



2023 **ANNUAL REPORT**

SCALING UP CLIMATE ACTION FOR
RESILIENT AGRICULTURE

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More than 65% of Tanzanians are farmers, who are engaged in crop cultivation, animal husbandry and fishing. Therefore, it is a dream for us to think that we will increase the speed of developing the economy and combating poverty without a major focus in those sectors.

H. E. Dr. Samia Suluhu Hassan
The President of the United Republic of Tanzania

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About this Report



This report includes our approach to business, our non-financial performance, an overview of our performance, our key strategic projects and partnerships that are driving our impact and a synopsis of our governance processes. In addition to providing thoughts on TADB's future, the report covers the bank's business activity during the fiscal year.

As the leading development bank in Tanzania for financing agriculture, TADB has a broad goal to create effect through creative methods. Therefore, impact makes up the majority of reporting and is key to the Bank's mandate to improve the agriculture sector.

The bank's mission is supported by a wide range of stakeholders, including foreign partners. It must therefore operate transparently. This applies to the bank's accounting practices for its investments as well.

In preparing this report, we have adhered to the industry's best practices and accounting frameworks for existing and prospective partners. Our report is aligned with the parameters of the laws and guidelines governing limited liability companies, the Bank of Tanzania's (BoT) prudential guidelines, and the National Board of Accountants and Auditors (NBAA).

The bank's financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the interpretations that apply to entities reporting under IFRS that have been issued by the IFRS Interpretations Committee (IFRS IC). The International Accounting Standards Board's (IASB) IFRS are followed in the financial statements.

About our Theme

Scaling up climate action for resilient agriculture

Our theme this year, "Scaling Up Climate Action for Resilient Agriculture," underscores the critical need to address the challenges posed by climate change to food security. Climate change brings erratic weather patterns, rising temperatures, and more extreme weather events, all of which significantly impact agricultural productivity. This theme emphasizes the importance of TADB taking significant steps to build the resilience of agricultural systems.

Scaling up climate action refers to expanding and intensifying efforts to mitigate the effects of climate change on agriculture. This involves promoting practices that reduce greenhouse gas emissions from agriculture, it also encompasses supporting the development and adoption of climate-smart agricultural techniques. These techniques aim to increase agricultural productivity while also adapting crops and livestock to changing climatic conditions.

By focusing on scaling up climate action for resilient agriculture, TADB acknowledges the need for a comprehensive approach. This approach includes reducing agriculture's contribution to climate change, while simultaneously making agricultural systems more adaptable to the effects of climate change that are already being felt and that are expected to worsen in the future. This will require collaboration between governments, farmers, researchers, and other stakeholders to ensure a sustainable and food-secure future.

Letter of Transmittal



Tanzania Agricultural Development Bank
P. O. Box 6337
Dar es Salaam

31st March 2024

Hon. Dr. Mwigulu Lameck Nchemba,
Minister of Finance,

Treasury Square Building,
P. O. Box 2802,
40468 DODOMA.

Honourable Minister,

In accordance with the Companies Act, 2002, I have the honour to submit, on behalf of the Board of Directors, the Annual Report and Audited Statement of Accounts of the Tanzania Agricultural Development Bank for the year ended 31st December, 2023.

Yours sincerely,

Tanzania Agricultural Development Bank

Mr. Ishmael Kasekwa
Chairman Board of Directors



Foreword



Through its diverse range of financial and non-financial services, the bank has continued to empower farmers and agricultural enterprises, fostering agricultural mechanization, boost productivity, sustainable market linkages and resilience within the sector.

Hon. Dr. Mwigulu Nchemba
Minister of Finance

As the Minister of Finance of the United Republic of Tanzania, it gives me great pleasure to introduce the Annual Report of the Tanzania Agricultural Development Bank for the year 2023. Agriculture stands as the backbone of our nation's economy, employing a significant portion of our population and contributing substantially to our GDP. In this context, the role of the Tanzania Agricultural Development Bank (TADB) in fostering agricultural growth and rural development is notable.

The year 2023 counted several challenges, such as the conflict between Israel and Palestine and Russia and Ukraine, which has shocked the world's food security system

Throughout these challenging times, the resilience and determination of the agricultural sector have been exemplary. The TADB, as a key financial institution dedicated to agricultural development, has played a pivotal role in supporting farmers, agribusinesses, and rural communities across Tanzania.

This Annual Report serves as a testament to the TADB's commitment to promoting inclusive and sustainable agricultural growth. Through its diverse range of financial and non-financial services, the bank has continued to empower farmers and agricultural enterprises, fostering agricultural mechanization, boost productivity, sustainable market linkages and resilience within the sector. Moreover, the TADB's initiatives have contributed to job creation,

poverty reduction, and food security, thus advancing our national development agenda.

In line with the government's priorities outlined in the National Development Plan and the Agricultural Sector Development Programme, the TADB has remained steadfast in its efforts to enhance access to finance, promote value addition, and facilitate market linkages for agricultural producers. By leveraging partnerships with other financial institutions, development partners, and stakeholders, the TADB has expanded its reach and impact, reaching underserved areas and marginalized groups.

Looking ahead, we must sustain this momentum and intensify our collective efforts towards transforming Tanzania's agricultural sector into a modern, competitive, and resilient engine of economic growth. The TADB, with its strategic vision and unwavering commitment, will undoubtedly continue to play a central role in this endeavour.

I commend the board of directors, management team and staff of the Tanzania Agricultural Development Bank for their dedication and hard work in advancing our agricultural agenda. I also extend my gratitude to our valued clients, partners, and stakeholders for their continued support and collaboration. Together, let us build a prosperous future for Tanzanian agriculture and ensure shared prosperity for all.

Abbreviations

AfDB	African Development Bank	LIC	Local Investment Climate
AFDP	Agricultural & Fisheries Development Programme	MCC	Milk Collection Centres
AGF	African Guarantee Fund	MIVARF	Marketing Infrastructure & Value Addition & Rural Finance Support Programme
AGRA	Alliance for a Green Revolution in Africa	MSc	Master of Science
ALCO	Assets and Liabilities Committee	MUCOBA	Mufindi Community Bank
AMCOS	Agricultural Marketing Cooperative Society	NFSMP	National Financial Sector Master Plan
AML	Anti Money Laundering	NGO	Non- Governmental Organisations
ASDP	Agricultural Sector Development Programme	NHIF	National Hospital Insurance Fund
ASDS	Agricultural Sector Development Strategy	NPL	Non-Performing Loan
AVI	AgVision International	NSSF	National Social Security Fund
BAC	Board Audit Committee	OPEX	Operational Expenditure
BBC	Board Business Committee	PAA	Public Audit Act No. 11 of 2008
BHRAC	Board Human Resource & Administration Committee	PAC	Public Accounts Committee
BMGF	Bill & Melinda Gates Foundation	PAR	Public Audit Regulations, 2009
BOT	Bank of Tanzania	PAT	Profit After Tax
BRITEN	Building Rural Incomes Through Entrepreneurship	PBT	Profit Before Tax
CAGR	Compound Annual Growth Rate	PDPS	Price Deficiency Payment Scheme
CAPEX	Capital expenditure	PhD	Doctor of Philosophy
CMC	Credit Management Committee	PPA	Public Procurement Act, 2016
DANIDA	Danish International Development Agency	PPR	Public Procurement Regulations, 2013
DFI	Development Finance Institution	PSSSF	Public Service Social Security Fund
ECL	Expected Credit Loss	R&D	Research and Development
EDF	Enterprise Development Fund	Reg.	Regulations
EOB	Extra Ordinary Board	ROAA	Return on Average Assets
ESL	Extended Shelf Life	ROAE	Return on Average Equity
EXCO	Executive Management Committee	RUDI	Rural Urban Development Initiative
FSDT	Financial Sector Development Trust	SCGS	Smallholder Credit Guarantee Scheme
FTMA	Farm to Market Alliance	SME	Small and Medium Enterprises
FY	Financial Year	TADB	Tanzania Agricultural Development Bank
FYDP	Five-Year Development Plans	TARI	Tanzania Agricultural Research Institute
GDP	Gross Domestic Product	TDV	Tanzania Development Vision
ICT	Information and Communications Technology	TMX	Tanzania Mercantile Exchange
IFAD	International Fund for Agricultural Development	TSSA	Tanzania Social Security Association
IFC	International Monetary Fund	TZS	Tanzania shillings
IFRS	International Financial Reporting Standards	UNDP	United Nations Development Programme
ISSAI	International Standards of Supreme Audit Institutions	URT	United Republic of Tanzania
JICA	Japan International Cooperation Agency	USD	United States Dollar
LGA	Local Government Authority	WCF	Workers Compensation Fund

Agricultural Related Ministries

Ministry of Industry and Trade



Hon. Dr. Ashatu Kijaji
Minister of Industry and Trade

The Agricultural Development Bank (TAB) continued to be key contribute in in trade and industry through provision of finances to enable the establishment and development of value-added industries for agricultural products and livestock in the country. Such investments has continued to ensure the guaranteed and sustainable market to farmers, livestock keepers and fishermen in the country. We observed the Bank is financing and promoting small industries for the processing of grapes, avocado, cashews as well as production of agricultural related inputs.

Similarly, through the Smallholder Farmers Credit Guarantee Scheme (SCGS), TADB provided loans which was directed to projects for the processing of agricultural products, and enable the factories to manufacture packaging materials for agricultural products.

Additionally, TADB has successfully built a large chicken meat processing plant that uses modern technology (fully automated) starting from the stage of raising chicks and packing the chickens for going to the market. The factory has the capacity to take care of 100,000 chickens per cycle and perform slaughtering and packing operations of 3,000 chickens per hour. The factory is one of the largest chicken factories in East Africa.

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Ministry of Agriculture



Hon. Hussein Bashe
Minister of Agriculture

The Ministry in alliance with the Tanzania Agricultural Development Bank (TADB) in 2023 TADB has added two (2) financial institutions that use the Stallholders Credit Guarantee Scheme which are Self Micro Finance and Exim Bank Tanzania. The measure has made the total number of financial institutions that use the Credit guarantee Scheme to 17 to facilitate the provision of loans for the success of the Agricultural Sector

I am particularly pleased to observe that, in accordance with the Agricultural Sector Development Programme Phase II, TADB has continued to offer loans for key crops in 2023. For instance, the bank has provided loans to companies and five cooperatives in the Kagera, Mara, and Mbeya regions for the purchase of coffee. Additionally, one company and three cooperative societies have received funding for the acquisition of cotton. Similarly, loans have been made available by TADB to support the purchase of other crops as well. This strategic financing initiative has helped largely to provide farmers with market certainty.

One of the interventions the Bank carried during the period, which is part of its mandate, was capacity building; it trained 1,851 farmers in financial literacy, launched a lending

The Bank launched the Southern and the Northern Zones as its two new zonal offices in its 2023 expansion initiatives. This initiative shows that the Bank is taking proactive steps to better serve farmers' financing requirements by expanding their access to Bank services.

scheme for women and youth, and started a campaign to encourage youngsters to turn in agriculture. The Agricultural Development Bank provided the enrolled youth with farm working instruments as part of the Building a Better Tomorrow initiative, in which the bank worked closely with the ministry to establish.

The Bank launched the Southern and the Northern Zones as its two new zonal offices in its 2023 expansion initiatives. This initiative shows that the Bank is taking proactive steps to better serve farmers' financing requirements by expanding their access to Bank services.

Ministry of Livestock and Fisheries



Hon. Abdallah Ulega
Minister of Livestock and Fisheries

I congratulate TADB for the work it does in the livestock and fisheries and I called on TADB to continue to cooperate with the Ministry in creating and implementing a strategic initiatives for sector growth.

Ministry of Livestock and Fisheries and TADB is implementing a strategic fisheries project, the project kick off in 2023 by TADB received a total of TZS 25.175 billion from the Government of Tanzania to support targeted beneficiaries to purchase modern 'fiber' fish boats and its accessories, establish profitable cage fish and seaweed farming businesses. This partnership have been of great success, during the year a total of TZS 4.47 Billion was provided as loan to facilitate purchase of 65 boats for 1,250 boat beneficiaries.

Livestock sector, during the year the Bank continues to provide financing to supporting meeting the sector needs of veterinary inputs, purchase of live animals, livestock husbandry infrastructures, feeds and processing of livestock related products. In boosting the performance of diary value chain, collaboratively the ministry and the Bank in 2023 continued to implement Inclusive ProducerProcessor Partnership project.

During the year, the Bank recorded has provided loans worth TZS 6.5 billion shillings to processors and producers of dairy products, a matching grant worth TZS 257.26 million have been

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provided to 368 small dairy producers from 9 cooperatives. The ministry and TADB partnership success is deepening the group effort of which thrust in designing new initiatives to unlock potentials in various areas including special interventions to target youth across fishing and livestock sub sectors.



CORPORATE OVERVIEW

Who we Are

Tanzania Agricultural Development Bank Limited (TADB) is a state-owned development finance institution (DFI), established under the Companies Act no. 2 of 2002 and given Certificate of Incorporation no. 94075 on 26th September 2012.

The key role of the bank is to be a catalyst for delivery of short, medium and long- term credit facilities

for the development of agriculture in Tanzania. Its establishment is among the key initiatives and national goals enshrined in the Vision 2025 to achieve food self- sufficiency

and food security, economic development and poverty reduction.

The Bank as a key stakeholder in the development and envisaged revolution of the agricultural sector, it is committed to delivering on undertakings made in the context of the national agriculture related strategies consistent with its Vision, Mission and Objectives. Further the bank was tasked with implementation of the Government's Second-Generation Financial Sector Reforms, the national policies and strategies for the development of the agricultural sector.

Our Vision

To be a champion development finance institution for agricultural transformation in Tanzania.

Our Mission

To catalyze agricultural transformation through innovative financing solutions in order to develop sustainable and inclusive value chains, contribute to economic growth, food security and poverty reduction.



Integrity

We advocate and demonstrate high levels of integrity in all aspects, including ethical conduct, trans- parency, respect, objectivity and account- ability in discharging our duties.



Learning & Innovation

We embrace innovation in all undertakings of the bank in terms of products and services design and delivery, to continuously learn and improve performance and operational efficiency



Team Work

We promote and embrace teamwork spirit among staff, and with customers and partners; aimed at enhancing cooperation, and sharing of knowledge and experience from different backgrounds and disciplines; for the attainment of organiza- tional goals and objectives and improve performance



Professionalism

We value and exercise professionalism in carrying out our daily business activities, which is demonstrated by constant pursuit, acqui- sition and deployment of technical knowledge and skills, and compliance with laws, regulations and standards



Diversity & Inclusion

We are committed to ensuring that the bank's lending practices do not have a disproportionate impact on any particular group, and to actively seek out opportunities to serve underrepresented groups and communities.improve performance

Bank Mandates

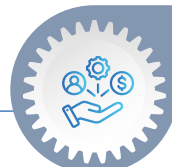
Catalyzing Agri-Financing



Advisory



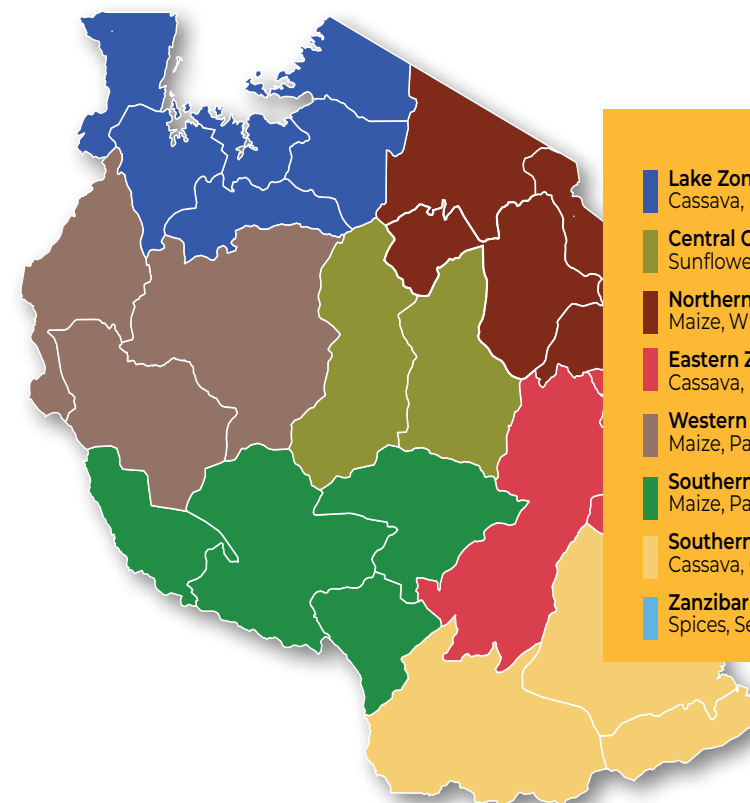
Resource Mobilization



Capacity Building



Where we operate



- Lake Zone Cluster:** Mwanza, Kagera, Mara, Shinyanga, Geita and Simiyu. Cassava, Paddy, Pulses, Beef and Dairy, Cotton, Sugarcane, Fishing.
- Central Cluster:** Dodoma, Singida. Sunflower, Maize, Beef and Dairy, Barley, and Grapes.
- Northern Zone Cluster:** Arusha Kilimanjaro, Manyara and Tanga. Maize, Wheat, Horticulture, Pulses, Dairy and Beef.
- Eastern Zone Cluster:** Dar es Salaam, Coast and Morogoro. Cassava, Paddy, Spices, Maize, Dairy and Beef, Sugarcane, Fishing
- Western Zone Cluster:** Katavi, Kigoma and Tabora. Maize, Paddy, Sunflower, Pulses, Palm oil, Beef, Fishing, Honey.
- Southern Highlands:** Mbeya, Songwe, Iringa, Njombe and Rukwa. Maize, Paddy, Sunflower, Pulses, Barley, Beef and Dairy.
- Southern Coast Cluster:** Ruvuma, Lindi and Mtwara. Cassava, Coffee, Maize, Paddy, Sesame, Pulses, Cashew nuts, Fishing.
- Zanzibar Cluster:** Pemba and Unguja. Spices, Seaweed, Dairy and Fishing, Fruit and Vegetables.

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Highlight of Performance

18%

TOTAL INCOME
to TZS 43.37 billion
(2022: TZS 36.83 billion)

34%

OPERATING COSTS
to TZS 22.77 billion
(2022: TZS 17.6 billion)

20%

PROFIT BEFORE TAX
to TZS 18.79 billion
(2022: TZS 15.64 billion)

53%

COST TO INCOME RATIO
(BOT threshold of 55%)

25%

LOANS AND ADVANCES
to TZS 330.80 billion
(2022: TZS 263.84 billion)

36%

TOTAL ASSETS
to TZS 606.94 billion
(2022: TZS 447.78 billion)

3.8%

NPL RATIO
Improvement
(2022: 5.9%)

4.3%

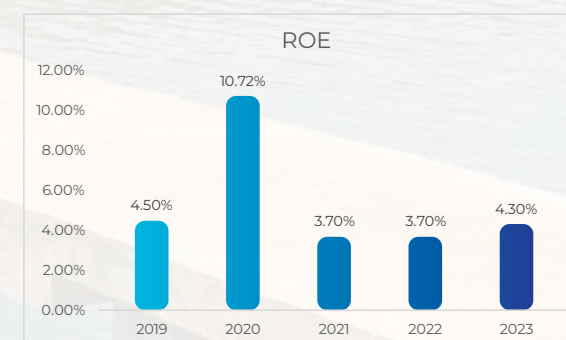
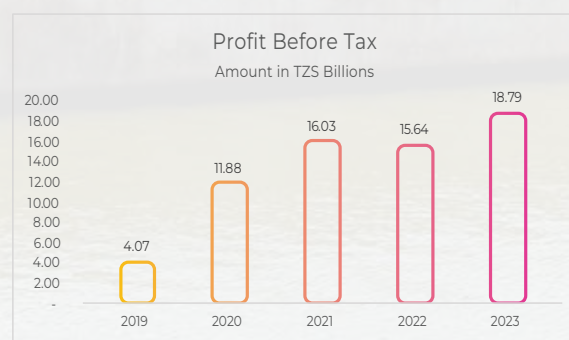
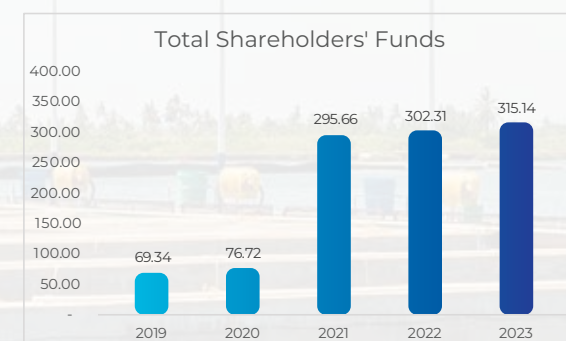
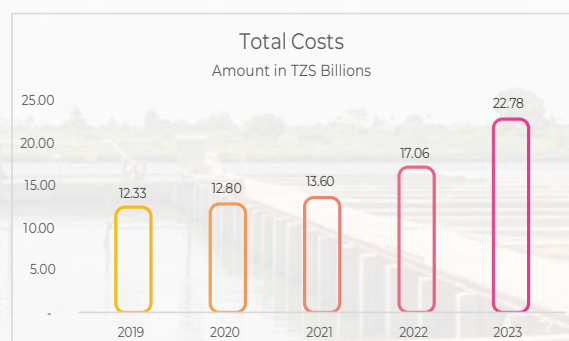
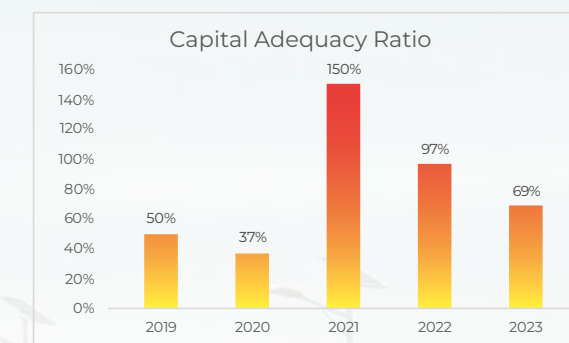
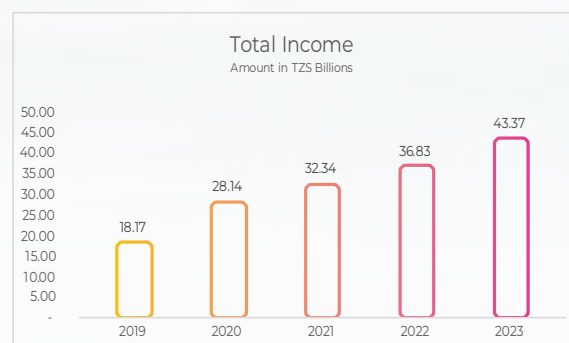
RETURN ON EQUITY
(2022: 3.7%)

1%

RETURN ON ASSETS
(2022: 0.1%)

69%

CAPITAL ADEQUACY
Tier I and II
(Statutory limit: 14.5%)



2023 Value Distribution

FOR OUR SHAREHOLDERS



TADB Bank focuses on creating value for its shareholders through strategic investments, efficient operations, and prudent risk management. By delivering consistent financial performance and fostering growth opportunities, TADB Bank aims to maximize shareholder returns while upholding its commitment to long-term sustainability and profitability.

TZS 850 Million

Was paid as Dividends in 2023;
(TZS 600 Million was paid in 2022)

FOR OUR CUSTOMERS



TADB Bank prioritizes customer experience and access through seamless digital banking services, personalized assistance, and an extensive branch network. This commitment ensures convenient, efficient, and inclusive financial services for all customers, enhancing their overall banking experience.



7

Zones



29

Regions Covered



239

Districts Covered

FOR OUR EMPLOYEES



We prioritize employee development by offering comprehensive training programs, mentorship, and career advancement opportunities. Recognizing employees as valuable assets, the bank fosters a supportive work environment that promotes growth, innovation, and job satisfaction.



124

Employees in 2023



10.96 Billion

Salaries and benefits paid to employees in 2023

TO GOVERNMENT



The bank prioritizes tax compliance, ensuring the timely and accurate payment of taxes to support national development initiatives. By adhering to transparent and responsible tax practices, the bank contributes to the socio-economic growth of the communities it serves.



8.14 Billion

Paid in form of taxes to government

TO EXPANSION AND GROWTH



Prioritizing reinvestment to foster growth, this strategy channels resources into expanding services, enhancing technology infrastructure, and developing human capital. By doing so, it ensures sustained innovation, customer satisfaction, and a competitive advantage in the dynamic banking landscape.



14.02 Billion





Earmarked for expansion and growth

Value Added Statement

	2023	%	2022	%
	TZS Millions		TZS Millions	
Income earned by providing financial services	39,430		33,511	
Interest Expense paid for funding purposes	(3,789)		(744)	
Cost incurred in provision of Services	(1,811)		(4,137)	
Total cost of Financial Services	(5,600)		(4,881)	
Value added from Financial Services	33,830		28,630	
Non Operating Income (Non Interest Income)	7,731		4,065	
Non Operating Expenditure (Admin costs)	(7,588)		(2,823)	
Value added from Banking Services	33,972		29,872	
Distribution of value added				
To Employees:				
Salaries and other benefits	10,963	32%	9,902	33%
To Shareholders:				
Dividend to the Government	850	3%	600	2%
To Government:				
Corporate Tax	5,221		4,449	
PAYE	2,050		1,730	
Skills & Development Levy	279		259	
Excise Duty	201		396	
VAT on services	389		680	
Total Taxes	8,141	24%	7,515	25%
To expansion and Growth				
Asset Replacement (Depreciation and amortization)	1,304		1,266	12%
Profit for the year (including non controlling interest, statutory and regulatory risk reserves)	12,714		10,589	
	14,019	41%	11,855	40%
Value - Distributed	33,972	100%	29,872	100%

Our Product & Services

Direct Loan Products

Product	Description	Target Market
 Term Loan	A medium-term (up to 36 months) to long-term loan (60 – 180 months) for the purpose of financing needs such as development and/or expansion of infrastructure of production like construction of irrigation infrastructure, development of infrastructure of livestock rearing, fish farming, poultry farming etc.; purchase of equipment like processing machinery, silos, irrigation systems etc.; financing working capital; and other long term financing needs for building and strengthening agriculture value chains.	Medium-scale and large-scale farmers (individual and companies), farmers cooperatives (AMCOS, Associations, Cooperatives etc.), Agro-processors including producers of agricultural inputs, Commodity trading companies, Government agencies, and other actors meeting criteria for term loans.
 Project Finance	A long-term loan for the purpose of financing new investments and assets or financing expansion of existing projects of infrastructural and/or industrial nature including construction irrigation infrastructure, construction of factory buildings and related infrastructure, purchase of machinery and equipment, and funding working capital needs of the newly established businesses. The key feature of this product is that the loans used to finance the projects are paid back from the cash-flows generated by the project itself.	Medium-scale and large-scale producers (SMEs and companies), farmers cooperatives (AMCOS, Associations, Cooperatives etc.), Agro-processors including producers of agricultural inputs, Government agencies, and other actors meeting criteria for project finance.
 Asset Finance	A medium-term to long-term loan for the purpose of financing purchase of assets to facilitate agricultural mechanization i.e purchase of tractors, combined harvesters, platers, irrigation equipment, silos, transportation facilities, value adding equipment for SMEs and other machinery and equipment as shall be deemed appropriate. Sub-categories of the Asset Finance product may be developed to suit specific needs of clients in addition to the existing Matrika Loan product specifically designed to fund mechanization needs of primary producers (tractors and associated equipment and accessories, combined harvesters, planters, etc.)	Small-scale, medium-scale and large-scale farmers, special groups (women and youth in agriculture and agribusiness), farmers cooperatives (AMCOS, Associations, Cooperatives etc.), technology suppliers – mechanization hubs, agro-processors, commodity traders, and other actors meeting criteria for project finance.
 Seasonal Loan	A short-term loan for the purpose of financing short-term and seasonal needs of both pre-harvest and post-harvest nature. These may include preparation of farms, purchase of inputs (seeds, fertilizers, agro-chemicals, purchase of live animals, etc.), funding working capital needs for harvesting and other post-harvest activities, financing seasonal off-taking from primary producers, and any other seasonal needs fitting the criteria for seasonal loans.	Small-scale, medium-scale and large-scale farmers, farmers cooperatives (AMCOS, Associations, Cooperatives etc.), commodity traders, and other actors meeting criteria for seasonal loans.

Product	Description	Target Market
 Stock Finance	A short-term loan for the purpose of financing procurement of stock under collateral management arrangement between TADB, a warehouse operator/ collateral manager and borrower. The stock may be procured as raw material or intermediate goods by an agro-processor or commodity to be traded by a commodity trader. Under the collateral management agreement (CMA), procured stock is managed by a third party other than the bank or the client and the same is pledged as security against stock finance loan used for procurement of the stock.	Off-takers of agricultural commodities and goods including AMCOS, Associations, Cooperatives, SMEs, agro-processors and traders, Government agencies, and other actors meeting criteria for stock finance loans.
 Warehouse Receipt Finance	A short-term loan for the purpose of providing liquidity and support operations of the warehouse receipt system and warehouse operations for selected crops (as defined by the Warehouse Receipt Regulatory Authority). The product will entail the discounting of official warehouse receipts and extending short-term finance against stock of crops under the collateral management of a warehouse operator with the said stock used as collateral against loans issued.	Individual farmers, farmers' groups (AMCOS, Associations, Cooperative Unions etc), commodity traders and registered companies.
 Insurance Premium Finance	A short-term loan for the purpose of financing insurance needs of players in agricultural value chains. The loan facilitates access to insurance to cover risks for property, stock, assets, etc. by enabling the policy holder to take out insurance policy and spread payment of insurance premium into instalments over a period of 1 year.	Small-scale, medium-scale and large-scale farmers, farmers cooperatives (AMCOS, Associations, Cooperatives etc.), SMEs and agro-processors, commodity traders, and other actors meeting criteria for seasonal loans.
 Women and Youth Products	Adjusted loan products which aim to provide affordable finance and support services in order to enhance financial inclusion of women and youth in agriculture and agribusiness. Noteworthy is that the Women and Youth Products are not standalone products but initiatives which use existing products (direct and indirect) with adjusted terms and conditions and coupled with support programs (training, business development services, market linkage etc.) to enable women and youth to gain access to productive assets and financing and the necessary linkages to succeed in their endeavours. Loans will be issued for purposes of meeting the range of financing needs of women in agriculture and agribusiness. These will include, but not be limited to, procurement of inputs (seeds, fertilizers, agro-chemicals etc.), purchase of assets, purchase of live animals, development of infrastructure of production and processing and working capital.	Tanzanian Women of all ages, including, but not limited to, small-scale farmers and women-owned or managed groups (coops and AMCOS), women owned or led SMEs, women in commodity trading, women investors, and women government employees.

Our Product & Services

Indirect Loan Products

Product	Description	Target Market
 Smallholder Farmers' Credit Guarantee Scheme (SCGS)	<p>Launched in 2017, the SCGS is a guarantee product that aim to de-risk lending to smallholder farmers and agri-SMEs by guarantee cover of up to 50% of principal loans by Partner Financial Institutions (PFIs). The SCGS is an individual or portfolio guarantee in favour of smallholder farmers, farmers' organizations and SMEs that demonstrate linkages with smallholder farmers or farmers' organizations. In the event of loan default by borrowers, and after exhausting all recovery measures, PFIs are eligible to claim payment from the SCGS to cover the defaults.</p>	<p>Eligible Institutions: Commercial banks, community banks & micro-finance institutions.</p> <p>Target Market (final beneficiaries): Smallholder farmers and agri-SMEs.</p>
 Wholesale Lending	<p>A new product scheduled for launch in 2023 with the objective to facilitate access by financial institutions to concessional financial resources for on-lending to agricultural sector with a specific focus on smallholder farmers and rural microenterprises, and financing gaps in the Tanzanian market (women and youth, mid – long term financing, and climate smart / agroecology finance). Through the wholesale lending product, TADB will enter into loan agreements with eligible financial institutions, where the financial institutions will use these resources to develop their agricultural financing portfolio, in compliance with targeting criteria and product features as specified in the agreement.</p>	<p>Eligible institutions: Commercial banks, community banks, microfinance institutions, and leasing companies.</p> <p>Target Market (final beneficiaries): Smallholder farmers, rural micro enterprises, special groups, CSA projects and other value chain actors with demonstrated linkages with smallholder farmers or rural microenterprises.</p>
 Co-financing	<p>A new mechanism scheduled for launch in 2023 whose objective is to develop the co-financing lending approach and to enhance TADB's capacity to attract Partner Financial Institutions (PFIs) to participate actively in financing agriculture, thus leveraging TADB's low-cost long-term funding and experience to crowd in commercial lenders. It is a lending approach whereby TADB will partner with financial institutions that agree to extend loan facilities to a project, business entity or organization following the Integrated Value Chain Financing Model (IVCF).</p>	<p>Eligible institutions: Commercial banks, community banks & micro-finance institutions.</p> <p>Target Market (final beneficiaries): Smallholder farmers, farmers' organizations, agri- MSMEs, corporates, etc.</p>

Stakeholder Relations

Our Partners



Management Team



1. Frank M. Nyabundege

2. David Nghambi

3. Noelah Ntukamazina

4. Neema Madoffe

5. Dr. Kaanaeli Nnko

6. Afia Sigge

7. Joyce Maduhu

8. Kassim Bwijo

9. Dr. Edson Rwechungura

10. Mkani D. Waziri

Management Team



Frank Mugeta Nyabundege

Managing Director

Qualifications:

Master of Business Administration (MBA) - Corporate Management, Mzumbe University (Tanzania).

Expertise:

Profit & Loss Management, Banking Strategy Formulation & execution Economic Diplomacy.



Dr. Kaanaeli Nnko

Director of Finance, Funding and Resource Mobilization

Qualifications:

PhD Economics - Swiss School of Management /ESAMI.

Expertise:

Strategic Planning, Financial Reporting, Budgeting and Forecasting, Resource Mobilization, Research and Advisory.



Noelah Ntukamazina

Head of Human Capital & Administration

Qualifications:

MSc. Instructional Design & Technology – Walden University, (USA); Certified HR Practitioner, (CHRP) CIPD - UK.

Expertise:

Strategic HR Management, Stakeholder Management, Operational Excellence Change, Leadership & Culture.



Dr. Edson Rwechungura

Head of Legal Services

Qualifications:

PhD in Law - University of Dar es Salaam, (TZ).

Expertise:

Financial Markets & Banking Law, Legal Research & Advisory, General Litigation, Cooperate Governance , Legal Drafting



Joyce Maduhu

Head Internal Audit

Qualifications:

MBA – Corporate Management - Mzumbe University. Certified Public Accountant (CPA) - NBAA.

Expertise:

Risk Management, Internal Controls Framework and Governance, Global Audit Standards, Accounting and financial reporting, Leadership & Management.



Kassim Bwijo

Head of Risk & Compliance

Qualifications:

Master of Business Administration – University of Nairobi (Kenya)

Expertise:

Risk Management ,Credit Risk Management , Compliance Risk Management , Environmental and Social Governance.



David Nghambi

Head of ICT

Qualifications:

MSc. Computer Networks & Communication – University of Westminster (UK).

Expertise:

Business Analysis, IT Management, Project Management, Networking Management.



Afia Sigge

Ag. Director of Credit & Business

Qualifications:

Master of Business Administration In Corporate Management.

Expertise:

Business Development, Business Strategies, Credit Appraisal & Management, Debt Management.



Mkani D. Waziri

Ag. Director of Planning, Research & Policy

Qualifications:

Master's Degree - Agricultural Economics, Sokoine University of Agriculture (SUA).

Expertise:

Strategic Planning, Agribusiness Consultancy, Project Coordination & Management.



Neema Madoffe

Procurement & Stores Manager

Qualifications:

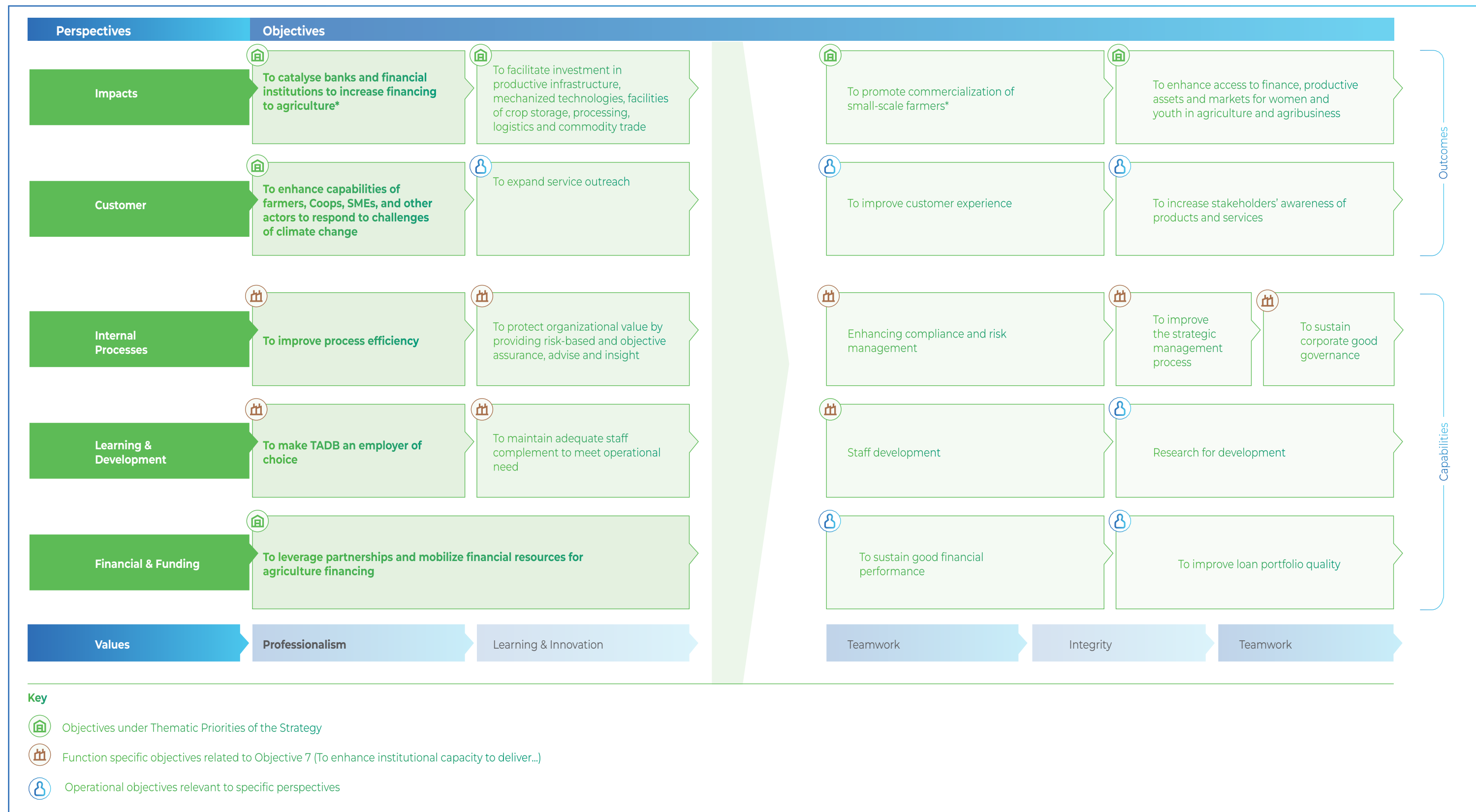
Masters of Science in Procurement and Supply Chain Management, Mzumbe University.

Expertise:

Procurement and Supply Chain Management, Contract Management and Negotiation.

BUSINESS MODEL

Our Strategy Map



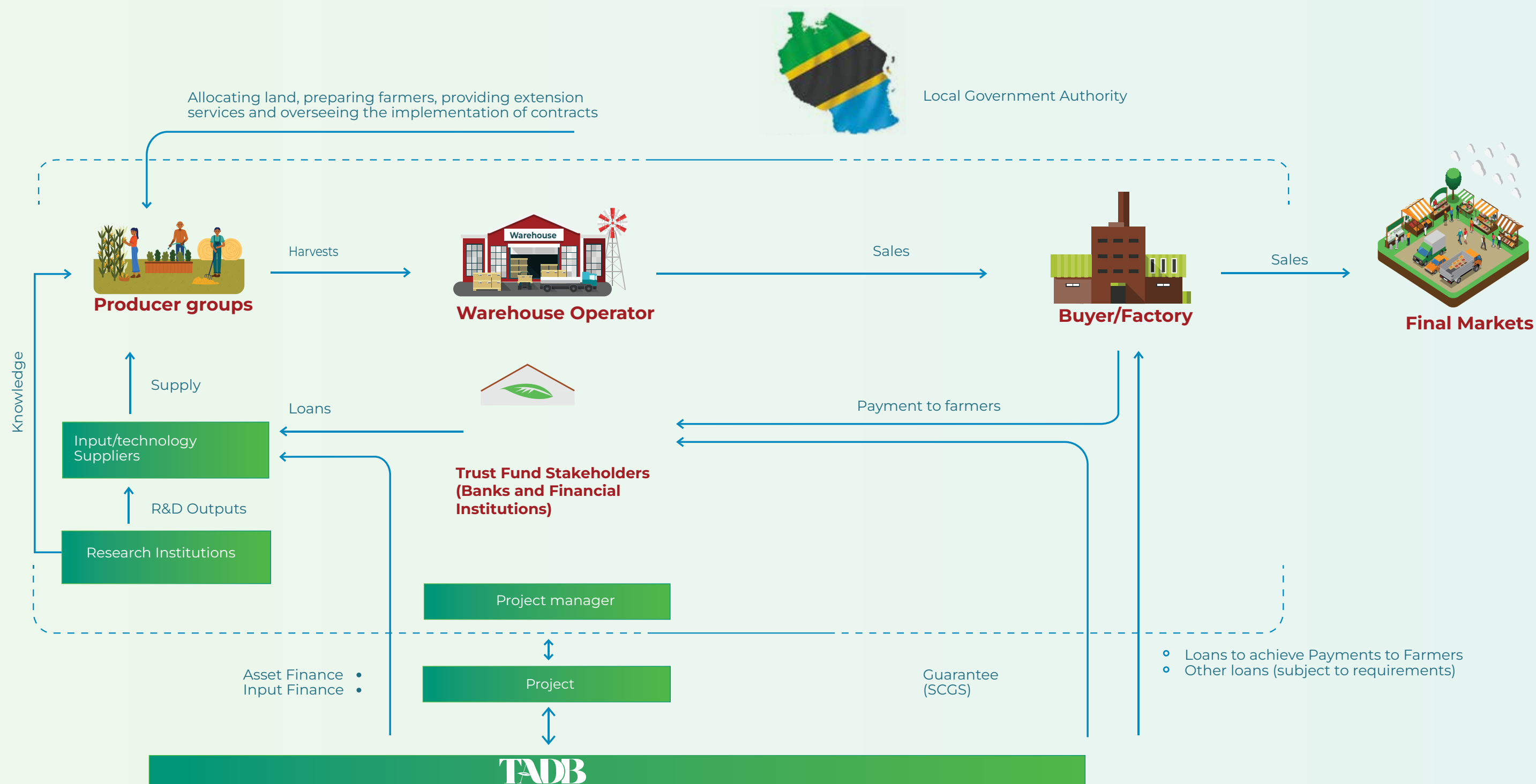
Strategic Value Unlocks

Integrated Value Chain Financing (IVCF)

TADB's Integrated Value Chain Financing model focuses on creating impact along the full value chain, from production to markets. The model was conceived and adopted as an innovative approach to financing investments and building social capital in agricultural value chains.

Thematic priorities	Initiatives	Value Driver		Achievement	Achieved amount (TZS BIL)	Annual Target (TZS Bill)	Measurement against benchmark
Thematic priority-1: Catalyzing financing to agriculture	Scaling operation of the Smallholder Farmers Credit Guarantee Scheme	Increase lending to agriculture through risk sharing mechanism.		<div>▶ 4 new PFIs were enrolled</div> <div>▶ Sensitization of the 4 new potential PFIs</div>	77.28	50	154.6%
	Development and roll-out of a wholesale lending product	Access to concessional financial resources for agricultural lending		The product design was completed and apprved by BoT and is at piloting phase. The Product was launched in Nov 2023 and attracted 5 potential partiner financial institution.			
	Development and roll-out of co-financing product	Facilitate appropriate mix of credit tenure to agriculture		▶ Approval and sactioning of 10 deals with five partiner financial institution			
Thematic priority-2: Value chain development	Supporting the development of a critical mass of agro-processors	Productivity		45 agro-processors funded	161.46	120	134.55%
	Investiment in storage Facilities	Post- harvest management		11 warehouse constructon financed			
	Supporting the development of markets	Financing		27 Commodity trade deals were funded			
	Financing the development of medium scale irrigation infrastructure	Productivity		5 micro irrigation financed			
	Financing adoption of mechanized technologies	Productivity		Bank funded a total of 18 tractors in 5 zones			
Thematic priority-3 Climate change and Climate Smart Agriculture	Enhasement of ESG framework	Commitement to ESG safeguarding and stewardship		Robust review of TADB's existing Environmental and Social Management (E&S) Framework to effectively guide its wider conduct			
	Developing CSA project supported by international climate funds	CSA lending strategy and climate risk management		Implemented review and strengthen of E&S Policy, TADB’s Exclusion list, Procedures and guidelines			
Thematic priority-4: Financial inclusion	Designing and rolling out of gender responsive products and services	Inclusive access to financial services		March 21st 2023, the ban laughed the women and youth scheme in Dodoma			
	Providing training, business development servises support and market linkages to women and youth groups	Increasing oportunties for women and youth		<div>▶ Support preparation of the “Building Better Tomorrow – Youth Initiative in Agribusiness” (BBT-YIA)</div> <div>▶ The bank is implementing youth farm settlement pilot project in collaboration with SOLIDARIDAD organization in Tanga region, in 2023 the bank has disbursed a total of 68.2 million to 5 youth for the purchase of farms, construction of houses and cow sheds and clearing of farms</div>			
	Funding women and youth			TZS 7.8 Bn advanced to Women and Youth projects/businesses by Dec 2023			
Thematic priority-5: Capacity to deliver	Building partnerships for resource mobilization	Augmenting existing agro-financing activities		<div>▶ Approved with loan amounting to \$66 million from AfDB, which will contribute to the bank’s capital.</div> <div>▶ AFD project, the bank received the second drawdown of Euro 30 million.</div> <div>▶ TI3P project received 2.09 million USD</div> <div>▶ TADB received TZS 25.175 billion to execute fund management from Ministry of Livestock and Fisheries' support under the “Wavuvi Loan Project”</div> <div>▶ The bank efforts with JICA proved fruitful aimed at mobilizing financing for the agricultural sector</div>			
	Mobilization for climate change and CSA financing	Increase use of climate resilient agricultural practices		High-level concept notes for GCF Project Specific Assessment was completed			
	Opening of new zonal offices	Bringing Bank services closer to the customers		<div>▶ Southern Zone –Closely serving Mtwara, Lindi, and Ruvuma regions</div> <div>▶ Northern Zone - Closely serving Arusha, Kilimanjaro, Tanga and Manyara regions</div>			
	Automation of internal processes and promoting digital innovation	Improving efficiency		5 processes automated by Dec 2023			

Our Business Delivery Model (IVFC)



Our Capitals

TADB understands that as the country's premier development finance institution, its relevance and impact, today and in the future, along with its ability to create long-term value for stakeholders are dependent on the institution's ability to effectively manage, and leverage the forms of capital available to us.



Financial Capital

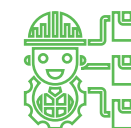
Our shareholder and debt funding gives us a strong capital base that supports our operations and fund growth.

Financial capital includes budgetary allocation from the government, concessionary loans, and third-party funds.

TADB leverages strategic partnerships to secure funding from development partners, Non- Governmental Organisations (NGOs), donor agencies, and other institutions of goodwill.

- The bank's equity position as at 31st December 2023 was TZS 315 billion equivalent to a 4% increment from TZS 302 billion recorded as at 31st December 2022.
- Total Asset Value increased by 45% from TZS 447.89 billion as at 31st December 2022 to TZS 606.94 billion recorded as at 31st December 2023.

Balance Sheet (TZS Ml)	2022	2023
Paid up Share Capital	268,202	268,202
Retained Earnings	22,785	31,514
Profit/Loss for the Period	11,189	13,564
Statutory Reserve	-	1,861
Other Capital Accounts	137	-
Total shareholders' funds	302,314	315,141



Manufactured Capital

To be able to serve its diverse set of customers, TADB continues to invest in robust service channels and physical infrastructure across the expansive Tanzania geography. The bank has offices in 7 zones across the country and branches and is integrating technology, including digital mobility in its services. Given the impact of technology on the banking sector, TADB is currently investing in modern technologies to enhance its reach and accelerate the transformation of the sector.

During the year, the Bank maintained a total of 7 zonal offices that provides convenient accessibility to clients in respective regions.

S/N	Zone	Office Location
1.	Central Zone	Dodoma
2	Lake Zone	Mwanza
3	Southern Highlands Zone	Mbeya
4	Eastern Zone	Dar es Salaam
5	Southern Zone	Mtwara
6	Western Zone	Tabora
7	Northern Zone	Arusha



Intellectual Capital

TADB has invested in building a strong brand and robust propositions for its customers. The Bank offers specialized products, ranging from short-term to long-term financing, blended finance, as well as, capacity building. We have strong partnerships both within the country and outside the country. As Development Finance Institution, TADB is a research-driven enterprise and has integrated R&D into its operations. The bank has also made commendable progress in digital adoption & has invested in a robust IT estate, including a dynamic Core Banking System to drive efficiency.

- During the year, the Bank increased its Smallholder Credit Guarantee Scheme (SCGS), disbursing over TZS 77.3 billion to smallholder farmers across the country.
- Through the Integrated value chain financing model, the bank disbursed a total of TZS 250 billion in loans across the country with the number of beneficiaries reaching 19,494.



Social & Relationship Capital

The facet of development finance implies widespread stakeholder engagements and sustained communication between the various parties to the country's development agenda. TADB understands that to foster meaningful exchanges, it must ensure stakeholders are engaged regularly and responsibly. The bank endeavours to drive value for its stakeholders through impact led investments. We value the views of our stakeholders because shape our response to business and societal issues.

During the year, the Bank continued to work with its various partners to explore opportunities for technical support and expertise in designing of financing and operational models for the projects.

The year 2023 saw the bank continuing exploring opportunities to raise awareness on its products and services. The bank participated in both international and local forums and exhibitions.



Human Capital

TADB understands its success as a public institution is dependent on its ability to keep a competent workforce that is fully engaged and motivated. The employees of the Bank are qualified experts, guided by a clear vision and anchored in strong values. We are focused on embedding a culture of continuous development, which increases competitiveness and investment in the development of skills required by employees to drive impact now and in the future. During the 2021 FY, the Bank had a total of 78 employees.

- The development of TADB human resources focused on growing leadership capabilities within the banking and financing sector while providing technical development programs that focus on agri-financing and climate smart agriculture.

During the year, the Bank had a total of 124 employees

Gender	2022	%	2023	%
Female	34	32%	38	31%
Male	71	68%	86	69%
Total	105	100%	124	100%



Natural Capital

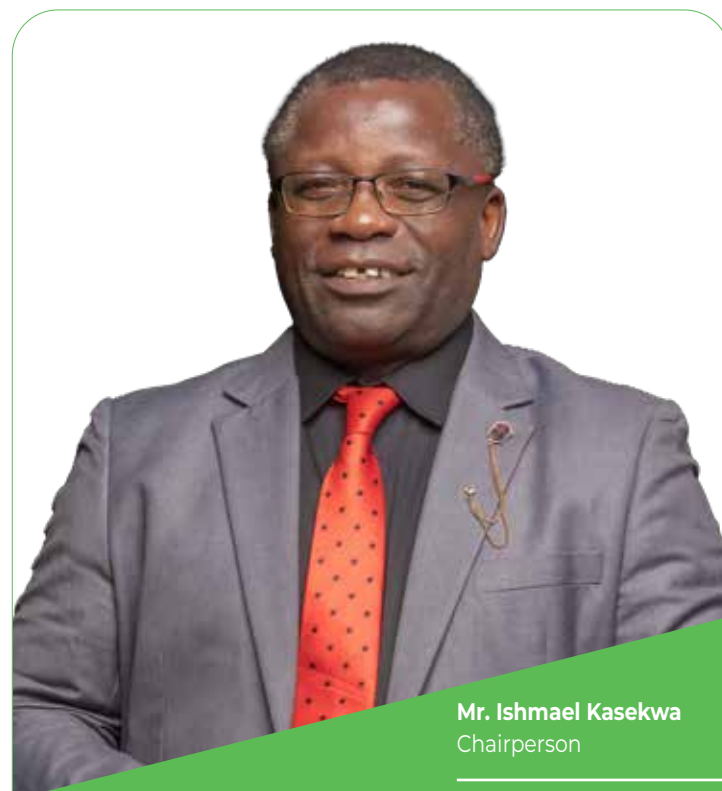
This constitutes the environmental resources used throughout the Bank's operations. TADB is committed to playing its role in mitigating the effects of Climate Change especially because it has a direct impact on agriculture and food production. The bank, through strategic partnerships, continues to drive agriculture climate adaptation through smart agriculture. Internally the bank has mechanisms that guide its administrative activities to reduce its carbon footprint and remain conscious of its materiality.

During the year, the bank continued to promote climate resilient agriculture projects through its smart agriculture Programme. The Bank continues to implement agriculture adaptation strategies including promotions of drought-resistant crop varieties, crop diversification, changes in cropping pattern and calendar of planting, soil moisture conservation through appropriate tillage methods, improving irrigation efficiency, and afforestation



BUSINESS REVIEW

Message from the Chairman



Mr. Ishmael Kasekwa
Chairperson

“Our business has an impact on customers, employees, suppliers, regulators, investors, and the wider communities we serve. Being sustainable means building strong relationships with these stakeholders and taking into account the issues that matter to them.”

Thematic Priorities



Catalysing
financing to
agriculture



Value chain
development



Climate
change &
climate smart
agriculture



Financial
inclusion



Capacity to
deliver

Operating Environment

It gives me enormous pleasure to present to you the Integrated Annual report of our Bank for the financial Year 2023.

In a year marked by both challenges and opportunities, TADB has continued to play a pivotal role in empowering farmers, agribusinesses, and rural communities by providing them with essential financial resources, technical assistance, and innovative solutions.

In collaboration with governmental initiatives under the visionary leadership of Her Excellence President Dr. Samia Suluhu Hassan, TADB has embarked on initiatives aimed at modernizing agricultural practices, enhancing productivity, and fostering sustainable growth across the agricultural value chain.

The government's focus on improving the business environment has yielded positive results, especially in the financial sector, which experienced significant growth led by the banking industry.

Furthermore, partnerships between the public and private sectors have played a pivotal role in driving sustainable growth within the financial industry. Collaborative endeavours aimed at enhancing financial literacy, promoting entrepreneurship, and fostering technological innovation have created a fertile ground for economic advancement and job creation, thereby laying the foundation for a more prosperous and resilient future.

The economy has been resilient, growing by 5.2% in 2023, compared to 4.6% in 2022, despite external shocks characterised by high inflation, geopolitical tension, tightened financial conditions and climate-related challenges.

Performance

During the year under review, the Bank has delivered strong growth while asset quality remains one of the best in the industry. The details of our performance are captured across the report.

Medium-Term Strategy

TADB's Medium-term Strategy (2023 – 2027) was launched in March 2023 to deliver sustainable growth over the next five years as the bank has envisioned to be a champion development finance institution for sustainable agricultural transformation in Tanzania.

Consistent with our long-term plan to 2035, we remain committed to work diligently towards the achievement of the bank's two broad goals which are, one, contributing to the achievement of food self-sufficiency and security; and two, transformation of agriculture from subsistence to commercial in order to

effectively and sustainably contribute to economic growth and poverty reduction.

Our Sustainability Strategy

The transition to a sustainable society and economy requires huge investments and is therefore a major challenge for all of us. At TADB, we see the transition effort not only as a challenge, but also as a growth opportunity. Recognizing the significance of sustainability, we made sustainability—which encompasses environmental, social, and governance dimensions—a cornerstone of our 5 year strategy. Since then we have embedded sustainability into products, services, policies, and processes in all key areas of the bank.

Our business has an impact on people all over the country – including customers, employees, suppliers, regulators, investors, and the wider communities we serve. Being sustainable means building strong relationships with these stakeholders and taking into account the issues that matter to them.



I We leverage our local expertise to link our clients with opportunities within Tanzania and beyond its borders.

II We are driving innovative solutions to address the climate challenge and facilitating the shift towards a low-carbon future in Tanzania.

III We are building an inclusive institution at TADB that prioritises well-being, invests in learning and careers and prepares our colleagues for the future of work.

IV And we uphold high standards of corporate governance and ensure we meet our responsibilities to society.



Corporate Social Responsibility

The Bank strongly believes in creating a positive impact on society through its business operations and corporate social responsibility (CSR) activities. In its commitment to socially responsible behavior, TADB's business model includes financing agricultural projects that have significant social impacts and supporting smaller projects that connect producers with suitable off-takers and value addition factories. Through these efforts, the Bank supports local communities, resulting in a multiplier effect on socio-economic improvements.

The Bank is committed to continuing these initiatives, having spent TZS 1.28 billion in 2023 (2022: TZS 555.38 million).

Outlook 2024

Looking ahead, Tanzania's economy is on track for significant growth in 2024, with the government and Central Bank forecasting a 5.5% GDP increase, up from 5% in 2023. This solidifies its position as one of the fastest-growing economies in East Africa.

In tandem with supportive government initiatives aimed at strengthening the agricultural sector, TADB is well-positioned to capitalize on emerging opportunities. By aligning its strategies with government priorities such as enhancing agricultural productivity, promoting value addition, and ensuring food security, the bank will leverage these initiatives to drive inclusive growth and sustainable development



Furthermore, the bank plans to enhance its strategic partnerships with both local and international partners, including other Development Finance Institutions (DFIs), to increase its borrowing capacity and thereby amplify its lending capabilities within the agricultural sector.

We have made good progress towards achieving our goals. We are confident that in a rapidly changing economic and regulatory environment, our strategic priorities will enable us to uphold service excellence and drive the sustainable growth of our business

We will maintain our customer-obsessed approach and capitalise on our competitive strengths to reinforce our vision of being a champion development finance institution for agricultural transformation in Tanzania.

Board changes

I would also like to take this opportunity to appreciate the late Dr. Abdul Ally, whose invaluable contributions will forever be remembered. Additionally, I extend my gratitude to Mr. Migangala S. Milenge, Mr. Hussein Mbululo, and Mr. William Mhoja, who have recently retired from the Board. I thank them for their valuable contributions to the sustained growth of the Bank and wish them the very best in their future endeavors.

In the same vein, I wish to congratulate Mr. Daniel Masolwa and Prof. Ntengua Mdoe on their re-appointment to the Board. My congratulations also go to Mr. Rished Mohamed Bade, Mr. Chimagu Nyasebwa Enock, and Mrs. Fatma Mohamed Abdallah on their appointments as Non-

Executive Directors. Welcome to TADB, and I am certain that your contributions will be integral to the long-term success of the Bank going forward

Appreciation

I would like to extend my sincere gratitude to all stakeholders who continue to contribute towards the achievement of the Bank's mandate.

My appreciation also goes to the Government of Tanzania through the Ministry of Finance and the office of the Treasury Registrar for the continuous support and efforts to increase capital to the bank. The Bank is grateful for the technical assistance and funding it continues to receive from cooperating partners.

The support received from our valued customers, suppliers and business partners is invaluable, and we wish to continue working together towards achieving Medium-term Strategy 2023-2027.

I would like to thank my fellow Board Members for the expertise and leadership they provide. I also extend my gratitude to the Management and Staff of the Bank for their dedication over the years. With confidence in the collective wisdom of our Board and the dynamic capabilities of our team, I am certain that TADB is well-equipped to navigate successfully into the next chapter of our journey.

Mr. Ishmael Kasekwa,
Chairperson.

Ujumbe wa Mwenyekiti

Vipaumbele vya Mada



Kuchagiza
uwezesaji
kwenye kilimo



Kuwezesha
mnyororo wa
thamani



Kilimo himilivu
dhidi ya
mabadiliko ya
tabia ya nchi



Huduma
jumuishi za
kifedha



Uwezo wa
utendaji

Mazingira ya Uendeshaji

Ninayo furaha kubwa kuwasilisha kwenu taarifa ya Mwaka ya Benki yetu kwa Mwaka wa Fedha 2023.

Mwaka ulikuwa na fursa lakini pia changamoto, TADB imeendelea kutekeleza majukumu yake muhimu katika kuwawezesha wakulima na wafanyabiashara kwenye kilimo kwa kuwapa huduma muhimu za kifedha kwa njia ya mikopo, ushauri wa kitaalamu na kutatua changamoto mbalimbali kwa kadri ilivyohitajika.

Kwa kuzingatia mipango ya serikali chini ya uongozi wenye maono wa Mheshimiwa Rais Dkt. Samia Suluhu Hassan, TADB ilitekeleza mikakati inayolenga kufanya kilimo kuwa cha kibiashara, kuongeza tija na kukuza ukuaji endelevu katika mnyororo wa thamani wa kilimo.

Mkazo mahususi wa serikali katika kuboresha mazingira ya biashara umetoa matokeo chanya, hasa katika sekta ya fedha, ambayo ilipata ukuaji mkubwa ukiongozwa na sekta ya huduma za kibenki.

Zaidi ya hayo, ushirikiano kati ya sekta ya umma na sekta binafsi umetoa mchango muhimu katika kukuza ukuaji endelevu ndani ya sekta ya fedha. Juhudi zilizofanywa kwa ushirikiano zimeleza kuimarisha elimu ya kifedha, kukuza ujasiriamali, na kukuza uvumbuzi wa kiteknolojia, zimewezesha mazingira mazuri ya ukuaji wa kiuchumi na kuzalisha ajira hivyo kuimarisha uchumi wenye mafanikio na thabiti. Uchumi wa nchi yetu ni himilivu, ukikua kwa asilimia 5.2 mwaka 2023 ikilinganishwa na asilimia 5 mwaka 2022, licha ya mitikisiko iliyo ambatana na mfumuko wa bei, mivutano ya kikanda, masharti ya kifedha pamoja na changamoto za mabadiliko ya tabia ya inchi.

Utendaji

Utendaji kwa kipindi cha taarifa hii, Benki imefanikiwa kuwa na ukuaji imara huku ubora wa mali za Benki ukikidhi vigezo vya ubora katika sekta ya kibenki. Ufafanuzi wa kina wa mafanikio ya uendeshaji yameainishwa katika taarifa hii.

Mpango Mkakati

Mpango mkakati wa miaka mitano (2023 - 2027) wa TADB ulizinduliwa Mwezi Machi 2023 ukiwa na dhima ya kuwa Banki ya Maendeleo kinara katika kuwezesha mabadiliko endelevu katika sekta ya kilimo Tanzania. Sambamba na mpango wetu wa hadi mwaka 2035, tumeendelea kufanya kazi kikamilifu ili kufikia malengo mawili makuu ya Benki ambayo ni, uwepo wa utoshelevu na usalama wa chakula na pili kuleta mapinduzi ya kilimo kutoka kilimo cha kujikimu na kufikia kilimo cha kibiashara ili kuchangia katika ukuaji wa kiuchumi na kupunguza umaskini.

Mkakati wetu wa Uendelevu

Jamii na uchumi ulio katika kipindi cha mpito katika mabadiliko kinahitaji uwekezaji mkubwa na hivyo changamoto zake zinatukabili sisi sote. TADB tunatazama juhudi za mabadiliko sio katika mlengo wa changamoto pekee bali katika mtazamo wa fursa. Kwa kutambua umuhimu wa uendelevu, tumejenga uendelevu katika muktadha wa mazingira na unufaikaji wa jamii kama nguzo katika mpango Mkakati wa miaka mitano. Hivyo tumeambatanisha uendelevu katika huduma zetu, sera na katika michakato yote ya kiutendaji ndani ya Benki. Shughuli za Benki zimekuwa na matokeo chanya kwa wote nchini wakiwemo wateja, wafanyakazi, watoa huduma, wawekezaji, wasimamizi na jamii kubwa tunayo ihudumia. Kuwa endelevu ina maanisha kujenga mahusiano imara na wadau hawa na kuzingatia yaliyo muhimu kwao.



I
Tunatumia utaalam wetu wa ndani kuwaunganisha wateja wetu na fursa ndani

II
Tunaendesha masuluhisho ya kibunifu ili kukabiliana na changamoto ya hali ya hewa na kuwezesha mabadiliko kuelekea mustakabali wa hali ya hewa ya chini ya kaboni nchini Tanzania.

III
Tunajenga taasisi jumuishi katika TADB ambayo inatambuliza ustawi, kuwezesha katika masomo na taaluma na kuandaa wenzetu kwa mustakabali wa kazi.

IV
Na tunazingatia viwango vya juu vya utawala wa shirika na kuhakikisha tunatimiza wajibu wetu kwa jamii.

Biashara yetu ina athari kwa wateja, wafanyakazi, wasambazaji, wadhibiti, wawekezaji, na jamii pana tunazohudumia. Kuwa endelevu kunamaanisha kujenga uhusiano thabiti na washikadau hawa na kuzingatia masuala ambayo ni muhimu kwao.



Mchango wa Jamii

Benki inaamini kwa dhati katika kuleta matokeo chanya kwa jamii kupitia shughuli inazozifanya na pia uwajibikaji wa taasisi kwa jamii.

Katika kufikia uwajibika wa taasisi kwa jamii, muundo wa utendaji wa TADB unajumuisha kuwezesha miradi ya kilimo ambayo ina athari za kijamii, na kuinua miradi ambayo inawaunganisha wakulima na viwanda vinavyoongeza thamani. Kupitia hili, benki inasaidia jamii kwa namna ambayo ina manufaa mapana yenye kuboreshaji uchumi jamii.

Benki katika kutekeleza juhudi hizi imetumia kiasi cha Shilingi Bilioni 1.28 mwaka 2023 ukilinganisha na Shilingi Milioni 555.38 mwaka 2022

Mwelekeo wa 2024

Tukiangalia mbele yetu, uchumi wa Tanzania unamwelekeo wa kwa kiasi mwaka 2024, serikali na Benki Kuu wanakadilia ongezeko la Pato la Taifa kwa asilimia 5.5, kutoka asilimia 5 mwaka 2023, na hivyo kuwa moja ya nchi uchumi wakei unakuwa kwa kasi Afrika Mashariki.

Sanjari na juhudi za serikali zinazolenga kuimarisha sekta ya kilimo, TADB imejipanga vyema kutumia fursa zinazojitokeza. Kwa kuoanisha mikakati ya Benki na vipaumbele vya serikali kama vile kuongeza tija katika kilimo, kuongeza thamani mazao ya kilimo, na



kuhakikisha usalama wa chakula, Benki itatumia mipango hii ili kuwezesha ukuaji jumuishi na maendeleo endelevu.

Zaidi ya hayo, Benki imepanga kuimarisha ushirikiano wake wa kimkakati na washirika wa ndani na nje ya nchi ikiwa ni pamoja na Taasisi nyingine za Maendeleo ya Fedha (DFIs), ili kuongeza uwezo wake wa kukopa na hivyo kukuza uwezo wake wa kukopesha katika sekta ya kilimo.

Tumefanya ufanisi mzuri katika kufikia malengo yetu. Ni imani yetu kwamba katika mazingira yanayobadilika kwa kasi ya kiuchumi na usimamizi, vipaumbele vyetu vya kimkakati vitatuwezesha kudumisha ubora wa huduma na kuendeleza ukuaji endelevu wa shughuli zetu.

Tutadumisha mtazamo wetu wa kuzingatia wateja na kutumia nguvu zetu ili kuimarisha maono yetu ya kuwa taasisi kinara ya maendeleo ya fedha kwa ajili ya mageuzi ya kilimo nchini Tanzania.

Mabadiliko ya bodi

Napenda pia kutumia fursa hii kumshukuru Marehemu Dkt. Abdul Ally ambaye michango yake muhimu itakumbukwa daima, pamoja na Mheshimiwa Migangala S. Milenge, Mheshimiwa Hussein Mbululo na Mheshimiwa William Mhoja ambao wamestaafu hivi karibuni kwenye Bodi. Ninawashukuru kwa mchango wao muhimu katika ukuaji endelevu wa Benki na ninawatakiya kila la kheri katika majukumu yaliyo mbele yao.

Vile vile, napenda kuwapongeza Mheshimiwa Daniel Masolwa na Prof. Ntengua Mdoe kwa kuteuliwa tena kwenye Bodi. Pongezi zangu pia ziende kwa Bwana

Rished Mohamed Bade, Bwan Chimagu Nyasebwa Enock na Bibi Fatma Mohamed Abdallah kwa kuteuliwa kuwa Wakurugenzi wajumbe wa bodi. Karibu TADB na nina hakika michango yenu itakuwa muhimu kwa mafanikio ya Benki kwenda mbele.

Shukrani

Napenda kutoa shukurani zangu za dhati kwa wadau wote wanaoendelea kuchangia katika kufanikisha majukumu ya Benki.

Shukrani zangu pia ziende kwa Serikali ya Tanzania kupitia Wizara ya Fedha na Ofisi ya Msajili wa Hazina kwa kuendelea kutoa msaada na jitihada za kuongeza mtaji wa Benki. Benki inashukuru kwa ushauri elekezi inaendelea kupokea na pia fedha inazoendelea kupokea kutoka kwa washirika wa Maendeleo.

Tunashukuru kwa ushirikiano tuliopokea kutoka kwa wateja wetu, watoa huduma na wadau mbalimbali, tutaendelea kufanya kazi pamoja nanyi ili katika kutekeleza mpango Mkakati wa miaka 5 (2023-2027).

Napenda kuwashukuru Wajumbe wenzangu wa Bodi kwa utaalamu na uongozi walioutoa. Pia natoa shukrani zangu kwa menejment na Wafanyakazi wa Benki kwa kujitolea kwao muda wote. Kwa uimara na juhudi za pamoja na kwa kujumuisha hekima ya Bodi, nina hakika kwamba TADB imejitayarisha vyema katika hatua inayofuata ya safari yetu.

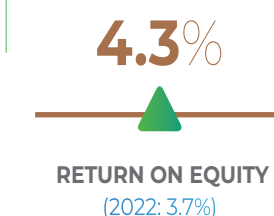
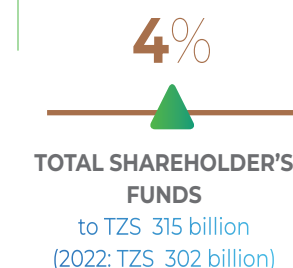
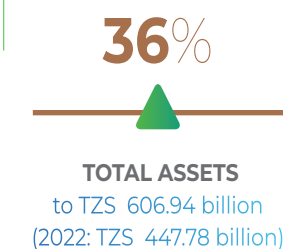
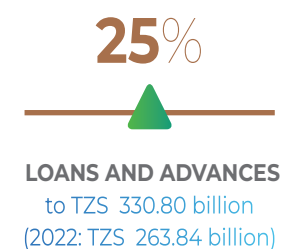
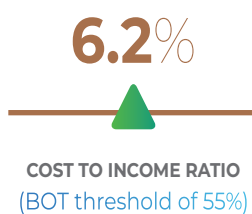

Mr. Ishmael Kasekwa,
Mwenyekiti wa Bodi.

Message from the Managing Director



Mr. Frank Nyabundege
Managing Director

“As Managing Director, it gives me immense pride to have achieved the Tier II status in under a decade of operations. However, our ambitions extend far beyond this milestone, noting the real impact to our nation’s farmers, fishermen and livestock keepers. We are targeting a remarkable goal of reaching TZS 1 trillion in total assets by the end of our Medium-Term Strategy which will contribute to the agriculture transformation from subsistence to commercial agriculture.”



Introduction

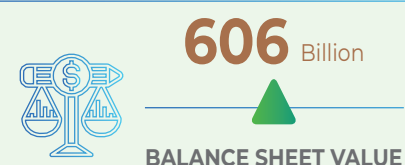
I present to you Tanzania Agricultural Development Bank's performance for the 2023 financial year. Prudent strategic direction by the Board of Directors coupled with pragmatic managerial decision-making, underpinned by the urgency to transform the agriculture sector, led to a record financial performance despite a constantly evolving environment.

Economic Environment

In the economic landscape of 2023, global growth exhibited variability across nations, with overall estimates indicating a weaker performance compared to the preceding year. The World Bank and the International Monetary Fund projected a decline in global economic growth, attributed to geopolitical tensions, tightening monetary policies, and increased economic uncertainties. Domestically, Tanzania experienced robust GDP growth driven by reforms aimed at enhancing competitiveness and business environments. This growth, fuelled by sectors like agriculture and tourism, is projected to continue towards its long-term potential by 2025.

Developments in the Financial Services Sector

The global banking industry faced significant challenges in 2023, triggered by aggressive interest rate hikes, raised concerns about regulatory frameworks. Efforts by regulatory bodies such as the Basel Committee on Banking Supervision focused on revising capital frameworks and enhancing supervisory effectiveness. Technological innovations, particularly in Artificial Intelligence, showcased potential advancements in transaction categorization and customer service.



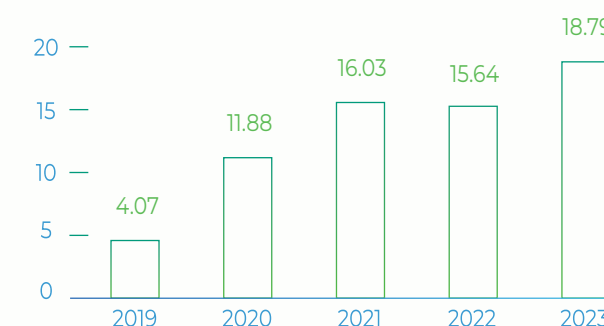
Financial Performance

As we review the achievements of the fiscal year ending December 2023, TADB's financial performance for 2023 has been exceptionally commendable.

The bank achieved a profit before tax (PBT) of TZS 18.79 billion compared to TZS 15.64 billion in 2023 representing a rise of 20% due to reasonably good performance in interest income, fees and commissions and net trading income.

Profit Before Tax (5 year trend)

(Amount in TZS Billions)



Surpassing our initial projections, we managed to eclipse the milestone of a “Half a trillion balance sheet” to close the year with a balance sheet totalling TZS 606 billion. Our commendable cost-to-income ratio of 53% remains well below the Bank of Tanzania's threshold of 55%, underscoring our operational efficiency and steadfast commitment to maximizing value for our stakeholders.

At the heart of TADB's mission lies an unyielding dedication to empowering smallholder farmers and propelling agricultural development nationwide. In 2023, we disbursed a total loan amount of TZS 161.1 billion, strategically allocated to initiatives aimed at bolstering agricultural progress. These funds not only offer crucial financial assistance but also facilitate access to modern agricultural practices, technologies, and inputs, thereby bolstering productivity, elevating livelihoods, and fostering sustainable growth.

Our Environment, Social and Governance (ESG) Priorities

In 2023, we embarked on a journey to report about our Environmental, Social and Governance (“ESG”) impacts, thereby reporting on non-financial performance metrics that have a significant influence on our ability to create and preserve value sustainably in our society. As part of TADB's medium-term strategy, the bank places substantial emphasis on environmental stewardship, ethical values, sound governance, and community involvement as critical determinants of long-term viability for financial institutions.

The Bank participated in the 28th Conference of the Parties (COP 28) of United Nations Framework Convention on Climate Change (UNFCCC) held in Dubai, United Arab Emirates in late 2023. TADB's attendance was motivated by the bank's need to complement and support national efforts

Developing tailor-made products specifically addressing climate-related challenges faced by farmers. These products will aim to provide low-cost, affordable loans to facilitate a shift from current practices to more sustainable, resilient, and climate-smart agriculture.

TADB is actively pursuing accreditation from the Green Climate Fund (GCF) to enhance its capacity to address climate change challenges. This accreditation will enable TADB to access GCF funding, facilitating the implementation of impactful projects aimed at climate change mitigation and adaptation.

on climate change mitigation and adaptation resource mobilisation efforts. The outcomes of COP 28 will guide us on our fiduciary responsibility of building a sustainable and inclusive economy. We are confident that, as an institution, we can achieve even greater impact by securing the GCF accreditation, TADB aims to strengthen its role in mobilizing financial resources for sustainable development, advancing Tanzania's agricultural sector, and contributing to the nation's overall resilience against climate change. This strategic move aligns with our commitment to environmental stewardship and sustainable growth.

Our People

At TADB, we are dedicated to creating a work environment that fosters resilience, innovation, and diversity. We place a continuous emphasis on the mental, physical, social, and financial well-being of our employees noting this improves productivity and contributes to better engagement with our various stakeholders. Our workforce remains our key asset considering the peculiarities of a development finance institution.



To achieve impactful national results, the bank will actively seek collaboration with development partners and international funders. Strengthening these partnerships is essential for mobilizing sufficient, sustainable, and long-term financial resources to enhance the livelihoods of farmers and promote the sustainable development of Tanzania's agricultural sector.

We further believe that the success of our mission and the execution of our strategy are as diverse and rich as the skills and talents of our workforce. That is why we have invested significantly in developing our people's skills and enhancing the employee experience to strengthen our service culture. The Bank remains steadfast in its commitment to maintaining an equal, diverse, and inclusive organizational culture.

Looking ahead

In 2023, the Bank displayed remarkable performance, setting a solid foundation for the future and we enter 2024 in excellent shape with a strong growth momentum. We will remain resilient and forge ahead to expand and grow our capacity to cater for the needs of our customers and stakeholders.

Our refreshed Mid Term 2023-2027 strategy is crystal clear; we remain committed to work diligently towards the achievement of the Bank's two broad goals namely;

- i. Contribute to the achievement of food self- sufficiency and security; and
- ii The transformation of agriculture from subsistence to commercial in order to effectively and sustainably contribute to economic growth and poverty reduction.

Appreciation

My sincere gratitude goes to our valued clients, partners, government ministries and stakeholders for their ongoing support and trust in TADB. Your confidence in us empowers our mission. We are committed to creating long-term, sustainable value for all our stakeholders well into the future.

I also want to express my appreciation to my fellow directors and the Board for their deep insights, expertise, and resilience. Despite the challenging operating environment, your dedication has enabled us to continue delivering seamless service to our customers and the communities we serve.

Lastly, TADB is armed with the exceptional talent and I want to extend my sincere gratitude to our staff for their dedication and tenacity in delivering our strategy. Together, we are driving our vision to be a champion development finance institution for sustainable agricultural transformation in Tanzania.


Mr. Frank Nyabundege,
Managing Director.

Ujumbe wa Mkurugenzi Mtendaji



Mr. Frank Nyabundege
Managing Director

“Kama Mkurugenzi Mkuu, inanipa fahari kubwa kufikia hadhi ya Daraja la II chini ya miaka kumi ya uendeshaji. Hata hivyo, matarajio yetu yanavuka hatua hii muhimu, tukizingatia athari halisi kwa wakulima, wavuvi na wafugaji wa taifa letu. lengo kuu la kufikia TZS 1 trilion katika jumla ya mali ifikapo mwisho wa Mkakati wetu wa Muda wa Kati ambao utachangia katika mabadiliko ya kilimo kutoka kilimo cha kujikimu kwenda cha kibiashara.”

20%
FAIDA KABLA YA KODI
Kufikia TSH 18.79 bilioni
(2022: TSH 15.64 bilioni)

6.2%
**UWIANO WA GHARAMA
KWA MAPATO**
(Kiwango cha juu cha BOT
ni 55%)

25%
MIKOPO
Kufikia TSH 330.80 bilioni
(2022: TSH 263.84 bilioni)

36%
JUMLA YA MALI
Kufikia TSH 606.94 bilioni
(2022: TSH 447.78 bilioni)

4%
**JUMLA YA FEDHA ZA
WANAHISA**
Kufikia TSH 315 bilioni
(2022: TSH 302 bilioni)

4.3%
**FAIDA KATIKA
UWEKEZAJI**
(2022: 3.7%)

Utangulizi

Ninaleta kwenu taarifa ya utendaji wa Benki ya Maendeleo ya Kilimo Tanzania (TADB) kwa mwaka wa fedha wa 2023. Mwongozo wa kimkakati kutoka kwa Bodi ya Wakurugenzi pamoja na usimamizi wa menejimenti wenye ufanisi ulichochea na mabadiliko ya haraka katika sekta ya kilimo, haya yamesababisha utendaji mzuri wa kifedha licha ya kuwepo kwa mazingira yanayobadilika kila mara.

Mazingira ya Uchumi

Katika mazingira ya kiuchumi ya 2023, ukuaji wa kimataifa ulionyesha utofauti kati ya mataifa, huku makadirio ya jumla yakionyesha utendaji dhaifu ikilinganishwa na mwaka uliopita. Benki ya Dunia na Shirika la Fedha la Kimataifa (IMF) zilitabiri kushuka kwa ukuaji wa uchumi wa kimataifa kutokana na mvutano wa kikanda, ugumu wa masharti ya sera za kifedha na kuongezeka kwa kutokuwa na uhakika wa kiuchumi. Ndani ya nchi, Tanzania ilishuhudia ukuaji mkubwa wa Pato la Taifa (GDP) kutokana na mageuzi yaliyolenga kuboresha uchumi shindani na mazingira ya biashara. Ukuaji huu uliwezesha na sekta kama vile kilimo na utalii, unakadiriwa kuendelea kukua kuelekea kwenye ukuaji wake wa muda mrefu ifikapo mwaka 2025.

Maendeleo katika sekta ya kifedha.

Sekta ya Benki duniani ilikabiliwa na changamoto kubwa mwaka 2023, zilizochochewa na ongezeko kubwa la viwango vya riba, na kuzua wasiwasi kuhusu mifumo ya udhibiti. Juhudi za taasisi za udhibiti kama Kamati ya Basel ya usimamizi wa Benki zililenga kurekebisha mifumo ya mtaji na kuboresha ufanisi wa usimamizi. Ubunifu wa kiteknolojia hasa katika Akili Mnemba ulionyesha maendeleo katika uainishaji wa miamala na huduma kwa wateja.



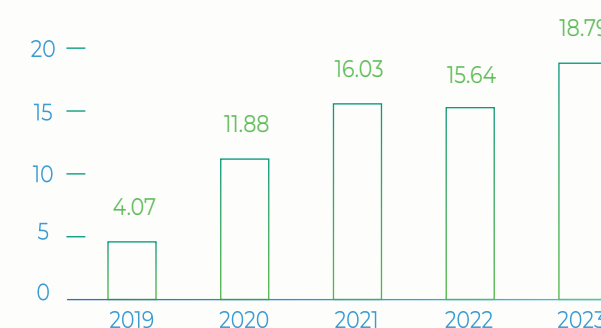
606 Bilioni

THAMANI YA MIZANIA

Kama Mkurugenzi Mtendaji, ninajivunia sana TADB kufikia hadhi ya Ngazi ya II ndani ya kipindi cha chini ya muongo mmoja wa uendeshaji. Hata hivyo, matamanio yetu yanaenda mbali zaidi ya hatua hii, kwa kuzingatia mabadiliko halisi kwa wakulima, wavuvi, na wafugaji wa taifa letu. Tunakusudia kufikia lengo kubwa la kufikia Shilingi za kitanzania trilion

FAIDA KABLA YA KODI (MIAKA 5 ILIO PITA)

(Kiasi (Kwa TZS Mabilioni))



1 katika jumla ya mali ifikapo mwisho wa Mkakati wetu wa Kipindi cha Kati, ambao utachangia katika mageuzi ya kilimo kutoka kilimo cha kujikimu hadi kilimo cha kibiashara.”

Utendaji wa Kifedha

Mafanikio ya mwaka wa kifedha unaomalizika Disemba 2023, utendaji wa kifedha wa TADB kwa mwaka wa 2023 umekuwa mzuri sana. Benki ilipata faida kabla ya kodi (PBT) ya Shilingi bilioni 18.79 ikilinganishwa na Shilingi bilioni 15.64 mwaka wa 2023, ikionyesha ongezeko la 20% kutokana na utendaji mzuri wa mapato ya riba na ada mbalimbali.

Tukivuka matarajio yetu ya awali, tulifanikiwa kuzidi lengo la “Mizania ya nusu trilion” na kufunga mwaka na mizania ya Shilingi bilioni 606. Kiwango chetu cha gharama kwa mapato cha asilimia 53 kinasalia kwa kubaki chini ya kigezo cha asilimia 55 cha Benki Kuu ya Tanzania na kuthibitisha ufanisi wetu wa uendeshaji na azma yetu thabiti ya kutoa huduma yenye thamani kubwa kwa wadau wetu.

Dhamira ya TADB ipo katika kujitolea kwa dhati kuwajengea uwezo wakulima wadogo na kuchochea maendeleo ya kilimo nchini. Mwaka wa 2023, tulitoa jumla ya mikopo ya Shilingi bilioni 161.1, iliyotolewa kimkakati kwa miradi inayolenga kuimarisha maendeleo ya kilimo. Fedha hizi si tu zinatoa usaidizi muhimu wa kifedha bali pia zinasaidia kilimo cha kisasa, teknolojia na pembejeo hivyo kuimarisha uzalishaji, kuboresha maisha, na kuchochea ukuaji endelevu.

Umuhimu wa Mazingira, Jamii, na Utawala (ESG)

Mwaka wa 2023, tulianza kutoa taarifa kuhusu athari katika Mazingira, Jamii, na Utawala (ESG), hatua hii imefanya kutoa taarifa kwa kutumia vipimo vya viashiria visivyo vya kifedha

Kutengeneza bidhaa zinazotengenezwa maalum zinazoshughulikia changamoto zinazohusiana na hali ya hewa zinazowakabili wakulima. Bidhaa hizi zitalenga kutoa mikopo ya gharama nafuu na nafuu ili kuwezesha kuhama kutoka kwa mazoea ya sasa hadi kilimo endelevu zaidi, kinachostahimili hali ya hewa na kilimo kinachozingatia hali ya hewa.

TADB inafuatilia kwa dhati kupata ithibati kutoka kwa Mfuko wa Hali ya Hewa ya Kijani (GCF) ili kuongeza uwezo wake wa kukabiliana na changamoto za mabadiliko ya tabianchi. Ithibati hii itaiwezesha TADB kupata ufadhili wa GCF, kuwezesha utekelezaji wa miradi yenye athari inayolenga kukabiliana na mabadiliko ya tabianchi.

ambavyo vina athiri kwa kiasi kikubwa uwezo wetu wa kutengeneza na kuhifadhi uendeleu wa jamii yetu. Kama sehemu ya mkakati wa TADB, Benki inaweka juhudi kubwa katika usimamiz wa mazingira, umuhimu wa kimaadili, utawala bora, na ushiriki wa jamii kama sehemu ya uendeleu wa taasisi ya kifedha. Benki ilishiriki katika Mkutano wa 28 wa Umoja wa Mataifa kuhusu Mabadiliko ya Hali ya Nchi (UNFCCC) uliofanyika Dubai, Falme za Kiarabu mwishoni mwa mwaka 2023. Ushiriki wa TADB ulichochewa na haja ya Benki kuchangia na kusaidia juhudi za kitaifa za kupunguza athari za mabadiliko ya tabia ya nchi na jitihada za kupata rasilimali. Matokeo ya COP 28 yatatuongoza katika jukumu letu la kujenga uchumi endelevu na wenye kujumuisha watu wote. Tuna imani kwamba, kama taasisi, tunaweza kuwa n athari kubwa zaidi kwa kupata idhibati ya GCF, TADB inalenga kuimarisha jukumu lake katika kupata rasilimali za kifedha kwa ajili ya maendeleo endelevu, kukuza sekta ya kilimo nchini Tanzania na kuchangia katika kukabiliana na athari za mabadiliko ya tabia ya nchi. Hatua hii ya kimkakati inaenda sambamba na uwajibikaji wetu katika utunzaji wa mazingira na ukuaji endelevu.

Wafanyakazi Wetu

TADB imejitolea katika kuweka mazingira ya kazi yanayochochea uthabiti, uvumbuzi, na utofauti. Tunaweka mkazo endelevu katika ustawi wa kiakili, kimwili, kijamii, na kifedha kwa wafanyakazi wetu tukizingatia kwamba hii inaboresha tija na inachangia katika ushirikiano bora na wadau wetu mbalimbali. Nguvu kazi yetu inabaki kuwa nyenzo muhimu tukizingatia sifa mahususi taasisi ya fedha ya maendeleo.

Tuna amini kwamba mafanikio ya kazi yetu na utekelezaji wa mikakati yetu ni wa tofauti na unahitaji ujuzi na vipaji vya nguvu kazi yetu. Ndiyo sababu tumewekeza kwa kiasi kikubwa katika kuendeleza ujuzi wa wafanyakazi wetu na kuboresha weledi wa wafanyakazi ili kuimarisha utoaji wa huduma. Benki inaendelea kuwa thabiti katika ahadi yake ya kudumisha utamaduni wa usawa wenye kujumuisha wote.



Ili kufikia matokeo ya kitaifa yenye matokeo, benki itatafuta ushirikiano na washirika wa maendeleo na wafadhili wa kimataifa. Kuimarisha ushirikiano huu ni muhimu kwa ajili ya kukusanya rasilimali fedha za kutosha, endelevu na za muda mrefu ili kuimarisha maisha ya wakulima na kukuza maendeleo endelevu ya sekta ya kilimo Tanzania.

Matarajio yetu

Mwaka 2023, Benki ilionyesha utendaji wa kipekee, ikijenga msingi imara kwa siku za usoni na tunaingia mwaka 2024 tukiwa katika hali nzuri sana na kwa kasi kubwa ya ukuaji. Tutabaki imara na kuendelea mbele kuboresha na kuongeza uwezo wetu ili kukidhi mahitaji ya wateja wetu na wadau.

Mkakati wetu mpya wa kati wa 2023-2027 ni dhahiri; tunaendelea kujitolea kufanya kazi kwa bidii kuelekea kufikia malengo makuu ya Benki, yaani;

- Kuchangia katika kufikia utoshelevu wa chakula na usalama wa chakula
- Kubadilisha kilimo kutoka kilimo cha kujikimu kwenda kilimo cha kibiashara ili kuchangia katika ukuaji wa uchumi na kupunguza umasikini.

Shukrani

Ninatoa shukrani zangu za dhati kwa wateja wetu wa thamani, washirika, Wizara, na wadau kwa msaada wao endelevu na imani yao kwa TADB. Imani yenu kwetu inatupa nguvu katika kufanya kazi yetu. Tumejitolea kuleta thamani endelevu kwa wadau wetu wote kwa muda mrefu.

Pia napenda kutoa shukrani zangu za dhati kwa wakurugenzi wenzangu na Bodi kwa maarifa na weledi wao licha ya changamoto mbalimbali za uendeshaji, kujitoa kwenu kumetuwezesha kuendelea kutoa huduma nzuri kwa wateja wetu na jamii tunayoihudumia.

Mwisho, TADB imejizatiti kwa vipaji vya wafanyakazi na napenda kutoa shukrani zangu za dhati kwa wafanyakazi wetu kwa kujitoa kwao na uvumilivu katika kutekeleza mkakati wetu. Pamoja, tunatekeleza maono yetu ya kuwa taasisi ya fedha ya maendeleo kinara kwa ajili ya mabadiliko endelevu ya kilimo nchini Tanzania.

Mr. Frank Nyabundege,
Mkurugenzi Mtendaji.

Our Sustainability Commitment



Sustainability Initiatives

TZS 5.8

billion



Amount disbursed as working capital for hybrid seeds, fertilizers, and agro-chemicals, (CSA initiative).



Enhancement of the Environmental and Social Management framework



Enhance the capabilities of small-scale farmers, farmer cooperatives, SMEs and other actors to respond to the challenges of climate change.



Promotion of climate-smart agriculture initiatives.



Engagement with key industry stakeholders



Development of TADB Climate Smart Agriculture Strategy



Climate Smart Agriculture (CSA) Initiatives



High-quality, climate-resilient inputs

Enhancing TADB Environmental and Social Safeguards

TADB is committed to comply with Tanzania National laws (Environmental Management Act of 2004 and its EIA & Audit regulations of 2005 (and its revised EIA and Audit-amendment Regulations of 2018) and country obligations under relevant international treaties, conventions and agreements and Good Industry Practice in the promotion of environmentally sound and sustainable development.

The Bank recognises that environmental and social sustainability is a fundamental aspect of achieving outcomes in line with its mandate and thus, projects that foster environmental and social sustainability rank among the highest priorities of its activities.

TADB will not knowingly finance Projects that would contravene national laws or country obligations under relevant international treaties, conventions and agreements, as identified during Project appraisal.

Ensuring that the Bank remains complaint to and in line with international standards, 2023 laid the foundation of a robust review of TADB's existing Environmental and Social Management (E&S) Framework to effectively guide its wider conduct.

The review and enhancement of the Environmental and Social Management framework included; review of TADB's E&S Policy, TADB's Exclusion list, Procedures and guidelines for Implementation of the policy and mainstreaming environmental and social considerations in the Bank's overall project appraisal procedures, enhancing the grievance redress mechanism and adoption of key comprehensive set of specific International Performance Standards for critical areas of environmental and social sustainability that projects are required to meet, among others.

As an industry best practice, TADB is committed to conducting periodic reviews of the E&S Management framework to ensure the Bank maintains compliance and further conduct comprehensive trainings and capacity building initiatives to our staff, customers and partner financial institutions in the quest to strengthen environmental and social stewardship across the sector.

Our Climate Action for Inclusive, Resilient and Sustainable Agriculture Transformation

As the first year of implementation of TADB's Second Medium-term strategy 2023-2027, under the Bank's thematic Priority Three that seeks to 'Enhance the capabilities of small-scale farmers, farmer cooperatives, SMEs and other

With a solid foundation laid in 2023- the year 2024 is nothing less than promising for TADB to achieve almost half of its set five – year targets in climate action and fostering an inclusive, resilient and sustainable agriculture sector in Tanzania.

actors to respond to the challenges of climate change', 2023 laid the ground work for establishing frameworks for the promotion of climate-smart agriculture initiatives.

The year saw deeper engagement with key industry stakeholders including strengthening partnerships with the Vice President's Office, Research Institutions, French Agency for Development (AFD) and other Development Partners instrumental in supporting climate action within the agriculture sector.

2023 further saw TADB's successful participation in the United Nations Framework Convention for Climate Change (UNFCCC) Conference of the Parties (COP 28) in Dubai which afforded TADB an array of opportunities from collaboration with multi-lateral development banks and institutions to unlock the vast climate funds and technical assistance opportunities for the implementation of the Bank's set targets, to providing a platform for TADB to demonstrate its strategic role in accelerating climate finance for sustainable agriculture in Tanzania in support of the Government of Tanzania's efforts in promoting climate-smart agriculture. The international conference further provided TADB an opportunity to garner diverse experience in facilitating climate-smart agriculture technologies and innovation from global financial institutions, innovators, development partners and multi-actors to solidifying the Bank's collaboration with respective Ministries in Tanzania to achieve national agricultural transformative initiatives.

As planned strategic initiatives for 2023, the year rolled out initial development of a pipeline for potential climate-related projects, climate smart agriculture concept note write ups and ground work activities for the development of TADB Climate Smart Agriculture Strategy and Product Development as supported by a team of consultants afforded to TADB under the AFD Technical Assistance Framework.

With a solid foundation laid in 2023- the year 2024 is nothing less than promising for TADB to achieve almost half of its set five –year targets in climate action and fostering an inclusive, resilient and sustainable agriculture sector in Tanzania.

In 2023, the bank contributed to Climate Smart Agriculture (CSA) practices by issuing financing for high-quality, climate-resilient inputs. A total of TZS 5.8 billion was disbursed as working capital for hybrid seeds, fertilizers, and agro-chemicals. These advanced inputs have helped promote CSA practices in the agricultural industry.

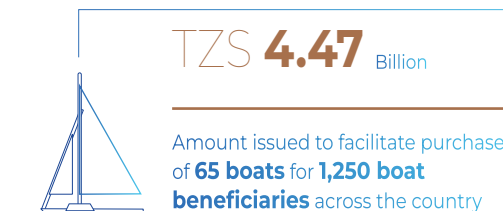


Our Strategic Projects

During the year 2023, TADB aligned its long-term goals with the strategic objective of the government and other development partners in transforming the agricultural sector through increased productivity and market development via integrated value chain development.

Blue Economy for Growth Project

TADB is implementing a strategic fisheries project in collaboration with the Ministry of Livestock and Fisheries (MoLF). In 2023, TADB received a total of **TZS 25.175 billion** from the Government of Tanzania to support targeted beneficiaries to purchase modern 'fibre' fish boats (**160 boats**) and its accessories, establish profitable cage fish and seaweed farming businesses. The implementation of the project started in September, 2023. A total of **TZS 4.474 billion** was issued to facilitate purchase of 65 boats for **1,250 boat beneficiaries** across the country by end of December, 2023.



Tanzania Inclusive Producer-Processor Partnership (Ti3P)

TADB in partnership with Land O' Lakes Venture **37** and Heifer International is implementing the Ti3P project in **15 regions** of the United Republic of Tanzania for a period of **4 years** (2022 – 2025). The development partner, the Bill and Melinda Gates Foundation (BMGF), has provided a matching grant worth **US\$7 million**, and TADB has set aside **\$30 million** as part of the loans to be given to stakeholders who make a range of investments in the dairy value chain. In 2023 the performance of the project has been;

- TADB has provided loans worth **TZS 20.25 billion** shillings to processors and producers of dairy products;
- Matching grant (Subsidies) worth **TZS 257.26 million** have been provided to **368 small dairy producers** from **9 cooperatives** borrowed for heifer loans;

The project's efforts have resulted in

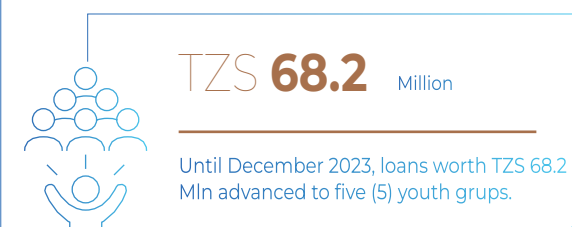
- 69,062 dairy producers (19,070 women)** receiving training and extension services on dairy husbandry through extension officers.
- Mobilizing **20,612 dairy producers (4,595 women)** to form **888 dairy producer groups** and **40 dairy producers' cooperatives** that collect a total of **11,787 liters of milk per day**.
- Additionally, the project has successfully revived the Liquid Nitrogen Production Plant in Mwanza and Zanzibar to ensure dairy herders have access to a sustaining service that will enable them to obtain the best types of dairy cows.



Youth farm Settlement Program

TADB in partnership with Land O' Lakes Venture In the Tanga Region, the bank is working with SOLIDARIDAD East Africa under the project called Dairy 2025 Catalyst for investment to implement Youth Farm Settlement Project. The project value is **Euro 101,187** over six years (2022–2027), specifically for youth to be able to be self-employed through the dairy sector. Through this project we are advancing loans to youth at an interest of **(7%)** for **5 years**. Under this project financing is on the following item;

- Purchase **10 acres farm land**,
- Construction of cattle shed,
- Purchased of **5 dairy cows**,
- Construction of settlement house.
- Dairy folder farming through having irrigation infrastructure and having modern agricultural mechanization
- Implement poultry farming to attain alternative cash flow.



PERFORMANCE REVIEW



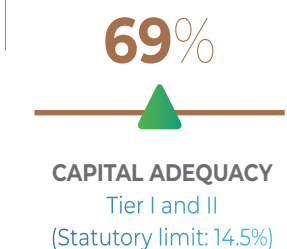
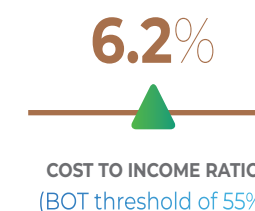
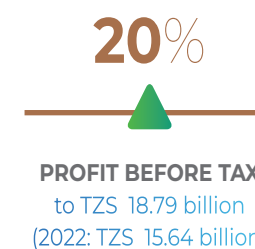
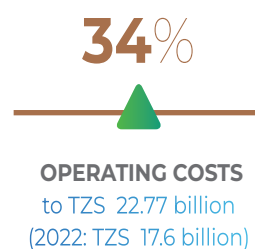
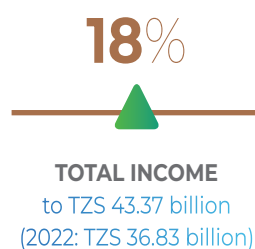
Statement of the Director of Finance



Dr. Kaanaeli G. Nnko
Director of Finance.

Deposit rates exhibited mixed trends in 2023, with the overall average deposit rate increasing to 7.64% compared to 7.28% in November 2022. Conversely, negotiated deposit rates decreased from 9.50% in 2022 to 9.15% by the end of November 2023. Meanwhile, interest rates on bank loans decreased over the same period, with the overall lending rate average declining to 15.38% in 2023 from 16.08% a year earlier.

Negotiated lending rates also saw a decrease from 13.95% to 13.29% during the same period.



Operating Environment

In 2023, the GDP growth rate reached 5.1%, surpassing the previous year's 4.6%. This increase can be attributed to the implementation of structural reforms aimed at enhancing the competitiveness of the economy, improving the business and investment climate, and reducing regulatory compliance costs. Growth was particularly strong in the agriculture sector, transportation and storage industries, and financial and insurance services. Furthermore, the gradual recovery of the tourism sector and stabilization of supply and value chains contributed significantly to the overall economic expansion. Looking forward, GDP growth is anticipated to align with its long-term potential, reaching approximately 6% by 2025.

Tanzania experienced a decline in headline inflation throughout 2023, with the rate dropping from 4.8% in December 2022 to 3.0% by December 2023. This downward trend can be attributed to lower commodity prices, government subsidies on fuel and fertilizer, and prudent monetary policy implemented by the Bank of Tanzania to manage inflationary pressures while supporting economic growth.

Monetary conditions tightened in 2023, leading to a slowdown in money supply growth. M3 growth decreased to 14.1% during the year, although it remained above the target of 10.1%.

Deposit rates exhibited mixed trends in 2023, with the overall average deposit rate increasing to 7.64% compared to 7.28% in November 2022. Conversely, negotiated deposit rates decreased from 9.50% in 2022 to 9.15% by the end of November 2023. Meanwhile, interest rates on bank loans decreased over the same period, with the overall lending rate average declining to 15.38% in 2023 from 16.08% a year earlier. Negotiated lending rates also saw a decrease from 13.95% to 13.29% during the same period.

Treasury bills auctions held in December were undersubscribed by 32.72%, indicating low market demand for T-Bills. The overall average yield for the Treasury bills auctions remained stable.

Performance Overview

In 2023, TADB reported a commendable performance, marked by substantial growth across various financial indicators compared to 2022.



Net Interest Income:

In 2023, the Net Interest Income reached **TZS 35.64 billion**, marking a significant **9%** increase compared to 2022. This uptick highlights the bank's adeptness in managing its balance sheet and optimizing earnings assets for enhanced profitability.



Total Other Operating Income:

A significant surge was witnessed in total other operating income, soaring to **TZS 7.73 billion** in 2023, representing an impressive **90%** growth compared to 2022. This substantial increase highlights the bank's diversified income streams and strategic initiatives implemented throughout the year.



Operating Expenses:

Operating expenses for 2023 amounted to **TZS 22.78 billion**, reflecting a **34%** increase compared to 2022. While the rise in operating expenses is notable, it underscores the bank's strategic investments aimed at enhancing operational efficiency and service delivery capabilities.



Profits After Tax (PAT):

TADB achieved a PAT of **TZS 13.56 billion** in 2023, representing a commendable **21%** increase from the previous year. This growth in PAT underscores the bank's prudent financial management practices and commitment to delivering sustainable returns to its stakeholders.

Key highlights for the year 2023 are summarized below:

TZS. Billion	2023	2022	Change
Net Interest Income	35.64	32.77	9%
Total other operating income	7.73	4.07	90%
Total income	43.37	36.83	18%
Operating expenses (excl provisions)	22.78	17.06	34%
Profits After Tax	13.56	11.19	21%

Key Balance sheet lines

Total assets increased by 38% to TZS. 615.9 billion, as shown on the table below.

TZS. Billion	2023	2022	Change
Total Assets	606.94	447.89	36%
External borrowing	158.19	67.38	135%
Total shareholder funds	315.14	302.31	4%

TADB Balance sheet reflect a substantial growth between 2023 and 2022, showcasing robust growth and strategic shifts across various key metrics.

Total Assets: TADB's total assets surged to **TZS 606 billion** in 2023, representing a remarkable **36%** increase compared to the previous year. This substantial growth underscores the bank's strategic initiatives and effective management practices aimed at expanding its asset base and bolstering its financial position.

External Borrowing: A remarkable surge occurred in external borrowing, rising to **TZS 158.2 billion** in 2023, indicating a staggering **135%** increase from 2022. This substantial rise underscores the bank's proactive strategy to diversify its funding sources for agricultural sector lending.

Total Shareholder Funds: TADB's total shareholder funds reached **TZS 315.1 billion** in 2023, indicating a modest **4%** increase compared to the previous year. While the growth rate may appear moderate, it underscores the bank's commitment to maintaining a strong capital base and supporting sustainable business operations.

Key performance indicators

	Target	Actual		
		Figures in TZS Billions'		
Value enablers	Target	YOY Change	2023	2022
1 Total Income	15%	25.5%	47.16	37.58
2 PBT	18%	20.1%	18.79	15.64
3 Loans and advances	>20%	25.4%	330.80	263.84
4 Cost to Income Ratio (CIR)	<55%	7.0%	53%	46%
5 Return on equity (ROE)	>3.5%	0.6%	4.3%	3.7%
6 Return on Assets (ROA)	>4%	-0.3%	2.2%	2.5%
7 Non-interest revenue (NIR)	>10%	90.2%	7.73	4.07
8 Total Capital Ratios	>14.5%	-29%	69%	97%
9 NPL	<5%	-2.1%	3.78%	5.86%



Total Income:

The cumulative effect of enhanced net interest income and substantial growth in other operating income resulted in total income reaching **TZS 47.16 billion** in 2023, marking a robust **26%** increase from the previous year. This surge in total income demonstrates TADB's resilience and adaptability in navigating evolving market dynamics.



Return on Equity (ROE):

Return on equity in 2023 was **4.3%** compared to **3.7%** in 2022 which representing **0.6%** year-on-year growth management's ability to generate income from the available equity.



Return on Assets (ROA):

Dropped by **0.3%** year on year from **2.5%** previous year to **2.2%** in this year 2023.



Profit Before Tax (PBT):

The bank recorded Profit before tax of **18.79 billion** compared to **15.64 billion** profit before tax recorded in 2022; the **20%** profit increase was due to deliberate decision to increase revenue and cut unnecessary operational cost.



Non-interest Revenue (NIR):

Growing non-interest income remains a key priority, with improving underlying trends. Non-interest income increased by **90.2%**, from **4.02 billion** in 2022 to **7.73 billion** in 2023, which is above **10%** growth target set by the board.



Loans and Advances:

Customer loans increased from **263.84 billion** in 2022 to **330.8 billion** in 2023 which representing **25.4%** year-on-year growth.



Total Capital Ratio:

Dropped from **97%** in 2022 to **69%** in 2023, which is still above the BOT threshold of **14.5%**.



Cost to Income Ratio (CIR):

TADB bank cost to income ratio increased from **46%** in previous year 2022 to **53%** in 2023 which represent a **7%** slight increase year on year, which is still within the regulatory threshold of **55%**.



Non-performing Loan (NPL):

The bank's asset quality as measured by the Non-Performing Loan (NPL) ratio improved substantially from **5.86%** in 2022 to **3.78%** in 2023.

Resources mobilization and partnership success stories for 2023

To support investment in the agri-sector, Tanzania Agricultural Development Bank (TADB) Limited has engaged with various stakeholders and has achieved several milestones by the end of December 2023. On December 5th, 2023 the bank was successful approved with loan amounting to \$66 million from

AfDB which will contribute to the bank's capital. Under the AFD project, the bank has also fulfilled conditions precedent for the second drawdown of Euro 30 million. TADB through TI3P project received 2.09 million USD in September 2023 after meeting conditions precedent for the second tranche; effective fund management was demonstrated through the

Ministry of Livestock and Fisheries' support under the "Wavuvi Loan Project", resulting in TADB receiving a total of TZS 25.175 billion to provide concessional loans to project beneficiaries. The Solidaridad project achieved success by identifying 5 youth beneficiaries who have accessed affordable loans for dairy farming. The bank efforts with JICA proved fruitful, as evidenced by 3 missions and 2 feedback workshops conducted to develop a project aimed at mobilizing financing for the agricultural sector, particularly focusing on medium-term capital.

The Smallholder Farmers Credit Guarantee Scheme (SCGS) highlights of 2023

Tanzania's agricultural sector receives less than 10% of commercial bank lending despite the fact that nearly two-thirds of the country's population works in the sector. A report by Dalberg in partnership with ACELI highlights that 75% of agricultural SMEs lack sufficient access to finance and the capacity to manage it, leading to an annual financing gap of \$65 billion across Sub-Saharan Africa.

In response, TADB is managing the Smallholder Farmers Credit Guarantee Scheme (SCGS) providing individual and portfolio credit guarantees of up to 70% of the principal loan value and funding to financial institutions lending to the agri-sector. Through the SCGS, the Bank is also capacitating banks to tailor their product offerings, create agri-lending strategy and enhance staff expertise in agriculture value chain financing. Cumulatively the SCGS has facilitated credit access in excess of TZS 250 billion and has formed partnerships with 17 financial institutions

The loans guaranteed during the financial year were mainly for farming inputs for primary production (52%), financing SMEs, off-takers and agro-processors (29%) and 19% were for supplier of agro-inputs. Key achievements during the year 2023 are highlighted below:

- ▶ The SCGS continued to facilitate interest rate reductions for loans supported under the cash cover guarantee arrangement to smallholder farmers at participating financial institutions from **20% market rate to 9%-14%**.
- ▶ The SCGS impacted over **18,600** individual smallholder farmers, **421 AMCOs** and farmers' groups with over **776,900 smallholder farmers**. Moreover, the SCGS impacted **432 MSMEs** working with over **897,900** smallholder farmers, livestock keepers & fisherman.
- ▶ **38** value chains were financed in **27 regions** of Tanzania (mainland and Zanzibar) including paddy, cashew nut, maize, sunflower, sugarcane, coffee, cotton, horticulture, poultry, sisal, potatoes, livestock, fishing, sesame, pulses, forestry, palm oil, pyrethrum and tea among others.
- ▶ Mechanization intervention; **36 tractors, 144 power tillers, 15 Combine harvesters** and fishing gear and cane loader were supported to promote adoption to technology and the reduction of post-harvest losses.
- ▶ TADB received a total fund of **Euro 14 million** as part of the **Euro 20 million** from the Agence Française du Développement (AFD) to scale up the SCGS facility.
- ▶ TADB and the Bank of Tanzania Academy (BoT Academy) successful conducted pilot training on agricultural value chain financing to Partner Financial Institutions in an endeavour to facilitate capacity building to PFIs staff.

The Credit Administration Activities in 2023

The bank managed to reduce Non Performing Loan ratio to 3.83% in 2023. We managed to engage PWC to review our IFRS9 ECL model and obtained technical training to staff working under Credit Administration and Finance on updating the ECL model. Furthermore, we conducted collateral physical verification to 38 bank borrowers; the exercise will be sustained to ensure at least semiannually we are able to ascertain the existence and physical condition of the collaterals pledged to the bank as security.



Outlook

The global economy and banking industry has entered into a new era experiencing rapid change in terms of market dynamics. Customers are increasingly service-focused and at the same time, more demanding. New players, especially new partner financial institution, have entered into banking sector and the level of competition has significantly intensified. Our ongoing success lies in our own hands and in the willingness and capacity of every single person of our bank to make change happen. The faster we manage to respond to this change environment, the more room we have to maneuver. I am convinced that together with the support of our colleagues and other stakeholders, we will take the lead and become a fast driven organization in banking industry and I count on our determination to achieve this too.

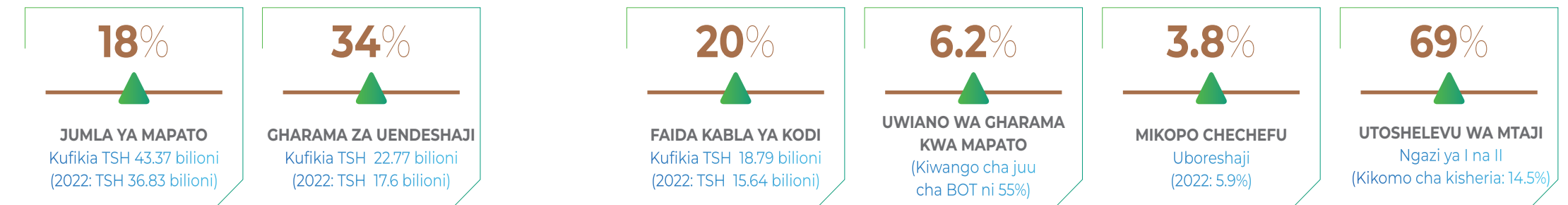
Dr. Kaanaeli G. Nnko
Director of Finance

Taarifa ya Mkurugenzi wa Fedha



Dr. Kaanaeli G. Nnko
Mkurugenzi wa Fedha.

Viwango vya amana vilionyesha mitindo mchanganyiko mnamo 2023, na wastani wa kiwango cha amana kuongezeka hadi 7.64% ikilinganishwa hadi 7.28% mwezi Novemba 2022. Kinyume chake, mazungumzo viwango vya amana vilipungua kutoka 9.50% mwaka 2022 hadi 9.15% kwa mwisho wa Novemba 2023. Wakati huo huo, viwango vya riba kwenye benki mikopo ilipungua katika kipindi hicho, na jumla wastani wa kiwango cha mikopo kupungua hadi 15.38% mwaka 2023 kutoka asilimia 16.08 mwaka uliopita. Viwango vya mikopo vilivyojadiliwa pia viliona kupungua kutoka 13.95% hadi 13.29% katika kipindi hicho.



Mazingira ya Uendeshaji

Mwaka 2023, kiwango cha ukuaji wa Pato la Taifa ulifikia asilimia 5.1, ukuaji huu ulivuka kiwango cha ukuaji cha mwaka uliopita cha asilimia 4.6. Ongezeko hili lilisababishwa na utekelezaji wa mageuzi mbalimbali yenye kuwezesha uchumi shindani, kuboresha mazingira ya biashara na uwekezaji, na kupungua gharama za uendeshaji. Ukuaji ulikuwa mkubwa hasa katika sekta ya kilimo, uchukuzi na viwanda na pia huduma za kifedha na bima. Kuimarika kwa sekta ya utalii na kuleta, uthabiti wa sekta ya usambazaji na na minyororo ya thamani imechangia kwa kiasi kikubwa ukuaji wa uchumi kwa ujumla. Ukuaji wa Pato la Taifa unatarajiwa kuwa sanjari na ukuaji wa muda mrefu kwa makadirio ya kufikia ukuaji wa takribani asilimia 6 ifikapo 2025.

Tanzania imeshuhudia kushuka kwa mfumuko wa bei katika kipindi chote cha mwaka 2023, huku kiwango hicho kikishu kutoka asilimia 4.8 Disemba 2022 hadi asilimia 3.0 ilipofika Disemba 2023. Hali hii ya kushuka ilisababishwa na kupungua kwa bei za bidhaa, ruzuku ya serikali katika mafuta na mbolea, na sera wezeshi za kifedha zilizo tekelezwa na Benki Kuu ya Tanzania ili kudhibiti athari za mfumuko wa bei ili kusaidia ukuaji wa uchumi.

Mwaka 2023 masharti ya kifedha yaliongezewa mkazo hivyo kusababisha kushusha ongezeko katika mzunguko wa fedha. Ukuaji wa mzunguko wa fedha ulipungua hadi asilimia 14.1 kwa mwaka ingawa ulibaki juu ya lengo la asilimia 10.1.

Viwango vya amana vilionyesha mwelekeo tofauti mwaka wa 2023, huku wastani wa kiwango cha amana kikiongezeka hadi asilimia 7.64 ikilinganishwa na asilimia 7.28 mwezi Novemba 2022. Kinyume chake, viwango vya amana vilivyokubaliwa vilipungua kutoka asilimia 9.50 mwaka 2022 hadi asilimia 9.15 kufikia mwisho wa Novemba 2023. Wakati huo huo, riba za mikopo ya Benki zilipungua katika kipindi hicho, huku wastani wa kiwango cha mikopo kwa ujumla ukipungua hadi asilimia 15.38 mwaka 2023 kutoka asilimia 16.08 mwaka uliopita. Viwango vya mikopo iliyokubaliwa pia vilipungua kutoka asilimia 13.95 hadi asilimia 13.29 katika kipindi hicho.

Mnada wa hati fungani za Serikali uliofanyika mwezi wa Disemba ilipungua kwa asilimia 32.72 ikionyesha uhitaji mdogo katika soko. Wastani wa minada ya hati fungani ulisalia kuwa thabiti.

Muhtasari wa Utendaji

Katika mwaka 2023, TADB ilionyesha utendaji mzuri ulio akisiwa na ukuaji mkubwa katika viashiria mbalimbali vya ufanisia kifedha ikilinganishwa na mwaka 2022.



Mapato ya Riba:

Mwaka 2023, Mapato ya riba yalifikia **Shilingi 35.64 bilioni**, ikionyesha ongezeko kubwa la **asilimia 9** ikilinganishwa na mwaka 2022. Manufaa haya yanaangazia weledi wa Benki katika kusimamia mizani yake na kuimarisha mapato ya mali kuwezesha kupata faida.



Mapato ya uendeshaji:

Ongezeko kubwa limeshuhudiwa katika mapato mengine ya uendeshaji, na kupanda hadi **Shilingi 7.73 bilioni** mwaka 2023, ikiwa ni ukuaji mzuri sana wa **asilimia 9** ikilinganishwa na mwaka 2022. Ongezeko hili kubwa linaonyesha ongezeko la vyanzo mbalimbali vya mapato ya benki na mikakati iliyotekelezwa mwaka mzima.



Gharama za Uendeshaji:

Gharama za uendeshaji kwa 2023 zilifikia hadi **Shilingi 22.78 bilioni**, sawa na **asilimia 34** ya kuongezeka ikilinganishwa na mwaka 2022. Wakati kuongezeka kwa gharama za uendeshaji ikionekana kuwa kubwa, hii ilisababishwa na uwekezaji uliolenga kuimarisha ufanisi wa uendeshaji na kuongeza uwezo wa utoaji huduma.



Faida Baada ya Kodi (PAT):

TADB ilipata Faida Baada ya Kodi ya **Shilingi 13.56 bilioni** mwaka 2023, ikiwa ni ongezeko la **asilimia 21** ikilinganisha na mwaka uliopita. Ukuaji huu wa faida ni matokea ya usimamizi bora wa fedha za Benki na juhudi katika kuleta mapato endelevu kwa wadau wake.

Maeneo muhimu ya ufanisi kwa mwaka 2023 yameainishwa kama ifuatavyo:

SHILINGI Bilioni	2023	2022	Mabadiliko
Mapato ya riba	35.64	32.77	9%
Mapato yasiyo ya riba	7.73	4.07	90%
Jumla ya Mapato	43.37	36.83	18%
Gharama za Uendeshaji	22.78	17.06	34%
Faida Baada ya Kodi	13.56	11.19	21%

Maeneo Muhimu za Mizania

Jumla ya mali iliongezeka kwa **asilimia 38** hadi kufikia **Shilingi bilioni 615.9** kama inavyoonyeshwa kwenye jedwali hapa chini.

SHILINGI Bilioni	2023	2022	Mabadiliko
Jumla ya Mali	606.94	447.89	36%
Ukopaji wa nje	158.19	67.38	135%
Fedha za Wanahisa	315.14	302.31	4%

Mizania ya TADB inaonyesha ukuaji mkubwa kati ya 2023 na 2022, ikithibitisha ukuaji thabiti na mabadiliko ya kimkakati katika viashiria muhimu.

Jumla ya Mali: Jumla ya mali za TADB zilipanda hadi **Shilingi 606 bilioni** mnamo 2023, ikionyesha ongezeko kubwa la **asilimia 36** ikilinganishwa na mwaka uliopita. Ukuaji huu mkubwa unadhihirisha utekelezaji wa mipango ya kimkakati ya Benki na usimamizi madhubuti unaolenga kupanua wigo wa mali na kuimarisha nafasi yake ya kifedha.

Ukopaji wa Nje: Ongezeko kubwa limefikwa kwenye mikopo ya nje, iliyopanda hadi **Shilingi 158.2 bilioni** mwaka 2023, ikionyesha ongezeko kubwa la **asilimia 135** kulinganisha na mwaka 2022. Ongezeko hili kubwa linathibitisha mkakati madhubuti wa benki kupanua vyanzo vyake vya fedha kwa ajili ya kutoa mikopo kwenye sekta ya kilimo.

Fedha za Wanahisa: Jumla ya fedha za wanahisa za TADB zilifikia **Shilingi 315.1 bilioni** mwaka 2023, ikionyesha ukuaji wa **asilimia 4** ikilinganishwa na mwaka uliopita. Wakati ukuaji unaonekana ni wa kiasi, hii ni ushahidi kwamba Benki imeendelea kuwajibika kuhifadhi mtaji kwa ajili ya uendelevu wa shughuli.

Viashiria Muhimu vya Utendaji

Viwezeshi vya thamani	Lengo	Halisi		
	Lengo	Badiliko	2023	2022
Takwimu katika Shilingi Bilioni				
1 Jumla ya Mapato	15%	25.5%	47.16	37.58
2 Faida Kabla ya kodi	18%	20.1%	18.79	15.64
3 Mikopo	>20%	25.4%	330.80	263.84
4 Uwiano wa Gharama kwa Mapato (CIR)	<55%	7.0%	53%	46%
5 Faida katika uwekezaji	>3.5%	0.6%	4.3%	3.7%
6 Faida katika Mali	>4%	-0.3%	2.2%	2.5%
7 Mapato yasiyo ya riba	>10%	90.2%	7.73	4.07
8 Uwiano wa utoshelevu wa Mtaji	>14.5%	-29%	69%	97%
9 Mikopo Chechefu	<5%	-2.1%	3.78%	5.86%



Jumla ya Mapato:
Ongezeko la mapato ya riba na mapato yasio ya riba yaliyosababisha mapato ya jumla kufikia **Shilingi 47.16 bilioni** mnamo 2023, hii iliashiria ongezeko kubwa la **asilimia 26** ikilinganishwa na mwaka uliopita. Ongezeko hili la jumla ya mapato yanaonyesha uimara wa TADB katika mabadiliko ya mazingira ya soko.

Faida Kabla ya Kodi:
Benki imepata Faida kabla ya kodi **Shilingi 18.79 bilioni** ikilinganishwa na **Shilingi 15.64 bilioni** mwaka 2022; ongezeko la faida la **asilimia 20** limetokana na uamuzi wa makusudi wa kuongeza mapato na kupunguza gharama za uendeshaji zisizo za lazima.

Mikopo:
Mikopo kwa Wateja iliongezeka kutoka **bilioni 263.84** mwaka 2022 hadi **bilioni 330.8** mwaka 2023 ambayo ni ukuaji wa **asilimia 25.4**.

Uwiano wa Gharama kwa Mapato:
Uwiano wa gharama ya benki ya TADB kwa mapato yaliongezeka kutoka **asilimia 46** mwaka uliopita 2022 hadi **asilimia 53** mwaka 2023 ambayo inawakilisha ongezeko dogo la **asilimia 7** kwa mwaka, ongezeko liko ndani ya kiwango cha udhibiti cha **55%**.

Faida katika Uwekezaji:
Faida katika uwekezaji katika mwaka 2023 ni **asilimia 4.3** ikilinganishwa na **asilimia 3.7** mwaka 2022 ambayo inaonesha **asilimia 6** ya kukua katika uwezo wa kutengeneza faida kutokana na uwekezaji uliofanywa unaopatikana.

Faida katika Mali (ROA):
Imeshuka kwa **asilimia 0.3** kutoka **asilimia 2.5** mwaka uliopita hadi **asilimia 2.2** mwaka 2023.

Mapato yasiyo ya riba (NIR):
Ukuaji wa mapato yasiyo ya riba bado ni kipaumbele muhimu. Mapato yasiyo ya riba yaliongezeka kwa **asilimia 90.2** kutoka **bilioni 4.02** mwaka 2022 hadi **7.73 bilioni** mwaka 2023, ambayo ni juu ya lengo la ukuaji wa **asilimia 10** lililowekwa na bodi.

Uwiano wa utoshelevu wa Mtaji
Ulishuka kutoka **asilimia 97** mwaka 2022 mpaka kufikia **asilimia 69** mwaka 2023, kiwango ambacho kiko juu ya kiwango elekezi cha **asilimia 14.5** kilichowekwa na Benki Kuu ya Tanzania.

Mikopo Chechefu:
Ubora wa mali za Benki hupimwa kwa uwiano wa mikopo chechefu, uwiano umekuwa mzuri kutoka **asilimia 5.86** mwaka 2022 hadi **asilimia 3.78** mwaka 2023.

Mafanikio ya utafutaji wa fedha na kudumisha ushirikiano kwa mwaka 2023

Ili kusaidia uwekezaji katika sekta ya kilimo, Benki ya Maendeleo ya Kilimo Tanzania (TADB) imeshirikiana na wadau mbalimbali na kufikia mafanikio makubwa hadi kufikia mwisho mwaka 2023. Mnamo Desemba 5, mwaka 2023 Benki iliidhinishiwa mkopo wa dola milioni 66 kutoka AfDB ambayo itachangia mtaji wa benki.

Chini ya mradi wa AFD, Benki pia imetimiza masharti na kupokea pesa ya awamu ya pili kiasi cha Yuro milioni 30. TADB kupitia mradi wa TI3P ilipokea dola za Kimarekani milioni 2.09 mwezi Septemba 2023 baada ya kutimiza masharti ya awamu ya pili; kutokana na usimamizi mzuri wa Benki Wizara ya Mifugo na Uvuvi chini ya "Mradi

wa Mkopo wa Wavuvi" iliipatia TADB jumla ya Shilingi 25.175 bilioni ili kutoa mikopo ya masharti nafuu katika sekta ya uvuvi.

Mradi wa Solidaridad ulipata mafanikio kwa kutambua wanufaika 5 vijana ambao wamepata mikopo nafuu ya ufugaji wa ng'ombe wa maziwa. Juhudi za Benki na shirika la JICA zilionekana kuwa za matunda, kama inavyothibitishwa na ziara 3 na warsha 2 kwa ajili ya kusanifu mradi ili kupata fedha kwa ajili ya kutoa mikopo kwenye sekta ya kilimo hususani mikopo ya muda wa kati.

Mafanikio ya Mfuko wa Dhamana wa wakulima wadogo (SCGS) kwa mwaka 2023

Sekta ya kilimo nchini Tanzania inapata chini ya 10% ya mikopo ya benki za biashara licha ya ukweli kwamba karibu theluthi mbili ya watu nchini wanategemea sekta hiyo. Ripoti ya Dalberg kwa ushirikiano na ACEL inabainisha kwamba asilimia 75 ya bishara ndogo na za kati zilizo katika kilimo hazina uwezo wa kutosha wa kupata fedha na kuzisimamia na hivyo kusababisha ombwe la uhitaji kwa mwaka kufikia dola bilioni 65 Kusini mwa Jangwa la Sahara.

Katika kutatua changamoto hii, TADB inasimamia Mfuko wa Dhamana ya Mikopo kwa Wakulima Wadogo (SCGS) ukitoa dhamana ya mikopo hadi asilimia 70 ya thamani ya mkopo kwa taasisi za fedha zinazokopesha sekta ya kilimo. Kupitia SCGS, Benki pia inaziwezesha benki kurekebisha huduma za ukopesaji, kuandaa mikakati ya ukopesaji katika kilimo na kuongeza weledi wa wafanyakazi katika kukopesha mnyororo wa thamani wa kilimo. Kwa ujumla SCGS imewezesha upatikanaji wa mikopo yenye thamani ya zaidi ya SHILINGI 250 bilioni kwa ushirikiano na taasisi 17 za fedha.

Mikopo iliyodhaminiwa katika mwaka 2023 ilikuwa hasa ajili ya pembejeo za kilimo, uzalishaji shambani (asilimia 52), wakusanyaji na wasindikaji wa mazao ya kilimo (asilimia 29) na asilimia 19 ya mikopo ilikwenda kwa wasambazaji wa pembejeo za kilimo. Mafanikio makuu katika mwaka wa 2023 yameainishwa hapa chini:

- SCGS iliendelea kuwezesha upunguzaji wa viwango vya riba kwa mikopo iliyodhaminiwa kwa utaratibu wa udhamini wa fedha taslimu kwa wakulima wadogo katika taasisi za fedha zinazoshiriki kutoka **asilimia 20** ya kiwango cha soko hadi **9% -14%**.
- SCGS imenufaisha **wakulima wadogo 18,600**, na kupitia **vyama vya ushirika 421** na vikundi vya wakulima na **wakulima wadogo zaidi ya 776,900**. Pia SCGS imenufaisha **biashara 432** zinazojihusisha na kilimo, biashara hizi zinawanufanishawakulima wadogo, wafugaji na wavuvi **wapatao 897,900**.
- Minyororo 38 ya thamani** ilidhaminiwa katika **mikoa 27** (Tanzania Bara na Zanzibar) ikijumuisha mpunga, korosho, mahindi, alizeti, miwa, kahawa, pamba, kilimo cha bustani, kuku, mkonge, viazi, mifugo, uvuvi, ufuta, kunde, misitu, mawese, pareto na chai.
- Katika afua za zana za kilimo, dhamana ilitolewa kwa ajili ya **matrekta 36, pawa tila 114**, mashine za kuvunia 15, zana za uvuvi, mashine za kupakia miwa, haya yalifanyika kuhamasisha utumiaji wa teknolojia za kisasa na kupunguza upotevu wa mazao baada ya mavuno.
- TADB ilipokea Yuro **milioni 14** kama sehemu ya **Yuro 20 milioni** kutoka Agence Française du Développement (AFD) ili kuongeza wigo wa SCGS.
- TADB na Chuo cha Benki Kuu ya Tanzania walifanikiwa kuendesha mafunzo ya majaribio ya kuwajengea uwezo taasisi za fedha katika juhudi za kuwajengea uwezo wafanyakazi wa taasisi hizo katika kukopesha katika mnyororo wa thamani wa kilimo.

Shughuli za uendeshaji wa Mikopo mnamo 2023

Benki ilifanikiwa kupunguza mikopo chechefu hadi kufikia asilimia 3.83 kwa mwaka 2023. Tulishirikiana na PWC kufanya mapitio ya muundo wa IFRS9 ECL na kutoa mafunzo ya kitaalam kwa wafanyakazi wa usimamizi wa mikopo na fesha ili kuhisha muundo wa ECL. Pia, tulifanya uhakiki wa dhamana za wakopaji 38; zoezi hili litakuwa endelevu kwa kufanyika angalau kila nusu mwaka ili kuhakiki uwepo na hali ya dhamana zilizowekwa benki kudhamini mikopo.



Mtazamo wa mbeleni

Uchumi wa kimataifa na tasnia ya Benki imeingia katika zama mpya ikishuhudia mabadiliko ya haraka katika mienendo ya soko. Wateja wanazidi kuzingatia huduma na wakati huo huo wakiwa na mahitaji zaidi. Taasisi mpya za kifedha zimeingia katika sekta ya Benki na kiwango cha ushindani kimeongezeka kwa kiasi kikubwa. Mafanikio yetu yapo mikononi mwetu na katika utayari na uwezo wa kila mtu ndani ya benki yetu kufanya mabadiliko yatokee. Kadiri tunavyoweza kuwa tayari katika mazingira haya ya mabadiliko, ndivyo tunavyohitaji kufanya vyema. Nina hakika kwamba kwa ushirikiano wa pamoja na wadau wengine, tutakuwa taasisi kinara katika tasnia ya Benki na hii ni dhamira yetu pia.

Dr. Kaanaeli G. Nnko
Mkurugenzi wa Fedha

Business Report

Credit & Business Report



Afia Sigge
Ag. Director of Credit &
Business Development

Business Performance

TADB marked a fundamental milestone by delivering a strategic interventional support to the value of TZS 161.6 billion against the annual target of TZS 120 billion, the loan issued benefited 28,180 across the entire country. These loans were funded to various entities including AMCOS, Cooperative Union, SME's, Companies, sole proprietor or individuals and Youth and Women owned projects.

The key strategic interventions during the year were productivity (Input financing and Mechanized equipment i.e. tractors, combine harvesters, ploughs), Post-harvest Management and Value addition (Warehouses, Cold storage facilities, Silos and processing facilities) and Enterprise Development to promote Agricultural Integrated Value Chain Financing Model (IVCF).

Value Chain intervened: Cereals (maize, paddy and sorghum), Horticulture (vegetables, grapes and fruits), Industrial commodities (sugarcane, coffee, cotton & sisal); Livestock (dairy, beef, fish & poultry); Oil seeds (groundnuts, sunflower, palm oil) and Roots & tubers (potatoes, Irish potatoes, cassava).

Business Development Impact

Strategic Value Chain Interventions

The delivery model of the project financed was Integrated Agricultural Value Chain Financing model (IVCF), the key impactful projects per value chain during the year were;

Fishing Subsector



TADB for the year 2023 financed four fishing projects in the Eastern Zone and Southern Highlands Zone.

TZS 613 Million

Disbursed to support establishment of new fish farming technology in the country (In Ponds Raceways systems – IPRS).

TZS 5.117 Billion

Disbursed to support the purchases of modern boats to be leased to smallholder fisherman in Lindi and Tanga.

Poultry



TZS 11.4 Billion

Disbursed of which the project entails construction of modern chicken houses, investment in modern poultry equipment and access to quality chicks (Day Old Chicks) and feeds.

Livestock (Dairy and Beef)



TZS 17.968 Billion

Disbursed with the aim to enhance production and productivity.

TZS 4.697 Billion

Disbursed to support modernizing dairy factory, access to improved breed for dairy cattle.

TZS 1.871 Billion

Disbursed to implement cattle fattening and establishment of meat processing plant.

TZS 11.4 Billion

Disbursed for the construction of modern chicken houses, investment in modern poultry equipment and access to quality chicks

Horticulture Production



TZS 3.380 Billion

Disbursed to horticultural sector, specifically fruits production.

Coffee Farming



TZS 45.181 Billion

Disbursed to finance the whole coffee production value chain that starts with pre-harvesting activities by provision of short term loan to support procurement of inputs to boost production.

Cotton Farming



TZS 35.803 Billion

Disbursed to finance the whole cotton to facilitate trade financing for procurement of raw cotton, value addition to produce cotton lint and rehabilitation of cotton ginnery.

Mechanization



TZS 1.3 Billion

Disbursed to support access to modern farming technologies and mechanization. **18 Tractors** were funded to support access to mechanization by smallholder farmers and facilitate farms productivity for farmers in Morogoro, Singida and Dodoma.

Edible Oils



TZS 21.816 Billion

Disbursed to support farmers' access inputs and working capital for sunflower and palm oil production.

Cashewnut



TZS 2.653 Billion

Disbursed to cater for cashew processing activities and covering working capital financing requirements.

Grapes Subsector



TZS 431 Million

Disbursed to support purchase of grapes subsector. At least 150 smallholder farmers benefited by securing market to their grapes.



Key interventions on Improving Post-Harvest Management

The Bank surpassed the targeted KPI as at 31 December 2023 by 33% on financing post-harvest management facilities (Warehouses and cold storage facilities). In correspondence to the Government's effort to curb the post-harvest losses especially for the smallholder farmers – which accounts for up to 40% of the agricultural produce annually - the Bank financed the construction of 9 warehouses in the Lake Zone for cotton and maize, Western Zone for paddy, Central Zone for maize and paddy, Southern Highlands Zone for maize and paddy, Southern Zone for maize.

Promoting Trade and market access to agricultural produce

A satisfactory performance was achieved in funding commodity trading directly (30 trade deals were funded directly against the annual target of 21). Similarly, the funding of agro-processing factories has considerably improved in relation to 2023 performance, recording 103 facilities funded during the 12-month's period in 2023 (being 221% of the annual target).

Key interventions on Promoting Enterprise Development

During the 12-months period, satisfactory performance was recorded in promoting enterprise development i.e. projects following the Integrated Agricultural Financing Model (IVCF).

During the referred period, 20 projects following the IVCF model were developed and funded.

Intervention in rehabilitation

The bank rehabilitated a ginnery in Simiyu region that had not been operational since 2015 and was revamped in 2023 due to TADB to ensure smallholder farmers in cotton value chain in Simiyu region can gin their produce. The intervention was to support the Union in purchasing seed cotton, processing, and producing lint and cotton seed that the Union traded to generate more income for the farmers. Fifteen roller gins were rehabilitated, enabling the union to gin seed cotton accordingly. The union managed to provide a reliable market to the farmers through 335 primary associates who were struggling and were selling to traders at a loss.

Impactful Small Holder Transformation Engagement:

The bank has persisted in its efforts to improve outreach programs for smallholder farmers and to match projects with community needs. Financial impact analyses were put into practice to make sure our projects benefit the communities they serve. One of the initiatives is to provide smallholder farmers with exposure to learning opportunities and capacity building. 1,851 farmers (460 women and 1,391 men) in various locations, including Tanga, Kagera, Mwanza, Geita, Tabora, Morogoro, Iringa, Songwe, Mbeya, Dar es Salaam, Mtwara, Pwani, Kigoma, and Arusha, have been capacitated by the bank in the area of financial literacy, record keeping and leadership.

OUR FUTURE OUT LOOK

As business development and the core of the banking activities for 2024 our approach is to strategically ensure growth, sustainability, and impact. Below are the key objectives for 2024 for the unit;



Increase Outreach and Impact

- o **Digital Transformation:** Implement digital platforms for loan applications, monitoring, and support services to reach remote farmers.
- o **Partnerships:** Forge partnerships with agritech companies, research institutions, MNO's and NGOs to leverage technology and expertise.
- o **Increase outreach:** opening up of a zonal office in Zanibar to be able to serve Unguja and Pemba effectively and have regional offices in Bukoba, Kigoma and Rukwa.



Enhance Product Offerings

- o **Tailored Financial Products:** Develop specific financial products catering to various segments like smallholder farmers, youth, and women entrepreneurs.



Capacity Building

- o **Farmer Training Programs:** Invest in training programs to enhance farmers' knowledge in sustainable farming practices, financial literacy, and market access.
- o **Technical Assistance:** Provide technical assistance to agribusinesses to improve efficiency and productivity.



Ripoti ya **Biashara****Mikopo na Biashara**

Afia Sigge
Kaimu Mkurugenzi wa
Mikopo na Biashara

Utendaji wa Biashara

TADB imepiga hatua muhimu sana kwa kutoa mikopo ya kimkakati yenye thamani ya shilingi bilioni 161.6 ikilinganishwa na lengo la mwaka 2023 la shilingi bilioni 120, mikopo iliyotolewa iliwanufaisha watu 28,180 nchi nzima. Mikopo hii ilitolewa kwa taasisi mbalimbali ikiwa ni pamoja na Vyama vya ushirika, Vyama vikuu vya ushirika, Makampuni, biashara za kilimo zilizosajiliwa, mtu mmoja mmoja wakiwemo wanawake na vijana.

Maeneo ya kipaumbele katika mwaka yalikuwa ni kuongeza tija katika uzalishaji (pembejeo na zana za kilimo), kupunguza upotevu baada ya mavuno (maghala ya kawaida na ya baridi, na vituo vya usindikaji) na maendeleo ya kilimo biashara ili kukuza uwezesaji wa kifedha katika minyororo ya thamani, katika tasnia ya kilimo.

Mazao yaliyo wezeshwa ni nafaka (mahindi, mpunga, na mtama), Kilimo cha Mboga mboga (zabibu, na matunda), mazao ya Viwandani (miwa, kahawa, pamba na mkonge); Mifugo (maziwa, nyama ya ng'ombe, samaki na kuku); Mbegu za mafuta (karanga, alizeti, mafuta ya Nazi) na Mizizi na (viazi, viazi vitamu, muhogo).

Matokeo ya Maendeleo ya Biashara

Hatua za kimkakati katika minyororo wa Thamani

Utoaji wa mikopo ulizingatia muundo wa minyororo wa thamani wa Kilimo, miradi muhimu yenye matokeo makubwa kwa kimnyororo wa thamani katika mwaka ilikuwa;

Sekta ya Uvuvi.

TADB kwa mwaka wa 2023 ilifadhili miradi minne ya uvuvi katika Ukanda wa Mashariki na Ukanda wa Kusini.

TSH Milioni 613

Zilitolewa kusaia kuundwa kwa teknolojia mpya ya ufugaji wa samaki nchini (Katika Mfumo IPRS).

TSH Bilioni 5.117

117 zilitolewa kusaia ununuzi wa mashua za kisasa ambazo zilikopeshwa kwa wavuvi wadogo katika mikoa ya Lindi na Tanga.

Nyama ya Kuku**TSH Bilioni 11.4**

Zilitolewa ambapo mradi unajumuisha ujenzi wa mabanda ya kuku wa kisasa, uwekezaji katika teknolojia ya kisasa na upatikanaji wa vifaranga bora na lishe.

Mifugo (Maziwa na Nyama ya Ng'ombe)**TSH Bilioni 17.968**

Zilitolewa kwa lengo la kuboresha uzalishaji na tija.

TSH Bilioni 4.697

Zilitolewa kusaia kiwanda cha kisasa cha maziwa, upatikanaji wa aina bora ya mifugo kwa ng'ombe wa maziwa.

TSH Bilioni 1.871

Zilizotolewa kutekeleza miradi ya kunepesha mifugo na kujengwa kwa kiwanda cha usindikaji wa nyama.

TSH Bilioni 11.4

Zilizotolewa ambapo mradi unahusisha ujenzi wa mabanda ya kisasa ya kuku, uwekezaji wa vifaa vya kisasa vya kuku na upatikanaji wa vifaranga bora na vyakula.

Uzalishaji wa Kilimo cha horticulture**TSH Bilioni 3.380**

Zilitolewa kwa sekta ya kilimo cha horticulture, hasa uzalishaji wa matunda.

Kilimo cha Kahawa**TSH Bilioni 45.181**

Zilitolewa kuwezesha minyororo mzima wa thamani wa uzalishaji wa kahawa ambao unaanza na shughuli za kabla ya mavuno kwa kutoa mikopo wa muda mfupi kusaia kupata mahitaji ya kuongeza uzalishaji.

Kilimo cha Pamba**TSH Bilioni 35.803**

Zilitolewa kufanikisha biashara kwa kununua pamba ghafi, kuongeza thamani ya kuzalisha pamba laini na kufufua kiwanda cha nyizi za pamba.

Zana za Kilimo**TSH Bilioni 1.3**

Zilitolewa kusaia upatikanaji wa teknolojia ya zana za kilimo cha kisasa. Matrekta 18 yalikopeshwa kusaia upatikanaji wa zana za kilimo kwa wakulima wadogo na kuwezesha uzalishaji kwa wakulima katika mikoa ya Morogoro, Singida na Dodoma.

Mafuta ya kupikia**TSH Bilioni 21.816**

Zilitolewa kusaia wakulima kupata vifaa na mitaji ya kufanya kazi kwa uzalishaji wa alizeti na mafuta ya chikichi.

Korosho**TSH Bilioni 2.653**

Zilitolewa kuwezesha shughuli za usindikaji wa korosho na mitaji ya ununuzi wa korosho

Sekta ya Zabibu**TSH Milioni 431**

Zilitolewa kuwezesha ununuzi wa zabibu. Wakulima wadogo 150 walinufaika kwa kupata soko la uhakika wa zabibu zao.



Mipango Muhimu ya Kuboresha Usimamizi Baada ya Kuvuna

Benki ilivuka lengo utendaji kufikia tarehe 31 Desemba 2023 kwa asilimia 33 katika kuwezesha miundombinu ya kuzuia upotevu baada ya mavuno (Maghala na vituo vya kuhifadhi kwa baridi). Kufuatia jitihada za Serikali za kupunguza upotevu baada ya mavuno hasa kwa wakulima wadogo ambapo hufikia hadi asilimia 40 ya mazao ya kilimo kila mwaka. Benki ilitoa mikopo kwa ajili ya ujenzi wa maghala 9 katika Kanda ya Ziwa kwa ajili ya pamba na mahindi, Kanda ya Magharibi kwa ajili ya mpunga, Kanda ya Kati kwa ajili ya mahindi na mpunga, Kanda ya Kusini kwa ajili ya mahindi na mpunga na Kanda ya Kusini kwa ajili ya mahindi.

Kukuza biashara na upatikanaji wa masoko ya mazao ya kilimo

Ufanisi wa kuridhisha ulifiikiwa katika mikopo ya ununuzi wa mazao (mikataba 30 iliwezesha moja kwa moja ikilinganishwa na lengo la mwaka la mikataba 21). Vivyo hivyo, uwezesaji wa viwanda vya usindikaji wa mazao umekua mzuri ikilinganishwa na utendaji wa mwaka 2023 ikifanikisha viwanda 103 vilivyowezeshwa katika kipindi cha miezi 12 kwa mwaka 2023 (ikiwa ni asilimia 221 ya lengo la mwaka).

Mipango Muhimu ya Kukuza Maendeleo ya Biashara

Katika kipindi cha miezi 12, utendaji wa kuridhisha ulifiikiwa katika kukuza kilimo biashara, kukopesha miradi kwa kufuata mfumo wa utangano wa mnyororo wa thamani. Katika kipindi cha mwaka 2023, miradi 20 ilikopeshwa.

Afua za urejesho

Benki liwezesha ukarabati ilirekebisha kiwanda cha kuchambua pamba katika mkoa wa Simiyu ambacho hakikuwa kinaendeshwa tangu mwaka 2015, mwaka 2023 TADB ilikusudia kuhakikisha wakulima wadogo katika mnyororo wa thamani wa pamba katika mkoa wa Simiyu wanaweza kuongeza thamani mazao yao. Hatua zilizochukuliwa zilihusu kuwezesha ununuzi wa pamba, kuchakata na kuzalisha mbegu za pamba ambapo Chama kikuu cha ushirika kilitengeneza mapato zaidi kwa ajili ya wakulima. Mashine 15 za kuchambua zilirekebishwa, kuwezesha kuchambua pamba vyema. Umoja wa wakulima, ulifanikiwa kutoa soko la kuaminika kwa wakulima kupitia wanachama 335 ambao awali walikuwa wanapata hasara kwa kuuza kwa wafanyabiashara.

Kuboresha unufaikaji wa wakulima wadogo

Benki imeendelea na juhudi zake za kuboresha afua za kufikia wakulima wadogo kwa kupitia miradi iliyozingatia mahitaji ya jamii. Uchambuzi wa manufaa ya kifedha ulifanyika ili kuhakikisha miradi yetu inanufaisha jamii zinazo hudumiwa. Moja ya juhudi ni kutoa fursa za kujifunza na kuimarisha uwezo kwa wakulima wadogo. Wakulima 1,851 (wanawake 460 na wanaume 1,391) katika maeneo mbalimbali, ikiwa ni pamoja na Tanga, Kagera, Mwanza, Geita, Tabora, Morogoro, Iringa, Songwe, Mbeya, Dar es Salaam, Mtwara, Pwani, Kigoma, na Arusha. Wakulima walijengewa uwezo na Benki katika maeneo ya uwekezaji wa fedha, kuhifadhi kumbukumbu na uongozi.

MTAZAMO WETU WA BAADAYE

Kama idara ya maendeleo ya biashara tukiwa msingi wa shughuli za benki kwa mwaka wa 2024, mkakati wetu ni kuhakikisha ukuaji, uendeleu na matokeo. Hapa chini ni malengo muhimu kwa mwaka wa 2024;



Kuongeza wigo na matokea

- o **Mabadiliko ya kidigiti:** Kutekeleza utumiaji wa mifumo ya kidigiti inayohusu maombi ya mkopo, ufuatiliaji na kuwafikia wakulima katika maeneo ambayo si rahisi kuyafikia.
- o **Mashirikiano:** Kuongeza ushirikiano na makampuni ya teknolojia za kilimo, taasisi za utafiti, kampuni za simu za mkononi na mashirika yasiyo ya kiserikali (NGOs) ili kunufaika na teknolojia na pia weledi.
- o **Kuongeza wigo:** Kufungua ofisi ya kanda ya Zanzibar ili kuweza kuhudumia Unguja na Pemba kwa ufanisi na kuwa na ofisi za mikoa Bukoba, Kigoma na Rukwa.



Kuboresha Huduma

- o **Bidhaa za Kifedha Zilizoboreshwa:** Kuboresha bidhaa za kifedha maalumu zinazolingana na vikundi mbalimbali kama wakulima wadogo, vijana, na wajasiriamali wanawake.



Kujenga Uwezo

- o **Programu za Mafunzo kwa Wakulima:** Kuwekeza katika programu za mafunzo ili kuongeza maarifa ya wakulima katika mbinu bora za kilimo, elimu ya kifedha na upatikanaji wa masoko.
- o **Ushauri wa Kitaalamu:** Kutoa msaada wa kitaalamu kwa biashara za kilimo ili kuboresha ufanisi na uzalishaji.



Planning, Research & Policy Report



National Strategic Initiatives

In 2023, several initiatives targeting transformation of the agriculture sector at country level were noted. The national agriculture budget increased significantly from what was allocated in the previous year. The country hosted the intercontinental food summit (Africa Food System – AGRF 2023 summit) held at Dar es Salaam. During the same period, more youth were enrolled in the national youth agribusiness initiative (Building Better Tomorrow BBT).

The turbulence of war between Russia-Ukraine and Israel-Palestine, coupled with the adverse effects of climate change that brought El-Niño rains, created a global shock in the demand and supply of food, especially grains and edible oils. Despite these challenges, TADB, as a DFI with a keen interest in enhancing favorable policies in the agricultural sector, collaborated with other partners to continue implementing its key mandate and recorded the following key milestones.



Launch of Medium Term Strategy

During the year under review the Bank launched its five year's medium term strategy (2023-2027) which is centred around five key thematic areas namely.

- Catalysing Financing to agriculture; where the strategy will deploy innovative instruments to enhance the liquidity of partner banks and financial institutions, allow for appropriate mix of short, medium-term and long-term facilities in financing investments and de-risk lending to the sector.
- Value chain development; with the opportunity of enhancing the flow of credit to the sector, this priority targets to enhance the capacity of farmers and agribusinesses to invest in new technologies and adopt productivity-enhancing practice.
- Climate change and climate smart Agriculture; Rising temperatures and longer growing seasons, increase the frequency and severity of heat waves and droughts, extreme weather events and change in precipitation patterns pose huge risks to food production and supply chains. This strategic objective is devised to spearhead the bank's efforts to counter the impacts of climate change and support actors to respond to the impacts of climate change;
- Financial Inclusion; There are number of factors that hinder participation of women and youth in agribusiness through limited access to productive resources, finance, information, and other services. Over the next five years, the bank will strive to enhance access to finance, productive assets and markets for women and youth in agriculture and agribusiness; and
- Capacity to deliver; this thematic area aims to enhance the capacity of TADB in order to effectively deliver the strategy and execute its mandate.



New Financial Products under Improving Agriculture Finance in Tanzania

In year 2023 the bank started implementation of the project named Improving Access to Financing Agriculture in Tanzania. The project came into operation following receipt of concessional loan from Agence Française de Développement (AFD). Broadly the project will enhance institutional and technical capacities of TADB and PFIs to deliver inclusive, sustainable and financially, environmentally and socially responsible financial services to smallholder farmers and agri-MSMEs in the country.

Under the same project the bank continued with its efforts in catalysing agriculture finances and launched two financial products of wholesale lending and Co-Financing that will enhance TADB's financial and institutional capacities to provide short, medium to long-term financing to the agricultural sector.

Advisory Services

During the year under review, the Bank performed its advisory services by conducting diagnostic study of TANICA and AMIMZA coffee processing company

limited to evaluate the potential for vertical integration within the coffee supply chain for two processing factories. In the efforts to advise farmers to reduce postharvest loss, during the period under review the bank conducted desk review to analyse possible technologies that are needed to reduce postharvest loss.

In 2023 marks, the Bank conducted an impact evaluation that aims to assess the relevance, coherence, efficiency, effectiveness, impact and sustainability of direct lending scheme. The purpose of evaluation was to document the results of the direct lending scheme in relation to its strategic objectives of the Bank as defined in the first five-year business plan (2017-2022).

Looking Ahead

Next year (the second year of implementation of medium term strategy) the Bank through directorate will focus in catalysing financing to agriculture by providing advisory services in designing project that follows integrated value chain financing approach. Our focus will skew to designing projects under Cashew, Cocoa, Beef and Fisheries value chain. The Bank is planning to provide technical assistance to Partner Financial Institutions to enhance their technical capacity in lending in agriculture.



Planning, Research & Policy Report

CSI Report



Waziri D. Mkani
Ag. Director of Planning,
Research & Policy

Social Investment

TADB aims to be a sustainability champion in the area in of agriculture financing. The Bank implemented various Corporate Social Investment (CSI) initiatives that are in line with the Sustainable Development Goals, we are dedicated to social protection and combating climate change.

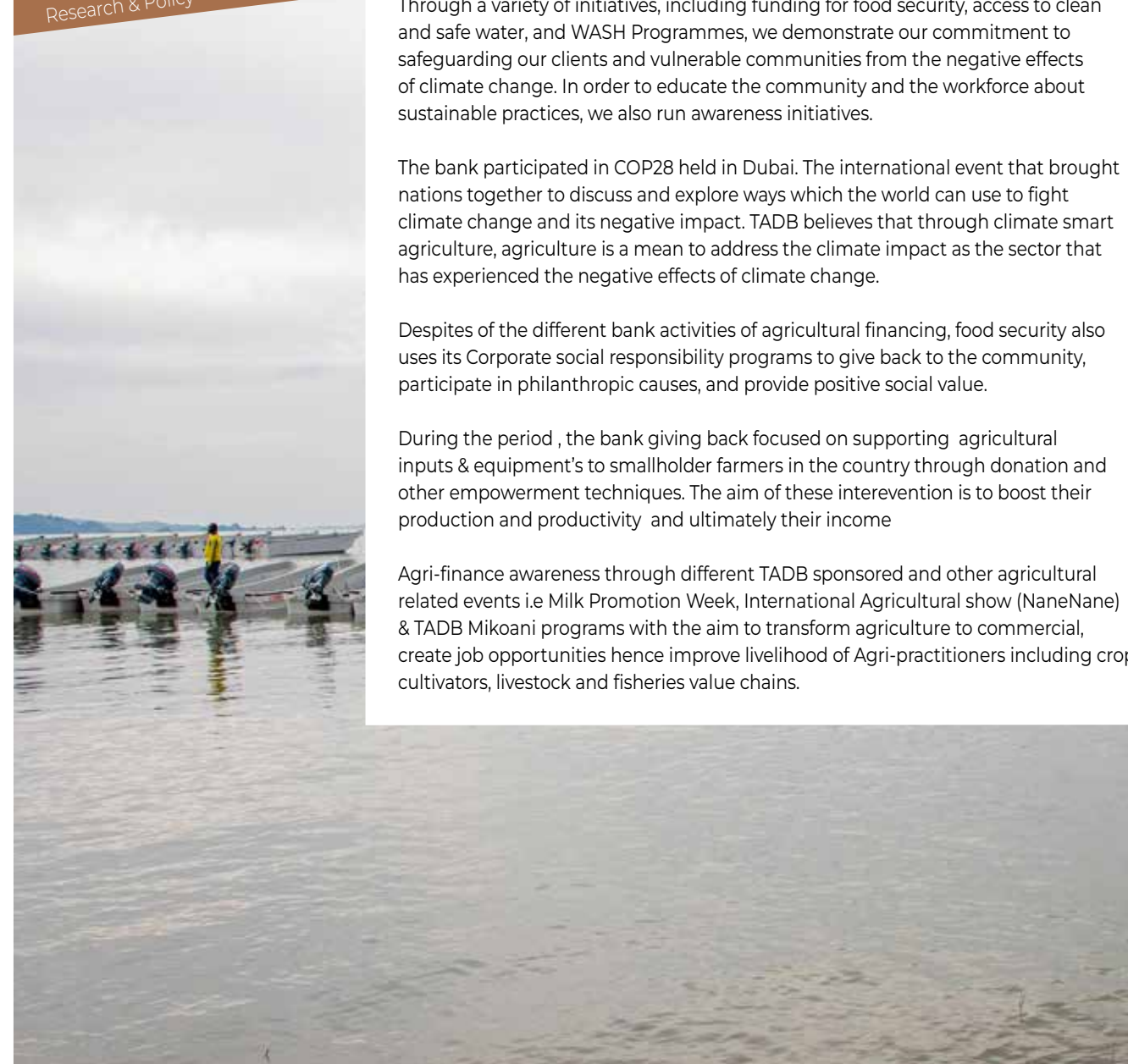
Through a variety of initiatives, including funding for food security, access to clean and safe water, and WASH Programmes, we demonstrate our commitment to safeguarding our clients and vulnerable communities from the negative effects of climate change. In order to educate the community and the workforce about sustainable practices, we also run awareness initiatives.

The bank participated in COP28 held in Dubai. The international event that brought nations together to discuss and explore ways which the world can use to fight climate change and its negative impact. TADB believes that through climate smart agriculture, agriculture is a mean to address the climate impact as the sector that has experienced the negative effects of climate change.

Despites of the different bank activities of agricultural financing, food security also uses its Corporate social responsibility programs to give back to the community, participate in philanthropic causes, and provide positive social value.

During the period , the bank giving back focused on supporting agricultural inputs & equipment's to smallholder farmers in the country through donation and other empowerment techniques. The aim of these interevntion is to boost their production and productivity and ultimately their income

Agri-finance awareness through different TADB sponsored and other agricultural related events i.e Milk Promotion Week, International Agricultural show (NaneNane) & TADB Mikoani programs with the aim to transform agriculture to commercial, create job opportunities hence improve livelihood of Agri-practitioners including crop cultivators, livestock and fisheries value chains.



Human Resource Report



Noelah Ntukamazina
Head of Human
Capital & Administration

Enhancing Services, Technology and Human Capital

We are delighted to present the pivotal role played by the Human Resources and Administration Department in shaping the success story of our bank over the past year in driving value creation and adapting to the evolving landscape in 2023 by prioritizing employee well-being, diversity and inclusion, skill development, talent retention, workforce flexibility, and ethical leadership, demonstrating our commitment to supporting and empowering employees in an ever-changing environment.

Talent Management

TADB recognizes that the caliber of our workforce directly impacts the bank's performance. The Bank's HR initiatives have been paramount in attracting, retaining and developing



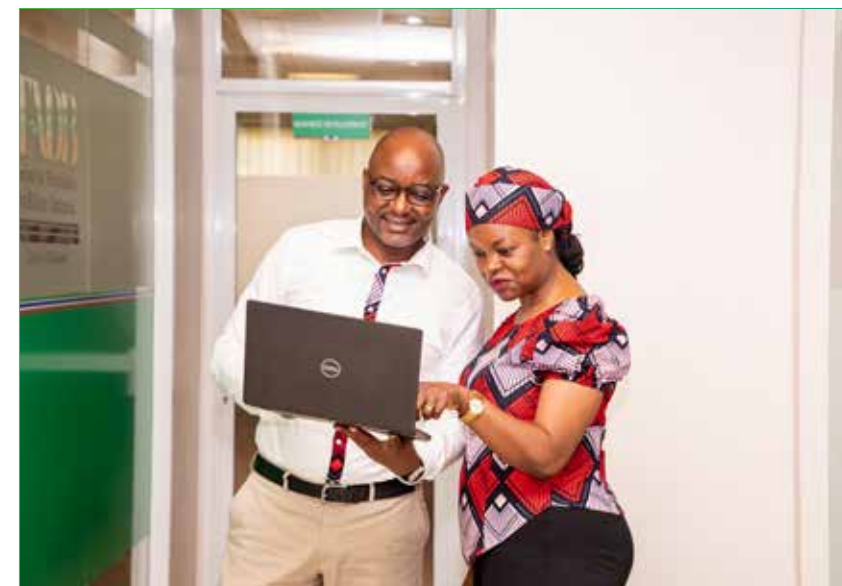
staff in line with the bank's objectives. A significant growth in our total workforce from 105 (102 FTEs and 3 Project Teams) at the end of 2022 to 124 (120 FTEs and 4 Project Teams) by the end of 2023. We continue to ensure that our workforce remains agile and responsive to market demands and ultimately enhancing shareholder value.

Employee Wellness and Well-being

The well-being of our employees is integral to maintaining a motivated and engaged workforce, which directly impacts productivity and operational efficiency. HR's wellness programs and support initiatives in 2023 prioritized employee mental health by creating awareness and physical health through launching of TADB Fit Club.

Adapting to HR Automation

The bank is keen on initiatives that drive operational efficiency and cost optimization. In year 2023 the bank's strategic approach in Human Resources ensured commencement of leveraging technology for human resources and administration activities. Automation of HR processes such as staff leave management, hiring, training, performance management, staff loans, payroll, salary advances, succession, talent, disciplinary and grievances management as well as implementation of E-Office aim at streamlining HR activities as well as improve staff services.



Skill Development and Upskilling

In 2023, HR continued to invest in learning and development programs tailored to the needs of the bank with a focus on agricultural financing, climate change, credit, product development as well as leadership development skills. The Bank secured meaningful partnership with higher learning institution for learning exchange programs and talent pipeline resourcing as well as employer branding. All these efforts ensure that employees remain competitive in the ever-changing job market and contribute effectively to the bank's success and brand our bank as an employer of choice.

Diversity, Equity, and Inclusion

The bank recognizes that a diverse and inclusive workforce drives innovation, enhances decision-making, and strengthens our reputation as a responsible corporate citizen. HR's commitment to fostering a diverse and inclusive workplace culture through recruitment strategies and training programs aligns with our shared values and contributes to long-term shareholder value creation.

Regulatory Compliance

The Bank has continued ensuring adherence to Public Service Law and Regulations, safety standards and diversity initiatives.

Looking ahead

As we reflect on the achievements of the past year, we remain committed to build upon our successes. In 2023, we prioritized diversity, inclusion, and staff development while enhancing our organizational ethics, values, and performance culture. Moving forward, we will continue to prioritize diversity & inclusion, staff wellness, structured staff development and enhanced performance culture. Further, as we anticipate changes in organization structure, we also look forward to streamline and further automate our HR activities and processes to align operations improve efficiency and employee experience.

Legal Services Desk



Dr. Edson Rwechungura
Head of Legal Services

2023 Key Strategic Interventions

The Legal Services and Company Secretariat Unit in 2023 aimed to establish itself as a key enabler of business operations within TADB. The Unit undertook several initiatives to achieve this goal. The ultimate goal was to ensure smooth business operations by contributing to both value creation and risk mitigation.

Regarding value creation, a crucial focus was optimizing turnaround times for executing critical processes, which are indispensable parts of the loan disbursement cycle—a fundamental mandate of the bank. In terms of risk mitigation, the key aspects included ensuring a legally compliant operating environment on one hand and proactively detecting and addressing potential legal pitfalls on the other.

2023 Key Achievements

In pursuit of realizing its strategic goals, the Legal and Company Secretariat Unit achieved remarkable milestones in several areas. Business processes within the Unit improved significantly and consistently. Turnaround times for all processes related to the loan disbursement cycle were effectively managed. This included, among others, reviewing and perfecting legal loan documentation.

On the risk mitigation front, notable progress was made. The Unit ensured compliance with essential requirements for a going concern status, such as timely filing of statutory returns and processing necessary licenses. Additionally, proactive legal advisory tips were provided to align everyone and address potential legal pitfalls. The Unit maintained close collaboration with the Office of the Solicitor General to handle litigation involving the bank promptly. Remarkably, over 90 per cent of cases pending at the beginning of the year were successfully resolved in favour of the Bank by year-end.

In the realm of Board Secretariat services, the Unit played a pivotal role in facilitating the Board's activities. By leveraging existing governance structures, the Bank achieved its core objectives. Beyond regular scheduled meetings, the Unit coordinated extraordinary meetings and circular resolutions to keep pace with the Bank's growing business demands.

Plan For 2024.

In the year 2024, the Legal and Company Secretariat Unit is poised to solidify its position by exploring new tools and technologies beyond the existing ones to further improve task execution. These new channels will facilitate more productive interactions with the rest of the bank. The primary objective is to bolster internal capabilities, enabling Unit staff to leverage their growing expertise. By doing so, they can streamline time spent on routine tasks and introduce innovative approaches to enhance day-to-day operations with greater efficiency.



Internal Audit Statement



Joyce Maduhu
Head Internal Audit

The Internal Audit Function began 2023 with a robust Annual Audit Plan and well-defined targets focusing on addressing the Bank's potential risks that could hinder the achievement of its strategic goals.

Annual Audit Plan Execution

Internal audit activities supplement decision-making and oversight by providing various value-adding insights, foresight, recommendations, and advice aimed at safeguarding the Bank's reputation and enhancing credibility with stakeholders.

Internal audit activities were designed to help the Bank achieve its objectives successfully, as well as to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit work through selected engagements amplified improvements in processes and procedures, as well as strategic thinking about key Bank priorities. More agile internal audit techniques were adopted, and we embraced new technologies by increasing the use of data analytics tools. This allowed us to provide meaningful and value-adding recommendations, insights, and foresight.

Internal audit activities are envisioned to strengthen the Bank's ability to create, protect, and sustain value by providing independent, risk-based, and objective assurance, advice, insights, and foresight.

Adding Value & Improved Stakeholder Relationships

The Internal Audit Function continued to build deeper partnerships and worked well with other assurance providers to ensure that combined assurance efforts to leverage Board and Management decision-making regarding improved governance, risk management, and control processes. We collaborated with the Compliance and Risk Unit on targeted assignments, which added value, improved stakeholder relationships, protected the Bank's reputation, and enhanced trust.

Through various internal audit activities, we extended our outreach services through customer visits and dialogue, field visits to assess agricultural project development, and to assess the adequacy of the fulfilment of agreed loan terms and conditions. This aided us in properly advising Management and the Board on ways to mitigate identified risks and other control weaknesses. Continuous engagement with auditees during engagement planning, execution, and reporting helped establish stronger relationships and collaboration, resulting in a more robust risk assessment process. This, in turn, helped the Internal Audit Function develop a more holistic view of risk management, controls, and governance across the Bank.

The Internal Audit Function continued to play its critical role in supporting the Bank in being alert to emerging risks and effectively addressing them in several audit projects. Our forward-looking recommendations, built on key observations of the Bank's overall risk management, control, and governance environment, were offered through assurance and advisory engagements. The Internal Audit Function applied a systematic and disciplined approach to its assessments to provide reasonable assurance that:

- The bank's assets, records, and data are safeguarded.
- Institutional policies and procedures are adequate and are complied with,
- Risks are appropriately identified and managed,
- Quality and continuous improvement are fostered,
- Governance issues impacting the Bank are recognized and addressed appropriately
- Significant financial, managerial and operating information is accurate, reliable, and timely,
- Resources are acquired economically and used efficiently,

The Internal Audit Function will remain vigilant and adaptable in the face of an ever-changing risk landscape. This necessitates maintaining agility and proactiveness in our approach. We strive to stay attuned to emerging risks, industry trends, and evolving regulatory requirements to effectively anticipate and address the evolving needs of the bank.

The Internal Audit Function is committed to continual improvement and excellence in its activities. We will relentlessly hone our professional skills to serve as trusted advisors and business partners in safeguarding the Bank's interests. Embracing continuous improvement is key. We will harness the power of technology and leverage our collective expertise and experience to drive sustainable growth and flexibility.

We are determined to fulfil our key role in supporting the Bank's effectiveness through adequate and effective risk management, controls, and governance processes.

From ICT Desk



David Nghambi
Head of ICT

Enhancement of software applications

During the year, the bank continued implementing various ICT projects. Notably, it successfully deployed a document management solution to facilitate the digitization and automation of file and document movement. This automation empowers bank staff to seamlessly access, track, and act on requests promptly.

Additionally, the implementation of a human resources system has heightened efficiency by enabling staff to process all HR-related requests through the system itself. Furthermore, the automation of administrative and human resources processes has significantly boosted efficiency and facilitated an increase in the adoption of digital services. Enhancements to the core banking system continued, addressing business needs and improving the customer experience. The integration of the core banking system with partner bank systems through open banking technology has further enhanced efficiency and improved customer experience.

Strengthening IT Infrastructure

Infrastructure enhancement was a key area of focus for the bank, with the deployment of the latest technology to improve its systems. The bank remains dedicated to strengthening its ICT infrastructure to support future expansion and enhance service provision, with a particular focus on the capability to deliver the required services to its customers. This commitment aligns with its strategic goal of improving its ability to serve customers by expanding service coverage.

Other accomplishments this year include successfully extending technological services to the northern zonal office and relocating the western zonal office, with improved connectivity from the zonal office to the head office. As part of its efforts to ensure business continuity, the bank has equipped each zone office with a secondary link to facilitate operations and provide redundancy in connectivity, ensuring uninterrupted service for its system users. Going forward, the bank will prioritize the implementation

of crucial technological initiatives to further streamline processes and advance digitalization. The bank remains unwavering in its dedication to completing ICT projects aimed at establishing a scalable infrastructure for future growth, while continuously investing in digital transformation initiatives.

Enhancement of security

The bank continued to implement controls within its systems to safeguard against information breaches and cybersecurity incidents. This includes the automation of monitoring systems. The implementation of ICT projects through a robust IT governance structure is aimed at further enhancing efficiency and improving services to customers.

In conclusion, I would like to express my gratitude to the Management and Staff for their dedication and continued support of the ICT department. As a team, we have achieved remarkable progress in enhancing our internal capabilities and delivering the necessary services to our customers.

Looking forward, we remain fully focused on offering solutions that enable business growth. We will focus on driving innovative digital solutions and continue with the automation of key processes. The review of our ICT strategy is a top priority to ensure proper alignment of technological investments with the business strategy. This will guarantee quantifiable and attainable outcomes in the realm of ICT, supporting the planning and management of ICT services.

Risk Report



Kassim Bwijo
Head of Risk & Compliance

Risk Management Strategy

Risk Management Strategy The Risk management strategy of the bank is to ensure the achievement of business goals whilst understanding and mitigating risks and threats that could undermine our congruent achievement objectives.

The execution of the business strategy exposes the bank to risks that must be managed within acceptable risk appetite without unnecessary limitations to the bank business

TADB's Approach to Risk Management

The TADB approach to the management of risk is based on enterprise-wide risk management (ERM), ERM defines the internal structures, adequate processes, systems, and policies, which identify and manage risk. This ensures that appropriate responses are in place to protect the bank and its stakeholders while enabling the organizational design and business strategy. The approach undertakes to break any silos in the overall enterprise-wide risk management framework, implement reliable and achievable strategic and business plans and ensure the required Return on Equity is attained for the betterment of Agriculture rejuvenation in Tanzania

Accomplishments During the year 2023

During the year the Risk and Compliance coordinated risk management activities across the bank to ensure the bank's strategic objectives were achieved. The banks improved the internal process and procedures for the loan application process resulting in improved Turnaround time for our valued customers.

The bank improved the compliance framework by strengthening the compliance framework to align with



evolving agricultural policies. The bank proactively engaged with key partners to stay ahead of emerging agricultural regulations and best practices, strengthening the compliance framework to align with evolving agricultural policies.

To ensure the best lending practices in agriculture to reduce risk exposure, the bank strengthened the due diligence process in assessing the farming practices, market conditions and seasonality projections in agriculture by tailored repayment structure based on farming cycles.

The bank continued to implement Enterprise Risk Management and perform stress testing to ensure the sustainability of the business and manage the business disruptions.

Looking ahead to 2024

In 2024, TADB will continue to integrate Environmental and Social Risk Management focus on climate change and weather fluctuations by enhancing risk assessment to factor in the increasing impacts of climate change on agriculture, including extreme weather events and shifting growing seasons. The bank is developing products and programs that promote climate-smart agriculture and agroecology to build resilience against risk.

Cybersecurity and Data Protection, Increase risk awareness and training on cybersecurity risks among staff and agricultural clients. Strengthen cybersecurity measures to protect sensitive customer data and mitigate potential cyber threats.

Adapting compliance procedures and policies accordingly to ensure full compliance while navigating any changes in regulations and elevating the risk management culture across the bank.

The geopolitical tensions, tightening monetary policy, and heightened economic uncertainties. The ongoing conflicts in the Middle East and between Russia and Ukraine have indirectly impacted the bank's operations through disruptions in global supply chains.

CORPORATE GOVERNANCE



Board Profile

BOARD TENURE

TADB is led by a Board of Directors, comprising nine (9) non-executive members and a secretary who is the Head of Legal Services of the Bank. The Chairperson of the Board is appointed by the President of the United Republic of Tanzania and other members are appointed by the Minister for Finance and Planning for the tenure of three (3) years renewable.

INDEPENDENCE OF THE BOARD

The majority of the Bank's board members are independent non-executive directors, which complies with global best-practice governance. TADB is guided by strong principles of good corporate governance, which we conceive as integral to our prosperity.

BOARD COMMITTEES

Audit, Risk & Compliance Committee	Business Committee	Human Resources & Administration Committee
<ul style="list-style-type: none"> Reviews accounting policies, Management's approach to internal controls and risk management, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements Oversees the relationship with external auditors and provides assurance to the Board that available control procedures are implemented by the Management, and are complete and effective. 	<ul style="list-style-type: none"> Facilitates timely product/service delivery and ensures the prudent management of the bank's business with customers in accordance with the policies and procedures adopted by the bank. 	<ul style="list-style-type: none"> Assists the Board of Directors of TADB to fulfil its functions by providing informed and timely interventions and advice on issues related to human resources development and administration.

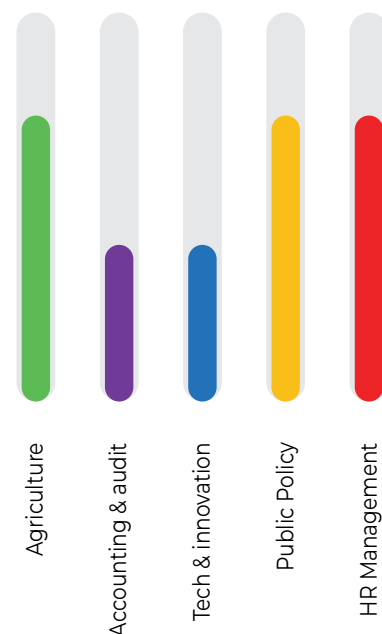
BOARD COMPOSITION AND ROLES

The Board of Directors is the focal point of the bank's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the bank. The Board is assisted by three Committees in discharging its duties and responsibilities. Each Committee is assigned specific focus areas and specialised functions in the operations of the bank. However, the Board remains ultimately responsible for all the bank's governance and policy decisions.

BOARD QUALIFICATIONS

The directors are persons with knowledge and experience and they are appointed on the basis of merit from amongst persons who are experienced in development financing, agriculture, banking, economic or financial matters, and other relevant experience (and at least two shall possess significant experience in banking and microfinance) or any other equivalent qualifications.

BOARD SKILLS



Board Biographies



ISHMAEL ANDULILE KASEKWA CHAIRMAN

Ishmael Andulile Kasekwa is a certified accountant by profession. He holds an MBA in Finance from the United Kingdom. With over 15 years of experience working in the Finance department of the Parliament of Tanzania, he has been exposed to all facets of finance from bookkeeping, management of cash flow, budgeting and reconciliation to financial reporting and analysis.

Furthermore, prior to his retirement, he was appointed to serve as the Assistant Accountant General responsible for Public Debt Management and General Services.

During his tenure, he was able to establish and execute a strategy for managing the government's debt to balance its risk and cost objectives. Meticulous and attentive, Ishmael was known as a man of high integrity with exceptional interpersonal, and communication skills.

Now, retired, Ishmael serves as a member of the Tax Revenue Appeals Tribunal (TRAT), as well as the current Chairperson of the Board of the Tanzania Agricultural Development Bank (TADB).



WILLIAM MICHAEL MHOJA MEMBER

William Michael Mhoja is an Acting Assistant Commissioner for Policy Analysis responsible for macro-economic policy formulation and management in the Ministry of Finance and Planning. Before that, he headed the Ministerial delivery Unit on Resource Mobilisation from 2013 to 2015 under the BRN delivery methodology in an endeavour of the Government to mobilize resources for financing strategic development projects. He has been undertaking domestic and international trade tax policy analysis consistent with international best practices. He participates in the coordination of the annual budget consultation process; as well as keeping abreast with development in the regional integration of the East African Community, the Southern African Development Cooperation and other global forums.

William is also competent in Revenue Administration and Policy as he served the Tanzania Revenue Authority for ten years until 2007 and the Ministry of Finance and Planning in the Policy Analysis Department, Fiscal Policy Section for the subsequent 8 years. He is well equipped in Public Sector Financial Management, Government Extension to Project Management, Public Policy Analysis and Strategic Implementation, Public-Private Partnership Project Finance and Financial Modeling, a few to mention.

William Michael Mhoja has served as a board member at the Tanzania Agricultural Development Bank (TADB) since January 2017.

Board Biographies



HUSSEIN HASSAN MBULULO MEMBER

Six years of experience as General Manager at Twiga Bancorp Limited before its merger with the Tanzania Postal Bank (TPB), Hussein Hassan Mbululo is a well-versed banker who started at the bottom of the ladder with administrative roles as a bank clerk and grew his way to the top of the ladder by becoming the General Manager in 2007. His experience in banking has involved him working at both public, and private, sector banks. Furthermore, Hussein was able to manoeuvre his way by working in various departments and acquire hands-on experience, especially with operations, credit, treasury, finance and strategy.

Charismatic and ambitious, Hussein strives for excellence in all that he does and believes that life is a never-ending classroom. For that reason, Hussein had the privilege to use his expertise to become a trainer and extend his knowledge in bank-training institutions as a way of giving back to the banking industry and support its development of human capital. He is proficient in banking operations, lending, international trade finance, risk management, microfinance, and the fundamentals of banking.

Hussien Hassan Mbululo has served as a board member at the Tanzania Agricultural Development Bank (TADB) since April 2016.



DANIEL WILLIAM MASOLWA MEMBER

Daniel William Masolwa is a diligent economist and statistician, currently serving as the Acting Director of Economic Statistics at the National Bureau of Statistics (NBS). Daniel has vast experience in data management, which allows him to possess complete insight into the prevailing market trends.

With experience in both quantitative and qualitative analysis skills, Daniel has worked at NBS for over 20+ years. The NBS mission is to produce quality official statistics and services that meet the needs of national and international stakeholders for evidence-based planning and decision-making. Through this experience, Daniel furnishes the executive leadership team with analytics, insights, reports, and recommendations facilitating effective strategic planning across all business units within the organization. Furthermore, his team supports other organizations through the provision – and accessibility – of this information to enhance their decision-making process.

Daniel is a highly motivated individual with a passion for data. He has severed as a board member at the Tanzania Agricultural Development Bank (TADB) since November 2020.



NTENGUA SELEMAN Y. MDOE MEMBER

Professor Ntengua Seleman Mdoe is a retired, part-time professor, at the Sokoine University of Agriculture (SUA). Prior, he taught at the university for almost 30 years. Professor Ntengua areas of expertise lie in Agricultural Economics and Agribusiness.

Professor Ntengua has worked in over 15 research projects, and he has been featured in over 50 publications (journal articles, policy briefs, reports, compendia, etc.).

Furthermore, he served as an external examiner for local universities and other African universities such as the University of Nairobi, the University of Swaziland, Makerere University, and the University of Malawi.

Professor Ntengua continues to provide consultancy and advisory services in areas of rural development, livelihoods, farm management, agriculture, livestock/dairy production and marketing, at the national, regional and international levels. He has been a board member of the Tanzanian Agricultural Development Bank (TADB) since November 2020



ASSUMPTER NSHUNJU MSHAMA MEMBER

Ms. Assumpter Mshama is a retired senior public servant having served as a District Commissioner for Wanging'ombe District in Njombe Region (2015-2016) and Kibaha District in Coast Region (2016-2020). In her capacity, she pioneered a number of significant public interest initiatives in her areas of administration touching basic community life such as education, environmental conservation and agriculture.

She has as served as a Member of Parliament for Nkenge Constituent in Kagera Region. Whilst serving as a Parliamentarian, Ms. Assumpter had the honour of being appointed to several Committees on different occasions. She was appointed as the Deputy Chairperson of Committee No. 5 of the Special Constituent Assembly that had been considering Constitutional Review (2014), a member of the Parliamentary Social Services Committee (2022- 2023), a member of the Parliamentary Privileges, Ethics, and Powers Committee (2014-2015), and a Member of the Parliamentary Budget Committee (2014-2015).

She has also been a Board Chairperson of the Kibaha Education Centre, an organization with multifaceted mandates to address various community issues. She successfully provided leadership to this organization which owns projects ranging from schools, both primary and secondary, a tertiary level college, a hospital, as well as other economic value generating projects. Ms. Assumpter Mshama was appointed to TADB Board of Directors in August 2022.

Board Biographies



SIMON MIGANGALA MILENGE MEMBER

Migangala Simon Milenge holds an MBA from IMD, a business school based in Lausanne, Switzerland that he completed in 2008. He also graduated in BCom Accounting with honours from the University of Dar es Salaam in 1998 and joined PricewaterhouseCoopers in the same year. He qualified as Certified Public Accountant (CPA (T)) in May 2000 as the overall best CPA candidate of the session. In 2006, Simon trained and obtained a certification in stock-broking and dealing in capital markets. In 2007, he also trained in financial markets dealing and obtained a certificate from the ACI- The Financial Markets Association. Currently, Simon is a candidate for Chartered Financial Analyst (CFA) level II with the CFA Institute of the United States. In April 2018, Simon was appointed Managing Director of UTT AMIS, the position he is serving to date. Since his appointment, Simon has provided strategic direction for the Company enabling it to achieve the highest annual growth of 41.98% in assets under management (AUM) for the financial year ended 30 June 2020. Furthermore, he has provided strategic direction that has allowed the company to make investments in information technology and building capacity to become the leading asset management company in Tanzania and East Africa. Migangala Simon Milenge has served as a board member at the Tanzania Agricultural Development Bank (TADB) since April 2016.



FRANK MUGETA NYABUNDEGE MEMBER

Frank Mugeta Nyabundege is the Managing Director of the Tanzania Agricultural Development Bank (TADB). Prior to his presidential appointment, Frank has served as Managing Director at Lake Oil Limited (one of East and Central Africa's fastest-growing energy trading and transportation conglomerates,) and the TIB Corporate Bank (a Tanzanian state-owned commercial bank).

With more than 21 years of experience, out of which 19 years have been in the Banking sector, Frank has experience in domestic and international organisations in the field of banking where he has worked in regional and multinational banks. He is also a Diplomat with a speciality in Economic Diplomacy as well as a Certified Director by the Institute of Directors Tanzania (IoDT). Frank is a results-oriented, decisive leader with proven success in managing banking businesses in Tanzania for more than a decade at the senior management level. He has superior interpersonal skills and capable of motivating and monitoring teams and evaluate their performance through performance management systems by using key performance indicators to achieve the best performance. Frank excels in business strategy formulation and execution.

He has also served in different government entities as a board member the most recent ones being High Education Students' Loan Board and National Ranching Company Limited (NARCO). As Managing Director, Frank also serves as a board member since his presidential appointment in August 2021.

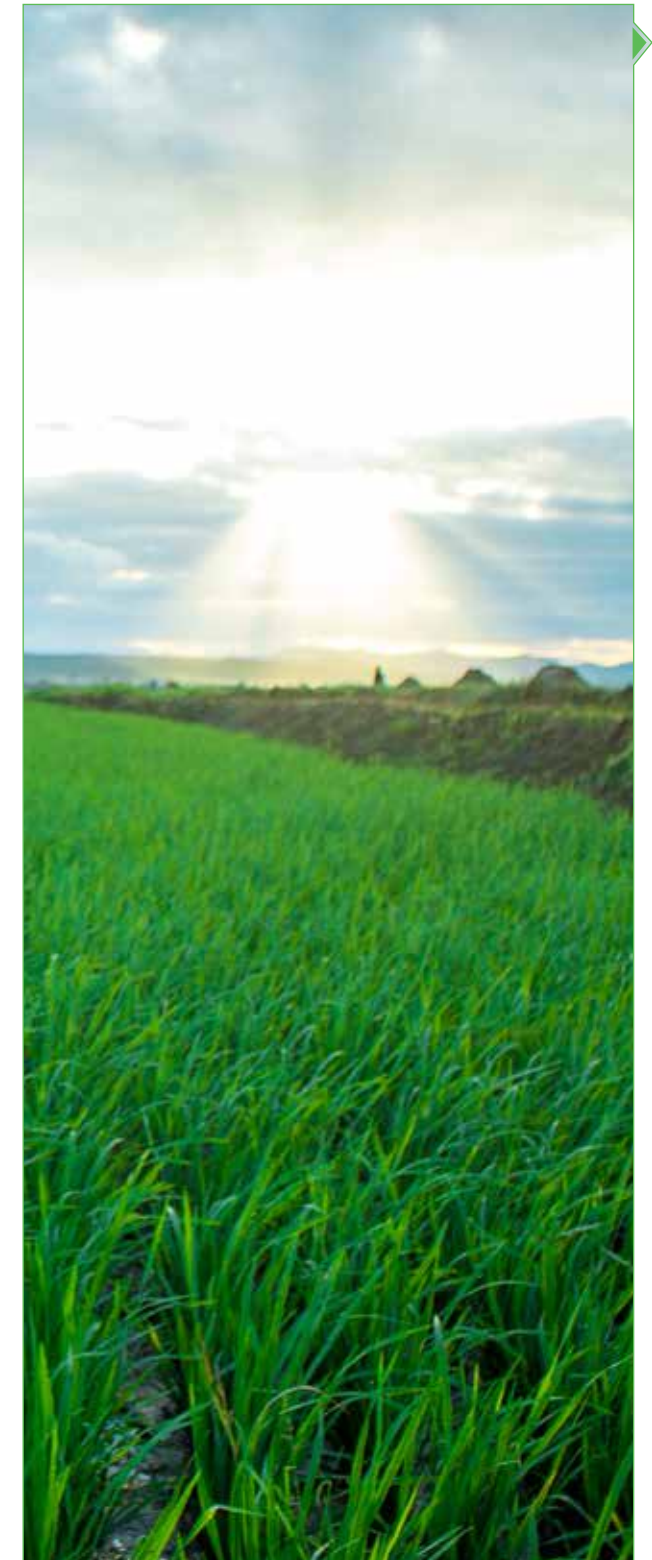


PRUDENCE MASAKO MEMBER

Ms. Prudence boasts over 19 years of experience in leadership and project management, having led large, diverse teams on complex, multi-million dollar, multi-partner funded programs. Passionate about community transformation and empowering women and girls, she has collaborated with various organizations, including the government, to design comprehensive, community-engaging programs. Her expertise spans Health, Nutrition, WASH, Education, Economic Strengthening, Governance, Social Marketing, Agriculture, and Hospitality.

As the Country Director of CARE International in Tanzania, she leads the country's portfolio, aligning CARE's mission with national priorities to address poverty and promote social justice, particularly for women and girls. Previously, she was the Country Representative for EngenderHealth. She holds a BSc in Home Economics and Human Nutrition from Sokoine University, a Postgraduate Diploma in Public Health from the London School of Hygiene and Tropical Medicine, and an MSc in Public Health from University College London.

A recipient of the International Ford Foundation Fellowship, the Kofi Annan Fellowship, and numerous women leadership awards, including the Pioneering Woman Leader Award (2020) and East Africa Woman Leader Award (2019), she is also featured in "Pivoting in Heels" and named among the Top 100 Career Women in Africa (2023). Ms. Prudence serves on four boards in various capacities.



FINANCIAL STATEMENTS





THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



FINANCIAL STATEMENTS

TANZANIA AGRICULTURAL DEVELOPMENT BANK (TADB)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL AND COMPLIANCE AUDIT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2023**

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March 2024

AR/PA/TADB/2023

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418 [R.E 2021].



Independence and Objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful and clear performance targets.



Profesional Competence

We deliver high-quality audit serviecs based on appropriate professional knowledge, skills and best practices.

Integrity

We Observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creatvity and Innovation

We encourage, create and innovate value-adding ideas for the improvement of audit services.

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CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023

Country of incorporation	Tanzania
Establishment	Companies Act no. 2 of 2002 Banking and Financial Institutions Act, 2006
Principal place of operation Head office and registered office	4 th Floor, Acacia Estates 84 Kinondoni Road P.O. Box 63372 Dar es Salaam, Tanzania
Main Bankers	Bank of Tanzania 2 Mirambo street P.O. Box 2939 Dar es Salaam, Tanzania Tanzania Commercial Bank Plc PSSSF Millennium Tower II Bagamoyo Road P.O. Box 9300 Dar es Salaam, Tanzania CRDB Bank Plc Ali Hassan Mwinyi Rd P.O. Box 268 Dar es Salaam, Tanzania
Company Secretary	Dr. Edson P. Rwechungura 4th Floor, Acacia estates 84 Kinondoni road P.O. Box 63372 Dar es Salaam, Tanzania
Auditor	Controller and Auditor General, National Audit Office, 4 Ukaguzi Road, P.O. Box 950, 41104 Tambukareli, Dodoma, Tanzania. Deloitte & Touche Certified Public Accountants 3rd Floor, Aris House Plot 152, Haile Selassie Road P.O. Box 1559, Dar es Salaam, Tanzania

ABBREVIATIONS

AGRA	Alliance for a Green Revolution in Africa
AML	Anti-Money Laundering
ARCC	Audit, Risk Management and Compliance Committee
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CFT	Countering the Financing of Terrorism
ECL	Expected Credit Loss
GRRC	Governance, Recruitment and Remuneration Committee
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IFRSs	International Financial Reporting Standards
ISAs	International Standards on Auditing
ISSAI	International Standards of Supreme Audit Institutions
KYC	Know your Customer
NBAA	National Board of Accountants and Auditors
PAA	Public Audit Act
PAC	Public Accounts Committee
PAR	Public Audit Regulations
PFA	Public Finance Act
PFR	Public Finance Regulations
PPA	Public Procurement Act
PPR	Public Procurement Regulations
Reg.	Regulations
Sect.	Section
URT	United Republic of Tanzania
PAC	Public Accounts Committee
PAR	Public Audit Regulations, 2009
PPA	Public Procurement Act, 2016
PPR	Public Procurement Regulations, 2013
SCGS	Small-holder Farmers Credit Guarantee Scheme
T13P	Tanzania Inclusive Processors Producers Partnership
TA	Technical Assistance
TADB	Tanzania Agricultural Development Bank Limited
TCDC	Tanzania Cooperative Development Commission
TMX	Tanzania Mercantile Exchange
TZS	Tanzania shillings
URT	United Republic of Tanzania
WRRB	Warehouse Receipt Regulatory Board

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Directors,
Tanzania Agricultural Development Bank Limited,
P.O Box 63372,
DAR ES SALAAM.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Agricultural Development Bank Limited (“TADB” or “the Bank”), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of material accounting policy information.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Tanzania Agricultural Development Bank Limited as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the section below entitled, “Responsibility of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of Tanzania Agricultural Development Bank in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

Key Audit Matters (Continued)

Key audit matter	How my audit addressed the key audit matter
<p>Expected Credit Losses (ECL) on loans and advance to customers</p> <p>At 31 December 2023, the Bank had a total gross loans and advances to customers of TZS 338 billion with expected credit losses of TZS 7 billion.</p> <p>Key judgements and estimates in respect of the measurement of expected credit loss (ECL) include the following:</p> <ul style="list-style-type: none"> Allocation of assets to stage 1, 2, or 3 using criteria in accordance with the accounting standard; Accounting interpretations and modelling assumptions used to build the ECL model; Completeness and accuracy of data used to calculate the ECL; Inputs and assumptions used to estimate the impact of multiple economic scenarios; Compliance of the model to the standard in computation matrices used in the ECL model for calculation of Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (AD); and Accuracy and adequacy of the financial statement disclosures. <p>In light of the above judgement, estimation uncertainty and complexity, I considered this to be a key audit matter.</p>	<p>In evaluating the impairment against loans and advances, we assessed the judgements and assumptions used by the Directors and my procedures included the following:</p> <ul style="list-style-type: none"> I reviewed the appropriateness and compliance of the ECL model to the standard regarding the methods used to determine historical default rates, macroeconomic variables and adjustments, expected cash flows, credit conversion factors and effective interest rates; I reviewed the appropriateness of the definition of default, cure definition and significant increase in credit risk (SICR) of the model; I performed a review of the approach used to segment portfolio into similar risk characteristics; I performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Bank’s portfolio, risk profile, credit risk management practices and the macroeconomic environment; I tested the criteria used to allocate an asset to stage 1, 2 or 3 in accordance with IFRS 9; I tested assets in stage 1, 2 and 3 to verify that they were allocated to the appropriate stage; I tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for a sample of models; To verify data quality, I tested the data used in the ECL calculation by reconciling to source systems; I further assessed the base case and alternative economic scenarios, including challenging probability weights and comparing to other scenarios from a variety of external sources; I assessed whether forecasted macroeconomic variables were appropriate, such as GDP, interest rates and interBank lending rates; I challenged the correlation and impact of the macroeconomic factors to the ECL including how non-linearity was captured; and I assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards including the transaction disclosures. <p>I found that the assumptions and judgements applied in determining impairment against loans and advances were appropriate and that the amount raised was reasonable and adequate.</p>

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Report by Those Charged with Governance, Statement of responsibility by Those Charged with Governance and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or the knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, 2002 and Banking and Financial Institutions Act, 2006 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with international Standard on Auditing (ISAs) and International Standards of Supreme Audit (ISSAIs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and

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

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E. 2021] requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 [R.E. 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1.2.1 Compliance with Banking and Financial Institutions Regulations

As required by the Banking and Financial Institutions (External Auditors) Regulations, 2014 of Tanzania, I report to you, based on my audit, that in my opinion, the capital adequacy ratios as presented in Note 5.5 to the financial statements have been computed in accordance with the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014 of Tanzania.

1.2.2 Compliance with the Public Procurement Laws in Tanzania

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the Tanzania Agricultural Development Bank Limited (TADB) for the financial year ended 31 December 2023 as per the Public Procurement Laws in Tanzania.

Conclusion

Based on the audit work performed, I state that, procurement of works, goods and services of Tanzania Agricultural Development Bank Limited is generally in compliance with the requirements of the Public Procurement Laws in Tanzania.

1.2.3 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Tanzania Agricultural Development Bank Limited for the financial year ended 31 December 2023 as per the Budget Act and other Budget Guidelines.

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

Conclusion

Based on the audit work performed, I state that, the budget formulation and execution of Tanzania Agricultural Development Bank (TADB) is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.

1.2.4 Compliance with the Companies Act, 2002

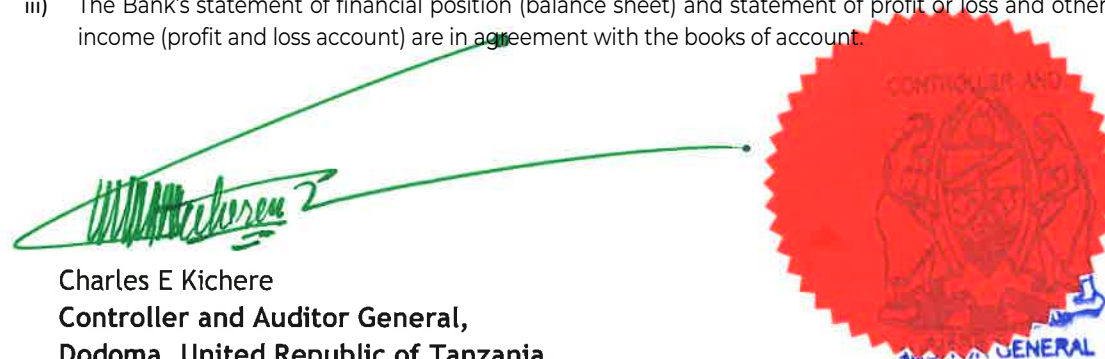
Subject matter: Report based on our audit

I report to you based on our audit of the Tanzania Agricultural Development Bank (TADB) for the financial year ended 31 December 2023 as per the Companies Act, 2002.

Conclusion

As required by the Companies Act, 2002, I report to you, based on my audit, that:

- i) I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii) in my opinion, proper books of account have been kept by the Bank, so far as appears from my examination of those books; and
- iii) The Bank's statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.



Charles E Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.

March 2024

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023

2.1. INTRODUCTION

The Directors present their report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of Tanzania Agricultural Development Bank Limited ("the Bank" or "TADB").

2.2. INCORPORATION

TADB is a government-owned development finance institution (DFI) officially incorporated on 26 September 2011, with Certificate of Incorporation no. 94075.

2.2.1 Bank's Vision

To be a champion development finance institution for agricultural transformation in Tanzania

2.2.2 Bank's Mission

To contribute to food security and poverty reduction by catalysing agricultural transformation through innovative financing solutions that develop sustainable and inclusive agricultural value chains.

2.2.3 Core Values

The Bank's core values are integrity, professionalism, learning & innovation, team work, diversity and inclusion which guide the use of internal resources and ensure maximum value is derived in the Bank's relationships with its key stakeholders.

2.3 PRINCIPAL ACTIVITIES

The Bank is a state-owned development finance institution (DFI) incorporated in the United Republic of Tanzania, and licensed under the Banking and Financial Institutions Act, 2006 to conduct banking business in Tanzania. The Bank is regulated by the Bank of Tanzania and is subject to the provisions of the Banking and Financial Institutions Act, 2006 and its regulations.

The Bank is engaged in the delivery of finance and related non-finance services and facilities to the agricultural sector in Tanzania. The Bank's key products include Asset Financing, Wholesale lending, Term loans, Smallholder's credit guarantee schemes (SCGS), research and financial advisory.

As at 31 December 2023, the Bank operates through seven (7) zones spread across in every region in Tanzania. The Bank's outreach is further leveraged through our SCGS product, where we have partnered with seventeen (17) banks (with a network of 700 branches, covering 129 out of 150 districts countrywide), to increase lending to the agri sector.

2.4 STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") is charged with governance of the Bank and is accountable to the shareholders for the overall Bank's performance and is collectively responsible for the long-term success of the Bank. The Board achieves such success by setting appropriate business strategy and overseeing delivery against the set strategy. It ensures that the Bank manages risks effectively and monitors financial performance and reporting.

The Articles of Association of the company provides that the Board shall comprise of a minimum of five Directors. The Board is currently composed of nine directors. The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter and other governing laws.

The Board takes overall responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.4 STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

The Board delegates the day-to-day management of the business to the Managing Director who is assisted by senior management. Senior management is invited to attend board meetings and facilitates the effective control of all the Bank's operational activities, acting as a medium of communication and coordination between all the various business units.

The Directors of the Bank at the date of this report, who have served since 1 January 2023 unless otherwise stated, are:

S/N	Name	Position	Age	Qualification/ Discipline	Nationality	Gender	Remarks
1	Mr. Ishmael Kasekwa	Chairman	66	Masters' Degree in Business Administration, Certified Public Accountant	Tanzanian	Male	Appointed on 10 May 2021
2	*Mr. Migangala Simon Milenge	Member	52	Masters' Degree in Business Administration, Certified Public Accountant	Tanzanian	Male	Appointed on 28 April 2016 to 27 April 2019, Re appointed on 30 November 2020 to 29 November 2023
3	Dr. Abdul Ally	Member	53	Doctor of Management in Financial Management	Tanzanian	Male	Appointed on 30 November 2020
4	Mr. Daniel Masolwa	Member	55	Master of Arts in Economics	Tanzanian	Male	Appointed on 30 November 2020 to 29 November 2023, Re appointed on 9 January 2024
5	*Mr. Hussein Hassan Mbululo	Member	70	Masters' Degree in Finance	Tanzanian	Male	Appointed on 28 April 2016 to 27 April 2019, Re appointed on 30 November 2020 to 29 November 2023
6	Prof. Ntaengua Mdoe	Member	72	Professor of Agriculture-Production and Farm	Tanzanian	Male	Appointed on 30 November 2020 to 29 November 2023, Re appointed on 9 January 2024
7	*Mr. William Mhoja	Member	55	Master of Arts in Economic Policy Management	Tanzanian	Male	Appointed on 28 April 2016 to 27 April 2019, Re appointed on 30 November 2020 to 29 November 2023
8	Dr. Assumpter Mshama	Member	61	Degree of Theology-Faith Christian University	Tanzanian	Female	Appointed on 9 August 2022
9	Ms. Prudence Masako	Member	51	Master of Science, Public Health in Developing Countries (MPH)	Tanzanian	Female	Appointed on 9 August 2022
10	Mr. Frank Nyabundege	Managing Director	49	Master of Business Administration	Tanzanian	Male	Appointed on 5 August 2021

*Tenure came to an end on 29 November 2023

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.4 STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

One of the Directors, Dr. Abdul Ally passed away on 23 April 2023. The tenures of three Directors, namely Mr. Migangala S. Milenge, Mr. Hussein Mbululo and Mr. William Mhoja came to an end on 29 November 2023 and having served two terms of three years each, they were ineligible for further service. The other two directors, Mr. Daniel Masolwa and Prof. Ntaengua Mdoe also had their first term expired but are eligible for re-appointment and were accordingly reappointed in 9 January 2024.

2.5 COMPANY SECRETARY

The Bank's Company Secretary as at 31 December 2023 and during the year was Dr. Edson P. Rwechungura.

2.6 BOARD APPOINTMENT

The Board of Directors is made up of non-executive Directors. The Directors are persons with knowledge and experience, and they are appointed based on merit from amongst persons who are experienced in development financing, agriculture, Banking, economic or financial matters, and other relevant experience (and at least two shall possess significant experience in Banking and microfinance) or any other equivalent qualifications. The Managing Director is a Member of the Board by virtual of his office. The tenure of the Board is three years. The Chairperson of the Board is a presidential appointee, whereas all other members of the Board are appointed by the Minister of Finance after every three years. All Directors appointed are approved by the Bank of Tanzania.

2.7 BOARD MEETINGS

The Board has in put in place an annual work plan that sets out the Board activities in a year. The Board meets at least once every quarter and additionally, when necessary, to consider all matters relating to the overall control, business performance and strategy of the Bank and succession plan. The Board and its committees meet regularly per business requirements.

The Board's work plan together with the calendar of meetings for 2023 was fixed in advance and provided to all Directors. Adequate notice was given for each meeting and Directors received detailed papers on issues to be discussed in good time.

The Board has ownership over the Bank's strategic direction. At each Board meeting, progress against the approved business plans is reviewed and management is given guidance as appropriate.

During the year under review, the Board met seven (7) times. The Board held four (4) ordinary meeting and three (3) extra ordinary meetings during the year 2023. A summary indicating the number of meetings attended by members of the Board/Committee during of the financial year 2023 is as follows:

Number of meetings attended						
S/N	Name of Director	BOARD	EOB	BBC	BHRAC	BARC
1	Mr.Ishmael Kasekwa	4	3	-	-	-
2	Mr.Migangala Simon Milenge	4	2	7	-	3
3	Dr. Abdul Ally	1	-	1	1	-
4	Mr.Daniel Masolwa	3	2	-	-	4
5	Mr.Hussein Hassan Mbululo	4	3	-	5	-
6	Prof. Ntaengua Mdoe	4	3	7	5	-
7	Mr.William Mhoja	2	1	2	-	4
8	Dr. Assumpter Mshama	3	3	-	-	3
9	Ms. Prudence Masako	2	1	3	3	-
10	Mr. Frank Nyabundege*	4	3	-	-	-

*The Managing Director attends all Committee meetings but is not a substantive member as per Regulation 9(1) of the Banking and Financial Institutions (Corporate Governance) Regulations, GN No. 767 of 2021.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.8 BOARD STRUCTURE

The Board of Directors is the focal point of the Bank's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Bank. The Board comprises 7 non-executive members, the Managing Director, and a secretary who is the Head of Legal Services of the Bank. The chairperson of the Board is appointed by Her Excellency the President of the United Republic of Tanzania and other members are appointed by the Minister for Finance for the tenure of three (3) years renewable.

The Board operates under a comprehensive structure made up of committees established to assist it in discharging its responsibilities and obligations. Each committee has a set of specific terms of reference outlining the scope of its responsibility and relevant administrative and procedural arrangements. The Board has formed three Committees; Audit, Risk and Compliance Committee, Business Committee, and Human Resources and Administration Committee, with delegated authority to assist the Board effectively to carry out some of its functions. Each Committee is assigned specific focus areas and specialized functions in the operations of the Bank. However, the Board remains ultimately responsible for all the Bank's governance and policy decisions.

The Board Committees assist the Board in carrying out its responsibilities. In deciding committee memberships, the Board endeavours to make the best use of the range of skills across the Board and share responsibility at each ordinary Board meeting. The Chairpersons of the Committees are required to report to the Board with updates of deliberations of the Committees and to escalate to the Board all matters requiring the Board's consideration and approval.

Each committee has in place terms of reference that set out the roles and responsibilities and the procedural rules that apply to the committee.

2.8.1 Audit, Risk and Compliance Committee

The committee plays a vital role in ensuring the integrity of the financial statements before the review and approval by the Board. The Audit, Risk, and Compliance Committee's prime functions are to review Bank policies, the adequacy of contents of the Bank's financial reports, management's approach to internal controls and risk management, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, overseeing the relationship with external auditors and to assure the Board that available control procedures are implemented by management, and are complete and effective.

The Board Audit, Risk and Compliance Committee was scheduled to hold four (4) ordinary meetings and one extraordinary meeting for the year 2023. Six meetings were held, an excess of one extraordinary meeting. The four ordinary meetings, 45th to 48th, deliberated on among others, the standard agenda items which included the bank's general performance report to be submitted to the Treasury Registrar, the quarterly financial performance reports, procurement reports, risk and compliance reports as well as audit reports.

There scheduled extraordinary meeting deliberated on specialised items including the bank's annual action plan and budget as well as the annual procurement plan for 2024. The unscheduled meeting deliberated on bank's Audited Financial Statements for the year 2022 as the Bank's Mid Term Strategy.

The members of the committee at the date of this report, who have served since 1 January 2023, are:

S/N	Name	Position	Age	Nationality
1	Mr. Daniel Masolwa*	Chairperson	55	Tanzanian
2	Dr. Assumpter Mshama	Member	61	Tanzanian
3	Mr. William Mhoja*	Member	55	Tanzanian

*The tenures of Mr. Daniel Masolwa and William Mhoja ended on 29 November 2023.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.8.2 Business Committee

The primary purpose of the Board Business Committee is to facilitate timely product/service delivery and ensure the prudent management of the Bank's business with customers per the policies and procedures adopted by the Bank. Its deliberations are at the core of the bank's lending business and as such it is the committee which besides the scheduled ordinary meetings, had the most unscheduled meetings.

The Board Business Committee was scheduled to have four (4) ordinary meetings, one at the close of each quarter. All the Ordinary meetings were held as scheduled, to wit 48th to 51st meetings, but in addition to those meetings, there were three (3) extraordinary committee meetings, that is 48th, 49th and 50th meeting. The Ordinary meetings deliberated on various items including quarterly business performance reports, credit and credit administration reports, managed funds reports, as well as ICT and operations reports, ICT being an important driver of bank's business lately. In addition, the meetings also considered clients' credit requests as well as review of the business and credit related policies. The extraordinary meetings were mainly for deliberations of clients credit requests.

The members of the committee at the date of this report, who have served since 1 January 2023, are;

S/N	Name	Position	Age	Nationality
1	Mr. Migangala Simon Milenge*	Chairperson	52	Tanzanian
2	Ms. Prudence Masako	Member	51	Tanzanian
3	Prof. Ntaengua Mdoe*	Member	72	Tanzanian

*The tenures of Mr. Mr. Migangala Simon Milenge and Prof. Ntaengua Mdoe ended on 29 November 2023.

2.8.3 Human Resources and Administration Committee

The principal objective of the Human Resources and Administration Committee is to assist the Board of Directors to fulfil its functions by providing informed and timely interventions and advice on issues related to human resources development and administration. The committee reviews and oversees the overall human resources policies and procedures of the Bank. It ensures there are effective procedures to cater for human resources planning, compensation and reward systems or any other policy requirement for the Bank's efficient operations.

The Board calendar had indicated that the Board Human resources and Administration Committee would hold four (4) ordinary meetings during the year 2023. All the scheduled meetings were held, that is 35th to 38th meetings. The meetings deliberated on various human capital related issues including the headcount position, employee welfare, employee performance management, disciplinary affairs as well as training and development. In addition, one extraordinary meeting was held on 21 November 2023 to deliberate on specific cases of disciplinary process.

The members of the committee at the date of this report, who have served since 1st January 2023, are:

S/N	Name	Position	Age	Nationality
1	Mr. Hussein Hassan Mbululo*	Chairperson	70	Tanzanian
2	Dr. Abdul Ally**	Member	53	Tanzanian
3	Prof. Ntaengua Mdoe*	Member	72	Tanzanian
4	Ms. Prudence Masako	Member	51	Tanzanian

*The tenures of Mr. Hussein Mbululo and Prof. Ntaengua Mdoe ended on 29 November 2023.

**Dr. Abdul Ally passed away on 23rd April 2023.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.8.4 Board of Directors Independence and Conflict of Interest

The TADB Board has an oversight role of providing high-level directions to the Bank's management to ensure that the Bank operates in a sound and efficient manner at all times, according to the Companies Act, 2002, the Banking and Financial Institutions Act, 2006, the DFI Regulations and the Bank's strategic plan as well as Bank Business Plan. In discharging Board responsibilities effectively, each Director, commands a high level of integrity, honesty, competence, and ability to adhere to good corporate governance principles. A Director who is in any way, whether directly or indirectly, interested in any matter, contract or proposed contract with the Bank shall declare the nature of his/her interest at a meeting of the Directors as per Section 209 of the Companies Act and Article 85 of TADB Articles of Association. Accordingly, a Director is liable for damage caused when he breaches a duty of care or for failure to declare a conflict of interest.

2.9 DIRECTORS REMUNERATION

Director's annual fees and any other remunerations to the Board members are approved at the Annual General Meeting.

2.10 EVALUATION OF THE BOARD'S EFFECTIVENESS

The evaluation of the Board's performance is carried out under the supervision of the Board Audit, Risk and Compliance Committee and the Office of the Treasury Registrar in line with the Board Self-Assessment Guidelines for Public and Statutory Corporations, and the results of the evaluation are usually submitted to the full Board for adoption and/or further action.

2.11 ACCOUNTING POLICIES

The material accounting policy information of the Bank disclosed in Note 3 to the financial statements have been approved by the Board. The accounting policy information have been updated to reflect the new and revised International Financial Reporting Standards (IFRSs) as detailed in note 3.19 of the notes to the financial statements.

2.12 MANAGEMENT COMMITTEE

The Management of the Bank has the following committees responsible to develop goals, strategic plans, policies, and making decisions on the direction of the business as well as engaging itself in acts related to the ordinary course of the Bank's business or carrying out activities in conformity with the budget and strategic plan approved by the Directors:

- Management Committee (MANCO);
- Asset and Liability Committee (ALCO);
- Audit, Risk and Compliance Committee;
- Management Credit Committee (CREDCO);
- Appointments and Remuneration Committee;
- ICT Steering Committee;
- Business Development Committee;
- Management Tender Board Committee; and
- Loan Portfolio Quality Committee;

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.13 MANAGEMENT TEAM

The management of the Bank is under the Managing Director (MD), assisted by the following:

Title	Role
Chief of Staff	Manage the Managing Director's office, including plans and follow up with Management team in implementing the Managing Director's directives.
Director of Finance	Supervisor of all financial decisions, responsible for preparation of financial results of the Bank, leader of treasury team, Credit Administration, Smallholder Credit Guarantee Scheme, and resources mobilization
Director of Planning, and Research	Leader of planning and research
Head of Risk and Compliance	Leader of risk and compliance team, chief implementer of risk ant compliance related strategic directives
Director of Credit and Business	Leader of business team, credit appraisal team, zonal offices and recovery team
Head of Legal and Company Secretary	Leader of legal team, chief representer of the Bank in all legal preceding and act as Secretary during Board Meeting
Head of Human Capital and Administration	Leader of human resource, chief implementer of staff related strategic directives and administration related strategic directives
Head of Information and Commination Technology	Leader of Bank information and communication technology and primary implementer of technology directives
Manager, Procurement & Stores	Leader of procurement related activities and Chief implementer of Procurement plan.

The Head of Internal Audit (HIA) reports directly to the Board through the Audit, Risk and Compliance Committee. However, the HIA also reports to the MD for administrative purposes.

Set out in the table below, are the names of the Management team:

S/N	Position	Name
1	Managing Director	Mr. Frank Nyabundege
2	Chief of Staff	Ms. Colleta D. Ndunguru
3	Director of Finance	Dr. Kaanaeli G. Nnko
4	Ag. Director of Planning, and Research	Mr. Mkani Waziri
5	Head of Risk and Compliance	Mr. Kassim Bwijo
6	Ag. Director of Credit and Business	Ms. Afia Sigge
7	Head of Legal and Company Secretary	Dr. Edson Rwechungura
8	Head of Internal Audit	Ms. Joyce Maduhu
9	Head of Human Capital and Administration	Ms. Noelah Ntukamazina
10	Head of Information and Commination Technology	Mr. David Nghambi
11	Manager, Procurement & Stores	Ms. Neema Madoffe

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.14 INTERNAL AUDIT FUNCTION

The Bank has an independent Internal Audit function reporting to the Board Audit, Risk, and Compliance Committee.

2.15 STRATEGIC OBJECTIVES

Tanzania Agricultural Development Bank is guided by its long-term Strategic Plan 2016-2035 in translating its vision and mission into a plan of action that would contribute to the achievement of the bank's broad goals in the next twenty years. The Plan is directed towards achieving the overarching two national broad goals that propelled the Bank's establishment namely; one, contributing to the achievement of food self-sufficiency and security; and two, transformation of agriculture from subsistence to commercial in order to effectively and sustainably contribute to economic growth and poverty reduction.

TADB envisions to be a champion development finance institution for sustainable agricultural transformation in Tanzania on a mission to catalyse agricultural transformation through innovative financing solutions in order to develop sustainable and inclusive value chains, contribute to economic growth, food security and poverty reduction.

The implementation of the Bank's Strategic Plan is made through five year medium-term strategies and annual action plans cascade from the Medium-term strategies. In the quest to achieve the Bank's broad goals, TADB is driven by the following five thematic priorities and seven strategic objectives defining TADB's strategic focus and direction to 2035;

Thematic Priority I: Catalysing Financing to Agriculture

- In response to the opportunity to enhance the flow of credit to agriculture, the following is the Bank's strategic objective guiding this thematic priority:
 - **Strategic Objective I:** "To play a leading role as an apex agricultural development bank and catalyze banks and financial institutions to increase financing to agriculture"
- Initiatives under this objective are designed to crowd-in private sector credit directed to agriculture mainly from commercial banks, community banks, and micro-finance institutions. The strategy deploys innovative instruments to enhance the liquidity of partner banks and financial institutions, allow for appropriate mix of short, medium-term and long-term facilities in financing investments and de-risk lending to the sector.

Thematic Priority II: Value Chain Development:

- Tanzania's agriculture is characterized by underdeveloped value chains with inadequate linkages between value chain actors, inadequate infrastructure and limited information flow. Given the opportunity to enhance the flow of credit to the sector, this priority targets to enhance the capacity of farmers and agribusinesses to invest in new technologies and adopt productivity-enhancing practices. To this end, two strategic objectives are adopted to achieve this:
 - **Strategic Objective II:** "To facilitate investment in productive infrastructure, mechanization, facilities of crop storage, processing, logistics and commodity trade"; and
 - **Strategic Objective III:** "To promote commercialization of small-scale farmers".

Thematic Priority III: Climate Change and Climate Smart Agriculture:

- Climate change has significant impacts on agriculture with significant risks borne by small-scale farming communities. Rising temperatures and longer growing seasons, increase the frequency and severity of heat waves and droughts, extreme weather events and change in precipitation patterns pose huge risks to production and supply chains.

One overarching strategic objective is devised to spearhead the bank's efforts to counter the impacts of climate change and support actors to respond to the impacts of climate change;

- **Strategic Objective IV:** "To enhance the capabilities of small-scale farmers, farmers cooperatives, SMEs and other actors to respond to challenges of climate change"

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.15 STRATEGIC OBJECTIVES (CONTINUED)

Thematic Priority IV: Financial Inclusion

- Women and youth comprise 46% and 44% of Tanzanians who depend on agriculture as their main source of income, respectively. However, a range of constraints hinder their access to productive resources, finance, information, and services required to be viable and competitive. An important strategic objective to this end is thus adopted:
 - **Strategic Objective V:** "To enhance access to finance, productive assets and markets for women and youth in agriculture and agribusiness".

Thematic Priority V: Capacity to Deliver

- The fifth and final thematic priority aims at building the capacity of TADB in order to effectively deliver the strategy and execute its mandate. Two strategic objectives are devised to guide activities in building this capacity;
 - **Strategic Objective VI:** "To leverage partnerships and mobilize financial resources for agricultural financing"; and
 - **Strategic Objective VII:** "To enhance institutional capacity to deliver by expanding service outreach, investing in people and systems, enhancing governance, compliance and risk management"
- Strategic initiatives under the two objectives are drawn in two broad categories one related to resource mobilization and another entailing continuous improvement in the work environment, improving the efficiency of business processes, sustaining corporate good governance and enhancing compliance and management of risks.

2.16 CHALLENGES FACED DURING IMPLEMENTATION OF OUR STRATEGY

Challenge	Risk	Bank's Response
Climate change impacts	Crop failures and complete loss of harvest. This may also lead to a Loss of collateral for our customers.	The Bank to encourage customers to Implement more climate-resilient lending practices. The bank will continue to diversify its portfolio to cover numerous agricultural commodities.
Fluctuating / uncertainty in commodity prices	Reduced agricultural income for our customers translating to increasing Non-performing loans	Bank to continue providing advisory services for risk management and link customers from one side of the value chain to the other.
Increased competition from other Financial Institutions	Market pressure driving interest rates down resulting in reduced income.	The bank to continue to enhance product offerings and customer service and Strategically market our initiatives to differentiate from others.
	Lending to one sector (agriculture value chain) and failing to take advantage to lend to other growing and much profitable sectors	The agriculture value chain is huge and The Bank will continue to offer more unique and targeted products to reach more of its customers and ensure year around business instead of seasonal.
Technology enhancements	Increase costs of technology investments may impact returns	The Bank will continue to seek out strategic partners in the tech sector to offer more customised products at a reduced cost to the Bank.
Regulatory changes	Compliance challenges leading to Increased operational costs	The Bank has established a dedicated compliance team that will work closely with our regulators to ensure the Bank is updated on regulatory requirements
High costs of funding	Reduction in profit margins which may impact return on capital	The Bank continued to leverage on its brand, political connection and historical performance in its resource mobilization efforts.
Russia / Ukraine conflict	- Disruption of global supply chains - Increased commodity prices	the Bank to continue monitoring geopolitical developments and proactively anticipating the impact to its customers in the agriculture value chain

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.17 STAKEHOLDER RELATIONSHIP

At TADB, our sustainable performance hinges on fostering strong collaboration with our stakeholders. We prioritize nurturing relationships that extend beyond the ordinary provision of banking services. Our stakeholders encompass a broad spectrum, including existing and prospective shareholders, customers, regulatory authorities, service providers, partner DFIs (Development Financial Institutions), banks, and our dedicated employees. By engaging with each stakeholder group effectively, we aim to build enduring partnerships that drive mutual growth and prosperity while fulfilling our mission to serve Tanzania’s agricultural sector and beyond.

The Bank thrives on the support of its shareholders who contribute capital, empowering the Bank to generate value within the financial landscape of the country. By leveraging these resources effectively, the Bank not only enhances its own value but also contributes to the overall economic growth.

In the fiscal year ending on December 31, 2023, the Bank demonstrated significant progress in augmenting shareholder value through strategic measures. This included robust growth in retained earnings and a proposed dividend, as outlined in section 2.9 of our financial report. These achievements reflect our commitment to sustainable growth and the fulfilment of our obligations to our valued shareholders.

2.18 RESULTS

The Bank’s financial results for the year are set out on page 44 and summarized below:

	2023	2022
	TZS ‘000	TZS ‘000
Profit before tax	18,785,270	15,637,978
Tax expense	(5,221,094)	(4,448,975)
Profit after tax	13,564,176	11,189,003

2.19 DIVIDENDS

Dividend of TZS 600 million in respect of the financial year 2022 was approved and paid during the year 2023. The Directors propose a payment of dividend amounting to TZS 850 million for the year ended 31 December 2023. (2022: TZS 600 million).

2.20 PERFORMANCE FOR THE YEAR

The Bank recorded a pre-tax profit of TZS 18.79 billion, representing a 20% year-on-year increase from TZS 15.64 billion in 2022. This was also 8% above the budget of TZS 17.40 billion planned for the year. The increase is largely credited to growth in loan portfolio, which led to increased interest and non-interest revenue. Additionally, our dedicated focus on managing costs effectively has greatly enhanced operational efficiency, thereby contributing to our overall financial achievements.

2.20.1 Operating Income

Operating income, comprising net interest income (TZS 35.64 billion) and non-interest income (TZS 7.73 billion), experienced a notable increase in 2023. The total operating income surged by 18% to reach TZS 43.37 billion, compared to TZS 36.83 billion in 2022. This trended above the budget of TZS 43.11 billion by TZS 0.26 billion. This growth primarily stemmed from higher interest income generated from investments in government securities, placement, and customer loans and advances. Throughout the year, the Bank disbursed approximately TZS 161.6 billion to support various production, agro-processing, storage facilities, and aggregation sectors. Additionally, non-interest income saw a significant 82% rise, attributed to the expansion of the loan book.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.20 PERFORMANCE FOR THE YEAR (CONTINUED)

2.20.2 Credit impairment and non-Performing Loans (NPL)

As of 31 December 2023, the Bank NPL ratio was 3.78% (2022: 5.86%) which is below the Bank of Tanzania threshold of 5%. The improvement in NPL ratio from previous year was due steps taken such as increasing credit monitoring, tightening credit standards, and diversifying loan portfolios. The Bank expects remain within the statutory limit in 2024 and beyond.

2.20.3 Administrative Expenses

During the year, total administrative expenses reached TZS 22.78 billion, reflecting a 34% increase from the prior year’s levels of TZS 17.06 billion, or TZS 5.71 billion. This was also within the budget for the year of TZS 22.87 billion. This growth was primarily driven by a surge in business activity, as well as the Bank’s ongoing investments in new zonal offices (Mtwara and Arusha launched in 2023), Tabora (to be launched in 2024) and additional headcounts aimed at aligning its operations with its strategic intent.

2.20.4 Statement of cash flow

During the year under review the investments of the Bank were financed by shareholders capital as well as managed funds and borrowings from domestic and international sources. Managed funds (special funds) increased to reach TZS 85.72 billion (2022: TZS 61.76 billion), while borrowings increased to reach TZS 158.19 billion (2022: TZS 52.38 billion) largely attributed to the inflow of funds from AFD (Euro 30 million and TZS 20 billion from PSSSF).

The Bank used a net cash of TZS 60.68 billion (2022 generated: TZS 109.49 billion) in its operating activities. The cash used in investing activities was TZS 4.75 billion (2022: TZS 13.32 billion).

2.21 SOLVENCY

The Bank’s state of affairs as at 31 December 2023 is set out from page 47 of these financial statements. The Board of Directors considers the Bank to be solvent within the meaning ascribed by the Companies Act, 2002.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.22 KEY PERFORMANCE INDICATORS

The following Key Performance Indicators (KPIs) are effective in measuring the delivery of the Bank's strategy and managing the business.

Performance indicator	Definition and calculation method	2023	2022
Profitability ratios			
Return on equity	Profit after tax/Total equity	4.30%	3.70%
Return on assets	Profit after tax /Total assets	2.20%	2.50%
Efficiency ratios			
Cost to income ratio	Total costs/Total Income	52.51%	46.31%
Interest margin on earning assets	Total interest income/ (Investment in government securities + inter-Bank loan receivables + net loans, advances and overdrafts)	6.67%	8.76%
Non - interest income to Gross income	Non - interest income/Total income	17.82%	11.04%
Non - performing loans to gross loans	Non-performing loans/gross loans and advances	3.78%	5.86%
Earning assets ratio	Earning assets/Total assets	96.06%	85.40%
Net interest income growth	(Current year net interest income/ prior year net interest income) - 1*100	8.77%	9.77%
Liquidity ratios			
Asset growth	(Current year total assets/ prior year total assets) - 1*100	37.55%	23.41%
Loans growth	(Current year net loans and advances/prior year net loans and advances) – 1*100	25.38%	73.63%
Capital adequacy ratios			
Tier 1 Capital	Risk weighted assets including off-statement of financial position items/Core capital	68.73%	96.81%
Tier 1+Tier 2 Capital	Risk weighted assets including off-statement of financial position items/Total capital	68.73%	96.81%

Non-financial Performance

- The successful launching of its 5 year Mid- Term Strategy 2023 – 2027In collaboration with the Bank of Tanzania (BOT), the Bank has managed to launch its Agricultural Finance Professional Certification programme
- Launch of Southern Branch (Mtwara) in June 2023, which was inaugurated by the Prime Minister (MP) HE. Kassim Majaliwa Majaliwa and Northern Zonal Office (Arusha) in December 2023.
- Transfer from Domestic Revenue Department to Large Tax payers Department
- The Strengthening of the Smallholders Credit Guarantee Scheme (PFI's on board reaching 17 (Coverage: 27 regions & 127 districts)

2.23 FUTURE DEVELOPMENT PLANS

The Bank will continue to improve its profitability through the introduction of innovative products, focusing on value-added customer services and selective expansion of its networks while at the same time carefully managing both costs and risks. The Bank will continue to focus on improving productivity and introducing new products to the market.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.23 FUTURE DEVELOPMENT PLANS (CONTINUED)

The Bank successfully rolled out its Medium term Strategy 2023 – 2027 that covers the Five (5) which we have envisioned to be a champion development finance institution for sustainable agricultural transformation in Tanzania. Through this strategy, we plan to catalyze agricultural transformation through innovative financing solutions in order to develop sustainable and inclusive value chains, contribute to economic growth, food security and poverty reduction

2.24 SHAREHOLDERS OF THE BANK

The total number of shareholders during the year which has not changed since the beginning of prior year was one shareholder (2022: one shareholder). The shares of the Bank are held as follows:

Name of the shareholders	No. of Shares	TZS (million)	Percentage Shareholding
1.Treasury Registrar*	268,202,304	268,202,304	100%
	268,202,304	268,202,304	100%

*The Treasury Registry own share on behalf of the Government of United Republic of Tanzania.

2.25 STOCK EXCHANGE

The Bank is not listed on any stock exchange market.

2.26 CAPITAL STRUCTURE

The Bank's capital structure for the year under review is disclosed in note 35 to the financial statements. Details of the capital management and regulatory capital are disclosed in Note 5.5.

2.27 MARKET COMPETITION

Despite facing challenges such as foreign currency scarcity, the banking industry in Tanzania, particularly the TADB, maintained its competitive edge and displayed optimism for the future. As the cornerstone of the financial sector, banks exhibited robust liquidity, profitability, and capitalization. Throughout the review period, Banks witnessed notable growth in deposits, assets, and loans.

This upsurge in assets mirrored the increase in deposits, fuelled by the expansion of the agent banking model and the introduction of a diverse array of financial products and digital banking services.¹

Banks experienced an enhancement in asset quality, evidenced by a decline in nonperforming loans (NPLs) from 5.2% in September 2023 to 4.8% in December 2023, below the regulatory threshold of 5%. This trend is expected to persist as banks implement strategies to further fortify asset quality.²

Moreover, stress testing revealed the resilience of the banking sector against various risk factors, including baseline, adverse, and severe scenarios. This resilience underscores the industry's ability to navigate challenges and maintain stability, further instilling confidence in stakeholders.

Overall, TADB's performance reflects its adaptability to market dynamics and commitment to enhancing financial services, positioning it favourably for continued growth and sustainability in the evolving banking landscape of Tanzania.

¹ <https://ticgl.com/2023/10/02/tanzania-banking-sectors-market-dominance-2023-2024/>

² Bank of Tanzania (BoT) Monetary Policy Report for January and February 2024

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.28 LEGISLATIVE AND REGULATORY ENVIRONMENT

The regulatory environment in Tanzania's financial sector is characterized by a framework designed to promote stability, transparency, and accountability. In October 2023, the Bank of Tanzania issued the Banking and Financial Institutions (Liquidity Management) Regulation 2023, the Banking and Financial Institution (Prompt Corrective Actions) Regulation 2023 and the Banking and Financial Institution (Capital Adequacy) Regulation, 2023.

These regulations have been developed in line with requirements of Basel II and III standards. While Basel II saw the introduction of Capital charge for Operational Risk, Basel III Improves on Basel II, by changing how we compute Capital adequacy ratios and introduces the Common Equity Tier 1 capital as detailed in table below.

S/N	TYPE OF CAPITAL	BASEL	BOT
1	Common Equity Tier 1	4.50%	8.50%
2	Additional Tier 1	1.50%	1.50%
3	Tier 1 (Core capital)	6%	10%
4	Tier 2	2%	2%
5	Total Capital	8%	12%
6	Capital Conservation Buffer (CCB)	2.50%	2.50%
7	Total Capital + CCB	10.50%	14.50%

2.29 ECONOMIC UPDATE

GDP – The Tanzanian economy has enjoyed a strong post-pandemic recovery despite a challenging external environment. According to the Monetary Policy Committee (MPC), the real GDP trended at around 5.1% in 2023. AfDB estimates that real GDP growth is projected to rise to 6.3% in 2024, driven by the sustained recovery in tourism and gradual stability in supply and value chains. TADB foresees that agriculture will continue to play a pivotal role in both output and employment in 2024 with internal estimates showing agriculture to account for more than 30% of the total GDP and 70% of employment.

Inflation – The domestic economic environment provides a promising outlook, with inflation stabilizing at 3.0% in December 2023, down from the 4.8% recorded during the same period in the previous year. The main drivers to the lower inflation rate are the easing of global commodity prices, the government subsidies on fuel and fertilizer. In addition, the Bank of Tanzania implemented a monetary policy, which was intended to limit inflationary pressures while safeguarding economic growth.

Bank Deposit Rates and Lending Rates - In the year 2023 deposits rates showed a mixed trend as the overall average deposit rate increased to 7.64% from 7.28% reported in November 2022. On the other hand, the negotiated deposit rates decreased from 9.50% in 2022 to 9.15% as at the end of November 2023.

During the year under review, interest rates charged by Banks on loans trended downward. As at November 2023 the overall lending rate average decreased to 15.38% from 16.08% recorded a year earlier. Likewise, during the same period, negotiated lending rates decreased from 13.95% to 13.29%.

Exchange Rate – The Monetary Policy Committee (MPC) also observed that, the economy experienced shortage of the foreign exchange, particularly the US dollar, due to the global shocks. The interbank cash market (IBCM) continued to facilitate trading of the shilling liquidity across banks. Consistent with the foreign exchange liquidity situation, the shilling traded at an average rate of TZS 2,516 per US dollar, this was equivalent to an annual depreciation of 8.4%, from TZS 2,320.23 per US dollar traded in December 2022. Despite the nominal depreciation, there was no significant exchange rate misalignment, as the real effective exchange rate moved close to its long-run trend.

Treasury Bills Rates - Overall, the auctions held in December were under subscribed by 32.72%; this is indicative of the market's low demand for T-Bills. The overall average yield for the month decreased slightly to 8.73% from the average of 8.77% that was recorded in November 2023.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.29 ECONOMIC UPDATE (CONTINUED)

Climate change – According to the International Monetary Fund (IMF)³ report released in April 2023, stated that Tanzania is highly vulnerable to climate change and at the bottom quartile of readiness score to address its impacts in the global sample. Tanzania is a major food producer, and heavily depends on rain-fed agriculture, but recurrent floods and droughts are increasing in frequency and severity. The Tanzanian authorities acknowledge climate change as a major challenge and are seeking to boost resilience, but the implementation of such plans is at its infancy.

The Government announced in parliament its plans to increase expenditures by 4.4% for the 2023/2024 financial year to accommodate the country's growing development needs. Adaptation to climate change should be given similar priority in budget discussions (as is given to urgent short-term issues) so as to ensure that climate action is treated as an urgent national issue rather than a ministry issue and so mitigate the risks it poses to Tanzania's economic development progress.

TADB aims to recognize, assess, control, and oversee financial risks linked to climate change that could impact the Bank's activities. The Bank is dedicated to enhancing the handling of these risks while enhancing the visibility of associated information. In pursuit of this objective, TADB has developed a policy titled 'Climate-Related Financial Risk Management Policy' that outlines the framework for addressing such risks

2.30 RESOURCES

The Bank is working to realise its vision and mission of becoming a champion development finance institution for agricultural transformation in Tanzania. To achieve this, the Bank has effectively deployed its capital in the form of Financial, Human, intellectual, natural and social capital

2.30.1 Financial Capital

Maintenance of adequately financial capital is the fundamental principal of government board of the Bank to optimize operations. The financial capital of the Bank both debt and equity increased optimally compared to the preceding year. The increase was due to enhanced relationship between those charged with governance and shareholders, customers and employees of the Bank through optimization of available resources

2.30.2 Human Capital

Those charged with governance ensures that Human capital is adequately available all the time and distributed to all Service delivery to ensure at most customer experience this included skill and innovative employees through motivated team work.

Over the past year, human capital witnessed growth (24 full time employees) to support the TADB's expansion initiatives. Short-term staffing requirements were met through internship programs, while long-term needs were addressed through strategic hiring practices, encompassing both contracted and permanent employment opportunities.

2.30.3 Intellectual Capital

Intellectual capital comprises the Bank's brand perception, its intellectual property, and its overall capacity to be innovative in the provision of its products and services. At TADB, our intellectual capital includes highly talented human capital, integrated footprint, and innovation capabilities. We strive to maintain a favourable image, solid reputation to the first financial institution our customers think about when it comes to agriculture.

2.30.4 Natural Capital

Natural capital encompasses the natural resources that we employ in our value creation to our stakeholders. We are committed to employing the natural resources in a responsible way, ensuring that we minimize negative impact on the resources. The Bank recognizes its responsibility to achieve global climate goals and is investing optimally to ensure systemic change. We have developed frameworks and practices to consider the direct and indirect impact of our operations on natural resources and we will continue to identify effective ways to use and manage the natural resources which are available to us more efficiently.

³ IMF report: Building Resilience to Climate Change

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.29 ECONOMIC UPDATE (CONTINUED)

2.30.5 Social Capital

We forge and maintain close relationships with our stakeholders in the communities we operate. This helps understand their expectations and engage responsibly in a way that ensures satisfaction leading to support

We maintain strong and positive relationships with our regulators and key stakeholders, including the Government of Tanzania. The relationships have been deepened through enhanced engagements to support the Bank's overall mission

2.31 TREASURY POLICY

The Bank maintains a well-documented treasury policy that outlines approved Treasury activities in the Bank and how various risks that arise from such dealings together with other banking activities are identified, measured and managed. These, among others, include liquidity risk and market risk which touches on foreign exchange risk and interest rate risk.

Regulatory ratios and internal limits on the above stated risks are stipulated in the policy to enable an efficient monitoring of compliance.

The treasury team provides monthly reports to ALCO to evidence compliance with the policy. Any incident where a guideline has been breached is reported by the treasury functions to the Treasurer who then escalates the breach to ALCO members and Bank Management for immediate actions. The following sections are covered in the Treasury policy:

1. Liquidity Management

Liquidity management evaluates the Bank's ability to meet its commitments as they fall due and whilst maintaining confidence in the market to be able to replace funds when they are withdrawn. In the everyday business-as-usual environment, the availability and provision of such funds should arise in an orderly fashion under both normal and stressed conditions without incurring unacceptable losses or risking damage to the TADB's reputation.

Liquidity risk arises in the general funding of the Bank activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate timeframe.

The Bank has access to a diverse funding base. Funds are raised using a broad range of instruments including long term deposits from the Development Financial Institutions, stakeholders' and Government. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds.

The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

The Bank manages liquidity risk both on a short-term and medium-term basis. In the short-term, the focus is on ensuring that the cash flow demands can be met through asset maturities. In the medium-term, the focus is on ensuring the statement of financial position remains structurally sound. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Bank strategy.

The Asset and Liability Committee (ALCO) is responsible for ensuring that the Bank is self-sufficient and are able to meet all their obligations to make payments as they fall due by operating within the set liquidity limits. It also has primary responsibility for compliance with regulations, policy, and maintaining a Contingent Liquidity Plan that addresses Liquidity crisis. The TADB liquidity risk management framework requires limits to be set for prudent liquidity management. All limits are reviewed at least annually, and more frequently if required, to ensure that they are relevant given market conditions and business strategy.

Liquidity management evaluates the Bank's ability to meet its commitments as they fall due and whilst maintaining confidence in the market to be able to replace funds when they are withdrawn.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

- Day-to-day funding, managed by monitoring future cash flows to ensure that daily obligations can be met.
- Maintaining a portfolio of highly liquid and marketable securities that can easily be liquidated as protection against any unforeseen interruption to cash flows;
- Managing the concentration and profile of debt maturities;
- Diversification of funding base;
- Maintaining a robust and effective contingency funding plan.
- The Bank's funding profile is well diversified across different sources, maturities and currencies. This is done to ensure the Bank can meet all of its obligations as they fall due.

2. Market Risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk to TADB refers to the risk resulting from movements in market prices, in particular, changes in interest rates, foreign exchange rates, and equity and commodity prices.

- The interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- Foreign Exchange Rate Risk: arising from changes in currency exchange rates and implied volatilities on foreign exchange options;
- Commodity Risk: arising from changes in commodity prices and implied volatilities on commodity options; covering agriculture as well as commodity baskets;
- Equity Risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options;
- The Bank has market risk policies and procedures with an objective to obtain the best balance between risk and return whilst meeting customers' requirements.

The Bank has stringent controls and monitoring mechanisms in place to limit its exposure to market risk in line with its treasury policy.

2.32 RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibility for the Bank's system of internal financial control, including taking reasonable steps to ensure that adequate systems are being maintained. Internal control systems are designed to meet the particular needs of the Bank, and the risks to which the Bank is exposed, with procedures intended to provide effective internal financial control. However, it is recognized that such a system can only provide reasonably, but not absolute assurance against material misstatement.

The Board has reviewed the Bank's internal control policies, procedures and is satisfied that appropriate controls and procedures are in place.

The Board has put in place a comprehensive risk management framework to identify all key risks, measure these risks, manage the risk positions and determine capital allocations. The policies are integrated into the overall management reporting structure.

The Bank's performance trend is reported regularly to the Board of Directors and includes an analysis of performance against budget and prior periods. The financial information is prepared using appropriate accounting standards, policies, and procedures which are applied consistently.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.32 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The Bank has an internal audit department, which is an independent function that reports to the Board Audit, Risk, and Compliance Committee and provides an independent assurance that the Bank and business standards, policies, and procedures are being complied with.

The Bank has a Risk and Compliance department that performs a centralized risk management coordination function in the Bank and reviews the compliance framework to ensure a high degree of compliance with the regulatory requirements and internal policies and procedures in the course of carrying out the Bank's business at all times.

2.32.1 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or external events, including the legal risk. The Bank can be impacted from a range of operational risks which are inherent in the Bank's strategy and business model. Fraud, whether internal or external, is also a subset of operational risk. The number and value of fraud cases within the Bank are quite low when compared to overall customer numbers, balances, and transaction volumes. This is due to the Bank being able to implement several stringent controls including preventive and detective measures.

The Bank's objective is to manage operational risks to balance the avoidance of financial losses and damage to the Bank's reputation with all cost effectiveness and innovation. In all cases, Banks require compliance with all applicable legal and regulatory requirements.

Risk management practices help the business grow safely and ensures governance and management of operational through the delivery and embedding of effective frameworks and policies, together with continuous oversight and assurance.

The Bank continues to ensure the operational risk policy supports the business and functions in effectively managing risk and controls within risk appetite to meet its strategic objectives.

Overall, the Bank Operational Risk profile has remained stable with the quality of risk understanding and identification improving. Operational Risks remain heightened in areas such as System integrations, Data Management, and Information and Cyber Security. The Bank continues to enhance its operational resilience and defences against these risks,

The Board of directors has delegated the responsibility for operational risk to its Bank Operational risk team under Risk and Compliance department. The responsibility is supported by the overall Bank standards for the management of operational risk in the following areas:

- requirement for appropriate segregation of duties, including the independent authorization of transactions;
- requirement for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- requirement for reporting of operational losses and proposed remedial action;
- development of contingent plans, training and professional development; and
- Ethical and business standards; and risk mitigation, including insurance where this is cost effective.

The programme of periodic reviews undertaken by internal audit supports compliance with the Bank standards. The results of internal audit reviews are discussed with the operational risk team and submitted to the Board Audit, Risk and Compliance Committee of the Bank

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.32 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

2.32.1 Operational risk (Continued)

The operational risk mitigation is in line with the Operational Risk Appetite of the Bank. Risk appetite and scenarios are forward looking and are used strategically to help planning and business management. This is supported by Risk and Control Self-Assessment (RCSA) which is a top-down, complete and consistent approach to risks and controls management process.

The RCSA process involves objective assessments of risks based on client impact and likelihood, more focus on material risks, more thinking on control design rather than simply testing, and tools to allow the Bank to prioritise actions. When an operational risk event occurs, rapid escalation and root-cause reviews are tracked to completion. People are skilled and rewarded for good risk management behaviour. The data and system encourage good risk management behaviour. Second line of independent review is risk-based and proportionate.

The Bank has a nominated staff responsible for the oversight of each material operation risk from each department/unit and Zonal offices namely Risk Champions. The responsibilities of the risk champions include risk identification, proposing risk mitigations, monitoring, reporting risk and promoting risk awareness and culture within their department/unit. Risk Champions across different department of the Bank help to enhancing the overall risk management framework by fostering a proactive approach as a result contributing to the TADB resilience and sustainability.

The operational risk related to Information Communication Technology (ICT) is being managed through the ICT-steering committee which is mandated by the management to oversee the information and communication technology acquisition, implementation and operations for the Bank and advice on ICT Investments.

The Bank implements an Incident management approach to addressing and resolving incidents or disruptions to minimize their impact on operations. The timely identification, recording, management and reporting of operational risk incidents is key to the management of operational risk. The Risk Function ensures that these incidents are appropriately categorized in accordance with the appropriate best practice business taxonomies.

2.32.2 Compliance risk

The risk to earnings and capital arising from violations of, or non-compliance with laws, rules, regulations, internal Bank policies and authority levels, prescribed practices, and ethical standards. Management continually and robustly ensures that the Bank complies with relevant laws, rules, regulatory requirements, and other internal procedures via several stringent controls. TADB arranged its affairs in a prudent manner in order to appropriately mitigate its compliance risk.

TADB Bank has zero tolerance to breaches of compliance statutory, regulatory and supervisory requirements. Whilst recognizing that regulatory non-compliance cannot be entirely avoided, the Bank strives to reduce this to an absolute minimum. Procedures for identifying, assessing, monitoring, controlling and managing compliance risk are covered in the Bank's compliance regulatory universe and compliance risk management plan; standards, manuals and other existing related compliance policies such as Outsourcing policy, KYC & AML& CFT Policy.

The Board of directors has delegated the responsibility for compliance risk to its Bank Compliance risk team under Risk and Compliance department. The responsibility is supported by the overall Bank standards for the management of compliance risk in the following areas;

- Requirement for implementing the compliance risk management system;
- Requirement for establishing an effective organizational structure for compliance risk management, and be in regular contact with employees that are directly responsible for conducting compliance risk management (institution's compliance staff and lawyers);
- Requirement for ensuring that all employees are working in order to protect the institution's reputation;
- Requirements for ensuring that sufficient human and technical resources are devoted for compliance risk management; and

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.32 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

2.32.2 Compliance risk

- Requirements for Ensuring ongoing compliance training that covers compliance requirements for all business lines, particularly when entering new markets or offering new products.

Compliance Risk Mitigations

The Bank develops and deploys relevant policies and procedures setting out requirements and controls for adherence to ensure continued compliance with applicable laws and regulations.

The installation of appropriate processes and controls is the primary tool for the mitigation of Compliance Risk. TADB is continuing to foster a culture of compliance, ongoing monitoring and review processes, and continuous improvement efforts to adapt to evolving regulatory landscapes and emerging risks.

2.32.3 Credit risk

Credit risk is the risk of loss arising out of failure of counterparties to meet their financial or contractual obligations when due. It is composed of counterparty risk, concentration risk, and country risk.

Credit Risk Mitigations

The Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral against loans and other registered securities over assets, credit insurance and guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

The Bank structure the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, sectorial concentration limits and to geographical.

The management of the Bank's credit risk is vested in the Directorate of Business and Credit under the supervision of the Credit Committee. The internal audit unit undertakes regular audits of the credit processes and management.

Market Risk Mitigations

The Bank has market risk policies and procedures with an objective to obtain the best balance between risk and return whilst meeting customers' requirements.

TADB conducts Stress Testing to determine whether a system or TADB has the ability to withstand plausible severe adverse market conditions. The Bank has stringent controls and monitoring mechanisms in place to limit its exposure to market risk.

2.32.4 Strategic risk

Strategic risk concerns the consequences that occur to current or prospective risk in earnings and capital when the environment in which decisions that are hard to implement quickly or reverse quickly result in an unattractive or adverse impact. Strategic risk ultimately has two elements: one is doing the right thing at the right time (positioning) and the other is doing it well (execution). Strategic risk includes the risk that the Bank's strategy may be inappropriate to support sustainable future growth. The Bank has strong controls in place to mitigate strategic risk, including regular strategic risk reviews at Board and Management levels.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.32 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

2.32.4 Strategic risk

Strategic Risk Mitigations

The Bank has strong controls in place to mitigate strategic risk, including regular strategic risk reviews at Board and Management levels.

2.32.5 Reputational Risk

The risk that an activity, action or stance taken by the Bank's officials will impair its image to customers, counter parties, regulators and/or the long-term trust placed in the Bank by its stakeholders resulting in the loss of business or legal actions against the Bank. The Bank has stringent reputation risk controls in place including very tight controls on corporate communications and messaging.

The Bank has an obligation to ensure that it performs its functions and maintains its reputation as a Financial Institution in line with requirements. The Bank's management ensures that to the best of its ability fulfils its responsibilities. The Bank adheres to the best practices and applies principle of sound corporate governance. It also ensures that all relevant employees have clear understanding of the appropriate processes in respect of the best practices and principals of good governance.

The Bank therefore sets out policies and procedures that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's management for control and compliance monitoring.

The senior management of the Bank has the necessary freedom and discretion to exercise day-to-day activities and functions of the Bank. However, this freedom is exercised within the context of duties of good governance and by ensuring a proper balance between accountability and the best interests of the Bank and its various stakeholders.

Reputational Risk Mitigations

The Bank has strong controls in place to mitigate reputational risk protect TADB's brand reputation, build trust with stakeholders, and sustain long-term success in a competitive marketplace.

2.33 EMPLOYEES' WELFARE

As a Bank, we recognize that our people are our greatest resource. The Bank's commitment in ensuring staff engagement continues to be very high, with good working relationships between management and employees, as well as between employees and their supervisor's/line managers. Open communication through quarterly staff meetings, workers council, departmental meetings, and access to dedicated Human Resources Business Partners have continued to enhance relations.

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

The Bank has further improved staff provision for medical services with a wide range of supplementary medical services continued to be offered. The Bank encourages physical health activities through TADB Fit Club. Staff are able to participate in aerobics and other physical exercises through a trainer at the Bank's premises.

The Bank has continued to support staff mental health programs through quarterly engagements, financial literacy awareness, communicable and non-communicable diseases as well as preventive measures and screening for breast cancer as well as cervical cancer for employees.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.33 EMPLOYEES' WELFARE (CONTINUED)

2.33.1 Training

To achieve our vision, Intellectual capital is an intangible asset that contributes to TADB's financials and non-financials (developmental) performance. In 2023 the Bank focused on enhancing technical capabilities in agricultural lending and positioning as a DFI. The Bank launched its first internal Credit School Program that will be running on yearly basis.

The Bank's commitment in developing strong Leadership skills is ongoing. The programs in Leadership Development included leadership courses for management team members, tailored female leaders' program as well as change management programs for emerging leaders were nominated staff attended.

Exposure programs were also conducted for selected business and credit team members, while other programs in areas of compliance and governance, audit as well as continuous development programs for Human Resources and Administration Practitioners, Legal, Audit, Finance and other professionals across the Bank were held.

The Bank continues to encourage a culture of self-development through online learning through LinkedIn. The TADB's Lounge has continued to be a connector in sharing ideas and thoughts among staff.

2.33.2 Medical assistance

The Bank continues to provide supplementary medical benefits to all staff and through its Human Resources and Administration team ensures that staff medical matters are attended to timely, at highest confidentiality through strong relations built by the Bank with the health insurance provider.

2.33.3 Health and safety

The Bank's culture of health and safety is continuing to be upheld, with mandatory awareness programs conducted by relevant authorities on yearly basis, precautionary measures taken on

physical security as well as training, provision of working tools, alerts on precautionary measures to be taken in events of diseases are shared on time as well as execution of cleaning protocols to ensure our staff are in safe working environments.

2.33.4 Financial assistance to staff

Various types of Loans are available to all employees and governed by the Staff Credit Policy.

2.33.5 Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the skills and talents of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues.

2.33.6 Employees benefit plan

The Bank makes mandatory contributions to the Public Service Social Security Fund (PSSSF) which qualify to be a defined contribution plan. All staff are members of the PSSSF.

2.33.7 Employee pension benefit plan

The Bank contributes to publicly administered pension plans on a mandatory basis that qualifies to be a defined contribution plan. The number of employees on the contribution plan at end of the year was 124.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.34 GENDER PARITY

The Bank is an equal-opportunity employer. It embraces diversity and inclusion by bringing together experiences and perspectives arising from different cultures, religions, heritage, age, gender and other characteristics. Employee distribution by gender as 31 December 2023.

Gender	2023	%	2022	%
Female	38	31%	34	32%
Male	86	69%	71	68%
Total	124	100%	105	100%

2.35 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 34 to these financial statements.

2.36 POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year. Instead, the Bank disbursed TZS 1.28 billion towards supporting various organizations, initiatives, and programs dedicated to bolstering the agriculture, fisheries, and livestock sectors. These endeavours encompass initiatives geared towards empowering women and youth across different regions of the country. Additionally, the Bank extended its support to forums aimed at enhancing leadership and governance standards within the institution.

In its commitment to socially responsible practices, TADB's business model prioritizes financing agricultural projects with significant social impacts and uplifting smaller-scale projects in surrounding areas. This approach encompasses initiatives aimed at connecting producers with off-takers and establishing value addition factories. Through such endeavours, the Bank actively contributes to the advancement of local communities, fostering a multiplier effect in improving socio-economic conditions facilitated by TADB's intervention.

2.37 ENVIRONMENTAL CONTROL PROGRAMME

The Bank recognizes that sustainable development is dependent upon a positive interaction between economic growth, social uplifting, and environmental protection. As a responsible corporate citizen, the Bank monitors the impact of its operations on the environment, which is mainly through the use of power, water, and the generation of waste. The Company minimizes its impact through the better use of its premises and inbuilt facilities to ensure that there is proper waste management.

2.38 OVERVIEW OF KEY PROJECT AND BUSINESS

- The Loan amount worth TZS 161.1 billion were disbursed during the year 2023. The loans were addressed to finance AMCOS, Co-operatives, SME's, Companies, Youth and Women projects. The key prioritized financing areas involved productivity (Input financing and Mechanized equipment i.e., tractors, combine harvesters, ploughs), Post-harvest Management (Warehouses, Cold storage facilities and Silos) and Enterprise Development to promote Agricultural Integrated Value Chain Financing Model (IVCF).
- The seven subsectors of agricultural produce that were financed comprised of 9 value chains namely: Cereals (maize, paddy and sorghum), Horticulture (vegetables, grapes and fruits), Industrial commodities (sugarcane, coffee, cotton & sisal); Livestock (dairy, beef, fish & poultry); Oil seeds (groundnuts, sunflower, palm oil) and Roots & tubers (potatoes, irish potatoes, cassava).
- In correspondence to the Government's effort to curb the post-harvest losses especially for the smallholder farmers – which accounts for up to 40% of the agricultural produce annually - the Bank financed the construction of 9 warehouses in the lake zone for cotton and Maize chains, Western zone for Paddy and Central zone for Maize and Paddy, southern highlands for Maize and Paddy, Southern for Maize and Central for Maize.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.38 OVERVIEW OF KEY PROJECT AND BUSINESS (CONTINUED)

- The Bank continued with efforts to develop and intervene in the enterprise development priority area with an ultimate goal to comprehend with Integrated Agricultural Value Chain

Financing model (IVCF). To this end, eight big projects have been fully supported financially in the Southern highlands, Southern, eastern and Lake Zone.

The financed projects under Integrated Agricultural Value Chain Financing

The financed projects under Integrated Agricultural Value Chain Financing model (IVCF) included coffee projects, Cotton projects, Dairy Projects, Beef fattening projects and Sunflower projects.

- The Bank disbursed loans worth TZS 161.1 billion for 2023 to key impactful projects. The loans disbursed benefited 28,180 smallholder farmers across the entire country.
- All seven (7) zone under TADB's operational coverage (Eastern, Lake, Southern Highlands, Southern, Central, Western and Northern) were covered.
- Fishing Subsector – TZS 613 million disbursed to support establishment of new fish farming technology in the country (In Ponds Raceways systems – IPRS). The technology addresses both the productivity and water use efficiency for fish farming. Resulting to improved production and productivity relatively to other fish farming technologies. Moreover, TZS 5.117 billion disbursed to support the purchases of modern boats to be leased to smallholder fisherman in Lindi and Tanga. TADB for the year 2023 financed four fishing projects in the Eastern Zone, Southern Highlands Zone and two seaweed projects in the Lake zone.
- Poultry – TZS 11.41 billion disbursed of which the project entails construction of modern chicken houses, investment in modern poultry equipment and access to quality chicks (Day Old Chicks) and feeds. TADB intervention in the poultry subsector is to enhance production and productivity aiming at increasing the rate of supply of eggs that are essential in improving nutrition within the local community households. Therefore, through financing poultry production TADB ensures one of its objectives is met which is reducing poverty by increasing the supply of eggs within the local markets and regional markets as well. The poultry production is expected to impact over 2,000 consumers in Dar es Salaam and over 1500 consumers within the local markets in Iringa, Arusha, Mwanza and Unguja.
- Livestock (Dairy and Beef) – TZS 4.70 billion disbursed to support modernizing dairy factory, access to improved breed for dairy cattle, cattle fattening and establishment of meat processing plant. The project aims to enhance production and productivity of raw milk and dairy products, quality beef and processing beef for local market. Moreover, the project aligns with the Tanzania Livestock Masterplan (TLMP). The Bank continues to transform Maasai livestock keepers to adopt commercial fattening. Specifically, in Coastal region, the Bank disbursed TZS 1.87 billion to 11 Maasai to implement livestock fattening for beef and link them to a commercial farmer and off taker for technical assistance and market assurance. In line with that, the Bank has facilitated purchase of land, construction of houses and cow shelters to 5 youth under youth settlement program with Solidaridad on dairy production and stable income generation.
- Horticulture Production- TZS 3.38 billion has been disbursed to horticultural sector, specifically fruits production, where Capital expenditure to finance to support installation of irrigation infrastructures and working capital for procurement of inputs. This has been done to boost horticulture value chain actors as the fruits will later be exported, hence creating impact within each actor of the value chain by boosting productivity.
- Coffee farming- A total of TZS 45.18 billion has been approved and disbursed to finance the coffee value chain sector, where the amount covers working capital for procurement of coffee pulping machines that will help improve the quality of the coffee produce as means of preventing post-harvest loss. Moreover, TADB through southern highland and Lake Zone has managed to finance the whole coffee production value chain that starts with pre-harvesting activities by provision of short-term loan to support procurement of inputs to boost production. Facilitating trade financing, for procurement of the already harvested coffee parchments to avoid side selling of the produce and ensure they reach the intended market. Finally, yet importantly, providing them with medium term loan as capital expenditure procurement of coffee pulping machines and hence prevent post- harvest losses from occurring.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.38 OVERVIEW OF KEY PROJECT AND BUSINESS (CONTINUED)

The financed projects under Integrated Agricultural Value Chain Financing (Continued)

- Mechanization-TZS 872.42 million disbursed to support access to modern farming technologies and mechanization. 18 Tractors were funded to support access to mechanization by smallholder farmers and facilitate farms productivity for farmers in Morogoro, Singida and Dodoma. In Eastern zone, 4 tractors were funded to support access to mechanization to smallholder and commercial farmers that promote expansion of new farms for crop farming (sisal, paddy and maize and other cereals) in Tanga. In Western zone, one (1) , Central zone eight (8), Lake zone two (2), and northern zone one (1)units of mechanizations benefited smallholder farmers that includes tractors, trailers, combine harvester, rotavator, disc plough, ripper, harrow, thresher and Irrigation equipment were financed Rukwa and Morogoro.
- Edible Oils- TZS 21.82 billion disbursed to support farmers' access inputs and working capital for sunflower and palm oil production. Three (3) AMCOS comprised of 685 members benefited and over TZS 20.9 billion of the disbursed loans facilitated construction of solvent extraction plant to ensure efficiency in sunflower and palm oil processing. TADB intervention is in line with import substitution strategy implemented by Ministry of Agriculture in edible oils.
- Bank disbursed loans worth TZS 95.78 billion for 2023. The loans disbursed benefited 209,300 smallholder farmers in Lake Zone.
- Cashewnut – TZS 2.65 billion disbursed to cater for cashew processing activities and covering working capital financing requirements. TADB intervention in cashew chain, stood to be a cornerstone towards extension of employment opportunities in the southern circuit where by more than 1000 jobs were created directly from financed processing project in Mtwara, in line with financial empowerment of small-scale holders in Namtumbo district. The financed processing project affected positively the increase of cashew exportation volume directly to Europe leading to favourable balance of trade.
- Grapes subsector – TZS 431 million disbursed to support purchase of grapes subsector. At least 150 smallholder farmers benefited by securing market to their grapes.
- The Bank is implementing at strategic project in the dairy industry in collaboration with other stakeholders such as Land O'lakes Venture 37, Heifer International. The project is funded by the Bill and Melinda Gates Foundation. In 2023 TADB has given loans worth 20.25 billion to processors and producers of dairy products, subsidies worth 257.26 million shillings have been given to 368 milk producers from 9 co-operatives which has benefited 69,062 milk producers.
- The Bank is implementing youth farm settlement pilot project in collaboration with SOLIDARIDAD organization in Tanga region. The project aims to support youth economically through the diary sub-sector. The loan enables youth to acquire land, cow shade to accommodate 10 cows, house and purchase of cow, in 2023 the Bank has disbursed a total of 68.2 million to 5 youth for the purchase of farms, construction of houses and cow sheds and clearing of farms.

Key interventions on Improving Post-Harvest Management

For the year 2023, TADB dedicated on supporting Post-Harvest Management to align with Agriculture Sector Development Programme Phase II (ASDP II), the 5-Year Development Plan Phase III (FYDP III) and Annual Development Plans/Budgets (Ministry of Agriculture and Ministry of Livestock and Fisheries). The ultimate focus is on mitigating and curb post-harvest losses encountered by farmers due to lack of reliable and adequate storage facilities.

- TADB intervention in Post-harvest management is addressed towards both directly funding for commodity trading and supporting construction of warehouses, silos and purchase of cold storage facilities in order to curb the prevailing post-harvest challenge by farmers being 'Price takers' of which is attributed highly by lack of reliable and adequately storage facilities (warehouses, silos, and cold storage facilities for the fisheries) as they fail to possess higher negotiation power in the market
- The Bank surpassed the targeted KPI as at 31 December 2023 by 33% on financing post-harvest management facilities (Warehouses, cold storage facilities, Silos). Continuous efforts are dedicated in 2024 to enhance extension of financing volume for the post-harvest management facilities.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.38 OVERVIEW OF KEY PROJECT AND BUSINESS (CONTINUED)

Key interventions on Improving Post-Harvest Management (Continued)

- Overall Performance under the priority was mixed. A satisfactory performance was achieved in funding commodity trading directly (30 trade deals were funded directly against the annual target of 21). A satisfactory performance was also achieved in the funding of storage warehouses (nine warehouses funded against the annual target of 8). However, performance in funding silos and cold storage facilities was low with none silo and cold facilities funded against the annual target of three and five respectively. Similarly, the funding of agro-processing factories has considerably improved in relation to 2022 performance, recording 103 facilities funded during the 12-month's period in 2023 (being 221% of the annual target of 22).
- The Bank focuses to extend post-harvest management financing in 2024 across different zones in Tanzania to impact immensely smallholder's farmers with a goal to promote financial inclusion, implementation of new designed credit facility (Warehouse Receipt Financing) in order to enhance stock financing for different chains.

Key interventions on Increasing Agricultural Productivity

Performance under the priority was also mixed but skewed to good performance. Input financing of TZS 4.96 billion issued, which is 92% of the annual target, was achieved. On the other hand, satisfactory performance was recorded in funding agricultural mechanization (tractors, combined harvesters, planters etc.) with 18 mechanized units funded directly. No irrigation projects funded directly as funding of irrigation schemes has proved challenging owing to the complexities of the projects as it related to the technical, operational and sociological aspects of the same.

The Bank is in further stages of obtaining technical assistance from JICA and on boarding local irrigation engineers to further its irrigation development objectives.

The Small-holder Farmers Credit Guarantee Scheme (SCGS) highlights of 2023

Investing in the agriculture is critical to achieving country economic growth aspirations and the Sustainable Development Goals (SDGs). Yet while almost two third of the population in Tanzania and the entire Africa works in agriculture, the sector receives less than 10% of financial institutions' lending. Farmers and the Small and Medium Enterprises (SMEs), which have the potential to facilitate pathways out of poverty for smallholder farmers and low-skill workers, are especially affected. Recent studies by Dalberg report in partnership with ACELI, reported that, three in four agricultural SMEs lack sufficient access to finance and the capacity to manage it, leaving an annual financing gap of USD 65 billion (TZS 149.5 trillion) across Sub-Saharan Africa.

To address some of the challenges highlighted above, the Bank is managing the SCGS-a credit guarantee scheme that provides individual and portfolio credit guarantees of up to 70% of the principal loan value and funding to financial institutions lending to the agri-sector covering both the high-perceived risks and liquidity challenges financial institutions face.

Through the scheme, the Bank is also capacitating Banks to tailor their product offerings, create agri-lending strategy, enhance staff expertise in agriculture value chain financing, and adapt loan processes for the smallholder farmers and agri-SME market, which is mostly left out when the normal checklist is applied.

The SCGS fund was created as one of the components of the IFAD funded Marketing Infrastructure, Value Addition and Rural Finance (MIVARF) program under the Prime Minister's Office with the objective of supporting the unlocking of financing to rural economies by increasing credit access and reducing high risk perception of financing smallholder farmers.

The initial funding allocated towards SCGS through the MIVARF program was USD 25 million and due to the impact and success of the fund, in the financial year 2022, TADB signed agreements with the Ministry of Finance and Planning and Prime Minister's Office for enhancement to the SCGS fund. An additional Euro 20 million (circa USD 21.22 million) from the Agence Française du Développement (AFD) financing package amounting to Euro 80 million to be allocated towards TADB's SCGS instrument. During the year 2023, TADB received a total fund of Euro 14 million (as 1st and 2nd Tranche fund) from AFD, with this fund TADB with its partner financial institutions has increased credit access for smallholder farmers and SMEs to TZS 250.77 billion.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.38 OVERVIEW OF KEY PROJECT AND BUSINESS (CONTINUED)

The Small-holder Farmers Credit Guarantee Scheme (SCGS) highlights of 2023 (Continued)

As at 31 December 2023, TADB through its partner Banks had managed to guarantee a cumulative value of TZS 250.77 billion (out of which TADB had an exposure of TZS 118.04 billion). The value of new loans guaranteed in the year 2023 financial amounted to TZS 77.28 billion. The loans guaranteed during the 2023 financial year were mainly for farming inputs for primary production (52%) and financing MSME off-takers trading and agro-processing activities (29%) and 19% were for supplier of agro-inputs.

Cumulatively, the Bank has financed more than 19,494 direct beneficiaries, which comprised of 18,641 smallholder farmers, 316 sole proprietors, 130 AMCOs, 282 farmer groups, 9 unions, 1 partnership and 115 MSMEs. Through this facility, 38 value chains/commodities were financed in 27 regions of Tanzania (mainland and Zanzibar), these value chains include paddy, cashew nut, maize, sunflower, sugarcane, coffee, cotton, horticulture, poultry, sisal, potatoes, livestock, fishing, sesame, pulses, forestry, palm oil, pyrethrum, tea and other cereals.

As 31 December 2023, SCGS had formed partnerships with 16 Financial Institutions, which include NMB Bank Plc, Tanzania Commercial Bank Plc, CRDB Bank Plc, Stanbic Bank Tanzania, Mufindi Community Bank Plc, Uchumi Commercial Bank, FINCA Microfinance Bank, Tandahimba Community Bank, Azania Bank, National Bank of Commerce, Absa Bank Tanzania, Maendeleo Bank Plc, Kilimanjaro Co-operative Bank Limited, The Peoples Bank of Zanzibar, Equity Bank Tanzania and Self-Microfinance Fund. The program's partner financial institutions have enabled the scheme to have a wide reach to smallholder farmers through the respective institution's branch networks exceeding 700 branches.

Some of the key achievements during the year 2023 are highlighted below:

- The program continued to facilitate interest rate reductions for loans to smallholder farmers at participating financial institutions from 20% to 9%-14%. All loans supported under the cash cover modality during the 2023 financial year were priced at interest rates of between 9% - 14% hence providing beneficiaries with affordable credit access.
- During 2023 financial year, on mechanization, a total of TZS 4.11 billion funded 36 tractors, 144 power tillers, 15 Combiner harvester and two other mechanization equipment's (fishing gears and cane loaders). This promoted the use of technology and the reduction of drudgery across five value chains including maize, paddy, potatoes, sugarcane, and fishing value chains.
- During the year, SCGS supported access to markets for smallholder farmers by guaranteeing MSMEs in agri-trading and agro-processing activities, a total of TZS 13.13 billion was guaranteed, MSMEs procure from smallholder farmers hence promoting sustainable incomes and livelihoods for smallholder farmers on the ground. Additionally, value addition of agri-commodities was supported through de-risking agri-processing activities of SMEs with a total of TZS 8.56 billion in loans guaranteed by the scheme during the year.
- In 2023, TADB reviewed and improved the SCGS product aiming to scale up the fund impact, increase credit access into the agricultural sector and strengthen risk management. Among the key improvements includes, increase credit guarantee coverage from 50% to 70% for Women, Youth and climate related agri-projects (climate smart agriculture) and reduction of guarantee fee by 0.5% mainly for Smallholder farmers and Rural Microenterprises in an efforts to lower lending cost to smallholder farmers.
- In 2024, TADB will focus on increasing access to finance for smallholder farmers through its SCGS product by on boarding more partner financial institutions, with a particular focus on women and youth smallholder farmers with envisaged revisions to guarantee cover from 50% to up to 70% through the Euro 20 million AFD enhancement (Euro 14 million already received). Furthermore, the scheme through its technical assistance allocated funding amounting to USD 1.43 million (TZS 3.3 billion) shall focus on developing our partner financial institutions to provide well-structured adapted solutions for smallholder farmers through the launching of the SCGS Agri-Finance Training Program in partnership with the BOT Academy. Additionally, the Bank has earmarked digitization of the SCGS instrument to improve efficiency and service delivery to farmers and partner Banks.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.38 OVERVIEW OF KEY PROJECT AND BUSINESS (CONTINUED)

Resources mobilization and partnership success stories for 2023

According to the Bank of Tanzania (BoT) monthly report on economic updates, credit extended to agriculture continued to record the highest growth, partly due to monetary policy measures rolled out in July 2021 to support cost effective credit intermediation to agriculture and agri-business activities. However, despite this growth financing has remained as low as 8.7% of the total Share of credit to selected economic activities.

With consideration of the above, TADB has embarked on initiatives to unlock long-term and strategic investment in the agri-sector through more strategic and well-structured blended resources mobilization. In doing so, the Bank engaged various stakeholders in an effort to build strategic alliances, mobilize funds and other resources. These engagements have enabled the Bank to establish key partnerships that have impacted our clients.

The categories of stakeholder engaged ranged from Public sector actors, foreign dignitaries, consultants, local and international financial institutions, Development Partners and Non-profit organizations. The following highlight the milestones achieved by the end of December 2023.

- i. **AFD:** Following the signing of the Euro 80 million loan agreement between the Government of Tanzania and the Agence Française de Développement (AFD) on 11 February 2022, having successfully implemented the project under first drawdown and fulfilment of conditions precedent to second drawdown, TADB received the second tranche of funds amounting to Euro 30 million in November 2023.
- ii. **BMGF:** TADB is currently executing Tanzania Inclusive Processor-Producer Partnerships in Dairy project (TI3P), a USD 7 million Dairy project funded by the Bill and Melinda Gates Foundation (BMGF). TADB, alongside its partners managed to successfully deliver to the project, which resulted to BMGF approval of second drawdown amounting to USD 2.09 million in September 2023, on the same TADB hosed BMGF mission from 30 September to 7 October 2023.
- iii. **AFDB:** The Government of Tanzania approved additional funding to recapitalize TADB for the financial year 2023/2024. Subsequently, in September 2023, the African Development Bank (AfDB) conducted a due diligence mission to assess TADB and on 5 December 2023, the board of AfDB approved additional USD 66 million for TADB.

Additionally, the project is set to extend to TADB, USD 950,000 in technical assistance for the AFAWA initiative and USD 250,000 for climate risk management.
- iv. **Solidaridad:** TADB, in collaboration with Solidaridad, is currently executing a pilot project named Dairy Youth Farm Settlement in the Tanga region. TADB successfully fulfilled all Conditions Precedent for the second and final drawdown, receiving Euro 30,000 in December 2023, thereby completing the total funds from the project amounting to Euro 100,000.
- v. **JICA:** A preparatory survey for the Agriculture and Rural Development Two-Step Loan Project was conducted from September 2023. This project aims to facilitate financial intermediary functions related to agricultural and rural development finance in Tanzania and improve farmers' productivity through provision of sub-loans to farmers by extending both medium and long-term financing and capacity building to TADB.

Three missions (Contact, Fact finding and Appraisal) were conducted from September 2023 to January 2024.

A formal request for concessional loan from the Ministry of Finance was sent to the Government of Japan on 1st February, 2024, the requested amount is Japanese Yen 23.197 million.

- vi. **MoLF Wavuvi Loan:** In 2023, TADB continued to implement the fisheries project in collaboration with the Ministry of Livestock and Fisheries (MLF). For the financial year ending June, 2023, TADB received a total of TZS 25.175Bn to provide concessional loans to project beneficiaries.

The project was launched in September 2023 in Kilwa – Lindi region. In 2024 the project will be launched in Lake Zone where fish cages and boats will be distributed to Lake Zone regions.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2.39 PREJUDICIAL ISSUES

During the year ended 31 December 2023, there were no prejudicial matters to report.

2.40 STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No.1 (The Report by those charged with governance).

2.41 RESPONSIBILITY OF THE AUDITORS

Auditor is responsible to provide assurance of the correctness and consistency of each information contained in the report by those charged with governance with those provided in the financial statements.

2.42 AUDITORS

The Controller and Auditor General (CAG) is the statutory auditor of the Bank by virtue of article 143 of the Constitution of the United Republic of Tanzania, and as amplified in section 32 (4) of the Public Audit Act No 11 of 2008. Deloitte & Touché, Certified Public Accountants (Tanzania) were appointed by the CAG to audit the TADB's financial statements on his behalf, pursuant to Section 33 of the Public Audit Act, Cap 418.

BY ORDER OF THE BOARD

Approved by the Board of Directors on March 2024 and signed on its behalf by:



Mr. Ishmael Kasekwa
Board Chairperson

March 2024

Date:

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. The financial statements have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 2002. The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Bank and of its financial results in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2002 and the Banking and Financial Institutions Act, 2006 of Tanzania.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement. To enable the Directors to meet these responsibilities they set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Bank and all employees are required to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Bank is on identifying, assessing, managing and monitoring all known risks across the Bank. While operating risk cannot be fully eliminated, the Bank endeavours to minimise it by ensuring the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:



Mr. Ishmael Kasekwa
Board Chairperson

March
Date



Mr. Frank Nyabundege
Managing Director

4.0 DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2023

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance responsible for the preparation of financial statements of the Bank concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of a Bank showing true and fair view position of the Bank in accordance with International Accounting Standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I **CPA Dr. Kaanaeli Gabriel Nnko** being the Director of Finance of Tanzania Agricultural Bank hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2023 have been prepared in compliance with International Financial Reporting Standards (IFRS) and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Tanzania Agricultural Development Bank (TADB) in accordance with applicable standards and statutory requirements for the year ended 31 December 2023 and that have been prepared based on properly maintained financial records.



CPA Dr. Kaanaeli Gabriel Nnko

DIRECTOR OF FINANCE

NBAA Membership No. ACPA 2211

March

2024


5.0 FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 TZS'000	2022 TZS'000
Interest income	6	39,430,124	33,511,095
Interest expense	7	(3,789,404)	(743,969)
Net interest income		35,640,720	32,767,126
Expected credit losses (ECL)	12	(1,811,004)	(4,137,401)
		33,829,716	28,629,725
Non-interest income			
Net foreign exchange gain	8	349,874	308,651
Grants revenue	9	3,501,038	1,489,131
Fees & commission income	10	2,116,185	2,265,030
Other incomes	11	1,763,549	2,291
		7,730,646	4,065,103
Administrative expenses			
Salary and benefits	13	(10,962,699)	(9,901,947)
Other operating expenses	14	(10,508,009)	(5,796,796)
Depreciation and amortisation	15	(1,304,384)	(1,358,107)
		(22,775,092)	(17,056,850)
Profit before tax		18,785,270	15,637,978
Tax expense	16(a)	(5,221,095)	(4,448,975)
Profit for the year		13,564,175	11,189,003
Other comprehensive income		-	-
Total comprehensive income for the year		13,564,175	11,189,003

These financial statements were approved and authorised for issue by the Board of Directors on March 2024 and signed on its behalf by:


Mr. Ishmael Kasekwa
Board Chairperson


Mr. Frank Nyabundege
Managing Director

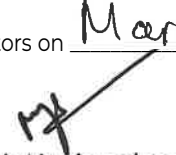
5.0 FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Notes	2023 TZS'000	2022 TZS'000
Assets			
Cash and balances with Bank of Tanzania	20	2,321,439	53,920,392
Due from other Banks	21	222,280,885	91,593,972
Investments in government securities	22	29,579,369	26,961,649
Loans and advances to customers	23	330,797,214	263,843,177
Other assets	24	11,608,503	2,417,698
Current tax assets	16(b)	1,859,979	-
Property and equipment	17	4,932,914	3,592,195
Intangible assets	18	517,927	499,119
Right-of-use assets	19(a)	726,002	629,157
Deferred tax asset	25	2,313,087	4,326,286
Total assets		606,937,319	447,783,645
Liabilities			
Special customer deposits	28	680,242	4,359,746
Special funds	29	85,716,020	61,759,040
Deferred grant income	30	42,014,412	24,012,995
Current tax liabilities	16(b)	-	88,491
Lease liabilities	19(b)	611,426	689,997
Other liabilities	27	4,581,183	2,176,690
Borrowings	31	158,193,169	52,382,969
Total liabilities		291,796,452	145,469,928
Capital and reserves			
Share capital	35	268,202,304	268,202,304
Retained earnings		45,077,946	33,974,388
Capital grants	26	-	137,025
Regulatory reserve	36	1,860,617	-
Total capital and reserves		315,140,867	302,313,717
Total equity and liabilities		606,937,319	447,783,645

These financial statements were approved and authorised for issue by the Board of Directors on March 2024 and signed on its behalf by:


Mr. Ishmael Kasekwa
Board Chairperson


Mr. Frank Nyabundege
Managing Director

5.0 FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Description Amount in TZS'000	Share Capital TZS'000	Capital Grants TZS'000	Retained Earnings TZS'000	Regulatory Reserve TZS'000	Total Equity TZS'000
Balance at 1 January 2022	268,202,304	252,172	27,209,759	-	295,664,235
Adjustment	-	-	(3,374,374)	-	(3,374,374)
Profit for the year	-	-	11,189,003	-	11,189,003
Amortization of capital grant	-	(115,147)	-	-	(115,147)
Dividend paid for year 2021	-	-	(1,050,000)	-	(1,050,000)
At 31 December 2022	268,202,304	137,025	33,974,388	-	302,313,717
Balance at 1 January 2023	268,202,304	137,025	33,974,388	-	302,313,717
Profit for the year	-	-	13,564,175	-	13,564,175
Additional capital grant	-	183,618	-	-	183,618
Amortization of capital grant	-	(320,643)	-	-	(320,643)
Dividend paid for year 2022	-	-	(600,000)	-	(600,000)
Transfer to statutory reserve	-	-	(1,860,617)	1,860,617	-
At 31 December 2023	268,202,304	-	45,077,946	1,860,617	315,140,867


Mr. Ishmael Kasekwa
Board Chairperson


Mr. Frank Nyabundege
Managing Director

5.0 FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 TZS'000	2022 TZS'000
Cash flows from operating activities:			
Profit before tax		18,785,270	15,637,978
Adjustments for:			
Depreciation and amortisation	15	1,304,384	1,358,107
Interest income	6	(39,430,124)	(33,511,095)
Grants revenue	9	(3,501,038)	(1,489,131)
Interest expense on lease liability	7	91,062	93,267
Interest on borrowings	7	3,698,342	650,702
Foreign currency exchange gain	8	(349,874)	(308,651)
Expected credit loss	12	1,811,004	4,137,401
Operating cash flow before working capital changes		(17,590,974)	(13,431,422)
Increase in loans and advances to customers and staff	23(c)	(66,291,926)	(107,930,251)
Increase in other assets	24	(9,188,281)	(618,863)
(Decrease)/increase in other liabilities	27	2,404,493	(5,814,813)
Net cash used in operations		(90,666,688)	(127,795,349)
Interest received		37,207,621	26,763,304
Interest paid borrowings	31	(1,973,699)	(390,456)
Interest on lease paid	19(b)	(91,062)	(93,267)
Tax paid	16(b)	(5,156,366)	(6,537,864)
Net cash used in operating activities		(60,680,194)	(108,053,632)
Cash flow from investing activities:			
Investment in government securities	22	(2,765,000)	(11,097,852)
Purchase of property and equipment	17	(1,861,352)	(2,224,200)
Purchase of intangible assets	18	(120,460)	-
Net cash used in investing activities		(4,746,812)	(13,322,052)
Cash flow from financing activities:			
(Decrease)/ increase in special customer deposits	28	(3,679,504)	2,835,269
Increase in special funds	29	23,956,980	5,384,628
Payment of dividends	33	(600,000)	(1,050,000)
Borrowings received	31	104,261,054	52,122,723
Payment of lease liability	19(b)	(914,156)	(867,095)
Grant received during the year	26&30	21,356,150	22,021,305
Net cash flows from financing activities		144,380,524	80,446,830
Net change in cash and cash equivalents		78,953,518	(40,928,854)
Cash and cash equivalents at beginning of the year		145,740,710	186,360,913
Effects on exchange rate fluctuations on cash and cash equivalent held		349,874	308,651
Cash and cash equivalents at end of the year	32	225,044,102	145,740,710


Mr. Ishmael Kasekwa
Board Chairperson


Mr. Frank Nyabundege
Managing Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

Tanzania Agricultural Development Bank Limited ("TADB" or "the Bank") is a state-owned Development Finance Institution (DFI) which is incorporated in Tanzania under the Companies Act, 2002, and is domiciled in Tanzania. The Bank is regulated by the Bank of Tanzania. The Bank's key roles include catalysing lending to the agriculture sector and providing short, medium and long-term credit facilities for the development of agriculture in Tanzania. The address of its registered office which is also its principal place of operation is disclosed on page 88.

2. Basis of preparation

The financial statements of TADB have been prepared in accordance with International Financial Reporting Standards (IFRS) and manner required by the Companies Act, 2002 and the Banking and Financial Institutions Act 2006. The Bank financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

2.1 Statement of compliance

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Bank financial statements are disclosed in Note 4.

2.2 Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. A distinction is made between recovery or settlement within 12 months from the current reporting date (current), and recovery or settlement more than 12 months from the current reporting date (non-current).

2.3 Going concern

The financial statements have been prepared on a going concern basis.

2.4 Functional and presentation currency

The financial statements are presented in Tanzania Shillings (TZS), which is the functional and reporting currency of the Bank.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Fee and commission income and expenses

Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not typically include multiple performance obligations.

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate. Other fees and commission income including processing fees, funds administration fees, tender documents fees, investment management fees are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

3.3 Taxation

3.3.1 Current and deferred tax

Tax expense for the period comprises current and deferred tax. Tax is recognized in the profit or loss, except to that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3.3.2 Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.3.3 Deferred tax

Deferred tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the liability method. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.3.4 Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3.4 Value added tax (VAT) (Continued)

- The net amount of value added tax recoverable from, or payable to, the tax authority is included as part of the receivables or payables in the statement of financial position.

3.4 Financial assets and liabilities

3.4.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Bank’s statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss.

All financial assets, with the exception of loans and advances to customers and balances due from other Banks, are initially recognised on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers’ accounts. The Bank recognises balances due to Banks when funds are transferred to the Bank.

3.4.2 Financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories under IFRS 9:

- Amortised cost;
- Fair value through other comprehensive income – FVTOCI; and
- Designated at fair value through profit or loss - FVTPL.

IFRS 9 requires all financial assets to be classified and measured on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessments and solely payments of principal and Interest (SPPI) test

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.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Bank’s assessment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4.2 Financial assets (Continued)

The business model assessment is based on reasonably expected scenarios without taking ‘worst case’ or ‘stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank’s original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process, the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. ‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than “de minimis” exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered to be minimal and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

At the end of both current reporting period and prior period, the Bank had only financial assets at amortised cost.

3.4.2.1 Financial assets at amortised cost

A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):

- held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4.2.1 Financial assets at amortised cost (Continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets, other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired. Interest income is recognised in profit or loss and is included in the “interest income” line item.

3.4.2.2Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Bank changes its business model of managing financial assets, in which case all affected financial assets are reclassified.

3.4.2.3Impairment of financial assets

The Bank recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The measurement basis of the ECL of a financial asset includes assessing whether there has been a Significant Increase in Credit Risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

3.4.2.4 Derecognition of financial assets

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank’s continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4.2.4Derecognition of financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

3.4.2.5Write-off of financial assets

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or source of income that could generate sufficient cashflow to repay the amounts subject to the write off. This assessment is carried out on individual assets basis.

Recoveries of amounts previously written off are recognised when cash is received and are included in other income line in the statement of profit or loss and other comprehensive income. Financial assets written off could still be subject to enforcement activities.

3.4.3 Financial liabilities

Financial liabilities are classified and measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. However, at the end of the reporting period, the Bank did not have financial liabilities at FVTPL.

3.4.3.1 Financial liabilities measured subsequently at amortised cost

Financial liabilities are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Subsequently, financial liabilities classified as amortised cost are measured at amortised cost using the effective interest method and recognised in interest expense. The Bank’s financial liabilities include borrowings, special funds and special deposits.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3.4.3.2Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above);
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4.3.3De-recognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that 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 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

3.4.3.4 Modification of financial assets and liabilities

Where an existing financial asset or liability is replaced by a new one with the same counterparty on significantly different terms, or the terms of an existing financial asset or liability are significantly modified, this is considered a derecognition of the original asset or liability. A new asset or liability is recognized at fair value, and a new effective interest rate is calculated, with any difference in carrying amounts recognized as other gains or losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.

If the terms are not substantially different for financial assets or financial liabilities, the Bank recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate.

The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).

3.5 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.5.1 Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at amount of lease liability and subsequently adjusted with accumulated amortization and impairment losses, and any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Leases(Continued)

3.5.1 Bank as a lessee (Continued)

b) Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

3.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with Banks, other short term highly liquid investments with original maturities of three months or less. For the Bank, cash and cash equivalents include: cash and non-restricted balances with Bank of Tanzania, Investment in government securities and amounts due from other Banks. Cash and cash equivalents excludes the cash reserve requirement held with the Bank of Tanzania. Cash and cash equivalents are carried at amortised cost.

3.7 Employee benefits

3.7.1 Short-term obligations

Liabilities for employee wages, salaries, and non-monetary benefits, including accumulating sick leave, that are expected to be paid within 12 months after the end of the period in which the related services are rendered, are recognized based on the employees’ services up to the end of the reporting period. These liabilities are measured at the expected payment amounts when they are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

3.7.2 Post-employment obligations

The Bank has a statutory requirement to contribute to the Public Service Social Security Fund (PSSSF), which are defined contribution schemes. The Bank contributes 15% of the required 20% of gross emoluments to the scheme and the contributions are recognised as an expense in the period to which they relate. The remaining 5% is deducted from employees. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.8 Share capital

Ordinary shares are 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. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Regulatory reserves

According to IFRS 9, the Bank must recognize the expected credit loss allowance based on the credit losses expected over the life of the asset. If there has been no significant increase in credit risk since origination, the allowance is based on the 12 months' expected credit loss. Otherwise, the lifetime expected credit loss is recognized. The 12 months expected credit loss is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. However, prudential guidelines issued by Bank of Tanzania require the Bank to set aside amounts for credit losses on loans and receivables based on its guidelines. Extra provision over and above that already recognised under IFRS 9 is accumulated under regulatory reserves through appropriations of retained earnings.

3.10 Dividend

Dividend distribution to the Bank's shareholders is recognised as a liability in the Bank's financial statements in the period in which the dividends are approved by the Bank's Board of Directors. The Annual General Meeting will decide whether to pay any dividend in line with MEMART. Dividends payment in any one year will be limited to not more than half of the profit available for distribution. Dividend will be paid directly to shareholders' Bank accounts.

3.11 Contingencies and commitment

Transactions are classified as contingencies where the Bank obligations depend on uncertain future events. Items are classified as commitments where the Bank and its subsidiary commit themselves to future transactions if the items will result in the acquisition of assets.

3.12 Capital and revenue grants

Grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset. The Bank has opted to setting up the grant as the deferred income.

When the Bank receives non-monetary grants, it records the asset and the grant separately at nominal amounts. These amounts are released to the profit or loss over the expected useful life and pattern of consumption of the underlying asset's benefit, using equal annual instalments.

Grants received from donor agencies and other private organizations of revenue nature are dealt with in the profit or loss over the period in which the related expense is incurred.

3.13 Special funds

Special funds refer to investment funds or portfolios that are actively managed by the Bank on behalf of strategic partners, including the Ministry of Finance and other stakeholders. These stakeholders share a common interest in fostering the growth and development of the agricultural sector in Tanzania. Utilization of the funds will depend on the strategic objectives set out by the stakeholder and will not be cost to the Bank.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.14 Property and equipment

3.14.1 Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items of property and equipment.

3.14.2 Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are charged to profit or loss for the year as incurred.

3.14.3 Work in Progress ('WIP')

Work in Progress consists of uncompleted projects and assets such as uncompleted software, which are not ready to be put into use. The assets under WIP are usually transferred to their specific categories when they are ready and have been put into use by the Bank. Assets under WIP are not depreciated; depreciation only begins when these assets are put into use.

3.14.4 Depreciation and useful life and impairment

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the cost of the property and equipment over their expected useful lives. The expected useful lives and annual rates of depreciation applicable to the current and prior year as set out in the below table.

S/n	Category/Class	Life in years	rate in %
1	Lease hold premises improvement	5	20
2	Furniture and fittings	8	12.5
3	Motor vehicles	4	25
4	Computer equipment	4	25
5	Office equipment	8	12.5

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3.14.5 De-recognition

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 recognised in profit or loss in the year the asset is derecognised.

3.15 Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (four years). Costs associated with maintaining computer software programs are recognised as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.16 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that suffered impairment (if any) are reviewed for possible reversal of the impairment at the end of each reporting period. No indicators of impairment were identified therefore no non-financial assets were impaired in 2023 (2022: NIL).

3.17 Related party transactions

Unless otherwise disclosed, all transactions with related parties are at market related prices. Since TABD is a state-controlled corporation, it also has a related party relationship with all other state-controlled corporations.

3.17.1 Transactions with key management personnel

Key management personnel compensations are included under staff costs. None of the key management personnel had or has any significant influence with any entity with whom the Bank has had significant transactions with. The transaction and balances with related parties are disclosed in note 34.

3.18 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.19 New and amended IFRS Standards

3.19.1 New and amended IFRS Standards that are effective for the current year ended 31 December 2023

Standards	Summary
Amendments to IAS 12 Income taxes: Interna- tional Tax Reform – Pillar Two Model Rules (issued 23 May 2023))	<p>In May 2023, the IASB issued narrow-scope amendments to IAS 12, 'Income Taxes'. This amendment was introduced in response to the imminent implementation of the Pillar Two model rules released by the Organization for Economic Co-operation and Development's (OECD) as a result of international tax reform.</p> <p>The amendments provide a temporary exception from the requirement to recog- nize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules. Companies may apply the excep- tion immediately, but disclosure requirements are required for annual periods com- mencing on or after 1 January 2023.</p> <p>The amendment did not have a material impact on these financial statements.</p>
Amendments to IAS 1 and IFRS Practice State- ment 2: Making material judgments, Disclosure of Accounting policies (is- sued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).	<p>IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment pro- vided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative exam- ples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immate- rial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amend- ment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> <p>The amendments resulted in changes in the presentation of these, primarily by re- moving significant accounting policies that do not represent material accounting policy information.</p>
Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023), Deferred tax related to assets and liabilities arising from a single transaction.	<p>The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognized. The amendments clarify that the exemption does not apply and that entities are required to recognize deferred tax on such transactions. The amendments require companies to recognize deferred tax on transactions that, on initial.</p> <p>The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.</p> <p>The amendment did not have a material impact on these financial statements.</p>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.19 New and amended IFRS Standards (Continued)

3.19.1 New and amended IFRS Standards that are effective for the current year ended 31 December 2023 (continued)

Standards	Summary
Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).	<p>The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:</p> <ul style="list-style-type: none">Effective date: The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.Expected recovery of insurance acquisition cash flows: An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.Contractual service margin attributable to investment services: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023) (continued)	<ul style="list-style-type: none">Reinsurance contracts held – recovery of losses: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.Other amendments: Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments. <p>The adoption of the standard did not have a material impact on these financial statements.</p>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.19 New and amended IFRS Standards (Continued)

3.19.1 New and amended IFRS Standards that are effective for the current year ended 31 December 2023 (continued)

Standards	Summary
IFRS 17 “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).	<p>IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers are now recognizing the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately.</p> <p>The amendment did not have a material impact on these financial statements.</p>
Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).	<p>The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.</p> <p>The amendment did not have a material impact on these financial statements.</p>
Transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).	<p>The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The amendment relates to insurers' transition to IFRS 17 only and does not affect any other requirements in IFRS 17. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and result in the following one-time classification differences in the comparative information presented on initial application of IFRS 17: accounting mismatches between insurance contract liabilities measured at current value and any related financial assets measured at amortised cost; and if an entity chooses to restate comparative information for IFRS 9, classification differences between financial assets derecognised in the comparative period (to which IFRS 9 will not apply) and other financial assets (to which IFRS 9 will apply). The amendment helps insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. When initially applying IFRS 17, entities are, for the purpose of presenting comparative information, permitted to apply a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information. The transition option is available, on an instrument-by-instrument basis; allows an entity to present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of IFRS 9; and require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how that financial asset is to be classified applying IFRS 9</p> <p>The amendment did not have a material impact on these financial statements.</p>

The application of the above amendments had no material impact on the Bank's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.19.2 Impact of new and amended Standards and interpretations in issue but not yet effective for the current year ended 31 December 2023

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Bank has not early adopted.

Standard/title	Subject
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).	<p>The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognize any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.</p> <p>The Bank is currently assessing the impact of the amendments on its financial statements.</p>
Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024.	<p>These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.</p> <p>The Bank is currently assessing the impact of the amendments on its financial statements.</p>
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).	<p>In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier's finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements. The new disclosure requirements will be effective for the annual reporting periods beginning on or after 1 January 2024.</p> <p>The Bank is currently assessing the impact of the amendments on its financial statements.</p>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.19.2 Impact of new and amended Standards and interpretations in issue but not yet effective for the current year ended 31 December 2023 (Continued)

IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)	<p>IFRS S1 - Sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p> <p>IFRS S1 was issued in June 2023 and applies to annual reporting periods beginning on or after 1 January 2024.</p> <p>The Bank is currently assessing the impact of the amendments on its financial statements.</p>
IFRS S2- (Climate-related Disclosures)	<p>IFRS S2 - Sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p> <p>IFRS S2 was issued in June 2023 and applies to annual reporting periods beginning on or after 1 January 2024.</p> <p>The Bank is currently assessing the impact of the amendments on its financial statements.</p>

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are based on historical experience and various other factors, including making assumptions concerning future events that are believed to be reasonable under the circumstances. Actual results may differ from these accounting estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are accounted for prospectively.

In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a Significant Increase in Credit Risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.1 Impairment losses on financial assets (Continued)

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit rating model which assigns PDs to the individual assets.
- The Bank's criteria for assessing Significant Increase in Credit Risk and so allowances for financial assets could be measured on a lifetime ECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

4.3 Useful lives and residual values of property and equipment

The useful lives and residual values of property and equipment are reviewed at each year-end. The useful lives, which are estimated by management, are based on historic analysis and other available information. The residual values are estimated based on useful lives as well as other available information.

4.4 Provisions and contingent liabilities

Various estimates and assumptions have been applied by management in arriving at the carrying value of provisions that are recognized in terms of the relevant accounting policy. Management further relies on input from the Bank's legal advisors in assessing the probability of items of a contingent nature.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.5 Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Taking risk is core to the Banking business, and the operational risks are inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The 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.

Risk management is coordinated and carried out by risk department and Risk Management Committees under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important risks are Operational risk, credit risk, liquidity risk and market risk.

5. FINANCIAL RISK MANAGEMENT

5.1 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and general accepted standards of corporate behaviour. Operational risk arises from all of the Bank's operations. The Bank's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Bank's reputation with all cost effectiveness and innovation. In all cases, Bank policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has delegated the responsibility for operational risk to its Bank Operational risk team under Risk department. The responsibility is supported by the overall Bank standards for the management of operational risk in the following areas:

- requirement for appropriate segregation of duties, including the independent authorization of transactions;
- requirement for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- requirement for reporting of operational losses and proposed remedial action;
- development of contingent plans, training and professional development
- Ethical and business standards; and risk mitigation, including insurance where this is cost effective.

Compliance with the Bank standards is supported by the programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the operational risk team and submitted to the Board Audit Committee of the Bank

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Credit risk

The Bank takes on exposure to credit risk, which is the risk that the counterparty will cause a financial loss to the Bank by failing to discharge an obligation. It is composed of obligor risk, risks associated with climate change, concentration risk and sector specific (agriculture) challenges. Credit risk is the most important risk for the Bank`s business. Management, therefore, carefully manages its exposure to the credit risk.

Credit exposures arise principally in lending activities that led 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 loans 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.

5.2.1 Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Board Business Committee (BBC) (refer to corporate governance (Note 1.14) of the report of the directors). The directorate of credit and portfolio management, reporting to the Board Business Committee, is responsible for managing the Bank's credit risk, including;

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to management credit committee, Board Business Committee (BBC) and main Board of Directors as appropriate.
- Reviewing and assessing credit risk; Bank Credit department assesses all credit exposures before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries, (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Reviewing compliance of business units with agreed exposure limits, including those for selected sub-sectors/value chains and product types (short, medium and long-term facilities). Regular reports on the credit quality of portfolios are provided to Board Business Committee (BBC), which may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.
- Business Directorates (Business and treasury) are required to implement Bank credit policies and procedures, with credit approval authorities delegated from the Board Business Committee (BBC). Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subjects to Board approval.

The Bank credit risk management processes including credit limit and concentration guideline is embedded within the Bank's enterprise-wide risk management process. Within the Bank's overall risk appetite disciplines, the credit metrics and concentrations framework includes key credit ratios and counterparty, and it is currently being updated to include the sub-sectors (value chains) limits. These in turn are cascaded to various directorates where they are monitored against approved appetite thresholds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2 Credit risk mitigations

Wherever warranted, the Bank attempt to mitigate credit risk, including counterparty credit risk (CCR), to any counterparty, transaction, sub-sector/value chain, or geographic region, so as to achieve the optimal balance between risks, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk. Collateral and guarantees are widely used to mitigate credit risk. Credit risk management policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

5.2.2.1 Lending limits

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

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

5.2.2.2 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 risks as loans. Documentary and commercial letters of credit - which are written undertakings by the Bank up to a stipulated amount under specific terms and conditions are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

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

5.2.2.3 Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances are:

- Mortgages over residential and commercials properties;
- Charges over business assets such as premises;
- Inventory and accounts receivable;
- Government and other Development Financial Institutions Guarantees; and
- Charges over financial instruments such as debt securities and equities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.3 Collateral (Continued)

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, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

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.

Below is the summary of the values of collaterals maintained by the Bank to mitigate credit risk.

The Bank closely monitors collateral held for financial assets considered to be credit impaired, as it becomes likely that the Bank will take possession of collateral to mitigate potential credit losses.

At 31 December 2023	Forced sale values	Market values
	TZS'000	TZS'000
Mortgages over residential and commercials	331,439,259	441,919,011
Government and other Development Financial Institutions guaran- tees	23,002,392	30,733,430
Corporate guarantee	70,000,000	70,000,000
Charges over business assets (Debenture)	221,328,731	340,505,740
	645,770,382	883,158,181
Gross loan and advances exposure	338,201,696	338,201,696

At 31 December 2022	Forced sale values	Market values
	TZS'000	TZS'000
Mortgages over residential and commercials	163,966,714	222,271,265
Government and other development financial institutions guarantees	25,138,461	25,138,461
Corporate guarantee	70,000,000	70,000,000
Charges over business assets (Debenture)	79,208,244	120,801,868
	338,313,419	438,211,594
Gross loan and advances exposure	277,038,796	277,038,796

5.2.2.4 Credit risk measures

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the ECL 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. In measuring credit risk of loans and advances to customers and Banks at a counterparty level, the Bank reflects three components:

- The probability of default (PD) by the client or counterparty on its contractual obligations;
- Current exposures to the counterparty and its likely future development, from which the Bank derive the Exposure at Default (EAD); and
- The likely recovery ratio on the defaulted obligations (the 'loss given default - LGD').

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.4 Credit risk measures (Continued)

These credit risk measurements, which reflect expected loss (the 'expected loss model'), required by Basel Committee on Banking Regulations and the supervisors Banks (the Basel Committee) and are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under IFRS 9, which are based on 12-month ECL (Expected Credit Losses to occur in the next 12 months) and LECL (Lifetime Expected Credit Losses to occur over the remaining lifetime of the credit facility).

Exposure at default is based on the amounts the Bank expects to be owed at the time of default. Exposure at Default for term loans is estimated as contractual rundown on the loans. This is estimated as the outstanding balance on the facility while for the off-balance sheet items exposure at default is estimated as the outstanding balance multiplied by the credit conversion factor (CCF) which means the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to various categories of counterparty in line with the Bank of Tanzania guidelines. For regulatory purposes and for internal monitoring of the quality of the loan portfolio, all customers are segmented into five rating classes as shown below:

Development finance loans:

Classification	Past due (Days)	Staging
Current	0 - 60	Stage 1
Especially mentioned	61 – 180	Stage 2
Substandard	181-365	Stage 3
Doubtful	366-540	Stage 3
Loss/bad	>540	Stage 3

5.2.2.5 Impairment and provisioning policies

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised 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.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their Expected Credit Losses (ECL) measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- 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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.6 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below: Repayment type (e.g., Repayment/Interest only) and agriculture sub-sectors (value chains). Basing on repayment type the Bank has five sub-categories which includes monthly repayments, Quarterly repayment's, Semi-annual repayments, annual repayments and payments on maturity (seasonal loans). Basing on value chains, the Bank has categorized loans into Fisheries, livestock, Cereals crops, Industrial Commodities and Horticulture.

5.2.2.7 Maximum exposure to credit risk before collateral held

Financial instruments whose carrying amounts represent the maximum exposure to credit risk without taking account of any collateral held. The Directors are confident in the ability to continue to control and sustain minimal exposure of credit risk to the Bank from its financial assets. The impairment provisions shown in the statement of financial position at year end is calculated on the basis of the requirements of IFRS 9 where a 12-month ECL (Expected credit losses to occur in the next 12 months) and LECL (Lifetime Expected credit losses to occur over the remaining lifetime of the credit facility) have been calculated for the following products that the Bank has and are measured at amortized cost: Loans and advances to customers (including staff), due from other Banks, Balances with other Banks, Investment in government securities and other financial assets.

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

2023	Stage 1	Stage 2	Stage 3	Total
	TZS'000	TZS'000	TZS'000	TZS'000
Loans and advances to Customers	237,094,953	79,172,980	11,421,583	327,689,516
Loans and advances to Staff loans	9,876,250	229,304	406,626	10,512,180
Due from other Banks	222,722,656	-	-	222,722,656
Investment in government securities	29,608,674	-	-	29,608,674
Other assets in scope	1,195,035	-	-	1,195,035
Bank balances in scope	2,321,446	-	-	2,321,446
	502,819,014	79,402,284	11,828,209	594,049,507
% Contribution	85%	13%	2%	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.7 Maximum exposure to credit risk before collateral held (Continued)

2022	Stage 1	Stage 2	Stage 3	Total
	TZS'000	TZS'000	TZS'000	TZS'000
Loans and advances to Customers	195,560,829	55,851,196	16,049,280	267,461,305
Loans and advances to Staff loans	9,297,979	126,139	153,373	9,577,491
Due from other Banks	91,815,253	-	-	91,815,253
Government securities	26,962,051	-	-	26,962,051
Other assets in scope	1,734,418	-	-	1,734,418
Bank balances in scope	53,925,457	-	-	53,925,457
	379,295,987	55,977,335	16,202,653	451,475,975
% Contribution	84%	12%	4%	100%

Other assets exclude non-financial instruments such as prepayments, staff loan fair valuation, and stationery stock.

Below is the summary of provisions per category:

2023	Stage 1	Stage 2	Stage 3	Total
	TZS'000	TZS'000	TZS'000	TZS'000
Loans and advances to external Customers	1,248,191	3,523,774	1,942,183	6,714,148
Loans and advances to staff	164,316	71,650	341,872	577,838
Due from other Banks	441,771	-	-	441,771
Investment in government securities	29,305	-	-	29,305
Other assets in scope	4,254	-	-	4,254
Bank balances in scope	7	-	-	7
Total	1,887,844	3,595,424	2,284,055	7,767,323

2022	Stage 1	Stage 2	Stage 3	Total
	TZS'000	TZS'000	TZS'000	TZS'000
Loans and advances to external Customers	1,229,208	5,741,020	5,190,520	12,160,748
Loans and advances to staff	384,186	55,721	131,268	571,175
Due from other Banks	221,281	-	-	221,281
Investment in government securities	402	-	-	402
Other assets in scope	6,776	-	-	6,776
Bank balances in scope	5,065	-	-	5,065
Total	1,846,918	5,796,741	5,321,788	12,965,447

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.7 Maximum exposure to credit risk before collateral held (Continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Banks internal expected credit loss model. The amounts presented are gross of impairment allowances at beginning and the end of the annual period.

2023	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2023	204,858,808	55,977,334	16,202,654	277,038,796
New assets originated or purchased	161,610,643	-	-	161,610,643
Assets derecognised or repaid (excluding write offs)	(84,408,580)	(9,030,035)	-	(93,438,615)
Transfer to Stage 1	4,539,284	-	(4,539,284)	-
Transfer to Stage 2	(39,628,951)	39,628,951	-	-
Transfer to Stage 3	-	(7,173,966)	7,173,966	-
Amounts written off	-	-	(7,009,128)	(7,009,128)
Total as at 31 December 2023	246,971,204	79,402,284	11,828,208	338,201,696

2022	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2022	110,346,817	42,744,521	9,969,417	163,060,755
New assets originated or purchased	161,112,028	-	-	161,112,028
Assets derecognised or repaid (excluding write offs)	(47,133,987)	-	-	(47,133,987)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(19,466,050)	19,466,050	-	-
Transfer to Stage 3	-	(6,233,237)	6,233,237	-
Total as at 31 December 2022	204,858,808	55,977,334	16,202,654	277,038,796

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.7 Maximum exposure to credit risk before collateral held (Continued)

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

ECL MOVEMENT SCHEDULE Amount in TZS'000	Stage 1 12-month ECL TZS '000	Stage 2 Lifetime ECL TZS '000	Stage 3 Lifetime ECL TZS '000	Total TZS '000
Loans and advances to external customers and staff				
As at 1 January 2023	1,613,394	5,796,740	5,321,789	12,731,923
Changes in loss allowance:				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	(926,514)	(3,524,906)	4,451,420	-
New financial assets originated or purchased	1,569,191	-	-	1,569,191
Profit or loss charge during the year (note 23b)	642,677	(3,524,906)	4,451,420	1,569,191
Other movements impacting on profit or loss: write-offs	-	-	(7,009,128)	(7,009,128)
Total ECL loans and advances customer and staff 31 December 2023	2,256,071	2,271,834	2,764,081	7,291,986
ECL on other assets				
As at 1 January 2023	233,523	-	-	233,523
Recognised during the year:				
Bank balance in scope (note 20)	(5,058)	-	-	(5,058)
Due from Banks (note 21)	220,490	-	-	220,490
Government securities (note 22)	28,903	-	-	28,903
Other assets (note 24)	(2,522)	-	-	(2,522)
ECL on other assets recognised profit or loss during the year	241,813	-	-	241,813
Total ECL other assets 31 December 2023	475,336	-	-	475,336
Total ECL as 31 December 2023	2,731,407	2,271,834	2,764,081	7,767,322

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.7 Maximum exposure to credit risk before collateral held (Continued)

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

ECL MOVEMENT SCHEDULE Amount in TZS'000	Stage 1 12-month ECL TZS '000	Stage 2 Lifetime ECL TZS '000	Stage 3 Lifetime ECL TZS '000	Total TZS '000
Loans and advances to external customers and staff				
As at 1 January 2022	2,144,089	4,597,566	2,915,298	9,656,953
Changes in loss allowance:				
Transfer to stage 2	(3,605,665)	3,605,665	-	-
Transfer to stage 3	-	(2,406,491)	2,406,491	-
New financial assets originated or purchased	3,074,970	-	-	3,074,970
Charge to profit or loss during the year (note 23b)	(530,695)	1,199,174	2,406,491	3,074,970
Total ECL loans and advances customer and staff 31 December 2022	1,613,394	5,796,740	5,321,789	12,731,923
ECL on other assets				
As at 1 January 2022	605,305	-	-	605,305
Bank balance in scope (note 20)	(107,594)	-	-	(107,594)
Due from other Banks (note 21)	(267,857)	-	-	(267,857)
Investment in government securities (note 22)	166	-	-	166
Other assets (note 24)	3,503	-	-	3,503
Charge to profit or loss during the year	(371,782)	-	-	(371,782)
Total ECL other assets 31 December 2022	233,523	-	-	233,523
Net charge to profit or loss during the year	(902,476)	1,199,174	2,406,491	2,703,189
Net ECL as 31 December 2022	1,846,917	5,796,740	5,321,789	12,965,446

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.7 Maximum exposure to credit risk before collateral held (Continued)

The loss allowance recognized in profit and loss statement is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognized during the year, as well as releases for financial instruments de-recognized in the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the year, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

5.2.2.8 Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Bank's main credit exposure at their carrying amounts (except where indicated otherwise), as categorized by the industry sectors of its counterparties:

	Customer loans	Government securities	Staff loans	Due from other Banks	Cash and Bank balances	Other assets	Total
2023	TZS' million	TZS' million	TZS' million	TZS' million	TZS' million	TZS' million	TZS' million
Agriculture	113,944	-	-	-	-	-	113,944
Commodities	61,542	-	-	-	-	-	61,542
Cereals	87,155	-	-	-	-	-	87,155
Livestock	18,568	-	-	-	-	-	18,568
Horticulture	5,955	-	-	-	-	-	5,955
Fishing	2,070	-	-	-	-	-	2,070
Oilseeds	2,446	-	-	-	-	-	2,446
Poultry	36,009	-	-	-	-	-	36,009
Financial institutions	-	29,609	-	222,723	2,321	-	254,653
Other sectors	-	-	10,512	-	-	1,195	11,707
Total	327,689	29,609	10,512	222,723	2,321	1,195	594,049

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2.8Concentration of risks of financial assets with credit risk exposure (Continued)

2022	Customer loans	Government securities	Staff loans	Due from other Banks	Cash and Bank balances	Other assets	Total
	TZS' million	TZS' million	TZS' million	TZS' million	TZS' million	TZS' million	TZS' million
Industrial commodities	89,449	-	-	-	-	-	89,449
Cereals	56,931	-	-	-	-	-	56,931
Livestock	59,891	-	-	-	-	-	59,891
Horticulture	16,190	-	-	-	-	-	16,190
Fishing	2,324	-	-	-	-	-	2,324
Forestry	5,120	-	-	-	-	-	5,120
Oilseeds	1,028	-	-	-	-	-	1,028
Poultry	23,903	-	-	-	-	-	23,903
Financial institutions	-	26,962	-	91,815	53,925	-	172,702
Other sectors	12,625	-	9,577	-	-	1,734	23,936
Total	267,461	26,962	9,577	91,815	53,925	1,734	451,474

5.3 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 Bank`s Asset and Liability Committee (ALCO) and heads of department. Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and corporate Banking assets and liabilities.

5.3.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. ALCO sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. To manage the foreign currency risk on the long-term borrowings, through on-lending agreement, the funds are passed on to the Bank (TADB) on local currency equivalent while the Government Treasury department assumes and manages the currency risk. The currency risk on the Government side is managed through various global market currency risk management instruments or products like forex currency swaps. Up to the end of the year, all loans and interBank placement were in local currency while a smaller percentage of the balances with Banks was in USD currency. As highlighted above most of the liabilities are in local currency with a smaller percentage of special funds/managed funds maintained in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Market risk (Continued)

5.3.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank's Asset and Liability Committee (ALCO) sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored regularly by the Bank.

5.3.3 Liquidity risk

Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

5.3.4 Approach to managing liquidity risk

The nature of the Bank's Banking activities (funding mostly long-term transactions) and regulatory set-up (which sets limits of liabilities which can be accepted by the Bank i.e., Fixed deposits with minimum tenure of 2 years) gives rise to continuous exposure to liquidity risk. Liquidity risk may arise where counterparties, who provide the group with short-term and long-term funding, withdraw or do not provide funding as committed in the borrowing or investment contract (for the Government), or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

The Bank manages liquidity in accordance with applicable regulations and within the Bank's risk appetite framework. The Bank's liquidity risk management governance framework supports the measurement and management of liquidity across the business under both normal and stressed conditions. Liquidity risk management ensures that the Bank has the appropriate amount, diversification and tenor of funding and liquidity to support its asset base at all times. The Bank manages liquidity risk as three interrelated pillars, which are aligned to the Basel III liquidity requirements.

Moreover, the Bank maintains a prudent approach to liquidity management in accordance with the applicable laws and regulations, these include maintaining both the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) in excess of the minimum regulatory requirements throughout the year. These ratios are the main drives of liquidity risk management, as such appropriate liquidity buffers were held in line with the assessment of liquidity risk in stressed market conditions across the geographies in which the group operates.

Proactive liquidity management in line with Bank liquidity standards ensured that, despite volatile and constrained liquidity environments at the onset of the Covid-19 pandemic, adequate liquidity was maintained to fully support balance sheet strategies. At the same time consideration has been provided to the adequacy of contingent funding, ensuring sufficiency to accommodate unexpected liquidity demands. The Bank continues to leverage on the extensive long-term funding base it has as highlighted on the resource's mobilisation section under director's report to ensure that it has the appropriate amount, tenor and diversification of funding to support its current and forecast asset base while minimising cost of funding.

The Bank manages the liquidity structure of assets, liabilities and commitments through various meetings held like ALCO Meetings where the liquidity status of the Bank is discussed, and strategies planned to rescue the risk from happening. Banking operations are such that mismatch of assets and liabilities according to their maturity profiles cannot be avoided. However, Management ensures that the mismatch is controlled in line with allowable risk levels. Liquidity is managed on a daily.

5.3.5 Maturity analysis of financial liabilities by contractual maturity

The following table analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the Bank can be required to pay and will, therefore, not agree directly to the balances disclosed in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Market risk (Continued)

Liquidity risk analysis

Contractual maturity of undiscounted cash flows of financial assets and liabilities

31 December 2023	0 – 3 Months TZS'000	4 – 6 Months TZS'000	7 – 12 months TZS'000	Above 1 year TZS'000	Total TZS'000
FINANCIAL ASSETS					
Cash and balances with Banks in Tanzania	2,321,439	-	-	-	2,321,439
Investment in government securities	-	-	-	29,608,674	29,608,674
Due from other Banks	139,847,045	37,678,336	44,755,504	-	222,280,885
Loans and advances to external customers and staff	6,140,980	913,755	56,510,879	267,231,600	330,797,214
Other assets	1,190,780	-	-	-	1,190,780
Total	149,500,244	38,592,091	101,266,383	296,840,274	586,198,992
FINANCIAL LIABILITIES					
Borrowings	-	-	-	158,193,169	158,193,169
Special customer deposits	-	-	-	680,242	680,242
Special deposits	-	-	-	85,716,020	85,716,020
Lease liabilities	60,342	92,683	172,501	285,900	611,426
Other liabilities	2,202,003	-	-	-	2,202,003
Total	2,262,345	92,683	172,501	244,875,331	247,402,860
Maturity gap as at 31 December 2023					
	147,237,899	38,499,408	101,093,882	51,964,943	338,796,132

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Market risk (Continued)

The maturity gap analysis shows that the Bank has favourable maturity in the first 12 months. The Bank is determined to cover up any mismatch arise thereafter.

Liquidity risk analysis

Contractual maturity of undiscounted cash flows of financial assets and liabilities

31 December 2022	0 – 3 Months TZS'000	4 – 6 Months TZS'000	7 – 12 months TZS'000	Above 1 year TZS'000	Total TZS'000
FINANCIAL ASSETS					
Cash and balances with Banks in Tanzania	53,920,392	-	-	-	53,920,392
Investment in government securities	-	-	-	26,961,649	26,961,649
Due from other Banks	54,305,577	19,735,301	17,553,094	-	91,593,972
Loans and advances to external customers and staff	327,608	2,814,914	18,255,637	242,445,018	263,843,177
Other assets	1,727,642	-	-	-	1,727,642
Total	110,281,219	22,550,215	35,808,731	269,406,667	438,046,832
FINANCIAL LIABILITIES					
Borrowings	-	-	-	52,382,969	52,382,969
Special customer deposits	-	-	-	4,359,746	4,359,746
Special deposits	-	-	-	61,759,040	61,759,040
Lease liabilities	81,743	122,615	190,124	295,515	689,997
Other liabilities	568,957	-	-	-	568,957
Total	650,700	122,615	190,124	118,797,270	119,760,709
Maturity gap as at 31 December 2022					
	109,630,519	22,427,600	35,618,607	150,609,397	318,286,123

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Fair value of financial assets and liabilities

5.4.1 Fair value measurement hierarchy

The Bank measures fair values using the fair value hierarchy, which reflects the significance of the inputs used in making the measurements as specified by IFRS 13 where the valuation models or techniques should be 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. The hierarchy is explained below;

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all-significant inputs are directly or indirectly observable from market data.
- Level 3 – inputs for the instruments that are not based on observable market data (unobservable inputs). This category includes all assets or liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Bank recognizes transfers between the levels of the fair value hierarchy at the end of the reporting period during which the change occurred. There were no transfers between hierarchy levels 1 and 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.2 Valuation models or techniques

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

31 December 2023	Level 1	Level 2	Level3	Total
	TZS'000	TZS'000	TZS'000	TZS'000
Financial assets				
Cash and balances with Bank of Tanzania	-	2,321,439	-	2,321,439
Investment in government securities	-	29,579,369	-	29,579,369
Due from other Banks	-	222,280,885	-	222,280,885
Loans and advances	-	330,797,214	-	330,797,214
Other assets	-	1,190,780	-	1,190,780
	-	586,169,687	-	586,169,687
Financial liabilities				
Borrowings	-	158,193,169	-	158,193,169
Special customer deposits	-	680,242	-	680,242
Special funds	-	85,716,020	-	85,716,020
Lease liabilities	-	611,426	-	611,426
Other liabilities	-	2,202,003	-	2,202,003
	-	247,402,860	-	247,402,860
31 December 2022	Level 1	Level 2	Level3	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets				
Cash and balances with Bank of Tanzania	-	53,920,392	-	53,920,392
Investment in government securities	-	26,961,649	-	26,961,649
Due from other Banks	-	91,593,972	-	91,593,972
Loans and advances	-	263,843,177	-	263,843,177
Other assets	-	1,727,642	-	1,727,642
	-	438,046,832	-	438,046,832
Financial liabilities				
Borrowings	-	52,382,969	-	52,382,969
Special customer deposits	-	4,359,746	-	4,359,746
Special deposits/funds	-	61,759,040	-	61,759,040
Lease liabilities	-	689,997	-	689,997
Other liabilities	-	568,957	-	568,957
	-	119,760,709	-	119,760,709

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.3 Financial instruments not measured at fair value (Continued)

The fair value of assets and liabilities not measured at fair value approximates carrying amounts.

The following table shows the carrying amounts of financial assets and financial liabilities not measured at fair value on recurring basis whose carrying amounts approximate the fair value:

	Carrying amount
At 31 December 2023:	TZS'000
Financial assets	
Cash and balances with Bank of Tanzania	2,321,439
Due from other Banks	222,280,885
Investment in government securities	29,579,369
Loans and advances to external customers and staff	330,797,214
Other assets	1,190,780
	586,169,687
Liabilities	
Borrowings	158,193,169
Special customer deposits	680,242
Special funds	85,716,020
Lease liabilities	611,426
Other liabilities	2,202,003
	247,402,860
Net financial assets	338,766,827

	Carrying amount
At 31 December 2022:	TZS'000
Financial assets	
Cash and balances with Bank of Tanzania	53,920,392
Due from other Banks	91,593,972
Investments in government securities	26,961,649
Loans and advances to external customers and staff	263,843,177
Other assets	1,727,642
	438,046,832
Liabilities	
Borrowings	52,382,969
Special customer deposits	4,359,746
Special funds	61,759,040
Lease liabilities	689,997
Other liabilities	568,957
	119,760,709
Net financial assets	318,286,123

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.3 Financial instruments not measured at fair value (Continued)

Most of the financial assets and liabilities are short term in nature and those which are long term, bear interest at prevailing market rate, therefore the carrying amounts approximate fair value. Set out below are details of fair value determination for key financial instruments.

Cash and balances with Bank of Tanzania: the carrying amount of cash and balances with Bank of Tanzania is a reasonable approximation of fair value.

Due from other Banks: The balance includes inter-Bank placements, balances with other Banks and items in the course of collection. The carrying amount of floating rate placements and overnight advances is a reasonable approximation of fair value. The estimated fair value of fixed interest-bearing advances is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

Loans and advances to customers: The balance is net of impairment charges and includes all products offered by the Bank such as group loans, salaried workers loan, and loans to individual farmers. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Borrowings: Significant portion of borrowing is at special concessional rates and there is no repricing at balance sheet date. Management has considered the impact of borrowings with fixed interest rate as insignificant to the total fair value of borrowings. The fair value of borrowings therefore approximates its carrying value.

5.5 Capital Management Objectives and Policies

The Bank's objective of capital management is to ensure that, on one hand, capital is, and will continue to be, adequate to maintain confidence in the safety and stability of the Bank and that, on the other hand, the return on capital is sufficient to satisfy the expectations of investors. Other Bank's capital management objectives include:

- To ensure compliance with the capital requirements set by the Bank of Tanzania (BOT);
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Bank has developed and implemented capital management policies that ensure that the quantity of its capital is adequate, at a minimum, to meet all applicable regulatory requirements.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by Bank of Tanzania for supervisory purposes. The required information is filed with Bank of Tanzania on a quarterly basis.

The risk-weighted assets are measured by means of a hierarchy, classified according to the nature and reflecting an estimate, of the credit risk associated with each assets and counter party. A similar treatment is adopted for off balance sheet exposure, with some adjustment to reflect the more contingent nature of the potential losses.

The Bank manages its capital to meet Bank of Tanzania requirements listed below:

- hold the minimum level of the regulatory capital of TZS 200 billion;
- maintain at all times a minimum core capital and total capital equivalent to and above twelve and a half percent (12.5%) and fourteen and a half percent (14.5%) respectively of its total risk-weighted assets and off-balance sheet exposures; and,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Capital Management Objectives and Policies (Continued)

- where a development finance institution owns or controls a Bank or financial institution, directly or indirectly, the capital adequacy requirements shall be satisfied by each Bank or financial institution on a solo basis, and the parent institution shall comply with the capital adequacy requirements on a solo and consolidated basis.

The regulatory capital as established by the Bank of Tanzania is divided into two tiers:

- Tier 1 capital** means permanent shareholders' equity in the form of issued and fully paid ordinary shares, and perpetual non-cumulative preference shares, capital grants and disclosed reserves less year to date losses, goodwill organization, pre-operating expenses, prepaid expenses, deferred charges, leasehold rights and any other intangible assets.
- Tier 2 capital (supplementary capital)** means general provisions, which are held against future, presently unidentified losses and are freely available to meet losses which subsequently materialize, subordinated debts, cumulative redeemable preferred stocks and any other form of capital as may be determined and announced from time to time by the Bank.

During the period, the Bank has complied with all the imposed capital requirements of Bank of Tanzania to which the Bank is subject. The table below summarizes the composition of core capital of the Bank:

TIER 1 AND TIER 2 CAPITAL	2023 TZS '000	2022 TZS '000
Share capital and reserves		
Share capital	268,202,304	268,202,304
Retained earnings	45,077,946	33,974,388
Capital grants	-	137,025
	313,280,250	302,313,717
Less:		
Prepaid expenses	(1,152,359)	(690,056)
Deferred tax assets	(2,313,088)	(4,326,286)
	(3,465,447)	(5,016,342)
Total qualifying Tier 1 capital	309,814,803	297,297,375
Total available capital	309,814,803	297,297,375
Total risk weighted assets	450,801,242	307,078,000
Bank's ratios		
Tier 1 Capital	69%	97%
Tier 1 + Tier 2 Capital	69%	97%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Capital Management Objectives and Policies (Continued)

As at 31 December 2023, the Bank's core capital and total regulatory capital were above the required minimum ratios of 12.5% and 14.5% respectively (including 2.5% buffers), as specified under sections 9 (1) and 9 (2) of the Banking and Financial Institutions (Capital Adequacy) Regulations, 2023.

	2023 TZS'000	2022 TZS'000
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6. INTEREST INCOME

Interest on loans and advances to customers	27,009,831	21,006,092
Interest on loans and advances to staff	375,625	210,763
Interest on investments in government securities	3,697,101	3,169,602
Income from call accounts	6,821,407	4,183,647
Interest from interbank placement	1,526,160	4,940,991
Total	39,430,124	33,511,095

7. INTEREST EXPENSES

Interest expenses on borrowings from AFD	(960,436)	(83,682)
Interest expenses on borrowings from other Banks	(1,036,929)	(567,020)
Interest expenses on borrowings from pension funds	(1,525,479)	-
Interest expenses from cash cover deposits	(175,498)	-
Interest expense - lease liabilities	(91,062)	(93,267)
Total	(3,789,404)	(743,969)

8. NET FOREIGN EXCHANGE GAIN

Foreign exchange - sales revenue	85,733	-
Net unrealised exchange gain	264,141	308,651
Total	349,874	308,651

9. GRANT REVENUE

Amortization of capital grant – MIVARF (note 26)	320,643	115,147
Amortization of FSDT fund (note 30)	254,054	146,079
Amortization of BMGF (note 30)	995,175	231,571
Amortization of Aceli (note 30)	1,045,037	861,784
Amortization of SCGS (note 30)	101,951	134,550
Amortization of Wavuvi (note 30)	337,410	-
Amortization of AFD (note 30)	446,768	-
Total	3,501,038	1,489,131

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	2023 TZS'000	2022 TZS'000
Insurance fees	59,175	19,590
Loan processing fees	1,464,841	1,573,328
Trade Finance fee	50,244	23,147
Credit guarantee risk sharing income	541,925	648,965
Total	2,116,185	2,265,030

11. OTHER INCOME

Other miscellaneous income from SCGS	1,300,681	-
Other income	462,868	2,291
Total	1,763,549	2,291

12 EXPECTED CREDIT LOSSES (ECL)

ECL on loans and advances (note 23(b))	(1,569,191)	(3,074,970)
ECL on balance with Bank in scope (note 20)	5,058	107,594
ECL on due from Banks (note 21)	(220,490)	267,857
ECL on government securities (note 22)	(28,903)	(166)
ECL on other assets (note 24)	2,522	(3,503)
Total ECL recognised during the year	(1,811,004)	(2,703,188)
Provision for impairment - Smallholders Credit Guarantee Scheme (SCGS) *	-	(1,434,213)
	(1,811,004)	(4,137,401)

* Provision for impairment - Smallholders Credit Guarantee Scheme (SCGS) was based on 10-20% of interest income generated from SCGS funds placed in call / fixed deposit accounts in other local Banks. During the year, the Directors reassessed the risk associated with the scheme and resolved that no provision would be further required hence discontinued.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	2023 TZS'000	2022 TZS'000
13. SALARIES AND BENEFITS		
Salaries and wages	(7,197,336)	(6,208,328)
Social security contributions	(880,181)	(726,799)
Skills Development Levy (SDL)	(270,048)	(259,693)
Workman's compensation fund (WCF) contributions	(36,033)	(30,294)
Employment benefits	(974,124)	(1,029,470)
Medical expenses	(538,601)	(322,856)
Other employee insurance costs	(107,228)	(84,181)
Leave and transfer expenses		(566,667)
		(556,869)
Professional body membership expenses	(48,887)	(138,419)
Car tax benefits	(106,806)	(245,267)
Recruitment expenses	(69,709)	(36,689)
Terminations	-	(169,020)
Meals, tea, and water	(66,138)	(39,089)
Staff loans fair value adjustment	10,771	(1,776)
Club and gym membership	(41,161)	(30,695)
Other staff related cost	(70,551)	(22,502)
Total	(10,962,699)	(9,901,947)

14. OTHER OPERATING EXPENSES

Occupancy and utilities cost	(696,516)	(473,472)
Marketing and advertising expenses	(855,548)	(381,109)
Exhibition and events expenses	(1,010,997)	(97,264)
Donations and sponsorships	(1,277,633)	(555,382)
ICT expenses	(668,814)	(536,614)
Audit expenses	(281,700)	(245,847)
Legal and consulting expenses	(747,826)	(417,232)
Trainings and capacity buildings	(1,185,024)	(605,629)
Business travel and accommodation expenses	(1,646,795)	(1,076,809)
Credit guarantee charges	(288,385)	(234,280)
Insurance expenses	(87,812)	(83,979)
Board meeting expenses	(304,832)	(228,161)
Motor vehicle fuel	(478,949)	(183,345)
Repairs and Maintenance	(302,379)	(177,746)
Stationeries and printing	(82,740)	(104,790)
General administrative expenses	(370,444)	(200,620)
Taxes and license fees	(180,748)	(133,804)
Other operating expenses	(40,867)	(60,713)
Total	(10,508,009)	(5,796,796)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15. DEPRECIATION AND AMORTISATION

	2023 TZS'000	2022 TZS'000
Depreciation of property and equipment (note 17)	(520,633)	(538,838)
Amortization of right-of-use assets (note 19)	(682,099)	(803,227)
Amortization of intangible assets (note 18)	(101,652)	(16,042)
Total	(1,304,384)	(1,358,107)

16. INCOME TAX

(a) Tax expenses

Current tax:

Current tax relating to prior year	(767,352)	(640,000)
Current tax relating to current year	(2,440,544)	(4,219,973)
	(3,207,896)	(4,859,973)

Deferred tax:

Deferred tax - current year (note 25)	(2,013,199)	361,238
Deferred tax – under prior year adjustment (note 25)	-	49,760
	(2,013,199)	410,998
	(5,221,095)	(4,448,975)

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

	2023 TZS'000	2022 TZS'000
Profit before tax	18,785,270	15,637,978
Tax calculated at the statutory income tax rate 30%	5,635,580	4,691,393
Effects of non-qualifying capital allowances	4,587	17,127
Permanently disallowed expenditures	43,017	51,336
Income not subject to tax	(1,229,441)	(950,881)
Tax expense relating to prior year	767,352	640,000
Tax expense	5,221,095	4,448,975
b. Current tax (assets)/liabilities		
At 1 January 2023	88,491	1,766,382
Tax charged to profit or loss for the year	3,207,896	4,859,973
Tax paid	(5,156,366)	(6,537,864)
At 31 December 2023	(1,859,979)	88,491

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. PROPERTY AND EQUIPMENT

Details	Computers Electronic Equipment TZS '000	Office Equipment TZS '000	Furniture & Fixtures TZS '000	Motor vehicles TZS '000	Leasehold Im- provements TZS '000	Work in Prog- ress TZS '000	Total TZS '000
Cost							
At 1 January 2022	3,039,995	603,473	679,018	1,479,310	1,013,808	166,247	6,981,851
Additions	-	-	-	-	-	2,224,200	2,224,200
Transfer from Work in Progress	104,541	319,071	139,086	161,795	652,508	(1,377,001)	-
Reclassification	(67,912)	257,668	24,660	-	(187,928)	(26,488)	-
At 31 December 2022	3,076,624	1,180,212	842,764	1,641,105	1,478,388	986,958	9,206,051
At 1 January 2023	3,076,624	1,180,212	842,764	1,641,105	1,478,388	986,958	9,206,051
Additions	-	-	-	-	-	1,861,352	1,861,352
Transfer from Work in Progress	81,954	362,160	80,441	995,219	231,191	(1,750,965)	-
At 31 December 2023	3,158,578	1,542,372	923,205	2,636,324	1,709,579	1,097,345	11,067,403
Accumulated depreciation							
At 1 January 2022	2,834,039	249,898	336,611	912,818	741,652	-	5,075,018
Charge for the year	91,280	75,727	63,770	192,299	115,762	-	538,838
Reclassified	(67,912)	196,568	38,204	-	(166,860)	-	-
At 31 December 2022	2,857,407	522,193	438,585	1,105,117	690,554	-	5,613,856
At 1 January 2023	2,857,407	522,193	438,585	1,105,117	690,554	-	5,613,856
Charge for the year	97,948	82,732	49,942	106,147	183,863	-	520,632
At 31 December 2023	2,955,355	604,925	488,527	1,211,264	874,417	-	6,134,488
At 31 December 2022	219,217	658,019	404,179	535,988	787,834	986,958	3,592,195
At 31 December 2023	203,223	937,447	434,677	1,425,060	835,162	1,097,345	4,932,914

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. INTANGIBLE ASSETS

Details	Software TZS '000	Work in Progress TZS '000	Total TZS '000
Cost			
At 1 January and 31 December 2022	754,943	-	754,943
At 1 January 2023	754,943	-	754,943
Additions	-	120,460	120,460
Transfer from Work in Progress	120,460	(120,460)	-
At 31 December 2023	875,403	-	875,403
Accumulated amortization			
At 1 January 2022	239,782	-	239,782
Charge for the year	16,042	-	16,042
At 31 December 2022	255,824	-	255,824
At 1 January 2023	255,824	-	255,824
Charge for the year	101,652	-	101,652
At 31 December 2023	357,476	-	357,476
Net book value			
At 31 December 2022	499,119	-	499,119
At 31 December 2023	517,927	-	517,927

Intangible assets relate to software which are amortised on a straight line over the period of the license granted by the vendor.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

19. LEASES

The Bank leases various branches (zones) premises and offices under non-cancellable operating lease agreements. The lease terms are between 1 and 6 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. No arrangements have been entered into for contingent rental payments, and no restrictions have been imposed by these lease arrangements.

The statement of financial position shows the following amounts relating to leases:

	2023 TZS'000	2022 TZS'000
a) Right-of-use of assets (RoU)		
At 1 January	2,740,519	2,808,399
Lease remeasurement	-	(581,409)
Additions during the year	778,944	513,529
At 31 December	3,519,463	2,740,519
Amortisation		
At 1 January	(2,111,362)	(1,308,135)
Charge during the year	(682,099)	(803,227)
At 31 December	(2,793,461)	(2,111,362)
Net book value	726,002	629,157
b) Lease liabilities		
At 1 January	689,997	1,561,677
Lease remeasurement	-	(581,409)
Additions during the year	835,585	576,824
Finance cost – Included as interest expenses	91,062	93,267
Principal payment during the year	(914,156)	(867,095)
Interest payment during the year	(91,062)	(93,267)
Total	611,426	689,997

20. CASH AND BALANCES WITH BANK OF TANZANIA

Cash with Bank of Tanzania	2,321,446	53,925,457
Total	2,321,446	53,925,457
Expected credit losses	(7)	(5,065)
Net cash and balances with Bank of Tanzania	2,321,439	53,920,392
The movement in expected credit losses is as follows:		
At 1 January	(5,065)	(112,659)
Release for the year recognised in profit or loss	5,058	107,594
At 31 December 2023	(7)	(5,065)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	2023 TZS'000	2022 TZS'000
21. DUE FROM OTHER BANKS		
Placements with other Banks	219,441,633	89,088,606
Accrued interest on placements	3,281,023	2,726,647
Total	222,722,656	91,815,253
Expected credit losses	(441,771)	(221,281)
Net placements with other Banks	222,280,885	91,593,972
The movement in expected credit losses is as follows:		
At 1 January	(221,281)	(489,138)
Release/(addition) for the year	(220,490)	267,857
At 31 December 2023	(441,771)	(221,281)
The weighted average interest rate on placements with other Banks was 6.83% (2022: 7.12%)		
22. INVESTMENTS IN GOVERNMENT SECURITIES		
Cost of treasury bonds	28,671,719	26,074,018
Interest receivable	936,955	888,033
Total	29,608,674	26,962,051
Expected credit losses (ECL)	(29,305)	(402)
Net investment in government securities	29,579,369	26,961,649
The movement in expected credit losses is as follows:		
At 1 January	(402)	(236)
Additions for the year	(28,903)	(166)
At 31 December 2023	(29,305)	(402)
Maturing within 12 months	-	-
Maturing after 12 months	29,579,369	26,961,649
Total	29,579,369	26,961,649
The movement of investment in government securities for cash flow purpose:		
At 1 January	23,655,000	12,557,148
At 31 December	(26,420,000)	(23,655,000)
Cash flow movement for the year	(2,765,000)	(11,097,852)

The weighted average interest rate of treasury bonds as at 31 December 2023 was 15.07% (2022: 15.42%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

23. LOANS AND ADVANCES TO CUSTOMERS

	2023 TZS'000	2022 TZS'000
Loans and advances to external customers	316,427,354	258,050,386
Loans and advances to staff	10,402,558	9,507,499
Accrued interest on loans and advances to external customers	11,262,162	9,410,919
Accrued interest on loans and advances to staff	40,104	11,245
Staff loans fair valuation adjustment	69,518	58,747
Gross loans and advances customers and staff	338,201,696	277,038,796
Expected credit losses – external customers	(6,714,148)	(12,160,748)
Expected credit loss - staff	(577,838)	(571,175)
Suspended interest	(112,496)	(463,696)
Net loans and advances to customers	330,797,214	263,843,177
*Staff loans fair valuation adjustment is the difference between present value of all cash flows from loans and advances to staff by using market rate (fair value) and the nominal amount of the loan.		
(b) The movement in expected credit losses is as follows:		
At 1 January	(12,731,923)	(9,656,953)
Charge to profit or loss for the year (note 12)	(1,569,191)	(3,074,970)
Write-offs	7,009,128	-
At 31 December 2023	(7,291,986)	(12,731,923)
(c) The movement in loans and advances to customers for cash flow purpose		
Balance at 1 January	267,616,632	163,060,755
Write offs	(7,009,128)	(3,374,374)
Balance at 31 December	(326,899,430)	(267,616,632)
Cash flow movement for the year	(66,291,926)	(107,930,251)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Segmental analysis – geography

All loans and advances to external customers fall in the financial services industry. The following table sets out the distribution of the Bank's loans and advances to customers (gross) by geographical areas where the customer is located.

	2023	2022
	TZS'000	TZS'000
Southern zone	5,631,283	3,128,509
Lake zone	110,662,857	105,578,824
Eastern zone	153,277,327	116,848,801
Southern Highlands zone	25,340,601	27,976,824
Central zone	12,459,519	8,187,378
Western zone	11,146,254	5,740,969
Northern zone	9,171,675	-
	327,689,516	267,461,305

Segmental analysis – value chain

The following table sets out the distribution of the Bank's gross loans and advances to external customers by value chain.

	2023	2022
	TZS'000	TZS'000
Cashew nuts	3,674,420	1,068,633
Coffee	36,086,995	37,355,705
Beef	18,568,488	16,190,401
Sugarcane	70,401,160	70,516,567
Maize	49,252,410	42,611,214
Cotton	11,310,510	19,935,960
Paddy	37,902,996	17,279,988
Sunflower	4,395,518	4,850,808
Diary	25,455,451	19,574,940
Fishing	2,069,502	5,120,178
Poultry	36,008,506	23,902,553
Avocado	2,280,162	1,173,702
Palm Oil	2,446,137	1,028,238
Potatoes	685,257	857,284
Edible oil	15,955,271	-
Vanilla	1,231,922	-
Aquaculture	3,778,153	-
Honey	-	81,894
Others	6,186,658	5,913,240
	327,689,516	267,461,305

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. OTHER ASSETS

	2023	2022
	TZS'000	TZS'000
Prepayments	1,152,359	690,056
Wavuvi receivables*	9,265,362	-
Other receivables	1,195,036	1,734,418
	11,612,757	2,424,474
Expected credit losses (ECL)	(4,254)	(6,776)
Net closing value	11,608,503	2,417,698
The movement in expected credit losses for other assets is as follows:		
At 1 January	(6,776)	(3,273)
Release/(charge) for the year	2,522	(3,503)
At 31 December 2023	(4,254)	(6,776)
The movement in other assets for cash flow purpose.		
At 1 January	2,424,475	1,805,612
At 31 December	(11,612,756)	(2,424,475)
Cash flow movement for the year	(9,188,281)	(618,863)

* Wavuvi receivables refers to the amount paid to contractors for the building of boats and fish cages to be handed over to the beneficiaries of the project operated by the Ministry of Livestock and Fisheries and administered by TADB.

25. DEFERRED TAX

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes using the enacted tax rate of 30%.

Deferred tax asset is attributed to the following items:

Accelerated capital for tax purpose	49,221	(126,794)
Expected credit losses on financial assets	(2,362,308)	(4,211,699)
Others	-	12,207
Total deferred tax	(2,313,087)	(4,326,286)
The movement in deferred tax during the year is as follows:		
At 1 January 2023	(4,326,286)	(3,915,288)
Credit to profit and loss	2,013,199	(361,238)
Under provision in prior year	-	(49,760)
At 31 December 2023	2,313,087	(4,326,286)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. CAPITAL GRANT

During the financial year 2017, the Bank received funds from Marketing Infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) amounting to TZS 2.6 billion. The amount was to be used for system upgrades, motoring of various Bank's projects and capacity building in respect of its Rural Financing Innovation, Product Development and Youth and Women Interventions. Last tranche of TZS 183.62 million was received in 2023. The movement in capital grant is as follows:

	2023 TZS'000	2022 TZS'000
At 1 January 2023	137,025	252,172
Additional during the year	183,618	-
Current year amortisation	(320,643)	(115,147)
At 31 December 2023	-	137,025

27. OTHER LIABILITIES

Accrued staff benefits	614,454	840,763
Accounts payable	2,202,003	568,957
Other tax payables	928,456	374,641
Deferred income – fees	836,270	392,329
Total	4,581,183	2,176,690
The movement in other liabilities for cash flow purpose:		
At 1 January	2,176,690	7,991,503
At 31 December	(4,581,183)	(2,176,690)
Cash flow movement for the year	(2,404,493)	5,814,813

Accrued staff benefits include gratuity payables at the end of the contract for staff on contract arrangement, terminal benefits for staff with pending legal cases and accrual for annual performance bonuses. Other liabilities (with exception to gratuity) are expected to be settled within no more than 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28. SPECIAL CUSTOMER DEPOSITS

	2023 TZS'000	2022 TZS'000
Special purpose deposits	62,765	1,056,537
Cash cover deposits	264,733	415,564
Customer loans recovery	352,744	2,887,645
Total	680,242	4,359,746

TADB holds special deposits from our customers. These deposits encompass contributions from maize farmers mandated to establish a 20% cash reserve for their facilities. Additionally, these special deposits comprise premature cash repayments from customers who have proactively settled their instalments ahead of schedule.

Movement in special customer deposits for the year was a decrease of TZS 3,679,504,000 largely attributed to instalments being settled from premature cash repayments. (2022: Increase of TZS 2,835,269,000)

29. SPECIAL FUNDS

	2023 TZS'000	2022 TZS'000
Smallholders Credit Guarantee Scheme (SCGS) Funds	54,261,105	54,918,555
Ministry of Livestock and Fisheries - Fishing fund	23,947,300	-
The Bill & Melinda Gates Foundation Diary funds (BMGF)	4,666,167	3,828,511
AGRA Matching Grant	1,797,394	1,604,663
The Agence Française de Développement (AFD) EURO Funds	758,137	1,232,615
The Solidaridad Network Funds	285,917	174,696
Total	85,716,020	61,759,040

Movement in special funds for the year was an increase of TZS 23,956,980,000 (2022: Increase of TZS 5,384,628,000).

Set out below are details of the special funds.

■ Smallholder Farmers Credit Guarantee Scheme (SCGS) fund

The SCGS fund is a fund that aims at encouraging commercial Banks to increase their loans to smallholder farmers who, in the past years, have been side-lined from the formal Banking services. However, TADB funds and guarantees up to 50% of principal loan amount issued by commercial Banks to smallholder farmers across the country.

■ Ministry of Livestock and Fisheries - Fishing fund

In 2023, TADB continued to implement the fisheries project in collaboration with the Ministry of Livestock and Fisheries (MLF). TADB received a total of TZS 25.175 billion to provide concessional loans to project beneficiaries.

■ The Bill & Melinda Gates Foundation Diary funds (BMGF)

The Tanzania Inclusive Processor-Producer Partnerships in Dairy Project (TI3P) is the brainchild of the Government of the United Republic of Tanzania through the Tanzania Agricultural Development Bank (TADB) in collaboration with the Bill and Melinda Gates Foundation, which aims to eliminate current bottlenecks in the livestock and milk sectors of the country.

In 2023, TADB managed to successfully deliver to the project which resulted to BMGF approval of second drawdown amounting to USD 2.09 million (equivalent TZS 5.25 billion) in September 2023 to bring the total to USD 5.59 million out of USD 7 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29. SPECIAL FUNDS (CONTINUED)

■ AGRA Matching Grant

The TADB-AGRA Matching Grant refers to the fund received from AGRA to support SMEs/Processors to invest in purchasing and installation of bulk steel silos and/or modern maize milling machines with the aim of reducing post-harvest losses in the maize value chain. Through AGRA's grant, experienced SMEs were linked to TADB for loans to enable them purchase bulk steel silos with a capacity of storing minimum of 500MT and or to purchase milling machines with capacity of milling and packing 30mt of maize per day.

The grant is accessed and utilized by SME's as part of the loan repayment to the Bank hence reducing the burden to the beneficiaries while building their Banking experience and loan repayment records and growing their business.

■ The Solidaridad Network Funds

In 2023, TADB and Solidaridad, is actively proceeding with its Dairy Youth Farm Settlement pilot project in the Tanga region. During the year TADB met all the prerequisites for the project, facilitating the final drawdown of Euro 30,000 (equivalent TZS 84.72 million) in December 2023. This completes the total project funding, amounting to Euro 100,000.

■ The Agence Française de Développement (AFD)

The Agence Française de Développement (AFD) has partnered with TADB via a tripartite agreement through the Ministry of Finance and Planning and the Prime Minister's Office to enhance the SCGS fund. In 2022, the Bank received TZS 3.95 billion (Euro 1.6 million) as technical assistance from the total Euro 20 million received. Nil amount was received in 2023 as technical assistance.

30. DEFERRED GRANT INCOME

	Opening balance	Grants received	FX loss	Grants utilized	Closing balance
2023	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Deferred Grants Aceli	-	1,045,037	-	(1,045,037)	-
Deferred Grants - SCGS fund	2,552,834	-	-	(101,951)	2,450,883
Deferred Grants - FSDT fund	244,774	-	9,280	(254,054)	-
Deferred Grants - AFD fund	21,215,387	18,794,910	-	(446,768)	39,563,529
Deferred Grant BMGF TI3P	-	995,175	-	(995,175)	-
Deferred Grant Wavuvi	-	337,410	-	(337,410)	-
	24,012,995	21,172,532	9,280	(3,180,395)	42,014,412
2022					
Deferred Grants - SCGS fund	2,687,384	-	-	(134,550)	2,552,834
Deferred Grants - Aceli	287,437	574,347	-	(861,784)	-
Deferred Grants - FSDT fund	390,853	-	-	(146,079)	244,774
Deferred Grants - BMGF	-	231,571	-	(231,571)	-
Deferred Grants - AFD fund	-	21,215,387	-	-	21,215,387
	3,365,674	22,021,305	-	(1,373,984)	24,012,995

Set out below are details of the Deferred Grant Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

30. DEFERRED GRANT INCOME (CONTINUED)

■ Deferred Grants - SCGS fund

Smallholder Farmers Credit Guarantee Scheme (SCGS) deferred grant is the Technical Assistance fund (TA) which is 5.7% of the SCGS fund aiming at enhancing the SCGS scheme on the followings aspects:

- Guarantee scheme strategy review which included define a stakeholder engagement and management plan, setting up a results Management model to conduct project monitoring and periodic reporting, building a strategy to ensure continuity of the facility/product, reviewing product/facility manuals, policies, Agency fund organisation and the engagement model;
- Capacity Building to TADB staff, training the trainers on agriculture value chain financing and enhancing the beneficiaries monitoring and tools and instruments including purchases of additional filed visits vehicles; and
- Capacity building to Banks including training the staff of agri-financing, building agri-lending strategy and policies for Banks and supporting development of tailored agri-lending products.

■ Deferred grants - FSDT fund

In 2019, TADB formed a partnership with Financial Sector Deepening Trust (FSDT), FSDT allotted a grant worth USD 0.6 million to TADB of which around USD 0.24 million was immediately disbursed (TZS 552 million) as Technical Assistance with the aim to address:

- To develop and to institutionalize within TADB two agricultural finance delivery models (a "Horizontal" and "Vertical" pillars or the Models), also known as "Mfumo Jumuishi" and "Fit4Ag", and their related partnerships and frameworks;
- Leverage the Models to and assist TADB to reach at least 1 million farmers and to unlock capital in at least two value chains in the agriculture sector in Tanzania;
- To drive innovation in financial solutions, including for at least two TADB products and solutions for smallholder farmers and the agriculture sector in Tanzania; and
- Given the need for TADB to fully adopt the Models and to be able to leverage them effectively, the project will facilitate activities and resources necessary for capacity building of TADB to effectively adopt and leverage the Models including facilitating the development of data platforms and solutions that reduce information asymmetry, developing a strategy on the potential form and function of new teams, departments, and units and developing organizational capacity.

■ The Bill & Melinda Gates Foundation Diary funds (BMGF)

Under the Tanzania Inclusive Processor-Producer Partnerships in Dairy Project (TI3P), the Bank was obligated to establish a specialized desk with designated personnel overseeing the project's execution. The associated expenses incurred by the Bank for this purpose were intended to be reimbursed from the grant amount supplied by the Bill and Melinda Gates Foundation (BMGF).

■ Deferred grants - AFD fund

At the end of the reporting period, the Bank had already received TZS 36.07 billion (equivalent to Euro 14 million) in grant funding from AFD. The Bank receives a shilling equivalent as per contract with the government and the portion received in 2023 was TZS 18.80 billion (Euro 7 million). The Bank expects to receive the final tranche of 6 million Euros in 2024 which will be converted to TZS at the time of disbursement.

■ Aceli Africa

In 2020, TADB signed an agreement with Aceli Africa to support SMEs in agriculture. The Programme provides financial incentives such as SME portfolio first loss cover (incentivizing lenders to make more loans that meet impact criteria and are designed to absorb the incremental risk from serving marginalized borrowers). It also offers origination incentives (that compensate the Bank for lower revenues and higher operating costs of making smaller loans to SMEs that would not otherwise have access to financing) and impact bonuses coupled with technical assistance support to partner financial institutions and borrowers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

30. DEFERRED GRANT INCOME (CONTINUED)

■ Wavuvi Fund

In 2023, TADB signed a contract with the Ministry of livestock and fisheries for the management of the fisheries project (Wavuvi funds) to provide concessional loans to project beneficiaries. Recovery of all administration's expenses borne by the Bank will be recovered from Ministry of Livestock and Fisheries.

31. BORROWINGS

	2023 TZS'000	2022 TZS'000
Borrowings from AFD	89,883,777	28,122,723
Borrowings from pension funds	40,000,000	10,000,000
Borrowings from other Banks	26,500,000	14,000,000
Accrued interest on borrowings	1,809,392	260,246
Total	158,193,169	52,382,969

Reconciliation of borrowings:

At the beginning of the year	52,382,969	-
Loan received during the year	104,261,054	52,122,723
Interest expense recognized in profit or loss	3,522,845	650,702
Interest paid	(1,973,699)	(390,456)
At the end of the year	158,193,169	52,382,969

Maturity analysis:

Current	1,809,392	260,246
Non-current	156,383,777	52,122,723
	158,193,169	52,382,969

Borrowings from AFD

In November 2023, TADB received TZS 80.56 billion (equivalent to Euro 30 million) as the second tranche from AFD, bringing the total received amount to Euro 50 million. These funds stem from the Credit Facility Agreement valued at Euros 80 million, signed between the Government of Tanzania via the Ministry of Finance and Planning (MoFP) and the Agence Française de Développement (AFD).

Of the Euro 80 million, Euro 57.4 million was earmarked for TADB as a long-term concessional loan with a 25-year tenor and a 5-year grace period, while Euro 21 million was designated as a grant, and Euro 1.6 million as Technical Assistance fund (TA) with the aim of enhancing our SCGS scheme. The portion received as a long-term concessional loan in 2023 amounted to TZS 61.76 billion, bringing the total received to TZS 88.88 billion (equivalent to Euro 34.4 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

31. BORROWINGS (CONTINUED)

Borrowings from Pension Fund

In 2023, TADB forged a strategic alliance with the Public Service Social Security Fund (PSSSF) to secure financing amounting to TZS 30 billion. The borrowing, extending over a two-year tenor, is specifically earmarked to catalyse and contribute to the expansion of the agricultural sector.

Borrowings from other Banks

During the year, TADB raised short term funding by participating in the interbank money market. TADB having a credible reputation in the interbank money market was able to raise borrowings of TZS 26.5 billion as at 31 December 2023.

32. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition. Financial instruments can only be included if they are in substance cash equivalents, e.g., debt investments with fixed redemption dates that are acquired within three months of their maturity. During the year ended 31 December 2023, cash and cash equivalents comprise of the following:

	2023 TZS'000	2022 TZS'000
Cash and balances with Bank of Tanzania (gross)	2,321,446	53,925,457
Due from other Banks (gross)	222,722,656	91,815,253
	225,044,102	145,740,710

33. DIVIDEND

Dividends are not recognized as a liability until they have been approved at the Annual General Meeting. During the year a dividend of TZS 600 million (1,050 million) was approved and paid to the Bank's shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

34. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Bank entered into several related party transactions in the normal course of business. The transactions includes Directors fees to members of the Board, loans and other compensations to key management personnel.

a. Due from related parties

	2023	2022
	TZS'000	TZS'000
Loans and advances to key management personnel	2,408,382	2,262,272

Loans to Key management personnel carry a 4% interest. Any variance between the interest imposed by the Bank and the statutory rate, as outlined in Section 27(l) (b) of the Income Tax Act of 2004, is offset by the taxable loan benefit received. Furthermore, loans provided to key management personnel are recouped from their salaries during the stipulated contract period.

b. The remuneration of key management personnel during the year is given below:

	2023	2022
	TZS'000	TZS'000
Salaries and wages	4,038,391	3,409,029
End of the term allowance	79,322	61,322
	4,117,713	3,470,351

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

35. SHARE CAPITAL

The Bank's authorised and fully paid-up share capital for the year ended 31 December 2023 is as follows:

	2023	2022
	TZS'000	TZS'000
Authorized:		
800,000,000 ordinary shares of TZS 1,000 each	800,000,000	800,000,000
Issued and fully paid up:		
268,202,304 ordinary shares of TZS 1,000 each	268,202,304	268,202,304

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

36. REGULATORY RESERVE

	2023	2022
	TZS'000	TZS'000
As at 1 January	-	-
Appropriation from retained earnings	1,860,617	-
As at 31 December 2023	1,860,617	-

Regulatory reserve represents an amount set aside to cover additional provisions for loan losses required to comply with the requirements of Bank of Tanzania's prudential guidelines. This is excess of expected credit loss as required by the Bank of Tanzania over that one determined in accordance with the requirements of the IFRS. The amount is not available for distribution and not part of the Bank's core capital.

37. COMMITMENTS AND CONTINGENT LIABILITIES

a) Loan commitments guarantee and other financial facilities

In common with other Banks, the Bank conducts business involving financials guarantee/commitment and long-term project financing commitment of which some of them have been fully utilized and booked on balance while some are yet to be utilized. Financial guarantees and letter of credits (contingent liabilities) commitments are indirectly offered to our customers through our partner bank CRDB PLC. These obligations are not recognized on the statement of financial position and have zero impairment charges following the cash covers that secured the exposure on default.

As at 31 December 2023, the Bank had the contractual amounts of off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities, as follows:

	Not later than 1 Year	1-5 Years	Over 5 Years	Total
As at 31 December 2023	TZS '000	TZS '000	TZS '000	TZS 000
Loan commitments (Undrawn balance)	16,748,544	6,029,343	48,311,894	71,089,781
Letters of credit and guarantees	46,770,873	-	-	46,770,873
Total	63,519,417	6,029,343	48,311,894	117,860,654

As at 31 December 2022

Loan commitments (Undrawn balance)	24,170,373	4,925,457	46,797,198	75,893,028
Letters of credit and guarantees	8,601,942	-	-	8,601,942
Total	32,772,315	4,925,457	46,797,198	84,494,970

b) Operating lease commitments

The present value of the future minimum lease payments under non-cancellable operating leases are included on the balance sheet and disclosed in note 19. As indicated on the balance sheet, the Directors are of the view that these commitments will be sufficiently covered by future net revenues and funding.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

37. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

c)Legal claims

For year ended 31 December 2023, there were four (2022: 4) pending cases. A legal opinion has been made assessing the likelihood of losing/wining the pending cases.
The Directors of the Bank in liaison with the Bank’s legal advisors have assessed and concluded that the Bank has higher chances of winning these cases and therefore no provision required in these financial statements.

d) Capital commitments

The Directors certifies that there was no capital commitment as at 31 December 2023 (2022: NIL).

38. EVENTS SUBSEQUENT TO THE YEAR END

At the date of signing the financial statements, the Directors are not aware of any circumstance or other matter arising since the year end, not otherwise dealt with in these financial statements, which significantly affect the financial position of the Bank and results of its operations.



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