



**CANARA BANK (TANZANIA) LIMITED**

**REPORT OF THOSE CHARGED**

**WITH GOVERNANCE**

**AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



**CANARA BANK (TANZANIA) LIMITED**  
**Bank information**  
**For the year ended 31 December 2021**

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**BOARD OF DIRECTORS**

Mr. Debashish Mukherjee	Chairman (Non-executive)	Indian	(w.e.f. 23.03.2021)
Mr. Santanu Kumar Majumdar	Director (Non-executive)	Indian	(w.e.f. 13.05.2019)
Ms. Kota Kalyani	Director (Non-executive)	Indian	(w.e.f. 27.01.2020)
Mr. Rajab Seleman Kakusa	Director (Independent)	Tanzanian	(w.e.f. 23.11.2021)
Ms. Mwanaidi A Mtanda	Director (Independent)	Tanzanian	(w.e.f. 26.06.2020)
Prof. Deus D Ngaruko	Director (Independent)	Tanzanian	(w.e.f. 09.03.2020)
Dr. Indiael D Kaaya	Director (Independent)	Tanzanian	(w.e.f. 26.03.2020)
Mr. T R Balaji Rao	Director (Executive)	Indian	(w.e.f. 16.07.2019)
Mr. Vibhuti Nath Roy Choudhary	Director (Executive)	Indian	(w.e.f. 16.07.2019)

**INDEPENDENT AUDITORS**

Bakertilly DGP & Co  
Certified Public Accountants  
Level 10, IT Plaza, Garden Avenue/Ohio Street  
P.O. Box 1314  
Dar es Salaam, Tanzania  
PF Number 009  
TIN Number 100-100-789

**BANKERS**

- |      |   |     |   |
|------|---|-----|---|
| i)   | Bank of Tanzania<br>P.O. Box 2939<br>Dar es Salaam                            | iv) | CRDB Bank Plc<br>Azikiwe Street<br>P.O. Box 268<br>Dar es Salaam  |
| ii)  | Citi Bank<br>New York<br>United States of America                             | v)  | Canara Bank, India<br>Integrated Treasury Wing<br>5th/6th floor, Plot no. G-14, C Block<br>Bandra Kurla Complex, Bandra -East<br>Mumbai 400051, India |
| iii) | Bank of India (T) Limited<br>Maktaba Street<br>P.O. Box 7581<br>Dar es Salaam |     |   |

**REGISTERED CORPORATE OFFICE**

Canara Bank (T) Limited  
16/1 Elia Complex  
Zanaki, Bibi Titi Street  
P.O. Box 491  
Dar es Salaam  
Telephone: +255 22 2112534  
Email: mdcbl@canarabank.co.tz

**PARENT BANK CORPORATE OFFICE**

Canara Bank India Head Office  
112, J C Road  
Bengaluru  
Karnataka - India 560002

## **INTRODUCTION**

We have great pleasure in presenting the Bank's 6th Annual Report along with the Audited financial statements for the year ended 31 December 2021.

Canara Bank (Tanzania) Ltd was registered under Tanzania company Act, 2002 on 2 November 2015. The license to conduct Banking Business was granted to our Bank on 5 May 2016 by Bank of Tanzania in accordance with the provisions of Section 7 of the Banking and Financial Institutions Act 2006. However, actual Banking operations started on 9 May 2016 with opening of Dar es Salaam Branch which is the only branch as on date.

## **PRINCIPAL ACTIVITIES**

The principal activity of the Bank is to provide banking and related services stipulated by the Banking and Financial Institutions Act 2006. There have been no changes in the principal activities of the Bank during the financial year ended 31 December 2021.

## **OUR PARENT BANK: Canara Bank, India**

Widely known as a customer-centric Bank, Canara Bank was founded by Shri Ammembal Subba Rao Pai, a great visionary and philanthropist, in July 1906, at Mangalore, then a small port town in Karnataka. The Bank has gone through the various phases of its growth trajectory over hundred and fifteen years of its existence. Growth of Canara Bank was phenomenal, especially after nationalization in the year 1969, attaining the status of a national level player in terms of geographical reach and clientele segments. The eventful journey of the Bank has been characterized by several memorable milestones. Today, Canara Bank occupies a premier position in the comity of Indian banks, with a Business mix as on 31st December 2021 stood at USD 237 Billion with Operating Profit of USD 2,252 Million and Net Profit of USD 535 Million.

Over the years, the Bank has scaled up its market position to emerge as a major 'Financial Conglomerate' with as many as fifteen subsidiaries/sponsored institutions/joint ventures in India and abroad. The amalgamation of Syndicate bank into Canara bank effective from April 1, 2020 has led to further expansion of the Bank to 9,773 branches.

Not just in commercial banking, the Bank has also carved a distinctive mark, in various corporate social responsibilities, namely, serving national priorities, promoting rural development, enhancing rural self-employment through several training institutes and spearheading financial inclusion objective. "A good bank is not only the financial heart of the community, but also one with an obligation of helping in every possible manner to improve the economic conditions of the common people". These insightful words of the Bank's Founder continue to resonate even today in serving the society with a purpose. We strongly believe that the Bank's second century is going to be equally rewarding and eventful not only in service of the nation but also in helping the Bank emerge as a "Preferred Bank with Best Practices".

Presently, Government of India holds 62.93% of Bank's total shareholding.

## **ECONOMIC OVERVIEW: TANZANIA**

The East African nation of Tanzania has an estimated population of 59 million as of 2021 as per National Bureau of Statistics(NBS). According to Bank of Tanzania until Sept 2021, The economy continued to recover from adverse effects of COVID-19 pandemic, owing to re-opening of the global economy and policy recovery measures implemented .The economy grew at 5.2 percent in the quarter ending September 2021 compared with 4.4 percent in the corresponding quarter in 2020.

The growth was mainly driven by construction, agriculture, mining and quarrying, manufacturing, and public administration activities. As a result, growth was 4.9 percent in the first three quarters of 2021 compared with the target of 5 percent. In 2022, growth is projected at 5.2 percent.

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Inflation gradually increased during last quarter of year 2021, but remained consistent with the country and regional targets. Headline inflation averaged 4.1 percent compared with 3.9 percent in the quarter ending December 2020, on account of increase in both food and nonfood prices. The rise in food inflation was mainly associated with demand for food from neighbouring countries.

Through budget for year 2021/2022, The Minister signalled that there will be a concerted efforts to complete the strategic projects which includes the development of the railway infrastructure and services, the construction and rehabilitation of road links, rural roads and bridges, water and air transport infrastructure

According to the Minister of Finance, Tanzania's economy is expected to grow by 5.6% in 2021/22 largely due to;

- i. Increased private consumption which will be largely driven by an increase in household real disposable incomes;
- ii. Increased infrastructure investment in line with the country's new Five-Year Plan (2021-2026); and
- iii. Recovery in exports boosted by stronger external demand and increased agricultural production.
- iv. The growth is going to be dependent on the trajectory of the COVID-19 pandemic globally and the containment measures Tanzania will put in place.

**BANKING SECTOR PERFORMANCE:**

Growth of money supply was high and consistent with the target for 2021/22, owing to liquidity easing monetary policy. Extended broad money supply (M3) grew at 15.5 percent in the year ending December 2021, up from 14.9 percent and 5.7 percent in November 2021 and December 2020, respectively. Similarly, broad money supply (M2) registered an annual growth of 17.6 percent, up from 17.2 percent and 8.2 percent.

Domestic credit extended to the private sector and central government by the banking system grew by 14.9 percent in the year ending December 2021, compared with 10.8 percent a year earlier.

Credit extended to the private sector rebounded to pre-pandemic levels, recording an annual growth of 10 percent in December 2021 compared with 7.8 percent in the preceding month and 3.1 percent in December 2020 .

Meanwhile, personal activities continued to account for the largest share of the total outstanding credit, followed by trade and manufacturing activities accounting for 34.3 percent, 15.4 percent and 8.7 percent, respectively.

The recovery of private sector credit was largely attributed to sustained accommodative monetary policy and improving business conditions from adverse impacted of COVID-19 pandemic. Much of the credit to the private sector was directed to trade, personal activities—mainly small and medium undertakings, manufacturing and mining activities. Personal related activities, trade, manufacturing and agriculture remained the major beneficiaries in terms of share of credit extended by banks to the private sector.

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**BANK'S PERFORMANCE DURING 2021**

Despite business challenge brought by the COVID 19 Pandemic during the year 2021, the bank was able to achieve aggregate business of TZS 144.2 Billion being a growth of 11% from 129.6 Billion in year 2020.

Profit has grown by 58% from 1.6 Billion in year 2020 to 2.6 Billion in year 2021

The highlights of the performance in 2021 from year 2020 is as bellow:-

**Key Business Figures**

Particulars	(Amount in Tzs. Millions)	(Amount in Tzs. Millions)	Growth
	December 31, 2021	December 31, 2020	
Aggregate Deposits	93,085	81,249	14.6%
Gross Loans and Advances	51,115	48,425	5.6%
Total Business	144,200	129,674	11.2%
Investments	35,070	30,890	13.5%
Total Assets	135,310	121,568	11.3%
Total Shareholders funds	40,239	37,626	6.9%
Total Income	7,344	6,308	16.4%
Net Interest Income	6,398	5,458	17.2%
Operating Expenses	3,529	3,525	0.1%
Operating Profit	3,741	2,582	44.9%
Net Profit/(Loss)	2,613	1,658	57.6%
Business per employee	5,768	5,187	11.2%

**PERFORMANCE AGAINST TARGETS DURING 2021**

During the year under review, Canara Bank has managed to achieve business targets by 89% where by total deposits targets achieved by 92% and Gross Loans by 85%.

Total assets target achieved by 94% while shareholders funds target being achieved by 99.9 %

On the other hand profit was achieved by 99.9%, Total income achieved by 95% while Operating expenses controlled bellow target being 93.6% of target.

Particulars	Target for	Actual for	Achievement
	Year 2021	Year 2021	
	(Amount in TZS. Millions)	Amount in TZS. Millions	(In Percentage)
Aggregate Deposits	101,356	93,085	91.8%
Gross Loans and Advances	60,000	51,115	85.2%
Total Business	161,356	144,200	89.4%
Investments	29,999	35,070	116.9%
Total Assets	144,505	135,310	93.6%
Total Shareholders funds	40,282	40,239	99.9%
Total Income	7,734	7,344	95.0%
Net Interest Income	6,433	6,398	99.5%
Operating Expenses	3,770	3,529	93.6%
Operating Profit	3,734	3,741	100.2%
Net Profit/(Loss)	2,614	2,613	99.96%
Business per employee	6,454	5,768	89.4%

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**KEY PERFORMANCE INDICATORS**

The following Key Performance Indicators (KPIs) are used by Canara Bank Tanzania in measuring the delivery of bank strategy and managing the business.

Performance Indicator	Definition	2021	2020
Return on average total assets	Net profit/Total Assets	2.09%	1.46%
Return on average shareholders' funds	Net profit/Total Equity	6.70%	4.49%
Cost to Income Ratio	Operating Expenses/Total Income	48.05%	55.87%
Net Interest Income to average earning assets.	Net interest income/ Average Interest earning assets	5.52%	5.27%
Non performing loans to total gross loans	Non - performing loans/Gross loans and advances	3.17%	2.71%
Gross loans and advances to Customer Deposits	Gross loans to customers/Total Customer deposits	91.06%	101.26%
Earning Assets to Total Assets	Earning Assets / Total Assets	90.96%	94.10%
Customer Deposit Growth	Increase in Customer deposits/Opening balance of Customer deposits	17.63%	28.78%
Assets Growth	Increase in Total Assets/Opening balance of Total Assets	11.30%	12.55%
Tier 1 Capital Ratio	Core Capital /Risk weighted assets including off balance sheet items	58.79%	54.66%
Total Capital Ratio	Total Capital /Risk Weighted assets including off balance sheet items	60.73%	54.72%

**BANK BUSINESS OBJECTIVES AND STRATEGIES**

The Bank's long-term strategy is to emerge as a preferred bank, with best practices in respect to asset portfolio management, customer orientation, product innovation, profitability and corporate governance, and to enhance value for its shareholders.

**In the medium term, the Bank's key business strategy includes:**

- securing cost effective funding by increasing the Bank's current account and savings account (CASA) deposits;
- Prudent fund management through optimising costs and yields;
- Focusing on the Agricultural, Small, Medium Enterprises and Retail segments;
- Enhancing exclusive customer relationship management, marketing and brand building;
- Leveraging on the use of technology for product innovation and providing efficient customer service.

**ACHIEVEMENT IN IN STRATEGIC OBJECTIVES IN THE YEAR 2021**

**Prudent fund management through optimizing costs and yields-** With this strategic goal, management has been able to reduce it's cost of total funding from 4.5 % in year 2020 to 3.5% in year 2021 where by, cost of funding from customer deposits reduced from 5.91% to 5.37 % and cost of funding from other banks deposits reduced from 2.35% to 1.58%. This reduction in cost of funding has enabled the spread on funds for bank to increase from 3.9% in year 2020 to 4.43% in year 2021.

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**Focussing on agriculture, Small, Medium Enterprises and Retail segments** - With this strategic goal, management has put efforts and be able to provide loans and advances to this segment with an increase of 15% from previous year. For the year 2021 credits provided to agriculture sector was TZS 4.9 Billion and Credits provided to small and Medium Enterprises amounted to TZS 5.7 Billion.

**Enhancing exclusive customer relationship management, marketing and brand building** - With this strategic goal, management has employed Marketing activities to identified strategic groups, customer retention strategies including immediate response to complaints, customer visits, special recognition/ appreciation to our customers and Increasing visibility through improvement of our website and Corporate Social Responsibility.

**Leveraging on the use of technology for product innovation and providing efficient customer service-** Management has taken some initiatives to improve service delivery through the use of Information technology, For the year 2021 customer gets their bank statements through emails and bank has also taken initiatives for internet banking which in finalization stage.

**FUTURE PROSPECTS/DEVELOPMENTS**

For the year 2022 Management has optimistic view that business will grow by 15 percent, total assets by 12 percent and incomes by 16 % .

**The specific goals for the next year 2022 are as follows:-**

- Achieve Low cost to total deposit ratio of 20%
- Ensure quality of assets by reducing Gross Non performing Loan ratio to 2.3 %
- Ensure Cost to Income Ratio of 47.9%
- Attain Earning asset to total assets ratio of 93%
- Attain Net Interest margin ratio of 5.29%
- Increase customer satisfaction with no customer complains

Description	Actual	Projections	Growth
	2021	2022	
Gross Loans and Advances	51,587.66	59,325.81	15%
Total Assets	135,360.03	151,048.00	12%
Customer deposits	56,595.88	65,086.00	15%
Total shareholders fund	39,462.77	41,148.00	4%
Total Income	7,353.00	8,543.00	16%

Management also expect to increase business through various products and services to be introduced or improved including:-

- Introduction of Bancassurance
- Launching of Internet banking facility for customers.
- Mobile banking enhancement
- Launching new deposit and credit products.
- Increased use of IT enabled services.
- Automation of Management Information System.

**DIVIDENDS**

Now, as Bank has completed full five years of operation, Board of Directors propose to pay dividend subject to approval of shareholders in Annual General Meeting.



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**CAPITAL STRUCTURE**

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

**Authorized**

50,000 ordinary shares of TZS 1,000 each

**Issued and fully Paid**

32,830,000 ordinary shares of TZS 1,000 each

Details of the capital structure are disclosed under Note 21 in the notes to the financial statements.

**CAPITAL ADEQUACY**

As per the regulations of Bank of Tanzania, Bank should maintain Total minimum capital adequacy of 14.5% of Risk weighted assets and Core capital adequacy of 12.5% of risk weighted assets. As against this, Bank is maintaining Total capital and Core Capital adequacy ratios of 58.79% and 60.73 % respectively.

**SOLVENCY**

Financial statement have been prepared on a going concern basis. The bank has adequate resources to support operations for the foreseeable future.

**RELATED PARTY TRANSACTIONS**

No loans/advances were due from the related parties to the Bank by virtue of common ownership. The amount of related party Deposits was TZS 30 Bn. The deposit was received from our parent bank, Canara Bank in India. Details of related party are disclosed unde Note 24 in the notes to the financial statements.

**INFORMATION TECHNOLOGY**

Canara Bank Tanzania has planned to focus on various new IT initiatives. The bank has set up its Both Primary and Secondary Data Centre and DR Site in Tanzania and has gone live with government payment system ( GePG ).

**CORPORATE SOCIAL RESPONSIBILITY**

Bank is committed for its corporate social responsibility towards Tanzanians. For the year 2021, Canara bank had contributed 100 desks to Kisutu Primary School amounting to TZS 10.00 Million . In the previous year 2020 bank had contributed 20 Million to government supporting efforts against COVID 19. Additionally bank In year 2020, had purchased books and provided stationery needs to students altogether amounting to TZS 500,000.00

**CONTRIBUTION TO GOVERNMENT DEVELOPMENT INITIATIVES**

During the year 2021, Canara Bank Tanzania had contributed TZS 95 Million to government through Tanzania Bankers Association in support of National project to rebrand Tanzania.

The "Rebranding" was geared towards increasing more country visibility, promote its business opportunities thus paving way for more business engagement which in the end will mean more business flows in a country, more economic growth activities in a country.

## **OUR VALUE CREATION PROCESS**

This is the process where by we transform resources we have through creation of output ( products and services) to generate value to our key stakeholders including investors, customers, employees, regulators and community.

### **1. OUR CAPITALS**

These are resources that we have which when we allocatel to our businesses, we create value and share it with our stakeholders, while also increasing our own capitals.

#### **1.1. Financial Capital**

Financial capital is composed of the financial resources available and allocated to provision of products and services to our customer.

These resources are obtained through funding from owner's equity, debt and internally generated capital through operations (retained earnings).

As at December 2021, the financial capital we have includes Owners equity of TZS 40.2 Billion and deposits of TZS 93 Billion.

#### **1.2. Human Capital**

This resource composed of our employees and their skills and experiences, as well as their motivations to innovate and develop better products and services.

Bank has continually invested on human resource development focusing on training, staff wellness, staff recognition and career growth.

As at December 2021 Bank is having 25 employees with only 4 percent of employee turnover. Revenue value per employee being TZS Million 294

#### **1.3. Manufactured/Infrastructural Capital**

This is composed of the equipment and physical installations including branches, platforms, applications and systems that are used by the organization in the provision of products and services.

Efficient deployment of manufactured capital not only enables us to respond to societal needs, be innovative, and efficiently deliver new products and services to the market, but also reduces resource use and system downtime, thus enhancing both operational and cost efficiencies, ensuring sustainable growth.

Bank is having one branch but with mobile banking application that enables customers to do transaction without the need to visit branch.

#### **1.4. Social/Relationship Capital**

Our bank belives in transparent and ethical relationships with our key stakeholders including customers, suppliers, regulators, government and society.

As at 31st December 2021 bank is having 1,353 customers

### **2. OUTPUT**

Represents the services and products that we provide to our various customers to generate output to stakeholders .

#### **2.1 Saving and Current Deposit Accounts**

Canara Bank Offers Savings and Current accounts to its corporate, SMS and Individual customers.

As at December 2021 the number of savings and current deposit accounts is 1432 , Where by Current Accounts are 290 and Savings Accounts 1,142

#### **2.2. Loan Accounts**

Bank offers various loan products to our Corporate, SME and Individual customers including Term Loans, Retail loans, Insurance Premium Finance, Payroll loans and Overdrafts.

As at December 2021 The number of outstanding loans was 221.

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**2.3. Investment Products.**

Bank provides various investment products to customers where by customer earn interest income. There are investment through Fixed Deposit by customers and money market investments done by other financial institutions.

**2.4. Payment Transactions**

Bank enables Customer payment transactions through E- remit ,Swift/ TISS, Cheque and Mobile banking. Through E-remit customer is assured of instant fund transfer to India.

**2.5. Forex**

We enables our customers to exchange their monies from once currency to other and there by facilitating international trade.

**3. OUTCOME**

Refers to value that we create and distribute to stakeholders as a result of allocation of resources to bank products and services.

**3.1 Shareholders**

These are the initial providers of financial capital.

We create value to our shareholders through

- Increasing Equity value and net profit. As at Dec 2021 Return on Equity is 6.7 %and Return on Asset is 2.09%
- Management adhering to a disciplined process of capital allocation
- Payment of dividend, as directors are proposing dividend payment after 5 years of operation subject to approval in Annual General Meeting.

**3.2. Employees**

Our staff are key to making Canara Bank a great place for other stakeholders.

Bank create value to employees through:-

- Employing Local citizens (Tanzanians)
- Rewarding for value they provide through payment of salaries and other benefits.
- Developing staff to advance their career.
- Creating jobs as we grow.

**3.3.Regulators**

We create value to our regulators and policy makers through

- Compliance to laws and regulations.
- Payment of corporate taxes and staff paying personal taxes.
- Buying government Treasury bill and bonds.

**3.4. Customers**

Customers remain the largest source of our deposits, which enable us to fund lending activities.

We create value to our customers through

- Safe guarding deposits and investments and providing good yields on investments.
- Providing credit that enables wealth creation, economic development and job creation
- Providing financial education.
- Facilitating payment transactions necessary for economic value exchange.

**3.5. Community**

It is society that grants us the license to operate and as such, the bank is conscious of the needs of society.

We create value to society through

- Buying of goods and services from society
- Corporate Social Responsibility, in year 2021 we have spent TZS 10 Million.
- Transforming our society economy through lending.

## CORPORATE GOVERNANCE

We believe in adopting the best practices in Corporate Governance. The Board, Management and Canara Bank employees are committed to upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the attainment of good governance and excellent performance in any organisation

### BOARD OF DIRECTORS

The Board is responsible and accountable for providing effective corporate governance, direction and control of the company. The directors have a duty to exercise leadership, enterprise, integrity and judgment based on transparency, fairness, accountability and responsibility.

Directors are committed to the principles of good corporate governance and recognize the need to conduct the Banking business with best practices. Therefore Directors confirm that:

- The Board of Directors conducted the meeting regularly in the year 2021.
- The position of the Chairman & Chief Executive officer are held by different persons.
- They have effective control over the company and its executive management.
- Board exercises the responsibility for policy decisions, budgeting & monitoring performance.

### Composition of Board of Directors

The names of Directors of Board of Canara Bank (Tanzania) Limited in Financial Year 2021 are as under:

Sl. no.	Name of director	Date of Birth	Nationality	Qualification/Expertise	Date of appointment
1	Mr. Debashish Mukherjee	09.05.1965	Indian	Banking/Economics/Finance	23.03.2021
2	Mr. Santanu Kumar Majumdar	15.01.1969	Indian	Banking/Accounting	13.05.2019
3	Ms. Kota Kalyani	18.03.1965	Indian	Banking	27.01.2020
4	Mr. Rajab Seleman Kakusa	11.01.1963	Tanzanian	Accounting/Insurance/Banking	23.11.2021
5	Ms. Mwanaidi A Mtanda	27.09.1955	Tanzanian	Accounting	26.06.2020
6	Prof. Deus D Ngaruko	30.05.1969	Tanzanian	Economics	09.03.2020
7	Dr. Indiael D Kaaya	15.03.1979	Tanzanian	Accounting	26.03.2020
8	Mr. T R Balaji Rao	27.09.1965	Indian	Banking/Economics/Finance	16.07.2019
9	Mr. Vibhuti Nath Roy Choudhary	01.05.1975	Indian	Banking	16.07.2019

### BOARD COMMITTEE

The Board was supported by the following committees during the year 2021.

#### 1. Audit committee

Sl. no.	Name of director	Nationality	Position
1	Mr. Rajab Seleman Kakusa	Tanzanian	Chairman
2	Ms. Mwanaidi A Mtanda	Tanzanian	Member
3	Dr. Indiael D Kaaya	Tanzanian	Member

#### 2. Credit committee

Sl. no.	Name of director	Nationality	Position
1	Mr. Santanu Kumar Majumdar	Indian	Chairman
2	Prof. Deus D Ngaruko	Tanzanian	Member
3	Ms. Kota Kalyani	Indian	Member

#### 3. Risk management committee

Sl. no.	Name of director	Nationality	Position
1	Prof. Deus D Ngaruko	Tanzanian	Chairman
2	Mr. Santanu Kumar Majumdar	Indian	Member
3	Ms. Kota Kalyani	Indian	Member

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**Board Meetings**

Board is required by regulator guidelines to meet at least four times a year and the Board met four times during the year 2021.

Board meeting during year 2021 were done on 18 March 2021, 07 June 2021, 28 September 2021 and 21 December 2021.

Bellow is a summary of directors attendances to the meetings for the year 2021.

Name of director	BOARD	BRMC	BCC	BAC
Mr. Debashish Mukherjee	3	N/A	N/A	N/A
Mr. Santanu Kumar Majumdar	4	4	4	N/A
Ms. Kota Kalyani	3	3	3	N/A
Mr. Rajab Seleman Kakusa	4	N/A	N/A	4
Ms. Mwanaidi A Mtanda	4	N/A	N/A	4
Prof. Deus D Ngaruko	4	4	4	N/A
Dr. Indiael D Kaaya	2	N/A	N/A	2
Mr. T R Balaji Rao	4	4	4	4
Mr. Vibhuti Nath Roy Choudhary	3	3	3	3

**Directors Responsibility**

The Board of Directors confirms that in the preparation of Annual financial statement for the year ended 31st December 2021.

- Accounting policies framed in accordance with the guidelines of Bank of Tanzania, were consistently applied.
- The applicable accounting standards have been followed.
- Proper and sufficient care was taken for maintenance of adequate accounting records with the provisions of applicable guidelines governing Banks in Tanzania.
- True and fair view of the state of affairs of the Bank and profit of the Bank is given at the year ended 31 December 2021.
- Directors also confirm compliance with the provisions of the requirements of Tanzania Financial Reporting Standard (TFRS 1) issued by National Board of Accountants and Auditors of Tanzania regarding report with those charged with governance.

**MANAGEMENT**

The management of the bank is under the Managing Director organized into the following departments

- Credit
- Treasury and Trade Finance
- Operations
- Information Technology
- Finance
- Human Resources
- Risk and Compliance
- Internal Audit

**Management Team**

Name	Position
Mr. T R Balaji Rao	Managing Director
Mr. Vibhuti Nath Roy Choudhary	Deputy CEO
Mr. Kaushalendra Tiwari	General Manager Credit
Mr. John Charles	General Manager Operation
Ms. Salma Mrisho	Head of Treasury and Trade Finance
Mr. Jacob Kitonga	Head of Information Technology
Mr. Fadhili Sanga	Head of Finance and Human Resources
Mr. Ally Ramadhan	Head of Risk and Compliance
Mr. Fredrick Hippolite	Head of Internal Audit

## **EMPLOYEES WELFARE**

### **Employer and employee relationship**

Management has continued to maintain good relationship with employee during the year 2021.

The bank is equal opportunity employer that provides equal access to employment opportunities. It also ensures that best candidates are chosen to any position without any kind of discrimination

### **Medical assistance**

Bank provides medical insurance cover to all employees with one registered spouse and up to four children of age below 18 years

### **Financial assistance to staff**

Bank provides loans and salary advances to its employees depending on assessment of and the discretion of management as to the need and circumstances as per Human Resources policy approved by Board of Directors.

### **Persons with disabilities**

Applications for employment by disabled persons 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.

### **Employees benefit plan**

The Bank pays contributions to National Social Security Fund (NSSF) which is a defined contribution scheme. Employee contribute 10% and Employer contribute 10% to the scheme.

### **Training**

Bank undertakes both internal and external training to all staff as per annual training plan which is approved by Board of Directors. These trainings intends to upgarde skills and enhance development.

## **GENDER BALANCE**

The Bank is an equal Opportunity Employer. As at 31st December 2021, bank is having 40 percent of its employees as female and 60 percent males employees.

## **AUDITORS**

Bakertilly DGP & Co were the auditors of the Bank during the year ended 31 December 2021. Since three years have been completed with Bakertilly DGP & Co, the Bank is currently undertaking auditor selection process for year 2022.

However As per bank policy Appointment of External Auditor is done by shareholders during Annual General Meeting in compliance with Bank of Tanzania guideliness.

## **ACKNOWLEDGEMENTS**

The Board expresses its gratitude to the Bank of Tanzania and various department of Government of Tanzania for the valuable guidance and support received from them. The Board also acknowledges the support of its customers, other financial institutions, correspondent Banks for their support & Cooperation. The Board also wishes to place on record its appreciation for all staff members of the Bank for their dedicated services & contribution for the good performance of the Bank. Lastly, we thank the management and staff of Canara Bank, India, ( Our Parent Bank) , for their continued support and guidance.

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

For and On Behalf of Board of Directors:



.....  
Mr. T R Balaji Rao  
Managing Director

Place: Dar Es Salaam  
Date: 23rd March 2022

**CANARA BANK (TANZANIA) LIMITED**  
**Statement of Responsibilities of Those Charged With Governance**  
**For the year ended 31 December 2021**

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The directors 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 International Financial Reporting Standards, requirements of the Companies Act, 2002 & the Banking and Financial Institution Act, 2006, the guidelines of Bank of Tanzania and National Board of Accountants and Auditors (NBAA).

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Bank and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Bank and all employees are required to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Bank is on identifying, assessing, managing and monitoring all known forms of risk across the Bank. While operating risk cannot be fully eliminated, the Bank endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

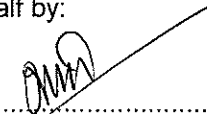
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control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

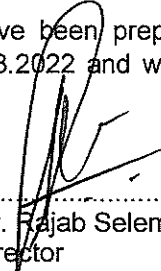
The directors have reviewed the bank's cash flow forecast for the year to December 31, 2022 and, in light of this review and the current financial position, they are satisfied that the bank has or had access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently auditing and reporting on the bank's financial statements. The financial statements have been examined by the bank's external auditors and their report is presented on pages 15 to 18.

The financial statements set out on pages 19 to 43, which have been prepared on the going concern basis, were approved by the board of directors on 23.03.2022 and were signed on their behalf by:

  
.....  
Mr. T.R. Balaji Rao  
Managing Director

  
.....  
Mr. Fajab Seleman Kakusa  
Director

Place: Dar Es Salaam  
Date: 23rd March 2022

**CANARA BANK (TANZANIA) LIMITED**  
**Declaration of Head of Finance**  
**For the year ended 31 December 2021**

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

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/ Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I FADHILI PETRO SANGA being the Head of Finance of Canara Bank (Tanzania) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Canara Bank (Tanzania) Limited as on 31 December 2021 and that they have been prepared based on properly maintained financial records.

Signed by:  .....

Position: HEAD OF FINANCE

NBAA Membership No. GA 5296

Date: 23rd March 2022





Advisory | Assurance | Tax

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Tanzania

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CANARA BANK (TANZANIA) LIMITED**

**Opinion**

We have audited the financial statements of Canara Bank (Tanzania) Limited (the Bank), which comprise the Statement of Financial Position as at 31st December 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31st December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 2002.

**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 Code of Ethics for Professional Accountants (IESBA Code) together with The National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgment, 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 whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Area of focus	How our audit addressed the area of focus and results of our audit
<p><b>Allowances for impairment on loans and advances</b></p> <p><b>Refer to notes 15 of the financial statement.</b></p> <p>Consideration is given at each financial statement position date to determine whether there is any indication of impairment of the carrying values of the bank's loans and advances. Indications could be failure by borrowers to fully meet terms and conditions of the loans and advances, poor servicing of loans &amp; advances and severe economic slowdown in a given sector.</p> <p>Determinations of impairment provisions remains a highly subjective and judgmental area. Furthermore, the Bank is subject to significant regulatory scrutiny with respect to</p>	<p>Our work covered impairment of loans and advances to customers.</p> <p>We understood and tested key controls and focused on:</p> <ul style="list-style-type: none"> <li>• The identification of impairment events and classification of loans</li> <li>• The governance over the impairment processes</li> <li>• The review and approval process that management have in place for the outputs of the Bank's impairment model.</li> </ul> <p>We assessed the use of historic experience to estimate impairment events which have occurred but not reported and to derive estimates of future cash flows.</p>

<p>provisioning levels.</p> <p>In assessing impairment amount, the estimated future loan recoveries (future cash flows) are discounted to their present values based on the time value of money and the risk specific to an individual loan or the group of loans.</p>	<p>We also focused on the calculations of required impairment provisions, including the use of a model, and in particular the critical assumptions used in the model and calculations.</p> <p>These assumptions include:</p> <ol style="list-style-type: none"> <li>1. Timing of the expected cash flows</li> <li>2. Expected future cash flows</li> <li>3. Discount rates</li> <li>4. Quality of security maintained</li> <li>5. Time taken to realize security.</li> </ol> <p>Further, we evaluate the accuracy of impairment tests applied.</p> <p><b>Results of our work</b> Based on procedures performed and evidence obtained, we found management assumptions to be reasonable and therefore consider provisions to be appropriate.</p>
<p><b>Revenue recognition</b></p> <p><b>Refer to notes 6 of the financial statements</b></p> <p>Interest income is recognized in the statement of profit or loss and other comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method, based on the actual purchase price.</p> <p>The effective interest rate method is a method of calculating the amortized cost of financial assets of a financial liability and of allocating the interest 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.</p> <p>Once a financial asset or a group of similar financial assets have been written down as a result of impairment loss, interest income is recognized using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.</p> <p>Fees and commissions are generally recognized on an accrual basis when the service has been provided or significant act has been performed. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating or participating in the negotiation of, a transaction for third party such as arrangement of the acquisition of shares or other securities or the purchase or sale of business are recognized on completion of the underlying transaction.</p>	<p>We considered the appropriateness of the Bank's income and other similar income recognition accounting policies, including the recognition and classification criteria for revenue.</p> <p>We assessed transactions taking place at either side of the statement of financial position date to evaluate whether interest income and interest expense were recognized in the correct period</p> <p><b>Results of our work</b> Based on our procedures performed and evidence obtained, we found that revenue was fairly stated</p>

<p>There is a risk that revenue may be overstated because fraud as a result of pressure management may feel to achieve performance targets.</p>	
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### Other information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report 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 International Financial Reporting Standards and the requirements of the Companies Act, 2002 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 to do so.

### Auditor's responsibilities for the audit of 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 judgment and maintain professional skepticism 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 disclosure made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.


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.

**Report on other legal and regulatory requirements**

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's 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 accounts.

For **Baker Tilly DGP & Co.**  
Certified Public Accountants,




.....  
**Kailas K. Bhattbhatt**  
Partner


Place : Dar es Salaam  
Date :

**CANARA BANK (TANZANIA) LIMITED**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2021**

	Note	2021 TZS '000	2020 TZS '000
<b>INTEREST INCOME</b>			
Interest Income	7	9,635,814	8,750,584
Interest Expenses	8	<u>(3,237,665)</u>	<u>(3,292,983)</u>
Net Interest Income		<u>6,398,149</u>	<u>5,457,601</u>
<b>OTHER OPERATING INCOME</b>			
Fees & Commission	9(i)	945,117	850,825
Other Income	9(ii)	866.17	-
Total Other Operating Income		<u>945,983</u>	<u>850,825</u>
<b>Operating Income</b>		<b>7,344,132</b>	<b>6,308,426</b>
Provision of impairment	27(ii)	<u>(73,772)</u>	<u>(201,249)</u>
<b>Net Operating Income</b>		<b>7,270,360</b>	<b>6,107,177</b>
Operating expenses	10	<u>(3,529,203)</u>	<u>(3,524,730)</u>
<b>Profit/(loss) before taxation</b>		<b>3,741,157</b>	<b>2,582,447</b>
Income tax (charge)/credit	16	<u>(1,127,853)</u>	<u>(924,162)</u>
<b>Profit/(loss) for the year</b>		<b>2,613,304</b>	<b>1,658,286</b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b><u>2,613,304</u></b>	<b><u>1,658,286</u></b>

The financial statements on pages 19 to 43 were approved and authorized for issue by the Board of Directors on 23.03.2022 and signed on its behalf by:

  
.....  
Mr. T R Balaji Rao  
Managing Director

  
.....  
Mr. Rajab Seleman Kakusa  
Director

Place: Dar Es Salaam

The significant accounting Policies on pages 25 to 29 and Notes on pages 30 to 43 form an integral part of the financial statements.  
Report of the Auditors - Pages 15 to 18

**CANARA BANK (TANZANIA) LIMITED**  
**Statement of financial position**  
**As at 31 December 2021**

	Note	2021 TZS '000	2020 TZS '000
<b>ASSETS</b>			
Cash	11(i)	832,825	1,279,032
Balances with Bank of Tanzania	11(ii)	9,467,896	3,824,459
Deposits and balances with Other banks and financial institutions	12	36,886,282	35,076,663
Government securities	13	35,070,140	30,890,000
Loans and advances (Net)	15	51,115,390	48,424,852
Debtors and other receivables	14	1,184,109	855,287
Income tax recoverable	16(ii)	755	755
Property, plant & equipment	18(i)	474,749	660,882
Right to use Assets	18(ii)	277,807	555,615
<b>Total assets</b>		<b>135,309,954</b>	<b>121,567,545</b>
<b>LIABILITIES</b>			
Customer deposits	19(i)	56,654,608	48,164,401
Deposits from Banks	19(ii)	36,430,000	33,084,500
Lease Liabilities	20(i)	280,530	534,678
Other liabilities	20(ii)	1,660,184	2,072,246
Income tax payable	16(ii)	3,420	3,246
Deferred tax liability	17	42,343	82,910
<b>Total liabilities</b>		<b>95,071,085</b>	<b>83,941,981</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		32,830,000	32,830,000
Retained earnings		6,129,499	4,754,214
Statutory reserve		1,279,370	41,351
<b>Total shareholders' equity</b>		<b>40,238,869</b>	<b>37,625,565</b>
<b>Total equity and liabilities</b>		<b>135,309,954</b>	<b>121,567,545</b>

The financial statements on pages 19 to 43 were approved and authorized for issue by the Board of Directors on 23.03.2022 and signed on its behalf by:

.....  
Mr. T.R Balaji Rao  
Managing Director

.....  
Mr. Rajab Seleman Kakusa  
Director

Place: Dar Es Salaam

The significant accounting Policies on pages 25 to 29 and Notes on pages 30 to 43 form an integral part of the financial statements.

Report of the Auditors - Pages 15 to 18

**CANARA BANK (TANZANIA) LIMITED**  
**Statement of changes in equity**  
**For the year ended 31 December 2021**

	Attributable to equity holders of the Bank				
	Share Capital TZS '000	General Reserve TZS '000	Statutory Reserve TZS '000	Retained earnings TZS '000	Total equity TZS '000
Balance at 1st January 2020	32,830,000	-	828,582	2,308,698	35,967,279
Impairment provision of assets on opening balance - IFRS 9	-	-	-	-	-
Deferred tax assets on Impairment provision of assets on opening balance - IFRS 9	-	-	-	-	-
Transfer to retained earnings	-	-	(787,231)	787,231	-
Transfer to statutory reserve	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,658,286	1,658,286
<b>Balance at 31st December 2020</b>	<b>32,830,000</b>	-	<b>41,351</b>	<b>4,754,214</b>	<b>37,625,565</b>
Balance at 1st January 2021	32,830,000	-	41,351	4,754,214	37,625,565
Impairment provision of assets on opening balance - IFRS 9	-	-	-	-	-
Deferred tax assets on Impairment provision of assets on opening balance - IFRS 9	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Transfer to statutory reserve	-	-	1,238,019	(1,238,019)	-
Total comprehensive income for the year	-	-	-	2,613,304	2,613,304
<b>Balance at 31st December 2021</b>	<b>32,830,000</b>	-	<b>1,279,370</b>	<b>6,129,499</b>	<b>40,238,869</b>

The financial statements on pages 19 to 43 were approved and authorized for issue by the Board of Directors on 23.03.2022 and signed on its behalf by:

.....  
Mr. T R Balaji Rao  
Managing Director

.....  
Mr. Rajad Seleman Kakusa  
Director

Place: Dar Es Salaam


The significant accounting Policies on pages 25 to 29 and Notes on pages 30 to 43 form an integral part of the financial statements.

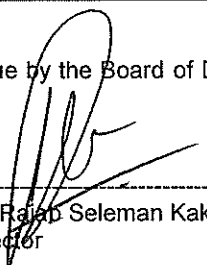
Report of the Auditors - Pages 15 to 18

**CANARA BANK (TANZANIA) LIMITED**  
**Statement of Cash Flows**  
**For the year ended 31 December 2021**

	Note	2021 TZS '000	2020 TZS '000
<b>Cash flows from operating activities</b>			
Profit before taxation		3,741,157	2,582,448
Adjustments for:			
Depreciation		471,622	693,707
Provision for Impairment of assets		73,772	201,249
Gain on disposal of fixed assets		(866)	-
Net foreign exchange gain		(152,735)	(174,725)
<b>Net cash flow before changes in working capital</b>		<b>4,132,950</b>	<b>3,302,679</b>
Change in statutory minimum reserve - see note 11(ii)		(442,278)	62,320
Change in investment in Treasury Bills & Bonds		(2,005,810)	(11,676,207)
Change in loans and advances to customers		(2,759,131)	(12,992,088)
Change in debtors and other receivables		(330,066)	(252,183)
Change in loans to other financial institutions		1,458,474	(1,009,157)
Change in deposits		11,835,707	11,349,443
Change in other creditors		(411,788)	747,269
<b>Cash generated from operations before tax</b>		<b>11,478,058</b>	<b>(10,467,924)</b>
Income tax paid	16(ii)	(1,168,246)	(891,191)
<b>Net cash flow from operating activities</b>		<b>10,309,811</b>	<b>(11,359,115)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	18	(4,996)	(58,410)
Proceeds from disposal of equipment		1,075	-
<b>Net cash used in investing activities</b>		<b>(3,921)</b>	<b>(58,410)</b>
<b>Cash flows from financing activities</b>			
Payment of lease Liabilities	20(i)	(254,147)	(230,245)
<b>Net cash generated from financing activities</b>		<b>(254,147)</b>	<b>(230,245)</b>
<b>Net cash flow for the period</b>		<b>10,051,743</b>	<b>(11,647,770)</b>
Effect of exchange rate changes on cash and cash equivalents		152,735	174,725
<b>Cash and cash equivalents as at 1st January</b>		<b>36,896,824</b>	<b>48,369,871</b>
<b>Cash and cash equivalents as at 31st December</b>	22	<b>47,101,302</b>	<b>36,896,824</b>

The financial statements on pages 19 to 43 were approved and authorized for issue by the Board of Directors on 23.03.2022 and signed on its behalf by:

  
.....  
Mr. T R Balaji Rao  
Managing Director

  
.....  
Mr. Rajan Seleman Kakusa  
Director

Place: Dar Es Salaam

The significant accounting Policies on pages 25 to 29 and Notes on pages 30 to 43 form an integral part of the financial statements.

Report of the Auditors - Pages 15 to 18



**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the financial statements**  
**For the year ended 31 December 2021**

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**1. GENERAL INFORMATION**

Canara Bank (Tanzania) Limited is a wholly owned, subsidiary of Canara Bank India. It has been incorporated under the Tanzanian Companies Act, 2002 on 2 November 2015. The Bank of Tanzania issued license to conduct banking business under section 7 of the Banking and Financial Institutions Act, 2006 on 5 May 2016. The Bank commenced business on 09 May 2016.

**2. ACCOUNTING CONVENTION**

The Financial statements have been prepared under the historical cost convention of accounting modified to include revaluation of financial instruments wherever applicable. The Bank prepares its financial statements under International Financial Reporting Standards (IFRS).

**3. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS**

**3.1 Standards, Amendments to the standards and Interpretations effective on or after January 2021.**

The following new and revised IFRSs have been applied in the current year and had no material impact on the amounts reported in these financial statements, except where stated

**1. Covid-19-Related Rent Concessions (Amendment to IFRS 16)**

The amendments to Covid-19-Related Rent Concessions (Amendment to IFRS 16) in IFRS Standards was done to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

**The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to:**

1. provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
2. require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
3. require lessees that apply the exemption to disclose that fact; and
4. require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The main change from the proposal in the exposure draft is that the IASB had proposed that the practical expedient should only be available for lease payments originally due in 2020. However, after having considered the feedback to the exposure draft, the IASB decided to extend this period to June 2021 to also capture rent concessions granted now and lasting for 12 months.

The IASB considered but decided not to provide any additional relief for lessors as the current situation is not as equally challenging for them and the required accounting is not as complicated

**2. Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**

Amendments to Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) was done to address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The changes in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

• **Modification of financial assets, financial liabilities and lease liabilities.** The IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

• **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.

• **Disclosures.** In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about

- how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition;

- quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark;

- to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how is the entity managing those risks.

The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by IBOR reform.

The IASB has come to the conclusion that the application of all proposed amendments is mandatory. It also assessed that the nature of the proposed amendments is such that they can only be applied to modifications of financial instruments and changes to hedging relationships that satisfy the relevant

### **3.2 New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2021**

- Definition of Accounting Estimates (Amendments to IAS 8)- Effective for accounting periods beginning on or after 1 June 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)-Effective for accounting periods beginning on or after 1 June 2023
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)-Effective for accounting periods beginning on or after 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)- Effective for accounting periods beginning on or after 1 January 2023
- IFRS 17 Insurance Contracts -Effective for accounting periods beginning on or after 1 January 2023
- Reference to the Conceptual Framework (Amendments to IFRS 3)-Effective for accounting periods beginning on or after 1 January 2022
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)-Effective for accounting periods beginning on or after 1 January 2022
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)-Effective for accounting periods beginning on or after 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020-Effective for accounting periods beginning on or after 1 January 2022
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)-Effective for accounting periods beginning on or after 1 April 2021

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

**(i) Basis of accounting**

Canara Bank (Tanzania) Limited has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared and presented on historical cost conventions modified to include revaluation of financial instruments wherever applicable.

**(ii) Revenue recognition**

Income is recognized on an accrual basis. When an account is classified as non-performing, the interest accrued on that account is suspended and kept in interest suspense account until it is realized in cash.

**(iii) Foreign currency transactions**

In preparing the financial statements of the entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except of differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

**(iv) Financial assets**

The bank classifies its financial assets in the following categories: Financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for sale

- **Financial assets at fair value through profit or loss**:- A financial asset is classified in this category if acquired principally or the purpose of selling in the short term or if so designated by
- **Loans and receivables**:- Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They arise when the bank provides money, goods or services directly to debtor with no intention of trading the receivables.

**(iv) Financial assets**

- **Held-to-maturity**:- Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the bank management has the positive intention and ability to hold to maturity.
- **Available for sale**:- Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or change in interest rates, exchange rates or equity price.

Purchase and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on trade date. Loans and receivables are recognised when cash is advanced to the borrowers. All financial assets are initially recognised at fair value plus transaction cost. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired.

Subsequently, financial assets at fair value through profit or loss and available for sale, are carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

**4. SIGNIFICANT ACCOUNTING POLICIES(CONT)**

**(v) Impairment of financial assets**

The bank assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset and that loss event has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred on "Financial assets at fair value through profit or loss", "Financial assets Held-to-maturity" or Financial assets available for sale", the amount is measured as difference between the assets carrying cost and its present value of estimated future cash flow discounted at the effective interest rate. The carrying amount is reduced through an allowance account and the amount of loss is recognised in the income statement.

In case of loans and receivables, if there is an evidence of impairment loss, specific provisions is made in line with the requirements of the guidelines issued by the Bank of Tanzania (BOT) as follows:

The provisions are to be compared using both International Financial Reporting Standard (IFRS) 9 approach and Bank of Tanzania (BOT) regulatory approach as under:

<u>No. of days Overdue</u>	<u>Classification</u>	<u>Provision (%)</u>
Below 30	Standard	Nil
31 - 90	Especially mentioned	3
91 - 180	Substandard	20
181 - 360	Doubtful	50
Above 361	Loss	100

In case IFRS-9 provision is less than BOT provision, then a special non-distributable reserve is to be created through an appropriation of distributable reserve to eliminate the shortfall. The transfer is to be made in the statement of changes in equity and the purpose of the reserve shall be stated in a note to the accounts.

Profit for the year should be transferred to retained earnings and an appropriate charge to the regulatory non-distributable reserve made before any dividend is declared.

The special non-distributable reserve created shall not be part of bank's core capital. In other words, the reserve will not be taken into account when computing Core capital of the bank. Where the bank has made a loss or has negative retained earnings, the excess provision should be added to accumulated losses when computing core capital.

**(vi) Property, plant & equipment**

All property, plant & equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

#### **4. SIGNIFICANT ACCOUNTING POLICIES(CONT)**

##### **(vi) Property, plant & equipment(Cont)**

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

Depreciation is provided in full in the month of additions. No depreciation is provided in the month of sale/disposal. Depreciation is calculated to write off the cost of the fixed assets on a reducing balance basis over their estimated useful lives. The annual depreciation rates in use are:

• Computers & hardware	37.50% (WDV)
• Motor vehicles	37.50% (WDV)
• Office furniture & equipment	12.50% (WDV)
• Computer software	33.33% (Flat)

All of the above assets are reviewed for impairment once annually where ever there is a circumstantial evidence of impairment.

##### **(vii) Lease**

The bank is having lease transactions during the year. Bank has lease agreement for the office premises and residential premises.

###### **Bank as a lessee**

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

###### **Right-of-use assets**

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Residential & Commercial Premises 2 to 3 years

If ownership of the leased asset transfers to the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right of use assets have been shown separately on the face of the financial statements.

**4. SIGNIFICANT ACCOUNTING POLICIES(CONT)**

**(vii) Lease (Cont)**

**Lease liabilities**

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Bank's lease liabilities have been shown separately on the face of the financial statements.

**Short-term leases and leases of low-value assets**

The Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The outstanding Bank Premises and residential premises lease is for one years. Minimum lease payment (Undiscounted) is as follows:

- Bank premises TZS 213,368,544
- Residential premises TZS 84,912,000

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 31 December 2021**

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**4. SIGNIFICANT ACCOUNTING POLICIES(CONT)**

**(viii) Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprises of balances with less than three months maturity from the date of acquisition, including cash, non-restricted balances with Bank of Tanzania, balances with other commercial banks, money market and investments in government securities.

**(ix) Taxation**

Income tax expense represents the sum of the current tax payable and the deferred taxation. Current taxation is provided on the basis of the profit for the year, as shown in the financial statement, adjusted in accordance with the Income Tax Act, 2004.

Deferred tax is provided on all temporary differences. Temporary differences are differences between the carrying amount of assets and liabilities for financial reporting purpose and their tax base.

The amount of deferred tax provided is based on the tax rate that has been enacted or substantially enacted by the balance sheet date and is expected to apply when the related deferred income tax is realized or the deferred tax liability is settled.

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

**(x) Provisions**

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

**(xi) Employee benefits**

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

**(xii) Comparatives**

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

**(xiii) Statutory reserves**

As per the circular of BOT, for provision of non-performing assets, Bank is required to compute provision using both IFRS-9 approach and BOT regulatory approach. IFRS-9 provision should be charged to the income statement. In case IFRS-9, provisions for classified assets is less than BOT provision, then a special non-distributable reserve should be immediately created through an appropriation of distributable reserves to eliminate the shortfall. This reserve should be termed as "Statutory Reserve".

**5. RISK MANAGEMENT**

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

The Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The board has established the Assets and Liability, Credit and Operational Risk and ICT Committees, which are responsible for developing and monitoring bank's risk management policies in their specified area. All Board committees have both executive and non executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered and the guidelines issued by the Bank of Tanzania. The Bank, through its training and management procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit committee is responsible for monitoring compliance with the bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the group. The Audit committee is assisted in these functions by the Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The follow up of these procedures is closely monitored by the Managing Director, in the day to day activities of the bank.

**(i) Credit risk**

Credit risk is a risk of financial loss to the bank, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the bank's loans and advances to customers and other banks, and investment debt securities.

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit committee. The credit department of the bank, reporting to the credit committee is responsible for management of the bank's credit risk, including:-

- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with
- Establishing the authorisation structure for approval and renewal of credit facilities. The credit limits are governed by the Credit policy, as approved by the board.
  
- Reviewing and assessing credit risks.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances).



**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 31 December 2021**

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**5. RISK MANAGEMENT (CONT)**

**(i) Credit risk (Cont)**

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

Particulars	Balance outstanding	Secured	Unsecured
Standard	42,553,164,289	34,445,715,567	8,107,448,722
ESM	7,401,692,616	7,401,692,616	0
Substandard	261,335,803	261,335,803	0
Doubtful	0	0	0
Loss	1,371,470,506	1,363,294,536	8,175,970
<b>Total</b>	<b>51,587,663,214</b>	<b>43,472,038,521</b>	<b>8,115,624,693</b>

There was impairment loss on loans and other assets of TZS 73.7 Million during the year 2021. The bank has complied with the requirements of the Bank of Tanzania and the International Financial Reporting Standards as explained in note 4 (v).

The impact of COVID 19 on bank credit risk in year 2021 has been reduced from year 2020. As per regulator guidelines due to changes in customers business environment we have restructured customer loans amounting to TZS 5.05 Billion in year 2021 as compared to loans of TZS 9.8 Billion that were restructured in previous year 2020. The Expected credit risk allowances amounting to TZS 3.4 Million are related to restructured loans in year 2021 compared to TZS 4.4 Million in year 2020.

**(ii) Market risk**

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

**(iii) Liquidity risk**

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

Despite the presence of COVID 19, the bank has been able to operate with adequate liquidity and complying with BOT requirement. As at December 2021, bank was maintaining liquidity ratio of 38.27% which is above regulatory limit of 20%. Further, maturity gap analysis between assets and liabilities of the bank, reveals positive net maturity gap as per annexure in page 33. Management forecast for next 12 months reveals that bank will have adequate liquidity to support business requirements.

**(iv) Interest rate risk**

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

**5. RISK MANAGEMENT (CONT)**

**(iv) Interest rate risk (Cont)**

The interest sensitivity gap performed as at december 2021, shows that the bank has positive interest sensitivity gap as it holds more rate sensitive assets than rate sensitive liabilities and therefore changes in interest rate not expected to adversely affect earnings as shown in an annexure in page 34.

The management projections for next year also shows positive interest rate sensitivity gap.

**(v) Currency risk**

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

As at December 2021, the total bank exposure to foreign currency exchange risk amounted to TZS 62.6 Million, being only 0.23 % of available core capital which is within a limit of 7.5% set by regulator, as shown in annexure in page 35.

**(vi) Operational risks**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market, liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risk arises from all the bank's activities.

The bank's objective is to manage the operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the senior management at each department level. The responsibility is supported by the development of overall standards for management of operational risks in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standard;
- Risk mitigation, including insurance where this is effective.

Compliance with the standards is supported by the periodic review by the Internal Audit. The results of the internal audit are discussed with the management of the branch, with summaries submitted to the Audit Committee.

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 31 December 2021**

**Annexure to note 5 (iii)**

**Table showing Liquidity risk position**

The table below analyses the Bank's assets and liabilities into relevant maturity groupings based on the remaining period at 31st December 2021 to the contractual maturity date. All figures are in thousands of Tanzania Shillings.

Particulars	Up to 1	1 to 3	3 to 6	6 to 12	1 to 2	2 to 3	3 to 5	Over 5	Total
	month	months	months	months	years	years	years	years	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>ASSETS</b>									
Cash	832,825	-	-	-	-	-	-	-	832,825
Balance with Bank of Tanzania	9,467,896	-	-	-	-	-	-	-	9,467,896
Balances with other banks and financial institutions	529,371	-	-	-	-	-	-	-	529,371
Cheques & other items for clearing	141,504	-	-	-	-	-	-	-	141,504
Investment in debt securities	1,199,071	2,970,732	5,245,051	4,586,488	3,347,344	2,152,356	5,038,164	10,531,284	35,070,490
Interbank loans receivables	21,971,000	13,474,000	693,000	231,000	-	-	-	-	36,369,000
Loans, advance and overdrafts	5,350,852	2,169,169	9,349,934	4,465,191	6,271,598	12,081,283	6,614,016	5,285,621	51,587,663
Commercial and other bills purchased	-	-	-	-	-	-	-	-	-
Bank premises, furniture & equipment	-	-	-	-	-	-	-	2,411,827	2,411,827
Other assets	1,043,360	-	-	-	-	-	-	26,187	1,069,547
Provision for impairments	437,690	-	-	-	-	-	-	-	437,690
<b>Total Assets</b>	<b>40,973,569</b>	<b>18,613,900</b>	<b>15,287,986</b>	<b>9,282,680</b>	<b>9,618,942</b>	<b>14,233,639</b>	<b>11,652,180</b>	<b>18,254,918</b>	<b>137,917,814</b>
<b>LIABILITIES</b>									
Demand deposits/call deposits	5,261,006	-	-	-	-	-	-	-	5,261,006
Savings deposits	3,006,378	-	-	-	-	-	-	-	3,006,378
Time deposits	9,560,903	7,903,054	6,276,690	22,053,900	1,954,703	608,975	29,000	-	48,387,225
Special deposits	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	11,895,000	24,535,000	-	-	-	-	-	-	36,430,000
Bankers cheques & draft issued	-	-	-	-	-	-	-	-	-
Accrued taxes & other expenses	1,533,451	-	-	-	-	-	-	-	1,533,451
Other liabilities	453,027	-	-	-	-	-	-	-	453,027
<b>Total Liabilities</b>	<b>31,709,764</b>	<b>32,438,054</b>	<b>6,276,690</b>	<b>22,053,900</b>	<b>1,954,703</b>	<b>608,975</b>	<b>29,000</b>	<b>-</b>	<b>95,071,086</b>
<b>NET LIQUIDITY GAP</b>	<b>9,263,805</b>	<b>(13,824,153)</b>	<b>9,011,295</b>	<b>(12,771,220)</b>	<b>7,664,239</b>	<b>13,624,664</b>	<b>11,623,180</b>	<b>18,254,918</b>	<b>-</b>

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 31 December 2021**

Annexure to note 5 (iv)

Table showing Interest sensitivity gap

The table below analyses the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates. The Bank does not bear an interest rate on off balance sheet items. All figures are in thousands of Tanzania Shillings.

Particulars	Up to 1 month TZS '000	1 to 3 months TZS '000	3 to 6 months TZS '000	6 to 12 months TZS '000	Over 1 years TZS '000	Non interest bearing TZS '000	Total TZS '000
<b>ASSETS</b>							
Cash	-	-	-	-	-	832,825	832,825
Balance with Bank of Tanzania	-	-	-	-	-	9,467,896	9,467,896
Balances with other banks and financial institutions	529,371	-	-	-	-	-	529,371
Cheques & other items for clearing	-	-	-	-	-	141,504	141,504
Investment in debt securities	1,199,071	2,970,732	5,245,051	4,586,488	10,537,864	-	24,539,206
Interbank loans receivables	21,971,000	13,474,000	693,000	231,000	-	-	36,369,000
Loans, advance and overdrafts commercial and other bills purchased	5,350,852	2,169,169	9,349,934	4,465,191	30,252,517	-	51,587,663
Bank premises, furniture & equipment	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	2,411,827	2,411,827
Provision for impairments	437,690	-	-	-	-	1,069,547	1,069,547
<b>Total Assets</b>	<b>29,487,984</b>	<b>18,613,900</b>	<b>15,287,986</b>	<b>9,282,680</b>	<b>40,790,381</b>	<b>13,923,599</b>	<b>127,386,530</b>
<b>LIABILITIES</b>							
Demand deposits/call deposits	-	-	-	-	-	5,261,006	5,261,006
Savings deposits	3,006,378	-	-	-	-	-	3,006,378
Time deposits	9,560,903	7,903,054	6,276,690	22,053,900	2,592,678	-	48,387,224
Special deposits	-	-	-	-	-	-	-
Deposits with banks and financial institutions	11,895,000	24,535,000	-	-	-	-	36,430,000
Bankers cheques & draft issued	-	-	-	-	-	-	-
Accrued taxes & other expenses	-	-	-	-	-	1,533,451	1,533,451
Other liabilities	-	-	-	-	-	453,027	453,027
<b>Total Liabilities</b>	<b>24,462,281</b>	<b>32,438,054</b>	<b>6,276,690</b>	<b>22,053,900</b>	<b>2,592,678</b>	<b>7,247,484</b>	<b>95,071,086</b>
<b>INTEREST SENSITIVITY GAP</b>	<b>5,025,704</b>	<b>(13,824,153)</b>	<b>9,011,295</b>	<b>(12,771,220)</b>	<b>38,197,703</b>	<b>6,676,115</b>	<b>-</b>

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 31 December 2021**

**Annexure to note 5 (v)**

**Table showing Bank's exposure to foreign currency exchange rate risk**

The table below analyses the bank's assets and liabilities at carrying amounts, categorized by currency. All amounts are expressed in

Particulars	USD	GBP	EURO	INR	OTHERS	Total
<b>ASSETS</b>						
Cash	582,536	-	-	-	-	582,536
Bank balances in current account	5,515,861	-	-	24,018	-	5,539,880
Money market placement	22,869,000	-	-	-	-	22,869,000
Loans, advance and bills	36,297,602	-	-	-	-	36,297,602
Other assets	221,097	-	-	-	-	221,097
<b>Total Assets</b>	<b>65,486,097</b>	<b>-</b>	<b>-</b>	<b>24,018</b>	<b>-</b>	<b>65,510,115</b>
<b>LIABILITIES</b>						
Deposits	64,810,416	-	-	-	-	64,810,416
Other liabilities	762,348	-	-	-	-	762,348
<b>Total Liabilities</b>	<b>65,572,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,572,764</b>
<b>Net Balance sheet position</b>	<b>(86,667)</b>	<b>-</b>	<b>-</b>	<b>24,018</b>	<b>-</b>	<b>(62,649)</b>
Exchange rate as at 31st December 2021	2310	-	-	31	-	-

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 31 December 2021**

**6. CAPITAL MANAGEMENT**

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

- To comply with the capital requirement set by the regulator;
- To safeguard the Bank's ability to continue as going concern so that it can continue to provide returns 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 supervision purposes. The required information is filed with the BOT on a quarterly basis.

The Bank of Tanzania (BOT) requires each bank to:

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

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

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

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

The risk weighted assets are ensured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals 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 period ending on 31st December, 2021:

<b>Minimum capital required for market risks-Standardized Measurement method</b>	<b>Amount (Tzs)</b>	
Foreign Exchange Risk	10,400,114	
Interest Rate Position Risk	-	
Equities Position Risk	-	
Total Minimum capital required for market risk	10,400,114	
<b>Adjusted risk weighted assets</b>	<b>Risk-weight equivalents</b>	
Credit risk on balance sheet items	55,224,177,998	
Credit risk on off balance sheet items	2,315,065,669	
Total Minimum capital required for market risk	130,001,429	
Total Minimum capital required for operational risk	8,235,272,173	
Total adjusted risk weighted assets and off balance sheet exposures	65,904,517,269.11	
<b>Available capital</b>		
Available core capital	38,780,376,684	
Available total capital	40,059,746,558	
<b>Capital adequacy ratios</b>		
Core capital to risk weighted assets and off balance sheet exposures	58.79%	
Total capital to risk weighted assets and off balance sheet exposures	60.73%	
<b>Particulars</b>	<b>BOT Requirement</b>	<b>Actual</b>
Core capital to total adjusted risk weighted assets	12.5%	58.79%
Total capital to total adjusted risk weighted assets	14.5%	60.73%

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the financial statements (Continued)**  
**For the year ended 31 December 2021**

	2021	2020
	TZS '000	TZS '000
<b>7 INTEREST INCOME</b>		
Interest on loans and advances	5,050,064	4,619,782
Interest on Government securities	3,241,076	2,554,035
Interest on deposits and bank balances	1,344,674	1,576,767
	<u>9,635,814</u>	<u>8,750,584</u>
<b>8 INTEREST EXPENSE</b>		
Interest on customer deposits	2,726,078	2,611,158
Interest paid on borrowings from other bank	511,587	681,825
	<u>3,237,665</u>	<u>3,292,983</u>
<b>9(i) FEES &amp; COMMISSION</b>		
Commission earned including forex earnings	302,917	326,739
Bank charges, Exchange on demand drafts etc.	642,200	524,086
	<u>945,117</u>	<u>850,825</u>
<b>9(ii) OTHER INCOME</b>		
Gain on disposal of fixed asset	866	-
	<u>866</u>	<u>-</u>
Gross value of asset disposed	2,895	
Accumulated depreciation of asset disposed	(2,686)	
Net book Value of asset disposed	209	
Proceeds received on disposal	1,075	
Gain on disposal	<u>866</u>	
<b>10 OPERATING EXPENSES</b>		
Employees salaries and other benefits	1,387,770	1,303,080
Advertisement & publicity	57,639	58,441
Audit fees	29,000	28,625
Depreciation & amortisation	471,622	693,708
Director fees	29,173	13,860
Excise duty	80,260	67,001
City service levy	14,707	12,445
License fees	55,905	80,780
Entertainment expenses	-	-
Bank charges	33,924	28,988
Postage & courier charges	2,298	1,443
Telephone & internet charges	101,397	121,198
Insurance	169,146	198,325
Legal & professional fees	33,314	32,405
Membership & subscription	28,089	8,687
Miscellaneous expenses	109,736	17,780
Swift & reuters service charges	101,945	130,646
Printing & stationary	20,367	16,977
Interest Expense on Lease Liability	37,780	62,280
AMC charges	411,549	395,385
Repairs and maintenance	57,789	24,732
Security charges	46,472	49,365
Training expenses	12,180	8,297
Transportation expenses	9,611	6,693
Travelling, hotel expenses etc.	33,572	10,186
Utility expenses	30,073	26,962
Unrecoverable VAT	163,885	126,441
	<u>3,529,203</u>	<u>3,524,730</u>

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the financial statements (Continued)**  
**For the year ended 31 December 2021**

	2021	2020
	TZS '000	TZS '000
<b>Breakup of Employees salaries and other benefits:</b>		
Salaries	916,992	850,631
Entertainment allowance	29,599	36,260
Conveyance allowance	8,324	14,449
Other allowances	196,301	347,395
Education fee reimbursement	28,004	27,266
Skills and development levy	64,200	64,200
Workers compensation fund	14,233	14,233
Pension fund contribution	88,213	88,213
Medical assistance	13,813	4,955
Staff welfare	11,482	8,247
	<b>1,371,161</b>	<b>1,455,849</b>
<b>11. CASH AND BALANCES WITH BANK OF TANZANIA</b>		
(i) Cash balance	832,825	1,279,032
(ii) <b>Balance with Bank of Tanzania</b>		
Statutory minimum reserve (SMR)	3,343,687	2,901,410
Current account/clearing account	6,124,304	923,087
	<b>9,467,991</b>	<b>3,824,497</b>
Less:ECL Allowance as per IFRS 9	(95)	(38)
	9,467,896	3,824,459
<b>12. DEPOSITS AND BALANCES DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS</b>		
Banks in Tanzania	35,524,780	33,372,084
Banks abroad	1,373,729	1,713,348
	<b>36,898,509</b>	<b>35,085,432</b>
Less:ECL Allowance as per IFRS 9	(12,227)	(8,769)
	<b>36,886,282</b>	<b>35,076,663</b>
Maturing within 3 months	35,974,371	32,699,275
Maturing after 3 months	924,138	2,386,157
	<b>36,898,509</b>	<b>35,085,432</b>
<b>13. GOVERNMENT SECURITIES</b>		
Investments in Treasury Bills	11,077,497	8,095,272
Investments in Treasury Bonds	23,992,994	22,795,037
Less:ECL Allowance as per IFRS 9	(351)	(309)
	<b>35,070,140</b>	<b>30,890,000</b>
Maturing within 3 months	4,169,803	1,995,430
Maturing after 3 months	30,900,338	28,894,570
	<b>35,070,140</b>	<b>30,890,000</b>
<b>14. DEBTORS AND OTHER RECEIVABLES</b>		
Interest receivable	714,348	676,231
Prepaid expenses	179,128	91,311
Others	300,382	95,598
	<b>1,193,858</b>	<b>863,140</b>
Less:ECL Allowance as per IFRS 9	(9,749)	(7,853)
	<b>1,184,109</b>	<b>855,287</b>



**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the financial statements (Continued)**  
**For the year ended 31 December 2021**

	2021 TZS '000	2020 TZS '000
<b>15. LOANS &amp; ADVANCES TO CUSTOMERS (NET)</b>		
Corporate loans	49,587,242	47,789,283
Staff loans	280,489	279,917
Personal loans	1,719,929	702,327
	<b>51,587,660</b>	<b>48,771,527</b>
Less: Interest in suspense	(57,002)	-
Less:ECL Allowance as per IFRS 9	(415,268)	(346,675)
	<b>51,115,390</b>	<b>48,424,852</b>
<b>Sector wise analysis of loans and advances</b>		
Manufacturing	14,058,851	11,217,027
Real estate	6,462,616	3,613,289
Trade and commerce	6,120,263	14,118,992
Transport and Communication	11,794,882	5,302,025
Warehousing & Storage	1,551,110	2,110,713
Other services	6,586,611	5,278,547
Personal Loans	118,066	19,201
Agriculture	4,895,261	7,111,734
	<b>51,587,660</b>	<b>48,771,526</b>
<b>Maturity analysis</b>		
Repayable on demand	-	7,021,639
Repayable in 3 months or less	7,520,021	3,230,228
Repayable between 3 months and 1 year	13,815,125	11,656,448
Repayable after 1 year	30,252,517	13,836,015
	<b>51,587,660</b>	<b>48,771,526</b>
<b>16 TAXATION</b>		
<b>(i) Income tax expense/(credit)</b>		
Current income tax @ 30% of tax adjusted profits - see note 16(ii)	1,168,420	843,246
Deferred tax expense/(credit) - see note 17	(40,567)	80,916
	<b>1,127,853</b>	<b>924,162</b>
<b>(ii) Income tax receivable/(payable)</b>		
Opening balance	(2,491)	(50,436)
Tax paid for current year	1,165,000	840,000
Tax paid for previous year	3,246	51,191
	1,165,755	840,755
Less: tax charge for current year	(1,168,420)	(843,246)
<b>Net Income tax Payable</b>	<b>(2,665)</b>	<b>(2,491)</b>
Less: Recoverable tax	755	755
Income tax payable	(3,420)	(3,246)
<b>17. DEFERRED TAX LIABILITY/(ASSETS)</b>		
Balance at the beginning of the year	82,910	1,994
Charge/(credit) for the year - See Note 16	(40,567)	80,916
Balance at the end of the year	<b>42,343</b>	<b>82,910</b>
<b>The deferred tax liability/(asset) arises from:</b>		
Accelerated capital allowance	15,019	9,993
Other timing differences	27,324	72,917
	<b>42,343</b>	<b>82,910</b>

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the financial statements (Continued)**  
**For the year ended 31 December 2021**

**18. (i) PROPERTY, PLANT AND EQUIPMENT**

	Capital WIP TZS '000	Computers & Hardware TZS '000	Motor Vehicles TZS '000	Office furniture & equipment TZS '000	Computer Software TZS '000	Total TZS '000
<b>Cost</b>						
At 1 January 2020	1,032.75	1,407,412	62,819	642,797.0	2,873,369	4,987,430
Additions	7	16,763	-	1,092	42,620	60,482
Transfer from WIP	(1,040)	-	-	-	-	(1,040)
At 31 December 2020	-	1,424,175	62,819	643,889	2,915,989	5,046,872
At 1 January 2021	-	1,424,175	62,819	643,889	2,915,989	5,046,872
Additions	-	-	-	6,031	1,859	7,890
Disposals	-	(2,895)	-	-	-	(2,895)
At 31 December 2021	-	1,421,281	62,819.00	649,920	2,917,848	5,051,868
<b>Depreciation</b>						
At 1 January 2020	-	1,100,896	51,154	238,218	2,579,816	3,970,084
Charge for the year	-	118,209	4,374	50,609	242,708	415,901
At 31 December 2020	-	1,219,105	55,528	288,827	2,822,524	4,385,985
At 1 January 2021	-	1,219,105	55,528	288,827	2,822,524	4,385,985
Charge for the year	-	76,911	2,734	45,032	69,137	193,814
On disposals	-	(2,686)	-	-	-	(2,686)
At 31 December 2021	-	1,293,331	58,262	333,860	2,891,660	4,577,113
<b>Net Book Value</b>						
At 31 December 2020	-	205,071	7,291	355,062	93,465	660,887
At 31 December 2021	-	127,950.26	4,557	316,060	26,187	474,754

**18.(ii) RIGHT TO USE ASSET**

	2021 TZS '000	2020
Opening right to use assets	555,615	833,422
Less: Depreciation Charge on Right to Use Assets	(277,807)	(277,807)
Closing Right to use Assets	277,807	555,615

**19. DEPOSITS**

**19(i) CUSTOMER DEPOSITS**

	2021 TZS '000	2020 TZS '000
Current Accounts	5,261,006	3,608,631
Savings Accounts	3,006,378	2,498,806
Fixed Deposits	48,387,224	42,056,964
	56,654,608	48,164,401

**19(ii) DEPOSITS FROM BANKS**

	2021 TZS '000	2020 TZS '000
Related parties	30,030,000	22,522,500
From other banks	6,400,000	10,562,000
	36,430,000	33,084,500

**TOTAL DEPOSITS**

	2021 TZS '000	2020 TZS '000
<b>Total deposits Maturity analysis</b>		
Repayable on demand	8,267,384	6,728,676
Repayable in 3 months or less	53,893,957	35,572,896
Repayable between 3 months and 1 year	28,330,590	17,160,386
Repayable after 1 year	2,592,678	21,786,943
	93,084,608	81,248,901

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the financial statements (Continued)**  
**For the year ended 31 December 2021**

	2021 TZS '000	2020 TZS '000
<b>20.(i) LEASE LIABILITY</b>		
Opening Lease Liability	534,678	764,923
Payment of lease Liability for the year	<u>(254,147)</u>	<u>(230,245)</u>
<b>Closing Lease Liability</b>	<b><u>280,530</u></b>	<b><u>534,678</u></b>
	<b>2021</b>	<b>2020</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>20.(ii) OTHER LIABILITES</b>		
Accrued expenses payable	122,312	139,648
Accrued interest payable	1,380,846	1,892,542
Accrued Interest on Lease Liability	7,013	13,367
Duties and taxes payable	39,918	25,862
ECL Allowance for financial gurantee and Letter of credit	227	502
Other payable	<u>109,867</u>	<u>325</u>
	<b><u>1,660,184</u></b>	<b><u>2,072,246</u></b>
<b>21. SHARE CAPITAL</b>		
<b>Authorized:</b>		
50,000,000 ordinary shares of Tzs 1,000 each (2021 - 50,000,000 ordinary shares of Tzs 1,000 each)	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued and fully paid up:</b>		
32,830,000 ordinary shares of Tzs 1,000 each (2021 - 32,830,000 ordinary shares of Tzs 1,000 each)	<u>32,830,000</u>	<u>32,830,000</u>
<b>22. CASH AND CASH EQUIVALENTS</b>		
Cash balance - see note 11(i)	832,825	1,279,032
Balance with Bank of Tanzania (excluding SMR) - see note 11(ii)	6,124,304	923,087
Deposits and balances due from other banks and financial institution maturing within 3 months - see note 12	35,974,371	32,699,275
Government securities maturing within 3 months - see note 13	<u>4,169,803</u>	<u>1,995,430</u>
	<b><u>47,101,303</u></b>	<b><u>36,896,824</u></b>
<b>23. RELATED PARTY TRANSACTIONS</b>		
<b>Related party disclosures</b>		
Compensation to key management personnel		
- Employee benefits to Managing Director	195,716	215,065
- Sitting fees paid to local director	<u>29,173</u>	<u>20,218</u>
<b>24. NET TRANSACTIONS PAYMENTS/(RECEIPTS) WITH RELATED PARTIES</b>		
Canara Bank, India	(7,507,500)	5,120,594
Canara Bank, UK	<u>2,000</u>	<u>2,000</u>
<b>NET CLOSING BALANCE DUE FROM / (TO) RELATED PARTIES</b>		
Canara Bank, India	(30,005,982)	(22,498,482)
Canara Bank, UK	462,000	460,000

**CANARA BANK (TANZANIA) LIMITED**  
**Notes to the financial statements (Continued)**  
**For the year ended 31 December 2021**

**27(ii) Breakdown of impairment loss to profit and Loss for year 2021**

	Impairment charge for credit losses	Amount recovered during the period	Charge to profit and Loss for year 2021
	TZS '000	TZS '000	TZS '000
Loans and advances	68,593	0	68,593
Interbank Loans	3,546	0	3,546
Balances with other banks	-	(89)	(89)
Balance with Bank of Tanzania	56	0	56
Government securities	42	0	42
Other Assets	1,897	0	1,897
Off balance sheet items	0	(274)	(274)
<b>Total for the year</b>	<b>74,135</b>	<b>(363)</b>	<b>73,772</b>

**Breakdown of impairment loss to profit and Loss for Comperative period (year 2020)**

	Impairment charge for credit losses	Amount recovered during the period	Charge to profit and Loss for year 2020
	TZS '000	TZS '000	TZS '000
Loans and advances	294,103	(57,746)	236,357
Interbank Loans	-	(9,999)	(9,999)
Balances with other banks	-	(108)	(108)
Balance with Bank of Tanzania	-	(28)	(28)
Government securities	103	(62)	41
Other Assets	-	(881)	(881)
Off balance sheet items	-	(24,133)	(24,133)
<b>Total for the year</b>	<b>294,207</b>	<b>(92,958)</b>	<b>201,249</b>

**28 INCORPORATION**

The Bank is incorporated as a limited liability company under the Tanzanian Companies Act, 2002.

**29 CURRENCY**

These financial statements are presented in Tanzanian Shillings (Tzs. '000) unless otherwise stated.

**30 COMPARATIVES**

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.