'000	3 - 12 Months TZS'000	Over 1 year TZS'000	Non-interest Bearing TZS'000	TOTAL TZS'000
Assets						
Cash and Bank balances with Bank of Tanzania	-	-	-	-	21,576,928	21,576,928
Loans and balance to banks	5,271,278	-	-	-	-	5,271,278
Equity investment	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	6,579,930	7,993,848	11,749,732	94,080,384	-	120,403,894
Government securities	-	-	14,865,096	42,291,672	-	57,156,768
Other assets	-	-	-	-	736,763	736,763
Total assets	**11,851,208**	**7,993,848**	**26,614,828**	**136,372,056**	**24,353,891**	**207,185,831**
Liabilities						
Due to other banks	13,919	35,960,790	11,684,736	-	4,773	47,664,218
Deposit from customers	29,985,092	21,812,476	55,978,355	10,494,635	21,782,863	140,053,421
Borrowings	-	1,500,000	9,713,836	-	-	11,213,836
Other liabilities	-	-	-	-	1,428,415	1,428,415
Total liabilities and equity	**29,999,011**	**59,273,266**	**77,376,927**	**10,494,635**	**23,216,051**	**200,359,890**
Interest sensitivity gap	**(18,147,803)**	**(51,279,418)**	**(50,762,099)**	**125,877,421**	**1,137,840**	**6,825,941**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2022	Up to 1 Month TZS'000	1 - 3 Months TZS'000	3 - 12 Months TZS'000	Over 1 year TZS'000	Non-interest Bearing TZS'000	TOTAL TZS'000
Assets						
Cash and Bank balances with Bank of Tanzania	-	-	-	-	19,005,746	19,005,746
Loans and balance to banks	3,963,844	-	-	-	-	3,963,844
Equity investment	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	9,622,062	5,807,773	22,303,789	83,114,045	-	120,847,669
Government securities	501,642	-	13,896,930	26,903,890	-	41,302,462
Other assets	-	-	-	-	1,799,769	1,799,769
Total assets	**14,087,548**	**5,807,773**	**36,200,719**	**110,017,935**	**22,845,715**	**188,959,690**
Liabilities						
Due to other banks	22,090,800	-	1,839,096	-	4,339	23,934,235
Deposit from customers	32,510,354	20,800,529	53,674,002	17,049,028	17,907,581	141,941,494
Borrowings	193,779	-	1,556,221	10,150,791	-	11,900,791
Other liabilities	-	-	-	-	1,488,014	1,488,014
Total liabilities and equity	**54,794,933**	**20,800,529**	**57,069,319**	**27,199,819**	**19,399,934**	**179,264,534**
Interest sensitivity gap	**(40,707,385)**	**(14,992,756)**	**(20,868,600)**	**82,818,116**	**3,445,781**	**9,695,156**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2021	Up to 1 Month TZS'000	1 - 3 Months TZS'000	3 - 12 Months TZS'000	Over 1 year TZS'000	Non-interest Bearing TZS'000	TOTAL TZS'000
Assets						
Cash and Bank balances with Bank of Tanzania	-	-	-	-	20,053,560	20,053,560
Loans and balance to banks	2,286,048	-	-	-	-	2,286,048
Equity investment	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	6,441,572	4,389,101	17,146,189	86,608,027	-	114,715,813
Government securities	-	-	2,122,013	26,494,526	-	28,616,540
Other assets	336,289	-	-	-	-	336,289
Total assets	**9,063,909**	**4,389,101**	**19,268,202**	**113,102,553**	**22,093,760**	**167,917,525**
Liabilities						
Due to other banks	8,475,077	5,279,275	10,995,400	-	-	24,749,752
Deposit from customers	25,992,767	17,304,493	46,056,889	11,676,235	24,261,035	125,291,419
Borrowings	-	-	701,815	7,724,537	-	8,426,352
Lease liability	-	-	980,311	2,566,284	-	3,546,595
Other liabilities	-	-	-	-	708,661	708,661
Total liabilities and equity	**34,467,844**	**22,583,768**	**58,734,415**	**21,967,056**	**24,969,696**	**162,722,779**
Interest sensitivity gap	**(25,403,935)**	**(18,194,667)**	**(39,466,213)**	**91,135,497**	**(2,875,936)**	**5,194,746**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.3 Price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The non–trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income (FVOCI). A 10 per cent increase in the value of the Bank's equities at FVOCI at 31 December 2023 would have increased equity by TZS 102Mil (2022:102Mil).

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 fulfil commitments to lend. Analysis of the Bank's assets and liabilities into relevant maturity groupings is set out in note 6.3.3.

6.3.1 Liquidity risk management

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institution's reputation.

Treasury department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid Government securities, deposits from institutions and other inter-Bank facilities, to ensure that sufficient liquidity is maintained within the institution as a whole. All liquidity policies and procedures are subject to review by Assets and Liabilities Committee and approval by the Board.

The Bank manages the liquidity structure of assets, liabilities and commitments so that cash flows are appropriately matched to ensure that all funding obligations are met when due. Banking operations are such that mismatch of assets and liabilities according to their maturity profiles cannot be avoided. However, Directors ensure that the mismatch is controlled in line with allowable risk levels and includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of gap analysis, maturity ladder as well as cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

6.3.2 Funding approach

Sources of liquidity are regularly reviewed by the Bank to maintain a wide diversification by currency, provider, product and term.

6.3.3 Non derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the undiscounted contractual cash flow as at 31 December 2023. The bank does not manage liquidity based on undiscounted cash-flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3. Liquidity risk (continued)

6.3.3 Non derivative financial liabilities and assets held for managing liquidity risk (Continued)

At 31 December 2023	Due on Demand TZS '000	Up to 1 Month TZS '000	1 - 3 Months TZS '000	3 - 6 Months TZS '000	6 - 12 Months TZS '000	Over 1 Year TZS '000	TOTAL TZS '000
Liabilities							
Due to other banks	4,773	13,919	35,960,790	-	11,684,736	-	47,664,218
Deposits from customers	51,767,955	-	21,812,476	-	55,978,355	10,494,635	140,053,421
Borrowings	-	355,600	3,564,315	4,353,839	3,244,835	-	11,518,589
Lease liability	-	-	-	-	1,220,380	7,928,913	9,149,293
Other liabilities	413,623	1,014,792	-	-	-	-	1,428,415
Total liabilities	**52,186,351**	**1,384,311**	**61,337,581**	**4,353,839**	**72,128,306**	**18,423,548**	-
Cash and Bank balances with Bank of Tanzania	21,576,928	-	-	-	-	-	-
Loans and balance to banks		5,271,278	-	-	-	-	5,271,278
Equity investment	-	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	-	6,579,930	7,993,848	5,980,984	5,768,748	94,080,384	120,403,894
Government securities	-	195,750	553,700	1,777,130	18,026,580	135,806,943	156,360,103
Other assets	-	736,763	-	-	-	-	736,763
Total assets	**21,576,928**	**12,783,721**	**8,547,548**	**7,758,114**	**23,795,328**	**231,927,527**	**306,389,166**
Net liquidity gap	**(30,609,423)**	**11,399,410**	**(52,790,033)**	**3,404,275**	**(48,332,978)**	**213,503,979**	**96,575,230**
Off Balance Sheet							
Guarantees and indemnities	1,399,200	1,412,955	2,108,797	2,169,384	7,288,617	6,436,838	20,815,791
Commitments to extend credit	-	40,000	50,442	145,078	520,398	-	755,918
Capital commitments	-	-	-	-	-	-	
Total	**1,399,200**	**1,452,955**	**2,159,239**	**2,314,462**	**7,809,015**	**6,436,838**	**21,571,709**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3. Liquidity risk (continued)

6.3.3 Non derivative financial liabilities and assets held for managing liquidity risk (Continued)

At 31 December 2022	Due on Demand TZS '000	Up to 1 Month TZS '000	1 - 3 Months TZS '000	3 - 6 Months TZS '000	6 - 12 Months TZS '000	Over 1 Year TZS '000	TOTAL TZS '000
Liabilities							
Due to other banks	4,339	22,090,800	-	-	1,839,096	-	23,934,235
Deposits from customers	45,723,260	4,694,675	20,800,529	15,980,410	37,693,592	17,049,028	141,941,494
Borrowings	-	355,436	63,986	415,037	837,165	11,518,590	13,190,214
Lease liability	-	131,019	-	-	1,097,877	1,654,737	2,883,633
Other liabilities	509,593	978,421	-	-	-	-	1,488,014
Total liabilities	**46,237,192**	**28,250,351**	**20,864,515**	**16,395,447**	**41,467,730**	**30,222,355**	**183,437,590**
Cash and Bank balances with Bank of Tanzania	19,005,746	-	-	-	-	-	19,005,746
Loans and balance to banks	3,963,844	-	-	-	-	-	3,963,844
Equity investment	-	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	-	9,622,062	5,807,773	7,135,552	15,168,680	83,114,045	120,847,669
Government securities	-	322,050	101,250	1,213,380	15,636,680	86,140,300	103,413,660
Other assets	-	1,799,769	-	-	-	-	1,799,769
Total assets	**22,969,590**	**11,743,881**	**5,909,023**	**8,348,932**	**30,804,917**	**171,294,545**	**251,070,888**
Net liquidity gap	**(23,267,602)**	**(16,506,470)**	**(14,955,492)**	**(8,046,515)**	**(10,662,813)**	**141,072,190**	**67,633,298**
Off Balance Sheet							
Guarantees and indemnities	520,639	815,892	2,176,333	3,802,947	511,087	159,881	7,986,779
Commitments to extend credit	-	-	626,162	326,968	826,526	-	1,779,656
Capital commitments	-	-	-	-	179,476	-	179,476
Total	**520,639**	**815,892**	**2,802,495**	**4,129,915**	**1,517,089**	**159,881**	**9,945,911**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3. Liquidity risk (continued)

6.3.3 Non derivative financial liabilities and assets held for managing liquidity risk (Continued)

At 31 December 2021	Due on Demand TZS '000	Up to 1 Month TZS '000	1 - 3 Months TZS '000	3 - 6 Months TZS '000	6 - 12 Months TZS '000	1 - 5 Years TZS '000	TOTAL TZS '000
Liabilities							
Due to other banks	-	8,475,077	5,279,275	-	10,995,238	-	24,749,752
Deposits from customers	54,664,592	7,265,445	17,304,493	19,771,427	26,285,462	11,676,235	125,291,419
Borrowings	-	-	-	-	701,815	7,724,537	8,426,352
Lease liability	-	-	-	-	980,311	2,566,284	3,546,595
Other liabilities	318,477	390,184	-	-	-	-	708,661
Total liabilities	**54,983,069**	**16,130,706**	**22,583,768**	**19,771,427**	**38,962,826**	**21,967,056**	**174,398,852**
Cash and Bank balances with Bank of Tanzania	20,053,560	-	-	-	-	-	20,053,560
Loans and balance to banks	2,286,048	-	-	-	-	-	2,286,048
Equity investment	-	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	4,958,523	1,483,049	4,389,101	5,538,162	11,608,027	86,608,027	114,715,813
Government securities	-	-	-	845,776	1,276,237	26,494,526	28,616,539
Other assets	-	336,289	-	-	-	-	336,289
Total assets	**27,298,131**	**1,819,338**	**4,389,101**	**6,383,938**	**12,884,264**	**115,142,753**	**167,917,525**
Net liquidity gap	**(27,684,938)**	**(14,311,368)**	**(18,194,667)**	**(13,387,489)**	**(26,078,562)**	**93,175,697**	**(6,481,327)**
Off Balance Sheet							
Guarantees and indemnities	-	-	-	-	5,418,408	1,403,000	6,821,408
Commitments to extend credit	-	-	-	-	1,551,351	-	1,551,351
Capital commitments	-	-	-	-	70,740	-	70,740
Total	**-**	**-**	**-**	**-**	**7,040,499**	**1,403,000**	**8,443,499**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3. Liquidity risk (continued)

6.3.4: Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Tanzania (excluding SMR);
- Government securities
- Placements with other banks; and
- Loans and advances to customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended, accordingly the behavioural pattern does not necessarily follow the contractual pattern. The Bank would also be able to meet unexpected net cash outflows by selling investment securities and accessing additional funding sources such as asset-backed markets.

The bank performs the following to manage its liquidity positions:

- Based on its judgement of financial market trends, the Bank actively adjusts its business strategies to manage liquidity risk.
- The bank performs periodic cash flow projections considering its impact on internal and regulatory limits.
- The bank control of non-earning assets proportion to manage its impact on the Bank's overall financial position.
- Conduct regular liquidity stress tests including testing of contingency plans.
- Monitor diversification of funding sources in order to control concentration risk and ensure a satisfactory funding mix.
- Monitoring the level of undrawn commitments.
- Regular conduct of the Asset and Liability management Committee (ALCO) meetings which focuses on:
  - Establishing policies and tolerance levels, from both risk and return perspectives, for liquidity, interest rate and balance sheet valuation management.
  - Manage the intra-day liquidity position to ensure that payment and settlement obligations are met on a timely basis.
  - Strategic financial position planning from both risk and return perspective.
  - Strategically coordinate the management of the Bank's financial position in consideration of changing economic conditions.

6.4 Fair value of financial assets and liabilities

IFRS 13 requires the Bank to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Bank 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:

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

Valuation technique used is comparison with similar instruments for which observable market prices exist. This technique requires use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Fair value of financial assets and liabilities(continued)

6.4.1 Bank's financial assets and financial liabilities that are measured at fair value on recurring basis.

2023 Assets	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS '000
Equity Investments	-	-	2,040,200
Government securities	-	-	-
Total assets	-	-	2,040,200

2022 Assets	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS '000
Equity Investments	-	-	2,040,200
Government securities – FVOCI	-	27,639,102	-
Total assets	-	27,639,102	2,040,200

2021 Assets	Level 1 TZS '000	Level 2 TZS '000	Level 3 TZS '000
Equity Investments	-	-	2,040,200
Government securities – FVOCI	-	-	-
Total assets	-	-	2,040,200

6.4.2 Movements in Level 3 financial instruments measured at fair value continued

The following table shows the reconciliation of the opening and closing amounts of level 3 financial assets and liabilities measured at fair value.

Level 3 Equity Investments at FVOCI	2023 TZS '000	2022 TZS '000	2021 TZS '000
At 1 January	2,040,200	2,040,200	2,040,200
Purchases	-	-	-
Revaluation gain/(loss)	-	-	-
At 31 December	2,040,200	2,040,200	2,040,200

During the year there were no purchase, sales, issues and settlements.

6.4.3 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions.

Investment securities are fair valued based on observable market information, including market prices for debt and equity securities. Where observable market inputs are unavailable, the bank uses valuation techniques to arrive to the fair value, including the use of transaction prices obtained at recent arm's length transactions and discounted cash flow analysis, based on market conditions and risks at the reporting date. Changes in fair value of equity instruments are measured at the end of each accounting period. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Fair value of financial assets and liabilities (continued)

6.4.3 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions.(continued)

The following table summarizes the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Bank's Level 3 assets as at 31 December 2023.

Instrument	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the inputs to fair value
TMRC	Direct comparison approach	Equivalent equity prices	2023: TZS 1,622 per share (2022: TZS 1,622)	5% increase (decrease) in prices would result in an increase (decrease) in fair value by TZS 89Mil (2022: TZS89 Mil)
Umoja Switch	Direct comparison approach	Equivalent equity prices	2023: TZS 1Mil per share (2022: TZS 1Mil per share)	5% increase (decrease) in prices would result in an increase (decrease) in fair value by TZS 12.8Mil (2022: TZS 12.8Mil)

6.4.4 Financial instruments not measured at fair value:

The following table analyses within the fair value hierarchy the Bank's assets and liabilities measured at amortized cost at 31 December 2023.

31 December 2023	Level 1	Level 2	Level 3	Total fair values TZS'000'	Total carrying Value TZS'000'
Cash and balances with Bank of Tanzania	-	21,576,928	-	21,576,928	21,576,928
Loans and balance to banks	-	5,271,278	-	5,271,278	5,271,278
Government securities	-	55,995,440		55,995,440	57,156,768
Loans and balance with customers	-	120,403,894	-	120,403,894	120,403,894
Other assets (excluding prepayments)	-	736,763	-	736,763	736,763
Total assets	**-**	**203,984,303**	**-**	**203,984,303**	**205,145,631**
Due to other banks	-	47,664,218	-	47	
Deposit from customers	-	140,053,421	-	140,053,421	140,053,421
Borrowings	-	11,213,836	-	11,213,836	11,213,836
Other liabilities (excluding statutory deductions)	-	1,428,415	-	1,428,415	1,428,415
Total	**-**	**200,359,890**	**-**	**200,359,890**	**200,359,890**

The fair values and carrying values are the same since most of the financial assets and liabilities are predominantly short term in nature.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Fair value of financial assets and liabilities (continued)

6.4.4 Financial instruments not measured at fair value:(continued)

31 December 2022	Level 1 TZS'000'	Level 2 TZS'000'	Level 3 TZS'000'	Total fair values TZS'000'	Total carrying value TZS'000'
Cash and balances with Bank of Tanzania	-	19,005,746	-	19,005,746	19,005,746
Loans and balance to banks	-	3,963,844	-	3,963,844	3,963,844
Government securities	-	13,663,360	-	13,663,360	13,663,360
Loans and balance with customers	-	120,847,669	-	120,847,669	120,847,669
Other assets (excluding prepayments)	-	1,799,769		1,799,769	1,799,769
Total assets	**-**	**159,280,388**	**-**	**159,280,388**	**159,280,388**
Due to other banks	-	23,934,235	-	23,934,235	23,934,235
Deposit from customers	-	141,941,494	-	141,941,494	141,941,494
Borrowings	-	11,900,791	-	11,900,791	11,900,791
Other liabilities (excluding statutory deductions)	-	1,488,014		1,488,014	1,488,014
Total		**179,264,534**	**-**	**179,264,534**	**179,264,534**

31 December 2021	Level 1 TZS'000'	Level 2 TZS'000'	Level 3 TZS'000'	Total fair values TZS'000'	Total carrying value TZS'000'
Cash and balances with Bank of Tanzania	-	20,053,558	-	20,053,558	20,053,558
Loans and balance to banks	-	2,286,048	-	2,286,048	2,286,048
Government securities	-	28,616,539	-	28,616,539	28,616,539
Loans and balance with customers	-	114,715,813	-	114,715,813	114,715,813
Other assets (excluding prepayments)	-	-	336,289	336,289	336,289
Total assets	-	165,671,958	336,289	166,008,247	166,008,247
Due to other banks	-	24,749,752	-	24,749,752	24,749,752
Deposit from customers	-	125,291,419	-	125,291,419	125,291,419
Borrowings	-	8,426,352	-	8,426,352	8,426,352
Lease liabilities	-	-	3,546,595	3,546,595	3,546,595
Other liabilities (excluding statutory deductions)	-	-	708,661	708,661	708,661
Total	**-**	**158,467,523**	**4,255,256**	**162,722,779**	**162,722,779**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Capital management

The Bank of Tanzania has set, among other measures, the rules, and ratios to monitor adequacy of a Bank's capital, monitored daily and monthly, for supervisory purposes. In implementing current capital requirements, the Bank of Tanzania requires maintenance of a prescribed ratio of total capital to total risk-weighted assets in two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capitals, which includes qualifying subordinated liabilities and the element of fair value reserve relating to unrealized gains on equity instruments classified as held to collect and sale.

Various limits are applied to elements of the capital base; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. Tier 1 capital (Core capital) is also subjected to various limits like limitation in risk weighted assets by 12.5% and investments in movable and immovable assets not to exceed 70% of core capital.

The primary objectives of the Bank's capital management which is a broader concept than the 'equity' on the face of statement of financial positions are:

- To comply with the capital requirements set by the Bank of Tanzania (BOT) while safeguarding the Bank's ability to continue as a going concern.
- To maintain strong capital base and a strong credit rating to support the development of its business

Below is the composition of regulatory capital and the ratios of the Bank.

REGULATORY CAPITAL	2023	2022	2021
Tier 1 Capital	TZS'000	TZS'000	TZS'000
Share capital	24,061,904	24,061,904	24,061,904
Share premium	4,183,291	4,183,291	4,183,291
Accumulated losses	(4,145,700)	(3,792,602)	(4,751,930)
Less: Prepaid expenses	(657,030)	(1,013,084)	(1,249,523)
Less: Deferred income tax asset	(7,053,824)	(5,210,033)	(5,206,655)
Total qualifying Tier 1 Capital	16,388,641	18,229,476	17,037,087
Tier 2 Capital	478,940	621,482	478,940
Total regulatory capital	**16,867,581**	**18,850,958**	**17,516,027**

	2023	2022	2021
Risk - weighted assets	TZS'000	TZS'000	TZS'000
On balance sheet	104,439,477	107,950,727	102,269,087
Off balance sheet	10,732,099	4,310,907	8,372,759
Total risk - weighted assets	**115,171,576**	**112,261,634**	**110,641,846**
Minimum capital for market risks	1,265,465	4,243,909	869,621
Minimum capital for Operational risks	15,686,967	10,026,682	10,026,682
Total adjusted risk weighted assets	**132,124,008**	**126,532,225**	**121,538,149**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Capital management

Bank Ratios			
Tier 1	**Regulatory requirement**		
- Minimum	10%	10%	10.00%
- Buffer	3%	2%	4.41%
	13%	**12%**	**14.41%**
Tier 2		**12.77%**	**14.90%**
- Minimum	12.00%	12.00%	12.00%
- Buffer	2.50%	0.77%	2.90%
	14.50%	**12.77%**	**14.90%**

The Company has not complied with the regulatory requirements regarding capital buffers. The Company's plans to achieve compliance includes:

a) Raising capital – as at the date of the financial statements, the Board of Directors has approved a resolution for the Company to raise capital through a rights issue and has directed management to prepare a comprehensive paper for the Board's review. Once reviewed and approved by the Board of Directors, the rights issue plan will require approval by (i) the shareholders at the Annual General Meeting, (ii) the Bank of Tanzania and (iii) the Capital Market and Securities Authority.

b) Improved financial performance – additional information is provided in Note 30 of the financial statements

7. SEGMENT REPORTING

The segment reporting format is determined by Bank's risks and rates of returns based on products and services offered. The Chief Operating Decision Maker (CODM) as at 31 December 2023 was the managing director who is responsible for the day to day running of the business.

The business banking segment have credit facilities include business loans and credit lines that earns both interest income and fees from the loans, trade finance and ledger fee and insurance business that drives revenue.

The Personal Banking deals with personal loans, salary advance, mortgage and housing that drive interest income and facility fees, ATM cards fee, monthly ledger fee and transaction fee over several bank channels.

Microfinance segment offers small loans in group, the loans resulted to earning in interest income and fees from facilities.

Treasury segment deals with investment in bond and bills, interbank placement payable and receivable that drives interest income; Foreign exchange trading and bond trading that contributed to fee and commission.

The geographical areas where the bank operates are 8 branches in Dar es Salaam (2022: 8 branches, 2021: 8 branches) and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

The segment information provided to Bank's senior management for the reportable segments for the year ended 31 December 2023 is as follows:

31 December 2023	Business Banking	Personal Banking	Microfinance	Treasury	Other	TOTAL
Statement of profit or loss and other comprehensive income	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Interest income	8,001,459	11,684,860	2,515,280	5,633,827	-	27,835,426
Interest expense	(4,353,019)	(7,369,826)	(3,630)	(3,032,528)	(326,917)	(15,085,920)
Fees, commission, and other income	1,331,408	668,518	232,561	-	2,648,134	4,880,621
Foreign exchange income	-	-	-	364,191	-	364,191
Other operating income	-	-	7,447	379,590	845,860	1,232,897
Income	**4,979,848**	**4,983,552**	**2,751,658**	**3,345,080**	**3,167,077**	**19,227,215**
Loan impairment credit (charge)	(1,441,788)	(29,146)	(1,638,616)	-	-	(3,109,550)
Personnel expenses	(3,107,212)	(855,609)	(2,521,795)	(135,096)	(3,422,436)	(10,042,148)
Depreciation and amortization	(1,191,953)	(328,219)	(967,382)	(51,825)	(1,312,876)	(3,852,255)
Administrative and other operating expenses	(2,109,362)	(580,840)	(1,711,946)	(91,711)	(2,323,356)	(6,817,215)
Total Operating expenses	**(6,408,527)**	**(1,764,668)**	**(5,201,123)**	**(278,632)**	**(7,058,668)**	**(20,711,618)**
Profit/(Loss) before tax	**(2,870,467)**	**3,189,738**	**(4,088,081)**	**3,066,448**	**(3,891,591)**	**(4,593,953)**
Income tax credit	-	-	-	-	975,721	975,721
Profit for the year	**(2,870,467)**	**3,189,738**	**(4,088,081)**	**3,066,448**	**(2,915,870)**	**(3,618,232)**

The geographical areas where the bank operates are 8 branches in Dar es Salaam and 1 branch in Dodoma.
The head office of the bank is located in Dar es Salaam.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

31 December 2022	Business Banking	Personal Banking	Microfinance	Treasury	Other	TOTAL
Statement of profit or loss and other comprehensive income	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Interest Income	7,029,426	11,915,269	4,415,513	4,733,614	513,483	28,607,305
Interest Expense	(4,381,080)	(6,931,542)	(15,194)	(1,810,218)	(242,244)	(13,380,278)
Fees, commission, and other income	2,216,212	1,800,395	379,692	-	1,355,416	5,751,715
Foreign exchange income	-	-	-	386,107	-	386,107
Other operating income	-	-	31,900	3,611,269	501,222	4,144,391
Income	**4,864,558**	**6,784,122**	**4,811,911**	**6,920,772**	**2,127,877**	**25,509,240**
Loan impairment credit (charge)	(1,114,217)	(4,136,417)	1,375,769	-	-	(3,874,865)
Personnel expenses	(2,658,129)	(2,412,139)	(779,887)	(368,479)	(3,775,014)	(9,993,648)
Depreciation and amortization	(197,754)	(98,877)	(766,299)	(37,079)	(1,521,149)	(2,621,158)
Administrative and other operating expenses	(607,784)	(303,892)	(2,355,161)	(113,959)	(4,671,425)	(8,052,221)
Total operating expenses	**(3,463,667)**	**(2,814,908)**	**(3,901,347)**	**(519,517)**	**(9,967,588,)**	**(20,667,027)**
Profit before tax	**286,674**	**(167,203)**	**2,286,333**	**6,401,255**	**(7,839,711)**	**967,348**
Income tax expense	-	-	-	-	(219,645)	(219,645)
Profit for the year	**286,674**	**(167,203)**	**2,286,333**	**6,401,255**	**(8,059,356)**	**747,703**

The geographical areas where the bank operates are 8 branches in Dar es Salaam and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

31 December 2021 Statement of profit or loss and other comprehensive income	Business Banking TZS'000	Personal Banking TZS'000	Microfinance TZS'000	Treasury TZS'000	Other TZS'000	TOTAL TZS'000
Interest Income	6,470,517	10,764,633	4,567,154	5,815,360	-	27,617,664
Interest Expense	(3,925,643)	(5,011,017)	(10,735)	(2,239,405)	(277,493)	(11,464,293)
Fees, commission, and other income	1,763,236	2,076,924	689,415	-	296,859	4,826,434
Foreign exchange income	-	-	-	280,258	-	280,258
Other operating income	-	-	-	1,223,690	559,815	1,783,505
Income	4,308,110	7,830,540	5,245,834	5,079,903	579,181	23,043,568
Expenses						
Loan impairment credit (charge)	(81,564)	(1,475,277)	(2,269,426)	-	-	(6,503,867)
Personnel expenses	(690,851)	(198,654)	(977,625)	(368,479)	(7,529,676)	(9,765,285)
Administrative and other operating expenses	4,308,110	7,830,540	5,245,834	5,079,903	579,181	(6,435,238)
Depreciation and amortization	(917,977)	(150,830)	(775,696)	(21,547)	(657,971)	(2,524,021)
Total expenses	(4,327,512)	(3,345,235)	(7,245,427)	(445,028)	(9,865,209)	(25,228,411)
Profit before tax	(19,402)	4,485,305	(1,999,593)	4,634,875	(9,286,028)	(2,184,843)
Income tax charge	-	-	-	-	540,783	540,783
Profit for the year	**(19,402)**	**4,485,305**	**(1,999,593)**	**4,634,875**	**(8,745,245)**	**(1,644,060)**

The geographical areas where the bank operates are 8 branches in Dar es Salaam and 1 branch in Dodoma. The head office of the bank is located in Dar es Salaam

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

Statement of financial position as at 31 December 2023 in TZS'000	Business Banking	Personal Banking	Microfinance	Treasury	Other	TOTAL
Assets						
Cash and balances with Bank of Tanzania	-	-	-	21,576,928	-	21,576,928
Loans and balances to banks	-	-	-	5,271,278	-	5,271,278
	-	-	-	57,156,768	-	57,156,768
Equity investment	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	59,768,866	58,399,670	2,235,358	-	-	120,403,894
Property and Equipment	-	-	-	-	2,981,231	2,981,231
Intangible assets	-	-	-	-	3,631,022	3,631,022
Corporate tax recoverable	-	-	-	-	975,000	975,000
Right of use Assets	-	-	-		6,890,965	6,890,965
Deferred tax asset	-	-	-	-	7,053,824	7,053,824
Other assets	-	-	-	-	3,001,042	3,001,042
Total assets	**59,768,866**	**58,399,670**	**2,235,358**	**84,004,974**	**26,573,284**	**230,982,152**
Equity						
Share capital	-	-	-	-	24,061,904	24,061,904
Share premium					4,183,291	4,183,291
Advance toward share capital	-	-	-	-	-	-
Retained earnings	-	-	-	-	(4,145,700)	(4,145,700)
General banking risk reserve	-	-	-	-	130,043	130,043
Fair valuation reserve	-	-	-	-	478,940	478,940
Total equity	**-**	**-**	**-**	**-**	**24,708,478**	**24,708,478**
Liabilities						
Deposit from banks	-	-	-	47,664,218		47,664,218
Deposits from customers	59,593,405	78,843,742	1,616,274	-	-	140,053,421
Borrowings	-	-	-	11,213,836	-	11,213,836
Lease liability	-	-	-	-	4,479,246	4,479,246
Other liabilities	-	-	-	-	2,862,953	2,862,953
Total liabilities	**59,593,405**	**78,843,742**	**1,616,274**	**58,878,054**	**7,342,199**	**206,273,674**
Total Equity and liabilities	**59,593,405**	**78,843,742**	**1,616,274**	**58,878,054**	**32,050,677**	**230,982,152**

Items reported under other are those, which are used by all segment and cannot be specifically allocated to any of the segment

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

Statement of financial position as at 31 December 2021 in TZS'000'	Business Banking	Personal Banking	Microfinance	Treasury	Other	TOTAL
Assets						
Cash and balances with Bank of Tanzania	-	-	-	20,053,560	-	20,053,560
Loans and balances to banks	-	-	-	2,286,048	-	2,286,048
Government securities	-	-	-	28,616,539	-	28,616,539
Equity investment	-	-	-	-	2,040,200	2,040,200
Loans and advances to customers	42,226,691	63,067,913	9,421,209	-	-	114,715,813
Property and Equipment	-	-	-	-	3,845,700	3,845,700
Intangible assets	-	-	-	-	5,110,821	5,110,821
Corporate tax recoverable	-	-	-	-	2,085,029	2,085,029
Right of use Assets	-	-	-	-	6,305,536	6,305,536
Deferred tax asset	-	-	-	-	5,206,655	5,206,655
Other assets	-	-	-	-	2,187,779	2,187,779
Total assets	42,226,691	63,067,913	9,421,209	50,956,147	26,781,718	192,453,680
Equity						
Share capital	-	-	-	-	24,061,904	24,061,904
Share premium	-	-	-	-	4,183,291	4,183,291
Advance toward share capital	-	-	-	-	-	-
Accumulated losses	-	-	-	-	(4,751,930)	(4,751,930)
General banking risk reserve	-	-	-	-	3,606,802	3,606,802
Fair valuation reserve	-	-	-	-	478,940	478,940
Total equity	-	-	-	-	27,579,007	27,579,007
Liabilities						
Deposit from banks	-	-	-	24,749,752	-	24,749,752
Deposits from customers	54,992,143	66,388,076	3,911,200	-	-	125,291,419
Borrowings	-	-	-	8,426,352	-	8,426,352
Lease liability	-	-	-	-	3,546,595	3,546,595
Other liabilities	-	-	-	-	2,860,555	2,860,555
Total liabilities	54,992,143	66,388,076	3,911,200	33,176,104	6,407,148	164,874,673
Total Equity and liabilities	54,992,143	66,388,076	3,911,200	33,176,104	33,986,155	192,453,680

	2023 TZS 000	2022 TZS 000	2021 TZS 000
8. INTEREST INCOME			
Loans and advances	22,201,599	23,873,691	21,802,304
Government securities	5,373,240	4,628,412	5,768,054
Placements	260,587	105,202	47,306
	27,835,426	**28,607,305**	**27,617,664**
9. INTEREST EXPENSE			
Time deposits	11,378,518	10,786,789	8,478,050
Long term borrowing (note 31)	984,669	929,893	1,405,861
Interbank borrowing	2,047,859	880,325	833,544
Savings deposits	180,912	190,900	147,024
Current accounts	167,045	102,840	81,747
Finance cost lease liability (note 36 (ii))	326,917	242,244	277,493
Commission expense on deposits	-	247,287	240,574
	15,085,920	**13,380,278**	**11,464,293**
10. FEES AND COMMISSION INCOME			
Loan commitment fees	1,431,226	1,739,416	1,670,991
Ledger fees	753,723	879,014	1,050,985
Commission on insurance fees	471,978	571,730	598,627
Withdrawal fees	219,292	256,485	235,947
Commission charged on transfers	54,157	48,117	79,723
Commission on Western Union Transfers	23,487	23,780	26,652
Commission on ATM withdrawal charges	25,493	190	25,430
Commission on mobile banking	464,385	445,763	310,088
Other fees and commissions	418,626	695,783	449,726
Drafts and transfers	38,103	56,949	29,545
Guarantee and indemnities	980,151	1,034,488	348,720
	4,880,621	**5,751,715**	**4,826,434**
11. FOREIGN EXCHANGE INCOME			
Foreign exchange dealings gains	**364,191**	**386,107**	**280,258**
12. OTHER OPERATING INCOME			
Gain on sale of bonds	379,590	3,611,269	1,223,690
Other income	853,307	533,122	559,815
	1,232,897	**4,144,391**	**1,783,505**

	2023 TZS 000	2022 TZS 000	2021 TZS 000
13. STAFF COSTS			
Wages and salaries	5,823,460	5,977,364	6,031,437
Pension and retirement benefits	900,183	927,997	1,219,330
Other staff costs	3,318,505	3,088,287	2,514,518
14. GENERAL AND ADMINISTRATIVE EXPENSES			
Lending expenses	663,299	727,387	710,581
Bank charges	30,179	28,389	74,133
Legal Expenses	82,065	47,671	25,314
Consultancy expenses	139,881	609,981	278,088
Security expenses	454,556	483,744	507,970
Electricity expenses	184,328	200,793	205,336
Cleaning, gardening, and water expenses	148,159	179,144	170,799
Telephone expenses	217,006	229,152	195,214
Insurance expenses	263,657	262,256	250,218
Office rent expenses	125,103	482,792	398,251
Stationery and consumables	616,420	922,666	382,741
Auditors' remuneration	292,517	142,072	277,320
Donations & subscriptions	107,533	77,237	218,147
Recruitment expenses	119,712	3,493	117,374
Other operational losses	28,575	7,589	5,519
Maintenance expenses (Note 16)	2,496,446	2,350,262	13,180
Charge for other assets provisions/allowance	71,000	80,228	1,597,471
Marketing and promotion (Note 17)	413,621	799,558	206,368
Corporate governance (Note 18)	362,305	416,889	519,833
Other expenses	853	918	915
	6,817,215	**8,052,221**	**6,435,238**
15. DEPRECIATION AND AMORTISATION			
Amortization of leasehold improvement	346,638	343,055	298,983
Depreciation of motor vehicles	352	12,124	72,664
Depreciation of Computer and IT equipment	293,111	261,623	158,835
Depreciation furniture & fittings, machinery and generator	362,993	349,101	356,615
Depreciation Right of Use Assets	1,095,857	828,536	889,963
Amortization of intangible assets	1,753,304	826,719	746,961
	3,852,255	**2,621,158**	**2,524,021**

	2023 TZS 000	2022 TZS 000	2021 TZS 000
16. MAINTENANCE EXPENSES			
Maintenance premises, furniture & equipment	394,213	262,216	143,308
Motor vehicle fuel and repair	229,556	287,563	233,161
Software maintenance expenses	1,849,619	1,765,602	1,173,635
Computer and IT equipment	23,058	34,881	47,367
	2,496,446	**2,350,262**	**1,597,471**
17. MARKETING AND PROMOTION			
Publications	48,720	25,890	50,239
Advertisement	-	9,586	5,830
Magazine and journal	11,185	12,397	11,173
Promotion	353,716	751,685	452,591
	413,621	**799,558**	**519,833**
18. CORPORATE GOVERNANCE			
Shareholder's meeting expenses	104,273	114,465	135,780
Directors' fees	60,588	52,311	144,686
Director's allowance	197,444	250,113	-
	362,305	416,889	**280,466**
19. INCOME TAX (CREDIT)/CHARGE			
Income tax (credit)/expense:			
- Current year	-	286,992	(163,673)
- Prior year assessment	91,921	-	(9,025)
- Prior year unrecoverable	715,060	-	-
Deferred income tax - Current year	(2,770,727)	(134,412)	(89,799)
- Prior year under provision	988,025	67,065	803,280
	(975,721)	219,645	**540,783**

	2023 TZS 000	2022 TZS 000	2021 TZS 000
Reconciliation of accounting (loss)/profit to tax charge:			
Accounting (loss)/profit before income tax	(4,593,953)	967,348	(2,184,843)
Tax (credit)/charge at 30%	(1,378,186)	290,204	(655,453)
Disallowed expenditure	51,040	47,562	745,252
Prior year tax assessment	715,060	-	9,025
Prior year income tax	91,921	-	
Prior year under provision of deferred tax	988,025	67,065	(803,280)
Tax effect of unreconciled balance on assets	(9,167)	-	-163,673
Exempt income	(1,434,414)	(185,186)	-
Alternative Minimum Tax	-	-	163,673
	(975,721)	**219,645**	**(540,783)**

20. CASH AND BALANCES WITH BANK OF TANZANIA

	2023	2022	2021
Cash in hand	2,662,211	3,573,818	4,125,826
Balance with Bank of Tanzania	7,939,893	5,599,897	7,257,282
Cheques in the-course of collection	155,923	112,302	4,114
Statutory minimum reserve (SMR)	10,818,901	9,719,729	102,390
	21,576,928	**19,005,746**	**20,053,560**
Current	**21,576,928**	**19,005,746**	**20,053,560**

The SMR deposit is not available to finance the day-to-day operations and is hence excluded from cash and cash equivalents for the purpose of the statement of cash flows (see Note 35). Cash in hand and balances with Bank of Tanzania and SMR are non-interest bearing.

21. BALANCES DUE FROM OTHER BANKS

	2023	2022	2021
Balances with other banks	5,267,297	3,963,449	2,286,048
Accrued interest	3,981	395	-
	5,271,278	**3,963,844**	**2,286,048**
Current	**5,271,278**	**3,963,844**	**2,286,048**

	2023 TZS 000	2022 TZS 000	2021 TZS 000
22. GOVERNMENT SECURITIES AT AMORTISED COST			
Treasury bills with more than three months original maturity	14,481,100	13,400,495	27,278,640
Accrued interest	383,996	262,865	1,337,899
	14,865,096	**13,663,360**	**28,616,539**
Treasury bonds with more than three months original maturity	41,420,972	-	-
Accrued interest	870,700	-	-
	42,291,672	-	-
Total	**57,156,768**	**13,663,360**	**28,616,539**
GOVERNMENT SECURITIES AT FAIR VALUE THROUGH OCI			
Treasury bonds with more than three months original maturity	-	26,907,744	-
Accrued interest	-	527,726	-
Fair value gain	-	203,632	-
	-	**27,639,102**	**-**
Comprising:			
Current	14,865,096	14,398,571	2,122,013
Non-current	42,291,672	26,903,891	26,494,526
TOTAL GOVERNMENT SECURITIES	**57,156,768**	**41,302,462**	**28,616,539**

As at 31 December 2023, the bank had pledged treasury bonds of TZS 40.245 billion to obtain interbank short-term borrowings and long-term borrowings with maximum tenure of 12 months and 5 years respectively. No conditions have been attached on these collateral

23. LOANS AND ADVANCES TO CUSTOMERS

Loans to individuals and Corporates	118,200,083	115,270,360	104,497,532
Loans to solidarity groups	3,460,334	9,685,349	9,578,724
Overdraft facility	3,291,656	5,410,019	7,657,639
	124,952,073	**130,365,728**	**121,733,895**
Allowance for credit losses	**(4,548,179)**	**(9,518,059)**	**(7,018,082)**
31 December	**120,403,894**	**120,847,669**	**114,715,813**
Loan Maturity analysis			
with maturity of 3 months or less	14,573,778	15,429,835	10,830,673
with maturity of between 3 months and 1 year	11,749,732	22,303,789	17,146,189
with maturity of more than 1 year	94,080,384	83,114,045	86,608,027
	120,403,894	**120,847,669**	**114,715,813**

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Additional provision as per Bank of Tanzania Regulations

	2023 TZS'000	2022 TZS'000	2021 TZS'000
Regulatory impairment			
At the beginning of the year	3,395,177	**3,606,802**	**2,944,457**
Decrease during the year	(3,265,134)	**(211,625)**	662,345
At the end of the year	**130,043**	**3,395,177**	**3,606,802**

General banking risk reserve represent additional allowance for losses charged to retained earnings.

The reserve is not available for distribution.

	Interest held	2023 TZS'000	2022 TZS'000	2021 TZS'000
24. EQUITY INVESTMENTS AT FVOCI				
Tanzania Mortgage Refinancing Company	5.0%	1,784,200	1,784,200	1,784,200
Umoja Switch Co. Ltd	37.54%	256,000	256,000	256,000
		2,040,200	**2,040,200**	**2,040,200**

The Bank has investments in ordinary shares in Tanzania Mortgage Refinancing Company Limited (TMRC) valued at Fair value and Umoja Switch Co. Ltd being founder member of the Switch.

These shares do not have a quoted market price in an active market. The Bank uses share price information provided by TMRC and Umoja Switch to determine the fair value of the investments at the reporting date.

24. PROPERTY AND EQUIPMENT

	Machinery and equipment	Furniture, fixture and fitting	Computers and IT equipment	Generator	Motor vehicle	Leasehold improvement	Work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost								
As at 1 January 2023	2,991,385	1,261,057	2,160,553	452,943	793,564	3,824,193	299,261	11,782,956
Additions	37,581	449	81,235	-	-	116,993	34,023	270,281
Transfer in/(out)	15,125	1,638	162,648	-	-	217,625	(397,036)	-
Transfer from intangible	-	-	-	-	-	-	97,774	97,774
Written off	-	(3,439)	-	-	-	(38,425)	-	(41,864)
At 31 December 2023	**3,044,091**	**1,259,705**	**2,404,436**	**452,943**	**793,564**	**4,120,386**	**34,022**	**12,109,147**
Depreciation								
As at 1 January 2023	2,422,934	736,213	1,460,904	379,931	793,212	2,342,939	-	8,136,133
Charge for the year	215,037	134,868	293,111	13,088	352	346,638	-	1,003,094
Written off	-	(1,777)	-	-	-	(9,534)	-	(11,311)
At 31 December 2023	**2,637,971**	**869,304**	**1,754,015**	**393,019**	**793,564**	**2,680,043**	-	**9,127,916**
Net Book Value	**406,120**	**390,401**	**650,421**	**59,924**	-	**1,440,343**	**34,022**	**2,981,231**

25. PROPERTY AND EQUIPMENT (CONTINUED)

	Machinery and equipment	Furniture, fixture and fitting	Computers and IT equipment	Generator	Motor vehicle	Leasehold improvement	Work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost								
As at 1 January 2022	**2,824,626**	**907,265**	**1,952,322**	**400,732**	**793,564**	**3,779,095**	**358,325**	**11,015,929**
Additions	130,855	303,552	117,099	10,343	-	1,514	203,664	767,027
Transfer in/(out)	35,904	50,240	91,132	41,868	-	43,584	(262,728)	-
At 31 December 2022	**2,991,385**	**1,261,057**	**2,160,553**	**452,943**	**793,564**	**3,824,193**	**299,261**	**11,782,956**
Depreciation								
As at 1 January 2022	**2,184,242**	**639,176**	**1,199,281**	**366,559**	**781,088**	**1,999,884**	**-**	**7,170,230**
Charge for the year	238,692	97,037	261,623	13,372	12,124	343,055	-	965,903
Written off	-	-	-	-	-	-	-	-
At 31 December 2022	**2,422,934**	**736,213**	**1,460,904**	**379,931**	**793,212**	**2,342,939**	**-**	**8,136,133**
Net Book Value	**568,451**	**524,844**	**699,649**	**73,012**	**352**	**1,481,254**	**299,261**	**3,646,824**

25. PROPERTY AND EQUIPMENT (CONTINUED)

	Machinery and equipment	Furniture, fixture and fitting	Computers and IT equipment	Generator	Motor vehicle	Leasehold improvement	Work in progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Cost								
As at 1 January 2021	2,564,961	692,736	1,333,891	380,480	793,564	3,312,892	562,787	**9,641,311**
Additions	225,171	174,161	543,597	20,252	-	340,784	245,707	**1,549,672**
Transfer in/(out)	34,494	42,723	120,164	-	-	125,419	(322,800)	**-**
Written off	-	(2,355)	(45,330)	-	-	-	(127,369)	**(175,054)**
At 31 December 2021	**2,824,626**	**907,265**	**1,952,322**	**400,732**	**793,564**	**3,779,095**	**358,325**	**11,015,928**
Depreciation								
As at 1 January 2021	**1,886,060**	**594,823**	**1,073,500**	**353,929**	**708,452**	**1,700,901**	**-**	**6,317,665**
Charge for the year	298,181	45,804	158,835	12,630	72,636	298,983	-	887,069
Written Off	-	(1,452)	(33,054)	-	-	-	-	-
At 31 December 2021	**2,184,241**	**639,176**	**1,199,281**	**366,559**	**781,088**	**1,999,884**	**-**	**7,170,228**
Net Book Value	**640,385**	**268,090**	**753,039**	**34,172**	**12,476**	**1,779,211**	**358,325**	**3,845,700**

Where deemed appropriate, classification for the comparative numbers has been adjusted to align with current year's presentation. Refer to further details in note 4(r)

	Intangible assets TZS'000	Work in progress TZS'000	Total TZS'000
26. INTANGIBLE ASSETS			
COST			
At 1 January 2023	**9,812,750**	**745,189**	**10,557,939**
Additions	291,583	123,301	414,884
Transferred to PPE	-	(97,774)	(97,774)
Work in progress capitalized	527,135	(527,135)	-
At 31 December 2023	**10,631,468**	**243,581**	**10,875,049**
ACCUMULATED AMORTIZATION			
At 1 January 2023	**5,490,723**	**-**	**5,490,723**
Amortization for the year	1,753,304	-	1,753,304
At 31 December 2023	**7,244,027**	**-**	**7,244,027**
Net book value	**3,387,441**	**243,581**	**3,631,022**

Work in progress (WIP) includes assets relating to unfinished projects. These projects are still in progress as at 31 December 2023.

COST			
At 1 January 2022	9,335,165	439,660	9,774,825
Additions	184,320	598,794	783,114
Work in progress capitalized	293,265	(293,265)	-
At 31 December 2022	**9,812,750**	**745,189**	**10,557,939**
ACCUMULATED AMORTIZATION			
At 1 January 2022	4,664,004	-	4,664,004
Amortization for the year	826,719	**-**	826,719
At 31 December 2022	**5,490,723**	**-**	**5,490,723**
Net book value	**4,322,027**	**745,189**	**5,067,216**
COST			
At 1 January 2021	8,552,891	395,624	8,948,515
Additions	386,650	439,660	826,310
Work in progress capitalized	395,624	(395,624)	-
At 31 December 2021	**9,335,165**	**439,660**	**9,774,825**
ACCUMULATED AMORTIZATION			
At 1 January 2021	3,917,043	-	3,917,043
Amortization for the year	746,961	-	746,961
At 31 December 2021	**4,664,004**	-	**5,110,821**
Net book value	**4,664,004**	**-**	**4,664,004**

	2023 TZS'000	2022 TZS'000	2021 TZS'000
27. OTHER ASSETS			
Prepaid expenses	657,030	1,013,084	1,249,523
Stationery and consumables	340,245	417,972	601,967
Fair value on staff loans	1,267,004	-	-
Sundry assets	1,346,557	2,350,099	806,391
	3,610,836	**3,781,155**	**2,657,881**
Allowance for other assets	(609,794)	(550,330)	(470,102)
	3,001,042	3,230,825	2,187,779
Current	**3,001,042**	**3,230,825**	**2,187,779**

Movement in allowance for other assets is as follows.

	2023 TZS'000	2022 TZS'000
At 1 Jan	**550,330**	**399,743**
Additional provision	59,464	150,587
At 31 December	**609,794**	**550,330**

	2023 TZS'000	2022 TZS'000	2021 TZS'000
28. INCOME TAX RECOVERABLE			
At 1 January	2,095,060	2,085,031	1,939,384
Over (Under) provision of tax			(9,025)
Tax charge current year	-	(286,992)	
Tax charge prior year	(91,921)	-	
Tax refund	(313,079)	-	
Tax paid during the year	-	297,021	
Unrecoverable prior year taxes	(715,060)	-	
At 31 December	**975,000**	**2,095,060**	
29. DEPOSITS			
29.a DUE TO OTHER BANKS			
Term deposits	47,645,526	23,916,027	24,438,605
Savings	13,919	13,869	13,813
Call deposits	4,773	4,339	297,334
	47,664,218	**23,934,235**	**24,749,752**

As at year end the bank pledged bonds worth TZS 27.89 billion to secure part of interbank short-term borrowings.

29. DEPOSITS

	2023 TZS'000	2022 TZS'000	2021 TZS'000
29. b DEPOSITS FROM CUSTOMERS			
Current accounts	21,782,863	17,907,581	24,261,035
Savings deposits	24,360,638	25,477,477	27,838,027
Time deposits	93,909,920	98,556,436	73,192,357
	140,053,421	**141,941,494**	**125,291,419**
Current	**129,558,786**	**124,892,466**	**113,615,184**
Non-current	**10,494,635**	**17,049,028**	**11,676,235**
	140,053,421	**141,941,494**	**125,291,419**

30. DEFERRED INCOME TAX ASSET

D Deferred income taxes are calculated on all temporary differences under the liability method, using the enacted tax rate of 30%

	At start of year TZS'000	(Charged)/Credited to: Profit or loss TZS'000	OCI TZS'000	At end of year TZS'000
Year ended 31 December 2023:				
Property and equipment	437,802	291,850		729,652
Provisions – loans and advances	2,855,418	(1,490,964)		1,364,454
Provisions – other Assets	165,099	17,839		182,938
Loss carried forward	982,953	3,331,899		4,314,852
Interest in suspense	526,155	(348,294)		177,861
Commitment fee	334,633	(80,876)		253,757
IFRS 16 temporary differences	174,322	61,248		235,570
Fair value gain on bond held for sale	(61,089)	-	61,089	-
Fair value gain on equity instruments	(205,260)	-	-	(205,260)
	5,210,033	**1,782,702**	**61,089**	**7,053,824**

30. DEFERRED INCOME TAX ASSET (CONTINUED)

	At start of year	(Charged)/Credited to: Profit or loss	OCI	At end of year
	TZS'000	TZS'000	TZS'000	TZS'000
Year ended 31 December 2022:				
Property and equipment	432,148	5,654	-	437,802
Provisions – loans and advances	2,104,798	750,620	-	2,855,418
Provision – other Assets	141,031	24,068	-	165,099
Loss carried forward	1,718,476	(735,523)	-	982,953
Interest in suspense	526,155	-	-	526,155
Commitment fee	364,657	(30,024)	-	334,633
IFRS 16 temporary differences	124,650	49,672	-	174,322
Fair value gain on bond held for sale	-	-	(61,089)	(61,089)
Fair value gain on equity instruments	(205,260)	-	-	(205,260)
	5,206,655	**64,467**	**(61,089)**	**5,210,033**

Year ended 31 December 2021:	At start of year	Profit or loss	OCI	At end of year
Property and equipment	468,331	(36,183)		432,148
Provisions – Loans and advances	1,998,502	106,296		2,104,798
Provision – Other Assets	103,541	37,490	-	141,031
Loss carried forward	1,637,761	606,870	-	2,244,631
Commitment fee	360,910	3,747	-	364,657
IFRS 16 temporary differences	129,389	(4,739)	-	124,650
Fair value gain on debt instruments	(275,409)	-	70,149	(205,260)
	4,423,025	**713,481**	**70,149**	**5,206,655**

Management has done an assessment on the recoverability of the deferred tax asset recognized as at 31 December 2023. Management is comfortable that future tax profits will be available to utilize the tax assets. The assessment is based on expected future performance as summarised below:

YEAR ENDING ON / ENDED 31 DECEMBER:	2026	2025	2024	2023	2022	2021
Interest income growth	13%	15%	10%	-3%	4%	22%
Earning assets growth	17%	13%	8%	9%	17%	6%
Average rate of interest earned	16%	17%	16%	16%	18%	20%
Net interest income/(expense) %	51%	49%	46%	46%	53%	58%
Interest expense growth	9%	8%	10%	13%	17%	18%
Interest bearing liabilities growth	13%	10%	10%	12%	12%	15%
Average cost of funds	8%	8%	8%	8%	8%	8%
Non-interest income growth	25%	24%	20%	-37%	49%	49%
Total expenses growth before ECL	10%	5%	-9%	0%	10%	11%
Cost to income ratio	67%	73%	86%	108%	81%	81%
Mix of earning assets						
Treasury bills	9%	9%	8%	8%	8%	20%
Treasury bonds	25%	24%	24%	23%	16%	0%
Sub total	34%	33%	32%	31%	25%	20%
Loans and advances	66%	67%	68%	66%	72%	80%
Others	0%	0%	0%	3%	3%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Interest bearing liabilities mix						
Deposits due to banks	7%	12%	15%	24%	13%	16%
Deposits due to customers	83%	78%	73%	71%	80%	79%
Borrowings	9%	11%	12%	6%	7%	5%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**
Non-performing loans ratio	5%	5%	5%	5%	12%	11%
ECL provision to gross loans ratio	6%	5%	5%	4%	7%	6%
Earning Assets to Interest bearing deposits	96%	93%	90%	91%	94%	91%
Loans to deposits due from customers	75%	80%	84%	85%	85%	92%

	2023 TZS'000	2022 TZS'000	2021 TZS'000
31. BORROWINGS			
Tanzania Mortgage and Refinance Corporation (TMRC) (a)	7,641,827	7,641,827	3,545,781
BOT term loan (b)	3,010,850	3,010,358	
CRDB Bank (c)	561,159	1,248,606	
	11,213,836	**11,900,791**	
Current	11,213,836	1,750,000	701,815
Non - Current	-	10,150,791	7,724,536
	11,213,836	**11,900,791**	**8,426,352**
Movement of borrowings:			
At start of year	11,900,791	8,426,352	10,920,248
Proceeds from borrowings	-	4,000,000	-
Interest expense (Note 9)	984,669	929,893	833,544
Interest repayment	(997,428)	(846,153)	(901,789)
Principal repayment	(674,196)	(609,301)	(2,425,651)
At end of year	**11,213,836**	**11,900,791**	**8,426,352**

The bank pledged government bonds worth TZS 12.3 billion to secure the borrowing, all borrowings are full covered except TMRC loans worth TZS 7.5 billion with bond collateral of TZS 1.0 billion. Detailed analysis for each loan is as provided herein below:

a) TMRC term loan

On 15 July 2019, the Bank renewed a mortgage refinancing loan from TMRC of TZS 2.0 billion. The tenor of the loan is five years and bears interest of 7.50% maturing on 15 July 2024. The Bank also renewed another loan of TZS 1.5 billion from TMRC on 26 February 2019 at the annual interest rate of 9.00% with maturity date of five years to 26 February 2024. On 12 April 2022, the bank received a loan of TZS 4.0 billion at the rate of 10.82% maturing on 11 April 2024.The bank is servicing interest on the loans where principal is fully paid on maturity.

At 1 January	7,641,827	3,545,781	3,545,781
Addition	0	4,000,000	-
Interest expense	717,800	596,853	285,000
Interest repayment	(717,800)	(500,807)	(285,000)
At 31 December	**7,641,827**	**7,641,827**	**3,545,781**

31. BORROWINGS (CONTINUED)

b) BOT term loan

On 31 July 2015, the bank received a 5-year housing microfinance loan amounting to TZS 1 billion from the Bank of Tanzania bearing annual interest rate of 10%. On 31 July 2020, the bank rolled over this loan with new maturity date of 31 July 2024. Effective from September 2021, the interest rate was changed from 10% to 6%.

On 31 March 2016, the bank received another 5-year loan amounting to TZS 2 billion from the Bank of Tanzania bearing annual interest rate of 10%. On 31 March 2021 the bank rolled over this loan with new maturity of 31 March 2024. Effective from August 2021 the BoT reduced the borrowing rate from 10% to 6% prospectively.

	2023 TZS'000	2022 TZS'000	2021 TZS'000
At 1 January	**3,010,356**	**3,010,687**	**3,016,712**
Interest expense	180,000	180,000	259,891
Interest repayment	(179,506)	(180,329)	(265,918)
At 31 December	**3,010,850**	**3,010,358**	**3,010,685**

c) CRDB bank - term loan

On 22 July 2019 the Bank received loan of TZS 3 billion from CRDB bank Plc, the loan carries an annual variable interest rate of 182 T-Bill plus 5% margin (Approx. 10.25% pa) for 5 years repayable on Quarterly basis. The facility maturity date is 22 July 2024.

At 1 January	**1,248,608**	**1,869,886**	**2,482,755**
Interest expense	86,869	153,038	161,448
Interest repayment	(100,122)	(165,017)	(223,666)
Principal repayment	(674,196)	(609,301)	(550,651)
At 31 December	**561,159**	**1,248,606**	**1,869,886**

As at 31 December 2023, the bank was compliant with all debt covenants attached to the loans.

	2023 TZS'000	2022 TZS'000	2021 TZS'000
32. OTHER LIABILITIES			
Accrued expenses	605,032	740,411	298,581
Withholding tax and other indirect taxes	588,682	171,214	637,789
Sundry creditors	176,491	235,887	182,448
Deferred commitment fees	845,856	1,115,442	1,215,522
Dividend payable	238,425	253,729	318,477
Account's payables	408,467	257,987	207,738
	2,862,953	**2,774,670**	**2,860,555**
33. SHARE CAPITAL			
Authorized			
400,000,000 (2023:400,000,000) ordinary shares of TZS 250/= each	100,000,000	100,000,000	100,000,000
Issued and fully paid ordinary shares			
97,646,913(2023:97,646,913) shares of TZS 250/= each	24,411,729	24,411,729	24,411,729
Rights issue expenses	(349,825)	(349,825)	(349,825)
Share capital as per the statement of financial position	**24,061,904**	**24,061,904**	**24,061,904**

34. EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing net (loss)/profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year. The calculation is based on:

(Loss)/profit attributable to ordinary shareholders (TZS'000)	(3,618,232)	747,703	(1,644,060)
Weighted average number of ordinary shares	97,646,913	97,646,913	97,646,913
Basic (loss)/earnings per share - TZS	(37.05)	7.66	(16.84)

Diluted earnings per share was the same as basic earnings per share as the Bank had no potentially dilutive ordinary shares in issue.

	2023 TZS'000	2022 TZS'000	2021 TZS'000
35. CASH AND CASH EQUIVALENTS			
Cash and balances with Bank of Tanzania (excluding SMR and items in the course of collection) (Note 20)	10,602,104	10,602,104	11,387,222
Balances with other banks (Note 21)	5,271,278	5,271,278	2,286,048
Cheques in the course of collection (Note 20)	155,923	155,923	102,390 102,390
	16,029,305	**16,029,305**	**13,775,660**
36. LEASES			
(i) Right-of-use assets			
At start of the year	8,931,791	8,897,773	7,781,361
Revaluation	207,502	-	-
Additions	2,374,586	34,018	1,116,412
Derecognition	(1,418,495)	-	-
At the end of year	**10,095,384**	**8,931,791**	**8,897,773**
Accumulated Depreciation			
At start of the year	3,437,595	2,592,273	1,702,274
Revaluation forex	89,462	16,786	-
Depreciation charge for the year	1,095,857	828,536	889,963
Derecognition	(1,418,495)	-	-
	3,204,419	3,437,595	2,592,237
Net book value at the end of year	**6,890,965**	**5,494,196**	**6,305,536**
(ii) Lease liabilities			
At start of the year	2,883,633	3,546,595	3,172,621
Additions	2,374,586	-	1,029,784
Revaluation forex	123,006	12,747	-
Finance cost (included in interest expense)	326,917	242,244	277,493
Payment during the year	(1,228,896)	(917,953)	(933,303)
At the end of year	**4,479,246**	**2,883,633**	**3,546,595**
Current	1,220,380	1,228,896	980,311
Non-current	3,258,866	1,654,737	2,566,284
	4,479,246	**2,883,633**	**3,546,595**

37. RELATED PARTY DISCLOSURES

The Bank is owned by UTT AMIS (23.69%), Dar es Salaam City Council (10.65%), Ilala Municipal Council (8.12%), Kinondoni Municipal Council (5.74%), Temeke Municipal Council (3.49%), National Health Insurance Fund (6.12%), Ubungo Municipal Council (2.96%), Kigamboni Municipal Council (2.33%) and the General Public (36.89%).

	2023 TZS'000	2022 TZS'000	2021 TZS'000
Loans to key management personnel:			
Loans outstanding at the beginning of the year	965,568	916,103	1,040,042
Loan additions during the year	704,000	203,640	268,200
Loan repayments during the year	(1,069,728)	(154,175)	(392,139) (392,139)
Loans outstanding at the end of the year	**599,840**	**965,568**	**916,103**
Interest income earned	**47,987**	**77,245**	**73,288**
Deposits from Directors and key management personnel:			
Deposits at the beginning of the year	112,922	126,613	84,733
Deposits received during the year	1,750,792	1,983,747	1,662,377
Deposits repaid during the year	(1,763,077)	(1,997,438)	(1,620,497)
Deposits as at the end of the year	100,637	112,922	126,613
Interest expense	**1,510**	**1,694**	**1,899**
Deposits from shareholders			
Deposits at the beginning of the year	8,414,181	9,424,482	4,435,522
Deposits received during the year	20,831,401	16,003,432	17,315,676
Deposits repaid during the year	(16,829,343)	(17,013,733)	(12,326,716)
Deposits as at the end of the year	12,416,239	8,414,181	9,424,482
Interest expense	**1,005,629**	**757,276**	**141,367**
Key management compensation			
Salaries and other short-term benefits	1,750,792	1,983,747	1,662,377
Post-employment benefits – Social security costs	239,110	292,465	247,304
	1,989,902	**2,276,212**	**1,909,681**

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.

37. RELATED PARTY DISCLOSURES (CONTINUED)

Business relationship with the anchor shareholders

The Bank continues to strengthen its relationship with the Municipal Councils, UTT and NHIF via different deposits products. Deposits received and paid from these shareholders during the year is as indicated above.

	2023 TZS'000	2022 TZS'000	2021 TZS'000
Directors' remuneration			
Directors' remuneration- short term benefits	**258,032**	**302,424**	**144,686**

38. CONTINGENT LIABILITIES AND COMMITMENTS

	2023	2022	2021
Contingent liabilities			
Guarantees and indemnities	20,815,791	7,986,779	6,821,408
Undrawn balance	755,918	1,779,656	1,551,351
	21,571,709	**9,766,435**	**8 372 759**
Capital expenditure	13,398	179,476	70,740

No capital commitment in 2023, commitment for the year 2022 comprises capital expenditure software

Commitments to extend credit and guarantees

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards.

L Legal claims

Litigation is a common occurrence in banking industry due to the nature of the business. The Bank has established protocol for dealing with such legal claims. Once professional advice has been obtained and the number of damages reasonably estimated, the bank adjusts account for any adverse effects which the claims may have on its financial standing. At year end the bank had no legal claims that an be reasonably estimated.

39. DIVIDEND PER SHARE

Dividends are not recognized as a liability until they have been approved at the Annual General Meeting. In 2023 no dividend is proposed (2022: NIL).

40. PRIOR YEAR ADJUSTMENTS

During the preparation of the financial statements for the year ended 31 December 2022, the Bank noted some material accounting misstatement related to the financial statements for the year ended 31 December 2021 and 2020. The misstatements have been corrected by restating each of the affected financial statement line item for the prior periods in accordance with IAS 8 – Accounting policies, changes in accounting estimates and errors as set out in the tables below and their respective reasons listed,

Reasons for prior year adjustments included,

On the statement of financial position and statement of profit or loss and other comprehensive income;

- i) Underestimation of impairment provision arising from ECL model input errors,
- ii) Provision for tax assessments by the Tanzania Revenue Authority (TRA),
- iii) Deferred income tax on additional impairment provisions,
- iv) Write off for unsupported deferred commission expenses,
- v) Regulatory provisions impact of the underestimation of impairment provision

On the statement of cashflows;

Underestimation of impairment provision arising from ECL model input errors

- i) Provision for tax assessments by the Tanzania Revenue Authority
- ii) Deferred income tax on additional impairment provisions
- iii) Write off of unsupported deferred commission expenses
- iv) Presentation errors in the prior year including mixing of indirect and direct method

40. PRIOR YEAR ADJUSTMENTS (CONTINUED)

The impacts of the adjustments are detailed in the tables below;

	Reference	As previously stated TZS'000	Prior year adjustment TZS'000	As restated TZS'000
(A) Statement of profit or loss				
Year ended 31 December 2020:				
Credit impairment losses and write-offs	(i)	264,727	(5,598)	259,129
General administrative expenses	(ii)	(4,986,355)	(79,818)	(5,066,173)
Income tax charge	(iii)	(563,271)	1,679	(561,592)
Year ended 31 December 2021:				
Credit impairment losses and write-offs	(i)	(3,826,267)	(2,677,600)	(6,503,867)
General administrative expenses	(ii)	(6,157,918)	(277,320)	(6,435,238)
Income tax charge	(iii)	(262,497)	803,280	540,783
Fees and commission income	(iv)	5,116,990	(290,556)	4,826,434
(B) Statement of financial position				
Year ended 31 December 2020:				
Loans and advances to customers	(i)	98,071,452	(5,598)	98,065,854
Other liabilities	(ii)	(2,162,805)	(224,318)	(2,387,123)
Deferred income tax asset	(iii)	4,421,346	1,679	4,423,025
Retained earnings	(i) , (ii) , (iii)	2,217,315	228,210	2,445,525
Year ended 31 December 2021:				
Loans and advances to customers	(i)	117,399,011	(2,683,198)	114,715,813
Other liabilities	(ii)	(2,358,942)	(501,613)	(2,860,555)
Deferred income tax asset	(iii)	4,401,696	804,959	5,206,655
Other assets	(iv)	2,478,335	(290,556)	2,187,779
Retained earnings	(i), (ii), (iii), (iv)	229,900	4,522,030	4,751,930
Regulatory banking risk reserve	(v)	(1,755,178)	(1,851,624)	(3,606,802)

40. PRIOR YEAR ADJUSTMENTS (CONTINUED)

	As previously stated 2021 TZS'000	Presentation correction (vi) TZS'000	Prior year adjustment (PYA) TZS'000	As restated 2021 TZS'000	Reference
Cash flows from operating activities					
Profit/(Loss) before income tax	1,060,634	(1)	(3,245,476)	(2,184,843)	i, ii, iii, iv
Adjusted for:					
Net interest income	(16,153,371)	16,153,371	-	-	
Depreciation and amortization	2,524,021	(28)	-	2,523,993	
Interest expense on borrowings	833,544	-	-	833,544	
Dividend received	(34,779)	-	-	(34,779)	
Finance cost on Lease liability	277,493	-	-	277,493	
Other movements	-	(229,716)	-	(229,716)	
Exchange rate effects	(32,442)	-	-	(32,442)	
Write off of fixed assets	140,521	27	-	140,548	
	(11,384,379)	15,923,653	(3,245,476)	1,293,798	
Changes in operating assets and liabilities:					
Change in statutory minimum reserve	(1,475,233)	-	-	(1,475,233)	(i) (iv)
Change in loans and advances to customers	(19,327,505)	(54)	2,677,600	(16,649,959)	(iv)
Change in other assets	(678,882)	86,652	290,556	(301,674)	
Change in deposits from banks	(2,765,176)	1,274	-	(2,763,902)	
Change in deposits from customers	25,272,265	515,308	-	25,787,573	
Change in other liabilities	196,137	(25)	277,320	473,432	(ii)
Change in government securities	4,425,104	667,148	-	5,092,252	
Cash generated/(used) in operations	**(5,737,669)**	**17,193,956**	**-**	**11,456,287**	
Interest received	28,052,203	28,052,203	-	-	
Interest paid	(10,948,985)	(10,948,985)	-	-	
Income tax paid	(318,345)	2	-	(318,343)	
Net cash generated from operating activities	**11,047,204**	**90,740**	**-**	**11,137,944**	
Cash flows from investing activities					
Purchase of property and equipment	(1,549,673)	1	-	(1,549,672)	
Purchases of intangible assets	(826,310)	-	-	(826,310)	
Purchases of right of use assets	-	(86,628)	-	(86,628)	
Investment in shares	(217,000)	-	-	(217,000)	
Dividend received	34,779	-	-	34,779	
Net cash used in investing activities	**(2,558,204)**	**(86,627)**	**-**	**(2,644,831)**	
Cash flows from financing activities					
Lease payment-principal	(655,810)	-	-	(655,810)	
Lease payment-interest	(277,493)	-	-	(277,493)	
Principal repayments of borrowings	(2,425,651)	-	-	(2,425,651)	
Interest repayments of borrowings	(901,789)	-	-	(901,789)	
Net cash used in financing activities	**(4,260,743)**	-	-	**(4,260,743)**	
Increase in cash and cash equivalents	**4,228,257**	**4,113**	**-**	**4,232,370**	
At start of year	9,514,961	(4,113)	-	9,510,848	
Exchange rate effects	32,442	-	-	32,442	
At end of the year	**13,775,660**	**-**	**-**	**13,775,660**	

41. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any other matter or event arising since the end of the financial period that requires disclosure in or adjustment to the financial statements

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION FOR THE 5 YEAR PERIOD FROM 31 DECEMBER 2024 TO 31 DECEMBER 2028

TO THE DIRECTORS OF DCB COMMERCIAL BANK PLC

Introduction

We have undertaken a reasonable assurance engagement in respect of the prospective financial information of DCB Commercial Bank Plc set out on pages 113 and 115, which comprise the forecasted statement of financial position as at 31 December 2024, 2025, 2026, 2027 and 31 December 2028 and the forecasted statement of comprehensive income, for the years then ending and forecasted statement of capital growth for the twelve-month periods ending 31 December 2024, 2025, 2026, 2027 and 2028 (the "Forecasted Financial Information"), as required by the Capital Markets and Securities Act, Act, Cap.79 R.E (2002) as amended, and subject to the Laws of Tanzania and the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations".

We have also undertaken a limited assurance engagement in respect of the assumptions used to prepare and present the Forecasted Financial Information, disclosed on pages 116 of the Forecasted Financial Information as required by the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations".

Directors' responsibility for the Forecasted Financial Information and for the assumptions used to prepare the Forecasted Financial Information

The Directors are responsible for the preparation and presentation of the Forecasted Financial Information and for the reasonableness of the assumptions used to prepare the Forecasted Financial Information as set out on page 116 to the Forecasted Financial Information in accordance with the requirements of the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations". This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Forecasted Financial Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the Forecasted Financial Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that the Forecasted Financial Information may not be appropriate for purposes other than listing of right issue of shares.

Firm's Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Auditax International applies International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION TO THE DIRECTORS OF DCB COMMERCIAL BANK PLC (CONTINUED)

Section I - Limited assurance engagement on the reasonableness of the Directors' assumptions

Reporting Accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations", based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), The Examination of Prospective Financial Information (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumption and agreeing or reconciling with underlying records.

Our procedures included evaluating the Directors' best-estimate assumptions on which the Forecasted Financial Information is based for reasonableness.

The procedures performed in a limited assurance engagement are less in extent than for, and vary in nature from, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

Limited assurance conclusion on the reasonableness of the Directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information except for the fact that the forecasts prepared do not include the statement of cashflows in accordance with the requirements of the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations"

Section II - Reasonable assurance engagement on the Forecasted Financial Information

Reporting Accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecasted Financial Information is properly prepared and presented on the basis of the Directors' assumptions disclosed on page 116 to the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations".

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL

INFORMATION TO THE DIRECTORS OF DCB COMMERCIAL BANK PLC (CONTINUED)

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), The Examination of Prospective Financial Information (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecasted Information is properly prepared and presented on the basis of the Directors' assumptions disclosed on page 505 to the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations".

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the Forecasted Financial Information is properly prepared and presented on the basis of the assumptions and in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and the requirements of Part III, Section 13 of the Capital Markets and Securities (Prospectus Requirements) Regulations of Tanzania and Part IV of the Dar es Salaam Stock Exchange Plc Rules, 2016, hereafter referred to as the "Regulations". The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the forecasted information. In making those risk assessments, we considered internal control relevant to the Bank's preparation and presentation of the Forecasted Financial Information.

Our procedures included inspecting whether:

- the presentation of prospective financial information is informative and not misleading;
- the forecasted financial information is properly prepared on the basis of the assumptions;
- the forecasted financial information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- the forecasted statement of financial position as at 31 December 2024, 2025, 2026,2027 and 31 December 2028 and statement of comprehensive income for the years then ended, and the forecasted statement of cash flows for the twelve months ending 31 December 2024, 2025, 2026,2027 and 31 December 2028 are prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the Forecasted Financial Information

In our opinion, the forecasted financial information for the years ended 31 December 2024, 2025,2026, 2027, 2028 and respective forecasted statement of cash flows for the twelve months ending on 31 December, is properly prepared and presented on the basis of the assumptions disclosed on page under page 116 except for the fact that the cashflow statements have not been presented.

For and on behalf of:

Auditax International,

Certified Public Accountants (T)

P.O. Box 77949

Dar es Salaam, Tanzania

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Signed by: CPA Khalfani Mbwambo (ACPA – 3224)

Date: 24th September 2024

FORECASTED STATEMENT OF PROFIT OR LOSS

FOR THE YEARS ENDING 31 DECEMBER 2024, 2025, 2026, 2027 AND 31 DECEMBER 2028

Income statement	2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
TZS 'Million	H1	Revised	Projected	Projected	Projected	Projected
Interest income	14,850	32,509	41,926	52,427	65,913	76,248
Interest expense	9,117	19,469	22,487	27,525	32,703	37,767
Net interest income	5,733	13,040	19,439	24,902	33,209	38,481
Interest expenses to Interest income ratio	61%	60%	54%	53%	50%	50%
Foreign exchange	359	620	657	788	946	1,135
Fees and commission	2,206	5,301	5,925	7,762	10,201	12,247
Recovery OBS	208	821	600	720	840	960
Net sale of bond	-	60	360	480	600	1,200
Other income	101	166	224	242	262	285
Non-interest income	2,874	6,968	7,765	9,993	12,849	15,827
Total income	**8,606**	**20,008**	**27,204**	**34,895**	**46,058**	**54,308**
Staff expenses	4,584	9,619	10,590	12,178	12,483	13,107
Infrastructure	2,272	4,724	5,282	6,074	6,226	6,537
Other Operating expenses	2,345	4,789	5,226	6,009	6,160	6,468
Operating expenses	9,202	19,132	21,098	24,262	24,869	26,112
Provision (credit)/charge	(237)	325	1,642	2,659	3,945	5,436
Profit/(Loss) before tax	(358)	551	4,465	7,974	17,244	22,760
Provisional Tax	-	-	1,339	2,392	5,173	6,828
Profit/(Loss) after tax	(358)	551	3,125	5,582	12,071	15,932
Cost to income ratio	**107%**	**96%**	**78%**	**70%**	**54.0%**	**48%**
Non-Performing Loan (NPL) ratio	**4.7%**	**4.9%**	**4.7%**	**4.6%**	**4.5%**	**4.5%**

FORECASTEDED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024, 2025,2026,2027 AND 31 DECEMBER 2028

Statement of financial position	2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
TZS' Million	H1	Revised Forecast	Projection	Projection	Projection	Projection
Cash and Bank balance	24,936	23,444	25,924	29,414	33,844	41,736
Interbank loan receivables	6,305	7,170	9,273	11,993	15,511	20,061
Investment in Government securities	66,084	70,582	78,508	95,070	115,143	139,477
Treasury Bill	14,481	15,756	18,654	22,084	26,145	30,953
Treasury Bond	49,649	54,826	59,854	72,986	88,998	108,523
Loans & advance to customers	136,848	150,241	183,159	228,643	276,056	322,802
Gross Loans to Customers	141,182	155,114	188,523	235,138	283,951	332,178
Impairment Provisions	(4,332)	(4,873)	(5,364)	(6,495)	(7,895)	(9,376)
Equity investments	2,040	2,040	2,040	2,040	2,040	2,040
Property, Plant & Equip.	2,647	2,647	4,532	5,136	6,539	7,137
Other assets	*20,067*	*20,268*	*20,470*	*20,675*	*20,882*	*21,090*
Total Assets	**258,926**	**276,392**	**323,906**	**392,971**	**470,015**	**554,343**
Interbank Payables	***34,114***	***29,577***	***36,127***	***38,004***	***43,079***	***48,831***
Current Account and Savings Account	43,284	49,321	64,036	99,142	128,721	156,441
Time Deposits	114,644	117,968	135,722	156,148	179,647	206,684
Total Deposits	**157,928**	**167,289**	**199,758**	**255,289**	**308,369**	**363,125**
CASA ratio	**27.4%**	**29.5%**	**32.1%**	**38.8%**	**41.7%**	**43.1%**
Borrowings	31,329	33,553	38,488	44,149	50,642	58,089
Other Liabilities	*11,205*	*11,496*	*11,931*	*12,345*	*12,670*	*13,110*
Total liabilities	**234,576**	**241,915**	**286,304**	**349,787**	**414,759**	**483,156**
Share Capital	24,062	34,062	34,062	34,062	34,062	34,062
Share Prem &Other Capital	4,966	4,183	4,183	4,183	4,183	4,183
Retained Earnings	(4,677)	(3,768)	(643)	4,939	17,010	32,942
Retained Earning	(4,319)	(4,319)	(3,768)	(643)	4,939	17,010
Profit/(Loss)	(358)	551	3,125	5,582	12,071	15,932
shareholders' funds	24,351	34,477	37,602	43,184	55,255	71,187
Liabilities & Equity	258,926	276,392	323,906	392,971	470,014	554,343
Gross earning assets	**211,277**	**230,034**	**272,980**	**337,746**	**416,645**	**493,756**
Interest Bearing liabilities	**223,371**	**230,419**	**274,373**	**337,442**	**402,089**	**470,046**

FORECASTEDED CAPITAL GROWTH FOR THE TWELVE (12) MONTH PERIODS ENDING 31 DECEMBER 2024, 2025,2026,2027 AND 2028

CAPITAL PLAN	2023	Jun-24	2024	2025	2026	2027	2028
Total Risk Weighted Assets	**136,223**	**142,787**	**155,129**	**184,714**	**223,059**	**269,353**	**319,242**
On-Balance Sheet Excl. Fixed assets	101,146	108,850	116,192	136,166	165,200	197,589	233,039
On-balance Sheet - Fixed Assets	2,981	2,482	2,647	4,532	5,136	6,539	7,137
Off-Balance Sheet	10,732	15,133	16,971	23,382	31,176	38,970	46,764
Operational Risk	15,856	15,856	17,316	18,390	18,870	22,564	27,735
Market Risk	5,508	466	2,004	2,244	2,677	3,692	4,567
Capital Supply							
Core Tier I Capital	16,389	15,060	25,045	28,050	33,456	46,152	57,090
Equity	28,245	28,245	37,395	37,395	37,395	37,395	37,395
Retained Earnings	(397)	(4,146)	(4,146)	(4,595)	(2,407)	1,500	9,949
Current Year Profit/ (Losses)	(3,618)	(358)	(449)	2,188	3,907	8,449	11,152
Additional regulatory provision	(130)	(303)	-	-	-	-	-
Prepaid expenses	(657)	(1,324)	(701)	(822)	(997)	(1,193)	(1,407)
Deferred tax assets	(7,054)	(7,054)	(7,054)	(6,116)	(4,442)	-	-
Tier II Capital	478	478	478	478	478	478	478
Core Tier 2 (Sub-debt cap at 2% of RWAs)	478	478	478	478	478	478	478
Total Capital	**16,867**	**15,538**	**25,523**	**28,528**	**33,934**	**46,630**	**57,568**
Capital Position (Ratios)							
Tier 1 CAR (12.50%)	12.03%	10.55%	16.14%	15.19%	15.00%	17.13%	17.88%
Total CAR (14.50%)	12.38%	10.88%	16.45%	15.44%	15.21%	17.31%	18.03%
Single borrower limit 25%	4,097	3,765	6,261	7,012	8,364	11,538	14,273
BOT provision	4,678	4,635	5,144	5,400	7,581	8,999	10,412
IFRS 9	4,548	4,332	4,825	5,364	6,495	7,895	9,376
Non-Performing Loans (NPL)	6,925	6,582	7,305	7,668	10,767	12,780	14,786
Non-Performing Loans (NPL) ratio	5.5%	4.7%	4.9%	4.7%	4.6%	4.5%	4.5%

ASSUMPTIONS APPLIED IN THE PREPARATION OF THE FORECASTED FINANCIAL INFORMATION

The forecasted financial information is based on the following key assumptions;

1. Inflation

- Continue to be contained at a single digit of around 4.8% during the year 2028 - assuming stable energy prices and no major disruption of agricultural business
- Despite global challenges related to dollar scarcity and the Russia –Ukraine war, inflation was controlled by stable food prices and central bank intervention.

2. Lending growth

- The loan book for the bank will grow at 20% annually. This is in line with industry credit growth of 20% from June 2023 TZS 28.5 trillion to TZS 34.2 trillion in June 2024
- Microcredit lending and SME business is expected to grow as KYC is improving year on year
- Assets quality will improve yearly and is expected at below 4.5%

3. Capital injection from right issue

- The bank is expecting an injection of TZS 10 Billion before the end of the year 2024 through the Right issue. The fund will be used to accommodate DCB's asset growth ambitions as highlighted under item 2 above.
- Capital market is expected to boom due to ongoing development and awareness initiatives created by responsible authorities.

4. Deposit growth

- The cumulative annual growth of 21% is expected. Cheap deposits and expensive deposits mix to reach 40:60 from the current mix of 30:70
- This will improve the bank's cost-efficiency ratio from 108% in 2023 to 54% by 2027.
- The bank's pricing strategy will be determined by the prevailing deposit structure.

5. Taxation

- Corporate tax rate will remain at 30% throughout out the projections period,
- No major changes in administration and application of government transfer charges and key taxes such as VAT, Excise duty will occur over the period of projections.

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF DCB COMMERCIAL BANK PLC ON FINANCIAL RATIOS PREPARED BASED ON GUIDELINES FOR THE ISSUE OF CORPORATE BONDS, MUNICIPAL BONDS AND COMMERCIAL PAPERS ISSUED BY THE CAPITAL MARKETS AND SECURITIES AUTHORITY - TANZANIA (CMSA), 2019

We were engaged by the board of directors of DCB Commercial Bank Plc to report on the Bank's historical financial ratios as at and for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 set out on pages 119 to 122 prepared based on the guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that Bank's historical financial ratios have not been properly prepared, based on the guidance provided under Annex 1 : Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

Responsibilities of the Directors

The Directors are responsible for the preparation and presentation of the historical financial ratios in accordance with the guidance provided under Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

Practitioner's Responsibilities

Our responsibility is to examine the historical financial ratios and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the historical financial ratios are prepared per the requirements of Annex 1: Financial ratios, in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019 in all material respects, as the basis for our limited assurance conclusion. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The procedures selected depend on our understanding of the historical financial ratios and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

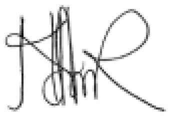
Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Based on our review, nothing has come to our attention that causes us to believe that the accompanying historical financial ratios of DCB Commercial Bank Plc have not been properly prepared in all material respects, based on the requirements of Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019. The historical financial ratios have been prepared for inclusion in a prospectus for the purpose of listing Multicurrency Medium Term Notes, and may therefore, not be appropriate for another purpose.

For and on behalf of:

Auditax International,

Certified Public Accountants (T)

P. O. Box 77949– Dar es Salaam, Tanzania



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Signed by: CPA Khalfani Mbwambo (ACPA – 3224)

Date: 24th September 2024

FINANCIAL RATIOS FOR THE YEARS ENDED 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021

Ratio	Definition	Notes	2023	2022	2021
i) Earnings before interest and taxes to interest expenses (interest cover)	(EBIT for the period)/(Interest payable for the period + any preference dividend payable for the period)	a)	0.70	1.07	1.05
ii) Operating cash flow to total debt percentage	(Funds generated from Operations/Average total debt during the period) *100	b)	48.73%	(5.17%)	115.14%
iii) Free cash flow to total Debt (debt repayment cover)	(Free cash flows for the period/ Average total debt during the period) *100	c)	54.98%	10.69%	140.96%
iv) Total free cash flow to short-term debt obligations	(Total uncommitted cash flows for the period/ Total short-term debt obligations at the end of the period) *100	d)	198%	444%	946%
v) Net profit margin	(Net profit for the period/Total sales for the period) *100	e)	(10.54%)	1.92%	(4.76%)
vi) Post-tax return (before financing) on Capital Employed	(Profit after tax before financing costs for the period/Average capital employed for the period)*100	f)	36%	38%	26%
vii) Long Term Debt to Capital Employed	Average Long-term debt outstanding during the period/ Average equity +Average long-term debt for the period	g)	0.16	0.24	0.25
viii) Total Debt to Equity	(Average short-term debt outstanding+ Average long-term debt outstanding during the period)/ Average equity for the period	h)	0.36	0.27	0.26
ix) Funds from operations to debt Percentage	(Funds generated from operations in the period/Average total debt during the period)*100	i)	111%	(6%)	119%
x) Free cash flow to debt repayment cover	Free cash flow for the period/ (Interest payable + preference dividend+ principal repaid during the period)	j)	9.61	1.57	5.78

NOTES TO THE FINANCIAL RATIOS FOR THE YEARS ENDED 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021

1. Financial information used for computation of the ratios

The financial ratios have been computed based on historical financial information extracted from the annual audited financial statements of DCB Commercial Bank Plc as at and for the years ended 31 December 2023, 2022 and 2021.

2. Basis for computation of the ratios

The ratios have been computed based on the guidance provided under Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Act (CMSA), 2019.

3. Computation of ratios

		2023 TZS'000	2022 TZS'000	2021 TZS'000
a	**Earnings before interest and Tax (EBIT) interest cover Earnings before interest and Tax**			
	Earnings before interest and Tax			
	Profit before income tax	(4,593,953)	967,348	540,783
	Add: Interest expense	15,085,920	13,380,278	11,464,293
	EBIT	10,491,967	14,347,626	12,005,076
	Interest expense	15,085,920	13,380,278	11,464,293
	EBIT interest cover	**70%**	**107%**	**105%**
b	**Operating cash flow to total debt percentage**			
	Funds generated from operations (net cash generated from/used in operating activities)	5,632,403	(525,484)	11,137,944
	Average total debt			
	Borrowings at start of the year	11,900,791	8,426,352	10,920,248
	Borrowings at the end of the year	11,213,836	11,900,791	8,426,352
	Average total debt	11,557,314	10,163,572	9,673,300
	Operating cashflow to total debt	**48.73%**	**(5.17)%**	**115.14%**
c	**Free cash flow to total Debt percentage (debt repayment cover)**			
	Free cash flow for the period			
	Cash generated from/used in operating activities	5,632,403	(525,484)	11,137,944
	Dividend Received	36,531	27,313	34,779
	Purchase of Fixed Assets	270,281	767,027	1,549,672
	Proceeds from Sale of Fixed Assets	-	-	-

	Purchase of Non - Dealing Securities	-	34,018	86,628
	Purchase of intangible assets	414,884	783,114	826,310
	Free cash flow	6,354,099	1,085,988	13,635,333
	Average total debt (refer to b)	11,557,314	10,163,572	9,673,300
	Free cash flow to total Debt (debt repayment cover)	**54.98%**	**10.69%**	**140.96%**
d	**Total free cash flow to total short-term debt obligations**			
	Uncommitted cash flows			
	Free cash flow (refer to C above)	6,354,099	1,085,988	13,635,333
	Cash and cash equivalents at the end of the year	21,576,928	19,005,746	20,053,560
	Total uncommitted cash flows	27,931,027	20,091,734	33,688,893
	Short term debt obligations at the end of the period	14,076,789	4,524,670	3,562,370
	Total free cash flow to total short-term debt obligations	**198%**	**444%**	**946%**
e	**Net profit margin**			
	Net Profit for the period	(3,618,232)	747,703	(1,644,060)
	Total income	34,313,135	38,889,518	34,507,861
	Net profit margin	(10.54%)	1.92%	(4.76%)
f	**Post-tax return (before financing) on Capital Employed**			
	Profit after tax before financing costs for the period			
	Profit after tax	(3,618,232)	747,703	(1,644,060)
	Interest expense	15,085,920	13,380,278	11,464,293
		11,467,688	14,127,981	9,820,233
	Average capital employed			
	Capital employed as at start of the year			
	Shareholders' equity	28,469,252	27,579,007	29,386,748
	Long-term debt	10,150,791	7,724,536	10,920,248
		38,620,043	35,303,543	40,306,996
	Capital employed as at the end of the year			

	Shareholders' equity	24,708,478	28,469,252	27,579,007
	Long-term debt	-	10,150,791	7,724,536
		24,708,478	38,620,043	35,303,543
	Average capital employed (simple average)	31,664,261	36,961,793	37,805,270
	Post-tax return (before financing) on Capital Employed	**36%**	**38%**	**26%**
g	**Long Term Debt to Capital Employed**			
	Average long-term debt	5,075,396	8,937,664	9,322,392
	Average capital employed (refer to F)	31,664,261	36,961,793	37,805,270
	Long Term Debt to Capital Employed	**0.16**	**0.24**	**0.25**
h	**Total Debt to Equity**			
	Average short-term debt outstanding + average long-term debt outstanding during the period	11,557,313.5	10,163,571.5	9,673,300.0
	Average equity for the period	31,664,261	36,961,793	37,805,270
	Total Debt to Equity	**0.36**	**0.27**	**0.26**

i	**Funds from operations to debt percentage**			
	Funds generated from operations in the period	5,632,403	(525,484)	11,137,944
	Average total debt during the period (refer to G above)	5,075,396	8,937,664	9,322,392
	Funds from operations to debt Percentage	**111%**	**(6%)**	**119%**
j	**Free cash flow to debt repayment cover**			
	Free cash flow for the period (refer to C)	6,354,099	1,085,988	13,635,333
	Interest payable + preference dividend+ principal repaid during the period	661,437	693,041	2,357,406
	Free cash flow to debt repayment cover	**9.61**	**1.57**	**5.78**

8. RECEIVING AGENTS

1	**Orbit Securities Company Limited**	**2**	**Core Securities Ltd**
	P.O. Box 70254, Dar es Salaam		P.O. Box 76800, Dar es Salaam.
	Offices: 4th Floor, Golden Jubilee Towers, Ohio Street,		Offices: 4th Floor, Elite City Building
	Tel: 255 22 2111758, Fax: 255 22 2113067		Mobile: +255 22 2123103 Fax: +255 22 2122562
	E-mail: orbit@orbit.co.tz		E-mail: info@coresecurities.co.tz
	Website: orbit.co.tz		Website: http://www.coresecurities.co.tz
3	**SOLOMON Stockbrokers Limited**	**4**	**Zan Securities Limited**
	P.O. Box 77049, Dar es Salaam		P.O. Box 5366, Dar es salaam
	Offices: Ground Floor – PPF House, Samora Avenue/Morogoro Road. Offices: Ground Floor – PPF House, Samora Avenue/Morogoro Road.		Offices: 1st floor, VIVA Towers, Ali Hassan Mwinyi Road
	Mob: +255 714 269090 +255 764 269090 E-mail: info@solomon.co.tz		Tel: +255 22 2103433 E-mail: info.dsm@zansec.co.tz
	Website: www.solomon.co.tz		Website: zansec.co.tz
5	**TIB Rasilimali Limited**	**6**	**Tanzania Securities Limited**
	P.O. Box 9154, Dar es Salaam		P.O. Box 9821, Dar es Salaam
	Offices: Building No 3, Mlimani City Park,		Offices: Jangid Plaza, 2nd Floor, 201
	Mob Tel: +255 754 232 035		Mob: +255 718 799 997
	E-mail: invest@rasilimali.tib.co.tz		E-mail: info@tanzaniasecurities.co.tz
	Website: www.tib.co.tz		Website: tanzaniasecuities.co.tz
7	**Vertex International Securities Ltd**	**8**	**E.A. Capital Limited.**
	P.O. Box 13412, Dar es Salaam		3rd Floor, Acacia Estates 84 Kinondoni Road
	Offices: Annex Building – Zambia High Commission, Sokoine Drive/Ohio Street,		P.O. Box 20650, Dar Es Salaam.
	Tel: 255 22 2116382 Fax: 255 22 2110387		Tel: +255 769 257511
	E-mail: vertex@vertex.co.tz,		Email: ck@eacapital-tz.com
9	**Optima Corporate Finance Limited**	**10**	**Smart Stock Brokers Limited**
	Kinondoni Road, 1st Floor, Togo Tower, P.O. Box 4441, Dar Es Salaam		1st Floor, Samora Avenue, P.O. Box 105678, Dar es Salaam
	Tel: +255 22 266 6031 Email: info@optimacorporate.co.tz		Phone: +255 22 2138607
	Website: www.optimacorporate.co.tz		Email: info@smartstockbrokers.co.tz

11	Victory Financial Services Limited	12	Exodus Advisory Services Limited
	ATC HOUSE, Ohio Street/Garden Avenue Dar es Salaam		10th Floor, Mwanga Tower, New Bagamoyo Road
	Phone: +255 22 2138607		P.O. Box 80056, Dar es Salaam.
	Email: info@vfsl.co.tz		Tel: +255 222923810/ 733 701 514
	Website: vfsl.co.tz		Email: info@exodusadvisory.co.tz

13	FIMCO LTD	14	Global Alpha Capital Ltd
	Jangid Plaza, 2nd Floor, Ali Hassan Mwinyi Road		PSSSF Millenium Tower1, Ali Hassan Mwinyi Road,
	P.O. Box 70468, Dar es Salaam.		P.O. Box 70166, Dar es Salaam
	Tel: +255 22 292 6227		Tel: +255 762 367 347
	Email: info@fimco.co.tz		Email: info@alphacapital.co.tz
	Website: fimco.co.tz		Website: www.alphacapital.co.tz
15	**Yusra Sukuk Company Ltd**	**16.**	**Lase Securities Limited**
	RITA TOWEER, 23rd Floor, Plot No.727/11 Makunganya Street,		Samora Avenue, Plot No. 582, Block 9 P.O. Box 19630, Dar es Salaam
	P.O. Box 4681, Dar es Salaam		
	Tel: +255 762 715 311/ 713 956 803		

RECEIVING BANK

DCB COMMERCIAL BANK

All Branches of DCB Commercial Bank

9. APPLICATION FORM

DCB RIGHTS ISSUE APPLICATION FORM

A copy of the prospectus to which this application is attached was registered in terms of Section 35 of the Companies Act, Cap 212 and Section 131 of the Capital Markets and Securities Act Cap 79 (as amended).

Application Form is for DCB Ordinary Shares by way of a Rights Issue to existing shareholders and/ Or the Underwriter for ordinary shares offer for 97,646,913 Ordinary Shares at a price of TZS 110 per share payable in full at application.

Only existing shareholders of DCB at the record date can apply.

Application Form Instructions

Please refer to these instructions before completing the form. This form when completed before the closing date, should be submitted to the transaction advisor by completing form below or using the authorized web form (link below) or to an authorized receiving agent, to DCB registered address or to the receiving bank branch not later than 16:00 hours (4:00PM) on Friday, 6th December 2024.

Each Application Submitted must match the Name in the CSDR Record. The Directors of DCB reserve the right to accept or reject any subscription in whole or in part if the instructions set out in this prospectus are not properly complied with in full.

All successful applications will receive a statement of holding as proof of their shareholding in DCB. All refunds (if any) will be made to the eligible shareholders Bank Account or Mobile Money Number in the form and from which the subscription funds were received.

PLEASE READ APPLICATION GUIDELINES BEFORE COMPLETING THIS FORM

PROVISIONAL ALLOTMENT OFFER	SHAREHOLDER ELIGIBILITY
Shareholder Name(s)/Corporate Name:	CSD Account Number:
Ordinary Shares at Record Date:	Share Entitlement:
NIDA /Passport Number: (Individuals)	Registration Number: (Corporates)

DETAILS OF ELIGIBLE SHAREHOLDER	
Shareholders address:	Email:
Mobile Number:	Tel No:
Bank Account Name:	Bank Account Number:
Bank Name:	Branch Name:

A. ENTITLEMENT & ACCEPTANCE

FULL ACCEPTANCE	AMOUNT PAYABLE
I/We hereby accept in full, subject to the terms of the DCB prospectus dated 11th November 2024 and the Memorandum and Articles of Association of DCB Commercial Bank PLC.	

PARTIAL ACCEPTANCE	PARTIAL ACCEPTANCE	AMOUNT PAYABLE
I/we hereby accept partial; subject to the terms of the DCB prospectus dated 11th November 2024, this PAO and the Memorandum and Articles of Association of DCB Commercial Bank PLC.		

B. APPLICATION FOR ADDITIONAL SHARES IN CASE OF UNDER-SUBSCRIPTION

Shareholders can choose to apply for additional shares in case of untaken shares:

ADDITIONAL ACCEPTANCE	NUMBER OF SHARES	AMOUNT PAYABLE
I/We hereby apply for additional shares in case of untaken shares as per terms of the DCB prospectus dated 11th November 2024 and the Memorandum and Articles of Association of DCB Commercial Bank PLC.		
TOTAL AMOUNT FOR APPLICATION (A+B)		

C. PAYMENT METHODS

Please ensure you use your CDS Number as reference on any Payment transfer made by TISS / Direct Deposit or Mobile Money Transfers.

1: BANK TRANSFERS

RECEIVING BANK (TISS TRANSFER OR DIRECT DEPOSIT)

Bank Name:	DCB Commercial Bank
Account Name:	DCB RIGHTS ISSUE COLLECTION ACCOUNT
Account Number:	22100145
Swift Code:	DASUTZTZ

2: MOBILE MONEY

For Shareholders paying Below TZS 5,000,000

Transfer from Mobile Money to Bank using the account details given in 1 above.

Note: In case of Refunds, it will be sent to the Bank Account or the mobile number from which the funds were received.

D. TO THE DIRECTORS OF DCB

I/We, the undersigned, confirm that having read the prospectus and being an eligible shareholder of DCB, hereby irrevocably apply for and request to accept the application above as entitlement to the rights issue in addition to the application for any additional shares allotted amongst the untaken shares at the price of TZS 110 per share on the terms given in the prospectus, subject to the articles of DCB.

I/We enclose proof of payment as per Section C of this form in favour of DCB Rights Issue for the appropriate amount as per terms of this application.

Name of Applicant	Signature/Corporate Stamp of Applicant
______________________	______________________
______________________	______________________

Lead Arranger And Sponsoring Broker

iTrust FINANCE

Trust Finance Limited
Block C, Plot No. 429, Mahando St Po. Box 22636, Masaki
Dar es Salaam, Tanzania

Stockbrokers | Fund Managers | Investment Advisors

DCB COMMERCIAL BANK

Head Office, DCB House,
Magomeni Mwembechai,
Plot 123 Block R, Morogoro Road,
P.O. Box 19798, Dar es Salaam,
Mobile: +255 713 986 686,
Telephone: +255 222 172 201,
Fax:+255 22 2172201