TANZANIA
AGRICULTURAL
DEVELOPMENT
BANK

2024
ANNUAL REPORT

DRIVING INNOVATION FOR INCLUSIVE
FINANCING AND SUSTAINABLE IMPACT

TADB
"The Farmers' Bank"

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> Tanzania believes in its ability to become a food basket for crops like maize, rice, vegetables and cooking oil in the EAC (East African Community), SADC (Southern Africa Development Community) and among other countries globally, arriving at its goal to feed the world.

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

Contents

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.

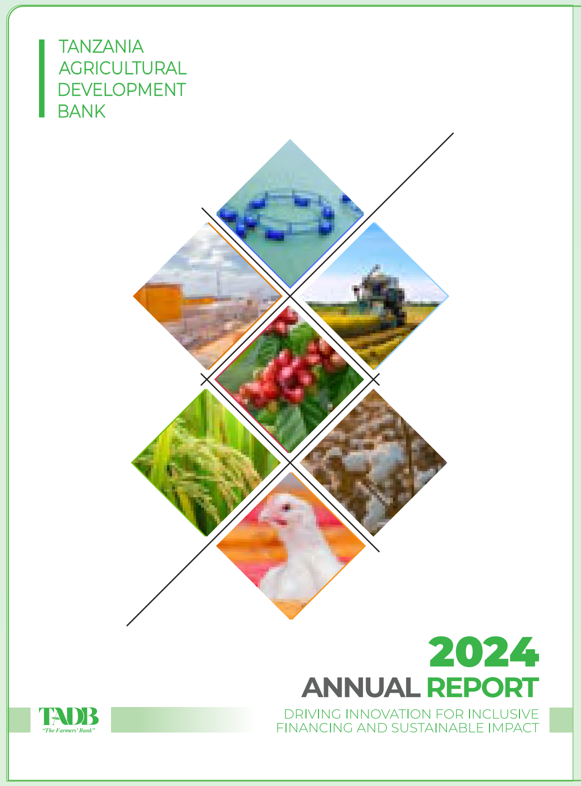
As the leading development bank in Tanzania for financing agriculture, TADB has a broad goal to create effect through creative methods. Therefore, impact makes up the majority of reporting and is key to the bank's mandate to improve the agriculture sector.

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



"Driving Innovation for Inclusive Financing and Sustainable Impact"

Rationale:

As the bank continues to transform Tanzania's agricultural sector, this theme captures our strategic focus on innovation, inclusivity, and long-term impact. It reflects the institution's commitment to ensuring financial solutions reach underserved regions, empower key agricultural value chains, and support sustainable development.

Driving Innovation

Innovation is a key pillar in expanding financial access and strengthening agricultural productivity. The bank has embraced:

- Technology-driven solutions to streamline lending and improve service delivery.
- Product diversification, including tailored financing for operational expenditures (OPEX) to ensure agribusinesses have working capital for seamless operations.
- Strategic partnerships to mobilize resources and expand financial solutions for the agricultural sector.

Inclusive Financing

The bank's remarkable growth over the past four years is a result of deliberate efforts to balance geographical coverage

Letter of Transmittal

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

11th April 2025

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, 2024.

Yours sincerely,

Tanzania Agricultural Development Bank

Mr. Ishmael Kasekwa
Chairman Board of Directors

and tailor financial solutions to various agricultural stakeholders. Key aspects include:

- Geographical expansion to ensure farmers and agribusinesses across the country access financing, reducing regional disparities.
- Targeted support for cash crops such as coffee, cotton, and cashew, which offer short production cycles and resilience, ensuring farmers achieve faster returns and improved livelihoods.
- Tailored lending for different actors in the value chain, including smallholder farmers, cooperatives, and agribusinesses, making financing more accessible and impactful.

Sustainable Impact

Sustainability remains central to the bank's mission, ensuring that financial interventions drive long-term growth and resilience in the agricultural sector. This is achieved through:

- Prioritizing short-season, high-value crops, which generate quick returns and improve farmers' financial stability.
- Increasing capital mobilization to strengthen the bank's ability to finance large-scale agricultural investments.
- Promoting climate-smart and impact-driven lending, ensuring that agricultural financing contributes to food security, economic stability, and environmental sustainability.

Conclusion

The theme "Driving Innovation for Inclusive Financing and Sustainable Impact" encapsulates the bank's journey and strategic direction. By leveraging innovation, expanding access to financing, and focusing on sustainable agricultural investments, the bank continues to empower communities, strengthen value chains, and shape the future of Tanzania's agricultural sector.

Foreword

"Effective implementation of our development plans requires robust monitoring and evaluation frameworks that ensure transparency and accountability at all levels."

Hon. Dr. Mwigulu Nchemba
Minister of Finance

On behalf of the Ministry of Finance, I extend our sincere appreciation to the Tanzania Agricultural Development Bank (TADB) for its unwavering commitment to fulfilling its mandate as a development finance institution dedicated to transforming the agricultural sector. The bank has consistently aligned its operations with the national development agenda and the Third Five-Year Development Plan (FYDP III), with a particular focus on inclusive economic growth through agriculture.

In recognition of the bank's critical role, the Ministry took deliberate steps in 2024 to strengthen TADB's capital base and facilitate access to concessional financing. These efforts have enabled the bank to expand its reach and deepen its impact across diverse agricultural value chains. Our continued collaboration has also contributed to the development of innovative financing models enhancing operational efficiency, financial inclusion, and long-term sustainability.

Throughout the year, TADB made remarkable progress in mobilizing and disbursing targeted financing to the agriculture sector. The bank played a pivotal role in deepening private sector participation in agriculture by expanding access to finance for smallholder farmers, cooperatives, and agribusinesses across the country. Notably, through credit guarantee scheme and wholesale lending product, the bank catalyzed over TZS 153.29 billion to private sector lending significantly enhancing rural financial inclusion.

The Ministry further acknowledges and commends the approval and implementation of TADB's robust Monitoring and Evaluation (M&E) framework. This framework has greatly improved transparency, accountability, and evidence-based planning within the institution.

As TADB reporting Ministry, we reaffirm our commitment to supporting TADB as a strategic partner in advancing national food security, job creation, and agricultural transformation from subsistence to commercial for economic development.

I extend my heartfelt congratulations to the Board, Management, and staff of TADB for their professionalism and dedication in delivering value to Tanzanians. Let this report stand as both a testimony to the progress made and a call to action for even greater and more impactful achievements in the years ahead.

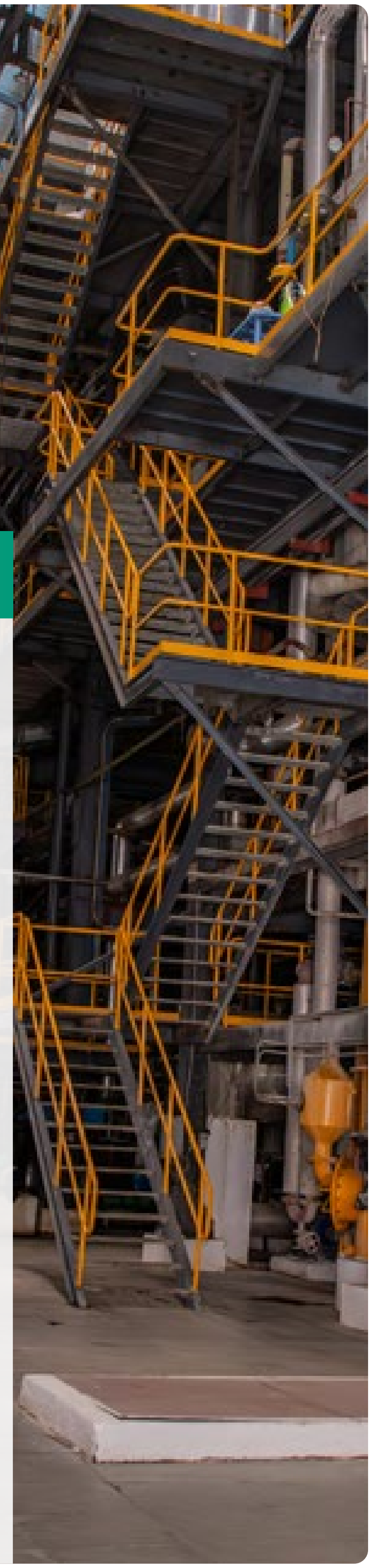
Abbreviations

AfDB	African Development Bank
AFDP	Agricultural & Fisheries Development Programme
AGF	African Guarantee Fund
AGRA	Alliance for a Green Revolution in Africa
ALCO	Assets and Liabilities Committee
AMCOS	Agricultural Marketing Cooperative Society
AML	Anti Money Laundering
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
AVI	AgVision International
BAC	Board Audit Committee
BBC	Board Business Committee
BHRAC	Board Human Resource & Administration Committee
BMGF	Bill & Melinda Gates Foundation
BOT	Bank of Tanzania
BRITEN	Building Rural Incomes Through Entrepreneurship
CAGR	Compound Annual Growth Rate
CAPEX	Capital expenditure
CMC	Credit Management Committee
DANIDA	Danish International Development Agency
DFI	Development Finance Institution
ECL	Expected Credit Loss
EDF	Enterprise Development Fund
EOB	Extra Ordinary Board
ESL	Extended Shelf Life
EXCO	Executive Management Committee
FSDT	Financial Sector Development Trust
FTMA	Farm to Market Alliance
FY	Financial Year
FYDP	Five-Year Development Plans
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IFAD	International Fund for Agricultural Development
IFC	International Monetary Fund
IFRS	International Financial Reporting Standards
ISSAI	International Standards of Supreme Audit Institutions
JICA	Japan International Cooperation Agency
LGA	Local Government Authority

LIC	Local Investment Climate
MCC	Milk Collection Centres
MIVARF	Marketing Infrastructure & Value Addition & Rural Finance Support Programme
MSc	Master of Science
MUCOBA	Mufindi Community Bank
NFSMP	National Financial Sector Master Plan
NGO	Non-Governmental Organisations
NHIF	National Hospital Insurance Fund
NPL	Non-Performing Loan
NSSF	National Social Security Fund
OPEX	Operational Expenditure
PAA	Public Audit Act No. 11 of 2008
PAC	Public Accounts Committee
PAR	Public Audit Regulations, 2009
PAT	Profit After Tax
PBT	Profit Before Tax
PDPS	Price Deficiency Payment Scheme
PhD	Doctor of Philosophy
PPA	Public Procurement Act, 2016
PPR	Public Procurement Regulations, 2013
PSSSF	Public Service Social Security Fund
R&D	Research and Development
Reg.	Regulations
ROAA	Return on Average Assets
ROAE	Return on Average Equity
RUDI	Rural Urban Development Initiative
SCGS	Smallholder Credit Guarantee Scheme
SME	Small and Medium Enterprises
TADB	Tanzania Agricultural Development Bank
TARI	Tanzania Agricultural Research Institute
TDV	Tanzania Development Vision
TMX	Tanzania Mercantile Exchange
TSSA	Tanzania Social Security Association
TZS	Tanzania shillings
UNDP	United Nations Development Programme
URT	United Republic of Tanzania
USD	United States Dollar
WCF	Workers Compensation Fund

Agricultural Related Ministries

Ministry of Industry and Trade



Hon. Dr. Selemani Saidi Jafo (Mp)
Minister of Industry and Trade

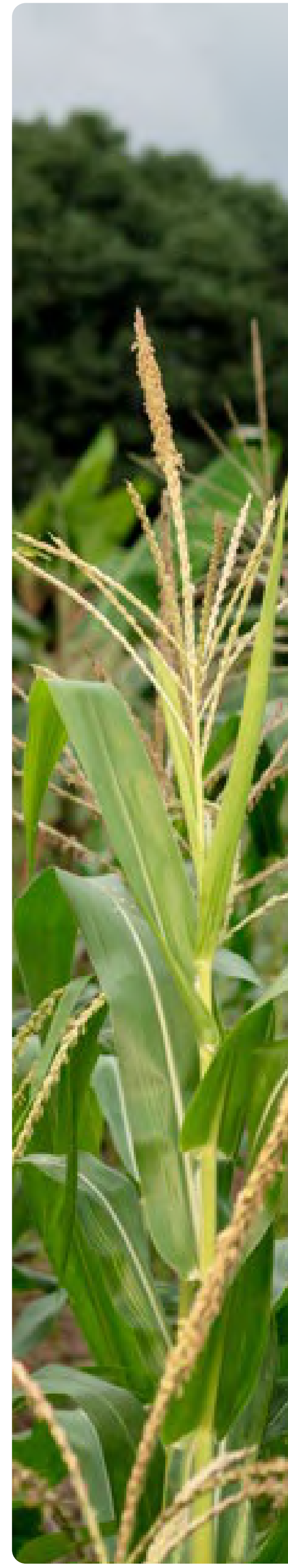
The Ministry of Industry and Trade recognizes the Tanzania Agricultural Development Bank (TADB) as a key partner in driving Tanzania's agro-industrial transformation. TADB's strategic interventions have been instrumental in developing value-added industries across key agricultural sectors, ensuring the growth of sustainable markets for farmers, livestock keepers, and fishermen nationwide.

In 2024, TADB further demonstrated its commitment to industrial growth by financing 33 critical agro-processing projects aimed at strengthening the value chains of essential crops such as coffee, cotton, and paddy. These efforts have not only enhanced value addition but also provided crucial infrastructure, including the construction of 16 warehouses, which supports market access, reduces post-harvest losses, and promotes economic stability.

The bank's expanded support for small and medium-sized enterprises in agro-processing particularly in the production of high-value products like coffee, cotton, and paddy has created new opportunities for rural industrial development and fostered employment across the country. These initiatives align closely with the Ministry's ongoing efforts to diversify and strengthen Tanzania's industrial base, promote export-driven growth, and enhance the global competitiveness of our agricultural products.

As the government continues to prioritize the integration of agriculture into broader industrial and trade frameworks, we look forward to TADB's continued alignment with the Ministry's vision for sustainable economic growth. Together, we are committed to fostering an environment that supports innovation, drives agricultural transformation, and creates long-term value for all stakeholders in Tanzania's agricultural and industrial sectors.

Ministry of Agriculture



Hon. Hussein Mohamed Bashe (MP),
Minister of Agriculture

Ministry of Agriculture, in collaboration with the Tanzania Agricultural Development Bank (TADB), made significant strides in strengthening financial flows to the agricultural sector in 2024. This was achieved through both direct lending by TADB and the expansion of innovative indirect lending channels, including the newly introduced Wholesale Lending product and the ongoing Smallholder Credit Guarantee Scheme (SCGS).

A major achievement during the year was the expansion of Partner Financial Institutions (PFIs) under the SCGS. Three new PFIs Exim bank, Mwalimu Commercial bank, Equity for Tanzania Limited (EFTA), were on boarded. Additionally, three PFIs and one leasing company joined the Wholesale Lending product. This expansion has widened the reach of agricultural financing, particularly to smallholder farmers, women, and youth, thereby enhancing financial inclusion in rural and underserved communities.

These efforts contributed to a notable increase in the share of private sector lending to agriculture, which rose to 12% in 2024. This growth underscores the critical role TADB continues to play in de-risking the sector and stimulating private sector confidence in agricultural financing.

Beyond financing, TADB has remained committed to empowering farmers through capacity-building programs. In 2024, a total of 2,518 farmers were trained in various areas of agricultural production and agribusiness. To extend the reach of agricultural education, the bank also entered into a strategic partnership with Mchongo TV, a specialized television channel focused on agriculture. This collaboration is broadcasting educational content on crop production, market dynamics, and modern farming techniques to farmers across the country. By leveraging this innovative platform, the initiative helps bridge the information gap and promotes the adoption of improved agricultural practices.

The Ministry of Agriculture commends TADB for these achievements and reaffirms its commitment to working together to advance the transformation of Tanzania's agricultural sector for improved productivity, food security, and inclusive economic growth.

Agricultural Related Ministries

Ministry of Livestock and Fisheries

Hon. Abdallah Ulega (MP),
Minister for Livestock and Fisheries

The Ministry of Livestock and Fisheries is proud to continue its strategic collaboration with the Tanzania Agricultural Development Bank (TADB) in accelerating the transformation of the livestock and fisheries sectors. These sectors are vital to Tanzania's rural economy, contributing to food security, employment creation, and improved livelihoods particularly among women and youth.

In 2024, TADB made notable strides in advancing fisheries development. Through our joint financing initiative, the bank disbursed TZS 5.3 billion, enabling the purchase of 95 fishing boats that benefited 1,851 farmers, and an additional TZS 4.9 billion for the procurement and installation of 198 fish cages. These efforts are expanding aquaculture and improving artisanal fishing, key priorities within the blue economy framework.

In the livestock sector, under the Tanzania Inclusive Processor-Producer Partnership (TI3P) project, TADB disbursed USD 3.17 million to support milk processing, procurement of improved heifers. Also the bank provided USD 200,860 in matching grants to support 610 smallholder farmers, including one woman-led processor, and disbursed an additional USD 131,764 through Land O'Lakes Venture37 to strengthen access to inputs, equipment, and logistics.

These interventions reflect a shared commitment to inclusive growth and modernization. By improving access to finance and productive technologies, we are empowering communities and unlocking the economic potential of these sectors.

The strategy allows us to spread knowledge and encourage more people to engage in this type of farming. This initiative will not only enhance fish availability but also increase household incomes.

This partnership reaffirms our long-term vision for a resilient, modern, and inclusive livestock and fisheries sector that contributes meaningfully to national development.

Award

Regional Recognition for Institutional Excellence

In June 2024, TADB was honoured with a distinguished second-place ranking among Development Finance Institutions (DFIs) in the Southern African Development Community (SADC). This recognition was conferred during the 13th Peer Review and Rating of African DFIs, held in Mahe, Seychelles.

The assessment was conducted using the Prudential Standard Guidelines and Rating System (PSGRS), a benchmarking tool developed by the Association of African Development Finance Institutions (AADFI), which partners with the African Development Bank (AfDB). This framework evaluates DFIs across key dimensions such as governance, financial prudence, and operational performance.

TADB achieved a remarkable compliance score of 91%, securing second place among 13 participating SADC DFIs. This accomplishment underscores the Bank's ongoing dedication to robust governance, strategic financial management, and operational excellence in fulfilling its mission to transform Tanzania's agricultural sector. Meanwhile, Gapi-Sociedade de Investimentos from Mozambique earned the highest rating in the region with a score of 92%.

This accolade reinforces TADB's standing as a high-performing DFI and a key player in regional agricultural finance, aligning with our broader vision of catalysing inclusive economic growth and food security through strategic development financing.

OVERVIEW

TADB At a Glance

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 bank's primary role is to serve as a catalyst in delivering short-, medium-, and long-term credit facilities to accelerate the growth and transformation of Tanzania's agricultural sector. 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 agrixcultural sector.

Our Vision

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

Our Mission

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

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, acquisi- tion 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

- Capacity Building
- Catalyzing Agri-Financing
- Research & Advisory
- Resource Mobilization

Our Presence

Lake Zone Cluster: Mwanza, Kagera, Mara, Shinyanga, Geita and Simiyu.
Cassava, Paddy, Pulses, Beef and Dairy, Cotton, Coffee, 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 Hinglands: Mbeya, Songwe, Iringa, Njombe and Rukwa.
Maize, Paddy, Sunflower, Pulses, Barley, Beef and Diary.

Southern Coast Cluster: Ruvuma, Lindi and Mtwara.
Cassava, Coffee, Maize, Paddy, Sesame, Pulses, Cashew nuts, Fishing.

Zanzibar Cluster: Pemba and Unguja
Spices, Seaweed, Diary and Fishing, Fruit and Vegetables.

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Tabora

Performance Highlights

Profit Before Tax

24.57
TZS Billion

(2023: 18.79 TZS Trillion) ▲ 31%

Growth reflects strong operational effeciency ensuring long-term sustainability.

Total Income

59.87
TZS Billion

(2023: 43.3 Tshs Billion) ▲ 38.2%

Demonstrates ability to re-invest in priority agricultural sub-sectors

Total Assets

917.41
TZS Billion

(2023: 606.94 TZS Trillion) ▲ 51%

Total assets grew, strengthening balance sheet resilience

Loans & Advances

534.16
TZS Billion

(2023: 330.79 TZS Billion) ▲ 61%

Increase in loans and advances has enabled more farmers and agri-businesses to invest and up operation

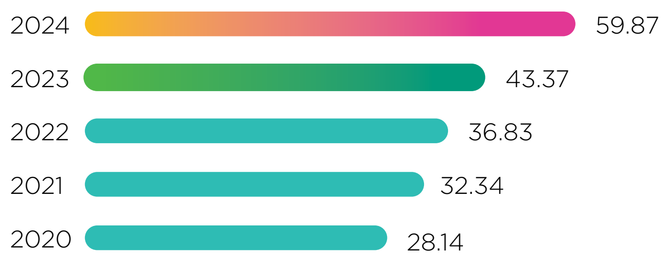
NPL

2.67%

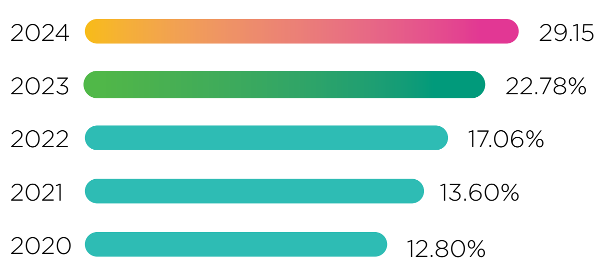
(2023: 3.7% ▼ 1.1%

Highlights a strong risk management framework

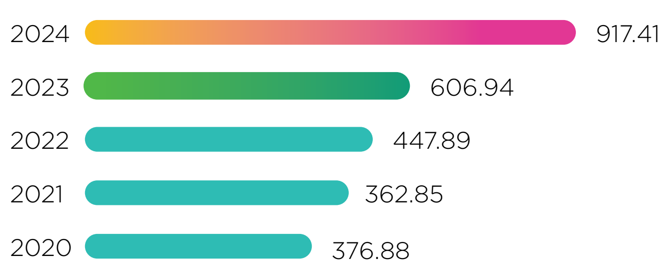
Total Income (TZS Billions)



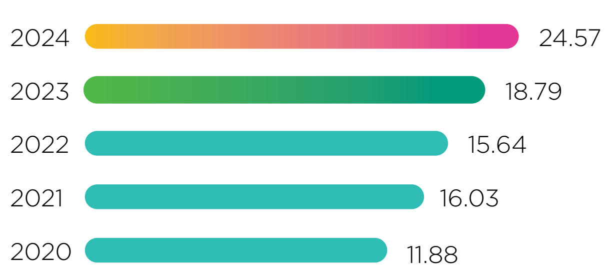
Total Costs (TZS Billions)



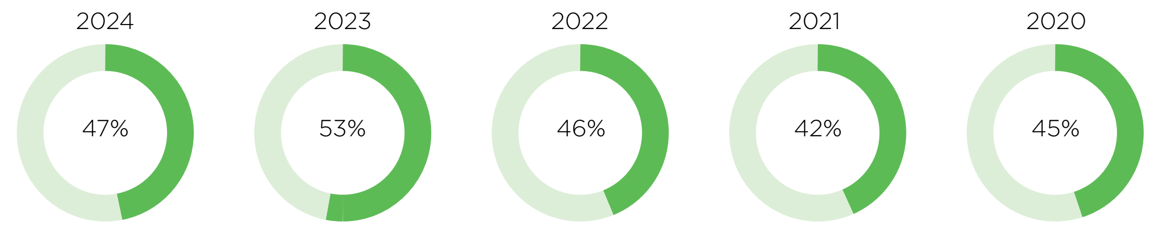
Total Assets (TZS Billions)



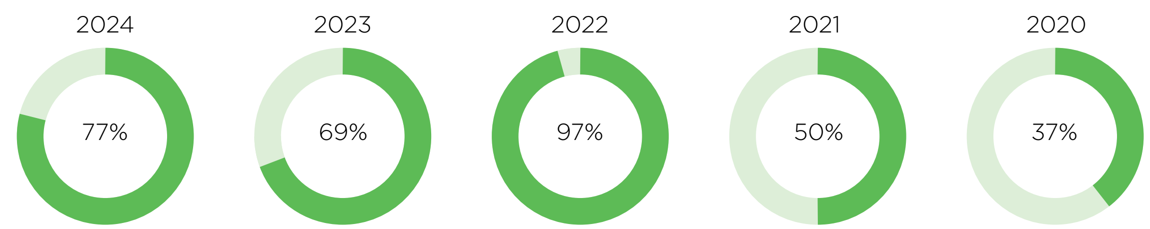
Profit Before Tax (TZS Billions)



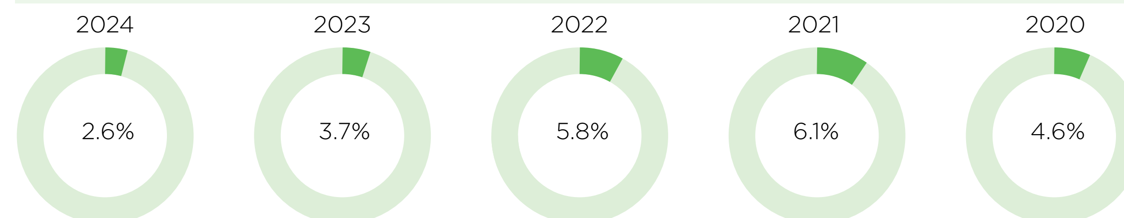
Cost to Income Ratio



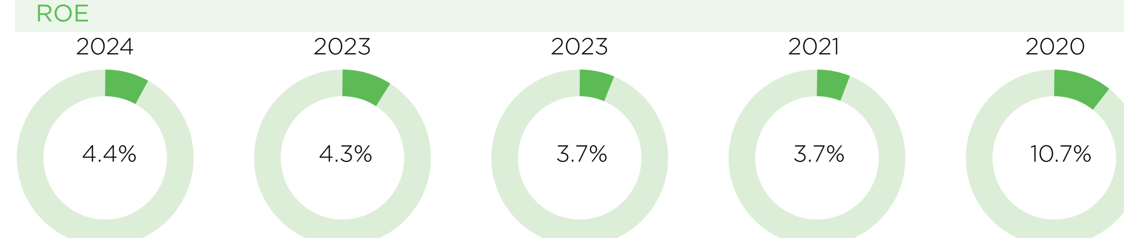
Capital Adequacy Ratio



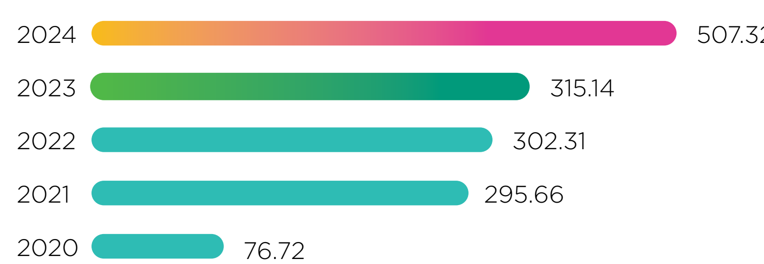
NPL



ROE



Total Shareholder's Fund (TZS Billions)



Value Distribution

10%

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 4.7 Billion

Was paid as Dividends in 2024 (TZS 850 Million was paid in 2023)

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

31%

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.

134 Employees in 2024

13.94 Billion Salaries and benefits paid to employees in 2024

24%

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.

10.64 Billion

Paid in form of taxes to government

35%

TO EXPANSION & 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.

15.69 Billion

Earmarked for expansion and growth

Value Added Statement

	2024 TZS Millions	%	2023 TZS Millions	%
Income earned by providing financial services	57,538		39,430	
Interest Expense paid for funding purposes	(7,400)		(3,789)	
Cost incurred in provision of Services	(6,083)		(1,811)	
Total cost of Financial Services	**(13,483)**		**(5,600)**	
Value added from Financial Services	**44,055**		**33,830**	
Non Operating Income (Non Interest Income)	9,711		7,731	
Non Operating Expenditure (Admin costs)	(8,784)		(7,588)	
Value added from Banking Services	**44,982**		**33,972**	
Distribution of value added				
To Employees:				
Salaries and other benefits	13,942	**31%**	10,963	**32%**
To Shareholders:				
Dividend to the Government	4,700	**10%**	850	**3%**
To Government:				
Corporate Tax	6,065		5,221	
PAYE	2,886		2,050	
Skills & Development Levy	392		279	
Excise Duty	201		201	
VAT on services	1,101		389	
Total Taxes	**10,646**	**24%**	**8,141**	**24%**
To expansion and Growth				
Asset Replacement (Depreciation and amortization)	1,783		1,304	
Profit for the year (including non controlling interest, statutory and regulatory risk reserves)	13,910.99		12,714	
	15,694	**35%**	**14,019**	**41%**
Value - Distributed	**44,982**	**100%**	**33,972**	**100%**

Products and 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 Matrekta 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 Scheme	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.

Products and Services

Product	Description	Target Market
Co-financing	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).	**Eligible institutions:** Commercial banks, community banks & micro-finance institutions. **Target Market (final beneficiaries):** Smallholder farmers, farmers' organizations, agri- MSMEs, corporates, etc.

Indirect Loan Products

Product	Description	Target Market
Smallholder Farmers' Credit Guarantee Scheme (SCGS)	Launched in 2018, 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.	**Eligible Institutions:** Commercial banks, community banks & micro-finance institutions. **Target Market (final beneficiaries):** Smallholder farmers and agri-SMEs.
Wholesale Lending	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.	**Eligible institutions:** Commercial banks, community banks, microfinance institutions, and leasing companies. **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.

Our Partners

Strategic Projects

Blue Economy for Growth (BE4G): Transforming Tanzania's Fisheries Sector

TADB, in collaboration with the Ministry of Livestock and Fisheries, launched the Blue Economy for Growth (BE4G) project in Lake Victoria, focusing on cage fish farming and the distribution of fishing boats across the Mwanza, Kagera, Simiyu, Geita, and Mara regions. This initiative has financed TZS 11.378 billion in soft loans, benefiting 4,343 individuals and enhancing the fisheries value chain.

The BE4G project aligns with Tanzania's Fisheries Sector Master Plan (2021/22 – 2036/37) and the Fisheries Sector Development Programme (FSDP), which emphasize sustainable fisheries management and development. By promoting cage fish farming and distributing modern fishing boats, the project enhances governance through community involvement in sustainable practices, improves food and nutritional security, and creates employment opportunities to reduce poverty in fishing communities. It also adopts an ecosystem approach to reduce overfishing pressures on natural stocks, ensuring long-term resource sustainability.

Additionally, the project empowers local fishermen by providing modern equipment and training, introduces advanced technologies and infrastructure, and supports sustainable aquaculture practices to balance productivity with environmental conservation.

TADB has undertaken significant initiatives in the livestock and dairy sectors, aligning closely with national strategic plans such as the Tanzania Livestock Master Plan (TLMP) and the Livestock Sector Transformation Plan (LSTP). These efforts accentuate TADB's commitment to enhancing productivity, value addition, and sustainability in Tanzania's livestock sector.

11.37 Billion: Amout disbursed in form of soft loans

4,343 Number of beneficiaries of the fisheries value chain.

Tanzania Inclusive Processor-Producer Partnerships in Dairy (TI3P)

In collaboration with the Bill & Melinda Gates Foundation, TADB financed six milk-processing factories, 1,355 heifers, and supported 523 smallholder dairy farmers, with a total investment of TZS 7.93 billion. This initiative aligns with the TLMP's objectives by enhancing dairy production and processing capabilities, thereby increasing the value addition of dairy products and improving market access for smallholder farmers.

7.93 Billion: Disbursed in order to enhance dairy production and processing

1,355 Number of farmers supported

Youth Farm Settlement Project (YFSP)

Partnering with Stichting Solidaridad Nederland, TADB invested TZS 170 million in youth-focused dairy farming projects in Tanga. This support facilitated land acquisition, cattle procurement, and infrastructure development, directly contributing to the TLMP's goals of improving animal productivity and promoting private sector investment. By empowering youth in agribusiness, TADB is nurturing entrepreneurship and creating sustainable livelihoods in rural communities.

170 Billion: in youth-focused dairy farming projects in Tanga

Management Team

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. 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

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.

Adolphina William
Director of Credit

Qualifications:
Master of Business Administration In Finance - University of Dar es Salaam, (TZ).

Expertise:
Corporate Banking, Credit Management, Relationship Management & Leadership.

Noelah Bomani
Director of Human Resources & Administration

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

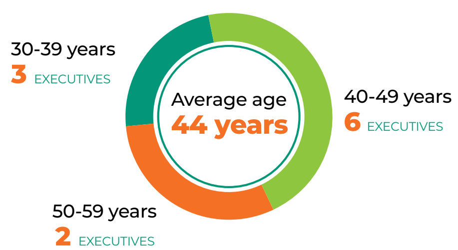
Expertise:
Strategic HR Management, Stakeholder Management, Operational Excellence Change, Leadership & Culture.

Gender diversity

MALE **59%**

FEMALE **41%**

Age



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
Director of ICT

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

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

Afia Sigge
Director of Business Development

Qualifications:
Master of Business Administration In Corporate Management.

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

Mkani D. Waziri
Director of Planning, Advisory & Corporate Affairs

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

Expertise:
Strategic Planning, Agribusiness Consultancy, Project Coordination & Management.

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.

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.

STRATEGY AND VALUE CREATION

Our Strategy Map

Perspectives	Objectives				
Impacts	**To catalyse banks and financial institutions to increase financing to agriculture***	To facilitate investment in productive infrastructure, mechanized technologies, facilities of crop storage, processing, logistics and commodity trade	To promote commercialization of small-scale farmers*	To enhance access to finance, productive assets and markets for women and youth in agriculture and agribusiness	
Customer	**To enhance capabilities of farmers, Coops, SMEs, and other actors to respond to challenges of climate change**	To expand service outreach	To improve customer experience	To increase stakeholders' awareness of products and services	
Internal Processes	**To improve process efficiency**	To protect organizational value by providing risk-based and objective assurance, advise and insight	Enhancing compliance and risk management	To improve the strategic management process	To sustain corporate good governance
Learning & Development	**To make TADB an employer of choice**	To maintain adequate staff complement to meet operational need	Staff development	Research for development	
Financial & Funding	**To leverage partnerships and mobilize financial resources for agriculture financing**		To sustain good financial performance	To improve loan portfolio quality	

Outcomes: Impacts, Customer
Capabilities: Internal Processes, Learning & Development, Financial & Funding

Values	Professionalism	Learning & Innovation	Teamwork	Integrity	Teamwork

Key

- Objectives under Thematic Priorities of the Strategy
- Function specific objectives related to Objective 7 (To enhance institutional capacity to deliver...)
- Operational objectives relevant to specific perspectives

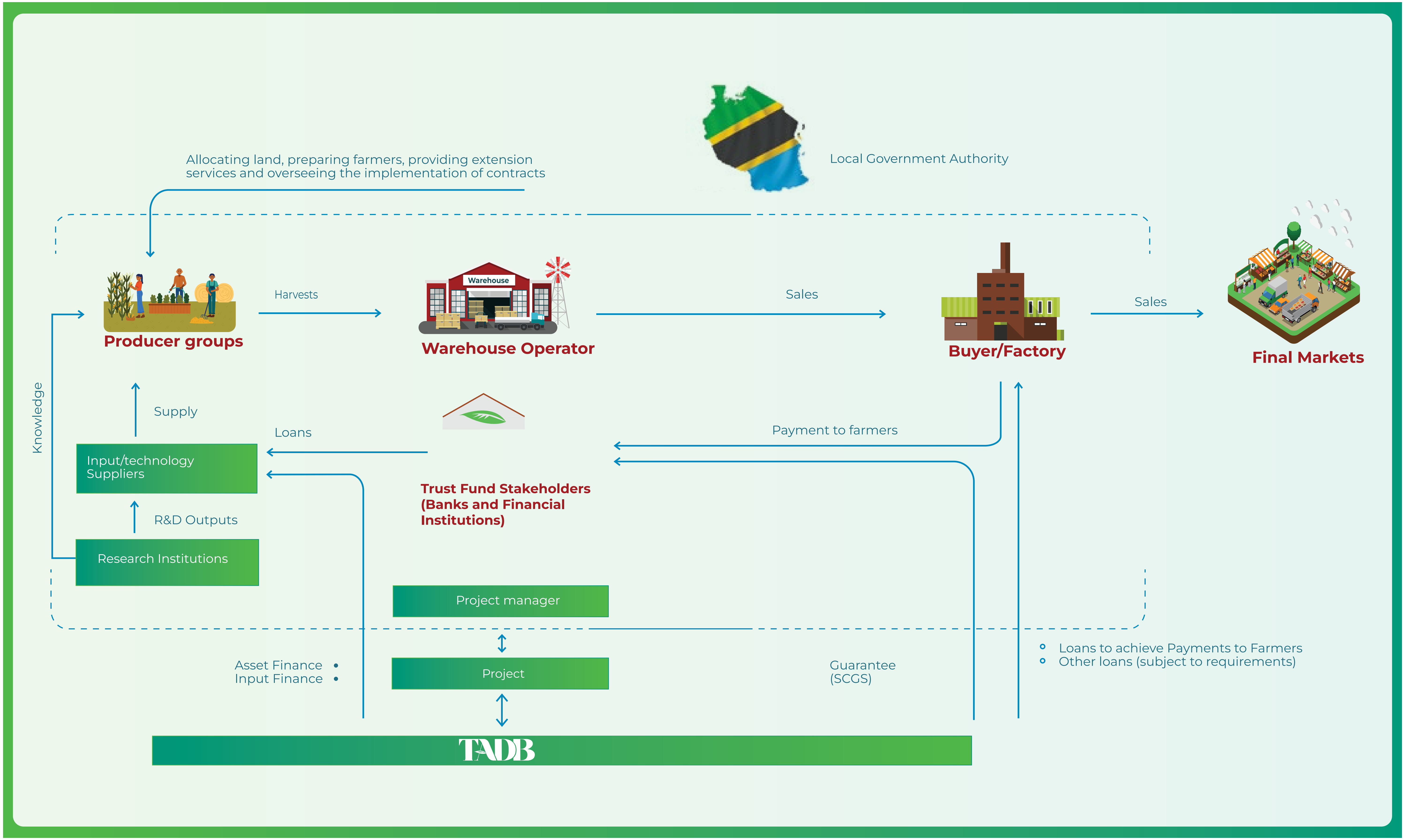
Strategic Value Unlocks

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.

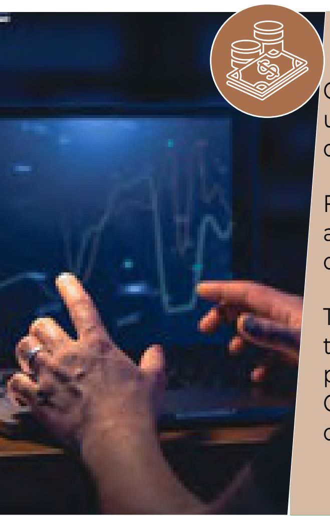
Thematic Priorities	Initiatives	Value Driver		Achievement	Achieved Amount (TZS BIL)	Measurement Against Benchmark
Thematic priority-1: Catalyzing financing to agriculture	**Scalling operation of the Smallholder Farmers Credit Guarantee Scheme**	Increase lending to agriculture through risk sharing mechanism.		• **3** new PFIs were enrolled • Sensitization of the **4** new potential PFIs	130.79	145.0%
	Development and roll-out of a wholesale lending product	Access to concessional financial resources for agricultural lending		• **3 PFI** and 1 leasing company enrolled	22.5	75%
	Development and roll-out of co-financing product	Facilitate appropriate mix of credit tenure to agriculture		• Approval and sactioning of 8 deals with five PFI's	38.4	192%
Thematic priority-2:Value chain development	**Supporting the development of a critical mass of agro-processors**	Productivity		• **33** agro-processors funded	28.30	74.5%
	Investiment in storage Facilities	Post- harvest management		• **16** warehouse constructon financed	6.4	133.3%
				• **3** cold rooms funded	0.47	522.2%
	Supporting the development of markets	Financing		• **147** Commodity trade deals were funded	163.4	129.7%
	Financing the development of medium scale irrigation infrastructure	Productivity		• **41** micro irrigation financed	3.7	902.43%
	Financing adoption of mechanized technologies	Productivity		• Bank funded a total of **3** combine harvester	122	203.2%
				• Bank funded a total of **23** tractors in **3** zones	2.03	203.5%
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	Submission of the Concept Note in GCF PSAA Concept Note Template to GCF		• Refined draft to be submitted by March 2025 following several mandatory review rounds		
Thematic priority-4: Financial inclusion	**Designing and rolling out of gender responsive products and services**	Inclusive access to financial services		• 8 women and youth groups received training on financial management topics		
	Providing training, business development servises support and market linkages to women and youth groups	Promote inclusive acess to finance for women and youth		• Mapping of women and youth groups, as well as key stakeholders in agriculture and agribusiess ecosystem, was sucessfully conducted		
	Funding women and youth			• TZS TZS 20.63 billion was financed to women and youth led projects by the end of December 2024		
Thematic priority-5: Capacity to deliver	**Building partnerships for resource mobilization**	Augmenting existing agro-financing activities		• TADB received first and second drawdowns from AfDB amounting to **TZS 174.16 Billion** • TADB received **TZS 3 Billion** from WCF. • TADB received the third tranche of **Euro 30 Million** from AFD equivalent to **TZS 75.27 Billion** • TADB received **TZS 10 billion** from NSSF • TADB received the third tranche of the Ti3P projrct fund worth of **USD 500,000**		
	Mobilization for climate change and CSA financing	Increase use of climate resilient agricultural practices		• Approval of the Environment and Social Policy in April 2024		
	Opening of new zonal offices	Bringing bank services closer to the customers		• Launch of Western Zone office in Q1 2024 • Engagment with public and private real estate owners to secure office space in Zanzibar		
	Automation of internal processes and promoting digital innovation	Improving efficiency		• Digitization of M&E framework		

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 2024 was TZS 315 billion equivalent to a 4% increment from TZS 302 billion recorded as at 31st December 2023.
- Total Asset Value increased by 45% from TZS 447.89 billion as at 31st December 2024 to TZS 606.94 billion recorded as at 31st December 2023.

Balance Sheet (TZS Ml)	2023	2024
Paid up Share Capital	268,202	442,365
Retained Earnings	31,514	62,923
Profit/Loss for the Period	13,564	
Statutory Reserve	1,861	1,775
Total shareholders' funds	**315,141**	**507,064**

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 famers 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.

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 2024 FY, the bank had a total of 134 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 134 employees

Gender	2023	%	2024	%
Female	38	31%	43	32%
Male	86	69%	91	68%
Total	**124**	**100%**	**134**	**100%**

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

Social & Relationship Capital

The facet of development finance imvplies 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.

Throughout the year, the bank collaborated with a range of partners to identify opportunities for technical support and expertise in the design of financing and operational models for various projects.

In 2024, the bank continued its efforts to raise awareness of its products and services by actively participating in both local and international forums and exhibitions.

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.

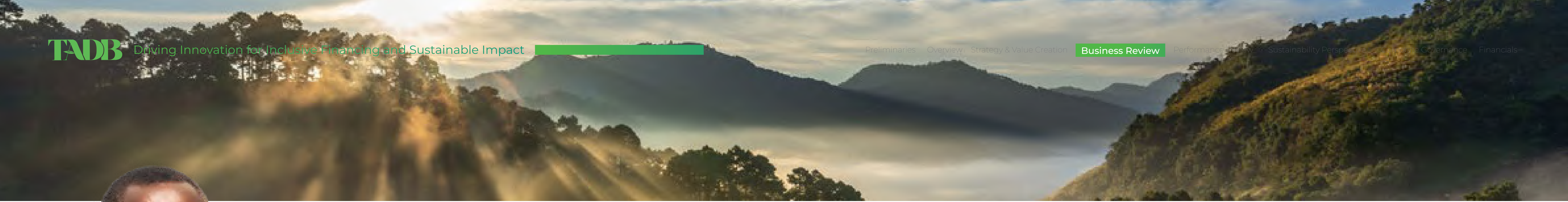
During the year, the bank advanced its commitment to climate-resilient agriculture through the Smart Agriculture Programme. As part of its ongoing adaptation strategy, the bank promoted initiatives such as the adoption of drought-resistant crop varieties, crop diversification, adjustments to cropping patterns and planting calendars, soil moisture conservation through improved tillage practices, enhanced irrigation efficiency, and afforestation efforts.

Stakeholders Engagements

Below are the main material matters identified for TADB in 2024, the risk or impact each poses, and a note on how the bank dealt with them during the year.

Stakeholder	Key Interests	Method of Engagement	How TADB Relates and Responds	Outcome / Value
Shareholders	• Sustainable return on investment • Transparent reporting • Sound risk management	• Annual General Meetings • Quarterly & Annual Reports	• Provide timely, accurate financial statements • Maintain strong governance and risk controls • Drive growth via strategic initiatives	• Growth in share value • Confidence in bank stability and prospects
Employees	• Fair remuneration & benefits • Career growth & training • Safe work environment • Inclusion & diversity	• Staff meetings, internal portals • Annual performance appraisals • Employee surveys	• Offer competitive pay & benefits • Provide learning & development programs • Promote health and wellbeing • Foster an inclusive culture	• Improved morale and productivity • Low turnover rate • Positive workplace culture
Customers	• Convenient & secure banking access • Fair pricing & transparency• Innovative solutions	• Digital channels • Social media, call centers • Zone visits	• Ensures data protection and cybersecurity • Promotes financial inclusion through accessible, transparent services	• Improved customer satisfaction • Strong brand reputation
Suppliers	• Fair & transparent procurement • Timely payments	• Digital procurement process • Competitive bidding • Contract negotiations	• Adhere to procurement policies • Evaluate based on quality and value	• Strong supplier relationships • Mutually beneficial contracts
Regulatory Authorities	• Compliance with regulations • Financial system stability • Input in policy frameworks	• Regular submissions & compliance reporting • Participation in banking and development forums	• Strict adherence to risk-based regulations • Timely tax & statutory payments • Proactive policy engagement	• Enhanced trust & reputation • Support of national development goals
Government	• Economic empowerment • Social welfare • Environmental responsibility	• Corporate social investment (CSI) • Sponsorships & partnerships • Financial literacy programs	• Promote financial inclusion (women and youth)	• Positive economic impact • Strengthened public-private partnerships
Community / Society	• Economic empowerment • Social welfare	• CSI activities • Partnerships & sponsorship • Financial literacy sessions	• Support local development projects • Expand financial access to underserved areas	• Positive community impact

BUSINESS REVIEW



Message from the Chairman

> The bank's underlining strong performance and investment returns even during challenging economic times, have ensured continued support from our shareholders, the Tanzanian Government. This trust underscores the resilience of our strategic approach and the effectiveness of our financial stewardship.

Mr. Ishmael Kasekwa
Board Chairman

Dear Stakeholders;

It is with great honour that I present the Tanzania Agricultural Development Bank's (TADB) Integrated Annual Report for the year ending December 2024. As a state-owned Development Finance Institution (DFI) dedicated to the agricultural sector, TADB remains steadfast in its mission to transform Tanzania's agricultural economy through innovative financial solutions which led to remarkable growth and sustainability.

Despite the challenges posed by El Niño-induced floods, which led to crop and livestock financial losses in the 2023/2024 season which impacted, TADB demonstrated incredible resilience. Our strong financial performance and sound investment strategies have reinforced the trust and support of our shareholder, the Tanzanian Government. This confidence affirms the effectiveness of our strategic approach and financial stewardship in driving agricultural transformation.

Driving Agricultural Growth

TADB continues to play a pivotal role in reshaping Tanzania's agricultural landscape by expanding access to finance for farmers, agribusinesses, and cooperatives.

In 2024, TADB achieved outstanding financial growth, with total assets rising by 51.15% to TZS 917.41 billion, reflecting our commitment to agricultural transformation and economic stability. Net interest income grew by 40.68%, and total revenue increased by 42.59%, enabling further investment in high-impact agricultural sub-sectors. A 31.36% increase in profit before tax highlighted our operational efficiency. As part of its commitment to giving back to the government, TADB issued a record dividend of TZS 5.58 billion, following a surge in profits. We expanded access to credit by 61.48%, helping farmers and agribusinesses modernise operations and boost production. Additionally, a reduction in non-performing loans to 2.67% demonstrated our strong risk management and financial stability.

Our financing initiatives have contributed to national food security and economic development by enhancing agricultural value chains, boosting productivity and improving livelihoods. We remain committed to fostering strategic collaborations with customers, partners, regulators, and shareholders to strengthen our impact and drive sustainable progress.

Building Human Capital

Recognizing that our people are our greatest asset, TADB has steadily grown its workforce to 134 employees as of December 2024. In alignment with our strategic objectives, we have adopted a new Organizational Structure to enhance efficiency, streamline decision-making, and reinforce our commitment to becoming a high-performing Development Finance Institution. We are dedicated to cultivate an inclusive and capacitated workforce while ensuring a safe and conducive working environment for our employees. By investing in our people, we position TADB to deliver even greater impact in the years ahead.

Sustainability commitment

At TADB, our commitment goes beyond financing; we are dedicated to uplifting communities through impactful initiatives that prioritize environmental and social sustainability. We focus on empowering women, youth, and promoting agricultural development in underserved areas, with a strong emphasis on climate-smart practices. By supporting small-scale ventures and strengthening agricultural value chains, we create a multiplier effect that drives local economic growth and enhances socio-economic conditions. Through innovative financing solutions and strategic partnerships, TADB is fostering sustainable development, ensuring prosperity, and addressing climate challenges for a resilient future.

> In 2025, TADB will undertake a mid-term review of its Medium-Term Strategy (2023–2027) to assess progress on its five key objectives. As TADB advances into its next phase, it will continue embedding Environmental, Social, and Corporate Governance (ESG) principles, ensuring its expansion aligns with Sustainable Development Goals (SDGs) for a more inclusive and sustainable future.

Looking Ahead

Looking ahead, the bank is focused on sustained growth and innovation, enhancing profitability through new products, improved customer services, and strategic network expansion. While driving growth, the bank remains committed to cost efficiency and risk management.

In 2025, TADB will undertake a mid-term review of its Medium-Term Strategy (2023–2027) to assess progress on its five key objectives. As TADB advances into its next phase, it will continue embedding Environmental, Social, and Corporate Governance (ESG) principles, ensuring its expansion aligns with Sustainable Development Goals (SDGs) for a more inclusive and sustainable future.

Strengthening Governance

TADB upholds the highest standards of corporate governance, ensuring transparency, accountability and strategic oversight in all our operations. In 2024, we strengthened our governance framework, reinforced risk management, regulatory compliance and operational efficiency to enhance our resilience and long-term success.

> At TADB, our commitment goes beyond financing; we are dedicated to uplifting communities through impactful initiatives that prioritize environmental and social sustainability. We focus on empowering women, youth, and promoting agricultural development in underserved areas, with a strong emphasis on climate-smart practices.

Appreciation

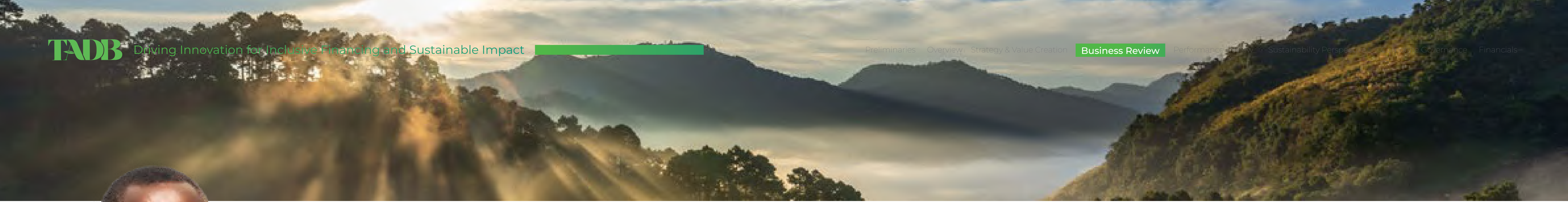
On behalf of the Board, I extend my heartfelt gratitude to the Ministry of Finance, the Office of the Treasury Registrar, and our key partners, including agriculture-aligned Ministries, for their unwavering support and guidance in advancing TADB's mandate. Their strategic direction has been crucial in strengthening our capacity to drive agricultural transformation in Tanzania.

I also wish to sincerely thank our valued customers for their trust and partnership. Your dedication to agricultural growth inspires us, and we remain committed to delivering innovative financial solutions that meet your evolving needs.

Lastly, I commend TADB's management and staff for their professionalism, dedication, and commitment to excellence. Your collective efforts have been instrumental in our success, and I am confident that together, along with our partners and Ministries, we will continue to drive meaningful impact in Tanzania's agricultural sector.

With gratitude,

Chairperson of the Board
Tanzania Agricultural Development Bank (TADB)



Ujumbe Kutoka kwa Mwenyekiti wa Bodi

Utendaji imara kifedha na mikakati mizuri ya uwekezaji imeimarisha imani na uungwaji mkono kutoka mwanahisa wetu mkuu, Serikali ya Tanzania. Uaminifu huu ni uthibitisho wa ufanisi bora wa mikakati yetu ya maendeleo na usimamizi bora wa rasilimali za kifedha katika kuongoza mabadiliko katika sekta ya kilimo.

Bw. Ishmael Kasekwa
Mwenyekiti wa Bodi

Ndugu Wadau;

Napenda kuwasilisha taarifa ya mwaka ya Benki ya Maendeleo ya Kilimo Tanzania (TADB) kwa mwaka unaoishia Desemba 2024. Kama taasisi ya maendeleo ya kifedha inayomilikiwa na serikali na mahususi kwa ajili ya sekta ya kilimo, TADB imendelea kusimama imara katika dhamira yake ya kubadilisha uchumi wa kilimo nchini Tanzania kupitia njia bunifu za kifedha ambazo zimeleta ukuaji uendelevu na wa kipekee.

Licha ya changamoto zilizotokana na mafuriko yaliyosababishwa na mvua za El Niño, ambazo zilisababisha hasara za kifedha kwenye mazao na mifugo kwa msimu wa 2023/2024, TADB ilionyesha ustahimilivu wa kipekee. Utendaji imara kifedha na mikakati mizuri ya uwekezaji imeimarisha imani na uungwaji mkono kutoka mwanahisa wetu mkuu, Serikali ya Tanzania. Uaminifu huu ni uthibitisho wa ufanisi bora wa mikakati yetu ya maendeleo na usimamizi bora wa rasilimali za kifedha katika kuongoza mabadiliko katika sekta ya kilimo.

Kuongoza Ukuaji wa Kilimo

TADB imendelea kuwa na mchango mkubwa katika kubadilisha taswira ya kilimo nchini kupitia upanuzi wa upatikanaji wa mikopo kwa wakulima, biashara za kilimo na vyama ya ushirika.

Katika mwaka 2024, TADB ilifikia mafanikio makubwa kifedha, ambapo jumla ya mali za benki zilikuwa kwa asilimia 51.15 hadi TSH 917.41 bilioni, ikionyesha juhudi zetu katika kuleta mabadiliko ya kilimo na Uchumi thabiti. Jumla ya mapato ya riba yaliongezeka kwa asilimia 40.68, na jumla ya mapato ya benki yaliongezeka kwa asilimia 42.59, ambayo iliruhusu uwekezaji zaidi katika maeneo muhimu katika sekta ya kilimo. Ongezeko la asilimia 31.36 kwenye faida kabla ya kodi kumeonyesha ufanisi bora kiutendaji.Kama sehemu ya kuunga mkono serikali, TADB ilitoa gawio la kihistoria la TZS bilioni 5.58 kufuatia ongezeko la faida. Uwekezaji wetu umepanua upatikanaji wa mikopo kwa asilimia 61.48, kwa kuwakusaidia wakulima na biashara za kilimo kuboresha uendeshaji na kuongeza uzalishaji. Aidha, kupungua kwa mikopo chechefu hadi asilimia 2.67 kumeonyesha uwezo wetu thabiti wa usimamizi wa vihatari vya kifedha.

Mikakati yetu ya kifedha imechangia katika usalama wa chakula kitaifa na maendeleo ya kiuchumi kwa kuboresha mnyororo wa thamani wa kilimo, kuongeza uzalishaji na kuboresha maisha ya watu. Pia tumeendelea kuimarisha ushirikiano wa kimkakati na wateja, pia wadau ili kuimarisha matokeo chanya na kuleta maendeleo endelevu.

Ujenzi wa Rasilimali Watu

Kwa kuzingatia kwamba watu ndio rasilimali yetu kuu, TADB imeendelea kuongeza idadi ya wafanyakazi hadi 134 kufikia Desemba 2024. Kwa mujibu wa malengo yetu ya kimkakati, Benki imekubali nakutekeleza muundo mpya wa taasisi ili kuongeza ufanisi, kurahisisha maamuzi, na kuimarisha juhudi zetu za kuwa taasisi bora ya maendeleo ya kifedha inayofanya kazi kwa viwango vya juu.

Tumejizatiti kukuza nguvukazi jumuishi na yenye uwezo kwa kuhakikisha mazingira rafiki na salama kwa wafanya kazi wetu. Kwa kuwekeza katika rasilimali watu, TADB imejipanga kuleta matokeo makubwa kwa miaka ijayo.

Huduma Endelevu

Kama benki ya maendeleo ahadi yetu ni zaidi ya kutoa huduma za kifedha; tumejitoa katika kuinua jamii kupitia mipango yenye matokeo makubwa yanayolenga kuwa na mazingira salama na jamii endelevu. Tunalenga kuwawezesha wanawake na vijana, pamoja na kukuza maendeleo ya kilimo katika maeneo ambayo hayajapata huduma za kutosha, kwa kuzingatia matumizi bora ya mifumo ya kilimo inayozingatia mabadiliko ya tabia ya nchi. Kwa kuziwezesha biashara na kuimarisha minyororo ya thamani ya kilimo, tutachochea

Mwaka 2025, TADB itafanya tathmini ya kati ya utekelezaji wa Mkakati wake wa Kati wa Muda (2023–2027) ili kupima ufanisi katika kutekeleza vipaumbele vyetu vikuu vitano. Kuelekea awamu inayofuata TADB, itaendelea kujumuisha misingi ya Mazingira, Jamii na Utawala Bora (ESG), kuhakikisha upanuzi wake unaendana na Malengo ya Maendeleo Endelevu (SDGs) kwa ajili ya mustakabali jumuishi na endelevu.

matokeo chanya na endelevu ambayo yatapelekea ukuaji wa uchumi wa ndani na kuboresha hali ya Uchumi na maisha kwa jamii kwa ujumla. Kupitia ufumbuzi bunifu wa kifedha na ushirikiano wa kimkakati, TADB itaendelea kuleta maendeleo endelevu, ikihakikisha ustawi bora katika jamii, na kukabiliana na changamoto za mabadiliko ya tabia ya nchi kwa ajili ya mustakabali stahimilivu.

Matarajio

Katika kipindi kijacho, Benki imejikita katika kukuza ukuaji endelevu na ubunifu kwa kuboresha faida kupitia bidhaa mpya, huduma bora kwa wateja, na upanuzi wa kimkakati wa mtandao wake. Wakati ikihamasisha ukuaji endelevu, Benki inaendelea kujizatiti katika kuhakikisha ufanisi bora wa gharama na usimamizi madhubuti wa vihatarishi.

Mwaka 2025, TADB itafanya tathmini ya kati ya utekelezaji wa Mkakati wake wa Kati wa Muda (2023–2027) ili kupima ufanisi katika kutekeleza vipaumbele vyetu vikuu vitano. Kuelekea awamu inayofuata TADB, itaendelea kujumuisha misingi ya Mazingira, Jamii na Utawala Bora (ESG), kuhakikisha upanuzi wake unaendana na Malengo ya Maendeleo Endelevu (SDGs) kwa ajili ya mustakabali jumuishi na endelevu.

Kuimarisha Uongozi Bora

TADB inathamini viwango vya juu kabisa vya utawala bora wa kitaasisi, kwa kuhakikisha uwazi, uwajibikaji na usimamizi bora wa kimkakati katika shughuli zote. Katika mwaka 2024, tuliimarisha mfumo wetu wa kiutawala, usimamizi wa vihatarishi, uzingatiaji wa kanuni za udhibiti na ufanisi wa kiutendaji ili kuongeza ustahimilivu wetu na mafanikio ya muda mrefu.

Kama benki ya maendeleo ahadi yetu ni zaidi ya kutoa huduma za kifedha; tumejitoa katika kuinua jamii kupitia mipango yenye matokeo makubwa yanayolenga kuwa na mazingira salama na jamii endelevu. Tunalenga kuwawezesha wanawake na vijana, pamoja na kukuza maendeleo ya kilimo katika maeneo ambayo hayajapata huduma za kutosha, kwa kuzingatia matumizi bora ya mifumo ya kilimo inayozingatia mabadiliko ya tabia ya nchi.

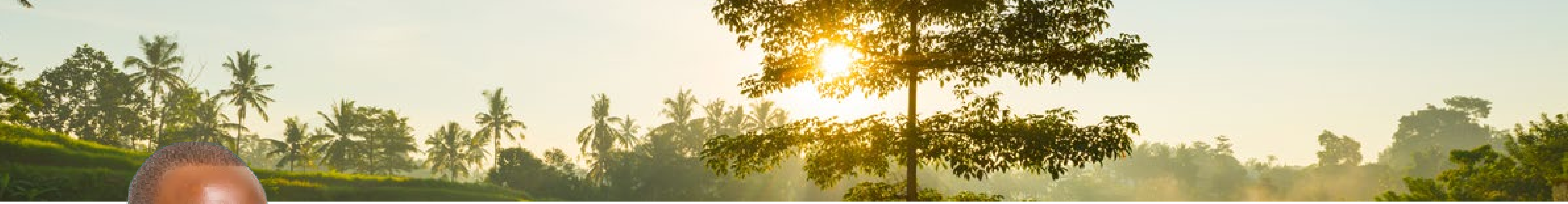
Shukrani

Ninatoa shukrani za dhati kwa niaba ya Bodi, nikipongeza Wizara ya Fedha, Ofisi ya Msajili wa Hazina, pamoja na washirika wetu muhimu, ikiwemo wizara zinazohusiana na sekta ya kilimo, kwa msaada na mwongozo katika kusukuma mbele dhamira ya TADB. Mwelekeo wenu wa kimkakati umekuwa wa muhimu sana katika kuimarisha uwezo wetu wa kuendesha mabadiliko katika sekta ya kilimo nchini Tanzania.

Pia napenda kuwashukuru kwa dhati wateja wetu kwa kuendelea kutuamini na kushirikiana nasi. Dhamira yenu katika kukuza sekta ya kilimo inatupa motisha , na sisi tutaendelea kujituma na kutoa suluhisho bunifu za kifedha zinazokidhi mahitaji yenu.

Mwisho, naipongeza menejiment na wafanyakazi wa TADB kwa weledi, kujituma na kujitolea kwao katika kufanikisha mafanikio haya. Mchango wenu wa pamoja umekuwa nguzo muhimu ya mafanikio yetu na nina imani kuwa pamoja na kwa kushirikiana na wadau wetu pamoja na wizara husika tutaendelea kuleta matokeo chanya katika sekta ya kilimo hapa nchini Tanzania.
Asante,

Mwenyekiti wa Bodi
Benki ya Maendeleo ya Kilimo Tanzania (TADB)



Managing Director Statement

In 2024, TADB proudly closed the year with a balance sheet size of **TZS 917.41** billion, moving decisively closer to the symbolic **TZS 1 trillion** mark. This outstanding performance reflects a **51%** growth in total assets compared to the previous year **606.94 billion** and positions the bank firmly within Tier 1 financial institutions in Tanzania.

Mr. Frank Nyabundege
Managing Director

3.7% RETURN ON EQUITY (2023: TZS 4.3)	**2.6%** NON PERFORMING LOANS (2023: 3.8%)	**47%** COST TO INCOME RATIO (2023: 53%)	**41.99%** PROFIT BEFORE TAX to TZS 26.68 billion (2023: TZS 18.79 billion)

Dear Stakeholders;

As we mark the end of yet another successful financial year, it is my honour and privilege to present to you the Integrated Annual Report for Tanzania Agricultural Development Bank (TADB) for the year ended 31st December 2024. This year stands as a momentous milestone due to the significant financial and institutional achievements made.

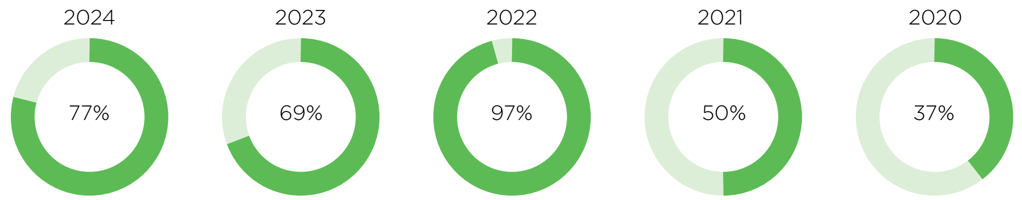
Since its inception in 2015, TADB has remained steadfast in its mission to catalyze agricultural transformation in Tanzania through sustainable and inclusive finance. Over the past years, the bank has evolved from a nascent development financial institution into a strong player in the financial sector, driving economic empowerment and food security.

TADBs journey is one defined by strategic growth, operational excellence, and unwavering dedication to supporting Tanzania's agricultural value chains. The bank's impact has touched millions of Tanzanians, empowered countless agribusinesses, and unlocked immense value for the country's economy.

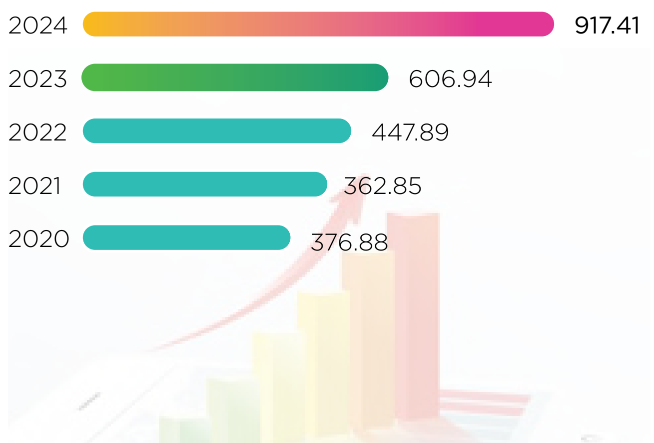
A Strategic Milestone

In 2024, TADB proudly closed the year with a balance sheet size of TZS 917.41 billion, moving decisively closer to the symbolic TZS 1 trillion mark. This outstanding performance reflects a 51% growth in total assets compared to the previous year 606.94 billion and positions the bank firmly within Tier 1 financial institutions in Tanzania.

Capital Adequacy Ratio (5 yeaer Trend)



Total Assets (TZS Billions)



Additionally, the bank reported a pre-tax profit of TZS 24.68 billion, reflecting a 31% year-on-year growth from TZS 18.79 billion in 2023. This achievement is a testament to the team deliberate growth strategy, prudent financial management, strong institutional governance and our stakeholder's confidence, including the Government of Tanzania, development partners, and the wider agribusiness community.

Financial Resilience and Growth

We have continued to demonstrate remarkable financial resilience and steady growth, underpinned by strong capitalization and strategic fund mobilization. As at the end of 2024, the bank's total capital surged to TZS 507 billion, a significant leap from TZS 60 billion at inception. This growth is a powerful reflection of the unwavering confidence and support from the Government of the United Republic of Tanzania, which has consistently prioritized TADB as a key enabler of agricultural

We have continued to demonstrate remarkable financial resilience and steady growth, underpinned by strong capitalization and strategic fund mobilization. As at the end of 2024, the bank's total capital surged to TZS 507 billion, a significant leap from TZS 60 billion at inception.

transformation. The substantial capital injection, combined with successful resource mobilization from development partners and stakeholders, has not only fortified the bank's balance sheet but also enhanced its lending capacity across agricultural value chains.

Driving Inclusive and Sustainable Agriculture

Over the last decade, TADB has financed projects that span from primary production to agro-processing and export, ensuring that Tanzania's agriculture sector is more productive, market-oriented, and climate-resilient. Our impact has been magnified through strategic partnerships, blended finance mechanisms, and technical assistance interventions that promote sustainable agricultural practices and gender-inclusive financing.

Institutional Excellence and Recognition

In 2024, the TADB proudly received a B+ rating from the Association of African Development Finance Institutions (AADFI) a commendable rating that reflects our compliance with international standards of governance, financial management, and development impact. Additionally, TADB was awarded the designation of a Government-Owned Development Finance Institution (Go DFI), further affirming our strategic alignment with national development priorities and our pivotal role in driving inclusive economic growth. These recognitions underscore the bank's growing credibility, its operational soundness, and the strength of our governance structures as we continue to elevate our standing regionally and globally.

Over the last decade, TADB has financed projects that span from primary production to agro-processing and export, ensuring that Tanzania's agriculture sector is more productive, market-oriented, and climate-resilient. Our impact has been magnified through strategic partnerships, blended finance mechanisms, and technical assistance interventions that promote sustainable agricultural practices and gender-inclusive financing.

Looking Ahead

As we look to the future, our ambition is clear, to deepen our role as a catalytic development finance institution, expand our capital base, and further integrate digital innovation to enhance service delivery. The journey to and beyond the TZS 1 trillion balance sheet mark is not just a financial goal, but a symbol of the bank's growing capacity to serve the people of Tanzania.

TADB will continue to align its strategic priorities with the Third Five-Year Development Plan (FYDP III) and the Government's agricultural modernization agenda. We remain committed to being the financier of choice for Tanzania's agricultural revolution.

Acknowledgements

I extend my sincere appreciation to the Board of Directors for their vision and guidance, our committed staff for their professionalism and dedication, our clients and partners for their continued trust and collaboration. Together, we celebrate ten years of transformation, Go DFI and the promise of many more to come.

Together, we grow. Together, we build.

Frank Nyabundege Mugeta
Managing Director

Ujumbe wa Mkurugenzi mtendaji

Mwaka 2024, TADB ilifunga mwaka kwa kuwa na ukubwa wa mizania ya **TSH bilioni 917.41**, ikiwa ni hatua kubwa kuelekea lengo la **TSH trilioni 1.** Utendaji huu wa kipekee unaakisi ongezeko la asilimia **51** ya mali zote ikilinganishwa na **TSH bilioni 606.94** mwaka uliopita, na kuiweka Benki miongoni mwa taasisi za kifedha za daraja la kwanza (Tier 1) hapa nchini.

Bw. Frank Nyabundege
Mkurugenzi Mtendaji

3.7%	FAIDA KATIKA UWEKEZAJI	(2023: TSH 4.3)
2.6%	MIKOPO CHECHEFU	(2023: 3.8%)
47%	UWIANO WA MAPATO KWA GHARAMA	(2023: 53%)
41.99%	FAIDA KABLA YA KODI	Imefika TSH 26.68 bilioni (2023: TSH 18.79 bilioni)

Ndugu Wadau;

Tunapomaliza mwaka mwingine wa mafanikio makubwa ya kifedha, ni heshima yangu kuwasilisha kwenu Ripoti ya Jumla ya Mwaka ya Benki ya Maendeleo ya Kilimo Tanzania (TADB) kwa mwaka unaoishia tarehe 31 Desemba 2024. Mwaka huu ni wa kihistoria kutokana na mafanikio makubwa ya kifedha na ya kitaasisi yaliyopatikana.

Tangu kuanzishwa kwake mwaka 2015, TADB imeendelea kusimama imara katika dhamira yake ya kuleta mageuzi ya kilimo nchini Tanzania kupitia upatikanaji wa mitaji endelevu na jumuishi. Kwa kipindi cha miaka kadhaa iliyopita, Benki imebadilika kutoka taasisi changa ya kifedha ya maendeleo na kuwa mdau imara katika sekta ya fedha, ikichochea uwezeshaji wa kiuchumi na usalama wa chakula.

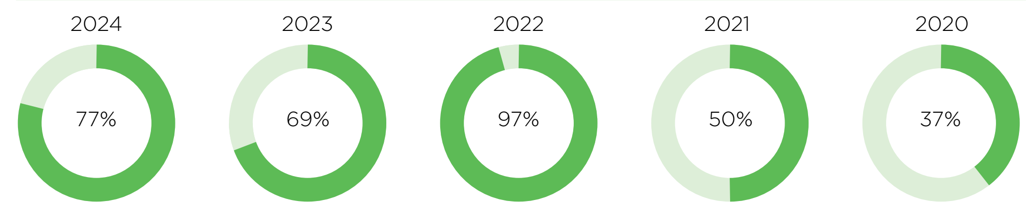
Safari ya TADB ni hadithi ya ukuaji wa kimkakati, ubora wa kiutendaji, na dhamira ya dhati ya kuendeleza mnyororo wa thamani wa kilimo nchini Tanzania. Matokeo ya Benki yamewagusa mamilioni ya Watanzania, kuwawezesha wajasiriamali wengi wa sekta ya kilimo, na kuongeza thamani kubwa kwa uchumi wa taifa.

Hatua ya Mkakati

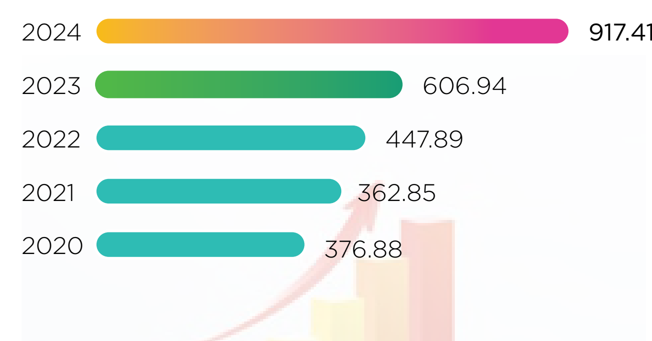
Mwaka 2024, TADB ilifunga mwaka kwa kuwa na ukubwa wa mizania ya TSH bilioni 917.41, ikiwa ni hatua kubwa kuelekea lengo la TSH trilioni 1. Utendaji huu wa kipekee unaakisi ongezeko la asilimia 51 ya mali zote ikilinganishwa na TSH bilioni 606.94 mwaka uliopita, na kuiweka Benki miongoni mwa taasisi za kifedha za daraja la kwanza (Tier 1) hapa nchini. Aidha, Benki iliripoti faida kabla ya kodi ya TSH bilioni 24.68, sawa na ongezeko la asilimia 31 kutoka TSH bilioni 18.79 mwaka 2023. Mafanikio haya ni ushahidi wa utekelezaji wa mkakati madhubuti wa ukuaji, usimamizi makini wa fedha, uongozi bora wa kitaasisi, pamoja na imani kubwa ya wadau wetu wakiwemo Serikali ya Jamhuri ya Muungano wa Tanzania, wadau wa maendeleo, jamii na wadau wa kilimo kwa ujumla.
Uhimilivu na Ukuaji Kifedha

Benki imeendelea kukua na kuimarika kifedha, kutokana na uimara wa mikakati ya utafutaji wa rasilimali fedha. Kufikia mwisho wa mwaka 2024, jumla ya mtaji wa Benki ulifikia TSH bilioni 507, kutoka TSH bilioni 60 wakati wa kuanzishwa kwake.

Utoshelevu wa Mtaji (Kwa Miaka 5)



Mali (TSH Bilioni)



Benki imeendelea kukua na kuimarika kifedha, kutokana na uimara wa mikakati ya utafutaji wa rasilimali fedha. Kufikia mwisho wa mwaka 2024, jumla ya mtaji wa Benki ulifikia TSH bilioni 507, kutoka TSH bilioni 60 wakati wa kuanzishwa kwake.

Ukuaji huu mkubwa ni ishara ya imani thabiti na msaada endelevu kutoka kwa Serikali ya Jamhuri ya Muungano wa Tanzania, ambayo imeipa TADB kipaumbele kama chombo muhimu cha mageuzi ya kilimo. Uwekezaji mkubwa wa mtaji pamoja na mafanikio ya utafutaji wa rasilimali kutoka kwa wadau na washirika wa maendeleo umeimarisha mizania ya Benki na kuongeza uwezo wake wa kutoa mikopo katika minyororo ya thamani mbalimbali ya kilimo.

Kuchochea Kilimo Jumuishi na Endelevu

Katika kipindi cha muongo mmoja uliopita, TADB imefadhili miradi kuanzia uzalishaji wa awali, usindikaji hadi mauzo ya nje, Ili kuhakikisha kuwa sekta ya kilimo nchini Tanzania inakuwa na tija, inalenga soko, na inakabiliana na mabadiliko ya tabianchi. Athari ya Benki imeongezeka kupitia ushirikiano wa kimkakati, mifumo ya fedha mchanganyiko, na usaidizi wa kiufundi unaolenga kuendeleza kilimo endelevu na uwezeshaji wa kifedha wa kijinsia.

Ubora na kutambulika kwa taasisi

Mwaka 2024, TADB ilipokea alama ya B+ kutoka Chama cha Taasisi za Fedha za Maendeleo Afrika (AADFI), alama ya kupongezwa inayoonesha uzingatiaji wa viwango vya kimataifa vya utawala bora, usimamizi wa fedha, na athari za maendeleo. Aidha, TADB ilipata utambuzi rasmi kama Taasisi ya Maendeleo inayomilikiwa na Serikali (Go DFI), kuthibitisha zaidi ulinganifu wake na vipaumbele vya maendeleo kitaifa na nafasi yake muhimu katika

Katika kipindi cha muongo mmoja uliopita, TADB imefadhili miradi kuanzia uzalishaji wa awali, usindikaji hadi mauzo ya nje, Ili kuhakikisha kuwa sekta ya kilimo nchini Tanzania inakuwa na tija, inalenga soko, na inakabiliana na mabadiliko ya tabianchi. Athari ya Benki imeongezeka kupitia ushirikiano wa kimkakati, mifumo ya fedha mchanganyiko, na usaidizi wa kiufundi unaolenga kuendeleza kilimo endelevu na uwezeshaji wa kifedha wa kijinsia.

kuchochea ukuaji wa uchumi jumuishi. Haya ni mafanikio yanayodhihirisha kuaminika kwa Benki, uimara wa utendaji, na nguvu ya mifumo ya utawala tunapoendelea kuinua hadhi yetu kitaifa na kimataifa.

Matarajio

Hapo mbeleni, malengo yetu yako wazi, kuzidisha mchango wetu kama taasisi ya maendeleo inayochochea mageuzi ya kilimo, kuongeza mtaji wetu, na kutumia ubunifu wa kidijitali ili kuboresha utoaji wa huduma. Safari ya kufikia na kuvuka kiwango cha mizania ya TSH trilioni 1 si lengo la kifedha tu, bali ni alama ya uwezo wa ukuaji wa Benki katika kuhudumia wananchi wa Tanzania.

TADB itaendelea kulinganisha vipaumbele vyake vya kimkakati na Mpango wa Tatu wa Maendeleo wa Miaka Mitano (FYDP III) pamoja na ajenda ya Serikali ya kilimo cha kisasa. Tutaendelea kuwa taasisi ya kipaumbele katika kuchochea mapinduzi ya kilimo Tanzania.

Shukrani

Natoa shukurani zangu za dhati kwa Wajumbe wa Bodi ya Wakurugenzi kwa maono yao na mwongozo wao, wafanyakazi wetu kwa ufanisi na kujitolea kwao, Pia wateja na wadau wetu kwa uaminifu na ushirikiano wao wa kudumu. Pamoja tunakua. Pamoja tunajenga.

Frank Nyabundege Mugeta
Mkurugenzi Mtendaji

PERFORMANCE REVIEW

Statement of the Director of Finance

The bank reported a pre-tax profit of TZS 24.68 billion, marking a 31% increase year-on-year growth from TZS 18.79 billion in 2023. Total income increased by 30%, reaching TZS 59.85 billion, compared to TZS 43.37 billion in 2023 due to growth in interest income, fees and commission.

Dr. Kaanaeli G. Nnko
Director of Finance.

3.7% RETURN ON EQUITY (2023: TZS 4.3)

2.7% NON PERFORMING LOANS (2023: 3.8%)

4.3% RETURN ON ASSETS (2023: 0.1%)

41.99% PROFIT BEFORE TAX to TZS 26.68 billion (2023: TZS 18.79 billion)

Dear Stakeholders;

I'm pleased to present TADB's 2024 Annual Report. Over the past year, we made significant strides in advancing Tanzania's agricultural sector, disbursing over TZS 534 billion—our highest growth since inception. Total assets surged past the TZS 900 billion mark, reflecting a 51% year-on-year increase. This growth was fueled by a 61% rise in direct lending and a 113% increase in government securities. Additionally, we secured TZS 174.16 billion in new capital, further strengthening our financial foundation.

Financial Performance overview

The bank reported a pre-tax profit of TZS 24.68 billion, marking a 31% increase year-on-year growth from TZS 18.79 billion in 2023. Total income increased by 30%, reaching TZS 59.85 billion, compared to TZS 43.37 billion in 2023 due to growth in interest income, fees and commission. Total income, includes net interest income (TZS 50.14 billion) and non-interest income (TZS 9.71 billion), showed a substantial growth in 2024. This growth was mainly due to increase in interest income, stemming from investments in government securities, placements, and loans extended to customers.

Operating expenses amounted to TZS 29.09 billion, marking a 28% increase from the previous year's total expenses of TZS 22.78 billion, representing an additional TZS 6.31 billion. The rise in expenses was primarily driven by the bank's strategic investments in expanding its zonal offices.

3.7% RETURN ON EQUITY (2023: TZS 4.3)

47% COST TO INCOME RATIO (2023: 53%)

31.4% PROFIT BEFORE TAX to TZS 18.79 billion (2022: TZS 15.64 billion)

TZS Billion	2023	2024	Growth (%)
Pre-tax Profit	18.79	24.68	31%
Total Operating Income	43.37	59.85	30%
Net Interest Income	35.64	50.14	41%
Non-Interest Income	7.73	9.71	26%
Administrative Expenses	22.78	29.09	28%

Resilient growth

By the end of 2024, the bank's Total Assets surged to TZS 917.41 billion, marking a 51% growth from TZS 606.94 billion in 2023. The increase was driven by the expansion of the bank's direct lending portfolio, which grew by 61%, reaching TZS 534.16 billion from TZS 330.80 billion in the previous year. Additionally, the bank increased its investment in government securities, which rose by 113% to TZS 62.91 billion from TZS 29.58 billion in 2023.

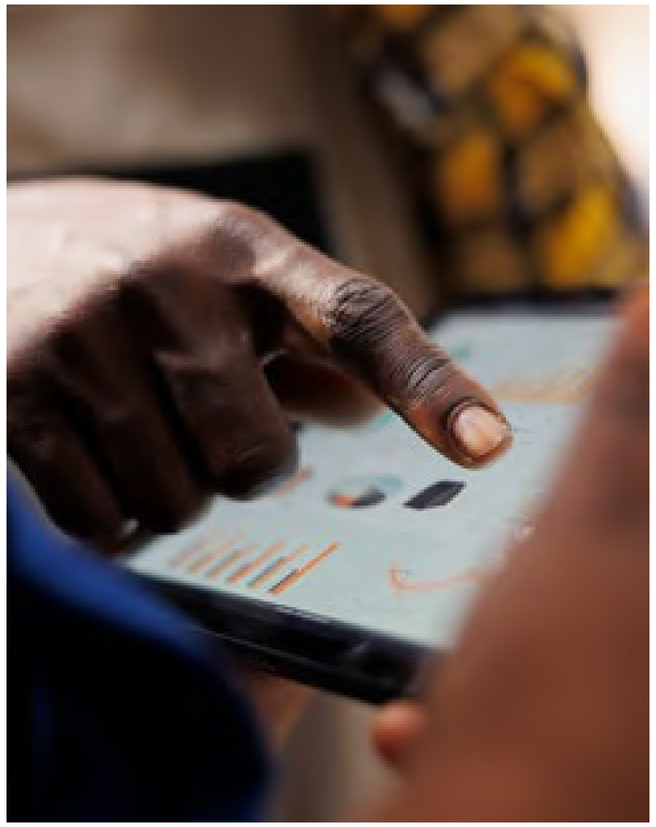
- Total assets surged to **TZS 917.41** billion, marking a **51%** growth from **TZS 606.94** billion in 2023
- Loans and advance grew by **61%,** reaching **TZS 534.16** billion from **TZS 330.80** billion
- Investment in government securities from **TZS 62.91** billion from **TZS 29.58** billion in 2023.
- Non-Performing Loans: **2.67%** (Statutory threshold **<5%)**

Asset Quality

Nonperforming loans (NPLs) improved from 3.78% in December 2023 to 2.67% in December 2024. This positive trend signals improved asset quality in 2024.

Capital levels

The bank secured additional capital of TZS 174.16 billion in 2024 from the government, through the African Development Bank. The additional capital has strengthen the bank's financial position and support its development initiatives within the country.



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Smallholder Farmers Credit Guarantee Scheme (SCGS) and Future Outlook

The Smallholder Farmers Credit Guarantee Scheme (SCGS) continued to play a vital role in improving financial access for smallholder farmers. Through SCGS, TADB provided guarantees for loans totaling TZS 250.77 billion, benefiting over 19,000 direct beneficiaries across 38 agricultural value chains in 2024. This scheme is crucial in reducing financial risk for lenders, enabling lower interest rates (ranging from 9% to 14%), and enhancing credit access for youth, women, and climate-smart agriculture projects.

Resources mobilization and partnership in 2024

TADB bank successfully drew the final tranche of EUR 30 million AFD, completing a loan agreement signed in February 2022. Additionally, TADB continued its work with the Bill and Melinda Gates Foundation (BMGF) on the Tanzania Inclusive Processor-Producer Partnerships in Dairy (TI3P) project, receiving a USD 500,000 in 2024, bringing total funding to USD 6 million.

In 2024, the bank received TZS 1.4 billion from the Ministry of Livestock and Fisheries to support youth involvement in livestock programs. Additionally, TADB secured a TZS 3 billion from the Workers Compensation Fund to fund youth-focused initiatives. The bank also accessed TZS 14 billion from the Bank of Tanzania's TZS 1 trillion agriculture fund project, aimed at providing affordable financing for the agricultural sector. Furthermore, TADB obtained TZS 10 billion from the National Social Security Fund to support gender-focused initiatives within key agricultural value chains, such as coffee.

The Smallholder Farmers Credit Guarantee Scheme (SCGS) continued to play a vital role in improving financial access for smallholder farmers. Through SCGS, TADB provided guarantees for loans totaling TZS 250.77 billion, benefiting over 19,000 direct beneficiaries across 38 agricultural value chains in 2024

Non-Financial Performance overview

- Launch of Western Zone (Tabora) in February 2024 with the event graced by the Minister of Agriculture, Hon. Hussein Mohamed Bashe (MP). This marks a significant step in expanding agricultural development in the region.
- The bank received a B+ rating from the Association of African Development Finance Institutions (AADFI). It was also ranked second out of thirteen Development Finance Institutions (DFIs) in the Southern African Development Community (SADC), highlighting its strong performance and influence in the region.

Outlook

Since our inception, we have progressively expanded our financial capacity, closing 2024 with a balance sheet exceeding TZS 900 billion placing us on the brink of Tier One status (Tier 1) with a TZS 1 trillion balance sheet in sight. Our journey has been defined by prudent financial management, strategic partnerships, and innovative financial inclusion, enabling the bank to scale our impact while maintaining financial sustainability.

As we step into 2025, TADB remains committed to sustaining its financial strength, expanding its impact in the agricultural sector, and driving economic transformation in Tanzania.

Dr. Kaanaeli Nnko
Director of Finance

Taarifa ya Mkurugenzi wa Fedha

Benki iliripoti faida kabla ya kodi ya TSH bilioni 24.68, ikiwa ni ongezeko la asilimia 31 kutoka TSH bilioni 18.79 mwaka 2023. Jumla ya mapato iliongezeka kwa asilimia 30, kufikia TSH bilioni 59.85 kutoka TSH bilioni 43.37 mwaka uliopita, ukuaji huu ulichagizwa kwa kiasi kikubwa na kuongezeka kwa mapato ya riba, ada na kamisheni.

Dkt. Kaanaeli G. Nnko
Mkurugenzi wa Fedha

3.7% FAIDA KATIKA UWEKEZAJI (2023: TSH 4.3)

2.7% MIKOPO CHECHEFU (2023: 3.8%)

4.3% KIWANGO CHA FAIDA KWA MALI (2023: 0.1%)

41.99% FAIDA KABLA YA KODI Imefika TSH 26.68 bilioni (2023: TSHS 18.79 bilioni)

Ndugu Waadau;

Nina furaha kuwasilisha Taarifa ya Mwaka ya Benki ya Maendeleo ya Kilimo Tanzania (TADB) kwa mwaka 2024. Katika kipindi cha mwaka huu, tumepiga hatua kubwa katika kuendeleza sekta ya kilimo nchini Tanzania, thamani ya mikopo ilifikia ya zaidi ya TSH bilioni 534—ikiwa ni ukuaji mkubwa zaidi tangu kuanzishwa kwa benki. Jumla ya mali za benki ziliongezeka na kuvuka kiwango cha TSH bilioni 900, ikiwa ni ongezeko la asilimia 51 ikilinganishwa na mwaka uliopita. Ukuaji huu umechochewa na ongezeko la asilimia 61 katika utoaji wa mikopo ya moja kwa moja na ongezeko la asilimia 113 katika uwekezaji kwenye hati fungani za serikali. Aidha, benki ilifanikiwa kupata mtaji mpya wa TSH bilioni 174.16, hatua iliyozidi kuimarisha msingi wa kifedha wa benki.

Muhtasari wa Utendaji wa Kifedha

Benki iliripoti faida kabla ya kodi ya TSH bilioni 24.68, ikiwa ni ongezeko la asilimia 31 kutoka TSH bilioni 18.79 mwaka 2023. Jumla ya mapato iliongezeka kwa asilimia 30, kufikia TSH bilioni 59.85 kutoka TSH bilioni 43.37 mwaka uliopita, ukuaji huu ulichagizwa kwa kiasi kikubwa na kuongezeka kwa mapato ya riba kufikia TSH bilioni 50.14, alikadhalika ada na kamisheni zilifikia TSH bilioni 9.71 kwa mwaka 2024. Ukuaji huu ulitokana zaidi na kuongezeka kwa mapato ya riba kutokana na uwekezaji kwenye hati fungani za serikali, amana, na mikopo kwa wateja.

Gharama za uendeshaji kwa mwaka 2024 ziliongezeka na kufikia TSH bilioni 29.09, ongezeko la asilimia 28 kutoka TSH bilioni 22.78 mwaka uliopita, ikiwa ni ongezeko la TSH bilioni 6.31. Ongezeko hili lilitokana na uwekezaji wa kimkakati wa benki katika kupanua ofisi zake za kanda sambamba na ongezeko la idadi ya watumishi.

3.7% FAIDA KATIKA UWEKEZAJI (2023: TSH 4.3)

47% UWIANO WA MAPATO KWA GHARAMA (2023: 53%)

31.4% FAIDA KABLA YA KODI hadi TSHS 18.79 bilioni (2022: TSHS 15.64 bilioni)

TSH Bilioni	2023	2024	Ukuaji (%)
Faida kabla ya kodi	18.79	24.68	31%
Jumla ya Mapato	43.37	59.85	30%
Jumla ya mapato ya riba	35.64	50.14	41%
Jumla ya mapato yasiyo ya riba	7.73	9.71	26%
Gharama za uendeshaji	22.78	29.09	28%

Ukuaji Imara

Kufikia mwisho wa mwaka 2024, jumla ya mali za benki zilifikia TSH bilioni 917.41, sawa na ongezeko la asilimia 51 kutoka TSH bilioni 606.94 mwaka 2023. Ukuaji huu ulitokana na ukuwaji wa mikopo ya moja kwa moja, iliokua kwa asilimia 61 mpaka kufikia TSH bilioni 534.16 kutoka TSH bilioni 330.80 mwaka uliopita. Vilevile, benki iliongeza uwekezaji wake katika hati fungani za serikali kwa asilimia 113 hadi kufikia TSH bilioni 62.91 kutoka TSH bilioni 29.58 mwaka 2023.

- Jumla ya mali iliongezeka hadi kufikia **TSH bilioni 917.41,** sawa na ongezeko la asilimia 51 kutoka TSH bilioni 606.94 mwaka 2023.
- Mikopo na fedha zinazotolewa kwa wateja ilikua kwa **asilimia 61,** ikifikia **TSH bilioni 534.16** kutoka **TSH bilioni 330.80.**
- Uwekezaji katika hati fungani za serikali uliongezeka hadi kufikia **TSH bilioni 62.91** kutoka **TSH bilioni 29.58** mwaka 2023.
- Mikopo chechefu (Non-Performing Loans – NPLs) ilishuka hadi **asilimia 2.67**, (Kiwango cha kisheria **< 5%).**

Ubora wa mtaji

Kiwango cha mikopo chechefu (NPL) kiliimarika kutoka asilimia 3.78% Mwaka 2023 hadi asilimia 2.67% mwaka 2024. Mwenendo huu unaashiria ubora wa Mikopo kwa mwaka 2024.

Mtaji wa benki

Katika mwaka 2024, benki ilifanikiwa kupata mtaji wa ziada wa TSH bilioni 174.16 kutoka Serikalikupitia Benki ya Maendeleo ya Afrika (AfDB). Mtaji huu umeongeza uwezo wa kifedha wa benki na kusaidia utekelezaji wa miradi ya maendeleo nchini.

Gharama za uendeshaji kwa mwaka 2024 ziliongezeka na kufika TSH bilioni 29.09, ongezeko la asilimia 28 kutoka TSH bilioni 22.78 mwaka uliopita, ikiwa ni ongezeko la TSH bilioni 6.31. Ongezeko hili lilitokana na uwekezaji wa kimkakati wa benki katika kupanua ofisi zake za kanda sambamba na ongezeko la idadi ya watumishi.

Mfuko wa Dhamana kwa Wakulima Wadogo (SCGS) umeendelea kuwa chombo muhimu katika kuboresha upatikanaji wa fedha kwa wakulima wadogo. Kupitia SCGS, TADB ilitoa dhamana kwa mikopo yenye jumla ya TSH bilioni 250.77, na kunufaisha zaidi ya wanufaika 19,000 moja kwa moja katika minyororo ya thamani 38 ya kilimo mwaka 2024.

Mfuko wa Dhamana kwa Wakulima Wadogo (SCGS) na Mtazamo wa Baadaye

Mfuko wa Dhamana kwa Wakulima Wadogo (SCGS) umeendelea kuwa chombo muhimu katika kuboresha upatikanaji wa fedha kwa wakulima wadogo. Kupitia SCGS, TADB ilitoa dhamana kwa mikopo yenye jumla ya TSH bilioni 250.77, na kunufaisha zaidi ya wanufaika 19,000 moja kwa moja katika minyororo ya thamani 38 ya kilimo mwaka 2024. Mfumo huu ni muhimu katika kupunguza hatari kwa wakopeshaji, kuwezesha riba nafuu (Kati ya asilimia 9 hadi 14), na kuboresha upatikanaji wa mikopo kwa vijana, wanawake, na miradi ya kilimo inayozingatia mabadiliko ya tabianchi.

Utafutaji wa Rasilimali fedha na Ushirikiano kwa Mwaka 2024

TADB ilipokea sehemu ya mwisho ya mkopo wa EUR milioni 30 kutoka AFD, ikiwa ni utekelezaji wa mkataba ulioanza Februari 2022. Benki pia iliendelea kushirikiana na Taasisi ya Bill na Melinda Gates (BMGF) katika mradi wa Tanzania Inclusive Processor-Producer Partnerships in Dairy (TI3P), ambapo ilipokea USD 500,000 mwaka 2024, na kufikisha ufadhili wa jumla hadi USD milioni 6.

Pia, benki ilipokea TSH bilioni 1.4 kutoka Wizara ya Mifugo na Uvuvi kwa ajili ya kusaidia ushiriki wa vijana katika miradi ya mifugo. TADB ilifanikiwa kupata TSH bilioni 3 kutoka Mfuko wa Fidia kwa Wafanyakazi kwa ajili ya kusaidia miradi ya vijana. Vilevile, benki ilipata TSH bilioni 14 kutoka mradi wa TSH trilioni 1 wa Benki Kuu wa kuendeleza kilimo, kwa ajili ya kutoa mikopo nafuu kwa sekta ya kilimo. Aidha, TADB ilipokea TSH bilioni 10 kutoka Mfuko wa Hifadhi ya Jamii (NSSF) kwa ajili ya kusaidia miradi yenye mlengo wa kijinsia katika minyororo ya thamani ya kilimo, kama vile kahawa.

Muhtasari wa Utendaji Usio wa Kifedha

- Mnamo Februari 2024, TADB ilizindua Ofisi ya Kanda ya Magharibi (Tabora), tukio lililohudhuriwa na Waziri wa Kilimo, Mhe. Hussein Mohamed Bashe (MB). Hii ni hatua muhimu katika kupanua maendeleo ya kilimo katika mikoa ya magharibi.
- Benki ilipokea alama ya B+ kutoka Jumuiya ya Taasisi za Fedha za Maendeleo Afrika (AADFI), na ilishika nafasi ya pili kati ya Taasisi 13 za Maendeleo ya Fedha (DFIs) katika Jumuiya ya Maendeleo Kusini mwa Afrika (SADC), hatua inayoashiria ufanisi mkubwa wa benki katika ukanda huo.

Mtazamo wa Mwaka 2025

Tangu kuanzishwa kwake, TADB imeendelea kupanua uwezo wake wa kifedha, na kufunga mwaka 2024 ikiwa na mizania inayozidi TSH bilioni 900. Hatua hii inaiweka benki karibu na hadhi ya benki za daraja la kwanza (Tier 1) ambapo TSH trilioni 1 ya mizania ipo karibu kufikiwa. Mafanikio haya yamechangiwa na usimamizi makini wa fedha, ushirikiano wa kimkakati, na ubunifu katika ujumuishaji wa kifedha, hali iliyowezesha benki kupanuka na kudumisha ukuaji endelevu wa kifedha.

Tunapoingia mwaka 2025, TADB inaahidi kuendeleza uimara wake wa kifedha, kupanua mafanikio yake katika sekta ya kilimo, na kuchangia mabadiliko ya kiuchumi nchini.

Dkt. Kaanaeli Nnko,
Mkurugenzi wa Fedha

Business Development Report

Afia Sigge
Director of Business Development

Building upon the achievements of previous years, TADB has significantly expanded its financial reach, impacting thousands of smallholder farmers, cooperatives, and agribusinesses across Tanzania.

The Tanzania Agricultural Development Bank (TADB) remains steadfast in its commitment to catalyzing agricultural transformation by providing inclusive, innovative, and sustainable financing solutions. As a strategic enabler of agricultural development, the bank continues to play a pivotal role in contributing to food security, and poverty reduction. The year 2024 has been a period of notable progress, marked by significant milestones in agricultural financing, mechanization, value addition, and post-harvest management.

Building upon the achievements of previous years, TADB has significantly expanded its financial reach, impacting thousands of smallholder farmers, cooperatives, and agribusinesses across Tanzania. Through structured financing, partnerships, and tailored credit solutions, the bank has continued to enhance agricultural productivity, resilience and access to market, ensuring steady progress in the sector.

Key Milestones and Achievements in 2024

Expanding Co-Financing Models and Wholesale Lending

In 2024, TADB strengthened its role as a financial catalyst by co-financing nine major projects, injecting TZS **50.90 billion** into critical agricultural investments. Additionally, the bank introduced a wholesale lending model, disbursing TZS **22.5 billion** to four participating financial institutions (PFIs). These strategic moves have expanded financial accessibility for agribusinesses, enhancing productivity and value chain linkages.

In its inaugural year, TADB's Wholesale Lending product has demonstrated remarkable progress, emerging as a transformative tool for expanding financial inclusion and driving agricultural development. Through partnerships with four Participating Financial Institutions (PFIs), this innovative financing model has directly **impacted 1,615 beneficiaries,** including **197 women (32%)** and **3 youth (0.5%).** Beyond direct support, the initiative has created a ripple effect, positively influencing **4,396 indirect beneficiaries,** of whom **2,075 (47.2%) are women and 102 (2.3%) are youth.**

This achievement highlights TADB's commitment to adopting inclusive economic growth and empowering underserved groups, particularly women and youth, who play a critical role in Tanzania's agricultural transformation. By enabling PFIs to extend tailored financial solutions, the Wholesale Lending product has not only enhanced access to credit but also strengthened value chain linkages, ensuring sustainable livelihoods for smallholder farmers and rural communities.

TZS **50.90** billion — Injected in co-financing of nine (9) major projects

TZS **22.50** billion — Disbursed under the new wholesale lending

1,615 Benefiiaries — Women and Youth benefited through 4 PFIs

TZS **16.61** billion — 28 new agro-processing projects financed

TZS **37.42** billion — Injected to support 16 existing value addition projects.

Investments in Agro-Processing and Infrastructure Development

In 2024, TADB significantly advanced agro-processing and value addition in alignment with national strategies such as the Agricultural Sector Development Programme Phase II (ASDP II). The bank financed **28 new agro-processing projects,** totalling TZS **16.61 billion**, and **supported 16 existing projects** with an additional TZS **37.42 billion.** These investments have strengthened food processing capabilities and market competitiveness, ensuring greater returns for farmers and Small and Medium Enterprises (SMEs). These investments align with TADB's Five-Year Mid-Term Strategic Plan (2023–2027), which emphasizes value chain development and agro-industrialization.

Notably, TADB's role in agro-industrial development was highlighted by Deputy Prime Minister and Minister for Energy, Dr. Doto Biteko, who reported that the government, through TADB, issued cumulative loans totalling TZS **108.43 billion** to support the establishment and development of industries for adding value to agricultural produce and livestock. This includes TZS **38 billion** allocated for investments in value addition industries and TZS **70.4 billion** to facilitate their operations. These initiatives have ensured reliable markets for farmers, breeders, and fishermen across the country.

Enhancing Post-Harvest Management

In alignment with Tanzania's National Post-Harvest Management Strategy (2019–2029), the bank has played an essential role in reducing post-harvest losses and enhancing the resilience of the agricultural sector. Through strategic investments totalling TZS **9 billion,** the bank has supported the adoption of advanced post-harvest management technologies, including warehouses, silos, and cold storage facilities. These investments have not only strengthened food security but also created employment opportunities and provided reliable markets for farmers, ensuring fair returns for their produce.

In 2024 alone, the bank's initiatives directly **benefited 143,543 individuals** through **255 projects,** significantly strengthening the agricultural value chain. Specific achievements include:

Financing 17 new warehouses valued at TZS **7.15 billion**, alongside capacity expansion for two existing warehouses with an investment of TZS **884 million.**

Supporting the construction of four cold rooms at a cost of TZS **374 million,** enhancing preservation capacity for perishable goods.
Supporting the construction of silos worth TZS **1.46 billion** to ensure safe storage of cereal crops, reduce post-harvest losses, and enhance food security.

By addressing critical gaps in storage and preservation, the bank has reinforced national efforts to minimize post-harvest losses in key crops, contributing to Tanzania's broader goals of sustainable agricultural development and economic transformation.

Strengthening Market Access through Trade and Crop Off-Taking

In 2024, TADB made a significant progress in enhancing market access for agricultural crops, aligning its initiatives with key national strategies such as the National Post-Harvest Management Strategy (NPHMS) 2019–2029 and the operational framework of the Tanzania Mercantile Exchange (TMX). These efforts emphasize TADB's commitment to driving sustainable agricultural development and improving livelihoods across the value chain.

Alignment with the National Post-Harvest Management Strategy (NPHMS)

The NPHMS aims to reduce post-harvest losses and improve market access for food crops by promoting efficient agricultural marketing systems and the adoption of advanced technologies. In support of these objectives, **TADB facilitated 71 trade deals** in 2024, injecting TZS **165.96 billion** into agricultural off-taking and value chain financing. These initiatives have enhanced price stability, ensured timely payments to farmers, and minimized post-harvest losses, directly contributing to the NPHMS's goals of improving food security and market efficiency.

Integration with the Tanzania Mercantile Exchange (TMX)

The TMX provides a structured platform for trading commodities, ensuring fair pricing and expanded market access for farmers. In 2024, TADB supported its coffee clients in participating in TMX trading, enabling them to benefit from transparent pricing mechanisms and broader market reach. This integration has strengthened market linkages, facilitated seamless transactions, and empowered agricultural producers to achieve better returns for their produce.

Through these initiatives, TADB has effectively aligned its operations with national policies and frameworks, reinforcing its role as a catalyst for market access improvement and the sustainable growth of Tanzania's agricultural sector.

Modernizing Agriculture through Mechanization and Irrigation

Advancing Agricultural Modernization: Mechanization and Irrigation for Sustainable Growth. In 2024, TADB reaffirmed its commitment to driving agricultural transformation through strategic investments in mechanization and irrigation, aligning its initiatives with national development plans and frameworks. These efforts underscore TADB's role in enhancing productivity, resilience, and sustainability across Tanzania's agricultural sector.

Support for Agricultural Mechanization

TADB financed the acquisition of **23 tractors** valued at TZS **2.03 billion** and four combine harvesters worth TZS **186 million,** significantly advancing the government's agenda to modernize agriculture. These investments have enhanced farming efficiency and productivity, enabling farmers to scale their operations and reduce labour-intensive practices. By aligning with national development plans, TADB has contributed to the broader goal of transforming Tanzania's agricultural landscape through technology adoption.

Investment in Irrigation Projects

To address the challenges posed by climate variability and ensure sustainable agricultural production, TADB supported **16 irrigation** projects with an investment of TZS **1.02 billion.** These initiatives have strengthened farmers' resilience, boosted crop yields, and supported the National Irrigation Commission's (NIRC) goal of expanding irrigation farming to **1.2 million hectares** by 2025. In the 2023/24 financial year, NIRC planned to **implement 822 irrigation projects**, focusing on the construction and rehabilitation of irrigation schemes. TADB's contributions have played a pivotal role in advancing these national objectives, ensuring water security and sustainable agricultural growth.

Empowering Women and Youth in Agribusiness

TADB has demonstrated a strong commitment to empowering women and youth in the agricultural sector, aligning with the objectives of the Agricultural Sector Development Programme Phase Two (ASDP II). In 2024, TADB disbursed TZS **24.36 billion** to **56 agribusiness ventures** led by women and youth, fostering entrepreneurship, employment creation, and economic empowerment.

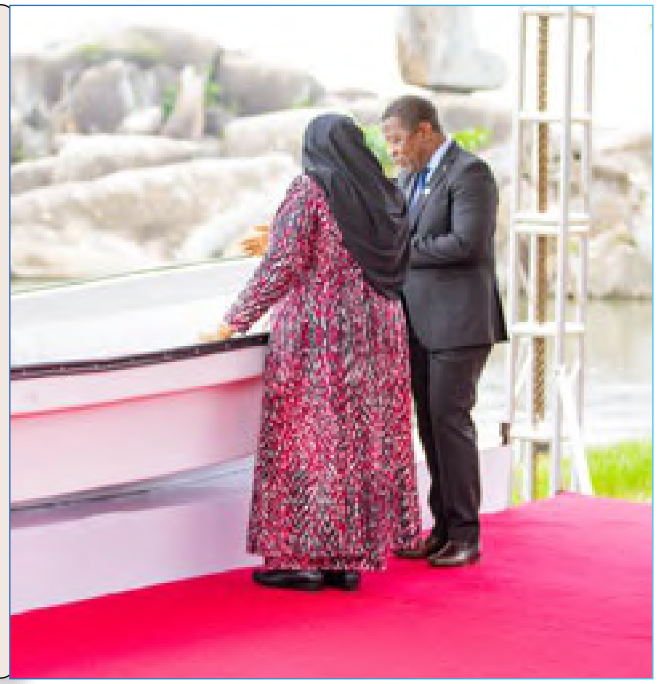
Through these targeted financial services, TADB addresses the persistent capital challenges faced by women and youth in agriculture, enabling them to invest in critical areas such as land acquisition, inputs, machinery, and post-harvest facilities. This support not only enhances their productivity and profitability but also contributes to reducing rural poverty and promoting sustainable agricultural practices, in line with ASDP II's goals.

TZS **2.03** billion — Financed the acquisition of 23 tractors

TZS **1.02** billion — Suppor fot 16 irigation projects

TZS **24.36** billion — Disbursed to 56 women/youth led agribusiness ventures

TZS **165.96** billion — 71 Trade deals facilitated focused on value chain financing



The Smallholder Farmers Credit Guarantee Scheme (SCGS) 2024 Performance

Highlights

In 2024, TADB achieved transformative results through its Smallholder Farmers Credit Guarantee Scheme (SCGS), a pivotal initiative designed to de-risk agricultural financing and catalyse the participation of financial institutions. By expanding partnerships with shareholders and Partner Financial Institutions (PFIs), the SCGS enabled **85,405 smallholder farmers,** rural microenterprises, and **158 MSMEs** to access credit, driving the country's agricultural sector forward. Many of these beneficiaries would not have accessed financing without the SCGS.

The value of loan guarantees issued in 2024 reached TZS **130.79 billion,** a significant increase from TZS **77.28 billion in 2023.** This brought the total loan guarantees since the scheme's inception to TZS **381.56 billion**. The guarantees primarily supported SMEs involved in off-taking and agro-processing, followed by financing for farming inputs and primary production, ensuring a holistic approach to agricultural value chain development.

SCGS KEY ACHIEVEMENTS IN 2024

Expanded Partnerships

The SCGS on boarded three new PFIs—Exim Bank, Mwalimu Commercial Bank, and Equity for Tanzania (EFTA)—bringing the total number of participating institutions to **19.** These PFIs have utilized the SCGS facility to provide agricultural credit across Tanzania, significantly expanding financial accessibility for smallholder farmers and agribusinesses.

i. *Loan Beneficiaries*

The SCGS unlocked financing for both direct and indirect beneficiaries, creating a ripple effect across the agricultural sector:

- **5,625 smallholder** farmers and rural microenterprises (direct beneficiaries).
- **82 cooperatives** and farmers' groups, indirectly benefiting **79,780** smallholder farmers.
- **158 MSMEs**, indirectly benefiting **50,381 smallholder** farmers.

ii. *Financial Inclusion*

The SCGS promotes sustainable development, inclusive economic growth, poverty reduction, and empowerment by unlocking access to credit and creating jobs, particularly for smallholder farmers, rural microenterprises, women, and youth. In 2024, over **30%** of direct beneficiaries were women and youth, reflecting TADB's commitment to gender equality and youth empowerment. To further enhance participation, TADB increased the credit guarantee coverage from **50% to 70%.**

iii. *Mechanization and Agri-Technology*

The SCGS facilitated the adoption of mechanization and technology, driving agricultural production, productivity, and post-harvest loss reduction. Key achievements include:

- **1,748** power-tillers (including **1,600** imported units).
- **385** tractors.
- **40** combine harvesters.

iv. *Technical Assistance and Capacity Building*

TADB provided technical assistance to PFIs, enabling them to tailor financial products and enhance staff expertise in agricultural value chain financing. Key initiatives included:

- The inauguration of the first Cohort Certified Professional in Agricultural Finance Training Program (CPAF) in collaboration with the Bank of Tanzania Academy (BoT Academy).
- Training and certification of **52 PFI staff** as Certified Professionals in Agricultural Finance (CPAF).
- Conducting 8 training sessions across Zanzibar, Mwanza, Tabora, Kigoma, Dodoma, Morogoro, and Mbeya, reaching **181 PFI staff.**

v. *Funding*

TADB received the third and final tranche of **Euro 6.0 million** (approximately TZS 15.05 billion) from the Agence Française de Développement (AFD), completing the Euro 20 million allocation to scale up the SCGS facility.

Project Management and Special Initiatives

Blue Economy for Growth (BE4G): Transforming Tanzania's Fisheries Sector

TADB, in collaboration with the Ministry of Livestock and Fisheries, launched the Blue Economy for Growth (BE4G) project in Lake Victoria, focusing on cage fish farming and the distribution of fishing boats across the Mwanza, Kagera, Simiyu, Geita, and Mara regions. This initiative has financed TZS **11.107 billion** in soft loans, benefiting **3,062 individuals** and enhancing the fisheries value chain.

The BE4G project aligns with Tanzania's Fisheries Sector Master Plan (2021/22 – 2036/37) and the Fisheries Sector Development Programme (FSDP), which emphasize sustainable fisheries management and development. By promoting cage fish farming and distributing modern fishing boats, the project enhances governance through community involvement in sustainable practices, improves food and nutritional security, and creates employment opportunities to reduce poverty in fishing communities. It also adopts an ecosystem approach to reduce overfishing pressures on natural stocks, ensuring long-term resource sustainability.

Additionally, the project empowers local fishermen by providing modern equipment and training, introduces advanced technologies and infrastructure, and supports sustainable aquaculture practices to balance productivity with environmental conservation.

TADB has undertaken significant initiatives in the livestock and dairy sectors, aligning closely with national strategic plans such as the Tanzania Livestock Master Plan (TLMP) and the Livestock Sector Transformation Plan (LSTP). These efforts accentuate TADB's commitment to enhancing productivity, value addition, and sustainability in Tanzania's livestock sector.

Tanzania Inclusive Processor-Producer Partnerships in Dairy (TI3P)

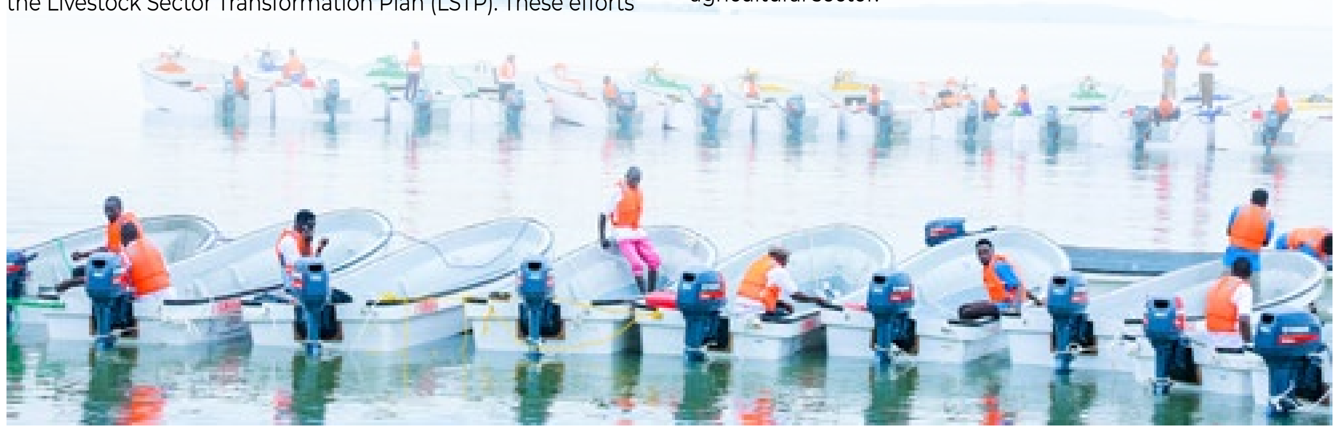
In collaboration with the Bill & Melinda Gates Foundation, TADB financed six milk-processing factories, 1,355 heifers, and supported 523 smallholder dairy farmers, with a total investment of TZS 7.93 billion. This initiative aligns with the TLMP's objectives by enhancing dairy production and processing capabilities, thereby increasing the value addition of dairy products and improving market access for smallholder farmers.

Youth Farm Settlement Project (YFSP)

Partnering with Stichting Solidaridad Nederland, TADB invested TZS 170 million in youth-focused dairy farming projects in Tanga. This support facilitated land acquisition, cattle procurement, and infrastructure development, directly contributing to the TLMP's goals of improving animal productivity and promoting private sector investment. By empowering youth in agribusiness, TADB is nurturing entrepreneurship and creating sustainable livelihoods in rural communities.

Looking Ahead 2025 Strategy

Building on the transformative achievements of 2024, TADB will continue to drive agricultural transformation through innovative financing, strategic partnerships, and sustainable development initiatives. The bank's 2025 strategy will focus on scaling impact, enhancing inclusivity, and leveraging technology to unlock the full potential of Tanzania's agricultural sector.



Credit Report

Adolphina William
Director of Credit

With the strategic establishment of the Directorate of Credit, we have optimized our operational architecture to improve efficiency, mitigate systemic risks, and expand access to concessional financing for agricultural value chain actors, including MSMEs and smallholder producers.

As Tanzania Agricultural Development Bank (TADB) marks almost a decade of catalytic investment in Tanzania's agricultural economy, our credit operations have served as a cornerstone for financial inclusion, and agricultural transformation. In 2024, we achieved substantial portfolio growth, reinforced prudential credit risk management frameworks, and implemented enhanced loan recovery mechanisms, positioning TADB as a sustainable development finance catalyst. With the strategic establishment of the Directorate of Credit, we have optimized our operational architecture to improve efficiency, mitigate systemic risks, and expand access to concessional financing for agricultural value chain actors, including MSMEs and smallholder producers. As we advance, our strategic orientation remains focused on scaling our development finance portfolio, maintaining asset quality, and delivering innovative blended finance solutions that drive Tanzania's agricultural transformation and food security agenda.

Development Portfolio Growth in 2024

TADB registered significant expansion in its development finance portfolio in 2024, closing the fiscal year with gross loan disbursements of **TZS 534.16 billion**—representing a 61% year-on-year growth **(TZS 330.80 billion**) from the previous reporting period. This milestone not only exceeded our programmatic target of **TZS 511.91 billion** by **4.35%** but also demonstrated our enhanced capital mobilization and deployment capacity. Throughout the year, the bank channelled approximately **TZS 286.42 billion** toward strategic agricultural interventions, including primary production financing, agro-processing facilities, post-harvest infrastructure development (warehouses, cold storage facilities, and silos), and enterprise development initiatives—all within our Integrated Value Chain Financing (IVCF) framework and aggregation model.

61% ↑ GROSS LOANS
TZS 534.16 billion
(2023: TZS 330.80 billion)

4.3% ↑ LOAN TARGET (2024)
TZS 511.90 billion

270% ↑ RECOVERY PERFORMANCE
TZS 5.26.42 billion
(2023 TZS 1.95 billion)

2.67% ↓ NPL
(2023: 3.78%)

53% ↑ TEAM APPRAISAL
TZS 425 billion
(2023: TZS 278 billion)

Enhanced Credit Risk Management Framework

In alignment with our institutional sustainability objectives and developmental mandate, we successfully recalibrated our Expected Credit Loss (ECL) methodology and provisioning framework. The enhanced model incorporates dynamic portfolio analytics and sector-specific risk parameters, ensuring more accurate credit risk assessment and enabling the bank to implement countercyclical loan impairment management strategies.

Exceptional Portfolio Performance and Recovery

TADB achieved unprecedented recovery performance in fiscal year 2024, with actual collections totaling **TZS 5.26 billion**—a remarkable **270%** above the programmed target of **TZS 1.95 billion**. This exceptional outcome resulted from strengthened credit monitoring mechanisms and systematic recovery interventions, contributing to a Non-Performing Loan (NPL) ratio of **2.67%**, a substantial improvement from **3.78%** in 2023 and well within prudential regulatory thresholds. TADB maintains its institutional commitment to further strengthening portfolio quality and ensuring sustainable development impact.

Institutional Capacity Enhancement: Directorate of Credit

Institutional Capacity Enhancement: Directorate of Credit
To optimize operational architecture and enhance institutional efficiency, 2024 marked the establishment of the Directorate of Credit—a strategic governance enhancement to strengthen credit administration and streamline processing protocols. This structural realignment reinforces prudential segregation of duties and promotes robust enterprise risk management, positioning TADB for scaled development impact and enhanced service delivery to agricultural stakeholders.

Digital Transformation and Credit Solutions

The implementation of the Credit Quest technology platform and our comprehensive digitization strategy has been instrumental in enhancing the efficiency, accuracy, and processing velocity of our credit operations. By digitalizing credit appraisal workflows, risk assessment methodologies, and loan approval processes, we have significantly reduced transaction costs, improved portfolio monitoring capabilities, and strengthened evidence-based decision-making frameworks. In 2024, the credit team processed and appraised **425 financing applications**—the highest annual volume since the bank's inception. This represents a significant **53% increase** compared to the **278 files appraised** during the previous fiscal year.

Strategic Outlook and Sustainable Development Impact

Building on this year's achievements, the Credit Management Directorate remains committed to further expanding our development finance portfolio while maintaining stringent asset quality standards. Our strategic focus continues to be on optimizing internal credit processes, reducing turnaround times for smallholder financing, and exceeding stakeholder expectations—ensuring timely access to appropriate financial instruments that align with the evolving needs of Tanzania's agricultural transformation agenda and national development priorities.

Planning, Advisory & Corporate Affairs Report

Mkani D. Waziri
Director of Planning, Advisory & Corporate Affairs

The bank made notable progress in strengthening its monitoring and evaluation (M&E) framework, establishing an M&E unit with a results-based framework to track the output, outcome, and impact of strategic initiatives.

Advancing Agricultural Finance and Driving Sustainable Growth

In 2024, the bank made significant strides in advancing agricultural finance, completing a comprehensive cocoa value chain study in Kyela (Mbeya), Mlimba, and Mvumero (Morogoro). This study provided crucial insights into the business opportunities and challenges within the sector, shaping future agricultural financing strategies.

The bank also assessed the technical assistance (TA) needs of 11 Participating Financial Institutions (PFIs), enhancing their capacity to manage agri-financing initiatives. Further, the development of the bank's Climate Smart Agricultural Strategy progressed, with key documentation submitted for Green Climate Fund (GCF) Accreditation, reinforcing the bank's commitment to sustainable agricultural growth.

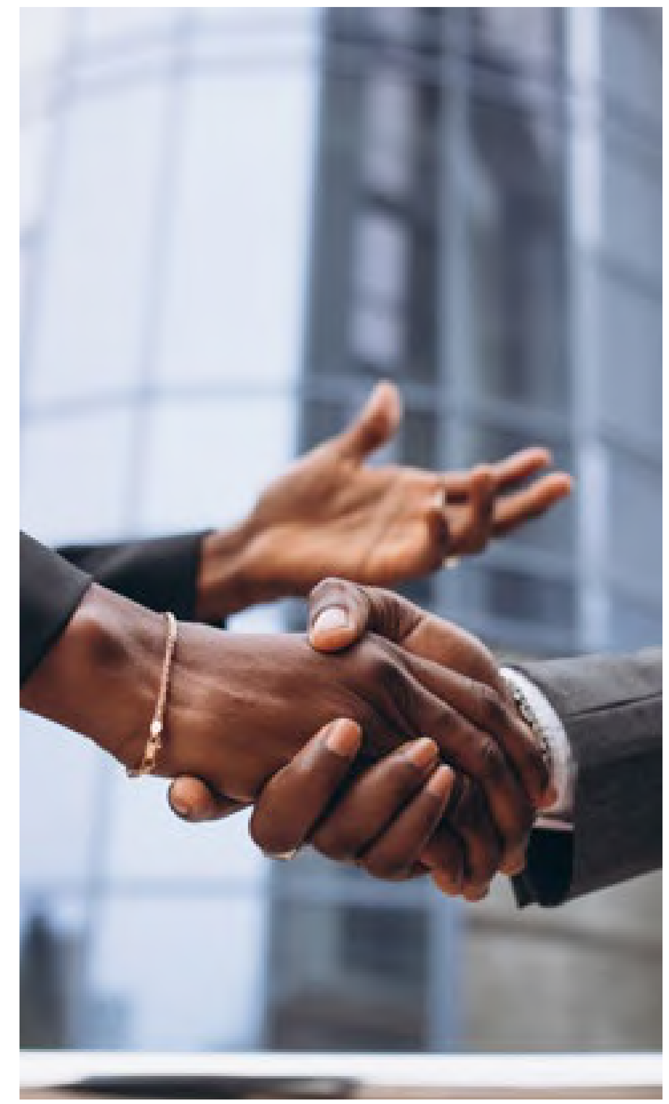
Strategic partnerships were a highlight, with four Memorandums of Understanding (MoUs) established with Tanzania Horticultural Association (TAHA), Value for Women (V4W), the World Food Programme (WFP), and

Mchongo TV. These partnerships aimed to address critical challenges such as trade logistics inefficiencies, limited access to input supplies, post-harvest losses, and information gaps. Notably, gender-lens interventions were integrated into these initiatives to enhance inclusivity and empowerment within agricultural value chains.

The bank made notable progress in strengthening its monitoring and evaluation (M&E) framework, establishing an M&E unit with a results-based framework to track the output, outcome, and impact of strategic initiatives. The development of M&E operational guidelines is set to be finalized by February 2025, with a web-based M&E platform 50% completed by December 2024, and integration with the Credit Quest System planned for early 2025.

Looking ahead to 2025, the bank will continue implementing its Second Medium Term Strategy (2023 – 2027), with a focus on enhancing financing solutions for the agricultural sector. Key initiatives will include the development of digital lending solutions tailored to farmers' needs, promotion of climate adaptation financing, and alignment with the principles of Development Finance Institutions (DFIs). Strategic partnerships with mobile network operators (MNOs) will play a pivotal role in driving innovation in digital lending products. The bank will also prioritize integrated value chain financing, particularly in crops, livestock, and the blue economy sectors, while continuing to build capacity within PFIs based on the 2024 needs assessments. Through these efforts, the bank aims to further its impact on catalyzing financing to agriculture, value chain development, financial inclusion, and sustainable development.

The development of M&E operational guidelines is set to be finalized by February 2025, with a web-based M&E platform 50% completed by December 2024, and integration with the Credit Quest System planned for early 2025.



CSI Report

Mkani D. Waziri
Director of Planning, Advisory & Corporate Affairs

With over TZS 528 million dedicated to impactful sponsorships and support programs, the Bank remained steadfast in its mission to empower communities, promote sustainable agriculture, and support national development efforts.

TADB's Corporate Social Investment (CSI) Contributions in 2024

In 2024, the Tanzania Agricultural Development Bank (TADB) continued to demonstrate its role in sustainability and social impact through a diverse range of Corporate Social Investment (CSI) initiatives. With over TZS 528 million dedicated to impactful sponsorships and support programs, the bank remained steadfast in its mission to empower communities, promote sustainable agriculture, and support national development efforts.

TADB's initiatives supported key sectors aligned with national and global development goals. The bank sponsored major events and programs such as the Fruit Logistica Trade Fair in Berlin, enhancing visibility and market access for Tanzanian horticultural products, and the Protein Week and National Milk Week, which promoted better nutrition and dairy sector growth. TADB also funded the distribution of boats to fisheries project beneficiaries in Mwanza, supporting livelihoods and food security around Lake Victoria.

Recognizing the importance of inclusion and skills development, the bank sponsored the Entrepreneurship and Skill Enhancement Workshop in Tabora, the SHIVYAWATA Women with Disabilities Conference, and education focused events like the Annual State Attorney Training Program and support for students in school sports competitions.

In the agricultural sector, we remained active in events such as the Nane Nane Exhibitions across different regions, the World Fertilizer Day Exhibition, and livestock shows, where we provided sponsorships aimed at promoting commercialization and productivity. The bank also played a role in forward-looking initiatives such as sponsoring the National Development Vision 2050 preparations and climate-focused events like COP29 in Baku and the Agritech Startup Weekend, which promote innovation and resilience in agriculture.

Moreover, TADB maintained its visibility and community engagement through cultural and regional activities, including sponsorship of the Kizimkazi Festival in Zanzibar, Ruangwa Marathon, and recognition programs such as the Kagera Women Awards.

These interventions are a testament to TADB's holistic approach to development where agricultural finance is interlinked with community empowerment, environmental stewardship, and economic transformation.

Human Resource Report

Noelah Bomani
Director of Human Resources & Administration

We welcomed 13 new professionals, strategically strengthening the bank's capabilities across various functions. Our commitment to employee development was evidenced by an impressive 10,500 collective learning hours, averaging 80 hours per employee.

In 2024, TADB embarked on a strategic realignment of its organizational structure, significantly enhancing agility and ensuring direct alignment with our core business objectives. This was complemented by the automation of key HR processes—including performance management, leave administration, and recruitment—which streamlined operations and improved overall efficiency.

Talent management remained a central focus. We welcomed 13 new professionals, strategically strengthening the bank's capabilities across various functions. Our commitment to employee development was evidenced by an impressive 10,500 collective learning hours, averaging 80 hours per employee. Furthermore, specialized certification programs in Climate & Renewable Energy Financing, Environment, Social & Governance, Impact Investing, as well as Gender Inclusion positioned TADB at the forefront of agricultural finance expertise.

The dedication of our workforce translated into exceptional performance metrics. Income per staff member rose to TZS 446.63 million with a team of 134, a notable increase from TZS 349.76 million with 124 staff in 2023. This achievement underscores the successful alignment of our human resources strategy with business goals, highlighting enhanced workforce productivity and operational efficiency.

Employee engagement and well-being were actively fostered through quarterly town halls, departmental sessions, workers council meetings, engagement with trade union, employee opinion survey and the use of e-Mrejesho platform facilitating responsive feedback. Wellness initiatives saw significant advancements, that included the launch of TADB Fit Club for employee Dar es Salaam, impactful mental health and diversity awareness sessions, and comprehensive health screenings. Key policy enhancements, such as support allowance under the revised HIV/AIDS policy for employees living with HIV/AIDS, and extended maternity leave for female employees who have given birth to premature children reinforced our commitment to comprehensive employee support.

TZS 446.63 Million — Income per staff based on a headcount of 134 (2023: TZS 349.76 million, 124 headcount)

13 Staff — Talent acquisition was a priority, with 13 new hires strengthening the bank's capabilities.

10,8500 Collective Learning — Employee development flourished, with a total of 10,500 collective learning hours,

68% 91 Staff

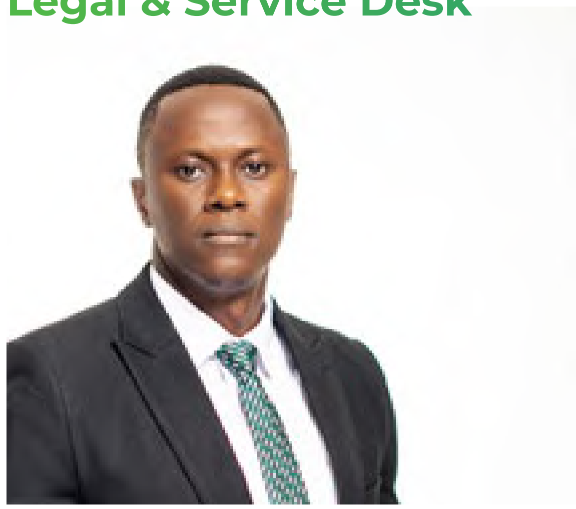
32% 43 Staff

Governance was further strengthened with the establishment of an Integrity Committee to oversee the implementation of the National Anti-Corruption Strategy and Action Plan, embedding ethical leadership throughout the bank.

As we support our business development through expansion of our services, in the first quarter of 2024; TADB Western Zone Office in Tabora commenced its operations, further supporting accessibility to farmers. By year-end, the Head Office workspace expansion was at 99% completion rate, with relocation scheduled for January 2025, promising an enhanced work environment and capacity for future growth. Projects for new regional offices in Kagera, Kigoma, and Songea and Lake Zone Office refurbishment are underway, targeting completion by 2025. Zanzibar Zone office expansion is scheduled for 2025.

As TADB approaches its tenth anniversary, our Human Resources function is poised to champion leadership excellence, enhance workforce diversity, promote holistic employee well-being, and accelerate digital transformation in 2025. Concurrently, the Administration team will continue its vital role in expanding our service outreach through strategic branch development and bolstering corporate support services. Our collective unwavering dedication to cultivating a high-performing, future-ready workforce will continue to drive TADB's sustained success as a leading agricultural development financial institution.

Legal & Service Desk



Dr. Edson Rwechungura
Head of Legal Services

...the Legal Unit's team was expanded from 4 to 6 staff members, which has further boosted efficiency and the Unit's capacity to support the bank's growing needs.

Legal Unit Key Milestones and Outlook for 2025

The Legal Unit achieved significant milestones in 2024, notably the 100% successful closure of all litigated cases during the year, including some significantly high-stakes cases, ensuring minimal risk exposure to the bank and reducing significantly the risk for loss as well as contributing to successful recovery form defaulting customers thereby enhancing the bank's income for the year.

The Unit also provided critical legal advisory support to the Board of Directors and management on both proactive and reactive basis, playing an integral role in guiding key decisions and the strategic direction of the bank.

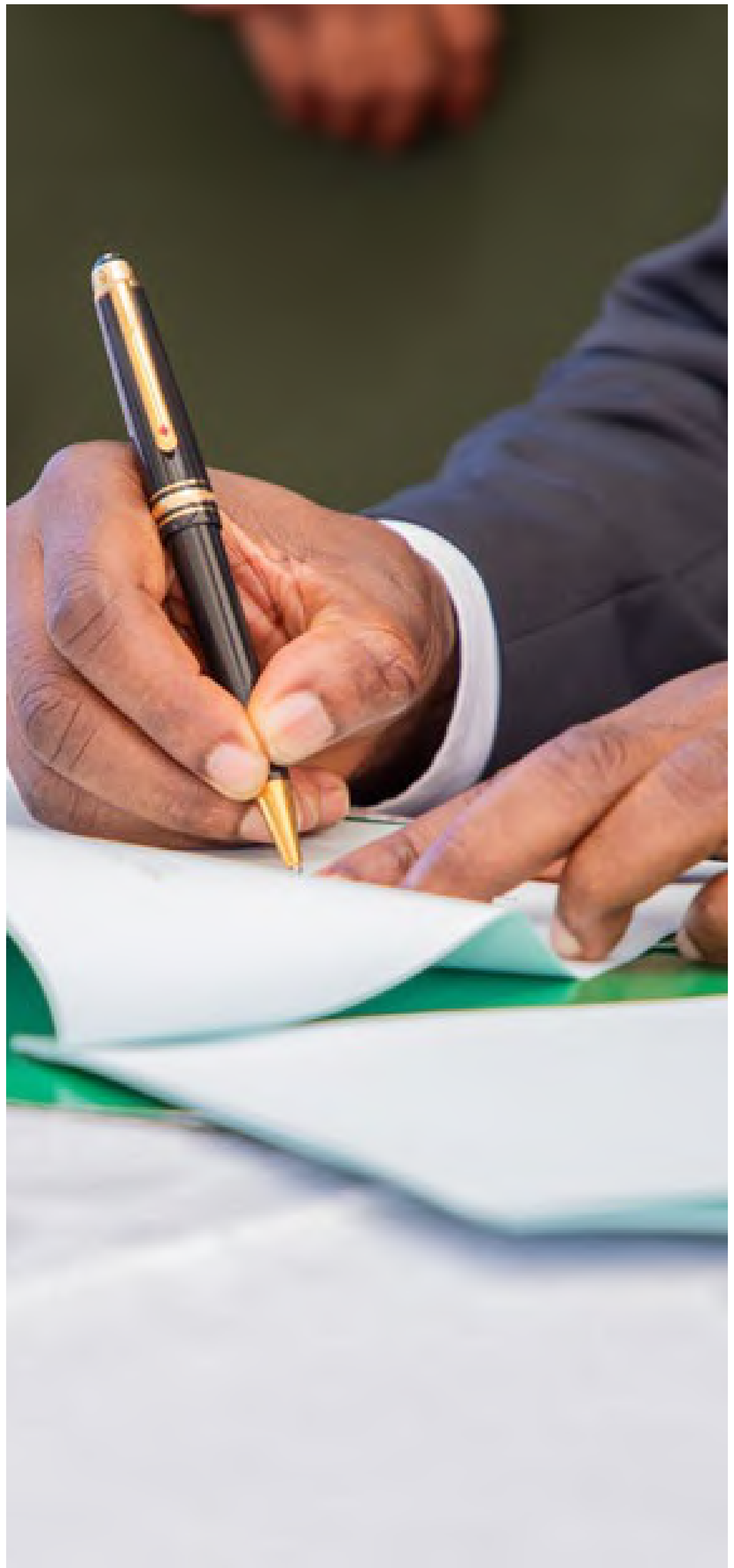
Another key highlight was the efficient organization of Board activities, which helped streamline the execution of the bank's strategy. Despite expiry of tenure for a significant number of Board members towards the end of 2023, the 2024 Board activities began strongly with Board meetings held as and when needed and the trend improved throughout the year.

The Legal Unit also contributed to enhancing the quality and safety of legal documentation, ensuring stronger protection. The result has been to alleviate significant amount of legal risk which may have resulted from failure to enforce contracts.

Additionally, the Legal Unit's team was expanded from 4 to 6 staff members, which has further boosted efficiency and the Unit's capacity to support the bank's growing needs. The increased capacity has led to faster processing times for all legal matters, thereby significantly improving overall service delivery,

Looking ahead to 2025, the Legal Unit aims to anchor its role on impact-driven legal support that aligns with the TADB's development mandate. with the bank's 2025 mantra "Go DFI". The most important additions to the modus operandi in 2024 and prior to that will be, first, increased involvement of the Unit in structuring and negotiating impactful financing deals that facilitate long-term economic growth while ensuring that social, environmental, and governance considerations are integrated into legal agreements. Secondly, the Unit will promote legal staff capacity building programs to assist them to navigating unique DFI regulatory and compliance environment, involving both international and local laws, ensuring that projects comply with legal standards while facilitating the development objectives of the bank particularly in the face of increased engagement with international partners.

The Unit also looks to engage more closely in mitigating the unique risks associated with development finance, such as political risk, currency fluctuations, and social or environmental risks that may result from legal and regulatory environment. It also seeks to increase its impact on various stakeholders with which TADB works by ensuring that all agreements reflect the diverse interests of these stakeholders and that legal arrangements support collaborative development efforts.



Internal Audit Statement

Joyce Maduhu
Head Internal Audit

> *"The Internal Audit Function is responsible to assist the bank to strengthen its ability to create, protect, and sustain value by providing independent and objective assurance, advice, insight, and foresight"*

For the year 2024, Internal Audit Function implemented its annual plan where internal audit activities were designed to improve the effectiveness of controls, governance, risk management processes as well as to enhance operational efficiency across the bank. The Internal Audit Function supports the bank to systematically accomplish its objectives by providing assurance and valuable insights into key areas of operations. This is to promote greater accountability, transparency, and enabling environment for the bank to play a transformative role.

The Internal Audit Function planned its activities with well-defined targets focused on addressing bank's potential risks that were likely to hinder achievement of its's strategic goals. Internal audit activities performed various value adding activities and provided advice aimed to help the bank to successfully achieve its objectives. Audit activities were extended to support and advised the Management and Board on areas that needed improvement such as Fund management both on/off balance sheet accounts, Risk management process on credit projects, Systems for revenue collection such as loan repayment and fees, Governance framework for Environment Social Governance (ESG) compliance as well as Risk management, controls, and governance processes on management of financial risk ensuring adequate liquidity.

With the growing attention on corporate governance, sustainability and ethical practices, the Internal Audit Function have strategically aligned to play a central role in assessing compliance with environmental, social, and governance (ESG) standards to be able to provide assurance on ESG matters, offering valuable insights into sustainability practices, corporate responsibility, and ethical behavior. Internal Audit strategic planning considered fast-paced technological advancement like automation, Artificial Intelligence (AI), cloud computing, e.t.c and planned for ongoing training for internal auditors on emerging technologies and incorporated co-sourcing consultants into audits where necessary.

The Internal Audit function remains independent and objective leveraging its dual reporting where the unit functionally reports to the Board Audit Committee and administratively to the Managing Director with full support to fulfil its mandate.

From ICT Desk

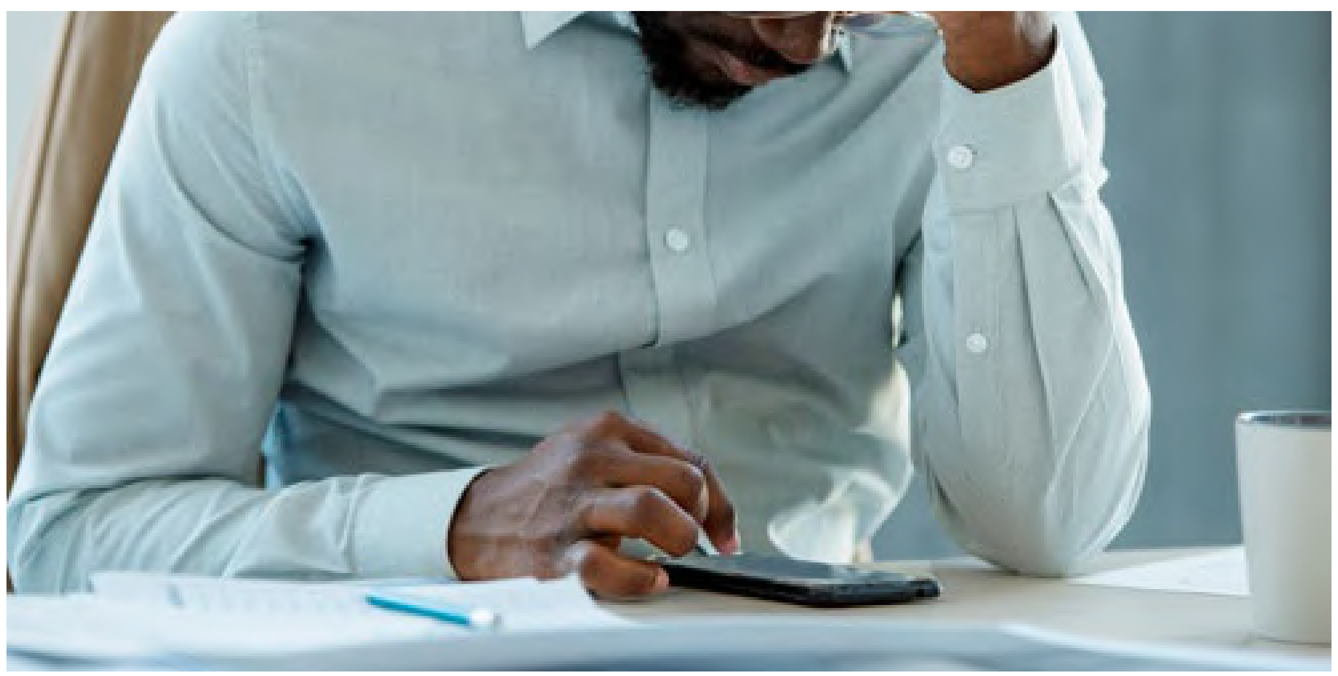
David Nghambi
Head of ICT

In 2024, the bank successfully implemented various initiatives and technologies aimed at streamlining business processes and enhancing transparency and accountability.

Leveraging Technology to Deliver Client Value

The bank remains committed to prioritizing automation as a key driver in achieving its strategic objective of enhancing operational efficiency and effectiveness. To ensure the successful realization of this objective, implementation efforts are spearheaded by representatives from various business units, who oversee the adoption of technology solutions that enhance business operations and improve efficiency.

In 2024, the bank successfully implemented various initiatives and technologies aimed at streamlining business processes and enhancing transparency and accountability. Notable achievements include deployment of Document Management System to improve the management of incoming letters, ensuring greater transparency and accountability in document handling, Human Resource Automation: recognizing the need for efficiency in workforce management by automating key Human Resources functions, including leave management, performance management, staff loan processing, payroll management, and training management. These enhancements have significantly improved operational efficiency and employee experience. The automation loan origination process through the credit system was another milestone achieved in the year. These initiatives have laid a strong foundation for future automation projects, fostering seamless



adoption among employees. For the critical application supporting the bank's mandate to provide credit facilities to individuals engaged in farming, livestock, and fisheries, continuous investment has been made to improve and upgrade the system. This ensures its alignment with evolving technological advancements and business requirements.

With the increasing complexity of cyber threats, the bank has remained proactive in strengthening cybersecurity measures across all levels of its technology stack. Efforts have included implementing robust security controls at the infrastructure, application, network, and database levels. Enhancing cybersecurity awareness and training for employees to ensure the responsible use of technology and manage cybersecurity threats.

To further optimize automation efforts, the bank will continue to focus on business process mapping and realignment, ensuring that ongoing digital transformations effectively address operational inefficiencies and improve service delivery. Operational excellence remains central to the bank's vision of building a future-ready institution. Other milestone achieved including successful establishment of connectivity for new zonal offices in the Northern, Western, and Zanzibar regions. Additionally, the bank enhanced network infrastructure to improve redundancy in internet services and network connectivity at both primary and secondary data centers. Upgraded critical systems, replaced outdated software and devices, and conducted disaster recovery testing to strengthen business continuity and resilience.

As the bank continues its digital transformation journey, it remains fully committed to expanding automation and digitization to streamline business processes and improve operational efficiency and drive sustainable growth. Through these ongoing initiatives, the bank is well-positioned to remain at the forefront of digital innovation, ensuring operational resilience and long-term success.

1. Key Milestones and Achievements in 2024

Expanding Document Management Systems

In 2024, the bank successfully implemented a comprehensive Document Management System to improve the handling of incoming correspondence, injecting greater transparency and accountability into document handling processes. This strategic implementation has enhanced document tracking capabilities and strengthened operational controls across the institution.

Advancing Human Resource Automation

To address the challenges of workforce management, the bank supported the automation of key Human Resources functions through an investment of significant technological resources. These initiatives have strengthened staff engagement, boosted productivity, and created a more responsive human resource framework, directly benefiting the bank's operational capabilities through:

- Automated leave management systems
- Digital performance management frameworks
- Streamlined staff loan processing
- Integrated payroll management
- Comprehensive training management solutions

Modernizing Credit Systems through Process Automation

The bank reaffirmed its commitment to driving credit delivery transformation through strategic investments in loan origination automation. By aligning with national development plans and frameworks, these efforts underscore the bank's role in enhancing productivity, resilience, and sustainability across its lending operations.
For the critical applications supporting the bank's mandate to provide credit facilities to individuals engaged in farming, livestock, and fisheries, continuous investment has been made to improve and upgrade systems. This ensures alignment with evolving technological advancements and business requirements, strengthening the bank's ability to serve its core agricultural constituency.

2. Strengthening Cybersecurity and Infrastructure

With the increasing complexity of cyber threats, the bank has remained proactive in strengthening cybersecurity measures across all levels of its technology stack. The bank's cybersecurity framework has been reinforced through:

- Implementation of robust security controls at the infrastructure level
- Enhanced application security protocols
- Strengthened network protection mechanisms
- Comprehensive database security measures
- Expanded cybersecurity awareness and training for employees

3. Infrastructure Development and Network Enhancement

In alignment with the bank's expansion strategy, the IT department has played an essential role in establishing connectivity and technological infrastructure. Through strategic investments, the bank has supported the adoption of advanced networking technologies, including:

- Successful establishment of connectivity for new zonal offices in the Northern, Western, and Zanzibar regions
- Enhanced network infrastructure to improve redundancy in internet services
- Strengthened network connectivity at both primary and secondary data centers
- Upgraded critical systems and replaced outdated software and devices
- Conducted comprehensive disaster recovery testing

These investments have not only strengthened operational resilience but also created a technological foundation for the bank's continued expansion, ensuring robust service delivery across Tanzania.

4. Looking Ahead: 2025 Technology Strategy

As the bank continues its dajourney, it remains fully committed to expanding automation and digitization to streamline business processes, improve operational efficiency, and drive sustainable growth. The bank's 2025 technology strategy will focus on:

- Further business process mapping and realignment
- Addressing operational inefficiencies through digital transformation
- Enhancing service delivery through technological innovation
- Building a future-ready technological infrastructure

Through these ongoing initiatives, the bank is well-positioned to remain at the forefront of digital innovation, ensuring operational resilience and long-term success in fulfilling its mandate of catalysing agricultural and economic transformation in Tanzania.

Risk Report

Kassim Bwijo
Head of Risk & Compliance

The bank continued to enhance operational risk control by updating its system for customer due diligence in compliance with the Anti-Money Laundering and Combating the Financing of Terrorism (AML & CFT) Policy.

The bank's risk management strategy aims to ensure the achievement of its objectives while understanding and mitigating the risks and threats that could undermine these objectives. The execution of the business strategy exposes the bank to risks that must be managed within acceptable risk appetite boundaries, without imposing undue constraints on the bank's operations. The need for an effective risk management framework cannot be overstated. Through such a framework, TADB can optimize its risk-return trade-off

Our approach to risk management is based on enterprise-wide risk management (ERM), which defines the internal structures, processes, systems, and policies that identify and manage risk. This ensures that appropriate responses are in place to protect the bank and its stakeholders while supporting the organizational design and business strategy. The approach aims to break down silos within the overall enterprise-wide risk management framework, implement reliable and achievable strategic and business plans, and ensure that the required Return on Equity is attained to support the revitalization of agriculture in Tanzania

Accomplishments during the year 2024

The bank conducted an independent review of the effectiveness and adherence to its risk management policies and practices. This process was crucial to ensure the bank's financial stability, regulatory compliance, identification of emerging risks, promotion of a risk culture and employee awareness, and support for the bank's strategic growth in financing the agricultural sector in Tanzania.

We continued to enhance operational risk control by updating its system for customer due diligence in compliance with the Anti-Money Laundering and Combating the Financing of Terrorism (AML & CFT) Policy, thereby enhancing compliance with regulators and improving customer experience. The implementation of a new organizational structure supports the strategic objectives of the bank, and the bank successfully aligned its policies and processes with the new organizational structure.

In credit risk management, the bank developed the Credit Rating System, which plays a crucial role in supporting the financial health and growth of the agricultural sector. The system enhances the agricultural sector's access to finance and plays a key role in boosting the broader economy by supporting long-term growth in agriculture.

In promoting risk culture and awareness, the bank engaged various strategic partners to build capacity in risk management and ensure compliance with regulations. The bank worked with the Personal Data Protection Commission and provided training to equip TADB staff with a clear understanding of the principles and best practices in personal data protection, ensuring compliance with the Personal Data Protection Legislation in Tanzania. To enhance experience, the bank engaged the Financial Intelligence Unit to equip TADB's staff with a clear understanding of Anti-Money Laundering and Combating the Financing of Terrorism, sanctions, and employee responsibilities in identifying and reporting suspicious activities.

The bank's regulatory framework evolves with the introduction of new regulations to comply with. Among these were Basel II and III, which the bank successfully adopted to meet the requirements of regulators and international Standards.

TADB continues to implement its strategic goal of promoting projects with high environmental and social benefits by operationalizing the Environmental, Social, and Governance (ESG) function. The bank continues to enhance the due diligence process of its projects during appraisal by assessing the potential financial, legal, and reputational risks associated with the project, as well as identifying potential environmental or social opportunities.

The bank improved its compliance framework by strengthening it to align with evolving agricultural policies.

We proactively engages with key partners to stay ahead of emerging agricultural sector directives, policies, and regulatory requirements, including participation in industry forums, contributing to policy discussions, and adopting best practices in agricultural risk management..

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

Looking ahead to 2025

TADB will continue to embed Environmental and Social Risk Management focus on climate change and weather volatility by enhancing risk assessment to factor in the increasing impacts of climate change on agriculture, including extreme weather events and shifting growing seasons. The automation of the environmental and social risk assessment process during the appraising of projects. The bank to adopt adaptive strategies to climate change, foster collaborations, and innovate financing mechanisms to effectively promote sustainable development in a rapidly evolving global landscape.

Commodity price volatility and fluctuations in commodity prices could significantly impact agricultural lending, as the unpredictability of commodity prices can affect the financial stability of farmers and the ability of borrowers to repay loans. This uncertainty makes it challenging for banks to assess risks accurately and maintain a stable lending environment in the agricultural sector

Cybersecurity and Data Protection, continue review and improve the process to comply with personal data protection act and guidelines. 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 war in the Democratic Republic of Congo (DRC), the War between Russia and Ukraine have affected the bank's operation directly and indirectly by the ensuing disruption in global supply chains.

SUSTAINABILITY PERSPECTIVE

Our ESG Framework

Our Ambition

TADB is committed to compliance with Tanzania national laws and country obligations under relevant international treaties, conventions and agreements and Good Industry Practices. The bank recognises that environmental and social sustainability is a fundamental aspect of achieving outcomes in line with its mandate.

Our Commitment to Sustainability

TADB has adopted a comprehensive set of IFC Performance Standards (PSs) for key areas of environmental and social sustainability that Projects are required to meet. Central to the PSs is the application of the mitigation hierarchy and Good International Practices.

In promoting sustainability, TADB through circular economy supports clients/borrowers-particularly those engaged in paddy, coffee and cashew nut processing, livestock and poultry farming to adopt resource efficient practices that minimize waste and generate additional income. Many of these clients are utilizing by-products such as rice husks for energy generation and manure use, coffee husks and cashew shells for energy generation, and reusing livestock and poultry waste for biogas or organic fertilizer. These initiatives not only reduce environmental impact but also create additional income streams, thereby enhancing the overall sustainability and profitability of our clients' operations.

Environmental and Social Performance Standards (ESPS)

To uphold these principles, we adhere to a set of **10 Environmental and Social Performance Standards (ESPS):**

- **ESPS 1:** Environmental and Social Risk Assessment & Management
- **ESPS 2:** Labor & Working Conditions
- **ESPS 3:** Resource Efficiency & Pollution Control
- **ESPS 4:** Health, Safety & Security
- **ESPS 5:** Land Acquisition & Resettlement
- **ESPS 6:** Biodiversity & Natural Resource Management
- **ESPS 7:** Indigenous Peoples' Rights
- **ESPS 8:** Cultural Heritage Protection
- **ESPS 9:** Financial Intermediary Compliance
- **ESPS 10:** Stakeholder Engagement & Information Disclosure

PSs 1 to 8 and 10 include the requirements for Direct Investment Projects. PS 2, PS9 and the occupational safety and health requirements of PS 4 include the requirements for Indirect Finance (Financial Intermediaries (FI) Projects). Each PS includes specific requirements for TADB clients in respect of Projects financed by TADB regardless of whether it is carried out directly by the client or through third parties. Compliance with relevant national laws is an integral part of all PSs.

Governance & Oversight

To ensure accountability and effective implementation, the Environmental and Social Management Policy is governed by:

- **Board of Directors** – Responsible for policy approval and compliance oversight.
- **Board Audit Risk and Compliance Committee** – Monitors implementation and risk mitigation.
- **Management Committee** – Ensures execution and resource allocation.
- **Risk and Compliance Function** – Monitors the risk processes manages challenging environmental and social risks.
- **Internal Audit** – Evaluates policy effectiveness and recommends improvements.

Sustainability Integration in Loans AppraisalExclusion List Screening

The client's application is first reviewed for compliance with the bank's Exclusion List as provided under the Policy.

Project Risk Categorization

The bank identifies the appropriate Environmental and Social Risk Category based on the relevant sector and business activity of the client as per the Environmental Impact Assessment and Audit (Amendment) Regulations, 2024. The E&S risk level of the beneficiary's business sector is based on the following categorization;**Category A (High-risk)**: A project is categorised A when it could result in potentially significant environmental and/or social impacts, including direct and cumulative environmental and social impacts, which are new and additional and, at the time of categorisation, cannot readily be identified or assessed. Projects categorised as A require a formalised and participatory environmental and social impact assessment process.**Category B (Medium-risk)**: A project is categorised B when its potential environmental and/or social impacts are typically site-specific, and/or readily identified and addressed through effective mitigation measures. **Category C (Low-risk)**: A project is categorised C when it is likely to have minimal or no potential adverse environmental and/or social impacts.

Environmental and Social Risk Assessment (ESRA)

Every project financed by TADB undergoes a **rigorous risk assessment process** to assess environmental and social risks depending on the project categorization with the help of questionnaires derived from the adopted Performance Standards (1-8) which provide an ESG score and a final risk rating aiming to assist the bank to measure the ESG performance of the client.

A program of actions (E&SAction Plan (ESAP)) based on ESRA findings and outcomes of stakeholder engagement is then developed and incorporated under the loan agreements to address identified gaps in handling potential negative impacts of their activities on the sustainability factors.

Stakeholder Engagement

As an integral part of the assessment process, Clients are also required to identify people affected by projects and relevant stakeholders as well as to establish a grievance mechanism to receive and facilitate resolution of stakeholders' concerns and grievances, in particular about environmental and social performance of the client and the project.

Environmental and Social Monitoring

TADB monitors and evaluates both directly financed and indirectly financed (FI Projects) it finances against the objectives of the ESM Policy throughout the time that the bank has financial interest in the Project. The extent of monitoring commensurates with the environmental and social risks associated with the Project. TADB reviews environmental and social reports on the environmental and social performance of the Project, implementation of the ESAP and the compliance of the client with the environmental and social covenants in the loan agreements.

Looking Ahead: Strengthening Our Commitment

In 2025, TADB will continue enhancing its **Environmental and Social Policy** by: Risk categorization of our portfolio, monitoring of financed projects).

- Expanding **climate-resilient investment portfolios**.
- Conducting E&S risk categorization of its loan portfolios.
- Strengthening **gender and social inclusion initiatives**.
- Strengthering sustainability monitoring of financed projects.We remain dedicated to fostering a **sustainable, inclusive, and resilient** financial ecosystem that supports **economic growth** while protecting **people and the planet**.

Through the implementation of our Environmental and Social Management Policy, TADB reaffirms its commitment to **responsible investing**, ensuring that all projects contribute to **sustainable development** and **positive social impact**.

Investing in Climate Smart Agriculture

In its second year of implementing the TADB Second Medium-term Strategy 2023-2027, the bank has continued to make significant strides under Thematic Priority Three, which focuses on addressing climate change and promoting climate-smart agriculture (CSA) by building the adaptive capacities of farmers and other actors along the agriculture value chain to effectively respond to the impacts of climate change.

Climate Smart Agriculture Situational Analysis Study:

Among the key milestones in 2024, the bank conducted a comprehensive socio-economic and situational analysis study, designed to assess the climate risks confronting key agricultural value chains in the country, identify the climate vulnerabilities inherent in various farming systems and therefrom provide actionable insights into the relevant and required CSA interventions that would strengthen the resilience capacities of farmers and mitigate the adverse impacts of climate change.

Central to the study was establishing the financing requirements essential to support farmers and other stakeholders in the agriculture sector in transitioning to climate-smart practices and technologies. Understanding the crucial need for a collaborative approach to successfully promote and scale up sustainable agriculture in Tanzania, the study further mapped out key stakeholders from government agencies, research institutions, private sector players, development partners, farmer organizations, suppliers of climate related technologies among others within the sector.

Development of TADB CSA Strategy 2025—2027 and CSA Product

Drawing from the findings of this study, TADB identified fifteen (15) priority agricultural value chains that present significant opportunities for climate-smart transformation. These value chains were selected based on their climate risk exposure, vulnerability, food security, economic importance and potential for sustainable impact. The insights gained formed the basis for the development of the TADB CSA Strategy 2025–2027, a forward-looking framework aimed at embedding climate resilience across agricultural finance investments, coupled with the development of CSA financial products, tailored to meet the diverse credit and non-credit needs of farmers, SMEs and other actors, to facilitate their investment shift to more sustainable and resilient agricultural practices.

Climate Risk Assessment and Management Tools – Compliance and Harnessing Sustainable Agriculture Opportunities Finance:

Compliance:

On the same note, in a one of a kind project on climate risk assessment and management, TADB in collaboration with the African Development Bank and Global Centre for Adaptation, initiated the development of a number of tools to aid the bank to effectively, efficiently and prudently identity, assess and manage potential impacts of material climate-related financial risks in its overall internal operations and direct lending activities as per Bank of Tanzania guidelines. The assessment further analysed the bank's climate risk exposure of its indirect portfolio with partner financial institutions including the Smallholder Credit Guarantee Scheme (SCGS) and Wholesale Lending.

The tools include heat maps or vulnerability assessment maps that outline the hotspots and potential hazards in the bank's direct and indirect lending portfolio, a due diligence tool that equip the bank to generate climate risk profiles at transaction level and stress testing tools to climate proof future lending and ensure that its loan portfolio is resilient to future climate shocks.

CSA/Adaptation Catalogue: A Guiding Tool for Climate-Smart Agriculture

To ensure that TADB continues to champion its catalytic role for financing sustainable and climate-smart agriculture transformation in the country, the bank is developing a Climate Smart Agriculture (CSA) Adaptation Catalogue. This catalogue serves as a strategic guiding tool for TADB's and its partner financial institutions business development teams in financing climate-smart agriculture projects.

The CSA/Adaptation Catalogue will provide business teams with a comprehensive overview of climate adaptation and mitigation interventions that are relevant to the specific needs of agricultural value chains most vulnerable to climate change. Through both its direct lending and crowding in of pate financial institutions participation in financing green, climate related agriculture projects, TADB aims to see the upscaling of CSA financing and enhancing resilience and adaptive capacities of farmers and other value chain actors across the board.

Supporting Youth Participation in COP29

Recognizing the essential role of youth in accelerating climate action and fostering innovative solutions for sustainable agriculture, TADB supported two female climate change champions from the Green Samia Foundation to participate at the global UNFCCC 29th Session of the Conference of the Parties (COP29) meetings that took place in November 2024, in Baku, Azerbaijan. The support not only enabled the youth delegates to represent Tanzania on the global climate change stage but also provided an opportunity to advocate for national climate related agendas and TADB's commitment/focus on promoting climate resilience and sustainable agriculture in the country, youth-driven agriculture climate solutions and contribute meaningfully to discussions on sustainable development.

2025 Outlook:

With 2024 setting the bedrock for the bank's climate initiatives, 2025 will see to the roll out of these strategic initiatives from the TADB CSA Strategy, finance products, climate risk tools, capacity building to strengthening collaboration and partnerships.

Internship Program

Worth with Us

At TADB, we value young talents and believe that by harnessing potential at a young age, we help grow and sustain successful careers while ensuring excellent staff continuity. With this belief, we developed a Graduate Trainee Program to help young graduates make the transition from university knowledge into the business environment and groom them into future leaders or professionals in the DFI industry.

The program demonstrates a commitment to inclusivity by prioritizing a balanced representation of youth, gender and ensuring that individuals with disability are given equal opportunities. The enrollment ratio of male to female interns stands at 54:46. In support of this initiative, we have collaborated with Sokoine University of Agriculture (SUA) to facilitate the placement of their graduates for practical training and employment opportunities at TADB and its partner institutions.

This 24-month intensive and comprehensive program provides the opportunity for graduates to study for further professional qualifications through on-the-job training. This means they not only get the chance to put the skills learned through their degree into practice but also develop and channel them with further qualifications to suit the career path of their choice.

Through a comprehensive orientation and structured in-house training programs, trainees gain advanced IT competencies, business acumen, presentation skills, and expertise in project and people management enabling them to manage diverse projects effectively and efficiently. These programs are designed with a focus on sustainability and inclusion, ensuring that trainees from varied backgrounds, including youth, women, and individuals with disabilities, have equal access to opportunities for growth. Furthermore, job attachments reinforce this commitment by equipping trainees with the practical skills, knowledge, and professional qualifications necessary to thrive in a wide range of fields, promoting a more inclusive and sustainable workforce for the future.

CSI Impact: SDGs Achieved

Social, Economic, and Environmental Impact framework

	Job Creation and Enterprise Growth	Sustainable Finance and Climate Change	Infrastructure	Trade and Investment	Capacity Building	Healthy and Financial Inclusion
OUR IMPACT AREA	Job Creation and Enterprise Growth	Sustainable Finance and Climate Change	Infrastructure	Trade and Investment	Capacity Building	Healthy and Financial Inclusion
OUR IMPACT	**Conducted** CSA situational analysis identifying needs across 15 key value chains. **Developed** CSA Strategy 2025–2027 and financial products tailored for SMEs and farmers to spur enterprise growth and rural job creation.	**Partnered** with AfDB and GCA to develop risk tools—heat maps, due diligence, stress tests. **Launched** CSA Adaptation Catalogue to guide sustainable agriculture investments. **Supported** youth at COP29 to advocate for climate-resilient agriculture.	**Integrated** climate resilience into investment frameworks and introduced tools to climate-proof TADB's lending infrastruc-ture.	**Mobilized** blended finance and engaged PFIs through SCGS and concessional lines to scale green agri-investments and enhance trade.	**Mapped** sector actors for CSA collaboration and planned national training, policy dialogue, and tools rollout for 2025 capacity scale-up.	**Embedded** equity, inclusion, and community well-being in ESG policies. **Expanded** rural financial access and supported women-led climate advocacy through inclusive financing and global engagement.
SUSTAINABLE DEVELOPMENT GOALS	**SDG 8:** Decent Work and Economic Growth **SDG 2:** Zero Hunger	**SDG 13:** Climate Action **SDG 17:** Partnerships for the Goals	**SDG 9:** Industry, Innovation and Infrastructure	**SDG 17:** Partnerships for the Goals **SDG 8:** Decent Work and Economic Growth	**SDG 4:** Quality Education **SDG 17:** Partnerships for the Goals	**SDG 3:** Good Health and Well-Being **SDG 10:** Reduced Inequalities

CORPORATE GOVERNANCE

Our Board

Board Profiles

Ishmael Andulile Kasekwa
Chairman

Qualifications:
- **Master of Business Administration –** V.N Karazin Kharkiv National University
- **National Bookkeeping Certificate –** NABOCE (DSM)
- **National Accounts Diploma Level I & II**
- **CPA** (T)

Expertise:
Leadership, Management Accounting, Corporate Governance, Strategic Planning, Risk Management & Financial Management

Dionisia Peter Mjema
Member

Qualifications:
- **Bachelor of Science in Economics -** Moscow
- **Master of Science in Economics (Agroindustry)** - Moscow

Expertise:
Leadership, Management Accounting, Corporate Governance Strategic Planning, Policy Formulation, Economic & Policy Analysis, Agribusiness & Market Analysis

Fatma Mohamed Abdallah
Member

Qualifications:
- **Masters of Business Administration –** Rome, Italy.
- **Postgraduate Advanced Diploma in Management –** UK

Expertise:
Strategic Leadership & Business Management, Corporate Banking & Financial Management, Corporate Governance, Sales & Revenue Growth, Risk Management

Assumpter Nshunju Mshama
Member

Qualifications:
- **Degree of Theology**-Faith Christian University
- **Diploma in Hospitality Management-** The Hague, Netherlands.

Expertise:
Leadership, Hospitality Management, Financial Managemen, Team Building and Organisation

Rished Mohamed Bade
Member

Qualifications:
- **Masters Degree in Banking and Finance** – Sydney, Australia
- **Bachelor Degree in Commerce and Management,** UDSM
- **Certified Public Accountant**

Expertise:
Strategic Leadership, Investment & Financial Strategy, Public Sector Finance & Policy Formulation, Mergers Acquisitions & Divestment, Financial Management, Strategic Planning & Business Growth.

Frank Mugeta Nyabundege
Member

Qualifications:
- **Master of Business Administration (MBA) - Corporate Management**, Mzumbe University (Tanzania).
- **Post Grad. Diploma** in Leadership,

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

Daniel William Masolwa
Member

Qualifications:
- **Master of Arts in Economics-**UDOM **Bachelor of Arts (Statistics)-**UDSM

Expertise:
Microcomputer Applications, Report Writing, Data Analysis and Dissemination

Ntengua Seleman Y. Mdoe
Member

Qualifications:
- **Master i.Ph.D -U of Reading,** UK
- **M.Sc.-** U of Guelph, Canada.
- **iB.Sc.-** U of DSM, Tanzania
- **iDiploma in Education,** Klerruu College, Iringa

Expertise:
Teaching, Production and Farm Business Management, Research, Strategic Planning, Consultancy and Advisory, Agribusiness, Leadership, Writing and Publishing

Chimagu Enock Nyasebwa
Member

Qualifications:
- **Masters of Science in Economics** - OUT
- **Masters of Science in Agricultural Economics –** SUA
- **Bachelor of Science in Agricultural Economics** - SUA

Expertise:
Economic & Policy Analysis, Agribusiness & Market Analysis, Project Management, Policy Formulation, Risk Management, Research & Data Analysis, Leadership & Governance, Strategic Planning, Stakeholder Engagement.

Prudence Masako
Member

Qualifications:
- **Master of Science, Public Health in Developing Countries (MPH)-** University College of London, London, UK
- **Postgraduate Diploma in Public Health-** London School of Hygiene and Tropical Medicine, London, UK

Expertise:
Leadership, Communication/Liaison, Financial Management, Fund mobilization, Strategic project management, Mentorship, Entrepreneurship.

Board Structure

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 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
▶ 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.	▶ 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.	▶ 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.

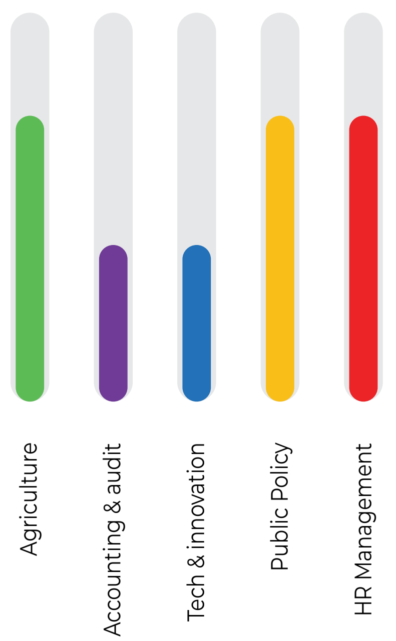
BOARD COMPOSITION AND ROLES

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



FINANCIAL STATEMENTS

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

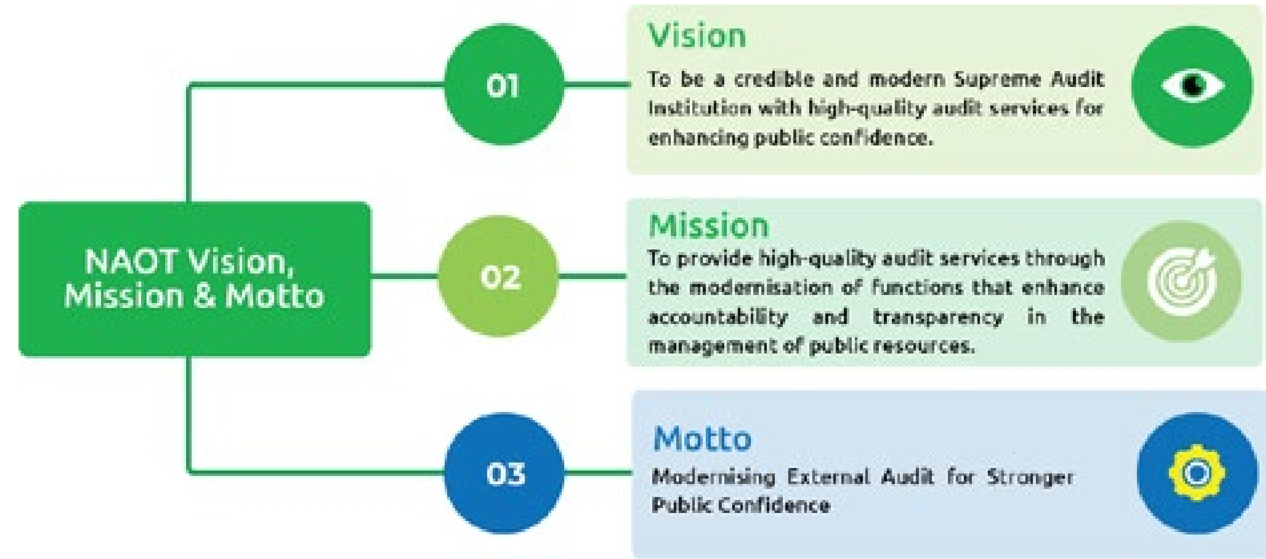
Controller and Auditor General,
National Audit Office,
Ukaguzi House,
4 Mahakama Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200-9,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

March 2025
AR/PA/TADB/2024

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.



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CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

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	4th 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. NMB Bank Ohio Street/Ali Hassan Mwinyi Road P.O. Box 9213 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
Principal Auditor	Controller and Auditor General, National Audit Office, 4 Mahakama Road, P.O. Box 950, 41104 Tambukareli, Dodoma, Tanzania.
Delegated Auditor	Deloitte & Touche Certified Public Accountants (Tanzania) 3rd Floor, Aris House Plot 152, Haile Selassie Road P.O. Box 1559 Dar es Salaam.

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 2024, 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 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 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 Limited in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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)

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (Continued)

Key Audit Matters (Continued)

Key audit matter	How my audit addressed the key audit matter
Expected Credit Losses (ECL) on loans and advances to customers	
At 31 December 2024, the Bank had a total gross loans and advances to customers of TZS 542.40 billion with expected credit losses of TZS 8.23 billion. Key judgements and estimates in respect of the measurement of expected credit loss (ECL) include the following: ▪ 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. Considering the above judgement, estimation uncertainty and complexity, I considered this to be a key audit matter.	In evaluating the expected credit loss against loans and advances to customers, we assessed the judgements and assumptions used by the Directors and my procedures included the following: ▪ 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 inter bank 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. 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.

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

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (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 Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 and Banking and Financial Institutions Act, 2006 and for such internal control as the management 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 management is 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 management 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 Standards of Supreme Audit Institutions (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 bank's internal control;

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (Continued)
1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (Continued)

- 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 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 5.7 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 Companies Act, 2002

I report to you based on our audit of the Tanzania Agricultural Development Bank (TADB) for the financial year ended 31 December 2024 as per the Companies Act, 2002.

1.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (Continued)

1.2.2 Compliance with the Companies Act, 2002 (Continued)

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.

1.2.3 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 2024 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.

1.2.4 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 2024 as per the Budget Act and other Budget Guidelines.

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.

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

March 2025

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

2.1. INTRODUCTION

Those charged with governance present their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of Tanzania Agricultural Development Bank Limited ("the Bank" or "TADB").

This report has been prepared in compliance with TFRS 1 issued by the National Board of Accountants and Auditors (NBAA) which became effective on 1st January 2021.

2.2. INCORPORATION

The Bank was established under the Companies Act of 2002 and holds Certificate of Incorporation No. 94075. TADB, a government-owned development finance institution (DFI), was officially incorporated on 26 September 2011.

21.1 VISION

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

2.1.2 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.

2.1.3 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.

2.2 PRINCIPAL ACTIVITIES

The principal activities of the Bank is to promote development finance lending in accordance with its Memorandum and Articles of Association. This mission is pursued through the following key initiatives:

a) To stimulate credit flow to the agricultural sector, thereby fostering agricultural growth and productivity;

b) To take the lead, as the apex agricultural financing institution, in developing and implementing capacity-building strategies and programs that strengthen the agricultural financing value chain;

c) To provide refinancing to commercial Banks for their short, medium, and long-term loans to the agricultural sector, enabling increased credit access for agriculture;

d) To engage in direct lending for medium- and long-term agricultural projects, in collaboration with or in syndication with commercial Banks;

e) To support the modernization and commercialization of smallholder farmers throughout grower associations, enhancing their market integration and productivity;

f) To reinforce the agricultural financing value chain through training, research, and consultancy services, thereby fostering a more sustainable and efficient sector;

g) To assist the government in implementing its policies aimed at promoting financial sector inclusion in rural areas, ensuring broader access to financial services.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.3 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 Company's Articles of Association stipulate that the Board must consist of at least five Directors. As at 31 December 2024, the Board was made up of nine non-executive Directors and one Executive Director. The Board has the authority to determine its size and composition, in accordance with the Company's Articles of Association, Board Charter, and applicable law.

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.

The Board has delegated the day-to-day management of the Bank to the Managing Director, who is supported by the management team. The management team participates in board meetings and plays a crucial role in ensuring the smooth oversight of the Bank's operations. They facilitate communication and coordination between the various Directorates and Units, contributing to effective control and execution of the Bank's activities.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.4 STATEMENT OF CORPORATE GOVERNANCE

The Directors of the Bank at the date of this report, who have served since 1 January 2024 unless otherwise stated, are as shown in the table below:

S/N	Name	Position	Age	Qualification/ Discipline	Nationality	Gender	Remarks
1	Mr. Ishmael Kasekwa	Chairman	67	Masters' Degree in Business Administration, Certified Public Accountant	Tanzanian	Male	Appointed on 10 May 2021, re-appointed on 15 May 2024
2	Mr. Daniel Masolwa	Member	56	Master of Arts in Economics	Tanzanian	Male	Appointed on 30 November 2020 to 29 November 2023, Re-appointed on 9 January 2024
3	Prof. Ntaengua Mdoe	Member	73	Professor of Agriculture-Production and Farm	Tanzanian	Male	Appointed on 30 November 2020 to 29 November 2023, Re-appointed on 9 January 2024
4	Dr. Assumpter Mshama	Member	64	Degree of Theology-Faith Christian University	Tanzanian	Female	Appointed on 9 August 2022
5	Ms. Prudence Masako	Member	52	Master of Science, Public Health in Developing Countries	Tanzanian	Female	Appointed on 9 August 2022
6	Mr. Nyasebwa Chimagu	Member	48	Master of Science in Economics	Tanzanian	Male	Appointed on 9 January 2024
7	Ms. Fatma Abdallah	Member	50	Master of Business Administration	Tanzanian	Female	Appointed on 9 January 2024
8	Mr. Rished Bade	Member	57	Master of Commerce in Banking and Finance	Tanzanian	Male	Appointed on 9 January 2024
9	Ms. Dionisia Mjema	Member	57	Master of Science in Economics and Agroindustry Management	Tanzanian	Female	Appointed on 25 June 2024
10	Mr. Frank Nyabundege	Managing Director	50	Master of Business Administration	Tanzanian	Male	Appointed on 5 August 2021

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.5 COMPANY SECRETARY

The Bank's Company Secretary as at 31 December 2024 and during the year was Dr. Edson P. Rwechungura.

2.6 BOARD APPOINTMENT

The Board of Directors consists of nine non-executive Directors and one Executive Director. The Directors are selected based on their expertise and experience in fields such as development financing, agriculture, banking, economics, finance, and other relevant sectors. At least two Directors must have substantial experience in banking and microfinance, or possess equivalent qualifications. The Managing Director (Executive Director) serves as a Board member by virtue of his position. The Board's term with the exception of the Managing Director, is three years. The Chairperson is appointed by the President, while the other members are appointed by the Minister of Finance every three years. All appointments are subject to approval by the Bank of Tanzania.

2.7 BOARD MEETINGS

The Board has established an annual work plan outlining its key activities for the year. It convenes at least once per quarter, and additional meetings are held when necessary to address matters related to the Bank's overall governance, business performance, strategy, and succession planning. The Board and its committees meet regularly as dictated by business needs.

For the year 2024, the Board's work plan and meeting calendar were set in advance and shared with all Directors. Sufficient notice was provided for each meeting, and Directors received comprehensive reports on the topics to be discussed well in advance. The Board holds ultimate responsibility for the Bank's strategic direction. At each meeting, progress against the approved business plans/budget is reviewed, and management is given direction and guidance as needed.

In 2024, the Board held a total of eight meetings—three ordinary meetings and five extraordinary meetings. Below is a summary of the attendance for Board and Committee members during the financial year 2024 as follows:

	Number of meetings attended					
S/N	Name of Director	BOARD	EOB	BBC	BHRAC	BARC
1	Mr.Ishmael Kasekwa	3	5	-	-	-
2	Mr. Daniel Masolwa	3	5	-	1	3
3	Prof. Ntaengua Mdoe	3	5	3	2	1
4	Dr. Assumpter Mshama	2	4	-	-	2
5	Ms. Prudence Masako	2	5	1	2	1
6	Mr. Nyasebwa Enock Chimagu*	1	3	2	-	-
7	Ms. Fatma Abdallah*	1	-	2	-	-
8	Mr. Rished Bade*	-	-	1		3
9	Ms. Dionisia Mjema*	1	1	-	-	-
10	Mr. Frank Nyabundege**	3	5	-	-	-

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.7 BOARD MEETINGS (Continued)

**It is to be noted that four directors namely Chimagu Enock Nyasebwa, Fatma Abdallah, Rished Bade and Dionisia Mjema joined the Board midway through the year hence the smaller number of meetings attended.*

***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.*

2.8 BOARD STRUCTURE

The Board of Directors serves as the central pillar of the Bank's corporate governance framework, holding ultimate responsibility for overseeing the performance and operations of the institution. Comprising nine (9) non-executive members, one Executive Director (the Managing Director), and the Head of Legal Services, who acts as the Secretary, the Board is tasked with ensuring effective governance and strategic direction.

To fulfil its duties, the Board operates within a well-defined structure supported by specialized committees. These committees are integral in assisting the Board with executing its responsibilities and meeting its obligations. Each committee is governed by a set of terms of reference, which clearly outline its specific mandate, responsibilities, and operational guidelines. The Board has established three key committees: the Audit, Risk, and Compliance Committee; the Business Committee; and the Human Resources and Administration Committee. Each of these committees are granted delegated authority to support the Board in carrying out specific functions, ensuring a focused approach to the Bank's operations.

Despite the delegation of responsibilities, the Board retains ultimate accountability for all governance matters and policy decisions. In forming committee memberships, the Board seeks to leverage the diverse expertise of its members, ensuring that each Board meeting benefits from a broad range of perspectives. Committee Chairpersons are required to report back to the Board, providing updates on the committees' activities and escalating any issues that require the Board's attention or approval. Additionally, each committee operates according to terms of reference, establishing the rules, responsibilities, and procedures essential for its function.

2.8.1 Audit, Risk and Compliance Committee

The committee plays a critical role in safeguarding the accuracy and integrity of the Bank's financial statements before they are reviewed and approved by the Board. The Audit, Risk, and Compliance Committee's primary responsibilities include reviewing Bank policies, assessing the adequacy of the financial reports, evaluating management's approach to internal controls and risk management, examining the scope and effectiveness of both internal and external audit functions, ensuring compliance with regulatory and financial reporting requirements, overseeing the relationship with external auditors, and assuring the Board that the management has effectively implemented and maintained necessary control procedures.

The Board Audit, Risk, and Compliance Committee was initially scheduled to hold four regular meetings and one extraordinary meeting in 2024.

However, due to a limited number of directors early in the year, which prevented the proper formation of Board Committees, only three meetings were conducted. Consequently, the business normally handled by the Committee was managed by the full Board until July 2024, when the committees were fully constituted. The two regular meetings, the 49th and 50th, addressed key agenda items, including the Bank's general performance report to be submitted to the Treasury Registrar, quarterly financial performance reports, procurement reports, risk and compliance reports, and audit reports.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.8 BOARD STRUCTURE (Continued)

2.8.1 Audit, Risk and Compliance Committee(Continued)

There are scheduled extraordinary meeting deliberated on specialised items including the Bank's annual action plan and budget as well as the annual procurement plan for 2025. The members of the committee at the date of this report, who have served since 1 January 2024, are:

S/N	Name	Position	Age	Nationality
1	Mr. Daniel Masolwa	Chairperson	56	Tanzanian
2	Dr. Assumpter Mshama	Member	64	Tanzanian
3	Mr. Rished Bade	Member	57	Tanzanian

2.1.2 Business Committee

The primary purpose of the Board Business Committee is to support the timely delivery of products and services while ensuring the effective and responsible management of the Bank's business with its customers, in line with the policies and procedures established by the Bank. The committee's discussions are central to the Bank's lending operations.

The Board Business Committee was originally scheduled to hold four regular meetings, one at the end of each quarter. However, due to a limited number of directors at the beginning of the year, only three meetings were held. During this period, the committee's usual business was conducted through the full Board until July 2024, when the committees were properly constituted. Of the three meetings held, two were ordinary meetings (the 52nd and 53rd), while one was an extraordinary meeting (the 51st).

The ordinary meetings addressed a range of items, including quarterly business performance reports, credit and credit administration reports, managed funds reports, and updates on ICT and operations—areas which have become increasingly vital to the Bank's business operations. Additionally, these meetings reviewed clients' credit requests and discussed updates to the business and credit-related policies. The extraordinary meetings were primarily focused on deliberating specific client credit requests. The members of the committee at the date of this report, who have served in 2024, are;

S/N	Name	Position	Age	Nationality
1	Ms. Fatma Abdallah	Chairperson	50	Tanzanian
2	Ms. Prudence Masako	Member	52	Tanzanian
3	Prof. Ntaengua Mdoe	Member	73	Tanzanian

2.1.3 Human Resources and Administration Committee

The primary objective of the Human Resources and Administration Committee is to support the Board of Directors in fulfilling its responsibilities by offering informed, timely interventions and guidance on matters pertaining to human resources development and administration. The committee is tasked with reviewing and overseeing the Bank's overall human resources policies and procedures. It ensures the implementation of effective strategies for human resources planning, compensation and reward systems, and other policy measures essential for the Bank's smooth and efficient operations.

The Board calendar initially planned for four ordinary meetings of the Human Resources and Administration Committee in 2024. However, due to a limited number of directors at the beginning of the year, which made it unfeasible to form Board Committees, only two meetings took place: the 39th and 40th Ordinary meetings. During this period, the business typically handled by the Committee was addressed through full Board discussions. This arrangement continued until July 2024, when the Committees were officially formed. The meetings focused on a range of human capital-related matters, including headcount

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.8 BOARD STRUCTURE (Continued)

2.1.3 Human Resources and Administration Committee (Continued)

management, employee welfare, performance management, disciplinary issues, as well as training and development initiatives. As of the date of this report, the members of the Committee, who have been serving in 2024, are:

S/N	Name	Position	Age	Nationality
1	Prof. Ntaengua Mdoe	Chairperson	73	Tanzanian
2	Mr. Nyasebwa Chimagu	Member	48	Tanzanian
3	Ms. Dionisia Mjema	Member	57	Tanzanian

2.1.4 Board of Directors Independence and Conflict of Interest

The TADB Board is responsible for providing strategic oversight and high-level direction to the Bank's management to ensure that the Bank operates in a sound, efficient, and compliant manner at all times. This responsibility is guided by the Companies Act, 2002, the Banking and Financial Institutions Act, 2006, the DFI Regulations, as well as the Bank's Strategic and Business Plans. To fulfil these duties effectively, the Directors exhibited the highest standards of integrity, honesty, competence, and a commitment to good corporate governance. Further, the Directors are required to disclose any personal or financial interest, whether direct or indirect, in any matter, contract, or proposed contract involving the Bank. This disclosure must be made at a Board meeting, as outlined in Section 209 of the Companies Act and Article 85 of the TADB Articles of Association. Directors are accountable for any damage resulting from breaches of their duty of care or failure to properly declare conflicts of interest.

All TADB Directors adhered to independence and conflict of interest disclosure requirements throughout the year.

2.9 DIRECTORS RENUMERATION

Director's annual fees and any other remunerations to the Board members are approved at the Annual General Meeting by the Treasury Registrar. The Directors' annual fees have been outlined in note 32 of the financial statements.

2.10 EVALUATION OF THE BOARD'S EFFECTIVENESS

The evaluation of the Board's performance is conducted under the oversight of the Board Audit, Risk, and Compliance Committee, in collaboration with the Office of the Treasury Registrar. This process aligns with the Board Self-Assessment Guidelines for Public and Statutory Corporations. Upon completion, the evaluation results are presented to the full Board for review, approval, and any necessary follow-up action. For 2024, evaluation of the Board's effectiveness was performed the TADB Board of Directors attained an impressive overall score of 88%, reflecting an Excellent level of performance.

2.11 ACCOUNTING POLICIES

The Bank's material accounting policy information, as disclosed in note 3 to the financial statements, have been approved by the Board. These policies have been updated to align with the latest IFRS Accounting Standards as issued by the International Accounting Standards Board, as outlined in note 2.11 of the financial statement note.

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

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.12 MANAGEMENT COMMITTEE (Continued)

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);
- ·udit, Risk and Compliance Committee;
- Management Credit Committee (CREDCO);
- HR Management Committee;
- ICT Steering Committee;
- Management Tender Board Committee;
- Loan Portfolio Quality Committee; and
- Integrity Committee.

2.13 MANAGEMENT TEAM

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

Title	Role
Director of Finance	Oversees all financial decisions and is responsible for preparing the Bank's financial results. Leads the treasury team and drives resource mobilization initiatives.
Director of Planning, Advisory & Corporate Affairs	Leader of Planning, Research, Advisory, and Corporate Affairs.
Head of Risk and Compliance	Leader of risk and compliance team, chief implementer of risk ant compliance related strategic directives.
Director of Business Development	Leader of the Business Team, Smallholder Credit Guarantee Scheme, and overseeing Zonal Offices.
Director of Credit	Leader of the Credit Appraisal, Credit Administration, and Recovery Teams
Head of Legal and Company Secretary	Leader of the legal team, serving as the primary representative of the Bank in all legal proceedings, and acting as the Secretary during Board meetings.
Director of Human Resources and Administration	Leader of human resource, chief implementer of staff related strategic directives and administration related strategic directives
Director of ICT and Operations	A leader responsible for shaping and executing the organisation's digital and operational strategy to drive innovation, efficiency, and resilience. This role oversees the design, implementation, and management of ICT systems and operational frameworks that align with the institution's strategic objectives and regulatory requirements.
Manager Procurement Management	Leader of procurement related activities and Chief implementer of Procurement plan.

The Head of Internal Audit (HIA); CPA Joyce Maduhu 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:

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.13 MANAGEMENT TEAM (Continued)

S/N	Name	Position	Qualifications	Age
1	Mr. Frank Nyabundege	Managing Director	▪ MBA, Post grad. Diploma in Economic Diplomacy, ▪ Post Grad. Diploma in Leadership, ▪ Adv. diploma in Accountancy.	50
2	Dr. Kaanaeli Nnko	Director of Finance	▪ CPA, Ph.D, MBA, ▪ MSc. Economics, ▪ B. Com (Accounting)	45
3	Ms. Afia Sigge	Director of Business Development	▪ MBA, BSc Degree in International Business Administration	39
4	Ms. Adolphina William	Director of Credit	▪ MBA, ▪ Bachelor of Commerce	52
5	Ms. Noelah Bomani	Director of Human Resources and Administration	▪ MSc. Instructional Design and Technology, ▪ BA in International Business & Management Studies, ▪ Certified Human Resources Practitioner CHRP-CIPD, ▪ Certified International Change Manager (CICM)	43
6	Mr. Mkani David Waziri	Director of Planning, Advisory and Corporate Affairs	▪ MSc. Agricultural Economics, ▪ BSc. Agricultural Economics & Agribusiness	37
7	Mr. David Nghambi	Director of ICT and Operations	▪ MSc.Computer Networks, and Communication, ▪ BSc. Computer Science	54
8	Mr. Kassim Bwijo	Head of Risk and Compliance	▪ MBA, Bachelor of Commerce (Accounting)	42
9	Dr. Edson Rwechungura	Head of Legal and Company Secretary	▪ PhD. In Law, ▪ Masters in Law, ▪ Bachelor Degree of Law	40
10	Ms. Neema Madoffe	Manager, Procurement & Stores	▪ MSc in PSCM, ▪ BA in Procurement & Supply Management	37
11	Ms. Joyce Maduhu	Head of Internal Audit	▪ MBA – Corporate management ▪ Bachelor of Commerce (Accounting), CPA.	56

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.14 INTERNAL AUDIT FUNCTION

The Bank maintains an independent Internal Audit function that reports directly to the Board Audit, Risk, and Compliance Committee (BARC). The BARC ensures the Internal Audit function operates independently, with the requisite resources and authority to effectively fulfil its responsibilities. On a quarterly basis, the BARC reviews the adequacy and effectiveness of internal controls, as well as evaluates the performance of the Internal Audit function. The Committee annually reviews and approves both the Internal Audit Charter and the Internal

Audit Annual Plan, which serve as the foundation for periodic assessments of internal audit performance. For the year 2024, the Internal Audit function successfully executed the approved Internal Audit Annual Plan. The plan was developed with a risk-based approach, prioritizing areas critical to the organisation's strategic objectives, operational efficiency, and financial integrity. Throughout the year, the Internal Audit team carried out audits in accordance with this plan, covering key business areas, financial processes, and compliance requirements and the outcomes were thoroughly communicated to the BARC, along with actionable recommendations for process improvements, risk mitigation, and strengthening of internal controls. Additionally, the BARC actively monitors the actions taken by Management in response to Internal Audit findings.

2.15 STRATEGIC OBJECTIVES

The Tanzania Agricultural Development Bank (TADB) is guided by its Strategic Plan 2016-2035, which outlines the Bank's mission to contribute to food security and poverty reduction by catalysing agricultural transformation. The plan focuses on two primary goals: ensuring food self-sufficiency and transitioning agriculture from subsistence to commercial production, fostering sustainable economic growth. TADB aims to be a leading institution in agricultural development, supporting the growth of inclusive and sustainable agricultural value chains.

The Bank's strategy is structured around five key thematic priorities. The first priority, Catalysing Financing to Agriculture, involves the Bank playing a pivotal role in increasing agricultural credit by mobilizing commercial and community Banks to invest in the sector. In the second priority, Value Chain Development, TADB aims to enhance agricultural infrastructure, mechanization, and small-scale farmers' commercialization. Third, the Bank prioritizes addressing climate change impacts, helping small-scale farmers adapt to climate challenges through supportive programs and climate-smart practices.

The fourth priority, Financial Inclusion, focuses on empowering women and youth in agriculture by improving their access to finance, assets, and markets. Finally, the Capacity to deliver priority ensures that TADB strengthens its institutional capabilities by leveraging partnerships, improving governance, and investing in technology and people to effectively execute its mission. The Bank's strategic objectives under each priority guide these efforts to create a thriving and resilient agricultural sector.

Despite its ambitious goals, TADB faces several challenges in implementing its strategy. These include the impacts of climate change, fluctuating commodity prices, competition from other financial institutions, and high technology costs. The Bank's response includes promoting climate-resilient practices, offering advisory services, diversifying its financial portfolio, and leveraging strategic partnerships. Additionally, TADB is addressing regulatory challenges and the high costs of funding by enhancing its product offerings, improving customer service, and maintaining a strong compliance framework.

2.16 STAKEHOLDER RELATIONSHIP

At TADB, our long-term success is deeply rooted in fostering strong and collaborative relationships with our stakeholders. We prioritize building connections that go beyond the traditional scope of banking services. Our stakeholders include current and prospective shareholders, customers, regulatory bodies, service providers, partner DFIs, Banks, and our dedicated employees. By engaging effectively with each

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.16 STAKEHOLDER RELATIONSHIP (Continued)

group, we aim to cultivate enduring partnerships that drive shared growth and prosperity, all while fulfilling our mission to support Tanzania's agricultural sector and beyond.

The Bank thrives on the support of its shareholders, whose capital enables us to create significant value within the country's financial landscape. By leveraging these resources effectively, we not only enhance the Bank's own value but also contribute to broader economic growth.

In the fiscal year ending December 31, 2024, the Bank made substantial strides in enhancing shareholder value through strategic initiatives. This included notable growth in retained earnings and a proposed dividend, as detailed in section 2.9 of our financial report. These accomplishments underscore our commitment to sustainable growth and our ongoing responsibility to our valued shareholder to sustainable growth and the fulfilment of our obligations to our valued shareholders.

2.17 RESULTS

The Bank's financial results for the year are set out on page 46 and summarized below:

	2024 TZS '000	2023 TZS '000
Profit before tax	24,676,166	18,785,270
Tax expense	(6,065,172)	(5,221,095)
Profit after tax	**18,610,994**	**13,564,175**

DIVIDENDS

Dividend of TZS 850 million in respect of the financial year 2023 was approved and paid during the year 2024. The Directors propose a payment of dividend amounting to TZS 4.7 billion for the year ended 31 December 2024. (2023: TZS 850 million).

2.19 PERFORMANCE FOR THE YEAR

The Bank reported a pre-tax profit of TZS 24.68 billion, reflecting a 31% year-on-year growth from TZS 18.79 billion in 2023. This performance also exceeded the annual budget by 23%, surpassing the planned TZS 20.10 billion. The growth can be primarily attributed to the expansion of our loan portfolio, which resulted in higher interest and non-interest income. Furthermore, our strong focus on cost management has significantly improved operational efficiency, playing a key role in driving these impressive financial results.

2.19.1 Operating income

Operating income, which includes net interest income (TZS 50.14 billion) and non-interest income (TZS 9.71 billion), showed a substantial growth in 2024. Overall, total operating income increased by 30%, reaching TZS 59.85 billion, compared to TZS 43.37 billion in 2023. This growth was primarily driven by increase in interest income, stemming from investments in government securities, placements, and loans extended to customers. Over the course of the year, the Bank allocated approximately TZS 286.42 billion to support sectors such as production, agro-processing, Post-harvest Management (Warehouses, Cold storage facilities and Silos) and Enterprise Development to promote Agricultural Integrated Value Chain Financing Model (IVCF, and aggregation. Moreover, non-interest income grew by a significant 32%, reflecting the expansion of the loan portfolio, increased grants, and recoveries from written-off assets.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.19 PERFORMANCE FOR THE YEAR (Continued)

2.19.2 Credit impairment and non-performing loans (NPL)

As of December 31, 2024, the Bank's Non-Performing Loan (NPL) ratio stood at 2.67%, an improvement from 3.78% in 2023, and well below the Bank of Tanzania's threshold of 5%. This positive trend can be attributed to several strategic measures implemented during the year, including enhanced credit monitoring, stricter credit standards, and greater diversification of the loan portfolio. The Bank anticipates maintaining its NPL ratio within the statutory limit in 2025 and beyond.

2.19.3 Administrative expenses

The total administrative expenses amounted to TZS 29.09 billion, marking a 27.73% increase from the previous year's total of TZS 22.78 billion, representing an additional TZS 6.31 billion. This increase was in line with the annual budget, which allocated TZS 29.26 billion for such expenses. The rise in administrative costs was primarily driven by an increase in business activities and the Bank's strategic investments in expanding its operational footprint. Notably, new and fully operational zone in Tabora was launched in 2024, Zanzibar zone and other 3 mini offices in Kigoma, Kagera and Songea will be launched in 2025. Additionally, the Bank bolstered its workforce to support these expansions and ensure alignment with its strategic objectives. The increased headcount was also a response to new requirements from funders, including the addition of staff to handle gender, environmental specialist roles, as well as the implementation of a new organisational structure.

2.20 SOLVENCY

The Bank's state of affairs as at 31 December 2024 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 (Continued)

2.21 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	2024	2023	Purpose
Profitability ratios				
Return on equity	(Net profit/Total equity) *100%	3.67%	4.30%	Measure the ability of the Bank to generate profit from the shareholders' investment.
Return on assets	(Profit after tax /Total assets) *100	2.03%	2.20%	The ratio determines how efficiently a Bank uses its assets to generate a profit.
Efficiency ratios				
Operating expenses to Operating income	(Operating expense/Net interest income + non-interest income) *100%	48.31%	52.51%	Measure the operating cost as compared to the income it generates. The lower the ratio the better the performance of the Bank
Non - performing loans to gross loans	(Non-performing loans/gross loans and advances)*100	2.67%	3.78%	Measure the quality of the loan portfolio
Liquidity ratios				
Asset growth	(Current year total assets/ prior year total assets) - 1*100	51.15%	37.55%	Measure the growth of total assets from the previous year
Growth in loans and advances to customers	(Increase in Loans and advances /Opening balance of loans and advances) *100%	61.48%	25.38%	Measure the growth of loans and advances to customers from the previous year
Capital adequacy ratios				
Tier 1 Capital	(Core capital/Risk-weighted assets including off balance sheet items) *100%	70.97%	68.73%	This is a supplementary capital used to measure the Bank's financial strength
Tier 1+Tier 2 Capital	Total capital/Risk-weighted assets including off-balance sheet items) *100%	70.97%	68.73%	This is a supplementary capital used to measure the Bank's financial strength

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.21 KEY PERFORMANCE INDICATORS (Continued)

Non-financial Performance

- Launch of Western Zone (Tabora) in February 2024: The Western Zone (Tabora) was officially launched in February 2024, with the event graced by the Minister of Agriculture, Hon. Hussein Mohamed Bashe (MP). This marks a significant step in expanding agricultural development in the region.
- Expansion of the Smallholders Credit Guarantee Scheme: The Smallholders Credit Guarantee Scheme has been successfully strengthened, with the number of partner financial institutions (PFIs) increasing to 19. This expansion ensures broader coverage, reaching 27 regions and 127 districts across the country, providing greater access to financing for smallholder farmers.
- Recognition for Excellence in Financial Development: The Bank received a prestigious B+ rating from the Association of African Development Finance Institutions (AADFI). It was also ranked second out of thirteen Development Finance Institutions (DFIs) in the Southern African Development Community (SADC), highlighting its strong performance and influence in the region.
- Launch of the Agricultural Finance Professional Certification Programme: In a major initiative to enhance expertise in agricultural finance, TADB launched the Agricultural Finance Professional Certification Programme. In 2024, 52 professionals from 16 Banks and financial institutions successfully earned the Certified Professional in Agricultural Finance (CPAF) designation, marking a significant achievement in advancing the knowledge and skills in this vital sector.

2.22 FUTURE DEVELOPMENT PLANS

The Bank will continue enhancing its profitability by introducing innovative products, prioritizing value-added customer services, and selectively expanding its network. At the same time, it will maintain a strong focus on efficiently managing costs and mitigating risks.

In 2025, the Bank will conduct a mid-term review of its Medium-Term Strategy for 2023–2027, which encompasses the five key objectives for the year. This year also marks the tenth anniversary of the Bank's establishment in 2015. As the Bank pursues its next phase of growth, it will continue to integrate Environmental, Social, and Corporate Governance (ESG) principles into its on boarding framework to ensure that its growth aligns with the relevant Sustainable Development Goals (SDGs).

2.23 MAJOR FINANCING TRANSACTIONS

During the year, the Bank secured a significant capital injection of TZS 174.16 billion from the government, facilitated through the African Development Bank (AfDB). Additionally, the Bank received a further TZS 75.28 billion from the Agence Française de Développement (AFD). These funds are expected to strengthen the Bank's financial position and support its development initiatives. The capital contributions are aligned with ongoing efforts to enhance agricultural transformation within the country.

2.24 CASH FLOWS

In 2024, the Bank's investments were financed through a combination of shareholder capital, managed funds, and borrowings from both domestic and international sources. Managed funds (special funds) experienced a significant decrease, dropping to TZS 70.57 billion from TZS 85.72 billion in 2023. Borrowings also grew substantially, reaching TZS 275.02 billion, up from TZS 158.19 billion in the previous year. This growth was primarily driven by the inflow of funds from the French Development Agency (AFD), amounting to EUR 30 million, along with TZS 10 billion from the National Social Security Fund (NSSSF). Additionally, the Bank's paid-up share capital increased to TZS 442.37 billion, up from TZS 268.20 billion in 2023, reflecting a capital injection from the Government of Tanzania, the Bank's main shareholder.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.25 BORROWING

The Bank has established strong partnerships with a diverse range of reputable local and international development financial institutions that are committed to supporting our economy through our services. Over the years, we have collaborated with prominent institutions such as the African Development Bank (AfDB), Agence Française de Développement (AFD), Japan International Cooperation Agency (JICA), the Bill & Melinda Gates Foundation, the National Social Security Fund (NSSSF), the Workers Compensation Fund (WCF), the Bank of Tanzania, various other local banks and financial institutions, as well as the Public Service Social Security Fund (PSSSF).

The financing provided through these partnerships has supported various initiatives, including business expansion, technical assistance, and job creation. As of December 31, 2024, the Bank had an outstanding exposure of TZS 275.02 billion. By December 31, 2024, the Bank remained fully compliant with all lender covenants and is committed to maintaining compliance in the future.

2.26 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 (2023: 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*	442,365,150	442,365,150	100%
	442,365,150	**442,365,150**	**100%**

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

2.27 STOCK EXCHANGE

The Bank is not listed on any stock exchange market.

2.28 CAPITAL STRUCTURE

The Bank's capital structure for the year under review is disclosed in note 33 to the financial statements. Details of the capital management and regulatory capital are disclosed in note 5.7.

2.29 MARKET OVERVIEW

Despite TADB, facing challenges, such as the scarcity of foreign currency, the Bank managed to maintain a strong competitive position and demonstrated an optimistic outlook for the future. As a vital pillar of the country's financial system, Banks have shown impressive levels of liquidity, profitability, and capitalization, providing a solid foundation for growth. Over the review period, the Bank experienced substantial gains in funding, assets, and loan portfolios.

A key highlight was the improvement in asset quality. Nonperforming loans (NPLs) dropped from 3.78% in December 2023 to 2.67% in December 2024, a notable reduction well below the regulatory threshold of 5%. This positive trend signals that the Bank is effectively managing credit risk, and it is expected to continue to implement strategies aimed at further enhancing asset quality. Additionally, the ongoing focus on prudent lending practices and credit assessment processes ensures a continued decline in the ratio of nonperforming loans.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.29 MARKET OVERVIEW (Continued)

Furthermore, comprehensive stress testing demonstrated the banking sector's resilience to various risk factors, including baseline, adverse, and severe economic scenarios. This resilience is a testament to the sector's capacity to absorb shocks, mitigate risks, and maintain stability, which enhances stakeholder confidence and reinforces the industry's overall strength.

TADB's performance is a clear reflection of its ability to adapt to dynamic market conditions, coupled with its commitment to delivering high-quality financial services. The Bank is well-positioned for sustainable growth and continued success in the evolving Tanzanian Banking landscape, contributing to the broader economic development goals of the nation. With a focus on enhancing financial inclusion and supporting key sectors such as agriculture, TADB remains a crucial player in the country's financial ecosystem.

2.30 LEGISLATIVE AND REGULATORY ENVIRONMENT

The Finance Act, No. 6 of 2024, introduced significant reforms to Tanzania's banking sector, marking a pivotal step in the government's ongoing efforts to enhance financial regulation and governance. The amendments target various aspects of the banking and financial system, aiming to streamline operations, improve oversight, and ensure a more resilient financial environment. The Finance Act brings amendments to several key pieces of legislation governing the banking sector in Tanzania. These include the Bank of Tanzania Act, No. 5 of 2006, which regulates the central Bank's powers and responsibilities; the Banking and Financial Institutions Act, No. 12 of 2006, which provides the legal framework for the operations of commercial Banks and other financial entities; and the Microfinance Act, No. 10 of 2018, which governs microfinance institutions and their services. The reforms aim to strengthen the regulatory framework, foster transparency, and improve the stability and inclusiveness of the financial system, all of which are crucial for driving economic growth and fostering investor confidence in Tanzania's Banking sector.

2.31 ECONOMIC UPDATE

2.31.1 Global Economy

a) Estimated Growth

The global economy demonstrates notable resilience, with moderating inflation and a recovery in global trade. While inflation's easing has boosted real household incomes and spending, consumer confidence remains below pre-pandemic levels in many regions. Labour market pressures are alleviating, yet unemployment rates stay near historical lows. Given trends in the labour market and the shift toward less restrictive monetary policies by central Banks, global GDP growth is forecasted at 3.2% in 2024 and 3.3% in 2025.

b) Global Inflation

The global economic recovery is supported by easing inflationary pressures and accommodative policies in major economies, enhancing consumption. However, recovery rates differ across nations due to varying structural challenges and policy responses. By October 2024, inflation in the median OECD country decreased from 3.8% to 2.3%. Risks to the economic outlook stem from geopolitical tensions, trade uncertainties, and energy price fluctuations linked to OPEC+ production decisions.

2.31.2 Domestic Economy

a) GDP Growth

Tanzania's economy continues its upward trajectory, with real GDP growing by 4.7% in 2022 and 5.3% in 2023. Growth remained robust in early 2024, reaching 5.6% in Q1, but slightly moderated to 5.3% in Q2. The Bank of Tanzania (BOT) forecasts a 5.4% growth for 2024, primarily driven by investments, international trade, tourism, and business environment reforms.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.31 ECONOMIC UPDATE (Continued)

2.31.2 Domestic Economy (Continued)

b) Inflation

Inflation in Tanzania remained stable and well below the target of 5%, closing 2024 at 3.1%. This stability was attributed to favourable food supply, supportive fiscal and monetary policies, and lower global commodity prices, particularly crude oil. Projections for early 2025 suggest inflation will range between 3.1% and 4%, supported by sufficient food availability, stable exchange rates, and consistent global commodity prices.

c) Tanzania's Banking and Finance Sector

The Tanzanian banking and finance sector is undergoing a major transformation, driven by digital innovation, regulatory changes, and a push for greater financial inclusivity. This shift has been vital in supporting the country's economic growth, with banking assets reaching TZS 43 trillion in 2024, making up 20% of the GDP. Mobile banking has played a significant role in this growth, with mobile money accounts increasing by 116% from 2019 to 2024. By the end of 2024, there were over 55.8 million mobile money accounts, and monthly transactions exceeded 310 million.

In terms of Banking operations, lending and deposit rates have remained relatively stable. The lending rate stood at 15.67%, with negotiated lending rates slightly decreasing to 12.77%. Deposit rates averaged 8.18%, and the spread between short-term lending and deposit rates narrowed to 5.93 percentage points. Liquidity in the Banking sector was generally tight, partly due to high seasonal crop purchases. While local currency liquidity saw some strain, foreign currency liquidity improved toward the end of 2024, supported by easing interest rates in global markets and a rise in foreign exchange earnings from key exports like tourism, gold, cashew nuts, and tobacco.

2.32 RESOURCES

The Bank hold enough resources to support its vision and mission as a leading development finance institution dedicated to driving agricultural transformation in Tanzania. In pursuit of this goal, the Bank has strategically leveraged its capital across multiple domains, including financial, human, intellectual, natural, and social resources.

2.32.1 Financial Capital

Maintaining sufficient financial capital is a core principle for the Bank's governing board to optimize operations. The Bank's financial capital, comprising both debt and equity, has grown optimally compared to the previous year as outlined in note 5.7. This growth can be attributed to strengthened relationships between the governing body, shareholders, customers, and employees, along with the effective optimization of available resources.

2.32.2 Human Capital

The Bank ensures that human capital is consistently available and effectively allocated across all functions to maximize customer experience. Through advancements in HR systems, staff welfare, diversity and inclusion, and skills development, the Directorate is committed to building a resilient, inclusive, and forward-looking workforce that aligns with the Bank's aspirations as a Development Finance Institution. As of December 2024, the Bank closed the year with 134 employees, reflecting strategic efforts in staff recruitment, retention, and inclusivity. The Bank welcomed 23 new recruits (9 females and 14 males), while experiencing 13 staff exits (4 females and 9 males). These movements aligned with the implementation of the approved organisational structure and salary adjustments, enhancing operational efficiency and productivity.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.32 RESOURCES (Continued)

2.32.3 Intellectual Capital

Intellectual capital encompasses the Bank's brand reputation, intellectual property, and its overall ability to innovate in delivering products and services. At TADB, our intellectual capital is built upon our highly skilled human resources, presence, and our commitment to innovation. We aim to uphold a positive public image and reputation, positioning ourselves as the first financial institution that comes to mind for our customers when it comes to agriculture.

2.32.4 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 recognises 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.

2.32.5 Social Capital

TADB fosters strong and collaborative relationships with the communities in which we operate. This enables us to better understand their expectations and engage in a responsible, responsive manner that promotes mutual satisfaction and garners support. We also cultivate positive, enduring partnerships with our regulators and key stakeholders, including the Government of Tanzania. These relationships have been strengthened through proactive and meaningful engagements, further advancing the Bank's overarching mission and goals.

2.33 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:

2.33.1 Liquidity Management

Liquidity management assesses the Bank's ability to meet its financial obligations as they arise while maintaining market confidence to replace withdrawn funds. The objective is to ensure that the Bank can access necessary liquidity in an orderly manner, both under normal and stressed conditions, without incurring significant losses or risking reputational damage. In everyday operations, liquidity should be available without disruption, allowing the Bank to maintain a stable funding position.

Liquidity risk is inherent in the Bank's operations, arising from both the funding of activities and the management of positions. This includes the risk of being unable to secure funding at appropriate maturities and rates, as well as the risk of being unable to liquidate assets at reasonable prices within an acceptable timeframe.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.33 TREASURY POLICY (Continued)

2.33.1 Liquidity Management (Continued)

To mitigate these risks, the Bank maintains a diverse funding base, utilising a variety of instruments, including long-term borrowing from development financial institutions, stakeholders, and the government. This approach helps reduce reliance on any single funding source, provides flexibility, and generally lowers the cost of funds.

The Bank manages liquidity risk both in the short and medium term. In the short term, the focus is on meeting immediate cash flow needs, while in the medium term, the emphasis is on maintaining a structurally sound financial position. The Bank continuously monitors liquidity risk by evaluating funding requirements in line with business objectives and strategic goals. The Asset and Liability Committee (ALCO) oversees liquidity risk management, ensuring compliance with regulations and internal policies. It also maintains a Contingent Liquidity Plan to address potential liquidity crises. Key components of the Bank's liquidity management include monitoring daily cash flows, maintaining a portfolio of liquid assets, managing debt maturities, diversifying funding sources, and ensuring a robust contingency funding plan.

2.33.2 Market Risk

Market risk refers to the potential for fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices. For TADB, this risk primarily arises from movements in key market variables such as interest rates, foreign exchange rates, and commodity or equity prices. Specifically, interest rate risk stems from changes in yield curves, credit spreads, and implied volatilities on interest rate options. Foreign exchange rate risk arises from shifts in currency exchange rates and the implied volatility of foreign exchange options. Commodity risk is driven by changes in commodity prices, including those of agricultural products and commodity baskets, as well as the volatility in commodity options. Equity risk, on the other hand, is linked to changes in the prices of individual equities, equity indices, and related equity baskets, along with the implied volatilities on corresponding options.

To manage these risks, the Bank uses a Value at Risk (VaR) model to measure the risk of losses arising from future potential adverse movements in market rates, prices, and volatilities. VaR is a quantitative measure of Market Risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. The Bank uses stress testing as an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios

The Bank has stringent controls and monitoring mechanisms in place to limit its exposure to market risk in line with its ALCO policy. The Board approves the risk appetite and limits for market risk and provides adequate oversight of the market risk exposures.

2.34 RISK MANAGEMENT AND INTERNAL CONTROL

The Directors recognise their responsibility for overseeing the Bank's system of internal controls, ensuring that appropriate measures are in place to maintain robust systems. These internal controls are specifically designed to address the Bank's unique needs and the risks it faces. The procedures implemented are intended to provide effective control, although it is understood that no system can offer absolute assurance against significant misstatements, only reasonable assurance.

The Board has thoroughly reviewed the Bank's internal control policies and procedures, and is confident that suitable controls are effectively implemented. These procedures are integrated into the Bank's overall management structure, ensuring that they align with the Bank's goals and risks. The Board also regularly assesses the Bank's performance, comparing it against both budgeted expectations and historical periods, while ensuring financial reporting adheres to appropriate accounting standards and policies.

The Bank has established an internal audit unit, which functions independently and reports directly to the Board Audit, Risk, and Compliance Committee. This unit ensures that the Bank complies with established business standards, policies, and procedures. Complementing this, the Risk and Compliance department

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.34 RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

plays a key role in coordinating the Bank's risk management activities, reviewing the compliance framework, and ensuring that the Bank consistently meets regulatory requirements and internal policies during its operations.

2.34.1 Operational risk

Operational risk refers to the potential for loss arising from inadequate or failed internal processes, people, systems, or external events, including legal risks. This type of risk is inherent in the Bank's strategy and business model and can stem from a variety of sources, such as fraud, which, while low in frequency and value compared to overall customer transactions, remains a critical area of focus. The Bank has successfully implemented robust preventive and detective controls to minimize such risks, thereby protecting its assets and reputation.

The Bank's primary objective is to manage operational risks in a way that balances the need to avoid financial losses and reputational damage with cost efficiency and innovation. This includes full compliance with legal and regulatory requirements, as well as embedding effective risk management practices to facilitate safe growth. Risk management frameworks, policies, and continuous oversight are essential in guiding the Bank's operations, ensuring governance, and fostering a proactive approach to managing operational risks.

While the Bank's operational risk profile has remained stable, there is an increased focus on areas such as system integrations, data management, and cybersecurity. To address these challenges, the Bank continues to strengthen its resilience and defences. Risk management policies are actively reviewed and adapted, with an emphasis on managing risks within the established risk appetite. The Risk and Control Self-Assessment (RCSA) process plays a vital role, offering a comprehensive approach to risk and control management, and prioritizing actions based on material risks and client impact.

Stress testing and scenario analysis are used to assess capital requirements for operational risks. This approach considers the impact of extreme but plausible scenarios on the Operational Risk profile of the Bank.

Operational risk management responsibilities are delegated to the Bank's Risk and Compliance unit, with support from other key functions such as Risk Champions in each department. These individuals are responsible for identifying risks, proposing mitigations, and fostering a risk-aware culture across the organisation. Additionally, ICT-related operational risks are overseen by the ICT Steering Committee. The Bank also has a structured Incident Management process in place, ensuring that any disruptions are promptly addressed and managed to minimize operational impact, with incidents categorized according to best practice standards.

2.34.2 Compliance risk

Compliance risk refers to the potential negative impact on earnings and capital due to violations or non-compliance with laws, regulations, internal policies, authority levels, prescribed practices, and ethical standards. To mitigate this risk, TADB Bank actively and consistently ensures adherence to relevant legal and regulatory requirements through a comprehensive system of controls. The Bank maintains a strong commitment to compliance, organizing its operations prudently to effectively manage and reduce exposure to compliance risks.

TADB maintains a zero-tolerance stance on breaches of statutory, regulatory, and supervisory requirements. While it recognises that regulatory non-compliance cannot be entirely eliminated, the Bank endeavors to minimize such occurrences as much as possible. To achieve this, TADB has developed robust procedures for identifying, assessing, monitoring, controlling, and managing compliance risks. These are outlined in the Bank's compliance regulatory framework, including its compliance risk management plan, standards, manuals, and key policies such as those covering outsourcing, KYC, anti-money laundering (AML), and counter-financing of terrorism (CFT).

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.34 RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

2.34.2 Compliance risk (Continued)

the responsibility for managing compliance risk to the Bank's Compliance Risk Team, which operates within the Risk and Compliance Department. This responsibility is supported by the Bank's overarching standards for compliance risk management. Key requirements include implementing a comprehensive compliance risk management system, establishing an effective organisational structure, ensuring employees work to protect the Bank's reputation, dedicating sufficient resources for compliance management, and providing ongoing training. TADB continuously develops and implements relevant policies and procedures to ensure compliance with applicable laws and regulations, fostering a culture of compliance through regular monitoring, reviews, and adaptation to evolving regulatory challenges and risks.

2.34.3 Credit risk

Credit risk refers to the potential loss that arises when counterparties fail to meet their financial or contractual obligations as they come due. It encompasses several components, including counterparty risk, and, concentration risk. These factors together represent the different dimensions of credit risk that a financial institution faces when lending or engaging in financial transactions with other entities. Effective management of this risk is crucial to maintaining financial stability and safeguarding the interests of the institution.

To mitigate credit risk, TADB regularly assess the creditworthiness of borrowers, ensuring they are capable of meeting their interest and principal repayment obligations. This is achieved through continuous monitoring and adjustments to lending terms when necessary. Additionally, credit risk is managed by securing collateral against loans and using other financial instruments such as credit insurance and guarantees. However, the effectiveness of these mitigants is carefully evaluated, considering factors like legal enforceability, market value correlation, and the creditworthiness of the guarantor. This thorough risk assessment ensures that TADB is adequately protected against potential losses.

The management of credit risk is structured within the organisation through strict limits on the exposure to individual borrowers, groups of borrowers, sectors, and geographical regions. These limits help control concentration risk and ensure a diversified portfolio. The oversight of credit risk management lies with the Directorate of Credit Management, which operates under the guidance of the Credit Committee. In addition, the internal audit unit plays a key role by conducting regular audits of credit processes and management practices to ensure compliance and identify potential weaknesses in the risk management framework.

The management of the Bank's credit risk is vested in the Directorate of Credit and the management credit committee have the mandate to oversee the overall credit function of the Bank on behalf of the Board. The Directorate of Credit is required to implement credit policy and procedures, with credit approval authorities delegated from the Board's. The Directorate of Business Development Management is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios. The internal audit unit undertakes regular audits of the credit processes and management.

The Board of Directors has assigned the responsibility for managing credit risk to its Business Committee, which oversees various aspects of credit risk management. This includes reviewing the Bank's Strategic and Business Plans, assessing the proposed Credit Policy, approving or disapproving credit facilities that exceed the Credit Committee's approval limit in emergency situations, and reviewing credit portfolio management reports to ensure the quality of the portfolio, provisions for credit losses, and write-offs, while advising the Board accordingly. Additionally, the committee is responsible for performing any other functions related to business strategy, credit and investment approval, and credit/investment risk management as delegated by the Board. Credit risk exposure is mitigated through regular assessments of borrowers' ability to meet interest and capital repayment obligations, with adjustments made to lending limits when necessary.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.34 RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The risk is further managed by securing collateral, registered securities, credit insurance, and guarantees. The effectiveness of these mitigants is carefully evaluated, considering factors such as legal enforceability, market valuation correlations, and counterparty risk. The Bank also manages credit risk by setting limits on exposure to individual borrowers, borrower groups, sectors, and geographic regions, thereby ensuring a diversified risk profile.

2.34.4 Market risk mitigation

The Bank has established comprehensive market risk policies and procedures designed to strike the optimal balance between risk and return, while simultaneously ensuring that customer needs and expectations are met. These policies aim to effectively manage market fluctuations and safeguard the Bank's financial stability.

TADB conducts Stress Testing to evaluate the Bank's resilience under various extreme and adverse market scenarios. This process is essential in assessing whether the Bank's systems and operations can withstand significant market shocks, ensuring preparedness for unforeseen disruptions.

To further mitigate market risk, the Bank implements a robust framework of controls and continuous monitoring mechanisms. These safeguards are specifically designed to limit exposure to market volatility, allowing the Bank to manage potential risks proactively and maintain a stable and secure financial environment.

2.34.5 Strategic risk

Strategic risk refers to the potential negative consequences that arise from decisions related to a Bank's long-term strategy, particularly when those decisions are difficult to reverse or adjust quickly. These consequences may adversely affect the Bank's earnings, capital, and overall financial health. Strategic risk involves two critical elements: first, ensuring that the right decisions are made at the right time (effective positioning), and second, executing those decisions effectively (strong execution). If either element fails, the Bank could find itself with a strategy that is misaligned with market conditions or internal capabilities, undermining its ability to achieve sustainable growth.

One of the key components of strategic risk is the possibility that the Bank's chosen strategy may no longer be appropriate for supporting future growth or may fail to adapt to a rapidly changing business environment. To mitigate this risk, TADB has controls in place to mitigate strategic risk, including regular strategic risk reviews at Board and Management levels including Comprehensive strategic planning process. Appropriate Key Performance Indicators for all the strategic goals, Monitoring and control of strategies being implemented, Proper alignment of internal resources and processes with the strategic objectives.

2.34.6 Reputational risk

TADB faces reputational risk when actions, decisions, or positions taken by its officials potentially damage its image with customers, counterparties, regulators, or other stakeholders, resulting in loss of business or legal consequences.

To manage this risk, the Bank has implemented controls, particularly around corporate communications and messaging, ensuring that its reputation is protected.

TADB as a financial institution is committed to upholding its reputation by fulfilling its responsibilities in line with regulatory requirements and industry standards. The management team works diligently to ensure adherence to best practices, sound corporate governance, and clear communication of governance principles to relevant employees. This approach guarantees that all staff understand and follow appropriate processes in their daily operations.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.34 RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

2.34.6 Reputational risk (Continued)

TADB has also established comprehensive policies and procedures that govern its activities. These policies are periodically reviewed and reported to various management levels to ensure compliance and effective monitoring. While management has the autonomy to manage day-to-day operations, they do so within the framework of good governance, maintaining a balance between accountability and the Bank's best interests. This structure supports the Bank's efforts to mitigate reputational risk and maintain long-term trust with stakeholders.

2.34.7 Exogenous Risk

Exogenous risk refers to the external threats that stem from global geopolitical tensions, particularly the ongoing conflict between Russia and Ukraine. These tensions have far-reaching consequences, creating instability in the global economy. The economic disruptions resulting from the conflict, such as supply chain interruptions, inflationary pressures, and energy price fluctuations, pose significant risks to financial institutions.

The effects of these geopolitical events extend to the ability of borrowers to repay loans. As economic conditions worsen, borrowers may face financial strain due to job losses, reduced income, or inflationary pressures. This, in turn, increases the likelihood of defaults and undermines the stability of Banks, as they grapple with the ripple effects of these external risk.

The Bank has implemented robust controls to mitigate external risks by strengthening its Credit Risk Management framework. Our Credit Policy ensures adequate collateralization of loans, while disbursing in Tanzanian Shillings (TZS) minimizes currency and interest rate risks. Additionally, our Risk Management Policies incorporate regular scenario analysis and stress testing, enabling proactive response to external economic shocks and reinforcing the Bank's financial stability and resilience.

2.34.8 Climate risk

The intensifying climate risks are becoming increasingly evident through rising global temperatures, which are causing extreme heat events. This warming has led to prolonged droughts in regions such as the cattle corridor, while other areas experience devastating floods. These shifts in climate patterns are not only altering local ecosystems but also creating significant disruptions to weather systems, making it harder to predict agricultural conditions.

These climate changes are amplifying vulnerabilities within Tanzania's agricultural sector, which is the cornerstone of its economy. As the country relies heavily on agriculture for livelihoods, food security, and export revenue, the increasing unpredictability of weather poses a serious threat to crop yields, livestock production, and overall economic stability. Addressing these risks is crucial to safeguarding the nation's future prosperity.

TADB has established structured and well-managed procedures to identify, measure, control, monitor, and report climate risks in a timely and precise manner. These mitigation measures are already in place, ensuring that the Bank can make informed decisions and take proactive, effective remedial actions before climate risks materialize. Additionally, the Bank continuously enhances these processes to adapt to evolving environmental challenges and regulatory requirements.

2.34.9 Information and cyber security risk

TADB is committed to effectively managing and mitigating Cyber Security risks to safeguard the organisation from potential harm. By identifying vulnerabilities and addressing threats, the Bank aims to ensure that any cyber incidents do not result in significant damage to its operations, financial stability, or reputation.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.34 RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

2.34.9 Information and cyber security risk

While it is acknowledged that cyber incidents are unavoidable to some extent, the primary objective is to minimize their impact. TADB recognises that effective risk management and response strategies are essential to prevent business disruption, financial loss, or reputational harm. Therefore, the Bank continually invests in strengthening its cyber defenses and improving its incident response capabilities to protect its assets and stakeholder.

2.35 EMPLOYEES' WELFARE

TADB is a member of the Association of African Development Finance Institutions (AADFI), a collective of African development Banks that focuses on providing valuable information, training in Banking and finance techniques, and offering guidance on development policies to African Bankers and finance officers. The association plays a crucial role in advancing the financial sector across the continent.

In 2024, TADB participated in the AADFI peer review process, which assessed a broad range of criteria, including governance, financial prudential standards, and operational effectiveness. The Bank achieved an impressive score of 89, reflecting a "High Performance Level." The Directors remain dedicated to continuously enhancing this rating in the future, striving for ongoing improvement and excellence.

At our Bank, we recognise that our employees are our most valuable asset. We are deeply committed to fostering a high level of staff engagement, ensuring strong and positive relationships between management, employees, and supervisors.

Open communication plays a crucial role in this commitment, with initiatives such as quarterly staff meetings, workers' councils, departmental meetings, and direct access to dedicated Human Resources Business Partners. These efforts collectively enhance collaboration, transparency, and mutual trust within the organisation.

As an equal opportunity employer, TADB is dedicated to providing fair access to all employment opportunities, ensuring that the most qualified individuals are selected for positions based on their abilities, free from discrimination based on gender, marital status, ethnicity, religion, or disability. In addition to prioritizing an inclusive work environment, the Bank has expanded its support for employee well-being, offering comprehensive medical services and promoting physical health through the TADB Fit Club, which organizes activities like aerobics and physical exercises on-site. The Bank also prioritizes mental health, providing quarterly engagement programs focused on financial literacy, disease prevention, and health screenings, including for breast and cervical cancer, to support the overall well-being of our staff.

2.35.1 Management and Employee Relationship

The Bank's management prioritizes cultivating a strong organisational culture as a strategic human resource initiative, ensuring that it is deeply ingrained at every level and consistently promoted across the entire workforce. Establishing the right culture is critical for the Bank's future growth, particularly as we transition into the digital era of banking. A key aspect of this transformation is empowering our leaders to play a central role in developing leadership capabilities, managing talent, and fostering employee engagement and development.

Management is committed to creating a supportive environment that allows all employees to reach their full potential while promoting mutual respect and collaboration. This approach ensures a positive and productive workplace, fostering strong relationships between employees and the Trade Union. As a result of these efforts, during the year, the Bank has successfully retained top talent, maintaining an employee turnover rate of under 5 percent, significantly lower than the industry average.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.35 EMPLOYEES' WELFARE (Continued)

2.35.2 Employees Performance Management

The Bank utilises a comprehensive Performance Management System to assess employees' performance based on predefined and mutually agreed-upon objectives. This system serves as a foundation for providing meaningful feedback, recognising achievements, fostering employee development, and implementing corrective actions to enhance performance.

The Performance Management process is collaborative, involving both managers and staff in setting and reviewing performance goals. The Bank employs tools like the Balanced Scorecard and Competencies Framework to evaluate employee performance effectively. Semi-annual performance reviews between line managers and subordinates provide an opportunity to assess progress, offer constructive feedback, and align future goals.

2.35.3 Training and Development

To realize our vision, intellectual capital plays a crucial role in driving both TADB's financial and developmental performance. In 2024, the Bank successfully completed 92% of its planned training, focusing on two key areas: technical competencies, including certifications in agricultural finance, continuous professional development, and specialized skills in climate-smart agriculture and ESG frameworks, and capacity building, which aimed to equip employees with the knowledge and tools necessary to support the Bank's transformation into a Development Finance Institution (DFI).

2.35.4 Medical assistance

TADB remains committed to supporting the health and well-being of its employees by offering comprehensive supplementary medical benefits. These benefits are designed to address a wide range of healthcare needs, ensuring that staff members receive timely and effective care. The Human Resources and Administration team plays a key role in this process, diligently overseeing all medical-related concerns to ensure they are handled promptly and efficiently.

TADB maintains a strong and trusted relationship with its health insurance provider, which enables the secure and confidential management of employee medical matters. This partnership allows for seamless communication and access to high-quality healthcare services, ensuring that all employees' medical needs are met with the utmost attention and discretion. The Bank's commitment to safeguarding both the health and privacy of its staff underscores its dedication to fostering a supportive and caring work environment.

2.35.5 Occupational health and safety policy

The Bank remains committed to fostering a strong culture of health and safety, ensuring that the well-being of its staff is consistently prioritized. To achieve this, mandatory awareness programs are conducted annually by relevant authorities, keeping employees informed about the latest safety protocols and guidelines. These programs cover a range of health and safety topics, including physical security measures, emergency procedures, and the importance of maintaining a secure work environment. TADB takes proactive steps to safeguard staff by implementing precautionary measures and regularly providing training sessions to ensure employees are prepared to handle any situation that may arise.

The Bank also ensures the availability of necessary working tools and resources to create a safe and efficient workplace. Alerts regarding precautionary actions, particularly in the event of health-related issues such as outbreaks of diseases, are promptly communicated to all staff members. This ensures that they are equipped with the right information and guidelines to protect themselves and others. Furthermore, strict cleaning protocols are executed regularly to maintain hygiene and reduce the risk of contamination. Through these comprehensive measures, the Bank is dedicated to ensuring that its employees can work in a safe, healthy, and secure environment at all times.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.35 EMPLOYEES' WELFARE (Continued)

2.35.6 Annual leave

Every employee is entitled to 28 calendar days of annual paid leave once in each calendar year. For every full month worked an employee earns 2.25 leave days. Out of the 28 leave calendar days, an employee is required to take at least 14 days of consecutive leave in a calendar year. All staff utilised their annual leaves during the year making 100% average annual leave utilisation.

2.35.7 Employee Wellbeing Initiative

The launch of the TADB Fit Club offers a range of health-focused initiatives aimed at enhancing employee well-being, including aerobics and physical exercise sessions led by professional trainers. In addition, the program provides comprehensive medical services, such as preventive health screenings for conditions like breast and cervical cancer, as well as HIV, alongside supplementary health benefits. To further support mental well-being, quarterly mental health engagements are organized, promoting overall emotional and psychological health. Additionally, specialized programs and sessions focused on HIV/AIDS awareness and the prevention of non-communicable diseases are included to ensure a holistic approach to employee health.

2.35.8 Employee grievance and complaints management mechanism

The Bank recognise the value and importance of having a harmonious environment at the workplace and makes an effort to ensure any reported complaints and grievances are expeditiously handled.

2.35.9 Financial assistance to staff

TADB has range of loan options is available to all employees, each designed to meet different financial needs and goals. These loans are provided in accordance with the guidelines set forth in the Staff Credit Policy, which ensures that all lending practices are fair, transparent, and consistent. The policy outlines the eligibility criteria, application procedures, and repayment terms, ensuring that employees can access financial support responsibly and within a structured framework.

2.35.10 Persons with disabilities

TADB is committed to considering applications for employment from individuals with disabilities, with a focus on the skills and abilities of each applicant. In cases where current employees become disabled, the Bank makes every effort to accommodate their needs and ensure that they can continue their employment with the Bank.

During the year, the Bank proactively implemented affirmative initiatives to promote diversity and inclusion. In alignment with this commitment, the Bank has actively encouraged women and individuals with disabilities to apply for opportunities whenever vacancies arise. Additionally, the Bank has fostered an inclusive and supportive work environment that accommodates and empowers individuals with disabilities.

2.35.11 Non-discrimination/ harassment

To provide equal employment and advancement opportunities to all individuals, the Bank's employment decisions are based on merit, qualifications, and abilities. There is no discrimination in employment opportunities or practices because of race, colour, religion, sex, nationality, tribe, age disability, social origin, political opinion, gender, pregnancy, marital status, HIV/AIDS, and status of life. The Bank is committed to providing a work environment that is free of discrimination and harassment including sexual harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic are not tolerated. race, ethnicity, age, religion, or any other legally protected characteristic are not tolerated. Throughout the year the Bank successfully provided training to staff on HIV/AIDS and other non-communicable disease.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.36 EMPLOYEES BENEFIT PLAN

The Bank is required to make mandatory contributions to the Public Service Social Security Fund (PSSSF), which operates as a defined contribution plan. As of year-end, 134 employees participated in these plans, ensuring financial security post-employment.

2.37 TALENT MANAGEMENT AND SUCCESSION PLANNING

2.37.1 Succession planning

The Bank works to minimize the risk of over-reliance on key individuals by establishing a succession pool. Development plans for potential successors are put in place to ensure they are prepared for future roles. This succession pool serves as a safeguard for sourcing talent in the event of turnover in critical positions. The succession planning process at the Bank is designed to achieve several key objectives: identify high-potential employees who are capable of quickly advancing to higher-level responsibilities, ensure the ongoing development of individuals to replace key job holders when necessary, and provide a steady pipeline of talent to meet the Bank's management needs. Overall, succession planning helps reduce the risk and time required to fill critical roles in the event of an employee departure.

2.37.2 Talent management

The Bank is committed to identifying, developing, and retaining talented employees to ensure its continued success and competitiveness. To achieve this, the Bank has established a comprehensive talent management framework that outlines how talent will be recognised, linking performance to potential. This framework is designed to support the Bank's long-term business development and sustainability by fostering a skilled and capable workforce. By focusing on developing employees for leadership roles at various levels, rather than simply filling specific positions, the Bank ensures a continuous supply of the necessary expertise and skills required for its growth. The talent management and development model is intended to maintain a strong pipeline of knowledgeable employees, ready to step into critical roles as personnel transition out of the organisation, regardless of the reason for their departure.

2.38 GENDER PARITY

The Bank is committed to being an equal opportunity employer, actively promoting diversity and inclusion. It has implemented policies that create an inclusive environment, valuing a wide range of experiences and perspectives across cultures, religions, age, and gender. The Bank also ensures gender parity in its workforce and consistently works to provide women with opportunities in both leadership and technical roles. As of December 31, 2024, the distribution of employees by gender is as follows:

Gender	2024	%	2023	%
Female	43	32	38	31%
Male	91	68	86	69%
Total	**134**	100%	124	100%

2.39 RELATED PARTY TRANSACTIONS

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of business, several Banking relationships are entered into with related parties' i.e., key management staff, Directors, their associates, and companies associated with Director. Such relationships are guided by policies approved by the board to ensure the same is done at arm's length. The transactions with related parties are carried at arm's length basis. All related party transactions and balances are disclosed in note 32 to these financial statements.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.40 POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political contributions during the year 2024 (2023: Nil). However, the Bank allocating TZS 1.04 billion to support various organisations and initiatives focused on strengthening the agriculture, fisheries, and livestock sectors. These efforts also included programs aimed at empowering women and youth across the country. Aligned with its commitment to social responsibility, TADB's business model prioritizes financing agricultural projects with significant social impact, particularly those that support smaller-scale ventures in surrounding communities. This approach includes initiatives designed to connect producers with off-takers and establish value-addition factories, thereby driving local economic growth and fostering a multiplier effect that enhances socio-economic conditions in the regions where TADB operate.

2.41 SUSTAINABILITY REPORTING STATEMENT

As a development financial institution (DFI), TADB recognises that sustainability and growth must be integrated into its business model, supporting global commitments to achieve Net-zero emissions and accelerate the energy transition. The Bank has consistently prioritized sustainability in its financing activities, creating opportunities for value while enhancing its impact and building strong partnerships. With increasing customer commitment to climate action and the broader ESG (Environmental, Social, and Governance) agenda, TADB acknowledges the challenges customers face in aligning economic transformation with the green agenda at scale. As a government-owned Bank, TADB plays a proactive leadership role in promoting sustainability and implementing robust ESG risk management practices.

In 2024, TADB made significant progress in advancing its sustainability agenda, focusing on generating positive impacts across society, the economy, and the environment. The Bank's growing balance sheet supported its core lending activities, with a particular emphasis on transforming Tanzania's agricultural sector. TADB facilitated investments in both private and public sectors, prioritizing ventures that improve the quality of life for Tanzanians and contribute to the nation's development goals.

The Bank's investment strategy concentrated on sectors with potential for sustainable economic growth, including Primary Agriculture, Agro-processing, Fisheries, Poultry, Livestock (Dairy and Beef), and Manufacturing. These sectors represented 80% of the Bank's portfolio and were selected for their crucial role in advancing the nation's development goals while ensuring environmental responsibility.

TADB has actively supported initiatives within the Post-Harvest Management sector, in line with key national frameworks such as the Agriculture Sector Development Programme Phase II (ASDP II) and the Five-Year Development Plan Phase III (FYDP III). These efforts focus on reducing post-harvest losses caused by inadequate storage facilities, improving supply chain efficiency, and enhancing agricultural productivity. By the end of 2024, TADB exceeded its targets, funding 154 commodity trading deals (vs. a target of 21), constructing 15 warehouses (vs. a target of 8), and funding 103 agro-processing facilities, surpassing the target by 221%.

In 2024, TADB also launched new credit facilities, such as Warehouse Receipt Financing, to improve smallholder farmers' access to credit. The Bank's commitment to sustainability is further reflected in its focus on climate neutrality objectives, ensuring efficient resource use and safeguarding biodiversity. Environmental risk management strategies are integrated throughout the lifecycle of its investments, ensuring that businesses are committed to environmental sustainability.

TADB is investing in resources and engaging stakeholders to ensure its activities contribute to long-term sustainability objectives. This includes the completion of its Climate Finance Strategy in 2024, which offers sustainable financial products and services to facilitate the transition to low-carbon economies. The strategy includes sector-specific assessments of climate finance demand across the country, ensuring that the Bank's approach is tailored to local contexts.

Internally, TADB's sustainability initiatives prioritize resilience and long-term growth, integrating social, environmental, and economic considerations into its business decisions. The Bank's sustainability

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.41 SUSTAINABILITY REPORTING STATEMENT (Continued)

framework supports its mandate, focusing on agricultural sector development, economic diversification, and regional integration, while fostering responsible growth across industries and communities.

Advancing the Environmental, Social, and Governance (ESG) agenda through TADB's partner financial institutions (PFIs) is central to the Bank's strategy. PFIs, including commercial Banks, community Banks, microfinance institutions, and leasing companies, play a critical role in advancing sustainable financial markets, facilitating capital flows to micro, small, and medium-sized enterprises (MSMEs).

These institutions support financial inclusion and access to funding that drives economic development while promoting environmentally and socially responsible practices. TADB's broad network of PFIs ensures that sustainable finance reaches diverse businesses, contributing to sustainable development and aligning with global trends in responsible investment and economic resilience.

2.41.1 Impact of new and amended standards and interpretations in issue by the SASB but not yet effective in the year ended 31 December 2024

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-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.

Application of IFRS S1 is optional however the National Board of Accountants and Auditors of Tanzania (NBAA) has mandated application of this standard in Tanzania. The NBAA has mandated application of the standard effective for accounting periods beginning on or after 1 January 2025. The Directors are still evaluating the impact of application of this standard to the financial statements.

IFRS S2 Climate-related Disclosures

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.

Application of IFRS S2 is optional however the National Board of Accountants and Auditors of Tanzania (NBAA) has mandated application of this standard in Tanzania. The NBAA has mandated application of the standard effective for accounting periods beginning on or after 1 January 2025. The Directors are still evaluating the impact of application of this standard to the financial statements.

2.42 ENVIRONMENTAL CONTROL PROGRAMME

Organisations across the corporate and financial sectors are setting ambitious sustainability goals and net zero targets with many embedding them in their business models. This has prompted increased attention from various stakeholders in ensuring that net zero targets are being met with credible action plans. Stakeholder scrutiny around greenwashing risk relating to ESG focused financial products, as well as companies' commitments, transpires in the various regulatory developments and early enforcement actions taken by several key regulators.

TADB acknowledges that sustainable development involves a careful balance of economic growth, social progress, and environmental protection. In alignment with its commitment to sustainability, the Bank has developed environmental strategies focused on mitigating climate change while promoting long-term growth. These strategies integrate social, environmental, and economic considerations into its decision-making processes. TADB's sustainability framework is specifically designed to fulfil its mandate of delivering both financial and non-financial services to a diverse range of customers within the agricultural sector.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.42 ENVIRONMENTAL CONTROL PROGRAMME (Continued)

2.42.1 Disbursement and Financing in 2024

In 2024, TADB disbursed loans totaling TZS 286.42 billion to support a range of key agricultural sectors, benefiting 143,534 smallholder farmers across the country. These loans were directed towards financing Agricultural Marketing Cooperatives (AMCOs), cooperatives, small and medium-sized enterprises (SMEs), as well as youth and women-led projects. Key focus areas included productivity enhancements through input financing and mechanization (e.g., tractors and combine harvesters), post-harvest management (warehouses, cold storage facilities, and silos), and enterprise development, which underpins the Agricultural Integrated Value Chain Financing Model (IVCF).

2.42.2 Targeted Agricultural Sub-Sectors and Projects

The financing supported a diverse range of agricultural subsectors, including cereals (maize, paddy, sorghum), horticulture (vegetables, fruits, and grapes), livestock (dairy, beef, poultry, and fish farming), industrial commodities (sugarcane, coffee, cotton, and sisal), oilseeds (sunflower, palm oil, groundnuts), and roots and tubers (potatoes, cassava). Key initiatives included the construction of 15 warehouses across the country to combat post-harvest losses, particularly in the Lake, Eastern, Northern, and Southern regions. TADB also continued its commitment to enterprise development, funding eight major projects across various zones, further contributing to the IVCF model.

2.42.3 Post-Harvest Management and Mechanization Initiatives

In alignment with Tanzania's Agricultural Sector Development Programme Phase II (ASDP II) and the Five-Year Development Plan (FYDP III), TADB focused on improving post-harvest management. This included financing the construction of storage facilities such as warehouses and cold storage, as well as supporting agro-processing factories. In 2024, the Bank exceeded its targets by funding 154 commodity trade deals, 15 warehouses, and 35 agro-processing facilities, enhancing storage capacity and reducing post-harvest losses. Additionally, mechanization efforts were bolstered with the disbursement of TZS 2.22 billion for modern farming technologies, including tractors and harvesting equipment to improve farm productivity.

2.42.4 Smallholder Farmers Credit Guarantee Scheme (SCGS) and Future Outlook

The Smallholder Farmers Credit Guarantee Scheme (SCGS) continued to play a vital role in improving financial access for smallholder farmers and agricultural SMEs in 2024. Through SCGS, TADB provided guarantees for loans totaling TZS 250.77 billion, benefiting over 19,000 direct beneficiaries across 38 agricultural value chains. This scheme is crucial in reducing financial risk for lenders, enabling lower interest rates (ranging from 9% to 14%), and enhancing credit access for youth, women, and climate-smart agriculture projects. The Bank also focused on digitizing the SCGS system and providing targeted technical assistance to partner financial institutions to further improve financial inclusion for smallholder farmers in the coming years.

2.42.5 Resources mobilization and partnership in 2024

According to the Bank of Tanzania's Annual Report (2023/24), credit to the agriculture sector saw a remarkable growth of 48.8%, outpacing the growth rates of credit extended to other key economic sectors. The share of outstanding credit to agriculture grew from 8.7% in 2022/23 to 10.6% in 2023/24, reflecting a positive trend. By October 2024, credit to the agriculture sector had grown by 44.7%, and its share of outstanding credit increased to 12%. This growth is largely attributed to improvements in the business environment and the introduction of the Bank of Tanzania's 1 trillion-shilling agriculture fund project aimed at supporting agricultural activities. Despite this progress, agricultural financing still accounts for a relatively small portion of total credit, standing at just 12% as of late 2024.

In response to this financing gap, TADB launched several initiatives to stimulate long-term investments in the agricultural sector. One key strategy has been the mobilization of blended financial resources, a process in which TADB collaborates with a wide array of stakeholders, including government ministries, local and international financial institutions, development partners, and non-governmental organisations (NGOs). These

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)

2.42 ENVIRONMENTAL CONTROL PROGRAMME (Continued)

2.42.5 Resources mobilization and partnership in 2024 (Continued)

efforts have successfully forged strategic partnerships, secured substantial funding, and driven impactful outcomes for TADB's clients, positioning the Bank as a central player in agricultural financing in Tanzania.

Several notable achievements were realized by TADB by the end of 2024, resulting from these collaborative efforts. The Bank successfully drew the final tranche of EUR 30 million AFD, completing a loan agreement signed in February 2022. Additionally, TADB continued its work with the Bill and Melinda Gates Foundation (BMGF) on the Tanzania Inclusive Processor-Producer Partnerships in Dairy (TI3P) project, receiving a USD 500,000 third drawdown in October 2024, bringing total funding to over USD 6 million.

The African Development Bank (AfDB) approved an additional USD 66 million in funding to recapitalize TADB, alongside technical assistance aimed at climate risk management and the AFAWA initiative.

TADB's resource mobilization success also extended to other significant partnerships. In 2024, the Bank received TZS 1.4 billion from the Ministry of Livestock and Fisheries to support youth engagement in livestock programs. TADB also secured a TZS 3 billion fixed deposit from the Workers Compensation Fund (WCF) to support youth initiatives. The Bank of Tanzania's 1 trillion-shilling agriculture fund project provided TADB with a loan of TZS 14 billion, which will support the sector with affordable interest rates. Additionally, TADB's secured TZS 10 billion from the National Social Security Fund (NSSF) to support gender-focused initiatives in key agricultural value chains such as coffee. These milestones underscore TADB's role in advancing agricultural development through strategic partnerships and diversified financing sources.

2.43 SERIOUS PREJUDICIAL ISSUES/ MATTERS

No serious legal matters could affect the Bank during the year 2024 (2023: None).

2.44 EVENTS AFTER THE REPORTING PERIOD

There were no other events after the reporting period which required adjustment or disclosure in the financial statements.

2.45 STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (The Report by those charged with governance). This standard replaces TFRS 1 on the Directors' report that was issued by NBAA on 1 January 2010. The standard becomes operative for financial statements covering accounting periods beginning on or after 1st January 2022.

2.46 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.

2.47 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 ____________ 2025 and signed on its behalf by:

20th March

Mr. Ishmael Kasekwa
Board Chairperson

Date:

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

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

Mr. Frank Nyabundege
Managing Director

20th March 2025

4.0 DECLARATION OF DIRECTOR OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied 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 2024 have been prepared in compliance with IFRS Accounting Standards as Issued by the International Accounting Standards Board 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 2024 and that have been prepared based on properly maintained financial records.

CPA Dr. Kaanaeli Gabriel Nnko
DIRECTOR OF FINANCE
NBAA Membership No. ACPA 2211
20th March 2025

5.0 FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 TZS'000	2023 TZS'000
Interest income calculated using the effective interest method	6	57,537,826	39,430,124
Interest expense	7	(7,399,617)	(3,789,404)
Net interest income		**50,138,209**	**35,640,720**
Expected credit losses (ECL)	12	(6,083,153)	(1,811,004)
		44,055,056	**33,829,716**
Non-interest income			
Net foreign exchange income	8	586,857	349,874
Grants revenue	9	2,405,520	3,501,038
Fee and commission income	10	3,283,607	2,116,185
Other operating income	11	3,434,721	1,763,549
		9,710,705	**7,730,646**
Administrative expenses			
Personnel expenses	13	(13,941,930)	(10,962,699)
Other operating expenses	14	(13,364,604)	(10,508,009)
Depreciation and amortisation	15 (a & b)	(1,783,061)	(1,304,384)
		(29,089,595)	**(22,775,092)**
Profit before tax		**24,676,166**	**18,785,270**
Tax expense	**16(a)**	(6,065,172)	(5,221,095)
Profit for the year		**18,610,994**	**13,564,175**
Other comprehensive income		-	-
Total comprehensive income for the year		**18,610,994**	**13,564,175**

These financial statements were approved and authorised for issue by the Board of Directors on 20th March 2025 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 2024

	Notes	2024 TZS'000	2023 TZS'000
Assets			
Cash and balances with Bank of Tanzania	17	2,590,117	2,321,439
Due from other Banks	18	285,127,418	222,280,885
Investment in government securities	19	62,910,103	29,579,369
Loans and advances to customers and staff	20	534,164,961	330,797,214
Other assets	21	22,598,492	11,608,503
Current tax assets	16(b)	672,603	1,859,979
Property and equipment	22	5,978,712	4,932,914
Intangible assets	23	684,927	517,927
Right-of-use assets	24(a)	406,782	726,002
Deferred tax asset	25	2,272,809	2,313,087
Total assets		**917,406,924**	**606,937,319**
Liabilities			
Special customer deposits	26	1,475,061	680,242
Special funds	27	70,567,833	85,716,020
Deferred grants income	28	56,846,367	42,014,412
Lease liabilities	24(b)	317,481	611,426
Other liabilities	29	6,117,567	4,581,183
Borrowings	30	275,017,908	158,193,169
Total liabilities		**410,342,217**	**291,796,452**
Capital and reserves			
Share capital	**34**	442,365,150	268,202,304
Retained earnings		62,923,938	45,077,946
Regulatory reserve	**35**	1,775,619	1,860,617
Total capital and reserves		**507,064,707**	**315,140,867**
Total equity and liabilities		**917,406,924**	**606,937,319**

These financial statements were approved and authorised for issue by the Board of Directors on 20th March 2025 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 2024

Description	Share capital TZS'000	Retained earnings TZS'000	Regulatory reserve TZS'000	Total equity TZS'000
Balance at 1 January 2024	268,202,304	45,077,946	1,860,617	315,140,867
Profit for the year	-	18,610,994	-	18,610,994
Additional share capital	174,162,846	-	-	174,162,846
Dividend paid for year 2024	-	(850,000)	-	(850,000)
Decrease in regulatory reserve	-	84,998	(84,998)	-
At 31 December 2024	**442,365,150**	**62,923,938**	**1,775,619**	**507,064,707**
Balance at 1 January 2023	**268,202,304**	**33,974,388**	**-**	**302,176,692**
Profit for the year	-	13,564,175	-	13,564,175
Dividend paid for year 2023	-	(600,000)	-	(600,000)
Transfer to regulatory 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 2024

	Notes	2024 TZS'000	2023 TZS'000
Cash flows from operating activities:			
Profit before tax		24,676,166	18,785,270
Adjustments for:			
Net interest income	6	(50,138,209)	(35,640,720)
Unrealised foreign exchange income	8	(212,804)	(264,141)
Revenue grant utilised	9	(2,405,520)	(3,501,038)
Expected credit loss	12	6,083,153	1,811,004
Depreciation and amortisation	15	1,783,061	1,304,384
Operating cash flow before working capital changes		**(20,214,153)**	**(17,505,241)**
Increase in loans and advances to customers	20(c)	(201,985,207)	(66,291,926)
Increase in other assets	21	(10,990,850)	(9,188,281)
Increase/(decrease) in special customer deposits	26	794,819	(3,679,504)
Increase in other liabilities	29	1,536,384	2,404,493
Net cash used in operations		**(230,859,007)**	**(94,260,459)**
Interest received	20(d)	49,320,472	37,207,621
Interest paid on borrowings	30	(4,117,680)	(1,973,699)
Interest on lease paid	24(b)	(66,952)	(91,062)
Tax paid	16(b)	(4,837,517)	(5,156,366)
Net cash used in operating activities		**(190,560,684)**	**(64,273,965)**
Cash flow from investing activities:			
Investment in government securities	19	(31,500,000)	(2,765,000)
Purchase of property and equipment	22	(1,994,683)	(1,861,352)
Purchase of intangible assets	23	(348,056)	(120,460)
Proceeds from disposal of property and equipment	11	87,140	-
Net cash used in investing activities		**(33,755,599)**	**(4,746,812)**
Cash flow from financing activities:			
(Decrease)/increase in special funds	27	(15,148,185)	23,956,980
Payment of dividends	32	(850,000)	(600,000)
Borrowings received	30	113,716,508	104,261,054
Payment of lease liability	24(b)	(881,462)	(914,156)
Grant received during the year	28	17,237,475	21,356,150
Proceed from issue of share capital	34	174,162,846	-
Net cash flows from financing activities		**288,237,182**	**148,060,028**
Net increase in cash and cash equivalents		**63,920,899**	**79,039,251**
Cash and cash equivalents at beginning of the year		225,044,102	146,354,725
Effects on exchange rate fluctuations on cash and cash equivalent held		(699,066)	(349,874)
Cash and cash equivalents at end of the year	31	**288,265,935**	**225,044,102**

Mr. Ishmael Kasekwa
Board Chairperson

Mr. Frank Nyabundege
Managing Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. CORPORATE information

Tanzania Agricultural Development Bank Limited ("TADB" or "the Bank") is a government-owned Development Finance Institution (DFI) which is incorporated and registered in Tanzania under the Companies Act, 2002, and is domiciled in Tanzania. Its ultimate parent which is also a controlling party is the Government of the United Republic of 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 is as follows:
4th Floor, Acacia Estates
84 Kinondoni Road
P.O. Box 63372
Dar es Salaam, Tanzania.

2. Basis of ACCOUNTING

The financial statements of TADB have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

In the preparation of financial statements, the Bank has considered the impact of macro-economic and geopolitical uncertainty, especially on areas which need significant estimates and judgements and considered materiality assessments.

The financial statements are presented in Tanzania shillings (TZS) which is the functional currency, and the amounts are rounded to the nearest million, except where otherwise indicated.

The Bank has prepared its financial statement on the basis that it will continue to operate as a going concern, refer to note 2.3

2.1 Statement of compliance

The Bank's financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board and are prepared in the manner required by the Companies Act No.12 of 2002 and the Banking and Financial Institution Act, 2006.

For the Companies Act, 2002 reporting purposes, in these financial statements the balance sheet is represented by/equivalent to the statement of financial position and the profit and loss account is included in the statement of profit or loss and other comprehensive income. The Bank's financial statements, except for cash flow statement, have been prepared using the accrual basis of accounting.

The preparation of financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies.

Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The directors believe that the underlying assumptions are appropriate and that the Bank's financial statements, therefore, present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Basis of ACCOUNTING (Continued)

2.2 Presentation of financial statements

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 31 December 2024, the statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows for the year ended; as well as the notes, which comprise a material accounting policy information and other explanatory notes.

The Bank presents its statement of financial position in order of liquidity based on its intention and perceived ability to recover/settle most assets/liabilities of the corresponding financial statement line item. Financial assets and liabilities are generally reported gross in the statement of financial position except when IFRS netting criteria are met.

2.3 Going concern

The Bank's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. In making this assessment, the Bank has considered the impact of climate-related matters on going concern assessment.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these financial statements. Other amendments and interpretations apply for the first time in 2024 but do not have an impact on the Bank's financial statements.

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

3.1 Foreign currency translation

3.1.1 Functional and presentation currency

Items included in the financial statements of each of the Banks are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The financial statements are presented in 'Tanzanian Shillings (TZS), which is the Bank's presentation and functional currency.

3.1.2 Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Transactions in foreign currencies during the year are converted into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as described in note 8.

3.2 The effective interest rate method

Under IFRS 9, interest income is recorded using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 The effective interest rate method

The Bank recognise interest income for all financial assets measured at amortised cost. Interest expense is also calculated using the effective interest rate method for all financial liabilities held at amortised cost. Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the statement of profit or loss. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

The EIR (and therefore, the amortised cost of the financial asset) is calculated by considering transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also considers the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount.

The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

3.2.1 interest and similar income/expense

Net interest income consists of interest income and interest expense, both calculated using the effective interest rate (EIR) method. These components are presented separately on the profit or loss to ensure transparency and comparability of interest income and expense.

For financial assets that are not considered credit-impaired, the Bank calculates interest income by applying the EIR to the asset's gross carrying amount. The Bank's calculation of interest income and expense using the EIR method is limited to the financial instruments outlined in note 5.

When a financial asset is classified as credit-impaired, it is categorized as "Stage 3." In this case, interest income is calculated using the EIR on the net amortised cost of the asset. The net amortised cost is the gross carrying amount reduced by the allowance for expected credit losses (ECLs). The EIR applied in this scenario is based on the net amortised cost rather than the gross carrying amount, reflecting the impact of expected credit losses on the asset's estimated future cash flows.

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

The Bank generates fee and commission income from a wide range of financial services offered to its customers. This income is recognised at an amount that reflects the consideration the Bank expects to

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2.1 interest and similar income/expense (Continued)

receive in exchange for delivering those services. The performance obligations, along with their timing of satisfaction, are identified at the outset of each contract.

Fees and commission income 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.

When providing services, the Bank determines the consideration based on its established rates and charges. Payment is typically due either immediately upon completion of a service performed at a specific point in time or at the end of the contract period for services delivered over time. The Bank generally assumes the role of the principal in its revenue arrangements, as it typically controls the services before they are transferred to the customer.

Given the nature of the Bank's revenue contracts, which typically involve a single performance obligation, the Bank does not face significant judgment when allocating the transaction price to the performance obligation.

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

Loan appraisal fees: These are fees received by the Bank to originate loans. Loan appraisal fees for loans are deferred and amortised over the loan tenure. As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis. Payment of the fees is due and received at the loan disbursement.

Non lending fees: The fees relate to non-lending services provided to customers and are recognised when the service obligation is completed. There is no significant financing component for non-lending fees.

Loan commitment fees: These are fixed annual fees paid by customers for loan and other credit facilities with the Bank, but where it is unlikely that a specific lending arrangement will be entered into with the customer and the loan commitment is not measured at fair value. The Bank promises to provide a loan facility for a specified period.

Loan commitment fees: As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis. Payment of the fees is due and received monthly in arrears.

3.3 Financial instruments initial recognition

3.3.1 Date of recognition

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognised on the date on which the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Financial instruments initial recognition (Continued)

3.3.2 Initial measurement of financial instruments

All recognised financial instruments are initially measured at amortised cost. Except in the case of financial assets and liabilities recorded at FVPL, transaction costs are added to or subtracted from this amount. Receivables are measured at the transaction price. Immediately after initial recognition, an expected credit loss allowance is recognised for newly originated financial assets measured at amortised cost or fair value through other comprehensive income debt instruments.

When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

3.3.3 Classification of financial assets and liabilities

Classification and subsequent measurement of financial assets depend on;

- The Bank's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Bank classifies its financial assets into one or more of the following three measurement categories:

Amortised cost: Assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') and that are not designated at FVPL are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'net gains/ (losses) on financial assets at fair value through profit or loss' in the period in which it arises. Financial assets designated in this class are not held for trading.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest and are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. Interest income from these financial assets is included in interest income using the effective interest rate method.

At the end of the reporting period, the Bank had only one class of financial assets- Financial assets at amortised cost.

3.3.4 Fair value measurement

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread, a significant increase in the bid-offer spread, or there are few recent transactions.

Level 2 financial instruments: Where the fair value of financial instruments is determined using valuation techniques. In these techniques, fair values are estimated from observable data with respect to similar

NOTES TO THE FINANCIAL STATEMENTS (Continued)
3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)
3.3 Financial instruments initial recognition (Continued)

3.3.4 Fair value measurement (Continued)

financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, FX rates, volatilities, and counterparty spreads) existing at the balance sheet date.

Level 3 financial instruments: include one or more unobservable inputs that are significant to the measurement as a whole. For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair values of financial assets and liabilities are determined based on quoted market prices or dealer price quotations for financial instruments traded in active markets at the reporting date without any deduction for transaction costs.

Valuation principles and governance

The Bank's fair value methodology and the governance over its models include several controls and other procedures to ensure appropriate measures to ensure its quality and adequacy. The fair value estimates are being validated by:

- Benchmarking prices against observable market prices or other independent source;
- Re-performing the model calculations; and
- Evaluating and validating input parameter.

Valuation techniques

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

The Bank periodically reviews its valuation techniques, including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Bank's financial instruments such as credit risk, own credit and/or funding costs. Therefore, the Bank applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value. These include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, reflecting the credit risk of the individual counterparties for non-collateralized financial instruments.

The Bank estimates the value of its credit from market observable data, such as secondary prices for its traded debt. The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments, when necessary, based on the facts at the end of the reporting period.

Transfers between levels

The financial instruments are transferred from Level 1 to Level 2 when they cease to be actively traded during the year.

- The financial instruments are transferred from Level 2 to Level 1 when actively traded during the year.
- Transfers out of the level 3 portfolio arise when inputs that could significantly impact the instrument's valuation become market observable after previously being non-market observable.
- Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Financial instruments initial recognition (Continued)

3.3.4 Fair value measurement (Continued)

Reporting and disclosures

For fair value disclosures, the Bank has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Reporting and disclosures

The fair value of a financial instrument is generally measured on an individual basis. However, when the Bank manages a group of financial assets and liabilities based on its net market or credit risk exposure (as defined in IFRS 7), the Bank can opt to measure the fair value of that group based on its net position.

The financial statements present the underlying financial assets and liabilities separately unless they satisfy the IFRS offsetting criteria.

- Gains or losses on the valuation of FVOCI are recognised in other comprehensive income.
- Gains or losses on the valuation of FVPL are recognised in profit or loss

Financial assets and liabilities per financial statement line

Loan and advances to Banks, Loans and advances to customers, Debt instruments measured at amortised cost, and financial assets measured at FVPL. The Bank measures Loans and advances to Banks, Loans and advances to customers, Debt instruments measured at amortised cost, and financial assets measured at FVPL only if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows on specified dates solely payments of principal and interest (SPPI) on the principal amount outstanding.
- The details of these conditions are outlined below:

3.3.4.1 Business Model Assessment

The business model reflects how the Bank manages the assets to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), the financial assets are classified as part of the 'other' business model and measured at FVPL.

The Bank considers factors such as experience in collecting the cash flows for these assets, evaluating and reporting the asset's Performance to key management personnel, assessing and managing risks, and compensating managers when determining the business model for a Bank of assets.

In considering whether the business objective of holding a Bank of financial assets is achieved

primarily through collecting contractual cash flows, among other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, Bank considers a transaction a sale if the asset is derecognised for accounting purposes.

For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction because substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Financial instruments initial recognition (Continued)

3.3.4.1 Business Model Assessment (Continued)

If sales of financial assets are infrequent, the significance of these sales is considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. Determining whether sales are significant or frequent requires management to use its judgment. The significance and frequency of sales are assessed on a case-by-case basis at the business model level.

The frequency is assessed on an annual basis, and sales of assets that take place once or less per annum are infrequent. If sales take place more than once per annum, it does not mean that the business models are not to collect contractual cash flows; rather, the reasons for the sales need to be more carefully considered. Management will consider the volume and number of sales relative to the total assets in the business model to determine whether it is significant. The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Suppose cash flows after initial recognition are realised in a way that is different from the Bank's original expectations. In that case, the Bank does not change the classification of the remaining financial assets held in that business model.

Borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by considering costs that are an integral part of the EIR.

3.4 Reclassification of financial assets and liabilities

A change in business model only occurs on rare occasions when the group changes how it manages financial assets. Any change in the business model would result in a reclassification of the relevant financial assets from the start of the first reporting period following the change. Such changes are expected to be infrequent, and none occurred during the period. Financial liabilities are never reclassified.

3.5 Modifications of financial assets and financial liabilities

3.5.1 Modification of financial assets

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties rather than taking possession or enforcing the collection of collateral. A modification of a financial asset occurs when the contractual terms governing the cash flows of the financial asset are renegotiated or otherwise modified between its initial recognition and maturity.

A modification affects the amount and timing of the contractual cash flows immediately or later. If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. To renegotiate or modify the contractual cash flows of loans to customers, the Bank assesses whether the new terms differ substantially from the original ones. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affect the loan's risk profile.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Modifications of financial assets and financial liabilities (Continued)

3.5.1 Modification of financial assets (Continued)

- Significant loan term extension when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan

If the modification of a financial asset measured at amortised cost or FVOCI does not result in the derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over its remaining term.

3.5.2 Modification of Financial Liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised, and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.5.3 Derecognition of financial assets and liabilities

3.5.3.1 Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as derecognition gains or losses to the extent that an impairment loss has not already been recorded.

3.5.3.2 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)
3.5 Modifications of financial assets and financial liabilities (Continued)

3.5.3.2 Derecognition of financial assets (Continued)

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

3.5.3.3 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under it is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5.4 Financial 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.

3.5.5 Forborne Modified Loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties rather than taking possession or enforcing the collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided because of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy.

Indicators of financial difficulties include defaults on covenants or significant concerns raised by credit analysts. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms.

For the loan to be reclassified out of the forborne category, the customer must meet all the following criteria:

- All of its facilities have to be considered performing.
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Modifications of financial assets and financial liabilities (Continued)

3.5.6 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and an intention to settle on a net basis, realising the assets and settling the liabilities simultaneously.

Financial assets and liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met. Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards as issued by the International Accounting Standards Board or for gains and losses arising from a group of similar transactions, such as in the Bank's trading activity.

3.5.7 Impairment of financial assets

3.5.7.1 Overview of the ECL principles

The Bank recognises loss allowances for ECLs on the following financial instruments that are not measured at FVPL:

- Due from Banks;
- Loans and advances to customers;
- Government securities; and
- Other assets (excluding non-financial assets).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12-month ECL).
ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or

- Lifetime ECL, i.e., ECL that results from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. The Bank apply low credit risk exemption for financial instruments with no significant increase in credit risk.

Both Lifetime CL and 12-month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to assess whether a financial instrument's credit risk has increased significantly since initial recognition at the end of each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. For the purposes of determining ECL, all facilities whose contractual payments are more than 90 days due but less than or equal to 180 days due are grouped in stage 2 as they are taken to have experienced a significant increase in credit risk.

As part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Modifications of financial assets and financial liabilities (Continued)

3.5.3.2 Derecognition of financial assets (Continued)

3 for ECL calculation or whether stage 2 is appropriate. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3 as described below:

- **Stage 1:** When loans are first recognised, the Bank recognises an allowance based on a 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the Lifetime ECL. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.

- **Stage 3:** Loans considered credit-impaired The Bank records an allowance for the Lifetime ECL.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial assets.

3.5.7.2Calculation of ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Bank calculates ECL by projecting the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The mechanics of the ECL calculations are outlined below, and the key elements are, as follow:

PD — the Probability of Default estimates the likelihood of default over a given time horizon. It is calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporates the impact of forward-looking economic assumptions that influence credit risk, such as interest rates, unemployment rates, and GDP forecasts.
The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans.

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

EAD – The Exposure at Default is an estimate of the exposure at a future default date, considering the expected change in exposure over the lifetime of the exposure.This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation, and prepayments, together with the impact of forward-looking economic assumptions where relevant. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Modifications of financial assets and financial liabilities (Continued)

3.5.7.2 Calculation of ECL (Continued)

- For amortised products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over 12 months or a lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

- For revolving products, the exposure at default is predicted by taking the current drawn balance and adding a "credit conversion factor," which allows for the expected drawdown of the remaining limit by tithe time of default. Based on an analysis of the Group's recent default data, these assumptions vary by product type and current limit utilisation band.

  LGD—The Loss Given Default is an estimate of the loss arising when a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank expects to receive. The 12-month and lifetime LGDs are determined based on the factors that impact the recoveries made post-default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGDs are typically set at the product level due to the limited differentiation in recoveries achieved across different borrowers.

  These LGDs are influenced by collection strategies, including contracted debt sales and price. When estimating the ECL, the Bank considers three scenarios (a base case, an upside, and a downside). Each of these is associated with different PDs, EADs and LGDs.

  When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will be cured and the value of collateral or the amount that might be received for selling the asset.

  Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

  The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on an annual basis.

  The mechanics of the ECL method are summarised below:

- Stage 1: The 12-month ECL is calculated as the portion of the Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date.

  The Bank calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD multiplied by the expected LGD and discounted by an approximation to the original EIR.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the Lifetime ECL. The mechanics are like those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the instrument's lifetime. The expected cash shortfalls are discounted by an approximation to the original EIR.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Modifications of financial assets and financial liabilities (Continued)

3.5.7.2 Calculation of ECL (Continued)

- Stage 3: For loans considered credit-impaired, the Bank recognises the Lifetime expected credit losses for these loans. The method is like that for Stage 2 assets, with the PD set at 100%.

  Forward looking information

  In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Interest rates
- Foreign exchange rates
- Inflation rates

3.5.7.3 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 2024 (2023: NIL).

3.5.7.4 Credit enhancements: collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS accounting standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. The Bank uses an independent external expert to value non-financial collateral.

Guarantees held are included in the measurement of loan ECL when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended. Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL.

The Bank determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Modifications of financial assets and financial liabilities (Continued)

3.5.7.4 Credit enhancements: collateral valuation (Continued)

selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy. In its normal course of business, the Bank engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

3.6 Write-offs

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.

3.7 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 are carried at amortised cost.

3.8 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.

3.8.1 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 amortisation 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.

The right-of-use assets are subject to impairment in line with the Bank's policy as described in note 3.8.1.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.8 Leases (Continued)

3.8.1 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.

3.9 Taxes

1.1.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the Tanzania Regulatory Authority. Income tax expense is the aggregate of the charge to the profit or loss with respect to current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

3.9 Taxes

3.9.1 Current tax

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income, respectively, and not in the statement of profit or loss. Detailed disclosures are provided in note 16.

3.9.2 Deferred tax

Deferred income tax is provided in full, using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the group entities to utilise the deferred tax assets. Current and deferred taxes are recognised as income tax benefits or expenses in the profit or loss.

The Bank offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities. The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.9 Taxes (Continued)

3.9.2 Deferred tax (Continued)

or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.9.3 Uncertain Tax Positions

The Bank recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The Bank recognises probable liabilities based on objective estimates of the amount of tax that may be due.

Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

3.1.4 Levies and similar charges

The Bank recognises the liability arising from levies and similar charges such as City service levy paid quarterly to the local government authority, excise and stamp duty paid monthly to the Tanzania Revenue Authority (TRA). These charges are to be legally enforceable in the reporting period. A revision for levies is recognised when the condition that triggers the payment of the levy is met.

3.10 Employee benefits

3.10.1 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 recognised 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.

3.10.2 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.

1.11 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 (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.12 Regulatory reserves

According to IFRS 9, the Bank must recognise 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 recognised.

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.

3.13 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.

3.14 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.

3.15 Provisions for legal and other claims

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the profit or loss net of any reimbursement in other operating expenses. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

3.16 Borrowing costs

The Bank incurs borrowing costs in relation to the acquisition of borrowed funds. Borrowing costs are expensed in the period in which they are incurred.

3.17 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.17 Capital and revenue grants (Continued)

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 organisations of revenue nature are dealt with in the profit or loss over the period in which the related expense is incurred.

3.18 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. Utilisation of the funds will depend on the strategic objectives set out by the stakeholder and will not be cost to the Bank.

3.19 Property and equipment

3.19.1 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.

3.19.2 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.

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.

3.19.4 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 improvements	5	20
2	Furniture and fixtures	8	12.5
3	Motor vehicles	5	20
4	Computer and electronic equipment	4	25
5	Office equipment	8	12.5

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.19 Property and equipment (Continued)

3.19.4 Depreciation and useful life and impairment (Continued)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3.19.5 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.

3.20 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). Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired

The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Costs associated with maintaining computer software programs are recognised as an expense when incurred.

3.21 Related parties 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.

3.22 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 32.

3.23 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.24 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

a. New standards and amendments to published standards effective for the year ended 31 December 2024

The following were new and revised IFRSs that have been effective in the current year. The Company's application of the new and revised standards did not have significant impact to these financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. Lease Liability in a Sale and Leaseback requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which a Bank must comply within twelve months after the reporting period affect the classification of a liability. The amendments ▪ Specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period (the reporting date) for the purposes of classifying a liability as current or non-current; and ▪ for non-current liabilities subject to conditions, an entity is required to disclose information about: i. the conditions (for example, the nature of and date by which the entity must comply with the condition); ii. whether the entity would comply with the conditions based on its circumstances at the reporting date; and iii. whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.24 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (Continued)

a. New standards and amendments to published standards effective for the year ended 31 December 2024 (Continued)

International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments are: ▪ An exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception. ▪ A disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes. ▪ A disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation. ▪ The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8.
International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments are: ▪ An exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception. ▪ A disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes. ▪ A disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation. ▪ The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Entities will have to disclose the effects of supplier finance arrangements on their liabilities, cash flows and exposure to liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.24 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (Continued)

b) New standards and amendments and interpretation in issue but not effective for the year ended 31 December 2024

Standard or amendment	Description	Effective date
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments IFRS 9 and IFRS 7	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
Annual IFRS improvement _ Volume 11	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026

c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.
IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.

The Bank is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Bank anticipate that the application of these amendments may have an impact on the financial statements in future periods.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets),or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, Banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment Banks often meet this second criterion).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.24 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (Continued)

c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024 (Continued)

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The Bank do not anticipate that IFRS 19 will be applied for purposes of the financial statements.

Lack of Exchangeability (Amendments to IAS 21)

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

Lack of Exchangeability (Amendments to IAS 21)

Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability. The amendments to IAS 21 are effective for accounting periods beginning on or after 1 January 2025 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The International Accounting Standards Board (IASB) has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments.

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. The amendments to IFRS 9 and IFRS 7 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.24 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (Continued)

c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024 (Continued)

Annual Improvements to IFRS Accounting Standards — Volume 11
The IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11

Standard	The amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards	**Hedge accounting by a first-time adopter.** The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 *Financial Instruments*.
IFRS 7 Financial Instruments: Disclosures	**Gain or loss on derecognition.** The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 *Fair Value Measurement* was issued.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	**Disclosure of deferred difference between fair value and transaction price.** The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	**Introduction and credit risk disclosures.** The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
IFRS 9 Financial Instruments	**Lessee derecognition of lease liabilities.** The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9.
IFRS 9 Financial Instruments	**Transaction price.** The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of 'transaction price' in IFRS 15 *Revenue from Contracts with Customers* while term 'transaction price' is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.
IFRS 10 Consolidated Financial Statements	**Determination of a 'de facto agent'.** The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
IAS 7 Statement of Cash Flows	**Cost method.** The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

The annual improvement volume 11 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

d) Early adoption of standards

The Bank did not early-adopt any new or revised standards in 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 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.

4.2 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 Impairment losses on financial assets

In determining the expected credit losses, the Bank makes the following judgments:

- Significant increase in credit risk (SICR) In assessing whether a significant increase in credit risk (SICR) has occurred for an exposure since initial recognition, the Bank considers both quantitative and qualitative information and analysis. In doing so, the Bank makes judgements about the appropriate indicators used as SICR triggers. The triggers that the Bank has determined as appropriate include the 90-day backstop, movement in PD and other qualitative factors, such as moving a customer/facility to the watch list, or the account becoming forborne.

- Multiple economic scenarios The Bank in its measurement of ECLs makes judgements about the type and number of macroeconomic scenarios in order to reflect the Bank's exposure to credit risk. For example, the Bank has determined that 4 scenarios are appropriate-upside, base case, downside 1 and downside 2.

- Definition of Default Significant judgement exists with regards to when an asset is considered to have defaulted, and the resulting definition of default against which parameters of ECL model such as PD, LGD and EAD are evaluated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

4.3 Impairment losses on financial assets (Continued)

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires assumptions, in particular, in the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by 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 variable inputs and their interdependencies. Elements of the ECL calculation that involve assumptions and estimate uncertainty include:

- The weightings assigned to the multiple economic scenarios in order to reflect the exposure to credit risk
- The value of specific economic inputs included in the assessment, such as macroeconomic variables and collateral values, and the effect on PDs, EADs and LGDs.
- In addition to the judgements outlined above with regards to SICR triggers, there is also an assessment of qualitative criteria to determine if there has been a significant increase in credit risk. These supplementary factors (such as sectorial approaches), result in significant assumptions and estimation uncertainty It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Other judgements in the determination of ECL include:

- Development of ECL models, including the segmentation of products, the various formulas and the choice of inputs, for example which inputs are relevant for the particular exposures in particular regions. The segmentation of financial assets when their ECL is assessed on a collective basis.

4.4 Impairment losses on financial assets

Impact of climate risk on accounting judgments and estimates

-Where appropriate, the Bank considers climate-related matters in its estimates and assumptions, which may increase their inherent level of uncertainty. This assessment includes a wide range of possible impacts on the Bank due to both physical and transition risks.

The Bank and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. These risks may involve refinancing and liquidity risks for certain customers in high-risk sectors where financial institutions may seek to reduce their exposures in the future. However, the nature and location of the Bank's counterparties and the underlying collateral limit the impact of this exposure. Even though climate-related risks might not currently have a significant impact on measurement, the Bank is closely monitoring relevant changes and developments.

The items and considerations that are most directly impacted by climate-related matters are: Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness and a consequential impact on ECL. For example, the measurement of ECL may be affected by physical climate-related risks such as floods or outbreaks of fire which may negatively affect a borrower's ability to repay the loan, or result in a deterioration in the value of underlying collateral pledged. Transition risks may result from government or institutional policy changes, with consequential credit quality deterioration in sectors or countries affected.

An analysis was performed of the exposure of counterparties to these climate risks, which determined that, on the whole, counterparties are not expected to be materially impacted by physical or transition risks associated with climate change. For example, the majority of the counterparties are not employed, or do not operate, in high-risk sectors, nor are they located in high-risk geographical areas. Underlying

NOTES TO THE FINANCIAL STATEMENTS (Continued)
4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

4.4 Impairment losses on financial assets (Continued)

collaterals for the assets are not expected to be impacted. Furthermore, the underlying collaterals for the assets are not expected to be impacted by climate risk as the assets are not in high-risk geographical areas and have EPC ratings largely in compliance with current regulations.

-**Fair value measurement:** The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement.

Consequently, the Bank concluded that climate risk has been adequately reflected within the fair value of its assets and liabilities. Where prices are observable, it is assumed that the fair value already incorporates market's participants view of climate risk variables. Where a proxy valuation approach has been used for unobservable prices, the selection of the proxy includes consideration of climate risk factors where appropriate. Other items and considerations that are most directly impacted by climate-related matters are: Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Bank considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

-Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Bank's products.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Although in Goodland tax losses can be utilised indefinitely, judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies

Effective Interest Rate (EIR) method

The Bank's EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well expected changes to the market rate and other fee income/expense that are integral parts of the instrument. Fees income/expenses that are integral to the instrument are included in the EIR calculations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.2 Credit risk (Continued)

5.2.1 Summary of Credit Risk

The table below provides a breakdown by stage of financial assets subject to expected credit loss allowance. Amounts in TZS'000.

31 December 2024

Gross carrying amount	Loans and advances to external customers by sector					Loans and advances to staff	Due from other Bank	Government security	Other Asset in scope	Bank Balances in Scope
	Cereals	Fishing	Horticulture	Industrial Commodities	Livestock					
Stage 1	143,137,363	3,580,245	2,006,671	211,591,366	63,445,345	12,552,674	285,675,803	62,910,459	17,402,352	2,590,132
Stage 2	32,932,682	-	377,863	36,067,327	21,826,266	866,749	-	-	-	-
Stage 3	3,381,042	2,428,592	212,778	5,322,342	2,199,319	470,286	-	-	-	-
Total	**179,451,087**	**6,008,837**	**2,597,312**	**252,981,035**	**87,470,930**	**13,889,709**	**285,675,803**	**62,910,459**	**17,402,352**	**2,590,132**
ECL										
Stage 1	1,548,263	30,033	8,616	286,746	1,336,348	429,526	548,385	356	5,115	15
Stage 2	482,048	-	12,288	1,428,004	672,965	182,079	-	-	-	-
Stage 3	153,836	175,594	44,886	577,291	209,773	424,088	-	-	-	-
Total	**2,184,147**	**205,627**	**65,790**	**2,292,041**	**2,219,086**	**1,035,693**	**548,385**	**356**	**5,115**	**15**
Amortised cost										
Stage 1	141,589,100	3,550,212	1,998,055	211,304,620	62,108,997	12,123,148	285,127,418	62,910,103	17,397,237	2,590,117
Stage 2	32,450,634	-	365,575	34,639,323	21,153,301	684,670	-	-	-	-
Stage 3	3,227,206	2,252,998	167,892	4,745,051	1,989,547	46,198	-	-	-	-
Total	**177,266,940**	**5,803,210**	**2,531,522**	**250,688,994**	**85,251,844**	**12,854,016**	**285,127,418**	**62,910,103**	**17,397,237**	**2,590,117**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.2 Credit risk (Continued)
5.2.1 Summary of Credit Risk (Continued)

Coverage ratio										
Stage 1	1.08%	0.84%	0.43%	0.14%	2.11%	3.42%	0.19%	-	-	-
Stage 2	1.46%	-	3.25%	3.96%	3.08%	21.01%	-	-	-	-
Stage 3	4.55%	7.23%	21.10%	10.85%	9.54%	90.18%	-	-	-	-
Total	**1.22%**	**3.42%**	**2.53%**	**0.91%**	**2.54%**	**7.46 %**	**0.19%**	-	-	-
Impairment charge										
Stage 1	1,226,226	(3,095)	(32,761)	(256,794)	1,028,242	265,209	106,614	(28,949)	861	8
Stage 2	(149,671)	(4,303)	(2,916)	(635,831)	(135,750)	110,430	-	-	-	-
Stage 3	(1,084,896)	48,112	(162,710)	428,385	(9,697)	82,217	-	-	-	-
Total	(8,341)	40,714	(198,387)	(464,240)	882,795	457,856	106,614	(28,949)	861	8
Cost of risk										
Stage 1	0.86%	(0.09%)	(1.63%)	(0.12%)	1.62%	2.13%	0.04%	(0.05)%	-	-
Stage 2	(0.45%)	-	(0.77%)	(1.76%)	(0.62%)	12.74%	-	-	-	-
Stage 3	(32.09%)	1.98%	(76.47%)	8.05%	(0.44%)	17.48%	-	-	-	-
Total	**-**	0.68%	(7.64%)	(0.18%)	1.01%	3.32%	0.04%	-	-	-
Total cost of risk for the Bank								**0.09%**		

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.2 Credit risk (Continued)
5.2.1 Summary of Credit Risk (Continued)

31 December 2023

Gross carrying amount	Loans and advances to external customers by sector					Loans and advances to staff	Due from other Bank	Government security	Other Asset in scope	Bank Balances in Scope
	Cereals	**Fishing**	**Horticulture**	**Industrial Commodities**	**Livestock**					
Stage 1	48,387,074	4,307,665	1,685,485	130,787,827	51,926,903	9,876,250	222,722,656	29,608,674	11,612,757	2,321,446
Stage 2	30,964,580	729,934	1,276,304	29,284,646	16,917,516	229,304	-	-	-	-
Stage 3	6,495,683	1,059,366	705,050	2,401,668	759,815	406,626	-	-	-	-
Total	**85,847,337**	**6,096,965**	**3,666,839**	**162,474,141**	**69,604,234**	**10,512,180**	**222,722,656**	**29,608,674**	**11,612,757**	**2,321,446**
ECL										
Stage 1	322,038	33,128	41,376	543,540	308,106	164,317	441,771	29,305	4,254	7
Stage 2	631,718	4,303	15,203	2,063,835	808,716	71,649	-	-	-	-
Stage 3	1,238,731	127,483	207,596	148,907	219,468	341,872	-	-	-	-
Total	**2,192,487**	**164,914**	**264,175**	**2,756,282**	**1,336,290**	**577,838**	**441,771**	**29,305**	**4,254**	**7**
Amortised cost										
Stage 1	48,065,036	4,274,537	1,644,109	130,244,287	51,618,797	9,711,933	222,280,885	29,579,369	11,608,503	2,321,439
Stage 2	30,332,862	725,631	1,261,101	27,220,811	16,108,800	157,655	-	-	-	-
Stage 3	5,256,952	931,883	497,454	2,252,761	540,346	64,754	-	-	-	-
Total	**83,654,850**	**5,932,051**	**3,402,664**	**159,717,859**	**68,267,943**	**9,934,342**	**222,280,885**	**29,579,369**	**11,608,503**	**2,321,439**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.2 Credit risk (Continued)
5.2.1 Summary of Credit Risk (Continued)

Coverage ratio										
Stage 1	0.67%	0.77%	2.45%	0.42%	0.59%	1.66%	0.20%	0.10%	-	-
Stage 2	2.04%	0.59%	1.19%	7.05%	4.78%	31.25%	-	-	-	-
Stage 3	19.07%	12.03%	29.44%	6.20%	28.88%	84.08%	-	-	-	-
Total	**2.55%**	**2.70%**	**7.20%**	**1.70%**	**1.92%**	**5.50%**	**0.20%**	0.10%	0.04%	0.00%
Impairment charge										
Stage 1	4,545	(24,501)	2,507	(204,063)	(142,809)	(219,870)	220,490	28,903	(2,522)	(5,058)
Stage 2	(395,458)	(426,846)	(523,512)	(438,143)	(433,286)	15,929	-	-	-	-
Stage 3	(1,299,335)	(324,834)	(422,284)	(363,814)	(454,767)	210,604	-	-	-	-
Total	(1,690,248)	(776,181)	(943,289)	(1,006,020)	(1,030,862)	6,663	220,490	28,903	(2,522)	(5,058)
Cost of risk										
Stage 1	-	(0.57%)	-	(0.16%)	(0.28%)	(2.23%)	-	-	(0.02%)	(0.22%)
Stage 2	(1.28%)	(58.48%)	(41.02%)	(1.50%)	(2.56%)	0.07	-	-	-	-
Stage 3	(20.00%)	(30.66%)	(59.89%)	(15.15%)	(59.85%)	0.52	-	-	-	-
Total	**(1.97%)**	(12.73%)	(25.72%)	(0.62%)	(1.48%)	-	-	-	(0.02%)	(0.22%)
Total cost of risk for the Bank								**(0.88%)**		

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.2 Credit risk (Continued)

5.2.2 Analysis by portfolio, sector segment and region

An analysis of risk concentration in gross carrying amounts and corresponding ECL in the loans portfolio for external customers by sector and geographical location is presented below. Amounts in TZS'000.

31/12/2024	Gross Carrying amount				Allowance for ECL				ECL Coverage %			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Per sector												
Cereals	143,137,363	32,932,682	3,381,042	**179,451,087**	322,038	631,718	1,238,731	**2,192,487**	1.08%	1.46%	4.55%	1.22%
Fishing	3,580,245	-	2,428,592	**6,008,837**	33,128	4,303	127,483	**164,914**	0.84%	-	7.23%	3.42%
Horticulture	2,006,671	377,863	212,778	**2,597,312**	41,376	15,203	207,596	**264,175**	0.43%	3.25%	21.10%	2.53%
Industrial Commodities	211,591,366	36,067,327	5,322,342	**252,981,035**	543,540	2,063,835	148,907	**2,756,282**	0.14%	3.96%	10.85%	0.91%
Livestock	63,445,345	21,826,266	2,199,319	**87,470,930**	308,106	808,716	219,468	**1,336,290**	2.11%	3.08%	9.54%	2.54%
Total	**423,760,990**	**91,204,138**	**13,544,073**	**528,509,201**	**1,248,188**	**3,523,775**	**1,942,185**	**6,714,148**	**0.76%**	**2.85%**	**8.57%**	**1.32%**
Per geographical location (zone)												
Southern zone	7,750,796	3,448,895	-	11,199,691	38,921	284,269	-	323,190	0.50%	8.24%	-	2.89%
Lake zone	147,931,014	54,682,332	7,927,216	210,540,562	741,676	622,150	280,762	1,644,588	0.50%	1.14%	3.54%	0.78%
Eastern zone	136,202,806	5,541,802	1,588,508	143,333,116	880,430	297,107	195,475	1,373,012	0.65%	5.36%	12.31%	0.96%
Southern highlands zone	66,213,914	7,351,687	622,648	74,188,249	657,803	372,596	171,630	1,202,029	0.99%	5.07%	27.56%	1.62%
Central zone	7,358,805	217,927	102,443	7,679,175	179,232	-	8,472	187,704	2.44%	-	8.27%	2.44%
Western zone	17,238,565	1,212,134	1,298,466	19,749,165	460,364	36,594	219,682	716,640	2.67%	3.02%	16.92%	3.63%
Northern zone	15,644,655	18,749,361	2,004,792	36,398,808	232,088	982,589	285,359	1,500,036	1.48%	5.24%	14.23%	4.12%
Zanzibar zone	2,692,262	-	-	2,692,262	5,173	-	-	5,173	0.19%	-	-	0.19%
Head office	22,728,173	-	-	22,728,173	14,319	-	-	14,319	0.06%	-	-	0.06%
Total	**423,760,990**	**91,204,138**	**13,544,073**	**528,509,201**	**3,210,006**	**2,595,305**	**1,161,380**	**6,966,691**	**0.76%**	**2.85%**	**8.57%**	**1.32%**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.2 Credit risk (Continued)
5.2.2 Analysis by portfolio, sector segment and region Continued)

31/12/2023	Gross Carrying amount				Allowance for ECL				ECL Coverage %			
Loans and advances to customers Per industry segment	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Per sector												
Cereals	48,387,074	30,964,580	6,495,683	**85,847,337**	322,038	631,718	1,238,731	**2,192,487**	0.67%	2.04%	19.07%	2.55%
Fishing	4,307,665	729,934	1,059,366	**6,096,965**	33,128	4,303	127,483	**164,914**	0.77%	0.59%	12.03%	2.70%
Horticulture	1,685,485	1,276,304	705,050	**3,666,839**	41,376	15,203	207,596	**264,175**	2.45%	1.19%	29.44%	7.20%
Industrial Commodities	130,787,827	29,284,646	2,401,668	**162,474,141**	543,540	2,063,835	148,907	**2,756,282**	0.42%	7.05%	6.20%	1.70%
Livestock	51,926,903	16,917,516	759,815	**69,604,234**	308,106	808,716	219,469	**1,336,291**	0.59%	4.78%	28.88%	1.92%
Total	**237,094,954**	**79,172,980**	**11,421,582**	**327,689,516**	**1,248,188**	**3,523,775**	**1,942,184**	**6,714,148**	**0.53%**	**4.45%**	**17.00%**	**2.05%**
Per geographical location (zone)												
Southern zone	4,478,462	1,150,876	1,945	5,631,283	12,121	407,772	1,842	421,735	0.27%	35.43%	94.69%	7.49%
Lake zone	55,559,322	53,183,071	1,920,464	110,662,857	170,362	1,836,791	243,772	2,250,925	0.31%	3.45%	12.69%	2.03%
Eastern zone	132,705,964	13,883,916	6,656,231	153,246,111	539,017	1,024,470	1,351,009	2,914,496	0.41%	7.38%	20.30%	1.90%
Southern highlands zone	22,896,730	1,897,703	546,168	25,340,601	265,711	23,186	162,692	451,589	1.16%	1.22%	29.79%	1.78%
Central zone	4,214,296	7,089,064	1,156,158	12,459,518	152,818	199,489	97,734	450,041	3.63%	2.81%	8.45%	3.61%
Western zone	8,037,287	1,968,350	1,140,616	11,146,253	106,560	32,067	85,136	223,763	1.33%	1.63%	7.46%	2.01%
Northern zone	9,171,676	-	-	9,171,676	1,590	-	-	1,590	0.02%	-	-	0.02%
Zanzibar zone	31,217	-	-	31,217	9	-	-	9	0.03%	-	-	0.03%
Head office	237,094,954	79,172,980	11,421,582	327,689,516	1,248,188	3,523,775	1,942,185	6,714,148	0.53%	4.45%	17.00%	2.05%
Total	**423,760,990**	**91,204,138**	**13,544,073**	**528,509,201**	**3,210,006**	**2,595,305**	**1,161,380**	**6,966,691**	**0.76%**	**2.85%**	**8.57%**	**1.32%**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.2 Credit risk (Continued)

5.2.3 Analysis of stage 2 loans reflecting the criteria for inclusion in stage 2

An analysis of stage 2 balances at the reporting date reflecting the reasons for inclusion in stage 2 by class of loans and advances to customers (gross carrying amount and corresponding ECL) is presented below. For the purposes of this analysis, where balances satisfy more than one criterion for determining a significant increase in credit risk, the corresponding gross carrying amount and ECL have been assigned in the order of the categories presented.

31/12/2024 – Gross carrying amount in TZS'000	Cereals	Fishing	Horticulture	Industrial commodities	Livestock	Total Stage 2
Less than 90 dpd	29,952,697	-	-	26,858,893	16,622,858	73,434,448
- PD movement	-	-	-	5,991,742	-	5,991,742
- Other qualitative reasons	29,952,696	-	-	20,867,151	16,622,858	67,442,706
More than 90 dpd	2,979,985	-	377,863	9,208,434	5,203,408	17,769,690
Total	**32,932,682**	-	**377,863**	**36,067,327**	**21,826,266**	**91,204,138**

31/12/2024 -ECL in TZS'000	Cereals ECL	Fishing ECL	Horticulture ECL	Industrial commodities ECL	Livestock ECL	Total Stage 2 ECL
Less than 90 dpd	180,909	-	-	1,384,605	479,294	2,044,808
- PD movement	-	-	-	188,968	-	188,968
- Other qualitative reasons	180,909	-	-	1,195,637	479,294	1,855,840
More than 90 dpd	301,139	-	12,288	43,399	193,671	550,497
Total	**482,048**	**-**	**12,288**	**1,428,004**	**672,965**	**2,595,305**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.2 Credit risk (Continued)
5.2.3 Analysis of stage 2 loans reflecting the criteria for inclusion in stage 2 (Continued)

31/12/2023 TZS'000	Cereals	Fishing	Horticulture	Industrial commodities	Livestock	Total Stage 2
Less than 90 dpd	28,889,594	431,006	308,319	26,864,861	1,485,006	57,978,786
- PD movement	-	-	-	-	-	-
- Other qualitative reasons	28,889,594	431,006	308,319	26,864,861	1,485,006	57,978,786
More than 90 dpd	2,074,986	298,928	967,985	2,419,785	15,432,510	21,194,194
Total	**30,964,580**	729,934	**1,276,304**	**29,284,646**	**16,917,516**	**79,172,980**

31/12/2023	Cereals ECL	Fishing ECL	Horticulture ECL	Industrial commodities ECL	Livestock ECL	Total Stage 2 ECL
Less than 90 dpd	430,914	4,303	-	2,031,767	66,390	2,533,374
- PD movement	-	-	-	-	-	-
- Other qualitative reasons	430,914	4,303	-	2,031,767	66,390	2,533,374
More than 90 dpd	200,804	-	15,203	32,068	742,326	990,401
Total	**631,718**	**4,303**	**15,203**	**2,063,835**	**808,716**	**3,523,775**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.2 Credit risk (Continued)

5.2.3 Analysis of stage 3 loans reflecting the criteria for inclusion in stage 3

An analysis of stage 3 loans is presented below. The table shows loans less than 180 days past due (dpd) and loans greater than 180 dpd by portfolio and by stage, thus presenting the loans classified as stage 3 due to ageing and those identified at an earlier stage due to other criteria. Stage 3 exposures are further analysed to indicate those which are no longer credit impaired but in cure period that precedes a transfer back to stage 2. Amounts in TZS'000.

	Cereals			Fishing			Horticulture			Industrial Commodities			Livestock			Total		
31 Dec 2024	Gross carrying amount	ECL	Cove rage	Gross carrying amount	ECL	Cove rage	Gross carrying amount	ECL	Cove rage	Gross carrying amount	ECL	Cove rage	Gross carrying amount	ECL	Cove rage	Gross carrying amount	ECL	Cove rage
Less than 180 dpd	330,570	26,090	7.9%	704,908	-	0.0%	76,814	-	-	1,336,748	238,844	17.9%	957,333	10,330	1.1%	3,406,373	275,264	8.1%
More than 180 dpd	3,050,472	127,746	4.2%	1,723,684	175,594	10.2%	135,964	44,886	33.0%	3,985,594	338,447	8.5%	1,241,986	199,442	16.1%	10,137,700	886,114	8.7%
Total	**3,381,042**	**153,836**	**4.5%**	**2,428,592**	**175,594**	**7.2%**	**212,778**	**44,886**	**21.1%**	**5,322,342**	**577,291**	**10.8%**	**2,199,319**	**209,772**	**9.5%**	**13,544,073**	**1,161,378**	**8.6%**

	Cereals			Fishing			Horticulture			Industrial Commodities			Livestock			Total		
31 Dec 2023	5,013,304	1,191,189	23.8%	760,439	127,482	16.8%	221,057	192,392	87.0%	1,406,940	116,839	8.3%	168,722	67,278	39.9%	7,570,462	1,695,180	22.4%
Less than 180 dpd	1,482,379	47,542	3.2%	298,927	-	-	483,993	15,203	3.1%	994,728	32,068	3.2%	591,093	152,191	25.7%	3,851,120	247,004	6.4%
More than 180 dpd	6,495,683	1,238,731	19.1%	1,059,366	127,482	12.0%	705,050	207,595	29.4%	2,401,668	148,907	6.2%	759,815	219,469	28.9%	11,421,582	1,942,184	17.0%
Total	**3,381,042**	**153,836**	**4.5%**	**2,428,592**	**175,594**	**7.2%**	**212,778**	**44,886**	**21.1%**	**5,322,342**	**577,291**	**10.8%**	**2,199,319**	**209,772**	**9.5%**	**13,544,073**	**1,161,378**	**8.6%**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 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.

5.3.1 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.2 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.

5.3.3 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.

5.3.4 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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.4 Collateral (Continued)

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.

The table below summarizes the Bank's collateral for loans and advances. Amounts in TZS'000.

	Gross carrying amount			Collateral			Net exposure		
31/12/2024	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Cereals	143,137,363	32,932,682	3,381,042	198,802,246	33,239,853	4,838,654	(55,664,883)	(307,171)	(1,457,612)
Fishing	3,580,245	-	2,428,592	3,882,496	-	2,661,032	(302,251)	-	(232,440)
Horticulture	2,006,671	377,863	212,778	3,909,921	278,444	216,540	(1,903,250)	99,419	(3,762)
Industrial Commodities	211,591,366	36,067,327	5,322,342	401,963,842	32,041,260	6,358,072	(190,372,476)	4,026,067	(1,035,730)
Livestock	63,445,345	21,826,266	2,199,319	73,882,265	19,658,051	4,810,192	(10,436,920)	2,168,215	(2,610,873)
Total	**423,760,990**	**91,204,138**	**13,544,073**	**682,440,770**	**85,217,608**	**18,884,490**	**(258,679,780)**	**5,986,530**	**(5,340,417)**

	Gross carrying amount			Collateral			Net exposure		
31/12/2023	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Cereals	48,387,074	30,964,580	6,495,683	133,601,299	30,661,140	6,341,259	(85,214,225)	303,440	154,424
Fishing	4,307,665	729,934	1,059,366	4,449,407	992,708	1,066,069	(141,742)	(262,774)	(6,703)
Horticulture	1,685,485	1,276,304	705,050	1,980,120	2,098,877	814,544	(294,635)	(822,573)	(109,494)
Industrial Commodities	130,787,827	29,284,646	2,401,668	281,692,042	16,424,065	1,975,747	(150,904,215)	12,860,581	425,921
Livestock	51,926,903	16,917,516	759,815	42,515,378	16,914,269	723,873	9,411,525	3,247	35,942
Total	**237,094,954**	**79,172,980**	**11,421,582**	**464,238,246**	**67,091,059**	**10,921,492**	**(227,143,292)**	**12,081,921**	**500,090**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.4 Collateral (Continued)

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral, and the net exposure to credit risk. Amounts in TZS'000.

Financial assets 2024	Maximum exposure to credit risk	Cash	Legal Mortgage	Debenture	Chattel Mortgage	PASS Guarantee	Stock	Total collateral	Net exposure	% of exposure subject to collateral requirements	Associated ECL
Cash and balances with Bank of Tanzania	2,590,132	-	-	-	-	-	-	-	(2,590,132)	-	15
Due from other Banks	285,675,803	-	-	-	-	-	-	-	(285,675,803)	-	548,385
	288,265,935	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(288,265,935)**	**-**	**548,400**
Loans and advances to customers											
Cereals	179,451,087	-	93,379,400	193,898,890	11,678,723	33,062,712	35,604,584	367,624,309	(188,173,222)	205%	2,184,147
Fishing	6,008,837	-	5,866,100	1,077,318	2,193,203	1,397,381	399,800	10,933,802	(4,924,965)	182%	205,627
Horticulture	2,597,312	-	4,777,565	475,563	981,882	443,736	-	6,678,746	(4,081,434)	257%	65,790
Industrial Commodities	252,981,035	-	256,671,469	116,666,650	35,293,631	16,454,870	274,927,430	700,014,050	(447,033,015)	277%	2,292,041
Livestock	87,470,930	-	110,354,208	14,953,251	5,578,362	7,630,408	7,742,575	146,258,804	(58,787,874)	167%	2,219,086
Staff	13,889,709	-	-	-	-	-	-	-	13,889,709	-	1,035,693
	542,398,910	**-**	**471,048,742**	**327,071,672**	**55,725,801**	**58,989,107**	**318,674,389**	**1,231,509,711**	**(689,110,801)**	**227%**	**8,002,384**
Investments in government securities	62,910,459	-	-	-	-	-	-	-	62,910,459	-	356
Total financial assets at amortised cost	**893,575,304**	**-**	**471,048,742**	**327,071,672**	**55,725,801**	**58,989,107**	**318,674,389**	**1,231,509,711**	**(914,466,277)**	**138%**	**8,551,140**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.3 Management of credit risk (Continued)
5.3.4 Collateral (Continued)

Financial assets 2023	Maximum exposure to credit risk	Cash	Legal Mortgage	Debenture	Chattel Mortgage	PASS Guarantee	Stock	Total collateral	Net exposure	% of exposure subject to collateral requirements	Associated ECL
Cash and balances with Bank of Tanzania	2,321,446	-	-	-	-	-	-	-	(2,321,446)	-	7
Due from other Banks	222,722,656	-	-	-	-	-	-	-	(222,722,656)	-	441,771
	225,044,102	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(225,044,102)**	**-**	**441,778**
Loans and advances to customers											
Cereals	85,847,337	-	76,081,657	166,904,845	9,368,835	8,744,199	9,090,490	270,190,027	(184,342,690)	315%	2,192,487
Fishing	6,096,965	-	6,039,800	702,551	2,163,203	1,397,381	678,099	10,981,034	(4,884,069)	180%	164,914
Horticulture	3,666,839	-	5,104,722	1,742,317	1,376,282	379,656	6,180	8,609,156	(4,942,317)	235%	264,175
Industrial Commodities	162,474,141	-	214,851,814	116,945,547	37,568,947	13,008,530	105,057,456	487,432,294	(324,958,153)	300%	2,756,282
Livestock	69,604,234	-	71,668,230	5,155,238	11,549,586	3,057,256	2,774,375	94,204,686	(24,600,452)	135%	1,336,291
Staff	10,512,180	-	-	-	-	-	-	-	10,512,180	-	577,839
	338,201,696	**-**	**373,746,223**	**291,450,498**	**62,026,853**	**26,587,022**	**117,606,600**	**871,417,196**	**(533,215,501)**	**258%**	**7,291,988**
Investments in government securities	29,608,673	-	-	-	-	-	-	-	29,608,674	-	29,305
Total financial assets at amortised cost	**592,854,471**	**-**	**373,746,223**	**291,450,498**	**62,026,853**	**26,587,022**	**117,606,600**	**871,417,196**	**(728,650,929)**	**147%**	**7,763,071**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.3 Management of credit risk (Continued)
5.3.5 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:

(i) The probability of default (PD) by the client or counterparty on its contractual obligations;
(ii) Current exposures to the counterparty and its likely future development, from which the Bank derive the Exposure at Default (EAD); and
(iii) The likely recovery ratio on the defaulted obligations (the 'loss given default - LGD').

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 - 90	Stage 1
Especially mentioned	91 – 180	Stage 2
Substandard	181-365	Stage 3
Doubtful	366-540	Stage 3
Loss/bad	>540	Stage 3

Definition of default and credit-impaired

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECL and the identification of a significant increase in credit risk (see note 5).

The group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the group
- the borrower is unlikely to pay its credit obligations to the group in full.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.5 Credit risk measures (Continued)

This definition of default is used by the group for accounting and internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources (see note 5). As noted in the definition of credit-impaired financial assets above, default is evidence that an asset is credit-impaired. Therefore, credit-impaired assets will include defaulted assets, but will also include other non-defaulted assets given the definition of credit-impaired is broader than the definition of default.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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 (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

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.

5.3.7 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 amortised 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.

2024	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	**TZS '000'**	**TZS '000'**	**TZS '000'**	**TZS '000'**
Loans and advances to external customers	423,760,990	91,204,138	13,544,073	528,509,201
Loans and advances to staff	12,552,674	866,749	470,286	13,889,709
Due from other Banks	285,675,803	-	-	285,675,803
Investments in government securities	62,910,459	-	-	62,910,459
Other assets in scope	17,402,352	-	-	17,402,352
Cash and bank balances with BOT	2,590,132	-	-	2,590,132
Total	804,892,410	92,070,887	14,014,359	910,977,656
% contribution	**88%**	**10%**	**2%**	**100%**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.7 Maximum exposure to credit risk before collateral held (Continued)

2023	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	**TZS '000'**	**TZS '000'**	**TZS '000'**	**TZS '000'**
Loans and advances to external customers	237,094,953	79,172,980	11,421,583	327,689,516
Loans and advances to staff	9,876,250	229,304	406,626	10,512,180
Due from other Banks	222,722,656	-	-	222,722,656
Investments in government securities	29,608,674	-	-	29,608,674
Other assets in scope	1,195,035	-	-	1,195,035
Cash and bank balances with BOT	2,321,446	-	-	2,321,446
Total	502,819,014	79,402,284	11,828,209	594,049,507
% contribution	**85%**	**13%**	**2%**	**100%**

Other assets exclude non-financial instruments such as prepayments, Wavuvi receivable valuation and stationery stock.

Below is the summary of provision per category. Amounts TZS'000

2024	Stage 1	Stage 2	Stage 3	Total
Loans and advances to external customers	3,210,008	2,595,305	1,161,378	**6,966,691**
Loans and advances to staff	429,525	182,079	424,089	**1,035,693**
Due from other Banks	548,385	-	-	**548,385**
Investments in government securities	356	-	-	**356**
Other assets in scope	5,115	-	-	**5,115**
Cash and bank balances with BOT	15	-	-	**15**
Total	**4,193,404**	**2,777,384**	**1,585,467**	**8,556,255**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.7 Maximum exposure to credit risk before collateral held (Continued)

2023	Stage 1	Stage 2	Stage 3	Total
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**
Investments in government securities	29,305	-	-	**29305**
Other assets in scope	4,254	-	-	**4,254**
Cash and bank balances with BOT	7	-	-	**7**
Total	**1,887,844**	**3,595,424**	**2,284,055**	**7,767,323**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.7 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 reporting period. Amounts in TZS'000

2024	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	246,971,204	79,402,284	11,828,208	**338,201,696**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(20,148,975)	20,148,975	-	-
Transfer to Stage 3	-	(7,480,372)	7,480,372	-
New assets originated or purchased	335,172,661	-	-	**335,172,661**
Assets derecognised or repaid (excluding write offs)	(125,681,226)	-	-	**(125,681,226)**
Write offs	-	-	(5,294,221)	**(5,294,221)**
At 31 December 2024	**436,313,664**	**92,070,887**	**14,014,359**	**542,398,910**
2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At 1 January 2023	204,858,808	55,977,334	16,202,654	**277,038,796**
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	-
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)**
Write offs	-	-	(7,009,128)	**(7,009,128)**
At 31 December 2023	**246,971,204**	**79,402,284**	**11,828,208**	**338,201,696**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.7 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 of the reporting period. Amounts in TZS'000.

ECL	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loans and advances to external customers and staff				
At 1 January 2024	2,256,071	2,271,834	2,764,081	**7,291,986**
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(3,100,467)	3,100,467	-	-
Transfer to stage 3	(1,520,689)	(2,594,917)	4,115,606	-
New financial assets originated or purchased	6,004,619	-	-	**6,004,619**
Profit or loss charge during the year (note 20b)	**1,383,463**	**505,550**	**4,115,606**	**6,004,619**
Write-offs	**-**	**-**	(5,294,221)	**(5,294,221)**
At 31 December 2024	**3,639,534**	**2,777,383**	**1,585,466**	**8,002,384**
ECL on other financial assets				
At 1 January 2024	475,336	-	-	**475,336**
Cash and bank balances with BOT (note 17)	8	-	-	**8**
Due from other banks (note 18)	106,614	-	-	**106,614**
Investments in government securities (note 19)	(28,949)	-	-	**(28,949)**
Other assets (note 21)	861	-	-	**861**
Profit or loss charge during the year	**78,534**	**-**	**-**	**78,534**
At 31 December 2024	**553,870**	**-**	**-**	**553,870**
Total ECL on financial assets as at 31 December 2024	**4,193,404**	**2,777,383**	**1,585,466**	**8,556,254**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.7 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 reporting period. Amounts in TZS'000

ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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**
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 20b)	642,677	(3,524,906)	4,451,420	**1,569,191**
Write-offs	-	-	(7,009,128)	**(7,009,128)**
As at 31 December 2023	**2,256,071**	**2,271,834**	**2,764,081**	**7,291,986**
ECL on other financial assets				
As at 1 January 2023	**233,523**	-	-	**233,523**
Cash and bank balances with BOT (note 17)	(5,058)	-	-	(5,058)
Due from other banks (note 18)	220,490	-	-	220,490
Investments in government securities (note 19)	28,903	-	-	28,903
Other assets (note 21)	(2,522)	-	-	(2,522)
Profit or loss charge during the year	**241,813**	-	-	**241,813**
As at 31 December 2023	**475,336**	-	-	**475,336**
Total ECL on financial assets as at 31 December 2023	**2,731,407**	**2,271,834**	**2,764,081**	**7,767,322**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Management of credit risk (Continued)

5.3.7 Maximum exposure to credit risk before collateral held (Continued)

The loss allowance recognised 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 recognised during the year, as well as releases for financial instruments de-recognised 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;
- Discounts unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

5.4 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 assets and liabilities.

The Bank has no exposure to interest rate risk because all its financial assets and liabilities are contracted at fixed interest rates. Consequently, changes in market interest rates do not impact the Bank's financial performance or position

5.4.1 Foreign exchange risk

The Bank actively manages its exposure to the potential effects of fluctuations in current foreign currency exchange rates, which can significantly impact its financial position and cash flows. This risk management is overseen by the ALCO, which establishes strict limits on the level of exposure to foreign exchange risk. These limits are meticulously set for each currency and in aggregate terms, covering both overnight and intra-day positions, and are subject to daily monitoring to ensure ongoing compliance and risk mitigation. The Bank is exposed to the risk that the value of foreign financial instruments it holds will fluctuate due to changes in market foreign exchange rates. The ALCO periodically approves policies and limits on the maximum level of exposures by currency and in total for both overnight and intra-day positions.

Foreign currency risk is addressed through the following measures:

- On a daily basis, the overall foreign exchange risk exposure is measured using spot mid-rates and does not exceed 10% of the Bank's core capital.
- Any single currency exposure, irrespective of short or long positions does not exceed the limit of 10% of core capital.
- Intra-day and overnight foreign exchange positions are limited within strictly defined exposure and stop loss limits approved periodically by the Board Risk Management Committee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.4 Market risk (Continued)

5.4.1 Foreign exchange risk (Continued)

Foreign exchange risk – Sensitivity analysis

Any material over-night position is covered by a stop-loss order with the Bank's international counterparties. As a policy, the closing exposures are more to do with residual positions rather than proprietary positions/ transactions. The table below summarises the estimated impact (profit before tax) of an increase or decrease of 10% of the value of the Tanzania Shilling against the two major currencies i.e. US Dollar and Euro on the Bank as at 31 December 2024.

Currency	2024 TZS '000	2023 TZS '000
USD	237,367	925,957
EURO	200,110	147,108

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2024. Included in the table below are the Bank's financial instruments at carrying amounts categorised by currency. The amounts are presented in TZS ('000).

At 31 December 2024	USD	EUR	Total
Financial assets			
Cash and balances with BOT	-	-	**-**
Due from other Banks	19,915,076	2,548,043	**22,463,120**
Financial investments - govt securities	-	-	**-**
Loans and advances to customers and staff loans	-	-	**-**
Other assets	-	-	**-**
Total financial assets	**19,915,076**	**2,548,043**	**22,463,120**
Financial liabilities			
Borrowings	-	-	**-**
Special customer deposits	-	-	**-**
Special deposits/funds	12,254,697	482,562	**12,737,260**
Lease liabilities	-	-	**-**
Other liabilities	-	-	**-**
Total financial liabilities	**12,254,697**	**482,562**	**12,737,260**
Net position	7,660,379	2,065,481	**9,725,860**
Credit related commitments*	-	-	**-**

Note:
* This relates to the undrawn customer commitments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.4 Market risk (Continued)

5.4.1 Foreign exchange risk (Continued)

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2023. Included in the table below are the Bank's financial instruments at carrying amounts categorised by currency. The amounts are presented in TZS ('000).

At 31 December 2023	USD	EUR	Total
Financial assets			
Cash and balances with BOT	-	-	**-**
Due from other Banks	25,056,959	1,108,431	**26,165,390**
Financial investments - govt securities	-	-	**-**
Loans and advances to customers and staff loans	-	-	**-**
Other assets	-	-	**-**
Total financial assets	**25,056,959**	**1,108,431**	**26,165,390**
Financial liabilities			
Borrowings	-	-	**-**
Special customer deposits	-	-	**-**
Special deposits/funds	15,022,907	1,044,054	**16,066,961**
Lease liabilities	-	-	**-**
Other liabilities	-	-	**-**
Total financial liabilities	**12,254,697**	**1,044,054**	**16,066,961**
Net position	10,034,052	64,377	**10,098,429**
Credit related commitments*	-	-	**-**

Note:
* This relates to the undrawn customer commitments.

5.5 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.

5.5.1 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.5 Liquidity risk (Continued)

5.5.1 Approach to managing liquidity risk (Continued)

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.

5.5.2 Maturity analysis of financial instruments 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 (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.5 Liquidity risk (Continued)

5.5.2 Maturity analysis of financial instruments by contractual maturity (Continued)

Liquidity risk analysis

Contractual maturity of undiscounted cash flows of financial assets and liabilities

	0 – 3 Months	4 – 6 Months	7 – 12 months	Above 1 year	Total
31 December 2024	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
FINANCIAL ASSETS					
Cash and balances with Banks of Tanzania	2,590,117	-	-	-	2,590,117
Investment in government securities	-	-	-	62,910,103	62,910,103
Due from other banks	224,822,797	18,577,393	41,727,228	-	285,127,418
Loans and advances to external customers and staff	22,558,414	103,500,656	32,719,145	375,386,746	534,164,961
Other assets	17,397,237	-	-	-	17,397,237
Total	**267,368,565**	**122,078,049**	**74,446,373**	**438,296,849**	**902,189,836**
FINANCIAL LIABILITES					
Borrowings	-	-	-	275,017,908	275,017,908
Special customer deposits	-	-	-	1,475,061	1,475,061
Special funds	-	-	-	70,567,833	70,567,833
Lease liabilities	177,162	54,229	18,415	74,061	323,867
Other liabilities	3,320,305	-	-	-	3,320,305
Total	**3,497,467**	**54,229**	**18,415**	**347,134,863**	**350,704,974**
Maturity gap as at 31 December 2024	**263,871,098**	**122,023,820**	**74,427,958**	**91,161,986**	**551,484,862**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.5 Liquidity risk (Continued)

5.5.2 Maturity analysis of financial instruments by contractual maturity (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

	0 – 3 Months	4 – 6 Months	7 – 12 months	Above 1 year	Total
31 December 2023	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
FINANCIAL ASSETS					
Cash and balances with Banks of Tanzania	2,321,439	-	-	-	**2,321,439**
Investment in government securities	-	-	-	29,579,369	**29,579,369**
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**	**296,810,969**	**586,169,687**
FINANCIAL LIABILITES					
Borrowings	-	-	-	158,193,169	**158,193,169**
Special customer deposits	-	-	-	680,242	**680,242**
Special funds	-	-	-	85,716,020	**85,716,020**
Lease liabilities	60,342	92,683	172,501	305,700	**631,226**
Other liabilities	2,202,003	-	-	-	**2,202,003**
Total	**2,262,345**	**92,683**	**172,501**	**244,895,131**	**247,442,660**
Maturity gap as at 31 December 2023	**147,237,899**	**38,499,408**	**101,093,882**	**51,915,838**	**338,747,027**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.6 Fair value of financial assets and liabilities

5.6.1 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 recognises 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.

5.6.2 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.6 Fair value of financial assets and liabilities (Continued)

5.6.2 Valuation models or techniques

31 December 2024	Level 1	Level 2	Level3	Total
	TZS'000	TZS'000	TZS'000	TZS'000
Financial assets				
Cash and balances with Bank of Tanzania	2,590,117	-	-	2,590,117
Investment in government securities	62,910,103	-	-	62,910,103
Due from other Banks	-	285,127,418	-	285,127,418
Loans and advances	-	534,164,961	-	534,164,961
Other assets	-	17,397,237	-	17,397,237
	65,500,220	**836,689,616**	**-**	**902,189,836**
Financial liabilities				
Borrowings	-	275,017,908	-	275,017,908
Special customer deposits	-	1,475,061	-	1,475,061
Special funds	-	70,567,833	-	70,567,833
Lease liabilities	-	317,482	-	317,482
Other liabilities	-	3,320,305	-	3,320,305
	-	**350,698,589**	**-**	**350,698,589**

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
	31,900,808	**554,268,879**	**-**	**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**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.6 Fair value of financial assets and liabilities (Continued)

5.6.3 Financial instruments not measured at fair value

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:

At 31 December 2024	Carrying amount	Fair value
	TZS'000	TZS'000
Financial assets		
Cash and balances with Bank of Tanzania	2,590,117	2,590,117
Due from other Banks	285,127,418	285,127,418
Investment in government securities	62,910,103	62,910,103
Loans and advances to customers	534,164,961	534,164,961
Other assets	17,397,237	17,397,237
	902,189,836	**902,189,836**
Liabilities		
Borrowings	275,017,908	275,017,908
Special customer deposits	1,475,061	1,475,061
Special funds	70,567,833	70,567,833
Lease liabilities	317,482	317,482
Other liabilities	3,320,305	3,320,305
	350,698,589	**350,698,589**
Net financial asset	**551,491,247**	**551,491,247**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.6 Fair value of financial assets and liabilities (Continued)
5.6.3 Financial instruments not measured at fair value (Continued)

At 31 December 2023	Carrying amount	Fair value
	TZS'000	TZS'000
Financial assets		
Cash and balances with Bank of Tanzania	2,321,439	2,321,439
Due from other Banks	222,280,885	222,280,885
Investment in government securities	29,579,369	29,579,369
Loans and advances to customers	330,797,214	330,797,214
Other assets	1,190,780	1,190,780
	586,169,687	**586,169,687**
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**
Net financial asset	**338,766,827**	**338,766,827**

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
5. FINANCIAL RISK MANAGEMENT (Continued)
5.6 Fair value of financial assets and liabilities (Continued)

5.6.4 Financial instruments not measured at 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.

5.7 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 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 organisation, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT (Continued)

5.7 Capital Management Objectives and Policies (Continued)

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:

	2024 TZS '000	2023 TZS '000
TIER 1 AND TIER 2 CAPITAL		
Share capital and reserves:		
Share capital	442,365,150	268,202,304
Retained earnings	62,923,938	45,077,946
Regulatory reserve	1,775,619	1,860,617
	507,064,707	**315,140,867**
Less:		
Prepaid expenses	(1,127,231)	(1,152,359)
Deferred tax assets	(2,272,809)	(2,313,087)
	(3,400,040)	**(3,465,446)**
Total qualifying Tier 1 capital	**503,664,668**	**311,675,421**
Qualifying Tier 2 capital	-	-
Total available capital (Tier 1 and Tier 2)	**503,664,668**	**311,675,421**
Risk-weighted assets:		
On-balance sheet	619,732,129	391,886,377
Off-balance sheet	60,987,584	39,490,773
Operational risk	28,919,446	19,424,092
Total risk weighted assets	**709,639,159**	**450,801,242**
Bank's ratios		
Tier 1 Capital	**70.97%**	**68.87%**
Tier 1 + Tier 2 Capital	**70.97%**	**68.87%**

As at 31 December 2024, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2024 TZS'000	2023 TZS'000
6.0	**INTEREST INCOME**		
	Interest on loans and advances to external customers	38,140,460	27,009,831
	Interest on loans and advances to staff	427,152	375,625
	Interest on investments in government securities	5,155,818	3,697,101
	Income from call accounts	12,193,458	6,821,407
	Interest from interbank placement	1,620,938	1,526,160
	Total	**57,537,826**	**39,430,124**
7.0	**INTEREST EXPENSES**		
	Interest expenses on borrowings from AFD	(3,484,689)	(960,436)
	Interest expenses on borrowings from other Banks	(642,658)	(1,036,929)
	Interest expenses on borrowings from pension funds	(3,098,564)	(1,525,479)
	Interest expense - lease liabilities	(66,952)	(91,062)
	Interest expense - Others	(106,754)	(175,498)
	Total	**(7,399,617)**	**(3,789,404)**
	Net interest income (Note 6+Note 7)	**50,138,209**	**35,640,720**
8.0	**NET FOREIGN EXCHANGE INCOME**		
	Foreign exchange - realised	374,053	85,733
	Unrealised exchange gain	212,804	264,141
	Total	**586,857**	**349,874**
	Analysis of unrealised exchange gain		
	Arising from cash and cash equivalent	(699,066)	(349,874)
	Arising from other monetary assets and liabilities	911,870	614,015
		212,804	264,141
9.0	**GRANTS REVENUE**		
	Amortisation of MIVARF Grant (note 28)	-	320,643
	Amortisation of FSDT fund (note 28)	-	254,054
	Amortisation of Heifer (note 28)	55,000	-
	Amortisation of BMGF (note 28)	618,328	995,175
	Amortisation of Aceli (note 28)	1,172,610	1,045,037
	Amortisation of SCGS (note 28)	155,188	101,951
	Amortisation of Wavuvi (note 28)	337,410	337,410
	Amortisation of AFD (note 28)	66,984	446,768
	Total	**2,405,520**	**3,501,038**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024 TZS'000	2023 TZS'000
10.0 FEES AND COMMISSIONS INCOME		
Insurance fees	-	59,175
Loan processing fees	2,103,154	1,464,841
Legal fee	68,525	-
Trade finance fee	98,002	50,244
Credit guarantee risk sharing income	1,012,873	541,925
Wavuvi retention fee	1,053	-
Total	**3,283,607**	**2,116,185**
11.0 OTHER INCOME		
Gain on disposal of property and equipment (PPE)	87,140	-
Other miscellaneous income from SCGS	-	1,300,681
Recovery charged off loans	3,347,581	462,868
Total	**3,434,721**	**1,763,549**
12.0 EXPECTED CREDIT LOSSES (ECL)		
ECL on loans and advances (note 20(b))	(6,004,619)	(1,569,191)
ECL on balance with Bank in scope (note 17)	(8)	5,058
ECL on due from Banks (note 18)	(106,614)	(220,490)
ECL on government securities (note 19)	28,949	(28,903)
ECL on other assets (note 21)	(861)	2,522
Total ECL recognised during the year	**(6,083,153)**	**(1,811,004)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024 TZS'000	2023 TZS'000
13.0 SALARIES AND BENEFITS		
Salaries and wages	(9,259,997)	(7,197,336)
Social security contributions	(1,117,036)	(880,181)
Skills development levy (SDL)	(316,952)	(270,048)
Workman's compensation fund (WCF) contributions	(45,178)	(36,033)
Employment benefits	(1,118,476)	(974,124)
Medical expenses	(658,000)	(538,601)
Other employee insurance costs	(215,800)	(107,228)
Leave allowances and transfer expenses	(746,611)	(566,667)
Professional body membership expenses	(31,750)	(48,887)
Car tax benefits	(94,542)	(106,806)
Recruitment expenses	(58,877)	(69,709)
Terminal benefits	(28,324)	-
Meals, tea, and water	(86,692)	(66,138)
Staff loans fair value adjustment	(41,053)	10,771
Club and gym membership	(27,353)	(41,161)
Other staff related cost	(95,289)	(70,551)
Total	**(13,941,930)**	**(10,962,699)**
14.0 OTHER OPERATING EXPENSES		
Occupancy and utilities cost	(759,924)	(696,516)
Marketing and advertising expenses	(984,789)	(855,548)
Exhibition and events	(877,764)	(1,010,997)
Donations and sponsorships	(1,044,797)	(1,277,633)
ICT expenses	(1,312,557)	(668,814)
Audit expenses	(390,640)	(281,700)
Legal and consulting expenses	(963,108)	(747,826)
Trainings and capacity buildings workshops	(1,456,432)	(1,185,024)
Business travel and accommodation expenses	(2,620,784)	(1,646,795)
Credit guarantee charges	(337,948)	(288,385)
Insurance expenses	(118,983)	(87,812)
Board meeting expenses	(302,345)	(304,832)
Motor vehicle fuel and maintenance expenses	(1,134,502)	(781,328)
Stationeries and printing	(244,642)	(82,740)
General administrative expenses	(480,827)	(370,444)
Taxes and licence fees	(183,090)	(180,748)
Other operating expenses	(151,472)	(40,867)
Total	**(13,364,604)**	**(10,508,009)**

Fee paid/payable to principal and delegated auditors for the audit of the financial statements was TZS 247,775,000 (2023: TZS 207,075,000). In addition, TZS 127,684,000 (2023: TZS 50,081,000) was paid to the delegated auditor for the enhanced IT systems review as required by BOT and audit of the AADFI and AFD projects as required by the project agreements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2024 TZS'000	2023 TZS'000
15(a)	**DEPRECIATION OF PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS**		
	Depreciation of property and equipment (note 22)	(948,886)	(520,633)
	Depreciation of right-of-use assets (note 24)	(653,119)	(682,099)
	Total	**(1,602,005)**	**(1,202,732)**
15(b)	**AMORTISATION OF INTANGIBLE ASSETS**		
	Amortisation of intangible assets (note 23)	(181,056)	(101,652)
	Total	**(181,056)**	**(101,652)**
16.0	**INCOME TAX**		
	(a) **Tax expenses** **Current tax:**		
	Current tax relating to prior year	-	(767,352)
	Current tax relating to current year	(6,024,893)	(2,440,544)
		(6,024,893)	**(3,207,896)**
	Deferred tax:		
	Deferred tax - current year (note 25)	(53,515)	(2,013,199)
	Deferred tax – under prior year adjustment (note 25)	13,236	-
		(40,279)	(2,013,199)
		(6,065,172)	**(5,221,095)**

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit before tax	**24,676,166**	**18,785,270**
Tax calculated at the statutory income tax rate 30%	7,402,850	5,635,580
Effects of non-qualifying capital allowances	906,632	4,587
Permanently disallowed expenditures	(697,565)	43,017
Income not subject to tax	(1,546,745)	(1,229,441)
Tax expense relating to prior year	-	767,352
Tax expense	**6,065,172**	**5,221,095**
b. Current tax assets		
At 1 January 2024	(1,859,979)	88,491
Tax charged to profit or loss for the year	6,024,893	3,207,896
Tax paid	(4,837,517)	(5,156,366)
At 31 December 2024	**(672,603)**	**(1,859,979)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2024 TZS'000	2023 TZS'000
17.0	**CASH AND BALANCES WITH BANK OF TANZANIA**		
	Cash with Bank of Tanzania	2,590,132	2,321,446
	Total	**2,590,132**	**2,321,446**
	Expected credit losses	(15)	(7)
	Net cash and balances with Bank of Tanzania	**2,590,117**	**2,321,439**
	The movement in expected credit losses is as follows:		
	At 1 January	(7)	(5,065)
	(Charge)/release for the year recognised in profit or loss	(8)	5,058
	At 31 December	**(15)**	**(7)**
18.0	**DUE FROM OTHER BANKS**		
	Placements with other banks	281,145,176	219,441,633
	Accrued interest on placements	4,530,627	3,281,023
	Total	**285,675,803**	**222,722,656**
	Expected credit losses	(548,385)	(441,771)
	Net placements with other Banks	**285,127,418**	**222,280,885**
	The movement in expected credit losses is as follows:		
	At 1 January	(441,771)	(221,281)
	Release/(addition) for the year	(106,614)	(220,490)
	At 31 December 2024	**(548,385)**	**(441,771)**

The weighted average interest rate of treasury bonds as at 31 December 2024 was 15.95% (2023: 15.42%)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024 TZS'000	2023 TZS'000
19.0 LOANS AND ADVANCES TO CUSTOMERS		
Cost of treasury bonds	57,920,000	26,420,000
Premium paid on treasury bonds	2,799,461	2,251,719
Interest receivable	2,190,998	936,955
	62,910,459	29,608,674
Expected credit losses (ECL)	(356)	(29,305)
Net investment in government securities	**62,910,103**	**29,579,369**
The movement in expected credit losses is as follows:		
At 1 January	(29,305)	(402)
Release/(addition) for the year	28,949	(28,903)
At 31 December	(356)	(29,305)
Maturing within 12 months	-	-
Maturing after 12 months	62,910,103	29,579,369
Total	**62,910,103**	**29,579,369**
The movement of investment in government securities for cash flow purpose:		
At 1 January	26,420,000	23,655,000
At 31 December	(57,920,000)	(26,420,000)
Cash flow movement for the year	**(31,500,000)**	**(2,765,000)**

The weighted average interest rate of treasury bonds as at 31 December 2024 was 15.95% (2023: 15.42%)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2024 TZS'000	2023 TZS'000
20.0 LOANS AND ADVANCES TO CUSTOMERS		
a) Gross and net loans and advance to customers:		
Loans and advances to external customers	509,756,180	316,427,354
Loans and advances to staff	13,730,010	10,402,558
Accrued interest on loans and advances to external customers	18,753,021	11,262,162
Accrued interest on loans and advances to staff	55,473	40,104
Staff loans fair valuation adjustment	104,226	69,518
Gross loans and advances to customers	**542,398,910**	**338,201,696**
Expected credit losses – external customers	(6,966,691)	(6,714,148)
Expected credit loss - staff	(1,035,693)	(577,838)
Suspended interest	(231,565)	(112,496)
Net loans and advances to customers	**534,164,961**	**330,797,214**

*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	(7,291,986)	(12,731,923)
Charge to profit or loss for the year (note 12)	(6,004,619)	(1,569,191)
Write-offs	5,294,221	7,009,128
At 31 December	**(8,002,384)**	**(7,291,986)**
(c) The movement in gross loans and advances to customers for cash flow purpose*		
Balance at 1 January	326,899,430	267,616,632
Write offs	(5,294,221)	(7,009,128)
Balance at 31 December	(523,590,416)	(326,899,430)
Cash flow movement for the year	**(201,985,207)**	**(66,291,926)**

*Gross loans and advances to customers movements excludes accrued interest.

(d) Interest received for cash flow purposes		
Interest accrued at 1 January	17,312,765	15,090,263
Interest income during the year	57,537,826	39,430,123
Interest accrued at 31 December	(25,530,119)	(17,312,765)
Interest received during the year	**49,320,472**	**37,207,621**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Segmental analysis – geography

All loans and advances to external customers fall in the agriculture 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. Amounts in TZS'000.

31 December 2024	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Southern zone	7,750,796	3,448,895	-	11,199,691
Lake zone	147,931,014	54,682,332	7,927,216	210,540,562
Eastern zone	136,202,806	5,541,802	1,588,508	143,333,116
Southern Highlands zone	66,213,914	7,351,687	622,648	74,188,249
Central zone	7,358,805	217,927	102,443	7,679,175
Western zone	17,238,565	1,212,134	1,298,466	19,749,165
Northern zone	15,644,655	18,749,361	2,004,792	36,398,808
Zanzibar zone	2,692,262	-	-	2,692,262
Head Office (Wholesale lending)	22,728,173	-	-	22,728,173
Total	**423,760,990**	**91,204,138**	**13,544,073**	**528,509,201**

31 December 2023	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Southern zone	4,478,462	1,150,876	1,945	5,631,283
Lake zone	55,559,322	53,183,071	1,920,464	110,662,857
Eastern zone	132,705,964	13,883,916	6,656,231	153,246,111
Southern Highlands zone	22,896,730	1,897,703	546,168	25,340,601
Central zone	4,214,296	7,089,064	1,156,158	12,459,518
Western zone	8,037,287	1,968,350	1,140,616	11,146,253
Northern zone	9,171,676	-	-	9,171,676
Zanzibar zone	31,217	-	-	31,217
Total	**237,094,954**	**79,172,980**	**11,421,582**	**327,689,516**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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. Amounts in TZS'000.

31 December 2024	Gross Carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Cereals	143,137,363	32,932,682	3,381,042	179,451,087
Fishing	3,580,245	-	2,428,592	6,008,837
Horticulture	2,006,671	377,863	212,778	2,597,312
Industrial commodities	211,591,366	36,067,327	5,322,342	252,981,035
Livestock	63,445,345	21,826,266	2,199,319	87,470,930
Total	**423,760,990**	**91,204,138**	**13,544,073**	**528,509,201**

31 December 2023	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Cereals	48,387,074	30,964,580	6,495,683	85,847,337
Fishing	4,307,665	729,934	1,059,366	6,096,965
Horticulture	1,685,485	1,276,304	705,050	3,666,839
Industrial commodities	130,787,827	29,284,646	2,401,668	162,474,141
Livestock	51,926,903	16,917,516	759,815	69,604,234
Total	**237,094,954**	**79,172,980**	**11,421,582**	**327,689,516**

21. OTHER ASSETS

	2024 TZS'000	2023 TZS'000
General prepayment	1,127,231	1,152,359
Wavuvi receivables*	4,074,024	9,265,362
Other receivables	17,402,352	1,195,036
	22,603,607	**11,612,757**
Expected credit losses (ECL)	(5,115)	(4,254)
Net closing value	**22,598,492**	**11,608,503**
The movement in expected credit losses for other assets is as follows:		
At 1 January	(4,254)	(6,776)
(Charge)/release for the year	(861)	2,522
At 31 December	**(5,115)**	**(4,254)**
The movement in other assets for cash flow purpose		
At 1 January	11,612,757	2,424,476
At 31 December	(22,603,607)	(11,612,757)
Cash flow movement for the year	**(10,990,850)**	**(9,188,281)**

* Wavuvi receivables refers to receivable from 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. PROPERTY AND EQUIPMENT

Details	Computers and electronic equipment	Office equipment	Furniture & fixtures	Motor vehicles	Leasehold improvements	Work in progress	Total
Cost	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
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**
At 1 January 2024	3,158,578	1,542,372	923,205	2,636,324	1,709,579	1,097,345	11,067,403
Additions	-	-	-	-	-	1,994,683	1,994,683
Transfer from work in Progress	407,069	299,461	35,435	546,788	471,297	(1,760,050)	-
Disposal	(111,667)	(4,473)	(41,644)	(364,443)	-	-	(522,227)
At 31 December 2024	**3,453,980**	**1,837,360**	**916,996**	**2,818,669**	**2,180,876**	**1,331,978**	**12,539,859**
Accumulated depreciation							
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 1 January 2024	2,955,355	604,925	488,527	1,211,264	874,417	-	6,134,488
Charge for the year	123,162	153,156	60,494	358,642	253,432	-	948,886
Disposal	(111,667)	(4,473)	(41,644)	(364,443)	-	-	(522,227)
At 31 December 2024	**2,966,850**	**753,608**	**507,377**	**1,205,463**	**1,127,849**	**-**	**6,561,147**
At 31 December 2023	**203,223**	**937,447**	**434,677**	**1,425,060**	**835,162**	**1,097,345**	**4,932,914**
At 31 December 2024	**487,130**	**1,083,752**	**409,619**	**1,613,206**	**1,053,027**	**1,331,978**	**5,978,712**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. INTANGIBLE ASSETS

Details	Software TZS '000	Work in progress TZS '000	Total TZS '000
Cost			
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**
At 1 January 2024	875,403	-	875,403
Additions	-	348,056	348,056
Transfer in/(out)	348,056	(348,056)	-
At 31 December 2024	**1,223,459**	**-**	**1,223,459**
Accumulated amortisation			
At 1 January 2023	255,824	-	255,824
Charge for the year	101,652	-	101,652
At 31 December 2023	**357,476**	**-**	**357,476**
At 1 January 2024	357,476	-	357,476
Charge for the year	181,056	-	181,056
At 31 December 2024	538,532	-	538,532
Net book value			
At 31 December 2023	**517,927**	**-**	**517,927**
At 31 December 2024	**684,927**	**-**	**684,927**

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 (Continued)

24. 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 most lease agreements are renewable at the end of the lease period at market rate. No arrangements have been entered into for contingent rental payments, and no restrictions have been imposed by these lease arrangements.

The statement of financial position shows the following amounts relating to leases:

	2024 TZS'000	2023 TZS'000
a) Right-of-use of assets (RoU)		
At 1 January	3,519,463	2,740,519
Additions during the year	333,899	778,944
At 31 December	**3,853,362**	**3,519,463**
Amortisation		
At 1 January	(2,793,461)	(2,111,362)
Charge during the year	(653,119)	(682,099)
At 31 December	(3,446,580)	(2,793,461)
Net book value	**406,782**	**726,002**
b) Lease liabilities		
At 1 January	611,426	689,997
Additions during the year	587,517	835,585
Finance cost – Included as interest expenses	66,952	91,062
Principal payment during the year	(881,462)	(914,156)
Interest payment during the year	(66,952)	(91,062)
Total	**317,481**	**611,426**
(c) Lease liability maturity analysis		
0 - 3 months	177,162	60,342
4 - 6 months	54,229	92,683
7 - 12 months	18,415	172,501
Over 1 year	74,061	305,700
less: discount (unearned interest)	(6,386)	(19,800)
At 31 December	**317,481**	**611,426**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. DEFERRED TAX

Deferred tax is recognised 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:

	2024 TZS'000	2023 TZS'000
Accelerated capital for tax purpose	231,095	49,221
Expected credit losses on financial assets	(2,629,817)	(2,362,309)
Fair value adjustment	125,913	-
Total deferred tax	**(2,272,809)**	**(2,313,088)**

The movement in deferred tax during the year is as follows:

At 1 January	2,313,088	4,326,287
Credit to profit and loss	(53,515)	(2,013,199)
Under provision in prior year	13,236	-
At 31 December	**2,272,809**	**2,313,088**

26. SPECIAL CUSTOMER DEPOSITS

Special purpose deposits	-	62,765
Cash cover deposits	92,840	264,733
Customer loans repaid in advance	1,382,221	352,744
Total	**1,475,061**	**680,242**

TADB holds special customer deposits. 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.

The movement in special customer deposits for the year reflected an increase of TZS 794,818,500, primarily driven by higher instalments settled through premature cash repayments. (2023: a decrease of TZS 3,679,504,000)

27. SPECIAL FUNDS

	2024 TZS'000	2023 TZS'000
Smallholders Credit Guarantee Scheme (SCGS) Funds	54,068,014	54,261,105
Ministry of Livestock and Fisheries - Fishing fund	12,116,402	23,947,300
The Bill & Melinda Gates Foundation Diary funds (BMGF)	2,113,262	4,666,167
AGRA Matching Grant	1,787,594	1,797,394
The Agence Française de Développement (AFD) EURO Funds	378,506	758,137
The Solidaridad Network Funds	104,055	285,917
Total	**70,567,833**	85,716,020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. SPECIAL FUNDS (Continued)

Special funds are financial resources managed by the Bank on behalf of local government entities and international partners to support specific projects within the country.

Movement in special funds for the year was a decrease of TZS 15,148,185,500 (2023: Increase of TZS 23,956,980,000).

Set out below are details of the special funds.

- **Smallholder Farmers Credit Guarantee Scheme (SCGS) fund**

The SCGS fund is a fund obtained from different development 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. Using the fund, TADB guarantees up to 70% of principal loan amount issued by partner commercial Banks to smallholder farmers across the country.

- **Ministry of Livestock and Fisheries - Fishing fund**

In 2024, TADB continued to implement the fisheries project in collaboration with the Ministry of Livestock and Fisheries (MoLF). TADB received a total of TZS 25.175 billion to provide concessional loans to project beneficiaries.

- **The Bill & Melinda Gates Foundation Diary funds (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 third drawdown amounting to USD 500,000 in October 2024, hence making a total access of USD 6,107,123.

- **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 30 metric tons of maize per day.

The grant is accessed and utilised 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 2024, TADB and Solidaridad continued their commitment to the Dairy Youth Farm Settlement pilot project in the Tanga region. While no additional funds were received in 2024, TADB had successfully met all project prerequisites in the previous year, enabling the final drawdown of Euro 30,000 (equivalent to TZS 84.72 million) in December 2023. This marked the completion of 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 through a tripartite agreement with 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. No funds were received as technical assistance in 2023 and 2024.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. DEFERRED GRANT INCOME

	Opening balance	Grants received	Foreign exchange loss	Grants utilised	Closing balance
2024	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
Deferred grants - SCGS fund	2,450,883	-	-	(155,188)	2,295,695
Deferred grants - FSDT fund	-	-	-	-	-
Deferred grants - BMGF TI3P	-	618,328	-	(618,328)	-
Deferred grants - AFD fund	39,563,529	15,054,127	-	(66,984)	54,550,672
Deferred grants - Aceli	-	1,172,610	-	(1,172,610)	-
Deferred grants - Heifer		55,000		(55,000)	
Deferred grant - Wavuvi	-	337,410	-	(337,410)	-
	42,014,412	**17,237,475**	**-**	**(2,405,520)**	**56,846,367**
2023					
Deferred grants - SCGS fund	2,552,834	-	-	(101,951)	2,450,883
Deferred grants - FSDT fund	244,774	-	9,280	(254,054)	-
Deferred grant - BMGF TI3P	-	995,175	-	(995,175)	-
Deferred grants - AFD fund	21,215,387	18,794,910	-	(446,768)	39,563,529
Deferred grants - Aceli	-	1,045,037	-	(1,045,037)	-
Deferred grant - Wavuvi	-	337,410	-	(337,410)	-
Deferred grant - MIVARF	137,025	183,618		(320,643)	
	24,150,020	**21,356,150**	**9,280**	**(3,501,038)**	**42,014,412**

Set out below are details of the Deferred grant income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. 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 following 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 organisational capacity.

The grant was fully depreciated at the end of the reporting period.

- **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 provided by the Bill and Melinda Gates Foundation (BMGF).

- **Deferred grants - AFD fund**

At the end of the reporting period, the Bank had received the final tranche of Euro 6 million (equivalent to TZS 15.05 billion) in 2024, bringing the total grant funding from AFD to Euro 20 million. The Bank receives a shilling equivalent as per the contract with the government. With this final disbursement, the full amount of AFD’s committed funding has been received.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. DEFERRED GRANT INCOME (Continued)

- **Deferred grant - Aceli Africa**

In 2020, TADB signed an agreement with Aceli Africa to support SMEs in agriculture. The program provides financial incentives such as SME portfolio first loss cover, encouraging lenders to extend more loans that meet impact criteria while mitigating the incremental risk of serving marginalized borrowers. It also offers origination incentives to compensate the Bank for lower revenues and higher operating costs associated with smaller SME loans, along with impact bonuses and technical assistance support for partner financial institutions and borrowers. In 2024, the Bank received TZS 1.03 billion under this program.

- **Deferred grant - 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. All administration’s expenses borne by the Bank will be recovered from Ministry of Livestock and Fisheries.

29. OTHER LIABILITIES

	2024 TZS’000	2023 TZS’000
Accrued staff benefits*	878,635	614,454
Accounts payable	3,320,305	2,202,003
Other tax payables	379,256	928,456
Deferred fee income	1,539,371	836,270
Total	**6,117,567**	**4,581,183**
The movement in other liabilities for cash flow purpose:		
At 1 January	4,581,183	2,176,690
At 31 December	(6,117,567)	(4,581,183)
Cash flow movement for the year	**(1,536,384)**	**(2,404,493)**

*Accrued staff benefits include gratuity payables (TZS 97 million) at the end of the contract for staff on contract arrangement, terminal benefits (TZS 110 million) for staff with pending legal cases and accrual for annual performance honorarium. 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 (Continued)

30. BORROWINGS

	2024 TZS'000	2023 TZS'000
Borrowings from AFD	150,100,286	89,883,777
Borrowings from pension funds	43,000,000	40,000,000
Borrowing from Bank of Tanzania	14,000,000	-
Borrowings from other Banks	63,000,000	26,500,000
Accrued interest on borrowings	4,917,622	1,809,392
Total	**275,017,908**	**158,193,169**
Reconciliation of borrowings:		
At the beginning of the year	158,193,169	52,382,969
Loan received during the year	113,716,508	104,261,054
Interest expense recognised in profit or loss	7,225,911	3,522,845
Interest paid	(4,117,680)	(1,973,699)
At the end of the year	**275,017,908**	**158,193,169**
Maturity analysis:		
Current	81,917,622	28,309,392
Non-current	193,100,286	129,883,777
	275,017,908	**158,193,169**

Borrowings from AFD

In December 2024, TADB received TZS 75.28 billion (equivalent to Euro 30 million) as the third and final tranche from AFD. These funds are part of a Credit Facility Agreement valued at Euro 80 million, signed between the Government of Tanzania, through the Ministry of Finance (MoF), and the Agence Française de Développement (AFD).

Of the total, TZS 150.10 billion (Euro 58.4 million) was a long-term concessional loan with a 25-year term and a 5-year grace period, TZS 51.12 billion (Euro 20 million) was a grant, and TZS 3.95 billion (Euro 1.6 million) as Technical Assistance (TA) to enhance the SCGS scheme. The long-term concessional loan portion received in 2024 was TZS 60.23 billion, bringing the total received to TZS 150.10 billion.

Borrowings from Pension Fund

In 2024, TADB established a strategic financing agreement with the National Social Security Fund (NSSF) and the Workers Compensation Fund (WCF), securing TZS 10 billion at an annual interest rate of 11% (payable semi-annually) and TZS 3 billion at an annual interest rate of 7.6%. Both are two-year facilities, strategically allocated to support the growth and expansion of the agricultural sector, reinforcing TADB's commitment to sustainable agricultural development. The Bank pledged Nil collateral for the funding.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. BORROWINGS (Continued)

Borrowings from Bank of Tanzania

As part of the Bank of Tanzania's (BOT) 1 trillion-shilling agriculture fund project, TADB successfully obtained TZS 14 billion in 2024, at an annual interest rate of 3%. This facility

was established by the BOT to assist the agriculture sector by providing affordable interest rates to Banks in Tanzania. The facility is for a period of three months fully secured by equivalent amount in bonds as collateral.

Borrowings from other Banks

In 2024, TADB successfully raised short-term funding by engaging in the interBank money market. TADB was able to secure borrowings totalling TZS 63.0 billion as of 31 December 2024 including Azania (TZS 16 billion), TCB (TZS 10 billion and NMB (TZS 37 billion).

31. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and demand deposits, along with short-term, highly liquid investments easily convertible to known amounts of cash with minimal risk of value changes. Investments qualify as cash equivalents if they have a maturity of three months or less from the acquisition date, such as debt instruments with fixed redemption dates purchased within three months of maturity. During the year ended 31 December 2024, cash and cash equivalents comprise of the following:

	2024 TZS'000	2023 TZS'000
Cash and balances with Bank of Tanzania (gross)	2,590,132	2,321,446
Due from other Banks (gross)	285,675,803	222,722,656
	288,265,935	**225,044,102**

32. DIVIDEND

Dividends are not recognised as a liability until they have been approved at the Annual General Meeting. During the year, dividend of TZS 850 million in respect of the financial year 2023 (2023: 600 million in respect of the financial year 2022) was approved and paid to the Bank's shareholders.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Bank entered into several related party transactions in the normal course of business. The transactions include Directors fees to members of the Board, loans and other compensations to key management personnel.

a. Due from related parties

	2024 TZS'000	2023 TZS'000
Loans and advances to key management personnel	2,890,128	2,408,382

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(1) (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:

	2024 TZS'000	2023 TZS'000
Directors' fees	89,500	90,333
Salaries and wages	5,226,421	4,038,391
End of the term allowance	124,322	79,322
	5,440,243	**4,208,046**

c. The remuneration of key management personnel during the year is given below:

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. SHARE CAPITAL

The Bank's authorised and fully paid-up share capital for the year ended 31 December 2024 is as follows:

	2024 TZS'000	2023 TZS'000
Authorized:		
800,000,000 ordinary shares of TZS 1,000 each	800,000,000	800,000,000
Issued and fully paid up:		
442,365,150 ordinary shares of TZS 1,000 (2023: 268,202,304 ordinary shares of TZS 1,000)	**442,365,150**	**268,202,304**
Number of shares		
As at 1 January	268,202,304	268,202,304
Issued shares	174,162,846	-
As at 31 December 2024	**442,365,150**	**268,202,304**
Value of shares		
As at 1 January	268,202,304	268,202,304
Issued shares	174,162,846	-
As at 31 December 2024	**442,365,150**	**268,202,304**

34. REGULATORY RESERVE

	2024 TZS'000	2023 TZS'000
As at 1 January	1,860,617	-
(Decrease)/increase in regulatory reserve	(84,998)	1,860,617
As at 31 December 2024	**1,775,619**	**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 (ECL) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. COMMITMENTS AND CONTIGENT LIABILITIES

a) Loan commitments and guarantee

Commitments relate to undrawn approved loan and advances to customers whereas financial guarantees relate to the guarantee TADB has provided to partner financial institutions under SCGS scheme as detailed in note 27.

As at 31 December 2024, the Bank held the following contractual off-balance sheet commitments and guarantee to extend credit:

	Not later than 1 Year	1-5 Years	Over 5 Years	Total
	TZS '000	TZS '000	TZS '000	TZS 000
As at 31 December 2024				
Loan commitments	43,047,756	9,367,651	16,416,588	68,831,995
Financial guarantees	60,987,584	-	-	60,987,584
Total	**104,035,340**	**9,367,651**	**16,416,588**	**129,819,579**
As at 31 December 2023				
Loan commitments	16,748,544	6,029,343	48,311,894	71,089,781
Financial guarantees	46,770,873	-	-	46,770,873
Total	**63,519,417**	**6,029,343**	**48,311,894**	**117,860,654**

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 24. 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.

c) Legal claims

For the year ended 31 December 2024, there were three (2023: 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 2024 (2023: NIL).

36. 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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