



Annual Report & Financial Statements 2023

Bank of Baroda (Tanzania) Limited

Annual Report and Financial Statements

For the year ended 31 December 2023



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**COMPANY INFORMATION****REGISTERED OFFICE AND HEAD OFFICE**

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General line

General line

Managing Director

Branch Manager

Deputy Managing Director

BOARD OF DIRECTORS**Name****Position****Nationality****Appointed on**

Mr. Debadatta Chand

Chairman

Indian

21st February, 2022

Mr. Jakkaiah Lalam

Member

Indian

4th September, 2023

Dr. Mato James Magobe

Member

Tanzanian

13th November, 2023

Dr. Emmanuel M. Sadiki

Member

Tanzanian

8th April, 2018

Dr. Saganga M. Kapaya

Member

Tanzanian

2nd June, 2018

Dr. Bupe J. Mwakyusa

Member

Tanzanian

2nd June, 2018

Dr. Kadida R. Mashaushi

Member

Tanzanian

29th November, 2021

Mr. Aditya Narayan Singh

Managing Director

Indian

21st February, 2022

Mr. Vikash K. Pandey

Deputy Managing Director

Indian

8th April, 2021

Resigned on

Dr. Immanuel Daniel Mnzava

Member

Tanzanian

27th September, 2023

AUDITOR

NEXIA TANZANIA

2nd Floor, Oyster Plaza, Haile Selassie Road

Oysterbay

P O Box 12729,

Dar es Salaam, Tanzania

BANK SECRETARY

Viann Sigismund Komba

T/A Leop & Viann Associates

P. O. Box 40317, Dar es Salaam

BRANCH NETWORK**Dar es Salaam****Main branch**

Plot No. 149/32

Ohio / Sokoine Drive

P. O. Box 5356

Dar es Salaam

Tanzania.

Dar es Salaam**Kariakoo branch**

Plot No. 8, Block 13

Msimbazi/Mafia Street

P. O. Box 5610

Dar es Salaam

Tanzania.

Arusha branch

Plot No. 12, Block E

Goliondoni Road

P. O. Box 3152

Arusha

Tanzania.

Mwanza branch

Plot No. 153, Block T

Kenyatta Road

P. O. Box 5356

Mwanza

Tanzania.

REPORT OF THE DIRECTORS

Introduction

The Board of Directors of Bank of Baroda (Tanzania) Limited has the pleasure to present their annual report and the audited financial statements for the year ended 31st December 2023, which disclose the state of affairs of the Bank. This report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, Directors' Report.

1. Incorporation

Bank of Baroda (Tanzania) Limited, a wholly owned subsidiary of Bank of Baroda, India was incorporated under the Tanzanian Companies Act, 2002 on 4th December, 2003. The bank commenced business on 13th October 2004 with its first branch in Dar es Salaam. The bank opened its second branch in Arusha on 11th August 2007, third branch in Kariakoo on 11 June 2013 and fourth branch in Mwanza on 21st July 2014.

2. Vision & Mission Statement

Vision: To be a leading provider of the complete range of financial service solutions operating locally and internationally to all segments under one roof.

Mission: Leverage our local and global expertise to be a leading provider of complete range of financial service solutions by delivering high quality innovative and world-class products while maintaining the highest standards of governance and ethics.

3. Corporate Values

Bank of Baroda (Tanzania) Limited is determined to creating an unwavering guide through the path to growth, integrity and passion.

4. Principal activities

The Principal activity of Bank of Baroda (Tanzania) Limited is to provide banking and related services stipulated by the Banking and Financial Institutions Act, 2006. These includes but not limited to provision of banking services to a range of private, business, and charity customers. The bank is providing full-fledged banking operations and serving the people in all walks of life. The bank is financing businessmen, traders, manufacturers, retailers, individuals, employees of well established companies, institutions, government departments, and Small and Medium sized Enterprises (SMEs). Those products includes Savings products, Loan products, Trade Finance products, Treasury products, Remittances, SMS Alerts, Mobile Banking and a range of other E-banking products.

The bank have been implementing its third year of the five year Business Strategy for the period from 2021 to 2025 with a thrust of providing best banking services to the community and achieve a total business of Tsh 373 billion for the year then ended. There has been no significant change in the principal activities of the bank during the financial year ended 31st December 2023.

5. Objectives

The following are the main objectives of the Bank:

To provide banking and related services stipulated by the Banking and Financial Institutions Act, 2006; To provide banking services to a range of private, business, and charity customers; To provide full-fledged banking operations and serving the people in all walks of life. The bank is financing businessmen, traders, manufacturers, retailers, individuals, employees of well established companies, institutions, government departments, and Small and Medium Sized Enterprises (SMEs). Those products include Savings products, Loan products, Trade Finance products, Treasury products, Remittances, SMS Alerts, and a range of E-banking products; and To promote easy access to financial services for entrepreneurs running micro, small and medium sized enterprises (MSMEs).

REPORT OF THE DIRECTORS (CONTINUED)
6. Annual General Meeting

The 19th Annual General Meeting (AGM) for the financial year 2023 was held as per the provision of the Companies Act on 6th June 2023 at 12.30p.m at Grand Meria Hotel, Arusha, Tanzania where, receipt of proxy was taken as read and accepted on behalf of Bank of Baroda and Mr. Suresh L. Gajja. Mr. Jakkaiah Lalam, General Manager, Bank of Baroda - India represented Bank of Baroda India (shareholder) and Mr. Aditya Narayan Singh (Managing Director) represented Mr. Suresh L. Gajjar (shareholder) on the basis of proxy given by the shareholders. Mr. Mark Shirima and Mr. Juma Rashid represented the Regulator (Bank of Tanzania) as the main stakeholder of the bank, Mrs Prasitha Prasad and Mr. Ahmed Said represented the statutory auditor of the bank, M/S Nexia SJ Tanzania and Mr. Viann S. Komba represented the Tax Consultant and Company Secretary of the Bank, M/S T/A Leap & Viann Associates.

The chairperson, Mr. Debadatta Chand welcomed the Board members, shareholders and stakeholder's representative for the discussion as Mr. Aditya Narayan Singh (Managing Director) proposed and Dr. Imanueli Daniel Mnzava and Dr. Saganga Musa Kapaya seconded the following resolutions be adopted as an Ordinary Resolution;

- Passed unanimously the resolution for approval of the Financial Statements for the Financial Year ended 31st December 2022, the Auditors' Report thereon, the Directors' Report attached thereto and Accounting Policies including the notes.
- Passed unanimously the re-appointment of M/S Nexia SJ Tanzania of P.O.Box 12729, Dar es Salaam as external auditors of the Bank holding office from conclusion of the 18th Annual General Meeting until the conclusion of the 19th Annual General Meeting subject to the provision of section 170(1) of the Companies Act, 2002 and Regulation 5(1) of the Banking and Financial Institutions (External Auditors) Regulation 2014 made under section 22(4) of the Banking and Financial Institutions Act, 2006.
- Passed unanimously the resolution that, the approval be and accorded for payment of dividend of TZS 32.52 per share to shareholders of Bank of Baroda (Tanzania) Limited subject to payment of withholding tax and regulatory approvals.

7. Composition of the Board of Directors

The Directors of Bank of Baroda (Tanzania) Limited who held office during the year are as follows.

<i>Name of Directors</i>	<i>Position</i>	<i>Age</i>	<i>Qualification /Discipline</i>	<i>Appointed/ Resigned</i>	<i>Date of Appointment</i>	<i>Date of Resignation</i>
Mr. Debadatta Chand	Chairman	53	Banker	Continuing	21-Feb-2022	Not applicable
Mr. Jakkaiah Lalam	Member	56	Banker	Appointed	4-Sep-2023	Not applicable
Dr. Emmanuel Sadiki	Member	61	Accountant	Continuing	8-Apr-2018	Not applicable
Dr. Saganga M. Kapaya	Member	47	Accountant	Continuing	2-Jun-2018	Not applicable
Dr. Bupe J. Mwakyusa	Member	47	Accountant	Continuing	2-Jun-2018	Not applicable
Dr. Kadida Mashaushi	Member	59	Accountant	Appointed	29-Nov-2021	Not applicable
Dr. Mato James Magobe	Member	50	Accountant	Appointed	13-Nov-2023	Not applicable
Mr. Aditya Narayan Singh	Managing Director	56	Banker	Appointed	21-Feb-2022	Not applicable
Mr. Vikash K. Pandey	Dy Managing Director	39	Banker	Appointed	8-Apr-2021	Not applicable
Dr. Immanueli D. Mnzava	Member	59	Accountant	Resigned	26-Oct-2017	27-Sep-2023

The Company secretary as at the date of this report was Mr. Viann S. Komba of T/A Leap & Viann Associates. Mr. Viann S. Komba of T/A Leap & Viann Associates is also the tax consultant of the bank for the year then ended.

REPORT OF THE DIRECTORS (CONTINUED)
8. Corporate Governance

Bank of Baroda (Tanzania) Limited has nine (9) Directors. With exception of the Managing Director and the Deputy Managing Director, no other directors hold executive positions in the bank. Seven of the board directors are non-executives. The board is responsible for safe custody and investment of depositors' funds. Consequently, the board commits sufficient time for oversight of affairs of the bank including identification of key risk areas, considering significant financial matters, reviewing the performance of management business and ensuring a comprehensive system of internal control policies and procedures is operative in compliance with sound corporate governance principles. The effective oversight by the board for the overall responsibility of the bank entails possession of necessary skills to make sound and independent judgments and be able to apply immediate remedial measures. The board is required to meet at least four times in a year and delegates the day to day management of the business to the Managing Director assisted by senior management team. Bank of Baroda (Tanzania) Limited is committed to the principles of effective corporate governance recognizing the importance of integrity, transparency and accountability.

The bank shall continue its endeavor to enhance its shareholders' value by protecting their interest by ensuring performance at all levels, and maximizing returns with optimal use of resources in its pursuit of excellence. The bank shall comply with not only the statutory requirements, but also voluntarily formulate and adhere to a set of strong corporate governance practices. The bank believes in setting high standards of ethical values, transparency and a disciplined approach to achieve excellence in all its sphere of activities. The bank shall strive hard to best serve the interests of its stakeholders comprising shareholders, customers, government and society at large.

In connection with effective oversight, the board of Bank of Baroda (Tanzania) Limited during the year has a responsibility to ensure high standard of corporate governance through establishment and effective functioning of various board committees and management in key areas.

8.1 Board Committees

The following Board Committees were reconstituted during 2023. All the committees are made exclusively of non-executive directors. The committee addresses the issues relating to the formulation of policies and assessment of its compliance, which brings about consistent improvement in the banking performance.

S.no	Name of Director	Designation	Position	Board Audit Committee	Board Credit Committee	Board Risk Committee	Board Rem Committee
1	Mr. Jakkaiah Lalam	Director	Member	N	*	Y	Y
2	Dr. Immanueli D. Mnzava	Director	Member	N	Y	*	Y
3	Dr. Emmanuel Sadiki	Director	Member	*	N	N	N
4	Dr. Saganga M. Kapaya	Director	Member	Y	N	N	N
4	Dr. Bupe J. Mwakyusa	Director	Member	N	Y	Y	*
5	Dr. Kadida Mashaushi	Director	Member	Y	N	N	N
7	Dr. Mato J. Magobe	Director	Member	N	Y	*	Y

*: Chairman, Y: Member of the Committee, N: Non-member of the Committee

REPORT OF THE DIRECTORS (CONTINUED)**8. Corporate Governance(continued)****8.1 Board Committees (continued)****(i) Audit Committee**

The committee met 4 times during the year. The Managing Director, and the Senior Manager Credit participated in the meetings as invitees.

S.no	Name of Director	Nationality	Designation	Period	Meetings scheduled	Meeting attended
1	Dr. Emmanuel M. Sadiki	Tanzanian	Chairman	12 Months	4	4
2	Dr. Saganga M. Kapaya	Tanzanian	Member	12 Months	4	4
3	Dr. Kadida R. Mashaushi	Tanzanian	Member	12 Months	4	4

The Audit Committee provides directions to the bank including the organisation, operations and quality control of internal audit, internal control weakness and inspection within the bank and follow-up of the suggestion of statutory/external audit of the bank and Bank of Tanzania inspections.

The Committee also reviews the adequacy of internal control systems, structure of internal department, its staffing pattern and hold discussions with the internal auditors/inspectors on any significant finding and follow-up action thereon. It also reviews the financial and risk management policies of the bank.

(ii) Credit Committee

The committee met 4 times during the year. The Managing Director and the Senior Manager Credit participated in the meetings as invitees.

S.no	Name of Director	Nationality	Designation	Period	Meetings scheduled	Meeting attended
1	Mr. Jakkaiah Lalam	Indian	Chairman	3 Months	1	1
2	Dr. Immanueli D. Mnzava	Tanzanian	Chairman	9 Months	3	3
3	Dr. Bupe J. Mwakyusa	Tanzanian	Member	12 Months	4	4
4	Dr. Mato J. Magobe	Tanzanian	Member	2 Months	1	1

The main function of the Credit Committee is to monitor performance and quality of the credit portfolio, appraise and approve loans within its credit approval limit and recommend to the Board for approval facilities beyond its limit.

The Committee reviews Credit Policy at least once a year and ensures that it contains sound fundamental principles that facilitate the identification, measurement, monitoring and control of credit risk as well as having appropriate plans and strategies for credit risk management.

(iii) Risk Committee

The committee met 4 times during the year. The Managing Director and the Head of Risk Management participated in the meetings as invitees.

S.no	Name of Director	Nationality	Designation	Period	Meetings scheduled	Meeting attended
1	Dr. Immanueli D. Mnzava	Tanzanian	Chairman	9 Months	3	3
2	Dr. Mato J. Magobe	Tanzanian	Chairman	2 Months	1	1
3	Mr. Jakkaiah Lalam	Indian	Member	3 Months	1	1
4	Dr. Bupe J. Mwakyusa	Tanzanian	Member	12 Months	4	4

The main function of the Risk Committee is to assist the Board in reviewing risk management strategies and policies and recommend them for approval. It provides the Board with regular assessments of the group risk profile and monitors implementation of risk management action plans.

The Committee also reviews adequacy and effectiveness of balance sheet management and its related risks through Asset Liability Management Committee (ALCO) reports presented by Management to the Committee every quarter.

(iv) Remuneration Committee

The committee met 4 times during the year. The Managing Director and the Head of Human Resource participated in the

S.no	Name of Director	Nationality	Designation	Period	Meetings scheduled	Meeting attended
1	Dr. Bupe J. Mwakyusa	Tanzanian	Chairperson	12 Months	4	4
2	Dr. Immanueli D. Mnzava	Tanzanian	Member	9 Months	3	3
3	Dr. Mato J. Magobe	Tanzanian	Member	2 Months	1	1
4	Mr. Jakkaiah Lalam	Indian	Member	3 Months	1	1

The main function of this Committee is to ensure a fair transparent and equitable remuneration to employees and directors based on quality of people, their performances and capabilities to run the company successfully. It is a Board committee responsible for overseeing the compensation system's design and operations on behalf of the Board. The Charter of Remuneration committee of Board shall be approved by the Board of Directors.

REPORT OF THE DIRECTORS (CONTINUED)**8. Corporate Governance(continued)****8.2 Management Team**

The management of the Bank is under the Managing Director who is assisted by Deputy Managing Director, General Manager (Credit and Operations). The Unit heads and Branch heads also assist the Managing Director in managing the bank. The Managing Director is the overall incharge of Bank of Baroda (Tanzania) Limited responsible for planning, monitoring and business growth, the main responsibilities of which includes regulatory compliance, formulation of policies, liaison with stakeholders, product innovation and marketing.

The Deputy Managing Director oversee the Finance, Administration, Human Resources and Information Technology. The General Manager oversee the Credit, Branch Banking, Treasury. Treasury and Credit departments are headed by Senior Managers. Dar es Salaam and Arusha branches are also headed by senior managers. The Operations of the Bank are organized by the following department; credit department, Treasury and Foreign Exchange department, Finance department, Risk and Compliance department and Information Technology department and Audit Department. Heads of Compliance and Head of Risk departments are directly reporting to the Managing Director except the Internal Auditor who reports directly to the Board Audit Committee with a second line of reporting to the Managing Director.

8.2.1 Management Committees

The following Sub-Committees of the Board were reconstituted during 2023. All the committees are made exclusively of executive directors and heads of operating units. The committee addresses the issues relating to the formulation of KPI's and KRI's and assessment of its compliance together with day to day management of the performance of the management, which brings about consistent improvement in the banking performance. The sub-committees also appraise the Board Committees of the issues for discussion at the higher level including policies formulation and bank limits revision.

(i) Assets and Liabilities Sub-Committee (ALCO)

The committee is composed of Managing Director, Deputy Managing Director, Head of Finance, General Manager(Credit and Operations), Head of Credit, Head of Treasury and Branch Head Dar es Salaam Main branch. The committee is responsible for managing the balance sheet to ensure proper allocation of resources to achieve performance targets. The committee meets once in a month.

The committee also review the liquidity position on current and prospective basis, monitoring the funding alternatives to ensure adequacy of the liquidity is maintained. It also review the capital level for determination of its adequacy in relation to expected growth and asset quality, reviewing the actual performance against established targets and analysing the reasons for variance for remedials. Measurement and monitoring of investment risk to ensure quality portfolio of assets to maintain the portfolio within the limits set by the Board and regulatory requirements is another responsibility of the ALCO.

(ii) Enterprise Risk Management Committee (ERMC)

Enterprise Risk Management Committee is a committee of senior management formed with primary objective of management and measurement of Enterprise Risk at the bank. The committee met 3 times during the year. The Managing Director, and the Senior Manager Credit participated in the meetings.

The Committee is responsible for design and implementation of Enterprise Risk Management Framework, as approved by the board which is comensurate with the bank's risk appetite, business strategy, regulatory requirements and overall governance framework prescribed by the board.

The Committee reviews and assess the overall risk profile of the bank including key issues, risk incidents, limits, breaches, internal and external changes having material impact on the risk profile of the bank, non-compliance with policy and procedures, pending corrective action plans, capital computation and all its allocation, issues identified by auditors and the regulator and issue appropriate guidance to ensure effective Enterprise risk management framework.

REPORT OF THE DIRECTORS (CONTINUED)**8. Corporate Governance(continued)****8.2 Management Team (continued)****(iii) Tanzania Credit Committee**

Apart from the Board Credit Committee which is vested with full powers of lending, and which meets in a quarter and when required, there is a Tanzania Credit Committee comprised of the Managing Director as the Chairperson, and the members of the Committee are the Deputy Managing Director, General manager (Credit and Operations), Branch Head of Dar es Salaam main branch, Senior Manager Credit, Senior Manager Forex and any other officer(s) with the permission of the chairperson may be invited.

The Committee reviews and assess the proposals falling under the discretionary Lending Power of Managing Director and the duties of the Committee remain same as presently delegated at substantive of Managing Director whereas, proposals beyond such delegated powers are to be referred to the Board Credit Committee with recommendations. The committee meets once in a week and the frequency of the meeting relaxed to incorporate as much meetings as per necessity arising within the week.

(iv) Business Continuity Program (BCP) Committee

The primary objective of BCP is to maintain viable recovery strategies and plans to ensure that all critical information / data are salvaged in the minimum possible time in the event of major incident. A major incident is any accidental, natural or malicious event, which threatens or disrupts normal operations or services for sufficient time to significantly affect or cause failure of essential services rendered by the bank, including essential services rendered to internal customers

The Committee will normally meet once in a half year and as and when exigencies arise. The quorum of the committee will be 3- members including the Chairman. The BCP Committee will deliberate and decide upon the following:

- Identification of business function groups, BIA (Business Impact Analysis), Prioritization, fixation of RTO (Recovery Time Objectives) / RPO (Recovery Point Objectives) for the function groups.
- Identification of the threats to which the Business Processes are exposed and the assessment of the potential damage and disruption associated with these threats if occurs.
- The BCP Committee will be responsible for overall implementation, monitoring and periodical reviews of the BCP in the Bank and appraise to Risk Management Committee (RMC) and Board once in 6 months
- The BCP Committee at the Branches / other operating units comprise of the Branch Manager / Head of the Unit, Accountant and Officer/s and award staff members as may be nominated for the purpose by the Branch Manager / Unit Head and responsible for the following functions;
- To arrange meeting with Customers to disseminate information.
- To prepare and conduct periodic testing, mock drills and review/updation of BCP of the Branch or Operating Unit
- To decide and declare the disaster and to notify the Regional Office / Reporting Authority
- To initiate action as per the pre-prepared action points based on the BCP Policy, Guidelines and BCP of the Branch / Operating Unit.

8.2.2 Relationship with Stakeholders

In fulfilling their responsibilities, the Directors believe that they govern the Group in the best interests of shareholders, whilst having due regard to the interests of other stakeholders in the bank including customers, employees, regulators and suppliers. The Management communicates regularly with major shareholders and the parent bank throughout the year by participating in stakeholders meetings. Feedbacks from these meetings is reported to the Board.

The Bank continues to maintain good relationship with all Stakeholders. The bank apart from suggestion box displayed at each bank's branch, has established a website through which stakeholders are encouraged to post questions and ideas for quality banking services provision. The management of the bank is dedicated to offering best banking services to its customers having put forward the infrastructure for needs identification and product or service development therewith. Bank of Baroda (Tanzania) Limited is keen to its customer satisfaction and contribute to the economy growth while remaining compliant to the legal and regulatory requirements.

REPORT OF THE DIRECTORS (CONTINUED)**8. Corporate Governance(continued)****8.2.3 Compensation of Key Management Personnel**

The Key Management of the bank is comprised of the Managing Director, Deputy Managing Director, General Manager (Credit and Operations) and Senior Managers reporting to the Managing Director and Deputy Managing director. The remuneration of key management for the year ended 31st December 2023 was TZS 1.775 Billion (TZS 1.632 Billion in 2022)

8.2.4 Employees Welfare

The relationship between employees and management continued to be cordial. The bank provides training, medical assistance and loans to its employees. Employees were deputed for training conducted by Bank of Tanzania (BOT), National Board of Auditors and Accountants (NBAA) and Tanzania Institute of Bankers (TIOB) in the areas of Risk Management, Accounting Standards, Regulatory Compliance, Banking operations, etc. There were no unresolved complaints received by management from individual employees or groups thereof. The bank recruited and trained new staff to provide unhindered services to customers.

8.2.5 Related Party Transaction

Bank of Baroda (Tanzania) Limited has a related party arrangement that provide guidance on the conduct of insider trading. Insiders are allowed to borrow to the limit not exceeding ten (10) percent for single borrower and twenty five (25) percent in aggregate against the bank's core capital at any point in time. Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Banking relationships are entered into with related parties to include key management staff, Directors, the associates and companies of key management staff and Directors.

There were no loans and advances to neither companies associated to related parties nor related parties for the Financial year 2023. Key management staff are provided by loans covered under the human resources policy and hence not defined as related party transaction. However, as per Transfer Pricing regulation, key management staff loans and deposits are considered as related party transactions hence disclosed under note 26.

8.3 Ethical Behaviour and Organization Integrity

Bank of Baroda (Tanzania) Limited corporate governance structure involves managing and controlling relationships amongst different stakeholders including the parent bank, Board of Directors, employees, customers, suppliers and the community at large. The Board and all employees of the bank observe values and ethical business practices as enshrined in the Bank of Baroda Code of Ethics which governs all its business interactions and relationships to stakeholders.

9. Risk Management and Internal Control

The Board accepts ultimate responsibility for the risk management and internal control function of the Bank of Baroda (Tanzania) Limited. It is the responsibility of the Management to ensure that adequate internal control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

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

Good governance is dependent on adequate and effective Governance Framework which is in line with best international practices. In order to ensure the internal controls remain adequate, the Bank has a full-fledged Risk and Compliance function that coordinates and oversees the implementation of enterprise wide risk management framework within Bank of Baroda (Tanzania) Limited. In addition, the Board through its Risk Committees evaluated the internal control systems during the financial year ended 31 December 2023. It is of the opinion that they adequately and efficiently mitigate risks inherent in Bank of Baroda (Tanzania) Limited's operations.

10. Principal Risks and Uncertainties

The principal risks that may significantly affect the Bank's strategies and development are mainly operational, fraud and financial risks. The description of the operational, fraud and financial risks contend the Bank and whose related management controls in place are as hereunder:

REPORT OF THE DIRECTORS (CONTINUED)**10. Principal Risks and Uncertainties (continued)****10.1 Fraud risk**

The Management has put in place several controls to mitigate the fraud risk. These controls include:

- The Bank has adequate segregation of duty control in each sensitive area of the operations which include cheque handling, Automated Teller Machine (ATM) card and Personal Identification Number (PIN) controls and strong room,
- The Bank has adequate internal reports generated by system on daily basis that helps detection of any misappropriations and irregularities, and
- The Bank has an Internal Auditor who verifies and provides assurance on the banks operations which serves as a protection against any future risk.

10.2 Operational risk

The Bank is exposed to operational risks that may arise from inadequate or failed internal processes, people, systems or external events. However, Bank of Baroda (Tanzania) Limited has adequate operational risk policies and risk management framework that cater for mitigation of these risks

This is a risk resulting from the Bank's activities not being conducted in accordance with formally recognised procedures including non-compliance with Know Your Customer (KYC) and account opening procedures.

Management has put in place several controls to mitigate the operational risk including the following:

- The Bank has operational manual for its daily activities, which provides adequate procedures and rules of attending every activity of the Bank,
- The Bank has several policies, which guide the operations of every department and units in a bank, and
- The Bank has a system of ensuring every transaction and event concluded were properly under supervision and authorization.

10.3 Financial risk

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. More details of the financial risks facing the Bank are provided in Note 4 to the financial statements.

Financial risk includes credit, liquidity and market risks. Bank of Baroda (Tanzania) Limited overall risk management policies are set out by the Board of Directors and implemented by the Management. These policies involve identification, measurement, evaluation and mitigation or control of such risks. The additional details of the financial risks facing the Bank are provided in the notes to the financial statements.

Management has put in place several controls to mitigate the financial risk including the following:

- The Bank has adequate policies that guide each operation relating to financial risk like credit policy, financial policy and Management of Asset and Liability policy,
- Management has internal reports that serve as red flags which puts attention to management in thoroughly reviewing the respective operations like net open position, exchange rates and general asset revaluation, and
- The Bank has in place insurance policies that cover for credit life Insurances for its borrowers.

REPORT OF THE DIRECTORS (CONTINUED)**10. Principal Risks and Uncertainties (Continued)****10.3 Financial risk (Continued)****10.3.1 Liquidity risk**

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

The Bank's liquidity management process, as carried out within the Bank and monitored by the Asset and Liability Committee (ALCO) of the Bank, include:

Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Bank maintain an active presence in money markets to enable this to happen;

Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and

Managing the concentration and profile of debt maturities.

10.3.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank's Asset and Liability Committee (ALCO) sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored regularly by the Bank. More details of the interest risks facing the Bank are provided in Note 4 to the financial statements.

10.3.3 Credit risk

Credit risk is a risk of loss due to the inability or un-willingness of a client or the guarantors to meet their obligations. Credit risk is a major risk faced by the bank. In order to manage this risk, the Board has designed a credit policy for the bank, which is documented and forms basis for all credit approval decisions. The bank also controls this risk by limiting exposure to one borrower or a group of borrowers, geographical area, industrial segments, etc. Regular audit of credit process is undertaken by the internal audit. The classification of advances based on the overdue balances, showing exposure to credit risk and other disclosures are given in note 4 to the Financial Statements.

10.3.4 Systemic Risk

Systemic risk is the risk that an event at the micro level of an individual bank could then trigger instability or collapse an entire industry or economy. The systemic event adversely affects a number of systemically important intermediaries or markets and the trigger of which can be exogenous shock or endogenous shock. The event is strong when the intermediaries concerned fail or when the markets concerned becomes dysfunctional.

To ensure the control over the systemic risk, Bank of Baroda (Tanzania) Limited as a financial institution works under the guidance and in compliance to verities of risk management platforms to ensure financial system soundness in the industry and the economy at large. The Bank has controls in place to ensure maximum compliance to regulatory requirements, international and local reporting and/or accounting standards, Basel standards, laws in force of the banking business and many other controlling platforms.

11. Capital Structure

The Bank's capital structure for the year under review is as follows:

	2023	2022
	TZS' 000	TZS' 000
Authorized share capital		
25,000,000 shares of TZS 1,000 each	25,000,000	25,000,000
Issued and fully paid-up share capital		
10,000,000 shares of TZS 1,000 each	10,000,000	10,000,000

12. Regulatory Capital

During the period, the Bank has complied with the requirements of Bank of Tanzania. The details on capital management are provided on Note 5.

13. Shareholders of the Bank

Below are the shareholders of the Bank:

S/n	Shareholder	Nationality	2023	2022
			Ordinary shares	Ordinary shares
1	Bank of Baroda	Indian	9,999,999	9,999,999
2	Suresh Gajjar	Tanzanian	1	1
	Total		10,000,000	10,000,000

14. Results and Dividends

The Board passed the resolution to approve payment of dividend of TZS 32.52 per share out of the retained earning vide the AGM held in June 2023. The Board is proposing to a dividend of TZS 30.01 per share which is 15 percent (2022: 10 percent) of the unaudited profit and plough back the remained profit to strengthen owned funds.

REPORT OF THE DIRECTORS (CONTINUED)**15 Performance for the Year****15.1 Tanzania Economic Review**

The global economic growth was attributable to various factors including: improvement in the production and distribution of products, and continued decrease in transportation cost and global inflation in addition is forecasted to slow to 6.8 percent in 2023 compared to 8.7 percent recorded in 2022. According to World Economic Outlook report, the slight decrease in growth is due to tighter monetary policy introduced by central banks aided by lower international commodity prices. Tanzanian Economy recorded a GDP growth rate of 5.3 percent during the third quarter of 2023 compared to 5.2 percent recorded in the corresponding quarter in 2022.

The third Quarter Gross Domestic Product (QGDP) 2023 in an absolute term at current prices increased to TZS 45.8 trillion from TZS trillion 40.1 recorded in the similar quarter in 2022. Further, the third quarter real QGDP 2023 (at 2015 constant prices) increased to TZS 35.7 trillion from TZS 33.9 trillion achieved in the corresponding period in 2022, equivalent to 5.3 percent growth.

The share of broad economic activities to GDP in the third quarter of 2023, shows that tertiary activities accounted for the largest share of 42.5 percent followed by primary activities (32.7 percent) and secondary activities (24.8 percent). Note that, shares to GDP were compiled before taxes adjustment.

During the period under review, Financial and Insurance services recorded the highest growth of 18.7 percent, followed by Information and Communication (11.3 percent); Mining and Quarrying (10.2 percent); Electricity (9.7 percent), Other Services which includes Arts & Entertainment and Activities of Household as an Employer (9.0 percent); and Accommodation and Food Services (7.4 percent).

All economic activities undertaken in the economy during July to September 2023 contributed differently to the economic growth. During the reference period, economic activities that contributed significantly to the growth include agriculture with 14.2 percent, followed by Financial and Insurance (13.0 percent), Mining and Quarrying (10.4 percent), Transport and Storage (9.1 percent), Construction (7.6 percent) and Manufacturing (7.3 percent).

REPORT OF THE DIRECTORS (CONTINUED)**15 Performance for the Year (continued)****15.2 Banking Sub-sector Review (continued)**

Banks' lending rate sustained a downward path, partly explained by the decrease in credit risk in the banking sector. The overall lending rates decreased to 15.34 percent from 16.06 percent in the corresponding period in 2022. The negotiated lending rates remained almost unchanged at around 13 percent. The overall deposit rates displayed a modest growth to an average of 7.45 percent from 6.94 percent. Negotiated deposit rates remained broadly unchanged at around 9 percent. The spread of one year interest rates narrowed to 6.99 percentage points from 9.04 percentage points in December 2022.

The interbank cash market (IBCM) continued to facilitate trading of the shilling liquidity across banks. During the month of December 2023, the total value of transactions amounted to TZS 2,488.6 billion, compared with TZS 1,961.0 billion traded in the preceding month. Transactions of 2-7 days continued to constitute the largest share, accounting for 73.1 percent of total market turnover. The overall IBCM and the 2-7 days' interest rates increased to 6.81 percent and 6.89 percent, from 6.46 percent and 6.36 percent registered in the preceding month, in that order.

Foreign currency liquidity in the Interbank Foreign Exchange Market (IFEM) improved, aligning with seasonal receipts from tourism and agricultural exports. Receipt of foreign loans and grants, as well as moderation in commodity prices also contributed to the improvement in the foreign exchange liquidity. Owing to these developments, there was no central bank intervention to support imports in the market during the review month.

Consistent with the foreign exchange liquidity situation, the shilling traded at an average rate of TZS 2,516 per US dollar, compared with TZS 2,501.22 per US dollar in the preceding month. This was equivalent to an annual depreciation of 8.4 percent, from TZS 2,320.23 per US dollar traded in December 2022. Despite the nominal depreciation, there was no significant exchange rate misalignment, as the real effective exchange rate moved close to its long-run trend.

REPORT OF THE DIRECTORS
15 Performance for the Year(Continued)
15.3 Performance Highlights of Bank of Baroda (Tanzania) Ltd
15.3.1 Key Business

Particulars	TZS in Mn							
	31.12.16	31.12.17	31.12.18	31.12.19	31.12.20	31.12.21	31.12.22	31.12.23
Total Deposits	124,552	129,613	133,430	155,535	164,922	178,505	179,898	212,860
Customer Deposits	123,031	125,592	132,158	149,688	140,666	157,114	152,169	176,753
Inter-Bank Deposit	1,521	4,021	1,272	5,847	24,256	21,391	27,728	36,107
Advances (gross)	56,130	86,008	98,573	114,559	134,472	148,300	151,002	160,481
Of which; Net	54,867	86,008	98,573	113,652	132,747	147,272	149,336	159,117
Total Business	180,682	215,621	232,003	270,094	299,394	326,805	330,900	373,341
Total Asset	159,995	168,369	173,578	196,053	211,672	277,921	231,438	265,269
Interest Income	12,643	14,176	13,582	14,811	15,166	15,565	16,558	18,973
Interest Expense	4,704	4,845	4,676	4,843	5,317	6,075	6,977	8,668
Net Interest Income	7,939	9,331	8,906	9,968	9,849	9,489	9,581	10,304
Non-Interest Income	2,229	1,959	1,931	1,906	1,490	1,848	2,970	2,341
Total Income	10,220	11,290	10,837	11,875	11,293	11,337	12,551	12,646
Operating Expenses	5,397	5,647	5,062	5,638	5,182	6,163	7,248	7,372
Operating Profit	4,823	5,644	5,775	6,236	6,111	5,174	5,303	5,273
Net Profit/(Loss)	2,672	2,836	2,147	1,103	3,627	2,084	3,252	2,004
Gross NPA	4,452	9,376	6,567	2,495	2,943	4,528	4,154	1,720
Net NPA	3,199	6,469	4,169	1,401	827	3,356	2,488	356

❖ DEPOSIT

Bank provides all Banking services which includes accepting deposits in local currency and foreign currency mainly in USD. The type of deposits are Saving Bank, Current Account, Call Deposits, Recurring Deposits and Fixed Deposits. Aggregate Deposit has increased to TZS 212.86 Billion from TZS 179.90 Billion. Customer Deposit as at 31st December 2023 was TZS 176.75 Billion grown from 152.17 Billion as at 31st December 2022 of which TZS 52.57 Billion (29.74%), (2022: TZS 49.61 Billion (27.72%)) was low cost deposits. Average cost of deposit stood at 4.14% p.a. up from 3.88% in FY 2022. Out of total deposits, 60.54% (2022: 64.44%) was in foreign currency and 39.46% (2022: 35.56%) in Tanzanian Shilling.

❖ ADVANCES

Bank is active in financing various types of economic activities which mainly include trading, manufacturing, construction, hotel, real estate, services like transport, export of agricultural commodities, import of goods and personal loans. As on 31.12.2023, the Gross Advance stood at TZS 160.48 Billion against TZS 151.00 Billion as on 31.12.2022. The Y-o-Y growth was 6.28% (2022: 1.48%). Out of total advances 67.94% (2022: 31.79%) was in US Dollars currency and 32.05% (2022: 68.21%) in Tanzanian Shilling. Yield on advances stood at 8.80 p.a. down from 8.66% p.a. in FY 2022. The performing assets stood at 98.93 percent (2022: 97.25 percent) of gross advances. The Gross NPA relaxed to 1.07% in 2023 from 2.75% in 2022 on account of both recovery and write off from NPA accounts. The ratio was below the maximum requirement of 5 percent. The Bank has continued its steps to focus on NPA recovery so that the Gross NPA level be maintained below 5%.

❖ REMITTANCES

Bank of Baroda (Tanzania) Limited branches provide active remittance services inside the country and overseas. For prompt remittance service, Bank is using various channels of remittance services.

**REPORT OF THE DIRECTORS****15 Performance for the Year(Continued)****15.3 Performance Highlights of Bank of Baroda (Tanzania) Ltd(continued)****15.3.2 Key Ratios**

Particulars	2017	2018	2019	2020	2021	2022	2023
	%	%	%	%	%	%	%
Deposit growth	4.06	2.94	16.57	6.04	8.24	0.78	18.32
Credit growth	53.23	14.61	16.22	17.38	10.28	1.82	6.28
Growth in Income	10.48	-4.02	9.58	-4.9	0.39	10.71	0.76
Growth in Operating Expenditure	4.63	-10.36	11.38	-8.09	18.93	17.6	1.72
Growth in Profit before Tax	27.99	-17.05	-50.36	198.3	-30.28	26.19	-36.15
Net Profit growth	6.14	-24.29	-48.64	228.8	-40.75	56.05	-38.39
Return on Equity	7.64	6.5	2.81	8.38	4.76	6.74	4.04
Return on Asset	1.69	0.82	0.59	1.7	0.77	1.41	0.76
Net Interest Income (NIM)	6.44	5.88	5.92	6.19	5.50	4.67	4.63
Cost to Income	50.01	46.71	47.49	45.93	54.48	53.10	54.46
Gross NPA%	10.55	10.84	2.18	2.19	3.05	2.75	1.07
Net NPA%	7.52	8.4	1.22	0.77	2.26	1.67	0.22

15.3.3 Variance Analysis

We are pleased to analyse the significant variances in the trend for the period under review compared to the performance of the Bank for the financial year ended 31st December, 2023.

The decline in net profit before and after taxation was on account of the increase in impairment and write off of impaired accounts as per regulatory requirements. There was a write off during the year which was not provided as per accounting standards amounting to TZS 1.3 Billion (2022: Nil).

15.3.4 Bank's performance vis-a-vis Industry

During the last eighteen years of operations, the Bank could establish its business at sizable level. In the financial year 2023, despite challenging industry scenario, the Bank has shown improved performance in all the parameters. Operating efficiency wise, the Bank continued to be one of the best banks operating in Tanzania. In adverse environment most of the banks in Tanzania are either experiencing sharp decline in profit or incurring net loss. The performance of the Bank for the Financial Year 2023 as compared to the Industry average is as under:

- i. The Gross NPA of the Bank was 1.07% but lower than the industry average of 4.10% and the regulatory minimum requirement of 5%. The Bank has continued with its focus on NPA recovery and has taken measures to maintain the NPA below the maximum requirement of 5% in FY 2023.
- ii. The Return on Average Assets of the Bank was 0.76%. The Bank has continued with its focus on assets quality improvement and has recorded a growth of 14.61% (total assets) in the Financial Year 2023.
- iii. The Net Interest Income (NIM) of the Bank was 4.63%. The Bank has continued with its focus on assets quality improvement and has maintained a growth of 16.60% (interest bearing assets) in the Financial Year 2023.

REPORT OF THE DIRECTORS**16. Cashflow**

The Bank's investment in government securities has grown by TZS 15.64 billion (2022: TZS 6.24 billion) and lending to customers rose by TZS 9.77 billion (2022: TZS 2.07 billion). On the other hand, deposits rose by TZS 32.96 billion (2022: TZS 1.39 billion). Such investment activities and customer deposits are the major factors explaining the Bank's movement in cash flow generated from operations. From total investments in securities, 12% is expected to mature in 2023. The Bank continues to maintain sound liquidity position to enable it meet its cash flow commitments and requirements.

17. Liquidity and Funding Policy

Bank of Baroda (Tanzania) Limited strongly emphasise on liquidity risk management and daily cash flow management which is handled by the Treasury Department to ensure the Bank holds sufficient liquid assets to enable it continue with normal operations. Asset Liability Committee (ALCO) also manages the Bank's exposure to liquidity risk by ensuring that limits are in line with realistic assumptions and tracks compliance on a monthly basis. Stress test to ascertain the Bank's resilience to market shocks is done by Risk and Compliance Department.

The Bank's main sources of funding are customers' deposits and shareholders' funds and occasionally interbank borrowings as part of its normal market operations. All these initiatives aimed at reducing dependency on interbank borrowing and provide financing of midterm to long term projects.

18. Treasury Policy

The Bank of Baroda (Tanzania) Limited operates a centralized treasury department for managing treasury activities in accordance with the framework of treasury policies and guidelines approved by the Board. The treasury department transacts with a number of counterparty banks and financial institutions, and adopts a systematic approach to the control and monitoring of counterparty credit risk. Bank of Baroda (Tanzania) Limited, through its Risk and compliance department, monitors compliance against the principal policies and guidelines. The key treasury policies are:

18.1 Market Risk

The policy provides guidance/ framework for managing exchange rate and interest risks, also protect the value of the bank assets from adverse effects of market rate movements.

18.2 Liquidity Risk

Provide guidance for management of the liquidity risk under normal and crisis situation. This set out a liquidity management decision making structure in the bank, approach to funding and planning for liquidity planning and management, regulatory compliance and contingency funding. Strong cash generation in recent years and a prudent financing strategy have resulted in adequately position to withstand the credit crisis in the bank and capital markets.

REPORT OF THE DIRECTORS (CONTINUED)**18. Treasury Policy (Continued)****18.3 Contingent Funding Plan**

Manages stressed liquidity situation created by a problem or market wider crisis and ensure that the bank is able all the time to meet its matured obligations as they fall due and remain as good as going concern.

18.4 Limit

Provide guidance/framework for managing market and liquidity risks for the counterparties at domestic and international level. It also provides guidance for investment and credit exposures limit.

18.5 Current Liquidity and level of Borrowing

The Bank ensures that liquidity is monitored and adequately manages its liquidity gap by determining the excess or shortage of funds at selected maturity dates by tracing cash inflows and outflows over a series of specified time buckets. The aim is to trace and reflect the maturity periods for the Bank's assets and liabilities.

18.6 Maturing profile and Un-drawn commitment Borrowing

The Bank is sound and will remain to be sound in liquidity position as it has adopted a more conservative approach to the investment of its surplus cash, with money market deposits being placed with relatively stronger financial institutions for shorter periods. Bank counterparty credit risk has been, and continues to be, monitored closely on a systematic and ongoing basis, taking account of the size of the institution.

19. Future Development Plans

In 2024, the Bank will continue implementing the 5-year strategy focusing systems and products while also improving quality of service. The Bank will also continue with aggressive recovery of bad loans and enhancement of credit risk management.

20. Accounting Policies and Critical Judgement and Estimates

Results of the Bank are sensitive to the accounting policies, assumptions and estimates that underline the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility under the Tanzania Companies Act 2002 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in Note 2 to the financial statements.

21. Solvency

The state of affairs of the Bank as at 31 December 2023 is set out on page 28 of the financial statements. The Directors consider the Bank to be solvent within the meaning ascribed by the Tanzania Companies Act, 2002. In the opinion of the Directors, there are no prejudicial matters that can affect the Bank.

22. The Key Resources and Strength

Bank of Baroda (Tanzania) Limited continues to give its top priority to key resources which are people and technology which gives us strength in service delivery, productivity and financial strength. Customer satisfaction depends first and foremost on people and hence employees continue to be the most important asset as demonstrated by this year's result which is a tribute to their commitment and hard work. Bank of Baroda (Tanzania) Limited has skilled and experienced employees who are considered as key resources in pursuing its business objectives. Bank of Baroda (Tanzania) Limited continues to encourage open and honest communication in decision making. ICT is also an important enabler in service delivery. This is the reason why Bank of Baroda (Tanzania) Limited has continuously investing in the state of art technology to realise operational excellence and better service delivery to our customers.

Productivity has been the key focus for Bank of Baroda (Tanzania) Limited and thus the initiatives we embarked on during the year have made us achieve significant progress in embedding productivity culture throughout Bank of Baroda (Tanzania) Limited. Our aspiration is to continuously make the Bank more customer focused and efficient in the long term, while managing short term expenses within appropriate level. Given the strength of Bank of Baroda (Tanzania) Limited we have ample capacity to support our customers.

REPORT OF THE DIRECTORS

23. *Fiduciary Responsibility*

Members of the Board of Directors as stewards of public trust always acted for the good of the bank rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the bank without placing the Bank under unnecessary risks.

24. *Environmental Control*

The Bank is committed to the prevention of environmental pollution and is in compliance with relevant environmental laws in the area it operates as a minimum standard and seek to implement best practices wherever possible.

25. *Gender Parity*

The Bank gives gender equal opportunities to all Tanzanians during recruitment and filling of positions provided they have the required qualifications and ability. Out of the total number of employees in the Bank as at 31 December:

Gender	2023	2022	2021	2020	2019
Male	31	31	28	28	29
Female	22	21	21	22	20
Total	53	52	49	50	49

26. *Employees Welfare*

26.1 *Training Program*

Bank of Baroda (Tanzania) Limited spent TZS 31.52 million(2022: TZS 45.46million) on staff training in order to improve employees' technical skills and performance. A total number of 25 (2022: 25) staff were financed by the Bank to attend various trainings during the year. In year 2023, Bank of Baroda (Tanzania) Limited continued to provide e-learning training courses covering soft skills and specialised courses for ICT, risk management, relationship management and credit management which enabled employees to acquire relevant skills for better understanding of their work. The Bank is encouraging staff to pursue Distance Learning Programme on banking certificate and diploma courses that can be easily accessed countrywide. In house training programmes and structured programmes offered locally and internationally were also part of the training programmes for 2023 to enable experience sharing and exposure.

26.2 *Medical Assistance*

Bank of Baroda (Tanzania) Limited continues to provide medical services to its employees, their spouses and up to four children. The services is structured in such a way that, all local employees are covered by health insurance while expatriate employees are served on reimbursement basis. The spirit of Bank of Baroda (Tanzania) Limited is to assist employees work life balance and ensure better productivity.

26.3 *Health and Safety*

Bank of Baroda (Tanzania) Limited takes all reasonable and practicable steps to safeguard health, safety and welfare of its employees. A safe working environment is maintained for all employees by providing adequate and proper personal protective equipment, training and supervision as necessary. Bank of Baroda (Tanzania) Limited observes Occupational Safety and Health Administration (OSHA) requirements and ensures full compliance.

REPORT OF THE DIRECTORS (CONTINUED)**26. Employees Welfare (continued)****26.4 Financial Assistance to Staff**

Incentive Loans and advances are available to all confirmed employees depending on the assessment and discretion of management as to the need and circumstances in line with the Human Management Resources and Credit Policies.

26.5 Staffing

As at 31 December, 2023 Bank of Baroda (Tanzania) Limited's number of employees were 53 employees from 52 in 2022. Out of the total number of staff in Bank of Baroda (Tanzania) Limited as at 31 December 2023; 31 were male and 22 females. Bank of Baroda (Tanzania) Limited gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors such as gender, marital status, tribe, religion, and disability which does not impair ability to discharge duties.

26.7 Disabled persons

It remains the Bank's policy to accept disabled persons for employment for those vacancies that such persons are able to fill. The bank has not recruited any disabled persons during the year.

27. Gratitude

The Board of directors express its sincere gratitude to the Government of the United Republic of Tanzania, Bank of Tanzania, Bank of Baroda (India) and Tanzania Investment Centre, valued clients, staff, all the stakeholders and well wishers for their co-operation and support.

28. Events After Reporting Period

There are no material events, adjusting or non adjusting, which have occurred between the reporting date and the date when financial statements are authorized for issue.

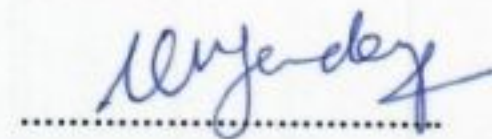
29. Auditor

M/s Nexia Tanzania, of P.O. Box 12729, Dar es Salaam were appointed as the independent auditors of Bank of Baroda (Tanzania) Limited for the year ended 31 December 2023. The auditors have expressed their willingness to continue in office. A resolution proposing the reappointment or appointment of auditors of the Bank for the year ending 31 December 2024 will be placed in the Annual General Meeting.

By Order of the Board

.....
Mr. Aditya Narayan Singh
Managing Director

Date : 23/03/2024



.....
Mr. Vikash Kumar Pandey
Deputy Managing Director

Date : 23/03/2024



The directors are required in terms of the Companies Act of 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the bank as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards, the requirements of the Companies Act of 2002 and Banking and Financial Institution Act, 2006. The external auditors are engaged to express an independent opinion on the financial statements

The financial statements are prepared in accordance with International Financial Reporting Standards, the requirements of the Companies Act of 2002, Banking and Financial Institution Act, 2006 and the guidelines of Bank of Tanzania, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the bank and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control 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 forms of risk across the bank. While operating risk cannot be fully eliminated, the bank endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The directors have reviewed the bank's cash flow forecast for the year to 31 December 2023 and, in the light of this review and the current financial position, they are satisfied that the bank has access to adequate resources to continue in operational existence for the foreseeable future

The external auditors are responsible for independently reviewing and reporting on the bank's financial statements. The financial statements have been examined by the bank's external auditors and their report is presented on pages 21 to 26

The financial statements set out on pages 27 to 50, which have been prepared on the going concern basis, were authorised and approved by the board of directors on **28th March 2024** and signed on its behalf by:

.....
Mr. Aditya Narayan Singh
Director

.....
Mr. Vikash Kumar Pandey
Director

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 declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

As stated above, it is the duty of the Finance Manager as the Professional Accountant to assist the directors to discharge the responsibility of preparing financial statements of the company that show a true and fair view of the company's position and performance in accordance with International Financial Reporting Standards and as per requirements of the Tanzania Company's Act 2002, and Banking & Financial Institutions Act. Full legal responsibility for the preparation of financial statements rests with the directors as disclosed in the Statement of director's responsibility on page 19.

I **CPA Deogratias Edward Ndushi** being Head of Finance/Accounting of Bank of Baroda (Tanzania) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2023 have been prepared in compliance with International Financial Reporting Standards, Banking and Financial Institutions Act, 2006 and the Tanzanian Companies Act, 2002.

I thus confirm that the financial statements give a true and fair view position of Bank of Baroda (Tanzania) Ltd as at 31 December 2023 and that they have been prepared based on properly maintained financial records.

Signed by:

NBAA Membership No.: ACPA 2964

Date: 28 / 03 / 2024

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF BANK OF BARODA (TANZANIA) LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Bank of Baroda (Tanzania) Limited, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics and we have fulfilled our ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE MEMBERS OF BANK OF BARODA (TANZANIA) LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

No.	Key audit matters	How our audit addressed the key audit matter
1.	<p>Impairment loss on loans and advances to customers</p> <p>Impairment is a subjective area due to the level of judgement applied by management in determining provisions. The Bank is required to calculate impairment of loans and advances in accordance with both the regulations of the Bank of Tanzania and IFRSs.</p> <p>We focused on the identification of impairment events, which differs based upon the type of lending product and customer. Judgement is required to determine whether a loss has been incurred. We also focused on the measurement of impairment losses, including the assessment of whether historical experience is appropriate when assessing the likelihood of incurred losses in respect to loans. As disclosed in under the <i>significant accounting policies</i>, judgement is applied in determining the appropriate parameters and assumptions used to calculate impairment. For example, the assumption of customer that will default, the valuation of collateral for secured lending and the expected future cash flows of loans.</p> <p>The disclosure associated with credit risk is set out in the financial statements, under Significant accounting policies point number 3.</p>	<ul style="list-style-type: none"> • Our audit procedures included the assessment of key controls over the approval, recording and monitoring of loans and advances, and evaluating the methodologies, inputs and assumptions used by the Bank in calculating collectively assessed impairment losses, and assessing the adequacy of impairment allowances for individually assessed loans and advances. We compared the Bank's assumptions for impairment allowances to externally available industry, financial and economic data and our own assessment in relation to key inputs. As part of this, we assessed the Bank's estimates and assumptions used including the consistency of judgement applied in determination of the amount and timing of expected future cash flows, and consideration of economic factors and historical default rates. • We evaluated whether the Bank's assumption on the expected future cash flows, including the value of realisable collateral was based on up-to-date valuations and available market information. • We also assessed whether the financial statements disclosures appropriately reflect the Bank's exposure to credit risk. • We challenged management assumptions regarding the recovery rate of unsecured facilities.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE MEMBERS OF BANK OF BARODA (TANZANIA) LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

No.	Key audit matters	How our audit addressed the key audit matter
2.	Information control systems and controls over financial reporting in the financial statements.	Information control systems and controls over financial reporting in the financial statements.
	<p>The Bank's financial and accounting and reporting systems are heavily dependent on complex systems. Significant reliance on IT systems presents a significant risk to the Bank as the core banking system is considered complex due to multiple significant functionalities and interdependencies with other systems. We spent significant audit effort in the audit of these systems as part of the audit process, as it is critical for the control environment of the bank and therefore, we determined it to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others the use of our IT auditors / specialists in:</p> <ul style="list-style-type: none"> • Reviewing of IT Governance practices to access their adequacy, the existence of IT Risk assessment, and the role of IT Steering Committee (if any) and the Board of Directors; • Reviewing information systems within the financial institutions including core banking system, operating systems, applications, databases, servers and networking devices and confirm whether all the systems are robust enough to ensure data integrity, confidentiality and availability; • Performing application controls testing which include configuration controls, sensitive access and segregation of duties controls, interface controls, data integrity controls and obtain reasonable assurance on the accuracy and completeness of reports; • Reviewing and accessing whether balances resulting from all transactions and data processed within the Bank's IT system are accurately captured and reported in the General Ledger, the Financial Statements and Returns submitted to the BOT; and • Reviewing IT security controls including application security, privileged access, audit trails, system monitoring and maintenance, controls over program and system changes, integrity and systems ability to recover from unexpected shutdown's and ability to recover from a disaster resulting in loss of data. The business continuity practice in its totality was reviewed.

**REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE MEMBERS OF BANK OF BARODA (TANZANIA) LIMITED****Report on the Audit of the Financial Statements (continued)****Other Information**

Other information consists of the information included in the corporate information, report of the directors, statement of directors' responsibility and declaration of the head of finance, other than the financial statements and our auditor's opinion thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

**REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE MEMBERS OF BANK OF BARODA (TANZANIA) LIMITED****Report on the Audit of the Financial Statements (continued)****Report on Other Legal and Regulatory Requirements**

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

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

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

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Bank has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Bank is not disclosed. In respect of the foregoing requirements, we have no matter to report.

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

- In our opinion, the capital adequacy ratios as presented in Page 42 of the financial statements have been computed in accordance with the Banking and Financial Institutions Act, 2006, and the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014 of Tanzania.

Nexia Tanzania.

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

S. Jaffer

**Sujata Jaffer
Engagement Partner
NBAA registration no. ACPA 718
Dar es Salaam
Ref: NTZ/17/2024**

Date: 23/03/ 2024

**REPORT OF THE INDEPENDENT AUDITOR(CONTINUED)
TO THE MEMBERS OF BANK OF BARODA (TANZANIA) LIMITED****Report on the Audit of the Financial Statements (continued)****Appendix to Independent Auditors Report**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


**STATEMENT OF COMPREHENSIVE INCOME**

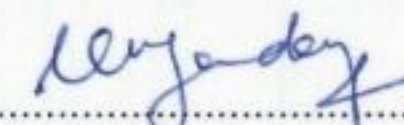
	Notes	31-Dec-23 TZS '000	31-Dec-22 TZS '000
Interest income	6	18,972,510	16,557,942
Interest expense	7	<u>(8,668,012)</u>	<u>(6,977,431)</u>
Net interest income		10,304,498	9,580,511
Fees and commission income	8	1,394,371	2,172,226
Foreign exchange gain	8(a)	879,178	641,531
Other operating income	8(b)	<u>67,586</u>	<u>156,447</u>
Operating income		12,645,633	12,550,715
Operating expenses	9	(7,372,169)	(7,247,816)
Impairment losses on loans and advances	10	(2,306,357)	(656,015)
Bad debts written off	10	-	-
Profit before tax		<u>2,967,107</u>	<u>4,646,885</u>
Tax expense	11	<u>(963,354)</u>	<u>(1,394,788)</u>
Profit for the year attributable to the owners of the bank		<u>2,003,753</u>	<u>3,252,096</u>
Earnings per share (TZS per share)	31	<u>200</u>	<u>325</u>

The accounting policies and notes on pages 31 to 50 form an integral part of these financial statements.

Report of the Independent auditor is on pages 21 to 26

The financial statements on page 27 to 50 are approved by the Board of directors and signed on its behalf by;


.....
Mr. Aditya Narayan Singh
Director


.....
Mr. Vikash Kumar Pandey
Director


STATEMENT OF FINANCIAL POSITION

	Notes	31-Dec-23 TZS '000	31-Dec-22 TZS '000
ASSETS			
Cash and balances with Bank of Tanzania	12	18,955,618	18,917,930
Deposits and balances due from banking institutions	13	37,316,017	28,593,780
Government securities	14	43,370,250	27,734,795
Net loans and advances to customers	16	159,117,160	149,336,176
Property and equipment	21	1,685,491	1,774,888
Current income tax recoverable	17	1,413,529	1,488,697
Deferred income tax	24	311,717	407,361
Right of use asset	19	1,691,123	2,129,994
Other assets	18	1,408,097	1,054,764
Total assets		265,269,002	231,438,386
LIABILITIES			
Customer deposits	22	176,753,172	152,169,239
Deposits and balances due to banking institutions	22	36,106,897	27,728,358
Other liabilities	23	801,798	1,093,098
Lease liability	20	1,929,496	2,032,047
Current tax	25	134,630	134,630
Total liabilities		215,725,993	183,157,372
EQUITY			
Share capital	30	10,000,000	10,000,000
Retained earnings		38,451,183	35,444,072
Revaluation reserves		248,733	248,733
Statutory reserve		843,093	2,588,209
Total equity		49,543,009	48,281,014
Total liabilities and equity		265,269,002	231,438,386

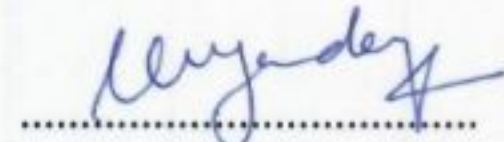
The accounting policies and notes on pages 31 to 50 form an integral part of these financial statements.

The Auditor's Report is on Pages 21 to 26

The financial statements on pages 31 to 50 are approved by the Board of directors on **28th March 2024** and signed on its behalf by:



Aditya Narayan Singh
Managing Director



Vikash Kumar Pandey
Deputy Managing Director

Report of the Independent auditor is on page 21 to 26


**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER 2023**

	Notes	Share capital TZS '000	Revaluation reserve TZS '000	Statutory reserve TZS '000	Retained earnings TZS '000	Total TZS '000
At 1st January 2022		10,000,000	248,733	875,252	33,960,281	45,084,266
Changes in equity						
Profit for the year		-	-	-	3,252,096	3,252,096
Prior period errors	32	-	-	-	(55,348)	(55,348)
Difference between BOT Provision and IFRS 9 Provision		-	-	1,712,957	(1,712,957)	-
At 31st December 2022		<u>10,000,000</u>	<u>248,733</u>	<u>2,588,209</u>	<u>35,444,072</u>	<u>48,281,014</u>
At 1st January 2023		10,000,000	248,733	2,588,209	35,444,072	48,281,014
Changes in equity						
Profit for the year		-	-	-	2,003,753	2,003,753
Prior period errors	32	-	-	-	(741,758)	(741,758)
Difference between BOT Provision and IFRS 9 Provision		-	-	(1,745,116)	1,745,116	-
At 31st December 2023		<u>10,000,000</u>	<u>248,733</u>	<u>843,093</u>	<u>38,451,183</u>	<u>49,543,009</u>

The accounting policies and notes on pages 31 to 50 form an integral part of these financial statements.

The financial statements on pages 31 to 50 are approved by the Board of directors on **28th March 2024** and signed on its behalf by:


.....
Mr. Aditya Narayan Singh
Managing Director
Date:


.....
Mr. Vikash Kumar Pandey
Dy. Managing Director
Date:

**STATEMENT OF CASH FLOWS**

	Notes	31-Dec-23 TZS '000	31-Dec-22 TZS '000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	SCI	2,967,107	4,646,884
Depreciation	21	279,643	287,532
Gain on disposal/revaluation		-	(25)
Prior period errors	SCE	(741,758)	(55,348)
Provision for impairment	10	2,306,357	656,015
Net cash flow before changes in working capital		4,811,350	5,535,059
Change in working capital			
Increase in Statutory Minimum Reserve (SMR) months	12	(1,893,423)	(566,360)
Increase in deposits due from other banks	14	(15,635,455)	(6,248,504)
(Increase) in loans and advances to customers	13	2,073,600	556,688
Increase in other assets	16	(12,087,340)	(2,720,135)
Increase in customers deposits	18-19	256,350	1,919,696
Increase in deposits due to banking institutions	22	24,583,933	(4,944,782)
Decrease in other liabilities	22	8,378,539	6,337,129
Cash used in operating activities	23&25	(393,851)	(2,277,355)
Tax paid	11	10,093,702	(2,408,564)
Net cash flow used in operations		9,130,348	(3,803,352)
CASH FLOW FROM INVESTING ACTIVITY			
Purchase of property and equipment	21	(189,910)	(117,410)
Net cash flow used in investing activities		(189,910)	(117,410)
Net increase / (decrease) in cash and cash equivalent		8,940,439	(3,920,762)
Cash and cash equivalent at beginning of the year		33,497,165	37,417,927
Cash and cash equivalent at the end of the year	15	42,437,604	33,497,165

The accounting policies and notes on pages 31 to 50 form an integral part of these financial statements approved by the Board of directors on 28th March 2023 and signed on its behalf by:

.....
Aditya Narayan Singh

Managing Director

.....
Vikash Kumar Pandey

Deputy Managing Director

1 REPORTING ENTITY

Bank of Baroda (Tanzania) Limited is a wholly owned subsidiary of Bank of Baroda Ltd., India. It has been incorporated under the Tanzanian Companies Act, 2002 on 4 December 2003. The Bank of Tanzania issued a license to conduct Banking Business under Section 5 of the Banking & Financial Institutions Act, 1991 (As amended) on 7 October 2004. The Bank commenced business on 13 October 2004. The principal activity of Bank of Baroda (Tanzania) Limited is to provide banking and related services stipulated by the Banking and Financial Institutions Act, 2006.

The address of the registered office is as follows:

Plot No. 149/32
Ohio / Sokoine Drive
P. O. Box 5356
Dar es Salaam, Tanzania.

The Bank's financial statements for the year ended 31 December 2023 have been approved for the issue by the Board of Directors on 28th March, 2024. neither the entity's owners nor others have the power to amend the financial statements after issue.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in Tanzania Shillings (TZS) which is also the functional currency, rounded to the nearest

The financial statements comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to financial statements. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of comprehensive income. Transactions with the owners of the Bank in their capacity as owners are recognised in the statement of changes in equity.

2.2 Basis of preparation

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information required by the Tanzania Companies Act 2002 and the Banking and Financial Institution Act, 2006 were included where appropriate. The financial statements comprise statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the notes including summary of significant policies to financial statements.

The measurement basis applied in the preparation of these financial statements is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania shillings (TZS) and the amounts are rounded to the nearest thousand shillings except where otherwise indicated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the 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 areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Changes in accounting policy and procedures****i) Standards adopted**

Title	Key requirements
Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions	<p>As a result of the corona virus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.</p> <p>The amendment had no impact on the financial statements of the Bank.</p>
Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9	<p>These amendments defer the date of application of IFRS 17 by 2 years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.</p> <p>These amendments had no impact on the financial statements of the Bank.</p>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	<p>The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.</p> <p>These amendments had no impact on the financial statements of the Bank.</p>

ii) New standards and interpretations that are not yet effective and have not been early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31st December 2022 reporting periods and have not been early adopted by the Bank. These standards are not expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions

Title	Key requirements	Effective date
Amendments to IAS 1 — Practice Statement 2 and IAS 8	<p>The amendment aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. IFRS Manual of accounting para 3.24-3.31</p>	<p>Published February 2021: Effective for annual periods beginning on or after January 1, 2023. Early application is permitted.</p>
Amendments to IAS 12 — Deferred Tax related to assets and liabilities arising from a single transaction	<p>These amendments require companies to recognise deferred tax on transactions that, on recognition, give rise to equal amounts of taxable and deductible temporary differences. IFRS Manual of accounting para 14.18</p>	<p>Published May 2021: Effective for annual periods beginning on or after January 1, 2023. Early application is permitted.</p>
Amendments to IFRS 16 — Leases on sale and leaseback	<p>These amendments includes requirement for sale and leaseback transactions in IFRS 16 to explain how an entity account for sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.</p>	<p>Published September 2022. Effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.</p>
Amendments to IAS 1 — Non current liabilities with covenants	<p>These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.</p>	<p>Published November 2022: Effective for annual periods beginning on or after January 1, 2024. Early application is permitted.</p>
IFRS 17 — Insurance Contracts	<p>This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. IFRS Manual of accounting Chap 50a</p>	<p>Published May 2021 with amendment in June 2020 and December 2021. Effective date: Annual periods beginning on or after January 1, 2023.</p>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Interest income and expenses

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

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

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

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

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

2.5 Fees and commission income

Unless included in the effective interest calculation in (c) above, fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan appraisal fees for loans that have been or are likely to be drawn down are deferred and recognized over the period of the loan using the effective interest method. Fees and commission expense are deferred and recognized on an accruals basis when incurred.

2.6 Foreign currency transactions

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Tanzanian Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognized on a net basis in the statement of comprehensive income in the year in which they arise.

2.7 Financial instruments

Classification

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, loans & advances and other assets were classified as 'loans and receivables'.
- Government securities were classified as 'held-to-maturity investments'.
- Borrowings, trade and other liabilities including customer deposits were classified as financial liabilities.

Recognition and measurement

2.7.1 Financial assets

Financial assets are any assets that is cash, a contractual right to receive cash or another financial asset from another financial institution, a contractual right to exchange financial instrument with another institution under conditions that are potentially favorable or equity instrument of another enterprise.

The Bank classifies its financial assets in the following categories: Financial assets at fair value through statement of comprehensive income; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7.1 Financial assets (continued)****i. Financial asset at fair value through statement of comprehensive income**

The Bank assesses at each financial position whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of held-to-maturity investments and loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

A provision for unidentified loan impairment is established to cover losses that are judged to be present in the lending portfolio at the statement of financial position date, but which have not been specifically identified as such. This provision is based on available historical experience and experienced judgment.

When a loan is deemed uncollectible, it is written off against the related provision for impairments. Subsequent recoveries are credited to the provision for loan losses in the statement of comprehensive income. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for impairment in the statement of comprehensive income.

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the renegotiated terms apply in determining whether the asset is considered to be past due.

2.7.1.1 Recognition of financial assets

Financial assets are initially recognized at fair value through profit or loss. Financial assets are derecognized when the right to receive cash flows from the financial assets have expired or when the bank has transferred substantially all risks and rewards of ownership.

2.7.1.2 Statutory reserves

Where impairment losses required by the regulators exceed those computed under IFRS, the excess is recognized as a statutory loan loss reserve and is accounted for as an appropriation of retained earnings. The statutory loan loss reserve is not distributable.

2.7.1.3 General provision reserves

General provisions, recorded as general reserves, are based on 1% of loans and other risk assets classified as current. General provision is part of tier 2 capital as opposed to statutory reserve. The definition of other risk assets is provided in the Banking and Financial Institutions (Management of Risk Assets) Regulation 2014 to mean Total Assets of a bank MINUS its loans, cash, gold, amounts due from the Bank, Government securities, securities issued by the Bank of Tanzania, Government securities issued by other Government institutions which are unconditionally guaranteed by the Government as to repayment of principal and interest at maturity date, bank premises, furniture and equipment, and such other assets as may be declared by the Bank as non-risk.

2.7 Financial instruments (continued)

2.7.1.4 Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.7.2 Financial liabilities:

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method.

2.7.2.1 Presentation

All financial assets are classified as non-current except, those with maturities of less than 12 months from the financial position date, those which the directors have expressed intention of holding for less than 12 months from the financial position date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the financial position date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the financial position date.

2.7.2.2 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

2.7.2.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.8 Property and equipment

All categories of property and equipments are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or are recognised as separate asset, as appropriate, only when it is probable that future economic benefit associated with the asset will flow to the bank for more than one year. All other repairs and maintenance expenses are charged to the statement of comprehensive income.

Depreciation is provided in full in the month of additions. No depreciation is provided in the month of sale/disposal. Depreciation is calculated to write off the cost of the fixed assets over their estimated useful lives, as follows:

	Rate	Method
· Computers and software	33.33%	Straight line
· Vehicles	33.33%	Straight line
· Furniture & fittings	12.50%	Reducing balance
· Leasehold improvements	12.50%	Reducing balance
· Office equipments	12.50%	Reducing balance

Property and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

2.9 Other accounting policies

a) Acceptances, guarantees and letters of credits

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

b) Leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease period. Prepaid operating lease rentals are recognized as assets and are subsequently amortized over the lease period.

c) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less from the date of acquisition, including, cash and balance with Bank of Tanzania, and amounts due from other banks. Cash and cash equivalent excludes the cash reserve requirement held with Bank of Tanzania.

d) Income taxes

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the statement of comprehensive income except when it relates to items recognized in other comprehensive income, in which case it is recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

Current income tax is the amount of income tax payable on the profit for the year determined in accordance with the Tanzania Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled; are used to determine deferred tax.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized.

e) Provisions

Provisions are recognised when the company has a present legal or contractual obligation as a result of past events, which will result in an economic outflow and where a reliable estimate can be made of the amount of the obligation.

f) Employee benefits

All short term employee benefits are provided for in the income statement on accrual basis. Further, employees are members of a defined benefit scheme, employees contribute ten percent of their salary and employer contributes ten percent of the employees' salary to the scheme. The employers' portion is accounted for in the period it falls due.

g) Comparatives

Where ever necessary, comparative figures have been regrouped to confirm to the changes in the presentation in the current year.

3 RISK MANAGEMENT

Operating in a liberalized and globalised environment, bank is exposed to different types of risks emanating from financial and non-financial factors. Risks faced by the bank have been categorized as credit risk, market risk and liquidity risk

a) Credit risk

Credit risk is a risk of loss due to the inability or un-willingness of a client or the guarantors to meet their obligations. Credit risk is a major risk faced by the bank. In order to manage this risk, the Board has designed a credit policy for the bank, which is documented and forms basis for all credit approval decisions. The bank also controls this risk by limiting exposure to one borrower or a group of borrowers, geographical area, industrial segments etc

Regular audit of credit process is undertaken by the internal audit. The classification of advances based on the overdue balances, showing exposure to credit risk, is given below:-

Particulars	Gross loans and advances (including interest in suspense)	Secured	Unsecured (including unrecovered interest)
	TZS '000	TZS '000	TZS '000
Year ended 31 December 2023			
Fully performing	158,760,759	141,088,848	17,671,912
Sub Standard	124,821	117,931	6,891
Doubtful	139,426	30,283	109,143
Loss	1,455,830	663,972	791,858
	160,480,837	141,901,034	18,579,803
Year ended 31 December 2022			
Fully performing	146,848,449	126,371,173	20,477,276
Sub Standard	221,056	218,704	2,352
Doubtful	50,198	13,153	37,045
Loss	3,882,778	3,661,455	221,323
	151,002,482	130,264,485	20,737,996

The bank is holding an impairment provision of TZS 945,399,677.06 (2022: TZS 1,289,367) against the gross loans and advance.

b) Market risk

The bank is exposed to market risk. Market risk arises from open positions in interest rate, currency and equity products. The Board sets limits and reviews it at regular interval based on the risk that may be accepted. Further, the exposure is monitored on a daily basis.

i) Interest rate risk

The bank is exposed to various risks associated with the effect of fluctuation in the prevailing levels of market interest rates on its financial position and cash flow. The bank has the discretion to change the rates on deposits, loans and advances in line with changes in market trend. These measures minimize the bank's exposure to interest rate risk. Refer 4(c) for exposure on the interest rate risk.

ii) Currency risk

The bank is exposed to the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rate. The bank is involved in foreign currency market only to the extent of buying and selling to the extent of required currency. The bank is not involved in foreign currency forward contracts and thus the risk is limited. Refer to 4 on exposure to currency risk.

3 RISK MANAGEMENT (CONTINUED)

b) Market risk (continued)

iii) Liquidity risk

The bank is exposed to daily calls on its available cash resources from over night deposits, current accounts, maturing deposits, loans drawn and guarantees, from margin and other calls on cash settlement. The Board has set limit based on their experience of the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facility that should be in place to cover withdrawals at unexpected levels of demand.

4 RISK MANAGEMENT DISCLOSURES

A Foreign exchange risk

Year ended 31 December 2023	USD	GBP	EURO	INR	TOTAL
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<u>Foreign currency assets</u>					
Cash	1,607,068	16,544	140,916	-	1,764,528
Bank Balances in current account	16,891,433	1,191,807	559,555	32,018	18,674,813
Loans and advances	108,080,765	-	-	-	108,080,765
Cheques and item for clearing	61,799	-	-	-	61,799
Other assets	1,021,783	685	1,822	-	1,024,290
Total	127,662,849	1,209,036	702,293	32,018	129,606,196
<u>Foreign currency liabilities</u>					
Deposits	91,482,118	1,404,566	863,822	-	93,750,507
Letter of credit	21,253	-	-	-	21,253
Guarantees	-	-	-	-	-
Other liabilities	37,068,709	4,392	255	-	37,073,355
Total	128,572,080	1,408,958	864,077	-	130,845,114
Net open long/(short) position	(909,231)	(199,921)	(161,783)	32,018	(1,238,918)
Net open long position	-	-	-	32,018	32,018
Net open short position	(909,231)	(199,921)	161,783	-	(947,369)
Net open position	909,231	199,921	161,783	32,018	1,238,918
Core capital	46,428,438	46,428,438	46,428,438	46,428,438	46,428,438
Maximum allowable exposure (7.5% of core capital)	3,482,133	3,482,133	3,482,133	3,482,133	3,482,133
Over / (under) exposure	(2,572,902)	(3,282,212)	(3,320,349)	(3,450,115)	(2,243,215)
Year ended 31 December 2022					
<u>Foreign currency assets</u>					
Cash	2,056,859	18,803	430,476	-	2,506,138
Bank Balances in current account	12,662,730	324,288	398,910	14,815	13,400,743
Loans and advances	98,953,371	-	-	-	98,953,371
Cheques and item for clearing	7,563	-	-	-	7,563
Other assets	774,034	265	1,418	-	775,717
Total	114,454,558	343,356	830,804	14,815	115,643,533
<u>Foreign currency liabilities</u>					
Deposits	85,539,824	408,264	1,133,253	-	87,081,341
Letter of credit	257,564	-	-	-	257,564
Guarantees	30,003	-	-	-	30,003
Other liabilities	29,004,271	4,204	251	-	29,008,726
Total	114,831,662	412,468	1,133,504	-	116,377,634
Net open long/(short) position	(377,104)	(69,112)	(302,700)	14,815	(734,101)
Net open long position	-	-	-	14,815	14,815
Net open short position	(377,104)	(69,112)	(302,700)	-	(748,916)
Net open position	377,104	69,112	302,700	14,815	734,101
Core capital	42,002,701	42,002,701	42,002,701	42,002,701	42,002,701
Maximum allowable exposure (7.5% of core capital)	3,150,203	3,150,203	3,150,203	3,150,203	3,150,203
Over / (under) exposure	(2,773,098)	(3,081,091)	(2,847,503)	(3,135,388)	(2,416,102)

**4 RISK MANAGEMENT DISCLOSURES (CONTINUED)**

B Liquidity risk	Year ended 31 December 2023						TOTAL TZS '000	
	Up to 1 month TZS '000	1 to 3 months TZS '000	3 to 6 months TZS '000	6 to 12 months TZS '000	1 to 2 years TZS '000	2 to 3 years TZS '000		3 to 5 years TZS '000
Assets								
Cash and balances with BoT and other financial institutions	42,336,340	10,074,566	3,860,730	-	-	-	-	56,271,635
Government securities	15,635,455	6,777,097	1,742,980	5,301,949	1,167,300	6,066,975	233,610	43,370,250
Loans and advances	27,157,745	6,963,476	68,937,483	7,441,774	5,408,268	14,504,398	25,735,146	159,117,160
Other assets	4,824,466	-	-	-	-	-	-	1,685,491
Total	89,954,006	23,815,138	74,541,192	12,743,722	6,575,567	20,571,373	25,968,756	265,269,002
Liabilities								
Customer deposits	87,172,041	18,894,713	15,978,036	44,174,273	9,138,754	1,395,355	-	176,753,172
Deposits from other banks	21,596	36,085,301	-	-	-	-	-	36,106,897
Other liabilities	936,428	-	-	1,929,496	-	-	-	2,865,924
Total	88,130,065	54,980,014	15,978,036	46,103,769	9,138,754	1,395,355	-	215,725,993
Net liquidity gap	1,823,941	(31,164,875)	58,563,157	(33,360,046)	(2,563,187)	19,176,018	25,968,756	49,543,009
Year ended 31 December 2022								
Assets								
Cash and balances with BoT and other financial institutions	33,576,415	10,074,566	3,860,730	-	-	-	-	47,511,710
Government securities	-	6,777,097	1,742,980	5,301,949	1,167,300	6,066,975	233,610	27,734,795
Loans and advances	17,376,761	6,963,476	68,937,483	7,441,774	5,408,268	14,504,398	25,735,146	149,336,176
Other assets	5,080,816	-	-	-	-	-	-	1,774,888
Total	56,033,991	23,815,138	74,541,192	12,743,722	6,575,567	20,571,373	25,968,756	231,438,385
Liabilities								
Customer deposits	62,588,108	18,894,713	15,978,036	44,174,273	9,138,754	1,395,355	-	152,169,238
Deposits from other banks	21,596	27,706,762	-	-	-	-	-	27,728,358
Other liabilities	1,227,728	-	-	2,032,047	-	-	-	3,259,775
Total	63,837,432	46,601,475	15,978,036	46,206,320	9,138,754	1,395,355	-	183,157,372
Net liquidity gap	(7,803,442)	(22,786,337)	58,563,158	(33,462,597)	(2,563,186)	19,176,018	25,968,756	48,281,013

**4 RISK MANAGEMENT DISCLOSURES (CONTINUED)**

C Interest rate risk	Year ended 31 December 2023					TOTAL
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 Year Non Interest-Bearing	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Assets						
Cash and balances with BoT and other financial institutions	28,888,319	10,074,566	3,860,730	-	13,448,021	56,271,635
Government securities	15,635,455	6,777,097	1,742,980	5,301,949	1,936,351	32,561,131
Loans and advances	27,157,745	6,963,476	68,937,483	7,441,774	5,408,268	117,399,873
Other assets	-	-	-	-	6,509,957	6,509,957
Total	71,681,519	23,815,138	74,541,192	12,743,722	6,575,567	212,742,596
Liabilities						
Customer deposits	83,014,645	18,894,713	15,978,036	44,174,273	9,138,754	175,357,817
Deposits from other banks	21,596	36,085,301	-	-	-	36,106,897
Other liabilities	-	-	-	-	2,865,924	2,865,924
Total	83,036,241	54,980,014	15,978,036	44,174,273	7,023,321	214,330,638
Interest sensitivity gap	(11,354,722)	(31,164,876)	58,563,157	(31,430,550)	(2,563,187)	(1,588,042)
Year ended 31 December 2022						
Assets						
Cash and balances with BoT and other financial institutions	29,573,835	1,097,125	3,392,729	-	13,448,021	47,511,710
Government securities	-	6,777,097	1,742,980	5,301,949	1,665,426	16,654,751
Loans and advances	17,376,762	6,963,476	68,937,483	7,441,774	5,408,268	107,450,300
Other assets	-	-	-	-	6,855,704	6,855,704
Total	46,950,597	14,837,698	74,073,192	12,743,723	6,575,568	178,472,465
Liabilities						
Customer deposits	59,550,670	18,894,713	15,978,036	44,174,273	9,138,754	150,773,884
Deposits from other banks	21,596	27,706,762	-	-	-	27,728,358
Other liabilities	-	-	-	-	3,259,775	3,259,775
Total	59,572,266	46,601,475	15,978,036	44,174,273	6,297,213	181,762,017
Interest sensitivity gap	(12,621,669)	(31,763,777)	58,095,156	(31,430,550)	(2,563,186)	(3,289,552)

4 RISK MANAGEMENT DISCLOSURES (CONTINUED)
D Sensitivity analysis
i) Interest rate risk sensitivity analysis

The impact on the profit after tax arising on a 5% increase or decrease in interest rates would be as follows:

	2023	2022
	TZS '000	TZS '000
+ 5% movement	(628,256)	(709,941)
- 5% movement	<u>628,256</u>	<u>709,941</u>

ii) Foreign exchange risk sensitivity analysis

The impact on the profit after tax arising on a 5% fluctuation in the bank's major operating currencies would be as follows:

	2023			2022		
	USD TZS '000	GBP TZS '000	EURO TZS '000	USD TZS '000	GBP TZS '000	EURO TZS '000
+ 5% movement	(31,823)	(699,725)	(5,662)	(13,199)	(2,419)	(10,594)
- 5% movement	<u>31,823</u>	<u>699,725</u>	<u>5,662</u>	<u>13,199</u>	<u>2,419</u>	<u>10,594</u>

5 CAPITAL MANAGEMENT

The bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirement set by the regulator;
- To safeguard the bank's ability to continue as going concern so that it can continue to provide returns to share holders and benefits to other stake holders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania (BoT), for supervision purposes. The required information is filed with the BoT on a quarterly basis.

The BoT requires each bank to:

- i) Hold a minimum level of core capital of TZS 15 billion;
- ii) Maintain a ratio of core capital to the risk-weighted assets plus risk weighted off-balance sheet at or above the required minimum of 12.5%; and
- iii) Maintain total capital of not less than 14.5% or risk weighted assets plus risk-weighted off balances sheet items.

The bank's regulatory capital as managed by its management is divided into two tiers:

Tier 1 capital: - Share capital, retained earnings and reserves created by appropriation of retained earnings. Prepaid expenses and deferred charges are deducted in arriving at Tier 1 Capital.

Tier 2 capital: - Qualifying subordinate loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are ensured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risk associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

5 CAPITAL MANAGEMENT (CONTINUED)

The table that follows summarizes the composition of regulatory capital and the ratios of the bank for the year ending on 31 December 2023.

	2023	2022
	TZS '000	TZS '000
Paid up ordinary share capital	10,000,000	10,000,000
Retained earnings	36,447,430	32,191,976
Qualifying period profits	2,003,753	3,252,096
Sub Total (A)	48,451,183	45,444,072
Deferred tax assets	311,717	407,361
Pre-paid expenses	463,548	407,546
Sub Total (B)	775,265	814,907
TIER I CAPITAL (A - B)	47,675,918	44,629,165
TIER II CAPITAL		
Revaluation Reserves	111,930	111,930
	111,930	111,930
TOTAL REGULATORY CAPITAL	47,787,848	44,741,095
RISK WEIGHTED ASSETS		
On balance sheet (Form 16-1-S15(i))	141,258,622	138,065,676
Off balance sheet (Form 16-1-S15(ii))	53,215,221	56,633,182
Market Risk (100/12 of Form 16-1-S15(iii))	1,350,274	89,870
Operational risk position (Form 16 16-1-15(vi))	11,231,324	9,564,068
TOTAL RISK WEIGHTED ASSETS	207,055,442	204,352,796
	Requirement as per BOT	Actual on 31 December
<u>Year ended 31 December 2023</u>		
Ratio of core capital (Tier 1) to total risk weighted assets	12.5%	23.03%
Ratio of total capital (Tier 1 plus Tier II) to total risk weighted assets	14.5%	23.08%
<u>Year ended 31 December 2022</u>		
Ratio of core capital (Tier 1) to total risk weighted assets	12.5%	21.84%
Ratio of total capital (Tier 1 plus Tier II) to total risk weighted assets	14.5%	21.89%

	31-Dec-23	31-Dec-22
	TZS '000	TZS '000
6 INTEREST INCOME		
Interest on loans and advances	14,235,721	13,097,427
Interest on government securities	2,905,970	2,117,492
Interest on deposits and bank balances	1,830,819	1,343,024
	<u>18,972,510</u>	<u>16,557,942</u>
7 INTEREST EXPENSE		
Interest on other bank deposits	2,179,087	596,497
Interest on other - non bank deposits	83,832	43,551
Interest on saving account deposits	227,875	242,262
Interest on term deposit accounts	6,177,218	6,094,947
Interest on others	-	173
	<u>8,668,012</u>	<u>6,977,431</u>
8 FEES & COMMISSION INCOME		
Fees	339,021	261,859
Commissions	1,055,349	1,910,366
	<u>1,394,371</u>	<u>2,172,226</u>
(a) Foreign exchange gain	879,178	641,531
	<u>879,178</u>	<u>641,531</u>
OTHER INCOME		
(b) Others(Recoveries & Swift)	67,586	156,447
	<u>2,341,134</u>	<u>2,970,204</u>
9 OPERATING EXPENSES		
Commission expense	12,207	12,413
Employment cost	2,991,092	3,027,016
Of which Salaries	2,392,742	2,503,684
Post Employment Benefits	283,069	255,668
Other staff benefits	315,281	267,665
Medical Expenses	153,195	153,887
Staff training and recruitment	31,524	45,461
Rental expenses on premises and equipment	(0)	2
Rates and taxes	431,077	684,316
Lighting	160,154	167,747
Printing and stationery	77,540	62,139
Advertisement	74,630	91,620
Donations	51,830	-
Depreciation (Note 17)	279,643	287,532
Depreciation on Right of Use Asset	657,652	565,429
Interest on Lease Liability	101,222	85,539
Postages, telephones and swift charges	67,563	40,437
Repairs and maintenance	552,329	476,472
Insurance	419,026	353,472
Entertainment expenses	106,699	65,661
Directors' fees	48,346	48,378
Auditors remuneration	46,111	39,403
Travelling expenses	143,327	65,430
Legal fees	-	11,644
Local conveyance	29,116	29,554
Sundry charges	117,539	94,971
Computer and software expenses	44,211	94,396
Management fees	737,208	633,573
Consultancy fees	38,380	103,014
Amortisation of premium on Htm	549	549
Penal provision utilized	-	7,760
	<u>7,372,169</u>	<u>7,247,816</u>
10 PROVISION FOR BAD DEBTS		
Provision / (recovery) for Bad and Doubtful Debts	2,306,357	656,015
	<u>2,306,357</u>	<u>656,015</u>

	31-Dec-23	31-Dec-22
	TZS '000	TZS '000
11 TAX EXPENSE		
Current income tax	867,709	1,598,630
	Tax payable on instalments	-
Prior year tax	-	-
Income tax for Prior Years	-	-
Deferred income tax	95,645	(203,842)
Prior Period Taxes	-	-
Deferred Tax Expenses Relate to the Origination and Reversal of Temporary Differences	-	-
Deferred Tax Liability	-	-
Provision For Tax Foreign branches	-	-
	<u>963,354</u>	<u>1,394,788</u>
Additional Tax-prior period taxes assessed	-	-
Current Period Tax	<u>963,354</u>	<u>1,394,788</u>
The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
Profit before income tax	<u>2,967,107</u>	<u>4,646,885</u>
Tax calculated at the statutory tax rate of 30%	890,132	1,394,065
Tax effect of:		
Undercharge of prior period corporate tax	-	-
Expenses not deductible for tax purposes	1,035,016	496,767
Allowable expenses for tax purposes	(1,057,439)	(292,202)
Deductible temporary difference	95,645	(203,842)
Income tax expense	<u>963,354</u>	<u>1,394,788</u>
12 CASH AND BALANCES WITH BANK OF TANZANIA		
Cash balances	2,819,128	4,201,945
Balances with Bank of Tanzania		
-Restricted balances (Statutory Minimum Reserve)	12,234,368	10,340,945
-Unrestricted balances	3,902,122	4,375,040
	<u>18,955,618</u>	<u>18,917,930</u>
The Statutory Minimum Reserve is non-interest bearing and is based on the value of customer deposits adjusted in accordance with Bank of Tanzania requirements. As at 31st December 2022 the Statutory Minimum Reserve requirement was 6% of the Non-Government average deposit and 20% of the central government average deposits. These funds are not available to finance the bank's day to day operations.		
13 DEPOSIT AND BALANCES DUE FROM BANKING INSTITUTIONS	31-Dec-23	31-Dec-22
	TZS '000	TZS '000
Nostro accounts	7,518,564	2,791,444
Balances with other banks in Tanzania	29,772,319	25,851,017
Interest Receivable on Placements	145,280	75,752
	<u>37,436,164</u>	<u>28,718,213</u>
Less: Provision for Impairment	(120,146)	(124,433)
	<u>37,316,017</u>	<u>28,593,780</u>
Balances with original maturity of not exceeding 90 days	35,716,017	24,920,180
Balances with original maturity of above 90 days	1,600,000	3,673,600
	<u>37,316,017</u>	<u>28,593,780</u>
14 GOVERNMENT SECURITIES		
Treasury bills	15,650,010	6,002,390
Treasury bonds	25,783,935	20,067,025
Unearned discount on treasury bonds	635,306	727,947
Interest receivables on treasury bonds	869,029	728,104
Interest receivables on treasury bills	432,017	209,374
	<u>43,370,296</u>	<u>27,734,841</u>
Less: Provision for Impairment	(46)	(46)
	<u>43,370,250</u>	<u>27,734,795</u>
Treasury bills and bonds		
Original maturing within 3 months from the date of acquisition	-	-
Original maturing after 3 months from the date of acquisition	<u>43,370,250</u>	<u>27,734,795</u>
	<u>43,370,250</u>	<u>27,734,795</u>

15 CASH AND CASH EQUIVALENTS **31-Dec-23**
TZS '000 **31-Dec-22**
TZS '000

For the purpose of cash flow statement, cash and cash equivalent comprise of the following:

Cash and balances with Bank of Tanzania excluding SMR (Note 11)	6,721,250	8,576,985
Deposits and balances due from banking institutions (Note 13)	35,716,017	24,920,180
Prior period adjustment (Note 32)	337	-
	<u>42,437,604</u>	<u>33,497,165</u>

16 LOANS AND ADVANCES TO CUSTOMERS

Corporate loans	139,838,701	128,702,510
Of which: Debit Balance in Deposit Accounts	511,177	296,566
Overdraft General account	64,878,012	53,441,236
Overdraft against bank's own deposits	4,914,789	2,816,892
Demand loans	2,249,391	4,413,537
Loan Against Banks Own Deposit	1,499,673	7,365,888
Term Loans	65,785,658	60,094,077
Charged Off Loan Accounts - Mismatch	-	274,313
Personal loans	17,246,946	19,469,984
Personal loan to staff	1,332,857	1,268,012
Staff housing loan	498,162	239,437
Housing Loan Public	73,042	-
Total loans and advances	<u>158,989,709</u>	<u>149,679,942</u>
Accrued interest on loans & advances	1,491,128	1,322,538
Gross loans and advances	<u>160,480,837</u>	<u>151,002,480</u>
Less:		
Provision for impairment on loans and advances	(945,400)	(1,289,367)
Interest in suspense	(418,277)	(376,936)
Net loans and advances to customers	<u>159,117,160</u>	<u>149,336,176</u>

The movement in provision for impairment of loans and advances are as follows:

	Corporate loans TZS '000	Personal loans TZS '000	Total TZS '000
Year ended 31 December 2023			
At start of the year	1,269,718	19,649	1,289,367
Charge for the year	850,729	83,867	934,596
Amounts written off	(922,007)	(273,709)	(1,195,716)
Recoveries	(82,847)	-	(82,847)
At end of the year	<u>1,115,594</u>	<u>(170,194)</u>	<u>945,400</u>
Year ended 31 December 2022			
At start of the year	732,034	25,797	757,831
Charge for the year	572,737	1,505	574,242
Amounts written off	-	-	-
Recoveries	(35,053)	(7,653)	(42,706)
At end of the year	<u>1,269,718</u>	<u>19,649</u>	<u>1,289,367</u>

Sector wise analysis of loans and advances

	31 Dec 2023 TZS '000	31 Dec 2022 TZS '000
Agriculture, fishing, forestry, hunting	7,651,817	7,015,675
Manufacturing	26,139,640	11,222,226
Real estates and construction	11,474,040	9,486,366
Trade and commerce	49,666,555	46,816,390
Personal	16,425,174	18,930,405
Individual	12,498,947	11,004,728
Transport and communication	8,379,486	10,700,981
Hotels and restaurant	12,032,795	11,650,549
Others - Loan against banks own deposit	16,209,204	24,175,160
	<u>160,477,658</u>	<u>151,002,481</u>

Maturity Analysis

Repayable on demand	10,206,505	8,773,848
Repayable in 3 months or less	451,087	2,529,139
Repayable between 3 months and 1 year	13,694,786	11,558,338
Repayable after 1 year	136,125,280	128,141,156
	<u>160,477,658</u>	<u>151,002,481</u>

17 CURRENT TAX ASSET

Tax paid In advance	1,413,529	1,488,697
	<u>1,413,529</u>	<u>1,488,697</u>

	31-Dec-23	31-Dec-22
	TZS '000	TZS '000
18 OTHER ASSETS		
Suspense accounts - general	93,159	119,707
Prepaid expenses	463,548	407,546
Others	851,390	527,511
	<u>1,408,097</u>	<u>1,054,764</u>
19 RIGHT OF USE ASSET		
As at 1st January	2,129,994	1,637,081
NHC & Mwanza LL Lease	457,205	-
Prior Period Adjustments	(238,424)	-
Depreciation expense	(657,652)	(565,429)
Skyway lease	-	1,058,343
As at 31st December	<u>1,691,123</u>	<u>2,129,994</u>
20 LEASE LIABILITY		
As at 1st January	2,032,047	1,538,888
NHC & Mwanza LL Lease	457,205	-
Change as per reduction in cashflow	-	-
Prior Period Adjustments	(286)	-
Payment towards lease liability	(660,692)	(650,723)
Skyway lease	-	1,058,343
Accrued interest	101,222	85,539
	<u>1,929,496</u>	<u>2,032,047</u>



NOTES (CONTINUED)

21 PROPERTY AND EQUIPMENT

	Computer & Software TZS '000	Vehicles TZS '000	Furniture and Fittings TZS '000	Leasehold improvements TZS '000	Office equipments TZS '000	Total TZS '000
At the beginning (01/01/2022)	262,249	48,900	1,818,911	456,180	87,200	2,673,440
Additions	-	1,200	14,529	-	101,681	117,410
Revaluation reserves	-	-	-	-	-	-
Disposals/write off	-	-	-	-	-	-
At 31.12.2022	262,249	50,100	1,833,440	456,180	188,881	2,790,850
At the beginning (01/01/2023)	262,249	50,100	1,833,440	456,180	188,881	2,790,850
Additions	44,722	120,100	330	5,679	19,078	189,910
Disposals/write off	-	-	-	-	-	-
At 31.12.2023	306,971	170,200	1,833,770	461,859	207,959	2,980,760

DEPRECIATION
(Rate of Depreciation %)
(Method of Depreciation %)

	SLM	SLM	Reducing	Reducing	Reducing	Total
At the beginning (01/01/2023)	33.33%	33.00%	12.50%	12.50%	12.50%	1,015,962
Depreciation for the period	261,391	44,559	516,832	160,246	32,934	279,643
Adjustment(charge on disposal)	30,493	37,106	170,649	34,702	6,693	(337)
At 31.12.2023	(337)	-	-	-	-	1,295,269
	291,548	81,665	687,481	194,948	39,627	1,295,269

NET BOOK VALUE

At 31.12.2022	858	5,541	1,316,608	295,934	155,947	1,774,888
At 31.12.2023	15,423	88,535	1,146,289	266,911	168,332	1,685,491

	31-Dec-23	31-Dec-22	
	TZS '000	TZS '000	
22 CUSTOMER DEPOSITS			
Term deposits, current and savings account plus accrued interest	176,590,898	152,063,679	
Current accounts	23,289,526	20,881,883	
Saving accounts	29,121,268	28,727,634	
Term deposit accounts	120,022,708	99,416,724	
Special scheme savings account	162,273	105,560	
Provision for interest on deposits	4,157,397	3,037,438	
	176,753,172	152,169,239	
DEPOSIT AND BALANCES DUE TO BANKING INSTITUTIONS			
Current account	22,446	21,642	
Fixed deposit	36,084,451	27,706,716	
	36,106,897	27,728,358	
TOTAL DEPOSITS	212,860,069	179,897,596	
Borrowings	-	-	
Maturity Analysis			
Repayable on demand	23,311,972	20,903,524	
Repayable within 3 months	33,440,938	31,870,632	
Repayable within 3 to 12 months	132,102,617	107,240,095	
Repayable between 1 year to 5 years	24,004,542	19,883,345	
	212,860,069	179,897,596	
23 OTHER LIABILITIES			
Bills payable	73,365	71,347	
Unexpired discount on treasury	1,776	1,227	
Withholding tax payable	413,939	76,930	
Other payables	219,782	691,265	
Inter branch accounts - credit	92,936	252,329	
	801,798	1,093,098	
24 DEFERRED INCOME TAX			
Deferred income tax is calculated using the enacted tax rate of 30% (2022: 30%). The movement on the deferred income tax account is as follows:			
At 1 January	(407,361)	(203,519)	
Credit to statement of comprehensive income	95,645	(203,842)	
	(311,717)	(407,361)	
Year ended 31 December 2023	At 1 January	Movement	At 31 December
(Credited) / charged to	TZS '000	TZS '000	TZS '000
statement of comprehensive income			
Property and equipment	(216,231)	(8,832)	(207,399)
Provision for liabilities and charges	(424,154)	104,476	(319,677)
Net deferred tax asset	(640,383)	95,645	(527,076)
Net deferred tax asset	(527,076)	95,644	(640,384)
25 TAX LIABILITIES			
Current tax - liability		134,630	134,630
Income tax payable		134,630	134,630

26 RELATED PARTY TRANSACTIONS AND BALANCES**31-Dec-23 31-Dec-22**

Parties are considered to be related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of business, a number of banking transactions are entered into with related parties i.e. key management personnel and directors. These includes deposits and The volume of related party transactions for the year and the outstanding amounts at the year-end were as follows:

i Transactions with Key Management and Directors**a) Loans and advances**

There were no loans and advances to related parties other than key management team during the year 2023 (2022: Nil). There were no deposits from companies controlled by Directors, shareholders or their families (2022: Nil).

Loans and advances to key management team

	TZS '000	TZS '000
At 1 January	971,711	526,491
Advanced during the year	884,273	766,937
Repayment during the year	(570,574)	(321,717)
At 31 December	<u>1,285,409</u>	<u>971,711</u>

b) Deposits

There were no loans and advances to related parties other than key management team during the year 2023 (2022: Nil). There were no deposits from companies controlled by Directors, shareholders or their families (2022: Nil).

Deposits to Key management personnel

	TZS '000	TZS '000
At 1 January	169,932	112,467
Deposits during the year	1,129,910	1,483,983
Withdrawals during the year	(1,146,989)	(1,426,518)
At 31 December	<u>152,853</u>	<u>169,932</u>

The above deposits are unsecured; carry variable interest rates and are repayable on demand. The deposits in current accounts do not earn interest whilst those in savings accounts earn interest at the rate of 2% per annum. These transactions are carried out at arm's length. There were no deposits from companies controlled by Directors or their families (2021: Nil).

c) Key management compensation

	TZS '000	TZS '000
Salaries and allowances (short term employee benefits)	1,614,158	1,483,983
Other long-term benefits (post-employment benefits)	161,416	148,398
	<u>1,775,573</u>	<u>1,632,381</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly. The bank's key management is the Managing Director and Deputy Managing Director and heads of departments. Compensations of the Bank's key management personnel include basic salaries, transport allowances, housing allowance, telephone allowance and post-employment benefits.

d) Directors remuneration

- As executives	466,207	444,296
- Fees	48,346	48,378
	<u>514,553</u>	<u>492,673</u>

ii Transactions with subsidiaries of the Holding Company

The holding company is Bank of Baroda, incorporated in India. The company is related to other companies which are related through common shareholding or common directorships.

The following transactions were carried out with related parties.

Net Closing Balance due from/(to) Related Parties

Bank of Baroda - New York	1,790,895	781,447
Bank of Baroda - London	1,191,807	324,288
Bank of Baroda - Brussels	-	398,910
Bank of Baroda - Mumbai	32,018	14,788
	<u>3,014,720</u>	<u>1,519,434</u>

Net payments/(receipts) to/from related parties

Bank of Baroda - New York	1,009,448	802,207
Bank of Baroda - London	867,519	(287,638)
Bank of Baroda - Brussels	(398,910)	(154,022)
Bank of Baroda - Mumbai Main Office	17,229	55,970
	<u>1,495,286</u>	<u>416,517</u>

27 EVENTS AFTER REPORTING PERIOD

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

28 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of Bank of Baroda (Tanzania) Limited, a subsidiary of Bank of Baroda-India, are measured using the currency of primary economic environment in which the bank operates (the functional currency). The financial statements are presented in Tanzanian Shillings (TZS), which is the subsidiary's presentation and functional currency. For group reporting however, the presentation currency is Indian Rupees (INR) while the functional currency remains the Tanzanian Shilling (TZS).

29 CONTINGENT LIABILITIES AND COMMITMENTS

	TZS '000	TZS '000
Letter of Credits	2,329,094	1,837,032
Guarantees	42,022,243	49,149,212
Undrawn balances	11,542,146	9,516,109
	<u>55,893,482</u>	<u>60,502,352</u>

Letters of credit, guarantees, acceptances and undrawn amounts of unexpired overdraft lines and term loans are accounted for as off-balance sheet transactions and hence disclosed as contingent liabilities.

30 SHARE CAPITAL

	TZS '000	TZS '000
Regulatory Capital		
Authorized share capital: 25,000,000 shares of TZS 1,000 each	25,000,000	25,000,000
	<u>25,000,000</u>	<u>25,000,000</u>
Issued Capital		
Issued and fully paid-up share Capital 10,000,000 shares of TZS 1,000 each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Shareholders of the Bank	Ordinary shares	
Bank of Baroda-India	9,999,999	9,999,999
Suresh Gajjar	1	1
	<u>10,000,000</u>	<u>10,000,000</u>

31 EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributed to the shareholders of the subsidiary by the number of ordinary shares outstanding as at close of the year.

	31-Dec-23	31-Dec-22
	TZS '000	TZS '000
Earnings before taxation	2,967,107	4,646,885
Tax expense for the year	(963,354)	(1,394,788)
Profit attributable to shareholders	2,003,753	3,252,096
Number of shares	10,000,000	10,000,000
Basic earning per share	0.200	0.325

There were no potentially dilutive ordinary shares outstanding as at 31 December 2022 (2021: Nil). Diluted earnings per share is the same as basic earnings per share.

32 PRIOR PERIOD ADJUSTMENTS

	31-Dec-23	31-Dec-22
	TZS '000	TZS '000
Additional Tax assessed	(134,630)	-
Dividends paid	(325,200)	(208,500)
Interest Receivable Reversal due to write off Loans	-	(186,743)
Excess Tax paid recovered	215,701	215,701
IFRS 16 - Leases entries	(238,138)	87,396
Interest in suspense reversed due to write off	-	20,710
Additional Provision for Loan Loss 2022	(257,168)	-
Overcharged depreciation on F&F	(2,659)	16,087
Reversal of depreciation for wrong entries 2022	337	-
	(741,758)	(55,348)

33 CONTINGENT ASSETS

The bank maintain assets in respect of expenses incurred on ongoing cases in the court of law on cases filed towards asset recovery the recovery of which is subject to case determination in favour of the Bank. The outstanding balances of the contingent assets as at the end of the accounting period is as under;

	31-Dec-23	31-Dec-22
	TZS '000	TZS '000
At 1 January	752,700	671,231
Payment during the period	40,485	81,469
At 31 December	793,185	752,700