

**UNITED BANK FOR AFRICA  
(TANZANIA) LIMITED**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
31 DECEMBER 2025**

UNITED BANK FOR AFRICA (TANZANIA) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025

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**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**BANK INFORMATION**

COMPANY SECRETARY	Damas Mwangange Zo Spaces Building, 9th & 10th Floors, Plot No. 4, New Bagamoyo Road, P.O. Box 80514, Dar Es Salaam, Tanzania	
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Zo Spaces Building, 9th & 10th Floors, Plot No. 4, New Bagamoyo Road, P.O. Box 80514, Dar Es Salaam, Tanzania	
BANKER	Bank of Tanzania 2 Mirambo Street P.O. Box 2939 Dar es Salaam Tanzania	
AUDITORS	Ernst & Young Certified Public Accountants EY House Plot No. 162/1, Mzinga Way 14111 Oysterbay P.O. Box 2475 Dar es Salaam, Tanzania	
TAX CONSULTANT	Inspire Consultants Limited Plot 136 Block 47 Mpakani B Kijitonyama P.O.Box 105505 Dar es Salaam	
BRANCHES	Nyerere Branch Plot 30C/30D Nyerere Road Dar es Salaam, Tanzania	Kariakoo Branch Dar es Salaam, Tanzania
	City Centre Branch Maktaba Square Dar es Salaam, Tanzania	Dodoma Branch Dodoma, Tanzania
	Kijitonyama Branch Dar es Salaam, Tanzania	Mwanza Branch Nyerere Road Mwanza, Tanzania
	Arusha Branch Plot No. 51,Block W, Sokoine Road, Arusha	

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED****ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****BANK INFORMATION (CONTINUED)****DIRECTORS**

<b>Name</b>	<b>Position</b>	<b>Nationality</b>	<b>Date of Appointment</b>	<b>Qualification</b>
Amb. Tuvako N Manongi	Chairman	Tanzanian	14 Feb 2018	GDip in Maritime Admin, LL.B
Olugbenga Makinde <sup>1</sup>	Managing Director	Nigerian	07 Dec 2021	MBA in Business Administration
Farhiya Hersi Warsame	Director	Tanzanian	14 Jan 2019	BSc in Accounting
CPA Martin Mmari	Director	Tanzanian	1 Oct 2019	Bcom in Accounting MBA in International Banking & Finance CPA(T)
Heri Bomani	Director	Tanzanian	22 Oct 2020	Bsc Economics in Banking & Finance MBA MPHIL in International Finance
Franklin Erebor	Director	Nigerian	3 July 2024	MPHIL in International Finance
Surajudeen Adeleke Adeyemi	Director	Nigerian	22 July 2024	Bsc Accounting MBA CPA CISA
Imo Etuk	Director	Nigerian	1 July 2025	BSC in Accounting EMBA General Management FCA
Morufat Abiola Bawuah	Director	Nigerian	15 April 2025	LLB EMBA B.Sc. Actuarial science
Dora Kyungu <sup>1</sup>	Executive Director-Business Development	Tanzanian	25 February 2025	LLB Dip in international Trade and Investment LLM in intl Trade and investment law in Africa Dip in Bank credit Management Cert in Capital markets Cert in public debt management

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<sup>1</sup> Executive Director

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **1. INTRODUCTION**

The Governing Board members have pleasure to submit their report together with the audited financial statements for the financial year ended 31 December 2025, which disclose the state of financial affairs of United Bank for Africa (Tanzania) Limited (the "Bank").

#### **2. INCORPORATION**

The Bank was incorporated in Tanzania on 3<sup>rd</sup> June 2009 under the Companies Act 2002, as a limited liability company.

#### **3. BANK'S VISION AND MISSION**

The Bank's vision is to be the undisputed leading and dominant financial services institution in Africa. The Bank's mission is to be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional and ethical standards, and by building an enduring institution.

#### **4. PRINCIPAL ACTIVITIES AND PERFORMANCE FOR THE YEAR**

The principal activity of the Bank is the provision of Banking and related services. The Bank is licensed under the Banking and Financial Institutions Act, 2006 and is regulated by the Bank of Tanzania ("BOT").

##### **The Bank's customers and engagement approach**

The Bank is centred at servicing a very diversified portfolio of customers ranging from governments, public entities, corporate customers, small and medium enterprises all the way to individual customers offering a full bucket of financial and investment and products.

The Bank operates in mainly 5 revenue generating units these represent the face of the Bank, these are: -

- Corporate Unit which is focused on corporate clients who have met specific set criteria.
- Public Sector and government agencies unit which is focused on not-for-profit making corporations and other public institutions.
- Retail Unit is for all other customers other than those prescribed above including SME and individual customers.
- Treasury unit, which manages all other forms of arrangements not falling in the three mentioned units.
- Digital unit mainly focused on providing digital financial solution to all customers in the bank.

The distinction between the units is set to ensure the Bank always deploys the right strategy and avail the right resources to meet the requirements of the diversified customer portfolio and maintains maximum satisfaction across the different groups.

These profit centres are then assisted by 11 other support functions which are strategically positioned to ensure smooth performance of the above-mentioned revenue generating units. And these help to keep the Bank's service delivery channels up and running.

The Bank is committed to live up to its shared values and works in synchronise to provide customers with the best services through a straightforward business model anchored in diversification by business, geography, risk, and people, as well as a clear focus on our business strategy as we embrace the future by establishing ourselves in unbanked markets where we connect our customers to wider opportunities by continuing to develop our range of products and services, to meet ever changing customer's needs.

##### **Service delivery channels**

The Bank since inception has been evolving with the needs and requirements of the market, where it managed to open and run 7 branches in Tanzania (4 of them are in Dar Es Salaam while remaining are in different regions across the country) as a core channel.

We have also been operating through different alternative service delivery channels such as ATMs, Mobile Banking services, Online Banking services, agency Banking and many others to increase accessibility of our services.

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 5. CAPITAL STRUCTURE

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

##### Authorised

As at 31 December 2025, the Bank's authorised share capital is 10,000,000 shares of TZS 5,000 each.

##### Issued and fully paid

As at 31 December 2025, the Bank had issued and fully paid-up shares of 6,284,067 (2024: 6,284,067) ordinary shares of TZS 5,000 each.

#### 6. SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2025 was 4 (2024: 4 shareholders). The shares of the Bank are held as follows:

<u>Name of the shareholder</u>	2025		2024	
	Number of shares held	% holding	Number of shares held	% holding
United Bank for Africa Plc	5,159,116	82.09	5,159,116	82.09
Tony O. Elumelu	1	0.00	1	0.00
African Prudential Registrars Plc	963,750	15.34	963,750	15.34
Afriland Properties Plc	161,200	2.57	161,200	2.57
	<b>6,284,067</b>	<b>100.00</b>	<b>6,284,067</b>	<b>100.00</b>

#### 7. CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

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

#### 8. COMPOSITION OF THOSE CHARGED WITH GOVERNANCE

Those charged with the governance "the Board" of the Bank at the date of this report, who held office since 1 January 2025, except where otherwise indicated, are set out on Page 1.

#### 9. CORPORATE GOVERNANCE

The Board of Directors ("the Board") comprises of 10 Directors. Whereby Chief Executive Officer, holds an executive position at the Bank. The Board takes overall responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance and management of 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 appointments of those charged with governance are made on merit, and candidates are considered against objective criteria, having due regard to the benefits of the diversity of the Board. A rigorous selection process is followed in relation to the appointment of Directors.

The Board delegates the day-to-day management of the business to Chief Executive Officer who is assisted by senior management. Beyond attending Board meetings, senior management actively leads the effective control of the Bank's operations. They serve as a central hub, fostering communication and collaboration across all business units.

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 9. CORPORATE GOVERNANCE (CONTINUED)

During the year, the Board met six times as required by the Bank's policy.

The Bank is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. The Board retains effective control over operations and has established committees to assist in providing detailed attention to specific areas of expertise. Board delegated authorities are reviewed regularly, and Directors have full access to Board and Committee documentation.

During the year the Board had the following board sub-committees to ensure a high standard of corporate governance throughout the Bank.

##### **Board Audit Committee (BAC)**

During the year the committee met four (4) times as per Bank's policy.

The purpose of the BAC includes among others:

- (i) To assist the Board of Directors in fulfilling its oversight responsibility with regard to audit and control.
- (ii) To monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of operations of the Bank.
- (iii) To monitor management's responsibilities to ensure effective systems of financial and internal controls are in place.
- (iv) To assist the Board in discharging its responsibility for Information Technology (IT) as it relates to financial reporting and the status of the Bank as a going concern.
- (v) To monitor and evaluate on a regular basis the qualifications, independence and performance of both the external auditors and the internal audit and control department.

Attendance of meetings during the period:

Name	Position	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Martin Mmari	Chairman	✓	✓	✓	✓
Farhiya Warsame	Member	✓	✓	✓	✓
Imo Etuk	Member	o	o	✓	✓
Heri Bomani	Member	✓	✓	o	o

**Note:** Mr. Imo Etuk was appointed on 1st July 2025. Consequently, the BAC was reconstituted with Mr. Imo Etuk replacing Mr. Heri Bomani.

##### **Key:**

✓ - Attended

o - Absent

##### **Board Credit and Risk Management Committee (BCRMC)**

During the year the committee met four (4) times as per Bank's policy.

The purpose of the BCRMC includes among others:

- Discharge the Board's risk management responsibilities as defined in the Bank's risk policies in compliance with laws and regulations.
- Review and assess the integrity and adequacy of the overall risk management functions of the Bank.
- Review the adequacy of the Bank's capital and its allocation to the Bank's business.
- To assist the Board of Directors to discharge the responsibility to exercise due care, diligence and skill to oversee, direct and review the management of the credit portfolio of the Bank.
- To review and recommend to the Board for approval the Bank's credit policies and strategies.

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 9. CORPORATE GOVERNANCE (CONTINUED)

Attendance of meetings during the period:

Name	Position	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Ebele Ogbue	Chairman	✓	✓	o	o
Adeleke Adeyemi	Member	✓	✓	✓	✓
Abiola Bawuah	Member	o	o	✓	✓
Heri Bomani	Member	o	o	✓	✓
Franklin Erebor	Member	✓	✓	o	o

**Key:**

✓ - Attended

o - Absent

**Note:** Mr. Ebele Ogbue resigned from the board effective 10th June 2025. Consequently, the BCRMC was reconstituted with Mr. Heri Bomani replacing Mr. Ebele Ogbue. Mrs. Abiola Bawuah joined the committee in Q3 2025 to replace Mr. Franklin Erebor.

#### Board Governance and Finance Committee (BG&FC)

During the year the committee met four (4) times as per Bank's policy.

The purpose of the BG&FC includes among others:

- Discharge the Board's responsibilities with regard to strategic directions and budgeting.
- Provide oversight into financial matters and the performance of the Bank.
- Review and approve the Bank's policies of a financial and general nature.
- Make financial and investment decisions within its approved limits on behalf of the Board.

Attendance of meetings during the period:

Name	Position	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Franklin Erebor	Chairman	✓	✓	✓	✓
Adeleke Adeyemi	Member	✓	✓	✓	✓
Abiola Bawuah	Member	o	o	✓	✓
Alex Alozie	Member	✓	✓	o	o

**Key:**

✓ - Attended

o - Absent

**Note:** NB: Mr. Alex Alozie resigned from the Board effective 10<sup>th</sup> June 2025 and Mrs. Abiola Bawuah appointed on 15th April 2025.

#### 10. FINANCIAL PERFORMANCE

The Bank recorded a Loss before tax of TZS 4,390 million during the year (2024: Loss before Tax of TZS 3,971 million).

The Bank performance during the year was beneath the expectations; the Bank's earning assets to total assets stood at 74% (2024: 70%). The total loans to customers declined to TZS 24,550 million (2024: TZS 33,768 million) as a result of strategic slowdown in lending due to noted change in credit risk resulting from global economy disruptions as a result of Middle East tension.

On the other hand, the Bank reported an increase in customer deposits to TZS 101,280 million (2024: increased to TZS 89,004 million). The increase is mainly in current and savings accounts from the various customers including existing customers and new customers onboarded during the year

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **10. FINANCIAL PERFORMANCE (CONTINUED)**

The industry on the other had maintained a steady growth Year-on-Year having reported a growth in Risk Assets at 32% and in terms of total assets with a 12% growth rate while deposits remain the same. The Bank reported earning assets to total assets at 70%. Industry structure in 2025 remained as 2024 where the top 2 Banks reported over 50% market share across multiple KPIs and the top 3 occupies over 75% market share.

The Banks performance in 2025 were highly impacted by slow down on the closure of the strategic delas including risk assets. The bank is planning to turnaround the performance through strategic growth of earning asset book and mobilization of sufficient low-cost funds together with various operating costs optimization measures including process re-engineering, recoveries and numerous operation enhancements measures to be deployed.

#### **11. CASH FLOW PROJECTION**

Taking up from trend of the last 5 years where the Bank managed to report stable net cash inflow position from operating activities it further plans to maintain the momentum. Future cash flows of the Bank will mostly be generated from customer deposits (more current and savings accounts).

The Bank will continue to strategically deploy different strategies to mobilize deposits from various business segments and sectors by providing pre-eminent transactions and payment solutions together with various new strategies to reach the unbanked population.

Strategic deployment and of funds and proper management and monitoring of our investments are the biggest pillars to guaranteed stable cashflow streams to meet the requirements of the Bank.

The Bank strategically budgeted to grow the balance sheet size by end of 2026 through deployments in various high yielding and well diversified assets which will be financed again by a diversified funding sources to meet the cashflow needs. Regional footprints give our Bank a competitive advantage when it comes to sourcing and deployments as this can be done through synchronized approach which considers the best alternative across the group. Improvements in service delivery channel positions the Bank in a region where customers and counterparts can transact easily and efficiently which will also promote flow of funds.

#### **12. LIQUIDITY**

The Bank places strong emphasis on management of liquidity risk and there is a regular periodical cash flow projection process handled by the Asset and Liability Management Committee (ALCO) to ensure the Bank holds sufficient liquid assets to enable it to continue with normal operations. The Board Credit Risk Management Committee (BCRMC) and management's Assets and Liabilities Committee (ALCO) also monitor the Bank's exposure to liquidity risk by ensuring that limits are set based on realistic assumptions. The committees track compliance on quarterly and monthly basis. The Bank's main sources of liquidity are deposits, shareholders' funds, and interbank takings.

The Bank managed to consistently maintain liquidity ratios way above the regulatory ratios and have then made some deliberate strategies to optimize the balance sheet which have helped largely in creating an optimal balance between assets and liabilities given their maturity profiles.

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 13. KEY PERFORMANCE INDICATORS

The following key performance indicators (KPIs) are deemed effective in measuring the delivery of the Bank's strategy and managing the business. All of these are derived from reported financial results prepared in compliance to IFRS Accounting Standards as issued by the International Accounting Standards Board requirements and that no new KPI was included or non was omitted from the ones reported in prior year.

Key Performance Indicator	Definition and Formula	2025	2024
Return on Equity	(Net profit/Total equity) *100%	(19%)	(20%)
Return on Assets	(Profit Before Tax/Total assets) *100%	(3%)	(3%)
Operating expenses to Operating Income	(Operating expense/Net interest income + non-interest income) *100%	133%	76%
Gross loans to customer deposits	(Gross loans to customers/Total deposits from customers) *100%	25%	42%
Growth in customer deposits	(Increase in customer deposits/Opening balance of customer deposits) *100%	16%	(38%)
Non-performing loans to total loans **	(Non-performing loans/Gross loans and advances) *100%	9%	22%
Growth in loans and advances to customers	(Increase in Loans and advances /Opening balance of loans and advances) *100%	(27%)	(47%)
Growth in total assets	(Increase in assets for the year/Total asset opening balance) *100%	(12%)	(24%)
Tier 1 Capital ratio	(Core capital/Risk weighted assets including off balance sheet items) *100%	27%	30%
Total Capital ratio	(Total capital/Risk weighted assets including off balance sheet items) *100%	27%	30%
Earnings per share	Profit attributable to equity shareholders/ Number of ordinary shares in issue (TZS)	(0.70)	(0.89)

How we are positioned to attain the set KPIs:

- Review and improvement of our products to ensure they meet needs of our customers and increase demand for the same.
- Branch operations, which are well aligned to our re-engineered operating model placed to fit service demands, increase productivity and improve controls.
- Keeping the innovation and transformation culture programs to align our workforce which is centered to deliver targeted milestones.
- Keep promoting learning, development and accelerating capacity building socially and professionally.
- Well-coordinated Headquarter and branch operations.
- Promoting more innovative, convenient and effective service delivery channels
- Material improvement to the Bank's infrastructure and working tools to simplify and improve SLAs and TATs.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**14. PRINCIPAL RISK, UNCERTANITIES AND OPPORTUNITIES/MITIGATIONS**

<b>Principal Risk</b>	<b>Context</b>	<b>Opportunities/Mitigations</b>
<b>Credit Risk</b>	Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the institution.	The Bank has several mitigation strategies for managing credit risks across the bank i.e., policies, process, and procedure as well as Segregation of duties, thus; Origination, Administration, Monitoring, and reporting to executive credit management committee any credit risk related matters for management attention and ensure quality of credit portfolio
<b>Liquidity Risk</b>	Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. Moreover: includes inability to manage unplanned decreases or changes in funding sources.  Liquidity risk also arises from the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.	The Bank has Liquidity Risk Management framework which provide guideline for liquidity planning and assessment of the potential future liquidity needs considering various possible changes in economic, market, political, regulatory, and other external or internal conditions, in a consistent manner. The framework also including an assessment, monitoring, and reporting of all applicable liquidity risks associated with managing on and off-balance sheet assets and liabilities, as well as ensuring that all outflows are adequately, and proactively identified and appropriate level of inflows sourced to provide the necessary liquidity cover. Exceptional cases are being escalated daily and monthly through Assets and Liability committee (ALCO)
<b>Market Risk</b>	The risk of fair value or cash flow of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rate and equity price. The overall objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.	The Bank follow three lines of Defence to manage Market Risk internally, thus; Treasury who are the first line of defence and subject experts on trading and the Asset and Liability Management matters, Treasury operations who support treasury and ensure process are being followed end to end and lastly; Risk management (Market Risk ) who are independently monitoring and report on market risk daily and at the management levels i.e., Assets and Liability committee (ALCO) where all Market risk matters are being highlighted Bank
<b>Compliance Risk</b>	Compliance risk is the current or prospective risk to earnings, capital and reputation arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards, as well as from incorrect interpretation of relevant laws or regulations. The Bank is exposed to Compliance risk due to relations with a great number of stakeholders, e.g., regulators, customers, counter parties, as well as tax authorities, local authorities, and other authorized agencies hence Compliance Risk Management.	The Bank has an effective measurement, monitoring and Management of Compliance risk, thus; policy, process and procedures for self-assessments, compliance indicators, training, awareness as well as regular legal reviews on internal products and services, and their relevant documentation to ensure that all contracts are in conformity with laws and regulations.  Moreover. All compliance related matters are being escalated to the special monthly Compliance Risk Management Committees and exception cases are being escalated to Executive Management Committee which is conducted weekly and to the Board for the one that need Board attention on quarterly

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**14. PRINCIPAL RISK, UNCERTANITIES AND OPPORTUNITIES/MITIGATIONS (CONTINUED)**

<b>Principal Risk</b>	<b>Context</b>	<b>Opportunities/Mitigations</b>
<b>Operational Risk</b>	Operational risk is the current and prospective risk to earnings and capital arising from inadequate or failed internal processes, people, and systems or from external events.	<p>The Bank has Operational Risk policy and Manual which provides guidelines for the identification, assessment, controlling, monitoring, measuring reporting and management of Enterprise-wide operational risks and along the business lines.</p> <p>The process is comprehensively enough to defines to define end-to-end methodologies in the management of Operational Risk Exposures across the Bank. It is also providing guidelines for all other stakeholders (Board of Directors, Internal Audit, Strategic Business Units, Strategic Support Units and all employees, External Auditors and Regulators) on the Bank's overall approach for managing Operational Risk (OR) with the key target of ensuring that; all stakeholders are rightly guided in the day-to-day management of operational risk as well as the Approach.</p>
<b>Strategic Risk</b>	Strategic risk is the current and prospective impact on earnings, capital, reputation, or good standing of an institution arising from poor business decisions, improper implementation of decisions or lack of response to industry, economic or technological changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed to meet these goals and the quality of implementation. The risk arises from two main sources: external and internal risk factors.	The Bank has the Strategic Management policy which guide the overall Strategic Risk management of the Bank and the risk management lie with the Board of Directors and senior management as the Strategy developed by the Management and reviewed by the Board aiming to ensure that the strategy plan reflects the Bank's defined vision and mission statements and aligned to the Bank's core values and Risk are managed accordingly.
<b>Climate risk</b>	The Bank recognizes climate change as a source of potential financial losses (risks). These risks affect all the standard risk areas (credit, liquidity, market, and operations) but are managed due to their widespread impact.	The Bank has made good progress on considering climate change in its risk management. We have set risk tolerance levels, adjusted our models to account for climate impacts on borrowers, and trained our staff.

**15. DIRECTORS' INTEREST**

The Directors of the Bank do not hold any material interest in the issued and paid-up share capital of the Bank.

**16. MANAGEMENT**

During the period under review, management of the Bank was under the Managing Director, assisted by the following:

- Executive Director Business Development;
- Chief Finance Officer;
- Company Secretary/Head of Legal;
- Chief Risk Officer;
- Chief Operating Officer;
- Chief Credit Officer;
- Head Treasurer;
- Head Human Resources;
- Head Audit;
- Head Corporate Services,
- Head Compliance;
- Head Internal Control; and
- Head Marketing and Corporate Relations

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **17. FUTURE DEVELOPMENT PLANS**

The Bank will continue to improve its financial performance through the introduction of innovative products, measured expansion to new regions, focus on value-added customer services and carefully managing risk.

Additional capital will be introduced as necessary to ensure the Bank is adequately capitalised and that depositors' funds are protected.

The focus on improving productivity and business efficiency will continue until the Bank achieves the goals set for business.

#### **18. RISK MANAGEMENT AND INTERNAL CONTROL**

As the Bank continues to scale up its operations, it is also ensuring that the resultant commercial and operational risks are mitigated through enforcement of appropriate policies and procedures. The Bank's activities expose it to a variety of financial risks including credit, liquidity, market and strategic risks. The Bank's overall risk management policies are set out by the Board of Directors and implemented by management. These policies involve analysis, evaluation, acceptance and management of some degrees of risks or a combination of risks. More details on financial risks are covered in Note 5 of these financial statements.

#### **19. GOING CONCERN**

The financial statements have been prepared on a going concern basis. The Bank has reported a loss of TZS 4,390 million (2024: Loss of TZS 5,591 million), and hence accumulated losses stood at TZS 37,913 million (2024: TZS 38,087 million).

The financial statements have been prepared on a going concern basis based on continuity of shareholders' financial support that may be required by the Bank in the foreseeable future in the form of funding for capital expenditure and working capital. Recent performance of the Bank has demonstrated capacity to increase in deposits and were able to fill all key vacant position Based on the foregoing, the Directors believe that the Bank will remain a going concern in the foreseeable future.

#### **20. SOLVENCY**

The Board confirms that applicable accounting standards have been followed and that the statement of affairs of the Bank as at 31 December 2025 set out in page 22 have been prepared on a going concern basis. The Directors consider the Bank to be solvent within the meaning ascribed by the companies Act, 2002.

#### **21. DIVIDENDS**

The Directors do not recommend payment of dividend for 2025 (2024: Nil).

#### **22. EMPLOYEES' WELFARE**

The Bank pays contributions to publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan. The total number of employees at the year-end was 150(2024: 128), of these, 67 were female and 83 were male (2024: 68 females and 60 male).

##### **Relationship between management and employees**

There was continued good relations between employees and management for the year 2025. There were no unresolved complaints received by management from the employees during the year.

The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind.

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **22. EMPLOYEES' WELFARE (CONTINUED)**

##### **Training**

During the year the Bank spent TZS 35million for training of its staff (2024: TZS 65 million). Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. This has been complimented by the online platform (UBA Ignite) to enhance skills development for staff at various levels. All employees received training to upgrade skills and enhance productivity.

##### **Staff loans and advances**

The Bank provides staff personal loans to enable them to overcome financial needs and promote their economic development. Staff loans are based on specific terms and conditions approved by the Board of Directors. The outstanding staff loan balance at year end was TZS 1,414 million (2024: TZS 974 million).

##### **Medical assistance**

Our employees are provided with medical insurance through a defined contribution plan. Currently, these services are provided by Strategies Insurance (Tanzania) Limited. There is also a separate group life assurance cover for all staff.

##### **Health and safety**

The Bank has a separate administration and security department which ensures that a culture of safety always prevails. A safe working environment is ensured for all employees and contractors by providing adequate and proper training and supervision as necessary.

##### **Financial assistance to staff**

Loans and advances under various schemes are available to all confirmed employees depending on the assessment and discretion of management as to the need and circumstances as per the Bank's Human Resources (HR) policy approved by the Board. This is to assist in promoting the welfare of employees.

##### **Persons with disabilities**

Applications for employment by persons with disability are always considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues, and appropriate training is arranged. It is endeavoured that training, career development and promotion of persons with disability should be identical to that of other employees.

#### **23. POLITICAL AND CHARITABLE DONATIONS**

The Bank contributed and participated in planting 9,000 trees as part of climate conservation initiative donations during the year amounted to TZS 3.33 million (2024: TZS 0.610 million for sanitary pad donation)

#### **24. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Bank participated in corporate social responsibility activities by distributing 800 literature books in Dar es Salaam under "Read Africa" which this is UBA initiative across Africa (2024: distributing 400 literature books). The Bank organises the Blood donation by staff in support of national health efforts where by 9 staff participated in 2025 (2024 Nil)

#### **25. ENVIRONMENT**

Environmental conservation remains to be the key issue of priority that need to be focused to combat climate change and global warming. The bank emphasised on paperless operations in 2025 to minimize the use of papers where possible

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 26. RELATED PARTY TRANSACTIONS AND BALANCES

Details of transactions and balances with related parties are disclosed in Note 31 to the financial statements.

#### 27. SERIOUS PREJUDICIAL ISSUES/MATTERS

For the financial year 2025, there were no serious legal issues which could have affect the Bank.

#### 28. MAJOR FINANCING TRANSACTIONS

There was no major financing transaction during the year (2024: Nil).

#### 29. STAKEHOLDER ENGAGEMENT

The table below shows, material issues in the year 2025, it also shows our commitments and responses to the identified issues.

Stakeholder	Material Issue raised	UBA Responses
<b>Employees</b>	<ul style="list-style-type: none"><li>Employee development and career growth</li><li>Women empowerment inclusion and work life balance</li></ul>	<ul style="list-style-type: none"><li>Reviewed employees' engagement process to ensure that all employees are carried along in career development process.</li><li>Improved staff engagement to ensure UBA Tanzania is good place to work.</li><li>Drive staff career growth through promotion, several staff were promoted during the year 2025.</li></ul>
<b>Customers</b>	<ul style="list-style-type: none"><li>Credit turnaround time</li><li>Digital platform uptime</li><li>Branch network in Tanzania</li></ul>	<ul style="list-style-type: none"><li>Service level Agreement (SLA) optimization, all Bank processes have clearly defined SLAs that ensure we provide our customers with exceptional experiences.</li><li>Continuous improvements of the digital Bank platform by increasing IT investment to ensure uptime of the digital products.</li><li>The Bank is continuing to implement Branch expansion, in financial year 2025 the Bank operated with 7 branches.</li></ul>
<b>Suppliers</b>	<ul style="list-style-type: none"><li>Fair assessment of selection process for vendors, pricing, and payment terms.</li></ul>	<ul style="list-style-type: none"><li>An enhanced vendor selection and assurance team to improve procurement process which includes accreditation and review of vendors and contractors.</li><li>Period price checks and vendor reviews are conducted in addition to vendor rating by relevant committee of the Bank.</li></ul>
<b>Shareholders/ Investors</b>	<ul style="list-style-type: none"><li>Increase wealth creation and shareholders engagements</li></ul>	<ul style="list-style-type: none"><li>Annual General Meeting (AGM) was held virtually and physically for some members in 2025.</li><li>The Bank continues to report Loss which increase shareholder's value.</li></ul>
<b>Regulatory authorities</b>	<ul style="list-style-type: none"><li>Zero breach on regulatory compliances</li><li>Good relationship with the regulators</li></ul>	<ul style="list-style-type: none"><li>Regular communication with the Bank of Tanzania and other regulators and</li><li>Engagements with Tanzania Revenue Authority tax mattes and specifically relating to the Bank.</li></ul>
<b>Government</b>	<ul style="list-style-type: none"><li>More interaction with the Governments for good relationship and business opportunities</li></ul>	<ul style="list-style-type: none"><li>Regular interactions through the office of Managing Director, Market and Corporate Communication and Public-Sector unit.</li></ul>
<b>Media</b>	<ul style="list-style-type: none"><li>Communication to the stakeholder through media</li></ul>	<ul style="list-style-type: none"><li>Interactions via emails, phone messages, press release, local Television, UBAREDtv, radio, new papers; and blogs to create brand awareness and reach our target audience.</li></ul>

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 30. DISCLOSURE REQUIREMENTS FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS AND OPPORTUNITIES IN BANKS AND FINANCIAL INSTITUTIONS

##### a. Sustainability Related and Opportunities for Banks and Financial Institutions Disclosure

United Bank for Africa (Tanzania) Limited has embedded the Environmental, Social, and Governance (ESG) strategy across its operations, governance, and risk management. This strategy is guided by four frameworks: the Sustainability Principles Framework, the Social and Environmental Risk Management Policy, the Environmental and Social Management System (ESMS), and the Corporate Social Responsibility (CSR) Policy. In line with the 2025 Bank of Tanzania Guidelines, the Bank integrates climate-related risks and opportunities into its ESG approach. Policies are reviewed annually to ensure compliance with the Bank of Tanzania Disclosure Guidelines 2025, IFRS S1 and S2, and evolving strategic priorities.

UBA Tanzania is committed to the highest sustainability standards, consistently delivering responsible financial services across its regions. A portion of profits is allocated to CSR initiatives focused on environmental protection, education, economic empowerment, and sustainability projects.

The Bank's sustainability agenda aligns with the Paris Agreement and the UN Sustainable Development Goals (SDGs), reinforcing its corporate vision to be Africa's leading financial institution. Sustainability is embedded in management processes and underpins UBA's values of Enterprise, Excellence, and Execution.

Customers remain central to UBA's sustainability vision. The Bank strives to provide sustainable financial intermediation, empower communities, connect diverse cultures, preserve the environment, and foster intergenerational wealth.

Our policies and frameworks are based on local and international principles and guidelines, especially the Bank of Tanzania's Guideline on Climate-Related Financial Risks Management and Disclosures (2025), the Reporting of Sustainability-Related Risks and Opportunities by Banks and Financial Institutions (2025), and the International Sustainability Standards Board (ISSB) IFRS S1 and S2. These guidelines enable the Bank's processes and serve as the compass that guides us in identifying and addressing issues critical to our stakeholders.

#### IFRS S1 – GENERAL SUSTAINABILITY DISCLOSURES

1. Governance	
Requirement	IFRS S1 Disclosure
1. Board mandate and responsibilities	The Board of Directors has ultimate accountability for sustainability-related risks and opportunities that could reasonably be expected to affect the Bank's financial position and value creation. Oversight is delegated to the Board Credit and Risk Management Committee (BCRMC), which reviews ESG strategies, policies, and disclosures quarterly. The Board approves ESG strategies, climate-related risk policies, and ensures compliance with Bank of Tanzania guidelines. Composition of the Board includes ESG expertise, and members undergo continuous training to strengthen sustainability oversight.
2. Management Responsibilities	Senior Management is responsible for embedding ESG and climate-related risk management across operations. Responsibilities include reviewing strategies, policies, and frameworks, providing periodic reports to the Board, and ensuring adequate resourcing of ESG functions. The Sustainability Steering Committee, led by the Chief Risk Officer, directs climate risk integration into enterprise risk management and credit processes.
3. Remuneration & Performance Linkage	At present, senior management remuneration structures do not incorporate sustainability-related key performance indicators (KPIs). Environmental, Social, and Governance (ESG) considerations have not yet been integrated into performance incentives, nor have frameworks been developed to align executive rewards with sustainability outcomes. However, future plans include embedding ESG-linked metrics into remuneration policies to ensure that leadership accountability and performance incentives are directly connected to the organization's sustainability objectives.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**30. DISCLOSURE REQUIREMENTS FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS  
AND OPPORTUNITIES IN BANKS AND FINANCIAL INSTITUTIONS (CONTINUED)**

**a. Sustainability Related and Opportunities for Banks and Financial Institutions  
Disclosure(continued)**

<b>2.Strategy</b>	
<b>Requirement</b>	<b>IFRS S1 Disclosure</b>
<b>1. Sustainability Context</b>	<p>UBA Tanzania has adopted a comprehensive Environmental, Social, and Governance (ESG) strategy that is fully embedded across its operations, governance structures, and risk management practices. This strategy is anchored on four key frameworks:</p> <ul style="list-style-type: none"> <li>i. the Sustainability Principles Framework,</li> <li>ii. the Social and Environmental Risk Management Policy,</li> <li>iii. the Environmental and Social Management System (ESMS), and</li> <li>iv. the Corporate Social Responsibility (CSR) Policy.</li> </ul> <p>By integrating climate-related financial risks and opportunities into its ESG approach, the Bank strengthens resilience, enhances transparency, and positions itself to capture emerging opportunities in sustainable finance. The ESG policy is reviewed annually to ensure relevance and responsiveness to evolving market dynamics, regulatory requirements, and environmental challenges. It serves as the foundation for sustainability disclosures, Board oversight, and performance monitoring across all three ESG pillars: environmental stewardship, social responsibility, and sound Governance.</p>
<b>2. Material Sustainability Risks</b>	<p>UBA Tanzania identifies material risks across both IFRS S1 and S2 categories. Physical risks include floods, droughts, and extreme weather events that can impair collateral and disrupt business continuity. Transition risks arise from policy changes, carbon pricing, and reputational shifts as stakeholders demand stronger ESG performance. To mitigate these risks, the Bank applies ESG due diligence, stress testing, portfolio diversification, and enhanced risk categorization. These measures ensure that risks are systematically identified, assessed, and managed across all business lines.</p>
<b>3. Material Sustainability Opportunities</b>	<p>The Bank recognizes significant opportunities in delivering inclusive financing and resilience. These include expanding access to finance for women and youth entrepreneurs, supporting afforestation and environmental protection programs, promoting sustainable finance and energy efficiency, strengthening governance and diversity, and advancing financial literacy programs. Climate-resilient integration into enterprise risk management further enhances the Bank's ability to capture opportunities while reducing exposure to systemic risks.</p>
<b>4. Strategic Focus on ESG Areas</b>	<p>UBA Tanzania's ESG strategy is designed to strengthen resilience and promote responsible finance across all operations. The Bank focuses on enhancing business continuity planning to manage disruptions, diversifying loan portfolios to reduce exposure to sensitive sectors, and embedding ethical lending practices supported by strict due diligence. This ensures that financed projects uphold labor rights, community safeguards, and human rights, while prioritizing initiatives with positive social outcomes to enhance reputation and impact</p>
<b>5. Key Enablers</b>	<p>The Bank ensures responsiveness to evolving market dynamics and regulatory requirements by conducting regular training for staff and Board members on ESG risks, compliance, and sustainable finance opportunities. These enablers strengthen institutional capacity and ensure that ESG integration remains effective and forward-looking.</p>
<b>6. Financial Statement Linkage</b>	<p>Sustainability risks affect collateral valuation, funding costs, and provisioning. Conversely, sustainability opportunities reduce credit risk and enhance portfolio resilience. By embedding ESG into financial decision-making, UBA Tanzania supports growth in fee income, lending, and access to concessional funding, while ensuring long-term financial stability.</p>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**30. DISCLOSURE REQUIREMENTS FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS  
AND OPPORTUNITIES IN BANKS AND FINANCIAL INSTITUTIONS (CONTINUED)**

**a. Sustainability Related and Opportunities for Banks and Financial Institutions  
Disclosure(continued)**

<b>3. Risk Management</b>	
<b>Requirement</b>	<b>IFRS S1 Disclosure</b>
<b>1. Risk Management Process</b>	UBA Tanzania has established a comprehensive ESG Risk Management Framework designed to ensure that environmental, social, and climate-related risks are systematically identified, assessed, managed, monitored, and disclosed across all banking operations. These processes are fully integrated into the ESMS, credit risk procedures, risk appetite framework, and reporting mechanisms.
<b>2. Identification &amp; Assessment</b>	UBA Tanzania embeds ESG due diligence into client onboarding and monitoring, classifying clients as low, medium, or high risk based on exposure to physical, transition, and reputational risks. These risks are integrated across credit, liquidity, market, operational, and strategic dimensions. To manage these exposures, the Bank applies tools such as ESG heatmaps, scenario analysis, and stress testing to assess portfolio sensitivity and track performance against defined targets. This structured approach ensures that sustainability risks are systematically identified, measured, and incorporated into enterprise risk management and decision-making processes.
<b>3. Controls &amp; Monitoring</b>	UBA Tanzania maintains ESG and climate-related risks within acceptable tolerance levels through mechanisms such as exclusion lists prohibiting financing of sectors with unacceptable ESG risk profiles, exposure limits for ESG-sensitive sectors, and full adherence to ESG-related contractual obligations and regulatory requirements. Monitoring is continuous, with ESG assessments conducted during client onboarding and updated through ongoing portfolio reviews.
<b>4. Integration with Credit &amp; Capital</b>	ESG and climate risk factors are incorporated into credit applications from origination through underwriting, disbursement, and provisioning. Stress testing and scenario analysis performed did not identify material adverse impacts on capital adequacy or asset quality.
<b>5. Monitoring &amp; Reporting</b>	Quarterly reporting covers exclusion list exposures, ESG compliance status, sectoral risk exposures, regulatory developments, portfolio ESG ratings, climate risk analysis, CSR updates, and performance against roadmap targets. Reports are submitted to the Bank of Tanzania quarterly, with annual disclosures prepared in compliance with IFRS requirements.
<b>6. Policy &amp; Regulatory Outlook</b>	UBA Tanzania collaborates with the Bank of Tanzania and other authorities to shape an enabling environment for inclusive and sustainable growth, combining adherence to mandatory requirements with alignment to Group-adopted standards.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
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**30. DISCLOSURE REQUIREMENTS FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS  
AND OPPORTUNITIES IN BANKS AND FINANCIAL INSTITUTIONS (CONTINUED)**

**a. Sustainability Related and Opportunities for Banks and Financial Institutions  
Disclosure(continued)**

<b>4. Metrics &amp; Target</b>			
<b>1. Risk Management Process</b>	<b>Metric &amp; Target</b>	<b>2024</b>	<b>2025</b>
	Loans to Women (TZS Mn)	4,010	3,100
	Consumer Loans (TZS Mn)	16,131	8,031
	Female Staff (≥40%)	53	45
	Female Senior Management (≥33%%)	57	44
	Female Board Directors (≥30%)	11	30
	Average Employee Tenure (≥5years)	3.8	4
	Trees Planted (40,000 by 2030)	-	9,000
	Books Distributed (Read Africa Program)	400	800
	Youth & Women skills -Beneficiaries under TOE Foundation	-	84

**IFRS S2 – CLIMATE-RELATED DISCLOSURES**

<b>1. Governance</b>	
<b>Requirement</b>	<b>IFRS S2 Disclosure</b>
<b>1. Board mandate and responsibilities</b>	The Board of Directors has ultimate accountability for climate-related risks and opportunities that could reasonably be expected to affect the Bank’s financial position and long-term resilience. Oversight is delegated to the Board Credit and Risk Management Committee (BCRMC), which receives quarterly reports on climate risk exposures, mitigation strategies, and progress against targets. The Board approves climate-related strategies, defines risk appetite for climate-sensitive sectors, and ensures compliance with IFRS S2 and Bank of Tanzania guidelines. Board composition includes members with ESG and climate expertise, and continuous training is provided to strengthen oversight
<b>2. Management Responsibilities</b>	<p>Senior Management plays a pivotal role in embedding ESG and climate-related risk management across UBA Tanzania. Their responsibilities include regularly reviewing the effectiveness of strategies, policies, frameworks, and controls to ensure responsiveness to evolving climate risks and regulatory expectations. They provide timely reports to the Board on emerging risks, mitigation measures, and opportunities, while ensuring internal structures are adequately resourced and staffed with the necessary expertise.</p> <p>Management promotes staff awareness through ongoing training and integration of ESG principles into operational practices, and ensures lending teams are competent in environmental, social, and climate risk. They escalate material risks into enterprise risk management, credit assessments, and strategic planning, while implementing ESG policies and embedding controls in credit and portfolio management. Senior Management also monitors risk profiles, takes timely action on adverse trends, oversees compliance assurance, and builds awareness of sustainable business practices to strengthen resilience and long-term value creation.</p>
<b>3. Risk Management Committee (RMC) Oversight</b>	The RMC reviews and monitors ESG risks and opportunities, with explicit focus on climate-related risks. It meets monthly and reports key observations to Executive Committees, while ESG matters are discussed quarterly. The Chief Risk Officer (CRO) ensures implementation of sustainability-related risk and opportunity initiatives, compliance, and periodic reviews in line with market, regulatory, and environmental changes.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
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**30. DISCLOSURE REQUIREMENTS FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS AND OPPORTUNITIES IN BANKS AND FINANCIAL INSTITUTIONS. (CONTINUED)**

**IFRS S2 – CLIMATE-RELATED DISCLOSURES (CONTINUED)**

<b>2. Governance (continued)</b>	
<b>Requirement</b>	<b>IFRS S2 Disclosure</b>
<b>4. Executive Credit Committee (ECC)</b>	The ECC ensures lending decisions are based on appropriate information concerning the social and environmental situation of financed businesses. It reviews credit proposals with consideration of ESG risks and opportunities, confirms that due diligence processes adequately capture environmental and social impacts, and reinforces responsible lending practices consistent with the Bank's ESG commitments and regulatory guidelines.
<b>5. Credit and Business Team</b>	Credit and business teams conduct ESG assessments during client onboarding and credit reviews, integrate ESG considerations into due diligence and loan structuring, flag identified risks to Risk and Compliance functions for timely action, and promote responsible lending practices aligned with the Bank's ESG commitments.
<b>6. Internal Audit</b>	Internal Audit provides third-line assurance to the Board and Senior Management on the adequacy and effectiveness of ESG and climate-related risk management frameworks, ensuring continuous improvement. It also carries out independent reviews of ESG compliance within UBA Tanzania, reinforcing transparency and accountability.
<b>7. Remuneration &amp; Performance Linkage</b>	At present, senior management remuneration structures do not incorporate sustainability-related key performance indicators (KPIs). Environmental, Social, and Governance (ESG) considerations have not yet been integrated into performance incentives, and therefore the percentage of remuneration linked to climate-related factors is currently 0%. However, UBA Tanzania plans to embed ESG-linked metrics into remuneration policies beginning in future reporting periods, ensuring that leadership accountability and performance incentives are directly connected to sustainability objectives under board oversight.

<b>3. Strategy</b>	
<b>Requirement</b>	<b>IFRS S1 Disclosure</b>
<b>1. Climate Risk Context</b>	UBA Tanzania has adopted a comprehensive Environmental, Social, and Governance (ESG) strategy that embeds climate considerations across operations, governance structures, and risk management practices. Anchored on four frameworks the Bank integrates climate-related financial risks and opportunities into its ESG approach. This strengthens resilience, enhances transparency, and positions the Bank to capture emerging opportunities in sustainable finance. The ESG policy is reviewed annually to ensure responsiveness to evolving climate science, regulatory requirements, and environmental challenges
<b>2. Material Climate Risks (IFRS S2)</b>	UBA Tanzania identifies two categories of climate risks: Physical risks such as floods, droughts, sea-level rise, and extreme weather events that can impair collateral, disrupt operations, and affect borrower repayment capacity; and Transition risks arising from policy changes, carbon pricing, and reputational shifts as stakeholders demand stronger climate performance. Mitigation strategies include climate stress testing, ESG due diligence, portfolio diversification, and enhanced risk categorization.
<b>3. Material Sustainability Opportunities</b>	The Bank recognizes opportunities to deliver climate resilience and inclusive growth. These include afforestation programs, renewable energy financing, sustainable finance instruments, energy efficiency initiatives, and inclusive financing for women and youth entrepreneurs. Climate-resilient integration into enterprise risk management enhances the Bank's ability to capture opportunities while reducing exposure to systemic risk

**30. DISCLOSURE REQUIREMENTS FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS AND OPPORTUNITIES IN BANKS AND FINANCIAL INSTITUTIONS. (CONTINUED)**

**IFRS S2 – CLIMATE-RELATED DISCLOSURES (CONTINUED)**

<b>3. Strategy(continued)</b>	
<b>Requirement</b>	<b>IFRS S1 Disclosure</b>
<b>4. Strategic Focus on ESG Areas</b>	<p>UBA Tanzania’s ESG strategy emphasizes managing risks and leveraging opportunities through targeted initiatives. The Bank is strengthening business continuity planning to address climate variability, diversifying loan portfolios to reduce exposure to climate-sensitive sectors, and promoting ethical lending practices with strong labor and community safeguards. Strict due diligence ensures financed projects uphold human rights and community protections, while financing is prioritized for projects with positive social outcomes.</p> <p>The Bank is also expanding digital banking and mobile money to enhance market presence, embedding ESG responsibilities into Board committees for accountability, and maintaining strong alignment with Bank of Tanzania directives. Together, these measures reinforce resilience, responsible finance, and long-term sustainability.</p>
<b>5. Key Enablers</b>	<p>Responsiveness to evolving climate and regulatory dynamics is ensured through regular training for staff and Board members on climate risks, compliance, and sustainable finance opportunities. These enablers strengthen institutional capacity and ensure that climate integration remains effective and forward-looking.</p>
<b>6. Financial Statement Linkage (IFRS S2)</b>	<p>Climate risks affect collateral valuation, provisioning, and funding costs. Conversely, climate opportunities reduce credit risk, enhance portfolio resilience, and support growth in fee income, lending, and access to concessional funding. By embedding climate considerations into financial decision-making, UBA Tanzania ensures long-term stability and alignment with IFRS S2 disclosure requirements.</p>

<b>4. Risk Management</b>	
<b>Requirement</b>	<b>IFRS S2 Disclosure</b>
<b>1. Risk Management Process</b>	<p>UBA Tanzania has established a comprehensive ESG and Climate Risk Management Framework designed to systematically identify, assess, manage, monitor, and disclose climate-related risks across all banking operations. This framework is fully integrated into the Environmental &amp; Social Management System (ESMS), credit risk procedures, risk appetite framework, and reporting mechanisms. It reinforces the Bank’s commitment to responsible finance, regulatory compliance, and long-term resilience.</p>
<b>2. Identification &amp; Assessment</b>	<p>Climate risks are identified through ESG due diligence embedded in client onboarding and monitoring processes. Risks are classified into physical, transition, and reputational categories. Physical risks include floods, droughts, sea-level rise, and extreme weather events; transition risks arise from policy changes, carbon pricing, and reputational shifts. Assessment tools include climate stress testing, scenario analysis, and ESG heatmaps. Risks are integrated across credit, liquidity, market, operational, and strategic dimensions.</p>
<b>3. Controls &amp; Monitoring</b>	<p>UBA Tanzania manages climate risks within acceptable tolerance levels through exclusion lists prohibiting financing of sectors with unacceptable ESG profiles, exposure limits for climate-sensitive industries, and adherence to ESG-related contractual obligations. Monitoring is continuous, with ESG assessments updated through portfolio reviews, client monitoring, and verification of compliance with ESG standards.</p>
<b>4. Integration with Credit &amp; Capital</b>	<p>Climate risk factors are incorporated into credit applications, collateral valuation, underwriting, and provisioning. Lending decisions explicitly consider environmental and social safeguards. Stress testing and scenario analysis have not identified material adverse impacts on capital adequacy or asset quality, but results are disclosed annually to ensure transparency.</p>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2025**

**30. DISCLOSURE REQUIREMENTS FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS AND OPPORTUNITIES IN BANKS AND FINANCIAL INSTITUTIONS. (CONTINUED)**

**IFRS S2 – CLIMATE-RELATED DISCLOSURES (CONTINUED)**

<b>4. Risk Management (continued)</b>	
<b>Requirement</b>	<b>IFRS S2 Disclosure</b>
<b>5. Climate Risk Assessment on Mortgaged Properties</b>	In 2025, UBA Tanzania conducted a climate-related financial risk analysis of mortgaged properties, focusing on flooding, sea-level rise, and wildfires. The review covered key mortgaged properties across multiple regions. Results indicated no major concerns. Outlook actions include conducting regular climate risk reviews, monitoring emerging threats, and integrating climate insights into broader credit and operational risk frameworks.
<b>6. Monitoring &amp; Reporting</b>	Quarterly reporting covers exclusion list exposures, ESG compliance status, sectoral risk exposures, regulatory developments, portfolio ESG ratings, climate risk analysis, CSR updates, and performance against roadmap targets. Reports are submitted to the Bank of Tanzania quarterly, with annual disclosures prepared in compliance with IFRS requirements.
<b>7. Policy &amp; Regulatory Outlook</b>	Quarterly reporting covers climate risk exposures, ESG compliance, portfolio ratings, regulatory developments, and CSR updates. Reports are submitted to the Bank of Tanzania, while annual disclosures are prepared in compliance with IFRS S2. Performance against roadmap targets is tracked and disclosed to stakeholders.

<b>5. Metrics And Targets (IFRS S2)</b>																
<b>1. ESG Risk Integration</b>	<p><b>Initiative:</b> Climate Risk Assessment and Stress test</p> <ul style="list-style-type: none"> <li>Action: Portfolio-wide stress testing (flooding, sea-level rise, wildfires).</li> <li>Target: Annual climate risk review (2025–2029)</li> <li>Progress: First review completed in 2025; no major concerns identified. Also, integrate ESG insights into credit risk appetite of the bank.</li> </ul>															
<b>2. Environmental Impact</b>	<p><b>Initiative:</b> Afforestation Program</p> <ul style="list-style-type: none"> <li>Action: Tree planting across schools and communities.</li> <li>Target: 40,000 trees planted by 2029; contribute to Scope 1–3 carbon mitigation.</li> <li>Progress: 9,000 trees planted across 10 schools in 2025.</li> </ul>															
<b>3. Energy Optimization</b>	<p><b>Initiative:</b> Office energy Efficiency</p> <ul style="list-style-type: none"> <li>Action: Deploy LED lighting and enforce branch-level energy policies.</li> <li>Target: 2% annual electricity consumption reduction (2026–2029).</li> <li>Progress: LED lighting deployed at Head Office; rollout planned across branches.</li> </ul>															
<b>4. Operational Emission for 6 Branches and Head Office</b>	<p><b>Methodology Used:</b> Partnership for Carbon Accounting Financials (PCAF)</p> <table border="1"> <thead> <tr> <th><b>GHG Protocol Standards</b></th> <th><b>Emission source category</b></th> <th><b>Metric t CO2e</b></th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>Direct Emissions, i.e. bank’s fleet &amp; generators</td> <td>147.36</td> </tr> <tr> <td>Scope 2</td> <td>Indirect Purchased Energy, i.e. electricity</td> <td>226.64</td> </tr> <tr> <td>Scope 3</td> <td>Water, waste, papers used, and others</td> <td>38.84</td> </tr> <tr> <td colspan="2"><b>Total Emissions</b></td> <td><b>412.84</b></td> </tr> </tbody> </table>	<b>GHG Protocol Standards</b>	<b>Emission source category</b>	<b>Metric t CO2e</b>	Scope 1	Direct Emissions, i.e. bank’s fleet & generators	147.36	Scope 2	Indirect Purchased Energy, i.e. electricity	226.64	Scope 3	Water, waste, papers used, and others	38.84	<b>Total Emissions</b>		<b>412.84</b>
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**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
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**30. DISCLOSURE REQUIREMENTS FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS  
AND OPPORTUNITIES IN BANKS AND FINANCIAL INSTITUTIONS. (CONTINUED)**

**IFRS S2 – CLIMATE-RELATED DISCLOSURES (CONTINUED)**

Climatic Risk Heat Map – Portfolio by Sector as of 31 <sup>st</sup> December 2025						
Sector	Q3-2025		Q4-2025		Comments	
	Exposure (TZS Mn)	Share(%)	Exposure (TZS Mn)	Share(%)	ESG Risk Level	Notes on Proportionality and Relevance (Transition and Physical Risk)
Agriculture	4,539	15.01%	3,125	0.12%	Moderate	Moderate exposure to transition risk, but highly relevant due to physical climate vulnerability (droughts/floods). Note, the bank is not directly financing farmers but support in value addition process.
Financial Intermediaries	480	1.59%	700	2.66%	Low	Low exposure; relevant for governance and indirect ESG financing risks
Health	494	1.63%	304	1.16%	Low	Low exposure; socially relevant (access, inclusion, workforce ethics)
Manufacturing	3,163	10.46%	4,240	16.10%	Moderate	Moderate exposure; moderate relevance due to emissions, labor, and supply chain risks
Construction	0	0%	370	1.41%	Low	Low exposure, but highly relevant due to climate vulnerability
Oil & Gas	4,600	15.21%	3,104	11.79%	Moderate	Moderate exposure and very high relevance due to carbon intensity and transition risk.
Other Services	233	0.77%	159	0.60%	Low	Low exposure; relevance varies by sub-sector
Personal (Private)	11,235	37.15%	9,825	40.53%	Low	Largest exposure; generally low ESG relevance unless linked to high-impact activities
Trade	1,786	5.91%	1,915	7.30%	Low	Low exposure; moderate relevance due to supply chain and labor practices
Transport and Communication	3,713	12.28%	4,827	18.34%	Moderate	Moderate exposure; high relevance due to emissions, infrastructure resilience, and digital ethics
	<b>30,243</b>	<b>100%</b>	<b>25,792</b>	<b>100%</b>		

**31. AUDITORS**

**Details**

The information of the Bank’s auditor for the period covered by this report is:

Ernst & Young  
 Certified Public Accountants  
 EY House  
 Plot No. 162/1 – Mzinga way, 14111 Oysterbay  
 P.O. Box 2475  
 Dar es Salaam, Tanzania  
 Website: <http://www.ey.com>  
 Firms’ registration Number: 151, TIN number: 100-149-222

**Appointment for 2026**

Ernst & Young, the Bank’s auditors for the year ended 31 December 2025, have expressed their willingness to continue in office as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Bank for the year 2026 will be tabled at the Annual General Meeting.

**32. RESPONSIBILITY OF THE AUDITORS**

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


**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**33. STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE**

It is the responsibility of the those charged with governance to prepare financial statements of the Bank which show a true and fair view in accordance with applicable standards, rules, regulations and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.



Amb. Tuvako Manongi  
**Board Chairman**



Olugbenga Makinde  
**Managing Director**

30.03.2026

2026

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

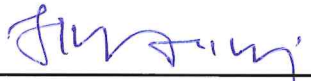
**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2025**

The Companies Act, No.12 of 2002 of Tanzania requires those charged with governance to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its financial results for the year then ended. It also requires those charged with governance to ensure that the Bank keeps proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

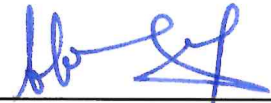
Those charged with governance are responsible for the preparation of the financial statements that give true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania, the Banking and Financial Institution Act 2006, the National Board of Accountants and Auditors Technical Pronouncements and for such internal controls as those charged with governance determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Those charged with governance accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act, 2002 of Tanzania, the Banking and Financial Institution Act, 2006 and the National Board of Accountants and Auditors Technical Pronouncements. Those charged with governance are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its financial results. Those charged with governance further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



Amb. Tuvako Manongi  
**Board Chairman**



Olugbenga Makinde  
**Managing Director**

30.03.

.....  
**2026**

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**DECLARATION BY THE HEAD OF FINANCE  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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

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

I, **Fina Andrew**, the Chief Finance Office of United Bank for Africa (Tanzania) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2025 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



---

**Signed by: Fina Andrew**  
**Position: Chief Finance Officer**  
**NBAA Membership No: ACPA 4563**

*30<sup>th</sup> March*  
..... 2026



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Ernst & Young  
EY House  
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14111 Oysterbay  
P.O. Box 2475  
Dar es Salaam, Tanzania

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Fax: +255 22 2924043  
E-mail: info.tanzania@tz.ey.com  
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TIN: 100-149-222  
VRN: 10-007372-Z

**INDEPENDENT AUDITOR'S REPORT  
To the shareholders of  
United Bank for Africa (Tanzania) Limited**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of United Bank for Africa (Tanzania) Limited (the "Bank") set out on pages 29 to 95, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania and the Banking and Financial Institutions Act, 2006 of Tanzania.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of the Bank and in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Bank and in Tanzania.

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**To the shareholders of**  
**United Bank for Africa (Tanzania) Limited**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Credit risk and impairment of loans and advances to customers</b>	
<p>As disclosed in Note 20 to the financial statements, as at 31 December 2025, the bank had an allowance for expected credit losses TZS 1,242 million (2024: TZS 2,775 million) charged on gross loans and advances to customers of TZS 25,793 million (2024: TZS 36,544 million). The related charge for the year to the income statement was TZS 110 million (2024: TZS 9,856 million) as disclosed in Note 9 to the financial statements. The expected credit losses are based on a forward-looking approach that recognises impairment loss allowances in accordance with IFRS 9 <i>Financial Instruments</i>.</p> <p>The estimation of expected credit losses requires the Bank to make significant judgements in the consideration of the following variables:</p> <ul style="list-style-type: none"> <li>• Allocation of loans to stages 1, 2 and 3 in accordance with IFRS 9 based on: <ul style="list-style-type: none"> <li>- Credit exposures for which there has been a significant increase in credit risk since initial recognition, and for which a loss allowance is recognised over the remaining life of the exposure (lifetime ECL); and</li> <li>- Credit exposures for which there has been no significant increase in credit risk, and for which a loss allowance is recognised for default events that are possible within the next 12-months (12-month ECL).</li> </ul> </li> <li>• Stratification of the loans and advances to customers under different credit portfolios on the basis of the associated credit risk.</li> <li>• Assessment of the Probability of Default (PD)</li> <li>• The application of historical and forward-looking information, including macro-economic factors in the assessment of the PD.</li> <li>• Assessment of Loss Given Default (LGD)</li> </ul>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of management's process and controls over credit origination, credit monitoring, credit remediation and expected credit loss modelling. This included understanding the governance over the credit models and related management overlay adjustments and evaluating that the ECL models were in accordance with the IFRS 9 principles.</li> <li>• We tested the completeness of the loans and advances in the ECL Model by inspecting the loan register that all loans meeting the NPL criteria are included in the schedule of NPLs. For credit classifications based on subjective criteria, we evaluated the appropriateness of the factors considered by management.</li> <li>• We understood the ECL models and the key inputs and selected a sample for testing, taking into consideration both quantitative and qualitative factors. The quantitative factors were primarily based on our performance materiality while the qualitative factors considered aspects such as facilities watch-listed by management and the regulator, non-performing borrowers known from publicly available information and borrowers in sectors that are not performing as expected.</li> <li>• For the selected sample, we inspected the related loan files and evaluated that the inputs in the ECL models agreed to the supporting documentation in the files. Inputs considered included interest rates which are used as the discount factors, outstanding loan balances which are the basis for determining the LGD, value of the collateral held which is the basis for expected cash flows from loans to be recovered through foreclosure.</li> <li>• We evaluated whether the basis for determining the expected net cash flows from the loans was reasonable in the circumstances. This included evaluating that expected cash flows based on foreclosure are based on the collateral Forced Sale Values as determined by the external valuer and as adjusted by appropriate haircuts, or as otherwise justified by management, including reflecting available supportable information which reflects borrower specific and/or current market conditions.</li> </ul>



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**INDEPENDENT AUDITOR’S REPORT (CONTINUED)**  
**To the shareholders of**  
**United Bank for Africa (Tanzania) Limited**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>• Assessment of Exposure at default including the assessment of the Expected utilisation of overdraft and other lending commitments over the lifetime of the commitments.</li> <li>• Application of additional overlay adjustments, if any, to reflect factors that are not considered in the applied expected credit loss model.</li> </ul> <p>Due to the significance of the amounts, and the significant judgements and related estimation uncertainty involved, the assessment of ECLs on loans and advances to customers has been considered a key audit matter. The complexity of these estimates requires management to prepare financial statement disclosures explaining the key judgments and the key inputs into the ECL computations.</p> <p>The disclosures in Notes 3.3.1(iv) and 5.1 to the financial statements provide information about the Bank’s ECL models and the related accounting policies, key assumptions and judgements.</p>	<ul style="list-style-type: none"> <li>• We evaluated whether the expected timing of the cash flows was reasonably supported considering the information available to the Bank without undue cost and effort. This included considering past experience of the time it takes to complete a foreclosure including factors such as the time required to complete relevant legal processes as adjusted for changes in the business environment.</li> <li>• We evaluated whether necessary adjustments to the expected cash flows were considered including a reasonable estimate of the costs expected to be incurred to recover the expected cash flows.</li> <li>• Assessed whether disclosures made in the financial statements agreed to the audited balances and information, and whether they were in accordance with IFRS 9.</li> </ul>

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the 1 to 23 of the audited financial statements for the year ended 31 December 2025, which includes the Bank information, The report by Those Charged with Governance as required by the Companies Act, 2002 of Tanzania, Statement of Directors’ Responsibilities for the Financial Statements and Declaration by the Head of Finance, which we obtained prior to the date of this report, and the Annual Report. The other information does not include the financial statements and our auditor’s report thereon.

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

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

**Responsibilities of the Directors for the Financial Statements**

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



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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**To the shareholders of**  
**United Bank for Africa (Tanzania) Limited**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Responsibilities of the Directors for the Financial Statements (continued)**

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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



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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**To the shareholders of**  
**United Bank for Africa (Tanzania) Limited**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

This report, together with our report on the audit of the financial statements, is made to the Bank's members in accordance with the Companies Act, 2002 of Tanzania which stipulates that a Bank's auditor shall make a report to the Bank's members on all annual accounts of the Bank of which copies are to be laid before the Bank in a general meeting.

We report to you, based on our audit, that:


- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books.
- iii. The Directors' Report is consistent with the financial statements.
- iv. Information specified by law regarding directors' remuneration and transactions with the Bank is disclosed; and
- v. The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

- In our opinion, the capital adequacy ratios as presented in Note 6 to the annual financial statements have been computed in accordance with the Banking and Financial Institutions Act, 2006, and the Banking and Financial Institutions (Capital Adequacy) Regulations, 2023 of Tanzania.

Section 5 of the regulation requires TZS 15 billion as the minimum core capital for Commercial Banks. As at 31 December 2025 United Bank for Africa (Tanzania) Limited reported core capital amounting to TZS 21, 969 million (2024: TZS 21,556).

The engagement partner on the audit resulting in this independent auditor's report is CPA Mozah Sechonge -ACPA 3518.

  
Ernst & Young

**Ernst & Young**  
**Certified Public Accountants**  
**Dar es Salaam, Tanzania**

  
CPA Mozah S Sechonge (ACPA 3518)  
Partner

Date: 31 MARCH 2026

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
FOR THE YEAR ENDED 31 DECEMBER 2025**

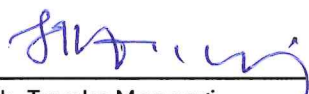
	Notes	2025 TZS '000	2024 TZS '000
Interest income	7	9,583,635	22,348,550
Interest and similar expenses	8	(1,982,441)	(9,000,621)
<b>Net interest income</b>		<b>7,601,194</b>	<b>13,347,929</b>
Impairment release/(charge) for credit losses	9	95,649	(10,288,879)
<b>Net interest income after impairment charges</b>		<b>7,696,843</b>	<b>3,059,049</b>
Fee and commission income	10	4,468,832	6,267,977
Fee and commission expense	10	(1,409,224)	(1,510,847)
Net trading income	11	2,780,771	6,174,512
Other operating income <sup>2</sup>		20,258	19,877
<b>Non-interest revenue</b>		<b>5,860,637</b>	<b>10,951,519</b>
Employee benefits expenses	12	(8,274,562)	(9,459,742)
Administrative expenses	13	(9,673,124)	(8,521,389)
<b>Operating expenses</b>		<b>(17,947,686)</b>	<b>(17,981,131)</b>
<b>Loss before income tax</b>		<b>(4,390,206)</b>	<b>(3,970,562)</b>
Income tax charge	14	-	(1,620,869)
<b>Loss for the year</b>		<b>(4,390,206)</b>	<b>(5,591,431)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(4,390,206)</b>	<b>(5,591,431)</b>

<sup>2</sup> Amount represents a gain from disposal of property and equipment and gain from lease modification

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

	Notes	2025 TZS '000	2024 TZS '000
<b>Assets</b>			
Cash and balances with Bank of Tanzania	15	25,759,763	34,695,163
Placements and balances with other banks	19	38,764,590	-
Loans and advances to customers	20	24,550,520	33,767,908
Investment securities at amortised cost	16	33,592,362	71,559,610
Other assets	17	3,310,915	4,811,222
Property and equipment	22	2,172,730	3,034,338
Right-of-use assets	28	4,191,410	2,626,065
Intangibles	23	369,179	214,098
<b>Total assets</b>		<b><u>132,711,469</u></b>	<b><u>150,708,404</u></b>
<b>Equity</b>			
Ordinary share capital	18	31,420,335	31,420,335
Share premium	18	29,103,635	29,103,635
Accumulated losses		(37,913,047)	(38,087,259)
Regulatory reserve	36	866,277	5,430,695
<b>Total equity</b>		<b><u>23,477,200</u></b>	<b><u>27,867,406</u></b>
<b>Liabilities</b>			
Deposits due to banks	24	-	26,413,080
Deposits due to customers	25	101,279,749	87,065,812
Other liabilities	26	4,010,772	6,374,214
Income tax liability	14	644,379	779,379
Lease liability	29	3,299,369	2,208,513
<b>Total liabilities</b>		<b><u>109,234,269</u></b>	<b><u>122,840,998</u></b>
<b>Total equity and liabilities</b>		<b><u>132,711,469</u></b>	<b><u>150,708,404</u></b>

The financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf by: -



Amb. Tuvako Manongi  
**Board Chairman**



Olugbenga Makinde  
**Managing Director**

30-03

..... 2026

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	<b>Share Capital (Note 18) TZS'000</b>	<b>Share Premium (Note 18) TZS'000</b>	<b>Accumulated losses TZS'000</b>	<b>Regulatory Reserve<sup>3</sup> (Note 36) TZS'000</b>	<b>Total Equity TZS'000</b>
At 1 January 2025	31,420,335	29,103,635	(38,087,259)	5,430,695	27,867,406
Total comprehensive Loss for the year	-	-	(4,390,206)	-	(4,390,206)
Transfer to regulatory reserve*	-	-	4,564,418	(4,564,418)	-
<b>At 31 December 2025</b>	<b><u>31,420,335</u></b>	<b><u>29,103,635</u></b>	<b><u>(37,913,047)</u></b>	<b><u>866,277</u></b>	<b><u>23,477,200</u></b>
At 1 January 2024	31,420,335	29,103,635	(37,795,193)	10,730,059	33,458,836
Total comprehensive Loss for the year	-	-	(5,591,430)	-	(5,591,430)
Transfer to regulatory reserve*	-	-	5,299,364	(5,299,364)	-
<b>At 31 December 2024</b>	<b><u>31,420,335</u></b>	<b><u>29,103,635</u></b>	<b><u>(38,087,259)</u></b>	<b><u>5,430,695</u></b>	<b><u>27,867,406</u></b>

<sup>3</sup> Regulatory reserve is a statutory reserve that represents the surplus of loan provision computed as per the Bank of Tanzania regulations over the impairment of loans and advances as per IFRS Accounting Standards as issued by the International Accounting Standards Board.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 TZS'000	2024 TZS'000
<b>Cash flows from operating activities</b>			
Loss before income tax		(4,390,206)	(3,970,562)
<b>Adjustments:</b>			
Impairment charges	9	988,047	10,306,483
Depreciation of property and equipment	13	1,080,496	1,033,450
Amortisation of intangible asset	13	72,561	47,607
Depreciation of right of use asset	13	1,454,807	1,299,659
Gain on sale of assets		(20,258)	(2,757)
Gain on lease modification		-	(17,120)
Interest on lease liability	29	228,876	101,241
		<u>(585,677)</u>	<u>8,798,001</u>
(Increase)/decrease in statutory minimum reserve		(728,606)	5,795,917
Decrease in loans and advances to customers		11,310,635	35,275,723
(Decrease)/increase in deposits due to banks		(26,413,080)	10,894,257
Decrease in other assets		987,598	19,996,087
Increase/(decrease) in deposits due to customers		14,213,937	(52,938,307)
Decrease in other liabilities		(2,363,442)	(691,128)
Income tax paid	14	(135,000)	(2,012,975)
Repayment of interest portion of lease liability	29	(120,964)	(89,039)
<b>Net cash (used in)/from operating activities</b>		<u>(3,834,599)</u>	<u>25,028,537</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible asset	23	(138,769)	(182,179)
Purchase of property and equipment	22	(335,425)	(600,414)
Purchase of Investment securities	16	(22,200,000)	(60,572,963)
Proceeds from Investment securities		57,617,003	51,162,346
Proceed from disposal of property and equipment		47,922	3,304
<b>Net cash from/ (used in) investing activities</b>		<u>34,990,731</u>	<u>(10,189,906)</u>
<b>Cash flows from financing activities</b>			
Repayment of principal portion of lease liability	29	(1,888,631)	(1,574,124)
<b>Net cash used in financing activities</b>		<u>(1,888,631)</u>	<u>(1,574,124)</u>
Net increase in cash and cash equivalent		29,267,501	13,264,507
Net foreign exchange difference		(166,917)	(265,809)
Cash and cash equivalent at the beginning of the year		29,452,072	16,453,374
<b>Cash and cash equivalents at the end of the year</b>	30	<u>58,552,656</u>	<u>29,452,072</u>
<i>Additional information on operational cash flows from:</i>			
<b>Interest:</b>			
Interest paid		1,986,953	9,081,727
Interest received		10,814,773	22,972,488

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **1. GENERAL INFORMATION**

United Bank for Africa (Tanzania) Limited (the "Bank") is a limited liability company incorporated under the Companies Act, 2002 and is domiciled in the United Republic of Tanzania. It is licensed to operate as a Bank under the Banking and Financial Institutions Act, 2006. Details of the address of its registered office and principal place of business are disclosed on page 1 whilst its principal activities are described in the Directors' Report.

#### **2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS**

The bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective in these financial statements. Other amendments and interpretations apply for the first time in 2025, but do not have an impact on the bank's financial statements.

##### **a) New standards and amendments to published standards effective for the year ended 31 December 2025.**

###### ***Lack of exchangeability – Amendments to IAS 21***

The amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

This amendment did not have a material impact on the Bank's financial statements

###### **New and amended standards issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Bank. Except for the IFRS 18, these standards are not expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions. The bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

###### ***IFRS 18 – Presentation and Disclosure in Financial Statements (Effective for annual periods on or after 1 January 2027)***

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)**

**New and amended standards issued but not yet effective (continued)**

***Amendments to the Classification and Measurement of Financial Instruments—  
Amendments to IFRS 9 and IFRS 7***

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date

Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed

Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments

The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company is currently working to identify all impacts the amendments will have on the financial statements.

***Standards issued but not yet effective that are not expected to have a material impact on the Bank's financial statements***

<b>New pronouncement</b>	<b>Effective for annual periods beginning or after:</b>
Annual Improvements to IFRS Accounting Standards— Volume 11	1 January 2026
Contract Referencing Nature-dependent Electricity- Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Effective date postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting.

The Bank did not early-adopt any new or amended standards in the year ended 31 December 2025.

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

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

##### **3.1 Basis of preparation and statement of compliance'**

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and in the manner required by the Companies Act, 2002 of Tanzania and the Banking and Financial Institutions Act, 2006 of Tanzania.

The financial statements have been prepared under the historical cost basis, except where otherwise stated, and are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand shillings ('000'), except when otherwise indicated.

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board 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. Changes in the assumptions may have significant impact on the financial statements in the period the assumptions change. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

##### **3.2 Financial instrument**

###### **3.2.1 Financial assets**

###### **(i) Classification and subsequent measurement**

The Bank is applying IFRS 9 and classifies all its financial assets at amortised cost.

###### **(a) Financial assets measured at amortised cost**

The Bank measures loans and advances to Banks, Loans and advances to customers, Cash and Bank balances and investments securities and other financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

###### **Business model assessment**

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected.
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**3.3.1 Financial assets (continued)**

**(i) Classification and subsequent measurement (continued)**

**Business model assessment (continued)**

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**Business model 1 (BM1): Hold to collect contractual cash flows**

This is a business model whose objective is to hold the financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets in this business model are classified and measured at amortized cost by the management subject to meeting the solely payments of principal and interest requirements. Some level of sales is made from this bucket if they are not 'more than infrequent'.

In line with the standard, where more than infrequent number of sales is made and those sales are more than insignificant in value, the Management assesses whether and how such sales are consistent with an objective of collecting contractual cash flows. Thus, in determining whether cash flows are going to be realized by collecting the financial assets' contractual cash flows, consideration is given to the historical frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity.

The Management deems sales as infrequent if it occurs not more than five times in a financial year (This is based on historical information about past sales of such financial assets). The Management may also elect to sell financial assets if there is a deterioration in the value of the assets.

Sale of financial assets will be considered insignificant within a portfolio if it constitutes a value that is less than one-tenth or less in relation to the total value of the portfolio at the point of sale.

If an instrument is sold close to maturity, it would not invalidate the classification of the asset. Management deems closeness to maturity as 60% of tenor into the life of an instrument.

**Business model 2 (BM2): Hold to collect contractual cash flows and sell**

This is a business model whose objective is both to collect contractual cash flows and selling the assets. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Management considers this business model as having greater frequency and value of sales compared to the hold to collect model. This is because selling financial assets is integral to achieving the business model objective instead of being only incidental to it. There is no threshold for the frequency or value of sales that must occur in this business model because the Management has determined that both collecting contractual cash flows and selling financial assets are integral to achieving its objectives for this model.

The financial assets in this business model are classified and measured at fair value through other comprehensive income (FVOCI). Changes in the carrying amount of these assets are recognized in Other Comprehensive Income (OCI) except for interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the assets are derecognized or reclassified, the cumulative gain or loss previously recognized in OCI and accumulated in equity is reclassified to profit and loss.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**3.3.1 Financial assets (continued)**

**(i) Classification and Subsequent Measurement (continued)**

**Business model assessment (continued)**

**Business model 3: Held for trading (Neither BM 1 nor BM 2)**

The financial assets in this category represent portfolios that do not fall within either BM1 or BM2, which the Management holds for its trading or are managed with an objective of realizing cash flows through active and frequent sales.

The financial assets in this business model are classified and measured at fair value through profit or loss (FVTPL).

The Management may elect to classify a financial asset at fair value through profit or loss (FVTPL) if doing so reduces or eliminates a measurement or recognition inconsistency ('accounting mismatch') even if the business objective qualifies it for amortised cost or fair value through other comprehensive income (FVOCI).

**Mode of determining the business model of portfolios**

The following factors are considered by the Management in determining the business model to which a portfolio belongs:

- (i) Description: A high-level description of the type of assets within the portfolio.
- (ii) Strategy: The investment strategy for holding or selling the assets in the portfolio. The principal risks of the portfolio and how they are managed and whether there is remuneration targets linked to the portfolio strategy and performance.
- (iii) MI / KPI: The key performance indicators used to assess the portfolio performance.
- (iv) Sales factors: What factors would and have in the recent past resulted in management making a sale from the portfolio.
- (v) Sales levels: What level (frequency and value) of sales have been made for example, in the last 12 months? What are the reasons for these sales? Sales made close to maturity to manage credit risk or concentration are specifically identified.

**Solely payment of principal and interest (SPPI) test**

As a second step of its classification process the Bank assesses the contractual terms of financial asset to identify whether they meet the non-financial host contracts. Financial assets are classified based on the business model and SPPI assessments. SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### 3.3.1 Financial assets (continued)

###### (b) Debt instruments measured at amortised cost

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

The Bank has not issued any financial instrument with equity conversion rights, write-down and call options. When establishing the accounting treatment for these non-derivative instruments, the Bank first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments.

###### (iv) Reclassifications of financial assets

With the IFRS 9, the Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. In 2025 the Bank did not reclassify any of its financial assets (2024: None).

###### (v) Impairment of financial assets

The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL)), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1:** When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans considered credit-impaired. The Bank records an allowance for the LTECLs.
- **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR.

ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### 3.3.1 Financial assets (continued)

##### (iv) Impairment of financial assets (continued)

##### The calculation of Expected Credit Losses (ECLs)

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upturn and downturn). Each of these is associated with different PDs, EADs and LGDs, as set out in When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. Provisions for ECLs for undrawn loan commitments are assessed. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities such as overdraft is explained below:

##### The mechanics of the ECL method are summarized below:

- **Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**3.3.1 Financial assets (continued)**

**(iv) Impairment of financial assets (continued)**

- **Loan commitments and letters of credit:** When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at approximation to the expected EIR on the loan.

**(v) Purchased or originated credit impaired (POCI) financial assets**

For POCI financial assets, the Bank only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

The Bank did not have financial assets that are purchased or originated credit – impaired during the year.

**(vi) Definitions of Default**

IFRS 9 does not define default but requires the definition to be consistent with the definition used for internal credit risk management purposes. The Bank considers a financial asset as 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

Loans and advances to customers, credit cards, loan commitments and financial guarantees

**Quantitative criteria:** The borrower is more than 90 days past due to its contractual payments.

**Qualitative criteria:** 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/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.
- it is becoming probable that the borrower will enter Bankruptcy.
- payment deferral /extension of payment period

***Due from banks and Cash and Balances with Central Bank***

For Due from banks, below are considered as default when they occur:

- When repayment of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay
- When a counterparty is taken under management by Statutory Manager
- When a counterparty license has been revoked by the Central bank
- When the counterparty is declared bankrupt by responsible bodies like Registration, Insolvency or court.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**3.3.1 Financial assets (continued)**

**(vi) Definitions of Default (continued)**

***Debt instruments***

For Debt instruments, below are considered as default when they occur;

Quantitative and qualitative criteria;

- When repayment of interest and principal are not done on time as per contractual schedules to the extent of 30 days delay.
- When repayments of interest and principal are not done on time as per contractual schedules and that such delays considered are not those caused by operational issues
- When the government is downgraded to below rating "C" status by international rating agency such as Moody's, S & P, or Fitch.
- When the Government is declared default/bankrupt by responsible agencies i.e. World Bank, IMF etc.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding. It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the customer has met certain criteria. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

***Other financial assets***

For other financial assets, below are considered as default when they occur;

Quantitative and qualitative criteria;

- The Bank considers other financial assets in default when contractual payments are over 90 days past due.
- The Bank may also consider other financial assets to be in default when internal or external information indicates that the Bank is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Bank.

**(vii) Significant increase in credit risk**

The assessment of significant increase in credit risk requires significant judgment. The Bank's process to assess changes in credit risk is based on the use of 'backstop' indicators. Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

The following are considered as exceptions:

- Outstanding obligation is a result of an amount being disputed between the Bank and obligor where the dispute is not more than 90 days.
- Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of the total amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case-by-case basis.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**3.3.1 Financial assets (continued)**

**(vii) Significant increase in credit risk (continued)**

The assessment is generally performed at the instrument level, and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2. The assessments for significant increases in credit risk since initial recognition and credit-impairment are performed independently at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days.

Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset will not move back from stage 3 to stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfil their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment.

**(viii) Modification and derecognition of financial assets**

The credit risk of a financial asset will not necessarily decrease merely as a result of a modification of the contractual cash flows. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the Bank assesses whether there has been a significant increase in the credit risk of the financial asset by comparing:

- the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

A modification will however lead to derecognition of existing loan and recognition of a new loan i.e., substantial modification if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

The following will be applicable to modified financial assets:

- The modification of a distressed asset is treated as an originated credit-impaired asset requiring recognition of life-time ECL after modification.
- The cumulative changes in lifetime expected credit losses since initial recognition is recognized as a loss allowance for purchased or originated credit-impaired financial asset at the reporting date.
- The general impairment model does not apply to purchased or originated credit-impaired assets.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**3.3.1 Financial assets (continued)**

**(ix) Modification and derecognition of financial assets(continued)**

Once an asset has been classified as forborne, it will remain forborne and shall not be upgraded as active or into a better category unless the borrower:

- In the case of term loans, has regularized the credit accommodation by timely paying at least four (4) consecutive installments; or
- In the case of overdrafts, upon a satisfactory performance for at least two (2) consecutive quarters.

Without prejudice to the above, no classified account may be reclassified as active without the express approval of the CRO/CCO and MD/CEO

The table below includes assets that were modified and, therefore, treated as forborne during the period, with the related modification gain reported by the Bank.

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Amortised costs of financial assets modified during the period (carrying amount)	3,067,515	6,130,898
Net modification gain	267,169	1,630

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12mECL measurement during the period. The modification was in relation to one commercial loan and was done to address the cash flow challenges of the customer.

	<b>Post modification</b>		<b>Pre modification</b>	
	<b>Gross carrying amount</b>	<b>Corresponding ECL</b>	<b>Gross carrying amount</b>	<b>Corresponding ECL</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>31-Dec-25</b>				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	2,970,497	881,336	4,216,020	1,148,505
<b>Total</b>	<b>2,970,497</b>	<b>881,336</b>	<b>4,216,020</b>	<b>1,148,505</b>
<b>31-Dec-24</b>				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	8,643,066	1,473	6,134,001	3,103
<b>Total</b>	<b>8,643,066</b>	<b>1,473</b>	<b>6,134,001</b>	<b>3,103</b>

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

##### **(x) Write offs of financial assets**

Financial assets are written off either in their entirety or partially when the Bank has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- There is external evidence (for example, third-party valuations) available that there has been an irreversible decline in expected cash flows and, accordingly, the Bank has no reasonable expectation of recovery.
- Individually assessed loans that are secured, are generally written-off after the receipt of the proceeds from the realisation of the security, and there is no expectation that any further amounts will be recovered by any other means.
- The borrower is declared bankrupt or insolvent, especially in the case of unsecured exposures where the liquidator or administrator has indicated that there aren't sufficient resources available to satisfy the unsecured creditors.

##### **(xi) Derecognition of financial assets**

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

##### **3.3.2 Financial liabilities**

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost. The financial liabilities for the Banks include deposits due to banks, deposits due to customers, lease liabilities and other financial liabilities.

IFRS 9 requires financial instruments to be classified based on a combination of the entity's business model for managing the instruments' contractual cash flow characteristics.

##### **Derecognition - Financial liabilities**

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

##### **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 offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**3.4 Foreign currency translation**

*(a) Functional and presentation currency*

Items included in the Bank's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings, the Bank's functional currency, and figures are stated in thousands of Tanzanian Shillings

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated at the closing rate ruling at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate ruling on initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

**3.5 Cash and balances with Bank of Tanzania**

Cash and balances with Bank of Tanzania include cash in hand, Statutory Minimum Reserve (SMR) and clearing accounts with Bank of Tanzania.

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central Banks and amounts due from Banks on demand or with an original maturity of three months or less from the date of acquisition, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

##### **3.6 Property and equipment**

Property and equipment is 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Leasehold land and buildings	Length of the lease
- Leasehold improvements	Shorter of life of improvement or life of the lease
- Computer equipment	5 years
- Office furniture and equipment	5 years
- Motor vehicles	6 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology as appropriate and treated as changes in accounting estimates.

##### **3.7 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 grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

##### **3.8 Employee benefits**

The Bank operates a defined contribution plan. A defined contribution plan is a plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal and constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Bank's contributions to the defined contribution scheme are charged to the statement of profit or loss in the year to which they relate.

##### **3.9 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.

##### **3.10 Income tax**

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

###### **(a) Current income tax**

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

###### **(b) Deferred income tax**

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis

##### **3.11 Leases**

The Bank assesses whether a contract is or contains a lease at inception of the contract. The Bank recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

##### **3.12 Leases (continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including in-substance fixed payments), less any lease incentives

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made).

The Bank re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

##### **3.13 Interest income and expense**

Interest income and expense for all interest-bearing financial instruments are recognised 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. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

##### **3.14 Fee and commission income**

Fee and commission income that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income, which includes fees and commissions from ledger fees, money transfers, low balance fees, statement fees, unpaid cheques charges, ATM commissions, letters of credit fees, letters of guarantee, telegraphic transfer fees, fees charged for services like development of the Electronic Voucher Management System, and other fees and commissions is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

A contract with a customer that results in a recognised financial instrument in the Bank financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations.

When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

##### **3.15 Net trading income**

Net trading income and foreign exchange income comprises gains and losses relating to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading.

##### **3.16 Financial guarantees, acceptances and letters of credit**

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, Acceptances and letters of credit and other commitments to lend. Even though these obligations may not be recognized on the statement of financial position, they contain credit risk and therefore form part of the overall credit risk of the Bank. All these are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

##### **3.17 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. The cost of the intangible assets is the value of consideration given to acquire the assets and the value of other directly attributable costs incurred in bringing the assets to the location and condition necessary for their intended service. Intangible assets are amortised over their useful economic life.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

##### **3.17 Intangible assets**

Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in operating expenses in profit or loss.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software	5 years
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#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing the financial statements the Bank makes estimates and assumptions that could affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances.

##### **a) Credit impairment losses on loans and advances**

The Bank assesses its impairment for the purpose of IFRS Accounting Standards as issued by the International Accounting Standards Board reporting using the 'forward-looking' Expected Credit Loss (ECL) model in line with provisions of IFRS 9 - Financial Instrument. The Bank records an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset. The measurement of expected credit losses is based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate.

##### **b) Taxation**

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. The Directors have not recognised deferred tax asset due to uncertainty of the timing of the future taxable profits against which accumulated tax loss can be utilised.

##### **c) Determination of incremental borrowing rate used for discounting lease liability**

The incremental borrowing rate is defined by IFRS 16 as the rate of interest that a lessee 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 cost of the right-of-use asset in a similar economic environment. The effective borrowing rate used for discounting the future lease payments to present value was determined by using the Tanzania open market interbank lending rates from a corresponding Bank of similar maturity profiles with the outstanding lease terms in addition to the Bank's risk.

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **5. FINANCIAL RISK MANAGEMENT**

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

The Bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by a Risk Department under policies approved by the Board of Directors. Risk department identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Bank is exposed are financial risks, which includes credit risk, liquidity risk and market risk.

##### **5.1 Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from interbank, commercial and consumer loans and advances to customers (both commercial and consumers), credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to credit risks arising from investments in debt securities such as treasury bills. The credit risk for the government securities is minimal.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages the exposure to credit risk. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Directors and management regularly. There are no financial assets that were written off during the year and are still subject to enforcement activity (2024: Nil).

##### **Loans and advances (including loan commitments and guarantees)**

The estimation of credit exposure for risk management purposes is complex and requires the use of models as the exposure varies with changes in market conditions expected cash flows and the passage of time. In measuring credit risk of loans and advances (including loan commitments and guarantees) to various counterparties, the Bank considers the credit worthiness and financial capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other ways out. Our credit exposure comprises wholesale and retail loans and advances and debt securities. The Bank's policy is to lend principally on the basis of our customers' repayment capacity through quantitative and qualitative evaluation. However, we strive to ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

In the estimation of credit risk, the Bank estimates the following parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### **5.1 Credit risk (continued)**

##### **5.1.1 Credit risk measurement**

###### **Probability of Default (PD)**

This is the probability that an obligor or counterparty will default over a given period, usually one year. To measure expected credit loss, the Bank develops a 12-month PD or equivalent (used in Stage 1 provisioning) and a lifetime PD or equivalent (used for Stages 2 and 3 provisioning). The PD is used to reflect the current expectation of default and considers available reasonable and supportive forwarding-looking information.

###### **Loss Given Default (LGD)**

LGD is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 – recovery rate). Bank's methods for estimating LGD includes both quantitative and qualitative factors which are adjusted for forward looking information to measure lifetime expected credit losses.

###### **Exposure at Default (EAD)**

This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilization of the undrawn commitment at default.

##### **5.1.2 Credit rating of counterparty/obligator**

The Bank adopts a two-dimensional approach to the assessment of credit risk in the Risk Rating Process for all obligors.

Obligors are assigned an Obligor Risk Rating (ORR) while a Facility Risk Rating (FRRs) is assigned to facilities. However certain obligors, retail and commercial loans applicants that do not have a risk rating, must access credit through product programmes while those that have credit ratings can access through the individually assessed credit window. Scoring system is used for consumer loans whereby loans that achieve a predetermined minimum score are approved.

Inputs used to determine obligor risk ratings (ORRs) are derived based on quantitative and qualitative factors. The quantitative factors are primarily based on a metrics that uses information on the obligor's financial position while the qualitative factors include:

- Management quality
- Industry risks
- Company profile
- Economic factors

The integrity of the Bank's portfolio management process is dependent on accurate and timely risk ratings. Deterioration in credit risks is quickly identified and communicated to facilitate prompt action. The rating is reviewed on a periodic basis and this is reflected in the management of such portfolio. The default also leads to prevention of further drawdown while steps are taken to recover the outstanding balance and/or realise the collateral.

Deterioration in credit risk are identified based on factors such as:

- Ratings downgrade
- Missed payments
- Non-compliance with loan covenants
- Deterioration of quality/value of collateral

All risk rating processes are reviewed and validated periodically to ensure relevance to business realities, and relate to loans and advances to customers, loans and advances to Banks, financial assets held for trading and investment securities. External ratings may also be obtained where such is available. The Risk Rating buckets and definitions are as highlighted below:

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.2 Credit rating of counterparty/obligator (continued)**

**UBA Risk Buckets and Definition**

<b>Description</b>	<b>Rating Bucket</b>	<b>Range of Scores</b>	<b>Risk Range</b>	<b>Risk Range (Description)</b>
Extremely Low Risk	AAA	1.00-1.99	90%-100%	Low Risk Range
Very Low Risk	AA	2.00-2.99	80%-89%	
Low Risk	A	3.00-3.99	70%-79%	
Acceptable Risk	BBB	4.00-4.99	60%-69%	Acceptable Risk Range
Moderately High Risk	BB	5.00-5.99	50%-59%	
High Risk	B	6.00-6.99	40%-49%	High Risk Range
Very High Risk	CCC	7.00-7.99	30%-39%	
Extremely High Risk	CC	8.00-8.99	0%-29%	
High Likelihood of Default	C	9.00-9.99	Below 0%	Unacceptable Risk Range
Default	D	Above 9.99	Below 0%	

The risk ratings are a primary tool in the review and decision making in the credit process. The Bank does not lend on unsecured basis to obligors that are below investment grade (BB and above). The Bank will not lend to obligors in the unacceptable risk range.

**5.1.3 Incorporation of forward-looking information**

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as interest rate, inflation and interbank lending.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Tanzania interbank lending rate was the most correlated variable and the Bank's decision to select it was guided by the Bank's financial market experience, Bank of Tanzania monetary policy statements, analysis of market fundamentals and the trend of various key economic factors that may have a direct and indirect effect on the interbank money market. The Bank did not have exposures benchmarked on LIBOR and no material impact is expected on pricing of the Bank's credit exposures.

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 5.1 Credit risk (continued)

##### 5.1.4 Measurement of ECL

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

##### Bank's internal rating scale

S/N	Category	Days past due	ECL Basis	Stage	Prudential Classification
1	Performing	0-30	12months ECL	Stage 1	Current
2	Underperforming	31-90	Lifetime ECL	Stage 2	Especially Mentioned
3	Non- Performing	>91	Lifetime ECL	Stage 3	Substandard, doubtful, loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank's process to assess changes in credit risk shall be multifactor and shall have three main categories: Primary indicators: incorporates a quantitative element, Secondary indicators and backstop' indicators

##### Primary indicators

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on:

- a) The change in lifetime PDs by comparing:
  - the remaining lifetime PD as at the reporting date; with
  - the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.
- b) Movement along the rating bands:
  - the rating as at the reporting date; with
  - the rating that was assigned at the time of initial recognition of the exposure

The Bank considers the following as indicators of a significant increase in credit risk:

- For investment grade - one band out of investment grade
- For speculative grade - one band for instruments rated below B and two notches for instruments rated B and above (but not investment grade)

## **UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### **5.1 Credit risk (continued)**

##### **5.1.4 Measurement of ECL (continued)**

###### **Secondary indicators (Qualitative Element)**

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Bank recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

Regardless however, the Bank considers the following as evidence of significant increase in credit risk:

- Loan is on a watch list
- Deterioration of relevant credit risk drivers for an individual obligor (or pool of obligors);
- Expectations of forbearance or restructuring due to financial difficulties;
- Evidence that full repayment of principal or interest without realization of collateral is unlikely, regardless of the number of days past due;
- Deterioration of credit worthiness due to factors other than those listed above.

###### **Backstop indicator**

Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption shall be applied unless the Bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition

The Bank has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2025.

###### **Grouping of the instruments for losses measured on a collective basis**

For expected credit loss provision 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 to be statistically credible. To achieve this all the Bank's financial assets have been grouped into four categories namely: Corporate, Retail, Commercial and Public Sector;

- a) Corporate: This segment of the portfolio contains loans to very large corporate
- b) Retail: This segment of the portfolio contains loans, advances and off-balance sheet exposure to individuals and entities classified by the Bank as non- corporate.
- c) Commercial: This segment contains loans to other corporate entities with the maximum defined revenue threshold as clarified in the credit policy manual.
- d) Public Sector: This segmented of the portfolio contains financial instruments (loans and off-balance sheet exposures) to the Government owned entities.

The appropriateness of grouping is mentioned and reviewed on a periodic basis by the credit risk team.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.5 Stress testing**

The following tables outline the impact of multiple scenarios on the allowance. This table shows both the contribution to total ECL of each probability weighted scenario in addition to the total incremental effect on ECL of applying multiple economic scenarios compared to the ECL that would have resulted from applying a 100% weighting to the base case scenario:

**(a) Industry Sectors**

	<b>Due from banks TZS'000</b>	<b>Government securities TZS'000</b>	<b>Wholesale and retail trade TZS'000</b>	<b>Individuals TZS'000</b>	<b>Others<sup>4</sup> TZS'000</b>	<b>Total TZS'000</b>
<b>31-Dec-25 ECL</b>						
Worse case (30% up on PD)	4,627	-	1,906	2,270	25	8,828
Base case	15,257	-	13,683	9,074	714	38,728
Best case 1 (15% down on PD)	1,362	-	2,037	1,549	57	5,005
Best case 1 (30% down on PD)	2,798	-	3,045	2,928	48	8,819
	<b>24,044</b>	<b>-</b>	<b>20,671</b>	<b>15,821</b>	<b>844</b>	<b>61,380</b>
<b>31-Dec-24</b>						
Worse case (30% up on PD)	2,152	-	370	3,784	14	6,320
Base case	13,267	-	114	30,246	650	44,277
Best case 1 (15% down on PD)	633	-	198	1,549	23	2,403
Best case 1 (30% down on PD)	2,152	-	499	4,182	33	6,866
	<b>18,204</b>	<b>-</b>	<b>1,181</b>	<b>39,761</b>	<b>720</b>	<b>59,866</b>

<sup>4</sup> Includes balances with Bank of Tanzania and other financial assets.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.5 Concentration of risks of financial assets with credit risk exposure**

The following table breaks down the Bank's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorized by the industry sectors of the Bank's counterparties.

**(b) Industry Sectors**

	<b>Government institutions TZS'000</b>	<b>Financial institutions TZS'000</b>	<b>Wholesale and retail trade TZS'000</b>	<b>Individuals TZS'000</b>	<b>Others TZS'000</b>	<b>Total TZS'000</b>
<b>31-Dec-25</b>						
Balances with Bank of Tanzania	21,328,943	-	-	-	-	21,328,943
Placements and balances with other banks	-	38,764,590	-	-	-	38,764,590
Loans and advances to customers	-	-	14,139,924	10,410,596	-	24,550,520
Government securities	33,592,362	-	-	-	-	33,592,362
Other financial assets	-	-	-	-	2,590,699	2,590,699
	<b><u>54,921,305</u></b>	<b><u>38,764,590</u></b>	<b><u>14,139,924</u></b>	<b><u>10,410,596</u></b>	<b><u>2,590,699</u></b>	<b><u>120,827,114</u></b>
<b>31-Dec-24</b>						
Balances with Bank of Tanzania	30,714,286	-	-	-	-	30,714,286
Placements and balances with other banks	-	-	-	-	-	-
Loans and advances to customers	-	-	16,821,848	16,946,060	-	33,767,908
Government securities	71,559,610	-	-	-	-	71,559,610
Other financial assets	-	-	-	-	3,825,028	3,825,028
	<b><u>102,273,896</u></b>	<b><u>-</u></b>	<b><u>16,821,848</u></b>	<b><u>16,946,060</u></b>	<b><u>3,825,028</u></b>	<b><u>139,866,832</u></b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.5 Concentration of risks of financial assets with credit risk exposure (Continued)**

**(a) Industry sectors (continued)**

Credit risk exposures relating to off-balance sheet items all relating to wholesale and retail trade are as follows:

	<b>Wholesale and retail trade TZS '000</b>
<b>31-Dec-25</b>	
Guarantees and standby letters of credit'	358,288,694
Unutilised facilities and other commitments	3,691,877
	<b><u>361,980,571</u></b>
<b>31-Dec-24</b>	<b>TZS '000</b>
Guarantees and standby letters of credit	362,384,111
Unutilised facilities and other commitments	17,465,650
	<b><u>379,849,761</u></b>

The maturity analysis of the off-balance sheet items is presented on Note 5.2.3 to the financial statements.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.6 Credit quality disclosure**

**(a) Loss allowance**

The loss allowance recognised in the period is impacted by a variety of factors as described below:

- Transfer between stage 1 and stage 2 or due to financial instruments experiencing significant increases or decreases of credit risk or becoming credit-impaired in the period and consequent "Step up" or "step down" between 12 month and lifetime ECL.
- Additional allowance for new financial instruments recognized during the period as well as releases for financial instruments de-recognized in the period.
- Impacts on the measurements of ECL due changes to models and assumptions.
- Foreign exchange retranslation for assets denominated in foreign currencies and other movements; and
- Financial assets derecognized during the period and write-off of allowances related to assets that were written off during the period.

The following table explain the changes in the loss allowances between the beginning and the end of the annual period to these factors

**(i) ECLs for Customer loans and advances**

	<b>Stage 1 TZS'000</b>	<b>Stage 2 TZS'000</b>	<b>Stage 3 TZS'000</b>	<b>Total TZS'000</b>
<b>Loss allowance at 1 Jan 2025</b>	562,121	239,359	1,974,261	2,775,741
<i>Change in the loss allowance</i>	-	-	-	-
New assets originated or purchased	44,924	9,816	25,286	80,025
Repayment	(128,965)	(2,562)	(78,498)	(210,024)
Transfers in (out) of stage 1	128	(75)	(52)	-
Transfers in (out) of stage 2	(39,629)	113,867	(74,239)	-
Transfers in (out) of stage 3	(350,356)	(153,943)	504,299	-
Write –offs	-	-	(1,643,321)	(1,643,321)
Impact on ECL of transfers	(46,500)	(48,900)	335,099	239,699
<b>ECL at 31 December 2025</b>	<b>41,723</b>	<b>157,562</b>	<b>1,042,835</b>	<b>1,242,120</b>
<b>Loss allowance at 1 Jan 2024</b>	52,307	104,697	408,440	565,444
<i>Change in the loss allowance</i>	-	-	-	-
New assets originated or purchased	19,980	-	-	19,980
Repayment	(90,800)	(108,000)	(706,023)	(904,823)
Transfers in (out) of stage 1	(1,145)	737	408	-
Transfers in (out) of stage 2	41,695	(55,820)	14,125	-
Transfers in (out) of stage 3	10,252	13,711	(23,963)	-
Write –offs	-	-	(7,645,383)	(7,645,383)
Impact on ECL of transfers	529,832	284,034	9,926,657	10,740,523
<b>ECL at 31 December 2024</b>	<b>562,121</b>	<b>239,359</b>	<b>1,974,261</b>	<b>2,775,741</b>

**(ii) ECLs for Investment Securities**

	<b>2025 Stage 1 TZS'000</b>	<b>2024 Stage 1 TZS'000</b>
ECL allowance as at 01 January	14,477	17,984
New assets originated or purchased	-	-
Asset de recognised	(14,477)	(3,507)
<b>At 31 December</b>	<b>-</b>	<b>14,477</b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.6 Credit quality disclosure (continued)**

**(a) Loss allowance (continued)**

**(iii) ECLs for placements and balance with other Banks**

	<b>2025</b>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 1</b>
	<b>TZS'000</b>	<b>TZS'000</b>
ECL allowance as at 01 January	-	4,267
New assets originated	15,903	-
Assets derecognised	-	(4,267)
<b>At 31 December</b>	<b>15,903</b>	<b>-</b>

**(iv) ECLs for Guarantee and letter of credit**

	<b>2025</b>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 1</b>
	<b>TZS'000</b>	<b>TZS'000</b>
ECL allowance as at 01 January	53,952	13,866
New assets originated	-	40,086
Assets derecognised	(45,728)	-
<b>At 31 December</b>	<b>8,224</b>	<b>53,952</b>

**(v) ECL for other financial assets**

	<b>2025</b>			
	<b>Balances with</b>	<b>Balances</b>	<b>Other</b>	<b>Total</b>
	<b>BoT</b>	<b>with MNO</b>	<b>financial</b>	<b>Stage 1</b>
	<b>Stage 1</b>	<b>Stage 1</b>	<b>assets</b>	<b>Stage 1</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>Stage 1</b>	<b>TZS'000</b>
			<b>TZS'000</b>	<b>TZS'000</b>
ECL allowance as at 01 January	24,989	1	468,450	493,440
New exposures	-	5,126	926,711	931,837
Assets derecognised	(9,188)	-	(414,002)	(423,190)
<b>At 31 December</b>	<b>15,801</b>	<b>5,127</b>	<b>981,159</b>	<b>1,002,087</b>

	<b>2024</b>			
	<b>Balances with</b>	<b>Balances</b>	<b>Other</b>	<b>Total</b>
	<b>BoT</b>	<b>with MNO</b>	<b>financial</b>	<b>Stage 1</b>
	<b>Stage 1</b>	<b>Stage 1</b>	<b>assets</b>	<b>Stage 1</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>Stage 1</b>	<b>TZS'000</b>
			<b>TZS'000</b>	<b>TZS'000</b>
ECL allowance as at 01 January	-	-	386,342	386,342
New exposures	24,989	1	393,500	418,490
Assets derecognised	-	-	(311,392)	(311,392)
<b>At 31 December</b>	<b>24,989</b>	<b>1</b>	<b>468,450</b>	<b>493,440</b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.6 Credit quality disclosure (continued)**

**(b) Reconciliation of gross carrying amount**

The following table further explain changes in the gross carrying amount of the financial instruments to help explain the significance of the changes in the loss allowance for the financial instruments as discussed above. It also contains 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 of credit risk on these assets.

Significant changes in gross carrying amounts of financial assets that contributed to changes in loss allowances were:

Loans and advances to customers:

- Repayments of loans and advances to customers amounting to TZS 18.8 million (2024: 42.1million) with a corresponding decrease in loss allowance.
- New originations of TZS 9.7 million (2024: 22.2million) with a corresponding increase in loss allowance.
- Loans written off of TZS 1.6 million (2024:7.6million) reduced loss allowance for the year.

Placements and balances with other banks:

- New placements made with other banks of TZS 38.5 million (2024: Nil) increased loss allowance.

Investment securities at amortised cost:

- Investments in treasury bills and treasury bonds that matured during the year and were not re-invested reduced the loss allowance

Other financial assets:

- Long outstanding visa settlement items amounting to TZS 591 million were fully provided for hence increasing loss allowance.

Off balance sheet items:

- Guarantees and letter of credits matured during the year with a corresponding decrease in loss allowance.

**(i) Customer loans and advances**

	<b>Stage 1 TZS'000</b>	<b>Stage 2 TZS'000</b>	<b>Stage 3 TZS'000</b>	<b>Total TZS'000</b>
Gross carrying amount as at 1 January 2025	26,720,346	7,253,181	2,570,123	36,543,650
New assets originated	9,388,595	78,752	237,971	9,705,318
Repayments	(13,556,677)	(5,146,101)	(110,229)	(18,813,007)
<b>Transfers:</b>				
Transfers in (out) of stage 1	434,881	(267,426)	(167,455)	-
Transfers in (out) of stage 2	(208,987)	513,925	(304,938)	-
Transfers in (out) of stage 3	(527,081)	(1,317,000)	1,844,081	-
Write-offs	-	-	(1,643,321)	(1,643,321)
<b>Gross carrying at 31/12/2025</b>	<b><u>22,251,077</u></b>	<b><u>1,115,331</u></b>	<b><u>2,426,232</u></b>	<b><u>25,792,640</u></b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.6 Credit quality disclosure (continued)**

**(b) Reconciliation of gross carrying amount (continued)**

**(i) Customer loans and advances (continued)**

	<b>Stage 1 TZS'000</b>	<b>Stage 2 TZS'000</b>	<b>Stage 3 TZS'000</b>	<b>Total TZS'000</b>
Gross carrying amount as at 1 January 2024	47,110,967	2,448,095	14,614,928	64,173,990
New assets originated	16,133,496	6,031,023	-	22,164,519
Repayments	(32,470,723)	(6,545,408)	(3,133,345)	(42,149,476)
<b>Transfers:</b>				
Transfers in (out) of stage 1	(4,140,123)	4,087,479	52,644	-
Transfers in (out) of stage 2	70,482	(133,973)	63,491	-
Transfers in (out) of stage 3	16,247	1,365,965	(1,382,212)	-
Write-offs	-	-	(7,645,383)	(7,645,383)
<b>Gross carrying at 31/12/2024</b>	<b><u>26,720,346</u></b>	<b><u>7,253,181</u></b>	<b><u>2,570,123</u></b>	<b><u>36,543,650</u></b>

**(ii) Placements and balances with other Banks**

	<b>2025 Stage 1 TZS'000</b>	<b>2024 Stage 1 TZS'000</b>
Gross carrying amount as at 1 January	-	3,688,582
New assets originated or purchased	1,119,815,994	510,539,100
Assets derecognised or repaid (excluding write offs)	(1,081,035,501)	(514,227,682)
<b>At 31 December</b>	<b><u>38,780,493</u></b>	<b><u>-</u></b>
Loss allowance as at 31 December	(15,903)	-
<b>At 31 December</b>	<b><u>38,764,590</u></b>	<b><u>-</u></b>

**(iii) Investment securities**

	<b>2025 Stage 1 TZS'000</b>	<b>2024 Stage 1 TZS'000</b>
Gross carrying amount as at 1 January	71,559,610	77,541,512
New assets originated or purchased	23,691,563	60,572,963
Assets derecognised or repaid (excluding write offs)	(61,673,288)	(66,540,388)
<b>Gross carrying amount at 31 December</b>	<b><u>33,592,362</u></b>	<b><u>71,559,610</u></b>
Loss allowance as at 31 December	-	(14,477)
<b>Balance as at 31 December</b>	<b><u>33,592,362</u></b>	<b><u>71,559,610</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.6 Credit quality disclosure (continued)**

**(b) Reconciliation of gross carrying amount (continued)**

**(iv) Guarantee and letter of credits**

	<b>2025</b>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 1</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Gross carrying amount as at 1 January	379,795,809	513,555,583
New exposures	9,532,466	24,372,541
Exposure derecognised or matured/lapsed	(27,347,704)	(158,078,363)
<b>At 31 December</b>	<b><u>361,980,571</u></b>	<b><u>379,849,761</u></b>
Loss allowance as at 31 December	(8,224)	(53,952)
<b>Balance as at 31 December</b>	<b><u>361,972,347</u></b>	<b><u>379,795,809</u></b>

**(v) Balances with Bank of Tanzania**

	<b>2025</b>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 1</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Gross carrying amount as at 1 January	25,471,196	8,475,699
New assets originated or purchased	-	16,995,497
Assets derecognised or repaid (excluding write offs)	(10,113,950)	-
<b>At 31 December</b>	<b><u>15,357,246</u></b>	<b><u>25,471,196</u></b>
Loss allowance as at 31 December	-	-
<b>At 31 December</b>	<b><u>15,357,246</u></b>	<b><u>25,471,196</u></b>

**(vi) Other financial assets**

	<b>2025</b>	<b>2024</b>
	<b>Stage 1</b>	<b>Stage 1</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Gross carrying amount as at 1 January	4,318,468	24,230,966
New assets originated or purchased	1,074,399	-
Assets derecognised or repaid (excluding write offs)	(1,800,081)	(19,912,498)
<b>At 31 December</b>	<b><u>3,592,786</u></b>	<b><u>4,318,468</u></b>
Loss allowance as at 31 December <sup>5</sup>	(1,002,087)	(493,440)
<b>At 31 December</b>	<b><u>2,590,699</u></b>	<b><u>3,825,028</u></b>

<sup>5</sup> Includes ECL balance for bank balance with the Bank of Tanzania TZS 15,801,000 (2024: 24,989,000) disclosed in note 5.1.6(a)(v) and ECL for balance amounts with MNOs TZS 5,127,000 (2024: TZS 1,000) disclosed in note 5.1.6 (a)(v)

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.6 Credit quality disclosure (Continued)**

**(a) The table below shows the credit quality by class of asset for all financial assets exposed to credit risk**

		<b>Loans and advances to customers TZS'000</b>	<b>Placements and balances with other banks TZS'000</b>	<b>Balances with BOT TZS'000</b>	<b>Investment Securities TZS'000</b>	<b>Other Assets TZS'000</b>	<b>Guarantee and letter of credits TZS'000</b>
	<b>Internal risk grade</b>						
Neither past due nor impaired	Performing	22,251,076	38,780,493	15,357,246	33,592,362	3,592,786	361,980,571
Past due but not impaired	Underperforming	1,115,331	-	-	-	-	-
Impaired	Non- Performing	2,426,233	-	-	-	-	-
<b>Gross</b>		<b><u>25,792,640</u></b>	<b><u>38,780,493</u></b>	<b><u>15,357,246</u></b>	<b><u>33,592,362</u></b>	<b><u>3,592,786</u></b>	<b><u>361,980,571</u></b>
Less: Expected credit losses		(1,242,120)	(15,903)	-	-	(1,002,087)	(8,224)
<b>Net exposure</b>		<b><u>24,550,520</u></b>	<b><u>38,764,590</u></b>	<b><u>15,357,246</u></b>	<b><u>33,592,362</u></b>	<b><u>2,590,699</u></b>	<b><u>361,972,347</u></b>
		-	-	-	-	-	-
Portfolio allowance		(105,608)	(15,903)	-	-	(1,002,087)	(8,224)
Individually impaired		(1,136,512)	-	-	-	-	-
<b>Total</b>		<b><u>(1,242,120)</u></b>	<b><u>(15,903)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(1,002,087)</u></b>	<b><u>(8,224)</u></b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.6 Credit quality disclosure (Continued)**

**(b) The table below shows the credit quality by class of asset for all financial assets exposed to credit risk (continued)**

		<b>31-Dec-24</b>					
<b>Internal risk grade</b>		<b>Loans and advances to customers TZS'000</b>	<b>Placements and balances with other banks TZS'000</b>	<b>Balances with BOT TZS'000</b>	<b>Investment Securities TZS'000</b>	<b>Other Assets TZS'000</b>	<b>Guarantee and letter of credits TZS'000</b>
Neither past due nor impaired	Performing	26,720,345	-	25,471,196	71,574,087	4,318,468	379,849,761
Past due but not impaired	Underperforming	1,246,514	-	-	-	-	-
Impaired	Non- Performing	8,576,791	-	-	-	-	-
<b>Gross</b>		<b>36,543,650</b>	<b>-</b>	<b>25,471,196</b>	<b>71,574,087</b>	<b>4,318,468</b>	<b>379,849,761</b>
Less: Expected credit losses		(2,775,741)	-	-	(14,477)	(493,440)	(53,952)
<b>Net exposure</b>		<b>33,767,909</b>	<b>-</b>	<b>25,471,196</b>	<b>71,559,610</b>	<b>3,825,028</b>	<b>379,795,809</b>
Portfolio allowance		(2,721)	-	-	(14,477)	(493,440)	(53,952)
Individually impaired		(2,773,020)	-	-	-	-	-
<b>Total</b>		<b>(2,775,741)</b>	<b>-</b>	<b>-</b>	<b>(14,477)</b>	<b>(493,440)</b>	<b>(53,952)</b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.6 Credit quality disclosure (Continued)**

*Loans and advances neither past due nor impaired*

The Bank classifies loans and advances under this category for those exposures that are up to date and in line with contractual agreements. Such loans would have demonstrated financial conditions, risk factors and capacity to repay that are acceptable. These exposures will normally be maintained largely within approved product programs with no signs of impairment or distress. These exposures are categorised as normal accounts in line with The Banking and Financial Institutions (Management of Risk Assets) Regulations, 2014.

*Loans and advances past due but not impaired*

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary.

*Loans and advances to customers past due but not impaired*

	<b>Individuals</b>		<b>Corporate</b>		<b>Total</b>
	<b>Overdrafts</b>	<b>Term Loans</b>	<b>Overdrafts</b>	<b>Term Loans</b>	
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	
<b>31-Dec-25</b>					
Past due up to 30 days	-	8,100,116	5,225,606	10,347,236	23,672,958
Past due 30-60 days	-	345,785	-	-	345,785
Past due 60-90 days	-	90,173	-	41,986	132,159
<b>Total</b>	<b>-</b>	<b>8,536,074</b>	<b>5,225,606</b>	<b>10,389,222</b>	<b>24,150,902</b>
<b>31-Dec-24</b>					
Past due up to 30 days	-	12,318,396	9,401,728	6,000,841	27,720,965
Past due 30-60 days	-	596,044	-	127,125	723,169
Past due 60-90 days	-	380,162	-	143,182	523,344
<b>Total</b>	<b>-</b>	<b>13,294,602</b>	<b>9,401,728</b>	<b>6,271,148</b>	<b>28,967,478</b>

*Placement and balances with other Banks*

The total gross amount of individually impaired placements and balances with other Banks as at 31 December 2025 was 38,780 million (2024: nil). In the current year, the Bank did not have any loans and advances to banks (2024: TZS 26.4 million). In the prior year, the Bank held treasury bills with a maturity value of TZS 27,504 million as collateral against loans and advances to banks.

**Maximum exposure to credit risk before collateral held or other credit enhancements.**

25% of the total maximum exposure is derived from loans and advances to Banks and customers (2024: 32%); 35% represents investments in government securities (2024: 68%).

The Directors are confident in the ability to continue to control and sustain minimal exposure of credit risk to the Bank from both its loan and advances portfolio and debt securities based on the following:

- 93% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2024: 96%); and
- 87% of the loans and advances portfolio are considered to be neither past due nor impaired (2024: 63%).

**Debt securities, treasury bills and other eligible bills**

The only financial investments held by the Bank are treasury bills and bonds issued by the Bank of Tanzania.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.7 Collateral and other credit enhancements**

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collaterals for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process and this assessment is reviewed periodically. The principal collateral types for loan and advances are:

- Mortgages over land and building and residential properties
- Charges over business assets as promises, inventory and account receivables.
- Charge over financial instruments such as debt securities and equities.
- Cash collateral

Longer term finance and lending to corporate entities are generally secured. 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.

The Bank did not hold any financial instrument for which no loss allowance is recognized because of collateral at 31 December 2025 (2024: Nil). There were no changes in the Bank's collateral policy during the year (2024: Nil).

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.7 Collateral and other credit enhancements (Continued)**

The table below show the maximum exposure to credit risk for loans and advances to customers and guarantees and performance bonds. They also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk. Other financial assets exposed to credit risk are not collateralized.

Type of collateral or credit enhancement	Fair value of collateral and credit enhancements held							
	Maximum exposure to credit risk	Cash	Property	Other <sup>6</sup>	Total collateral	Net exposure/ (Surplus collateral)	% of exposure subject to collateral requirements	Associated ECL
<b>31-Dec-25</b>								
<b>On-balance sheet</b>								
Loans and advances to customers	24,550,520	2,307,845	15,839,981	65,923,977	84,071,803	(59,521,283)	342%	1,242,120
<b>Total</b>	<b>24,550,520</b>	<b>2,307,845</b>	<b>15,839,981</b>	<b>65,923,977</b>	<b>84,071,803</b>	<b>(59,521,283)</b>	<b>342%</b>	<b>1,242,120</b>
<b>Off-balance sheet</b>								
Guarantees and performance bonds	361,980,571	4,049,952	134,000	860,551,490	864,735,442	(502,754,871)	239%	8,224
<b>Guarantees and performance bonds</b>	<b>361,980,571</b>	<b>4,049,952</b>	<b>134,000</b>	<b>860,551,490</b>	<b>864,735,442</b>	<b>(502,754,871)</b>	<b>239%</b>	<b>8,224</b>
<b>31-Dec-24</b>								
Loans and advances to customers	33,767,908	4,397,355	17,665,284	34,877,575	52,349,472	(23,024,675)	155%	2,775,741
<b>Total</b>	<b>33,767,908</b>	<b>4,397,355</b>	<b>17,665,284</b>	<b>34,877,575</b>	<b>52,349,472</b>	<b>(23,024,675)</b>	<b>155%</b>	<b>2,775,741</b>
Guarantees and performance bonds	379,849,761	-	-	-	545,749,666	(165,899,905)	144%	53,952
<b>Guarantees and performance bonds</b>	<b>379,849,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>545,749,666</b>	<b>(165,899,905)</b>	<b>144%</b>	<b>53,952</b>

<sup>6</sup> Included in others are corporate guarantees and comprehensive insurance covers.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1 Credit risk (continued)**

**5.1.7 Collateral and other credit enhancements (Continued)**

**Type of collateral or credit enhancement for stage 3 assets**

Type of collateral or credit enhancement	Fair value of collateral and credit enhancements held							
	Maximum exposure to credit risk	Cash	Property	Other	Total collateral	Net exposure/ (Surplus collateral)	% of exposure subject to collateral requirements	Associated ECL
<b>31-Dec-25</b>								
<b>On-balance sheet</b>								
Loans and advances to customers	1,383,397	55,000	-	18,417,780	18,472,780	(17,089,383)	1,335%	1,042,835
<b>Total assets</b>	<b>1,383,397</b>	<b>55,000</b>	<b>-</b>	<b>18,417,780</b>	<b>18,472,780</b>	<b>(17,089,383)</b>	<b>1,335%</b>	<b>1,042,835</b>
<b>Off-balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31-Dec-24</b>								
<b>On-balance sheet</b>								
Loans and advances to customers	595,862	-	118,000	4,609,647	4,727,647	(4,131,785)	793%	1,974,261
<b>Total assets</b>	<b>595,862</b>	<b>-</b>	<b>118,000</b>	<b>4,609,647</b>	<b>4,727,647</b>	<b>(4,131,785)</b>	<b>793%</b>	<b>1,974,261</b>
<b>Off-balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 5.2 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 market risks arising from trading and non-trading activities are concentrated in the Bank's treasury department and monitored regularly. Regular reports are submitted to the Board of Directors and management.

##### Market risk measurement techniques

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

##### Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by treasury department includes interest rate, credit, foreign exchange and liquidity risks, where stress movements are applied to each risk category to assess the overall impact and the Bank's capital resilience to different market risk factor shocks. The results of the stress tests are reviewed by the Asset and Liability Management Committee (ALCO) and reported to the Board of Directors. Below are the results of stress test in relation to interest rate and foreign exchange risk as at 31 December 2025 and 31 December 2024.

##### 5.2.1 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. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The Bank's assets are typically funded in the same currency as that of the business transacted to eliminate foreign exchange exposure. However, the Bank maintains an open position within the tolerance limits approved by the Board within the Bank of Tanzania prescriptions.

The Bank performs forward looking sensitivity analysis for foreign exchange rate risk to which the Bank is exposed at the end of each reporting period, showing how profit or loss and equity would have been affected by changes in the exchange rates that were reasonably possible at reporting date. The Bank has considered the annual official mid-rate change history as published by Bank of Tanzania for the last four financial years 2025 inclusive which generally averages 5.11%. The Bank has considered to therefore use 5% appreciation/depreciation in deriving the sensitivity analysis to foreign exchange rate changes for on balance sheet financial assets and liabilities.

	5% Change in currency rate – 2025		5% Change in currency rate - 2024	
	Effect on profit before tax TZS'000	Effect on equity TZS'000	Effect on profit before tax TZS'000	Effect on equity TZS'000
USD	+/- 75,479	+/- 52,835	+/- 126,152	+/- 88,306
GBP	+/- 918	+/- 643	+/- 851	+/- 596
EUR	+/- 9,873	+/- 6,911	+/- 4,806	+/- 3,364
<b>Net impact</b>	<b>+/- 64,106</b>	<b>+/- 44,874</b>	<b>+/- 121,358</b>	<b>+/- 84,951</b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2 Market risk (continued)**

**5.2.1 Foreign exchange risk (continued)**

The table below summaries the Bank's exposure to foreign currency exchange rate risk as at 31 December 2025 and at 31 December 2024. Included in the table are the Bank's financial instruments at carrying amount, categorized by currency.

<b>As at 31 December 2025</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>OTHERS<sup>7</sup></b>	<b>TOTAL</b>
<b>Assets (in TZS `000)</b>					
Cash and balances with Bank of Tanzania	11,134,004	469,869	28,234	5,820	11,637,927
Placements and balances with other banks	25,688,501	586,849	-	-	26,275,350
Loans and advances to customers	8,945,681	-	-	-	8,945,681
Other financial assets	618,006	98,549	9,356	5,820	731,731
<b>Total financial assets</b>	<b>46,386,192</b>	<b>1,155,267</b>	<b>37,590</b>	<b>11,640</b>	<b>47,590,690</b>
<b>Liabilities (in TZS `000)</b>					
Deposits from customers	46,078,364	957,816	18,878	-	47,055,058
Other financial liabilities	306,510	-	353	-	306,863
Lease liability	1,510,897	-	-	-	1,510,897
<b>Total financial liabilities</b>	<b>47,895,771</b>	<b>957,816</b>	<b>19,231</b>	<b>-</b>	<b>48,872,818</b>
<b>Net on-balance sheet financial position</b>	<b>(1,509,579)</b>	<b>197,451</b>	<b>18,359</b>	<b>11,640</b>	<b>(1,282,128)</b>
Financial guarantee - Note 27	253,075,986	-	-	-	253,075,986
Credit commitments - Note 27	3,691,877	-	-	-	3,691,877
<b>Net off-balance sheet financial position</b>	<b>256,767,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256,767,863</b>
<b>Total FX Position (On + Off Balance)</b>	<b>255,258,284</b>	<b>197,451</b>	<b>18,359</b>	<b>11,640</b>	<b>255,485,735</b>

<sup>7</sup> Includes Kenyan Shillings, Nigerian Naira and South African Rand

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2 Market risk (continued)**

**5.2.1 Foreign exchange risk (continued)**

<b>As at 31 December 2024</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>OTHERS<sup>8</sup></b>	<b>TOTAL</b>
<b>Assets (in TZS '000)</b>					
Cash and balances with Bank of Tanzania	25,503,204	322,570	14,646	-	25,840,420
Placements and balances with other banks	-	-	-	-	-
Loans and advances to customers	9,806,442	-	-	-	9,806,442
Other financial assets	2,607,320	-	-	-	2,607,320
<b>Total financial assets</b>	<b>37,916,966</b>	<b>322,570</b>	<b>14,646</b>	<b>-</b>	<b>38,254,182</b>
<b>Liabilities (in TZS '000)</b>					
Deposits from customers	38,231,489	226,451	14,889	-	38,472,829
Other financial liabilities	-	-	-	-	-
Lease liability	2,208,513	-	-	-	2,208,513
<b>Total financial liabilities</b>	<b>40,440,002</b>	<b>226,451</b>	<b>14,889</b>	<b>-</b>	<b>40,681,342</b>
<b>Net on-balance sheet financial position</b>	<b>(1,327,253)</b>	<b>96,119</b>	<b>17,024</b>	<b>32,943,754</b>	<b>(2,427,160)</b>
Financial guarantee - Note 27	283,898,369	-	-	-	283,898,369
Credit commitments - Note 27	366,900	-	-	-	366,900
<b>Net off-balance sheet financial position</b>	<b>284,265,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284,265,269</b>
<b>Total FX Position (On + Off Balance)</b>	<b>281,742,233</b>	<b>96,119</b>	<b>17,024</b>	<b>-</b>	<b>281,838,109</b>

<sup>8</sup> Includes Kenyan Shillings, Nigerian Naira and South African Rand

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2 Market risk (continued)**

**5.2.2 Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

**Interest rate risk**

The Bank monitors the impact of risks associated with the effect of fluctuations in prevailing interest rates. Increase or decrease in interest rates of 100 basis will lead to increase or decrease profit before tax by TZS 246 million (2024: by TZS 338 million) and increase or decrease in equity by TZS 172 million (2024: TZS 237 million). The model does not consider any corrective action in response to interest rate movements, particularly in adverse situations.

The table below summarises the Bank's exposure to interest rate risk. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The Bank does not bear any interest rate risk on off balance sheet items.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2 Market risk (continued)**

**5.2.2 Interest rate risk (Continued)**

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3 - 12 months</b>	<b>1 – 5 years</b>	<b>After 5 years</b>	<b>Total Interest bearing</b>
<b>At 31 December 2025</b>	<b>TZS `000</b>	<b>TZS `000</b>	<b>TZS `000</b>	<b>TZS `000</b>	<b>TZS `000</b>	<b>TZS `000</b>
<b>Assets</b>						
Loans and advances to customers	6,481,207	3,558,591	4,796,004	9,318,248	396,470	24,550,520
<b>Total interest re-pricing gap</b>	<b>6,481,207</b>	<b>3,558,591</b>	<b>4,796,004</b>	<b>9,318,248</b>	<b>396,470</b>	<b>24,550,520</b>
<b>At 31 December 2024</b>						
Loans and advances to customers	1,683,387	181,377	11,878,333	19,999,475	25,336	33,767,908
<b>Total interest re-pricing gap</b>	<b>6,481,207</b>	<b>3,558,591</b>	<b>4,796,004</b>	<b>9,318,248</b>	<b>396,470</b>	<b>24,550,520</b>

The sensitivity analysis has been considered for only loans and advances to customers at amortised cost, being the only financial instruments that are sensitive to changes in interest rates. All other interest linked financial instruments have fixed interest rates and as such are not considered sensitive to changes in interest rates.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2 Market risk (continued)**

**5.2.3 Liquidity risk**

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

**(a) Liquidity risk management process**

The Bank's liquidity and funding policies require the following:

- The Bank enters into lending contracts subject to availability of funds.
- Maintaining liquidity ratios against internal and regulatory requirements.
- Investment in short term liquid instruments, which can easily be sold on the market when the need arises.
- Monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory funding mix.

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 (Note 3.3.3).

The Bank also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

**(b) Funding approach**

Sources of liquidity are regularly reviewed by treasury team to maintain a wide diversification by currency, geography, provider, product and term.

**(c) Exposure to liquidity risk**

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to total liabilities for this purpose, liquidity assets considered are cash, interbank placements, investments maturing within one year, clearing and Statutory Minimum Reserve (SMR) deposits.

This is in line with the Banking and Financial Institution (Liquidity Management) Regulations, 2014 which requires every Bank to maintain minimum liquid assets of total liabilities including off balance sheet items.

Below is the position of liquidity at the end of the year.

	<b>2025</b>	<b>2024</b>
As at 31 December	30.98%	33.72%

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2 Market risk (continued)**

**5.2.3 Liquidity risk (Continued)**

**(d) Analysis of financial assets and non-derivative financial liabilities by remaining contractual maturities**

The table below summarises the maturity profile of the Bank's financial assets and the undiscounted cash flows of its financial liabilities as at 31 December.

<b>At 31 December 2025</b>	<b>Carrying amount TZS'000</b>	<b>Total amount TZS'000</b>	<b>Up to 1 month<sup>9</sup> TZS'000</b>	<b>1 to 3 months TZS'000</b>	<b>3 to 12 months TZS'000</b>	<b>1 to 5 years TZS'000</b>	<b>Over 5 years TZS'000</b>
<b>Financial assets</b>							
Cash and balances with BOT <sup>10</sup>	19,788,066	19,788,066	19,788,066	-	-	-	-
Placement and balances with other banks	38,764,590	38,764,590	38,764,590	-	-	-	-
Investment Securities	33,592,362	33,592,362	-	21,764,552	-	11,827,810	-
Loans and advances to customers	24,550,520	24,550,520	6,481,207	3,558,591	4,796,004	9,318,248	396,470
Other financial assets	2,590,699	2,590,699	2,590,699	-	-	-	-
	<b>119,286,237</b>	<b>119,286,237</b>	<b>67,624,562</b>	<b>25,323,143</b>	<b>4,796,004</b>	<b>21,146,058</b>	<b>396,470</b>
<b>Financial liabilities</b>							
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	101,279,749	101,331,293	80,280,920	8,869,885	12,180,488	-	-
Other financial liabilities	2,302,219	2,302,219	-	-	-	-	-
Lease Liabilities	3,299,369	3,749,609	-	-	1,358,896.00	1,680,713	710,000
	<b>106,881,337</b>	<b>107,383,121</b>	<b>80,280,920</b>	<b>8,869,885</b>	<b>13,539,384</b>	<b>1,680,713</b>	<b>710,000</b>
<b>On balance sheet liquidity gap</b>	<b>12,404,899</b>	<b>11,903,115</b>	<b>(12,656,359)</b>	<b>16,453,258</b>	<b>(8,743,380)</b>	<b>19,465,345</b>	<b>(313,530)</b>
<b>Off-balance sheet items<sup>11</sup></b>							
Guarantees and performance bonds	358,288,694	358,288,694	137,808,476	2,797,834	217,582,384	100,000	-
Undrawn loan commitments	3,691,877	3,691,877	3,691,877	-	-	-	-
	<b>361,980,571</b>	<b>361,980,571</b>	<b>141,500,353</b>	<b>2,797,834</b>	<b>217,582,384</b>	<b>100,000</b>	<b>-</b>
<b>Net liquidity gap</b>		<b>(350,077,456)</b>	<b>(154,156,712)</b>	<b>13,655,424</b>	<b>(226,325,764)</b>	<b>19,365,345</b>	<b>(313,530)</b>

<sup>9</sup> This ageing covers 'on demand' balances.

<sup>10</sup> Cash and balances with BOT exclude SMR as this is a restricted amount not available for immediate use.

<sup>11</sup> Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2 Market risk (continued)**

**5.2.3 Liquidity risk (Continued)**

**(d) Analysis of financial assets and non-derivative financial liabilities by remaining contractual maturities (continued)**

<b>At 31 December 2024</b>	<b>Carrying amount</b>	<b>Total amount</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>Financial assets</b>							
Cash and balances with BOT <sup>12</sup>	29,452,072	29,452,072	29,452,072	-	-	-	-
Placement and balances with other banks	-	-	-	-	-	-	-
Investment Securities	71,559,610	71,559,610	-	61,673,287	-	9,886,323	-
Loans and advances to customers	33,767,908	33,767,908	1,683,387	181,377	11,878,333	19,999,475	25,337
Other financial assets	3,825,028	3,825,028	3,825,028	-	-	-	-
	<b>138,604,618</b>	<b>138,604,617</b>	<b>34,960,487</b>	<b>61,854,664</b>	<b>11,878,333</b>	<b>29,885,797</b>	<b>25,337</b>
<b>Financial liabilities</b>							
Deposits from banks	26,413,080	26,567,156	26,567,156	-	-	-	-
Deposits from customers	87,065,812	87,210,529	5,028,895	12,517,853	69,663,781	-	-
Other financial liabilities	3,218,018	3,218,018	-	-	-	-	-
Lease Liabilities	2,208,513	2,309,754	-	-	792,285	114,273	1,403,197
	<b>118,905,423</b>	<b>119,305,457</b>	<b>31,596,051</b>	<b>12,517,853</b>	<b>70,456,066</b>	<b>114,273</b>	<b>1,403,197</b>
<b>On balance sheet liquidity gap</b>	<b>19,699,195</b>	<b>19,299,160</b>	<b>3,364,436</b>	<b>49,336,811</b>	<b>(58,577,733)</b>	<b>29,771,524</b>	<b>(1,377,861)</b>
<b>Off-balance sheet items</b>							
Guarantees and performance bonds	362,384,111	362,384,111	8,857,555	69,606,247	283,920,309	-	-
Undrawn loan commitments	17,465,650	17,465,650	17,465,650	-	-	-	-
	<b>379,849,761</b>	<b>379,849,761</b>	<b>26,323,205</b>	<b>69,606,247</b>	<b>283,920,309</b>	<b>-</b>	<b>-</b>
<b>Net liquidity gap</b>		<b>(360,550,601)</b>	<b>(22,958,769)</b>	<b>(20,269,436)</b>	<b>(342,498,042)</b>	<b>29,771,524</b>	<b>(1,377,861)</b>

<sup>10</sup> Cash and balances with BOT exclude SMR as this is a restricted amount not available for immediate use.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025****5. FINANCIAL RISK MANAGEMENT (CONTINUED)****5.2 Market risk (continued)****5.2.3 Liquidity risk (Continued)****(d) Non-derivative cash flows (continued)**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central Bank balances, items in the course of collection and treasury and other eligible bills, placements with and balances with other banks, loans and advances to Banks; and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. 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.

**5.3 Off-balance sheet items***i) Loan commitments, financial guarantees and other financial facilities*

The contractual amounts of the Bank's off-balance sheet financial instruments that it commits to extend credit to customers, financial guarantees expiring not later than 1 year and other facilities have been disclosed on Note 27.

*ii) Capital commitments*

There were no capital commitments for the purchase of equipment (2024: Nil).

**5.4 Categories of financial assets and financial liabilities – on balance sheet**

All the Bank's financial assets and financial liabilities are classified as financial assets or financial liabilities subsequently measured at amortised cost. The amounts in the table are the carrying amounts of the financial assets and financial liabilities at the reporting date.

	<b>2025</b>	<b>2024</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>Financial assets</b>		
Cash and balances with Bank of Tanzania	25,759,763	34,695,163
Placements and balances with other banks	38,764,590	-
Loans and advances to customers	24,550,520	33,767,908
Investment securities	33,592,363	71,559,610
Other financial assets	2,590,699	3,825,028
	<b><u>125,257,935</u></b>	<b><u>143,847,709</u></b>
<b>Financial Liabilities</b>		
Deposits due to banks	-	26,413,080
Deposits due to customers	101,279,749	87,065,812
Other financial liabilities	2,302,219	3,218,018
Lease liability	3,299,369	2,208,513
	<b><u>106,881,337</u></b>	<b><u>118,905,423</u></b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**6. CAPITAL MANAGEMENT**

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the regulator;
- 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 BoT requires each Bank or Banking group to:

- Hold the minimum level of the regulatory capital of TZS 15 billion,
- Maintain a ratio of total regulatory capital to the risk-weighted asset at a minimum of 14.5%.
- Core capital of not less than 12.5% of its total risk-weighted assets and off-balance sheet exposures.

The Bank's regulatory capital 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 collective impairment allowances.

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.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2025

	<b>2025</b>	<b>2024</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>Tier 1 capital</b>		
Share capital	31,420,335	31,420,335
Share premium	29,103,635	29,103,635
Accumulated loss	(37,913,047)	(38,087,259)
Prepaid expenses	(641,394)	(880,575)
<b>Total qualifying Tier 1 capital</b>	<b><u>21,969,529</u></b>	<b><u>21,556,136</u></b>
Tier 2 capital	21,969,529	21,556,136
Total regulatory capital	<u>21,969,529</u>	<u>21,556,136</u>
<b>Risk-weighted assets</b>		
On-balance sheet	44,653,159	34,809,982
Off-balance sheet	7,682,386	14,969,234
Operational Risk	29,527,490	19,972,021
Market risk	248,151	1,781,354
<b>Total risk-weighted assets</b>	<b><u>82,111,186</u></b>	<b><u>71,532,592</u></b>
	<b>Required ratio</b>	<b>Bank's ratio</b>
		<b>2025</b>
Tier 1 capital	12.50%	26.76%
Tier 1 + Tier 2 capital	14.50%	30.13%
		<b>2024</b>
Tier 1 capital		30.13%
Tier 1 + Tier 2 capital		26.76%

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
<b>7. INTEREST INCOME</b>		
Loans and advances to banks	856,803	1,266,275
Loans and advances to customers	4,960,447	21,063,321
Financial investments at amortised cost <sup>13</sup>	3,766,385	18,954
	<u><b>9,583,635</b></u>	<u><b>22,348,550</b></u>

All the amounts reported above comprise interest income calculated using the effective interest method. Interest income is recognised over a period of time.

**8. INTEREST EXPENSE**

Fixed deposits	510,001	1,242,806
Call deposits	391,606	562,477
Savings accounts	667,091	5,216,946
Deposits from banks	184,867	1,877,151
Interest on lease liabilities	228,876	101,241
	<u><b>1,982,441</b></u>	<u><b>9,000,621</b></u>

All interest expense relates to financial liabilities at amortised cost and calculated using the effective interest method.

**9. IMPAIRMENT (RELEASE)/CHARGE FOR CREDIT LOSSES**

Net impairment on loans and advances to customers – note 20	109,700	2,210,298
Additional impairment on loans written-off during the year - note 20	-	7,645,383
Net impairment on investments -Note 16	(14,477)	(3,507)
Net impairment on placements – Note 19	15,903	(4,267)
Net impairment on off balance sheet – Note 5.1.6(iv)	(45,728)	40,086
Net impairment on Balances with Banks- Note 5.1.6(v)	(9,188)	24,989
Net impairment on Balances MNO's -Note 5.1.6(v)	5,126	1
Net impairment on other assets - Note 5.1.6(v)	926,711	393,500
<b>Net increase in expected credit losses</b>	<u><b>988,047</b></u>	<u><b>10,306,483</b></u>
Recoveries on loans and advances previously written off	(1,083,696)	(17,603)
<b>Net expected credit losses raised and released</b>	<u><b>(95,649)</b></u>	<u><b>10,288,879</b></u>

**10. NET FEES AND COMMISSION INCOME**

**Fees and commission income**

Loan processing fees	978,841	1,367,294
Commission on letters of credit and guarantees	1,686,801	2,364,538
Commission on withdrawals	342,459	490,879
Commission on remittances	321,434	648,683
Bancassurance commission	37,118	-
Account maintenance fees	284,475	10,198
Commission on e-banking products	635,177	1,176,607
Other fees and commissions <sup>14</sup>	182,527	209,778
	<u><b>4,468,832</b></u>	<u><b>6,267,977</b></u>

**Fees and commission expenses**

Cards expenses	(1,234,624)	(1,510,847)
SWIFT Charges	(102,731)	-
Bank charges	(71,869)	-
	<u><b>(1,409,224)</b></u>	<u><b>(1,510,847)</b></u>

**Net fees and commission income**

	<u><b>3,059,608</b></u>	<u><b>4,757,130</b></u>
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<sup>13</sup> Investment in Government securities

<sup>14</sup> Includes commission from U-Direct, cheque issuance fees and confirmation fees

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**10. NET FEES AND COMMISSION INCOME (CONTINUED)**

In the prior period, fees and commission expenses were included within administrative expenses disclosed in Note 13. During the current year, management revised the presentation of card expenses, SWIFT charges and bank charges to better reflect the nature of the Bank's operations and to enhance comparability with industry practice.

Accordingly, comparative information for the year ended 31 December 2024 has been reclassified to present fees and commission expenses as a separate line item in the statement of profit or loss and the related notes. As a result of the reclassification, administrative expenses decreased by TZS 1,510,847 with a corresponding increase in fees and commission expenses.

The reclassification has no impact on the Bank's profit or loss, total comprehensive income, or the statement of financial position for the comparative period.

	<b>2025</b> <b>TZS '000</b>	<b>2024</b> <b>TZS '000</b>
<b>11. NET TRADING INCOME</b>		
Gain on forex trading	2,947,688	6,440,322
Foreign currency differences	(166,917)	(265,809)
	<u><b>2,780,771</b></u>	<u><b>6,174,512</b></u>
<b>12. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and allowances	7,254,180	8,374,247
Post-retirement benefits – defined contribution plan	728,942	765,844
Skills development levy	254,921	281,498
Workman compensation fund	36,519	38,153
	<u><b>8,274,562</b></u>	<u><b>9,459,742</b></u>
<b>13. ADMINISTRATIVE EXPENSES</b>		
Marketing and public relations	99,788	94,988
Travel and entertainment	416,164	235,117
Telecommunication and postage	217,841	249,917
Other administrative expenses <sup>15</sup>	4,291,429	3,888,098
Directors Emoluments	766,901	493,967
Link costs	545,468	496,931
Insurance expenses	467,228	504,540
Bancassurance expenses	11,351	-
Depreciation of property and equipment (Note 22)	1,080,496	1,033,450
Amortisation of intangible assets (Note 23)	72,561	47,607
Auditor's remuneration	249,090	177,115
Depreciation of right of use asset	1,454,807	1,299,659
	<u><b>9,673,124</b></u>	<u><b>8,521,389</b></u>

<sup>15</sup> Includes repairs and maintenance, security costs, bank premises running expenses, indirect taxes and medical expenses

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	<b>2025</b> <b>TZS '000</b>	<b>2024</b> <b>TZS '000</b>
<b>14. INCOME TAX CHARGE</b>		
Tax charge – Prior year income tax	-	1,620,869
	<u>-</u>	<u><b>1,620,869</b></u>
<b>(Loss)/Profit before income tax</b>	<u>(4,390,206)</u>	<u>(3,970,562)</u>
Tax calculated at the tax rate of 30% (2024: 30%)	(1,317,062)	(1,191,169)
<i>Tax effect of:</i>		
Expenses not deductible for tax purposes (i)	154,014	147,260
Tax charge – Prior year income tax	-	1,620,869
Deferred tax movement not recognised	1,163,048	1,043,909
	<u>-</u>	<u><b>1,620,869</b></u>

The income tax charge on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

<b>Tax Payable</b>		
At the beginning of the year	779,379	1,171,485
Tax charge - current year	-	-
Tax charge – Prior year income tax	-	1,620,869
Tax paid in the year	(135,000)	(2,012,975)
	<u><b>644,379</b></u>	<u><b>779,379</b></u>

**(i) Expenses not deductible for tax purposes**

Staff entertainment	3,750	39,214
Club subscriptions	-	4,837
Other residential expenses	6,563	1,428
Electricity expenses for residential	41,985	-
Entertainment expenses	33,757	17,472
Telephone expenses	67,959	84,309
<b>Total</b>	<u><b>154,014</b></u>	<u><b>147,260</b></u>

**15. CASH AND BALANCES WITH BANK OF TANZANIA**

Cash in hand	4,430,820	3,980,876
Statutory Minimum Reserves (SMR)	5,971,697	5,243,091
Clearing accounts	15,357,246	25,471,196
	<u><b>25,759,763</b></u>	<u><b>34,695,163</b></u>

The Bank is required to maintain minimum cash reserve equivalent to 6% of customer deposits and 40% of Government deposits. Statutory Minimum Reserve is non-interest-bearing and not available to finance the Bank's Day to day operations hence it is excluded from cash and cash equivalents for the purpose of statement of cash flows.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	<b>2025</b> <b>TZS '000</b>	<b>2024</b> <b>TZS '000</b>
<b>16. INVESTMENT SECURITIES</b>		
<b>Securities</b>		
Treasury bills maturing in 3 months <sup>16</sup>	21,764,552	61,673,287
Treasury bonds maturing above 1year	11,827,810	9,900,800
	<u>33,592,362</u>	<u>71,574,087</u>
Expected credit loss allowance	-	(14,477)
<b>Net investment securities</b>	<b><u>33,592,362</u></b>	<b><u>71,559,610</u></b>
<i>Analysis of the changes in the gross carrying amount:</i>		
At 01 January	71,574,087	77,522,558
Investment securities purchased	22,200,000	60,572,963
Accrued interest	1,491,563	18,954
Payments received and financial asset derecognised	<u>(61,673,288)</u>	<u>(66,540,388)</u>
<b>As at 31 December</b>	<b><u>33,592,362</u></b>	<b><u>71,574,087</u></b>
Expected credit loss allowance	-	(14,477)
<b>Net investment securities</b>	<b><u>33,592,362</u></b>	<b><u>71,559,610</u></b>
<b>Movement of impairment on investment securities</b>		
At 1 January	14,477	17,984
(Decrease)/increase in provisions	<u>(14,477)</u>	<u>(3,507)</u>
<b>As at 31 December</b>	<b><u>-</u></b>	<b><u>14,477</u></b>
<b>17. OTHER ASSETS</b>		
<b>Other financial Assets</b>		
Other receivables <sup>17</sup>	2,656,844	3,100,760
Mobile wallet balances	935,942	1,217,708
Allowance for Expected Credit Losses (ECL)	<u>(1,002,087)</u>	<u>(493,440)</u>
	<b>2,590,699</b>	<b>3,825,028</b>
<b>Other non-financial assets</b>		
Prepayments	641,394	880,575
Bank card stock	67,799	78,746
Stationery stock	<u>11,023</u>	<u>26,873</u>
	<b>720,216</b>	<b>986,194</b>
<b>Other assets have a maturity of less than one year</b>	<b><u>3,310,915</u></b>	<b><u>4,811,222</u></b>
<b>Movement analysis of allowance for ECL<sup>18</sup>:</b>		
Opening Balance	493,440	386,343
Written off during the year	(414,002)	(311,393)
Additional allowance during the year	<u>922,649</u>	<u>418,490</u>
<b>Balance at 31 December</b>	<b><u>1,002,087</u></b>	<b><u>493,440</u></b>

\*Other receivables relate to foreign currency denominated matured letters of credit which await foreign currency availability to be cleared.

<sup>16</sup> The maturity on treasury bills is from the reporting dates, and not from the date of placement.

<sup>17</sup> Other receivables relate to foreign currency denominated matured letters of credit which await foreign currency availability to be cleared.

<sup>18</sup> Includes ECL balance for MNOs and Bank of Tanzania

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**18. ORDINARY SHARE CAPITAL**

**Authorized:**

The Bank's authorised share capital is 10,000,000. Issued shares are 6,284,067 ordinary shares of TZS 5,000 each.

	<b>2025</b>	<b>2024</b>
	<b>TZS `000</b>	<b>TZS `000</b>
<b>Issued:</b>		
6,284,067 (2024: 6,284,067) shares of TZS 5,000 each	<u>31,420,335</u>	<u>31,420,335</u>
<b>Share premium:</b>		
2,429,067 (2024: 2,429,067 shares) at TZS 11,981.405 each	<u>29,103,635</u>	<u>29,103,635</u>

**19. PLACEMENTS AND BALANCES WITH OTHER BANKS**

	<b>Local currency TZS `000</b>	<b>Foreign Currency TZS `000</b>	<b>Total TZS `000</b>
<b>As at 31 December 2025</b>			
Maturity within 1 month	13,617,086	25,163,407	38,780,493
Allowance for expected credit losses	(5,566)	(10,337)	(15,903)
<b>Total placement and balances with other banks</b>	<u><b>13,611,520</b></u>	<u><b>25,153,070</b></u>	<u><b>38,764,590</b></u>

	<b>Local currency TZS `000</b>	<b>Foreign Currency TZS `000</b>	<b>Total TZS `000</b>
<b>As at 31 December 2024</b>			
Maturity within 1 month	-	-	-
Expected Credit Loss	-	-	-
<b>Total placement and balances with other banks</b>	<u>-</u>	<u>-</u>	<u>-</u>

*Movement of impairment on placements and balance with Banks*

	<b>2025</b>	<b>2024</b>
	<b>TZS `000</b>	<b>TZS `000</b>
At 1 January	-	4,267
Increase/(decrease) in provisions	15,903	(4,267)
<b>As at 31 December</b>	<u><b>15,903</b></u>	<u>-</u>

**20. LOANS AND ADVANCES TO CUSTOMERS**

The Bank extends advances to personal, commercial and corporate sectors as well as the public sector. Advances made to individuals are mostly in the form of instalment credit, overdrafts and other loans. A significant portion of the Bank's advances to commercial and corporate borrowers consists of advances made to companies engaged in manufacturing, finance and service industries.

Term loans/consumer loans	20,132,067	24,724,505
Overdrafts	5,660,573	11,819,145
	<u><b>25,792,640</b></u>	<u><b>36,543,650</b></u>
Allowance for expected credit losses	(1,242,120)	(2,775,741)
<b>Net loans and advances to customers</b>	<u><b>24,550,520</b></u>	<u><b>33,767,908</b></u>

*The maturity analysis for loans and advances is as below:*

Current	22,535,721	25,156,049
Non-current	2,014,799	8,611,860
	<u><b>24,550,520</b></u>	<u><b>33,767,908</b></u>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025 TZS '000	2024 TZS '000
<b>20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)</b>		
<i>Movement in allowance for expected credit losses</i>		
Balance at 1 January	2,775,741	565,444
Charge during the year – Note 9	109,700	9,855,681
Loan written off	<u>(1,643,321)</u>	<u>(7,645,383)</u>
Balance at 31 December	<u><b>1,242,120</b></u>	<u><b>2,775,741</b></u>
<i>Maturity analysis</i>		
Maturing within 1 month	6,481,207	1,683,387
Maturing after 1 month but within 3 months	3,558,591	181,377
Maturing after 3 months but within 12 months	4,796,004	11,878,333
Maturing after 1 year but within 5 years	9,318,248	19,999,475
Maturity after 5 years	396,470	25,336
	<u><b>24,550,520</b></u>	<u><b>33,767,908</b></u>

**21. DEFERRED INCOME TAX**

Deferred income tax is calculated on all temporary differences under the liability method using the principal tax rate of 30%.

	<b>1 January 2025 TZS '000</b>	<b>Movement<sup>19</sup> TZS '000</b>	<b>31 December 2025 TZS '000</b>
Property and equipment	(104,750)	421,466	316,716
Other timing temporary difference <sup>20</sup>	8,100,845	(5,150,316)	2,950,529
Temporary differences relating to RoU assets	46,002	142,347	188,349
Temporary difference relating to lease liabilities	79,742	-	79,742
Accumulated losses	<u>333,454</u>	<u>3,423,455</u>	<u>3,756,909</u>
	8,455,293	(1,163,048)	7,292,245
Deferred tax asset not recognised	<u>(8,455,293)</u>	<u>1,163,048</u>	<u>(7,292,245)</u>
<b>Deferred tax asset recognised</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
	<b>1 January 2024 TZS '000</b>	<b>Movement TZS '000</b>	<b>31 December 2024 TZS '000</b>
Property and equipment	45,281	(150,031)	(104,750)
Other timing temporary difference <sup>7</sup>	8,530,461	(429,616)	8,100,845
Temporary differences relating to RoU assets	309,874	(263,872)	46,002
Temporary difference relating to lease liabilities	(237,686)	317,428	79,742
Accumulated losses	<u>851,273</u>	<u>(517,819)</u>	<u>333,454</u>
	9,499,203	(1,043,909)	8,455,293
Deferred tax asset not recognised	<u>(9,499,203)</u>	<u>1,043,909</u>	<u>(8,455,293)</u>
<b>Deferred tax assets recognised</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

The unused tax losses of TZS 12,523 million (2024: TZS 1,112 million) for which no deferred tax asset has been recognized during the year have no expiry and are carried forward indefinitely.

<sup>19</sup> Represents deferred tax charge/release not recognised in profit or loss

<sup>20</sup> Other timing temporary differences include the accrued expenses, the provisions and leases

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025****21. DEFERRED INCOME TAX (CONTINUED)**

	<b>2025</b>	<b>2024</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<i>The movement in deferred income tax balance during the year is as follows:</i>		
Deferred tax balance at the beginning of the year	8,455,293	9,499,202
Deferred tax movement not recognized (Note 14)	<u>(1,163,048)</u>	<u>(1,043,909)</u>
<b>Total</b>	<b><u>7,292,245</u></b>	<b><u>8,455,293</u></b>
Deferred tax asset not recognised	(7,292,245)	(8,455,293)
<b>As at 31 December</b>	<b><u>-</u></b>	<b><u>-</u></b>

The deferred income tax asset of TZS 7,292 million (2024: 8,455 million) has not been recognised as in the director's opinion, the Bank may not generate sufficient taxable profits in the foreseeable future against which the deferred income tax asset can be utilised.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**22. PROPERTY AND EQUIPMENT<sup>21</sup>**

	<b>Leased premises refurbishments</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Office furniture &amp; Equipment</b>	<b>Work in Progress</b>	<b>Total</b>
	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>	<b>TZS'000</b>
<b>Cost:</b>						
At 1 January 2024	3,957,319	1,566,403	430,454	4,924,603	121,817	11,000,596
Additions	179,847	22,232	211,710	161,983	24,642	600,414
Disposal	-	(2,784)	-	-	-	(2,784)
<b>At 31 December 2024</b>	<b>4,137,166</b>	<b>1,585,851</b>	<b>642,164</b>	<b>5,086,586</b>	<b>146,459</b>	<b>11,598,226</b>
At 01 January 2025	4,137,166	1,585,851	642,164	5,086,586	146,459	11,598,226
Additions	167,016	19,974	-	144,427	4,008	335,425
Reclassification	-	4,620	-	-	(4,620)	-
Transfer to Intangibles	-	-	-	-	(88,873)	(88,873)
Disposal	(122,297)	(56,682)	(2,450)	(232,051)	-	(413,480)
<b>As at 31 December 2025</b>	<b>4,181,885</b>	<b>1,553,763</b>	<b>639,714</b>	<b>4,998,962</b>	<b>56,974</b>	<b>11,431,298</b>
<b>Accumulated depreciation:</b>						
At 1 January 2024	2,965,278	1,213,276	416,416	2,937,703	-	7,532,673
Charge for the year	305,515	146,825	22,864	558,246	-	1,033,450
Disposal	-	(2,235)	-	-	-	(2,235)
<b>At 31 December 2024</b>	<b>3,270,793</b>	<b>1,357,866</b>	<b>439,280</b>	<b>3,495,949</b>	<b>-</b>	<b>8,563,888</b>
At 01 January 2025	3,270,793	1,357,866	439,280	3,495,949	-	8,563,888
Charge for the year	365,168	103,001	35,285	577,042	-	1,080,496
Disposal	(122,297)	(56,682)	(2,450)	(204,387)	-	(385,816)
<b>At 31 December 2025</b>	<b>3,513,664</b>	<b>1,404,185</b>	<b>472,115</b>	<b>3,868,604</b>	<b>-</b>	<b>9,258,568</b>
<i>Net book values:</i>						
<b>At 31 December 2025</b>	<b>668,221</b>	<b>149,578</b>	<b>167,599</b>	<b>1,130,358</b>	<b>56,974</b>	<b>2,172,730</b>
<b>At 31 December 2024</b>	<b>866,373</b>	<b>227,985</b>	<b>202,884</b>	<b>1,590,637</b>	<b>146,459</b>	<b>3,034,338</b>

<sup>21</sup> The property and equipment include full depreciated assets of TZS 3.8 billion (2024: TZS 3.5 billion) that are still in use.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**23 INTANGIBLES**

	<b>Software TZS'000</b>	<b>Work in progress TZS'000</b>	<b>Total TZS'000</b>
<b>Cost:</b>			
At 1 January 2025	478,965	-	478,965
Additions	99,106	39,663	138,769
Transfer from property and equipment	88,873		88,873
<b>At 31 December 2025</b>	<b><u>666,944</u></b>	<b><u>39,663</u></b>	<b><u>706,607</u></b>
At 1 January 2024	296,786	-	296,786
Additions	182,179	-	182,179
Transfer from property and equipment	-	-	-
<b>At 31 December 2024</b>	<b><u>478,965</u></b>	<b><u>-</u></b>	<b><u>478,965</u></b>
<b>Accumulated amortisation:</b>			
At 1 January 2025	264,867	-	264,867
Charge for the year	72,561	-	72,561
<b>At 31 December 2025</b>	<b><u>337,428</u></b>	<b><u>-</u></b>	<b><u>337,428</u></b>
At 1 January 2024	217,260	-	217,260
Charge for the year	47,607	-	47,607
<b>At 31 December 2024</b>	<b><u>264,867</u></b>	<b><u>-</u></b>	<b><u>264,867</u></b>
<b>Net book value:</b>			
<b>At 31 December 2025</b>	<b><u>329,516</u></b>	<b><u>39,663</u></b>	<b><u>369,179</u></b>
<b>At 31 December 2024</b>	<b><u>214,098</u></b>	<b><u>-</u></b>	<b><u>214,098</u></b>

**24 DEPOSITS DUE TO BANKS**

	<b>2025 TZS'000</b>	<b>2024 TZS'000</b>
Deposits and current accounts due to banks	-	26,413,080
	<u>-</u>	<u>26,413,080</u>

- Deposit products include cheque accounts, saving account, call and fixed deposits.

**25 DEPOSITS DUE TO CUSTOMERS**

Current accounts	70,353,525	235,336
Call deposit	9,910,877	4,785,583
Savings account	8,855,126	12,497,025
Term deposit	8,593,470	65,509,869
Customer margin accounts	3,566,751	4,037,999
	<b><u>101,279,749</u></b>	<b><u>87,065,812</u></b>
<i>Maturity analysis</i>		
<b>Current</b>	<b><u>101,279,749</u></b>	<b><u>87,065,812</u></b>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

<b>26 OTHER LIABILITIES</b>	<b>2025 TZS'000</b>	<b>2024 TZS'000</b>
<b>Non-financial liabilities</b>		
Unearned processing fees	664,755	949,138
Unearned fees on letters of credit and guarantees	640,136	1,760,531
Other statutory liabilities	395,438	392,575
ECL on off balance sheet items	8,224	53,952
	<b>1,708,553</b>	<b>3,156,196</b>
<b>Financial liabilities</b>		
Accrued expenses	345,361	570,782
Other payables <sup>22</sup>	1,798,878	2,252,715
Unclaimed customer balances	157,980	394,521
	<b>2,302,219</b>	<b>3,218,018</b>
<b>Total other liabilities</b>	<b>4,010,772</b>	<b>6,374,214</b>
<i>Maturity analysis</i>		
Current	<b>4,010,772</b>	<b>6,374,214</b>
<i>Reconciliation of unearned processing fees:</i>		
At January	949,137	1,293,878
Additions during the year	694,459	835,970
Recognised as revenue	(978,841)	(1,180,711)
<b>As at 31 December</b>	<b>664,755</b>	<b>949,137</b>
<i>Reconciliation of Letters of credit and guarantees:</i>		
At January	1,760,531	3,000,118
Additions during the year	566,406	1,124,951
Recognised as revenue	(1,686,801)	(2,364,538)
<b>As at 31 December</b>	<b>640,136</b>	<b>1,760,531</b>

**27. COMMITMENTS**

**(a) Capital commitments**

At 31 December 2025, the Bank had no capital commitments in respect of equipment purchases (2024: Nil)

**(b) Loan commitment, guarantee and other financial facilities**

At 31 December 2025, the Bank had contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities. The nominal value are as follows:

Unutilised facilities and other commitments		3,691,877	17,465,650
Guarantees and standby letters of credit		358,288,694	362,384,111
		<b>361,980,571</b>	<b>379,849,761</b>
Guarantees and standby letters of credit by currency			
	TZS	105,212,708	78,485,742
	USD	253,075,986	283,898,369
		<b>358,288,694</b>	<b>362,384,111</b>
Unutilised facilities and other commitments by Currency			
	TZS	-	17,098,750
	USD	3,691,877	366,900
		<b>3,691,877</b>	<b>17,465,650</b>

Information regarding the ECL allowance for financial guarantees, letters of credit and other undrawn commitments respectively is presented in Note 5.1.6(b)(v).

<sup>22</sup> Includes Visa settlement liability and RTGS payables

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	<b>2025</b>	<b>2024</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>28. RIGHT-OF-USE ASSETS</b>		
<b>Cost:</b>		
At 1 January	5,509,744	3,776,299
Additions	2,584,880	2,105,553
Lease modification	230,439	688,442
Derecognition	<u>(1,028,684)</u>	<u>(1,060,550)</u>
<b>At 31 December</b>	<b><u>7,296,379</u></b>	<b><u>5,509,744</u></b>
<b>Accumulated depreciation:</b>		
At 1 January	2,883,679	2,743,388
Charge for the year (Note 13)	1,454,807	1,299,659
Derecognition	<u>(1,028,684)</u>	<u>(1,060,550)</u>
Lease modification	<u>(204,833)</u>	<u>(98,818)</u>
<b>At 31 December</b>	<b><u>3,104,969</u></b>	<b><u>2,883,679</u></b>
<b>Net book value</b>	<b><u>4,191,410</u></b>	<b><u>2,626,065</u></b>

The Bank's leases include the lease of ATM sites, branch premises and residential apartments for expatriates.

**29. LEASE LIABILITY**

At 1 January	2,208,513	792,285
Additions	2,584,879	2,105,553
Lease modification <sup>23</sup>	435,273	770,138
Interest expense (Note 8)	228,876	101,241
Lease rentals paid		
Principal rental paid	<u>(1,888,631)</u>	<u>(1,574,124)</u>
Interest expense paid	<u>(120,964)</u>	<u>(89,039)</u>
Foreign exchange gain on lease payments	<u>(148,577)</u>	<u>102,459</u>
<b>At 31 December</b>	<b><u>3,299,369</u></b>	<b><u>2,208,513</u></b>
<i>Maturity analysis</i>		
Current	1,238,618	792,285
Non-current	<u>2,060,751</u>	<u>1,416,228</u>
	<b><u>3,299,369</u></b>	<b><u>2,208,513</u></b>

*The following is the impact of lease in profit and loss*

Depreciation of right of use asset	1,454,807	1,299,659
Forex exchange gain on lease payments	<u>(148,577)</u>	<u>102,459</u>
Gain on lease modifications	-	17,120
Interest on lease liabilities	<u>228,876</u>	<u>101,241</u>
<b>Total</b>	<b><u>1,535,106</u></b>	<b><u>1,400,900</u></b>

<sup>23</sup> The lease modification in the current year was due to the extension of lease period from April 2025 to April 2026 while the lease modification in prior year is as a result of changes to the lease terms of the respective lease arrangements and the amounts payable to the lessor.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**30. CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	<b>2025</b>	<b>2024</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Cash in hand (Note 15)	4,430,820	3,980,876
Clearing account with Bank of Tanzania (Note 15)	15,357,246	25,471,196
Balances with other banks (Note 19)	38,764,590	-
	<u><b>58,552,656</b></u>	<u><b>29,452,072</b></u>

**31. RELATED-PARTY DISCLOSURE**

Related parties are companies which are related to United Bank for Africa (Tanzania) Limited through common shareholding or directorships.

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 related party transactions, outstanding balances at the year end and the related expenses and income for the year are as follows:

**(i) Placement with Other Banks**

	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
UBA Kenya	4,910,000	-
UBA New York	9,820,000	-
UBA Capital Europe	10,406,800	-
	<u><b>25,136,800</b></u>	<u><b>-</b></u>

**(ii) Interest Income**

UBA Cote D'Ivoire	-	42,296
UBA Kenya	24,801	18,714
UBA Mozambique	76,974	11,424
UBA Nigeria	212,932	48,877
UBA Ghana	-	13,932
UBA New York	143,100	99,836
UBA Sierra Leone	-	7,289
UBA Capital Europe	187,961	51,115
UBA Uganda	28,471	-
UBA Zambia	31,369	-
	<u><b>705,608</b></u>	<u><b>293,483</b></u>

The loans and advance to related parties are interest bearing, the weighted average interest rate is 16%, they are repayable within twelve months.

**(iii) Deposits from Banks**

Deposits from Banks comprise nostro balances and other deposits.

Placements/inter borrowing - Kenya	-	-
Interest Expenses	-	-
UBA Kenya	-	214
	<u><b>-</b></u>	<u><b>214</b></u>

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**31. RELATED PARTY DISCLOSURES (CONTINUED)**

**(iv) Key management compensation**

Key management personnel are described as those people who have authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly.

<b>Salaries and short-term benefits</b>	<b>2025</b>	<b>2024</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Salaries and other short-term benefits	2,290,181	2,762,421
Post-employment benefits – defined contribution plan	320,625	276,242
	<b><u>2,610,806</u></b>	<b><u>3,038,663</u></b>
<b>Directors' emoluments</b>		
Emoluments of directors in respect of services rendered		
Directors' emoluments Note 13	766,901	493,967
	<b><u>766,901</u></b>	<b><u>493,967</u></b>

**(iv) Loans and advances to key management personnel**

**Loans and advances:**

Loans outstanding at the beginning of the year	339,678	589,325
Loans issued during the year	46,072	34,789
Loan repayments during the year	(197,323)	(284,436)
Loans outstanding at the end of the year	<b><u>188,427</u></b>	<b><u>339,678</u></b>

Loan loss provisions on loan to key management personnel was computed along with other loan provisions however, there is no deterioration of this loan portfolio which have an impact to the Bank.

The loans issued to key management personnel during the year of TZS 46 million (2024: TZS 35 million) are repayable on monthly basis over a period between four years and carry off-market interest rate of 8% (2024: 8%) The loans to key management during the year were unsecured except for those issued above seven years under commercial terms or loans which are secured against a legal mortgage. If all Key Management Personnel loans were to be repriced at market interest rate of 15% p.a (2024: 15% p.a), the net impact on profit or loss would have been an increase in profit before tax by TZS 13 million (2024: TZS 23 million).

**(v) Deposits from key management personnel**

**Deposits**

Deposits outstanding at the beginning of the year	25,957	151,435
Deposits received during the year	1,463,325	1,823,198
Deposits repaid during the year	(1,129,102)	(1,948,675)
Deposits outstanding at the end of the year	<b><u>360,180</u></b>	<b><u>25,957</u></b>

The above deposits are unsecured, carry zero interest rates and are repayable on demand.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**31. RELATED PARTY DISCLOSURES (CONTINUED)**

**(vi) Related party relationship**

The following companies which are related to United Bank for Africa (Tanzania) Limited through common shareholding.

	<b>Name</b>	<b>Relationship</b>
1	UBA Cote D'Ivoire	Sister Company
2	UBA Congo Brazzaville	Sister Company
3	UBA Nigeria Plc	Sister Company
4	UBA Burkina Faso	Sister Company
5	UBA Sierra Leone	Sister Company
6	UBA Congo DRC	Sister Company
7	UBA Mozambique	Sister Company
8	UBA Senegal	Sister Company
9	UBA Liberia	Sister Company
10	UBA Cameroon	Sister Company
11	UBA Uganda	Sister Company
12	UBA Zambia	Sister Company
13	UBA Ghana	Sister Company
14	UBA Kenya	Sister Company
15	UBA Guinea	Sister Company
16	UBA Benin	Sister Company
17	UBA Gabon	Sister Company
18	UBA Chad	Sister Company
19	UBA Capital Europe	Sister Company
20	UBA New York	Sister Company
21	UBA Mali	Sister Company

**32. HOLDING COMPANY**

The ultimate holding company is United Bank for Africa PLC, a Bank incorporated in Nigeria.

**33. MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Bank uses the same basis of expected repayment behaviour that was used for estimating the EIR. Issued debt reflects the contractual coupon amortisation.

**UNITED BANK FOR AFRICA (TANZANIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**33. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)**

**As at 31 December 2025 in TZS million**

<b>Assets</b>		<b>Within 12 months</b>	<b>After 12 months</b>	<b>Total</b>
Cash and balances with Bank of Tanzania	15	25,759,763	-	25,759,763
Placements and balances with other banks	19	38,764,590	-	38,764,590
Loans and advances to customers	20	14,835,802	9,714,718	24,550,520
Investment securities	16	21,764,552	11,827,810	33,592,362
Other assets	17	3,310,914	-	3,310,914
Property and equipment	22	-	2,172,730	2,172,730
Right-of-use assets	28	-	4,191,410	4,191,410
Intangibles	23	-	369,179	369,179
<b>Total assets</b>		<b>104,435,621</b>	<b>28,275,847</b>	<b>132,711,468</b>
<b>Liabilities</b>				
Deposits due to banks	24	-	-	-
Deposits due to customers	24	101,279,749	-	101,279,749
Other liabilities	25	4,010,772	-	4,010,772
Income tax liability	14	644,379	-	644,379
Lease liability	29	1,238,618	2,060,751	3,299,369
<b>Total liabilities</b>		<b>107,173,518</b>	<b>2,060,751</b>	<b>109,234,269</b>
<b>Net</b>		<b>(2,737,897)</b>	<b>26,215,096</b>	<b>23,477,199</b>

**As at 31 December 2024 in TZS Thousand**

<b>Assets</b>		<b>Within 12 months</b>	<b>After 12 months</b>	<b>Total</b>
Cash and balances with Bank of Tanzania	15	34,695,163	-	34,695,163
Loans and advances to customers	20	13,743,097	20,024,811	33,767,908
Investment securities at amortised cost	16	61,673,287	9,886,323	71,559,610
Other assets	17	4,811,222	-	4,811,222
Property and equipment	22	-	3,034,338	3,034,338
Right-of-use assets	28	-	2,626,065	2,626,065
Intangibles	23	-	214,098	214,098
<b>Total assets</b>		<b>114,922,769</b>	<b>35,785,635</b>	<b>150,708,404</b>
<b>Liabilities</b>				
Deposits due to Banks	24	26,413,080	-	26,413,080
Deposits due to customers	24	87,065,812	-	87,065,812
Other liabilities	25	6,374,214	-	6,374,214
Income tax liability	14	779,379	-	779,379
Lease liability	29	792,285	1,416,228	2,208,513
<b>Total liabilities</b>		<b>121,424,770</b>	<b>1,416,228</b>	<b>122,840,998</b>
<b>Net</b>		<b>(6,502,001)</b>	<b>34,369,407</b>	<b>27,867,406</b>

## UNITED BANK FOR AFRICA (TANZANIA) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

#### 34. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that require disclosure or adjustments to the financial statements as at the date of this report.

#### 35. BANCASSURANCE

The Bancassurance operations were launched on May 09, 2025, through partnerships with 10 insurance companies. The solution enables customers to conveniently access a range of insurance products, including both life and non-life, through mobile banking solutions and the Bank's extensive nationwide network.

The solution serves both UBA and non-UBA customers and covers the full insurance value chain, including customer onboarding, underwriting, claims processing, commission collection, and payments.

Commission earned and expenses incurred is as follows:

		<b>2025</b>	<b>2024</b>
	<b>Notes</b>	<b>TZS'000</b>	<b>TZS'000</b>
Bancassurance commission	10	37,118	
Bank assurance expenses	13	(11,351)	
		<u><b>25,767</b></u>	<u><b>-</b></u>

#### 36. REGULATORY RESERVES

Impairment provisions determined in accordance with the Financial Institutions (Credit Classification and Provisioning) Regulations:

The regulatory credit risk reserve represents an appropriation from retained earnings to comply with the Financial Institutions (Credit Classification and Provisioning) Regulations, 2005. The reserve represents the excess of impairment provisions determined in accordance with these regulations over the impairment provisions determined in accordance with IFRS 9 Financial Instruments. The reserve is not available for distribution to shareholders.

		<b>2025</b>	<b>2024</b>
	<b>Note</b>	<b>TZS</b>	<b>TZS</b>
Provision as per BOT Requirement		2,108,397	8,206,435
Specific provision - IFRS 9	20	(1,242,120)	(2,775,741)
<b>Transfer to regulatory reserve</b>		<u><b>866,277</b></u>	<u><b>5,430,694</b></u>