INFORMATION MEMORANDUM

MULTI-CURRENCY MEDIUM TERM

NOTE PROGRAMME WORTH TANZANIAN SHILLINGS ONE TRILLION

AUGUST 2023

CAUTION:

"This Information Memorandum has been prepared in compliance with the Capital Markets and Securities Act, Cap 79, Companies Act, Cap 212 (Act No.12 of 2002) of the Laws of United Republic of Tanzania, Capital Market and Securities (Guideline for the issuance of Corporate Bonds, Municipal Bonds and Commercial Papers), 2019 and the Dar es Salaam Stock Exchange PLC. Rules, 2022"

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

Prospective investors should carefully consider the matters set forth under the caption "Risk Factors" in section 4 of this Information Memorandum. If you are in doubt about the contents of this Information Memorandum, you should consult your Investment Advisor, Stockbroker, Lawyer, Banker, or any other Financial Consultant".

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IMPORTANT NOTICES

Under this 10-year Multicurrency Medium Term Note Programme (“**Programme**”), NMB Bank PLC (the “**Issuer**” or “**NMB**” or the “**Company**” or the “**Bank**”) may from time-to-time issue debt securities (“**Notes**”). This Information Memorandum will only apply to Notes issued under the Programme in an aggregate nominal amount which does not exceed TZS 1,000,000,000,000 or its equivalent in such other currencies as Notes are issued.

The Notes, unless previously redeemed, will be redeemed in full in accordance with the provisions of the relevant Applicable Pricing Supplement. The Notes will be issued in registered form in denominations specified in the relevant Applicable Pricing Supplement.

The register of Noteholders will be maintained by NMB PLC as the Fiscal Agent and Registrar. The offer of Notes will be subject to the Capital Markets and Securities Law and trading will be subject to the rules of the Dar es Salaam Stock Exchange PLC ("DSE"), and where applicable, the prevailing Central Securities Depository (“CSDR”) Rules and the Terms and Conditions of the Notes. There are currently no other restrictions on the sale or transfer of Notes under Tanzania law. In particular, there are no restrictions on the sale or transfer of Notes by or to non-residents of Tanzania.

Applications for participation shall be processed through the Placing Agent. The Notes may not be offered or sold, directly or indirectly. Neither this document nor any other Information Memorandum, offering circular or any Information Memorandum, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations of that country or jurisdiction.

DISCLAIMER AND STATEMENTS

The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information with respect to itself and the Notes to be issued by it which is material in the context of the Programme. The Issuer further confirms that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading. The issuer further confirms that the intentions and opinions expressed in this Information Memorandum are held, and that there are no other facts, the omission of which, would make any such information or the expression of any such opinions or intentions misleading in any material respect. The Bank and all its directors accept responsibility accordingly.

The Arrangers and the Placing Agents have relied on the information provided by the Issuer and the Issuer’s professional advisors. Accordingly, the Arrangers and the Placing Agent do not make any representations as to the accuracy or completeness of the information contained in this Information Memorandum and therefore do not accept any liability or responsibility in relation to information contained in this Information Memorandum.

The Issuer has given an undertaking to the effect that, so long as any Note remains outstanding, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Information Memorandum, it will prepare and send full particulars of such change to the Registrar (as defined in the Terms and Conditions of the Notes) who shall communicate the same to the Noteholders.

Neither this Information Memorandum nor any other information supplied in connection with the Programme is intended to provide the complete basis of any credit or other evaluation, nor should it be considered as a recommendation by the Arrangers, Placing Agents and Sponsoring Broker that any recipient of this Information Memorandum or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make their own independent investigation of the financial condition and affairs, and their own appraisal of the creditworthiness of the Issuer. Neither this Information Memorandum nor any other information supplied in connection with the Programme constitutes an offer or invitation to any person by or on behalf of the Arrangers, Placing Agents and Sponsoring Broker to subscribe for or to purchase any Notes.

The delivery of this Information Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

Neither the Arrangers, Placing Agents, Sponsoring Broker nor the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of their own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it; (2) Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Application has been made to the Capital Markets and Securities Authority CMSA for approval of this Information Memorandum and the CMSA has granted the approval. As a matter of policy, the CMSA does not assume responsibility for the accuracy of any of the statements made or opinions or reports expressed or referred to in this Information Memorandum. Approval by the CMSA of the programme and or listing should not be taken as an indication of the merit of the Issuer or of the Notes.

The DSE has no objection to the Issuer listing the Notes on the DSE. The DSE assumes no responsibility for the accuracy of the statements made or opinions or reports expressed or referred to in this Information Memorandum. Admission by the DSE of the Notes should therefore not be taken as an indication of the merits of the Issuer or of the Notes.

The Sponsoring Broker has relied on information provided by the Issuer and, accordingly, does not provide assurance for the accuracy or completeness of the information contained in this Information Memorandum and therefore does not accept any liability or responsibility in relation to information contained in the Information Memorandum.

No person has been authorized to give any information or make any representation other than that contained in this Information Memorandum and if given or made, such information or representation should not be relied upon as having been authorized by or on behalf of the Issuer, the Arrangers, the Placing Agents or the Sponsoring Brokers.

The distribution of this Information Memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons who are in possession of this Information Memorandum are cautioned to inform themselves and observe any such restriction.

Applications for participation may be processed through the Placing Agent, details of which are provided in this Information Memorandum. The Notes may not be offered or sold, directly or indirectly, and neither this document nor any other Information Memorandum or any Information Memorandum, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations of Tanzania (as defined below).

The Placing Agents (other than NMB) and their affiliates may have lending relationships with the NMB and from time to time have performed, and in the future will perform, banking, investment banking, advisory, consulting and other financial services for the NMB and its affiliates, for which they may receive customary advisory and transaction fees and expenses reimbursement.

In addition, in the ordinary course of their business activities, the Placing Agents (other than NMB) and their affiliates may make loans or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such loans, investments and securities activities may involve securities and/or instruments of NMB or the NMB's affiliates (including the Notes). The Placing Agents and their affiliates may hedge their credit exposure to NMB consistent with their customary risk management policies.

RELEVANT APPROVALS

A no-objection letter from the BOT has been obtained and a copy of this Information Memorandum has been delivered to the CMSA for approval and approval has been granted. The directors of the Issuer, (whose names appear on section 10 (Board of Directors, Corporate Governance and Management) of this Information Memorandum, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the importance of such information.

Prospective investors should carefully consider the matters set forth under section 3 (Risk Factors) of this Information Memorandum. This document is important and requires your attention. If you are in any doubt as to the meaning of any information contained in this Information Memorandum or what action to take, please forthwith consult your banker, stockbroker, advocate, accountant, licensed investment adviser or other professionals.

The distribution of this Information Memorandum and the offering or sale of the Medium-Term Notes in certain jurisdictions may be restricted by law. The Notes have not been and shall not be registered under any other securities legislation whether in Tanzania or any other country. None of the Issuer, the Arranger, the Placing Agent, the Sponsoring Broker or any of the professional advisers represent that this Information Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, save in compliance with the laws, regulations, directives and any applicable registration requirements in any such jurisdiction.

None of the Issuer, the Arranger, the Placing Agent, or the other professional advisers assume any responsibility for facilitating any such distribution or offering. In particular, and save for the United Republic of Tanzania, no action has been taken by the Issuer, the Arrangers, the Placing Agents, or any of the professional advisers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required.

Persons into whose possession this Information Memorandum comes are required by the Issuer, the Placing Agent and the Arrangers to inform themselves about and to observe any such restrictions.

This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Placing Agent to subscribe for, or purchase any Notes under the Programme.

FORWARD-LOOKING STATEMENTS

This Information Memorandum includes ‘forward-looking statements’. These statements contain words such as “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning. All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Bank’s financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Bank’s products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Bank to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Bank’s present and future business strategies and the environment in which the Bank will operate in the future. None of the advisors to the Programme have reviewed or confirmed any of the forward-looking statements made by the Issuer.

These forward-looking statements speak only as at the date of this Information Memorandum. Without prejudice to any requirements under applicable laws and regulations, the Bank expressly disclaims any obligations or undertaking to disseminate after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond the Issuer’s control, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed in the section entitled “Risk Factors,” as well as those included elsewhere in this Information Memorandum. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. There may be other risks, including some risks of which the Issuer is unaware, that could affect the Issuer’s results or the accuracy of forward-looking statements in this Information Memorandum. Investors should not consider the factors discussed here or under *“Risk Factors”* to be a complete set of all potential risks or uncertainties.

Chief Executive Officer's Statement

Dear Investors,

It is with great pleasure that I present to you this Prospectus on behalf of NMB Bank Plc ('the Bank'). NMB Bank is a full-service commercial bank incorporated in the United Republic of Tanzania and licensed by the Bank of Tanzania to conduct banking business in Tanzania. The Bank is regulated by the Bank of Tanzania and is subject to the provisions of the Banking and Financial Institutions Act, 2006 and its regulations.

With an over 3500-strong employee base; a Balance sheet size of over TZS 11 trillion (as of December 2022), and a geographical footprint that touches every corner of the country, the Bank continues to play a key role in helping its clients' growth and advance Tanzania's social economic development agenda.

NMB Bank is the market leader, boasting the largest customer base of more than 6 million customer accounts, and a profitability market share of more than 37% as of December 2022. The Bank is locally and internationally renowned for its market leadership in the areas of financial performance, innovation, customer centricity, governance, and sustainability. The Euromoney Awards for Banking Excellence names NMB Bank as the Best Bank in Tanzania (2023), and the Global Finance Magazine also recognizes NMB Bank as the Best Retail Bank in the Country.

In addition to delivering strong results, the Bank continues to invest for long-term growth, alongside our capital and risk management capabilities that create valuable stability and sustainable returns. The investments we make in our technological and digital capabilities, corporate culture, and people, continue to help us deliver strong results, and further drive consolidation of market share gains. The Bank's Moody's assigned credit rating is b2, Positive Outlook.

With a view to furthering NMB's commitment of remaining the preeminent banking partner for institutional and corporate clients and a valued retail bank for millions of Tanzanians, we have established a TZS 1 Trillion 10 Year Multicurrency Medium Term Note Programme (**MTN Programme**) on the terms of this Prospectus. The MTN seeks to raise funds in the capital market for general financing requirements and to help to broaden our investor base and funding source. This is in line with our long-term ambition of further driving economic growth in Tanzania through financing of high impact sectors in our economy.

This programme will be the second NMB Bank's Medium-Term Note (MTN) Programme following the successful debut Medium Term Note Programme (MTN) of TZS 200 Billion that we issued in 2016. This programme was fully exhausted in 2022 in accordance with the Programme's objectives. The net proceeds of the sale of the Notes under that MTN were used to advance the bank's financing ambitions in line with its commitment to advancing Tanzania's economy socially and economically. The MTN programme was issued in the following four tranches:

Tranche	Issued	Aggregate amount	Subscription Level
1st Tranche - NMB Retail Bond	May 2016	TZS 41,408,404,000	207%
2nd Tranche - Private Placement	December 2017	TZS 23,396,000,000	117%
3rd Tranche - NMB Bond	June 2019	TZS 83,346,190,000	333%
4th Tranche - Jasiri NMB Bond	February 2022	TZS 74,268,740,000	197%

To continue diversifying the funding mix and support its growth aspirations, NMB has put in place this new Multicurrency MTN Programme worth TZS 1 Trillion for 10 years. Under this MTN Programme, NMB Bank (the "Issuer"), subject to compliance with all relevant laws, regulations, and directives, may from time-to-time issue different bonds including both plain vanilla corporate bonds and/or Use Of Proceeds (UOP) bonds (Green, Blue, Social, Sustainability bonds).

Important Notice to Prospective Investors:

NMB Bank accepts responsibility for the information contained in this Base Prospectus (Information Memorandum) and the Pricing Supplement for each Tranche of Notes (to be issued in respective issuance) issued under the Programme and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus and the Pricing Supplement for each Tranche of Notes issued under the Programme is, to the best of its knowledge, is in accordance with the Capital Markets and Securities Laws and Regulations. Each Tranche of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "Conditions") as amended and/or supplemented by the relevant Pricing Supplement or in a separate prospectus specific to such Tranche. This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of a Pricing Supplement, must be read and construed together with the relevant Pricing Supplement.

NMB Bank further confirms that this Base Prospectus contains all information which is (in the context of the Programme) material (including all such information as is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits, and losses of the Issuer and of the rights attaching to the Notes); and that any opinions, predictions or intentions expressed herein are honestly held or made.

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered in relation to the Programme, or any information supplied by the Issuer and, if given or made, such information or representation should not be relied upon as having been authorized by the Issuer or any Dealer. Prospective investors should refer to and carefully consider applicable Final Terms for each particular issue of Notes, which may describe additional risks associated with such Notes.

Thank you,

Ruth Zaipuna
Chief Executive Officer
NMB Bank Plc.

Director's Declaration

Date: 14th August 2023

Issue and listing by NMB Bank PLC.(the "Company") of TZS 1 000 000 000 000 Domestic Multi Currency Medium Term Notes due [ ] on the Dar es Salaam Stock Exchange (the "Listing") and publication of an information memorandum in respect of the Listing (the "Information Memorandum")

In connection with the Listing and the Information Memorandum, I hereby confirm, for the purposes of the eligibility requirements specified in regulation 4 of the Capital Markets and Securities (Prospectus Requirements) Regulations, as follows:

1. I am a director of the Company and I am described in the Information Memorandum as such.
2. That, at the date of application for Listing and for a period of at least 2 years prior to that date:
   (a) no petition under bankruptcy laws is or has been pending or threatened against me in any jurisdiction;
   (b) there are and have been no criminal proceedings in which I was convicted of fraud or any criminal offence or where I was named subject of pending criminal proceedings nor are there any criminal or other offences or actions pending against me either within or outside Tanzania.
3. I am not, and never have been, the subject of a ruling of a court of competent jurisdiction (in any jurisdiction) or governmental body, that permanently or temporarily prohibits or prohibited me from acting as an investment adviser, director or employee of a stockbroker, dealer, a director or employee of any financial institution or from engaging in any type of business practice or activity.
4. I do not hold any shares of the Company
5. I have not made any material acquisitions or disposals of share capital of the Company within one year prior to the date of the Listing.

6. There are no options to purchase securities of the Company or any subsidiary or holding company of the Company, that I have been granted to purchase or exercise within one (1) year prior to the date of the Listing.

7. I have not entered into any contracts with the Company.

8. The information in the Information Memorandum concerning my details, qualifications, and career experience is true and correctly stated, and there is no other fact or matter concerning myself that is material and ought to be included in the Information Memorandum.

The information contained herein this letter is strictly confidential and, you shall not show this letter, or divulge any of its contents, to any unauthorized person other than other advisers to the Listing, the Board of The Dar es Salaam Stock Exchange (DSE), and The Capital Markets and Securities Authority (CMSA).

Signed by DR. EDWIN P. MHEDE)
Chairman)

Signature

in the presence of)
CONSOLATHA MOSHA)
Ag- Company Secretary)
)
)

Signature

* (*Please print Signatory's and witness' names in full*)

FINANCIAL INFORMATION

FINANCIAL INFORMATION

Financial information presented in this Information Memorandum is derived from the audited accounts of NMB for the five years ending 31 December 2022 and detailed information is in Appendix B: Reporting Accountants' Report.

The consolidated and Bank financial statements of the Issuer have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated and Bank's financial statements have been prepared under the historical cost convention unless otherwise explained in the accounting policies in the Reporting Accountants Report.

The auditor of the Issuer is Deloitte Tanzania, Certified Public Accountants (Tanzania), of Aris House, Plot 152, Haile Selassie Road, Dar es Salaam, Tanzania.

The firm of KPMG Tanzania, Certified Public Accountants, acting as Reporting Accountant in respect of the Notes, has given and had not withdrawn its consent to the issue of this Information Memorandum with the inclusion in it of their reports in the form and context in which they are included.

EXCHANGE RATE INFORMATION

For the purpose of calculating the Tanzanian Shilling equivalent of the aggregate Nominal Amount of the Notes issued under the Programme, from time to time, the Tanzanian Shilling equivalent of the Notes denominated in another Specified Currency (as specified in the Applicable Pricing Supplement) shall be determined as of the Issue Date of such Notes. This is on the basis of the spot rate for the sale of the Tanzanian Shilling against the purchase of such Specified Currency in the Tanzanian foreign exchange market quoted by any leading bank selected by the Issuer on the Issue Date (the Conversion Rate) and in respect of Zero Coupon Notes and other Notes, the Conversion Rate shall be applied to the net subscription proceeds received by the Issuer for the relevant issue.

ROUNDING

Some numerical figures included in this Information Memorandum have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that preceded them.

INCORPORATION OF DOCUMENTS BY REFERENCE

This Information Memorandum should be read and construed in conjunction with the following documents which shall be deemed to be incorporated in and to form part of, this Information Memorandum and which shall be deemed to modify and supersede the contents of this Information Memorandum:

(a) All supplements to this Information Memorandum circulated by the Issuer from time to time in accordance with the undertakings given by the Issuer in the Information Memorandum and as further described in the section headed "Supplemental Information Memorandum";

(b) Each Applicable Pricing Supplement (as defined below) relating to a Series or Tranche of Notes issued under this Information Memorandum; and

(c) The audited annual financial statements (and notes thereto) and any audited interim financial statements published subsequent to such annual financial statements of the Issuer for the five financial years prior to each issue of Notes under this Programme,

The Issuer will provide free of charge to each person, on request, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents shall be directed to the Issuer at its respective office as set out in this Information Memorandum.

SUPPLEMENTAL INFORMATION MEMORANDUM

The Issuer hereby gives an undertaking to the Arrangers, the Placing Agents and Sponsoring Broker that if at any time while the Notes are Outstanding there is a significant change affecting any matter contained in this Information Memorandum the inclusion of which would reasonably be required by investors and their professional advisors and would reasonably be expected by them to be found in this Information Memorandum for the purpose of making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Information Memorandum or publish a replacement Information Memorandum for use in connection with any subsequent offering of Notes. If the terms of the Notes are modified or amended in a manner which would make this Information Memorandum, as supplemented, inaccurate or misleading, a new Information Memorandum will be prepared by the Issuer.

DEFINITIONS AND ABBREVIATIONS

Unless otherwise indicated, capitalised terms and abbreviations used but not separately defined in this Information Memorandum have the following meanings:

"**Absa**"	Absa Bank Tanzania Limited, a private limited liability company duly registered and incorporated under the laws of Tanzania under registration number 38557
"**Actual Redemption Date**"	in respect of Extendible Notes, the actual date of redemption in full by way of payment of the aggregate Principal Amount Outstanding of such Notes;
"Allotment Date"	means the date specified as such in each Applicable Pricing Supplement on which Notes are allocated to successful investors;
"**Agency Agreement**"	the agency agreement dated on or about 31st August 2023 and entered into between the Issuer, the Registrar, the Calculation Agent and the Fiscal Agent;
"**Applicable Law**"	in relation to a person, all and any: (i) statutes and subordinate legislation; (ii) regulations, ordinances and directives; (iii) by-laws; (iv) codes of practice, circulars, guidance notices, judgments and decisions of any competent authority; and (v) other similar provisions, from time to time;
"**Applicable Pricing Supplement**"	means the pricing supplement applicable to a particular Series or Tranche, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, issued under the Programme;
"**Applicable Procedures**"	the rules and operating procedures for the time being of the Capital Market and Securities Authority, Central Securities Depository, the Participants, the DSE and/or any other applicable financial exchange, as the case may be;
"Bank" or "NMB" or "the Issuer" or "Company"	means NMB Bank PLC;
"Bank of Tanzania" or "BoT"	means the Bank of Tanzania established pursuant to the Bank of Tanzania Act, 2006 of the Laws of Tanzania;
"**Beneficial Interest**"	in relation to a Note, an interest as co-owner of an undivided share in a Note held in uncertificated form, in accordance with the Capital Markets and Securities Act;
"Board" or "Directors" or "Board of Directors"	means the Board of Directors of the Bank;
"**Books Closed Period**"	the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfer of Notes will not be registered, or such

	shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive interest;
"**Business Day**"	a day (other than a Saturday or Sunday or public holiday) which is a day on which commercial banks settle payments in the United Republic of Tanzania or any Additional Business Centre specified in the Applicable Pricing Supplement;
"**Business Day Convention**"	the business day convention, if any, specified as such and set out in the Applicable Pricing Supplement;
"**Calculation Agent**"	NMB Bank PLC, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent, in which event that other entity shall act as a Calculation Agent in respect of that Tranche or Series of Notes;
"**Capital Markets and Securities Act**"	the Capital Markets and Securities Act Cap 79 R.E. 2002, as may be amended, supplemented or replaced from time to time;
"CDS"	Central Depository System maintained by the CSDR;
"**Central Securities Depository**" or "**CSD**" or "**CSDR**"	Central Securities Depository maintained by the DSE through the CSD and Registry Company Limited;
"**Central Securities Depository Participants**" or "**Participant**"	a person(s) that holds in custody and administers securities or an interest in securities and that has been accepted by the Central Securities Depository as a participant in that Central Securities Depository;
"**Certificate**"	An Individual Depository Receipt
"**Class of Noteholders**"	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
"**CMSA**" or "**Capital Markets and Securities Authority**"	means the Capital Markets and Securities Authority established under the Capital Markets and Securities Act, Cap 79 of the Laws of Tanzania;
"Co-Lead Transaction Advisor"	NMB Bank PLC
"**Companies Act**"	the Companies Act No. 12 of 2002, as may be amended, supplemented or replaced from time to time;
"Default Rate"	The default rate specified in the Applicable Pricing Supplement to be applied in accordance with Condition 6.8;
"**DSE**"	the Dar Es Salaam Stock Exchange PLC a company duly registered and incorporated with limited liability under the Companies Act No.12 of 2002 (Cap. 212), approved as an "exchange";
"**DSE Listing Rules**"	the criteria and disclosure requirements for the listing of Notes on the DSE, as amended from time to time by the DSE;

"**Early Redemption Amount**"	the amount at which the Notes will be redeemed by the Issuer pursuant to the provisions of Condition 8.2 and/or Condition 11, as set out in Condition 8.5;
"**Encumbrance**"	means any lien, pledge, mortgage, debenture, charge, encumbrance or other security interest or any agreement or arrangement having the effect of providing a right of security, provided that Encumbrance shall not include any statutory preference and any security interest arising by operation of law;
"**Event of Default**"	an event of default by the Issuer, as set out in Condition 11;
"**Exchangeable Notes**"	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
"**Exchange Period**"	in respect of Exchangeable Notes to which the Noteholders' Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
"**Exchange Price**"	the value indicated in the Applicable Pricing Supplement according to which the Number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
"**Exchange Securities**"	the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price;
"**Extendible Note**"	any Note with a maturity of not more than 18 months, which entitles the Issuer to extend the Redemption Date to a pre-determined future date, as indicated in the Applicable Pricing Supplement;
"**Extraordinary Resolution**"	Means a resolution passed at a meeting (duly convened and held in accordance with the provisions of Condition 17) of the Noteholders or a Class of Noteholders, as the case may be, by a majority of the Noteholders or a Class of Noteholders representing not less than 66.67% (sixty- six point sixty- seven percent), of the value of the specific class of Notes held by the Class of Noteholders or all Notes Outstanding held by the Noteholders, as the case may be (being determined with reference to the aggregate Outstanding Nominal Amount of the Notes Outstanding held by all the Noteholders or the specific Class of Noteholders), present in person or by proxy and voting at such meeting; or; a resolution passed, other than at a meeting (duly convened) of the Noteholders, in respect of which Noteholders or the relevant Class of Noteholders representing not less than 66.67% (sixty- six point sixty- seven percent), of the value of all Notes or the specific class of Notes, as the case may be (being determined with reference to the aggregate Outstanding Nominal Amount of the Notes Outstanding held by all the Noteholders or the specific Class of Noteholders, voted in favour by signing in writing a resolution in counterparts. Where the requisite approval is obtained within 20 (twenty) Business Days after the date the resolution is submitted to the Noteholders, such a resolution shall be as valid and effectual as if it had been passed at a meeting (duly convened) of the Noteholders, provided that notice shall have been given to all Noteholders in terms of Condition 16 (*Notices*), unless all of the

	Noteholders consent in writing to the waiver of the required notice contemplated in Condition 16 (*Notices*);
"**Final Redemption Amount**"	the amount of principal specified in the Applicable Pricing Supplement payable in respect of each Note upon the Redemption Date;
"**Fixed Interest Rate**"	the rate or rates of interest applicable to Fixed Rate Notes, as specified in the Applicable Pricing Supplement;
"**Fixed Rate Notes**"	Notes which will bear interest at the Fixed Interest Rate, as indicated in the Applicable Pricing Supplement;
"**Floating Rate Notes**"	Notes which will bear interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 6.3;
"Government"	means the government of Tanzania;
"**Implied Yield**"	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
"**Indebtedness**"	in respect of the Issuer, any indebtedness in respect of monies borrowed from any person, debenture holder or lender and (without double counting) guarantees, suretyships and indemnities (other than those in the ordinary course of business) given, whether present or future, actual or contingent;
"**Indexed Interest Notes**"	Notes in respect of which the Interest Amount is calculated by reference to such index and/or formula as indicated in the Applicable Pricing Supplement;
"**Indexed Note**"	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable;
"**Indexed Redemption Amount Notes**"	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as indicated in the Applicable Pricing Supplement;
"**Individual Depository Receipt**"	as contemplated in the Terms and Conditions, a single Depository Receipt representing Notes in a Tranche of Notes, registered in the name of the relevant Noteholder;
"**Instalment Amount**"	the amount expressed as a percentage of the Principal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
"**Instalment Notes**"	Notes redeemable in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in the Applicable Pricing Supplement;
"**Interest Amount**"	the amount of interest payable in respect of each Principal Amount of Fixed Rate Notes, Floating Rate Notes, Indexed Notes and Other Notes,, as determined in accordance with Condition 6.2, 6.3.6 and 6.5 respectively;
"**Interest Commencement Date**"	the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
"**Interest Payment Date**"	the Interest Payment Date(s) specified in the Applicable Pricing Supplement;
"**Interest Period**"	each period, as specified in the Applicable Pricing Supplement;

"**Interest Rate**"	the rate(s) of interest applicable to Notes other than Zero Coupon Notes and Fixed Rate Notes, as indicated in the Applicable Pricing Supplement;
"**Interest Rate Determination Date(s) or Reset Dates**"	as specified in the Applicable Pricing Supplement;
"**ISDA**"	International Swaps and Derivatives Association, Inc.;
"**ISDA Definitions**"	the 2006 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time);
"**Issuer**"	NMB Bank PLC
"Issue Date"	means the date upon which the relevant Tranche of the Notes is issued as specified in the Applicable Pricing Supplement;
"Issue Price"	means the price at which the Notes are issued by the Issuer (being, at the election of the Issuer, at par or at a discount to, or premium over their nominal amount as specified in the relevant Pricing Supplement);
"**Last Day to Register**"	with respect to a particular Tranche of Notes, 17h00 on the Business Day preceding the 1st (first) day of the Books Closed Period during which the Register is closed for further transfers or entries, as specified in the Applicable Pricing Supplement;
"Lead Transaction Advisor"	Absa Bank Tanzania Limited;
"**Material Asset**"	any asset of the Issuer with a book value equal to or exceeding 5% of the total assets of the Issuer as set out in the Issuer's most recently published audited financial statements from time to time (or its equivalent in other currencies), at the time of the Event of Default;
"**Material Indebtedness**"	any Indebtedness amounting in aggregate to an amount which equals or exceeds USD 100,000.00 (or its equivalent in other currencies);
"**Maturity Date**"	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
"**Mandatory Exchange**"	if indicated in the Applicable Pricing Supplement, the obligation of the Issuer to redeem Exchangeable Notes on the Maturity Date by delivery of Exchange Securities to the relevant Noteholders of Exchangeable Notes;
"**Mixed Rate Notes**"	Notes which will bear interest over respective periods at differing interest rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 6.4;
"**naca**"	nominal annual compounded annually;
"**nacm**"	nominal annual compounded monthly;
"**nacq**"	nominal annual compounded quarterly;
"**nacs**"	nominal annual compounded semi-annually;
"**Noteholders**"	in respect of a Note, the holder of that Note as recorded in the Register;

"**Noteholders' Exchange Right**"	if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
"**Notes**"	the notes issued or to be issued by the Issuer under the Programme and represented by a Certificate or issued in the form of Uncertificated Notes. Notes will be issued in registered form and will be either Senior Notes ("Notes that ranks/take precedence over all other Notes/securities") or Subordinated Notes ("Notes that ranks lower that Senior Notes");
"**Ordinary Resolution**"	a resolution passed at a meeting (duly convened) of the Noteholders or relevant Noteholders, as the case may be, by a majority representing more than 50% (fifty percent) of the value of the Notes held by the Noteholders or the relevant Noteholders, as the case may be (being determined with reference to the aggregate Outstanding Nominal Amount of the Notes Outstanding held by such relevant Noteholders as it bears to the aggregate Outstanding Nominal Amount of all of the relevant Notes Outstanding), present in person or by proxy, and voting at such meeting; and a resolution passed, other than at a meeting (duly convened) of the Noteholders or a Class of Noteholders, in respect of which Noteholders or the relevant Class of Noteholders representing more than 50% (fifty percent) of the value of all relevant Notes of the relevant Noteholders (being determined with reference to the aggregate Outstanding Nominal Amount of the Notes Outstanding held by such relevant Noteholders as it bears to the aggregate Outstanding Nominal Amount of all of the relevant Notes Outstanding), voted in favour by signing in writing a resolution in counterparts. Where the requisite approval is obtained within 20 (twenty) Business Days from the date the resolution is submitted to the relevant Noteholders, such a resolution shall be as valid and effectual as if it had been passed at a meeting (duly convened) of the relevant Noteholders, provided that notice shall have been given to all relevant Noteholders in terms of Condition 16 (*Notices*) of the Terms and Conditions, unless all of the relevant Noteholders consent in writing to the waiver of the required notice contemplated in Condition 16 (*Notices*) of the Terms and Conditions, where, for purposes of this definition, "**relevant Noteholders**" refers to a meeting of (a) all of the Noteholders or (b) holders of Notes of a particular Series of Notes or (c) holders of Notes of a particular ranking (such as Senior Notes or Subordinated Notes), as the case may be depending on whether the matter under consideration at such meeting affects such holders' rights under such Notes or requires their approval in terms of the Terms and Conditions or Applicable Law, and "**relevant Notes**" refers to all Notes of a particular Series or Notes of a particular ranking, as the case may be;
"Other Notes"	terms applying to any other type of Notes that are approved by the DSE, or its successor, or such other or further Financial Exchange(s) as may be selected by the Issuer in relation to an issue of listed Notes, or as agreed between the Issuer and the Relevant Dealer(s) in respect of unlisted Notes, will be set out in the Applicable Pricing Supplement;
"**Outstanding**"	in relation to the Notes, all the Notes issued other than:

(i) those which have been redeemed in full;

(ii) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment;

(iii) those which have been purchased and cancelled as provided in Condition 8;

(iv) those which have become void under Condition 10;

(v) Notes represented by those mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 12;

(vi) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 12,

(vii) provided that for each of the following purposes, namely:

(viii) the right to attend and vote at any meeting of the Noteholders; and

(ix) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 17 and 18,

all Notes (if any) which are for the time being held by the Issuer (subject to any applicable law) or by any person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held) shall be deemed not to be Outstanding;

"**Outstanding Principal Amount**" in relation to any Note, the Principal Amount of that Note less the aggregate amounts in respect of the Principal Amount redeemed and paid to the Noteholder;

"**Partial Redemption Amount**" the portion of the Principal Amount Outstanding of any Extendible Note redeemed by the Issuer, as notified to Noteholders in accordance with Condition 16;

"**Partly Paid Notes**" Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as indicated in the Applicable Pricing Supplement);

"**Paying Agent**" NMB Bank PLC unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that Tranche or Series of Notes;

"**Payment Day**" any day which is a Business Day and upon which a payment is due by the Issuer in respect of any Notes;

"**Permitted Encumbrance**" (i) any Encumbrance existing as at the date of the Applicable Pricing Supplement;

(ii) any Encumbrance with regard to receivables or which is created pursuant to any securitisation or like arrangement in accordance with normal market practice;

(iii) any Encumbrance created over any asset owned, acquired, developed or constructed, being an Encumbrance created for the sole purpose of financing or refinancing that asset owned, acquired, developed or constructed, provided the indebtedness so secured shall not exceed the bona fide market value of such asset or the cost of that acquisition, development or construction (including all interest and other finance charges, adjustments, due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) and where such market value or cost both apply, the higher of the two;

(iv) any Encumbrance created in the ordinary course of business over deposit accounts securing a loan to the Issuer equal to the amounts standing to the credit of such deposit accounts, including any cash management system;

(v) any Encumbrance created in the ordinary course of business over stock-in-trade, inventories, accounts receivable or deposit accounts;

(vi) any guarantee(s) issued by the Issuer for the indebtedness of any of its subsidiaries, subject to an aggregate for all those subsidiaries of an amount not exceeding 5% of the total revenue of the Issuer as published in the latest audited financial statements of the Issuer; or

(vii) any Encumbrance securing in aggregate not more than USD 100,000.00 (or its equivalent in other currencies) at any time;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Placing Agent**” NMB and Absa and any other additional Placing Agent appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Placing Agent;

“**Principal Amount**” or “**Nominal Amount**” in relation to any Note, the nominal amount of each Note excluding interest and any adjustments on account of any formula, owing by the Issuer under the Note, being the amount equivalent to the Specified Denomination set out in the Applicable Pricing Supplement;

“**Programme**” The Tanzanian Shilling One Trillion (TZS 1 000 000 000 000) Domestic Multi Currency Medium Term Note Programme under which the Issuer may from time to time issue Notes;

“**Programme Amount**” TZS 1 000 000 000 000;

“**Placing Agreement**” the placing agreement dated on or about 31st August 2023 and entered into between the Issuer, the Arranger and the Dealer;

"Programme Date"	the date of this Information Memorandum;
"**Information Memorandum**"	this Information Memorandum dated on or about 31st August 2023 ;
"**Rating Agency**"	Moody's Investor Services, and/or such other rating agency as may be appointed by the Issuer; as the rating agency or rating agencies, if any, appointed by the Issuer to assign a Rating to the Issuer or to any Notes issued by the Issuer, as specified in the Applicable Pricing Supplement;
"**Redemption Date**"	the date upon which the Notes are redeemed by the Issuer, whether by way of redemption on maturity in terms of Condition 8.1 or redemption for tax reasons in terms of Condition 8.2, as the case may be;
"Reference Rate"	means the benchmark interest rate so specified in the relevant Pricing Supplement for each Tranche of Notes to be issued;
"**Register**"	the register of securities maintained by the Transfer Agent, including the Issuer's uncertificated securities register administered and maintained by a Participant or the CSD in accordance with the requirements under the Companies Act, CAP 212, R.E. 2002 and the Dar es Salaam Stock Exchange Rules, 2022;
"**Registrar**"	NMB Bank PLC unless the Issuer elects to appoint, in relation to a particular Series of Notes, another entity as Registrar in which event that other entity shall act as Registrar in respect of that Series of Notes;
"Registered Note"	a note issued in registered form and transferable in accordance with Condition 13.1;
"**Relevant Date**"	in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the holders of Beneficial Interests, it means the first date on which: (i) such monies are available for payment to the holders of Beneficial Interests, and (ii) notice to that effect has been given to such holders in accordance with the Applicable Procedures;
"**Representative**"	a person duly authorised to act on behalf of a Noteholder, who may be regarded by the Issuer, the Transfer Agent or the Paying Agent (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder;
"**Series**"	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly;
"**Settlement Agent**"	a Central Securities Depository Participant, approved by the DSE or any other relevant financial exchange to perform electronic settlement of both funds and scrip on behalf of market participants, as set out in the Applicable Pricing Supplement;
"Senior Notes"	means notes that that ranks/take precedence over all other Notes/securities;

"**Step-up Margin**"	the margin to be added to the Interest Rate applicable to an Extendible Note and specified in the Applicable Pricing Supplement or in the case of Zero Coupon Notes, the agreed rate specified in the Applicable Pricing Supplement;
"Successor"	means, in relation to any party appointed under the Programme, any successor to any one or more of them which shall become a party pursuant to the provisions of these presents and/or such other or further agent (as the case may be) in relation to the Notes as may from time to time be appointed as such, and/or, if applicable, such other or further specified offices as may from time to time be nominated, in each case by the Issuer and (except in the case of the initial appointments and specified offices made under and specified in the Terms and Conditions) notice of whose appointment or, as the case may be, nomination has been duly given to the Noteholders;
"SMEs"	means small and medium enterprises;
"**Specified Currency**"	has the meaning given in the Applicable Pricing Supplement
"**Specified Denomination**"	has the meaning given in the Applicable Pricing Supplement;
"**Specified Office**"	in relation to each of the Issuer, the Calculation Agent, the Paying Agent, the Transfer Agent, the Settlement Agent and the Issuer Agent, the address of the office specified in respect of such entity in the Applicable Pricing Supplement, or such other address as is notified by such entity (or, where applicable, a successor to such entity) to the Noteholders in accordance with the Terms and Conditions, as the case may be;
"Sponsoring Broker"	means Orbit Securities Company Limited;
"Stockbroker"	means dealers of the Dar es salaam Stock Exchange (DSE) and licenced by the CMSA as such.
"Tanzania"	the United Republic of Tanzania and "**Tanzanian**" shall be construed accordingly;
"Tax"	any tax, levy, impost, duty or other charge or withholding of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or delay in paying any of the same), and "**Taxes**" and "**Taxation**" shall be construed accordingly;
"**Terms and Conditions**"	the terms and conditions incorporated in this section entitled "*Terms and Conditions of the Notes*" and in accordance with which the Notes will be issued;
"**Tranche**"	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
"**Transfer Form**"	in relation to the transfer of a Note as contemplated in the Terms and Conditions, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
TZS" or **"Tanzania hillings" or Shilling" or "Tshs"**	the lawful currency of United Republic of Tanzania;
'**Unlisted Registered Note**"	a note issued in registered form and not listed on the DSE and transferable in accordance with Condition 13.1;
"**Uncertificated Securities Register**"	a register which details all Uncertificated Notes;

"**Uncertificated Notes**"	a Note issued in uncertificated form not evidenced by any written document or instrument and held in the Central Securities Depository;
"US$" or "USD"	denotes the lawful currency of the United States of America.
"**Zero Coupon Notes**"	Notes which will be offered and sold at a discount to their Principal Amount or at par and will not bear interest other than in the case of late payment.

ADVISORS TO THE TRANSACTION

Lead Transaction Advisor	absa	Absa Bank Tanzania Limited Absa House Ohio Street Dar es Salaam Tanzania
Co-Lead Transaction Advisor	NMB Close to you	NMB Bank PLC NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
Sponsoring Broker	ORBIT SECURITIES COMPANY LTD.	Orbit Securities Company Ltd Golden Jubilee Tower 4th Floor, (PSPF Building), Ohio Street. Dar es Salaam Tanzania
Fiscal Agent and Calculation Agent	NMB Close to you	NMB Bank PLC NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
Registrar	NMB Close to you	NMB Bank PLC NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
Legal Advisor	REX Attorneys at Law Law | IP | Tax | Forensics	Rex Advocates Rex House, 344 Ghuba Road, Toure Drive Dar es Salaam, Tanzania
Reporting Accountant	KPMG	KPMG Tanzania The Luminary, 2nd Floor Haile Selassie Road, Masaki

OVERVIEW OF THE PROGRAMME

The information set out in this section of the Information Memorandum is not intended to be comprehensive. In order to gain a comprehensive understanding of all necessary subject matter and information, this Information Memorandum should be read in its entirety.

The interpretation and definitions of the terms and abbreviations used in this summary are set out in the Glossary of Defined Terms and Abbreviations

		Section A – Introduction and Disclaimers
A.1	Introductions and disclaimers	"The following information should be read as an introduction to the Information Memorandum ("Information Memorandum") relating to the offering (the "Offer") of up to TZS 1,000 000 000 000 (or its equivalent) with the Notes to be denominated in Specified Currency Any decision by a prospective investor to invest in the Notes should be based on a consideration of the Information Memorandum as a whole. Prospective investors should therefore read the entire Information Memorandum and not rely solely on this summary"
		Section B – the Advisors
B.1	Issuer	NMB Bank PLC
B.2	Lead Transaction Advisor	Absa Bank Tanzania Limited
B.3	"Co-Lead Transaction Advisor"	NMB Bank PLC
B.4	Sponsoring Broker	Orbit Securities Company Limited
B.5	Legal Advisor	Rex Advocates
B.6	Reporting Accountants	KPMG Tanzania
B.7	Fiscal Agent	NMB Bank PLC
B.7	Registrar	NMB Bank PLC
B.8	MTN Period	10 years

		Section C – Key Performance Measures
C.1	Selected hitorical key financial information of the Company	The table below sets out extracts from the consolidated financial statements set out in Section 4 of the Information Memorandum.

Table 1: NMB - Key Performance Measures from 2018 to 2022

	2022	2021	2020	2019	2018
Net Interest Income (TZS Million)	786,349	676,215	565,655	517,641	492,023
Net Fee and Commission Income (TZS Million)	324,929	248,541	226,400	169,153	166,282
Total Operating Income (TZS Million)	1,107,326	868,953	717,622	621,640	550,594
Profit Before Tax (TZS Million)	611,611	413,887	295,743	211,088	141,641
Loans and Advances to customers (TZS Million)	6,014,603	4,653,933	4,109,260	3,595,688	3,251,794
Total Deposits from customers (TZS Million)	7,600,147	6,664,263	5,325,455	4,922,278	4,327,607
DPS (TZS)	286	193	137	96	66
Basic and Diluted EPS	858.75	580.37	411.6	284.33	195.33

		Table 2: NMB - Key Performance Ratios from 2022 to 2018					
			2022	2021	2020	2019	2018
C.2	Selected key historical financial ratios	Dividend yield (%)	9%	10%	6%	4%	3%
		Price: Earnings ratio (x)	3.5	3.4	5.7	8.2	12
		Price to Book ratio (x)				1.2	1.36
		Return on average shareholders' equity	25%	21%	18%	15%	11%
		Return on average assets	4%	3%	3%	2%	2%
		Cost to income ratio	42%	46%	50%	60%	59%
		Non-Performing Loans (NPL to Gross Loans)	3%	4%	5%	7%	6%
		Capital adequacy ratios* (Bank)					
		Tier 1 capital ratio	23.08%	23.80%	19.30%	17.10%	16.50%
		Tier 1 + Tier 2 capital ratio* (Total capital ratio)	23.09%	24.60%	20.60%	18.50%	18.50%
		*Regulatory requirements for Tier I and II are 10% and 12% respectively *Capital adequacy ratios are calculated before dividend payments					

		Section D – General
D.1	**Description of the Programme**	TZS 1,000,000,000,000 Multi-Currency Medium-Term Note Programme
D.2	**Terms and Conditions of the Notes**	The Terms and Conditions shall, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the Applicable Pricing Supplement, be applicable to the Notes representing each Tranche
D.3	**Denomination of Notes**	Notes will be issued in such denominations as may be specified in the Applicable Pricing Supplement
D.4	**Status of the Senior Notes**	Unless otherwise specified in the Applicable Pricing Supplement, the Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu among themselves and (save for certain debt preferred by law) equally with all other unsecured obligations (other than subordinated obligations (if any)) of the Issuer outstanding from time to time
D.5	**Status of Subordinated Notes**	Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Issuer, all as described in Condition 5.2 (Status of Subordinated Notes) and the Applicable Pricing Supplement
D.6	**Currency**	Tanzania Shillings or, subject to all applicable laws, such other currency as specified in the Applicable Pricing Supplement
D.7	**Programme Amount**	TZS 1,000,000,000,000 (one trillion Tanzanian shillings)
D.8	**Issue price**	To be specified in the Applicable Pricing Supplement
D.9	**Use of proceeds**	The net proceeds from each Tranche will be used to finance eligible green, social and sustainable projects in line with the sustainable Bond principles. In addition, the net proceeds will also be used for strategic lending to productive economic sectors or as otherwise may be described in the applicable Pricing Supplement of each Tranche.

D.10	**Type of Notes**	Notes to be issued under the Programme may pay either (a) a fixed amount of interest, (b) a variable amount of interest and will be specified in the Applicable Pricing Supplement
D.11	**Interest Amount**	The Interest Amount as indicated in the Applicable Pricing Supplement.
D.12	**Day Count Fraction**	To be specified in the Applicable Pricing Supplement
D.13	**Taxation**	All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by, or on behalf of, Tanzania
D.14	**Redemption**	The Applicable Pricing Supplement will specify the redemption amount or if applicable, basis for calculating the redemption amounts payable.
D.15	**Allotment Policy**	To be specified in the relevant pricing supplement
D.16	**Listing**	As specified in the Applicable Pricing Supplement
D.17	**Governing Law**	The laws of Tanzania or any other applicable law as stated in the Applicable Pricing Supplement
D.9	**Use of proceeds**	The net proceeds from each Tranche will be used to finance eligible green, social and sustainable projects in line with the sustainable Bond principles. In addition, the net proceeds will also be used for strategic lending to productive economic sectors or as otherwise may be described in the applicable Pricing Supplement of each Tranche.
		Section E – Statutory and General Information
E.1	**Incorporation**	The Bank was incorporated in 1997 in Tanzania under the Companies Act, 2002 and became a public limited liability company in 2008 (certificate of incorporation number 32699)
E.2	**Registered Office**	NMB Bank PLC Head Office Ohio/Ali Hassan Mwinyi Road P.O. Box 9213 Dar es Salaam Tanzania

		Tranche	Amount	Indicative Offer Date*
		Section F – Indicative Timetable		
F.1	**Indicative issue timetable for each Tranche of**	01	TZS 100,000,000,000	September 2023
		02	TZS 120,000,000,000	September 2024
		*The above Offer Dates are indicative and will be announced through the Applicable Pricing Supplement. The dates may change at the discretion of the Issuer and will be communicated to the potential noteholders where appropriate, subject to obtaining approval from the relevant authorities.		

RISK FACTORS

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents deemed to be incorporated by reference herein) and in the Applicable Pricing Supplement and reach their own views prior to making any investment decision.

General

This Information Memorandum identifies in a general way the information that a prospective investor should consider prior to making an investment in the Notes. However, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in the Notes as any evaluation of the suitability for an investor of an investment in the Notes depends upon a prospective investor's particular financial and other circumstances, as well as on specific terms of the Notes. This Information Memorandum is not, and does not purport to be, investment advice. If a prospective investor does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, the investor should consult with its financial adviser prior to deciding to make an investment on the suitability of the Notes.

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risk Factors Related to the Country

The Issuer's operations are primarily in Tanzania which is considered a frontier market. Frontier markets are a subset of emerging markets that may be characterised by nascent economies in various stages of development. These economies present international investors with additional risks due to the lack of safeguards and infrastructure that investors traditionally find in more developed economies. Compared to developed markets and some emerging markets, frontier markets could be susceptible to economic instability and, in certain cases, significant political and legal risks.

Given that the Notes issued by the Issuer will be denominated mostly in Tanzania Shillings, the risks likely to be most relevant for Noteholders will relate to the macroeconomic environment in Tanzania, which has one of the more stable, developed and diversified economies in the region.

Changes in the Regulatory Framework or Increased Regulation of the Financial Services Industry in Tanzania Could Affect NMB's business

Changes in regulations, which are beyond the Issuer's control, may have a material effect on the Bank's business and operations. The BoT introduced various new regulations in 2014 which was further amended in 2015 such as the Banking and Financial Institutions Capital Adequacy (Amendment) Regulations, 2015 to be read as one with the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014 which specify the minimum core capital requirements for banks as fifteen billion Tanzania shillings.

These regulatory actions could affect the pricing of NMB's products and therefore reduce demand for them or otherwise adversely affect its businesses. Accordingly, the Bank cannot provide assurance that any such new legislation or regulations would not have an adverse effect on its business, results of operations or financial condition in the future.

Tanzania has not introduced Basel III, however the introduction and adoption of Basel III could further increase the cost of capital for banks which could affect NMB's business.

To mitigate this risk, NMB has implemented a regulatory risk management system to track, monitor, and analyze market changes and assess their potential impact on the business. NMB also updates its business policies to ensure compliance with government or market regulator standards and regulations.

Tanzania's personal lending services market could experience restricted growth

Whilst Tanzania has experienced steady economic growth over the last decade, growth in income for the average Tanzanian has been relatively modest which may limit demand for banking services. Additionally, as with many African countries, difficulties in assessing credit worthiness of counterparties owing to limited or no information on credit scoring, may cause banks to charge high rates in order to compensate for risk. This could therefore result in restricted growth of lending products or increase in non-performing loans ratio which could impact a bank's financial performance.
Lending to retail client has continued to grow exponentially in Tanzania, loan quality has improved and will support credit uptake, in the near term. Additional investments in digital banking services by NMB has also led to the Bank being able to access clients that were previously difficult to bank.

Risk factors relating to the Market

Market Price Risk

The market prices of the Notes depend on various factors, such as changes of interest rate levels, the policy of central banks, overall economic developments, inflation rates or the supply and demand for the relevant type of Notes. The market price of the Notes may also be negatively affected by an increase in the Issuer‘s credit spreads, i.e. the difference between yields on the Issuer‘s debt and the yield of government bonds or swap rates of similar maturity. The Issuer‘s credit spreads are mainly based on its perceived creditworthiness but also influenced by other factors such as general market trends as well as supply and demand for such Securities.

NMB uses hedging strategies to protect against volatility and minimize the impact that market risk will have on its clients investments and overall financial health. Most investors hold their investments to maturity therefore are not susceptible to market price risk.

Exchange rate risks

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency equivalent market value of the Notes.

Such currency risks generally depend on factors over which the Issuer and the Noteholders have no control, such as economic and political events and the supply of and demand for the relevant currencies. In recent years, rates of exchange for certain currencies have been highly volatile, and such volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Note.

Most of the Notes will be issued in Tanzania Shillings and the investors typically earn revenue in local currency. This means that a majority of the investors of the notes will not be impacted by exchange rate risk.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the assigning rating agency at any time. Credit ratings assigned to Notes do not necessarily mean that the Notes are suitable investment. Similar ratings do not address the marketability of any Notes or any market price. Any change in the credit ratings of Notes, or the Issuer, could affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

NMB continuously updates its credit ratings to take into account any market movements or business performance so as to reflect the impact of risks as much as possible.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Note can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risk Factors Related to the Issuer

Set out below are certain risk factors, which could affect the Issuer's future results and cause them to be materially different from expected results. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties the Issuer's business faces.

The Issuer is subject to regulation and absence of a banking license would affect its ability to conduct its operations

The Issuer operates in a highly regulated industry and non-compliance with such prescribed regulations can result in sanctions by the BoT. The BoT could revoke a banking license if a bank fails to comply with the provisions of the Banking and Financial Institutions Act, 2006 ("**BFIA**") or any rules, regulations, orders or directions issued under the BFIA or any condition of a license such as non-compliance to the capital adequacy ratios, the minimum capital requirements or contravention of the anti-money laundering requirements. Should the Issuer lose its license and not be able to conduct its normal business it would not be able to meet its obligations under the Notes.

The Issuer has a risk management system in place geared at mitigating the key regulatory risks facing the Bank. The Board and management evaluate the Issuer's risk areas, identify the key risks and ensure that the process of risk management and the systems of internal control are effective.

Adverse changes in borrower credit quality and deterioration of the general economic environment could affect the Issuer's profitability

The Issuer's business is subject to inherent risks regarding borrower credit quality and recoverability of loans and amounts due from counterparties and the general condition of the operating environment. Each of these can change the level of demand for, and supply of, the Issuer's products and services.

The Issuer employs a wide range of credit risk mitigation strategies the most common being collateralising loans and advances. This security could be in the form of mortgages on residential properties, charges over business premises, inventory and accounts receivables or charges over financial instruments such as fixed income or equity securities. However, changes in the credit quality of the Issuer's borrowers and counterparties could reduce the value of the Issuer's assets and increase provisions for bad and doubtful debts. Additionally, changes in economic conditions may result in deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default.

Volatility in market risks could impact the value of the Issuer's assets, liabilities, revenues and expenses

The Issuer faces various market risks, such as interest rates and exchange rates, which can exhibit volatility and adversely impact the value of its assets, liabilities, revenues, or expenses. Although the Issuer employs measures to manage market risks by aligning assets and liabilities with similar risk characteristics at the time of initiating transactions, there is no guarantee that changes in interest rates and currency exchange rates will not significantly affect the Issuer's financial condition and operational results. Notably, the Issuer's access to retail, wholesale, and Government deposit funding, crucial for its operations, is dependent on factors beyond the Bank's control, including general economic conditions, retail depositors' confidence, and to some extent, the political environment. These factors, among others, could potentially reduce the Bank's ability to secure retail and Government deposit funding on favorable terms in the future.

NMB uses derivatives to hedge and reduce the risks involved in its banking operations. The Bank's strategy for managing interest rate risk is to divide the balance sheet into the two broad types of interest rate sensitive assets and liabilities (floating rate and fixed rate) and to align the interest rate profiles of each balance sheet component to the appropriate benchmark.

A constraint in the Bank's liquidity may affect its ability to meet its obligations as and when they fall due

Liquidity risk is a significant concern for financial institutions, especially those engaged in long-term project financing and investments. To manage liquidity risk, the Issuer continuously monitors future cash flows, assesses liquidity ratios against internal and regulatory standards, and reviews any discrepancies between assets and liabilities.

Additionally, the Issuer maintains a portfolio of highly liquid assets that can be easily converted into cash to safeguard against unforeseen disruptions in cash flows. However, despite these measures, there is no guarantee that maturity mismatches will not occur, potentially leading to significant adverse effects on the Issuer's business, financial condition, and operational results.

The Issuer relies on both retail deposits and wholesale funding. While the Issuer believes that its access to domestic and international interbank and capital markets, along with prudent liquidity risk management, will enable it to meet both short-term and long-term liquidity requirements, severe liquidity stress events could have a substantial adverse impact on the Issuer's liquidity, solvency position, results, or prospects. During such stress events, the Issuer may need to obtain additional funding sources at higher costs, potentially affecting its financial position.

NMB manages liquidity risk by monitoring future cash outflows to ensure that its obligations are met. The Bank maintains a portfolio of marketable assets that can easily be liquidated if there is ever a liquidity challenge. The Bank also maintains liquidity ratios as per the BOT's regulatory requirements.

Portfolio concentration in certain sectors could affect the Issuer's credit portfolio thereby affecting its financial condition and operational results

The lending book of the Bank has exposure to a range of clients, assets, industries and geographies which in isolation or combination could result in concentration risk, including in relation to the salaried workers loans. For further information on personal lending refer to Risk Factors - Tanzania's personal lending services market.

NMB manages concentration risk by having effective internal policies, systems and controls to identify, measure, monitor, and control their credit risk concentrations. The Bank closely monitors any significant exposures to an individual counterparty or group of related counterparties and defines a limit for exposures. NMB has also established an aggregate limit for the management and control of all of its large exposures.

Reputational risk

NMB acknowledges the significance of proactively managing and mitigating reputational risk. The Bank maintains robust risk management practices to identify, assess, and monitor potential risks to its reputation. This includes implementing internal controls, governance frameworks, and compliance measures to ensure adherence to regulatory requirements and ethical standards. NMB continuously invests in training programs and resources to foster a culture of integrity and ethics across its workforce, emphasizing the importance of upholding the bank's reputation.

The Bank remains committed to upholding its code of conduct, executing its business ethically, and safeguarding the integrity of its reputation. Through proactive risk management practices, NMB aims to mitigate the potential adverse impacts of reputational risk on its capital, earnings, and overall financial standing.

Adverse experience in the operational risks inherent in the Issuer's business could have a negative impact on its results of operations

Operational risk poses inherent challenges to the Issuer's business, including the potential for adverse impacts on its results of operations. The Issuer remains committed to maintaining robust systems, processes, and controls to mitigate these risks. By investing in advanced technology, comprehensive risk management practices, and a skilled workforce, the Issuer strives to ensure the accurate and efficient processing of transactions while minimizing operational disruptions. These measures are aimed at safeguarding the Issuer's results of operations and maintaining the trust and confidence of its stakeholders.

Litigation may adversely affect the business, results, operation and financial condition of the Issuer

The Issuer may encounter litigation in connection with its activities. A substantial legal liability could have a
material adverse change with regards to the financial condition of the Issuer taken as a whole or the ability of the Issuer to perform its obligations under and in respect of the Notes; or the validity or enforceability of the Notes.

NMB identifies any actual and potential litigation risk areas at the outset of an investigation and monitors these throughout the investigatory process. The bank also has regular legal team meetings to discuss the risk areas and to maintain a risks log, rating each item against a scale.

The Issuer may face growing competition from other financial institutions and growth in technological innovations that could affect its ability to retain or grow market share

The demand for banking services by Tanzanians is relatively low owing to limited access to banking products and services. East Africa in particular has recorded significant growth of mobile money services, mainly because of expanding usage in Tanzania and Kenya.

Additionally, mobile network operators have partnered with banks to offer lending and savings products through the mobile phone platform allowing for further disintermediation. Increased innovation of financial products available from mobile network operators and growth of use of mobile phone transfer services could result in increased competition to the banking industry that could limit the Bank's ability to grow its customer base and hence adversely impact its future growth potential.

NMB have entered into service agreements with mobile network operators such as Vodacom and Airtel to allow its customers to deposit money into their account from mobile money platforms as well as transferring money from NMB Mobile to these platforms. This ensures that NMB works together with the mobile money operators as partners rather than competitors.

Risk Factors Related to the Notes

Risks relating to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features. Prospective investors of Notes should be aware that the range of Notes that may be issued under the Programme is such that the following statements are not exhaustive with respect to the types of Notes that may be issued under the Programme and any particular Series of Notes may have additional risks associated with it that are not described below. Investment in the Notes may involve complex risks related to factors which include equity market risks and may include interest rate, foreign exchange and/or political risks.

The Notes may not be a suitable investment for all investors

Each potential investor must determine the suitability of investing in the Notes in light of its own circumstances. In particular, each potential investor should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any Supplemental Information Memorandum;
- Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial solution, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; Understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in notes which are complex financial instruments without consulting a financial advisor who will evaluate how such notes will perform under changing conditions, the resulting effects on the value of such notes and the impact this investment will have on the potential investor's overall investment portfolio.

The market price of the notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes in the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes.

In particular, the markets for emerging market securities, such as Tanzania, may be volatile and are to varying degrees, influenced by economic securities' market conditions in other emerging market countries which may not be in the same geographic region as Tanzania. Although economic conditions are different in each country, investor reactions to the developments in one country may affect securities of issuers in other countries, including Tanzania. Accordingly, the market price of the Notes may be subject to significant fluctuations, which may not necessarily be related to the financial performance of the Issuer.

Notes may be subject to optional redemption by the Issuer

An optional redemption feature in the Notes may negatively affect their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a lower rate.

Change of Law

The Terms and Conditions of the Notes are based on the Applicable Law as specified in the relevant pricing supplement in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to the Applicable Law or administrative practice after the date of this Information Memorandum.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Subordinated Notes

The Issuer may issue Subordinated Notes. The obligations of the Issuer under Subordinated Notes constitute unsecured and subordinated obligations and will rank junior in priority of payment to unsubordinated obligations. In the event of insolvency or liquidation of the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amounts will be payable in respect of such obligations until the claims of all unsubordinated creditors of the Issuer have been satisfied in full. The Issuer expects from time to time to incur additional indebtedness or other obligations that will constitute senior indebtedness, and the Subordinated Notes do not contain any provisions restricting the Issuer's ability to incur senior indebtedness. Although the Subordinated Notes may pay a higher rate of interest than comparable Notes which are not so subordinated, there is a real risk that an investor will lose all or some of its investment should the Issuer become insolvent since its assets would be available to pay such amounts only after all of its Senior Creditors have been paid in full.

The Issuer may redeem all or part of the Subordinated Notes at its option at any time prior to maturity upon the occurrence of certain regulatory events. If the Issuer redeems the Subordinated Notes, holders of such Notes may not be able to reinvest the amounts they receive upon redemption at a rate that will provide the same rate of return as did the investment in the Subordinated Notes.

In the event of the dissolution, liquidation, insolvency or other proceedings for the avoidance of insolvency of, or against, the Issuer, the obligations under the Subordinated Notes will be fully subordinated to the claims of other unsubordinated creditors of the Issuer. Accordingly, in any such event no amounts shall be payable in respect of the Subordinated Notes until the claims of such other unsubordinated creditors of the Issuer have been satisfied in full. Accordingly, the Noteholders' rights under the Notes will rank behind all unsubordinated creditors of the Issuer in the event of the insolvency or liquidation of the Issuer.

The Issuer's payment obligations under the Subordinated Notes will rank pari passu amongst themselves and with all claims in respect of existing and future subordinated instruments and the payment of interest payments thereunder. The only remedy against the Issuer available to Noteholders for recovery of amounts which have become due in respect of the Subordinated Notes will be the institution of legal proceedings to enforce payment of the amounts. In an insolvency or liquidation of the Issuer, any Noteholder may only claim amounts due under the Subordinated Notes after the Issuer has discharged or secured in full (i.e. not only with a quota) all claims that rank senior to the Subordinated Notes.

Securities whose interest and/or redemption amount is calculated by reference to a formula

Where an issue of Notes references a formula in the applicable Terms and Conditions (which may be replicated in the Applicable Pricing Supplement) or the Applicable Pricing Supplement as the basis upon which the interest payable and/or the amount payable on redemption is calculated, potential investors should ensure that they understand the relevant formula and if necessary seek advice from their own financial adviser.

In addition the effects of the formula may be complex with respect to expected amounts of interest and/or amounts payable and/or assets deliverable on redemption and in certain circumstances may result in increases or decreases in these amounts.

Integral multiples of the Specified Denomination

If Notes are issued in one or more integral multiples of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than such minimum Specified Denomination in its account with the relevant securities exchange at the relevant time may not hold a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that its holding amounts to the Specified Denomination.

Taxation

Payments of interest on the Notes shall not be subjected to withholding as provided for in the Income Tax Act under Section 82 [e]. All payments in respect of the Notes will be made without deduction for or on account of withholding taxes. Section 82 [e] specifically provides that the provision for requirement of payment of withholding tax shall not apply to *"interest paid to a holder of corporate or municipal bonds issued and listed at the Dar Es Salaam Stock Exchange with effect from 1st July, 2022"*.

If the Notes unlisted there is likelihood that withholding tax will be applicable. Where withholding tax is applicable on interest the Income Tax Act provides that withholding tax at the rate of 10% (ten per cent) will be deducted from interest payments made to Tanzanian resident Noteholders and withholding tax at the rate of 15% (fifteen per cent) will be deducted from interest payments made to non-resident Noteholders. Where a tax liability arises in respect of holdings of the Notes, non-resident investors may be entitled to a tax credit in their country of residence, either under domestic law or under the any applicable tax treaties.

Potential purchasers and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Notes are transferred and/or any asset(s) are delivered.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

No Tax Gross-Up in respect of Certain Series of Notes

Unless the Applicable Pricing Supplement specifies that a withholding tax gross-up is applicable, the Issuer will not obliged to gross up any payments in respect of the Notes and will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any security and all payments made by the Issuer will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

NMB'S COMMITMENT TO SUSTAINABILITY

NMB is fully committed to the United Nations Sustainable Development Goals (SDGs) and the 2030 Agenda. Observing the principles of sustainable banking, the Bank aims to meet the UN SDGs through its products and operations, to fulfil the broader development goals of climate action, financial inclusion, poverty alleviation, and economic development. The Bank's objectives go beyond the scope of financial gains to create a positive impact on the larger community and the economy by strategically aligning its commitments to national targets like the Tanzania Development Vision 2025 and NDCs.
NMB's sustainability priorities are reflected in the Bank's Medium-Term Plan 2025, which guides our interest in becoming a sustainability leader in Tanzania. Our priorities are;

- To be an organization that contributes positively to the country's sustainable economic growth agenda.
- To be a responsible organization with a great sense of social and environmental responsibility and stewardship
- To drive shared value through community impact investments

The Bank is also guided by its Sustainability Programme formed in 2022, which aims to integrate ESG, and sustainability internally and externally. The Bank seeks to address a range of environmental and social challenges as a financial institution, from the accessibility of financial services and inclusivity to biodiversity loss and climate change.

Transparency is a core tenet of the Bank, and some principles of the Integrated Reporting (IR) Framework are being applied to its annual report. NMB remains fully committed to enhancing its non-financial disclosures and ensuring full adherence to the IR framework. In addition, with GCF accreditation underway, the Bank seeks to align with additional international frameworks such as UNGC, UN PRB and TCFD. The Bank remains committed to deepening its sustainability ambitions, by working towards continuously refining disclosures in line with international frameworks, in efforts to drive enhanced disclosures around sustainability and climate-related risks and opportunities.

NMB's long-term ambition is to actively seek opportunities to accelerate efforts towards addressing sustainability in line with international best practices and is committed to its role in driving climate change mitigation and adaptation as well as the socio-economic development of Tanzania.

The Issuer will publish on the website its sustainable financing framework under which it intends to issue thematic instruments such as green, social and/or sustainability bonds in alignment with the relevant Principles and Guidelines provided by the International Capital Markets Association (ICMA).
The Issuer will publish its sustainable financing framework under which it intends to issue thematic instruments such as green, social and/or sustainability bonds in alignment with the relevant Principles and Guidelines provided by the International Capital Markets Association (ICMA).

SUMMARY OF FINANCIAL INFORMATION

The Issuer's financial information set out below has, unless otherwise indicated, been derived from its audited consolidated financial statements as at and for the years ended 31 December 2018 to 31 December 2022, in each case prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Such summary should be read in conjunction with the Reporting Accountants' Report, the financial statements and related notes.

Statement of Profit and Loss and Other Comprehensive Income

Year ended 31 December	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Interest and similar income	953,656	815,446	712,977	653,974	601,638
Interest and similar expense	(167,307)	(139,231)	(147,322)	(136,333)	(109,615)
Net interest income	786,349	676,215	565,655	517,641	492,023
Impairment charge – loans and advances	(81,067)	(113,040)	(125,800)	(98,850)	(135,256)
Impairment charge – off-balance sheet exposures	(113)	(89)	6,488	(1,560)	(2,049)
Total impairment charge	(81,180)	(113,129)	(119,312)	(100,410)	(137,305)
Net interest income after impairment	705,169	563,086	446,343	417,231	354,718
Fees and commission income	419,189	323,432	284,812	215,816	203,003
Fees and commission expense	(94,260)	(74,891)	(58,412)	(46,663)	(36,721)
Net fees and commission income	324,929	248,541	226,400	169,153	166,282
Foreign exchange income	48,071	33,583	27,377	24,454	20,914
Trading Income	5,353	2,726	3,107	1,100	1,033
Other income	23,804	21,017	14,395	9,702	7,647
Total operating income	1,107,326	868,953	717,622	621,640	550,594
Employee benefits expense	(266,296)	(243,679)	(195,515)	(182,579)	(166,149)
Other operating expenses	(174,910)	(148,920)	(157,814)	(154,365)	(188,871)
Depreciation and amortization	(54,509)	(62,467)	(68,550)	(73,608)	(53,933)
Total operating expenses	(495,715)	(455,066)	(421,879)	(410,552)	(408,953)
Profit before income tax	611,611	413,887	295,743	211,088	141,641
Income tax expense	(182,235)	(123,701)	(89,941)	(68,921)	(43,978)
Profit for the year	429,376	290,186	205,802	142,167	97,663
Fair value gain/(loss) on debt instruments at FVOCI – net of tax	522	(228)	(257)	168	182

Total comprehensive income for the year	429,898	289,958	205,545	142,335	97,845
Basic and diluted earnings per share (TZS)	858.75	580.37	411.6	284.33	195.33

Statement of Financial Position

Year ended 31 December	**2022** **TZS' Millions**	**2021** **TZS' Millions**	**2020** **TZS' Millions**	**2019** **TZS' Millions**	**2018** **TZS' Millions**
Assets					
Cash and balances with Bank of Tanzania	1,551,341	1,484,029	1,047,488	1,341,140	1,070,422
Placements and balances with other banks	186,941	337,255	170,829	264,326	174,391
Loans and advances to customers	6,014,603	4,653,933	4,109,260	3,595,688	3,251,794
Investment in government securities – at amortised cost	1,915,254	1,683,950	1,275,291	744,527	724,943
Investment in government securities – at FVOCI	28,778	55,330	28,962	17,027	15,242
Equity investments at FVOCI	2,920	2,920	2,920	2,920	2,920
Investment in subsidiary	39,639	39,639	39,639	39,639	39,639
Other assets	199,061	113,739	64,024	87,657	78,368
Property and equipment	145,316	161,038	181,562	203,044	227,607
Intangible assets	18,290	13,888	13,898	20,779	21,241
Right-of-use assets	65,072	65,177	70,027	162,184-	
Current tax assets	-	17,634	8,587	-	13,188
Deferred tax assets	109,475	93,799	85,610	77,084	61,229
Total assets	**10,276,690**	**8,722,331**	**7,098,097**	**6,556,015**	**5,680,984**
Equity and Liabilities					
Liabilities					
Deposits due to other banks	**12,445**	**408**	**131,224**	**33,446**	**20,770**
Deposits from customers	**7,600,147**	**6,664,263**	**5,325,455**	**4,922,278**	**4,327,607**
Current tax liabilities	**5,602**	**-**	**-**	**15,303**	**-**
Other liabilities	**153,769**	**143,602**	**116,669**	**106,896**	**93,674**
Lease liabilities	**68,733**	**67,142**	**70,104**	**156,030**	**-**
Provisions	**2,079**	**1,309**	**971**	**2,230**	**3,519**
Borrowings	**749,354**	**423,190**	**252,715**	**276,445**	**301,388**
Subordinated debt	**-**	**71,025**	**71,025**	**70,998**	**70,972**
Total liabilities	**8,592,129**	**7,370,939**	**5,968,163**	**5,583,626**	**4,817,930**
Capital and reserves					
Share capital	20,000	20,000	20,000	20,000	20,000
Retained earnings	1,663,475	1,330,828	1,109,142	951,340	808,448
Regulatory Reserve	-	-	-	-	33,725
Fair valuation reserve	1,086	564	792	1,049	881
Total shareholders' equity	1,684,561	1,351,392	1,129,934	972,389	863,054
Total equity and liabilities	10,276,690	8,722,331	7,098,097	6,556,015	5,680,984

Source: NMB audited financial statements and the Reporting Accountants report

Analysis of Borrowings

As at 31 December 2022 the Company had borrowings totaling TZS 749,354 billion as outlined below:

Table 3: Summary of borrowings

Name of Lender	Currency	Amount outstanding in TZS ' Million	Tenor	Effective Interest
European Investment Bank (EIB)	TZS	524	7 years	9.31%
Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO)	TZS	295,375	6 years	5.88%
NMB Bond	TZS	74,269	3 years	8.50%
Tanzania Mortgage Refinance Company	TZS	11,700	3 years	7.50%
IFC	TZS	303,659	6 years	10.50%
BOT	TZS	57,875	3 months	3%
Accrued Interest	TZS	5,952		
		749,354		
Current		295,440		
Non current		453,914		
		749,354		

All facilities were advanced to NMB on an unsecured basis.

Statements of Cash flows

Year ended 31 December	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Cash from operations	29,509	899,973	(53,283)	558,195	(197,692)
Tax refund	11,746	-	-	-	-
Tax paid	(186,721)	(140,839)	(122,089)	(56,357)	(68,480
Net cash generated(used in)/from operations	(145,466)	759,134	(175,372)	501,838	(266,172)
Cashflows from investing activities					
Proceeds from government securities	652,896	591,380	-	-	791,522
Investment in government securities	(721,384)	(871,111)	-	-	(608,848)
Investment in government securities at FVOCI	(133,443)	(132,115)	-	-	-
Proceed from government securities at FVOCI	170,843	111,714	-	-	-
Purchase of property and equipment	(20,690)	(11,286)	(18,75)	(12,649)	(25,530)
Purchase of intangible assets	(9,394)	(9,152)	(4,325)	(10,967)	(11,930)
Proceed on disposal of property and equipment	590	12	174	292	365
Lease acquisition	-3,462	-	-	-	-
Net cash used in investing activities	(64,044)	(320,558)	(22,906)	(23,324)	145,579
Cashflows from financing activities					
Proceeds from received borrowings	427,518	255,190	50,000	88,349	114,565
Principal repaid on borrowings	(174,141)	(85,398)	(73,857)	(113,426)	(83,730)
Interest paid on borrowings	(40,673)	(30,576)	(32,582)	(33,782)	(28,765)
Dividends paid	(96,729)	(68,500)	(48,000)	(33,000)	(32,000)
Repayment of lease liabilities	(13,454)	(9,824)	(10,858)	(12,783)	-
Net cash generated from financing activities	**102,521**	**60,892**	**(115,297)**	**(104,642)**	**(29,930)**
Net decrease (Increase) in cash and cash equivalents	**(106,989)**	**499,468**	**(313,571)**	**373,872**	**(150,523)**
Cash and cash equivalents at the beginning of the year	1406497	907029	1232544	858732	1002394
Balances with mobile network operators	(21966)	-	(11944)	(60)	6861
Cash and cash equivalents at the end of the year.	1277542	1406497	907029	1232544	858732
Analysis of the cash and cash equivalents at the end of the year					
Cash in hand	474,888	484,254	661,689	498,231	402,709

Balances with bank of Tanzania (excluding SMR)	615,713	563,022	57,781	450,813	265,614
Deposits and balances due from banking institutions	186,941	337,255	170,829	264,326	174,391
Balances with mobile network operators	-	21,966	16,730	19,174	16,018
	1,277,542	**1,406,497**	**907,029**	**1,232,544**	**842,714**

Condensed Statement of Financial Position as at 30 June 2023

		Current Quarter 30.06.2023	Previous Quarter 31.03.2023
A.	**ASSETS**		
1	Cash	470,858	439,424
2	Balances with Bank of Tanzania	1,089,330	730,711
3	Investments in Government securities	2,360,898	2,143,742
4	Balances with other banks and financial institutions	51,342	70,745
5	Cheques and items for clearing	47,528	77,579
6	Inter branch float items	-	-
7	Bills negotiated	5,951	39,100
8	Customers' liabilities for acceptances	-	-
9	Interbank loans receivables	337,030	224,680
10	Investments in other securities	4,533	3,560
11	Loans, advances and overdrafts	-	-
	(net of allowances for probable losses)	6,627,132	6,555,992
12	Other assets	241,030	229,375
13	Equity investments	42,558	42,558
14	Underwriting accounts	-	-
15	Property, Plant and equipment	211,449	201,950
16	TOTAL ASSETS	11,489,639	10,759,416
B.	**LIABILITIES**	**24,346**	
17	Deposits from other banks and financial institutions	8,227,772	32,017
18	Customer deposits	162,982	7,454,607
19	Cash letters of credit	27,294	180,941
20	Special Deposits	-	18,048
21	Payment orders/transfers payable	1,976	-
22	Bankers' cheques and drafts issued	90,650	2,015
23	Accrued taxes and expenses payable	-	87,011
24	Acceptances outstanding	1,768	-
25	Inter branch float items	52,945	143
26	Unearned income and other deferred charges	134,457	52,404
27	Other liabilities	964,419	119,935
28	Borrowings	9,688,609	1,003,033
29	TOTAL LIABILITIES	1,801,030	8,950,154
30	NET ASSETS /(LIABILITIES)	24,346	1,809,262
C.	**SHAREHOLDERS' FUNDS**		
31	Paid up share capital	20,000	20,000
32	Capital reserves	-	-
33	Retained earnings	1,520,350	1,663,475
34	Profit (Loss) account	260,302	122,040
35	Other capital accounts	378	3,747
36	Minority interest	-	-

37	TOTAL SHAREHOLDERS' FUNDS	1,801,030	1,809,262
		-	-
38	Contingent liabilities	1,475,251	1,395,421
39	Non-performing loans & advances	242,780	201,335
40	Allowances for probable losses	231,756	230,419
41	**Other non-performing assets**	**11,429**	**7,680**
D.	**SELECTED FINANCIAL CONDITIO INDICATORS**		
(i)	Shareholders Funds to total assets	16%	17%
(ii)	Non-performing loans to total gross loans	3.50%	3.00%
(iii)	Gross loans and advances to total deposits	81%	88%
(iv)	Loans and advances to total assets	58%	61%
(v)	Earnings assets to total Assets	82%	84%
(vi)	Deposits growth	10%	2%
(vii)	Assets growth	7%	5%

Condensed Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 30 June 2023

	Current Quarter 30.06.2023	Comparative Quarter 30.06.2022	Current Year Cummulative 30.06.2023	Comparative Year Cummulative 30.06.2022
Interest income	288632	229771	560309	453673
Interest expense	(51824)	(39628)	(108162)	(76268)
Net interest income	236808	190143	452147	377405
Bad debts written off	-	-	-	-
Impairment Losses on Loans and Advances	(21620)	(17016)	(40885)	(31060)
Non interest income:	112918	97572	217520	184891
6.1 Foreign currency dealings and translation gain/(loss)	20172	10664	36281	20896
6.2 Fee and commisions	87373	76158	168105	148025
6.3 Dividend income	-	-	-	-
6.4 Other operating income	5373	10750	13134	15970
7 Non interest expense:	(130587)	(118678)	(256921)	(235097)
7.1 Salaries and benefits	(74321)	(65524)	(147052)	(130188)
7.2 Fees and commissions	(4162)	(3509)	(7742)	(6923)
7.3 Other operating expenses	(52104)	(49645)	(102127)	(97986)
Operating income/(loss)	197519	152021	371861	296139
Income tax provision	(59256)	(46197)	(111559)	(89856)
Net income(loss) after income tax	138263	105824	260302	206283
Other comprehensive income, net of tax Fair value gain/ (loss) on FVOCI – net of tax	(3369)	9112	(708)	9666

Total comprehensive income for the year	134,894	114,936	259,594	215,949

Statement of Cash Flow for the Period Ended 30 June 2023

	Current Quarter 30.06.2023	Comparative Quarter 30.06.2022	Current Year Cummulative 30.06.2023	Comparative Year Cummulative 30.06.2022
I: Cash flow from Operating activities:				
Net income(loss) Adjustment for:	197,519	174,343	371,862	296,139
Impairment/amortization	(2,327)	20,482	18,155	8,341
Net change in loans and advances	(71,140)	(541,389)	(612,529)	(392,458)
Gain/loss on sale of assets	-	-	-	-
Net change in deposits	756,781	116,508	873,289	211,494
Net change in short term negotiable securities	-	-	-	-
Net change in other liabilities	20,287	283	20,570	37,824
Net change in other assets	18,396	29,751	48,147	47,942
Tax paid	(57,635)	(62,181)	(119,816)	(75,780)
Others	(113,114)	(12,717)	(125,831)	1,647
Net cash provided (used) by operating activities	**748,767**	**(274,920)**	**473,847**	**135,149**
II. Cash flow from Investing activities:	**-**	**-**	**-**	**-**
Purchase of fixed assets	(8,793)	(12,045)	(20,838)	(11,918)
Others - (Equity investment and Securities)	(221,498)	(200,609)	(422,107)	(422,107)
Net cash provided (used) by investing activities	**(230,291)**	**(212,654)**	**(442,945)**	**(442,945)**
III: Cash Flow from Financing activities:	**-**			
Payment of cash dividends	(143,125)	-	(143,125)	(96,729)
Net change in other borrowings	(38,614)	241,234	202,620	(55)
Others (Specify)	-	-	-	-
Net cash provided (used) by investing activities	**(181,739)**	**241,234**	**59,495**	**(96,784)**

IV: Cash and Cash equivalents:				
Net increase/(decrease) in cash and cash equivalents	336,737	(246,340)	90,397	(133,545)
Cash and cash equivalents at the beginning of the year	1,031,202	1,277,542	1,277,542	1,406,497
Cash and cash equivalents at the end of the year	**1,367,939**	**1,031,202**	**1,367,939**	**1,272,952**

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer on or after the date of this Information Memorandum. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign the Applicable Pricing Supplement, based on the pro forma Pricing Supplement included in the Information Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The Applicable Pricing Supplement will be attached to each Certificate. All references in this Information Memorandum to any statute, regulation or other legislation will be a reference to that statute, regulation or other legislation as amended, re-enacted or replaced and substituted from time to time.

1. **ISSUE**

1.1. Notes may at any time and from time to time be issued by the Issuer without the consent of the then existing Noteholders in Tranches pursuant to the Programme, provided that the aggregate Outstanding Nominal Amount of all of the Notes issued under the Programme from time to time does not exceed the Programme Amount. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme.

1.2. The Noteholders are by virtue of their subscription for or purchase of the Notes, deemed to have notice of, and are entitled to the benefit of, and are subject to, all the provisions of the Applicable Pricing Supplement and the Information Memorandum.

1.3. The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of those Notes.

1.4. Capitalised expressions used in these Terms and Conditions and not herein defined shall bear the meaning assigned to them in the Applicable Pricing Supplement.

2. **FORM AND DENOMINATION**

2.1. General

2.1.1. Notes will be issued in registered form with a minimum denomination as may be determined by the Issuer and as indicated in the Applicable Pricing Supplement.

2.1.2. The listed Notes will be freely transferable and fully paid up.

2.1.3. All payments in relation to the Notes will be made in Specified Currency.

2.1.4. Each Note shall be a Senior Note or a Subordinated Note, as specified in the Applicable Pricing Supplement. Any Note may be a Partly Paid Note (the partly paid notes will only be listed to the extent it is accepted by the DSE in accordance with the Applicable Procedures), Instalment Note, Exchangeable Note or an Extendible Note. Each Note, whether a Senior Note or a Subordinated Note, may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Interest Note, an Indexed Redemption Amount Note, a Mixed Rate Note or a combination of any of the aforegoing or such other types of Notes as may be determined by the Issuer, as specified in the Applicable Pricing Supplement.

2.1.5. The Redemption Date of all or part of any Extendible Notes may be extended at the option of the Issuer, after the Issuer has given the relevant Noteholders the Requisite Notice indicated in the Applicable Pricing Supplement in accordance with Condition 16. Such Redemption Date may be extended by the Issuer one or more times by such days or multiple of days specified in the Applicable Pricing Supplement.

2.1.6. Listed and/or unlisted Notes may be issued under the Programme.

2.1.7. Unlisted Notes are not regulated by the DSE.

2.1.8. Notes will have such other characteristics as may be specified in the Applicable Pricing Supplement.

2.1.9. The Notes in a Tranche of Notes will be issued in the form of registered Notes, represented by (i) Individual Depository Receipts registered in the name, and for the account of, the relevant Noteholder or (ii) no Certificate and held in uncertificated form in the CSD. The CSD will hold the Notes subject to the DSE Listing Rules and the Applicable Procedures.

2.1.10. If the Issuer or the Programme are rated by a Rating, there having been, between the Agreement Date and the Issue Date, no Rating Downgrade of the Issuer or its debt (as the case may be), or withdrawal by any Rating Agency, nor any public notice of any intended or potential Rating Downgrade or withdrawal, of the Rating given by such Rating Agency or the placing of the Issuer on "Creditwatch" with negative implications where such Rating Downgrade would be likely to prejudice the success of the offering and distribution of the Notes proposed to be issued. For the avoidance of doubt, only a Rating Agency that has given a Rating in respect of the Issuer may place the Issuer on Creditwatch.

2.2. Currency and Denomination

2.2.1. Notes will be issued in the Specified Currency. Each Note will be issued in the Specified Denomination.

2.2.2. The aggregate Nominal Amount, Specified Currency and Specified Denomination of a Tranche of Notes will be specified in the Applicable Pricing Supplement.

2.3. Recourse to the DSE

The holders of Notes that are not listed on the DSE will have no recourse against the DSE, even if such Notes are settled through the electronic settlement procedures of the DSE and the CSD. Claims against the DSE may only be made in respect of the trading of Notes listed on the DSE and can in no way relate to a default by the Issuer of its obligations under the Notes listed on the debt securities market of the DSE. Unlisted Notes are not regulated by the DSE.

3. **TITLE**

3.1. Title to the Notes will pass upon registration of transfer in the Register in accordance with Condition 14. The Issuer and the Transfer Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

3.2. Beneficial Interests in Notes held in uncertificated form may, in terms of existing law and practice, be transferred through the CSD by way of book entry in the securities accounts of the Participants.

3.3. Any reference in this Information Memorandum to the relevant Participant shall, in respect of Beneficial Interests, be a reference to the Participant appointed to act as such by a holder of such Beneficial Interest.

4. **STATUS OF NOTES**

4.1. Status of Senior Notes

Unless otherwise specified in the Applicable Pricing Supplement, Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and, subject to Condition 5 and save for certain debts required to be preferred by law, rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time owing.

4.2. Status of Subordinated Notes

4.2.1. Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those that have been provided preferential rights by law.

4.2.2. Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is wound-up, the claims of the persons entitled to be paid amounts due in respect of Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness (as defined). Accordingly, no amount due on the Subordinated Notes shall be eligible for set-off or shall be payable to any person entitled to be paid such amount in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

4.2.3. "**Subordinated Indebtedness**" means for the purposes of this Condition 4.2, any indebtedness of the Issuer, including any guarantee given by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all un-subordinated creditors of the Issuer in the event of the dissolution or winding-up of the Issuer.

5. **NEGATIVE PLEDGE**

5.1. So long as any of the Senior Notes remain outstanding, the Issuer will not create any Encumbrance (as defined) other than a Permitted Encumbrance upon the whole or any part of its present or future assets or revenues to secure any of its present or future Indebtedness without making effective provision whereby all Senior Notes shall be directly secured equally and rateably with such Indebtedness and any such instrument creating such Encumbrance shall expressly provide therefor, unless such other security as may be approved by Extraordinary Resolution of the holders of Senior Notes is provided or, the provision of any such security is waived by an Extraordinary Resolution of the holders of those Senior Notes.

5.2. The Issuer shall be entitled but not obliged, to form, or procure the formation of, a trust or trusts or appoint, or procure the appointment of, an agent or agents to hold any such rights of security for the benefit or on behalf of such Noteholders.

6. **INTEREST**

6.1. If the Applicable Pricing Supplement so specifies, the Notes of any Tranche will bear interest from the Interest Commencement Date at the Interest Rate(s) specified in, or determined in accordance with, the Applicable Pricing Supplement and such interest will be payable in respect of each Interest Period on the Interest Payment Date(s) specified in the Applicable Pricing Supplement. The interest payable on the Notes of any Tranche for a period other than a full Interest Period shall be determined in accordance with the Applicable Pricing Supplement. The Interest Amount will be announced at least 3 (three) Business Days before the relevant Interest Payment Date.

6.2. Interest on Fixed Rate Notes

6.2.1. Except if otherwise specified in the Applicable Pricing Supplement, interest on Fixed Rate Notes will be paid on a six-monthly basis, on the Interest Payment Dates.

6.2.2. Each Fixed Rate Note bears interest on its Principal Amount (or, if it is a Partly Paid Note, the amount paid up) for the relevant Interest Period.

Note that:

(a) if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and

(b) if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.

6.3. Interest on Floating Rate Notes

6.3.1. Interest Payment Dates

Each Floating Rate Note bears interest on its Principal Amount (or, if it is a Partly Paid Note, on the amount paid up) from (and including) the Interest Commencement Date to (but excluding the Maturity Date) at the rate equal to the Interest Rate. Such interest shall fall due for payment in arrears on the Interest Payment Date(s) in each year and on the date of early redemption in accordance with Condition 8 or the Redemption Date, as the case may be, if either such date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date.

6.3.2. Interest Rate

The Interest Rate payable from time to time in respect of the Floating Rate Notes will be determined:

(a) on the basis of ISDA Determination; or

(b) on the basis of Screen Rate Determination; or

(c) on such other basis as may be determined by the Issuer,

all as indicated in the Applicable Pricing Supplement.

6.3.3. ISDA Determination

(a) Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate (as defined) plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any).

For the purposes of this Condition 6.3.3:

"**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by such Transfer Agent as is specified in the Applicable Pricing Supplement under a notional interest rate swap transaction if that Transfer Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(b) the Floating Rate Option is as specified in the Applicable Pricing Supplement;

(c) the Designated Maturity is the period specified in the Applicable Pricing Supplement; and

(d) the relevant Reset Date is either: (i) if the applicable Floating Rate Option is based on the Treasury Bill Rate on the first day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.

"**Floating Rate**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those expressions in the ISDA Definitions.

(e) When this Condition 6.3.3 applies, in respect of each Interest Period such agent as is specified in the Applicable Pricing Supplement will be deemed to have discharged its obligations under Condition 6.3.6 in respect of the determination of the Interest Rate if it has determined the Interest Rate in respect of such Interest Period in the manner provided in this Condition 6.3.3.

6.3.4. <u>Screen Rate Determination</u>

(a) Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

i. the offered quotation (if there is only one quotation on the Relevant Screen Page); or

ii. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, for the Reference Rate(s) which appears or appear as the case may be, on the Relevant Screen Page as at 11h00 (Tanzanian time) on the Interest Determination Date in question, plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by such agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(b) If the Relevant Screen Page is not available or if, in the case of i above, no such offered quotation appears or, in the case of ii above, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall request the principal office of each of the Reference Banks (as defined) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 (Tanzanian time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Interest Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

(c) If the Interest Rate cannot be determined by applying the provisions of the preceding paragraphs of this Condition 6.3.4, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 11h00 (Tanzanian time) on the relevant Interest Determination Date, in respect of deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Tanzanian inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Interest Rate for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 (Tanzanian time) on the relevant Interest Determination Date, by four leading banks in Tanzania (selected by the Calculation Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any). If the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

"**Reference Banks**" means for the purposes of this Condition 6.3.4 four leading banks in the South African inter-bank market selected by the Calculation Agent and approved by the Issuer.

6.3.5. Minimum and/or Maximum Interest Rate

If the Applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then the Interest Rate for such Interest Period shall in no event be less than such Minimum Interest Rate and/or if it specifies a Maximum Interest Rate for any Interest Period, then the Interest Rate for such Interest Period shall in no event be greater than such Maximum Interest Rate.

6.3.6. Determination of Interest Rate and calculation of Interest Amount

The Calculation Agent will, in the case of Floating Rate Notes, at or as soon as practical after each time at which the Interest Rate is to be determined, determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, each Interest Amount shall be calculated by multiplying the Interest Rate by the Principal Amount, then multiplying the product by the applicable Day Count Fraction and rounding the resultant product to the nearest smallest denomination of the Specified Currency, half of any such denomination being rounded upwards.

"**Day Count Fraction**" means in respect of the calculation of the Interest Amount for any Interest Period:

(a) if "**Actual/365**", "**Act/365**", "**Actual/Actual**" or "**Act/Act**" is specified in the Applicable Pricing Supplement, the actual Number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual Number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual Number of days in that portion of the Interest Period falling in a non-leap year divided by 365); or

(b) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified in the Applicable Pricing Supplement, the actual Number of days in the Interest Period in respect of which payment is being made divided by 365; or

(c) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified in the Applicable Pricing Supplement, the actual Number of days in the Interest Period in respect of which payment is being made divided by 360; or

(d) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the Applicable Pricing Supplement, the Number of days in the Interest Period in respect of which payment is being made divided by 360 (the Number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) that last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or

(e) such other calculation method as is specified in the Applicable Pricing Supplement.

6.3.7. Notification of Interest Rate and Interest Amount

The Calculation Agent (or such other agent as is specified in the Applicable Pricing Supplement) will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agent, the Transfer Agent, the Noteholders, any financial exchange on which the relevant Floating Rate Notes are for the time being listed (if applicable) and any central securities depository in which Certificates in respect of the Notes are immobilised (if applicable), as soon as possible after their determination but not later than the 4th (fourth) Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Issuer, the Transfer Agent, the Paying Agent, the Noteholders, each financial exchange on which the relevant Floating Rate Notes are for the time being listed (if applicable) and any central securities depository in which Certificates in respect of the Notes are immobilised (if applicable).

6.3.8. Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.3 by the Calculation Agent shall, in the absence of wilful deceit, bad faith, manifest error or dispute as set out hereunder, be binding on the Issuer, the Transfer Agent, the Paying Agent, and all Noteholders, and no liability to the Issuer or the Noteholders shall attach to the Transfer Agent, the Calculation Agent or the Paying Agent (as the case may be) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions. Where the Issuer acts as the Calculation Agent and in the event that Noteholders holding not less than 25% in aggregate Principal Amount of the Notes for the time being Outstanding, deliver to the Issuer a written notice of objection to any determination made by the Issuer within 5 (five) Business Days of notification of the Interest Rate and Interest Amount in accordance with Condition 6.3.7, such determination shall not be regarded as final and upon such notification, the Issuer shall request the chief executive officer for the time being of the DSE to appoint an independent third party to make such determination. Such independent third party shall make such determination promptly as an expert and not as an arbitrator and their determination, in the absence of wilful deceit, bad faith or manifest error, shall be binding on the Issuer and all Noteholders, and no liability to the Issuer or the Noteholders shall attach to such third party in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions. The costs of procuring and effecting such determination shall be borne by the Issuer in the event that the determination of such third party differs from that of the Issuer as Calculation Agent and shall be borne by the Noteholders disputing such determination by the Issuer in the event that the determination of such third party confirms that of the Issuer as Calculation Agent.

6.4. Interest on Mixed Rate Notes

The interest rate payable from time to time on Mixed Rate Notes shall be the interest rate payable on any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes for respective periods, each as specified in the Applicable Pricing Supplement. During each such applicable period, the interest rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, as the case may be.

6.5. Interest on Indexed Notes

In the case of Indexed Notes, if the Interest Rate or Final Redemption Amount falls to be determined by reference to an index and/or a formula, such rate or amount payable shall be determined in the manner specified in the Applicable Pricing Supplement. Any interest payable shall fall due for payment on the Interest Payment Date(s).

6.6. Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue on the paid-up Principal Amount of such Notes and otherwise as specified in the Applicable Pricing Supplement.

6.7. Interest on Instalment Notes

In the case of Instalment Notes, interest will accrue on the amount outstanding on the relevant Note from time to time and otherwise as specified in the Applicable Pricing Supplement.

6.8. Interest on Extendible Notes

If the Redemption Date of Extendible Notes is extended by the Issuer, the Interest Rate in respect of the Principal Amount Outstanding will be increased by the Step-up Margin, from and including the Redemption Date to but excluding the Actual Redemption Date.

6.9. Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal or the Early Redemption Amount is improperly withheld or refused. In such event, interest will continue to accrue on the Principal Amount of the Note or part of the Note at the Interest Rate as specified in the Applicable Pricing Supplement, plus interest at the Default Rate specified in the Applicable Pricing Supplement (if any) until the date on which all amounts due in respect of such Note have been paid, or, in respect of uncertificated Notes, the date on which the full amount of the monies payable has been received by the Central Securities Depository and/or the Participants and notice to that effect has been given to Noteholders in accordance with Condition 16.

6.10. Business Day Convention

If any Interest Payment Date (or other date) which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

6.10.1. the "**Floating Rate Business Day Convention**", such Interest Payment Date (or other date) shall in any case where Interest Periods are specified in accordance with Condition 6.3.5, be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day; and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the Number of months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or

6.10.2. the "**Following Business Day Convention**", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

6.10.3. the "**Modified Following Business Day Convention**", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or

6.10.4. the "**Preceding Business Day Convention**", such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

7. **PAYMENTS**

7.1. General

7.1.1. Payments of principal and/or interest in respect of Uncertificated Notes will be made to the Central Securities Depository and/or the Central Securities Depository Participant, as shown in the Register on the Last Day to Register, and the Issuer will be discharged by proper payment to the Central Securities Depository and/or the Central Securities Depository Participant, in respect of each amount so paid. Each of the persons shown in the records of the Central Securities Depository and the Central Securities Depository Participant, as the case may be, shall look solely to the Central

Securities Depository or the Central Securities Depository Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of Uncertificated Notes.

7.1.2. Payments of principal and/or interest on an Individual Depository Receipt shall be made to the Transfer Agent, who will in turn, acting on behalf of the Issuer in accordance with the terms and conditions of the Information Memorandum, as amended, supplemented or restated from time to time, make payment to the registered holder of such Note, as set forth in the Register on the close of business on the Last Day to Register (as specified in the Applicable Pricing Supplement). In addition to the above, in the case of a final redemption payment, the holder of the Individual Depository Receipt shall be required, on or before the Last Day to Register prior to the Maturity Date, to surrender such Individual Depository Receipt at the offices of the Transfer Agent.

7.2. Method of Payment

7.2.1. Payments of interest and principal will be made in the Specified Currency by credit or transfer by means of electronic funds settlement, to the Noteholder.

7.2.2. If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque marked “not transferable” (or by such Number of cheques as may be required in accordance with applicable banking law and practice) to make payment of any such amounts. Such payments by cheque shall be sent by post to the address of the Noteholder as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note

7.2.3. Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 7.2.

7.2.4. In the case of joint Noteholders payment by electronic funds transfer will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.

7.2.5. Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

7.3. Payment Day

7.3.1. If the date for payment of any amount in respect of any Note is not a Business Day, the payment day shall be on the Business Day on which interest will be paid, as determined in accordance with the applicable Business Day Convention, as specified in the Applicable Pricing Supplement), and the interest shall accrue as such.

7.4. Interpretation of principal and interest

7.4.1. Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 9;

(b) the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;

(c) the Optional Redemption Amount(s) (if any) of the Notes;

(d) in relation to Instalment Notes, the Instalment Amounts;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined under Condition 8.5); and

(f) any premium and any other amounts which may be payable under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

7.4.2. Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9.

8. **REDEMPTION AND PURCHASE**

8.1. At maturity

8.1.1. Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed in the Specified Currency by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Redemption Date.

8.1.2. The Issuer shall be entitled to extend the Redemption Date of all or part of the Principal Amount Outstanding of Extendible Notes. If such option is exercised by the Issuer in respect of part of the Principal Amounts Outstanding of such Extendible Notes, then the Issuer shall redeem such portion of Notes not so extended at the Partial Redemption Amount and subject to any further extension, the redemption of the balance, being the Principal Amount Outstanding will be extended to a date specified in the Applicable Pricing Supplement or otherwise notified to Noteholders. For the avoidance of doubt, the Issuer is not obliged to treat all Noteholders of Extendible Notes in the same manner.

8.2. Redemption for tax reasons

8.2.1. Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes or Indexed Notes or Mixed Rate Notes having an interest rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating Rate Notes, Indexed Notes or Mixed Rate Notes having an interest rate then determined on a floating or indexed basis), on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), if the Issuer is of the reasonable opinion that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 9 as a result of any change in or amendment to, the laws or regulations of the country of domicile (or residence for tax reasons) of the Issuer or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. On the date of publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Transfer Agent and the Paying Agent at their registered offices, for inspection by any holder of Notes so redeemed, a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

8.2.2. Notes redeemed for tax reasons pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.5, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

8.3. <u>Redemption at the option of the Issuer</u>

8.3.1. If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer shall be entitled, having given:

(a) the required notice set out in the Applicable Pricing Supplement to the Noteholders in accordance with Condition 16; and

(b) not less than 7 (seven) days before giving the notice referred to in (a) above, notice to the Transfer Agent,

(both of which notices shall be irrevocable) to redeem all or some of the Notes then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

8.3.2. Any such redemption amount must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than a Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemable Notes**") will be selected:

(a) in the case of Redeemable Notes represented by Individual Depository Receipts individually by lot;

(b) in the case of Redeemable Notes which are uncertificated, in accordance with the Applicable Procedures,

and in each such case not more than 30 (thirty) days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**").

8.3.3. A list of the serial numbers of the Individual Depository Receipts of Unlisted Registered Notes will be published in accordance with Condition 16 not less than 15 (fifteen) days prior to the date fixed for redemption.

8.3.4. No exchange of the relevant Uncertificated Notes will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in the notice to Noteholders contemplated in paragraph 8.3.1(a) above.

8.3.5. Holders of Redeemable Notes shall surrender the Individual Depository Receipts, representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Notes represented by such Certificates are redeemed, the Transfer Agent shall deliver new Certificates to the Central Securities Depository or such Noteholders in respect of the balance of the Notes.

8.4. Redemption at the option of Senior Noteholders

8.4.1. If Noteholders of Senior Notes are specified in the Applicable Pricing Supplement as having an option to redeem any Senior Notes, such Noteholders may redeem the Senior Notes represented by an Individual Depository Receipt, by delivering to the Issuer and the Transfer Agent in accordance with Condition 16, a duly executed notice ("**Put Notice**"), at least 15 (fifteen) calendar days but not more than 30 (thirty) calendar days, prior to the applicable Optional Redemption Date. The redemption amount specified in such Put Notice in respect of any such Senior Note must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as indicated in the Applicable Pricing Supplement.

8.4.2. The redemption of the Senior Notes issued in the form of Uncertificated Notes shall take place in accordance with the Applicable Procedures.

8.4.3. Where a Noteholder redeems the Senior Notes represented by an Individual Depository Receipt, such Noteholder shall deliver the Individual Depository Receipt, to the Transfer Agent for cancellation by attaching it to a Put Notice. A holder of an Individual Depository Receipt shall specify its payment details in the Put Notice for the purposes of payment of the Optional Redemption Amount.

8.4.4. The Issuer shall proceed to redeem such Senior Notes (in whole but not in part) in accordance with the terms of the Applicable Pricing Supplement, at the Optional Redemption Amount and on the Optional Redemption Date, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

8.4.5. The delivery of Put Notices shall be required to take place during normal office hours of the Transfer Agent. Put Notices shall be available from the registered office of the Issuer.

8.4.6. The Issuer shall have no obligation to remedy any defects in any Put Notice or bring any such defects to the attention of any Noteholder and shall not be liable whatsoever for any claims or losses arising in connection with a defective or invalid Put Notice.

8.5. Early Redemption Amounts

8.5.1. For the purpose of Condition 8.2 and Condition 11 (and otherwise as stated herein), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

(a) in the case of Notes with a Final Redemption Amount equal to the Principal Amount, at the Final Redemption Amount thereof; or

(b) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, to be determined in the manner specified in the Applicable Pricing Supplement, at that Final Redemption Amount or, if no such amount or manner is so specified in the Pricing Supplement, at their Principal Amount; or

(c) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") equal to the sum of: (i) the Reference Price; and (ii) the product of the Implied Yield (compounded semi-annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and payable, or such other amount as is provided in the Applicable Pricing Supplement.

8.5.2. Where such calculation is to be made for a period which is not a whole Number of years, it shall be calculated on the basis of actual days elapsed divided by 365, or such other calculation basis as may be specified in the Applicable Pricing Supplement.

8.6. Instalment Notes

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.5.

8.7. Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 8 and the Applicable Pricing Supplement.

8.8. Exchangeable Notes

8.8.1. If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise in the manner indicated in the Applicable Pricing Supplement.

8.8.2. Exchangeable Notes in respect of which Mandatory Exchange is indicated in the Applicable Pricing Supplement as applying, or upon the exercise by the Noteholder of the Noteholders' Exchange Right (if applicable), will be redeemed by the Issuer delivering to each Noteholder so many of the Exchange Securities as are required in accordance with the Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner set out in the Applicable Pricing Supplement shall constitute the *in specie* redemption in full of such Notes.

8.9. Purchases

The Issuer may at any time purchase Notes at any price in the open market or otherwise. In the event of the Issuer purchasing Notes, such Notes may (subject to restrictions of any applicable law) be held, resold or, at the option of the Issuer, cancelled.

8.10. Cancellation

All Notes which are redeemed will forthwith be cancelled. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

8.11. Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note, pursuant to Condition 11 or upon its becoming due and repayable as provided in Condition 11, is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph 8.5.1(c) under Condition 8.5, as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) where relevant, 5 (five) days after the date on which the full amount of the moneys payable has been received by the Central Securities Depository, and notice to that effect has been given to the Noteholders in accordance with Condition 16.

9. **TAXATION**

As at 31st August 2023 , all payments of principal or interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges ("**taxes**") of whatever nature imposed or levied by or in or on behalf of the behalf of the country of domicile (or residence for tax purposes) of the Issuer or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

10. **PRESCRIPTION**

The Notes will become void unless presented for payment of principal and interest within a period of three years after the Relevant Date thereof.

11. **EVENTS OF DEFAULT**

11.1. Events of Default relating to Senior Notes

An Event of Default shall occur if:

11.1.1. the Issuer fails to pay any principal or interest under the Notes on its due date for payment and such failure continues for a period of 10 (ten) Business Days after the due date for such payment; or

11.1.2. the Issuer fails to perform or observe any of its other obligations under any of the Terms and Conditions and such failure continues for a period of 30 (thirty) calendar days after receipt by the Issuer of a notice from the Noteholders requiring same to be remedied; or

11.1.3. the Issuer fails to remedy a breach of Condition 5 and such failure continues for a period of 30 (thirty) calendar days after receipt by the Issuer of written notice from the holders of Senior Notes requiring same to be remedied; or

11.1.4. the Issuer defaults in the payment of the principal or interest, or any obligations in respect of Material Indebtedness of, or assumed or guaranteed by, the Issuer when and as the same shall become due and payable and where notice has been given to the Issuer of the default and, if such default shall have continued for more than the notice period (if any) applicable thereto and the time for payment of such interest or principal or other obligation has not been effectively extended or if any such obligation in respect of Material Indebtedness of, or assumed or guaranteed by, the Issuer shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of an event of default thereunder; or

11.1.5. any action, Condition or thing, including the obtaining of any consent, licence approval or authorisation now or in future necessary to enable the Issuer to comply with its respective obligations under the Notes is not taken, fulfilled or done, or any such consent, licence, approval or authorisation shall be revoked, modified, withdrawn or withheld or shall cease to be in full force and effect resulting in the Issuer being unable to perform any of its payment or other obligations under the Notes; or

11.1.6. the Issuer becomes subject to any liquidation, business rescue order, administration, or the Issuer or any of the Notes becomes de-listed by the DSE, whether provisional or final, or if any trustee, liquidator, curator, business rescue practitioner or any similar officer is appointed in respect of the Issuer; or

11.1.7. an order is made or an effective Act of Parliament is passed for the winding-up of the Issuer, save for the purposes of a merger, consolidation or reorganisation in terms approved by Noteholders by way of an Extraordinary Resolution; or

11.1.8. an attachment, execution or other legal process is levied, enforced, issued or sued out on or against any Material Assets of the Issuer and is not discharged or stayed within 30 (thirty) days; or

11.1.9. the Issuer ceases or threatens to cease to carry on the whole or a material part of its business, save:

(a) for the purposes of merger, amalgamation or reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, or

(b) as may be required by or in accordance with any legislation or Governmental directive;

the Issuer is unable to pay its debts, suspends or threatens to suspend payment of all or a material part of its aggregate Indebtedness, commences negotiations or takes any other step with a view to the deferral, rescheduling or other re-adjustment of all or a material part of its aggregate Indebtedness, proposes or makes a general assignment or an arrangement or a composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the aggregate Indebtedness of the Issuer; or

11.1.10. proceedings are initiated against the Issuer or any step is taken by any person with a view to the seizure, compulsory acquisition or expropriation of Material Assets of the Issuer; or

11.1.11. the Issuer transfers, sells or otherwise disposes of the whole or a substantial part of its assets or shareholding which may lead to a change of control in the Issuer, undertakings or revenues save as approved by an Extraordinary Resolution of the Noteholders.

11.1.12. If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall within 1 (one) business day of the happening of an event of default in respect of a Note notify all Noteholders and the DSE and publish the details of such event.

11.1.13. Upon the happening of an Event of Default, the Noteholders may, by the passing of an Ordinary Resolution and providing written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Notes held by such Noteholder to be forthwith due and payable. Upon receipt of that notice, such Notes, together with accrued interest (if any) to the date of payment, shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 9.5).

11.2. Events of Default relating to Subordinated Notes

An Event of Default shall occur in respect of Subordinated Notes if any one or more of the events contemplated in 11.1.1, 11.1.2, 11.1.5, 11.1.6, 11.1.8, 11.1.9, and 11.1.10 above shall have occurred and be continuing, in which event the provisions of Conditions 11.1.12 and 11.1.13 shall apply *mutatis mutandis.*

12. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL DEPOSITORY RECEIPTS

12.1. Exchange of Beneficial Interests

12.1.1. The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures in the Dar es Salaam Stock Exchange Rules, 2022, by written notice to the holder's nominated Central Securities Depository Participant (or, if such holder is a Central Securities Depository Participant, the CSD), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Individual Depository Receipt (the "**Exchange Notice**"). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the day on which such Beneficial Interest is to be exchanged for an Individual Depository Receipt; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) calendar days after the day on which such Exchange Notice is given ("**Exchange Date**").

12.1.2. The holder's nominated Central Securities Depository Participant will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Depository Receipt. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) calendar days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Depository Receipt is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) day period, to the Central Securities Depository Participant acting on behalf of the holder of the Beneficial Interest in respect of the conversion at the specified office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Depository Receipt in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

12.1.3. In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:

(a) the CSD shall, prior to the Exchange Date, surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its specified office; and

(b) the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.

12.1.4. An Individual Depository Receipt shall, in relation to a Beneficial Interest:

(a) in a Tranche of Notes which is held in the CSD, represent that number of Notes as have, in the aggregate, the same aggregate Nominal Amount of Notes standing to the account of the holder of such Beneficial Interest; or

(b) in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal Amount,

(c) as the case may be, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual Depository Receipt shall be issued in accordance with, and be governed by, the Applicable Procedures.

12.1.5. Subject always to Applicable Laws and the Applicable Procedures, upon the replacement of a Beneficial Interest in Notes with Notes in definitive form represented by an Individual Depository Receipt in accordance with this Condition 12 (Exchange of Beneficial Interests and Replacement of Individual Depository Receipts), such Notes (now represented by an Individual Depository Receipt) will cease to be listed at the DSE and will no longer be lodged in the CSD. Notes represented by Individual Depository Receipts will be registered in the Register in the name of the individual Noteholders of such Notes.

12.2. Individual Depository Receipts shall be provided (whether by way of issue, delivery or exchange) by the Issuer without charge, save as otherwise provided in these Terms and Conditions. Separate costs and expenses relating to the provision of Certificates and/or the transfer of Notes may be levied by other persons, such as a Central Securities Depository Participant, under the Applicable Procedures and such costs and expenses shall not be borne by the Issuer. The costs and expenses of delivery of Certificates otherwise than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.

12.3. Any person becoming entitled to registered Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may upon producing such evidence that he holds the position in respect of which he proposes to act under this Condition 12 or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the requirements of the Applicable Procedures and of this Condition 12, may transfer such Notes. The Issuer and the Paying Agent shall be entitled to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Notes.

12.4. If any Individual Depository Receipt is worn out, mutilated, defaced, stolen, destroyed or lost it may be replaced at the registered office of the Issuer or the office of the Transfer Agent specified in the Applicable Pricing Supplement, on payment by the claimant of such costs and expenses as may be incurred in connection therewith and the provision of such indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued at the registered office of the Issuer or the office of the Transfer Agent.

13. TRANSFER OF NOTES

13.1. Transfer of registered Notes

13.1.1. Transfer of Beneficial Interests in Notes held in the CSD

(a) Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD.

(b) The CSD maintains accounts for its Central Securities Depository Participants. Central Securities Depository Participants are in turn required to maintain securities accounts for their clients.

(c) Transfers of Beneficial Interests to and from clients of Central Securities Depository Participants occur by way of electronic book entry in the securities accounts maintained by the Central Securities Depository Participants for their clients, in accordance with the Applicable Procedures.

(d) Transfers of Beneficial Interests among Central Securities Depository Participants occur through electronic book entry in the central securities accounts maintained by the CSD for the Central Securities Depository Participants, in accordance with the Applicable Procedures.

(e) Transfers of Beneficial Interests in Notes will not be recorded in the Register and the party recorded in the Uncertificated Securities Register in accordance with Applicable Law and the Applicable Procedures and named in the Register will continue to be reflected in the Register as the Noteholder of such Notes notwithstanding such transfers.

13.1.2. Transfer of Notes represented by Individual Depository Receipts

(a) In order for any transfer of Notes represented by an Individual Depository Receipt to be recorded in the Register, and for such transfer to be recognised by the Issuer:

i. the transfer of such Notes must be embodied in a Transfer Form;

ii. the Transfer Form must be signed by the registered Noteholder of such Notes and the transferee, or any authorised representatives of that registered Noteholder or transferee; and

(b) the Transfer Form must be delivered to the Transfer Agent at its specified office together with the Individual Depository Receipt representing such Notes for cancellation.

(c) Notes represented by an Individual Depository Receipt may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).

(d) Subject to this Condition 13.1.2 (*Transfer of Notes represented by Individual Depository Receipts*), the Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Notes represented by an Individual Depository Receipt (or the relevant portion of such Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's specified office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Individual Depository Receipt in respect of the Notes transferred reflecting the outstanding Nominal Amount of the Notes transferred.

(e) Where a Noteholder has transferred a portion only of Notes represented by an Individual Depository Receipt, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's specified office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, at the risk of such Noteholder, a new Individual Depository Receipt representing the balance of the Notes held by such Noteholder.

(f) The transferor of any Notes represented by an Individual Depository Receipt will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

(g) Before any transfer of Notes represented by an Individual Depository Receipt is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.

(h) No transfer of any Notes represented by an Individual Depository Receipt will be registered whilst the Register is closed as contemplated in Condition 14 (*Register*).

(i) If a transfer of any Notes represented by an Individual Depository Receipt is registered in the Register, the Transfer Form and cancelled Individual Depository Receipt will be retained by the Transfer Agent.

(j) If a transfer is registered, then the Transfer Form and cancelled Individual Depository Receipt will be retained by the Transfer Agent.

(k) In the event of a partial redemption of Notes under Conditions 8.3 and 8.4 the Transfer Agent shall not be required in terms of Conditions 8.3 and 8.4, to register the transfer of any Notes during the period beginning on the tenth day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

(l) The Notes shall, upon transfer, be fully paid up.

14. **REGISTER**

14.1. The Register of Noteholders shall:

14.1.1. be kept at the specified office of the Registrar or such other person as may be appointed for the time being by the Issuer to maintain the Register;

14.1.2. contain the names, addresses and bank account numbers of the registered Noteholders;

14.1.3. show the total Nominal Amount of the Notes held by Noteholders;

14.1.4. show the dates upon which each of the Noteholders was registered as such;

14.1.5. show the serial numbers of the Individual Depository Receipts and the dates of issue thereof;

14.1.6. be open for inspection, without charge, at all reasonable times during business hours on Business Days by any Noteholder or any person authorised in writing by a Noteholder; and

14.1.7. be closed during each Books Closed Period.

14.2. The Registrar shall alter the Register in respect of any change of name, address or account number of any of the Noteholders of which it is notified.

14.3. Except as provided for in these Terms and Conditions or as required by law, in respect of Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the Register.

14.4. Except as provided for in these Terms and Conditions or as required by law, the Issuer shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Individual Depository Receipt may be subject.

15. **REGISTRAR, CALCULATION AGENT AND FISCAL AGENT**

15.1. The Issuer is entitled to vary or terminate the appointment of the Registrar, the Calculation Agent, the Fiscal Agent and/or otherwise and/or appoint additional or other agents and/or approve any change in the specified office through which any agent acts, provided that there will at all times be a Registrar, Calculation Agent, a Fiscal Agent and/or otherwise with an office in such place as may be required by the Applicable Procedures. The Registrar, Fiscal Agent and the Calculation Agent and/or otherwise act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

15.2. To the extent that the Issuer acts as the Registrar, Calculation Agent or Fiscal Agent, all references in these Terms and Conditions to:

15.2.1. any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and

15.2.2. requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Registrar, Calculation Agent or Fiscal Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role.

16. **NOTICES**

All notices to Noteholders shall comply with the mandatory provisions of the law, including the Companies Act and the DSE Listing Rules in force from time to time.

16.1. Subject to Condition16.2, all notices (including all demands or requests under the Terms and

Conditions) to the Noteholders will be valid if mailed by electronic mail to their e-mail addresses appearing in the Register or delivered by hand to their addresses appearing in the Register. Each such notice will be deemed to have been given, if sent by electronic mail, on the day of its sending (except that any such sending after 16h30 shall be deemed to have been received on the following day) or if delivered in person or by courier, at the time of delivery, as the case may be.

16.2. For so long as the Notes are held in their entirety by the CSD, notice as contemplated in Condition 16.1 shall be given by way of delivery by the Issuer of the relevant notice to the CSD for communication to the holders of Beneficial Interests.

16.3. Where any provision of the Terms and Conditions requires notice to be given to the Noteholders of any matter other than a meeting of Noteholders, such notice will be given *mutatis mutandis* as set out in Condition 16.1 and Condition16.2, respectively, subject to compliance with any other time periods prescribed in the provision concerned.

16.4. All notices (including all communications, demands and/or requests under the Terms and Conditions) to be given by or on behalf of any Noteholder to the Issuer or the Transfer Agent, as the case may be, will be in writing and will be valid if delivered by hand, together with a certified copy of the relevant Individual Depository Receipt, if any, to the Specified Office of the Issuer or the Specified Office of the Transfer Agent, as the case may be, and marked for the attention of the directors. Any notice to the Issuer or the Transfer Agent, as the case may be, will be deemed to have been received by the Issuer or the Transfer Agent, as the case may be, if delivered in person or by courier, at the time of delivery.

16.5. Whilst any of the Notes are held in uncertificated form, notices to be given by any holder of a Beneficial Interest to the Issuer shall be given by such holder through such holder's relevant Participant in accordance with the Applicable Procedures.

17. MEETINGS OF NOTEHOLDERS

17.1. <u>Convening of meetings</u>

17.1.1. The Issuer may at any time convene a meeting of all Noteholders or holders of any Series of Notes, and shall be obliged to do so upon the request in writing of Noteholders holding not less than 10% (ten percent) of the aggregate Nominal Amount of all Notes or Notes in that Series, as the case may be, for the time being Outstanding (a "**requisition notice**"). All meetings of Noteholders shall comply with the mandatory provisions of the law, including the Companies Act (notwithstanding that the Companies Act refers to meetings of shareholders) and the DSE Listing Rules in force from time to time.

17.1.2. Upon receipt of the requisition notice, the Issuer shall immediately inform the DSE in writing, describing the purpose of the meeting; and release an announcement that the Issuer has received a demand to call a meeting from Noteholders pursuant to the provisions of the DSE Listing Rules and specifying the date and time of the meeting.

17.1.3. The Issuer shall:

(a) issue a notice of meeting (meeting in person or via conference call facilities) within 5 (five) Business Days from the date of receipt of the request to call a meeting of Noteholders;

(b) specify the date of the meeting as a date not exceeding 7 (seven) Business Days from when the notice of meeting is issued;

(c) issued a notice of meeting that allows for a pre-meeting of the Noteholders (without the presence of the Issuer) on the same day/venue and at least 2 (two) hours before the scheduled meeting of Noteholders; and

(d) release an announcement within 2 (two) Business Days after the meeting of Noteholders regarding the outcomes of the meeting.

17.1.4. In the event of the liquidation, business rescue or curatorship of the Issuer, the inability of the Issuer to pay its debts as they fall due or the Issuer becoming financially distressed as contemplated in the Companies Act, the reference to 5 (five) Business Days in Condition 17.1.3(a) shall be reduced to 2 (two) Business Days and 7 (seven) Business Days in Condition 17.1.3(b) shall be reduced to 5 (five) Business Days.

17.1.5. At the meeting, Noteholders are to exercise their voting through polling and not by the show of hands. The meeting will elect a chair as voted by Noteholders.

17.1.6. The Noteholder(s) who demanded the meeting may, prior to the meeting, withdraw the demand by notice in writing to the Issuer, a copy must be submitted to the DSE. Further, the Issuer may cancel the meeting if as a result of one or more of the demands being withdrawn, the Noteholders fail to meet the required percentage in Condition 17.1 to call a meeting.

17.2. Notice

(a) Notice of Written Resolution

i. Unless the holders of 100% (one hundred percent) of the aggregate Nominal Amount of the Notes Outstanding or relevant Series of Notes Outstanding, as the case may be, have passed such relevant resolution, the Noteholders must be given at least 20 (twenty) business days' (exclusive of the day on which the notice is given and of the day on which the relevant resolution is to be submitted) to consider the notice and resolution. The written notice shall be given to the Noteholders and the Issuer Agent (with a copy to the Issuer). The notice shall set out the nature of the business for which the relevant resolution is proposed to be passed and shall include the full text of any resolutions proposed.

ii. The Issuer will, for so long as any Note remains Outstanding and listed on the DSE, announce, by publishing such announcement in the manner required by the DSE, the details of the written resolutions being proposed within 24 (twenty four) hours after the notification of the proposed written resolutions have been distributed to the relevant Noteholders.

iii. All notices of written resolutions shall comply with the mandatory provisions of the law, including the Companies Act and the DSE Listing Rules in force from time to time.

(b) Notice of Meetings

i. Unless the holders of at least 100% (one hundred percent) of the aggregate Nominal Amount of the Notes Outstanding or relevant Series of Notes Outstanding, as the case may be, agree in writing to a shorter period, the Issuer may convene a meeting of all Noteholders upon at least 15 (fifteen) business days' prior written notice, in accordance with the Companies Act. This notice will include the date that the Issuer has selected to determine which Noteholders will receive the notice and the last date by which proxy forms will be submitted. Every such meeting shall be held at such time and place as the Issuer Agent may approve. The notice shall set out the nature of the business for which the meeting is to be held, the full text of any resolutions to be proposed and shall state that a Noteholder may appoint a proxy (as defined) by delivering a form of proxy (as defined) to the Specified Office of the Issuer Agent by no later than 24 (twenty-four) hours before the time fixed for the meeting.

ii. The Issuer will, for so long as any Note remains Outstanding and listed on the DSE, announce in the manner required by the DSE, the notice of meeting the date that the Issuer has selected to determine which Noteholders recorded in the Register will receive the notice of meeting and the last date by which proxy forms must be submitted.

iii. A requisition notice by Noteholders requesting a meeting of Noteholders pursuant to Condition 17.1 (*Convening of meetings*) may consist of several documents in like form, each signed by one or more requisitioning Noteholders. Such a requisition notice will be delivered to the Specified Office of the Issuer.

17.3. Proxy

17.3.1. A Noteholder may by an instrument in writing (a "**form of proxy**") signed by the Noteholder or, in the case of a juristic person, signed on its behalf by an attorney or a duly authorised officer of the juristic person, appoint any Person (a "**proxy**") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders. A Person appointed to act as proxy need not be a Noteholder.

17.3.2. Any Noteholder which is a juristic person may by resolution of its directors or other governing body authorise any Person to act as its Representative in connection with any meeting or proposed meeting of the Noteholders.

17.3.3. Any proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder. All acts performed by the proxy, and all forms of proxy shall comply with the mandatory provisions of the law, including the Companies Act (notwithstanding that the Companies Act refers to meetings of shareholders) and the DSE Listing Rules in force from time to time.

17.4. Chairperson

The chairperson (who may, but need not, be a Noteholder) of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairperson subject to the remaining provisions of this Condition 17 (*Meetings of Noteholders*). Should the Noteholder requisition a meeting, and the Issuer fail to call such a meeting within 30 (thirty) days of the requisition, then the chairperson of the meeting held at the instance of the Noteholders shall be selected by a majority of Noteholders present in Person, by Representative or by proxy. The chairperson of an adjourned meeting need not be the same Person as was chairperson of the original meeting.

17.5. Quorum

17.5.1. At any such meeting one or more Noteholders present in Person, by Representative or by proxy, holding in aggregate not less than 30 (thirty) percent of the Nominal Amount of Notes held by the applicable Class of Noteholders for the time being Outstanding, shall form a quorum for the consideration of an Ordinary Resolution.

17.5.2. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more Noteholders of that Class of Noteholders present or represented by proxies or Representatives and holding or representing in the aggregate a clear majority in Nominal Amount of the Notes held by the applicable Class of Noteholders for the time being Outstanding.

17.5.3. No business will be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business.

17.5.4. If within 1 (one) hour after the time fixed for any such meeting a quorum is not present, then:

(a) in the case of a meeting requested by Noteholders, it shall be dissolved; or

(b) in the case of any other meeting, it shall be adjourned for such period (which shall be not less than 14 (fourteen) days and not more than 21 (twenty-one) days and to such time and place as the chairperson determines and approved by the Issuer Agent; provided, however, that the meeting shall be dissolved if the Issuer so decides.

17.6. Adjournment of meetings

17.6.1. Subject to the provisions of this Condition 17 (*Meetings of Noteholders*), the chairperson may, with the consent of (and shall if directed by) any Noteholders, on a motion supported by the majority of Noteholders, adjourn a meeting of Noteholders or a Class of Noteholders from time to time and from place to place. All adjournments of meetings shall comply with the mandatory provisions of the law, including the Companies Act (notwithstanding that the Companies Act refers to meetings of shareholders) and the DSE Listing Rules in force from time to time.

17.6.2. No business shall be transacted at any adjourned meeting except business left unfinished, and which might lawfully have been transacted, at the meeting from which adjournment took place.

17.7. Notice following adjournment

17.7.1. Condition 17.2 (*Notice*) shall apply to any meeting which is to be resumed after adjournment for want of a quorum save that:

(a) 7 (seven) days' notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) shall be sufficient; and

(b) the notice shall state that one or more Noteholders present in Person, by Representative or by proxy whatever the Nominal Amount of the Notes held or represented by them will form a quorum for the purpose of considering any resolution, including an Extraordinary Resolution.

17.7.2. It shall not be necessary to give notice of the resumption of a meeting which has been adjourned for any other reason.

17.8. Participation

17.8.1. The following may attend and speak at a meeting:

(a) Noteholders present, by Representative or by proxy provided that no such Person shall be entitled to attend and speak (or vote) unless he provides proof acceptable to the Issuer that he is a Noteholder, its Representative or proxy if so required by the Issuer to do so;

(b) any officer or duly appointed representative of the Issuer and every other Person authorised in writing by the Issuer provided that such Person shall not be entitled to vote, other than as a proxy or Representative;

(c) the legal counsel to the Issuer;

(d) the Issuer Agent;

(e) any other Person approved by the Noteholders at such meeting; and

every director or duly appointed representative of the Issuer and every other Person authorised in writing by the Issuer may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy or Representative.

17.9. Poll

Except where otherwise provided, every resolution proposed to be passed at a meeting shall be decided in the first instance on a poll. Any resolution proposed on the election of the chairperson or on any question of adjournment shall be taken at the meeting without adjournment.

17.10. Votes

17.10.1. Every Noteholder present in Person, by Representative or by proxy and who provided proof acceptable to the Issuer of his entitlement to vote, if so required by the Issuer, shall have one vote per Specified Denomination (or the nearest rounded off multiple thereof) of the relevant Series of Notes Outstanding held or represented by him.

17.10.2. The holders of Beneficial Interests in Notes must vote in accordance with the Applicable Procedures. Notwithstanding any other provision contained in this Condition 17 (*Meetings of Noteholders*), the Noteholder in respect of Uncertificated Notes shall vote on behalf of holders of Beneficial Interests in such Notes in accordance with the instructions from the holders of Beneficial Interests conveyed through the Central Securities Depository Participants in accordance with the Applicable Procedures.

17.10.3. In the case of a voting tie, the chairperson shall have a casting vote.

17.10.4. Unless the form of proxy states otherwise, a Representative or proxy shall not be obliged to exercise all the votes which he is entitled or cast all the votes which he exercises in the same way.

17.11. Validity of votes by proxies

Any vote by a proxy in accordance with the form of proxy shall be valid even if such form of proxy or any instruction pursuant to which it was given has been amended or revoked, provided that the Issuer Agent or the Issuer at its Specified Office has not been notified in writing of such amendment or revocation by the time which is 24 (twenty four) hours before the time fixed for the relevant meeting. Unless revoked, any appointment of a proxy under a form of proxy in relation to a meeting shall remain in force in relation to any resumption of such meeting following an adjournment.

17.12. Powers

17.12.1. A meeting of Noteholders will have the power, in addition to all powers specifically conferred elsewhere in the Terms and Conditions:

(a) by Ordinary Resolution of the Noteholders to give instructions to the Issuer in respect of any matter not covered by the Terms and Conditions (but without derogating from the powers or discretions expressly conferred upon the Issuer by the Terms and Conditions or imposing obligations on the Issuer not imposed or contemplated by the Terms and Conditions or otherwise conflicting with or inconsistent with the provisions of the Terms and Conditions); and

(b) by Extraordinary Resolution:

(c) power to approve the substitution of any entity for the Issuer which shall be proposed by the Issuer;

(d) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Class of Noteholders against the Issuer or against any of its property whether such rights shall arise under the Notes or otherwise;

(e) power to give any authority or sanction which under the Terms and Conditions is required to be given by Extraordinary Resolution;

(f) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders of that Class and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

(g) power to sanction any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into or the cancellation of the Notes in consideration of, shares, stocks, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any entity (corporate or otherwise) formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration for cash;

(h) to sanction any compromise or arrangement proposed to be made between the Issuer and the Class of Noteholders or any of them; or

(i) assent to any modification of the provisions contained in the Terms and Conditions which shall be proposed by the Issuer.

Unless otherwise specified elsewhere in the Terms and Conditions, resolutions of Noteholders will require an Ordinary Resolution to be passed.

17.13. Binding effect of resolutions

Any resolution passed in accordance with the provisions hereof and agreed to by the Issuer shall be binding upon all Noteholders whether or not present at such meeting and whether or not voting (or whether or not they signed any written resolution, as the case may be), and each Noteholder shall be bound to give effect thereto.

17.14. Notice of the result of voting on any resolution

Notice of the result of the voting on any resolution (including any Extraordinary Resolution) duly considered by the Noteholders shall be given to the Noteholders via an announcement within 48 (forty-eight) hours of the conclusion of the meeting or after the responses to the written resolution have been received. Non-publication shall not invalidate any such resolution. Minutes shall be available electronically upon request of any Noteholder.

17.15. Minutes

Minutes shall be made of all resolutions and proceedings of meetings by the Issuer Agent and duly entered in books to be provided by the Issuer for that purpose. The chairperson shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such meeting in respect of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

18. **MODIFICATION**

18.1. The Issuer may effect, without the consent of any Noteholder, any amendment to the Terms and Conditions, the agreements in relation to the security structure, the guarantee, security or credit enhancement agreements, which is of a technical nature or is made to correct a manifest error or to comply with mandatory provisions of the Applicable Law. Any such amendment will be binding on Noteholders and such amendment will be notified to the DSE, in relation to any Series of Notes or Tranche of Notes listed at the DSE, and to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

18.2. Subject to Condition 18.1, any amendment to the Terms and Conditions of (i) all of the Notes, (ii) a particular Series of Notes or (iii) a particular Tranche of Notes, as the case may be, may be made only with the prior authorisation of an Extraordinary Resolution of the Noteholders of all the Notes, an Extraordinary Resolution of the Noteholders of that Series of Notes or an Extraordinary Resolution of the Noteholders of that Tranche of Notes, as the case may be.

18.3. Accordingly, subject to Condition 18.1, if there is any proposed amendment to the Terms and Conditions of (i) all of the Notes, (ii) a particular Series of Notes or (iii) a particular Tranche of Notes, as the case may be, the Issuer will call a meeting of or distribute a notice of written resolution to the Noteholders of all the Notes or call a meeting of or distribute a notice of written resolution to the Noteholders of that Series of Notes or that Tranche of Notes, as the case may be. Any meeting or meetings will be regulated by the provisions set out in Condition17. No proposed amendment will be made to the Terms and Conditions until such amendment has been approved by Extraordinary Resolution at such meeting or meetings or in terms of a written resolution. In relation to any Series of Notes or Tranche of Notes listed at the the DSE, the Issuer shall first obtain conditional formal approval from the DSE on the notice to Noteholders incorporating such proposed amendments in compliance with the DSE Listing Rules prior to delivery of such notice to Noteholders.

18.4. For the avoidance of doubt:

18.4.1. the exercise by the Issuer of its rights under Condition 15 (*Issuer Agent, Transfer Agent, Calculation Agent and Paying Agent*) shall not constitute a modification of these Terms and Conditions; and

18.4.2. it is recorded that the Applicable Pricing Supplement in relation to any Tranche of Notes may specify any other terms and conditions which shall, to the extent so specified or the extent inconsistent with the Terms and Conditions, amend, replace or modify the Terms and Conditions for purposes of such Tranche of Notes, but shall not constitute an amendment of the Terms and Conditions generally. The issuing of any Applicable Pricing Supplement shall not constitute an amendment of these Terms and Conditions.

19. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes having terms and conditions the same as any of the other Notes issued under the Programme or the same in all respects save for the amount and date of the first payment of interest thereon, the Issue Price and the Issue Date, so that the further Notes shall be consolidated to form a single Series with the Outstanding Notes.

20. **GOVERNING LAW**

Unless otherwise specified in the Applicable Pricing Supplement, the provisions of the Information Memorandum and the Notes are governed by, and shall be construed in accordance with, the laws of United Republic of Tanzania.

21. **SUBMISSION TO JURISDICTION**

The Issuer and the Noteholders, each, irrevocably submit to the jurisdiction of the courts of United Republic of Tanzania and waives any objection to proceedings in such courts whether on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

ECONOMIC OVERVIEW

ECONOMIC OVERVIEW

Overview of the global economy

Global growth is projected to decelerate sharply to 1.7% in 2023, to its third weakest pace in nearly three decades, overshadowed only by the 2009 and 2020 global recessions. (*World Bank Global Economic Prospect January 2023*). This is 1.3% below previous forecasts, reflecting increased policy tightening by Central banks aimed at containing very high inflation, worsening financial conditions, and continued disruptions from Russia's invasion of Ukraine.

The United States of America, Europe and China are undergoing a period of weakness and the spillovers are exacerbating headwinds in emerging markets. Investment growth in emerging market and developing economies is expected to remain below its average rate of the past two decades and further adverse shocks could push the global economy into yet another recession.

Emerging economies are especially vulnerable to such shocks because of their reliance on external trade and financing, limited economic diversification, elevated debt, and susceptibility to natural disasters.

Global Inflation

Inflation rose throughout 2022 in almost all economies. Median global headline inflation exceeded 9% in the second half of the year, its highest level since 1995. Inflation reached almost 10 percent in emerging markets and developing economies, its highest level since 2008, and in developed economies just over 9 percent, the highest since 1982. Inflation was above target in virtually all countries that have adopted inflation targeting. (World bank Global Economic Report, January 2023).

Global inflation was pushed higher by a combination of demand and supply factors. On the demand side, the acceleration of growth during the initial rebound from the 2020 global recession, as well as the lagged effects of earlier macroeconomic support, contributed to persistent price pressures. On the supply side, shortages of key commodities, exacerbated by Russia's invasion of Ukraine, contributed substantially to higher energy and food prices. In some countries, tight conditions and mismatches in labor markets further added to rising wages and higher input and production costs. Finally, many countries experienced large currency depreciations that passed through into higher import, producer, and consumer prices. The higher share of food in consumer spending has caused inflation to accelerate more in low-income countries compared to other emerging and developing economies.

Global core inflation has risen, reaching over 6% late last year, its highest level since 1992. As a result, short-term (one-year-ahead) inflation expectations have risen in most economies. In contrast, long-term (five year-ahead) inflation expectations have been relatively more stable, edging up by only about 0.15 percentage points in both advanced economies and emerging and developing economies since the onset of the pandemic. This stability may reflect the credibility of the commitment of most central banks to confront inflation, reinforced by recent policy tightening.

Inflationary pressures started to ease off towards the end of 2022, reflecting weakening demand and easing commodity prices. The share of countries where inflation is accelerating is trending. In the face of substantial monetary tightening, slowing activity, easing supply chain disruptions, and moderating prices for many non-energy commodities, both core and headline inflation are expected to decline over the forecast horizon. In many countries, however, high core inflation has been unexpectedly persistent, suggesting that global inflation will remain elevated for longer than previously envisaged.

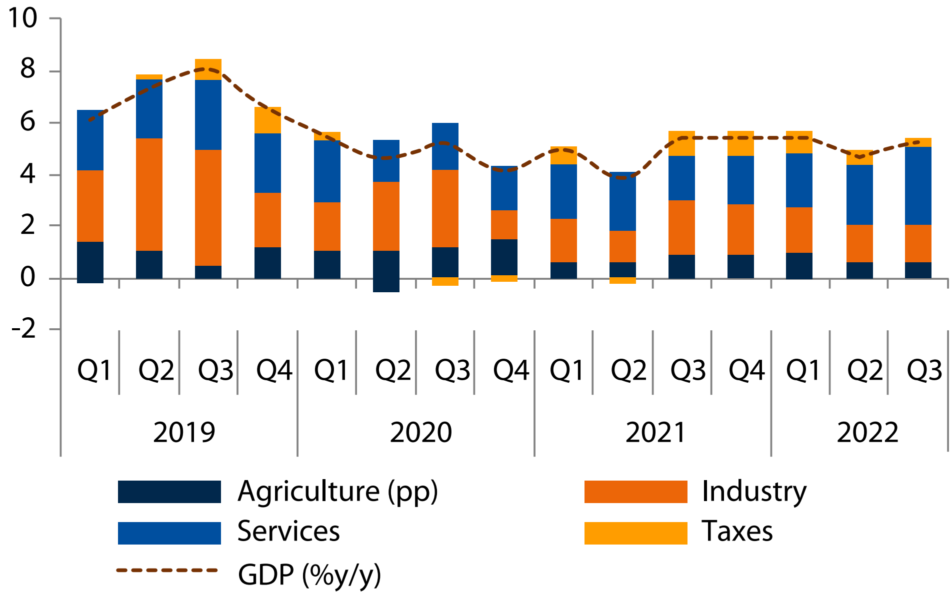
Overview of the Tanzania economy

Real GDP

Real GDP expanded 5.2% y/y in Q3 2022, up from the preceding quarter's 4.8%. Brisk performances in transport, mining, construction, finance and manufacturing supported this growth. The agriculture sector's performance was solid as well despite regional weather-related challenges. The sector was one of the largest contributors to Q3 22 growth.

High-frequency indicators suggest that the pace of economic momentum eased in Q4, with tourist arrivals rising by 41% y/y compared with an 84% increase in the prior quarter. Notwithstanding the near-term headwinds, the medium-term GDP outlook remains positive, with growth expected to trend towards the pre-pandemic average of 6.8% by 2025. Growth will be supported by ongoing developments in the energy sector and related infrastructure projects, as well as the construction of the Standard Gauge Railway (SGR). Following the signing of the initial Host Government Agreement (HGA), negotiations among the Government, Shell and Equinor (the two prospective investors in the LNG project) are ongoing and expected to conclude sometime in February, paving the way for the signing of the final Host Government Agreement.

A final investment decision is targeted for 2025, with production and exports expected to start by 2030. Meanwhile, the construction of the East African Crude Oil Pipeline (EACOP) received a boost after Uganda approved the construction license on the condition that East Africa Crude Oil Pipeline secures all other required consents and permits. Tanzania has also approved the construction license, bringing the development of the project a step closer. In January, Turkey's Yapi Merkezi, a privately owned company, launched the construction of the fourth phase of Tanzania's SGR, which will see the towns of Tabora and Isaka connected through a 165km railway line.

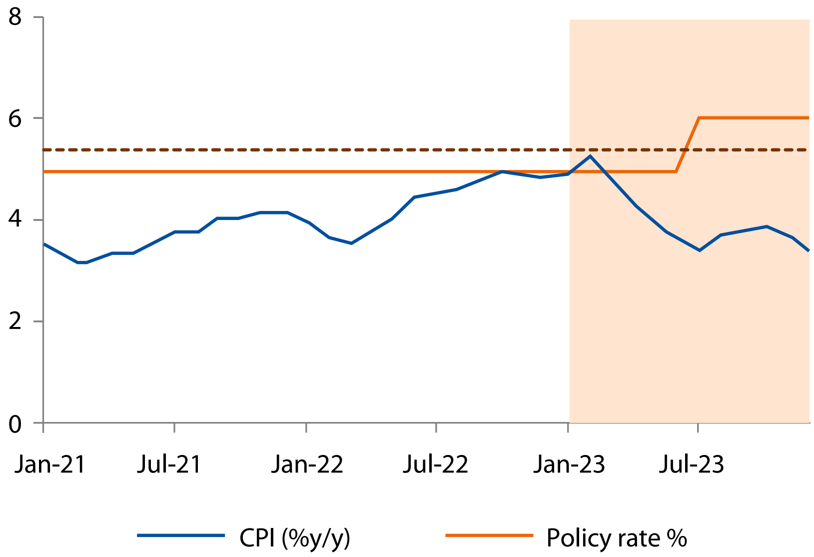


Source: TNBS, Absa Research, February 2023

Inflation

As with growth, inflation in Tanzania appears remarkably unaffected by the drought conditions in the broader region. Consumer inflation eased to 4% y/y in May 2023 from 4.3% in April 2023. Looking ahead inflation is expected to trend lower and average 4.2% in 2023 versus 4.3% in 2022. While food inflation and elevated international commodity prices remain a threat, the Government is likely to implement fuel and other subsidies to contain inflationary pressures. Against this backdrop, inflation is expected to remain below the Bank of Tanzania's 5.4% target over the medium term.

Given this view, BoT's Monetary Policy Committee may keep the policy rate unchanged through H1 23 and continue withdrawing liquidity to ensure inflation remains within target. The robust economic outlook will allow the BoT to hike the policy rate by 100bp in H2 23 to normalise the policy rate; however, slower-than-expected global growth and slowing domestic activity are risks that could see the BoT leaving the policy rate unchanged until end-2023.



Source: TNBS, Absa Research, February 2023

Government Budgetary Performance

Broad-based underspending continues to offset the revenue shortfall, resulting in a narrower budget deficit. Preliminary fiscal data for the first six months of FY2022/23 show that total revenue and expenditure were lower by 4.4% and 7.1%, respectively, relative to authorities' estimates, resulting in a 19.9% narrower fiscal deficit over the period. The revenue underperformance was attributed to lower domestic revenue collections and grants, while lower expenditure was mainly driven by broad-based underspending in the recurrent and development budget.

Year-to-date data indicate that the fiscal deficit for FY2022/23 may come in lower compared to the finance ministry's projection of 3.0% of GDP, respectively. This bodes well for the debt-to-GDP trajectory. Tanzania is one of the few countries in Africa with low debt levels, with the IMF assessing the country's risk of debt distress as moderate. Furthermore, in October 2022, Moody's affirmed Tanzania's long-term foreign and local currency rating (B2) and changed the sovereign's outlook from Stable to Positive citing reduced political risk.

BoT's monthly data show that the current account deficit widened to USD5.3 billion in 2022, more than double the USD2.4 billion recorded in 2021. This was largely due to a higher import bill, driven by petroleum imports. Exports rose by 6.9% y/y while imports jumped 42.4% amid elevated oil prices. As a result, the trade deficit widened to USD7.0bn, up from USD3.2bn the prior year. The services account surplus increased on higher travel and transport receipts as tourist arrivals rose. The primary income account recorded a marginally larger deficit, while the secondary income surplus rose owing to an increase in transfers. The latest external sector data suggest that the current account is likely to record a much wider deficit of 7.0% of GDP in 2022 compared with a deficit of 3.5% in 2021. While a moderation in oil prices is likely to reduce the current account deficit, an increase in capital goods imports for infrastructure projects will likely keep the deficit high at 6.4% in 2023.

Exchange Rate

The shilling remained resilient, depreciating just 1.1% to 2,330 against the USD in 2022 amid a risk-off environment that spurred USD outflows from emerging and frontier markets. Absa's USD/TZS 2023 year-end forecast of 2,373 reflects 1.9% annual depreciation in the currency as it expects the shilling to remain under pressure given the expectation that the USD demand and supply imbalance will persist. The large current account deficit will also likely contribute to the currency weakness. However given expectations of financial flows (FDI and loans), the BoT is expected to intervene in the market if needed, to limit large currency moves.

Market Outlook

	2019	2020	2021	2022F	2023F	2024F	2025F
Real GDP (% y/y)	7.0	4.8	4.9	5.2	5.8	6.0	6.6
GDP (USD bn)	60.6	64.2	69.9	74.8	80.5	85.0	89.7
Current account balance (% GDP)	-2.2	-2.3	-3.5	-7.0	-6.4	-5.8	-5.2
Fiscal balance (% GDP)	-3.1	-1.9	-3.8	-3.6	-3.3	-3.1	-2.9
Public debt (% GDP)	49.0	47.2	50.3	52.0	54.1	55.8	55.3
CPI (% Dec/Dec)	3.8	3.2	4.2	4.8	3.7	4.6	3.7
CPI (% avg)	3.4	3.3	3.7	4.3	4.2	4.4	3.8
Policy rate (%, eop)	7.0	5.0	5.0	5.0	6.0	6.0	6.0
USD/TZS (eop)	2,299	2,319	2,305	2,330	2,373	2,459	2,534
USD/TZS (avg)	2,303	2,314	2,312	2,326	2,357	2,421	2,500
	Q4 22	Q1 23F	Q2 23F	Q3 23F	Q4 23F	Q1 24F	Q2 24F
CPI (% y/y, eop)	4.8	5.1	4.1	3.8	3.7	4.3	4.5
Policy rate (%, eop)	5.0	5.0	5.0	6.0	6.0	6.0	6.0
	Spot	Q1 23F	Q2 23F	Q3 23F	Q4 23F	Q1 24F	Q2 24F
USD/TZS (eop)	2,338	2,344	2,354	2,364	2,373	2,395	2,416
ZAR/TZS (eop)	131.2	137.9	136.0	133.5	131.9	130.9	129.9

Source: BoT, NBS, MOF, Bloomberg, Absa Research, February 2023

Overview of the Banking Sector

There are currently 34 banks present in Tanzania, but the sector is largely dominated by the largest five. It is expected that the ongoing efforts by the BoT to promote consolidation, as well as a continued effort to improve the sector will bring the industry in line with regional standards. While bad debt continues to be a worry, most banks have good levels of capitalisation and reserves to withstand potential negative shocks. Also, the industry level of non-performing loans (NPLs) has fallen considerably in recent quarters. Bank profits are expected to be robust in the coming quarters due to high lending rates, and strong client loan growth as a result of impressive economic activity and improving loan quality. However, loan growth will be weighed down slightly by base effects and tighter monetary policy. The sector will continue to be supported by investments in digital initiatives.

Tanzania’s client loan is expected to grow to be 20.0% year on year in 2023, after growth of 24.1% in 2022. While strong economic growth and improved loan quality will support loan growth, base effects and tighter monetary policy will act as headwinds to credit growth. Similarly, after growing 20.6% y-o-y in April 2023, personal loans (38.6% of total private credit, the largest component), will remain strong for the rest of 2023. Lending will be supported by moderating inflation and rising incomes supporting private consumption.
All sectors of the economy, aside from hotels and restaurants which saw credit grow by just 0.1% y-o-y in April 2023, have seen double-digit lending growth, as a result of the improving macroeconomic environment.

Banks will remain profitable over 2023, following robust profits in 2022. This will be driven by the large differential between the average lending rates of Tanzania’s banks and the BoT’s discount rate, as well as investments in digital banking services

Efforts by the BoT to reduce NPLs has worked considerably well, with the ratio falling from 9.7% in Q221 to 6.1% in Q123, which will support loan growth. It is expected that NPLs will fall further in 2023. The banking sector also has robust levels of capital adequacy, with capital above regulatory requirements. The total capital adequacy ratio was 20.2% in Q123, compared to the regulatory requirement of 12.0%. Ongoing efforts to improve banking sector supervision are likely to ensure that banks' average capital ratios remain strong over the coming years.

Creating the regulatory framework for digital products can increase the depth of the banking and insurance market. Fintech and mobile banking are expanding rapidly, which will help attract people into the formal financial sector.

Some of the challenges in the banking industry include difficulties in assessing creditworthiness mean that banks traditionally charge extremely high rates of interest in order to compensate for uncertain risk. Despite the central bank setting low discount rates during the pandemic, banks maintained high lending rates, ultimately constraining credit demand.

On June 1 2023, the BoT implemented a number of restrictions on foreign currency transactions to alleviate a shortage of dollars and 'safeguard the stability of the financial system'. The BoT ordered businesses to stop pricing goods and services using the dollar, stating the Tanzanian shilling is the only legal tender in the country. For now, the central bank has been selling at least USD2.0mn to commercial banks daily to regulate the supply of the dollar and keep liquidity stable. However, this is an increasingly important issue for Tanzania's banks, which have seen falls in their liquidity ratios over the past decade.

Source: BMI Tanzania Banking & Financial Services Report Q3 2023

USE OF PROCEEDS

The net proceeds from each Tranche will be used to finance eligible green, social and sustainable projects in line with the sustainable Bond principles. In addition, the net proceeds will also be used for strategic lending to productive economic sectors or as otherwise may be described in the applicable Pricing Supplement of each Tranche

DESCRIPTION OF NMB BANK PLC

Overview

As at the date of this Information Memorandum, NMB was the largest bank in Tanzania by market capitalisation[1], providing banking services to individuals, small to medium sized corporate clients, as well as large businesses.
NMB operates through three principal business units: Treasury, Wholesale Banking and Retail Banking. Highlights for the year ended 31 December 2022:

- The Bank's net loans and advances grew by TZS 1.4trillion (29%) year on year, driven by an increase in both Retail & Wholesale loans particularly personal loans. Government securities increased by TZS 205 billion (12%) attributed to yield improvement and deposits growth. Placements and balances with banks decreased by TZS 150 billion (45%) while cash and balances with Bank of Tanzania increased by TZS 67 billion (5%) as the Bank focused in growing loans & advances in diversified ways predominantly to private sector. This asset growth was funded by customer deposits, which grew by TZS 935 billion (14%) and net additional borrowing of TZS 326 billion from FMO and BOT.

- There was an increase in Bank's non-earning assets 7% year on year mainly attributable to increase in cash resulting from deposits growth and deferred Tax while Property and Equipment decreased by TZS 16 billion (10%) as they continue to depreciate.

- During the year, the Group recorded a net profit after tax of TZS 431.6 billion (2021: TZS 292.1 billion), while the Bank earned a net profit of TZS 429.3 billion (2021: TZS 290.2 billion), an increase of 48% year-on-year. This increase in profit was mainly attributed to growth in net interest income and net fees and commission income by TZS 110.1 billion and TZS 76.4 billion respectively.

- The Bank's total operating income grew 27% year on year to TZS 1,107.3 billion (2021: TZS 868.9 billion). The growth is from the Bank's net interest income which increased by 16% following growth in loans and advances while net fees and other income increased by 31% mainly attributed to increase in transaction volumes in Agency Banking, Mobile Banking (NMB Mkononi), Card Business & Fx Income.

- The Bank's operating expenses increased slightly by 9% during the year due to cost efficiency initiatives deployed by the Bank during the year on operating and capital expenditure.

- NMB operated 227 branches, 781 ATMs, and over 19,870 agents. NMB also offers mobile, internet banking, QR codes, and supports several cards products; and

- Consistent dividend policy with a proposed dividend per share of TZS 286 (2021: TZS 193).

History of NMB

NMB was established under the National Microfinance Bank Limited Incorporation Act of 1997, following the restructuring of the former National Bank of Commerce. Three new entities were created at the time, namely: NBC Holding Limited, National Bank of Commerce (1997) Limited and National Microfinance Bank Limited. In 1997, NMB's mandate was limited to the provision of payment services as well as offering savings accounts with limited lending capabilities.

In 2005, the Government of the Tanzania privatized the Bank when it sold part of its shareholding (49%) to a consortium led by the Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ('Rabobank Group').

[1] NMB, DSE

In 2008, the Tanzanian Government sold an additional 21% of its shareholding to the public through an initial public offer.

In 2020, the share transfer from Rabobank to Arise B.V. was successfully completed. Following regulatory approval from the Ministry of Finance and Planning (MOFP), the Bank of Tanzania, the Fair Competition Commission (FCC), Tanzania Revenue Authority (TRA), Business Registrations and Licensing Agency (BRELA), and the Capital Markets and Securities Authority, RaboBank completed the transfer of 174,500,000 shares held in NMB to Arise B.V. who now own 34.9% of the shares in NMB.

The Bank continues to be listed on the DSE and boasts a diverse investor base.

Share capital and ownership

NMB has 625,000,000 (2019: 625,000,000) authorized ordinary shares with a par value of TZS 40 each of which 500,000,000 (2019: 500,000,000) are issued and fully paid up.
As at 31 December 2022, the Bank's shareholders were as outlined below:

Table 4: Shareholders

Shareholder	% Shareholding
Arise B.V	34.9
Treasury Registrar (Government of Tanzania)	31.78
National Social Security Fund (NSSF Uganda)	4.68
National Investment Company Limited (NICOL)	4.08
Sajjad Fidahussein Rajabali	3.11
Aunali Fidahussein Rajabali	3.11
Banque Pictet and Cie Sa A/C Patrick Schegg	1.8
Public Service Social Security Fund (PSSSF)	1.56
Duet Africa Opportunities Master Fund	0.9
Umoja Unit Trust Scheme	0.86
African Lions Funds Ltd	0.6
Zanzibar Social Security Fund	0.59
BNYM Re Frontaura Global Frontier Fund Lc	0.54
TCCIA Investment Company Limited	0.52
General Public	10.97
Total	100

Source: NMB Management as at 31 December 2022

Subsidiaries and affiliates

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Bank's subsidiaries and associates which are listed below have share capital consisting solely of ordinary shares and are incorporated and operate within Tanzania which is also their principal place of business.

Name	% Shareholding
Upanga joint venture company limited (UJV)	88%
Tanzania mortgage refinance company limited (TMRC)	7.81%

Description of the Bank's Business

With a balance sheet of over TZS 10.2 trillion as of 31st December 2022, NMB Bank is the largest financial institution in Tanzania with 5,978,886 customers and employing 3,544 full-time staff as at end of December 2022.

The Bank offers a full suite of financial services and products to a wide range of its clientele in its Retail, Wholesale and Treasury business divisions. The Bank had 227 branches, 19,870 active agents (Wakala), 4 standalone Bureau de Change outlets, 39 cash collection points and 781 ATMs across the country at the end of December 2022. The Bank is listed on the DSE in Tanzania.

NMB achieved great success in 2022 and has been recognized through several local and international awards. In 2022, NMB won 22 locally and globally recognized awards from prestigious institutions, all naming and affirming the Bank as the leading and most innovative financial solutions provider in Tanzania. In recognition of its leadership in the debt capital markets in Tanzania, NMB's Jasiri Gender Bond was awarded the platinum winner in the Sustainable Bond of the year category at the 2022 Global SME finance award held in Phnom Penh, Cambodia. The Jasiri Bond was cross-listed on Luxembourg Stock Exchange in March 2023.

The following table shows the contribution of the different divisions within NMB to its major financial indicators as at 31 December 2022.

TZS millions	Treasury	Wholesale Banking	Retail Banking	UJVC	(Eliminations)/ Consolidations	Total
Interest income	177,780	70,707	705,169			953,656
Interest expense	(7,735)	(62,128)	(97,444)		3,287	(164,020)
Net Interest Income	170,045	8,579	607,725		3,287	789,636
Operating profit	178,858	(46,148)	478,901	2,286	1,268	615,165
Profit after tax	125,566	(32,398)	336,208	1,028	1,268	431,672
Segment assets, liabilities and equity						
Total Assets	3,719,911	1,078,768	5,194,447	40,741	(86,760)	10,234,552
Total Liabilities and equity	1,701,845	3,096,885	5,122,789	40,742	(81,036)	10,234,552

Source: NMB Annual Report Financial Year 2022

Wholesale Banking Business

The Wholesale Banking business line includes corporate banking (large corporate customers and parastatals), government banking (central and local government), institutional banking (insurance, pension funds, non - Governmental organizations (NGOs), governmental agencies), transactional banking and agribusiness (crop financing), supported by a specialized transactional services teams.

NMB offers a full suite of wholesale banking solutions, including:

- Corporate lending
- Deposit-taking
- Trade finance
- Syndications
- Structured Financing
- Global Digital Transaction Services
- Chinese Desk
- Call Accounts
- Asset Financing
- Trade Finance
- Term Deposits
- Trust Accounts

Retail Banking

Retail Banking has traditionally been and continues to be, NMB's core line of business. NMB's Retail Banking business provides a full range of lending, transactional and savings solutions through personal banking (including civil servants) and micro small and medium sized enterprises banking.

The Bank relies on its extensive branch network to offer a full range of financial services to its customers with the main products being:

- Fixed Deposit Accounts
- Bancassurance
- Salaried Worker Loans
- SMEs
- Mortgage & Construction Loans
- Pensioner Loans
- Bonus Accounts
- Agri financing
- Credit, Debit, Prepaid, UPI Cards

Treasury

The Treasury business is subdivided into ALM (Asset and Liability Management) which manages assets and liabilities of the bank and Global markets which manages the bank's forex risk and interest rate risk exposures as well as engaging in both forex and government securities trading activities. NMB has a strong Treasury sales team pported by a specialized transactional services team. The Treasury business serves a wide range of clients including the government, individuals, small to large corporates and institutions.

In 2018 Treasury added two new lines of services, Custody services and Advisory Services. The Custody services unit engages in securities safekeeping and record keeping, asset servicing, transaction processing and settlement while the Advisory services team assist SMEs and corporates with capital raising & optimization, M&A advisory as well as strategic & financial advisory.

Treasury main products include

- Fixed Income Bond Trading
- Spot Foreign Exchange
- Risk Management Products (Forwards, Swaps)
- International Transfers-18 currencies supported
- Securities Services
- Advisory Services

Technology and Digital Transformation

NMB recognizes the strategic importance of banking technology in terms of its impact on banking operations and the Bank is currently leveraging technology to help build economies of scale, reduce transaction costs and better serve its customers.

- NMB has introduced pioneering, digitally led solutions to the market, including digital micro loans (Mshiko Fasta), an enhanced Agency Banking model (Pesa Wakala) and QR payments solutions (Lipa Mkononi) in response to its customers' changing needs.
- The Bank has widened its digital inclusion by driving innovation through partnerships:
  - In 2018, NMB embarked on a journey to drive financial inclusion through partnerships with Fintech Companies. By 2022, NMB had already enabled over 200 start-up companies to test on its sandbox
- NMB continues to make advancements in mitigating cyber risks. The Bank has enhanced the protection of its information assets including systems and data. This includes the implementation of a state-of-the-art AI-based protection technology system. Furthermore, the Bank has implemented technologies to continuously detect and block cyber-attacks. In an effort to identify systems security gaps in a timely manner, NMB conducts security tests on its systems throughout the year. Lastly, the Bank has continued to embrace compliance with International Standards, particularly with certification of PCI DSS and PCI PIN.

- To complement its wide branch network, the Bank has invested heavily in innovative delivery channels which have played a critical role in improving access to financial services and widening financial inclusion. This includes:
  - NMB Mkononi
  - Agency Banking
  - Internet Banking (NMB Direct)
  - Branch Network and ATM
  - Cards and Merchants_ widely recognized range of card-based payment products, including debit cards, credit cards, pre- paid cards, and QR codes as cash-free payment solutions.

- NMB continues to strategically position its business by transforming its processes using robotic process automation (RPA) to improve on turnaround time and embrace more digital transformation by modernizing the banking systems infrastructure from legacy systems to new emerging technologies. Furthermore, the Bank continues to empower its staff through skilled and sophisticated tailor-made training.

The Bank's ambition remains to be a strong digital enabler in every aspect of its business. Looking ahead, NMB will continue to lay emphasis on disciplined execution of its strategic initiatives to drive strong value-creation and outcomes for its stakeholders, by leveraging and enhancing its digital capabilities to drive continued digital transformation and client excellence.

Competition

The Tanzanian financial sector is made up of the following as defined by the Bank of Tanzania:

a. Banks: institutions authorized to receive money on current accounts subject to withdrawal by cheque
b. Financial institutions: institutions licensed by the BoT and authorized to engage in banking business not involving the receipt of money on current accounts subject to withdrawal by cheque.
c. Foreign exchange bureaus: registered by the Bank of Tanzania and entrusted with the task of changing money over the counter under the Foreign Exchange Act, 1992 and Foreign Exchange (Bureaux de Change) Regulations, 2019 as amended.

According to the 2022 annual report from BoT's directorate of bank supervision, there were 34 commercial banks, 5 community banks, 5 microfinance banks, 2 development finance institutions, 1 housing finance.

company, 3 financial leasing companies, 2 credit reference bureaux and 3 bureaus de change with 38 branches. There were 960 bank branches across Tanzania.

Risk Management

The Board accepts final responsibility for risk management and internal control systems of the Bank. The Board has delegated the day-to-day risk management to the executive committee, which has implemented an enterprise risk management framework that sets out clear processes of risk management to protect the bank, its clients and customers. The Bank's risk management strategy is aimed at maintaining strong and robust financials in order to build a sustainable franchise. In particular, it focuses on:

- Safeguarding the Bank's identity and reputation
- Protection of profits and profit growth
- Maintaining solid balance sheet ratios

The executive committee has delegated day-to-day responsibility for implementing the Bank's risk management policies and overseeing the Bank's risk management function to an independent risk management department. This division, working in conjunction with the Bank's business lines, identifies, monitors, measures and reports on the various operating risks.

Executive Management Committee ("**EXCO**") recognizes that the primary responsibility for monitoring and mitigating operating risk lies firstly with the individual business units (Wholesale Banking, Retail Banking and Treasury), secondly with the risk management division which provides independent oversight and challenges and lastly with the internal audit function which provides independent assurance to Management and the Board over the effectiveness of governance, risk management and control over current, systemic and evolving risks.

Credit Risk Policy

The Bank's lending activities are guided by the Bank's credit risk policy and in line with BoT's guidelines. In determining the level of risk that the Bank is willing to take for the various sectors and proactive management of sectoral lending concentrations, the management has developed a risk appetite statement that sets out the principles, objectives and measurements to utilise NMB's funding resources efficiently. It seeks to manage its credit risk and loan portfolio concentration.

The Bank has developed an automated credit decision making system for micro-finance loans (credit scoring) and also implemented a centralized disbursement, loan monitoring and collections centre for retail loans. The credit scoring system already in place for micro loans including Agri MSE has significantly improved turnaround times. NMB has also internally developed an automated collateral management module which has significantly improved the audit trail, ease of information and documents retrieval and quality.

The Bank is currently automating its credit application workflow and management for corporate lending, SMEs and large agribusiness by using an automated internal risk rating and a risk-based pricing tool to improve the quality of its loan book. The table below breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of its counterparties. (Amounts are in TZS' Millions):

Table 5: Bank's main credit exposure

As at December 31	2022 TZS' Millions	%	2021 TZS' Millions	%
Financial institutions	3,207,426	33%	3,076,310	38%
Manufacturing	264,208	4%	205,960	3%
Trading and commercial	812,496	8%	471,004	6%
Transport and communication	123,976	1%	124,621	2%
Wholesale and retail	347,812	4%	322,483	4%
Agriculture	520,514	5%	333,092	4%
Individuals	3,732,399	39%	3,283,247	41%
Others	12,738	6%	219,994	3%
Total	**9,621,569**		**8,036,711**	

Source: NMB Annual Report for the year ended 31 December 2022

The Bank has a well-diversified portfolio of assets with no single obligation larger than the prescri regulatory limit.

Table 6: Off-balance sheet credit exposure to customers by sector (Bank)

As at December 31	2022 TZS' Millions	%	2021 TZS' Millions	%
Financial institutions	146,166	7%	1,739	0%
Manufacturing	207,778	11%	69,020	6%
Trading and commercial	284,863	15%	480,012	39%
Transport and communication	101,030	5%	29,648	2%
Wholesale and retail	1,127,880	58%	445,106	36%
Agriculture	79,151	4%	76,069	6%
Individuals	13	0%		0%
Others	5,549	0%	132,167	11%
Total	**1,952,430**		**1,233,761**	

Source: NMB audited financial statements for the year ended 31 December 2022

Market Risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, and foreign exchange rates. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in the Bank's treasury department and monitored regularly. Regular reports are submitted to the Bank's Assets and Liabilities Committee ("**ALCO**") and heads of department. Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and corporate banking assets and liabilities.

Going Concern

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

Regulatory Environment

Banks and financial institutions are regulated by the BoT and have to adhere to the following regulations (including but not limited to):

1. Banking and Financial Institutions (Licensing) (Amendment) Regulations, 2022
2. The Banking and Financial Institutions (Capital Adequacy) Regulations, 2014 and The Banking and Financial Institutions (Capital Adequacy) (Amendment) Regulations, 2015
3. The Anti-Money Laundering (Amendment) Act, 2022
4. The Foreign Exchange Regulations, 2022
5. The Banking and Financial Institutions (Corporate Governance) Regulations, 2021
6. The Banking and Financial Institutions (Foreign Exchange Exposure Limits) Regulations, 2014
7. The Banking and Financial Institutions (Consolidated Supervision) Regulations, 2014
8. The Banking and Financial Institutions (Credit Concentration and Other Exposures Limits) Regulations, 2014
9. The Banking and Financial Institutions (Disclosures) Regulations, 2014
10. The Banking and Financial Institutions (External Auditors) Regulations, 2014
11. The Banking and Financial Institutions (Internal Control and Internal Audit) Regulations, 2014
12. The Banking and Financial Institutions (Liquidity Management) Regulations, 2014
13. The Banking and Financial Institutions (Management of Risk Assets) Regulations, 2014
14. The Banking and Financial Institutions (Physical Security Measures) Regulations, 2014
15. The Banking and Financial Institutions (Prompt Corrective Actions) Regulations, 2014

Additionally, NMB is a listed company and has to adhere to rules and regulations set out by the CMSA and the DSE.

Capital Adequacy

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 BoT, for supervisory purposes. The required information is filed with the BoT on a quarterly basis.

As set out in the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014:

- Every bank shall commence operations with and maintain at all times a minimum core capital of not less than fifteen billion shillings (TZS15,000,000,000) or such higher amount as the Bank may determine.
- Every bank or financial institution shall maintain at all times a minimum core capital and total capital of not less than twelve and one half per cent (12.5%) and fourteen and one half per cent (14.5%) respectively of its total risk-weighted assets and off balance sheet exposures.

Commercial banks however have a three-year moratorium to comply with the increased capital adequacy requirements.

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

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Prepaid expenses and deferred charges are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital and general provision which are held against future, presently unidentified losses and are freely available to meet losses which subsequently materialise.

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

During the year ended 31 December 2022, the Bank complied with all of the externally imposed capital requirements to which it is subject.

NMB - The Best Bank in Tanzania

During the year in which we marked our 25th Anniversary (Silver Jubilee), we were humbled to have flown the Tanzania flag high with a slew of global recognitions.

23

Awards in 2022

Recognitions all affirmed NMB as the leading and most innovative financial solutions provider in Tanzania, and are testament to the remarkable transformation that the bank has undergone since our humble beginnings in 1997.

Global Recognitions on Innovation, Governance and Service Excellence

6

Local Awards

12

International Awards

5

Leadership Excellence

Beating competition from across the Country, NMB Bank Plc has cemented its market leadership position, being the recipient of 23 awards in 2022. The 23 awards recognize the Bank's strong and proven track record of service excellence and its strong commitment to innovation, gender equality and sustainability.

The high-level industry recognitions are further evidence of the Bank's customer focus in line with its vision to become the preferred financial partner to its clients.

Banking Excellence

5 BEST BANK AWARDS

- Global Brands Magazine x 2:
  - Best Bank in Tanzania
  - Best Agri-Business
- Best Retail Bank x 2
- Best Private Bank-Int'l Banker

Innovation Excellence

#1 MOST INNOVATIVE

Best Innovation in Retail Banking in Tanzania from International Business Magazine

Leadership Excellence

5 BEST CEO AWARDS

- World Economic Magazine
- Africa Bank 4.0 Awards.
- Financial Women Awards.
- The Africa Summit
- Tanzania Institute of Bankers

ESG Leadership

4 ESG AWARDS

- Sustainable Bond of the Year
- Tanzania Revenue Authority x 3:
  - Overall most compliant tax payer
  - Most compliant tax payer (Banks)
  - 3rd Winner: Outstanding Contribution

Diversity and Inclusion

4 GENDER EMPOWERMENT

- EDGE Certification
- Accenture Gender Awards x 3:
  - Overall Winner-East Africa
  - Mainstreaming Champion
  - Women Empowerment

Best Employer Awards

4 EMPLOYER OF THE YEAR

- Association of Tanzania Employers:
  - Overall Winner
  - Large Organization Category
  - Private Sector Category
- Best Employer Brand-Africa

BOARD OF DIRECTORS, CORPORATE GOVERNANCE AND MANAGEMENT

The Structure of the Board

As at the date of this Information Memorandum, the Board of Directors comprised eight directors. The Board takes overall responsibility for the Bank, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet quarterly, with additional meetings convened as necessary. The Board delegates the day-to-day management of the business to the Managing Director assisted by the management team. The management team is invited to attend board meetings and facilitate the effective control of all the Bank's operational activities, acting as a medium of communication and coordination between all the various business units.

Corporate Governance

The Bank is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability. During the year the Board had board sub-committees to ensure a high standard of corporate governance throughout the Bank.

The Bank is led by independent members of the Board who, by their skills and diversity, contribute to the efficient running of the Bank. The Board is responsible for the overall corporate governance of the Bank, ensuring that appropriate controls, systems and practices are in place.

The Board regularly undergoes self-assessment and evaluation under the guidance of an independent party in order to improve the internal governance of the Board and its Committees.

Board Committees

The Board Committees act on behalf of the Board to direct the Bank effectively and accelerate the decision-making process. These committees that assist the Board execute its mandate, include:

Board Executive Committee

The Committee assists the Board in fulfilling its oversight responsibilities in accordance with the Articles of Association of the Company. The Committee exercises the powers of the Board in managing the business and affairs of the Company during the intervals between Board meetings, when action by the Board is necessary or desirable but convening a special Board meeting is not warranted or practical.

Board Audit, Risk and Compliance Committee

The Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the Bank's financial statements and financial reporting process, systems of accounting and financial controls, the annual external audit of financial statements, reporting and internal controls, performance of the Internal Audit, Risk and Compliance Functions, compliance with legal and regulatory requirements, adequacy of the risk management function, the oversight responsibility on planning and conduct of audits to determine that the bank's financial statements and disclosures are complete and accurate and are in accordance with International Financial Reporting Standards and applicable laws, rules and regulations.

Board Human Resources & Remuneration Committee

The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibility to shareholders by ensuring that there are appropriate Human Resources policies and strategies that provide the Company with the capability to achieve its short and long-term business objectives. This includes recruiting high caliber talent, training, developing employees and maintaining a high-performance culture and employee engagement that will drive organization success.

The Bank has in place processes and procedures for determining remuneration to Directors. Management normally provides a proposal of fees and other emoluments paid to directors after having conducted a market survey. This survey is presented to the Board before being table at the annual general meeting for final approval.

Company Secretary
The company secretary provides support and guidance to the Board in matters relating to governance and ethical practices. The company secretary is also responsible for induction programs of new directors, keeping board members abreast of relevant changes in legislation and governance principles.

Board Credit Committee
The Committee assists the full Board and provides oversight in the management of credit risk by reviewing continuously the credit portfolio, credit standards and credit policy and approving individual credit facilities where in excess of limits delegated to management.

Below is a summary of the board committees and the members as at 31 December 2022:

	Main Board	Board Executive Committee	Board Audit, Risk and Compliance committee	Board Human Resources And Remuneration Committee	Board Credit Committee	Total
Dr. Edwin P. Mhede	Chairman	Member	n/a	n/a	n/a	953,656
Juma Kisaame	Member	Chairperson	n/a	n/a	Member	(164,020)
Benson Mahenya	Member	n/a	Member	n/a	n/a	789,636
George Mandepo	Member	n/a	n/a	Chairperson	Member	
Hendrik Reisinger	Member	n/a	n/a	Member	Chairperson	615,165
Aziz Dachi	Member	n/a	Member	n/a	n/a	
Clement Mwinuka	Member	n/a	Chairperson	n/a	n/a	431,672
Ramadhani Mwikalo	Member	Member	n/a	Member	n/a	

Source: NMB Audited Financial Statements for the year ended 31 December 2022

Codes and Regulations
NMB complies with applicable legislation, regulations, standards and codes, with the Board continually monitoring regulatory compliance

Shareholders' responsibilities
The shareholders' role is to appoint the Board of Directors and the external auditors. This role is extended to holding the Board accountable and responsible for efficient and effective corporate governance.

Strategy
The Board is responsible for appointing the executive management, adopting a corporate strategy, policies and procedures and monitoring operational performance including identifying risks impacting the Company.

Sustainability and Social Responsibility

The Bank firmly believes in acting as a responsible corporate citizen by supporting the communities in which it operates to foster socio-economic development. Through the bank's Corporate Social Responsibility ("**CSR**") arm, the Bank has been consistently supporting the communities it serves. The Bank's CSR agenda is underpinned by the key pillars of education, health, financial capability, and disaster recovery. The Bank sets aside 1% of the after-tax profit every year and allocates the funds towards implementation of various community support initiatives in line with its CSR pillars. The Bank also launched the NMB Foundation to enhance the corporate social investment agenda by broadening impact to communities and further continue to spur transformation of the country.

Directors' Qualifications and Experience

	Date of Birth	Nationality	Profession	Date of Appointment
Dr. Edwin P. Mhede	05-Dec-1978	Tanzanian	Economist	Appointed on 05 June 2020
Juma Kisaame	10-May-1963	Ugandan	Banker	Appointed on 05 June 2020
Benson Mahenya	19-May-1968	Tanzanian	Certified Public Accountant	Appointed on June 2021
George Mandepo	29-Dec-1975	Tanzanian	Lawyer	Appointed on 15 June 2019
Hendrik Reisinger	27- Mar-1964	Dutch	Economist/Banker	Appointed on 15 June 2019
Aziz Dachi	14-Jul-1975	Tanzanian	Auditor	Appointed on 03 June 2022
Clement Mwinuka	18-Sep-1963	Tanzanian	Certified Public Accountant	Appointed on 03 June 2022
Ramadhani Mwikalo	03-Jun-53	Tanzanian	IT Expert	Appointed on 03 June 2022

The Directors and the Company Secretary can be reached at NMB's Head Office, Ohio/Ali Hassan Mwinyi Road, P.O. Box 9213, Dar es Salaam.

Dr. Edwin P. Mhede - Board Chairman

Dr. Mhede was appointed to join NMB Bank's Board of Directors on 5th June 2020. Thereafter, he was elected as Board Chairman. He is a certified Director by the Institute of Directors of Tanzania. He is also a recipient of the prestigious Japanese Foreign Minister's Commendation. He holds a Ph.D. and Master's degree in Development Economics from the National Graduate Institute for Policy Studies, in Tokyo, Japan. Dr. Mhede also holds a Bachelor of Science degree in Agricultural Economics and Agribusiness from Sokoine University of Agriculture in Morogoro, Tanzania.

Dr Mhede is a development economist by training and practice, with over 16 years working experience in the public and private sectors. He has a deep exposure in the professional practice of development microeconomics, trade and industrialization, economic policy analysis and management, international negotiations, and the empirics of industrial research and investment. He is currently the Chief Executive of Dar Rapid Transit Agency (DART) where he is managing a multimillion US Dollar project for transforming the public transport services using the seminal public-private partnership (PPP) approach in Dar es Salaam. Also, he sits on the Board of the National Development Corporation (NDC) where he chairs the Finance and Investment Committee. He has held various technical assignments and management roles in the Government up to the level of Deputy Permanent Secretary of Trade and Investment at the Ministry of Industry, Trade and Investments and Commissioner General of Tanzania Revenue Authority.

He is highly recognized for leading multifaceted economic programs for the growth of the public and private sectors in Tanzania. He is a founder, and therefore, he became the first Head of Tanzania Kaizen Unit under the Ministry of Industry and Trade for promoting bottom-up approaches in igniting product (or service) quality and productivity improvement in the manufacturing firms and public offices.

In his early career, Dr. Mhede worked as a Short-Term Consultant for the World Bank Group, in the Project of African Competitiveness in Light Simple Manufactured Products. He briefly served as Advisory Manager of Tanzania Agricultural Development Bank (TADB) and a Collaborating Researcher with and for the Policy Research for Development (REPOA) of Tanzania, African Centre for Technology Studies (ACTS), in Nairobi, Kenya and The Open University of UK (OU).

Aziz Jumanne Dachi - Non-executive Director

Mr. Dachi was appointed to join NMB Bank's Board of Directors in June 2022. He holds a Bachelor of Science in Computer Science from the University of Dar es Salaam and is an Associate Certified Public Accountant - ACPA and Certified Information Systems Auditor (CISA).

Mr. Dachi brings a wealth of experience in the areas of Systems Audit, Technology and Innovation, and Governance. He is currently the Assistant Auditor General Technical Support Services at National Audit Office of Tanzania and has over 18 year's work experience in Government and International Organizations. He is highly recognized in auditing Information and Communications Technology ("**ICT**") systems and in participating in Government negotiations with its various stakeholders.

Clement Esau Mwinuka – Independent Non-executive Director

Mr. Clement Esau Mwinuka was appointed to join NMB Bank's Board of Directors in June 2022. He earned his Master's of Science in Economic Management Policy (Industrialization, Trade & Economic Policy) and Master's of Science in Finance, both from University of Strathclyde, Glasgow, Scotland. He also holds Advanced Diploma in Certified Accountancy (ADCA) from Mzumbe University and is an Associate member of Certified Public Accountants in Tanzania, CPA (T).

Mr. Mwinuka has longstanding professional background with a career spanning over 30 years for various Government institutions and international organizations. He has extensive experience in areas of Governance, Financial Management, Audit, Risk Management, and Strategy.

He is currently working as an Independent Consultant and has held various management roles within Tanzania and at the SADC Secretariat, and is highly recognized for his contribution in the development of the Community.

Ramadhani Mwikalo – Independent Non-executive Director

Mr. Ramadhani Mwikalo was appointed to join NMB Bank's Board of Directors in June 2022. He holds a Master's Degree in Engineering from University of Ottawa, Ontario, Canada and is a registered Professional Engineer in Ontario, Canada. He is also registered with ICT Commission in Tanzania as an ICT Professional.

Mr. Mwikalo is a seasoned technology professional with over 40 years' distinguished experience in the Technology sector. He is currently working as an independent consultant and has previously served various national and international organizations, providing expertise through his deep understanding of technology and their implications for organizations.

Nationally, Mr. Mwikalo contributed to the development of various core government service delivery digital systems. Internationally, he worked in the United States (Silicon Valley) and has registered three ICT patents in Biometrics identification and Blockchain technologies with United States Patents and Trademarks Office (USTPO).

Benson Mahenya – Independent Non-executive Director

Mr. Mahenya was appointed to join NMB Bank's Board of Directors in 2021.He is an Associate Certified Public Accountant with 30 years of experience in auditing, banking, finance, management and accounting. He holds a Master's Degree in Finance from the University of Strathclyde, Scotland, a Master's Degree in Business Administration (MBA) and a Bachelor of Commerce degree in Finance both from the University of Dar es Salaam.

Mr. Mahenya is currently the Co-Chief Executive Officer of GSM Group of Companies. He is also the founding partner of BM Associates, an auditing and advisory firm, where he assists clients in restructuring their operations to achieve effective internal controls, higher efficiencies and increased productivity.

Throughout his career, he has held various senior leadership roles including Director of Finance and Administration at BancABC, Director of Finance and Administration at T-MARC, Senior Manager of Finance and Control at NMB Bank and Business Support Manager at Standard Chartered Bank.

He has been involved as a member and chairman of boards of several international and local institutions. He is currently a volunteer board member at Tanzania Growth Trust (TGT). Other notable governance roles he held in the past include Board Chairman of TIB Corporate Bank and Board Member at PASS Trust and SEDA/VisionFund, a subsidiary of World Vision.

George N. Mandepo – Non-executive Director

Mr. Mandepo was appointed to join NMB Bank's Board of Directors in June 2019. He holds a Master's Degree in Construction Law (LLM) from the University of Strathclyde and a Bachelor of Laws (LLB) from the University of Dar Es Salaam where he specialized in Company and Banking Laws.

Mr. Mandepo has over 17 years of experience in Tanzania's legal sector and has successfully undertaken several advisory assignments in the field of business operations, primarily in litigation and arbitration as well as other forms of alternative disputes resolutions (ADR). He is a Director of Arbitration in the Office of the Solicitor General where he heads a unit that is responsible for handling arbitration both domestically and internationally.

He has participated in various sector committees for research, review and formulation of various legislations mainly in agricultural and mining sectors. He has also provided legal advice in the institutional restructuring and reformation of a number of public institutions. He has been involved in various regional and international working groups and consultancies for the preparation of several legal instruments and rendering implementation advice.

Juma Kisaame - Non-executive Director

Mr Kisaame was appointed to join NMB Bank's Board of Directors in June 2020. He holds a Bachelor of Commerce Degree in Accounting from Makerere University.

Mr. Kisaame has over 30 years' professional experience in Banking and Financial Services, with deep expertise in the areas of Development Financial, Commercial Banking, Leasing, and Debt Recoveries. His previous career experience includes working for Uganda Development Bank, DFCU Limited Uganda, Non-Performing Assets and Recovery Trust, DFCU Leasing, Eurafrican Bank Tanzania, and DFCU Bank Limited. He retired in 2018 having served as Chief Executive Officer of DFCU Bank for 10 years.

He has also served in several Board positions over the last decade, including as Chairman of Uganda Investment Authority (2014-2016), Non-Executive Director Jubilee Holdings Limited Kenya (2016 - 2021), President of the African Leasing Association (2000-2005), and Vice Chairman Uganda Bankers Association (2008-2010). He is also currently the Chairman Uganda Revenue Authority and Chairman Jubilee Life Company in Uganda.

Hendrik Reisinger - Non-executive Director

Mr. Reisinger was appointed to join NMB Bank's Board of Directors in June 2019. He holds a Master of Science Degree in Economic History from the University of Groningen and a Master of Science Degree in Business Economics from the University of Groningen.

Mr. Reisenger has over 25 years of experience working within the financial services industry with deep expertise in banking and risk management, business analysis and investment management. He joined Rabo International in 1990 and has held positions in Area Management, Food & Agribusiness Research and Corporate Finance. In 2005, he was appointed as Senior Investment Manager, and in 2016 as Head of Investments, a position he held until 2018. As such, he was responsible for negotiating and structuring the acquisition of minority equity participations in leading retail banks in China, Mozambique, Zambia, Rwanda and Uganda.

Reisinger is currently an independent non-executive director with relevant experience in both Africa and Europe. He has also founded a private company providing financial advisory services and board room services.

Consolatha Mosha – Ag. Company Secretary

Ms. Mosha is the bank's Ag. Company Secretary responsible for ensuring compliance of the Bank and the Board of Directors with relevant laws, rules, and regulations as well as sound Corporate Governance practices. She provides guidance and support to the Board on its duties and responsibilities within the scope of the Bank's governance framework.

Ms. Mosha is a registered advocate and member of Tanganyika Law Society (Bar Association for registered advocates in Tanzania mainland) and East Africa Law Society. She holds a Bachelor of Laws degree from Mzumbe University and a Master's degree in Information Technology and Telecommunication Laws from Open University of Tanzania in association with United Kingdom Telecommunication Authority. She is also a graduate of Female Future program where she successfully attained a certification of competence in Corporate Governance.

She has a wealth of experience spanning over 10 years in the banking industry dealing in company secretary duties and corporate law. Prior to being appointed as the Ag. Company Secretary, Consolatha held various managerial roles in the bank in supporting contracts management and Retail Business.

Board Changes

In the year 2022, four of NMB's Non-Executive Directors; Leonard Mususa, George Mulamula, Christine Glover, and Theresia Mihayo left the Board. Aziz Dachi, Ramadhani Mwikalo and Clement Mwinuka were appointed to the Board at the 22nd Annual General Meeting of the Bank's shareholders.

Directors Declaration

As at the date of application for listing and for a period of at least 2 years prior to that date:

a. no petition under bankruptcy laws is or has been pending or threatened against any Director in any jurisdiction;

b. there are and have been no criminal proceedings in which any Director was convicted of fraud or any criminal offence or where a Director was named subject of pending criminal proceedings nor are there any criminal or other offences or actions pending against me either within or outside Tanzania;

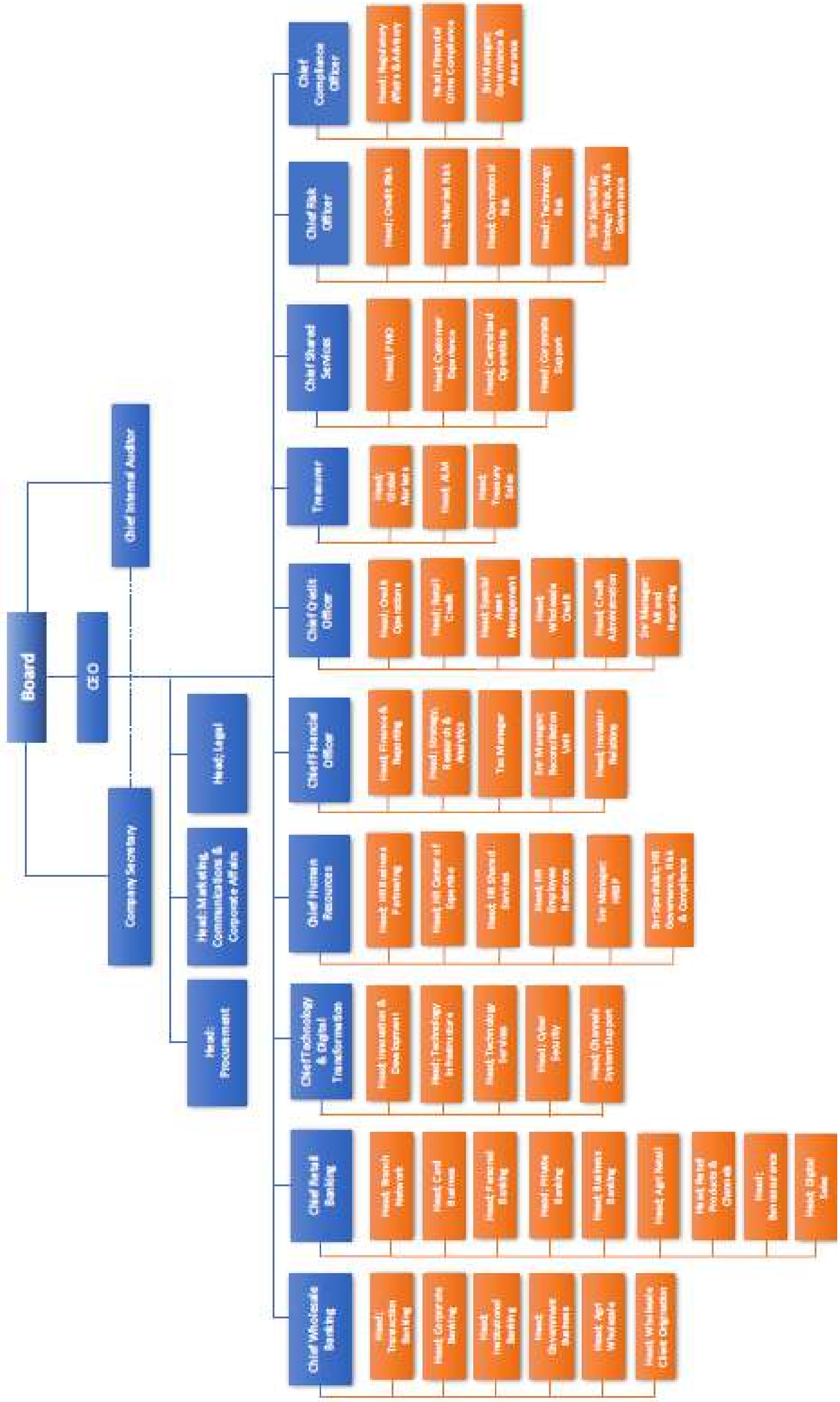
c. and no Director have been, the subject of a ruling of a court of competent jurisdiction (in any jurisdiction) or governmental body, that permanently or temporarily prohibits or prohibited me from acting as an investment adviser, director or employee of a stockbroker, dealer, a director or employee of any financial institution or from engaging in any type of business practice or activity;

d. no Director held any shares of the Company in each of the listed classes;

e. no Director made any material acquisitions or disposals of share capital of the Issuer within a one year period prior to the public distribution; and

f. there were no contracts existing between the Directors and the Issuer.

Management and Related Information



Key management committees

The senior management team executes its mandate through key management committees whose objectives are to implement the bank's strategy. These committees include:

Executive Committee
The purpose of the Committee is to assist the Managing Director in the performance of his duties in relation to the business.
The main responsibilities of the Committee are to:
a. Determine and deliver financial and operational performance targets, and ongoing tracking, both in-year and over-time in accordance with agreed planning horizons
b. Review the ongoing health of the overall business control framework; design and implement appropriate governance and control policies and standards; establish effective compliance monitoring programmes
c. Recommend risk appetite; track the ongoing management of risk and adherence to risk appetite
d. Review reports from all EXCO members, sub-and supporting committees on a regular basis.
e. Manage and track any significant and strategic issues, including but not limited to matters of public policy, internal communications and reputational risk
f. Oversee the management of the senior leadership, and talent proposition, including senior appointments

Assets & Liabilities Committee
ALCO is a Management Committee that reports to the Board Audit Risk and Compliance Committee (BARCC). The main purpose of ALCO is to achieve sustainable and stable profits within a framework of acceptable financial risks and controls. ALCO undertakes to maximize the value that can be generated from active management of its balance sheet and financial risks, within agreed risk parameters. It is therefore predominantly forward looking and scenario modelling focused.

Risk and Compliance Committee
The objective of the committee is to embed, and maintain effective control of risks in the Business by implementing ERMF; to oversee the management of the Business risk profile; and to provide assurance as to the design of the governance and control framework and the operational effectiveness of internal controls

Management Audit, Risk and Compliance Committee
The purpose of this committee is to monitor implementation of audit issues, review trends of key audits, risks and compliance issues across the bank as well as ensuring BARCC directives are implemented in a timely fashion.

Product Approval Committee
The objective of the Committee is to ensure that appropriate governance is followed on product development including Stakeholders' engagement and Customer value creation.

Customer Experience Management Committee
The purpose of the committee is to oversee the bank's medium-term strategic pillar to "Delight customers" by delivering innovative and transformative customer experience that promotes financial inclusion and wellbeing through:
a. Determining, tracking and delivering customer experience targets
b. Managing and tracking any significant and strategic issues relating to customer experience
c. Reviewing the consumer protection control framework; designing and implementing appropriate governance and control policies and standards; establishing effective compliance monitoring programmes

Credit Committee
The purpose of the Credit Committee (CREDCOs) is to serve as NMB's main credit underwriting, monitoring and control function with a view to develop and grow a profitable loan book that guarantees the Bank a healthy credit portfolio and sustainable shareholders' value. At higher levels Wholesale CREDCO and Board Credit Committee (BCC) take more responsibility whereby the former reviews the Banks main

credit policy, operating manuals and procedures for approval by the latter. BCC has a total approval mandate for all credit applications which has been cascaded to the Management Credit Committees (Retail and Wholesale CREDCO's) based on the approval limit.

All key strategic decisions pertaining to credit matters such as design of loan products, risk appetite ceilings, relationship with BoT are managed and guided through Wholesale CREDCO with support and approval of the Board through its Board Credit Committee.

Management Tender Committee
The purpose of the Management Tender Committee (MTC) is to review and approve all purchases made above TZS 100 million.

Cost Efficiency Committee
The objective of the Cost Efficiency Committee is to ensure the Bank is cost efficient in the sense that the cost to income ratio is reduced to an optimal level and that the total income for the bank grows faster than operating costs (positive cost to income JAWs).

Management Credit Committees (Loan Portfolio Quality, Wholesale and Retail)
The credit committees were established to ensure the prudent management of the extension of credit facilities to customers, in accordance with the credit risk policies and procedures applicable to NMB.

Project Management Review Committee
The purpose of the committee is to support the objective of the NPA Policy, namely to ensure that the key risks associated with the introduction of new or amended products and services are identified, fully considered and addressed in a controlled manner prior to the launch of the product/service by:

a. Ensuring that all initiatives that require NPA under the Policy are subject to thorough risk assessment and preparatory work before application is made for approval.
b. Ensuring that the NMB NPA Process is complied with.
c. Identifying, reporting and monitoring the remediation of breaches.
d. Monitoring the control environment in the Bank in relation to the New Product Development Risk, and escalating control issues to the appropriate governance oversight committee.
e. Ensuring that the NPA Training Framework is delivered effectively in the Bank so that all those who are involved in NPA work are aware of the Policy and Process requirements.

Anti-Fraud Round Table Committee
The purpose of the committee is to inform the management on the facts of the case and its investigation findings including:

a. To find out if there are control failures / gaps which facilitated fraud incidences to happen.
b. To give recommendations on remedial measures to stop / mitigate respective fraud incidents.
c. To ensure appropriate disciplinary actions are taken by all staff who defraud the bank and for outsiders, ensure legal actions are taken against them.
d. To reduce any losses and improve the internal controls
e. To suggest immediate measures to limit any losses and improve the internal controls.

Data Governance Committee
The overall purpose for establishing a Data Governance Working Committee (DGWC) is to oversee and drive the implementation of the bank-wide Data Governance strategy, which includes, ensuring there are policies and procedures in place that support this strategy. In addition to monitoring data quality issues and ensuring compliance with the relevant data related regulations.

Executive Management

The senior management team comprises of professional executives with experience in their relevant fields. The members of this team as of 31 December 2022 are as indicated in the table below:

Name	Role
Ruth Zaipuna	Chief Executive Officer
Juma Kimori	Chief Financial Officer
Filbert Mponzi	Chief Retail Banking
Alfred Shao	Chief Wholesale Banking
Emmanuel Akonaay	Chief Human Resources Officer
Aziz Chacha	Treasurer
Benedicto Baragomwa	Chief Internal Auditor
Kwame Makundi	Chief Technology and Digital Transformation
Daniel Mbotto	Chief Credit Officer
Nenyuata Mejooli	Chief Shared Services
Doreen Joseph	Chief Risk Officer
Ezekiel Herman	Chief Compliance Officer

Ruth Zaipuna – Chief Executive Officer

Ms. Zaipuna is the Chief Executive Officer, responsible for driving the Bank's corporate strategy to deliver sustainable business growth. She is an Associate Certified Public Accountant (ACPA (T)) and holds a Master of Business Administration (MBA) in Finance and a Bachelor of Commerce (Hons) degree in accounting both from the University of Dar es Salaam.

Ms. Zaipuna has multisectoral experience, with emphasis in Audit & Consultancy and Banking Industries; having worked with PriceWaterhouseCoopers (PwC) as a Director, then with Standard Chartered Bank (Tanzania) in the capacities of Executive Director Finance & CFO as well as Business Finance Lead for the East African cluster. She joined NMB Bank PLC from Standard Chartered Bank as Chief Financial Officer in June 2018 and was appointed Chief Executive Officer in August 2020.

Ms. Zaipuna as an Independent Non-Executive Director at the Tanzania Portland Cement Company Limited (TPCC); Board member of Tanzania Ports Authority (TPA) and the Tanzania Petroleum Development Corporation (TPDC). She is also an Honorary Member in the Advisory Committee for the Tanzania Generation Equality Programme.

In recognition for her efforts in advancing the business case for gender diversity in Tanzania and Africa at large, the Accenture 10th Gender Mainstreaming Awards 2022, named Ruth Zaipuna, the Positive Role Model for Tanzania, and the Overall East Africa Inclusive Leader of the Year. At the continental level, the African Leadership Magazine awarded her the prestigious 'African Business Leadership Commendation Award' for 2022, for her outstanding stewardship towards supporting the country's overall socio-economic development agenda.

Benedicto Baragomwa – Chief Internal Auditor

Mr. Baragomwa is the Chief Internal Audit responsible for managing the internal audit and assurance activities of the Bank, reporting functionally to the Board Audit, Risk and Compliance Committee (BARCC) and administratively to the Chief Executive Officer. He holds a Master of Science in Economics and

Finance from University of Bradford (UK) and a Bachelor's Degree in Accounting & Finance from Mzumbe University (TZ). He is an Associate Certified Public Accountant (ACPA) by the National Board of Accountants and Auditors Tanzania, a Certified Information Systems Auditor (CISA) by ISACA and a Certified Director by the Institute of Directors in Tanzania (IoDT).

Mr. Baragomwa has extensive experience in auditing, corporate governance, strategy, risk, financial management and Data analytics. Prior to joining NMB Bank, he was an Audit Manager for ABSA Bank (formerly Barclays), having worked with KPMG East Africa as Senior Auditor, specializing in Financial Services Assurance. He has served the bank as Acting Chief Internal Auditor in two occasions and Acting Chief Financial Officer before his appointment to Chief Internal Audit. Mr. Baragomwa serves as a Board Member of the ISACA Tanzania Chapter.

Ezekial Herman – Chief Compliance Officer

Mr. Herman is currently the Chief Compliance Officer responsible for designing and implementing effective compliance programs to ensure that the bank adheres to the applicable laws, regulations, and ethical standards consistent with supporting the bank's strategic direction and growth aspirations. He is also responsible for managing the bank's regulatory relationships and assessing the adequacy of the efforts made by management and staff in complying with regulatory requirements and support management in building a robust compliance culture based on ethical standards of behavior and thus contributing to effective corporate governance.

Mr. Herman is an experienced professional in risk governance with over 16 years' practical experience in audit, financial crime risk management, and compliance with a deep understanding of Tanzania's regulatory environment. He holds Bachelor's Degree in Commerce with specialization in Accounting from the University of Dar es Salaam. He is a Certified Public Accountant (CPA) (T) and a member of the National Board of Accountants and Auditors Tanzania (NBAA).

Mr Herman rejoined NMB Bank in October 2022 as Chief Compliance Officer. Prior to this role, he worked for both local and international banks including Standard Chartered Bank, Barclays Bank and NMB Bank. He started his career as an auditor at Deloitte & Touché Tanzania office.

Aziz Chacha - Treasurer

Mr. Chacha is the bank's Treasurer and is responsible for overall asset and liability management, funding and capital optimization, foreign exchange as well as interest rate risk management. In addition, he is responsible for treasury's strategic direction.

Mr. Chacha is a Certified member of France-based ACI Financial Markets Association and holds an MBA from Manchester Business School of the University of Manchester, United Kingdom. He is currently pursuing a Doctorate Degree in Business and Management (PhD) from Strathmore University.

He has a wealth of experience spanning over 17 years in Treasury risk management, Treasury technology, capital markets/ corporate finance, capital planning and balance sheet management. Prior to joining NMB Bank in 2011, Mr. Chacha was in the Management Team of Barclays Tanzania, as the Country Treasurer.

Nenyuata Mejooli – Chief Shared Services

Ms. Mejooli is the Chief Shared Services responsible for leading the shared services support functions including customer experience, facilities, Business Continuity Management, operational transformation, and management and execution of strategic projects in the Bank.

Ms. Mejooli holds a Bachelor of Science in Electronics from Bangalore University (India) and a Master of Business Administration from Dublin City University (Ireland). She is also PRINCE 2 Practitioner and holds a leadership certificate from Gordon Institute of Business Science (GIBS), South Africa. She is also a Certified Board Member from ESAMI under the Female Future Program Tanzania and is a certified Director by Institute of Directors Tanzania (IoDT).

Ms. Mejooli is a seasoned banker with over 22 years' experience in Banking Operations, Operations risk, Quality assurance, and Business process improvement and re-engineering. She joined NMB Bank PLC from Standard Chartered Bank in September 2007 as Business Process Manager and has since held several roles including Senior Operations Manager, Senior Manager for Banking Operations, Head of Banking Operations and Head of Branch Network. Prior to her current appointment in June 2019, she was the Business Head; Shared Services since June 2018.

Kwame Makundi –Chief Technology and Digital Transformation

Mr. Makundi is the Chief Technology and Digital Transformation responsible for driving the Bank's digital and technology strategy.

He holds a Bachelor of Science in Computer Engineering and Information Technology from the University of Dar es Salaam (TZ) and Master of Business Administration (MBA) from Stellenbosch University, South Africa. He holds several IT certifications and has attended advanced courses in areas of IT service management, payments, banking, technology infrastructure, cyber security, emerging technologies, project management and leadership development.

Mr. Makundi has extensive experience in information, communication and technology (ICT), spanning over 16 years in technology leadership, operations and digital transformation. He joined NMB Bank PLC. in 2014 as Senior Manager; Service Desk and was later promoted to Head of Service Management in 2017. Prior to joining NMB Bank, he worked for telecommunication companies in Tanzania, including Tigo (MIC Group), Sasatel and Vodacom Tanzania.

Juma Kimori – Chief Financial Officer

Mr. Kimori is the Chief Financial Officer, responsible for strategy, planning, financial and regulatory reporting, tax compliance, business performance, research and analytics, investors relation and driving sustainability agenda for the bank.

He is an Associate Certified Public Accountant (ACPA (T)). He holds a Bachelor of Commerce in Accounting (Hons) from the University of Dar es Salaam and Master's Degree in Business Administration from ESAMI. He is a member of the National Board of Accountants, Institute of Internal Auditors (IIA) and a Certified Facilitator for the IIA with experience in delivering professional papers both within and outside Tanzania. He is also a Certified Director by the Institute of Directors Tanzania (IoDT).

Mr. Kimori started his career at PriceWaterhouseCoopers (PwC) as external auditor specializing on the audit of Financial Services. He has over 16 years of experience in banking, leadership, enterprise risk management, strategy formulation and execution, change management, corporate governance and reporting. He joined NMB Bank PLC. as the Chief Internal Auditor in 2018 responsible for assurance provision and reporting to the Board Audit, Risk and Compliance Committee (BARCC) functionally and administratively to the Chief Executive Officer (CEO). Prior to joining NMB Bank, he worked for Barclays Bank Tanzania as Chief Internal Auditor. Juma took additional role at Barclays Africa (now Absa) as Regional Director of Internal Audit providing leadership to the audit teams in Seychelles, Mozambique, Botswana, Zambia, Uganda, Ghana, and Zimbabwe. He has also served as a Board Member of IIA Tanzania since 2015 to 2020

Doreen Joseph – Chief Risk Officer

Ms. Joseph is the Chief Risk Officer responsible for overseeing the bank's overall risk strategy, planning, implementation, and coordination of all risk management activities through adequate management of Credit Risk, Market Risk, Liquidity, Operational Risk, Strategy Risk and Techology Risk.

She holds a Master's in Business Administration and a Bachelor's Degree in Commerce and Management both from the University of Dar es Salaam.

Ms. Joseph has over 15 years experience in risk management, leadership, strategy formulation and execution. Prior to joining NMB Bank, Doreen held several executive management roles including Chief

Manager Risk and Compliance at DCB Commercial Bank PLC and Senior Risk and Compliance roles at Twiga Bancorp and NBC Limited. She also worked with TIB Development Bank Ltd as a Principal Operational Risk Officer, and Deloitte and Touche' as an External Auditor. She has had several international attachments outside the country, notably with ABSA Bank South Africa and Development Bank of South Africa.

Emmanuel Akonaay – Chief Human Resources

Mr. Akonaay is the Chief Human Resources Officer responsible for driving the execution of the people agenda in line with the Bank's vision while providing the necessary guidance to the HR team in strategy implementation.
He holds a Master of Business Administration (MBA) from ESAMI and a Bachelor of Arts Degree from the University of Dar es Salaam. He is a certified Reward & HR practitioner and a certified Director by the Institute of Directors Tanzania (IoDT).

Mr. Akonaay has rich experience in Human Resources across diverse sectors including advisory, manufacturing, mining, and banking for over 16 years. Prior to his current role, Emmanuel was Head of HR Shared Services, responsible for designing and implementing staff welfare policies and employee relations in addition to leading optimal HR support functions. He joined NMB Bank from Ernst & Young as the country Head of Human Resources responsible to drive the HR agenda in strategic talent acquisition, development and retention. He previously worked with Barrick-Bulyanhulu Gold Mine, Serengeti Breweries and ABSA (formerly Barclays). Emmanuel serves as a Board Member of Prisons Corporation Sole (PCS).

Filbert Mponzi – Chief Retail Banking

Mr. Mponzi is the Chief Retail Banking responsible for development and execution of the Retail Banking Strategy, with focus on delivering the best in-class innovative, customer centric financial services for Individual, MSME and Agribusiness customers.

He is an Associate Certified Public Accountant (ACPA (T)). He holds a Bachelor of Commerce in Accounting (Hons.) from the University of Dar es Salaam and a Master of Business Administration from Eastern and Southern African Management Institute (ESAMI). He has also attended senior leadership courses at Harvard Business School (HBS) (USA) and Gordon Institute of Business Science (GIBS) in South Africa. He is also a Certified Director by the Institute of Directors Tanzania (IoDT).

Mr. Mponzi has over 17 years of experience in Retail Banking, MSME, Corporate Banking and Agri Business. He rejoined NMB Bank in June 2018 as Business Head; Wholesale Banking from NBC Bank. Before that, he worked at Barclays Tanzania, a member of Barclays Africa Group and recently Absa Group, where he served as Retail Banking Director and successfully drove the strategy to include Personal and Mass segments and pioneered the Distribution Optimization (Branches, ATMs and introduction of Agency Banking). He is a member of the Board of Trustees of Social Action Trust Fund (SATF), and a member of Investment Committee in SME Impact Fund.

Alfred Shao – Chief Wholesale Banking

Mr. Shao is the Chief Wholesale Banking responsible for Large Corporate customers and business, Transactional business, Government, and International Trade.

He is a certified accountant from the Association of Chartered Certified Accountants (ACCA). He holds a Master of Business Administration and Bachelor of Commerce in Corporate Finance, both from the University of Dar es Salaam.

Mr. Shao has over 17 years' experience in audit, asset portfolio management and risk assessment. Prior to joining the bank in 2020, Alfred worked with several international banks where he held various executive management roles including as Executive Director & Head of Commercial Banking at Standard Chartered Bank and as Head of Business Banking at Stanbic Bank.

Daniel Mbotto – Chief Credit Officer

Mr. Mbotto is the Chief Credit Officer, responsible for the overall credit function which includes the appraisal of loans, portfolio management, and collection of bad debts, and ensuring a sound portfolio quality.

He is a Certified Lender with advance certified credit skills recognized by Omega CSA and holds a Bachelor Degree in Business Management from the University of Mysore, India.

Mr. Mbotto is a seasoned banker with a wealth of experience spanning over 21 years holding various senior positions within local, regional and international banks, including assignments in the Seychelles and South Africa. Prior to his current role, he held similar positions at Stanbic Bank, National Bank of Commerce (NBC) and Barclays Bank. Throughout his career, he has accumulated a deep understanding of the Tanzanian market and attained strong requisites as a credit expert.

Employees

The Bank believes that its employees are its greatest resource and as such, every effort is taken to support the employees through various initiatives. The Bank is an equal opportunity employer and uses an objective recruitment process to ensure that the best available person is appointed to a position at any given time.

The Bank endeavors to ensure that training, career development and promotion of persons with disabilities should, as far as possible, be identical to those of other employees.
Initiatives that support employees include staff training in order to improve employees' technical skills and improve efficiency and effectiveness in delivering on commitments to customers. All employees receive some form of annual training to upgrade skills and enhance development.

Employees' benefits include:

- Medical assistance – all staff and their dependents (spouses and up to four children) are covered under a Bank-sponsored medical scheme, staff's parents and their in-laws are included under medical insurance with the current external service provider
- Financial assistance – loans are available to staff subject to qualification of pre-set criteria and approval of management. These loan products include advances, mortgage loans, car and personal loans.
  As at 31 December 2022, the Bank had 3,544 employees.

GROWTH PROSPECTS FOR NMB

The Bank's future prospects remain positive based on its strong financial position and positive outlook for the Tanzania economy. GDP growth is expected to remain in the 5-7% range while the rate of inflation and balance of payments should stabilize around current levels.

NMB believes a stable monetary policy combined with continued investment and private consumption should bode well for the banking sector as a whole and NMB in particular. The Bank has made investments in its infrastructure and is implementing initiatives that are aimed at strengthening NMB's market position in Wholesale Banking, Retail Banking and Treasury.

NMB's robust financial position and strong results make it well positioned to take advantage of opportunities in the growing Tanzanian market. The Bank has a broad mix of wholesale, SME, agriculture and personal banking customers supported by appropriate branch network and alternative distribution channels that are supported by a robust technology platform. These should all support the Bank's business in the short to medium term.

The Bank remains committed to serving and remaining relevant to its customers. To this end, the bank re-imagined its strategy, which is anchored on desire to provide transformative customer experience via innovation, putting forward winning propositions, and promoting financial inclusion and customers' well-being. To deliver this, the Bank already invests in world class technology and infrastructure, which allows it to provide convenience and accessibility to customers and remains committed to optimizing investments in technology to provide its customers with a superior customer experience.

The Bank continues to invest in the communities in which it operates. It is for this reason that NMB continuously promotes the essence of shared growth with its customers and other stakeholders. The Bank aims for its staff, shareholders and customers to thrive, as it believes that it is only through their success that the Bank can symbiotically continue to prosper as well.

TAXATION

TAXATION

The following is a summary discussion of the tax regime relevant to issues of Notes under the Programme; the below is of general nature based on taxation law and practice in Tanzania and may be subject to changes after the date of this Information Memorandum. The following relates only to the position of persons who are the absolute beneficial owners of the Notes. This does not purport to be a complete analysis of all tax considerations relating to the Notes and so should be treated with appropriate caution. Prospective investors should consult their own professional advisors concerning the possible tax consequences of purchasing, holding and/or selling Notes and receiving payments of interest, principal and/or other amounts under the Notes and under the laws applicable to their country of citizenship, residence or domicile.

General

There are several tax legislations governing the tax law regime in Tanzania. However, for the purposes of the issue of Notes contemplated under the Programme, the predominant legislation affecting the Issuer is the Income Tax Act, Cap 332, R.E. 2004 (as amended from time to time over the years) (the "**Income Tax Act"**) which applies to all companies deriving income within Tanzania. The Issuer will therefore automatically be subject to this Act being a company incorporated and undertaking its business activities in Tanzania to the extent it has income, which has its source in Tanzania or is effectively connected with a Tanzanian trade or business.

Taxation of Noteholders

Interest Payments

Payments of interest on the Notes shall not be subjected to withholding as provided for in the Income Tax Act under Section 82 [e]. All payments in respect of the Notes will be made without deduction for or on account of withholding taxes. Section 82 [e] provides that the provision for requirement of payment of withholding tax shall not apply to "interest paid to a holder of corporate or municipal bonds issued and listed at the Dar Es Salaam Stock Exchange with effect from 1st July, 2022".

In the event that unlisted Notes are issued, there is a likelihood that withholding tax will be applicable to those unlisted Notes. imposed within Tanzania. As set out in the Income Tax Act, where withholding tax is applicable on interest the Income Tax Act provides that withholding tax at the rate of 10% (ten per cent) will be deducted from interest payments made to Noteholders. Where a tax liability arises in respect of respect of holdings of the Notes, non - resident investors may be entitled to a tax credit in their country of residence, either under domestic law or under the relevant tax treaties.

Capital Gains

No capital gains tax is payable in Tanzania on the sale or disposal of debt securities, in accordance with the Income Tax Act. This exemption is statutory and subject to revision through changes in government policy. Prospective investors are advised to consult the Tanzania Revenue Authority or their own professional advisers in connection with capital gains tax.

Stamp Duty

So long as the Notes are listed on the DSE, no stamp, registration or similar duties or taxes will be payable in Tanzania in connection with the issue, transfer or redemption of the Notes in accordance with current legislation. This exemption is as per existing government policy and also subject to change.

Tax Treaties

Tanzania has entered into double taxation treaties with Canada, Denmark, Finland, India, Italy, Norway, Sweden, South Africa and Zambia. There is a three-way tax treaty between Kenya, Tanzania and Uganda, has been signed but is yet to come into force.

SUBSCRIPTION AND SALE

Application Procedure:

Application forms may be obtained from NMB Bank PLC or any appointed placing agent. Applications for "description of notes" Notes must be submitted directly to any one of the Placing Agents, so as to arrive no later than [5:00pm] (Tanzania time) on the date specified in the Applicable Pricing Supplement. Successful Applicants will be notified by the Calculation Agent and Registrar of the amount of Notes allotted to them on the Announcement Date specified in the Applicable Pricing Supplement.

I. **Payment for the Notes and Delivery:**

Payment for the Notes is to be made in full to the Fiscal Agent in immediately available funds by the date specified in the Pricing Supplement. The Notes will be delivered to investors not later than [15] days after the Issue Date as specified in the Applicable Pricing Supplement.

II. **Offering Restrictions:**

(a) **General:-**

No action has been taken by the Issuer or the Placing Agents in any jurisdiction that would permit an offering of any of the Notes, or possession or distribution of any Transaction Documents, in any country or jurisdiction where action for that purpose is required.

Each Placing Agent shall comply with all relevant securities laws and regulations in each jurisdiction in which it offers, sells or delivers the Notes or has its possession or distributes any of the Transaction Documents.

The Notes will be available to the general public in Tanzania through secondary trading upon being listed at the DSE.

The Issuer considers that Notes issued under this Information Memorandum will constitute a domestic issue of the Notes within Tanzania. The Arrangers and the Placing Agent have represented, warranted and undertaken that they will:

(i) observe all applicable laws and regulations within Tanzania;

(ii) will make initial offer or sales of Notes under this Information Memorandum in Tanzania and where relevant will comply with requirements of any other jurisdiction where the Notes will be offered;

(iii) will distribute the Information Memorandum and/or any advertisement or offering material within Tanzania under circumstances that will result in compliance with all applicable laws and regulations; and

(iv) will not distribute the Information Memorandum and/or any advertisement or offering material in any other jurisdiction other than any other manner as anticipated in the Information Memorandum.

It is intended by the Issuer and the Placing Agent that the Notes will only be sold pursuant to a domestic offer in Tanzania, and that any investor or potential investor who purchases the Notes shall inform themselves of the risks involved in investing in the Notes and has understood that the information contained in this Information Memorandum is consistent with information that would be required in connection with a domestic offer of securities in Tanzania which differs substantially from international markets.

(b) **United Republic of Tanzania**:-

The approval of the CMSA and the DSE has been obtained for the offering and issue of the Notes in Tanzania. The sale or transfer of Notes by Noteholders will be subject to, the Terms and Conditions and the provisions of the Information Memorandum. There are no other restrictions on the sale or transfer of Notes under Tanzanian law.

(c) **Listing:-**

Application will be made to the DSE for the **"description of notes"** Notes to be listed at the DSE.

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

Prior to the issue of any Tranche of Notes under the Programme, each Lead Transaction Advisors who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

(a) the Notes in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act;

(b) it has not offered, sold or delivered any Notes in that Tranche and will not offer, sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) Days after completion of the distribution, as determined and certified by the Lead Transaction Advisors(s) or, in the case of an issue of such Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Series of which that Tranche of Notes is a part, within the United States or to, or for the account or benefit of, U.S. Persons;

(c) it will send to each Lead Transaction Advisor to which it sells any Notes in that Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. Persons; and

(d) it, its Affiliates and any Persons acting on its or any of its Affiliates behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Notes in that Tranche and it, its Affiliates and any Persons acting on its or any of its Affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Until 40 (forty) Days after the commencement of the offering of a Series of Notes, an offer or sale of such Notes within the United States by any Lead Transaction Advisors (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

European Economic Area

Prior to the issue of any Tranche of Notes under the Programme, each Lead Transaction Advisor who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that, in relation to each Member State of the European Economic Area which has implemented the EU Prospectus Regulation (each a **Relevant Member State**), with effect from and including the date on which the EU Prospectus Regulation is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of any of such Notes to the public in that Relevant State except that it may, with effect from and including the Relevant Implementation Date, make an offer of any of such Notes to the public in that Relevant Member State:

(a) if the terms or drawdown Information Memorandum in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a Information Memorandum in relation to such Notes which has been approved by the competent authority in that Relevant Member State in accordance with the EU Prospectus Regulation and/or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such information Memorandum, if not a drawdown Information Memorandum, has subsequently been completed by the terms contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulation, in the period beginning and ending on the dates specified in the drawdown Information Memorandum or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(c) at any time to fewer than 150 (one hundred and fifty) natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Lead Transaction Advisors or Lead Transaction Advisors nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation, provided that no such offer referred to in (a) to (d) above shall require the Issuer or any Lead Transaction Advisor to publish a Information Memorandum pursuant to Article 3 of the EU Prospectus Regulation or supplement a Information Memorandum pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended).

The Lead Transaction Advisors has represented and agreed, and each further Lead Transaction Advisor appointed under the Programme will be required to represent and agree that, in relation to any offering of Notes to which Directive 2014/65/EU on markets in financial instruments (as amended, **MiFID II**) applies, that such offering is in accordance with the applicable rules set out in MiFID II (including any applicable national transposition of MiFID II), including that any commission, fee or non-monetary benefit received from the relevant Issuer complies with such rules.

United Kingdom

Public Offer Selling Restrictions under the UK Prospectus Regulation

Prior to the issue of any Tranche of Notes under the Programme, each Lead Transaction Advisor who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that has not made and will not make an offer of any of such Notes to the United Kingdom except that it may make an offer of any of such Notes to the public in the United Kingdom:

(a) if the final terms or drawdown Information Memorandum in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a **Non-exempt Offer**), following the date of publication of a Information Memorandum in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such Information Memorandum has subsequently been completed by the final terms contemplating such Non-exempt Offer in the period beginning and ending on the dates specified in such Information Memorandum or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Lead Transaction Advisors or Lead Transaction Advisors nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer referred to in (a) to (d) above shall require the Issuer or any Lead Transaction Advisor to publish a Information Memorandum pursuant to section 85 of FSMA or supplement a Information Memorandum pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK prospectus regulation**" means Regulation (EU) 2017/1129 as it part of domestic law by virtue of the EUWA and regulations made thereunder.

Other regulatory restrictions: The Lead Transaction Advisors has represented and agreed, and each further Lead Transaction Advisor appointed under this Programme will be required to represent and agree, that:

(a) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 (*Financial Promotion*) of the FSMA) received by it in connection with the issue or sale of any Securities in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and

(b) *General Compliance*: it has complied and will comply with all applicable provisions of the FSMA and the Financial Conduct Authority Handbook with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Prior to the issue of any Tranche of Notes under the Programme, each Lead Transaction Advisor who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

(a) in relation to any of the Notes in that Tranche which have a maturity of less than one year, (i) it is a Person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any of such Notes other than to Persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act, 2000 (the **FSMA**) by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any of the Notes in that Tranche under circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any of the Notes in that Tranche in, from or otherwise involving the United Kingdom.

General

Prior to the issue of any Tranche of Notes under the Programme, each Lead Transaction Advisor who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

(a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures the subscription for, offers or sells Notes in that Tranche or has in its possession or distributes the Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscription, offers or sales; and

(b) it will comply with such other or additional restrictions as the Issuer and such Joint Lead Transaction Advisors agree and as are set out in the Applicable Pricing Supplement.

Neither the Issuer nor any of the Lead Transaction Advisors represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder nor assumes any responsibility for facilitating such subscription or sale.

GENERAL INFORMATION

Authorisation

The Bank has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes, including but not limited to a resolution of the Board of Directors of the Bank passed on 18th November 2022.

Share Capital

As at 31 December 2022, NMB's paid up share capital and reserves were TZS 1.685 billion, which was above the CMSA eligibility minimum requirement of TZS 50 million. It is expected that these levels will be maintained above TZS 50 million as long as the Notes remain outstanding.

Significant or Material changes

Save as disclosed in this Information Memorandum, there has been no significant change in the financial or trading position of the Bank since the most recent financial statements presented in the Reporting Accountants Report.

Disposals and Acquisitions

As at the date of this Information Memorandum, there was no acquisition or disposal of material assets otherwise than in the ordinary course of business.

Material Litigations

NMB has provided below a summary of material litigation which the Issuer was subject to as at the date of this Information Memorandum:

Case No.	Reference Name	Case Description	Estimated Claim Value (TZS)
Civil Appeal No. 427 of 2020	Omary Ally Fuku	Bank is appealing against High Court judgment that declared Fuku as the rightful owner of the plot under the NMB Eastern Zone office and Wami branch.	140,000,000
Labour/CMA/	Lilian Komwihangiro	Ex-staff is seeking payment of Tzs. 12 Billion in compensation for unfair termination	384,000,000
Civil Appeal No. 02 of 2022	Mohamed Hashil	Ex-staff was terminated for insubordination after refusing to attend meetings in relation to investigations into allegations of fraud and tax evasion against him. He successfully complained before the CMA which awarded him 12 months' compensation and remuneration from the date of unfair dismissal to the date of the award (20 January 2020) Bank's revision was unsuccessful,	158,778,000
Intended CAT Appeal	Mexon Energy	The Appellant is appealing against the judgment of High Court that dismissed his claim for breach of contract by bank's failure to hand him vacant possession of the bought collateral.	1,000,000,000

Intended Appeal from Land Case No. 1 of 2022	Maduhu Kisandu Silu	The Appelant intends to appeal against the decision of the High Court Land Division	364,995,991
Civil Case No. 1 of 2023	Mwita Otiso Marwa	Plaintiff sues the Bank for breach of contract and want of duty of customer care	145,719,000
Civil Appeal No. 15 of 2023	Anna Investment Limited	The Appellant is appealing against the judgement of the High Court (Land Division) in Land Case No. 185 of 2020	7,920,367,635
Labour Dispute No. CMA/DSM/ILA/160/2023	Sospeter Njile Magese	The ex-staff is complaining that he was unfairly terminated from employment and is seeking compensation to the tune of Tzs. 2.8 billion	120,000,000

In the Directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss.

Estimated Expenses

	TZS
Advisors	790,700,000
CMSA Information Memorandum appraisal fees	95,000,000
DSE listing fees	35,400,000
ISIN Fee	300,000
IPO Processing fee	10,000,000
Annual Service Fee	2,070,000
Marketing costs	115,000,000
Printing of Depository Receipt Fee	2,000,000
Total	1,050,470,000

Auditors

The auditors of the Bank are currently Deloitte & Touche. The last audited accounts and financial statements were in respect of the 12-month period ending 31 December 2022, whereupon the auditors gave an unqualified audit opinion. The auditors have audited the Bank's annual accounts for the year 2022 in accordance with International Accounting Standards.

Consents

KPMG Tanzania, acting as Reporting Accountant, has given and has not withdrawn their consent to the issue of this Information Memorandum with the inclusion in it of its report in the form and context in which it appears.

Rex Advocates, acting as Legal Advisor in respect of the Notes, has given and has not withdrawn its written consent to the issue of this Information Memorandum with the inclusion in it of its legal opinion in the form and context in which it appears.

Annual General Meetings

Pursuant to article 48 of the Articles of Association, the Company shall each year hold a general meeting as its annual general meeting in addition to any other meetings in the year and shall specify as such in the notice calling the meeting; not more than fifteen months shall have elapsed between the date of one annual general meeting and the next. The annual general meeting shall be at the registered office of the company or such other place in Tanzania as the Directors shall appoint.

Borrowing Rights

The Company is duly authorised to borrow as outlined in Object (o) of NMB's memorandum of association and in article 103(t) of NMB's articles of association.

Voting rights

Pursuant to article 66 of the Articles of Association, subject to any rights or restrictions for the time being attached to any class or classes of shares, every member shall have one vote for each share of which it is a holder.

Election and removal of directors

The appointment of directors is regulated by the Memorandum and Articles of Association of the Company, as well as the guidelines issued by the Bank of Tanzania and the Capital Markets and Securities Authority. Shareholders with more than a 10% stake in the share capital of NMB are entitled to nominate one director for every 10% of the shares held by them. The names are presented to the AGM for ratification and appointments are submitted to BOT for approval.

All non-executive directors are subject to retirement by rotation and re-election by shareholders periodically in accordance with the articles of association. Rotation is staggered to ensure continuity of experience and knowledge. The number of terms an individual may serve is limited to 10 years as provided for by the Bank of Tanzania Guidelines on Corporate Governance.

Material contracts

NMB has no material contracts outside its ordinary course of business.

Documents Available for Inspection

As long as any Note remains outstanding, copies of the following documents will, when published, be available for inspection at the Specified Offices of the Issuer in Dar es Salaam, Tanzania:

a. a copy of constitutive documents;
b. a copy of all required authorisations with respect to the issue;
c. a copy of the Information Memorandum between the Issuer and Paying Agent and Calculation Agent and Registrar;
d. a copy of the Placing Agreement between the Placing Agents and the Issuer;
e. a copy of the approval of the Capital Markets and Securities Authority in respect of this issue;
f. a copy of the approval of the Dar es Salaam Stock Exchange;
g. copies of audited financial statements for the five years ended 31 December 2022 and any audited financial statements for subsequent years; and
h. a copy of the letter of "no objection" from the Bank of Tanzania in respect of this issuance of Notes.

Appendix A

LEGAL OPINION

REX
Attorneys at Law
Law I IP I Tax I Forensics

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E-mail: info@exattorneys.co.tz
www.rexattorneys.co.tz

To: The Issuer
NMB Bank PLC. as the ("**Issuer**")
Ohio Street/Ali Hassan Mwinyi Road
P.O. Box 9213
DAR-ES-SALAAM - TANZANIA.

REX/NMB/336/2023 *our ref.*
your ref.
August 28, 2023 *date*

Dear Sirs,

RE: LEGAL OPINION IN RESPECT OF THE ESTABLISHMENT OF TZS 1 000 000 000 000 DOMESTIC MULTI CURRENCY MEDIUM TERM NOTE PROGRAMME BY NMB BANK PLC

1.0 INTRODUCTION:

1.1 We have acted as legal advisers to NMB Bank PLC. (the "Issuer") as to matters of Tanzanian law in connection with the establishment by it of a TZS 1 000 000 000 000 Domestic Multi Currency Medium Term Note Programme (the "Programme"). Terms defined in the Agreements to which the Notes are constituted unless otherwise defined herein have the same meanings in this opinion.

1.2 In giving this opinion, we have relied on information obtained from the Issuer through various business disclosures, the business description of the Issuer as set out in the Information Memorandum (the "Information Memorandum") and information obtained from the Registrar of Companies at the Business Registration and Licensing Agency ("BRELA") during the due-diligence investigation of the corporate standing of the Issuer.

1.3 We have also examined copies of the following:-

<u>**Documents and Reports:**</u>

(a) the Information Memorandum;

(b) the Agency Agreement dated on or about the date hereof (the "**Agency Agreement**");

(c) the placing agreement dated on or about the date hereof (the "**Placing Agreement**");

(Collectively the Agency Agreement and the Placing Agreement are herein referred to as the "**Agreements**")

(d) an extract of resolutions from the minutes of a meeting of the board of directors of the Issuer dated 18th November 2022, authorising, among other things, the establishment and listing of the Programme, and the issue of Notes thereunder;

(e) a copy of the latest statutory annual returns of the Issuer filed at the Registry of Companies provided to us by the Issuer;

(f) a copy of the Issuer's Memorandum and Articles of Association (the "**Memorandum and Articles**") dated 19th September, 1997;

(g) a copy of the Certificate of Incorporation of the Issuer dated 23rd September, 1997; and a copy of the certificate of change of name dated 12thJune 2008 and a certificate of change of name dated 12th June 2017.

(h) an original search report dated 5th May, 2023 from the Registrar of Companies in respect of the Issuer. The corporate search report including the physical perusal of the Issuer's file at the office of the Registrar of Companies revealed the following findings in term of charges created by the Issuer that are still subsisting:-

1. Debenture Deed dated 17th October 2016 to secure a re-finance facility in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 1,700,000,000.00;

2. Addendum to the Debenture dated 31st May, 2017 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 1,700,000,000.00;

3. Debenture Deed to secure a pre-finance facility dated 20th November, 2017 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 5,000,000,000.00;

4. Addendum to the Debenture Deed dated 6th November, 2018 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 5,000,000,000.00;

5. Second Addendum to the Debenture dated 16th November, 2018 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 1,700,000,000.00;

6. Debenture Deed dated 28th January, 2019 to secure a pre-finance facility in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 5,000,000,000.00;

7. Third Addendum to the Debenture dated 4th March, 2019 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 1,700,000,000.00;

8. Fourth Addendum to the Debenture dated 29th November, 2019 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 1,700,000,000.00;

9. Fifth Addendum to the Debenture dated 27th May, 2020 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 1,700,000,000.00;

10. Debenture Deed to secure a refinance facility dated 31st December 2021 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 5,000,000,000.00;

11. Debenture Deed dated 31st December, 2021 to secure a refinance facility in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 1,700,000,000.00;

12. First Addendum to the Debenture dated 28th September, 2022 in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 1,700,000,000.00;

13. Debenture Deed dated 17th March, 2022 to secure a refinance facility in favour of TANZANIA MORTGAGE REFINANCE COMPANY LIMITED for Tshs 5,000,000,000.00.

(i) a report on court cases and other legal actions against the Issuer made available to us by the Issuer (Annexed hereto as “Pending or Threated Court Cases”);

(j) a list of material contracts entered into by the Issuer (Annexed hereto as "List of Material Contracts");

(k) copies of the following licenses and permits relating to the business of the Issuer ('the "**Licences**''):-

- Business License No. 20000033640 issued by the Business Registration and Licensing Agency dated 1st August, 2022;

- Bank of Tanzania License to conduct banking business dated 5th September, 2017;

- Tax Identification Certificate issued by the Tanzania Revenue Authority with effect from 14th June, 2021 with TIN No. 100-929-481 assigned to the Issuer; and

- Value Added Tax Certificate issued by the Tanzania Revenue Authority with effect from 13th November, 2017 with VRN No. 10-015720-V assigned to the Issuer.

(l) a certified copy of the approval issued by the Capital Markets and Securities Authority ("**CMSA**") dated on or about the date hereof in connection with the Programme and the Information Memorandum; and

(m) a certified copy of the approval issued by the Dar es Salaam Stock Exchange ("**DSE**") dated on or about the date hereof in connection with the Programme and the Information Memorandum.

Laws:

(n) The Companies Act No. 12 of 2002 (the "**Companies Act**");

(o) The Capital Markets and Securities Act No. 5 of 1994 (as amended);

(p) The Capital Markets and Securities (Advertisements) Regulations, 1997;

(q) The Capital Markets and Securities (Information Memorandum Requirements) Regulations, 1997 (the "**Regulations**");

(r) The CMSA Guidelines for the Issuance of Corporate Bonds and Commercial Paper Notes, 1999;

(s) The Central Securities Depository Rules, 2022; and

(t) The Dar Es Salaam Stock Exchange Rules, 2022.

UNDERSTANDINGS:

1.4 We understand that:

1.4.1 the Notes, when issued, will be admitted to listing on the Main Investment Market Segment ("MIMS") of the DSE.

2.0 ASSUMPTIONS:

For the purposes of this opinion we have assumed that:-

2.1 save for the Issuer, each party to the Agreements exists as a legal person, has the power to carry on its business and has been duly authorised to execute the Agreements;

2.2 save for the Issuer, each of the parties to the Agreements is lawfully able to enter into such agreement or deed;

2.3 the Notes will only be issued and placed in compliance with the restrictions contained in the Placing Agreement and the Information Memorandum;

2.4 the Agreements and the signatures and seals thereon are genuine and the copies of the documents we have examined conform to the original documents and no alteration, variation or modification has been made to them;

2.5 all information contained in the Information Memorandum and all information provided to us by the Issuer, the Placing Agents and their respective officers, employees and advisers is true, accurate and up to date;

2.6 all factual statements, including any representations contained in the Agreements, are true, accurate and not misleading; and

2.7 there are no facts or circumstances in existence and no events have occurred which would render any of the Agreements void or voidable or capable of rescission for any reason.

3.0 OPINIONS:

On the basis of the foregoing, and having regard to such legal considerations as we deem relevant, and subject to the qualifications set out below, we are of the opinion that:-

3.1 The Issuer is a statutory body duly established and validly existing under the laws of Tanzania. The Issuer has perpetual corporate existence and the capacity to sue and to be sued in its own name, and no winding up order, appointment of a liquidator or notice of administration order has been filed on the Issuer's file at the office of the Registrar of Companies.

3.2 The Issuer has the corporate power to own its assets and to carry on its business as described in the Information Memorandum, to issue Notes and to enter into contracts to which it is party, including such contracts, the Agreements and the Notes, and to perform and observe its obligations under them.

3.3 The Issuer has corporate powers to enter and execute agreements governed by Tanzanian law and English law whose enforcement will be recognised in Tanzania pursuant to para 3.10 below.

3.4 Neither the Issuer nor any of its assets has any immunity from suit or proceedings or the enforcement of any judgment (whether on the grounds of sovereign immunity or otherwise) under the laws of Tanzania.

3.5 Each of the Agreements and the Information Memorandum have been duly authorised, executed and delivered by the Issuer and constitute valid, enforceable and legally binding obligations of the Issuer in accordance with their terms.

3.6 The Licences enable the Issuer to perform and carry on its business as described in the Information Memorandum.

3.7 The Issuer has the required mandate under its Memorandum and Articles of Association, which do not provide for any borrowing limits, and powers under Tanzanian law to issue the Notes and enter into the Agreements and has the necessary internal corporate approvals for the issue of the Notes and for entering into the Agreements.

3.8 The Notes and their terms and conditions are in the proper legal form for enforcement against the Issuer and contain no provision which is contrary to law or public policy in Tanzania or which would not for any reason be upheld by the courts of the Tanzania.

3.9 The establishment of the Programme and the issue and offering of the Notes in accordance with the Agreements has been duly authorised by the Issuer and on issue, the Notes will constitute valid, enforceable, legally binding, direct and unconditional obligations of the Issuer in accordance with their terms except as the same may be limited by insolvency or other similar laws affecting creditors' rights.

3.10 In any proceedings taken in the United Republic of Tanzania for the enforcement of the provisions of the Agreements, the choice of English law as the governing law thereof will be recognised and enforced in Tanzania pursuant to the Reciprocal Enforcement of Foreign Judgements Act, Cap 8 Revised Edition 2002. A judgment duly obtained in the courts of England in respect of the Agreements will be enforceable in the United Republic of Tanzania without a retrial.

3.11 Neither the execution and delivery of the Agreements, nor the consummation of the transactions therein contemplated nor compliance with their terms and conditions will contravene any existing law, governmental rule, regulation, order of the United Republic of Tanzania or the Memorandum and Articles of Association of the Issuer.

3.12 Except as noted below, it is not necessary under the laws of the United Republic of Tanzania (a) in order to enable any person to exercise or enforce its rights under any of the Agreements or the Notes, or (b) by reason of any such person being or becoming the holder of any of the Notes or party to the Agreements or the performance by any such person of its obligations, thereunder, that any such person should be licensed, qualified or otherwise entitled to carry on business in Tanzania, nor will any such performance violate any law applicable in Tanzania.

Brokers or dealers or investment advisors carrying on business as such in Tanzania require a license from the CMSA.

3.13 All authorizations and approvals by the BOT, CMSA and DSE required for the issue and listing respectively of the Notes have been obtained.

3.14 The Notes have been prescribed as a dematerialized security under the Capital Markets and Securities Act, Cap 79 of the laws of Tanzania and Central Securities Repository Rules, 2022.

3.15 Save for registration of the Information Memorandum at the companies registry under section 49 of the Companies Act, and an approval of the CMSA, there are no governmental or regulatory consents, approvals, authorisations or orders registration, filing or similar formalities required to be carried out in Tanzania by the Issuer in connection with the issuance of the Notes and the performance by the Issuer of its obligations under the Agreements.

3.16 It is not required, in order to ensure the validity, effectiveness, performance or enforceability of the Agreements by or against any of the parties thereto, that the same be notarized or filed, registered, or recorded in a public office or elsewhere.

3.17 The Information Memorandum complies with the requirements of the Regulations and the statements therein relating to the laws of Tanzania are correct and not misleading.

3.18 The section of the Information Memorandum entitled "**Taxation**" is a fair summary of the relevant Tanzanian tax legislation applicable to issues of Notes under the Programme.

3.19 To the best of our knowledge, having made reasonable inquiry with the Issuer in accordance with the information made available to us as such, neither the Issuer nor any of its directors is subject to any material litigation, prosecution or other criminal litigation instituted against it or any of its directors in Tanzania save for litigation suits listed herein below.

4.0 QUALIFICATIONS:

4.1 This opinion relates only to the laws of Tanzania and to Tanzanian tax law practice. No opinion is expressed as to any other law or the validity or enforceability of any agreement in any other jurisdiction. It is given solely for the purposes of its publication in the Information Memorandum and may not be disclosed in whole or in part to any other person or otherwise quoted or referred to or relied upon for any other purpose without our express and prior written consent. In particular, the opinion is not addressed to holders of the Notes, and may not be passed on to, or relied upon, by any other person for any purpose. Any dispute arising out of this opinion will be subject to the exclusive jurisdiction of the Tanzanian courts.

4.2 This legal opinion is issued to NMB Bank PLC in respect of the Programme. The opinion has been prepared exclusively for NMB Bank PLC and in anticipation of the Prospective Investor(s) to the Programme. It may not be relied upon by any other person or entity beyond the background and context in which it is provided. REX Advocates disclaims all responsibility for any loss, injury, claim, liability or damage of any kind resulting from or arising out of or any way related to any representation, errors in or omissions from this opinion and its content as shall be sustained by any such person or entity other than NMB Bank PLC or the Prospective Investor(s) to the Programme or by NMB Bank PLC or the Prospective Investor to the Program beyond the context set in this opinion. However, the Opinion may be disclosed without such consent to:

(a) any person to whom disclosure is required to be made by applicable law or court order pursuant to the rules or regulations of any supervisory or regulatory body or in connection with any judicial proceedings or in connection with any pending or threatened litigation;

(b) the officers, employees, auditors and professional advisers of the addressee;

(c) any affiliate of any addressee and the officers, employees, auditors and professional advisers of such affiliate;

on the basis that (i) such disclosure is made solely to enable any such person to be informed that an opinion has been given and to be made aware of its terms but not for the purposes of reliance, (ii) we do not assume any duty or liability to any person to whom such disclosure is made and (iii) (other than in relation to disclosure under paragraph (a)) such person agrees not to further disclose this Opinion Letter or its contents to any other person, other than as permitted above, without our prior written consent.

4.3 The opinions set out above in Section 3 are subject to (i) all applicable limitations arising from bankruptcy, insolvency, liquidation, administration, reorganisation, moratorium, reconstruction or similar laws; and (ii) all applicable general principles of law affecting the rights of contractual parties and/or creditors generally.

4.4 The term "enforceable" as used in this opinion means that each obligation or document is of a type and form enforced by the Tanzanian courts. It is not certain however that each obligation or document will be enforced in accordance with its terms in every circumstance, enforcement being subject to, *inter alia*, the nature of the remedies available in the Tanzanian court, the acceptance by such court of jurisdiction, the power of such courts to stay proceeding, the fact that claims may be time-barred or subject to other principles of law and equity of general application.

5.0 CONSENT:

In accordance with section 48 of the Companies Act, we have given and have not, prior to the date of the Information Memorandum, withdrawn our consent to the issue of the Information Memorandum containing this opinion in the form and context in which it appears.

Yours Sincerely

REX ADVOCATES

TAN/rgm

OFFICIAL SERACH REPORT OF NMB PLC. ISSUED BY THE REGISTRAR OF COMPANIES

TANZANIA

BRELA
BUSINESS REGISTRATIONS AND LICENSING AGENCY

Register of Companies
Detailed information

Information date and time: 05/05/2023 15:56:09
Last update date and time: 21/04/2023 11:55:00
Registration date and time: 23/09/1997 00:00:00

1.	**Status:**	Registered
2.	**Incorporation number:**	***32699***
3.	**Company:**	**NMB BANK PUBLIC LIMITED COMPANY**
4.	**Company type:**	Public company Limited by shares
5.	**Registered office:**	Region Dar Es Salaam, District Ilala CBD, Ward Upanga Magharibi, Postal code 11103, NYUMBA YA SANAA/NMB HEAD OFFICE BUILDING LOCATED ALONGSIDE OHIO/ALI HASSAN MWINYI ROAD NEAR PUMA PE
6.	**Contacts:**	Email: NMB@nmbbank.co.tz, Mob no/Tel no: 255222322000, P.O.Box 9213
7.	**Business activity:**	6630 - Fund management activities, Main activity 6419 - Other monetary intermediation, Main activity 6492 - Other credit granting, Main activity 6619 - Other activities auxiliary to financial service activities, Main activity 6622 - Activities of insurance agents and brokers, Main activity
8.	**Directors / Directors in the country of origin:**	EDWIN PAUL MHEDE, Tanzanian GEORGE NATHANIEL MANDEPO, Tanzanian BENSON JOEL MAHENYA, Tanzanian JUMA KISAAME, Ugandan HENDRICK REISINGER, Dutch AZIZ JUMANNE DACHI, Tanzanian RAMADHANI SALUM MWIKALO, Tanzanian CLEMENT ESAU MWINUKA, Tanzanian
9.	**Company secretary / Company secretary in the country of origin:**	CONSOLATHA MORINGI RESTO MOSHA, Tanzania
10.	**Authorised share capital:**	20000000000 TZS
11.	**Class of shares:**	Class Ordinary: 500000000 shares, 40 TZS/share, 20000000000 TZS

12. **Shareholders:**

THE TREASURY REGISTRAR, MINISTRY OF FINANCE Class Ordinary 158901800 shares taken
ARISE B.V Class Ordinary 174500000 shares taken
NATIONAL INVESTMENTS PUBLIC LIMITED COMPANY Class Ordinary 26449520 shares taken
TCCIA INVESTMENT PUBLIC LIMITED COMPANY Class Ordinary 2793876 shares taken
ZANZIBAR SOCIAL SECURITY FUND Class Ordinary 2950326 shares taken
UMOJA UNIT TRUST SCHEME Class Ordinary 2811280 shares taken
PUBLIC SERVICE SOCIAL SECURITY FUND Class Ordinary 7790451 shares taken
DUET AFRICA OPPORTUNITIES FUND INC Class Ordinary 4498923 shares taken
SC (T) NOMINEE RE; STANDARD CHARTERED BANK UGANDA; RE NATIONAL SOCIAL SECURITY FUND Class Ordinary 23400000 shares taken
SCBT NOMINEE RE: SCB MAURITIUS RE BANQUE PICTET AND CIE SA A/C PATRICK SCHEGG Class Ordinary 5079000 shares taken
AUNALI FIDAHUSSEIN RAJABALI Class Ordinary 14930764 shares taken
SAJJAD FIDAHUSSEIN RAJABALI Class Ordinary 14814890 shares taken
GENERAL PUBLIC Class Ordinary 61079170 shares taken

Information ordered by: NEEMA MBAGA
NOTE. Information printed from the Register of Company is true and complete as per extract generation date and time. Please be advised to refer to the Online Registration System at BRELA (ors.brela.go.tz) for an up-to-date information regarding given Company.

REGISTRAR OF COMPANIES
★ TANZANIA ★

Princ. Asst. Registrar of Companies

LIST OF PENDING OR THREATED LITIGATION SUITS

Case No.	Reference Name	Case Description	Estimated Claim Value (TZS)
Civil Appeal No. 427 of 2020	Omary Ally Fuku	Bank is appealing against High Court judgment that declared Fuku as the rightful owner of the plot under the NMB Eastern Zone office and Wami branch.	140,000,000
Labour/CMA/	Lilian Komwihangiro	Ex-staff is seeking payment of Tzs. 12 Billion in compensation for unfair termination	384,000,000
Civil Appeal No. 02 of 2022	Mohamed Hashil	Ex-staff was terminated for insubordination after refusing to attend meetings in relation to investigations into allegations of fraud and tax evasion against him. He successfully complained before the CMA which awarded him 12 months' compensation and remuneration from the date of unfair dismissal to the date of the award (20 January 2020) Bank's revision was unsuccessful,	158,778,000
Intended CAT Appeal	Mexon Energy	The Appelant is appealing against the judgment of High Court that dismissed his claim for breach of contract by bank's failure to hand him vacant possession of the bought collateral.	1,000,000,000
Intended Appeal from Land Case No. 1 of 2022	Maduhu Kisandu Silu	The Appelant intends to appeal against the decision of the High Court Land Division	364,995,991
Civil Case No. 1 of 2023	Mwita Otiso Marwa	Plaintiff sues the Bank for breach of contract and want of duty of customer care	145,719,000
Civil Appeal No. 15 of 2023	Anna Investment Limited	The Appellant is appealing against the judgement of the High Court (Land Division) in Land Case No. 185 of 2020	7,920,367,635
Labour Dispute No. CMA/DSM/ ILA/160/2023	Sospeter Njile Magese	The ex-staff is complaining that he was unfairly terminated from employment and is seeking compensation to the tune of Tzs. 2.8 billion	120,000,000

LIST OF MATERIAL CONTRACTS

LIST OF MATERIAL CONTRACTS

S/N	COUNTERPARTY TO CONTRACT	DESCRIPTION OF CONTRACT	VALUE
1	BALTON TANZANIA COMMUNICATIONS LIMITED	CONTRACT FOR THE SUPPLY OF FORTINET DATA CENTRE FIREWALLS	TZS 1,781,320,566/=
2	HAKKEN CONSULTING LIMITED	CONTRACT FOR THE PROVISION OF SUPPORT OF MICROFOCUS TOOLS	USD 145,442/=
3	SMART CODES LIMITED	CONTRACT FOR THE PROVISION OF DIGITAL MARKETING AND SOCIAL MEDIA AGENCY SERVICES	TZS 211,550,400/=
4	TOYOTA TANZANIA LTD	CONTRACT FOR THE SUPPLY OF TOYOTA FORTUNER AND TOYOTA PRADO VXL	TZS 1,394,548,656.1/=
5	ISECURION TECHNOLOGY & CONSULTING PRIVATE LIMITED	CONTRACT FOR THE PROVISION OF MANAGED SERVICE, MONITORING, RED TEAMING AND INCIDENTS RESPONSE SERVICES	USD 305,882.35/=
6	DIMENSION DATA TANZANIA LIMITED	CONTRACT FOR THE RENEWAL OF NETWORK SECURITY LICENSE AND SUPPORT (CISCO LICENSE)	TZS 366,000,000 /=
7	DIMENSION DATA TANZANIA LTD	CONTRACT FOR THE RENEWAL OF NETWORK EQUIPMENT SUPPORT AND SUBSCRIPTION LICENSES FOR BOTH CISCO AND NON CISCO	TZS 1,100,237,224.79
8	IMATIC TECHNOLOGIES LTD	CONTRACT FOR THE PROVISION OF BANCASSURANCE SYSTEM ENHANCEMENT	TZS 208,744,360
9	TWENTY THIRD CENTURY SYSTEM TZ LTD	CONTRACT FOR THE SUPPLY OF BACKUP STORAGE HARDWARE	TZS 789,650,795/=
10	PIO TECH SOLUTION	ADDENDUM TO THE SOFTWARE LICENSE, SOFTWARE IMPLEMENTATION SERVICE AND ANNUAL MAINTENANCE SUPPORT AGREEMENT	USD 282,353.94
11	SOFTNET TECHNOLOGIES LTD	CONTRACT FOR THE SUPPLY OF NETWORK EQUIPMENTS	TZS 2,757,123,753/=
12	SYSTEMS APPLICATIONS PRODUCTS (AFRICA REGION) –SAP	CONTRACT FOR THE UPGRADE OF BANK BI SOLUTION	EURO 237,117.95
13	SCI TZ LIMITED	CONTRACT FOR THE SUPPLY OF 20 UNITS OF AUTOMATED TELLER MACHINES (ATM's)	TZS 677,574,880
14	COMPUTER CENTRE (T) LTD	CONTRACT FOR THE RENEWAL OF NETWORK SECURITY LICENSE AND SUPPORT (CHECKPOINT LICENSE)	TZS 257,894,546
15	COMPUTER CENTRE (T) LTD	CONTRACT FOR THE RENEWAL OF NETWORK SECURITY LICENSE AND SUPPORT (PALOALTO LICENSE)	TZS 249,985,575.15
16	CHECKNOCRATS LIMITED	CONTRACT FOR THE SUPPLY OF 25 UNITS OF NOTE SORTER MACHINES ST-350	TZS 872,256,000
17	COMPUTER CONNECTIONS LTD	CONTRACT FOR SUPPLY OF LAPTOPS AND DESKTOP COMPUTERS	TZS 1,132,974,689.56
18	TECHNOLOGY ASSOCIATES LTD	CONTRACT FOR THE SUPPLY AND INSTALLATION OF ORACLE SUPERCLUSTER STORAGE UPGRADE	TZS 800,645,092.73
19	TAXONS LTD	CONTRACT FOR THE SUPPLY OF MULTIFUNCTIONAL PRINTERS CONSUMABLES FOR NMB PLC	TZS 431,697,100/=
20	COMPUTER CENTRE (T) LTD	CONTRACT FOR THE SUPPLY OF 120 UNITS OF HP PRINTERS	TZS 1,155,015,293.60/=
21	TWENTY THIRD CENTURY SYSTEMS TZ LTD	CONTRACT FOR THE SUPPORT AND MAITANANCE OF VX BLOCK INFRASTRACTURE	TZS 762,636,694.69/=
22	TANZANIA MORTGAGE REFINANCE CO. LTD	1ST ADDENDUM TO MASTER REFINANCE AND SERVICING AGREEMENT IN RELATION TO REFINANCING	TZS 1.7 BILLION
23	DIMENSION DATA TZ LTD	CONTRACT FOR THE RENEWAL OF MICROSOFT ENTERPRISE AGREEMENT (MEA)	USD 2,845,752.16
24	FERN TZ COMPANY LTD	CONTRACT FOR THE PROVISION OF SERVICE FOR LAUNCHING MARKET STORM FOR BANCASSURANCE CAMPAIGN	TZS 251,316,553
25	GREENSTAR PAYMENT SOLUTIONS LTD	CONTRACT FOR THE SUPPLY OF 120 UNITS OF AUTOMATED TELLER MACHINES (ATM's)	TZS 4,065,839,952
26	NATIONAL HEALTH INSURANCE FUND (NHIF)	AGREEMENT FOR THE PROVISION OF HEALTH CARE BENEFITS TO NMB EMPLOYEES AND THEIR IMMEDIATE DEPENDANTS	TZS 7,279,656,902.79
27	BOB'S COMMISSION AGENT LTD	CONTRACT FOR SUPPLY OF TOYOTA MOTOR VEHICLES	TZS 238,000,000
28	ANCHOR CONSULTING	CONTRACT FOR THE PROVISION OF CONSULTANCY SERVICES FOR THE PURCHASE/ UPGRADE OF THE BANK'S CORE BANKING SYSTEM	USD 385,772.35
29	TWENTY THIRD CENTURY SYSTEMS	CONTRACT FOR SUPPLY, INSTALLATION AND COMMISSIONING OF NEW CCTV ENTERPRISE STORAGE	TZS 414,715,099.91
30	BPC AG	MASTER AGREEMENT FOR SUPPLY, INSTALLATION, TESTING AND COMMISSIONING OF MECHANT AND TERMINAL MANAGEMENT SYSTEM	USD 354,117.67
31	SEATTS PTY LTD	CONTRACT FOR PROVISION OF CONSULTANCY SERVICES FOR ENTERPRISE ARCHITECTURE REVIEW OF NMB	USD 110,588.23
32	HAKKEN CONSULTING LTD	CONTRACT FOR SUPPLY OF SERVICE MANAGER (SMAX) ADDITIONAL LICENSES (2022)	USD 93,294.93
33	AZENTIO SOFTWARE MIDDLE EAST FZ LLC	SOFTWARE SUPPORT AND MAINTENANCE AGREEMENT CORPORATE LENDING SYSTEM	USD 1,023,529.41
34	COMSEC SECURITY SYSTEMS LTD	AMC FOR SECURITY EQUIPMENTS TO BRANCHES AND OFFSITE ATMS AND NMB HQ	TZS 1,123,933,480.63
35	DOLPHIN PROFESSIONAL SERVICES LTD	SUPPLY AND INSTALLATION OF SECURED REMOTE ACESS SOLUTIONS	USD 141,538.07
36	DIMENSION DATA	RENEWAL OF MICROSOFT ENTERPRISE AGREEMENT	USD 2,845,752.16
37	CHECKNOCRATS LIMITED	SUPPLYING AND INSTALLATION OF 76 UNITS OF INSTANT CARD PERSONALIZATION MACHINE	TZS 688,823,899
38	SCHENEIDER ELECTRICS	PRIMARY DATA CENTRE ELECTRICAL AND MECHANICAL COMPREHENSIVE SUPPORT	USD 324,705.88
39	NORTHEN ENGINEERING	GENERATOR MAINTENANCE AND SUPPORT LOCATED UNDER ZONE 3	TZS 240,787,116.78
40	PIVOTECH	GENERATOR MAINTENANCE AND SUPPORT LOCATED UNDER ZONE 2	TZS 305,219,529.29
41	AFRICAN POWER MACHINERY	GENERATOR MAINTENANCE AND SUPPORT LOCATED UNDER ZONE 1	TZS 207,000,000
42	APTIVA	SUPPLY AND INSTALLATION OF ARTIFICIAL INTELLIGENCE (CROWDSTRIKE SOLUTION)	USD 164,705.88
43	SCI TANZANIA LIMITED	PROVCISION OF ARTIFICIAL INTELLIGENCE CYBER DEFENCE PLATFORM (DARKTRACE)	TZS 760,748,702Z.20
44	UNICOOL EA	AMC FOR DATA CENTRE CHILLERS, BMS, AND RELATED COOLING INFRASTRUCTURE	TZS 321,224,792
45	4C GROUP EAST AFRICA LTD	PROVISION OF LOCAL ORACLE FIELD DELIVERY PARTNER TO SUPPORT ORACLE SUPERCLUSTER	TZS 1,745,455,640.10
46	TESOBE GMBH	SUPPLY,COMMISSION AND IMPLEMENTATION OF SOFTWARE LICENCE FOR THE FINTECH API'S SANDBOX&LIVE PLATFORM	USD 162,353.94
47	AL TAALEEM METHALIA SOLUTIONS LLC	PROVISION OF TOTARA LICENSES SERVICES	USD 354,117.67
48	BOSS LIMITED	SOFTWARE LICENSE AND SERVICES AGREEMENT	USD 236,000

LIST OF MATERIAL INSURANCE POLICIES

LIST OF MATERIAL INSURANCE POLICIES

S/N	INSURER	INSURED	TYPE OF POLICY	INSURED AMOUNTS
1	Reliance Insurance Company (Tanzania) Limited	NMB BANK PLC	Bankers blanket bond, electronic computer crime & professional indemnity insurance	USD 5,000,000
2	Reliance Insurance Company (Tanzania) Limited	NMB BANK PLC	Public liability policy	Not Specified
3	Reliance Insurance Company (Tanzania) Limited	NMB BANK PLC	Muliti peril policy	Not Specified
4	Reliance Insurance Company (Tanzania) Limited	NMB BANK PLC	Employer's liability policy	Not Specified
5	Reliance Insurance Company (Tanzania) Limited	NMB BANK PLC	Asset all risks policy	Not Specified

LIST ISSUER'S LAND AND FIXED ASSETS (including leaseholds)

S/N	Description	Zone Name	Building	Plot	Region	Street	Certificate of Title
1	Central Zone Morogoro	Central Zone	Wami	Plot No.41 Block C L.O. No.25632 & Plot No.43 Block C L.O. No.25	Morogoro	Uhuru	18221 & 17767
2	Turiani branch	Central Zone	Turiani	Plot No. 1 Block B L.O. No. 250515	Morogoro	Madizini	139776
3	Mvomero branch	Central Zone	Mvomero	Plot 170 Block A area 4301 Mvomero	Morogoro	Sokoine	
4	Mpwapwa branch	Central Zone	Mpwapwa	Plot No. 1, 2 and 3 Post Office Area	Dodoma		9135 DLR
5	Ifakara branch	Central Zone	Ifakara	Plot C & D Block D Ifakara	Morogoro		19286
6	Manyoni branch	Central Zone	Manyoni	Plot No. 47 Block KK Manyoni	Singida		713845
7	Mahenge branch	Central Zone	Mahenge	Plot No. 577 Block B L.O. No. 205944 Mahenge Urban Area	Morogoro		53906
8	Kongwa branch	Central Zone	Kongwa	Plot No. 5 Administrative Block Kongwa Urban Area	Dodoma		6715 DLR
9	Kondoa branch	Central Zone	Kondoa	Plot No. 2 Block EE Kondoa Urban Area	Dodoma		10310-DLR
10	Kiomboi branch	Central Zone	Kiomboi	Plot No. 57 Block B-LD Kiomboi Urban Area	Singida	43301 New Kiomboi	10638 DLR
11	Kilosa branch	Central Zone	Kilosa	Plot No. 16 Block H L.O. No. 148442 Kilosa Urban Area	Morogoro		46023
12	Mkuranga Branch	Dar Zone	Mkuranga Branch	Unsurveyed area			
13	Land and building	Dar Zone	bagamoyo branch building	11,18	Coastal region	Kalenga street	22980
14	NMB Bank House Branch	Dar Zone	Bank House		Dar Es Salaam	Samora Avenue	
15	Land and building	Dar Zone	Chalinze		Coastal region	Barabara ya bank street	
16	Mkuranga Branch	Dar Zone	Mkuranga Branch	PLOT 2091 BLOCK B	Coastal region		
17	Mbezi Branch	Dar Zone	Mbezi Branch		Dar Es Salaam	Bagamoyo Rd	
18	Mafia Branch	Dar Zone	Mafia Branch	PLOT 109 BLOCK H, MAFIA	Coastal region		
19	Land and building	Dar Zone	Kisarawe		Coastal region	Sokoni street	
20	Kibiti Branch	Dar Zone	Kibiti branch	PLOT 760, KIBITI	Coastal region		53569
21	Land and building	Dar Zone	Kibaha	No. 219, KIBAHA	Coastal region	Halmashauri	
22	Usongwe	Highlands Zone	USONGWE BRANCH	No.209 Block D	Mbeya	Mbalizi Urban Area	20882-MBYLR
23	Tunduma	Highlands Zone	Tunduma	No. 130, Block I	Songwe	Sikanyika	9568-MBYLR
24	Kilolo Branch	Highlands Zone	kilolo Branch	Unsurveyed area			
25	Tukuyu	Highlands Zone	Tukuyu	No. 254, Block E	Mbeya	Buliaga	30318-MBYLR
26	Njombe	Highlands Zone	Njombe	No. 708, Block D	Njombe	Chaugingi	30426- MBYLR
27	Chunya	Highlands Zone	Chunya	No. 5 & 6	Mbeya	Sinza	3377-DLR
28	Mkwawa	Highlands Zone	Mkwawa	No. 160, Block II	Iringa	Uhuru	16835-MBYLR
29	Mbozi Branch	Highlands Zone	Mbozi	NO. 09 Block E VWAWA URBAN AREA	Songwe	NMB Street	9567MBYLR
30	Mbarali	Highlands Zone	Mbarali	No.284, Block V	Mbeya	NMB Street	8555-MBYLR
31	Mbalizi	Highlands Zone	Mbalizi	No. 2 & 3, Block b, Mrket Square	Mbeya	Mbalizi Road	No. 9456MBYLR
32	Makete	Highlands Zone	Makete	No. 20, Block Boma	Njombe	Iwawa	25746-MBYLR
33	Makambako	Highlands Zone	Makambako	No. 7, Block A	Njombe	Sokoni	27303-MBYLR
34	Mafinga	Highlands Zone	Mafinga	No. 567, Block B	Iringa	Mkongwe	8518-MBYLR
35	Ludewa	Highlands Zone	Ludewa	No. 403, Block E	Njombe	Kiyombo	25736 - MBYLR
36	Kyela	Highlands Zone	Kyela	No. 80, Block DD	Mbeya	Msikitini TRA	8752-MBYLR
37	Ileje	Highlands Zone	ILEJE	No. 52,53 & 54, Block D	Songwe	Itumba	8492-MBYLR
38	Biharamulo Branch	Lake Zone	Biharamulo Branch		Kagera	Mankorongo Road	
39	Tarime Branch	Lake Zone	Tarime Branch		Mara	NMB	
40	Sengerema Branch	Lake Zone	Sengerema Bramch		Mwanza	Pambalu Road	
41	Rorya Branch	Lake Zone	Rorya Branch		Mara	Shirati	
42	Ngudu Branch	Lake Zone	Ngudu Branch	NBC Plot Ngudu Urban Area	Mwanza	Ngudu Mijini Road	38-MZLR

LIST ISSUER'S LAND AND FIXED ASSETS (including leaseholds) ..cont.

43	Ngara Branch	Lake Zone	Ngara Branch		Kagera	Nyerere Road	
44	Nansio Branch	Lake Zone	Nansio Branch		Mwanza	Pamba	
45	Bunda Branch	Lake Zone	Bunda Branch	National Bank - Bunda Urban Area	Mara	Musoma Road	923 MZLR
46	Chato Branch	Lake Zone	Chato	17 Block A	GEITA	Mlimani	49181 LR Mwanza
47	Geita Branch	Lake Zone	Geita Branch		GEITA	Bank Street	
48	Muleba Branch	Lake Zone	Muleba Branch	71	Kagera	Nyerere Road	15279 LR Mwanza
49	Mugumu Branch	Lake Zone	Mugumu Branch	97 Block B	Mara	Bomani	
50	Misungwi Branch	Lake Zone	Misungwi Branch	504 Block N Misungwi	Mwanza	Shinyanga Road	18056 LR Mwanza
51	Magu Branch	Lake Zone	Magu Branch		Mwanza	Bank Street	
52	Kenyatta Road Branch	Lake Zone	Kenyatta Road Branch		Mwanza	Kenyatta Road	
53	Kayanga Branch	Lake Zone	Kayanga Branch		Kagera	Bomani	
54	BABATI BRANCH	Northern Zone	BABATI BRANCH	05, BLOCK G	MANYARA	NMB, 2713 BAGARA, BABATI	18870
55	SIMANJIRO BRANCH	Northern Zone	SIMANJIRO BRANCH	154, BLOCK B	MANYARA	ORKESUMET TRAINING CENTR	33614
56	SAME BRANCH	Northern Zone	SAME	NBC	KILIMANJARO	NMB RD	778
57	ROMBO BRANCH	Northern Zone	ROMBO BRANCH	NBC OFFICE, BLOCK A	KILIMANJARO	25711 ROMBO	1370
58	ONE STOREY BUILDING WITH RESIDENTIAL HOUSEHOLD	Northern Zone	PANGANI BRANCH	283, BLOCK B	TANGA	USALAMA STREET	18871
59	NELSON MANDELA BRANCH	Northern Zone	NELSON MANDELA	1 & 2 BLOCK D Section III	KILIMANJARO	28 MARKET RD, 25101 MAWE	056039/58
60	NAMANGA BRANCH	Northern Zone	NAMANGA BRANCH	171 BLOCK D	ARUSHA	EWORENDEKE	787298
61	MULTI STOREY BUILDING	Northern Zone	CLOCK TOWER	68, AREA E	ARUSHA	CLOCK TOWER	10229
62	MWANGA BRANCH, 1 STOREY BUILDING	Northern Zone	MWANGA BRANCH	14,15 & 16 BLOCK D - MWANGA	KILIMANJARO	94 BARABARA YA CD MSUYA R	7996
63	SINGLE STOREY BUILDING.	Northern Zone	MUHEZA BRANCH	206 BLOCK E	TANGA	PANGANI RD, 21402 GENGE M	17688
64	MONDULI BRANCH	Northern Zone	MONDULI BRANCH	164 BLOCK K	ARUSHA	23 LASHAINE RD,23401 MON	22261
65	SINGLE STOREY BUILDING.	Northern Zone	MOMBO BRANCH	34, MOMBO	TANGA	MAJENGO C, 21620 MOMBO-	17270
66	ONE STOREY BUILDING WITH RESIDENTIAL HOUSEHOLD	Northern Zone	HAI BRACH	762, BLOCK A	KILIMANJARO	BOMANG'OMBE URBAN AREA	40155
67	ONE STOREY BUILDING WITH RESIDENTIAL HOUSEHOLD	Northern Zone	HANDENI BRANCH	1/1 BLOCK D	TANGA	39 MANTARA RD, 21801 CHA	21631
68	MBULU BRANCH	Northern Zone	MBULU BRANCH	40, BLOCK C	MANYARA	MAGALA RD	22269
69	2 STOREY BUILDING	Northern Zone	MADARAKA BRANCH	N/A	TANGA	MARKET SREET	130512/6
70	Ground floor with residential household at the upper floor	Northern Zone	LUSHOTO BRANCH	21,BLOCK 3, MAIN STREET, LUSHOTO	TANGA	14 BOMA RD, 21701 LUSHOT	40154
71	LOLIONDO BRANCH	Northern Zone	LOLIONDO BRANCH	FARM 976	ARUSHA	MAGEREZA RD.	16419
72	Ground floor with residential household at the upper floor	Northern Zone	KOROGWE	8&9 BLOCK E	TANGA	112 NMB MAGUNGA RD. 216	252
73	NMB KIBAYA BRANCH	Northern Zone	KIBAYA	144/1 BLOCK D	MANYARA	MTAA WA BOMA, 27501 KIBA	17269
74	KATESH BRANCH	Northern Zone	KATESH BRANCH	5, BLOCK J	MANYARA	2092 SINGIDA RD, 27301 KAT	17703
75	KARATU BRACH	Northern Zone	KARATU BRANCH	3, BLOCK G	ARUSHA	1036 NGORONGORO RD, 236	1369
76	Tunduru Branch owned by NMB with Ground Floor and 1st Floor	Southern Zone	Tunduru Branch	Plot no. 100 Block A Tunduru Urban Area	Ruvuma	Mtaa wa Benki	8902 MBYLR
77	Tandahimba Branch	Southern Zone	Tandahimba Branch	Plot no.900, Block C	Mtwara	Amani Street, Mji Mpya	
78	Songea Branch- Land and Building Owned by NMB	Southern Zone	Songea Branch	Plot no. N1, N2 and N3, Block G	Ruvuma	NMB Road Street	14288
79	Newala Branch	Southern Zone	Newala Branch	Plot no. 35-40, Block C Newala Urban Area	Mtwara	Nangwala Street	
80	Nanyumbu Branch- Land and Building	Southern Zone	Nanyumbu Branch	Plot no. 1, Block A, Mangaka- Nanyumbu	Mtwara	Sengenya Street	

LIST ISSUER'S LAND AND FIXED ASSETS (including leaseholds) ..cont.

81	Nachingwea Branch- Plot and builging with Ground Floor and Fir	Southern Zone	Nachingwea Branch	Plot no. 474, Block J, Nachingwea	Lindi	Posta Street	
82	Mbinga Branch- Land and Building Owned	Southern Zone	Mbinga Branch	Plot no. 539, Block A, Mbinga Urban	Ruvuma	Mbinga Mjini A	
83	Masasi Branch with Ground floor and 1 upper floor	Southern Zone	Masasi Branch	Plot no. 7,8, and 9	Mtwara	Mkuti Street	
84	Liwale Branch owned land building and land	Southern Zone	Liwale Branch	Plot no. 95-108 block D	Lindi	Nangando street and Likongowele Street	
85	Kilwa Branch	Southern Zone	Kilwa Branch	Plot no.53, Block A	Lindi	Bank Street	
86	Urambo Branch	Western Zone	Urambo Branch	Plot No.32 Block-	Tabora	Boma Area	13847LRMWANZA
87	NMB BARIADI BRANCH OFFICE	Western Zone	BARIADI BRANCH OFFICE	Plot No.304 Block B	Simiyu	Malambo, NMB Street	10650
88	Sikonge Branch	Western Zone	Sikonge Branch Office	Plot No.198 Block B	Tabora	Isungilunde	14360LRMWANZA
89	NMB NZEGA BRANCH OFFICE	Western Zone	NZEGA BRANCH OFFICE	Plot No.21 Block C	Tabora	Ntinginya Street	15890LR MWANZA
90	NMB BUKOMBE BRANCH OFFICE	Western Zone	BUKOMBE BRANCH OFFICE		GEITA	Mpimbwe Street	Not in Place
91	NMB MWANHUZI BRANCH OFFICE	Western Zone	MWANHUZI BRANCH OFFICE	Plot No.130 Block A	Simiyu	Bank Street	14341
92	Mpanda Branch Office	Western Zone	Mpanda Branch	Plot No.10 Block E	Katavi	Madukani Street	20369MBY LR
93	Mihayo Branch	Western Zone	Mihayo Branch	Plot No.44 Block A	Tabora	Jamuhuri Street	118132/11 LR MWANZA
94	NMB MASWA BRANCH OFFICE	Western Zone	MASWA OFFICE	Plot No.115 Block U, nyalikungu	Simiyu	Nyalikungu	Not in Place
95	NMB MANONGA BRANCH OFFICE	Western Zone	MANONGA OFFICE	Plot No.1B	Shinyanga	Old Shinyanga Street	14478
96	NMB Kibondo Branch Office	Western Zone	Kibondo Branch Office	Plot No.5 Block B	KIGOMA	Ihulilo Street	16313
97	NMB KASULU BRANCH	Western Zone	KASULU BRANCH	Plot No.1 Block N	KIGOMA	Murubona Street	13822
98	NMB IGUNGA BRANCH OFFICE	Western Zone	IGUNGA BRANCH OFFICE	Plot No.44 Block C	Tabora	Sanzula Area	45402
99	NMB KAHAMA BRANCH OFFICE	Western Zone	KAHAMA BRANCH OFFICE	Plot No.19 Block G	Shinyanga	Igalilimi	8893
100	Central Zonal Office	Central Zone	Plot	Plot No. 20 Block A Mtumba Government City	Dodoma		
101	Chalinze Plot	Dar Zone	Plot	PLOT 122,124-130, BLOCK A, CHALINZE	Coastal region		
102	Mkwawa	Highlands Zone	Plot	No. 11, Block Zone 1B	Iringa	Uhuru	
103	Kimondo Plot	Lake Zone	Bukoba Plot	PLOT NO. 63 BLOCK A	Bukoba		
104	Kilindi Plot	Northern Zone	Plot	PLOT NO. 128, BLOCK, 'B', KILINDI DISTRICT	TANGA		
105	Kongwa Residential	Central Zone	Staff residential house	Plot No. 4 Block B West Kongwa	Dodoma		
106	Kiomboi Residential	Central Zone	Residential Houses	Plot No. 56 Block B-LD Kiomboi Urban Area	Singida		
107	Residential houses	Dar Zone	Kibiti Residential	755, kibiti	Coastal region		N/A
108	Residential houses	Dar Zone	Kibiti Residential	759,kibiti	Coastal region		N/A
109	Kisarawe Residential	Dar Zone	Residential Houses	PLOT 36 BLOCK B, KISARAWE	Coastal region		
110	Chalinze Residential	Dar Zone	Residential Houses	PLOT 123, BLOCK A, CHALINZE URBAN AREA BAGAMOYO DISTRICT (	Coastal region		
111	Mafia Residential	Dar Zone	Mafia Residential	PLOT 104 BLOCK H, MAFIA	Coastal region		
112	Mafia Residential	Dar Zone	Mafia Residential	PLOT 1440 BLOCK K, KILINDONI MAFIA DISTRICT	Coastal region		
113	Mafia Residential	Dar Zone	Mafia Residential	PLOT 110 BLOCK H, KILINDONI MAFIA DISTRICT	Coastal region		
114	Residential houses	Dar Zone	Kibiti Residential	123 and 557	Coastal region	Lianga street	N/A
115	Residential house	Highlands Zone	Mbarali Residential	No.195-200, Block U	Mbeya	Ihanga	8522-MBYLR
116	Residential house	Highlands Zone	Makete Residential	No. 15, Block Government and Parastatal Plots	Njombe	Iwawa	8521-MBYLR
117	Residential house	Highlands Zone	Ludewa Residential	No. 2, Block E	Njombe	Kiyombo	4039-DLR
118	Residential house	Highlands Zone	Ludewa Residential	No. 1, Block E	Njombe	Kiyombo	9275-MBYLR
119	Residential house	Highlands Zone	NMB Chunya Residential	No.8 & 9	Mbeya	Kibaoni	2472-DLR
120	Magu Residential Building	Lake Zone	Magu Residential Building	3 Block J	Mwanza	Magu Urban Area	57074 LR Mwanza
121	Mombo Residential	Northern Zone	Residential Houses	163, BLOCK L MOMBO URBAN AREA	TANGA	MOMBO	17268
122	NMB STAFF RESIDENTIAL HOUSES	Northern Zone	LOLIONDO RESIDENTIAL HOUS	FARM 973	ARUSHA	LOLIONDO	16418
123	NMB RESIDENTIAL HOUSES	Northern Zone	KIBAYA RESIDENTIAL HOUSES	144/2, BLOCK D	MANYARA	MTAA WA BOMA, 27501 KIBA	17271
124	NMB RESIDENTIAL HOUSES	Northern Zone	LOLIONDO RESIDENTIAL HOUS	FARM 974	ARUSHA	LOLIONDO	16417
125	Liwale Residential	Southern Zone	Liwale Residential	Plot no. 6 Block E	Lindi		
126	Residential Block	Western Zone	Sikonge NMB Residential Hou	Plot No.199 Block B	Tabora	Isungilunde	14369 LR MWANZA
127	Residential Block	Western Zone	NMB Residential House	Plot No.200 Block B	Tabora	Isungilunde	14336LRMWANZA
128	NMB Residential House(Mwanhuzi Branch)	Western Zone	NMB Residential House(Mwa	Plot No.34 and 36 Block D	Simiyu	Bomani	14340
129	NMB Residential House	Western Zone	NMB Residential House(Mwa	Plot No.20,22 and 24 Block D	Simiyu		45674LR MWANZA

Appendix B

NMB BANK PLC

REPORTING ACCOUNTANTS REPORT
DOMESTIC MULTI -CURRENCY
MEDIUM TERM NOTE (DMTN)

AUGUST 2023

TABLE OF CONTENT

INFORMATION MEMORANDUM

KPMG
Certified Public Accountants
2nd Floor, The Luminary
Haile Selassie Road, Masaki
P.O. Box 1160
Dar es Salaam, Tanzania

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Fax +255 22 2600490
Email info@kpmg.co.tz
Internet www.kpmg.com/eastafrica

Reporting Accountant's Report

To
Chief Executive Officer
NMB Head Office
Ohio/Ali Hassan Mwinyi Road
P. O. Box 9213
Dar es Salaam, Tanzania.

Introduction

At your request, we submit our Reporting Accountant's Report for the purpose of issuing a Domestic Multi-currency Medium Term Note (DMTN) as required by Capital Markets and Securities Act, Chapter.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority-Tanzania (CMSA), 2019 and Dar es Salaam Stock Exchange PLC rules, 2022.

Responsibilities of the Directors

The Directors of NMB Bank PLC are responsible for the preparation and accuracy of the historical financial information of NMB Bank PLC for the years ended 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, and the preparation and presentation of the forecasted financial information and the cash flows for the year ending 31 December 2023 ("Forecasted Financial Information") and the assumptions on which it is prepared and the preparation and presentation of the historical financial ratios in accordance with the basis of preparation described in the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority-Tanzania (CMSA), 2019.

The statutory financial statements were audited by Deloitte & Touche for the year ended 31 December 2022 and PricewaterhouseCoopers for the years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 and received unmodified audit reports.

The historical financial information on pages 136 to 296 for the years ended 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, the financial ratios on pages 300 to 306 and Prospective Financial Information on pages 311 to 314 only include information on NMB Bank PLC as a standalone entity and do not include the effects of the subsidiary entity, Upanga Joint Venture Company Limited.

Our responsibilities as reporting accountants

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

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

b) A compilation report in accordance with the requirements of the Capital Markets and Securities Act Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority-Tanzania, 2019 and the International Standard on Related Services applicable to compilation engagements

KPMG

(ISRS) 4410 Compilation Engagements set out on pages 136 to 296.

c) An Independent Limited Assurance Report on financial ratios to NMB Bank PLC prepared for the purpose of issuing Domestic Multi-currency Medium Term Note (DMTN) as required by Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Securities Authority - Tanzania, 2019.

d) A report on the forecasted financial information and cash flows for the year ending 31 December 2023, including a limited assurance conclusion on the reasonableness of the Directors' Assumptions and an opinion on the Forecasted Financial Information in accordance with the International Standard on Assurance

Consent

We as the Reporting Accountant confirm that we have given, and have not, prior to the date of the Information Memorandum, withdrawn our written consent to the inclusion of the Reporting Accountant's Report in the Information Memorandum in the form and context in which it appears.

The engagement partner responsible for the engagement resulting in this Reporting Accountant's Report is Vincent Onjala (TACPA 2722).

For and on behalf of:
KPMG
Certified Public Accountants (T)
P.O. Box 1160 – Dar es Salaam, Tanzania

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Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 15 August 2023

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

We have reviewed the accompanying historical financial information of NMB Bank PLC ("The Bank, or NMB") as set out on pages 136 to 296, which comprise the statements of financial position of NMB Bank PLC as at 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Historical Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical financial statements do not give a true and fair view of the Bank's statements of financial position of NMB Bank PLC as at 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the for the years then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

For and on behalf of:

KPMG
Certified Public Accountants (T)
P. O. Box 1160 – Dar es Salaam, Tanzania

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Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 15 August 2023

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

We have compiled the accompanying financial statements of NMB Bank PLC ("The Bank, or NMB") on pages 136 to 296, based on information you have provided. These financial statements comprise the Bank's statements of financial position of NMB Bank PLC as at 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

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

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

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

For and on behalf of:

KPMG
Certified Public Accountants (T)
P. O. Box 1160 – Dar es Salaam, Tanzania

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Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 15 August 2023

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Interest income	7	953,656	815,446	712,977	653,974	601,638
Interest expense	8	(167,307)	(139,231)	(147,322)	(136,333)	(109,615)
Net interest income		**786,349**	**676,215**	**565,655**	**517,641**	**492,023**
Impairment charge – loans and advances	6.1.5.1(e)	(81,067)	(113,040)	(125,800)	(98,850)	(135,256)
Impairment charge – off-balance sheet exposures	6.1.5.1(e)	(113)	(89)	6,488	(1,560)	(2,049)
Total Impairment charge		**(81,180)**	**(113,129)**	**(119,312)**	**(100,410)**	**(137,305)**
Net interest income after impairment		**705,169**	**563,086**	**446,343**	**417,231**	**354,718**
Fee and commission income	10	419,189	323,432	284,812	215,816	203,003
Fee and commission expense	10	(94,260)	(74,891)	(58,412)	(46,663)	(36,721)
Net fee and commission income		**324,929**	**248,541**	**226,400**	**169,153**	**166,282**
Trading income	21(b)	5,353	2,726	3,107	1,100	1,033
Foreign exchange income	9	48,071	33,583	27,377	24,454	20,914
Other income	11	23,804	21,017	14,395	9,702	7,647
Total operating income		**1,107,326**	**868,953**	**717,622**	**621,640**	**550,594**
Employee benefits expense	12	(266,296)	(243,679)	(195,515)	(182,579)	(166,149)
Other operating expenses	13	(174,910)	(148,920)	(157,814)	(154,365)	(188,871)
Depreciation and amortization	14	(54,509)	(62,467)	(68,550)	(73,608)	(53,933)
Total operating expenses		**(495,715)**	**(455,066)**	**(421,879)**	**(410,552)**	**(408,953)**

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Profit before tax		**611,611**	**413,887**	**295,743**	**211,088**	**141,641**
Income tax expense	15	(182,235)	(123,701)	(89,941)	(68,921)	(43,978)
Profit for the year		**429,376**	**290,186**	**205,802**	**142,167**	**97,663**
Other comprehensive income, net of tax *Items that may be subsequently be reclassified to profit or loss:*						
Fair value gain/(loss) on debt instruments at FVOCI – net of tax	35 (iv)	522	(228)	(257)	168	182
Total comprehensive income for the year		**429,898**	**289,958**	**205,545**	**142,335**	**97,845**
Basic and diluted earnings per share (TZS)	16	**858.75**	**580.37**	**411.60**	**284.33**	**195.33**

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	Note	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Assets						
Cash and balances with Bank of Tanzania	18	1,551,341	1,484,029	1,047,488	1,341,140	1,070,422
Placements and balances with other banks	19	186,941	337,255	170,829	264,326	174,391
Loans and advances to customers	20	6,014,603	4,653,933	4,109,260	3,595,688	3,251,794
Investment in government securities						
- At amortised cost	21(a)	1,915,254	1,683,950	1,275,291	744,527	724,943
- At FVOCI	21(b)	28,778	55,330	28,962	17,027	15,242
Equity investment at FVOCI	22	2,920	2,920	2,920	2,920	2,920
Investment in subsidiary	22	39,639	39,639	39,639	39,639	39,639
Other assets	23	199,061	113,739	64,024	87,657	78,368
Current tax assets	15	-	17,634	8,587	-	13,188
Property and equipment	24	145,316	161,038	181,562	203,044	227,607
Intangible assets	25	18,290	13,888	13,898	20,779	21,241
Right-of-use assets	26 (a)	65,072	65,177	70,027	162,184	-
Deferred tax assets	27	109,475	93,799	85,610	77,084	61,229
Total assets		**10,276,690**	**8,722,331**	**7,098,097**	**6,556,015**	**5,680,984**
Liabilities						
Deposits due to other banks	29	12,445	408	131,224	33,446	20,770
Deposits from customers	28	7,600,147	6,664,263	5,325,455	4,922,278	4,327,607
Other liabilities	30	153,769	143,602	116,669	106,896	93,674
Lease liabilities	26 (b)	68,733	67,142	70,104	156,030	-
Provisions	31	2,079	1,309	971	2,230	3,519
Borrowings	32	749,354	423,190	252,715	276,445	301,388
Subordinated debt	33	-	71,025	71,025	70,998	70,972
Current tax liabilities	15	5,602	-	-	15,303	-
Total liabilities		**8,592,129**	**7,370,939**	**5,968,163**	**5,583,626**	**4,817,930**

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Capital and reserves						
Share capital	35 (i)	20,000	20,000	20,000	20,000	20,000
Retained earnings		1,663,475	1,330,828	1,109,142	951,340	808,448
General reserve		-	-	-	-	33,725
Fair valuation reserve	35 (iv)	1,086	564	792	1,049	881
Total equity		**1,684,561**	**1,351,392**	**1,129,934**	**972,389**	**863,054**
Total equity and liabilities		**10,276,690**	**8,722,331**	**7,098,097**	**6,556,015**	**5,680,984**

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	Total equity TZS' Millions
At 1 January 2022	20,000	1,330,828	564	**1,351,392**
Comprehensive income				
Profit for the year	-	429,376	-	**429,376**
Other comprehensive income (OCI)				
Gain of fair valuation	-	-	790	**790**
Deferred tax on OCI	-	-	(268)	**(268)**
Total comprehensive income	-	429,376	522	**429,898**
Transactions with owners				
Dividends paid for the year 2021	-	(96,729)	-	**(96,729)**
At 31 December 2022	**20,000**	**1,663,475**	**1,086**	**1,684,561**
At 1 January 2021	20,000	1,109,142	792	**1,129,934**
Comprehensive income				
Profit for the year	-	290,186	-	**290,186**
Other comprehensive income (OCI)				
Gain of fair valuation	-	-	(326)	**(326)**
Deferred tax on OCI	-	-	98	**98**
Total comprehensive income	-	290,186	(228)	**289,958**
Transactions with owners				
Dividends paid for the year 2020	-	(68,500)	-	**(68,500)**
At 31 December 2021	20,000	1,330,828	564	**1,351,392**

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	*General reserve TZS' Millions	Total TZS' Millions
At 1 January 2020	**20,000**	**951,340**	**1,049**	**-**	**972,389**
Comprehensive income					
Profit for the year	-	205,802	-	-	205,802
Other comprehensive income (OCI)					
Gain of fair valuation	-	-	(525)	-	(525)
Deferred tax on OCI	-	-	268	-	268
Total comprehensive income	-	205,802	(257)	-	205,545
Transactions with owners					
Dividends paid for the year 2019	-	(48,000)	-	-	(48,000)
At 31 December 2020	**20,000**	**1,109,142**	**792**	**-**	**1,129,934**
At 1 January 2019	**20,000**	**808,448**	**881**	**33,725**	**863,054**
Changes on initial application of IFRS 16					
Comprehensive income					
Profit for the year	-	142,167	-	-	142,167
Other comprehensive income (OCI)					
Gain of fair valuation	-	-	240	-	240
Deferred tax on OCI	-	-	(72)	-	(72)
Total comprehensive income	-	142,167	168	-	142,335
Transfer to retained earnings	-	33,725	-	(33,725)	-
Transactions with owners					-
Dividends paid for the year 2018	-	(33,000)	-	-	(33,000)
At 31 December 2019	**20,000**	**951,340**	**1,049**	**-**	**972,389**

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital TZS' Millions	Retained earnings TZS' Millions	Fair valuation reserve TZS' Millions	*General Banking Risk reserve TZS' Millions	**General reserve TZS' Millions	Total TZS' Millions
At 31 December 2017	20,000	762,047	(127)	-	26,849	808,769
Changes on initial application of IFRS 9 (Note 2)	-	(12,386)	826	-	-	(11,560)
At 1 January 2018	20,000	749,661	699	-	26,849	797,209
Comprehensive income						
Profit for the year	-	97,663	-	-	-	97,663
Other comprehensive income (OCI)						
Gain of fair valuation		-	260	-	-	260
Deferred tax on OCI		-	(78)	-	-	(78)
Total comprehensive income	-	97,663	182	-	-	97,845
Transfer to General Reserve	-	(6,876)	-	-	6,876	-
Transactions with owners						
Dividends paid for the year 2017	-	(32,000)	-	-	-	(32,000)
At 31 December 2018	**20,000**	**808,448**	**881**	**-**	**33,725**	**863,054**

* General Banking Risk Reserve represents an amount set aside to cover additional provision for loan losses required in order to comply with the requirements of the Bank of Tanzania prudential guidelines. This reserve is not available for distribution.

** General Reserve represents 1% provision charged on all current credit accommodation and other risk assets as required by the Bank of Tanzania

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF CASHFLOWS

	Note	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Cash generated from operations	37	29,509	899,973	(53,283)	558,195	(197,692)
Tax refund	15(b)	11,746	-	-	-	-
Tax paid	15(b)	(186,721)	(140,839)	(122,089)	(56,357)	(68,480)
Net cash (used in)/ generated from operations		**(145,466)**	**759,134**	**(175,372)**	**501,838**	**(266,172)**
Cash flows from investing activities						
Proceeds from government securities	21(a)	652,896	591,380	-	-	791,522
Investment in government securities	21(a)	(721,384)	(871,111)	-	-	(608,848)
Investment in government securities at FVOCI	21(b)	(133,443)	(132,115)	-	-	-
Proceeds from government securities at FVOCI	21(b)	170,843	111,714	-	-	-
Purchase of property and equipment	24	(20,690)	(11,286)	(18,755)	(12,649)	(25,530)
Purchase of intangible assets	25	(9,394)	(9,152)	(4,325)	(10,967)	(11,930)
Proceeds on disposal of property and equipment	11	590	12	174	292	365
Lease acquisition		(3,462)	-	-	-	-
Net cash (used in)/ generated from investing activities		**(64,044)**	**(320,558)**	**(22,906)**	**(23,324)**	**145,579**
Cash flows from financing activities						
Proceeds from borrowings	32	427,518	255,190	50,000	88,349	114,565
Principal paid on borrowings	32	(174,141)	(85,398)	(73,857)	(113,426)	(83,730)
Interest paid on borrowings	32	(40,673)	(30,576)	(32,582)	(33,782)	(28,765)
Dividends paid	17	(96,729)	(68,500)	(48,000)	(33,000)	(32,000)
Repayment of lease liabilities	26(b)	(13,454)	(9,824)	(10,858)	(12,783)	-
Net cash generated from/ (used in) financing activities		**102,521**	**60,892**	**(115,297)**	**(104,642)**	**(29,930)**
Net (decrease)/increase in cash and cash equivalents		**(106,989)**	**499,468**	**(313,571)**	**373,872**	**(150,523)**

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS

STATEMENT OF CASHFLOWS (CONTINUED)

	Note	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Cash and cash equivalents at the beginning of the year		1,406,497	907,029	1,232,544	858,732	1,002,394
Balances with mobile network operators		(21,966)	-	(11,944)	(60)	6,861
Cash and cash equivalents end of the year	36	**1,277,542**	**1,406,497**	**907,029**	**1,232,544**	**858,732**
Analysis of cash and cash equivalents at end of the year:						
Cash in hand		474,888	484,254	661,689	498,231	402,709
Balances with Bank of Tanzania (excluding SMR)		615,713	563,022	57,781	450,813	265,614
Deposits and balances due from banking institutions		186,941	337,255	170,829	264,326	174,391
Balances with mobile network operators		-	21,966	16,730	19,174	16,018
		1,277,542	**1,406,497**	**907,029**	**1,232,544**	**858,732**

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS
FOR THE FIVE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

NOTES TO HISTORICAL FINANCIAL STATEMENTS

1. REPORTING ENTITY

NMB Bank PLC (the “Bank) is a public limited liability company and is incorporated and domiciled in the United Republic of Tanzania. The address of its registered office is as disclosed under corporate information.

The Bank is listed on the Dar es Salaam Stock Exchange (DSE). The Bank has equity investments in Tanzania Mortgage Refinance Company Limited (TMRC) and a subsidiary company named Upanga Joint Venture Company (UJVC) Limited.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

(a) Basis of preparation

The financial statements of NMB Bank PLC have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The Consolidated and Bank financial statements have been prepared under the historical cost convention, as modified by the revaluation of debt and equity instruments designated at fair value through other comprehensive income.

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

(b) Changes in accounting policy and disclosures

(i) New standards and amendments to published standards effective for the year ended 31 December 2022

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

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	Makes amendments to the following standards: IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs. • IFRS 9 – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS
FOR THE FIVE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(i) New standards and amendments to published standards effective for the year ended 31 December 2022 (Continued)

Annual Improvements to IFRS Standards 2018–2020 (May 2020) (Continued)	• IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 (May 2020))	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Reference to the Conceptual Framework (Amendments to IFRS 3 (May 2020))	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

		Effective date
Amendments to IFRS 17	IFRS 17 Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information	1 January 2023
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to IFRS 10 and IAS 28	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Not yet set but earlier application permitted

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS
FOR THE FIVE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(i) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.
IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an Company will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional, and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The amendments to IFRS 4 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS
FOR THE FIVE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(i) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022 (continued)

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The Directors do not anticipate that its adoption will result into material impact on the financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments to IAS 12 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendments to IAS 8 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Amendments to IFRS 17

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held

NMB BANK PLC
HISTORICAL FINANCIAL STATEMENTS
FOR THE FIVE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020, 31 DECEMBER 2019 AND 31 DECEMBER 2018

NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(i) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2022 (continued)

Amendments to IFRS 17 (continued)

- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than Banks of insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

Amendments to IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments to IFRS 16 is effective for accounting periods beginning on or after 1 January 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between and Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments is yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors do not anticipate that its adoption will result into material impact on the financial statements.

(ii) Early adoption of standards

- The Company did not early-adopt any new or revised standards in 2022.

The Bank adopted IFRS 16 Leases retrospectively from 1 January 2019 (date of initial application) but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

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2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(ii) Early adoption of standards (continued)

On adoption of IFRS 16, the Bank recognised lease liability of TZS 160 billion, respectively, in relation t leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases These liabilities were measured at the present value of the remaining lease payments, discounted usin the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incrementa borrowing rate applied to the lease liabilities on that date was 4.5% and 11% for USD and TZS leas contracts respectively. The rates are derived from the average borrowing cost of the Bank for similar loan of similar loan term.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing
- an impairment review – there were no onerous contracts as at 1 January 2019
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Bank has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the date of initial application, the Bank relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

	TZS' Million
Operating lease commitment disclosed as at 31 December 2018	425,105
Discounted using the lessee's incremental borrowing rate at the date of initial application	157,351
Less: Short-term leases	(274)
Lease liabilities recognised as at 1 January 2019	**157,077**
Current	13,146
Non-current	144,205
	157,077

(iii) Measurement of right-of-use assets

The right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018.

(iv) Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

	TZS' Millions
Establishment of right-of-use assets of	172,681
Reduction in prepayment by	15,604
Establishment of lease liability	157,077

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3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(ii) Early adoption of standards (continued)

There was no impact on opening retained earnings on 1 January 2019

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Impact on Capital

The recognition of the right of use assets and lease liabilities on Statement of Financial Position will have an impact on the existing framework for calculation of regulatory capital and leverage ratios by the increased amount of assets and liabilities from lease transaction. For regulatory capital purposes, right of use of asset is treated as a tangible asset and apply a risk weight consistent with the risk weight that would be applied to underlying asset.

The adoption of IFRS 16 as at 1 January resulted in decrease of tier 1 and tier 2 capital reported as at 31 December 2018 to 15.8% and 17.72% respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Bank's Executive Committee, this committee is the chief f operating decision maker. Information about segment operations is provided under note 5.

I. Separate financial statements

In the separate financial statements, investment in subsidiary is accounted for at cost less impairment.

(b) Interest income and expense

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Fee and commission income and expense

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

Fees and commission on other services such as ATMs, MNO, Agency banking and bancassurance are recognized at an amount which reflects the consideration which the Bank expects to be entitled in exchange of providing the services. All fees and commissions are generally recognized on accrual basis when the service has been provided. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party - such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses - are recognised on completion of the underlying transaction.

(c) Foreign currency translation

i. *Functional and presentation currency*

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank and the Bank operate (“the functional currency”). The financial statements are presented in Tanzania Shillings (TZS) rounded to the nearest million, which is the Bank’s functional currency.

ii. *Transactions and balances*

Foreign currency transactions are translated into Tanzania Shillings using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

(e) Financial assets and financial liabilities

Initial recognition and measurement

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

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus in the case of a financial asset or financial liability not a fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

Initial recognition and measurement (continued)

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debts instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

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

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

Financial assets

(i) Classification and subsequent measurement

The Bank classifies its financial assets in the following measurement categories:

- Fair Value through profit or loss (FVPL);

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

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

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) The Bank's business model for managing the asset; and
(ii) The cash flow characteristics of the asset.

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 6. Interest income from these financial assets is included in 'Interest income' using effective interest rate method.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

Financial Assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

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

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in interest income' using the effective interest rate method.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for Bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Bank's business model for the mortgage loan book is to hold to collect contractual cash flows, with sales of loans only being made internally to a consolidated SPV for the purpose of collateralising notes issued, with no resulting derecognition by the Bank. Another example is the liquidity portfolio of assets, which are held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purposes of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI*:* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principals and interest (the SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposures to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

Financial Assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Bank reclassifies debts investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

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

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

Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement or profit or loss.

(ii) Impairment

The Bank assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with its debt instruments assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability – weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or efforts at the reporting date about past events, current conditions and forecast of future economic conditions.

Details of the Bank's impairment policy and disclosures are provided under Note 6.1.3 and 6.1.5.

(iii) Modifications of Loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

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

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

Financial Assets (continued)

Modifications of Loans (continued)

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

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

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

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). The loan will remain in its original stage until it meets the criteria as described in Note 3 (f) (iv) on the next page.

(iii) Curing of non-performing financial assets including restructured facilities.

An instrument is considered to no longer have SICR or be in default (i.e., to have cured) when it has been established that the obligor is able to meet the requirements of the agreed terms and conditions.

IFRS 9 allows credit exposures to migrate from higher credit risk categories to lower credit risk categories, that is, from stage 3 to stage 2 and from stage 2 to stage 1.

Under migration from stage 3 to stage 2, the Bank shall consider criteria for upgrade of credit accommodations as follows:

i. in the case of overdraft facilities, the account has satisfactorily performed for a minimum period of two consecutive quarters; and
ii. In the case of term loans, the obligor has timely paid four consecutive installments.

On the other hand, credit exposures may migrate from stage 2 to stage 1 when there is a significant improvement of the credit exposure. In determining whether an exposure should shift backward from stage 2 to stage 1, The Bank shall consider the following;

i. All outstanding payments on the credit facility are made on time and there are no payments in arrears.
II. There is improvement of the quantitative and qualitative factors that caused significant increase of the credit risk.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

Financial Assets (continued)

(iv) Curing of non-performing financial assets including restructured facilities (continued)

Upgrade from stage 2 to stage 1 shall be subject to a monitoring period of 90 days for conventional loans and 30 days for Microfinance loans to confirm if the risk of default has decreased sufficiently before upgrading such exposure.

(v) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.
The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
ii) Is prohibited from selling or pledging the assets; and
iii) Has an obligation to remit any cash it collects from the assets without material delay

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

Financial liabilities
(i) Classification and subsequent measurement

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

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

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

Financial Liabilities (continued)

(ii) Derecognition

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

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

Financial guarantee contracts and loan commitments

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

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

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

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

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

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

Financial guarantees

Financial guarantees are initially recognised in the consolidated and Bank financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation.

Acceptances and letters of credit

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

Undrawn commitments

These are commitments the Bank has made to extend credit to customers and are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

(f) Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. The valuation gain and losses on the borrowings are recognized as part of foreign exchange income in the statement of profit and loss.

(g) Current and deferred income taxes

The income tax expense for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate in accordance with the Income Tax Act, 2004 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Tanzania where the Bank and its subsidiary operate and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with the Income Tax Act, 2004 interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Current and deferred income taxes (continued)

asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(i) Non-financial assets

i. *Property and equipment*

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is provided on the straight-line basis so as to write down the cost of assets to their residual values over their useful economic lives, at the following rates:

ASSETS	**%**
Building	5
Leasehold improvements	5-50
Brand New Motor vehicles	20
Used Motor vehicles	33.3
Furniture, fittings and equipment	20
Computer equipment	33.3

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Non-financial assets (continued)

i. *Property and equipment (Continued)*

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income in the profit or loss.

ii. *Right-of-use assets*

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at amount of lease liability and subsequently adjusted with accumulated amortization and impairment losses, and any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are subject to impairment in line with the Bank's policy as described in note 3(k).

iii. *Intangible assets*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years). Costs associated with maintaining computer software programs are recognised as an expense when incurred.

Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are Banked at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period. No indicators of impairment were identified therefore no non-financial assets were impaired in 2022 (2021: Nil).

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. For the Bank, cash and cash equivalents include: cash and non-restricted balances with Bank of Tanzania, Investment securities and amounts due from other banks. Cash and cash equivalents exclude the cash reserve

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requirement held with the Bank of Tanzania. Cash and cash equivalents are carried at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

ii. Other long-term employee benefit obligations

The liabilities for gratuity payments to employees on contract employment basis is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

iii. Post-employment obligations

The Bank has a statutory requirement to contribute to the Public Service Social Security Fund (PSSSF) and National Social Security Fund (NSSF), which are defined contribution schemes.

Bank contributes 15% of the required 20% of gross emoluments to the scheme and the contributions are recognised as an expense in the period to which they relate. The remaining 5% is deducted from employees. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(m) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(n) Dividend

Dividend distribution to the Bank's shareholders is recognised as a liability in the Bank's financial statements in the period in which the dividends are approved by the Bank's shareholders.

(o) Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The policy on recognition and measurement of right-of-use assets is presented on note 3(j(ii)).

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

(q) Contingencies and commitments

Transactions are classified as contingencies where the Bank and its subsidiary obligations depend on uncertain future events. Items are classified as commitments where the Bank and its subsidiary commit themselves to future transactions if the items will result in the acquisition of assets.

(r) Comparatives

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

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of Consolidated and Bank financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies.

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Measurement of the expected credit loss allowance

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

- Determination criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Estimating Probability of default, Exposure at Default and Loss Given Default

Detailed information about the judgement and estimates made by the Bank are explained under note 6.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

b) Property and equipment, leased premises refurbishments and intangible assets

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

c) Business model assessment

The business model reflects how the Bank manages the financial assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a Bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

d) Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

e) Taxes

The Bank is subjected to several taxes and levies by various government and quasi- government regulatory bodies. As a rule of thumb, the Bank recognizes liabilities for the anticipated tax /levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences.

f) Provisions

The Bank has provided for the liabilities arising out of contractual obligations. Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgements than other types of provisions. When cases are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists because of past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through various stages of the cases, Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognised, and the estimated amounts of any such provisions, revising previous judgements and estimates as appropriate.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

g) Fair valuation of financial instruments

The fair value of financial instruments traded in active markets at the financial reporting date is based on their quoted bid market price or dealer price quotations without any deductions for transaction costs. For all other financial assets not listed in an active market, the fair value is determined by using appropriate valuation techniques.

In determining the fair value of government securities that are designated as fair value through other comprehensive income, the Bank uses yields of similar instruments traded in Bank of Tanzania's auctions. Changes in valuation assumptions could affect the reported fair value of financial instruments. For example, to the extent that the Directors increased the yield rate by 1 basis point, the fair values would be estimated at TZS 22,799 million (2021: TZS 55,292 million) as compared to their reported fair value of TZS 28,778 million as at 31 December 2022 (2021: TZS 55,330 million). If the yield rate had decreased by 1 basis points the fair value would be estimated at TZS 22,799 million (2021: TZS 55,367 million). The fair values would be estimated at TZS 28,946 million (2019: TZS 16,703 million) as compared to their reported fair value of TZS 28,962 million at 31 December 2020 (2019: TZS 17,027 million). If the yield rate had decreased by 10 basis points the fair value would be estimated at TZS 28,978 million (2019: TZS 16,670 million). Estimated at TZS 15,991 million as compared to their reported fair value of TZS 15,242 million at 31 December 2018. If the yield rate had decreased by 10 basis points the fair value would be estimated at TZS 15,318 million.

In determining the fair value of unquoted equity investment in TMRC, the Bank used a price of recent transaction of the shares of the Company. If the price of the shares would have increased/decreased by 10% the fair value of the investments would have been increased/decreased by TZS 292 million (2021: TZS 292 million).

h) Leases - Estimating the incremental borrowing rate

- The Bank uses Incremental Borrowing Rate (IBR) on all its Leases except for one Lease for which the Bank had enough information to determine the rate implicit in the lease. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market interest rates) when available. If the discount rate used would have increased by 10%, the lease liability of the Bank would have decreased by TZS 1,703 million (2021: TZS 1,977million). If the discount rate used would have decreased by 10%, the lease liability would have decreased by TZS 1,867 million (2021: TZS 2,251 million).

5. SEGMENT REPORTING

The Bank has the following business segments: Treasury, Retail, Wholesale banking, and UJVC (the Bank's subsidiary). The operating segments are reported in a manner consistent with the internal reporting provided to the Bank's Executive Committee (The Chief Operating Decision-Maker), which is responsible for allocating resources to the reportable segments and assessing their performances. All operating segments used by the Bank meet the definition of a reportable segment under IFRS 8.

Operating segments

The Bank comprises the following main operating segments:

(i) **Wholesale Banking** - includes loans & advances to customers, customers deposits and borrowings from abroad that are used to finance lending to corporate customers in Wholesale banking.

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5. SEGMENT REPORTING (CONTINUED)

(ii) **Retail Banking** - includes loans & advances to customers, customers deposits, public borrowings like Sustainable bond, TMRC borrowings and borrowings from abroad used to facilitate lending in Retail banking.

(iii) **Treasury** - undertakes the Bank's funding and centralised risk management activities through borrowings, issues of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities. The segment includes cash and balances with Bank of Tanzania, placements and balances with other banks, investments in equity, government and debt securities and public bonds likes of Sukuk Bond and Shareholders fund.

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5. SEGMENT REPORTING (CONTINUED)

Operating segments (continued)

(iv) **UJVC** – includes operations of Upanga Joint Venture Company, a subsidiary of the Bank.

Assets and liabilities that don't fall under these categories are classified as unallocated balances.

Revenue and assets reported to the Bank's Executive Committee are measured in a manner consistent with that of the financial statements.

In arriving to segmented net interest income, an internal allocation of interest income and interest expenses between businesses has been done to recognise and measure how much each source of funding and each user of funding is contributing to overall profitability of the Bank. Operating expenses for the Bank have also been allocated to the business using an internally agreed allocation ratio.

All customers are based in Tanzania, except for interbank placements with corresponding banks. There was no income deriving from transactions with a single external customer that amounted to 10 % or more of the Bank's total income.

	Treasury	Wholesale banking	Retail banking	Total
2022				
Interest income	177,780	70,707	705,169	953,656
Interest expense	(7,735)	(62,128)	(97,444)	(167,307)
Net Interest Income	170,045	8,579	607,725	**786,349**
Loan impairment charges	-	(24,308)	(56,872)	(81,180)
Net fees and commission, trading, foreign exchange and other income	53,425	63,765	284,967	402,157
Employee benefits expense	(23,966)	(50,596)	(191,734)	(266,296)
General and administrative expenses	(15,741)	(33,231)	(125,938)	(174,910)
Depreciation and amortization	(4,905)	(10,356)	(39,248)	(54,509)
Profit before tax	**178,858**	**(46,147)**	**478,900**	**611,611**
Income tax provision	(53,292)	13,750	(142,693)	(182,235)
Profit after tax	**125,566**	**(32,397)**	**336,207**	**429,376**
Segment assets, liabilities and equity				
Segment assets	3,719,911	1,078,768	5,194,447	9,993,126
Unallocated assets	-	-	-	283,564
Total assets	**3,719,911**	**1,078,768**	**5,194,447**	**10,276,690**
Segment liabilities	11,815	3,096,885	5,122,789	8,231,489
Unallocated liabilities	-	-	-	360,640
Equity	1,684,561	-	-	1,684,561
Total liabilities and equity	**1,696,376**	**3,096,885**	**5,122,789**	**10,276,690**

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5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Executive Committee for the reportable segments for the year ended 31 December 2021 is as follows; (all amounts in TZS million).

	Treasury	Wholesale banking	Retail banking	Total
2021				
Interest income	135,612	64,732	615,102	815,446
Interest expense	(10,522)	(49,157)	(79,552)	(139,231)
Net Interest Income	125,090	15,575	535,550	**676,215**
Loan impairment charges	-	(60,989)	(52,140)	(113,129)
Net fees and commission, trading, foreign exchange and other income	36,309	49,500	220,058	305,867
Employee benefits expense	(21,931)	(46,299)	(175,449)	(243,679)
General and administrative expenses	(13,403)	(28,295)	(107,222)	(148,920)
Depreciation and amortization	(5,622)	(11,869)	(44,976)	(62,467)
Profit before tax	**120,443**	**(82,377)**	**375,821**	**413,887**
Income tax provision	(35,998)	24,599	(112,302)	(123,701)
Profit after tax	**84,445**	**(57,778)**	**263,519**	**290,186**
Segment assets, liabilities and equity				
Segment assets	3,541,913	645,931	4,008,002	8,195,846
Unallocated assets	-	-	-	526,485
Total assets	**3,541,913**	**645,931**	**4,008,002**	**8,722,331**
Segment liabilities	68,190	2,298,892	4,767,511	7,134,593
Unallocated liabilities	-	-	-	236,346
Equity	-	-	-	1,351,392
Total liabilities and equity	**68,190**	**2,298,892**	**4,767,511**	**8,722,331**

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5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2020 is as follows;
(All amounts in TZS million):

	Treasury	Wholesale banking	Retail banking	Total
2020				
Interest income	109,409	73,396	530,172	712,977
Interest expense	(9,104)	(55,300)	(82,918)	(147,322)
Net Interest Income	**100,305**	**18,096**	**447,254**	**565,655**
Impairment charges-off and on balance sheet items	-	(79,586)	(39,726)	(119,312)
Net fees and commission, trading, foreign exchange and other income	30,146	35,173	205,324	270,643
Employee benefits expense	(18,988)	(39,967)	(151,326)	(210,281)
General and administrative expenses	(15,432)	(32,128)	(108,052)	(155,612)
Depreciation and amortization	(4,979)	(10,617)	(39,755)	(55,350)
Profit before tax	**91,052**	**(109,028)**	**313,719**	**295,743**
Income tax provision	(27,691)	33,158	(95,408)	(89,941)
Profit after tax	**63,361**	**(75,870)**	**218,311**	**205,802**
Segment assets	2,481,095	669,248	3,644,822	6,795,164
Unallocated assets	-	-	-	302,933
Total assets	**2,481,095**	**669,248**	**3,644,822**	**7,098,097**
Segment liabilities	198,190	1,526,657	3,600,608	5,325,455
Unallocated liabilities	-	-	-	642,708
Equity	-	-	-	1,129,934
Total liabilities and equity	**198,190**	**1,526,657**	**3,600,608**	**7,098,097**

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5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2019 is as follows;
(All amounts in TZS million):

2019	Treasury	Wholesale banking	Retail banking	UJVC	(Eliminations)/ consolidation	Total
Interest income	97,230	74,005	482,738	-	(778)	653,195
Interest expense	(10,396)	(44,401)	(81,536)	(778)	6,291	(130,820)
Net Interest Income	86,834	29,604	401,202	(778)	5,513	**522,375**
Impairment charges-off and on balance sheet items	-	(37,090)	(63,320)	-	-	(100,410)
Net fees and commission, trading, foreign exchange and other income	25,554	34,139	144,716	6,033	(6,033)	204,409
Employee benefits expense	(16,432)	(34,690)	(131,457)	-	-	(182,579)
General and administrative expenses	(13,893)	(29,330)	(111,143)	(202)	-	(154,568)
Depreciation and amortization	(6,625)	(13,986)	(52,997)	(1,971)	2,212	(73,367)
Profit before tax	**75,438**	**(51,353)**	**187,001**	**3,082**	**1,692**	**215,860**
Income tax provision	(25,040)	17,046	(62,072)	(1,056)	-	(71,122)
Profit after tax	**50,398**	**(34,307)**	**124,929**	**2,026**	**1,692**	**144,738**
Segment assets	2,369,940	1,140,342	2,455,346	47,648	(182,945)	5,830,331
Unallocated assets	-	-	-	-	-	587,096
Total assets	**2,369,940**	**1,140,342**	**2,455,346**	**47,648**	**(182,945)**	**6,417,427**
Segment liabilities	347,443	1,443,715	3,512,009	47,648	(182,945)	5,167,870
Unallocated liabilities	-	-	-	-	-	280,455
Equity	-	-	-	-	-	969,102
Total liabilities and equity	**347,443**	**1,443,715**	**3,512,009**	**47,648**	**(182,945)**	**6,417,427**

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5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the Bank's Management Team for the reportable segments for the year ended 31 December 2018 is as follows:
(all amounts in TZS million):

2018	Treasury	Wholesale banking	Retail banking	Agribusiness	UJVC	(Eliminations)/ consolidation	Total
Interest income	100,234	75,618	409,122	16,664	-	(1,083)	600,555
Interest expense	(6,740)	(41,146)	(56,058)	(5,671)	(1,083)	1,083	(109,615)
Net Interest Income	**93,494**	**34,472**	**353,064**	**10,993**	**(1,083)**	**-**	**490,940**
Loan impairment charges	-	(59,496)	(62,296)	(15,513)	-	-	(137,305)
Net fees and commission, trading, foreign exchange and other income	20,914	33,036	138,208	3,718	5,980	(6,033)	195,823
Employee benefits expense	(15,784)	(31,568)	(98,859)	(19,938)	-	-	(166,149)
General and administrative expenses	(17,370)	(34,739)	(108,789)	(21,940)	(205)	-	(183,043)
Depreciation and amortization	(5,696)	(11,394)	(35,680)	(7,196)	(1,971)	6,033	(55,904)
Profit before tax	**75,558**	**(69,689)**	**185,648**	**(49,876)**	**2,721**	**-**	**144,362**
Income tax provision	(23,460)	21,638	(57,642)	15,486	577	-	(43,401)
Profit after tax	**52,098**	**(48,051)**	**128,006**	**(34,390)**	**3,298**	**-**	**100,961**
Segment assets, liabilities and equity							
Total assets	**2,280,442**	**716,511**	**2,547,557**	**137,253**	**56,171**	**(61,721)**	**5,676,213**
Total liabilities and equity	**1,357,096**	**1,298,511**	**2,947,962**	**78,194**	**56,171**	**(61,721)**	**5,676,213**

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6. FINANCIAL RISK MANAGEMENT

The Bank's subsidiary does not have significant operations (Note 22 (b)). The financial assets and liabilities of the Bank's subsidiary mainly consist of loans from related parties that are eliminated on consolidation and other assets and liabilities that are not material to the Bank. Consequently, the financial risk management information presented below relates only to the Bank.

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance.

Risk management is carried out by the Risk Department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, market risk (foreign exchange risk, interest risk and price risk) and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

6.1 Credit risk

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

6.1.1 Credit risk measurement

Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This approach is similar to the one used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. The loan book is split into term loans and overdrafts (secured & unsecured) and off-balance sheet items (these include letters of credit and guarantees, etc).

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.1 Credit risk measurement (continued)

Loans and advances (continued)

The Bank considers term loans and advances to be in default if the repayment of the loan instalment (principal and accrued interest) is more than 90 days past due for all product types. A revolving facility is in default if the facility is drawn above the limit for more than 90 consecutive days during the lifetime of the facility or if the drawn amount is still outstanding 90 days after maturity of the facility or if a related term loan is in default.

For regulatory purposes and for internal monitoring of the quality of the loan portfolio, all customers are segmented into five rating classes as shown below:

Bank's rating	Number of days past due	IFRS Staging
Current	0 - 30	Stage 1
Especially mentioned	31 - 90	Stage 2
Sub-standard	91 -180	Stage 3
Doubtful	181 - 360	Stage 3
Loss	361 and more	Stage 3

For internal monitoring of balances with other banks, banks are rated into three categories based on their financial position. Additionally, qualitative characteristics are taken into consideration when scoring a counterparty. Counterparts with history of default are usually rated as Medium to High risk and dealing limits are cancelled.

Bank's rating	Score	Staging
Defaulted	Above 3	Stage 3
High	2.51 - 3	Stage 2
Medium	1.51 – 2.5	Stage 1
Low	1 -1.51	Stage 1

The Bank's balances with other banks as at 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, are all low risk.

The loans and advances to customers portfolio analysed for regulatory purposes is shown below:

Amounts in TZS' Millions	As at 31 December 2022				
	Secured	Unsecured	Agri business	Overdraft	Total
Current	1,095,587	4,059,865	470,028	229,762	5,855,242
Especially mentioned	123,142	10,555	50,200	8,444	192,341
Sub-standard	9,457	10,508	17,958	736	38,659
Doubtful	12,315	10,661	14,498	4,671	42,145
Loss	44,886	22,145	26,095	21,163	114,289
Gross carrying amount	**1,285,387**	**4,113,734**	**578,779**	**264,776**	**6,242,676**
Loss allowance	(124,370)	(37,248)	(43,260)	(23,195)	(228,073)
Carrying amount	**1,161,017**	**4,076,486**	**535,519**	**241,581**	**6,014,603**

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.1 Credit risk measurement (continued)

Loans and advances (continued)

The loans and advances to customers portfolio analysed for regulatory purposes is shown below:

	As at 31 December 2021					As at 31 December 2020				
Amounts in TZS' Millions	**Secured**	**Unsecured**	**Agribusiness**	**Overdraft**	**Total**	**Secured**	**Unsecured**	**Agribusiness**	**Overdraft**	**Total**
Current	786,133	3,225,084	278,185	236,058	**4,525,460**	719,139	2,770,599	144,936	283,348	3,918,022
Especially mentioned	110,651	11,701	9,619	11,940	**143,911**	112,008	8,948	35,268	8,638	164,862
Sub-standard	39,718	7,972	19,015	9,928	**76,633**	22,058	15,321	36,360	1,364	75,103
Doubtful	16,101	10,901	13,109	4,735	**44,846**	20,043	11,935	8,395	5,189	45,562
Loss	35,784	16,731	13,165	7,389	**73,069**	50,009	9,173	21,454	29,986	110,622
Gross carrying amount	**988,387**	**3,272,389**	**333,093**	**270,050**	**4,863,919**	**923,257**	**2,815,976**	**246,413**	**328,525**	**4,314,171**
Loss allowance	(123,392)	(34,274)	(39,908)	(12,412)	**(209,986)**	(101,734)	(35,383)	(46,238)	(21,454)	(204,809)
Carrying amount	**864,995**	**3,238,115**	**293,185**	**257,638**	**4,653,933**	**821,523**	**2,780,593**	**200,175**	**307,071**	**4,109,362**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies

(a) *Lending limits*

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

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

(b) Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties;
- Cash collaterals;
- Chattle Mortgages
- Charges over business assets such as inventory and accounts receivable;
- Guarantees from government and financial institutions; and
- Charges over financial instruments such as debt securities and equities.

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

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

(b) Collateral (continued)

Apart from other category, the Bank has been closely monitoring collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Credit impaired assets

(Amounts in TZS Millions)	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Market Value of Collateral**
At 31 December 2022				
Secured	66,658	28,039	38,619	63,146
Unsecured	43,314	24,602	18,712	-
Overdraft	26,570	12,932	13,638	22,452
Agribusiness	58,551	36,075	22,476	27,872
Total	**195,093**	**101,648**	**93,445**	**113,470**

(Amounts in TZS Millions)	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Market Value of Collateral**
At 31 December 2021				
Secured	91,603	36,088	55,515	205,661
Unsecured	35,604	20,577	15,027	-
Overdraft	22,052	5,815	16,237	125,546
Agribusiness	45,289	19,703	25,586	56,737
Total	**194,548**	**82,183**	**112,365**	**387,944**

(Amounts in TZS Millions)	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Market Value of Collateral**
At 31 December 2020				
Secured	92,110	36,772	55,338	103,873
Unsecured	36,429	18,853	17,576	-
Overdraft	36,539	17,153	19,386	94,930
Agribusiness	66,209	40,478	25,731	49,155
Total	**231,287**	**113,256**	**118,031**	**247,958**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.2 Risk limit control and mitigation policies (continued)

(b) Collateral (continued)

Credit impaired assets (amounts in TZS Millions)	Gross exposure	Impairment allowance	Carrying amount	Market Value of Collateral
MSE	26,496	8,722	17,774	82,789
SWL	20,004	10,974	9,030	-
Other consumer loans	6,876	4,245	2,631	2,371
Corporate Customers	115,619	59,471	56,148	134,675
SME	36,664	14,822	21,842	122,101
Agribusiness loans	48,291	31,171	17,120	55,804
Total	**253,950**	**129,405**	**124,545**	**397,740**

Credit impaired assets (amounts in TZS Millions)	Gross exposure	Impairment allowance	Carrying amount	Market Value of Collateral
MSE	17,442	16,217	1,225	-
SWL	13,802	13,729	73	-
Other consumer loans	3,767	3,505	262	213
Corporate Customers	111,150	45,737	65,413	153,180
SME	26,567	11,231	15,336	53,973
Agribusiness	18,085	8,241	9,844	21,475
Total	**190,813**	**98,660**	**92,153**	**228,841**

(c) Credit-related commitments

The main purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit hold the same credit risk as loans. Documentary and commercial letters of credit - which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate.

Undrawn commitments represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on undrawn commitments, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most undrawn commitments are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Refer to note 6.1.3.1 for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 6.1.3.2 for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 6.1.3.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 6.1.3.4 includes an explanation of how the Bank has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing, there must be sufficient information for the Bank to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

- Product type (e.g. Overdraft, Term loans, Letter of credit etc.)
- Repayment type (e.g. Repayment/Interest only)
- Loan to value ratio for retail mortgages
- Credit risk grading
- Industry – Agribusiness loans are assessed independently in their own model
- Collateral type – whether secured or unsecured

The following exposures are assessed individually:

- Stage 3 loans, secured loans and overdraft facilities
- Properties in repossession proceedings

The appropriateness of the bank is monitored and reviewed on a periodic basis by the Credit Risk team.

The Bank groups its exposures based on product type and has specified the following default product segments under the ‘product type’ criteria where each product is identified by a specific product code.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (continued)

Secured term loans - This Bank comprises all term loan products secured by collateral i.e. legal mortgage, guarantee or cash cover. Products in this Bank consist of Corporate, MSE, Special Asset Loan, Invoice Financing loans, Personal loans with cash cover, SME, Staff mortgage and Car loans.

Unsecured term loans - This comprises all unsecured facilities. Products in this Bank consist of Staff loans, Salaries Workers' Loans and salary advance.

Agribusiness loans – This Bank comprises all term loans and overdraft facility advances to customers engaged in agriculture operations. It comprises customers classified as SME and Corporates.

Overdrafts – This Bank comprises all overdraft advances to customers issued to SME and Corporate customers other than those included in Agribusiness.

Off balance sheet items – This Bank comprises all financial guarantees, letter of credit and unutilized loan commitments.

6.1.3.1: Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Qualitative criteria

<u>Loans and advances to customers</u>

A loan facility is assessed to have significant increase in credit risk if the borrower meets one or more of the following criteria:

- Direct debit cancellation;
- Extension to the terms granted;
- Previous arrears within the last 12 months;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default;
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans; and
- Identified fraudulent activities in issuing the loan

The assessment of SICR incorporates forward-looking information and is performed on an annual basis at a portfolio level. A watch list is used to monitor credit risk on a monthly basis through Loan Portfolio Quality (LPQ) committee. This assessment is performed at the counterparty level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3 Expected credit loss measurement (continued)

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

Loans and advances to banks

The following qualitative factors are considered as indicators of significant increase in credit risk

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

6.1.3.2: Definition of default and credit impaired assets

Government securities

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

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

Quantitative criteria:

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Low credit risk

Government securities such as treasury bills and bonds measured at amortised cost and at fair value through other comprehensive income are classified as low credit risk financial instruments and impairment will be recorded only if there is evidence of expected default on Government securities. It is important to note that there is no history of default on the Tanzanian Government securities.

Loans and advances to customers

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

Quantitative

The Bank considers a term loan to be in default if the repayments on the loan are more than 90 days past due for all product types. The Bank considers Agribusiness loans to be in default if the bullet repayment on the loan is more than 90 days past due and further considering a revolving facility in default if the facility is drawn above the loan limit for more than 90 consecutive days during the lifetime of the facility or if the drawn amount is still outstanding 90 days after maturity of the facility.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3: Expected credit loss measurement (continued)

6.1.3.2: Definition of default and credit impaired assets (continued)

Qualitative

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where: -

- the borrower is in long-term forbearance;
- the borrower is deceased;
- the borrower is insolvent;
- the borrower is in breach of financial covenant(s);
- an active market for that financial asset has disappeared because of financial difficulties;
- concessions have been made by the lender relating to the borrower's financial difficulty;
- fraudulent activities were conducted in issuance of the loan;
- it is becoming probable that the borrower will enter bankruptcy; and
- financial assets are purchased or originated at a deep discount that reflects incurred credit losses.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank's expected loss calculations.

Loans and advances to banks

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

- When repayments of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay;
- When counterpart is taken under management by Statutory Manager;
- When counterpart licence has been revoked by Central Banks; and
- When counterpart has been declared bankrupt by responsible bodies like Registration, Insolvency and Trusteeship Agency (RITA) and Court.

Government securities

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

- When repayments of interest and principal are not made on time as per contractual schedules to the extent of 30 days delay;
- When the government is downgraded to below "C" Status by International Rating Agency such as Moody's. S&P or Fitch; and
- When the government is declared default/bankrupt by responsible agencies like World Bank or IMF.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3: Expected credit loss measurement (continued)

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

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- The Bank estimates the Loss Given Default for unsecured term loans based on recoveries on loans that defaulted and were written off and collections from loans that defaulted but were not written off. On secured term loans and overdraft facilities the Bank considers collateral value discounted using an effective interest rate. An average LGD obtained from NPL collections and recoveries of secured segment applied for few credit facilities under secured segment with no collaterals attachment following the agreed special arrangement on securities.

- The probability of default for off-balance sheets items has been estimated at 0.05% based on Basel due to limitation of historical default data and loss given default estimated using collateral value discounted using an effective interest rate.

6.1.3.4: Forward-looking information incorporated in the ECL models

The assessment of PDs and the calculation of ECL incorporate forward-looking information. The Bank has performed historical analysis and identified the key macro-economic variables affecting credit risk and expected credit losses for each portfolio. These macro-economic variables and their associated impact on the PD vary between secured and unsecured loans and off-balance sheet exposure. Expert judgment has also been applied in this process. Forecasts of these macro-economic variables (the “base scenario”) are provided by the Bank economists on an annual basis and provide the best estimate view of the economy over the next five years.

After three years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to reflect either a long run average rate (e.g. unemployment) or long run average growth rate (e.g. GDP, private credit growth) over a period of the past three years. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3: Expected credit loss measurement (continued)

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

In addition to the base economic scenario, the Bank economists also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major segment type to ensure non-linearity are captured. The number of scenarios and their attributes are reassessed at each reporting date. The Bank concluded that three scenarios appropriately captured non-linearity.

The scenario weightings are determined by a combination of statistical analysis and expert economic judgement, taking account of the range of possible outcomes each chosen scenario is representative of. Following this assessment, the Bank measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Bank’s different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3: Expected credit loss measurement (continued)

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

Economic variable assumptions

The review of economic variables has been done on regular basis whereby Gross National Expenditure (GNE) and Credit Growth in Private Sector were applied from 2018-2022.

The most significant period-end assumptions used for the ECL estimate from 31 December 2022 to 31 December 2018 are set out below.

2022 **Credit growth in private sector**	**2022**	**2023**	**2024**	**2025**	**2026**
Base	4.5%	5.2%	9.6%	6.0%	3.0%
Upside	5.2%	7.2%	12.0%	8.0%	4.5%
Downside	3.0%	4.5%	7.2%	5.20%	1.7%

2021 **Credit growth in private sector**	**2021**	**2022**	**2023**	**2024**	**2025**
Base	4.5%	4.5%	5.2%	9.6%	6.0%
Upside	6.0%	5.2%	7.2%	12.0%	8.0%
Downside	3.0%	3.0%	4.5%	7.2%	5.2%

2020 **Credit growth in private sector**	**2020**	**2021**	**2022**	**2023**	**2024**
Base	9.5%	10.0%	10.5%	11.0%	11.0%
Upside	12.0%	14.0%	14.5%	15.0%	15.0%
Downside	4.9%	6.1%	6.5%	7.0%	7.0%

2019 **Credit growth in private sector**	**2019**	**2020**	**2021**	**2022**	**2023**
Base	7.5%	9.5%	10%	10.5%	11.0%
Upside	10.5%	12.0%	14%	14.5%	15.0%
Downside	3.5%	4.9%	6.1%	6.5%	7.0%

2018 **Credit growth in private sector**	**2019**	**2020**	**2021**
Base	8%	10%	10%
Upside	11%	12%	14%
Downside	4%	5%	6%

During the year the Bank model incorporated the new assumption of the Gross National Expenditure (GNE) as shown in the following table.

GNE as percentage of GDP	**2022**	**2023**	**2024**	**2025**	**2026**
Base	62%	59%	62%	59%	57%
Upside	64%	64%	67%	66%	58%
Downside	59%	57%	59%	58%	55%

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.3: Expected credit loss measurement (continued)

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

GNE as percentage of GDP	2021	2022	2023	2024	2025
Base	59%	62%	59%	62%	59%
Upside	62%	64%	64%	67%	66%
Downside	58%	59%	57%	59%	58%

For the years 2022,2021,2020, 2019 and 2018, the weightings assigned to each economic scenario was 80%, 10% and 10% for “base”, “upside” and “downside” respectively.

If the credit growth in private sector changed by 10% and the GNE changed by 10%, the changes in expected loss allowance would have been as follows:

Sensitivity Analysis	2022	
Amounts in TZS Millions	Higher end	Lower end
Secured term loans	2,253	(2,223)
Unsecured term loans	1,730	(1,579)
Overdraft facilities	3,021	(3,021)
Agribusiness	849	(822)
Total expected credit loss	**7,853**	**(7,645)**

Sensitivity Analysis	2021		2020	
Amounts in TZS Millions	Higher end	Lower end	Higher end	Lower end
Secured term loans	883	(554)	159	(154)
Unsecured term loans	1,140	(865)	321	(315)
Overdraft facilities	787	(650)	104	(133)
Agribusiness	865	(1,306)	185	(186)
Off-balance sheet exposures	-	-	-	-
Total expected credit loss	**3,675**	**(3,375)**	**769**	**(788)**

Sensitivity Analysis	2019		2018	
Amounts in TZS Millions	Higher end	Lower end	Higher end	Lower end
Secured term loans	211	208	15,918	15,570
Unsecured term loans	288	284	7,429	7,613
Overdraft facilities	120	120	3,908	3,653
Agribusiness	-	-	6,145	5,843
Off-balance sheet exposures	-	-	5,171	4,833
Total expected credit loss	**619**	**612**	**32,426**	**37,512**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure

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

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

Summary of tables of maximum exposure to credit risk

	Stage 1		Stage 2		Stage 3		Grand Total	
Model Segment	**Gross Carrying Amount**	**ECL Amount**	**Gross Carrying Amount**	**ECL Amount**	**Gross Carrying Amount**	**ECL Amount**	**Gross Carrying Amount**	**ECL Amount**
2022								
Agribusiness	470,028	4,354	50,200	2,831	58,551.000	36,075	578,779	43,260
Overdraft	229,762	4,294	8,444	5,969	26,570	12,932	264,776	23,195
Secured	1,095,587	6,862	123,142	89,469	66,658	28,039	1,285,387	124,370
Unsecured	4,059,865	12,399	10,555	247	43,314	24,602	4,113,734	37,248
Total	**5,855,242**	**27,909**	**192,341**	**98,516**	**195,093**	**101,648**	**6,242,676**	**228,073**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (Continued)

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

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

Summary of tables of maximum exposure to credit risk

	Stage 1		Stage 2		Stage 3		Grand Total	
Model Segment	**Gross Carrying Amount**	**ECL Amount**	**Gross Carrying Amount**	**ECL Amount**	**Gross Carrying Amount**	**ECL Amount**	**Gross Carrying Amount**	**ECL Amount**
2021								
Agribusiness	278,185	17,194	9,619	3,011	45,289	19,703	333,093	39,908
Overdraft	236,058	6,549	11,940	48	22,052	5,815	270,050	12,412
Secured	786,133	6,145	110,651	81,159	91,603	36,088	988,387	123,392
Unsecured	3,225,084	13,537	11,701	160	35,604	20,577	3,272,389	34,274
Total	**4,525,460**	**43,425**	**143,911**	**84,378**	**194,548**	**82,183**	**4,863,919**	**209,986**
2020								
Agribusiness	144,936	4,777	35,268	983	66,209	40,478	246,413	46,238
Overdraft	283,348	4,230	8,638	71	36,539	17,153	328,525	21,454
Secured	719,139	4,868	112,008	60,094	92,110	36,772	923,257	101,734
Unsecured	2,770,599	16,294	8,948	236	36,429	18,853	2,815,976	35,383
Total	**3,918,022**	**30,169**	**164,862**	**61,834**	**231,287**	**113,256**	**4,314,171**	**204,809**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

(a) Secured term loans

	ECL Staging			
Amounts in TZS' Millions	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 31 December 2022				
Current	1,095,587	-	-	1,095,587
Especially mentioned	-	123,142	-	123,142
Sub-standard	-	-	9,457	9,457
Doubtful	-	-	12,315	12,315
Loss	-	-	44,886	44,886
Gross carrying amount	**1,095,587**	**123,142**	**66,658**	**1,285,387**
Loss allowance	(6,862)	(89,469)	(28,039)	(124,370)
Carrying amount	**1,088,725**	**33,673**	**38,619**	**1,161,017**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

(a) Secured term loans	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 31 December 2021				
Current	786,133	-	-	786,133
Especially mentioned	-	110,651	-	110,651
Sub-standard	-	-	39,718	39,718
Doubtful	-	-	16,101	16,101
Loss	-	-	35,784	35,784
Gross carrying amount	**786,133**	**110,651**	**91,603**	**988,387**
Loss allowance	(6,145)	(81,159)	(36,088)	(123,392)
Carrying amount	**779,988**	**29,492**	**55,515**	**864,995**
As at 31 December 2020				
Current	719,139	-	-	719,139
Especially mentioned	-	112,008	-	112,008
Sub-standard	-	-	22,058	22,058
Doubtful	-	-	20,043	20,043
Loss	-	-	50,009	50,009
Gross Carrying amount	**719,139**	**112,008**	**92,110**	**923,257**
Loss allowance	(4,868)	(60,094)	(36,772)	(101,734)
Carrying amount	**714,271**	**51,914**	**55,338**	**821,523**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

Amounts in TZS' Millions	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2019				
Credit grade				
Current	765,001	-	-	765,001
Especially mentioned	-	104,390	-	104,390
Sub-standard	-	-	26,783	26,783
Doubtful	-	-	31,560	31,560
Loss	-	-	77,701	77,701
Gross carrying amount	**765,001**	**104,390**	**136,044**	**1,005,435**
Loss allowance	(6,004)	(19,981)	(65,305)	(91,290)
Carrying amount	**758,997**	**84,409**	**70,739**	**914,145**
As at 31 December 2018				
Credit grade				
Current	745,712	-	-	745,712
Especially mentioned	-	131,529	-	131,529
Sub-standard	-	-	72,409	72,409
Doubtful	-	-	25,517	25,517
Loss	-	-	5,363	5,363
Gross Carrying amount	**745,712**	**131,529**	**103,289**	**980,530**
Loss allowance	(6,705)	(9,039)	(61,560)	(77,304)
Carrying amount	**739,007**	**122,490**	**41,729**	**903,226**

(b) Unsecured term loans

Amounts in TZS' Millions	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2022				
Current	4,059,865	-	-	4,059,865
Especially mentioned	-	10,555	-	10,555
Sub-standard	-	-	10,508	10,508
Doubtful	-	-	10,661	10,661
Loss	-	-	22,145	22,145
Gross carrying amount	**4,059,865**	**10,555**	**43,314**	**4,113,734**
Loss allowance	(12,399)	(247)	(24,602)	(37,248)
Carrying amount	**4,047,466**	**10,308**	**18,712**	**4,076,486**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

(b) Unsecured term loans

Amounts in TZS' Millions	ECL Staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 31 December 2021				
Current	3,225,084	-	-	3,225,084
Especially mentioned	-	11,701	-	11,701
Sub-standard	-	-	7,972	7,972
Doubtful	-	-	10,901	10,901
Loss	-	-	16,731	16,731
Gross carrying amount	**3,225,084**	**11,701**	**35,604**	**3,272,389**
Loss allowance	(13,537)	(160)	(20,577)	(34,274)
Carrying amount	**3,211,547**	**11,541**	**15,027**	**3,238,115**
As at 31 December 2020				
Current	2,770,599		-	2,770,599
Especially mentioned	-	8,948	-	8,948
Sub-standard	-	-	15,321	15,321
Doubtful	-	-	11,935	11,935
Loss	-	-	9,173	9,173
Gross carrying amount	**2,770,599**	**8,948**	**36,429**	**2,815,976**
Loss allowance	(16,294)	(236)	(18,853)	(35,383)
Carrying amount	**2,754,305**	**8,712**	**17,576**	**2,780,593**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

(b) Unsecured term loans

	ECL Staging			
Amounts in TZS' Millions	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Credit grade				
As at 31 December 2019				
Current	2,261,340	-	-	2,261,340
Especially mentioned	-	8,237	-	8,237
Sub-standard	-	-	8,705	8,705
Doubtful	-	-	10,442	10,442
Loss	**-**	**-**	3,326	3,326
Gross carrying amount	**2,261,340**	**8,237**	**22,473**	**2,292,050**
Loss allowance	(17,444)	(178)	(12,682)	(30,304)
Carrying amount	**2,243,896**	**8,059**	**9,791**	**2,261,746**
As at 31 December 2018				
Current	1,898,047	-	-	1,898,047
Especially mentioned	-	14,665	-	14,665
Sub-standard	-	-	3,383	3,383
Doubtful	-	-	12,069	12,069
Loss	-	-	4,181	4,181
Gross carrying amount	**1,898,047**	**14,665**	**19,633**	**1,932,345**
Loss allowance	(7,368)	(126)	(17,181)	(24,675)
Carrying amount	**1,890,679**	**14,539**	**2,452**	**1,907,670**

(c) Agribusiness

	ECL Staging			
Amounts in TZS' Millions	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 31 December 2022				
Current	470,028	-	-	470,028
Especially mentioned	-	50,200	-	50,200
Sub-standard	-	-	17,958	17,958
Doubtful	-	-	14,498	14,498
Loss	-	-	26,095	26,095
Gross carrying amount	**470,028**	**50,200**	**58,551**	**578,779**
Loss allowance	(4,354)	(2,831)	(36,065)	(43,250)
Carrying amount	**465,674**	**47,369**	**22,476**	**535,529**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

(c) Agribusiness

Amounts in TZS' Millions	ECL Staging Stage 1 12-month ECL	 Stage 2 Lifetime ECL	 Stage 3 Lifetime ECL	 Total
As at 31 December 2021				
Current	278,185	-	-	278,185
Especially mentioned	-	9,619	-	9,619
Sub-standard	-	-	19,015	19,015
Doubtful	-	-	13,109	13,109
Loss	-	-	13,165	13,165
Gross carrying amount	**278,185**	**9,619**	**45,289**	**333,093**
Loss allowance	(17,194)	(3,011)	(19,703)	(39,908)
Carrying amount	**260,991**	**6,608**	**25,586**	**293,185**
As at 31 December 2020				
Current	144,936	-	-	144,936
Especially mentioned	-	35,268	-	35,268
Sub-standard	-	-	36,360	36,360
Doubtful	-	-	8,395	8,395
Loss	-	-	21,454	21,454
Gross carrying amount	**144,936**	**35,268**	**66,209**	**246,413**
Loss allowance	(4,777)	(983)	(40,478)	(46,238)
Net carrying amount	**140,159**	**34,285**	**25,731**	**200,175**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

(c) Agribusiness loans

Amounts in TZS' Millions	ECL Staging			
Credit grade	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 31 December 2018				
Current	65,867	-	-	65,867
Especially mentioned	-	606	-	606
Sub-standard	-	-	3,466	3,466
Doubtful	-	-	1,480	1,480
Loss	-	-	155	155
Gross carrying amount	**65,867**	**606**	**5,101**	**71,574**
Loss allowance	(5,866)	(54)	(2,118)	(8,038)
Net carrying amount	**60,001**	**552**	**2,983**	**63,536**

(d) Overdraft facilities

As at 31 December 2019				
Current	225,902	-	-	225,902
Especially mentioned	-	9,549	-	9,549
Sub-standard	-	-	4,019	4,019
Doubtful	-	-	6,963	6,963
Loss	-	-	36,161	36,161
Gross carrying amount	**225,902**	**9,549**	**47,143**	**282,594**
Loss allowance	(2,626)	(293)	(19,841)	(22,760)
Carrying amount	**223,276**	**9,256**	**27,302**	**259,834**
As at 31 December 2018				
Current	319,411	-	-	319,411
Especially mentioned	-	13,325	-	13,325
Sub-standard	-	-	16,917	16,917
Doubtful	-	-	27,065	27,065
Loss	-	-	22,226	22,226
Gross carrying amount	**319,411**	**13,325**	**66,208**	**398,944**
Loss allowance	(3,648)	(133)	(17,801)	(21,582)
Carrying amount	**315,763**	**13,192**	**48,407**	**377,362**

(d) Overdraft

	ECL Staging			
Amounts in TZS' Millions	**Stage 1 12-montI ECI**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 31 December 2022				
Current	229,762	-	-	229,762
Especially mentioned		8,444	-	8,444
Sub-standard		-	736	736
Doubtful		-	4,671	4,671
Loss		-	21,163	21,163
Gross carrying amount	**229,762**	**8,444**	**26,570**	**264,776**
Loss allowance	(4,294)	(5,969)	(12,932)	(23,195)
Carrying amount	**225,468**	**2,475**	**13,638**	**241,581**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

(d) Overdraft

Amounts in TZS' Millions	ECL Staging **Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
As at 31 December 2021				
Current	236,058	-	-	236,058
Especially mentioned	-	11,940	-	11,940
Sub-standard	-	-	9,928	9,928
Doubtful	-	-	4,735	4,735
Loss	-	-	7,389	7,389
Gross carrying amount	**236,058**	**11,940**	**22,052**	**270,050**
Loss allowance	(6,549)	(48)	(5,815)	(12,412)
Carrying amount	**229,509**	**11,892**	**16,237**	**257,638**
As at 31 December 2020				
Current	283,348	-	-	283,348
Especially mentioned	-	8,638	-	8,638
Sub-standard	-	-	1,364	1,364
Doubtful	-	-	5,189	5,189
Loss	-	-	29,986	29,986
Gross carrying amount	**283,348**	**8,638**	**36,539**	**328,525**
Loss allowance	(4,230)	(71)	(17,153)	(21,454)
Carrying amount	**279,118**	**8,567**	**19,386**	**307,071**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.4 Credit risk exposure (continued)

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

(e) Off balance sheet exposures	2022	2021	2020	2019	2018
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Guarantees and Indemnities	558,225	229,577	238,671	113,934	361,365
Undrawn Commitments	242,993	246,563	120,065	335,968	49,122
Acceptances and letters of credit	1,151,212	757,621	266,145	202,752	-
Gross carrying amount	**1,952,430**	**1,233,761**	**624,881**	**652,654**	**410,487**
Loss allowance	(275)	(163)	(74)	(6,562)	(5,002)
Net carrying amount	**1,952,155**	**1,233,598**	**624,807**	**646,092**	**405,485**

Provision for loss allowance relating to off-balance sheet exposures is disclosed under other liabilities.

6.1.5: Loss allowance

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis. This change is incorporated within maintenance stage and other adjustments category.
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements, This change is incorporated within maintenance stage and other adjustments category; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

All changes implemented in model assumptions particularly on forward looking information, incorporation of collaterals in estimation of Loss Given Default (LGD) and changes in model assumptions in estimation of Loss Given Default (LGD) has reasonably impacted the loss allowance as of 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance

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

Total Loans and advances	**Stage 1**	**Stage 2**	**Stage 3**	
Amounts in TZS' Millions	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2022	43,425	84,378	82,183	209,986
Segment Reallocation	(4)	-	(85)	(89)
Movements				
Transfer from stage 1 to stage 2	(91)	91	-	-
Transfer from stage 1 to stage 3	(4,037)	-	4,037	-
Transfer from stage 2 to stage 1	508	(508)	-	-
Transfer from stage 2 to stage 3	-	213	(213)	-
Transfer from stage 3 to stage 1	1,133	-	(1,133)	-
Transfer from stage 3 to stage 2	-	2,855	(2,855)	-
Maintained Stage and other movements	13,199	14,654	66,749	94,602
New Financial assets originated or purchased	8,208	759	11,039	20,006
Financial assets that have been de-recognized	(34,398)	(1,086)	(32,878)	(68,362)
Net profit or loss charge during the period	**(15,478)**	**16,978**	**44,746**	**46,246**
Other movements with no Profit and Loss impac				
Write-offs	(34)	(2,840)	(25,196)	(28,070)
Other movements with no P or L impact	**(34)**	**(2,840)**	**(25,196)**	**(28,070)**
As at 31 December 2022	**27,909**	**98,516**	**101,648**	**228,073**
As at 1 January 2021	30,169	61,384	113,256	204,809
Movements				
Transfer from stage 1 to stage 2	(267)	267	-	-
Transfer from stage 1 to stage 3	(836)	-	836	-
Transfer from stage 2 to stage 1	372	(372)	-	-
Transfers from stage 3 to stage 1	229	-	(229)	-
Transfers from stage 3 to stage 2	-	4,341	(4,341)	-
Transfers from stage 2 to stage 3	-	(17)	17	-
New Financial assets originated or purchased	4,092	21,061	2,496	27,649
Maintained Stage and other movements	16,392	2,567	27,593	46,552
Financial assets that have been de-recognized	(7,175)	(614)	(8,967)	(16,756)
Net profit or loss charge during the period	**13,309**	**23,014**	**21,122**	**57,445**
Other movements with no P or L impact				
Write-offs	(53)	(20)	(52,195)	(52,268)
As at 31 December 2021	**43,425**	**84,378**	**82,183**	**209,986**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(a) Secured term loans **Amounts in TZS' Millions**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Total**
As at 1 January 2022	6,145	81,159	36,088	123,392
Segment Reallocation	-	-	-	-
Movements				
Transfer from stage 1 to stage 2	(4)	4	-	-
Transfer from stage 1 to stage 3	(2,769)	-	2,769	-
Transfer from stage 2 to stage 1	29	(29)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	76	-	(76)	-
Transfer from stage 3 to stage 2	-	31	(31)	-
Maintained Stage and other movements	9,472	9,097	18,956	37,525
New Financial assets originated or purchased	56	1	44	101
Financial assets that have been de-recognized	(6,142)	(786)	(17,130)	(24,058)
Net profit or loss charge during the period	**718**	**8,318**	**4,532**	**13,568**
Other movements with no P or L impact				
Write-offs	(1)	(8)	(12,581)	(12,590)
Other movements with no P or L impact	**(1)**	**(8)**	**(12,581)**	**(12,590)**
As at 31 December 2022	**6,862**	**89,469**	**28,039**	**124,370**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(a) Secured term loans **Amounts in TZS' Millions**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Total**
As at 1 January 2021	4,868	60,094	36,772	101,734
Segment Reallocation	11	-	2,388	2,399
Movements				
Transfer from stage 1 to stage 2	(41)	36	-	(5)
Transfer from stage 1 to stage 3	(133)	-	12,362	12,229
Transfer from stage 2 to stage 1	65	(10)	-	55
Transfer from stage 2 to stage 3	-	(43)	749	706
Transfer from stage 3 to stage 1	399	-	(317)	82
Transfer from stage 3 to stage 2	-	14	(287)	(273)
Maintained Stage and other movements	(78)	21,127	2,576	23,625
New Financial assets originated or purchased	3,819	23	2,530	6,371
Financial assets that have been de-recognized	(2,765)	(81)	(2,567)	(5,413)
Net profit or loss charge during the period	**1,266**	**21,066**	**15,046**	**37,378**
Other movements with no P or L impact				
Write-offs	-	-	(18,118)	(18,118)
Other movements with no P or L impact	**-**	**-**	**(18,118)**	**(18,118)**
As at 31 December 2021	**6,145**	**81,160**	**36,088**	**123,392**
As at 1 January 2020	6,004	19,981	65,305	91,290
Movements				
Transfer from stage 1 to stage 2	(74)	80	-	6
Transfer from stage 1 to stage 3	-	-	17	17
Transfer from stage 2 to stage 1	2	(9)	-	(7)
Transfers from stage 3 to stage 1	211	-	(6,555)	(6,344)
Transfers from stage 3 to stage 2	-	-	(13)	(13)
Transfers from stage 2 to stage 3	-	(103)	2,158	2,055
New Financial assets originated or purchased	3,327	202	5,707	9,236
Maintained Stage and other movements	(1,382)	39,995	15,717	54,330
Financial assets that have been de-recognized	(3,220)	(52)	(10,846)	(14,118)
Net profit or loss charge during the period	**(1,136)**	**40,113**	**6,185**	**45,162**
Other movements with no P or L impact				
Write-offs	-	-	(34,718)	(34,718)
As at 31 December 2020	**4,868**	**60,094**	**36,772**	**101,734**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(a) Secured term loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2019	6,705	9,039	61,560	77,304
Movements				
Transfer from stage 1 to stage 2	(64)	148	-	84
Transfer from stage 1 to stage 3	(323)	-	8,986	8,663
Transfer from stage 2 to stage 1	133	(823)	-	(690)
Transfer from Stage 3 to Stage 1	1	-	(111)	(110)
Unwind of interest	418	695	4,239	5,352
New financial assets originated	4,567	1,203	14,461	20,231
Change in model assumptions and methodologies	(1,850)	9,885	(3,500)	4,535
Total net P or L charge during the period	**2,882**	**11,108**	**24,075**	**38,065**
Other movements with no P or L impact				
Write-offs	(3,583)	(166)	(20,330)	(24,079)
As at 31 December 2019	**6,004**	**19,981**	**65,305**	**91,290**
As at 1 January 2018	4,344	75	42,257	46,676
Movements				
Transfer from stage 1 to stage 2	(3)	5,446	-	5,443
Transfers from stage 1 to stage 3	(6)	-	4,226	4,220
New financial assets originated	4,610	2,795	47,016	54,421
Changes to model assumptions and methodologies	170	723	24,082	24,975
Net profit or loss charge during the period	**4,771**	**8,964**	**75,324**	**89,059**
Other movements with no P or L impact				
Write-offs	(2,410)	-	(56,021)	(58,431)
As at 31 December 2018	**6,705**	**9,039**	**61,560**	**77,304**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(b) Unsecured term loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	13,537	160	20,577	34,274
Segment Reallocation	-	-	-	-
Movements				
Transfer from stage 1 to stage 2	(45)	45	-	-
Transfer from stage 1 to stage 3	(853)	-	853	-
Transfer from stage 2 to stage 1	38	(38)	-	-
Transfer from stage 2 to stage 3	-	213	(213)	-
Transfer from stage 3 to stage 1	71	-	(71)	-
Transfer from stage 3 to stage 2	-	67	(67)	-
Maintained Stage and other movements	5,053	(733)	10,050	14,370
New Financial assets originated or purchased	8,142	758	10,983	19,883
Financial assets that have been de-recognized	(13,525)	(145)	(9,829)	(23,499)
Net profit or loss charge during the period	**(1,119)**	**167**	**11,706**	**10,754**
Other movements with no P or L impact				
Write-offs	(18)	(81)	(7,681)	(7,780)
Other movements with no P or L impact	**(18)**	**(81)**	**(7,681)**	**(7,780)**
As at 31 December 2022	**12,400**	**246**	**24,602**	**37,248**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(b) Unsecured term loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	16,294	236	18,853	35,383
Segment Reallocation	6	-	(2)	4
Movements				
Transfer from stage 1 to stage 2	(43)	116	-	73
Transfer from stage 1 to stage 3	(108)	-	8,277	8,169
Transfer from stage 2 to stage 1	9	(93)	-	(84)
Transfer from stage 2 to stage 3	-	(74)	1,031	957
Transfer from stage 3 to stage 1	7	-	(1,171)	(1,164)
Transfer from stage 3 to stage 2	-	3	(249)	(246)
Maintained Stage and other movements	(2,926)	-	2,380	(546)
New Financial assets originated or purchased	1,623	30	528	2,181
Financial assets that have been de-recognized	(1,322)	(38)	(1,755)	(3,115
Net profit or loss charge during the period	**(2,760)**	**(56)**	**9,041**	**6,225**
Other movements with no P or L impact				
Write-offs	(3)	(20)	(7,315)	(7,338)
Other movements with no P or L impact	**(3)**	**(20)**	**(7,315)**	**(7,338)**
As at 31 December 2021	**13,537**	**160**	**20,577**	**34,274**
As at 1 January 2020	17,444	178	12,682	30,304
Movements				
Transfer from stage 1 to stage 2	(57)	179	-	122
Transfer from stage 1 to stage 3	(182)	-	8,797	8,615
Transfer from stage 2 to stage 1	8	(39)	-	(31)
Transfers from stage 3 to stage 1	6	-	(642)	(636)
Transfers from stage 3 to stage 2	-	1	(100)	(99)
Transfers from stage 2 to stage 3	-	(89)	1,717	1,628
New Financial assets originated or purchased	3,103	51	1,278	4,432
Maintained Stage and other movements	(1,816)	(3)	(900)	(2,719)
Financial assets that have been de-recognized	(2,212)	(42)	(2,555)	(4,809)
Net profit or loss charge during the period	**(1,150)**	**58**	**7,595**	**6,503**
Other movements with no P or L impact				
Write-offs	-	-	(1,424)	(1,424)
As at 31 December 2020	**16,294**	**236**	**18,853**	**35,383**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(b) Unsecured term loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2019	7,368	126	17,181	24,675
Movements				
Transfer from stage 1 to stage 2	(28)	126	-	98
Transfer from stage 1 to stage 3	(70)	-	9,477	9,407
Transfer from stage 2 to stage 1	17	(24)	-	(7)
Unwinding of interest	1,132	11	321	1,464
New financial assets originated	4,378	41	1,116	5,535
Change in model assumptions	5,369	(202)	(5,479)	(312)
Net profit or loss charge during the period	**10,798**	**(48)**	**5,435**	**16,185**
Other movements with no P or L impact				
Write-offs	(722)	100	(9,934)	(10,556)
As at 31 December 2019	**17,444**	**178**	**12,682**	**30,304**
As at 1 January 2018	8,842	209	14,636	23,687
Movements				
Transfer from stage 1 to stage 3	(347)	-	369	22
Transfer from stage 1 to stage 2	(3)	19	-	16
New financial assets originated	872	4	7,045	7,921
Changes to model assumptions and methodologies	(180)	-	(189)	(369)
Net profit or loss charge during the period	**342**	**23**	**7,225**	**7,590**
Other movements with no P or L impact				
Write-offs	(1,816)	(106)	(4,680)	(6,602)
As at 31 December 2018	**7,368**	**126**	**17,181**	**24,675**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(c) Agribusiness loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**17,194**	**3,011**	**19,703**	**39,908**
Segment Reallocation	(3)	-	-	(3)
Movements				
Transfer from stage 1 to stage 2	(35)	35	-	-
Transfer from stage 1 to stage 3	(399)	-	399	-
Transfer from stage 2 to stage 1	412	(412)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	775	-	(775)	-
Transfer from stage 3 to stage 2	-	2,748	(2,748)	-
Maintained Stage and other movements	(4,596)	296	24,531	20,231
New Financial assets originated or purchased	9	-	12	21
Financial assets that have been de-recognized	(8,990)	(103)	(3,180)	(12,273)
Net profit or loss charge during the period	**(12,824)**	**2,564**	**18,239**	**7,979**
Other movements with no P or L impact				
Write-offs	(13)	(2,744)	(1,867)	(4,624)
Other movements with no P or L impact	**(13)**	**(2,744)**	**(1,867)**	**(4,624)**
As at 31 December 2022	**4,354**	**2,831**	**36,075**	**43,260**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(c) Agribusiness loans	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2021	**4,777**	**983**	**40,478**	**46,238**
Segment Reallocation	216	-	(2,310)	(2,094)
Movements				
Transfer from stage 1 to stage 2	(88)	479	-	391
Transfer from stage 1 to stage 3	(266)		2,765	2,499
Transfer from stage 2 to stage 1	261	(257)	-	4
Transfer from stage 2 to stage 3	-	(98)	589	491
Transfer from stage 3 to stage 1	23	-	(849)	(826)
Transfer from stage 3 to stage 2	-	-	-	-
Maintained Stage and other movements	6,268	(52)	(3,643)	2,573
New Financial assets originated or purchased	8,690	2,447	1,099	12,236
Financial assets that have been de-recognized	(2,637)	(491)	(3,066)	(6,194)
Net profit or loss charge during the period	**12,251**	**2,028**	**(3,105)**	**11,174**
Other movements with no P or L impact				
Write-offs	(50)	-	(15,360)	(15,410)
Other movements with no P or L impact	**(50)**	**-**	**(15,360)**	**(15,410)**
As at 31 December 2021	**17,194**	**3,011**	**19,703**	**39,908**
As at 1 January 2020	2,178	635	25,943	28,756
Movements				
Transfer from stage 1 to stage 2	(331)	878	-	547
Transfer from stage 1 to stage 3	(257)	-	4,819	4,562
Transfers from stage 3 to stage 1	84	-	(139)	(55)
Transfers from stage 2 to stage 3	-	(197)	1,940	1,743
New Financial assets originated or purchased	3,277	105	8,808	12,190
Maintained Stage and other movements	340	(2)	2,606	2,944
Financial assets that have been de-recognized	(514)	(436)	(1,124)	(2,074)
Net profit or loss charge during the period	**2,599**	**348**	**16,910**	**19,857**
Other movements with no P or L impact				
Write-offs	-	-	(2,375)	(2,375)
As at 31 December 2020	**4,777**	**983**	**40,478**	**46,238**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

- **(c) Agribusiness loans**

	Stage 1	Stage 2	Stage 3	
Amounts in TZS' Millions	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2019	**5,866**	**54**	**2,118**	**8,038**
Movements				
Transfer from stage 1 to stage 2	(248)	557	-	309
Transfer from stage 1 to stage 3	(1,337)	-	5,831	4,494
Unwinding of interest	414	4	30	448
New financial assets originated	2,047	79	25,173	27,299
Change in model assumptions and methodologies	(656)	(10)	3,736	3,070
Net profit or loss charge during the period	**220**	**630**	**34,770**	**35,620**
Other movements with no P or L impact				
Write-offs	(3,908)	(49)	(10,945)	(14,902)
As at 31 December 2019	**2,178**	**635**	**25,943**	**28,756**
As at 1 January 2018	3,249	28	2,644	5,921
Movements				
Transfer from stage 1 to stage 3	(31)	-	597	566
New financial assets originated or purchased	5,484	31	276	5,791
Changes to model assumptions and methodologies	(55)	-	550	495
Net profit or loss charge during the period	**5,398**	**31**	**1,423**	**6,852**
Other movements with no Por L impact				
Write-offs	(2,781)	(5)	(1,949)	(4,735)
As at 31 December 2018	**5,866**	**54**	**2,118**	**8,038**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(d) Overdraft	**Stage 1**	**Stage 2**	**Stage 3**	
Amounts in TZS' Millions	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2022	**6,549**	**48**	**5,815**	**12,412**
Segment Reallocation	(2)	-	(85)	(87)
Movements				
Transfer from stage 1 to stage 2	(7)	7	-	-
Transfer from stage 1 to stage 3	(15)	-	15	-
Transfer from stage 2 to stage 1	30	(30)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	211	-	(211)	-
Transfer from stage 3 to stage 2	-	9	(9)	-
Maintained Stage and other movements	3,270	5,994	13,212	22,476
New Financial assets originated or purchased	-	-	1	1
Financial assets that have been de-recognized	(5,740)	(53)	(2,738)	(8,531)
Net profit or loss charge during the period	**(2,251)**	**5,927**	**10,270**	**13,946**
Other movements with no P or L impact				
Write-offs	(2)	(7)	(3,068)	(3,077)
Other movements with no P or L impact	**(2)**	**(7)**	**(3,068)**	**(3,077)**
As at 31 December 2022	**4,294**	**5,968**	**12,932**	**23,194**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(d) Overdraft **Amounts in TZS' Millions**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Total**
As at 1 January 2021	**4,230**	**71**	**17,153**	**21,454**
Segment Reallocation	(233)	-	(76)	(309)
Movements				
Transfer from stage 1 to stage 2	(95)	15	-	(80)
Transfer from stage 1 to stage 3	(329)	-	1,666	1,337
Transfer from stage 2 to stage 1	13	(12)	-	1
Transfer from stage 2 to stage 3	-	(14)	596	582
Transfer from stage 3 to stage 1	122	-	(2,004)	(1,882)
Transfer from stage 3 to stage 2	-	-	-	-
Maintained Stage and other movements	828	(14)	1,183	1,997
New Financial assets originated or purchased	2,464	6	278	2,748
Financial assets that have been de-recognized	(451)	(4)	(1,579)	(2,034)
Net profit or loss charge during the period	**2,552**	**(23)**	**140**	**2,669**
Other movements with no P or L impact				
Write-offs	-	-	(11,402)	(11,402)
Other movements with no P or L impact	**-**	**-**	**(11,402)**	**(11,402)**
As at 31 December 2021	**6,549**	**48**	**5,815**	**12,412**
As at 1 January 2020	**2,626**	**293**	**19,841**	**22,760**
Movements				
Transfer from stage 1 to stage 2	(27)	24	-	(3)
Transfer from stage 1 to stage 3	-	-	111	111
New Financial assets originated or purchased	2,280	47	13,210	15,537
Maintained Stage and other movements	123	(278)	(8,145)	(8,300)
Financial assets that have been de-recognized	(772)	(15)	(699)	(1,486)
Net profit or loss charge during the period	**1,604**	**(222)**	**4,477**	**5,859**
Other movements with no P or L impact				
Write-offs	-	-	(7,165)	(7,165)
As at 31 December 2020	**4,230**	**71**	**17,153**	**21,454**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

- (d) Overdraft

Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2019	**3,648**	**133**	**17,801**	**21,582**
Movements				
Transfer from stage 1 to stage 2	(12)	21	-	10
Transfer from stage 1 to stage 3	(84)	-	950	866
Transfer from stage 2 to stage 1	54	(59)	-	(5)
Transfer from Stage 3 to Stage 1	4	-	(262)	(258)
Write-offs	321	21	1,337	1,679
New financial assets originated	249	-	364	613
Change in model assumptions and methodologies	85	206	5,786	6,077
Net profit or loss charge during the period	**617**	**189**	**8,175**	**8,981**
Other movements with no P or L impact				
Write-offs	(1,639)	(29)	(6,135)	(7,803)
As at 31 December 2019	**2,626**	**293**	**19,841**	**22,760**
As at 1 January 2018	**1,919**	**-**	**41,487**	**43,406**
Movements				
Transfer from stage 1 to stage 2	(16)	63	-	47
Transfer from stage 1 to stage 3	(378)	-	16,893	16,515
New financial assets originated or purchased	1,507	6	12,733	14,246
Changes to model assumptions and methodologies	822	64	61	947
Net profit or loss charge during the period	**1,935**	**133**	**29,687**	**31,755**
Other movements with no P or L impact				
Write-offs	(206)	-	(53,373)	(53,579)
As at 31 December 2018	**3,648**	**133**	**17,801**	**21,582**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

(e) Off-balance sheet items	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
As at 1 January	**163**	**74**	**6,562**	**5,002**	**2,953**
Movements					
New financial guarantees	140	136	54	52	2,360
Matured financial guarantees	(27)	(47)	-	5,120	(311)
Net profit or loss charge during the period	**113**	**89**	**(6,542)**	**(3,612)**	**2,049**
As at 31 December	**276**	**163**	**(6,488)**	**1,560**	**5,002**

Allowance charged to profit or loss during the year

		2022 TZS' Millions
Secured loans	6.1.5 (a)	13,568
Unsecured loans	6.1.5 (b)	10,754
Agribusiness loans	6.1.5 (c)	7,979
Overdraft facilities	6.1.5 (d)	13,947
Loss on derecognition of assets		34,819
Total on-balance sheet charge		**81,067**
Off-balance sheet exposures	6.1.5 (e)	113
As at 31 December		**81,180**

		2021 TZS' Millions	2020 TZS' Millions
Secured loans	6.1.5 (a)	37,377	45,162
Unsecured loans	6.1.5 (b)	6,225	6,503
Agribusiness loans	6.1.5 (c)	11,174	19,857
Overdraft facilities	6.1.5 (d)	2,669	5,858
Loss on derecognition of assets		55,595	48,420
Total on-balance sheet charge		**113,040**	**125,800**
Off-balance sheet exposures	6.1.5 (e)	89	(6,488)
As at 31 December		**113,129**	**119,312**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.1 Changes in loss allowance (continued)

Allowance charged to profit or loss during the year (Continued)

		2019 TZS' Millions	2018 TZS' Millions
Secured loans	6.1.5 (a)	49,501	88,677
Unsecured loans	6.1.5 (b)	23,955	7,739
Agribusiness loans	6.1.5 (c)	21,858	6,847
Overdraft facilities	6.1.5 (d)	1,784	31,993
Off-balance sheet exposures	6.1.5 (e)	1,752	2,049
Total on-balance sheet charge		**98,850**	**137,305**
Off-balance sheet exposures		1,560	**-**
As at 31 December		**100,410**	**137,305**

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

- The growth of new Salaried Workers Loans and other consumers' loans originated during the period, aligned with the Bank's organic growth objective, increase the gross carrying amount of the unsecured book by 21%, 2021 by 16%, 2020 by 23% and 2019 by 19% while in 2022 secured book significantly increased by 45%, 2021 decreased by 6%, slightly decreased by 8% for 2020 and for 2019 increased by 2%, with a corresponding TZS 4.1 billion decrease in loss allowance for unsecured book (2021: TZS 1.1 billion), for 2020 there was a corresponding 5.1 billion increase in loss allowance for unsecured book (2019: TZS 5.6 billion) and a decrease of TZS 37.2 billion (2021: decrease of TZS 6.8 billion) and increase of TZS 10.4 billion (2019: TZS 14 billion) for secured book.

6.1.5.2 Changes in gross carrying amount

The following table further explains changes in the gross carrying amount and explains their significance to the changes in the loss allowance for the same portfolio as discussed above.

Total Loans and advances	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Amounts in TZS' Millions				
As at 1 January 2022	**4,525,460**	**143,911**	**194,548**	**4,863,919**
Segment Reallocation	(226)	-	(708)	(934)
Movements				
Transfer from stage 1 to stage 2	(3,941)	3,941	-	-
Transfer from stage 1 to stage 3	(5,334)	-	5,334	-
Transfer from stage 2 to stage 1	51,646	(51,646)	-	-
Transfer from stage 2 to stage 3	-	(455)	455	-
Transfer from stage 3 to stage 1	71,498	-	(71,498)	-
Transfer from stage 3 to stage 2	-	10,111	(10,111)	-
Maintained Stage and other movements	3,217,679	96,439	209,717	3,523,835
New Financial assets originated or purchased	2,307,996	28,378	31,618	2,367,992
Financial assets that have been de-recognized	(4,305,177)	(37,437)	(101,598)	(4,444,212)
Write-offs	(4,359)	(902)	(62,663)	(67,924)
As at 31 December 2022	**5,855,242**	**192,340**	**195,094**	**6,242,676**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

The following table further explains changes in the gross carrying amount and explains their significance to the changes in the loss allowance for the same portfolio as discussed above.

Total Loans and advances Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	**3,918,022**	**164,862**	**231,287**	**4,314,171**
Segment Reallocation				
Movements				
Transfer from stage 1 to stage 2	(21,437)	13,394	-	(8,043)
Transfer from stage 1 to stage 3	(86,883)	-	71,870	(15,013)
Transfer from stage 2 to stage 1	25,466	(25,562)	-	(96)
Transfer from stage 2 to stage 3	-	(10,791)	9,845	(946)
Transfer from stage 3 to stage 1	10,777	-	(7,673)	3,104
Transfer from stage 3 to stage 2	-	965	(1,841)	(876)
Maintained Stage and other movements	11,385	6,567	(14,255)	3,696
New Financial assets originated or purchased	1,521,000	14,115	37,019	1,572,135
Financial assets that have been de-recognized	(845,840)	(18,808)	(31,702)	(888,110)
Write-offs	(7,030)	(831)	(100,002)	(107,863)
As at 31 December 2021	**4,525,460**	**143,911**	**194,548**	**4,863,919**
As at 1 January 2020	**3,387,741**	**127,107**	**253,950**	**3,768,798**
Movements				
Transfer from stage 1 to stage 2	(44,544)	41,949	-	(2,595)
Transfer from stage 2 to stage 1	4,550	(9,240)	-	(4,690)
Transfer from stage 1 to stage 3	(34,192)	-	33,276	(916)
Transfer from stage 3 to stage 1	29,955	-	(39,882)	(9,927)
Transfer from Stage 3 to Stage 2	-	6,092	(7,717)	(1,625)
Transfer from Stage 2 to Stage 3	-	(6,696)	6,773	77
Maintained Stage and other movements	(131,394)	(35,257)	10,574	(156,077)
New Financial assets originated or purchased	1,509,787	58,197	97,042	1,665,026
Financial assets that have been de-recognised	(800,242)	(12,963)	(27,551)	(840,756)
Write-offs	(3,639)	(4,327)	(95,178)	(103,144)
As at 31 December 2020	**3,918,022**	**164,862**	**231,287**	**4,314,171**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

The following table further explains changes in the gross carrying amount and explains their significance to the changes in the loss allowance for the same portfolio as discussed above

Amounts in TZS' Millions	Stage 1	Stage 2	Stage 3	
(i) Secured term loans	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
As at 1 January 2019	**745,712**	**131,529**	**103,289**	**980,530**
Movements				
Transfer from stage 1 to stage 2	(2,156)	2,156	-	-
Transfer from stage 1 to stage 3	(26,239)	-	26,239	-
Transfer from stage 2 to stage 1	24,665	(24,665)	-	-
Transfer from stage 3 to stage 1	111	-	(111)	-
New financial assets originated	616,586	17,228	34,792	668,606
Write-offs	(16)	(1,306)	(18,677)	(19,999)
De-recognition	(593,662)	(20,552)	(9,488)	(623,702)
As at 31 December 2019	**765,001**	**104,390**	**136,044**	**1,005,435**
As at 1 January 2018	**715,538**	**20,712**	**70,639**	**806,889**
Movements				
Transfer from stage 1 to stage 2	(39,295)	39,295	-	-
Transfer from stage 1 to stage 3	(76,456)	-	76,456	-
New financial assets originated	590,710	92,188	12,215	695,113
Write-offs	(2,410)	-	(56,021)	(58,431)
De-recognition	(442,375)	(20,666)	-	(463,041)
As at 31 December 2018	**745,712**	**131,529**	**103,289**	**980,530**
(ii) Unsecured term loans				
As at 1 January 2019	1,898,047	14,665	19,633	1,932,345
Movements				
Transfer from stage 1 to stage 2	(5,884)	5,884	-	-
Transfer from stage 1 to stage 3	(16,649)	-	16,649	-
Transfer from stage 2 to stage 1	1,184	(1,184)	-	-
New financial assets originated	614,890	1,767	2,630	619,287
Write-offs	(715)	(4,599)	(11,618)	(16,932)
De-recognition	(229,533)	(8,296)	(4,821)	(242,650)
As at 31 December 2019	**2,261,340**	**8,237**	**22,473**	**2,292,050**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(i) Secured term loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	786,133	110,651	91,603	988,387
Segment Reallocation	-	-	-	-
Movements				
Transfer from stage 1 to stage 2	(340)	340	-	-
Transfer from stage 1 to stage 3	(3,512)	-	3,512	-
Transfer from stage 2 to stage 1	6,076	(6,076)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	13,849	-	(13,849)	-
Transfer from stage 3 to stage 2	-	2,928	(2,928)	-
Maintained Stage and other movements	1,032,382	38,290	79,795	1,150,467
New Financial assets originated or purchased	36,022	301	127	36,450
Financial assets that have been de-recognised	(774,440)	(23,248)	(60,955)	(858,643)
Write offs	(48)	(11)	(33,153)	(33,212)
As at 31 December 2022	**1,096,122**	**123,175**	**64,152**	**1,283,449**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(i) Secured term loans **Amounts in TZS' Millions**	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
As at 1 January 2021	719,139	112,008	92,110	923,257
Segment Reallocation	1,337	-	5,137	6,474
Movements				
Transfer from stage 1 to stage 2	(5,905)	3,128	-	(2,777)
Transfer from stage 1 to stage 3	(22,944)	-	28,810	5,866
Transfer from stage 2 to stage 1	5,473	(791)	-	4,682
Transfer from stage 2 to stage 3	-	(5,196)	3,822	(1,374)
Transfer from stage 3 to stage 1	4,510	-	(1,351)	3,159
Transfer from stage 3 to stage 2	-	734	(1,345)	(611)
Maintained Stage and other movements	(48,919)	113	(8,838)	(57,644)
New Financial assets originated or purchased	633,988	7,519	24,341	665,848
Financial assets that have been de-recognised	(499,455)	(6,785)	(10,079)	(516,319)
Write offs	(1,091)	(79)	(41,004)	(42,174)
As at 31 December 2021	**786,133**	**110,651**	**91,603**	**988,387**
As at 1 January 2020	765,001	104,390	136,044	1,005,435
Movements				
Transfer from stage 1 to stage 2	(1,039)	138	-	(901)
Transfer from stage 2 to stage 1	3,102	(7,683)	-	(4,581)
Transfer from stage 1 to stage 3	(6)	-	26	20
Transfer from stage 3 to stage 1	18,927	-	(32,369)	(13,442)
Transfer from Stage 3 to Stage 2	-	6,040	(7,531)	(1,491)
Transfer from Stage 2 to Stage 3	-	(2)	21	19
Maintained Stage and other movements	(154,975)	(613)	44,243	(111,345)
New Financial assets originated or purchased	605,758	20,127	41,736	667,621
Financial assets that have been de-recognised	(515,174)	(6,483)	(19,282)	(540,939)
Write offs	(2,455)	(3,906)	(70,778)	(77,139)
As at 31 December 2020	**719,139**	**112,008**	**92,110**	**923,257**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

Amounts in TZS' Millions	Stage 1	Stage 2	Stage 3	
(i) Secured term loans (continued)	12-month ECL	Lifetime ECL	Lifetime ECL	Total
As at 1 January 2019	**745,712**	**131,529**	**103,289**	**980,530**
Movements				
Transfer from stage 1 to stage 2	(2,156)	2,156	-	-
Transfer from stage 1 to stage 3	(26,239)	-	26,239	-
Transfer from stage 2 to stage 1	24,665	(24,665)	-	-
Transfer from stage 3 to stage 1	111	-	(111)	-
New financial assets originated	616,586	17,228	34,792	668,606
Write-offs	(16)	(1,306)	(18,677)	(19,999)
De-recognition	(593,662)	(20,552)	(9,488)	(623,702)
As at 31 December 2019	**765,001**	**104,390**	**136,044**	**1,005,435**
As at 1 January 2018	715,538	20,712	70,639	806,889
Movements				
Transfer from stage 1 to stage 2	(39,295)	39,295	-	-
Transfer from stage 1 to stage 3	(76,456)	-	76,456	-
New financial assets originated	590,710	92,188	12,215	695,113
Write-offs	(2,410)	-	(56,021)	(58,431)
De-recognition	(442,375)	(20,666)	-	(463,041)
As at 31 December 2018	**745,712**	**131,529**	**103,289**	**980,530**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(ii) Unsecured term loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**3,225,084**	**11,701**	**35,604**	**3,272,389**
Segment Reallocation	-	-	-	-
Movements				
Transfer from stage 1 to stage 2	(2,856)	2,856	-	-
Transfer from stage 1 to stage 3	(1,785)	-	1,785	-
Transfer from stage 2 to stage 1	8,348	(8,348)	-	-
Transfer from stage 2 to stage 3	-	(455)	455	-
Transfer from stage 3 to stage 1	16,848	-	(16,848)	-
Transfer from stage 3 to stage 2	-	3,440	(3,440)	-
Maintained Stage and other movements	3,098,116	7,772	59,312	3,165,200
New Financial assets originated or purchased	938,252	2,268	4,745	945,265
Financial assets that have been de-recognised	(3,221,369)	(8,509)	(19,956)	(3,249,834)
Write-offs	(773)	(170)	(18,344)	(19,287)
As at 31 December 2022	**4,059,865**	**10,555**	**43,313**	**4,113,733**

(ii) Unsecured term loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	**2,770,599**	**8,948**	**36,429**	**2,815,976**
Segment Reallocation	14,793	-	(3)	14,790
Movements				
Transfer from stage 1 to stage 2	(7,430)	6,872	-	(558)
Transfer from stage 1 to stage 3	(17,315)	-	16,737	(578)
Transfer from stage 2 to stage 1	2,943	(3,329)	-	(386)
Transfer from stage 2 to stage 3	-	(2,731)	2,586	(145)
Transfer from stage 3 to stage 1	2,012	-	(2,353)	(341)
Transfer from stage 3 to stage 2	-	231	(496)	(265)
Maintained Stage and other movements	18,343	2,270	(953)	19,660
New Financial assets originated or purchased	665,467	1,936	1,122	668,525
Financial assets that have been de-recognised	(219,028)	(1,751)	(3,520)	(224,299)
Write-offs	(5,300)	(745)	(13,945)	(19,990)
As at 31 December 2021	**3,225,084**	**11,701**	**35,604**	**3,272,389**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5: Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2020	**2,261,340**	**8,237**	**22,473**	**2,292,050**
Movements				
Transfer from stage 1 to stage 2	(7,728)	6,675	-	(1,053)
Transfer from stage 1 to stage 3	(18,997)	-	16,956	(2,041)
Transfer from stage 3 to stage 1	1,070	-	(1,144)	(74)
Transfer from stage 2 to stage 1	1,448	(1,557)	-	(109)
Transfers from stage 3 to stage 2	-	52	(186)	(134)
Transfers from stage 2 to stage 3	-	(3,758)	3,325	(433)
Maintained Stage and other movements	73,750	(85)	(813)	72,852
New Financial assets originated or purchased	675,254	1,946	2,584	679,784
Financial assets that have been de-recognised	(214,554)	(2,141)	(4,824)	(221,519)
Write-offs	(984)	(421)	(1,942)	(3,347)
As at 31 December 2020	**2,770,599**	**8,948**	**36,429**	**2,815,976**

(ii) Unsecured term loans

As at 1 January 2019	**1,898,047**	**14,665**	**19,633**	**1,932,345**
Movements				
Transfer from stage 1 to stage 2	(5,884)	5,884	-	-
Transfer from stage 1 to stage 3	(16,649)	-	16,649	-
Transfer from stage 2 to stage 1	1,184	(1,184)	-	-
New financial assets originated	614,890	1,767	2,630	619,287
Write-offs	(715)	(4,599)	(11,618)	(16,932)
De-recognition	(229,533)	(8,296)	(4,821)	(242,650)
As at 31 December 2019	**2,261,340**	**8,237**	**22,473**	**2,292,050**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(ii) Unsecured term loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2018	**1,577,524**	**20,543**	**17,231**	**1,615,298**
Movements				
Transfer from stage 1 to stage 2	(11,234)	11,234	-	-
Transfer from stage 1 to stage 3	(13,040)	-	13,040	-
New financial assets originated	346,613	1,419	258	348,290
Write-offs	(1,816)	(106)	(4,680)	(6,602)
De-recognition	-	(18,425)	(6,216)	(24,641)
As at 31 December 2018	**1,898,047**	**14,665**	**19,633**	**1,932,345**

(iii) Agribusiness loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**278,185**	**9,619**	**45,289**	**333,093**
Segment Reallocation	(180)	-	-	(180)
Movements				
Transfer from stage 1 to stage 2	(150)	150	-	-
Transfer from stage 1 to stage 3	(3)	-	3	-
Transfer from stage 2 to stage 1	36,230	(36,230)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	33,926	-	(33,926)	-
Transfer from stage 3 to stage 2	-	3,227	(3,227)	-
Maintained Stage and other movements	234,435	77,886	65,380	377,701
New Financial assets originated or purchased	5,845	34	34	5,913
Financial assets that have been de-recognised	(118,201)	(4,463)	(3,833)	(126,497)
Write-offs	(60)	(22)	(11,169)	(11,251)
As at 31 December 2022	**470,027**	**50,201**	**58,551**	**578,779**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(iii) Agribusiness loans Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	**144,936**	**35,268**	**66,209**	**246,413**
Segment Reallocation	25,122	-	(4,603)	20,519
Movements				
Transfer from stage 1 to stage 2	(2,872)	2,542	-	(330)
Transfer from stage 1 to stage 3	(19,670)	-	13,039	(6,631)
Transfer from stage 2 to stage 1	16,676	(20,937)	-	(4,261)
Transfer from stage 2 to stage 3	-	(1,232)	1,172	(60)
Transfer from stage 3 to stage 1	-	-	(521)	(521)
Transfer from stage 3 to stage 2	-	-	-	-
Maintained Stage and other movements	44,508	(202)	(6,218)	38,088
New Financial assets originated or purchased	163,029	4,296	10,265	177,590
Financial assets that have been de-recognised	(92,905)	(10,116)	(13,759)	(116,780)
Write-offs	(639)	-	(20,295)	(20,934)
As at 31 December 2021	**278,185**	**9,619**	**45,289**	**333,093**
As at 1 January 2020	**135,498**	**4,931**	**48,290**	**188,719**
Movements				
Transfer from stage 1 to stage 2	(34,441)	33,118	-	(1,324)
Transfer from stage 1 to stage 3	(11,088)	-	9,716	(1,372)
Transfer from stage 3 to stage 1	9,958	-	(6,369)	3,589
Transfer from stage 2 to stage 3	-	(2,936)	3,427	491
Maintained Stage and other movements	(43,008)	(27,399)	(6,667)	(77,074)
New Financial assets originated or purchased	114,203	29,504	22,761	166,468
Financial assets that have been de-recognised	(26,186)	(1,950)	(1,833)	(29,969)
Write-offs	-	-	(3,116)	(3,116)
As at 31 December 2020	**144,936**	**35,268**	**66,209**	**246,413**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

iii) Agribusiness (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2019	**65,867**	**606**	**5,101**	**71,574**
Movements				
Transfer from stage 1 to stage 2	(3,031)	3,031	-	-
Transfer from stage 1 to stage 3	(9,843)	-	9,843	-
New financial assets originated	130,988	1,697	38,182	170,867
Write-offs	-	(30)	(1,030)	(1,060)
De-recognition	(48,483)	(373)	(3,806)	(52,662)
As at 31 December 2019	**135,498**	**4,931**	**48,290**	**188,719**
As at 1 January 2018	**30,590**	**311**	**6,912**	**37,813**
Movements				
Transfer from stage 1 to stage 3	(2,533)	-	2,533	-
New financial assets originated	61,070	484	122	61,676
Write-offs	(2,781)	(5)	(1,949)	(4,735)
De-recognition	(20,479)	(184)	(2,517)	(23,180)
As at 31 December 2018	**65,867**	**606**	**5,101**	**71,574**

(iv) Overdraft

Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	**236,058**	**11,940**	**22,052**	**270,050**
Segment Reallocation	(46)	-	(708)	(754)
Movements				
Transfer from stage 1 to stage 2	(595)	595	-	-
Transfer from stage 1 to stage 3	(34)	-	34	-
Transfer from stage 2 to stage 1	992	(992)	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	6,874	-	(6,874)	-
Transfer from stage 3 to stage 2	-	517	(517)	-
Maintained Stage and other movements	177,554	(2,405)	34,533	209,682
New Financial assets originated or purchased	126	5	1	132
Financial assets that have been de-recognised	(191,167)	(1,217)	(16,854)	(209,238)
Write-offs	-	-	(5,096)	(5,096)
As at 31 December 2022	**229,762**	**8,443**	**26,571**	**264,776**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(iv) Overdraft Amounts in TZS' Millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	**283,348**	**8,638**	**36,539**	**328,525**
Segment Reallocation	(41,252)	-	(531)	(41,783)
Movements				
Transfer from stage 1 to stage 2	(5,230)	852	-	(4,378)
Transfer from stage 1 to stage 3	(26,954)	-	13,284	(13,670)
Transfer from stage 2 to stage 1	374	(505)	-	(131)
Transfer from stage 2 to stage 3	-	(1,632)	2,265	633
Transfer from stage 3 to stage 1	4,255	-	(3,448)	807
Transfer from stage 3 to stage 2	-	-	-	-
Maintained Stage and other movements	(2,547)	4,386	1,754	3,593
New Financial assets originated or purchased	58,516	364	1,291	60,171
Financial assets that have been de-recognised	(34,452)	(156)	(4,344)	(38,952)
Write-offs	-	(7)	(24,758)	(24,765)
As at 31 December 2021	**236,058**	**11,940**	**22,052**	**270,050**
As at 1 January 2020	225,902	9,549	47,143	282,594
Movements				
Transfer from stage 1 to stage 2	(1,336)	2,018	-	682
Transfer from stage 1 to stage 3	(4,101)	-	6,578	2,477
Maintained Stage and other movements	(7,161)	(7,160)	(26,189)	(40,510)
New Financial assets originated or purchased	114,572	6,620	29,961	151,153
Financial assets that have been de-recognised	(44,328)	(2,389)	(1,612)	(48,329)
Write-offs	(200)	-	(19,342)	(19,542)
As at 31 December 2020	**283,348**	**8,638**	**36,539**	**328,525**

(iv) Overdraft facilities	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2019	**319,411**	**13,325**	**66,208**	**398,944**
Movements				
Transfer from stage 1 to stage 2	(32)	32	-	-
Transfer from stage 1 to stage 3	(950)	-	950	-
Transfer from stage 2 to stage 1	694	(694)	-	-
Transfer from stage 3 to stage 1	262	-	(262)	-
New financial assets originated	10,020	62	520	10,602
Write-offs	-	-	(20,174)	(20,174)
De-recognition	(103,503)	(3,176)	(99)	(106,778)
As at 31 December 2019	**225,902**	**9,549**	**47,143**	**282,594**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.5 Loss allowance (continued)

6.1.5.2 Changes in gross carrying amount (continued)

(iv) Overdraft	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2018	**351,465**	**-**	**80,532**	**431,997**
Movements				
Transfer from stage 1 to stage 2	(12,639)	12,639	-	-
Transfer from stage 1 to stage 3	(61,726)	-	61,726	-
New financial assets originated	53,156	739	1,777	55,672
Write-offs	(206)	-	(53,373)	(53,579)
De-recognition	(10,639)	(53)	(24,454)	(35,146)
As at 31 December 2018	**319,411**	**13,325**	**66,208**	**398,944**

6.1.6 Write-off policy

The Bank writes off financial assets that have been past due for more than 720 days. The Bank may write-off some financial assets in whole or in part before the 720 days threshold when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2022 was TZS 70 billion (2021: TZS 107.8 billion). The Bank has been working to recover the write-off amount.

6.1.7. Modification of loans

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period as part of the Bank's restructuring activities and their respective effect on the Bank's financial performance:

Loans and advance to customers	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Gross amount before modification	57,431	106,189	82,897	21,157	31,132
Net modification gain	1,692	839	1,103	(2,863)	307

The net modification gain above represents the changes in the gross carrying amounts (i.e. before impairment allowance) of the financial assets from immediately before, to immediately after, modification. In majority of cases, this gross gain had been anticipated and already materially reflected within the ECL allowance.

6.1.8 Amounts due from banks

Balances due from other banks are categorized as stage 1. The Loss Given Default (LGD) for these assets is zero hence no impairment was recognized as at 31 December 2022 (2021: Nil), 31 December 2020 Nil, 31 December 2019 Nil and 31 December 2018 Nil. The expected credit loss is expected to be insignificant. As at 31 December 2022, the Bank held treasury bond with face value of TZS 87 billion as collateral in respect of these balances (2021: Nil). As at 31 December 2020 there were no collateral held by the Bank in respect of these balances (2019: Treasury bonds with face value of TZS 696.2 billion). For 31 December 2018 the bank holds treasury bonds and bills with face value of TZS 6.48 billion and TZS 20 billion respectively.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

6.1.9 Debt securities, treasury bills and other eligible bills

The Bank holds investments in Treasury Bills and Treasury Bonds issued by the Government. At the end of reporting period, these investments were categorized as Stage 1. There are no credit ratings for these investments. The Loss Given Default (LGD) for these assets is almost Nil hence no impairment was recognized as at 31 December 2022 (2021: Nil), 31 December 2020 Nil (2019: Nil) and 31 December 2018 Nil.

6.1.10 Balances with Bank of Tanzania and other assets

Other assets are categorized as Stage 1 and Stage 3, balances with Bank of Tanzania are categorized as Stage 1. The simplified model has been used for estimation of ECL. The impact has been determined to be insignificant.

6.1.11 Repossessed collateral

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

6.1.12 COVID 19 – Impact

COVID-19 pandemic is still impacting some of our borrowing customers though with improvement. The Bank has proactively and prudently implemented various strategies including; -

- Early identification and remedial actions for the stressed customers to assist them to continue performing and avoid significant additional impairment i.e. loan restructuring for genuine cases. The Bank has so far restructured credit lines with total exposure of around TZS 60.7 billion due to COVID-19 mainly being payment holidays ranging from 3 to 6 months;

- Extending credit lines to lowly impacted sectors, enhance close monitoring for partially impacted sectors and reduce lending for highly impacted sectors. Most impacted businesses are Garments, Cosmetics, Hotel/Lodges, Tourism, Electronics, Hardware & Building Material, Spare parts and Textiles; and

- Execution of normal recovery strategies for difficult cases. This portfolio is being reviewed and immediate actions are taken where necessary.

Overall assessment of significant increase in credit risk (SICR) for customers impacted by COVID-19 outbreak has been done on a case-by-case basis whereby reclassification or remedial action has been considering quantitative and qualitative criteria. There was no change in ECL model assumptions.

In line with Bank of Tanzania relief package, all credit lines restructured due to COVID-19 impact have remained in the same classifications as were before restructuring and the accounts are upgraded to better bucket after paying two instalments on time consecutively.

Close monitoring is being done for all restructured loans to ensure these accounts are turned to performing bucket; Most restructured loans are performing well (79%).

6.1.13 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(a) Geographical sectors (continued)

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
31 December 2022					
Balances with the Bank of Tanzania	622,350	-	-	-	**622,350**
Placement and balances with other banks	139,492	46,056	-	1,393	**186,941**
Investment in Government securities		-	-	-	
- Amortised cost	1,915,254	-	-	-	**1,915,254**
- Fair value through Other Comprehensive Income	28,778				**28,778**
Loans and advances to customers	6,242,676	-	-	-	**6,242,676**
Other assets (excluding non-financial assets)	171,467	-	-	-	**171,467**
As at 31 December 2022	**9,120,017**	**46,056**	**-**	**1,393**	**9,167,466**

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

	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
Guarantees and indemnities (Note 39(a))	558,225	-	-	-	**558,225**
Undrawn commitments (Note 39(a))	242,993	-	-	-	**242,993**
Acceptances and letters of credit (Note 39(a))	1,151,212	-	-	-	**1,151,212**
As at 31 December 2022	**1,952,430**	-	**-**	**-**	**1,952,430**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(a) Geographical sectors (continued)

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
31 December 2021					
Balances with the Bank of Tanzania	999,775	-	-	-	**999,775**
Placement and balances with other banks	162,185	-	96,277	78,793	**337,255**
Investment in Government securities					
- Amortised cost	1,683,950	-	-	-	**1,683,950**
- Fair value through Other Comprehensive Income	55,330	-	-	-	**55,330**
Loans and advances to customers	4,863,919	-	-	-	**4,863,919**
Other assets (excluding non-financial assets)	96,482	-	-	-	**96,482**
As at 31 December 2021	**7,861,641**	**-**	**96,277**	**78,793**	**8,036,711**

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

Guarantees and indemnities (Note 39(a))	229,577	-	-	-	**229,577**
Undrawn commitments (Note 39(a))	246,563	-	-	-	**246,563**
Acceptances and letters of credit (Note 39(a))	757,621	-	-	-	**757,621**
As at 31 December 2021	**1,233,761**	**-**	**-**	**-**	**1,233,761**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(a) Geographical sectors (continued)

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
31 December 2020					
Balances with the Bank of Tanzania	385,799	-	-	-	385,799
Placement and balances with other banks	88,056	26,108	45,969	10,696	170,829
Investment in Government securities					
- Amortised cost	1,275,291	-	-	-	1,275,291
- Fair value through Other Comprehensive Income	28,962	-	-	-	28,962
Loans and advances to customers:					
- MSEs	311,270	-	-	-	311,270
- Other consumer loans	65,833	-	-	-	65,833
- Salaried workers loans	2,763,712	-	-	-	2,763,712
- Corporate customers	537,190	-	-	-	537,190
- SMEs	231,079	-	-	-	231,079
- Agribusiness	200,176	-	-	-	200,176
Other assets (excluding non-financial assets)	43,227	-	-	-	43,227
As at 31 December 2020	**5,930,595**	**26,108**	**45,969**	**10,696**	**6,013,368**
Credit risk exposures relating to off-balance sheet assets are as follows:					
Guarantees and indemnities (Note 39(a))	238,671	-	-	-	238,671
Undrawn commitments (Note 39(a))	120,065	-	-	-	120,065
Acceptances and letters of credit (Note 39(a))	266,145	-	-	-	266,145
As at 31 December 2020	**624,881**	-	-	-	**624,881**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
31 December 2019					
Balances with the Bank of Tanzania	842,909	-			842,909
Placement and balances with other banks	56,017	63,273	77,785	67,251	264,326
Investment in Government securities					
Amortised cost	744,527	-	-	-	744,527
Fair value through Other Comprehensive Income	17,027	-	-	-	17,027
Loans and advances to customers:					
- MSEs	346,100	-	-	-	346,100
- Other consumer loans	136,697	-	-	-	136,697
- Salaried workers loans	2,150,573	-	-	-	2,150,573
- Corporate customers	590,945	-	-	-	590,945
- SMEs	211,405	-	-	-	211,405
- Agribusiness loans	159,968				159,968
Other assets (excluding non-financial assets)	47,762	-	-	-	47,762
As at 31 December 2019	**5,303,930**	**63,273**	**77,785**	**67,251**	**5,512,239**

Credit risk exposures relating to off-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
Guarantees and indemnities (Note 39(a))	202,752	-	-	-	202,752
Undrawn commitments (Note 39(a))	113,934	-	-	-	113,934
Acceptances and letters of credit (Note 39(a))	335,968	-	-	-	335,968
As at 31 December 2019	**652,654**	-	-	-	**652,654**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

Credit risk exposures relating to on-balance sheet assets are as follows:	Tanzania TZS Millions	Europe TZS Millions	America TZS Millions	Others TZS Millions	Total TZS Millions
31 December 2018					
Balances with the Bank of Tanzania	667,713	-	-	-	667,713
Placement and balances with other banks	51,099	69,675	11,176	42,441	174,391
Investment in Government securities					
- Amortised cost	724,943	-	-	-	724,943
- Fair value through Other Comprehensive Income	15,242	-	-	-	15,242
Loans and advances to customers:					
Loans to individuals:					
- MSEs	347,203	-	-	-	347,203
- Other consumer loans	125,517	-	-	-	125,517
- Salaried workers loans	1,802,798	-	-	-	1,802,798
Loans to corporate entities:					
- Corporate customers	636,858	-	-	-	636,858
- SMEs	212,950	-	-	-	212,950
- Agribusiness loans	126,468	-	-	-	126,468
Other assets (excluding prepayments)	34,742	-	-	-	34,742
As at 31 December 2018	**4,745,533**	**69,675**	**11,176**	**42,441**	**4,868,825**

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

Guarantees and indemnities (Note 38(a))	212,113	-	-	-	212,113
Undrawn commitments (Note 38(a))	129,355	-	-	-	129,355
Acceptances and letters of credit (Note 38(a))	200,899	-	-	-	200,899
As at 31 December 2018	**542,367**	-	-	-	**542,367**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of its counterparties.

(Amounts are in TZS' Millions):

31 December 2022	Financial institutions	Manu-facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	1,076,453	-	-	-	-	-	-	-	1,076,453
Placement and balances with other banks	186,941	-	-	-	-	-	-	-	186,941
Investment in Government securities									
- Amortised cost	1,915,254	-	-	-	-	-	-	-	1,915,254
- Fair value through Other comprehensive income	28,778	-	-	-	-	-	-	-	28,778
Loans and advances to customers	-	264,208	812,496	123,976	347,812	520,514	3,732,399	441,271	6,242,676
Other assets (excluding non-financial assets)	-	-	-	-	-	-	-	171,467	171,467
As at 31 December 2022	**3,207,426**	**264,208**	**812,496**	**123,976**	**347,812**	**520,514**	**3,732,399**	**612,738**	**9,621,569**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors

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

31 December 2022	Financial institutions	Manu-facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Guarantees and indemnities - (Note 39(a))	400	46,604	146,854	38,614	321,664	3,835	9	245	558,225
Undrawn commitments (Note 39(a))	-	41,442	103,511	593	34,879	61,564	4	1000	242,993
Acceptances & letters of credit (Note 39(a))	145,766	119,732	34,498	61,823	771,337	13,752	-	4,304	1,151,212
As at 31 December 2022	**146,166**	**207,778**	**284,863**	**101,030**	**1,127,880**	**79,151**	**13**	**5,549**	**1,952,430**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors (continued)

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of its counterparties.

(Amounts are in TZS' Millions):

31 December 2021	Financial institutions	Manu-facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	999,775	-	-	-	-	-	-	-	999,775
Placement and balances with other banks	337,255	-	-	-	-	-	-	-	337,255
Investment in Government securities									
- Amortised cost	1,683,950	-	-	-	-	-	-	-	1,683,950
- Fair value through Other comprehensive income	55,330	-	-	-	-	-	-	-	55,330
Loans and advances to customers	-	205,960	471,004	124,621	322,483	333,092	3,283,247	123,512	4,863,919
Other assets (excluding non-financial assets)	-	-	-	-	-	-	-	96,482	96,482
As at 31 December 2021	**3,076,310**	**205,960**	**471,004**	**124,621**	**322,483**	**333,092**	**3,283,247**	**219,994**	**8,036,711**

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

Guarantees and indemnities - (Note 39(a))	1,203	577	196,599	18,864	11,585	126	-	623	229,577
Undrawn commitments (Note 39(a))	-	60,022	134,561	145	-	40,668	-	11,167	246,563
Acceptances & letters of credit (Note 39(a))	536	8,421	148,852	10,639	433,521	35,275	-	120,377	757,621
As at 31 December 2021	**1,739**	**69,020**	**480,012**	**29,648**	**445,106**	**76,069**	**-**	**132,167**	**1,233,761**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors (continued)

31 December 2020	Financial institutions	Manu-facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	385,799	-	-	-	-	-	-	-	385,799
Placement and balances with other banks	170,829	-	-	-	-	-	-	-	170,829
Investment in Government securities									
- Amortised cost	1,275,291	-	-	-	-	-	-	-	1,275,291
- Fair value through Other comprehensive income	28,962	-	-	-	-	-	-	-	28,962
Loans and advances to customers:									
- MSE	-	-	169	123	309,554	-	-	1,424	311,270
- Other consumer loans	-	-	-	-	3	-	65,818	12	65,833
- Salaries workers loans	-	-	-	-	1	-	2,763,711	-	2,763,712
- Corporate customers	-	201,564	202,811	74,936	53,734	3,086	-	1,059	537,190
- SMEs	-	483	11,282	1,185	214,614	377	-	3,138	231,079
- Agribusiness	-	-	-	-	-	200,176	-	-	200,176
Other assets (excluding non-financial assets)		-	-	-	-	-	-	43,227	43,227
As at 31 December 2020	**1,904,108**	**202,047**	**214,262**	**76,244**	**577,906**	**203,639**	**2,829,529**	**5,633**	**6,013,368**

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

	Financial institutions	Manu-facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Guarantees and indemnities - (Note 39(a))	7,095	268	181,688	12,788	34,499	1,258	-	1,075	238,671
Undrawn commitments (Note 39(a))	-	21,253	26,315	1,089	66,267	2,844	-	2,297	120,065
Acceptances & letters of credit (Note 39(a))	4,106	35,811	115,681	11,544	24,293	8,536	-	66,174	266,145
As at 31 December 2020	**11,201**	**57,332**	**323,684**	**25,421**	**125,059**	**12,638**	**-**	**69,546**	**624,881**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors (continued)

31 December 2019	Financial institutions	Manu-facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	842,909	-	-	-	-	-	-	-	842,909
Placement and balances with other banks	264,326	-	-	-	-	-	-	-	264,326
Investment in Government securities									
- Amortised cost	744,527	-	-	-	-	-	-	-	744,527
- Fair value through Other comprehensive income	17,027	-	-	-	-	-	-	-	17,027
Loans and advances to customers:									
- MSE	-	28	22,282	28	303,736	926	-	19,100	346,100
- Other consumer loans	-	56,855	79,192	9	-	-	-	641	136,697
- Salaries workers loans	-	-	-	-	-	-	2,150,573	-	2,150,573
- Corporate customers	64,898	268,647	128,362	113,098	-	7,036	-	8,904	590,945
- SMEs	-	2,183	91,934	5,697	30,068	5,055	-	76,468	211,405
- Agribusiness	-	-	40,694	-	21,119	87,495	-	10,660	159,968
Other assets (excluding prepayments)	-	-	-	-	-	-	-	47,762	47,762
As at 31 December 2019	**1,933,687**	**327,713**	**362,464**	**118,832**	**354,923**	**100,512**	**2,150,573**	**163,535**	**5,512,239**

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

	Financial institutions	Manu-facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Guarantees and indemnities - (Note 39(a))	10,192	14,060	52,863	25,353	41,053	-	-	59,230	202,751
Undrawn commitments (Note 39(a))	-	30,520	14,425	644	67,633	-	-	713	113,935
Acceptances and letters of credit (Note 39(a))	-	4,165	236,556	34,950	260	-	-	60,037	335,968
As at 31 December 2019	**10,192**	**48,745**	**303,844**	**60,947**	**108,946**	**-**	**-**	**119,980**	**652,654**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Credit risk (continued)

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

(b) Industry sectors (continued)

31 December 2018	Financial institutions	Manu-facturing	Trading and commercial	Transport and communication	Wholesale and retail	Agriculture	Individuals	Others	Total
Balances with the Bank of Tanzania	667,713	-	-	-	-	-	-	-	667,713
Placement and balances with other banks	174,391	-	-	-	-	-	-	-	174,391
Investment in Government securities		-	-	-	-	-	-	-	
- Amortised cost	724,943	-	-	-	-	-	-	-	724,943
- Fair value through Other comprehensive income	15,242	-	-	-	-	-	-	-	15,242
Loans and advances to customers:									
- MSE	-	15	12,218	-	326,771	-	8,199	-	347,203
- Other consumer loans	-	-	-	-	-	-	-	125,517	125,517
- Salaries workers loans	-	-	-	-	-	-	1,802,798	-	1,802,798
-Corporate customers	-	99,952	196,764	97,420	230,212	12,510	-	-	636,858
-SMEs	-	6,454	135,872	5,564	65,060	-	-	-	212,950
-Agribusiness	-	-	20,510	-	22,142	79,429	-	4,387	126,468
Other assets (excluding prepayments)	-	-	-	-	-	-	-	34,742	34,742
As at 31 December 2018	**1,582,289**	**106,421**	**365,364**	**102,984**	**644,185**	**91,939**	**1,810,997**	**164,646**	**4,868,825**

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

Guarantees and indemnities - (Note 39(a))	-	-	-	106	15,790	1,598	-	194,619	212,113
Undrawn commitments (Note 39(a))	2,886	44,100	5,417	6,483	54,283	11,073	-	5,113	129,355
Acceptances and letters of credit (Note 39(a))	2,470	8,364	86,935	21,717	33,406	1,917	-	46,090	200,899
As at 31 December 2018	**5,356**	**52,464**	**92,352**	**28,306**	**103,479**	**14,588**	**-**	**245,822**	**542,367**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, and foreign exchange rates. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in the Bank's treasury department and monitored regularly. Regular reports are submitted to the Banks Assets and Liability Committee (ALCO) and heads of department.

Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and corporate banking assets and liabilities.

6.2.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. ALCO sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

Concentrations of currency risk - on - and off - balance sheet financial instruments:

As at 31 December 2022	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets					
Cash and balances with Bank of Tanzania	334,297	3,066	744	1,260	339,367
Placement and balances with other banks	40,718	12,920	2,162	1,828	57,628
Loans and advances to customers	558,636	-	5	-	558,641
Other assets (excluding non-financial assets)	2,425	-	-	(3)	2,422
Total financial assets	**936,076**	**15,986**	**2,911**	**3,085**	**958,058**
Liabilities					
Deposits from customers	669,057	32,512	2,698	-	704,267
Long term borrowing	437,474	-	-	-	437,474
Lease liabilities	3,558	-	-	-	3,558
Other liabilities (excluding non-financial other liabilities)	5,330	-	-	-	5,330
Total financial liabilities	**1,115,419**	**32,512**	**2,698**	**-**	**1,150,629**
Net on-balance sheet financial position	**(179,343)**	**(16,526)**	**213**	**3,085**	**(192,571)**
Off balance sheet position					
Guarantee and indemnities	345,566	6,303	-	-	351,869
Undrawn commitments	116,536	-	-	-	116,536
Acceptance and letters of credit	1,034,525	62,662	-	-	1,097,187
	1,496,627	**68,965**	**-**	**-**	**1,565,592**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

Concentrations of currency risk - on - and off - balance sheet financial instruments:

As at 31 December 2021	**USD Millions**	**EURO Millions**	**GBP Millions**	**Others Millions**	**Total Millions**
Assets					
Cash and balances with Bank of Tanzania	363,379	3,920	437	1,316	369,052
Placement and balances with other banks	270,980	26,451	4,691	788	302,910
Loans and advances to customers	248,642	-	6	-	248,648
Other assets (excluding non-financial assets)	2,772	26	-	-	2,798
Total financial assets	**885,773**	**30,397**	**5,134**	**2,104**	**923,408**
Liabilities					
Deposits from customers	567,233	16,256	2,000	-	585,489
Long term borrowing	150,020	-	-	-	150,020
Lease liabilities	4,505	-	-	-	4,505
Other liabilities (excluding non-financial other liabilities)	2,882	-	-	-	2,882
Total financial liabilities	**724,640**	**16,256**	**2,000**	**-**	**742,896**
Net on-balance sheet financial position	**161,133**	**14,141**	**3,134**	**2,104**	**180,512**
Off balance sheet position					
Guarantee and indemnities	117,459	-	-	-	117,459
Undrawn commitments	110,711	-	-	-	110,711
Acceptance and letters of credit	691,328	28,727	-	20,461	740,516
	919,498	**28,727**	**-**	**20,461**	**968,686**

As at 31 December 2020	**USD Millions**	**EURO Millions**	**GBP Millions**	**Others Millions**	**Total Millions**
Assets					
Cash and balances with Bank of Tanzania	250,016	10,181	1,946	1,932	264,075
Placement and balances with other banks	142,207	20,669	6,990	963	170,829
Loans and advances to customers	272,529	-	-	2	272,531
Other assets (excluding non-financial assets)	214	29	-	101	344
Total financial assets	**664,966**	**30,879**	**8,936**	**2,998**	**707,778**
Liabilities					
Deposits from customers	489,824	16,228	2,497	1	508,550
Long term borrowing	82,271	-	-	1	82,272
Lease liabilities	4,452	-	-	1	4,453
Other liabilities (excluding non-financial other liabilities)	3,639	5	3	-	3,647
Total financial liabilities	**580,186**	**16,233**	**2,500**	**3**	**598,922**
Net on-balance sheet financial position	**84,780**	**14,646**	**6,436**	**2,995**	**108,857**
Off balance sheet position					
Guarantee and indemnities	194,342	-	-	-	194,342
Undrawn commitments	20	-	-	-	20
Acceptance and letters of credit	239,568	14,562	-	-	254,130
	433,930	**14,562**	**-**	**-**	**448,492**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

Concentrations of currency risk - on - and off - balance sheet financial instruments:

As at 31 December 2019	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets					
Cash and balances with Bank of Tanzania	130,938	5,365	1,145	490	137,938
Placement and balances with other banks	124,089	70,165	12,559	1,496	208,309
Loans and advances to customers	288,621	-	-	-	288,621
Other assets (excluding non-financial assets)	1,120	26	-	-	1,146
Total financial assets	**544,768**	**75,556**	**13,704**	**1,986**	**636,014**
Liabilities					
Deposits from customers	392,028	22,234	1,700	-	415,962
Deposits from banks	219	-	-	-	219
Long term borrowing	112,142	-	-	-	112,142
Lease liabilities	94,808	-	-	-	94,808
Other liabilities (excluding non-financial other liabilities)	4,380	5	2	-	4,387
Total financial liabilities	603,577	22,239	1,702	-	627,518
Net on-balance sheet financial position	**(58,809)**	**53,317**	**12,002**	**1,986**	**8,496**
Off balance sheet position					
Guarantee and indemnities	123,479	-	-	-	123,479
Undrawn commitments	47,557	-	-	-	47,557
Acceptance and letters of credit	278,339	13,599	1,004	-	292,942
	449,375	13,599	1,004	122,299	463,978

Concentrations of currency risk - on - and off - balance sheet financial instruments:

As at 31 December 2018	USD Millions	EURO Millions	GBP Millions	Others Millions	Total Millions
Assets					
Cash and balances with Bank of Tanzania	150,067	4,730	860	1,008	156,665
Placement and balances with other banks	76,434	33,071	13,292	528	123,325
Loans and advances to customers	263,434	-	-	-	263,434
Other assets (excluding prepayments)	283	26	-	-	309
Total financial assets	**490,218**	**37,827**	**14,152**	**1,536**	**543,733**
Liabilities					
Deposits from customers	325,087	12,168	1,097	-	338,352
Long term borrowing	174,647	-	-	-	174,647
Other liabilities (excluding non-financial other liabilities)	1,761	4	3		1,768
Total financial liabilities	**501,495**	**12,172**	**1,100**	**-**	**514,767**
Net on-balance sheet financial position	**(11,277)**	**25,655**	**13,052**	**1,536**	**28,966**
Off balance sheet position					
Guarantee and indemnities	139,934	-	-	-	139,934
Undrawn commitments	47,833	-	-	-	47,833
Acceptance and letters of credit	179,671	11,428	1,029	-	192,128
	367,438	**11,428**	**1,029**	**-**	**379,895**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.1 Foreign exchange risk (continued)

Foreign exchange sensitivity analysis

The impact of fluctuation of Bank's pre-tax profit for the year resulting from foreign exchange movements, keeping all other variables held constant on translation of foreign currency dominated cash and balances with the Bank of Tanzania, placements and balances with other banks, loans and deposits from customers and other banks, borrowings, lease liabilities, other assets and other liabilities is analyzed in the table below

	% change in exchange rate	2022 TZS Million	2021 TZS Million
USD	10%	179,342	161,133
EURO	17%	16,527	14,141
GBP	93%	214	3,134

	% change in exchange rate	2020 TZS Million	2019 TZS Million
USD	10%	8,478	5,881
EURO	10%	1,465	5,332
GBP	10%	644	1,200

	% change in exchange rate	2018 TZS Million
USD	10%	1,128
EURO	10%	2,566
GBP	10%	1,305

The effect of translation of placements and balances with other banks in other currencies (Kenyan shillings, Ugandan Shillings, Japanese Yen, Swiss Francs, Canadian dollars, Indian Rupees, Rwandese Francs, Australian dollars, Norwegian Krona, Swedish Krona and South African Rand) is not considered to be significant

6.2.2 Interest rate risk

The principal risk to which non-trading portfolio are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments 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 rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits on profit or loss impact, upon parallel change of 200bps that will be sustained for a period of 12 months.

The Board Audit and Risk Management Committee is the monitoring body for compliance with these limits and has delegated to the Bank's Asset and Liability Committee (ALCO) for regular reviews and monitoring activities. The table on the next page summarizes the Bank's Interest gap position and non-trading portfolio. The Bank does not bear an interest rate risk on off balance sheet items. The Bank's assets and liabilities are disclosed at carrying amount and categorized by the earlier of contractual repricing or maturity dates.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2022	Up to1 month TZS Millions	1 - 3 months TZS Millions	3 – 12 months TZS Millions	1- 5 Years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	1,551,341	1,551,341
Investment in Government securities							
Amortised cost	103,730	99,973	360,469	513,777	837,305	-	1,915,254
Fair value through other comprehensive income	28,778	-	-	-	-		28,778
Placement and balances with other banks	133,722	-	53,219	-	-	-	186,941
Loans and advances to customers	762,085	362,228	4,498,352	378,576	9,997	3,365	6,014,603
Equity Investments	-	-	-	-	-	42,558	42,558
Other assets (excluding non-financial assets)	-	-	-	-	-	236,930	236,930
Total financial assets	**1,028,315**	**462,201**	**4,912,040**	**892,353**	**847,302**	**1,834,194**	**9,976,405**
Liabilities							
Deposits from customers	1,628,992	1,425,638	1,367,066	37,355	78,886	3,062,210	7,600,147
Deposit from banks	12,445	-	-	-	-	-	12,445
Borrowing	-	5,952	289,487	394,840	59,075	-	749,354
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	115,450	115,450
Total financial liabilities	**1,641,437**	**1,431,590**	**1,656,553**	**432,195**	**137,961**	**3,177,660**	**8,477,396**
Total interest gap	**(613,122)**	**(969,389)**	**3,255,487**	**460,158**	**709,341**		

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Market risk (continued)

6.2.2 Interest rate risk (continued)

As at 31 December 2021	Up to1 month TZS Millions	1 - 3 months TZS Millions	3 – 12 months TZS Millions	1- 5 Years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	1,484,029	1,484,029
Investment in Government securities							
- Amortised cost	54,345	55,868	388,024	526,340	659,373	-	1,683,950
- Fair value through other comprehensive income	-	-	-	11,281	44,049	-	55,330
Placement and balances with other banks	183,776	-	-	-	-	153,479	337,255
Loans and advances to customers	363,336	41,126	650,688	2,602,088	996,695	-	4,653,933
Equity Investments	-	-	-	-	-	2,920	2,920
Other assets (excluding non-financial assets)	-	-	-	-	-	96,482	96,482
Total financial assets	**601,457**	**96,994**	**1,038,712**	**3,139,709**	**1,700,117**	**1,736,910**	**8,313,899**
Liabilities							
Deposits from customers	316,517	469,575	1,028,523	743,939	14,931	4,090,778	6,664,263
Deposit from banks	-	-	-	-	-	408	408
Borrowing	4,930	16,436	358,885	42,939	-	-	423,190
Lease liabilities	1,088	102	1,280	20,566	43,221	-	66,257
Subordinated Debt	2,835	-	-	68,190	-	-	71,025
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	46,147	46,147
Total financial liabilities	**325,370**	**486,113**	**1,388,688**	**875,634**	**58,152**	**4,137,333**	**7,271,290**
Total interest gap	**276,087**	**(389,119)**	**(349,976)**	**2,264,075**	**1,641,965**		

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued) As at 31 December 2020	Up to1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1- 5 Years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	1,047,488	1,047,488
Investment in Government securities							
- Amortised cost	20,469	159,477	302,615	436,087	356,643	-	1,275,291
- Fair value through other comprehensive income	-	-	-	899	28,063	-	28,962
Placement and balances with other banks	91,999	-	41,474	-	-	37,356	170,829
Loans and advances to customers	234,122	179,970	639,563	1,630,832	1,424,773	-	4,109,260
Equity Investments	-	-	-	-	-	2,920	2,920
Other assets (excluding non-financial assets)	-	-	-	-	-	43,227	43,227
Total financial assets	**346,590**	**339,447**	**942,178**	**2,109,292**	**1,809,479**	**1,130,991**	**6,677,977**
Liabilities							
Deposits from customers	494,483	470,910	851,458	694,079	-	2,814,525	5,325,455
Deposit from banks	131,224	-	-	-	-	-	131,224
Borrowing	6,984	20,714	66,083	158,935	-	-	252,715
Subordinated Debt	-	2,835	-	68,190	-	-	71,025
Lease liabilities	3,169	1,203	10,915	36,473	18,344	-	70,104
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	60,226	60,226
Total financial liabilities	**635,860**	**495,662**	**928,456**	**957,677**	**18,344**	**2,874,751**	**5,910,749**
Total interest gap	**(289,270)**	**(156,215)**	**13,722**	**1,151,615**	**1,791,135**		

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued) As at 31 December 2019	Up to1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1- 5 years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	1,341,140	1,341,140
Investment in Government securities							
- Amortised cost	25,201	96,956	226,211	309,441	86,718	-	744,527
- Fair value through other comprehensive income	-	-	-	-	17,027	-	17,027
Placement and balances with other banks	208,309	-	-	-	-	56,017	264,326
Loans and advances to customers	272,780	625,671	1,746,583	568,521	382,133	-	3,595,688
Equity Investments	-	-	-	-	-	2,920	2,920
Other assets (excluding prepayments)	-	-	-	-	-	47,762	47,762
Total financial assets	**506,290**	**722,627**	**1,972,794**	**877,962**	**485,878**	**1,447,839**	**6,013,390**
Liabilities							
Deposits from customers	1,658,380	86,549	495,316	168,200	-	2,513,833	4,922,278
Deposit from banks	10	1,500	21,614	-	-	10,322	33,446
Long term borrowing	-	19,472	96,095	156,336	-	4,542	276,445
Subordinated Debt		-	-	51,143	17,047	2,808	70,998
Lease liabilities	58	51	786	20,111	135,024	-	156,030
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	96,116	96,116
Total financial liabilities	**1,658,448**	**107,572**	**613,811**	**395,790**	**152,071**	**2,927,621**	**5,555,313**
Total interest repricing gap	**(1,152,158)**	**615,055**	**1,358,983**	**482,172**	**333,807**		

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

As at 31 December 2018	Up to1 month TZS Millions	1 - 3 months TZS Millions	3 - 12 months TZS Millions	1 - 5 years TZS Millions	Over 5 years TZS Millions	Non-interest bearing TZS Millions	Total TZS Millions
Assets							
Cash and balances with Bank of Tanzania	-	-	-	-	-	1,070,422	1,070,422
Investment in Government securities							
- Amortised cost	26,806	239,284	162,771	233,875	62,207	-	724,943
- Fair value through other comprehensive income	-	-	-	38	15,204	-	15,242
Placement and balances with other banks	174,391	-	-	-	-	-	174,391
Loans and advances to customers	216,133	122,329	689,949	1,433,532	789,851	-	3,251,794
Equity Investments	-	-	-	-	-	2,920	2,920
Other assets (excluding prepayments)	-	-	-	-	-	34,742	34,742
Total financial assets	**417,330**	**361,613**	**852,720**	**1,667,445**	**867,262**	**1,108,084**	**5,274,454**
Liabilities							
Deposits from customers	1,772,398	144,940	223,335	164,726	-	2,022,208	4,327,607
Deposit from banks	20,770	-	-	-	-	-	20,770
Subordinated debt	2,782			17,048	51,142		70,972
Long term borrowing	4,404	69,000	84,728	143,256	-	-	301,388
Other liabilities (excluding non-financial other liabilities)	-	-	-	-	-	82,902	82,902
Total financial liabilities	**1,800,354**	**213,940**	**308,063**	**325,030**	**51,142**	**2,105,110**	**4,803,639**
Total interest repricing gap	**(1,383,024)**	**147,673**	**544,657**	**1,342,415**	**816,120**	**-**	**470,815**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Market risk (continued)

6.2.2 Interest rate risk (continued)

Interest rate risk sensitivity

An analysis of Bank's Sensitivity to a 1% increase/decrease in market rates, assuming no asymmetrical movement in yield curves, and a constant financial position would have the following effect on profit or loss. (Amounts in TZS million).

Sensitivity Period 2022	Weighted Average	Net Interest-Bearing Funding	Net Position	Impact
Less than 30 days	2,128	212,782	(210,655)	2,107
Year	127,143	3,492,269	(3,365,126)	33,651

	Sensitivity	Impact on Profit or Loss
2021		
	+/- 1%	+/- 1,162
2020		
	+/- 1%	+/- 1,788

Sensitivity period	Weighted average	Net Interest-Bearing Funding	Net position	Impact
2019				
Less than 30 days	(1,127)	(112,700)	111,573	1,116
1 year	(1,302)	(326,882)	325,580	3,256
2018				
Less than 30 days	(1,667)	(166,656)	164,990	1,650
1 year	40,632	840,883	(800,250)	(8,003)

6.2.3 Price risk

Interest rate risk sensitivity

The Bank is exposed to equity securities price risk because of investment in Tanzania Mortgage Refinance Company (TMRC) shares and investments in government securities that are measured at fair value through other comprehensive income (FVOCI).

Price sensitivity

To the extent that the directors increased the yield rate by 1 basis point, the fair values would be estimated at TZS 22,799 million in 2022 (2021: TZS 55,292 million) as compared to their reported fair value of TZS 28,412 million at 31 December 2022 (2021: TZS 55,330 million). If the yield rate had decreased by 1 basis point the fair value would be estimated at TZS 22,799 million (2021: TZS 55,367 million).

In determining the fair value of unquoted equity investment in TMRC, the Bank used a price of recently transaction of the shares of the Company. If the price of the shares would have increased/decreased by 10% the fair value of the investments would have been increased/decreased by TZS 292 million (2021: TZS 292 million).

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Liquidity risk

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

6.3.1 Liquidity risk management process

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

- Day-to-day funding; managed by monitoring future cash flows to ensure that daily obligations can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly liquid and marketable securities that can easily be liquidated as protection against any unforeseen interruption to cash flows;
- Monitoring balance sheet liquidity ratios, i.e., Liquid Asset Ratio (LAR), Loan to Deposit Ratio (LDR) and Long-term Funding Ratio (LTFR) against internal and regulatory requirements;
- Managing the concentration and profile of debt maturities;
- Diversification of depositor base;
- Performing liquidity stress and scenario tests; and
- Maintaining a robust and effective contingency funding plan.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (Notes 6.3.3).

6.3.2 Funding approach

Sources of liquidity are regularly reviewed by the Bank's Asset and Liability Committee to maintain a wide diversification by currency, geography, provider, product and term.

6.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the table on the next page are the undiscounted cash flows:

As at 31 December 2022 **Liabilities**	**Up to1 month TZS millions**	**1 - 3 months TZS millions**	**3 - 12 months TZS millions**	**Over 1 year TZS millions**	**Total TZS millions**
Deposits from customers	2,728,243	2,387,661	2,289,563	194,680	7,600,147
Deposits from banks	12,445	-	-	-	12,445
Long term borrowing*	-	5,952	289,487	453,915	749,354
Lease liabilities	-	-	20	3,513	3,533
Other liabilities (excluding non-financial liabilities)	48	36	109,991	1,840	111,915
Total liabilities	**2,740,736**	**2,393,649**	**2,689,061**	**653,948**	**8,477,394**
Assets held for managing liquidity	**1,290,985**	**137,039**	**413,688**	**1,811,822**	**3,653,535**

Includes interest payable on the loan up to its maturity date as per repayment schedule.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (continued)

6.3.3 Non-derivative cash flows (continued)

As at 31 December 2021 Liabilities	Up to1 month TZS millions	1 - 3 months TZS millions	3 - 12 months TZS millions	Over 1 year TZS millions	Total TZS millions
Deposits from customers	1,142,465	1,067,735	2,271,951	2,284,097	6,766,248
Deposits from banks	408	-	-	-	408
Long term borrowing*	2,905	16,939	381,558	50,101	451,503
Subordinated debt*	-	4,835	4,835	85,111	94,781
Lease liabilities	-	2,135	6,445	84,745	93,325
Other liabilities (excluding non-financial liabilities)	46,147	-	-	-	46,147
Total liabilities	**1,191,925**	**1,091,644**	**2,664,789**	**2,504,054**	**7,452,412**
Assets held for managing liquidity	**1,438,876**	**55,868**	**388,024**	**1,241,043**	**3,123,811**
As at 31 December 2020					
Liabilities					
Deposits from customers	3,309,373	472,817	867,853	705,579	5,355,622
Deposits from banks	131,916	-	-	-	131,916
Long term borrowing*	7,184	21,966	66,833	160,661	256,644
Subordinated debt*	795	4,398	7,285	72,405	84,883
Lease liabilities	3,169	1,204	11,553	60,134	76,060
Other liabilities (excluding non-financial liabilities)	60,226	-	-	-	60,226
Total liabilities	**3,512,663**	**500,385**	**953,524**	**998,779**	**5,965,351**
Assets held for managing liquidity	**869,294**	**159,477**	**344,089**	**821,692**	**2,194,552**

* Includes interest payable on the loan up to its maturity date as per repayment schedule. The amount is determined by using the exchange rate and LIBOR rate at year end.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.3 Liquidity risk (continued)

6.3.3 Non-derivative cash flows (continued)

As at 31 December 2019	Up to1 month	1 - 3 months	3 - 12 months	Over 1 year	Total
Liabilities	**TZS millions**	**TZS millions**	**TZS millions**	**TZS millions**	**TZS millions**
Deposits from customers	4,184,654	87,357	520,371	187,115	4,979,497
Deposits from banks	10,332	1,500	21,614	-	33,446
Long term borrowing*	7,314	25,282	58,439	188,339	279,374
Subordinated debt*	795	1,589	7,285	108,667	118,336
Lease liabilities	531	996	5,030	385,920	392,477
Other liabilities (excluding non-financial liabilities)	96,116	-	-	-	96,116
Total liabilities	**4,299,742**	**116,724**	**612,739**	**870,041**	**5,899,246**
Assets held for managing liquidity	**1,881,193**	**313,375**	**820,962**	**2,997,860**	**6,013,390**
As at 31 December 2018					
Liabilities					
Deposits from customers	3,786,600	182,338	515,297	1,092,417	5,576,652
Deposits from banks	20,770	-	-	-	20,770
Long term borrowing*	1,298	81,380	96,311	150,802	329,791
Subordinated debt*	795	4,345	7,285	118,363	130,788
Other liabilities (excluding non-financial liabilities)	82,902	-	-	-	82,902
Total liabilities	**3,892,365**	**268,063**	**618,893**	**1,361,582**	**6,140,903**
Assets held for managing liquidity	**1,525,414**	**361,613**	**852,720**	**2,534,707**	**5,274,454**

6.3.4 Assets held for managing liquidity risk

The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Tanzania (excluding SMR);
- Investment in government securities; and
- Placements and balances with other banks:

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

6.4 Off-balance sheet items

(a) Undrawn commitments, outstanding letters of credit, guarantee and indemnities

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 39) are summarised in the table below.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.4 Off-balance sheet items (continued)

(b) Financial guarantees and other financial facilities

Financial guarantees (Note 39) are also included below based on the earliest contractual maturity date.

	No later than 1 year TZS' Millions	1 - 5 years TZS' Millions	Total TZS' Millions
As at 31 December 2022			
Guarantee and indemnities	498,593	59,632	558,225
Undrawn commitments	242,993	-	242,993
Acceptance and letter of credit	1,150,525	687	1,151,212
Total	**1,892,111**	**60,319**	**1,952,430**

6.4.1 Assets held for managing liquidity risk

	No later than 1 year TZS' Millions	1 - 5 years TZS' Millions	Total TZS' Millions
As at 31 December 2021			
Guarantee and indemnities	**210,884**	**18,693**	229,577
Undrawn commitments	**246,563**	**-**	246,563
Acceptance and letter of credit	**746,037**	**11,584**	757,621
Total	**1,203,484**	**30,277**	**1,233,761**
As at 31 December 2020			
Guarantee and indemnities	238,140	531	238,671
Undrawn commitments	120,065	-	120,065
Acceptance and letter of credit	264,604	1,541	266,145
Total	**622,809**	**2,072**	**624,881**

	No later than 1 year TZS' Millions	1 - 5 years TZS' Millions	Total TZS' Millions
As at 31 December 2019			
Guarantee and indemnities	197,862	4,890	202,752
Undrawn commitments	113,934	-	113,934
Acceptance and letter of credit	317,237	18,731	335,968
Total	**629,033**	**23,621**	**652,654**
As at 31 December 2018			
Guarantee and indemnities	24,121	187,992	212,113
Undrawn commitments	129,355	-	129,355
Acceptance and letter of credit	200,899	-	200,899
Total	**354,375**	**187,992**	**542,367**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities

6.5.1 Fair value estimation

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

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

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

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

There were no transfers between the levels during the year.

i) Fair value of the Bank financial assets and financial liabilities that are measured at fair value on recurring basis

The following table gives information about how the fair value of these financial assets and liabilities are determined:

Type	Fair value at 2022 TZS Millions	2021 TZS Millions		Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
Investment in government securities	28,778	55,330	Level 2	Market observable inputs	N/A	N/A
Equity instruments	2,920	2,920	Level 2	Market observable inputs	Latest transaction offer the equity instrument by TMRC	N/A

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (continued)

6.5.1 Fair value estimation (continued)

Type	Fair value at 2021 TZS Millions	Fair value at 2020 TZS Millions	Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
Investment in government securities	55,330	28,962	Level 2	Market observable inputs	N/A	N/A
Equity instruments	2,920	2,920	Level 2	Market observable inputs	Latest transaction offer the equity instrument by TMRC	N/A

Type	Fair value at 2019 TZS Millions	Fair value at 2018 TZS Millions	Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
Investment in government securities	17,027	15,242	Level 2	Market observable inputs	N/A	N/A
Equity instruments	2,920	2,920	Level 2	Market observable inputs	N/A	N/A

ii) **Fair value of financial assets and liabilities that are not measured at fair value**

The fair value of cash and cash equivalents, loans and advances, customer deposits and borrowed funds are evaluated by the Bank based on parameters such as interest rates, specific and individual creditworthiness of the customer. The valuation is performed on a discounted cashflow basis.

Cash and balances with Bank of Tanzania

The carrying amount of cash and balances with Bank of Tanzania is a reasonable approximation of fair value.

Investment in government securities

Investment in government securities include treasury bonds and treasury bills .The fair value of government securities held at amortized cost are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, as traded in the primary market by the Bank of Tanzania.

Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection.

The carrying amount of floating rate placements and overnight advances is a reasonable approximation of fair value. The estimated fair value of fixed interest-bearing advances is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (continued)

6.5.1 Fair value estimation (continued)

ii) **Fair value of financial assets and liabilities that are not measured at fair value (continued)**

Loans and advances to customers

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at original effective interest rate to determine fair value.

Deposits from banks and customers

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

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Borrowings

Significant portion of borrowing is benchmarked to LIBOR and therefore reprices at balance sheet date. Management has considered the impact of borrowings with fixed interest rate as insignificant to the total fair value of borrowings. The fair value of borrowings therefore approximates its carrying value.

Cash and balances with Bank of Tanzania has been transferred between the fair value hierarchy levels from level 2 to level 3.

*Prepayments, inventory, provision for other assets and stationery are excluded from other assets' balance, as this analysis is for financial instruments only.

**Non-financial liabilities such as provision and statutory liabilities are excluded from other liabilities balance, as this analysis is for financial instruments only.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.5 Fair value of financial assets and liabilities (continued)

6.5.1 Fair value estimation (continued)

	Hierarchy level	Carrying amount 2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Financial assets						
Cash and balances with Bank of Tanzania	Level 3	1,551,341	1,484,029	1,047,488	1,341,140	1,070,422
Government securities at amortized cost (Treasury bonds)	Level 2	1,580,143	1,362,039	889,268	471,720	476,503
Government securities at amortized cost (Treasury bills)	Level 2	335,111	321,911	386,023	272,807	248,440
Placement and balances with other banks	Level 2	186,941	337,255	170,829	264,326	174,391
Loans and advances to customers	Level 2	6,014,603	4,653,933	4,109,260	3,595,688	3,241,401
Other assets (excluding non-financial assets) *	Level 3	173,196	96,482	43,227	47,762	41,028
		9,841,335	**8,255,649**	**6,646,095**	**5,993,443**	**5,252,185**
Financial liabilities						
Deposits from customers	Level 3	7,594,832	6,664,263	5,325,455	4,922,278	4,315,220
Deposits from banks	Level 2	12,445	408	131,224	33,446	20,770
Subordinated debt	Level 3	-	71,025	71,025	70,998	70,972
Borrowings	Level 3	749,354	423,190	252,715	276,445	301,388
Other liabilities (Excluding non-financial other liabilities)**	Level 3	115,373	46,147	60,226	96,116	96,377
		8,472,004	**7,205,033**	**5,840,645**	**5,399,283**	**4,804,727**

	Hierarchy level	Fair value 2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Financial assets						
Cash and balances with Bank of Tanzania	Level 3	1,551,341	1,484,029	1,047,488	1,341,140	1,070,422
Government securities at amortized cost (Treasury bonds)	Level 2	1,581,770	1,294,899	886,075	453,901	468,409
Government securities at amortized cost (Treasury bills)	Level 2	336,598	322,404	386,402	275,525	249,411
Placement and balances with other banks	Level 2	186,941	337,255	170,829	264,326	174,391
Loans and advances to customers	Level 2	6,014,603	4,616,286	4,109,260	3,595,688	3,240,652
Other assets (excluding non-financial assets) *	Level 3	173,196	96,482	43,227	51,350	41,028
		9,844,449	**8,151,355**	**6,643,281**	**5,981,930**	**5,244,313**
Financial liabilities						
Deposits from customers	Level 3	7,594,832	6,664,263	5,325,455	4,922,278	4,315,220
Deposits from banks	Level 2	12,445	408	131,224	33,446	20,770
Subordinated debt	Level 3	-	71,025	71,025	70,998	70,972
Borrowings	Level 3	749,354	423,190	252,715	276,445	301,388
Other liabilities (Excluding non-financial other liabilities)**	Level 3	115,373	46,147	60,226	96,369	96,377
		8,472,004	**7,205,033**	**5,840,645**	**5,399,536**	**4,804,727**

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management

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

•To comply with the capital requirements set by the Bank of Tanzania (BoT);
•To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
•To maintain a strong capital base to support the development of its business.

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 supervisory purposes. The required information is filed with the BoT on a quarterly basis.

The Bank of Tanzania requires each bank or banking Bank to:

(a) Hold a minimum level of core capital of TZS 15 billion;
(b) Maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets of above the required minimum of 10%; and
(c) Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.
(d) Maintain a capital conservation buffer of 2.5% of risk-weighted assets and off-balance sheet exposures. The capital conservation buffer is made up of items that qualify as Tier 1 capital.

When a bank is holding capital conservation buffer of less than 2.5% of risk-weighted assets and off-balance sheet exposures but is meeting its minimum capital requirements, that bank:

Shall not distribute dividends to shareholders or bonuses to senior management and other staff members until the buffer is restored to at least 2.5%;

Shall submit a capital restoration plan to the Bank of Tanzania within a period specified by BoT, indicating how the bank is going to raise capital to meet its minimum requirement including capital conservation buffer within a specified period of time; and

In the event that BoT does not approve the capital restoration plan, it may direct the bank to raise additional capital within a specified time period in order to restore its capital conservation buffer.

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

Tier 1 capital: means permanent shareholders' equity in the form of issued and fully paid ordinary shares, and perpetual non-cumulative preference shares, capital grants and disclosed reserves less year to date losses, goodwill organization, pre-operating expenses, prepaid expenses, deferred charges, leasehold rights and any other intangible assets.

Tier 2 capital: means general provisions which are held against future, presently unidentified losses and are freely available to meet losses which subsequently materialize, subordinated debts, cumulative redeemable preferred stocks and any other form of capital as may be determined and announced from time to time by the Bank of Tanzania.

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

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (continued)

The table below summarizes the composition of regulatory capital and the ratios of the Bank for the years ended 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018. During these periods, the Bank complied with all the externally imposed capital requirements to which it is subject.

	Note	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Tier 1 capital						
Share capital		20,000	20,000	20,000	20,000	20,000
Retained earnings		1,663,475	1,330,828	1,109,142	951,340	808,448
Excess impairment –IFRS 9*		-	-	-	-	8,847
Less: Prepaid expenses	23(b)	(25,941)	(15,235)	(16,893)	(39,896)	(43,627)
Less: Intangible assets		-	-	-	-	(21,241)
Less: Deferred tax assets	27(a)	(109,475)	(93,799)	(85,610)	(77,084)	(61,228)
Total qualifying Tier 1 capital **A)**		**1,548,059**	**1,241,794**	**1,026,639**	**854,360**	**711,199**
Tier 2 capital						
Subordinated debt		-	40,914	71,025	70,998	70,972
Fair valuation reserve		1,086	564	(2,835)	(2,808)	(2,782)
Accrued interest		-	-	792	1,049	33,725
Fair valuation reserve				-	-	881
Total qualifying Tier 2 capital **(B)**		**1,086**	**41,478**	**68,982**	**69,239**	**102,796**
Maximum Tier 2 capital allowed (2% of Risk weighted assets) – ***(C)*** [(a)]		132,784	104,091	**106,201**	99,776	**89,990**
Total regulatory capital (D) = *[(A) + Lower of (B) or (C)]*		**1,549,145**	**1,283,272**	**1,095,621**	923,599	**801,189**

Risk-weighted assets	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
On-balance sheet	4,716,207	3,683,735	4,435,680	4,031,716	3,580,258
Off-balance sheet	1,403,908	958,315	397,538	534,985	379,289
Market risk	14,105	76,309	57,003	38,402	4,570
Operational risk [(b)]	574,404	491,181	419,815	383,687	357,415
Total risk-weighted assets **(E)**	**6,708,624**	**5,209,540**	**5,310,036**	**4,988,790**	**4,321,532**

	Required ratio (%)	2022 Bank's ratio (%)	2021 Bank's ratio (%)	2020 Required ratio (%)	2019 Bank's ratio (%)	2018 Bank's ratio (%)
Tier 1 capital	12.5	23.08	23.8	19.3	17.1	16.5
Tier 1 + Tier 2 capital	14.5	23.09	24.6	20.6	18.5	18.5

The increase in the total regulatory capital in the 2022 is mainly due to the increase of the current-year profit and the reduction of risk weight on SWL from 100% to 50% despite the increase of the off-balance sheet exposure and operational risk capital charge during the yea

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.6 Capital management (continued)

The increase in the total regulatory capital in the 2021 is mainly due to the increase of the current-year profit and the reduction of risk weight on SWL from 100% to 50% despite the increase of the off-balance sheet exposure and operational risk capital charge during the year.

The increase in the total regulatory capital in the 2020 is mainly due to the contribution of the current-year profit and the reduction of risk weight on SWL from 100% to 50% despite the increase of the off-balance sheet exposure and operational risk capital charge during the year.

The increase in the total regulatory capital in the 2019 is mainly due to the contribution of the current-year profit. The increase of the risk weighted assets reflects the increase in loans and advances and operational risk capital charge during the year.

The increase in the total regulatory capital in the 2018 is mainly due to the contribution of the current year profit and subordinated debt issued during the year for Tier II capital. The increase of the risk weighted assets reflects the increase in loans and advances and operational risk capital charge during the year.

(a) As per Bank of Tanzania requirement, Tier 2 Capital should not exceed 2% of the total risk weighted assets and off-balance sheet exposure.

(b) Capital charge for operational risk is calculated using Basic Indicator approach (BIA) prescribed under Basel II by capping net interest income to 3.5% of interest earning assets.

7 INTEREST INCOME

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Loans and advances to customers	775,857	679,835	603,568	556,744	501,399
Government securities at amortized cost	162,815	128,928	103,316	94,067	98,181
Government securities at fair value through OCI	4,674	3,567	3,828	-	-
Sukuk Bonds	19	-	-	-	-
Placements and balances with other banks	10,291	3,116	2,265	3,163	2,058
	953,656	**815,446**	**712,977**	**653,974**	**601,638**

8 INTEREST EXPENSE

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Deposits from customers					
- Time deposits	78,346	62,486	59,865	52,777	31,510
- Current accounts	32,958	27,698	32,367	23,990	23,032
- Saving deposits	11,843	9,413	14,057	17,053	20,852
Deposits due to other banks	404	932	177	24	1,755
Borrowings from financial institutions	31,911	24,468	21,261	24,454	23,895
NMB bond	6,452	8,335	11,475	9,488	8,571
Lease liabilities	5,393	5,899	8,120	8,547	-
	167,307	**139,231**	**147,322**	**136,333**	**109,615**

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9 FOREIGN EXCHANGE INCOME

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Foreign currency trading	**48,071**	**33,583**	**27,377**	**24,454**	**20,914**

10 NET FEES AND COMMISSION INCOME

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Fees and commission income					
Credit related fees and commissions	107,322	71,954	71,265	41,134	60,856
Other fees	36,241	30,542	26,314	104,299	71,685
Card fees	29,915	22,399	14,274	-	-
Agency banking fees	86,685	56,575	40,633	-	-
MNO collaboration fees	57,537	53,395	48,319	-	-
ATM fees and card issuing	46,983	40,077	36,273	32,576	25,892
Maintenance fees	19,982	20,840	20,887	10,180	22,349
Teller withdrawal fees	19,847	17,319	16,441	16,743	9,900
Commission - mobile banking	12,500	9,588	8,555	7,344	7,916
Government service fees	2,177	743	1,851	3,540	4,405
	419,189	**323,432**	**284,812**	**215,816**	**203,003**
Fees and commission expense					
Financial charges	(94,260)	(74,891)	(58,412)	(46,663)	(36,721)
Net fees and commission income	**324,929**	**248,541**	**226,400**	**169,153**	**166,282**

11 OTHER INCOME

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Bad debts recovery	22,545	19,297	7,721	8,603	6,784
Miscellaneous income	612	1,637	1,222	921	666
Profit on disposal of property and equipment	590	12	159	131	143
Rental income	7	8	9	16	22
Gain on termination of lease liabilities	-	-	5,267	-	-
Dividend on TMRC equity investments	50	63	17	31	32
	23,804	**21,017**	**14,395**	**9,702**	**7,647**

12 EMPLOYEE BENEFITS EXPENSE

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Salaries and allowances	129,727	119,424	110,228	105,590	99,313
Other staff cost	17,211	18,571	-	-	-
Other emoluments	99,910	87,789	68,807	60,919	51,800
Pension costs - defined contribution plan	19,448	17,895	16,480	16,070	15,036
	266,296	**243,679**	**195,515**	**182,579**	**166,149**

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13 OTHER OPERATING EXPENSES

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Administrative expenses	50,697	37,967	38,694	41,784	67,319
Other staff cost	-	-	14,659	16,133	-
Cash trip expenses	9,890	9,535	6,179	4,954	-
Depositor's Protection Fund Insurance	8,691	7,602	6,790	6,243	-
Operating lease rent	507	230	968	274	17,561
Utilities	15,719	15,000	16,097	14,810	18,500
Security expenses	10,422	10,759	10,897	10,658	10,413
Marketing and advertising expenses	12,971	9,259	7,589	6,493	7,841
Repairs and maintenance	45,693	43,028	44,922	40,617	39,442
Travelling expenses	13,564	9,911	8,644	7,471	10,089
Management contract expenses	1,564	1,942	256	2,707	2,752
Other expenses	1,261	1,550	67	1,292	869
Auditors' remuneration	503	732	676	676	732
Directors' remuneration:					
- Fees	104	107	101	120	135
- Others	363	314	215	133	198
Impairment charge of other assets	2,961	984	1,060	(1,372)	-
	174,910	**148,920**	**157,814**	**152,993**	**175,851**

14 DEPRECIATION AND AMORTISATION

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Depreciation of property and equipment (Note 24(b))	36,410	41,637	44,399	47,028	40,304
Amortization of right of use assets (Note 26(b))	13,107	12,163	13,336	13,146	-
Amortization of intangible assets (Note 25)	4,992	8,667	10,815	13,434	13,629
	54,509	**62,467**	**68,550**	**73,608**	**53,933**

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15 CURRENT INCOME TAX

a) INCOME TAX EXPENSE

Income tax expense for the year is arrived at as follows:

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Current tax:					
In respect of current year	198,211	131,792	100,387	84,848	57,215
In respect of prior year		-	(2,188)	-	-
	198,211	**131,792**	**98,199**	**84,848**	**57,215**
Deferred tax:					
In respect of current year (Note 27(b))	(15,464)	(6,779)	(9,972)	(15,076)	(10,443)
In respect of prior year (Note 27(b))	(512)	(1,312)	1,714	(851)	(2,794)
	(15,976)	**(8,091)**	**(8,258)**	**(15,927)**	**(13,237)**
	182,235	**123,701**	**89,941**	**68,921**	**43,978**

The tax on the Bank's profit differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Reconciliation of account profit to tax charge:	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Profit before income tax	611,611	413,887	295,743	211,088	144,362
Tax calculated at the statutory income tax rate of 30% (2021: 30%)	183,486	124,166	88,722	63,326	43,309
Tax effect of:					
Depreciation on non-qualifying assets	171	(80)	370	511	927
Expenses not deductible for tax purposes	3,704	1,189	1,322	5,058	3,368
Investment income	-	-	-	(9)	-
Utilisation of provision charged to retained earnings on IFRS 9 adoption	-	-	-	886	-
Over provision of current tax in prior year	-	-	(2,188)	-	
(Over)/Under provision of deferred tax in prior year	(512)	(1,312)	1,714	(851)	(4,203)
Non-taxable commission income	(4,599)	(243)	-	-	-
Dividend on equity instrument	(15)	(19)	-	-	-
Income tax expense	**182,235**	**123,701**	**89,940**	**68,921**	**43,401**

b) CURRENT TAX (LIABILITIES)/ASSETS

	2022	2021	2020	2019	2018
At start of the year	17,634	8,587	(15,303)	13,188	1,923
Current year tax expense (Note 15(b))	(198,211)	(131,792)	(98,199)	(84,848)	(57,215)
Tax refund	(11,746)	-	-	-	-
Tax paid	186,721	140,839	122,089	56,357	68,480
Tax payable	**(5,602)**	**17,634**	**8,587**	**(15,303)**	**13,188**

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16 EARNINGS PER SHARE

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Net profit attributable to shareholders	429,376	290,186	205,802	142,167	97,663
Weighted average number of shares in issue in millions (Note 35)	500	500	500	500	500
Basic and diluted earnings per share (TZS)	**858.75**	**580.37**	**411.60**	**284.33**	**195.33**

There being no dilutive or dilutive potential share options, the basic and diluted earnings per share are the same.

17 DIVIDEND PER SHARE

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TZS 286 per share, amounting to TZS 143,000 million out of 2022 profit.

In 2022, dividend of TZS 193 per share, amounting to TZS 96,729 million out of 2021 profit was approved and paid. In 2021, dividend of TZS 137 per share, amounting to TZS 68,500 million was approved and paid in respect of the year ended 31 December 2020.

In 2020, dividend of TZS 96 per share, amounting to TZS 48,000 million was approved and paid out of 2019 profit.

In 2019, dividend of TZS 66 per share, amounting to TZS 33,000 million was approved and paid out of 2018 profit.

18 CASH AND BALANCES WITH BANK OF TANZANIA

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Cash in hand					
- local currency	382,228	385,119	455,394	432,519	358,414
- foreign currency	92,660	99,135	206,295	65,712	44,295
Balances with Bank of Tanzania					
- local currency	369,006	293,105	-	378,588	152,829
- foreign currency	246,707	269,917	57,781	72,225	112,785
Statutory Minimum Reserves (SMR)*	460,740	436,753	328,018	392,096	402,099
Total	**1,551,341**	**1,484,029**	**1,047,488**	**1,341,140**	**1,070,422**
Current	**1,551,341**	**1,484,029**	**1,047,488**	**1,341,140**	**1,070,422**

*The SMR deposit is not available to finance the Bank's day-to-day operations and hence excluded from cash and cash equivalents for the purpose of the cash flow statement (See Note 36). Cash in hand and balances with Bank of Tanzania are non-interest bearing.

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19 PLACEMENTS AND BALANCES WITH OTHER BANKS

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Balances with banks abroad	15,834	123,274	82,773	208,309	113,569
Placement with local banks					
- Local currency	129,313	103,270	88,056	56,017	60,822
- Foreign currency	4,728	34,346	-	-	-
Placements with banks abroad	-	46,160	-	-	-
Letter of credit discounting arrangements	37,066	30,205	-	-	-
	186,941	**337,255**	**170,829**	**264,326**	**174,391**
Current	**186,941**	**337,255**	**170,829**	**264,326**	**174,391**

20 LOANS AND ADVANCES TO CUSTOMERS

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Salaried workers loans (SWL)	3,687,840	3,240,989	2,798,460	2,177,717	1,823,158
MSE loans	326,809	322,876	324,845	356,111	365,777
Other consumer loans	475,055	69,489	67,273	142,629	130,355
Large corporate entities	992,471	755,388	623,401	675,791	693,019
SME loans	364,683	308,152	253,676	227,830	224,635
Agribusiness loans	395,818	167,025	246,414	188,720	136,056
Gross loans and advances to customers	**6,242,676**	**4,863,919**	**4,314,069**	**3,768,798**	**3,373,000**
Less: allowance for impairment	(228,073)	(209,986)	(204,809)	(173,110)	(131,599)
Net loans and advances to customers	**6,014,603**	**4,653,933**	**4,109,260**	**3,595,688**	**3,241,401**

Analysis of loans and advances to customers by maturity

Maturity analysis is based on the remaining periods to contractual maturity from year-end

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Maturing:					
Within 1 year	1,592,624	1,055,150	1,053,656	1,091,154	1,023,215
Between 1 year and 5 years	2,722,626	2,602,088	1,630,832	1,495,719	1,428,335
Over 5 years	1,927,426	996,695	1,424,772	1,003,133	789,851
	6,242,676	**4,653,933**	**4,109,260**	**3,590,006**	**3,241,401**

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20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Analysis based on ECL segmentation

2022	Agribusiness	Overdraft	Secured	Unsecured	Total
Salaried workers loans	-	-	-	3,687,840	3,687,840
MSE loans	-	45	326,223	541	326,809
Other consumer loans	-	-	49,958	425,097	475,055
Large corporate entities	184,577	199,826	608,068	-	992,471
SME loans	654	62,837	301,138	54	364,683
Agribusiness loans	393,548	2,067	-	203	395,818
Grand Total	**578,779**	**264,775**	**1,285,387**	**4,113,735**	**6,242,676**

2021	Agribusiness	Overdraft	Secured	Unsecured	Total
Salaried workers loans	-	-	-	3,240,989	3,240,989
MSE loans	-	-	322,876	-	322,876
Other consumer loans	-	-	41,488	28,001	69,489
Large corporate entities	166,068	181,347	404,574	3,399	755,388
SME loans	-	88,703	219,449	-	308,152
Agribusiness loans	167,025	-	-	-	167,025
Grand Total	**333,093**	**270,050**	**988,387**	**3,272,389**	**4,863,919**

2020	Agribusiness	Overdraft	Secured	Unsecured	Total
Salaried workers loans	-	20,558	-	2,777,902	2,798,460
MSE loans	-	-	324,673	172	324,845
Other consumer loans	-	-	29,473	37,902	67,375
Large corporate entities	122,853	252,586	370,344	-	745,783
SME loans	-	55,381	198,767	-	254,148
Agribusiness loans	123,560	-	-	-	123,560
Grand Total	**246,413**	**328,525**	**923,257**	**2,815,976**	**4,314,171**

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20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movement in the allowance account for losses on loans:	Corporate TZS' Millions	MSE TZS' Millions	SME TZS' Millions	SWL TZS' Millions	Other consumer loans TZS' Millions	Agribusiness TZS' Millions	Total TZS' Millions
At 1 January 2020	84,846	10,011	16,425	27,144	5,932	28,752	173,110
Change in allowance for loan impairment*	33,142	4,012	12,415	8,345	645	18,823	77,382
Net loss from Derecognition	39,678	907	6,470	893	411	59	48,418
Write-offs	(75,751)	(1,356)	(12,939)	(1,634)	-	(2,421)	(94,101)
At 31 December 2020	**81,915**	**13,574**	**22,371**	**34,748**	**6,988**	**45,213**	**204,809**
At 1 January 2019	66,554	18,574	11,685	20,360	4,838	9,588	131,599
42BIncrease in allowance for loan impairment*	35,595	5,717	11,291	21,590	4,416	20,241	98,850
43BWrite-offs	(17,303)	(14,280)	(6,551)	(14,806)	(3,322)	(1,077)	(57,339)
At 31 December 2019	**84,846**	**10,011**	**16,425**	**27,144**	**5,932**	**28,752**	**173,110**
44B**At 1 January 2018**	75,960	9,170	4,230	23,485	1,100	5,745	119,690
45BIncrease in allowance for loan impairment	57,447	18,926	18,726	18,577	6,067	15,513	135,256
46BWrite-offs	(66,853)	(9,522)	(11,271)	(21,702)	(2,329)	(11,670)	(123,347)
At 31 December 2018	**66,554**	**18,574**	**11,685**	**20,360**	**4,838**	**9,588**	**131,599**

*The decrease in impairment charge during the year was due to improvements in portfolio management and incorporation of collateral information into modelled impairment consideration.

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21 (a) GOVERNMENT SECURITIES AT AMORTISED COST

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Treasury Bills	335,111	321,911	386,023	272,807	248,440
Treasury Bonds	1,580,143	1,362,039	889,268	471,720	476,503
	1,915,254	**1,683,950**	**1,275,291**	**744,527**	**724,943**
Current	452,574	498,233	482,561	348,368	428,861
Non-current	1,462,680	1,185,717	792,730	396,159	296,082
	1,915,254	**1,683,950**	**1,275,291**	**744,527**	**724,943**

Treasury Bills and Bonds are debt securities issued by the Government of the United Republic of Tanzania and during the year the effective interest rate was 8.8% (2021: 7.6%).

As at 31 December 2022, there were no treasury bills which were pledged as security while the treasury bonds with face value of TZS 67,677 million (2021: TZS 9,277 million) were pledged as securities to borrowings from TMRC and BOT on Agribusiness special loan.

The movement in investment securities may be summarized as follows:	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
At 1 January	1,683,950	1,275,291	744,527	724,943	919,099
Interest income	162,816	128,928	103,316	-	-
Additions	721,384	871,111	830,915	583,552	558,758
Interest received	(147,162)	(95,288)	(56,445)	-	-
Matured securities	(505,734)	(496,092)	(347,022)	(563,968)	(752,914)
At 31 December	**1,915,254**	**1,683,950**	**1,275,291**	**744,527**	**724,943**

(b) GOVERNMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Bank has invested in various treasury bonds that are designated at fair value through other comprehensive income. The movement in these securities is as follows:

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
At 1 January	55,330	28,962	17,027	15,242	870
Interest income	4,674	3,567	3,828	1,617	1,597
Realised gain on fair valuation credited to P&L	5,353	2,726	3,107	1,100	1,033
Unrealised fair valuation gain/(loss) to OCI (Note 35 (iv))	821	(326)	(525)	240	260
Additions	133,443	132,115	162,459	76,340	50,090
Interest received	(9,954)	(3,142)	(2,742)	-	-
Cash collection from disposal	(160,889)	(108,572)	(156,934)	(77,512)	(38,608)
At 31 December	**28,778**	**55,330**	**28,962**	**17,027**	**15,242**

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Non-current	**28,778**	**55,330**	**28,962**	**17,027**	**15,242**

22 EQUITY INVESTMENTS

The Bank has equity investments in TMRC, and a subsidiary named Upanga Joint Venture Company Limited.

(i) Investment in a subsidiary

Company name	**2022 TZS' Millions**	**% Share-holding**
Upanga Joint Venture Company Limited	**39,639**	**88**

Company name	**2021 TZS' Millions**	**% Share-holding**	**2020 TZS' Millions**	**% Share-holding**
Upanga Joint Venture Company Limited	**39,639**	**88**	**39,639**	**88**

(i) Investment in subsidiary

Company name	**2019 TZS' Millions**	**% Share-holding**	**2018 TZS' Millions**	**% Share-holding**
Upanga Joint Venture Company Limited	**39,639**	**88**	**39,639**	**88**

There are no contingent liabilities relating to the Bank's interest in the subsidiary.

There re no restrictions to the Bank in gaining access or use of assets of the subsidiary and settling liabilities of the Bank.

The subsidiary listed above has share capital consisting solely of ordinary shares. The country of incorporation; the United Republic of Tanzania is also their principal place of business.

There were no significant judgements and assumptions made in determining the Bank's interest in the subsidiary.

Set out below is the summarised financial information of Upanga Joint Venture Company Limited ("UJVC Limited"), a subsidiary of the Bank.

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22 EQUITY INVESTMENTS (CONTINUED)

(i) Investment in a subsidiary (Continued)

Summarised statement of financial position	2022 TZS Millions	2021 TZS Millions	2020 TZS Millions	2019 TZS Millions	2018 TZS Millions
Current					
Total current assets	10,781	7,267	5,817	11,523	18,075
Current liabilities	(2,040)	(1,563)	(2,735)	(12,836)	(8,774)
Total net current assets (liabilities)	**8,741**	**5,704**	**3,082**	**(1,313)**	**9,301**
Non-current					
Assets	29,821	31,852	34,154	36,125	38,998
Liabilities	-	-	-	-	(14,067)
Total non-current net assets	**29,821**	**31,852**	**34,154**	**36,125**	**24,931**
Total net assets	**38,562**	**37,556**	**37,236**	**34,812**	**34,232**

Summarised statement of comprehensive income

	2022 TZS Millions	2021 TZS Millions	2020 TZS Millions	2019 TZS Millions	2018 TZS Millions
Revenue	4,921	4,922	5,977	6,033	6,033
Cost of sales	(117)	(119)	(142)	(142)	(115)
Finance costs	-	-	(329)	(778)	(1,083)
Administrative expenses	(2,517)	(2,110)	(2,043)	(2,031)	(2,008)
Loss on foreign exchange	-	-	-	-	(53)
Tax (charge)/credit	(1,258)	(2,175)	(1,039)	(1,056)	577
Profit after tax	**1,029**	**518**	**2,424**	**2,026**	**3,351**
Allocated to non- controlling interest	**141**	**71**	**331**	**120**	**451**

Non-controlling interests have no protective rights that can significantly restrict the Bank's ability to access or use the assets and settle the liabilities of the Bank.

Summarised cash flows	2022 TZS Millions	2021 TZS Millions	2020 TZS Millions	2019 TZS Millions	2018 TZS Millions
Net cash generated from /(used in) operations	3,553	1,841	(183)	(959)	18,354
Net cash used in investing activities	-	-	-	-	-
Net cash used in financing activities	-	(471)	(5,540)	(5,889)	(6,059)
Net decrease in cash and cash equivalents	3,553	1,370	(5,722)	(6,848)	12,295
Cash and cash equivalents at start of the year	1,375	5	5,727	12,387	91
Cash and cash equivalents at end of the year	**4,928**	**1,375**	**5**	**5,539**	**12,386**

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22 EQUITY INVESTMENTS (CONTINUED)

(ii) Investment at fair value through other comprehensive income

Company name	2022 TZS' Millions	2022 % Share holding
Tanzania Mortgage Refinance Company Ltd	**2,920**	**7.81**

Company name	2021 TZS' Millions	2021 % Share holding	2020 TZS' Millions	2020 % Share holding
Tanzania Mortgage Refinance Company Ltd	**2,920**	**7.81**	**2,920**	**7.81**

Company name	2019 TZS' Millions	2019 % Share holding	2018 TZS' Millions	2018 % Share holding
Tanzania Mortgage Refinance Company Ltd	***2,920***	***9.73***	***2,920***	***9.73***

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23 OTHER ASSETS

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Service fees receivable	5,577	7,958	9,604	7,077	43,627
Prepayments	25,941	15,235	16,893	39,896	43,627
Other receivables	106,009	43,741	16,730	19,174	16,018
Staff imprest	103	20	29	64	32
Stationery Stock	1,262	1,673	-	-	-
Bank card Inventory	2,988	1,422	-	-	-
Balances due to related parties	1,534	1,443	-	-	-
Cheques and items for clearance	34,392	22,521	1,449	4,152	1,613
Balances with Mobile network operators	23,852	21,966	20,575	17,490	16,268
Less: Allowance for impairment of other receivables	(2,597)	(2,240)	(1,256)	(196)	(1,568)
	199,061	**113,739**	**64,024**	**87,657**	**78,368**
Current	198,453	97,406	62,492	86,893	69,498
Non-current	608	16,333	1,532	764	8,870
At end of the year	**199,061**	**113,739**	**64,024**	**87,657**	**78,368**

The movement in allowance for impairment of other receivables is as follows:

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
At start of the year	(2,240)	(1,256)	(196)	(1,568)	(582)
Charge for the year	(357)	(984)	(1,060)	1,372	(986)
At end of the year	**(2,597)**	**(2,240)**	**(1,256)**	**(196)**	**(1,568)**

Other assets have not been pledged as security for liabilities.

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24 PROPERTY AND EQUIPMENT

Year ended 31 December 2022	Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress* TZS' Millions	Total TZS' Millions
COST						
At 1 January 2022	90,250	100,475	21,638	243,245	1,937	457,545
Additions	233	309	329	6,373	6,694	13,938
Transfers	636	1,377	-	2,511	(4,524)	-
Transfer from prepayments	-	-	755	5,997	-	6,752
Disposal	-	-	(1,330)	(311)	-	(1,641)
At 31 December 2022	**91,119**	**102,161**	**21,392**	**257,815**	**4,107**	**476,594**
DEPRECIATION						
At 1 January 2022	35,615	52,453	19,017	189,422	-	296,507
Charge for the year	4,079	7,819	908	23,604	-	36,410
Disposal	-	-	1,329	(310)	-	(1,639)
At 31 December 2022	**39,694**	**60,272**	**18,596**	**212,716**	**-**	**331,278**
NET BOOK VALUE						
AT 31 DECEMBER 2022	**51,425**	**41,889**	**2,796**	**45,099**	**4,107**	**145,316**

*The capital work in progress relates to the ongoing projects of branch renovations, network equipment and ongoing security system projects. No property and equipment of the Bank has been pledged as security for liabilities.

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24 PROPERTY AND EQUIPMENT (CONTINUED)

YEAR ENDED 31 DECEMBER 2021	Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress* TZS' Millions	Total TZS' Millions
COST						
At 1 January 2021	110,875	76,884	20,103	227,430	2,561	437,853
Additions	603	750	543	6,914	2,476	11,286
Transfers	590	1,023	-	1,487	(3,100)	-
Transfer from prepayments	-	-	992	8,836	-	9,828
Reclassification	(21,818)	21,818	-	-	-	-
Disposal	-	-	-	(1,422)	-	(1,422)
At 31 December 2021	**90,250**	**100,475**	**21,638**	**243,245**	**1,937**	**457,545**
DEPRECIATION						
At 1 January 2021	34,997	40,000	17,469	163,825	-	256,291
Charge for the year	5,138	7,854	1,548	27,018	-	41,558
Reclasification	(4,520)	4,599	-	-	-	79
Disposal	-	-	-	(1,421)	-	(1,421)
At 31 December 2021	**35,615**	**52,453**	**19,017**	**189,422**	**-**	**296,507**
NET BOOK VALUE						
AT 31 DECEMBER 2021	**54,635**	**48,022**	**2,621**	**53,823**	**1,937**	**161,038**

*The capital work in progress relates to the ongoing projects of branch re-modelling. No property and equipment of the Bank has been pledged as security for liabilities.

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24 PROPERTY AND EQUIPMENT (CONTINUED)

YEAR ENDED 31 DECEMBER 2020	Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
COST						
At 1 January 2020	115,016	67,502	18,661	217,139	356	418,674
Additions	1,267	1,514	225	10,100	5,649	18,755
Transfers	(5,408)	7,868	-	984	(3,444)	-
Transfer from prepayments	-	-	1,243	2,927	-	4,170
Disposal	-	-	(26)	(3,720)	-	(3,746)
At 31 December 2020	**110,875**	**76,884**	**20,103**	**227,430**	**2,561**	**437,853**
DEPRECIATION						
At 1 January 2020	30,508	30,630	15,530	138,962	-	215,630
Charge for the year	4,489	9,370	1,959	28,581	-	44,399
Disposal	-	-	(20)	(3,718)	-	(3,738)
At 31 December 2020	**34,997**	**40,000**	**17,469**	**163,825**	**-**	**256,291**
NET BOOK VALUE						
At 31 December 2020	**75,878**	**36,884**	**2,634**	**63,605**	**2,561**	**181,562**

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24 PROPERTY AND EQUIPMENT (CONTINUED)

YEAR ENDED 31 DECEMBER 2019	Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
COST						
At 1 January 2019	108,534	59,355	18,411	197,211	16,436	399,947
Additions	1,095	747	-	5,197	5,610	12,649
Transfers from work in progress	5,387	7,400	10	9,637	(22,434)	-
Transfer from prepayments	-	-	315	8,920	744	9,979
Disposal	-	-	(75)	(3,826)	-	(3,901)
At 31 December 2019	**115,016**	**67,502**	**18,661**	**217,139**	**356**	**418,674**
DEPRECIATION						
At 1 January 2019	25,455	23,304	12,874	110,709	-	172,342
Charge for the year	5,053	7,326	2,724	31,925	-	47,028
Disposal	-	-	(68)	(3,672)	-	(3,740)
At 31 December 2019	**30,508**	**30,630**	**15,530**	**138,962**	**-**	**215,630**
NET BOOK VALUE						
AT 31 DECEMBER 2019	**84,508**	**36,872**	**3,131**	**78,177**	**356**	**203,044**

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24 PROPERTY AND EQUIPMENT (CONTINUED)

YEAR ENDED 31 DECEMBER 2018	Own building TZS' Millions	Leasehold improvement TZS' Millions	Motor vehicles TZS' Millions	Computers, furniture and equipment TZS' Millions	Capital work in progress TZS' Millions	Total TZS' Millions
COST						
At 1 January 2018	59,551	32,679	16,933	132,615	130,591	372,369
Additions	43	10	129	12,082	13,266	25,530
Transfers from work in progress	48,940	26,666	48	52,530	(128,184)	-
Transfer from prepayments	-	-	1,846	5,222	1,483	8,551
Transfer to intangible assets*	-	-	-	(2,321)	(718)	(3,039)
Disposal	-	-	(545)	(2,917)	-	(3,462)
At 31 December 2018	**108,534**	**59,355**	**18,411**	**197,211**	**16,438**	**399,949**
DEPRECIATION						
At 1 January 2018	20,994	19,627	10,247	84,409	-	135,277
Charge for the year	4,461	3,677	3,061	29,105	-	40,304
Disposal	-	-	(434)	(2,805)	-	(3,239)
At 31 December 2018	**25,455**	**23,304**	**12,874**	**110,709**	**-**	**172,342**
NET BOOK VALUE						
AT 31 DECEMBER 2018	**83,079**	**36,051**	**5,537**	**86,502**	**16,438**	**227,607**

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25 INTANGIBLE ASSETS

2022	Computer Software TZS' Millions	Work in progress TZS' Millions	Total TZS' Millions
Cost:			
At 1 January	79,740	6,759	86,499
Additions	847	8,547	9,394
Transfer from prepayments	(34)	-	(34)
Adjustment	-	34	34
At 31 December	**80,553**	**15,340**	**95,893**
Amortisation			
At 1 January	72,611	-	72,611
Charge for the year	4,992	-	4,992
At 31 December	**77,603**	**-**	**77,603**
Net book value	**2,950**	**15,340**	**18,290**

The Software work in progress relates to costs towards development of new agency banking system, internet banking, Mkononi revamp, Micro lending and other small systems.

2021	Computer Software TZS' Millions	Work in progress TZS' Millions	Total TZS' Millions
Cost:			
At 1 January	76,710	1,132	77,842
Additions	2,374	6,778	9,152
Transfer from work in progress	472	(472)	-
Transfer from prepayment	184	-	184
Adjustment	-	(679)	(679)
At 31 December	**79,740**	**6,759**	**86,499**
Amortisation			
At 1 January	63,944	-	63,944
Charge for the year	8,667	-	8,667
At 31 December	**72,611**	**-**	72,611
Net book value	**7,129**	**6,759**	**13,888**

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25 INTANGIBLE ASSETS (CONTINUED)

2020 Cost:	Computer Software TZS' Millions	Work in progress TZS' Millions	Total TZS' Millions
At 1 January	72,202	1,706	73,908
Additions	2,115	2,210	4,325
Transfer from work in progress	2,784	(2,784)	-
Transfer from prepayment	(391)		(391)
At 31 December	**76,710**	**1,132**	**77,842**
Amortisation			
At 1 January	53,129	-	53,129
Charge for the year	10,815	-	10,815
At 31 December	**63,944**	**-**	**63,944**
Net book value	**12,766**	**1,132**	**13,898**

	Computer Software TZS' Millions	Work in progress TZS' Millions	Total TZS' Millions
2020			
Cost:			
At 1 January	72,202	1,706	73,908
Additions	2,115	2,210	4,325
Transfer from work in progress	2,784	(2,784)	-
Transfer from prepayment	(391)		(391)
At 31 December	**76,710**	**1,132**	**77,842**
Amortisation			
At 1 January	53,129	-	53,129
Charge for the year	10,815	-	10,815
At 31 December	**63,944**	**-**	**63,944**
Net book value	**12,766**	**1,132**	**13,898**

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

25 INTANGIBLE ASSETS (CONTINUED)

2019	Computer Software TZS' Millions	Work in progress TZS' Millions	Total TZS' Millions
Cost:			
At 1 January	58,958	1,978	60,936
Additions	3,173	7,794	10,967
Transfer from work in progress	8,066	(8,066)	-
Transfer from prepayments	2,005	-	2,005
At 31 December	**72,202**	**1,706**	**73,908**
Amortisation			
At 1 January	39,695	-	39,695
Charge for the year	13,434	-	13,434
At 31 December	**53,129**	-	**53,129**
Net book value	**19,073**	**1,706**	**20,779**
2018			
Cost:			
At 1 January	37,018	8,949	45,967
Additions	8,518	3,412	11,930
Transfer from work in progress	10,383	(10,383)	-
Reclassified from property and equipment	3,039	-	3,039
At 31 December	**58,958**	**1,978**	**60,936**
Amortisation			
At 1 January	26,066	-	26,066
Charge for the year	13,629	-	13,629
At 31 December	**39,695**	-	**39,695**
Net book value	**19,263**	**1,978**	**21,241**

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

26 LEASES

	2022 TZS'	2021 TZS'	2020 TZS'	2019 TZS'	2018 TZS'
(a) RIGHT-OF-USE ASSETS					
At start of the year	65,177	70,027	162,184	172,681	-
Additions	10,508	6,853	55,282	2,649	-
Modification	192	460	-	-	-
Termination			(134,103)	-	-
Lease remeasurement	2,301	-	-	-	-
Amortisation charge	(13,106)	(12,163)	(13,336)	(13,146)	-
At the end of the year	**65,072**	**65,177**	**70,027**	**162,184**	**-**
(b) LEASE LIABILITIES					
At start of the year	67,142	70,104	156,030	157,077	-
Additions	7,046	6,853	55,282	2,649	-
Modification	192	(1,010)	-	-	-
Lease remeasurement	2,296	-		-	-
Finance cost	5,393	5,899	8,120	8,547	-
Revaluation gain/losses	118	41	900	-	-
Termination			(139,370)	-	-
Payment during the year	(13,454)	(14,745)	(10,858)	(12,243)	-
At the end of year	**68,733**	**67,142**	**70,104**	**156,030**	**-**
Current	9,612	9,177	17,689	8,177	-
Non-current	59,121	57,965	52,415	147,853	-
	68,733	**67,142**	**70,104**	**156,030**	**-**

The statement of profit or loss shows the following amounts relating to leases

	2022 TZS'	2021 TZS'	2020 TZS'	2019 TZS'	2018 TZS'
Amortisation of right-of-use assets - Note 14 (b)	13,107	12,163	13,336	13,146	-
Finance cost – included as interest expense - Note 8(b)	5,393	5,899	8,120	8,547	-
Expense relating to short-term leases - Note 13 (b)	507	230	968	274	-
Gain on modification – Note 26(c), Note 26(a)	-	1,470	-	-	-
Foreign exchange gain on leases liability – Note 26 (c)	118	41	-	-	-
	19,125	**19,803**	**22,424**	**21,967**	**-**

All leases relate to building properties used as office, branch or ATM outlets. Total cash flow for leases in 2022 for Bank amounted to TZS 13,454 million (2021: TZS 14,745 million) respectively. During the year there was addition of TZS 7,145 million.

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27 DEFERRED TAX

(a) DEFERRED INCOME TAX ASSETS

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
At start of year	93,799	85,610	77,084	61,229	43,116
Credit/(Debit) to profit or loss:					
In respect to current year (Note 15(b))	15,463	6,779	9,972	15,076	10,443
In respect of prior year: (Under)/Over provision (Note 15(b))	512	1,312	(1,714)	851	2,794
Impact of IFRS 9 adoption – to retained earnings	-	-	-	-	5,308
Credit/(Debit) to OCI:					
In respect of current year	(299)	98	268	(72)	(432)
At the end of year	**109,475**	**93,799**	**85,610**	**77,084**	**61,229**

Deferred income tax asset and deferred income tax credit to the profit or loss are attributed to the following items:

Year ended 31 December 2022 **Deferred income tax asset**	**1 January TZS' Millions**	**Credited to profit or loss in respect of** Current year TZS' Millions	**Prior years TZS' Millions**	**Credited/ (Charged) to OCI TZS' Millions**	**31 December TZS' Millions**
Impact to profit and loss					
Property and equipment	12,812	1,325	-	-	**14,137**
Provisions for loan impairment	62,992	5,389	-	-	**68,381**
Other provisions	17,849	4,635	-		**22,484**
Other temporary differences	312	4,114	512	-	**4,938**
Impact to reserve					
Fair valuation gain – equity	(354)	-	-	-	**(354)**
Fair valuation gain – debt	188	-	-	(299)	**(111)**
Provisions - IFRS 9 adjustment				-	**-**
	93,799	**15,463**	**512**	**(299)**	**109,475**

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27 DEFERRED TAX (CONTINED)

(a) DEFERRED INCOME TAX ASSETS (CONTINUED)

Year ended 31 December 2021

Year ended 31 December 2021 Deferred income tax asset	1 January TZS' Millions	Current year TZS' Millions	Prior years TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	31 December TZS' Millions
Impact to profit and loss					
Property and equipment	10,004	2,883	(75)	-	**12,812**
Provisions for loan impairment	56,743	5,975	274	-	**62,992**
Other provisions	14,847	3,002	-	-	**17,849**
Other temporary differences	(142)	(659)	1,113	-	**312**
Impact to reserve					
Fair valuation gain – equity	(354)	-	-	-	**(354)**
Fair valuation gain – debt	90	-	-	98	**188**
Provisions - IFRS 9 adjustment	4,422	(4,422)	-	-	**-**
	85,610	**6,779**	**1,312**	**98**	**93,799**

Year ended 31 December 2020 Deferred income tax asset	1 January TZS' Millions	Current year TZS' Millions	Prior years TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	31 December TZS' Millions
Impact to profit and loss					
Property and equipment	8,197	1,807	-	-	10,004
Provisions for loan impairment	47,511	10,946	(1,714)	-	56,743
Other provisions	16,469	(1,622)	-	-	14,847
Other temporary differences	1,017	(1,159)	-	-	(142)
Impact to reserve					
Fair valuation gain – equity	(354)	-	-	-	(354)
Fair valuation gain – debt	(178)	-	-	268	90
Provisions - IFRS 9 adjustment	4,422	-	-	-	4,422
	77,084	**9,972**	**(1,714)**	**268**	**85,610**

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27 DEFERRED TAX (CONTINED)

(a) DEFERRED INCOME TAX ASSETS (CONTINUED)

Year ended 31 December 2019 Deferred income tax asset	1 January TZS' Millions	Credited to retained earnings on IFRS 9 Adoption TZS' Millions	Credited to profit or loss TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	31 December TZS' Millions
Property and equipment	6,356	-	1,841	-	**8,197**
Provisions	55,333	-	13,069	-	**68,402**
Other temporary differences	-	-	1,017	-	**1,017**
Fair valuation gain – debt	(106)	-	-	(72)	**(178)**
Fair valuation gain – equity	(354)		-		**(354)**
	61,229	**-**	**15,927**	**(72)**	**77,084**

Year ended 31 December 2018 Deferred income tax asset	1 January TZS' Millions	Credited to retained earnings on IFRS 9 Adoption TZS' Millions	Credited to profit or loss TZS' Millions	Credited/ (Charged) to OCI TZS' Millions	31 December TZS' Millions
Property and equipment	6,056	-	300	-	6,356
Provisions	37,088	5,308	12,937	-	55,333
Other temporary differences	-	-	-	-	-
Fair valuation gain – debt	(28)	-	-	(78)	(106)
Fair valuation gain – equity	-	-	-	(354)	(354)
	43,116	**5,308**	**13,237**	**(432)**	**61,229**

28 DEPOSITS FROM CUSTOMERS

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Current accounts	2,870,896	2,767,977	1,956,668	1,892,521	1,708,866
Personal accounts	3,539,151	3,001,462	2,506,956	2,249,390	2,002,879
Time deposit accounts	1,190,100	894,824	861,831	780,367	615,862
	7,600,147	**6,664,263**	**5,325,455**	**4,922,278**	**4,327,607**
Current	5,130,081	5,884,714	4,631,376	4,308,022	4,162,881
Non-current	2,470,066	779,549	694,079	614,256	164,726
	7,600,147	**6,664,263**	**5,325,455**	**4,922,278**	**4,327,607**

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29 DEPOSITS DUE TO OTHER BANKS

	2022	2021	2020	2019	2018
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Deposits from other banks	12,445	408	131,224	33,446	4,475
Short-term money market borrowings	-	-	-	-	16,295
Current	**12,445**	**408**	**131,224**	**33,446**	**20,770**

30 OTHER LIABILITIES

	2022	2021	2020	2019	2018
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Accrued expenses	14,118	12,898	26,702	33,355	35,019
Bonus payable	15,536	13,150	8,745	-	-
Deferred processing fees	49,902	40,320	34,809	30,974	
Bills payable	2,178	2,178	2,118	2,133	2,139
Statutory liabilities	32,539	25,205	16,863	-	-
Provisions for TRA assessments	9,021	10,957	8,131	-	-
Insurance premium payable	7,804	4,772	5,288	-	-
Commission payable to NMB agents	4,608	4,268	3,013	-	-
Cheques and items for clearance	5,665	15,556	3,251	-	-
Provisions	294	2,173	2,303	-	-
Commission received in advance; LCs and Guarantees	1,765	1,704	1,410	-	-
Sundry liabilities	10,063	10,258	4,172	33,872	51,514
Provision for off-balance sheet items (Note 6.1.5 e)	276	163	74	6,562	5,002
Total	**153,769**	**143,602**	**116,879**	**106,896**	**93,674**
Current	112,734	105,862	30,439	79,184	93,674
Non-current	41,035	37,740	86,230	27,712	
	153,769	**143,602**	**116,669**	**106,896**	**93,674**

31 PROVISIONS

	2022	2021	2020	2019	2018
	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions	TZS' Millions
Provision for losses from legal cases	**2,079**	**1,309**	**971**	**2,230**	**3,519**
Movement in provision					
At the start of year	1,309	971	2,230	3,519	2,784
Charged during the year	770	338	(1,259)	(1,289)	735
At end of year	**2,079**	**1,309**	**971**	**2,230**	**3,519**

The amounts represent provision for certain legal claims brought against the Bank by third parties in the course of business. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2022.

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32 BORROWINGS

Borrowings:	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
EIB Loan (i)	524	1,575	6,889	18,130	32,700
FMO Loan (ii)	295,375	11,540	39,593	66,729	124,200
Triodos (iii)	-	5,666	16,999	28,332	28,332
NMB Bond (iv)	74,269	83,349	83,349	106,745	64,802
TMRC (v)	11,700	11,700	11,700	11,700	6,700
IFC (vi)	303,659	304,430	90,758	40,267	40,250
BOT (vii)	57,875	-	-	-	-
Accrued interest	5,952	4,930	3,427	**4,542**	**4,404**
	749,354	**423,190**	**252,715**	**276,445**	**301,388**
Current	295,440	380,251	93,780	119,902	158,132
Non-current	453,914	42,939	158,935	156,543	143,256
	749,354	**423,190**	**252,715**	**276,445**	**301,388**

As at 31 December 2022, the Bank had no borrowing at default and there was no breach of covenants. All USD LIBOR priced borrowings expires before 30th June 2023 hence there shall be no transition of interest rate benchmark.

(i) European Investment Bank (EIB) loan

As at 31 December 2022, the Bank had a total balance of TZS 525 million (2021: TZS 1,575 million). It is payable semi-annually within seven years at effective interest rate of 9.31% (2021: 9.31%).

The loan was taken for the purpose of better assets liability management and were unsecured.

As at 31 December 2022, the Bank was compliant with all the lender's covenants.

(ii) Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) loan

In December 2022, the Bank obtained unsecured loan of USD 125 million repayable semi-annually within six years and carries a floating rate based on six months CME SOFR rate. The effective interest rate was 7.55%, during the year. The outstanding balance as at 31 December 2022 was USD 125 million equivalent to TZS 295,600 million.

Moreover in 2016, the bank drew down tranche 2 of the 2015 contract amounting to USD 25 Million repayable semi-annually within five to six years and carries a floating rate based on six months LIBOR rate. The effective interest rate was 5.8%, during the year. The loan was fully paid in 2022 (2021: USD 5 million equivalent to TZS 11,540 million).

As at 31 December 2022, the Bank was compliant with all the lender's covenants.

(iii) Triodos B.V.

In 2019, the Bank borrowed from Triodos an amount of TZS 28.3 billion repayable semi-annually from the year 2020 and carrying a fixed rate. The effective interest rate is 14.4%. The loan was taken for the purpose of better assets and liability management. The loan is unsecured. The loan was fully paid in 2022 (2021: TZS 5,666 million).

As at 31 December 2020 the balance was TZS 16,999 million (2019: TZS 28,332 million)

As at 31 December 2018 the balance was TZS 28,332 million

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32 BORROWINGS (CONTINUED)

(iv) NMB Bond

Retail Bond

On 10 June 2019, the Bank issued the third tranche of this program. The Bank issued a TZS 25 billion 3-year bond targeted towards the retail investor segment; offering a gross coupon rate of 10% and issued at par. The coupon on the bond is paid quarterly. The offer period closed on 08 July 2019 with market demand exceeding expectations. The bond was oversubscribed by 233% with the Bank receiving applications from investors amounting to TZS 83.3 billion.

Corporate Bond

On 28 December 2018 and 29 December 2018, the Bank issued the second tranche of the Medium-Term Note (MTN) program amounting TZS 17,096 million and TZS 5 billion respectively via a private placement. The issue was targeted towards corporate investors at a gross coupon rate of 13.5% for a period of 3 years.

The bonds are unsecured and are tradable on the Dar es Salaam Stock Exchange (DSE).

The proceeds of the bond issue were used for on-lending to the Bank's customers who include individuals, micro, small and medium sized enterprises as well as large corporate and Government institutions.

As at 31 December 2019, TZS 53,155 million on the MTN program was not issued by the Bank. Subsequent tranches will be issued as and when the Bank requires and when market conditions are conducive.

The issuance of the bonds is part of the Bank's strategy to diversify its funding sources.

As at 31 December 2020, TZS 53,155 million on the MTN program was not issued by the Bank. Subsequent tranches will be issued as and when the Bank requires and when market conditions are conducive.

The issuance of the bonds is part of the Bank's strategy to diversify its funding sources. Sustainable Bond

On 7th February 2022, the Bank issued the fourth and final tranche of the 2016 MTN program dubbed Jasiri Bond. The Bank issued a TZS 25 billion 3-year bond targeted towards the retail and institutional investor segment; offering a gross coupon rate of 8.5% and issued at par. The coupon on the bond is paid quarterly. The offer period closed on 21 March 2022 with market demand exceeding expectations. The bond was oversubscribed by 197% with the Bank receiving applications from investors amounting to TZS 74.3 billion.

Jasiri Bond is bank first Gender Bond in the whole of Sub-Saharan Africa (SSA) whose framework aligns with Social Bond Principles administered by the International Capital Market Association. The debut issuance under the bank Social Bond Framework focuses exclusively on gender equality and economic empowerment of women (SDG-5 specifically) by channeling its proceeds to women-owned or led businesses and those businesses whose products and services directly benefit a woman. The Bond will also have impact on other broad-based SDGs impacted through financing of economic activities under SMEs.

The bond is unsecured and is tradable on the Dar es Salaam Stock Exchange (DSE).

As at 31st December 2022, the NMB 2016 MTN programme was fully exhausted after the issuance of fourth tranche.

The issuance of the bonds is part of the Bank's strategy to diversify its funding sources.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

32 BORROWINGS (CONTINUED)

(v) Tanzania Mortgage Refinance Company Limited

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As at 31 December 2022 the balance was TZS 11.7 billion (2021: TZS 11.7 billion). The balance was made up of three trenches which were taken to finance the portfolio of mortgage loans and all trenches were renewable.

For the years: As at 31 December 2020 the balance was 11.7 billion (2019: TZS 11.7 billion) and as at 31 December 2018 the balance was TZS 6.7 billion.

At the end of 2017, the Bank had borrowed from Tanzania Mortgage Refinance Company Limited (TMRC) a renewable loan of TZS 1.7 billion maturing in 48 months and carries a fixed rate of 11.5% p.a. The loan is secured by specific debenture over the portfolio of mortgage loans covering at least 125% of the loan amount. The loan renewable in 2020 at a fixed price of 7.5%.

In 2018, the Bank secured an additional TZS 5 billion loan with a 3-year tenor at a fixed interest rate of 11.5%. The loan is secured by a portfolio of treasury bonds with a coverage ratio of at least 105.3% and minimum remaining tenor of 3 years from the date of disbursement. The loan renewable in 2021 at a fixed price of 7.5%.

In 2019 the Bank secured additional TZS 5 billion loan with3-year tenor at a fixed interest rate of 9%. The loan is secured by a portfolio of treasury bonds with a coverage ratio of at least 105.3% The loan renewable in 2022 at a fixed price of 7.5%.

(v) International Finance Corporation (IFC)

In 2020, the Bank obtained unsecured loan of TZS 50 Billion repayable semi-annually within five to six years and carries a fixed rate. The effective interest rate was 10.5%, during the year. The outstanding balance as at 31 December 2022 was TZS 35.7 billion (31 December 2021: TZS 50 Billion).

During the year 2021, the Bank obtained two short-term loans from IFC amounting to USD 110 million in USD and TZS repayable in 2022 in one bullet or can be rolled over. The USD tranche amounting to USD 60 Million carries a floating rate based on six months LIBOR rate. The effective interest rate during the year was 4.7%. The full USD 60 Million was rolled over in 2022.

The TZS tranche amounting to TZS 115.95 Billion carried a fixed rate for the year. Only 57.98 Billion was rolled over and the remaining 57.98 billion was repaid upon maturity. The effective rate for the facility was 9.76%.

During the year 2022, the bank converted the Subordinate loan of 68.19 Billion to a senior loan which carried a reduced interest rate. As at 31 December 2022 the balance was TZS 68,190 million (2021: TZS 68,190 million). The effective interest rate was 11.93%.
The loans were taken for better Assets Liability management. The loan is unsecured.

During the year 2020, the Bank obtained additional unsecured loan of TZS 50 billion repayable semi-annually within five to six years and carries a fixed rate. The effective interest rate was 10.5% during the year. The outstanding balance as at 31 December 2020 was TZS 50 billion.

In 2019, the loan was renewed. As at 31 December 2019 the balance was USD 17.5 million equivalent to TZS 40,268 million (2018: USD 17.5 million equivalent to TZS 40,250 million)

For all the five years, the Bank was compliant with all the lender's covenants.

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32 BORROWINGS (CONTINUED)

(v) Bank of Tanzania (BOT)

In September 2022, the Bank borrowed from BOT an amount of TZS 57.9 billion repayable in 3 months carrying a fixed rate with an option to renew. In December 2022 the Bank renewed the loan for a further 3 months. The effective interest rate is 3%. The loan was taken for the purpose of to promote credit to private sector particularly small-scale farmers. The loan is secured by treasury bond worth TZS 58.4 billion.

Movement of borrowings during the year was as follows:	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions
At 1 January	423,190	252,715	276,445
Interest expense	31,555	32,803	31,664
Additions	427,518	255,190	50,000
Converted amount from subordinated loan	68,190	0	-
Interest paid	(31,031)	(30,576)	(32,582)
Principal payment	(174,141)	(85,398)	(73,857)
Foreign exchange gain/(loss)	4,073	(1,544)	1,045
At 31 December	**749,354**	**423,190**	**252,715**

33 SUBORDINATED DEBT

In 2018, the Bank borrowed an amount of TZS 68,190 million from International Finance Corporation (IFC). The loan is repayable semi-annually after lapse of 5 years grace period and carries a fixed rate. The loan was taken to improve the Tier II capital of the Bank. The loan is unsecured. As at 31 December 2022 the balance was NIL (2021: TZS 68,190 million). During the year 2022, the Bank converted the Subordinate loan of 68.19 Billion to a senior loan which carried a reduced interest rate. As at 31 December 2022, the Bank was compliant with all the lender's covenants.

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Principal	-	68,190	68,190	68,190	68,190
Accrued interest	-	2,835	2,835	2,808	2,782
	-	**71,025**	**71,025**	**70,998**	**70,972**
Current	-	2,835	2,835	-	-
Non-current	**-**	**2,835**	**68,190**	**70,998**	**70,972**

Movement of subordinated loan during the year was as follows:

	2022 TZS' Millions	2021 TZS Millions	2020 TZS Millions	2019 TZS Millions
At 1 January	71,025	71,025	70,998	70,972
Interest expense	6,807	9,669	9,696	9,696
Interest paid	(9,642)	(9,669)	(9,669)	(9,643)
Converted amount to senior loan	(68,190)	-	-	-
At 31 December	**-**	**71,025**	**71,025**	**70,998**

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

34 NET DEBT – ANALYSIS

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Cash and cash equivalents	1,277,542	1,406,497	907,029	1,213,370	842,714
Borrowings repayable within one year	(289,487)	(256,413)	(98,336)	(122,710)	(177,961)
Borrowings repayable after one year	(459,867)	(237,802)	(225,404)	(224,733)	(194,399)
Lease liabilities due after 1 year	(26,051)	(57,965)	(57,336)	(8,150)	-
Lease liabilities due within 1 year	(4,535)	(9,177)	(12,767)	(147,880)	-
Net debt	**497,602**	**845,140**	**513,185**	**709,897**	**470,354**
Cash and cash equivalents	1,277,542	1,406,497	907,029	1,213,370	842,714
Gross debt – fixed interest rate	(280,458)	(411,230)	(192,585)	(395,212)	(174,372)
Gross debt – variable interest rate	(499,482)	(150,127)	(130,233)	(108,261)	(197,988)
Net debt	**497,602**	**845,140**	**513,185**	**709,897**	**470,354**

The movement of the individual components is available in Note 26, Note 32, Note 33 and the statement of cash flows.

35 CAPITAL AND RESERVES

(i) Share capital

	2022 TZS' Millions	2021 TZS' Millions	2021 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Authorised					
625,000,000 ordinary shares of TZS 40 each	25,000	25,000	25,000	25,000	25,000
Called up and fully paid					
500,000,000 ordinary shares of TZS 40 each	20,000	20,000	20,000	20,000	20,000

(ii) Retained earnings

Retained earnings consist of undistributed profits from previous years.

(iii) General banking risk reserve

General banking risk reserve represents an amount set aside to cover additional provision for loan losses required to comply with the requirements of the Bank of Tanzania. This reserve is not available for distribution.

(iv) Fair valuation reserve

The reserve is made up of fair valuation of financial assets and liabilities.

This reserve is not available for distribution to shareholders.

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35 CAPITAL AND RESERVES (CONTINUED)

Movement in fair valuation reserve is as follows:	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
At 1 January					
As previously stated	564	792	1,049	881	(127)
Fair valuation adjustments due to IFRS 9 adoption	790	(326)	-	-	1,180
Deferred tax adjustment due to IFRS 9 adoption	(268)	98	-	-	(354)
As stated after IFRS 9 adoption	**522**	**(228)**	**1,049**	**881**	**699**
Fair valuation gain	790	(326)	(525)	240	260
Deferred tax on fair valuation gain	(268)	98	268	(72)	(78)
	522	**(228)**	**(257)**	**168**	**182**
At 31 December	**1,086**	**564**	**792**	**1,049**	**881**

There was no reclassification adjustment made in respect to components of other comprehensive income.

36 CASH AND CASH EQUIVALENTS

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Cash and balances with Bank of Tanzania (Note 18)	1,551,341	1,484,029	1,047,488	1,341,140	1,070,422
Less: Statutory Minimum Reserves (Note 18)	(460,740)	(436,753)	(328,018)	(392,096)	(402,099)
Placement and balances with other banks (Note 19)	186,941	337,255	170,829	264,326	174,391
Balance with mobile network operators	-	21,966	16,730	19,174	-
	1,277,542	**1,406,497**	**907,029**	**1,232,544**	**842,714**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days maturity from the date of acquisition including: cash and balances with Bank of Tanzania and Placement with other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Bank of Tanzania.

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37 NOTES TO THE STATEMENT OF CASH FLOWS

	Note	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Operating activities						
Profit before tax		611,611	413,887	295,743	211,088	141,641
Adjustment for:						
Depreciation and amortization	14	54,509	62,467	68,550	73,608	53,933
Gain on modification of lease contract	26	(5)	(1,470)	-	-	-
Profit on disposal of property and equipment	11	(590)	(12)	(159)	(131)	(143)
Realised gain on government security available for sale	21(b)	(5,353)	(2,726)	(3,107)	(1,100)	(1,033)
Gain on termination of lease liability	26 (d)	-	-	(5,267)	-	-
Interest income on government security available for sale	21(b)	(4,674)	(3,567)	(3,828)	(1,617)	(1,597)
Interest income on government security amortised at cost	21(a)	(162,816)	(128,928)	-	-	-
Interest expense on lease	26(d)	5,393	5,899	8,120	8,547	-
Interest expense on borrowings	32	38,362	32,803	32,736	33,942	32,466
Foreign exchange (loss)/gain on borrowings	32	4,073	(1,544)	-	-	-
Foreign exchange loss on leases liability		-	-	900	-	
Impairment Expense		81,067	113,040	-	-	-
Effect of movement in foreign exchange		-	-	11,944	60	(6,861)
		621,695	**489,849**	**405,632**	**324,397**	**218,406**
Movement in operating assets:						
Statutory Minimum Reserve		(23,987)	(108,735)	64,078	10,003	(5,440)
Loans and advances to customers		(1,441,737)	(626,612)	(513,572)	(343,894)	(479,487)
Other assets		(85,322)	(53,811)	17,399	(51,591)	(14,022)
Deposits from customers		935,886	1,338,808	403,177	594,671	55,458
Deposits due to other banks		12,037	(166,797)	97,778	12,676	21,515
Other liabilities		10,167	26,933	9,773	13,222	5,143
Provisions	31	770	338	(1,259)	(1,289)	735
Other operating activities:						
Proceeds from government securities		-	-	403,467	-	-
Investment in government securities		-	-	(830,915)	-	-
Investment in government securities at FVOCI		-	-	156,934	-	-
Proceeds from government securities at FVOCI		-	-	(162,459)	-	-
Cash generated from operations		**29,509**	**899,973**	**(53,283)**	**558,195**	**(197,692)**

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38 (a) FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2022	Amortised Cost TZS' Millions	Fair Value through OCI TZS' Millions	Total TZS' Millions
Financial assets			
Cash and balances with Bank of Tanzania	1,551,341	-	1,551,341
Investment securities at amortised cost	1,915,254	-	1,915,254
Investment securities at FVOCI	-	28,778	28,778
Placement and balances with other banks	186,941	-	186,941
Loans and advances to customers	6,014,603	-	6,014,603
Equity investments	-	2,920	2,920
Other assets (excluding non-financial assets) *	171,467	-	171,467
	9,839,606	**31,698**	**9,871,304**

31 December 2021	Amortised Cost TZS' Millions	Fair Value through OCI TZS' Millions	Total TZS' Millions
Financial assets			
Cash and balances with Bank of Tanzania	1,484,029	-	1,484,029
Investment securities at amortised cost	1,683,950	-	1,683,950
Investment securities at FVOCI	-	55,330	55,330
Placement and balances with other banks	337,255	-	337,255
Loans and advances to customers	4,653,945	-	4,653,945
Equity investments	-	2,920	2,920
Other assets (excluding non-financial assets) *	96,482	-	96,482
	8,255,661	**58,250**	**8,313,911**

31 December 2020	Amortised Cost TZS' Millions	Fair Value through OCI TZS' Millions	Total TZS' Millions
Financial assets			
Cash and balances with Bank of Tanzania	1,047,488	-	1,047,488
Investment securities at amortised cost	1,275,291	-	1,275,291
Investment securities at FVOCI	-	28,962	28,962
Placement and balances with other banks	170,829	-	170,829
Loans and advances to customers	4,109,260	-	4,109,260
Equity investments	-	2,920	2,920
Other assets (excluding non-financial assets) *	43,227	-	43,227
	6,646,095	**31,882**	**6,677,977**

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38 (a) FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2019	Amortised Cost TZS' Millions	Fair Value through OCI TZS' Millions	Total TZS' Millions
Financial assets			
Cash and balances with Bank of Tanzania	1,341,140	-	1,341,140
Investment securities at amortised cost	744,527	-	744,527
Investment securities at FVOCI	-	17,027	17,027
Placement and balances with other banks	264,326	-	264,326
Loans and advances to customers	3,590,006	-	3,595,688
Equity investments	-	2,920	2,920
Other assets (excluding prepayment) *	51,350	-	47,762
	5,991,349	**19,947**	**6,013,390**
Financial assets			
Cash and balances with Bank of Tanzania	1,070,422	-	1,070,422
Investment securities at amortised cost	724,943	-	724,943
Investment securities at FVOCI	-	15,242	15,242
Placement and balances with other banks	174,391	-	174,391
Loans and advances to customers	3,251,794	-	3,251,794
Equity investments	-	2,920	2,920
Other assets (excluding prepayment) *	34,742	-	34,742
	5,256,292	**18,162**	**5,274,454**

Financial liabilities at amortised cost	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Deposits from customers	7,600,149	6,664,263	5,325,455	4,922,278	4,327,607
Due from banks	12,445	408	131,224	33,446	20,770
Borrowings	749,354	423,190	252,715	276,446	301,388
Subordinated debt	-	71,025	71,025	70,998	70,972
Lease liabilities	68,733	67,142	70,104	156,030	-
Other liabilities (excluding non-financial other liabilities) **	120,954	46,147	60,226	96,116	82,902
	8,551,635	**7,272,175**	**5,910,750**	**5,555,314**	**4,803,639**

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38 (a) FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2018	Amortised Cost TZS' Millions	Fair Value through OCI TZS' Millions	Total TZS' Millions
Financial assets			
Cash and balances with Bank of Tanzania	1,070,422	-	1,070,422
Investment securities at amortised cost	724,943	-	724,943
Investment securities at FVOCI	-	15,242	15,242
Placement and balances with other banks	174,391	-	174,391
Loans and advances to customers	3,241,401	-	3,241,401
Equity investments	-	2,920	2,920
Other assets (excluding prepayment) *	41,028	-	41,028
	5,252,185	**18,162**	**5,270,347**

	Amortised Cost TZS' Millions	Fair Value through OCI TZS' Millions	Total TZS' Millions
Financial assets			
Cash and balances with Bank of Tanzania	1,070,422	-	1,070,422
Investment securities at amortised cost	724,943	-	724,943
Investment securities at FVOCI	-	15,242	15,242
Placement and balances with other banks	174,391	-	174,391
Loans and advances to customers	3,251,794	-	3,251,794
Equity investments	-	2,920	2,920
Other assets (excluding prepayment) *	34,742	-	34,742
	5,256,292	**18,162**	**5,274,454**

*Prepayments, inventory, provision for other assets and stationery are excluded from other assets balance, as this analysis is for financial instruments only.

**Non-financial liabilities such as provision and statutory liabilities are excluded from other liabilities balance, as this analysis is for financial instruments only.

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39 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Loan commitments guarantee and other financial facilities

In common with other banks, the Bank conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

As at 31 December 2022, the Bank had the contractual amounts of off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities, as follows:

Commitments	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
19 56BGuarantees and Indemnities	558,225	229,577	238,671	202,752	212,113
Undrawn Commitments	242,993	246,563	120,065	113,934	129,355
Acceptances and letters of credit	1,151,212	757,621	266,145	335,968	200,899
	1,952,430	**1,233,761**	**624,881**	**652,654**	**542,367**

Acceptances and letters of credit

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

(b) Legal claims

Some previous loan customers and ex-employees are suing the Bank for various reasons. With the exception of amounts disclosed in Note 31, the amounts claimed in both situations are not material and professional advice indicates that it is unlikely that any significant loss will arise.

(c) Capital commitments

As at 31 December 2022, the Bank had capital commitments of TZS 45,090 million (2021: TZS 57,152 million) in respect of new branches, branch remodelling, equipment and information technology. The expenditure contracted as at the end of reporting period but not yet incurred is as follows:

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Information technology	36,508	43,141	26,244	10,223	29,436
Branch and business centres remodelling	4,915	6,225	4,449	1,107	4,238
Others including equipment, vehicles and furniture	3,667	7,786	5,587	2,888	3,484
	45,090	**57,152**	**36,280**	**14,218**	**37,158**

The Bank's management is confident that future net revenues and funding will be sufficient to cover these commitments.

(d) Lease commitments

As at 31 December 2022, the Bank had short term lease commitments of TZS 474 millions (2021: TZS 401 million)

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

40 EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets and liabilities at 31 December 2022 were as follows:

	2022 %	2021 %	2020 %	2019 %	2018 %
Government securities	8.75	7.62	8.40	12.63	13.54
Deposits with banking institutions	5.50	0.13	1.33	1.20	5.23
Loans and advances to customers	12.90	14.54	14.69	15.51	15.41
Customer deposits	1.62	1.50	2.00	1.91	1.74
Deposits from banks	3.25	4.99	0.13	0.07	8.45
Borrowings	5.12	6.75	10.11	9.77	8.72

41 RELATED PARTY TRANSACTIONS AND BALANCES

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions.

The volumes of related party transactions, outstanding balances at year-end, and related expense and income for the year are as follows:

(a) Loans and advances to related parties

At 31 December 2022 there were no loans issued to companies controlled by the Directors or their families. Advances to customers at 31 December 2022 include loans to key management personnel and related entities as follows:

Key management personnel	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
At start of year	3,800	3,121	2,363	1,287	1,527
Advanced during the year	2,797	2,871	6,225	2,703	768
Repaid during the year	(1,457)	(2,192)	(5,467)	(1,627)	(1,008)
At end of year	**5,140**	**3,800**	**3,121**	2,363	1,287
Interest income earned	**233**	**273**	**231**	**214**	**78**

Provision recognized in respect of loans given by the Bank to key management personnel amounted to TZS 27million (2021: TZS 45 million). Mortgage loans issued to key management were secured and the rest were unsecured. These loans carry off-market interest rates ranging between 5% and 9%. As at 31 December 2022, the Bank held collateral valued at TZS 2,258 million (2021: TZS 2,510 million).

The lending to key management personnel includes lending to the Directors which were charged at market (commercial) interest rate.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

41 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Deposits from related parties

	Directors and key Management personnel				
	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Deposits at the beginning of the year	306	331	556	273	390
Deposits received during the year	8,203	8,087	4,766	5,575	3,144
Deposits repaid during the year	(8,507)	(8,112)	(4,991)	(5,292)	(3,261)
Deposits as at the end of the year	2	306	331	556	273
Interest expense	**2**	**5**	**7**	**5**	4

	Related companies				
	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Deposits at the beginning of the year	1,367	5	5,760	12,489	92
Deposits received during the year	5,315	5,816	-	1,558	21,553
Deposits repaid during the year	(1,373)	(4,454)	(5,755)	(8,287)	(9,156)
Deposits as at the end of the year	**5,309**	**1,367**	**5**	**5,760**	**12,489**
Interest expense		**-**	**-**	**-**	**-**

The above deposits are unsecured, carry variable interest rate and are repayable on demand. Related companies included in this disclosure is Upanga Joint Venture Company Limited.

(c) Transactions and balances with Rabobank

Based on the management service contract approved by the Board, a total of TZS 476 million (2021: TZS 1,942 million) was paid to Rabobank during the year as management and technical assistance expenses. Management fees payable as at year-end was TZS 142 million (2021: TZS 295 million).

Nostro balances with Rabobank at year-end amounted to TZS 16,744 million (2021: TZS 31,646 million). There was no inter-bank balance due to Rabobank as at year-end. The Bank did not incur any expenses which were refundable from Rabobank (2021: Nil).

Nostro balances with Rabobank at the year ended 2020 amounted to TZS 9,673 million (2019: TZS 66,103 million). There were no inter-bank balance due to Rabobank as at year end. The Bank did not incur any expenses which were refundable from Rabobank (2019: TZS 505 million)

For the year ended 2018 the Nostro balances amounted to TZS 17,523 million. There were no inter bank balances due to Rabobank as at year end. The bank incurred expenses amounting to TZS 512 million refundable from Rabobank.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

41 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Transactions and balances with Upanga Joint Venture

During the year, the Bank incurred operating lease expenses amounting to TZS 5 billion (2021: TZS 5 billion) to Upanga Joint Venture Limited. As at 31 December 2022, the Bank had no prepaid rent (2021: Nil). Management of the Bank also received management fee amounting to TZS 27.65 million (2021: TZS 27.65 million). As at 31 December the balance payable to the Bank for the management fee amounted to TZS 138.2 million (2021: TZS 110.59 million).

The Bank occasionally settles expenses of Upanga Joint Venture Limited on their behalf. As at 31 December 2022, amount receivable by the Bank from its subsidiary totaled TZS 1.53 billion (2021: TZS 1.4 billion) whereas ECL was TZS 490 million (2021: TZS 222 million).

During the year 2020 the bank incurred operating lease expenses amounting to TZS 6 billion (2019: TZS 6 billion) to Upanga Joint Venture Limited. As at 31 December 2020, the Bank had no prepaid rent (2019: TZS 5,977 million).

During the year 2018, the Bank made operating lease rent payments amounting to TZS 6 billion. As at 31 December 2018, the Bank had prepaid rent amounting to TZS 12,067 million.

(e) Key management compensation

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions	2019 TZS' Millions	2018 TZS' Millions
Salaries and other short-term benefits	6,610	5,856	5,248	3,975	3,760
Post-employment benefits - defined contribution plan	669	629	507	124	348
	7,279	**6,485**	**5,755**	**4,099**	**4,108**

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 compensation made to expatriates from Rabobank is included in the management service contract highlighted in part (e) below and therefore excluded in the above benefits.

(f) Transactions and balances with Government of Tanzania

The Government of Tanzania owns 31.8% (2021: 31.8%) equity in the Bank and has significant influence. The Bank invested in government securities during the year and at the year-end the amount receivable from the Government of Tanzania in the form of treasury bills and bonds amounted to TZS 1,940,532 million (2021: TZS 1,739,280 million). Interest earned from investment in government securities during the year was TZS 167,489 million (2021: TZS 132,495 million), Service fee earned from the government due to transactional services performed amounted to TZS 2,177 million (2021: TZS 743 million). For balances outstanding as at 31 December 2022 and 31 December 2021, Expected credit loss provided stood at TZS 882 million (2021: TZS 1,681 million). The Bank also accepts deposits from various Government institutions and agencies which do not attract interest.

For the year 2020, the Bank invested in government securities during the year and at the year-end the amount receivable from the Government of Tanzania in the form of treasury bills and bonds amounted to TZS 1,304,253 million (2019: TZS 761,554 million). Interest earned from investment in government securities during the year was TZS 107,144 million (2019: TZS 94,067 million). The Bank also accepts deposits from various Government institutions and agencies, which do not attract interest.

For the year 2018, the Bank invested in government securities during the year and at the year-end the amount receivable from the Government of Tanzania in the form of treasury bills and bonds amounted to TZS 740,185 million. Interest earned from investment in government securities during the year was TZS 98,181 million. The Bank also accepts deposits from various Government institutions and agencies, which do not attract interest.

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NOTES TO HISTORICAL FINANCIAL STATEMENTS (CONTINUED)

41 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(g) Directors' remuneration

Fees and other emoluments paid to Directors of the Bank during the period amounted to TZS 752 million (2021: TZS 598 million). Details of payment to individual Directors will be tabled at the annual general meeting.

Fees and other emoluments paid to Directors of the Bank during the year 2020 amounted to TZS 316 million (2019: TZS 254 million). Details of payment to individual Directors will be tabled at the annual general meeting.

Fees and other emoluments paid to Directors of the Bank during the year 2018 amounted to TZS 309 million.

42 BANCASSURANCE

The revenue generated from bancassurance services for the year ended 31 December 2022 amounted to TZS 8,457 million (2021: TZS 4,186 million) while costs incurred amounted to TZS 58 million (2021: TZS 66 million) resulting to the net income of TZS 8,399 million (2021: TZS 4,120 million).

The revenue generated from bancassurance services for the year ended 31 December 2020 amounted to TZS 1,812 million while costs incurred amounted to TZS 215 million resulting to the net income of TZS 1,597 million.

The performance of bancassurance for the Bank has been disclosed as part of net fees and commission income in note 10.

43 EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting periods, not otherwise dealt with in these financial statements, that had material impact to the Bank financial statements.

KEY FINANCIAL RATIOS

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

We were engaged by the board of directors of NMB Bank. PLC ("The Bank, or NMB") to report on the Bank's historical financial ratios as at and for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 set out on pages 303 to 309 prepared based on the guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that Bank's historical financial ratios have not been properly prepared, based on the guidance provided under Annex 1 : Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

Responsibilities of the Directors

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

Practitioner's Responsibilities

Our responsibility is to examine the historical financial ratios and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the historical financial ratios are prepared per the requirements of Annex 1: Financial ratios, in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019 in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures selected depend on our understanding of the historical financial ratios and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying historical financial ratios of NMB Bank PLC have not been properly prepared in all material respects, based on the requirements of Annex 1: Financial ratios, included in the Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers issued by the CMSA, 2019.

The historical financial ratios have been prepared for inclusion in a Information Memorandum for the purpose of issuing Domestic Multi-currency Medium Term Note (DMTN), and may therefore, not be appropriate for another purpose.

For and on behalf of:
KPMG
Certified Public Accountants (T)
P.O. Box 1160 – Dar es Salaam, Tanzania

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Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 15 August 2023

1. FINANCIAL RATIOS

	Ref	2022	2021	2020
Earnings before interest and taxes to interest expenses (Interest Cover)	i	466%	397%	301%
Operating cashflow to total Debt percentage	ii	(47%)	371%	(105%)
Free cash flow to total Debt (Debt repayment cover)	iii	(56%)	361%	(118%)
Total free cash flow to total short-term debt obligations	iv	20%	52%	21%
Net Profit Margin	v	39%	33%	29%
Post-tax return (before financing costs) on Capital Employed	vi	24%	21%	17%
Long Term Debt to Capital Employed	vii	7%	6%	8%
Total Debt to Equity	viii	20%	16%	16%
Funds from operations to total debt percentage	ix	(47%)	371%	(105%)
Free cash flow to debt repayment cover	x	(69%)	149%	(24%)

2. SOURCE OF FINANCIAL INFORMATION USED FOR COMPUTATION OF KEY RATIOS

The financial information used for computing the historical financial ratios has been extracted from the annual audited financial statements of NMB Bank PLC for the financial years ended 31 December 2022, 2021, and 2020.

3. BASIS FOR COMPUTATION OF RATIOS BASED ON CAPITAL MARKETS AND SECURITIES REQUIREMENTS

i) Earnings before interest and taxes to interest expenses (interest cover)

EBIT interest cover = EBIT for the period / (interest payable for the period + any preference dividend payable for the period).

ii) Operating cash flow to total debt percentage

Operating cash flow to total debt percentage = (funds generated from operations in the period / average total debt during the period) * 100%.

iii) Free cashflows to total Debt (debt repayment cover)

Free cashflows to total debt (debt repayment cover) = (free cashflow for the period) / (interest payable + preference dividend + principal repaid during the period).

iv) Total free cash flow to total short term debt obligations

Total free cash flow to total short term obligations = (total uncommitted cashflows for the period / total short-term obligations at the end of the period) * 100%.

v) Net profit margin

Net Profit Margin = Profit after tax / Total income.

vi) Post-tax return (before financing costs) on Capital Employed

Post-tax return (before financing costs) on Capital Employed = (profit after tax but before financing costs for the period / average capital employed for the period) * 100%.

vii) Long term debt to capital employed

Long term debt to capital employed ratio = (average long-term debt outstanding during the period / average equity + average long-term debt for the period).

3. BASIS FOR COMPUTATION OF RATIOS BASED ON CAPITAL MARKETS AND SECURITIES REQUIREMENTS (CONTINUED)

viii) Total Debt to Equity ratio

Total debt to equity ratio = (average short-term debt outstanding + average long-term debt outstanding during the period) / average equity for the period.

ix) Funds from operations to debt percentage

Funds from operations to debt percentage = (funds generated from operations in the period / average total debt during the period) * 100%.

x) Free cash flow to debt repayment cover

Free cashflows to total debt (debt repayment cover) = (free cashflow for the period) / (interest payable + preference dividend + principal repaid during the period).

APPENDIX ON VARIABLES USED IN COMPUTAION OF RATIO BASED CAPITAL MARKETS AND SECURITIES AUTHORITY - TANZANIA (CMSA)

i) Earnings before interest and taxes to interest expenses (interest cover)

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions
Profit before tax	611,611	413,887	295,743
Interest expense	**167,307**	**139,231**	**147,322**
Earnings before interest and tax	778,918	553,118	443,065
Interest expense	167,30	139,23	147,32
Interest cover	**466%**	**397%**	**301%**

ii) Operating cash flows to total debt percentage

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions
Net cash generated/(used) from operation	(145,466)	759,134	(175,372)
Average total debt			
Borrowings at start of the year	423,190	252,715	276,445
Borrowings at end of the year	749,354	423,190	252,715
Subordinated debt at start of year	71,025	71,025	70,998
Subordinated debt at end of year	-	71,025	71,025
Simple average total debt	**310,892**	**204,489**	**167,796**
Operating cash flow to total debt percentage	**(47%)**	**371%**	**(105%)**

iii) Free cashflows to total debt (debt repayment cover)

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions
Free cash flows			
Net cash generated/(used) from operations	(145,466)	759,134	(175,372)
Cash used in purchase of PPE	(20,690)	(11,286)	(18,755)
Cash used in purchase of intangible assets	(9,394)	(9,152)	(4,325)
Free cash flows	**(175,550)**	**738,696**	**(198,452)**
Debt repayment			
Borrowings at start of year	423,190	252,715	276,445
Borrowings at end of year	749,354	423,190	252,715
Subordinated debt at start of year	71,025	71,025	70,998
Subordinated debt at end of year	-	71,025	71,025
Average Total debt repayment	**310,892**	**204,489**	**167,796**
Free cash flows to debt repayment cover	**(56%)**	**361%**	**(118%)**

iv) Total free cash flow to total short-term debt obligations

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions
Uncommitted cashflows			
Net cash generated/(used) from operations	(145,466)	759,134	(175,372)
Cash used in purchase of PPE	(20,690)	(11,286)	(18,755)
Cash used in purchase of intangible assets	(9,394)	(9,152)	(4,325)
Cash and cash equivalent at end of year	1,738,282	1,821,284	1,218,317
Total uncommitted cashflows	**1,562,732**	**2,559,980**	**1,019,865**
Short term debt obligations			
Borrowings	295,439	401,402	95,983
Subordinated debt	-	9,670	12,478
Deposits from customers	7,405,467	4,482,151	4,650,043
Deposits from banks	12,445	408	131,916
Other liabilities (excluding non-financing nature)	110,075	46,147	60,226
Total short-term debt obligations	**7,823,426**	**4,939,778**	**4,950,646**
Free cash flows to debt repayment cover	**20%**	**52%**	**21%**

v) Net profit margin

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions
Profit after tax	429,376	290,186	205,802
Net operating income	1,107,326	868,953	717,622
Net profit margin	**39%**	**33%**	**29%**

vi) Post-tax return (before financing costs) on capital employed

	2022	2021	2020
	TZS'	TZS'	TZS'
	Millions	Millions	Millions
Profit for the year	429,376	290,186	205,802
Interest expense on borrowings	5,952	4,930	3,427
Interest expense on subordinated debt	-	2,835	2,835
Profit for the year before financing costs	**435,328**	**297,951**	**212,064**
Capital employed			
At start of the year			
Total equity	1,351,392	1,129,934	972,389
Borrowings (Non-current portion)	42,939	158,935	156,543
Total subordinated debt (Non-current portion)	68,190	68,190	68,190
Total capital employed at start of year.	1,462,521	1,357,059	1,197,122
At end of year			
Total equity	1,684,561	1,351,392	1,129,934
Borrowings (Non-current portion)	453,914	42,939	158,935
Total subordinated debt (Non-current portion)	-	68,190	68,190
Total capital employed at start of year	2,138,475	1,462,521	1,357,059
Simple average capital employed during the year	**1,800,498**	**1,409,790**	**1,277,091**
Post tax return before financing costs	**24%**	**21%**	**17%**

vii) Long-term debt to capital employed ratio

	2022	2021	2020
	TZS'	TZS'	TZS'
	Millions	Millions	Millions
Average long- term debt			
Borrowings at start of year (Non-current portion)	42,939	158,935	42,939
Borrowings at end of year (Non-current portion)	453,914	42,939	453,914
Subordinated debt at start of year (Non-current portion)	68,190	68,190	68,190
Subordinated debt at end of year (Non-current portion)	-	68,190	-
Simple average long-term debt	**141,261**	**84,564**	**112,965**
Capital employed			
At start of year			
Total equity	1,351,392	1,129,934	972,389
Borrowings (Non-current portion)	42,939	158,935	156,543
Subordinated at start of year (Non-current portion)	68,190	68,190	68,190
Total capital employed at start of year	**1,462,521**	**1,357,059**	**1,197,122**
At end of year			
Total equity	1,684,561	1,351,392	1,129,934
Borrowings (Non-current portion)	453,914	42,939	158,935
Subordinated at end of year (Non-current portion)	-	68,190	68,190
Total capital employed at end of year	**2,138,475**	**1,462,521**	**1,357,059**
Simple average capital employed during the year	**1,800,498**	**1,409,790**	**1,277,091**
Long-term debt to capital employed ratio	**7%**	**6%**	**8%**

viii) Total debt to equity ratio

	2022	2021	2020
	TZS'	TZS'	TZS'
	Millions	Millions	Millions
Average long-term debt			
Borrowings at start of year	423,190	252,715	276,445
Borrowings at end of year	749,354	423,190	252,715
Subordinated debt at start of year	70,99	71,02	71,02
Subordinated debt at end of year	-	71,025	71,025
Simple average long- term debt	**310,892**	**204,489**	**167,796**
Average equity			
Total equity at start of year	1,351,392	1,129,934	972,389
Total equity at end of year	1,684,561	1,351,392	1,129,934
Simple average total equity during the year	**1,517,977**	**1,240,663**	**1,051,162**
Total debt to equity ratio	**20%**	**16%**	**16%**

ix) Funds from operations to debt percentage

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions
Net cash generated/(used) from operation	(145,466)	759,134	(175,372)
Average total debt			
Borrowings at start of the year	423,190	252,715	276,445
;orrowings at end of the year	749,35	423,19	252,71
Subordinated debt at start of year	70,998	71,025	71,025
Subordinated debt at end of year	-	71,025	71,025
Simple average total debt	**310,892**	**204,489**	**167,796**
Operating cash flow to total debt percentage	**(47%)**	**371%**	**(105%)**

x) Free cash flow to debt repayment cover

	2022 TZS' Millions	2021 TZS' Millions	2020 TZS' Millions
Free cash flows			
Net cash generated/(used) from operations	(145,466	759,13	(175,372
Cash used in purchase of PPE	(20,690	(11,286	(18,755
Cash used in purchase of intangible assets	(9,394	(9,152	(4,325
Free cash flows	**(175,550)**	**738,696**	**(198,452)**
Debt repayment			
Interest expense on borrowings	5,95	4,93	3,42
Repayment of principle component of borrowings	249,28	418,26	743,40
Interest expense on subordinated debt		2,83	2,83
Repayment of principle component on subordinated debt		68,19	68,19
Total debt repayment	**255,240**	**494,215**	**817,854**
Free cash flows to debt repayment cover	**(69%)**	**149%**	**(24%)**

NMB BANK PLC

PROSPECTIVE FINANCIAL INFORMATION REPORT

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON FORECASTED FINANCIAL INFORMATION TO THE DIRECTORS OF NMB BANK PLC

Introduction

We have undertaken a reasonable assurance engagement in respect of the prospective financial information of NMB Bank PLC ("The Bank" or NMB") set out on pages 316 to 319, which comprise the Forecasted statement of financial position as at 31 December 2023, and the Forecasted statement of profit and loss and other comprehensive income and the Forecasted statement of cash flows for the year then ended (the "Forecasted Financial Information"), as required by the Capital Markets and Securities Act, Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019.

We have also undertaken a limited assurance engagement in respect of the assumptions used to prepare and present the Forecasted Financial Information, disclosed on pages 314 to 317 of the Forecasted Financial Information as required by the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019.

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

The Directors are responsible for the preparation and presentation of the Forecasted Financial Information and for the reasonableness of the assumptions used to prepare the Forecasted Financial Information as set out on page 317 to the Forecasted Financial Information in accordance with the requirements of the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Forecasted Financial Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the Forecasted Financial Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that the Forecasted Financial Information may not be appropriate for purposes other issuing Domestic Multi-currency Medium Term Note (DMTN).

Our Independence and Quality Control

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

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

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

Part A – Limited assurance engagement on the reasonableness of the Directors' assumptions

Reporting Accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

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

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

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

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

Limited assurance conclusion on the reasonableness of the Directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecasted Financial Information.

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

Part B – Reasonable assurance engagement on the Forecasted Financial Information

Reporting Accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecasted Financial Information is properly prepared and presented on the basis of the Directors' assumptions disclosed on page 317 to the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3400), *The* Examination *of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecasted Information is properly prepared and presented on the basis of the Directors' assumptions disclosed on page 8 to the Forecasted Financial Information in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers issued by the Capital Markets and Security Authority - Tanzania, 2019.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the Forecasted Financial Information is properly prepared and presented on the basis of the assumptions and in accordance with the Capital Markets and Securities Act, Cap.79 R.E (2002) as amended and subject to the Laws of Tanzania and of the Guidelines for the issue of corporate bonds, municipal bonds and commercial papers from the Capital Markets and Securities, 2019. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the forecasted information. In making those risk assessments, we considered internal control relevant to the Bank's preparation and presentation of the Forecasted Financial Information.

Our procedures included inspecting whether:

- the presentation of prospective financial information is informative and not misleading;
- the forecasted financial information is properly prepared on the basis of the assumptions;
- the forecasted financial information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- the forecasted statement of financial position as at 31 December 2023 and statement of comprehensive income and the forecasted statement of cash flows for the year then ended are prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

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

Unqualified opinion on the Forecasted Financial Information

In our opinion, the Forecasted statement of financial position as at 31 December 2023, and the Forecasted statement of profit and loss and other comprehensive income and Forecasted statement of cash flows for the year then ended is properly prepared and presented on the basis of the assumptions disclosed on page 317.

For and on behalf of:
KPMG
Certified Public Accountants (T)
P.O. Box 1160 – Dar es Salaam, Tanzania

Vonjala

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Signed by: CPA Vincent Onjala (TCPA 2722)

Date: 15 August 2023

NMB BANK PLC
PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

PROSPECTIVE STATEMENT OF PROFIT AND LOSS

	2023 TZS' Millions
Interest Income	1,132,576
Interest expense	(197,921)
Net Interest Income	**934,655**
Foreign exchange Income	49,854
Commission Income	401,741
Net fixed Income	**451,595**
Total Income	**1,386,250**
Operating expenses	(548,517)
Impairment	(89,662)
Profit before tax	**748,071**
Tax	(225,169)
Profit after tax	**522,902**

NMB BANK PLC
PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

PRSPECTIVE STATEMENT OF FINANCIAL POSITION

	2023 **TZS'** **Millions**
Total Loans & Advances	**7,015,439**
- Retail	5,879,134
- Wholesale	1,136,305
Government Securities	2,485,152
Total Customer Deposits	**8,576,431**
- Retail	5,526,000
- Wholesale	3,050,431
Borrowings	1,275,199
Shareholders Fund	2,057,157

NMB BANK PLC
PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

PROSPECTIVE STATEMENT OF CASH FLOWS

	2023 TZS' Millions
Profit before tax	748,071
Impairment/amortization	89,662
Net change in loans and advances	(1,000,836)
Net change in deposits	976,284
Net change in government securities	(541,120)
Tax paid	(225,169)
Net cash generated from operating activities	**46,892**
Cash flows from financing activities	
Net change in borrowings	525,845
Payment of cash dividends	(143,125)
Net cash generated from/ (used) in financing activities	**382,720**
Net increase in cash and cash equivalents	429,612
Cash and cash equivalents at the beginning of year	1,277,542
Cash and cash equivalents at the end of the year	**1,707,154**

KEY ASSUMPTIONS ON WHICH THE PROSPECTIVE FINANCIAL INFORMATION IS BASED ON

a) Yield

This is projected to trend at an average of 13% in line with current observed yields.

b) Cost of Funding ("CoF")

This is projected to elevate trending towards 3% from current 2% levels mainly contributed by increasing DFI and borrowing from public (Bonds). This has taken into consideration that borrowing costs such as Secured Overnight Financing Rates (SOFRs) rates rose from 0.25% to 4.75% in the recent past. Furthermore, it has been assumed that CoF will not mirror SOFR to the same level on the basis that there is dilution from current and saving accounts deposits.

c) Cost to Income Ration ("CIR")

This is projected to trend at around 40% in line with current observed performance which was 42% for the financial year ended December 2022 as the Bank continue to improve revenues while minimizing cost.

d) Loan loss ratio

From the highs of 2.3% observed in 2021 and the relatively normal levels of 1.4% observed in 2022, loss rates are projected to slightly deep in 2023 as portfolios are growing as business continue to expand but a slight increase in loss rates is also expected as the expanding portfolio matures. The loss rate is projected to hit approximately 1.7% to 1.8% based on the mean observed rates of recent extremes.

e) Customer Deposits

These are projected to grow at an average of 12% in line with current industry's observed growth rates.

f) Loans & Advances

These are projected to grow at an average of 10%. Limited by deposits growth rate and internal liquidity management threshold of 75% loan deposit ratio.

g) Government Securities

Projected to grow at an average of 12% in line with projected growth of our deposits base. Deposit base expected to mirror industry growth rates of 12%.

h) Borrowings

Borrowings are projected to grow faster from 2022 towards 2023 to fund loans ambition growth, borrowing proceeds include MTN bond and borrowing from DFI.

Appendix C

FORM OF APPLICABLE PRICING SUPPLEMENT

APPENDIX C: FORM OF APPLICABLE PRICING SUPPLEMENT

PRICING SUPPLEMENT

NMB BANK PLC

Issue of TZS [75],000,000,000 [9.5]% (with a greenshoe option of upto TZS 25,000,000,000) Notes due [03 November 2026]

Under its TZS 1,000,000,000,000 Multi-Currency Medium Term Note Programme

[Bond Code: NMB-FXD01/2023/03]

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Information Memorandum dated on or about [September 2023]. This Applicable Pricing Supplement must be read in conjunction with such Information Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and such Information Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

DESCRIPTION OF THE NOTES

1.	Issuer	NMB Bank Plc
2.	Specified Office of the Issuer	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
3.	Status of Notes	Senior Unsecured

4.	(a)	Tranche Number	1
	(b)	Series Number	1
5.	Aggregate Principal Amount:		
		(a) In Tranche	TZS [75,000,000,000]
		(b) In Series	TZS [75,000,000,000]
6.	Notes are freely transferable and fully paid up		Yes
7.	Interest		Interest-bearing
8.	Interest/Payment Basis		Fixed Rate
9.	Form of Notes		Listed Book-entry Notes
10.	Automatic/Optional Conversion from one Interest/Payment Basis to another		[Not Applicable]
11.	Issue Date		[03 November 2023]
12.	Business Centre		[Dar es Salaam]
13.	Additional Business Centre		Not Applicable
14.	Principal Amount per Note		[TZS 10,000]
15.	Specified Denomination		[TZS500,000 with integral multiples of TZS10,000]
16.	Issue Price		100%
17.	Interest Commencement Date		[03 November 2023]
18.	Maturity Date		[03 November 2026]
19.	Specified Currency		Tanzania Shillings
20.	Applicable Business Day Convention		[Following Business Day]
21.	Calculation Agent		NMB Bank Plc
22.	Specified office of the Calculation Agent		NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam

		Tanzania
23.	Fiscal Agent	NMB Bank Plc
24.	Specified office of the Fiscal Agent	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
25.	Registrar	NMB Bank Plc
26.	Specified office of the Registrar	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
27.	Technical Advisor on the ESG Framework	Absa Bank Tanzania Limited and NMB Bank Plc
28.	Second Party Opinion Provider	Sustainalytics
29.	Final Redemption Amount	[TZS 75,000,000,000]
30.	Method of Distribution	Public

FIXED RATE NOTES

31.	(a) Fixed Interest Rate(s)	[9.5] percent per annum payable quarterly in arrear
	(b) Interest Payment Date(s)	means [03 February]], [[03 May], [03 August] and [03 November] in each year up to and including the Maturity Date, or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in the Applicable Pricing Supplement)
	(c) Fixed Interest Period	means each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) [the following Interest Payment Date] (each

		Interest Payment Date in accordance with the applicable Business Day Convention)
(d)	Default Rate	2.0 percent above the Fixed Interest Rate
(e)	Initial Broken Amount	Not Applicable
(f)	Final Broken Amount	Not Applicable
(g)	Day Count Fraction	[Actual/365]
(h)	Any other terms relating to the particular method of calculating interest	Not Applicable

PROVISIONS REGARDING REDEMPTION/MATURITY

32.	Issuer's Optional Redemption:	[Yes]
	If yes:	
	(a) Optional Redemption Date(s)	[on an Interest Payment Date]
	(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	100%
	(c) Minimum Period of Notice (if different to Condition 8)	[30 days]
	(d) If redeemable in part:	
	(i) Minimum Redemption Amount(s)	TZS [500,000] and integral multiples of TZS [10,000] thereafter
	(ii) Higher Redemption Amount(s)	Not Applicable
	(e) Other terms applicable on Redemption	None
33.	Redemption at the option of the Noteholders:	No
34.	Early Redemption Amount(s) payable on redemption for taxation reasons	Yes
35.	**Other terms applicable on Redemption**	Not Applicable

GENERAL

36.	**Notes in issue**	As at the date of this issue, the Issuer has issued Notes in the aggregate total amount of TZS[0] under the Programme. The aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date, together with the aggregate Nominal Amount of this Tranche (when issued), will not exceed the Programme Amount.
37.	Additional selling restrictions	[None]
38.	(a) International Securities Identification Number (ISIN)	[●]
	(b) Bond Code	NMB-FXD01A/2023/03
39.	**Allotment policy**	All retail applications shall be considered equally for purposes of allotment. In the event of oversubscription, retail allotment will be on a pro rata basis. Allotment for institutional investors will be on a case by case basis. The basis of allotment shall be approved by the Capital Markets and Securities Authority and notified to subscribers. Applicants will be informed of the reasons for rejection of an application.
40.	Stock Exchange	[Dar es Salaam Stock Exchange]
41.	Exchange Control Approval	Not Applicable
42.	If syndicated, names of managers	Absa Bank Tanzania Limited NMB Bank Plc
43.	Credit Rating assigned to Notes, the Programme and/ or the Issuer as at the Issue Date (if any)	[Moody's (B2 Positive)
44.	Governing law	[Tanzanian]

45.	Use of proceeds	The proceeds of the Notes will be used to finance eligible assets as defined in the NMB Sustainable Finance Framework
46.	Settlement Procedures and Settlement Instructions	• For Qualified Institutional Investors (QIIs): same day funds on the Issue Date to the Fiscal Agent • For investors other than QIIs: evidence of payment should be submitted to the Authorised Selling Agent, the Issuer together with the duly completed Application Form prior to the date Offer closes
47.	Details of bank account(s) to which payments are to be made in respect of the Notes Settlement Procedures and Settlement Instructions	Name: NMB Sustainable Bond_TZS Account no: 10110000891
48.	Last Day to Register	[22 April] [22 July], [22 October] and [22 January] each year;
49.	Books Closed Period	The Register will be closed from [23 April] to [03 May], [23 July to 03 August], [23 October to 03 November] and from [23 January] to [03 February] (all dates inclusive) in each year until the Maturity Date
50.	Stabilisation Manager (if any)	Not Applicable
51.	Tax	"Payments of interest on the notes are not subject to withholding tax pursuant to the Section 82(e) of the Income Tax Act, and should this section cease to apply or there is a change in law, the provisions of Condition 9 shall continue to apply in their entirety".
52.	Material Change Statement	The Issuer hereby confirms that as at the date of this Applicable Pricing Supplement, there has been no material change in the financial or trading position of the Issuer and its subsidiaries since the date of the Issuer's latest [reviewed/audited] [interim/annual] financial statements for the [six month period ended [date]/ twelve months ended

		[date]]. This statement has not been confirmed nor verified by the auditors of the Issuer.
53.	Board approval for issuance of the Notes	18 November 2022
54.	Other provisions	Not Applicable
	Salient Dates	
	Offer Opens	8.00 a.m. [25 September 2023]
	Offer Closes (T)	5.00 p.m. [27 October 2023]
	Allotment Date	10.00 a.m. [30 October 2023]
	Notification Date (via email/telephone)	2.00 p.m. [31 October 2023]
	Issue Date	12.00 p.m. [T+5]
	Register submission date to CSDR	[T+10]
	CDS Account Upload Date	[T+10]

Anchor Investors:

International Finance Corporation ("IFC"), the private sector affiliate of the World Bank Group and largest global development institution focused on the private sector in developing countries and British International Investment plc ("BII"), an institution wholly-owned by the United Kingdom Foreign, Commonwealth & Development Office, are acting as co-anchors. Both IFC and BII are involved in the financing of several projects globally aimed at promoting climate friendly and other social purposes.

NMB Bank Plc Tanzania ("Issuer") has entered into an agreement with each of BII dated [•] 2023 (the "BII Investor Agreement") and IFC dated [•] 2023, under which, subject to certain conditions set forth therein the Issuer has made certain representations and covenants with respect to its compliance with certain BII and IFC policy requirements, as the context requires, related to environmental, social, anti-money laundering, corruption and sanctions matters applicable to any entity in whose securities BII or IFC invests (as the context require). The Issuer has agreed to pay an anchor fee (as is customarily paid to providers of committed anchor participations), as applicable, to each of BII and IFC in consideration for their respective commitments hereunder.

BII has agreed to purchase a portion of the Notes from the managers as part of the initial distribution of the Notes, to be issued pursuant to this pricing supplement. BII will be allocated a principal amount of the Notes in TZS equivalent to US$15,000,000 (the "BII Notes"). BII's obligation to purchase the BII Notes is subject to certain conditions set out in the BII Investor Agreement and its irrevocable commitment letter.

IFC has now obtained approval to subscribe for up to an aggregate principal amount of US$30,000,000 equivalent. By subscribing to the Notes, investors acknowledge that neither IFC nor BII is responsible for any statements, omissions or misrepresentations in the Information Memorandum or related Pricing Supplement.

PRICING SUPPLEMENT

NMB BANK PLC

Issue of USD [10,000,000] (with a greenshoe option of up to USD [5,000,000]) Floating Rate Notes due [03 November 2026]

Under its TZS 1,000,000,000,000 Multi-Currency Medium Term Note Programme

[Bond Code: NMB-FRN01/2023/03]

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Infromation Memorandum dated on or about [31st August 2023]. This Applicable Pricing Supplement must be read in conjunction with such Infromation Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and such Infromation Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

DESCRIPTION OF THE NOTES

1.	Issuer		NMB Bank Plc
2.	Specified Office of the Issuer		NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
3.	Status of Notes		Senior Unsecured
4.	(a)	Tranche Number	1
	(b)	Series Number	2

5.	Aggregate Principal Amount:	
	(a) In Tranche	USD [10,000,000]
	(b) In Series	USD [10,000,000]
6.	Notes are freely transferable and fully paid up	Yes
7.	Interest	[Interest-bearing]
8.	Interest/Payment Basis	[Floating Rate]
9.	Form of Notes	Listed Book-entry Notes
10.	Automatic/Optional Conversion from one Interest/Payment Basis to another	[Not Applicable]
11.	Issue Date	[03 November 2023]
12.	Business Centre	[Dar es Salaam (in respect of Interest Payment Dates)]
13.	Additional Business Centre	[New York]
14.	Principal Amount per Note	[USD 100,000]
15.	Specified Denomination	[USD 1,000,000 with integral multiples of USD100,000]
16.	Issue Price	100%
17.	Interest Commencement Date	[03 November 2023]
18.	Maturity Date	[03 November 2026]
19.	Specified Currency	USD
20.	Applicable Business Day Convention	[Following Business Day]
21.	Calculation Agent	NMB Bank Plc
22.	Specified office of the Calculation Agent	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania

23.	Fiscal Agent	NMB Bank Plc
24.	Specified office of the Fiscal Agent	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
25.	Registrar	NMB Bank Plc
26.	Specified office of the Registrar	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
27.	Technical Advisor on the ESG Framework	Absa Bank Tanzania Limited and NMB Bank Plc
28.	Second Party Opinion Provider	Sustainalytics
29.	Final Redemption Amount	USD [10,000,000]
30.	Method of Distribution	Private

FLOATING RATE NOTES

31.	(a)	Interest Payment Date(s)	means [03 May] and [03 November] in each year up to and including the Maturity Date or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the applicable Business Day Convention
	(b)	Interest Period(s)	means each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) [the following Interest Payment Date] (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)

	(c)	Definitions of Business Day (if different from that set out in Condition 1)	[Not Applicable]
	(d)	Interest Rate(s)	6-Month USD Term SOFR + [2.50] percent
	(e)	Minimum Interest Rate	[Not Applicable]
	(f)	Maximum Interest Rate	[Not Applicable]
	(g)	Other terms relating to the method of calculating interest (e.g., Day Count Fraction, rounding up provision, if different from Condition 6.2	[Actual/360]
32.	Manner in which the Interest Rate is to be determined		[Screen Rate Determination]
33.	Margin		+ 2.50 percent to be added to the Reference Rate)]
34.	Default Rate		2.00 percent above the Margin
35.	If Screen Determination		
	(a)	Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)	6-Month USD Term SOFR
	(b)	Interest Determination Date(s)	means [03 May] and [03 November] of each year until the Maturity Date.
	(c)	Relevant Screen Page and Reference Code	Bloomberg

36. If Interest Rate to be calculated otherwise than by reference the Terms and Conditions set forth in the Information Memorandum

SOFR Definitions

"**SOFR Banking Day**" means any day other than:

(a) a Saturday or Sunday; and

(b) a day on which the Securities Industry and Financial Markets Association (or any successor organization) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities;

"**Term SOFR**" means for each Interest Determination, the forward-looking term rate based on SOFR for the relevant maturity as provided by the Term SOFR Administrator to, and published by, authorized distributors of Term SOFR at 6:00 a.m., New York time (or any amended publication time for Term SOFR, as specified by the Term SOFR Administrator in the CME Term SOFR benchmark methodology); provided, however, that if that rate is subsequently corrected and provided by the Term SOFR Administrator to, and published by, authorized distributors of Term SOFR within the longer of one hour of the time when such rate is first published by authorized distributors of Term SOFR and the republication cut-off time for Term SOFR, if any, as specified by the Term SOFR Administrator in the Term SOFR benchmark methodology then that rate will be subject to those corrections; and provided further that if such rate is less than zero, Term SOFR shall be deemed to be zero;

"**Term SOFR Administrator**" means the CME Group Benchmark Administration Limited (CBA) (or a successor administrator);

"**Term SOFR Index Cessation Effective Date**" means, in respect of Term SOFR and a Term SOFR Index Cessation Event, the first date on which Term SOFR would ordinarily have been provided and is no longer provided;

"**Term SOFR Index Cessation Event**" means in respect of Term SOFR:

(a) a public statement or publication of information by or on behalf of the Term SOFR Administrator announcing that it has ceased or will cease to provide Term SOFR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide Term SOFR; or

(b) a public statement or publication of information by the regulatory supervisor for the Term SOFR Administrator, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the Term SOFR Administrator or a court or any entity with similar insolvency or resolution authority over the Term SOFR Administrator which states that the Term SOFR Administrator has ceased or will cease to provide Term SOFR permanently, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide Term SOFR;

"**Term SOFR Recommended Fallback Rate**" means the rate (inclusive of any spreads or adjustments) recommended as the replacement for Term SOFR by:

(a) the Term SOFR Administrator; or

(b) if the Term SOFR Administrator does not make a recommendation, a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York or the supervisor for the Term SOFR Administrator for the purpose of recommending a replacement for Term SOFR (which rate may be produced by the Term SOFR Administrator or another administrator) and as provided by the administrator of that rate (or a successor administrator) or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorized distributor;

"**Term SOFR Recommended Fallback Rate Index Cessation Effective Date**" means, in respect of the Term SOFR Recommended Fallback Rate and a Term SOFR Recommended Fallback Rate Index Cessation Event, the first date on which the Term SOFR Recommended Fallback Rate would ordinarily have been provided and is no longer provided;

"**Term SOFR Recommended Fallback Rate Index Cessation Event**" means in respect of Term SOFR Recommended Fallback Rate:

(a) a public statement or publication of information by or on behalf of the administrator of the Term SOFR Recommended Fallback Rate announcing that it has ceased or will cease to provide the Term SOFR Recommended Fallback Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide Term SOFR Recommended Fallback Rate; or

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Term SOFR Recommended Fallback Rate, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator of the Term SOFR Recommended Fallback Rate or a court or any entity with similar insolvency or resolution authority over the administrator of the Term SOFR Recommended Fallback Rate which states that the administrator of the Term SOFR Recommended Fallback Rate has ceased or will cease to provide Term SOFR Recommended Fallback Rate permanently, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide a Term SOFR Recommended Fallback Rate;

<u>Term SOFR Fallback Provisions</u>

(a) *<u>Temporary Non-Publication of Term SOFR.</u>* If (I) Term SOFR for the duration of the relevant Interest Period is not published by the Term SOFR Administrator or an authorized distributor on an Interest Determination Date and is not otherwise provided by the Term SOFR Administrator on such date and (II) a Term SOFR Index Cessation Event shall not have occurred, then the rate for that Interest Determination Date will be the last provided or published Term SOFR for the duration of the relevant Interest Period;

(b) *<u>A Term SOFR Index Cessation Effective Date.</u>* If a Term SOFR Index Cessation Event has occurred, the rate in respect of an Interest Determination Date occurring on or after the Term SOFR Index Cessation Effective Date will be, subject to subsections (c) and (d) below, the Term SOFR Recommended

Recommended Fallback Rate. Subject to subsection (d) below, if there is a Term SOFR Recommended Fallback Rate before the end of the first SOFR Banking Day following the Term SOFR Index Cessation Effective Date but neither the Term SOFR Administrator nor authorized distributors provide or publish the Term SOFR Recommended Fallback Rate for the duration of the relevant Interest Period, then, in respect of an Interest Determination Date for which the Term SOFR Recommended Fallback Rate is required, references to the Term SOFR Recommended Fallback Rate for the duration of the relevant Interest Period will be deemed to be references to the last provided or published Term SOFR Recommended Fallback Rate for the duration of the relevant Interest Period; provided, however, if there is no last provided or published Term SOFR Recommended Fallback Rate for the duration of the relevant Interest Period, then in respect of an Interest Determination Date for which the Term SOFR Recommended Fallback Rate is required, references to the Term SOFR Recommended Fallback Rate for the duration of the relevant Interest Period will be deemed to be references to the last provided or published Term SOFR for such period;

(d) *No Term SOFR Recommended Fallback Rate or Term SOFR Recommended Fallback Rate Index Cessation Effective Date.* If:

(i) there is no Term SOFR Recommended Fallback Rate before the end of the first SOFR Banking Day following the Term SOFR Index

		Cessation Effective Date; or (ii) there is a Term SOFR Recommended Fallback Rate and a Term SOFR Recommended Fallback Rate Index Cessation Effective Date subsequently occurs, then the rate for an Interest Determination Date occurring on or after the Term SOFR Index Cessation Effective Date or after the Term SOFR Recommended Fallback Rate Index Cessation Effective Date (as applicable) will be such rate as **the Calculation Agent** may determine to be an appropriate successor or replacement for Term SOFR based on derivatives market practices then in effect or such other commercially reasonable alternative for Term SOFR as may be selected by **the Calculation Agent** in its sole discretion as an appropriate benchmark for financing under this Agreement;
37.	If different from the Calculation Agent, agent responsible for calculating amount of principal and interest	Not Applicable

PROVISIONS REGARDING REDEMPTION/MATURITY

38.	Issuer's Optional Redemption:	[Yes]
	If yes:	
	(a) Optional Redemption Date(s)	[on an Interest Payment Date]
	(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	100%
	(c) Minimum Period of Notice (if different to Condition 8	[30 days]
	(d) If redeemable in part:	
	(i) Minimum Redemption Amount(s)	USD [1,000,000] and integral multiples of USD [10,000]

		(ii) Higher Redemption Amount(s)	Not Applicable
	(e)	Other terms applicable on Redemption	None
39.	Redemption at the option of the Noteholders:		No
40.	Early Redemption Amount(s) payable on redemption for taxation reasons		Yes
41.	Other terms applicable on Redemption		Not Applicable

GENERAL

42.	**Notes in issue**		As at the date of this issue, the Issuer has issued Notes in the aggregate total amount of TZS[0] under the Programme. The aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date, together with the aggregate Nominal Amount of this Tranche (when issued), will not exceed the Programme Amount.
43.	Additional selling restrictions		[None]
44.	(a)	International Securities Identification Number (ISIN)	[●]
	(b)	Bond Code	[NMB-FRN01/2023/03]
45.	Allotment policy		All applications shall be considered equally for purposes of allotment. In the event of oversubscription, allotment will be on a pro rata basis.
46.	Stock Exchange		[Dar es Salaam Stock Exchange]
47.	Exchange Control Approval		Not Applicable
48.	If syndicated, names of managers		Absa Bank Tanzania Limited NMB Bank Plc
49.	Credit Rating assigned to Notes, the Programme and/ or the Issuer as at the Issue Date (if any)		[Moody's (B2 Positive)

50.	Governing law	[Tanzanian]
51.	Use of proceeds	The proceeds of the Notes will be used to finance eligible assets as defined in the NMB Sustainable Finance Framework
52.	Settlement Procedures and Settlement Instructions	• For Qualified Institutional Investors (QIIs): same day funds on the Issue Date to the Fiscal Agent • For investors other than QIIs: evidence of payment should be submitted to the Authorised Selling Agent, the Issuer together with the duly completed Application Form prior to the date Offer closes
53.	Details of bank account(s) to which payments are to be made in respect of the Notes Settlement Procedures and Settlement Instructions	Name: NMB Sustainable Bond_USD Account no: 10110000892
54.	Last Day to Register	[22 April] and [22 October] each year, or if such day is not a business day, the business day before each books closed period;
55.	Books Closed Period	The Register will be closed from [23 April] to [03 May] and from [23 October] to [03 November] (all dates inclusive) in each year until the Maturity Date
56.	Stabilisation Manager (if any)	Not Applicable
57.	Tax	Payments of interest on the Notes shall not be subjected to withholding tax as provided for in the Income Tax Act under Section 82 [e]
58.	Material Change Statement	The Issuer hereby confirms that as at the date of this Applicable Pricing Supplement, there has been no material change in the financial or trading position of the Issuer and its subsidiaries since the date of the Issuer's latest [reviewed/audited] [interim/annual] financial statements for the [six month period ended [date]/ twelve months ended [date]]. This statement has not been confirmed nor verified by the auditors of the Issuer.

59.	Board approval for issuance of the Notes	18 November 2022
60.	Other provisions	Not Applicable
	Salient Dates	
	Offer Opens	8.00 a.m. [25 September 2023]
	Offer Closes (T)	5.00 p.m. [27 October 2023]
	Allotment Date	10.00 a.m. [30 October 2023]
	Notification Date (via email/telephone)	2.00 p.m. [31 October 2023]
	Issue Date	12.00 p.m. [T+5]
	Register submission date to CSDR	[T+10]
	CDS Account Upload Date	[T+10]

PRO FORMA PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme:

NMB
Close to you

NMB BANK PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Under TZS 1,000,000,000,000 Multi-Currency Medium Term Note Programme

[Bond Code]

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Information Memorandum dated 31st August 2023. This Applicable Pricing Supplement must be read in conjunction with such Information Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and such Information Memorandum, the provisions of this Applicable Pricing Supplement shall prevail. To the extent that certain provisions of the *pro forma* Pricing Supplement do not apply to the Notes described herein, they may be deleted in this Applicable Pricing Supplement or indicated to be not applicable.

DESCRIPTION OF THE NOTES

1.	Issuer		NMB Bank Plc
2.	Specified Office of the Issuer		[•]
3.	Status of Notes		[Secured/Unsecured] [Senior/Subordinated]
4.	(a)	Tranche Number	[ ]
	(b)	Series Number	[ ]
5.	Aggregate Principal Amount:		

	(a) In Tranche	[ ]
	(b) In Series	[ ]
6.	Notes are freely transferable and fully paid up	[Yes]
7.	Interest	[Interest-bearing/Non-interest-bearing]
8.	Interest/Payment Basis	[Fixed Rate/Floating Rate/Zero Coupon/Indexed Interest /Indexed Redemption Amount/Mixed Rate/Partly Paid/ Instalment/Exchangeable/other]
9.	Form of Notes	[Listed/Unlisted] Registered/Book-entry Notes
10.	Automatic/Optional Conversion from one Interest/Payment Basis to another	[insert details including date for conversion]
11.	Issue Date	[ ]
12.	Business Centre	[ ]
13.	Additional Business Centre	[ ]
14.	Principal Amount per Note	[ ]
15.	Specified Denomination	[ ]
16.	Issue Price	[ ]
17.	Interest Commencement Date	[ ]
18.	Maturity Date	[ ]
19.	Specified Currency	[ ]
20.	Applicable Business Day Convention	[Floating Rate Business Day/Following Business Day/Modified Following Business Day/Preceding Business Day/other convention – insert details]
21.	Calculation Agent	[NMB Bank Plc]
22.	Specified office of the Calculation Agent	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
23.	Fiscal Agent	[NMB Bank Plc]
24.	Specified office of the Fiscal Agent	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
25.	Registrar	[NMB Bank Plc]
26.	Specified office of the Registrar	NMB Head Office, Ohio/Ali Hassan Mwinyi Road Dar es Salaam Tanzania
27.	Final Redemption Amount	[ ]
28.	Method of Distribution	[ ]

FIXED RATE NOTES

29.	(a)	Fixed Interest Rate(s)	[ ] percent per annum [payable annually/semi-annually/ quarterly] in arrear
	(b)	Interest Payment Date(s)	means [please insert the specific interest payment dates of each calendar year] in each year up to and including the Maturity Date/other, or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in the Applicable Pricing Supplement)
	(c)	Fixed Interest Period	means each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) [the following Interest Payment Date/state specific Interest Payment Date] (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)
	(d)	Default Rate	[ ] percent
	(e)	Initial Broken Amount	[ ]
	(f)	Final Broken Amount	[ ]
	(g)	Determination Date(s)	means [please insert the interest rate determination date/s or reset dates of each interest period for example, the auction date for the first Interest Period and thereafter the first business day of each Interest Period]
	(h)	Day Count Fraction	[ ]
	(i)	Any other terms relating to the particular method of calculating interest	[ ]

FLOATING RATE NOTES

30.	(a)	Interest Payment Date(s)	means [please insert the specific interest payment dates of each calendar year] or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in the Applicable Pricing Supplement)
	(b)	Interest Period(s)	means each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) [the following Interest Payment Date/state specific Interest Payment Date] (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)

	(c)	Definitions of Business Day (if different from that set out in Condition 1)	[ ]
	(d)	Interest Rate(s)	[ ] percent
	(e)	Minimum Interest Rate	[ ] percent
	(f)	Maximum Interest Rate	[ ] percent
	(g)	Other terms relating to the method of calculating interest (e.g., Day Count Fraction, rounding up provision, if different from Condition 6.3)	[ ]
31.	Manner in which the Interest Rate is to be determined		[ISDA Determination/Screen Rate Determination/other (insert details)]
32.	Margin		[(+/-) • percent to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)]
33.	Default Rate		[ ] percent
34.	If ISDA Determination		
	(a)	Floating Rate	[ ]
	(b)	Floating Rate Option	[ ]
	(c)	Designated Maturity	[ ]
	(d)	Reset Date(s)	[ ]
35.	If Screen Determination		
	(a)	Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)	[e.g. SOFR]
	(b)	Interest Determination Date(s)	means [please insert the interest rate determination date/s or reset dates of each interest period for example, the auction date for the first Interest Period and thereafter the first business day of each Interest Period]
	(c)	Relevant Screen Page and Reference Code	[ ]
36.	If Interest Rate to be calculated otherwise than by reference above, insert basis for determining Interest Rate/Margin/Fall back provisions		
37.	If different from the Calculation Agent, agent responsible for calculating amount of principal and interest		[ ]

PARTLY PAID NOTES

38.	Amount of each payment comprising the Issue Price	[ ]
39.	Date upon which each payment is to be made by Noteholder	[ ]
40.	Consequences (if any) of failure to make any such payment by Noteholder	[ ]
41.	Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments	[ ] percent

INSTALMENT NOTES		
42.	Instalment Dates	[ ]
43.	Instalment Amounts (expressed as a percentage of the aggregate Principal Amount of the Notes)	[ ]
MIXED RATE NOTES		
44.	Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:	[ ]
	(a) Fixed Rate Notes	[ ]
	(b) Floating Rate Notes	[ ]
	(c) Indexed Notes	[ ]
	(d) Other Notes	[ ]
ZERO COUPON NOTES		
45.	(a) Implied Yield	[ ] percent [naca] [nacs] [nacm] [nacq] [other method of compounding]
	(b) Reference Price	[ ]
	(c) Any other formula or basis for determining amount(s) payable	[ ]
INDEXED NOTES		
46.	(a) Type of Indexed Notes	[Indexed Interest Notes/Indexed Redemption Amount Notes]
	(b) Code	[ ]
	(c) Currency of Index	[ ]
	(d) Name of Index Calculator	[ ]
	(e) Index Sponsor	[ ]
	(f) Index/Formula by reference to which Interest Rate/Interest Amount (delete as applicable) is to be determined	[ ]
	(g) Manner in which the Interest Rate/Interest Amount (delete as applicable) is to be determined	[ ]
	(h) Interest Period	means each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) [the following Interest Payment Date/state specific Interest Payment Date] (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)
	(i) Interest Payment Date(s)	[ ]
	(j) Base CPI for Indexed-Linked Notes	means [please insert the specific interest payment dates of each calendar year] or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the applicable

			Business Day Convention (as specified in the Applicable Pricing Supplement)
	(k)	Calculation Agent (if different from []	[[*Name*] shall be the Calculation Agent (*no need to specify if the Calculation Agent is to perform this function*)]
	(l)	Provisions where calculation by reference to Index and/or Formula is impossible or impractical	[ ]
	(m)	Business Day Convention	[ ]
	(n)	Minimum Rate of Interest	[•] per cent per annum
	(o)	Maximum Rate of Interest	[•] per cent per annum
	(p)	Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision)	[ ]
	(q)	Other terms relating to Index-Linked Notes	[]
	(r)	Index ground rules documents will be available on the website	
	(s)	All ground rules relating to Index Linked Notes will be published on the website	
	(t)	All other changes as detailed in the ground rules document will be published on the index calculator's website	
	(u)	The level of the index is published	[Daily/Monthly]
	(v)	The level of the index will be published on the website	
	(w)	Indices underlying the index being referenced	
	(x)	The level of each of the indices underlying the index being referenced is published	
	(y)	The level of each of the indices underlying the index being referenced will be published on the website	
EQUITY LINKED NOTES			
47.	Instrument Name		[•]
48.	ISIN		[•]
49.	Other		[•]
EXCHANGEABLE NOTES			
50.	Mandatory Exchange applicable?		[Yes/No]
51.	Noteholders' Exchange Right applicable?		[Yes/No]
52.	Exchange Securities		[ ]
53.	Manner of determining Exchange Price		[ ]
54.	Exchange Period		[ ]
55.	Other		[ ]

EXTENDIBLE NOTES

56.	Last date to which Maturity Date may be extended	[ ]
57.	Step-up Margin	[ ]
58.	Requisite Notice	[ ]
59.	Other	[ ]

OTHER NOTES

60.	If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Indexed Notes, Extendible Notes or Exchangeable Notes, or if the Notes are a combination of any of the aforegoing, set out the relevant description and any additional Terms and Conditions relating to such Notes.	[ ]

PROVISIONS REGARDING REDEMPTION/MATURITY

61.	Issuer's Optional Redemption:	[Yes/No]
	If yes:	
	(a) Optional Redemption Date(s)	[ ]
	(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	[ ]
	(c) Minimum Period of Notice (if different to Condition 8.3)	[ ]
	(d) If redeemable in part:	
	(i) Minimum Redemption Amount(s)	[ ]
	(ii) Higher Redemption Amount(s)	[ ]
	(e) Other terms applicable on Redemption	[ ]
62.	Redemption at the option of the Noteholders:	[Yes/No]
	If yes:	
	(a) Optional Redemption Date(s)	[ ]
	(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	[ ]
	(c) Minimum period of notice (if different to Condition 8.4)	[ ]
	(d) If redeemable in part:	
	(i) Minimum Redemption Amount(s)	[ ]
	(ii) Higher Redemption Amount(s)	[ ]
	(e) Other terms applicable on Redemption	[ ]
	(f) Attach *pro forma* put notice(s)	[ ]

63.	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default	[ ]
64.	**Other terms applicable on Redemption**	[ ]

GENERAL

65.	**Notes in issue**	As at the date of this issue, the Issuer has issued Notes in the aggregate total amount of TZS[•] under the Programme. The aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date, together with the aggregate Nominal Amount of this Tranche (when issued), will not exceed the Programme Amount.
66.	Additional selling restrictions	[ ]
67.	(a) International Securities Identification Number (ISIN)	[ ]
	(b) Bond Code	[ ]
68.	Stock Exchange	[Dar es Salaam Stock Exchange]/[Specify other or additional Financial Exchange, if applicable]
69.	Exchange Control Approval	[ ]
70.	If syndicated, names of managers	[ ]
71.	Credit Rating assigned to Notes, the Programme and/ or the Issuer as at the Issue Date (if any)	[ ]
72.	Governing law	[ ]
73.	Use of proceeds	[ ]
74.	Last Day to Register	[ ] [•], [•] and [•] each year, or if such day is not a business day, the business day before each books closed period;
75.	Books Closed Period	The Register will be closed from [•] to [•] and from [•] to [•] (all dates inclusive) in each year until the Maturity Date
76.	Stabilisation Manager (if any)	[ ]
77.	Value of Aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date	As at the date of this issue, the Issuer has issued Notes in the aggregate total amount of [•] under the Programme. The aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date, together with the aggregate Nominal Amount of this Tranche (when issued), will not exceed the Programme Amount. The authorised amount has not been exceeded.
78.	Material Change Statement	The Issuer hereby confirms that as at the date of this Applicable Pricing Supplement, there has been no material change in the financial or trading position of the Issuer and its subsidiaries since the date of the Issuer's latest [reviewed/audited] [interim/annual] financial statements for the [six month period ended [date]/ twelve months ended [date]]. This

		statement has not been confirmed nor verified by the auditors of the Issuer.
79.	Other provisions	[ ]

Responsibility:

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the pricing supplement contains all information required by law. The Issuer accepts full responsibility for the accuracy of the information contained in the Information Memorandum and the annual financial statements and the pricing supplements and the annual report of the Issuer and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

[Application is hereby made to list the Notes on [**insert date**]].

SIGNED at ______________________________ this ________ day of ____________________________20[•].

For and on behalf of:

NMB BANK PLC

Name: ______________________________	Name: ______________________________
Capacity ______________________________	Capacity ______________________________
who warrants his/her authority hereto	who warrants his/her authority hereto

Appendix D

APPLICATION FORM FOR NMB BOND

APPENDIX D: APPLICATION FORM FOR NMB BOND

Application Form For NMB Bond

NMB

Serial Number: ____________

NMB BOND ISSUE
Up to TZS 1 trillion medium term note programme
APPLICATION FORM
(THIS APPLICATION FORM IS NOT FOR SALE)
Prospective applicants should read the Information Memorandum before completing this form. A copy of the Information Memorandum can be obtained from any of the Authorized Placing agents (including any NMB Branch) listed in the Information Memorandum.
Offer for subscription of NMB Bond notes for a minimum amount of TZS 500,000
OFFER OPENS: [ ]
OFFER CLOSES: [ ]
Please refer to the Terms and Conditions in the Information Memorandum as well as the instructions for completion of the Application Form, as set out below, before completing the same. Terms used herein shall be deemed to be as defined in the Information Memorandum dated 31st August 2023.
The Board of Directors of NMB Bank PLC (the “Directors”) shall reject any application, in whole or in part, if instructions as set out in the Information Memorandum and this Application Form are not complied with.

APPLICANT'S DECLARATION

By signing the Application Form overleaf I/We the applicant(s) therein state that:-

- I/We have full legal capacity to contract and, having read the Information Memorandum, hereby irrevocably apply for and request you to accept my/our application for the under mentioned application amount, or any lesser amount that may, in your sole discretion, be allotted to me/ us subject to the Terms and Conditions of the NMB Programme
- I/We authorise NMB to enter my/ our name in the register of members of Noteholders and to credit my CDS account with the Notes allocated to me/us and remit any refunds due to me/us via Electronic Funds Transfer or Cheque in accordance with the Terms and Conditions contained in the Information Memorandum.

I/We authorise the Registrar to send my/ our Mortgage Request Form directly to the DSE and the financing bank where I/We have borrowed money to apply for these Notes.
In consideration of your agreeing to accept this Application Form, I/we agree that, this application shall be irrevocable and shall constitute a contract which shall become binding to me/us upon dispatch by post or hand delivery.

GENERAL INSTRUCTIONS ON COMPLETION OF THE APPLICATION FORM

1. Please complete the Application Form in capital letters using black/blue ink. Ensure each letter is written clearly within each of the boxes provided. Incorrectly completed Application Forms will be rejected.
2. When completing this Application Form please bear in mind that Notes may not be applied for in the name(s) of a trust that has not been incorporated or a deceased's estate.
3. Trustees of unincorporated trusts, individual partners or executors may apply for Notes in their own name(s). Registered or incorporated trusts may apply in the registered or incorporated name. Limited liability partnerships may apply in their registered names.
4. Any alteration to the Application Form (other than deletion of alternatives) must be authenticated by the full signature of the Applicant(s) or Authorised Placing agent.
5. The Authorised Placing agent must sign against the company's official stamp.
6. Banker's cheque payments must be made payable in favour of "NMB Bond Issue"- “(Application Form serial number xxxx)" and crossed "Account Payee Only".
7. Your Application Form must be received in its entirety, duly signed and accompanied with the necessary evidence of payment or banker’s cheque or Letter of Undertaking.
8. The completed Application Form may be mailed or hand delivered to the Authorised Placing agents and must be received by the Authorised Placing agent no later than 5:00pm on 31st August 2023.
9. If your Application Form is received by the Authorised Placing agent after 5.00pm on 31st August 2023. it will be declined and the form together with the accompanying payment or evidence of payment will be returned as per the terms and conditions of the Offer.

11. Applications can only be made through the Issuer, Authorised Placing agents, the Arrangers, the Receiving Bank and the Registrar as listed in the Information Memorandum.
12. The allocation process has been outlined in the Information Memorandum and the Applicable Pricing Supplement. No person can make any promises contrary to the allocation criteria.
1

Serial Number: ____________

Application Form for Bonds
NMB BOND ISSUE
Public Offer Application Form
PLEASE COMPLETE IN CAPITAL/ BLOCK LETTERS USING BLACK/BLUE INK

Print Only Within Boxes
GOOD BAD
S T A
S T A

A. CDS ACCOUNT NUMBER (MANDATORY) (IF NOT AVAILABLE, PLEASE FILL CDS ACCOUNT OPENING FORM)

CDS Account Number (No leading zeros) (LI/LC/FI/FC)

B. APPLICATION & PAYMENT DETAILS

Amount Applied for (TZS) (add TZS 1,000 for DSE)

Please Tick Where Applicable

Payment through Agent | **Direct to Issuer payments** | EFT/ TISS | LETTER OF UNDERTAKING | BANKER'S CHEQUE | Cheque Number/ TISS/ EFT/ Ref number

Bank Name (Abbreviated) (for EFT/TISS/Cheque Payments) | Branch Name

C. WHERE PURCHASE IS FINANCED (OPTIONAL)

Tick if financed | Mortgage request form

Financing Bank (Abbreviated) | Branch Name

D. APPLICANT DETAILS

(i) Application Status: (Tick your status as applicable below)

Applicant Type: Individual | Joint | East Africa Qualified Institutional Investor | Foreign Qualified Institutional Investors

Residence: East African Resident | Non Resident | **Citizenship:** Tanzanian | Other East Africans | International

(ii) Primary Applicant Details: (Names as per ID/Passport)

Surname (Last Name) | First Name and Other Names (Leave space between names)

ID/ Passport Number (Copy of ID/ Passport must be attached) | Country of Issue

(iii) Joint Applicant's Details: (Names as per ID/Passport)

Surname (Last Name) | First Name and Other Names (Leave space between names)

ID/ Passport Number (Copy of ID/ Passport must be attached) | Country of Issue

(iv) Company name / QII / Corporate (As per Certificate of Registration/ Incorporation) A copy of the certificate must be attached

Registration / Incorporation Number | Country of Registration / Incorporation

Tick here if applicant is exempt from withholding tax and attach a copy of exemption certificate

For Nominee Applicants Only (Tick the status as applicable below)

NMB

☐ Tanzanian ☐ Other East Africans ☐ International

Nominee Account Name

Nominee Reference Number (Mandatory)

2

Citizenship of Beneficial Noteholder

Application form for Bonds Serial Number: ______

(v) Full Mailing Address and Contact Details for All Applicants (if applicable)

NMB

P.O. Box

Street Address

City/Town

Country

Telephone Number (Landline) International Format

Mobile Number (International Format)

Email Address (Personal) **Mandatory**

Fax Number (International Format)

E. RECEIPT OF REFUND AND FUTURE PAYMENTS

1. Send refund if any via ☐ EFT through the authorized selling agent ☐ Electronic funds Transfer to the bank below

2. Send future interest & principal through ☐ Electronic Funds Transfer to the bank below (as per CDS account details if not, please include updated bank details bel

Please provide bank details for EFT/SWIFT Transfers

(New bank details must be confirmed either by attaching a voided cheque or attaching a bank statement)

Name of Bank (abbreviated)

Account Name

Name of Branch

Account Number

Swift Code (if outside Tanzania)

Country

F. SIGNATURES : (COMPULSORY FOR ALL APPLICANTS)

Signature 1

Signature 2

Company Seal / Stamp

Date (DD/MM/YYYY) e.g. 27/07/2012

G. SELLING AGENTS / NMB BRANCHES ONLY FOR OFFICIAL USE ONLY

Agent code/NMB Branch Code

Selling Agent's Name/NMB Customer Service Representative

Authorised Selling Agents Stamp/NMB Customer Service Representative

TEAR HERE

H. INVESTOR'S RECEIPT

Serial No:

Name (Separate Names by one box)

Amount Paid (TShs)

CDS Account Number (No leading zeros)

(LI/LC/FI/FC)

Selling Agent's Name/NMB Teller's Name

Selling Agent/NMB Branch Stamp & Signature

Date

DETAILED INSTRUCTIONS ON COMPLETION OF THE APPLICATION FORM:
(Please also read general instructions on page 1)

A. An Applicant must have a CDS Account to apply. If you do not have a CDS account, please apply to open a CDS account by completing the CDS account opening form and attaching it to this application form (ask any Authorized Placing agent to assist). Please indicate the serial number of the Application Form on the CDS account opening form.

LI - Local Individual

LC - Local Corporate

FI - Foreign Institutional FC - Foreign Corporate

B. The minimum amount you can invest is TZS 500,000 and thereafter in multiples of TZS 10,000. Enter the amount you wish to invest in boxes provided. Remember to abide by the minimum investment amount and the incremental amount as well.

- If your Authorised Placing agent is making payment on your behalf, please tick the box for payment through agent. You need NOT fill in the remaining details under section “B”.
- If you would like to make your payment directly to the Issuer, NMB as your Authorised Placing agent will place a tick in the appropriate mode of payment box labelled Bankers Cheque, EFT/ TISS or Letter of Undertaking.

The name of the bank, branch and cheque number or EFT/ TISS reference number/ Application Form serial number must be provided. For direct to issuer payments, use the following details:

NMB BANK
OHIO BRANCH
ACC NO: [ ]

C. If your investment or purchase of the NMB Bond is being financed by a bank, please complete the part on financing by ticking the box and entering the Mortgage Request form serial number financing bank's name and branch name. The Mortgage Request form and refund payment due, will be sent directly to the DSE and financing bank respectively.

D. APPLICANT DETAILS

(i) You are required to tick 3 boxes under the heading "Applicant Status"

Applicant Type: Tick the appropriate box that describes the type of applicant.

Residency Status: If you are a legal full time RESIDENT of East Africa, irrespective of your citizenship, tick the Box labelled “East African Resident", otherwise, tick the Non Resident box

Citizenship: Tick the box that defines your citizenship.

(ii) If you are applying for Notes as an individual (i.e. you are not a Corporate Investor), please fill out the details listed under the words “Primary Applicant's Details”. Wherever possible, please ensure you enter your national identification number (or other identification number), or Passport Number and country of issue.

(iii) If you wish to include your spouse, relative or friend as a joint applicant on this form, please fill his/her details in the appropriate spaces under the heading “Joint Applicants Details”, Please note:

ONLY ONE joint applicant is allowed

The joint applicant CANNOT be a Corporate Investor.

Please ensure the CDS account is similarly joint

Wherever possible, please ensure you enter the joint applicant's identification number, failing which, please enter his/her Passport Number and country of issue. At least ONE is mandatory.

(iv) If you are applying as a Company, Qualified Institutional Investor (QII) or Nominee applicant, please fill out all details required in this section. Details for this section may be obtained from the entity's Certificate of Incorporation/Registration. Please attach a photocopy of the certificate of Registration /Incorporation and your license if you are an institutional investor.

Nominee applications from bona fide registered nominee corporates will be accepted provided there is a unique account name/number provided for each application. For the avoidance of doubt, Nominee Accounts must be held for the benefit of a 3rd party eligible for applying for Notes in their own right. Any QII or Applicant with a withholding-tax exemption MUST ATTACH A COPY OF THE CERTIFICATE OF EXEMPTION.

(v) ALL APPLICANTS MUST COMPLETE THIS SECTION. ONLY ONE ADDRESS MAY BE ENTERED. Please enter your FULL MAILING ADDRESS, including, where applicable, P.O. Box, and the City/Town and Country. A Street Address is optional but encouraged provided a valid mailing address is included. This address will be used for correspondence relevant to your noteholding, and it is vital that details herein are correct and accurate, please also provide us with your mobile number, landline telephone contact (if any) and e-mail address.

E. RECEIPT OF REFUNDS

(1) All residents will be refunded by EFT for the Notes not allotted. Please fill out your bank information in the boxes provided. Please note that the new bank details must be confirmed by either attaching a blank cheque that is clearly marked cancelled or provide a bank statement.

(2) Any refunds paid back to East African Nationals outside Tanzania (with the exception of QII's that submit Letters of Undertaking) and Foreign Applicants will be by swift transfer in Tanzania Shillings, at the cost of the respective Applicant. F. ALL APPLICANTS MUST COMPLETE THIS SECTION. Please read the instructions below carefully:

- Primary Applicants must sign in the box labelled "Signature 1" and Joint Applicants if any, must sign in the box labelled "Signature 2" • Corporate Investors Applications must be signed by two authorised signatories/officials or one Director and an authorised signatory/official. Where the applicant is a Company registered under the Company's Act the company seal/stamp must be affixed in the space provided.
- Applications signed by thumbprint must have the thumbprint witnessed. The witness must sign next to the thumbprint and write down his/her full names and identification documents number.

Appendix E

PLACING AGENTS

APPENDIX E: PLACING AGENTS

Orbit Securities Company Limited P.O Box 70254, Dar es Salaam 4th Floor, Golden Jubilee Towers, Ohio Street, Tel: 255 22 2111758, Fax: 255 22 2113067 E-mail: orbit@orbit.co.tz	**Vertex International Securities Limited** Zambian High Commission Building Ohio St./Sokoine Drive Tel: 255 22 2116382 Fax: 255 222110387 E-mail: vertex@vertex.co.tz, operations@vertex.co.tz Website: www.vertex.co.tz
Tanzania Securities Limited P.O Box 9821, Dar es Salaam 2nd Floor, Jangid Building, Ally Hassan Mwinyi Road Tel: 255 (22) 2112807, Fax: 255 (22) 2112809 Mob: +255 718 799997 / +255 713244758 E-mail: info@tanzaniasecurities.co.tz Website: www.tanzaniasecurities.co.tz	**Core Securities Ltd** P.O Box 76800, Dar es Salaam First Floor – Karimjee Jivanjee Building, Sokoine Drive, Tel: +255 22 2123103, Fax: +255 22 2122562 E-mail: info@coresecurities.co.tz Website: www.coresecurities.co.tz
SOLOMON Stockbrokers Limited P.O Box 77049, Dar es salaam Ground Floor - PPF House, Tel: 255 22 2124495/2112874, Fax: 255 22 2131969 Mob: +255 714 269090/+255 764 269090 E-mail: solomon@simbanet.net, Solomonstockbrokersltd@gmail.com Website: www.solomon.co.tz	**TIB Rasilimali Limited** P.O Box 9154, Dar es Salaam Ghana Avenue Tel: 255 22 2111711, Fax: 255 22 2122883 Mob: +255 713 777818 / +255 784 777818 / +255 754283185 E-mail: invest@rasilimali.tib.co.tz
E. A. Capital Ltd 3rd Floor, Accacia Building, Kinondoni Road P.O Box 20650, Dar es salaam Tel +255 779740818 / +255784461759 E-mail: EC@EACAPITAL-TZ.COM	**SMART Stockbrokers (T) Ltd** P. O Box 1056878, Dar es Salaam, 1st Floor, Masdo House, Samora Avenue, Tel: +255 22 2133607 E-mail: info@smartstockbrokers.co.tz
Zan Securities Limited Viva Tower, 2nd Floor, Unit-15, Bibi Titi Road P.O Box 5366, Dar es salaam Tel: +255 22 2126415, Fax: 255 22 2126414 Mob: +255 786 344767, +255 755 898425 E-mail: info@zansec.com	**ARCHCO Limited** P.O Box 38028 Dar es Salaam, 2nd Floor, Wing C, NIC Life House, Sokoine Drive/Ohio Street Tel. +255 22 732922396 Fax +255 22 732928489
Global Alpha Capital Limited, PSSSF Millenium Tower1, Ali Hassan Mwinyi Road, P. O. Box 70166, Dar es Salaam Tel: +255784786188/+255763631999 Email: info@alphacapital.co.tz Website: www.alphacapital.co.tz	**Optima Corporate Finance Limited** P.O Box 4441, Dar es Salaam 1st Floor, Togo Tower, Kinondoni Tel: +255 684856648 E-mail: gichohi@optimacorporate.co.tz
FIMCO Limited Suite 205 – Jangid Plaza, 2nd Floor Plot No. G6, Chaburuma Road Ali Hassan Mwinyi Road Dar es Salaam, Tanzania	**STANBIC BANK (T) LIMITED** Stanbic Centre, 99A Kinondoni Road P. O. Box 72647, Dar es Salaam, Tanzania. Tel: +255 22 266 6430/480

Tel : +255 22 292 627/+255 767 211 690 E-mail: info@fimco.co.tz Website : www.fimco.co.tz	Fax: +255 22 266 6301 Website: www.stanbicbank.co.tz
Victory Financial Services Limited ATC Building Ohio Street/Garden Avenue P.O Box 8706, Dar es Salaam Tel: +255 22 211 2691 Email: info@vfsl.co.tz Website: www.vfsl.co.tz	**Exodus Advisory Services Limited,** 10th Floor, Mwanga Tower Plot No. 1&50, Block 45A New Bagamoyo Road, P. O. Box 80056, Dar es Salaam. Tel: + 255 22 292 3810 Email: info@exodusadvisory.co.tz Website: www.exodusadvisory.co.tz
iTrust Finance Limited 429 Mahando St Dar es Salaam Tel: +255 787 382 016 Website: www.itrust.co.tz	

INFORMATION MEMORANDUM

MULTI-CURRENCY MEDIUM TERM

NOTE PROGRAMME WORTH TANZANIAN SHILLINGS ONE TRILLION

AUGUST 2023