CANARA BANK (TANZANIA) LIMITED

ANNUAL REPORT

AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

TABLE OF CONTENTS

BANK INFORMATION

BOARD OF DIRECTORS

Mr. Debashish Mukherjee	Chairman (Non-executive)	Indian
Mr. Santanu Kumar Majumdar	Director (Non-executive)	Indian
Ms. Kota Kalyani	Director (Non-executive)	Indian
Mr. Mahesh M Pai	Director (Non-executive)	Indian
Ms. Mwanaidi A Mtanda	Director (Independent)	Tanzanian
Prof. Deus D Ngaruko	Director (Independent)	Tanzanian
Dr. Indiael D Kaaya	Director (Independent)	Tanzanian
Mr. T R Balaji Rao	Director (Executive)	Indian
Mr. Vibhuti N.Roy Choudhary	Director (Executive)	Indian

INDEPENDENT AUDITOR

M/S Nexia Tanzania

P O Box 12729
2nd Floor, Oyster Plaza, Haile Selassie Road
Dar es Salaam
T: +255 22 2926252/53; 0713 444 ;0756 444 254

BANKERS

i) Bank of Tanzania
P.O. Box 2939
Dar es Salaam

ii) Citi Bank
New York
United States of America

iii) Bank of India (T) Limited
Maktaba Street
P.O. Box 7581
Dar es Salaam

iv) CRDB Bank Plc
Azikiwe Street
P.O. Box 268
Dar es Salaam

v) Canara Bank, India
Integrated Treasury Wing
5th &6th floor, Plot no. G-14, C Block
Bandra Kurla Complex, Bandra -East
Mumbai 400051, India

BANK INFORMATION (CONTINUED)

REGISTERED CORPORATE OFFICE OFFICE

Canara Bank (Tanzania) Limited

16/1 Elia Complex

Zanaki, Bibi Titi Street

P.O. Box 491

Dar es Salaam

Telephone: +255 22 2112534

Email: mdcbtl@canarabank.co.tz

PARENT BANK CORPORATE

Canara Bank India Head Office

112, J C Road

Bengaluru

Karnataka - India 560002

COMPANY SECRETARY

Mr. Vibhuti N. Roy Choudhary

16/1 Elia Complex

Zanaki, Bibi Titi Street

P.O. Box 491

Dar es Salaam

Telephone: +255 22 2112532

Email: vibhuti@canarabank.co.tz

REPORT OF THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

We have great pleasure in presenting the Bank's 8th Annual Report along with the Audited financial statements for the year ended 31 December 2023.

Canara Bank (Tanzania) Ltd was registered under Tanzania Companies 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 this 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 2023.

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 seventeen 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 2023 stood at USD 267 Billion with Operating Profit of USD 3,528 Million and Net Profit of USD 1683 Million.

Over the years, the Bank has scaled up its market position to emerge as a major 'Financial Conglomerate' with as many as thirteen subsidiaries/sponsored institutions/joint ventures in India and abroad. The amalgamation of Syndicate bank with Canara bank effective from April1, 2020 has led to further expansion of the Bank to 9,588 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".

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

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 a population of 61.7 million as per national census done in year 2022 as reported by National Bureau of Statistics(NBS), has increased by 37 percent from year 2012 when National census was last done. As per National census of year 2022, the City of Dar es Salaam alone is having a population of 5.3 Million which is the highest populated than all other regions of Tanzania.

According to Bank of Tanzania domestic economic performance, growth was satisfactory, recording a growth of 5.2 percent in the quarter ending September 2023, a notable improvement compared to the 4.7 percent growth in the corresponding quarter of 2022. This growth was largely backed by the agriculture sector, transportation and storage, and financial and insurance services.

Inflationary pressures remained subdued, with twelve-month headline inflation standing at 3 percent in December 2023, a modest decline from 3.2 percent from the previous year. This is consistent with the country's medium-term target, as well as the regional benchmarks of the East African Community and the Southern African Development Community. The moderate inflationary pressure is associated with a less accommodative monetary policy stance, sufficient domestic food supply, and lower imported inflation following the easing of global commodity prices, in particular oil. Notably, core inflation experienced a sixth consecutive monthly increase, hitting 3.1 percent in December 2023, up from 2.6 percent in the previous month. Inflation is projected to remain stable, and within the medium-term target, despite the upward risk in the event OPEC+ maintains its stance on oil production cut.

In the year ending December 2023, extended broad money supply (M3) grew by 14.1 percent, compared with 13.7 percent and 11.6 percent in the year ending November 2023 and December 2022, respectively. This was driven by sustained robust growth of credit to the private sector. Private sector credit growth remained strong, albeit declined reaching 17.1 percent in December 2023, compared with 18.3 percent registered in the preceding month and 22.5 percent in the corresponding period in 2022. However, the growth was above the projected target of 16.4 percent by the end of December 2023.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

ECONOMIC OVERVIEW: TANZANIA(CONTINUED)

This performance reflects continued high demand for new loans consistent with the increase in economic activities, backed by improving business environment. Credit extended to agriculture maintained the highest growth at 43.5 percent, followed by mining and quarrying, at 36.4 percent. Personal loans continued to account for the largest share of outstanding credit at 37.2 percent, followed by trade, at 13.6 percent and agriculture, at 10.2 percent.

Banks' lending rate sustained a downward path, partly explained by the decrease in credit risk in the banking sector. The overall lending rates decreased to 15.34 percent from 15.38 percent in November 2023 and 16.06 percent in the corresponding period in 2022. The negotiated lending rates remained almost unchanged at around 13 percent. The overall deposit rates displayed a modest decline to an average of 7.45 percent from 7.64 percent in November 2023 but were above the rates of a similar period in 2022, which averaged 6.94 percent. Negotiated deposit rates remained broadly unchanged at around 9 percent. The spread of one-year interest rates narrowed to 6.99 percentage points from 9.04 percentage points in December 2023.

In the 2023/24 budget, the Government will continue to focus on the priority areas of the Third Five-Year National Development Plan (2021/22-2025/26) to improve citizens' lives and well-being, including reducing poverty and generating employment. Thus, budget priorities are focused on improving sectors that increase production and the number of jobs. These sectors include agriculture, livestock and fishing, energy, construction, transport and tourism.

The estimates of Government budget for 2023/24 have been prepared based on macroeconomic assumptions and targets as follows:

- Real GDP is estimated to grow by 5.2 percent in 2023/2024 from 4.7 percent in 2022/2023.
- Inflation is expected to remain in the single digit range of an average of 3.0 - 7.0 percent in the medium term.
- Tax revenue is estimated to reach 12.0 percent of GDP in 2023/24 from the likely outturn of 11.5 percent in 2022/23 and domestic revenue is estimated to reach 14.9percent of GDP in 2023/24 from the likely outturn of 14.4 percent in 2022/23.
- In the year 2023/24, the Government has planned to collect and spend 44.39 trillion shillings.
- Out of TZS 44.4 trillion, TZS 30.31 trillion (68%) are for recurrent expenditure, while TZS 14.08 trillion (32%) are for development expenditure, which includes development expenditures for various projects both in Central Government and Local Government Authorities.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

ECONOMIC OVERVIEW: TANZANIA(CONTINUED)

- Energy and transportation infrastructure projects will drive the growth of development expenditure.
- Priority areas include the completion of flagship and strategic projects such as:
  - ✓ continuing the construction of the Standard Gauge Railway (SGR);
  - ✓ revamping Air Tanzania Company Limited (ATCL); continuing the construction of the Julius Nyerere Hydropower Project (2,115 MW);
  - ✓ construction of Ruhudji (358 MW) and Rumakali (222 MW) hydropower plants;
  - ✓ development of the Liquefied Natural Gas (LNG) project;
  - ✓ construction of the John Magufuli Bridge (Kigongo-Busisi); construction of roads and bridges; developing special economic zones including the strategic investment area in Bagamoyo.

HIGHLIGHT OF CANARA BANK TANZANIA PERFORMANCE DURING 2023

During the year 2023, the bank was able to achieve aggregate business of TZS 103.24 billion. Customer deposits grew by 5.71% from TZS 53.33 Billion in 2022 to TZS 56.37 Billion in 2023. Total shareholders fund increased by 1.64% from TZS40.64 Billion in year 2022 to TZS 41.30 Billion in year 2023. Profit before tax increased by 19.82% from TZS 1.35 Billion in year 2022 to TZS 1.62 Billion in year 2023.

The highlights of the performance in 2023 and 2022 is as in the table below: -

Particulars	Actual Dec-23 TZS Millions	Actual Dec-22 TZS Millions
Customer Deposits	56,378	53,334
Gross Loans and Advances	46,864	50,117
Total Business	103,243	103,451
Investments	38,181	43,770
Total Assets	102,204	106,534
Total Shareholders' funds	41,308	40,642
Operating Income	6,117	6,107
Net Interest Income	5,498	5,438
Operating Expenses	4,134	3,794
Profit before Tax	1,624	1,355

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

PERFORMANCE AGAINST TARGETS DURING 2023

During the year under review, Canara Bank has managed to achieve business targets by 86% where by Customer deposits targets achieved by 94% and Gross Loans by 78%.

Total assets target achieved by 88% while shareholders' funds target been achieved by 98%.

On the other hand, profit was achieved by 47%, Operating income achieved by 77% while Operating expenses contained at 98 % of target.

Particulars	Actual Dec-23 TZS Millions	Target Dec-23 TZS Millions	Achievement Percentage(%ge)
Customer Deposits	56,378	59,664	94%
Gross Loans and Advances	46,864	60,001	78%
Total Business	103,243	119,665	86%
Investments	38,181	43,770	87%
Total Assets	102,204	116,591	88%
Total Shareholders' funds	41,308	42,098	98%
Operating Income	6,117	7,973	77%
Net Interest Income	5,498	6,511	84%
Operating Expenses	4,134	4,226	98%
Profit before Tax	1,624	3,461	47%

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	2023	2022
Return on average total assets	Net profit/Total Assets	0.79%	1.01%
Return on average shareholders' funds	Net profit/ Total Equity	2.02%	2.92%
Cost to Income Ratio	Operating Expenses/Total Income	67.97%	62.41%
Net Interest Income to average earning assets.	Net interest income/ Average Interest earning assets	5.90%	5.04%

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

KEY PERFORMANCE INDICATORS(CONTINUED)

Performance Indicator	Definition	2023	2022
Non-performing loans to total gross loans	Non - performing loans/Gross loans and advances	0.74%	4.35%
Gross loans and advances to Customer Deposits	Gross loans to customers/Total Customer deposits	80.80%	93.97%
Earning Assets to Total Assets	Earning Assets / Total Assets	87.66%	92.46%
Customer Deposit Growth	Increase in Customer deposits/Opening balance of Customer deposits	5.71%	-5.86%
Assets Growth	Increase in Total Assets/Opening balance of Total Assets	-4.06%	21.27%
Tier 1 Capital Ratio	Core Capital /Risk weighted assets including off balance sheet items	76.03%	65.50%
Total Capital Ratio	Total Capital /Risk Weighted assets including off balance sheet items	76.52%	66.27%

BANK BUSINESS OBJECTIVES AND STRATEGIES

The Bank had set its long-term strategic plan for 5 years from 2022 to 2026. The bank's aim is to become a preferred bank, with best practices in respect to asset portfolio management, customer orientation, product innovation, profitability and corporate governance and enhance value for its shareholders.

The bank had also set its medium term key business strategy including

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

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

BANK BUSINESS OBJECTIVES AND STRATEGIES (CONTINUED)

Achievement of Strategic Objectives for The Year 2023

Prudent fund management through optimizing costs and yields

With this strategic goal, management has been able to achieve its targets on fund management for the year 2023. Achieved cost of customer deposits at 4.59% against the target of 5.42%, while attained yield of 9.68% against the target of 11.01 % on Advances.

Focusing on Agriculture, Small, Medium Enterprises and Retail segments

With this strategic goal, management put efforts and was able to provide loans and advances to agriculture sector with outstanding loans of TZS 5.148 Billion as at 31st December 2023.

Enhancing exclusive customer relationship management, marketing and brand building

With this strategic goal, management commenced Marketing activities to identify strategic groups, customer retention strategies including quick response on customer complaints, customer visits, special recognition/ appreciation of customers and Increasing visibility through improvement of our website and Corporate Social Responsibility.

Leveraging the use of technology for product innovation and provision of efficient customer service

Management has taken some initiatives to improve service delivery through the use of Information technology. In the year 2023 bank has improved its mobile banking application and introduced internet banking which is in testing phase. This will enable customers to do transactions remotely.

DIVIDENDS

During the year under review dividend of TZS 164.15 Million, equal to TZS 5 per share was paid to shareholders.

INFORMATION TECHNOLOGY

Canara Bank Tanzania since beginning had taken up various IT initiatives. Since inception bank has its primary Data Centre, secondary Data Centre and Data Recovery Site in Tanzania and recently has gone live with government electronic payment gateway.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY

Bank is committed for its corporate social responsibility towards Tanzanians. For the year 2023 bank supported one of the government school namely Uwanja wa Ndege primary school by giving some office equipment with a value of TZS 503,412. For the year 2022, Canara bank had supported two government schools namely Unubini primary School and Kibada Secondary School with computers and office chairs respectively amounting to TZS 9 Million, while in year 2021, bank had provided 100 desks to Kisutu Primary School amounting to TZS 10million.

CAPITAL STRUCTURE

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

Authorized

50,000,000 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 in Note 21 of this financial statements.

Shareholders

S/No	Name of Shareholder	No. of Shares Subscribed	Amount Subscribed
1	CANARA BANK (INDIA)	32,829,999	32,829,999,000.00
2	TANJORE RAMACHANDRA BALAJI RAO	1	1,000.00

RELATED PARTY TRANSACTIONS

No loans/advances were due from the related parties to the Bank by virtue of common ownership. Further as at 31st December 2023 no deposits were due to Parent bank. Directors remuneration for the year amounted to TZS 23.05 Million. Details of related party transactions are disclosed under Note 23 of this financial statements.

OUR VALUE CREATION PROCESS

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.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

OUR VALUE CREATION PROCESS(CONTINUED)

CAPITAL

Capital plays a key role in banking operations and it represents financial, human, manufactured and social resources which enables value creation for our stakeholders including investors, employees, customers, regulators and community.

Financial Capital

Financial capital compromised of the financial resources available and allocated for the provision of products and services for our customer.

These resources are made up of funding from owner's equity, debt and internally generated capital from business operations (retained earnings).

As at December 2023, the financial capital we have is Owner's equity of TZS 41.30 billion and deposits of TZS 58.07 billion.

Human Capital

This resource comprised of our motivated employees with their skills and experiences, as well as their creativity 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 2023 Bank was having 25 employees with only 7.8 percent of employee turnover. Revenue value per employee being TZS 247.6 Million.

Manufactured/Infrastructural Capital

This comprised of the equipment, physical installations, platforms, applications and systems that are used by the bank 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 and Internet banking, customers can do transaction without visiting branch.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

OUR VALUE CREATION PROCESS(CONTINUED)

CAPITAL(CONTINUED)

Social/Relationship Capital

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

As at 31st December 2023 bank had 1,639 customers.

OUTPUT

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

Saving and Current Deposit Accounts

Canara Bank offers deposit accounts to its corporate, Small and medium sized and Individual customers. As at December 2023 the number of savings and current deposit accounts were 1634, where by Current Accounts were 318 and Savings Accounts 1,316

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 2023 the number of outstanding loans were 235.

Investment Products.

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

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.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

OUR VALUE CREATION PROCESS(CONTINUED)

OUTPUT(C0NTINUED)

Forex

We enable our customers to exchange from one currency to another and there by facilitating international trade.

OUTCOME

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

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 2023 Return on Equity was 2.02% and Return on Asset was 0.79 %
- Management adherence to a disciplined process of capital allocation
- Payment of dividend, bank paid dividends of TZS 164.15 Million to its shareholders during the year under review.

Employees

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

Bank has been creating value to employees through: -

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

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

OUR VALUE CREATION PROCESS(CONTINUED)

OUTCOME(CONTINUED)

Regulators

We create value to our regulators and policy makers through

- Compliance to laws and regulations.
- Timely Payment of corporate taxes and staff personal taxes.
- Investment in Treasury bill and bonds.

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

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 2023 and year 2022 bank spent TZS 503,412 and TZS 9 million respectively.
- Supporting and transforming 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 organization.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

CORPORATE GOVERNANCE(CONTINUED)

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 during the year 2023.
- The position of the Chairman & Chief Executive officer is 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 Board of Directors of Canara Bank (Tanzania) Limited for the Financial Year 2023 are as under:

No.	Name of directors	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 K. Majumdar	15.01.1969	Indian	Banking/Accounting	13.05.2019
3	Ms. Kota Kalyani	18.03.1965	Indian	Banking	27.01.2020
4	Mr. Mahesh M Pai	04.01.1976	Indian	Banking/Treasury	18.09.2023
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 N. R. Choudhary	01.05.1975	Indian	Banking, PGPM in Finance & HR	16.07.2019

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

CORPORATE GOVERNANCE(CONTINUED)

BOARD OF DIRECTORS(CONTINUED)

Board Committees

The Board was supported by the following committees during the year 2023.

Board Audit committee

No.	***Name of directors***	***'Nationality***	***Position***
1	Dr. Indiael D. Kaaya	Tanzanian	Chairperson
2	Ms. Mwanaidi A Mtanda	Tanzanian	Member
3	Mr. Mahesh M Pai	Indian	Member

Board Credit committee

No.	***Name of directors***	***Nationality***	***Position***
1	Mr. Santanu K. Majumdar	Indian	Chairperson
2	Prof. Deus D Ngaruko	Tanzanian	Member
3	Ms. Kota Kalyani	Indian	Member

Board Risk management committee

No.	***Name of directors***	***Nationality***	***Position***
1	Prof. Deus D Ngaruko	Tanzanian	Chairperson
2	Mr. Santanu K. Majumdar	Indian	Member
3	Ms. Kota Kalyani	Indian	Member

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

CORPORATE GOVERNANCE(CONTINUED)

BOARD OF DIRECTORS(CONTINUED)

Board Committees(Continued)

Board Remuneration committee

No.	Name of directors	Nationality	Position
1	Ms. Kota Kalyani	Indian	Chairperson
2	Mr. Santanu K. Majumdar	Indian	Member
3	Prof. Deus D Ngaruko	Tanzanian	Member

Board Meetings

Board is required by regulator guidelines to meet at least four times a year and the Board met five times during the year 2023. Board meeting during year 2023 were held on 27th March 2023, 27th April 2023, 21st June 2023, 26th September 2023 and 20 December 2023.

Below is a summary of directors' attendance to the meetings for the year 2023.

Name of director	BOARD	BRMC	BCC	BRC	BAC*
Mr. Debashish Mukherjee	5/5	N/A	N/A	N/A	N/A
Mr. Santanu K. Majumdar	4/5	4/4	4/4	4/4	N/A
Ms. Kota Kalyani	5/5	4/4	4/4	4/4	N/A
Mr. Mahesh M Pai **	1/1	N/A	N/A	N/A	1/1
Ms. Mwanaidi A Mtanda	5/5	N/A	N/A	N/A	1/1
Prof. Deus D Ngaruko	5/5	4/4	4/4	4/4	N/A
Dr. Indiael D Kaaya	5/5	N/A	N/A	N/A	1/1
Mr. T R Balaji Rao	5/5	4/4	4/4	4/4	1/1
Mr. Vibhuti N. R. Choudhary	4/5	3/4	3/4	3/4	1/1

*Board Audit Committee(BAC) meeting were not done for three quarters of year 2023. One Board Audit Committee member had retired and other existing members as per corporate governance regulations could not be shifted to Board Audit Committee. However as permitted by regulator, all Audit agendas were discussed in the main Board until last quarter when new director was appointed and Board Audit Committee became operational.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

CORPORATE GOVERNANCE(CONTINUED)

Board Meetings(continued)

**Mr. Mahesh M Pai is the new director appointed on 18.09.2023 hence attended only one meeting as member of Board Audit Committee.

Directors' Responsibility

The Board of Directors confirms that in the preparation of Annual financial statement for the year ended 31st December 2023.

- 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 2023.

Management

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

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

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

CORPORATE GOVERNANCE(CONTINUED)

Management(Continued)

Management Team

Name	Position
Mr. T R Balaji Rao	Managing Director
Mr. Vibhuti N. Roy. Choudhary	Deputy CEO & COO
Mr. Kaushalendra Kumar Tiwari	General Manager Credit
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 employees during the year 2023.The bank is an 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 to cover all employees with one registered spouse and up to four children aged bellow 18 years.

Financial assistance to staff

Bank provides loans and salary advances to its employees as per Human Resources policy approved by Board of Directors.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

EMPLOYEES WELFARE (CONTINUED)

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 intend to upgrade skills and enhance development.

GENDER BALANCE

The Bank is an equal Opportunity Employer. As at 31st December 2023, bank is having 44 percent female employees and 56 percent male employees.

AUDITORS

M/S Nexia Tanzania were the auditors of the Bank during the year ended 31 December 2023.

SOLVENCY

As of 31st December 2023, bank maintained healthy solvency position with a Core Capital and total Capital Adequacy Ratios of 76.03% and 76.52%, well above the regulatory requirement of 12.5% and 14.5% respectively. The bank's liquidity ratios of 47.71 % as of 31st December 2023 also remained above regulatory thresholds of 20%, ensuring that bank can meet both short-term and long-term obligations.

REPORT OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

GOING CONCERN

As part of Canara Bank India (parent bank) strategic initiative to rationalize international operations, the Board of Directors of parent bank resolved for the divestment of Canara Bank (Tanzania) Ltd (CBTL).

Parent bank engaged the valuation experts for the valuation of M/s Canara Bank Tanzania Ltd (CBTL) and the final valuation reports were received in May 2023.

Parent Bank has appointed the strategic consultant to oversee the divestment process of CBTL.

The strategic consultant prepared the Information Memorandum (IM) and shared it with 12 potential investors. Subsequently, Non-Disclosure Agreements (NDA) were executed with six interested parties. The bank received Non-Binding Offers (NBO) from three entities, indicating a positive interest in the divestment. Prospective investors are currently undergoing due diligence processes.

Canara Bank remains committed to ensuring that the divestment process of CBTL adheres to all legal and regulatory requirements. The bank is in close communication with the regulatory authorities to facilitate this process.

It is important to note that Canara Bank remains adequately capitalized and possesses sufficient liquidity. The bank's financial strength ensures its ability to meet all liabilities, providing stability throughout the divestment process.

STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (The Report by those charged with governance).

ACKNOWLEDGEMENTS

The Board expresses its gratitude to the Bank of Tanzania and various department of Government of Tanzania for the valuable guidance and support provided to the bank.

The Board also acknowledges the support of its customers, other financial institutions and correspondent Banks for their support & cooperation. The Board also wishes to place on record its appreciation for all the staff members of the Bank for their dedicated services and contributions for the performance of the Bank. Lastly, we thank the management and staff of Canara Bank, India, (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:

____

T R BALAJI RAO

Managing Director

Place: Dar Es Salaam

Date:20th March 2024

STATEMENT OF RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE

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 minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

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

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

The directors are aware and have discussed the matter of divestment of the bank. There is progress in the divestment process with significant interest shown by potential investors. The bank's focus remains on completing the process in compliance with regulatory requirements and securing the best outcome for stakeholders.

STATEMENT OF RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE(CONTINUED)

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 26 to 31.

Approval of Financial Statements

The financial statements set out on pages 32 to 73, were approved by the board of directors on 20.03.2024 and were signed on their behalf by:

_________________ _________________

T R BALAJI RAO — Dr. Indiael D. Kaaya

Managing Director — Director

Place: Dar Es Salaam

Date:**20th March 2024**

DECLARATION OF HEAD OF FINANCE

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, ACPA 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 2023 have been prepared in compliance with applicable International Financial Reporting 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 2023 and that they have been prepared based on properly maintained financial records.

Signed by_______________

FADHILI PETRO SANGA

Position: HEAD OF FINANCE

NBAA Membership No. **ACPA 4573**

Date: **20th March 2024**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 TZS '000	2022 TZS '000
Interest income	7	8,529,504	8,707,515
Interest expenses	8	(3,031,013)	(3,269,710)
Net Interest Income		**5,498,491**	**5,437,805**
Fees & commission income	9(i)	516,602	499,873
Fees & commission expense	9(ii)	(28,591)	(34,069)
Foreign exchange income	9(iii)	122,864	196,931
Other income	9(iv)	7,374	6,496
Operating Income		**6,116,740**	**6,107,037**
Net Impairment charge	25(ii)	(358,803)	(957,306)
Net Operating Income		**5,757,937**	**5,149,731**
Employees benefit expenses	10(i)	(1,580,947)	(1,650,857)
Depreciation and amortization expenses	10(ii)	(419,830)	(413,943)
Other operating expenses	10(iii)	(2,132,974)	(1,729,460)
Operating expenses		**(4,133,751)**	**(3,794,259)**
Profit/(loss) before taxation		**1,624,186**	**1,355,472**
Income tax (charge)/credit	17(i)	(794,299)	(460,034)
Profit/(loss) for the year		**829,887**	**895,439**
Other comprehensive income		-	-
Total comprehensive income for the year		**829,887**	**895,439**

The notes set out on pages 36 to 73 form an integral part of the financial statements.

Report of the independent auditor on page 26 to 31.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 TZS '000	2022 TZS '000
ASSETS			
Cash	11(i)	511,517	595,791
Balances with Bank of Tanzania	11(ii)	9,797,158	4,942,863
Deposits and balances due from Banking institutions	12	4,635,178	4,683,537
Government securities	13	38,180,411	43,769,977
Loans and advances to customers	15	46,709,055	50,045,177
Other assets	16	1,038,652	1,103,449
Income tax recoverable	17(ii)	75,483	119,921
Deferred tax asset	17(iii)	160,122	75,855
Property and equipment	18(i)	464,609	429,100
Intangible assets -Computer Software	18(ii)	272,439	48,403
Right to use assets	18(iii)	359,586	720,263
Total assets		**102,204,209**	**106,534,335**
LIABILITIES			
Customer deposits	19(i)	56,378,313	53,334,133
Deposits from banks	19(ii)	1,700,000	9,984,600
Lease liabilities	20(i)	367,828	720,263
Other liabilities	20(ii)	2,310,392	1,853,482
Income tax payable	17(ii)	140,083	-
Total liabilities		**60,896,615**	**65,892,478**
SHAREHOLDERS' EQUITY			
Share capital	21(i)	32,830,000	32,830,000
Retained earnings		8,216,293	7,344,163
Statutory reserve	21(ii)	261,301	467,694
Total shareholders' equity		**41,307,594**	**40,641,857**
Total equity and liabilities		**102,204,209**	**106,534,335**

The Financial statements on pages 32 to 73 were approved and authorized for issue by Board of Directors on 20.03.2024 and signed on its behalf by:

TR Balaji Rao
Managing Director

Dr. Indiael D. Kaaya
Director

The notes set out on pages 36 to 73 form an integral part of the financial statements.

Report of the independent auditor on page 26 to 31.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2022	32,830,000	-	1,279,370	6,129,498	**40,238,868**
Dividend paid				(492,450)	**(492,450)**
Transfer to retained earnings	-	-	-	-	**-**
Transfer (from)to statutory reserve	-	-	(811,676)	811,676	**-**
Transfer to general reserve	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	895,439	**895,439**
Balance at 31st December 2022	**32,830,000**		**467,694**	**7,344,163**	**40,641,857**
Balance at 1st January 2023	32,830,000	-	467,694	7,344,163	**40,641,857**
Dividend paid	-	-	-	(164,150)	**(164,150)**
Prior year taxes				-	**-**
Transfer to retained earnings	-	-		-	**-**
Transfer to statutory reserve	-		(206,393)	206,393	**-**
Total comprehensive income for the year	-	-	-	829,887	**829,887**
Balance at 31st December 2023	**32,830,000**	**-**	**261,301**	**8,216,293**	**41,307,594**

The notes set out on pages 36 to 73 form an integral part of the financial statements.

Report of the independent auditor on page 26 to 31.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 TZS '000	2022 TZS '000
Cash flows from operating activities			
Profit before taxation		1,624,186	1,355,473
Adjustments for:			
Depreciation	10(ii)	419,830	413,942
Provision for Impairment of assets	25(ii)	358,803	957,306
Gain/Loss on disposal of fixed assets	9(iv)	-	634
Fixed assets donated as CSR	9(iv)	503	9,027
Net foreign exchange gain		(122,864)	(196,931)
Net cash flow before changes in working capital		2,280,459	2,539,451
Change in statutory minimum reserve	11(ii)	(193,482)	266,003
Change in investment in Treasury Bills & Bonds		(7,776)	(7,000,049)
Change in loans and advances to customers		2,990,973	99,422
Change in Other Assets		63,058	81,876
Change in loans to other financial institutions		(70,106)	(4,198)
Change in deposits		(5,240,420)	(29,765,875)
Change in other Liabilities		456,910	193,298
Cash generated from operations before tax		279,615	(33,590,073)
Income tax paid	17(ii)	(694,800)	(700,817)
Net cash flow from operating activities		(415,185)	(34,290,890)
Cash flows from investing activities			
Purchase of property, plant & equipment	18	(417,755)	(148,550)
Proceeds from disposal of equipment	9(iv)	-	-
Net cash used in investing activities		(417,755)	(148,550)
Cash flows from financing activities			
Payment of lease liabilities	20(i)	(253,881)	(280,530)
Dividend paid	21(iii)	(164,150)	(492,450)
Net cash generated from financing activities		(418,031)	(772,980)
Net cash flow for the period		(1,250,970)	(35,212,420)
Effect of exchange rate changes on cash and cash equivalents		122,864	196,931
Cash and cash equivalents as at 1st January		12,085,809	47,101,300
Cash and cash equivalents as at 31st December	14	10,957,702	12,085,809

The notes set out on pages 36 to 73 form an integral part of the financial statements.

Report of the independent auditor on page 26 to 31.

NOTES TO THE FINANCIAL STATEMENTS

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 2023.

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.

i. IFRS 17 Insurance Contracts

IFRS 17 provides the first comprehensive guidance on accounting for insurance contracts under IFRS Accounting Standards. It aims to increase transparency and reduce diversity in the accounting for insurance contracts. To provide useful information IFRS 17:

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice of whether to recognize all insurance finance income or expenses in profit or loss or to recognize some of that income or expenses in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS (CONTINUED)

3.1 STANDARDS, AMENDMENTS TO THE STANDARDS AND INTERPRETATIONS EFFECTIVE ON OR AFTER JANUARY 2023 (CONTINUED)

i. IFRS 17 Insurance Contracts (Continued)

The key principles in IFRS 17 are that an entity:

- Identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- Divides the contracts into groups that it will recognize and measure;
- Recognizes and measures groups of insurance contracts at:

  - ✓ A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  - ✓ An amount representing the unearned profit in the group of contracts (the contractual service margin);

- Recognizes the profit from a group of insurance contracts over the period the entity provides insurance contract services, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- Presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- Discloses information to enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

Effective for accounting periods beginning on or after 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS (CONTINUED)

3.1 STANDARDS, AMENDMENTS TO THE STANDARDS AND INTERPRETATIONS EFFECTIVE ON OR AFTER JANUARY 2023 (CONTINUED)

ii. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2, Making Materiality Judgements)

Continues the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include:

- Requiring companies to disclose their *material* accounting policies instead of their *significant* accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.

The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

Effective for accounting periods beginning on or after 1 January 2023

iii. Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)

clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively.

The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty.
The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Effective for accounting periods beginning on or after 1 January 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS (CONTINUED)

3.1 STANDARDS, AMENDMENTS TO THE STANDARDS AND INTERPRETATIONS EFFECTIVE ON OR AFTER JANUARY 2023 (CONTINUED)

iv. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Clarifies how companies account for deferred taxes on transactions such as leases and decommissioning obligations, with a focus on reducing diversity in practice.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

Effective for accounting periods beginning on or after 1 January 2023

3.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE IN THE YEAR ENDED 31 DECEMBER 2023.

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

i. Classification of Liabilities as Current or Non-current, and Non-Current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements)

- Clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance.
- Only covenants with which a company must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or noncurrent at the reporting date.
- The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS (CONTINUED)

3.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE IN THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

i. Classification of Liabilities as Current or Non-current, and Non-Current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements) (Continued)

- If a liability has any conversion options, then those generally affect its classification as current or noncurrent, unless these conversion options are recognized as equity under IAS 32, Financial Instruments: Presentation.

Effective for accounting periods beginning on or after 1 January 2024

ii. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16, Leases)

Requires a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows:

- On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognized.
- Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.
- Effective for accounting periods beginning on or after 1 January 2024

iii. *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

The amendments in Supplier Finance Arrangements (Proposed amendments to IAS 7 and IFRS 7):

- **Do not define supplier finance arrangements.** Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS (CONTINUED)

3.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE IN THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

iii. Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7(Continued)

- **Add two disclosure objectives.** Entities will have to disclose in the notes information that enables users of financial statements
  - ✓ to assess how supplier finance arrangements, affect an entity's liabilities and cash flows and
  - ✓ to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- **Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:**
  - ✓ the terms and conditions of the supplier finance arrangements;
  - ✓ for the arrangements, as at the beginning and end of the reporting period:
    - o the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
    - o the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;
    - o the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and
  - ✓ the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.
- The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.
- Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.
- Effective for accounting periods beginning on or after 1 January 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS (CONTINUED)

3.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE IN THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

iv. *IFRS S1-* General Requirements for Disclosure of Sustainability-related Financial Information *and IFRS S2-* Climate-related Disclosures.

- The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.
- IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.
- IFRS S2 applies to climate-related risks to which the entity is exposed, which are: climate-related physical risks; and climate-related transition risks; and climate-related opportunities available to the entity.

- IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. In particular, IFRS S2 requires an entity to disclose information that enables users of general purpose financial reports to understand:

  - ✓ The governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities;
  - ✓ The entity's strategy for managing climate-related risks and opportunities;
  - ✓ The processes the entity uses to identify, assess, prioritize and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and
  - ✓ The entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

- Effective for accounting periods beginning on or after 1 January 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS (CONTINUED)

3.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

v. Lack of Exchangeability – Amendments to IAS 21.

Under IAS 21 *The Effects of Changes in Foreign Exchange Rates*, a company uses a spot exchange rate when translating a foreign currency transaction.

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify when a currency is exchangeable into another currency; and how a company estimates a spot rate when a currency lacks exchangeability.

Therefore, when estimating a spot rate, a company can use an observable exchange rate without adjustment; or another estimation technique.

Using an observable rate

A company can use an observable rate if that rate meets the estimation objective – i.e. the rate reflects that at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

When making this assessment, a company needs to consider: -whether several observable exchange rates exist, the purpose for which the currency is exchangeable, the nature of the exchange rate; and the frequency with which exchange rates are updated

Using another estimation technique

When estimating a spot rate, a company may use any observable exchange rate and adjust it as necessary. This includes using rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations. However, the technique used needs to meet the estimation objective.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include: - the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process; and the risks to the company because the currency is not exchangeable.

Effective for accounting periods beginning on or after 1 January 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

4.2 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.

4.3 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 recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

4.4 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. The classification is done on the basis of following criteria: -

- *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 the management.
- *Loans and receivables*
  Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market.

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

4.SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

4.4 Financial assets (Continued)

They arise when the bank provides money, goods or services directly to debtor with no intention of trading the receivables.

- *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 recognized on trade date. Loans and receivables are recognized when cash is advanced to the borrowers. All financial assets are initially recognized at fair value plus transaction cost. Financial assets are de-recognized 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 amortized cost using the effective interest method.

4.5 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 recognized in the income statement.

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

4.SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

4.5 Impairment of financial assets. (Continued)

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:

No. of days Overdue	Classification	Provision (%)
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.

4.6 Property & equipment

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

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

4.SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

4.6 Property and equipment (Continued)

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:

• Computer hardware	37.50% (WDV)
• Motor vehicle	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.

4.7 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 recognizes 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 recognizes 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 re-measurement of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

4.SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

4.7 Leases (Continued)

The cost of right-of-use assets includes the amount of lease liabilities recognized, 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.

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.

Lease liabilities

At the commencement date of the lease, the Bank recognizes 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 recognized 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 re-measured 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.

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

4.SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

4.7 Leases (Continued)

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 recognized as expense on a straight-line basis over the lease term.

4.8 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.

4.9 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.

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

4.SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

4.10 Provisions

Provisions are recognized 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.

4.11 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.

4.12 Comparatives

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

4.13 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 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".

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

5. RISK MANAGEMENT

Operating in a liberalized and globalized 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 Board Credit Committee, Board Risk Management Committee, Board Audit Committee and Board Remuneration Committee, which are responsible for developing and monitoring bank's risk management policies in their respective areas. All Board committees have non-executive members.

The Bank's risk management policies are established to identify and analyze 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.

5.1 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.

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

5.1 Credit risk (Continued)

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 regulatory and statutory requirements.
- Establishing the authorization 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 concentration of exposure to counterparties, geographies and industries (for loans and advances).

Regular audit of credit process is undertaken by the internal audit.

The classification of loans and advances as on 31st December 2023 showing exposure to credit risk, is given below:

Particulars	Balance outstanding TZS "000"	Secured TZS "000"	Unsecured TZS "000"
Standard	41,792,943	33,460,415	8,332,528
ESM	4,722,113	4,672,447	49,666
Substandard	242,543	242,543	0
Doubtful	31,834	31,834	0
Loss	74,936	56,908	18,028
Total	**46,864,369**	**38,464,147**	**8,400,222**

During the year under review, there was total impairment loss on loans and other assets of TZS 358.8 Million. Out of that impairment loss amount, **TZS 100.08 Million** corresponds to Expected Credit Loss as per IFRS 9, while **TZS 258.7 Million** is loan write off expense for two loan accounts that remained in loss category for 4 consecutive quarters as governed by Bank of Tanzania regulations.

The bank has complied with the requirements of the Bank of Tanzania and the International Financial Reporting Standards as explained in note 4 (v). More disclosures of impairment loss are found in note 25 (i) and 25 (ii) of the Financial statements.

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

5.RISK MANAGEMENT(CONTINUED)

5.2 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 limit and reviews it at regular interval on the risk that may be accepted. Further the exposure is monitored on daily basis.

5.3 Liquidity risk

The bank is exposed to daily calls on its available cash resources from overnight 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.

Bank has been able to operate with adequate liquidity and complying with BOT requirements. As at December 2023, bank was maintaining liquidity ratio of 47.71% which is above regulatory limit of 20%. Further, maturity gap analysis between Financial assets and Financial liabilities of the bank, reveals positive net maturity gap as per annexure in page 56.

5.4 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 minimize the bank's exposure to interest rate risk.

The interest sensitivity gap performed as at December 2023, 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 57.

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

5.RISK MANAGEMENT(CONTINUED)

5.4 Interest rate risk (Continued)

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

5.5 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 2023, the total bank exposure to foreign currency exchange risk amounted to TZS 1.16 Billion being only 2.92 % of available core capital which is within a limit of 10 % set by regulator, as shown in annexure in page 58

5.6 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 initiate 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:

i. Requirements for appropriate segregation of duties, including the independent authorization of transactions;
ii. Requirements for the reconciliation and monitoring of transactions;
iii. Compliance with regulatory and other legal requirements;

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)

5.RISK MANAGEMENT(CONTINUED)

5.6 Operational risks (Continued)

iv. Documentation of controls and procedures;
v. Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
vi. Requirements for the reporting of operational losses and proposed remedial action;
vii. Development of contingency plans;
viii. Training and professional development;
ix. Ethical and business standard;
x. 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 , with summaries submitted to the Audit Committee

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5.RISK MANAGEMENT(CONTINUED)

Annexure to note 5 .3, table showing Liquidity risk position

The table below analyses the Bank's Financial assets and Financial liabilities into relevant maturity groupings based on the remaining period at 31st December 2023 to the contractual maturity date.

Particulars	Up to 3 months TZS '000	3 to 6 months TZS '000	6 to 12 months TZS '000	Over 12 Months TZS '000	Total TZS '000
ASSETS					
Cash	511,517				511,517
Balance with Bank of Tanzania	9,808,367				9,808,367
Deposits and balances due from Banking institutions	3,636,736	251,900	755,700	0	4,644,336
Government securities	272,248	3,391,252	12,079,382	22,437,808	38,180,690
Loans and advances to customers	3,888,947	4,095,536	21,010,245	17,869,640	46,864,369
Other assets*	465,048			0	465,048
Total Assets	**18,582,864**	**7,738,688**	**33,845,327**	**40,307,448**	**100,474,327**
LIABILITIES					
Customer Deposits	30,102,780	7,222,530	16,369,491	2,683,512	56,378,313
Deposits with banks	1,700,000			0	1,700,000
Lease liabilities				367,828	367,828
Other liabilities**	1,655,352	0	0	0	1,655,352
Total Liabilities	**33,458,132**	**7,222,530**	**16,369,491**	**3,051,340**	**60,101,492**
NET LIQUIDITY GAP	**(14,875,268)**	**516,158**	**17,475,836**	**37,256,108**	**40,372,835**

**Other Assets*

Includes only interest receivable from Placements with other banks and Government Securities.

***Other Liabilities*

Includes only Interest Payable on deposits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5.RISK MANAGEMENT(CONTINUED)

Annexure to note 5 .4, Table showing Interest sensitivity gap

The table below analyses the Bank's Financial 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.

Particulars	Up 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
ASSETS						
Cash					511,517	511,517
Balance with Bank of Tanzania					9,808,367	9,808,367
Deposits and balances due from Banking institutions	3,636,736	251,900	755,700	-	-	4,644,336
Government securities	272,248	3,391,252	12,079,382	22,437,808	-	38,180,690
Loans and advances to customers	3,888,947	4,095,536	21,010,245	17,869,640	-	46,864,369
Other assets	-	-	-	-	465,048	465,048
Total Assets	**7,797,932**	**7,738,688**	**33,845,327**	**40,307,448**	**10,784,932**	**100,474,327**
LIABILITIES						
Customer Deposits	30,102,780	7,222,530	16,369,491	2,683,512	-	56,378,313
Deposits with banks	1,700,000	-	-			1,700,000
Lease liabilities				367,828		
Other liabilities		-	-	-	1,655,352	1,655,352
Total Liabilities	**31,802,780**	**7,222,530**	**16,369,491**	**3,051,340**	**1,655,352**	**59,733,665**
INTEREST SENSITIVITY GAP	**(24,004,848)**	**516,158**	**17,475,836**	**37,256,108**	**9,129,580**	**40,740,662**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5.RISK MANAGEMENT(CONTINUED)

Annexure to note 5.5 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 thousands of Tanzania Shillings.*

Particulars	USD	GBP	EURO	INR	OTHERS	Total
ASSETS						
Cash	374,966	-	-	-	-	374,966
Bank balances in current account	5,112,176	-	-	26,146	-	5,138,322
Money market placement	3,526,600	-	-	-	-	3,526,600
Loans, advance and bills	27,468,528	-	-	-	-	27,468,528
Other assets	137,517	-	-	-	-	137,517
Total Assets	**36,619,787**	**-**	**-**	**26,146**	**-**	**36,645,933**
LIABILITIES						
Deposits	36,817,247	-	-	-	-	36,817,247
Other liabilities	991,795	-	-	-	-	991,795
Total Liabilities	**37,809,041**	**-**	**-**	**-**	**-**	**37,809,041**
Net Balance sheet position	(1,189,254)	-	-	26,146	-	(1,163,108)
Exchange rate as at 31st December 2023	2519	-	-	30.29	-	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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:

i. To comply with the capital requirement set by the regulator;
ii. 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
iii. 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 monthly 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 summarizes the composition of regulatory capital and the ratios of the bank for the period ending on 31st December, 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.CAPITAL MANAGEMENT(CONTINUED)

	Amount
Minimum capital required for market risks- Standardized Measurement method	**TZS "000"**
Foreign Exchange Risk	142,711
Interest Rate Position Risk	-
Equities Position Risk	-
Total Minimum capital required for market risk	142,711

Adjusted risk weighted assets	**Risk-weight equivalents**
Credit risk on balance sheet items	44,642,917
Credit risk on off balance sheet items	1,271,797
Total Minimum capital required for market risk	1,189,254
Total Minimum capital required for operational risk	5,947,113
Total adjusted risk weighted assets and off balance sheet exposures	**53,051,082**

Available capital	
Available core capital	40,334,984
Available total capital	40,596,285

Capital adequacy ratios	
Core capital to risk weighted assets and off balance sheet exposures	76.03%
Total capital to risk weighted assets and off balance sheet exposures	76.52%

Particulars	**BOT Requirement**	**Actual**
Core capital to risk weighted assets and off balance sheet exposures	12.5%	76.03%
Total capital to risk weighted assets and off balance sheet exposures	14.5%	76.52%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2023 TZS '000	2022 TZS '000
7	**INTEREST INCOME**		
	Interest on loans and advances	4,977,355	4,558,028
	Interest on Government securities	3,271,161	3,285,182
	Interest on loans to other banks	280,988	864,305
		8,529,504	8,707,515
8	**INTEREST EXPENSE**		
	Interest on customer deposits	2,588,271	2,808,292
	Interest on deposits from other banks	396,823	450,681
	Interest expense on lease liability	45,919	10,736
		3,031,013	3,269,710
9(i)	**FEES & COMMISSION INCOME**		
	Commissions		
	Commission on fund transfers	110,102	107,616
	Commission on Trade Finance	66,727	43,700
	Bancassurance Commission	14,001	1,446
		190,830	152,762
	Service fees		
	Processing fees	285,843	310,720
	Cash withdrawal and deposit fees	28,235	24,262
	Cheque book fees	6,006	7,470
	Other service fees	5,688	4,659
		325,772	347,111
	Gross fees and Commission Income	516,602	499,873
9(ii)	**FEES & COMMISSION EXPENSE**		
	Interbank transaction fees	28,591	34,069
		28,591	34,069
9(iii)	**FOREIGN EXCHANGE INCOME**		
	Income from foreign exchange dealings	122,864	196,931
		122,864	196,931

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2023 TZS '000	2022 TZS '000
9(iv)	**OTHER OPERATING INCOME**		
	Locker rent income	7,374	7,131
	(Loss)/Gain on disposal of fixed assets	-	(634)
		7,374	6,496
	Gain/loss on disposal of Fixed Assets		
	Gross value of asset disposed	1,332	60,453
	Accumulated depreciation of asset disposed	(828)	(50,792)
	Net book value of asset disposed	503	9,661
	Asset Value disposed off by donating as CSR	503	9,027
	(Loss)Gain on disposal	-	(634)
10	**OPERATING EXPENSES**		
10(i)	**Employees benefit expenses**		
	Salaries	1,099,279	1,100,822
	Entertainment allowance	31,544	30,577
	Conveyance allowance	8,604	8,339
	Other allowances	218,088	270,898
	Education fee reimbursement	19,362	22,132
	Skills and development levy	54,679	60,411
	Workers compensation fund	7,333	8,403
	Pension fund contribution	123,484	128,113
	Medical assistance	7,661	4,124
	Staff welfare	10,913	17,038
		1,580,947	1,650,857
10(ii)	**Depreciation and Amortization Expenses**		
	Depreciation of Property and equipments(Note 18 i)	92,329	102,791
	Amortization of Intangible assets(Note 18 ii)	65,378	33,344
	Amortiztion of Right of use assets IFRS 16 (Note 18 iii)	262,123	277,807
		419,830	413,943

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2023 TZS '000	2022 TZS '000
10(iii)	**Other Operating Expenses**		
	Director fees (Note 23(c))	23,052	29,198
	Training expenses	32,481	31,528
	Transportation expenses	14,531	8,579
	Travelling and hotel expenses	64,973	92,873
	Advertisement & publicity	62,679	62,671
	Audit fees	27,632	27,632
	Excise duty	52,370	50,485
	City service levy	11,586	12,302
	License fees	98,100	32,476
	Postage & courier charges	3,981	2,766
	Telephone & internet charges	137,213	100,335
	Insurance	236,203	243,405
	Legal & professional fees	73,948	50,309
	Membership & subscription	29,692	25,811
	Miscellaneous expenses	30,417	6,777
	Swift & reuters service charges	111,856	108,473
	Printing & stationery	11,479	18,969
	Annual maintenance charges	510,434	516,560
	Repairs and maintenance	93,506	49,971
	Security charges	48,439	45,345
	Utility expenses	24,001	27,331
	Unrecoverable VAT	317,553	185,663
	Prior years taxes (Note 17 (iv)	116,847	-
		2,132,974	1,729,460

		2023	2022
11.	**CASH AND BALANCES WITH BANK OF TANZANIA**		
11(i)	Cash balance	511,517	595,791
11(ii)	**Balance with Bank of Tanzania**		
	Statutory minimum reserve (SMR)	3,271,166	3,077,685
	Current account/clearing account	6,537,201	1,865,228
		9,808,367	4,942,913
	Less;ECL Allowance on BOT Balance (Note 25 i)	(11,209)	(49)
	Net Balance with Bank of Tanzania	9,797,158	4,942,863

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2023 TZS '000	2022 TZS '000
12.	**DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS**		
	Due from Banks in Tanzania	2,698,774	3,391,946
	Due from Banks in abroad	1,946,816	1,292,209
		4,645,590	4,684,154
	Less:ECL Allowance on dues from other banks (Note 25 i)	**(10,412)**	**(617)**
		4,635,178	4,683,537
	Related party (Note 23)	1,031,300	496,956
	Other banks	3,614,290	4,187,199
		4,645,590	4,684,154
	Maturing within 3 months	3,636,736	3,755,201
	Maturing after 3 months	998,442	928,336
		4,645,590	4,684,154
13.	**GOVERNMENT SECURITIES**		
	Investments in Treasury Bills	13,484,234	15,700,331
	Investments in Treasury Bonds	24,696,456	28,070,084
	Less:ECL Allowance on Government Securities (Note 25 i)	(279)	(438)
		38,180,411	43,769,977
	Maturing within 3 months	272,248	5,869,590
	Maturing after 3 months	37,908,163	37,900,386
		38,180,411	43,769,977
14	**CASH AND CASH EQUIVALENTS**		
	Cash balance - see note 11(i)	511,517	595,791
	Balance with Bank of Tanzania (excluding SMR) - see note	6,537,201	1,865,228
	Deposits and balances due from other banks and financial institution maturing within 3 months - see note 12	3,636,736	3,755,201
	Government securities maturing within 3 months - see note	272,248	5,869,590
		10,957,702	12,085,811

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2023 TZS '000	2022 TZS '000
15	**LOANS & ADVANCES TO CUSTOMERS**		
	Corporate loans	45,287,716	48,393,655
	Staff loans	469,305	492,408
	Personal loans	1,107,348	1,230,614
	Gross Loans and Advances to Customers	**46,864,369**	**50,116,677**
	Less:ECL Allowance on Loans and Advances(Note 25 i)	(155,314)	(71,500)
	Net Loans and Advances to Customers	**46,709,055**	**50,045,177**
	Sector wise analysis of loans and advances		
	Manufacturing	13,721,569	15,175,418
	Real estate	4,710,266	5,078,735
	Trade and commerce	4,264,684	4,327,480
	Transport and Communication	10,047,580	11,416,257
	Warehousing & Storage	26,622	937,128
	Mining and Quarrying	29,331	-
	Other services	7,313,029	6,588,747
	Personal Loans	1,602,354	1,686,687
	Agriculture	5,148,932	4,906,226
		46,864,369	**50,116,677**
	Maturity analysis		
	Repayable on demand		-
	Repayable in 3 months or less	3,888,947	2,944,899
	Repayable between 3 months and 1 year	25,105,781	20,951,340
	Repayable after 1 year	17,869,640	26,220,439
		46,864,369	**50,116,677**
16	**OTHER ASSETS**		
	Interest receivable	465,048	595,688
	Prepaid expenses	220,511	216,505
	Other assets	353,337	299,306
		1,038,897	**1,111,499**
	Less:ECL Allowance on Other Assets (Note 25 i)	(244)	(8,051)
		1,038,652	**1,103,449**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2023 TZS '000	2022 TZS '000
17	**TAXATION**		
17(i)	**Income tax expense/(credit)**		
	Income tax-Current (note 17(ii)	619,317	578,232
	Income tax-Previous years (note 17(iv)	259,249	-
	Deferred tax expense/(credit) Previous year- note 17 (iii)	-	48,869
	Deferred tax expense/(credit) Current year- note 17 (iii)	(84,267)	(167,067)
		794,299	**460,034**
17(ii)	**Income tax (payable)receivable**		
	Opening balance	119,921	(2,665)
	Tax paid for current year	694,800	697,397
	Prior year Recoverable amounts utilized	(119,921)	-
	Tax paid for previous year	-	3,420
	Tax payable from prior years audit(2018-2022)	(140,083)	-
		554,717	**698,153**
	Less: tax charge for current year	(619,317)	(578,232)
	Net Income tax recoverable (payable)	**(64,600)**	**119,921**
	Less: Recoverable Corporate tax	75,483	119,921
	Income tax payable	(140,083)	-
		(64,600)	**119,921**
17(iii)	**DEFERRED TAX LIABILITY/(ASSET)**		
	Balance at the beginning of the year	(75,855)	42,343
	Prior year adjustment(impairment)	-	48,869
	Charge/(credit) for the year - See Note 16	(84,267)	(167,067)
	Balance at the end of the year	**(160,122)**	**(75,855)**
	The deferred tax liability/(asset) arises from:		
	Deferred tax B/F (Per AFS)	(75,855)	**91,212**
	Property and equipments	92,730	27,296
	Lease (IFRS 16)	(17,438)	9,737
	Provisions for impairment of loans and other assets	(356,182)	(593,924)
		(280,890)	**(556,891)**
	Deferred tax (asset)/liabity (30%)	(84,267)	**(167,067)**
	Deffered tax C/F	**(160,122)**	**(75,855)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 (iv) Tax Liability arising from Tax Audit for prior years 2018-2022

During the year 2023 Canara Bank was audited by Tanzania Revenue Authority, the audit which covered the period of five years from 2018 to 2022. The tax assessments for the same were received in year 2024.The outcome of audit was a total liability of TZS 613.90 Million including both principal tax and interest/ penalty.

We have settled a liability of TZS 376.09 Million as seen in Note 17(i), 17(ii) and 10(iii) and of financial statements. Out of TZS 376.09 Million TZS 119.16Million has been settled against recoverable tax for year 2022, while actual tax remittance of TZS 256.9 Million being made to TRA. The tax payment of TZS 256.9 includes principal taxes and penalty while we have requested a waiver of interest of TZS 55.28 Million.

Further for year 2020, Canara Bank has objected the assessment of Corporate tax (both principal and interest) to TRA Commissioner for Large Tax Payer amounting to TZS 182.52 Million for which bank had already paid for the same in the year 2020.

On the financial statements TZS 256.9Million has been reported as liability where by TZS 140.08 Million is reported as Income tax payable on statement of Financial position and TZS 116.84 Million reported under other liabilities note 20(ii).

SUMMARY OF TOTAL TAX LIABILITY FROM YEARS 2018 TO 2022					
					Figures in (TZS "000")
TAX TYPE	**TOTAL LIABILITY**	**SETTLED AGAINST RECOVERABLE TAX AMOUNTS**	**TAXES PAID TO TRA**	**REQUESTED WAIVER**	**OBJECTED**
Corporate Tax	459,159.88	119,165.61	140,082.91	17,386.38	182,524.97
Value Added Tax	72,450.90		55,142.30	17,308.60	0.00
Withholding Tax	45,883.93		37,943.19	7,940.74	0.00
Payroll taxes	23,896.78		17,506.90	6,389.89	0.00
Stamp Duty	12,510.00		6,255.00	6,255.00	0.00
Total Taxes Payable	**613,901.49**	**119,165.61**	**256,930.30**	**55,280.62**	**182,524.97**

SUMMARY OF PRINCIPAL TAX LIABILITY YEARLY FROM 2018 TO 2022						
						Figures in (TZS "000")
TAX TYPE	**YOI: 2022**	**YOI: 2021**	**YOI: 2020**	**YOI: 2019**	**YOI: 2018**	**TOTAL**
Corporate Tax	129,575.90	58,813.08	198,353.48	15,365.62	37,140.45	439,248.52
Value Added Tax	9,645.72	6,511.55	0.00	4,532.76	29,952.26	50,642.30
Withholding Tax	11,412.57	8,083.81	4,927.99	6,036.28	7,482.54	37,943.19
Payroll taxes	1,391.26	185.95	4,892.77	0.00	11,036.92	17,506.90
Stamp Duty	1,190.00	1,440.00	1,340.00	1,295.00	990.00	6,255.00
Total Taxes Payable	**153,215.45**	**75,034.39**	**209,514.24**	**27,229.67**	**86,602.16**	**551,595.91**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 (iv) Tax Liability arising from Tax Audit for prior years 2018-2022(Continued)

SUMMARY OF INTEREST/PENALTY TAX YEARLY FROM 2018 TO 2022

Figures in (TZS "000")

TAX TYPE	YOI: 2022	YOI: 2021	YOI: 2020	YOI: 2019	YOI: 2018	TOTAL
Corporate Tax	0.00	4,834.83	2,524.97	3,008.20	9,543.35	19,911.35
Value Added Tax	4,993.49	683.33	0.00	1,459.79	14,671.98	21,808.60
Withholding Tax	583.89	848.33	899.23	1,944.01	3,665.29	7,940.74
Payroll taxes	71.18	19.51	892.80	0.00	5,406.39	6,389.89
Stamp Duty	1,190.00	1,440.00	1,340.00	1,295.00	990.00	6,255.00
Total Taxes Payable	**6,838.56**	**7,826.00**	**5,657.01**	**7,707.01**	**34,277.01**	**62,305.58**

18 (i) PROPERTY AND EQUIPMENT

	Computer & hardware TZS '000	Motor vehicle TZS '000	Office furniture & equipment TZS '000	Total TZS '000
Cost				
At 1 January 2022	1,421,281	62,819	649,920	**2,134,020**
Additions	70,195	-	22,794	**92,990**
Disposals	(45,781)		(14,672)	**(60,453)**
At 31 December 2022	**1,445,695**	**62,819**	**658,042**	**2,166,556**
At 1 January 2023	1,445,695	62,819	658,042	**2,166,556**
Additions	126,500	-	1,841	**128,341**
Disposals	-		(1,332)	**(1,332)**
At 31 December 2023	**1,572,195**	**62,819**	**658,546**	**2,293,565**
Depreciation				
At 1 January 2022	1,293,330	58,262	333,865	**1,685,457**
Charge for the year	60,772	1,709	40,310	**102,791**
Disposals	(42,821)		(7,971)	**(50,792)**
At 31 December 2022	**1,311,281**	**59,971**	**366,204**	**1,737,456**
At 1 January 2023	1,311,281	59,971	366,204	**1,737,456**
Charge for the year	54,712	1,068	36,549	**92,329**
Disposals	-		(828)	**(828)**
At 31 December 2023	**1,365,993**	**61,039**	**401,924**	**1,828,957**
Net Book Value				
At 31 December 2022	**134,414**	**2,848**	**291,839**	**429,100**
At 31 December 2023	**206,202**	**1,780**	**256,622**	**464,609**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2,023 TZS '000	2,022 TZS '000
18 (ii)	**INTANGIBLE ASSETS-COMPUTER SOFTWARE**		
	Cost		
	At 1 January	2,973,408	2,917,848
	Additions	289,415	55,560
	At 31 December	**3,262,822**	**2,973,408**
	Amortization		
	At 1 January	2,925,005	2,891,661
	Charge for the year	65,378	33,344
	At 31 December	**2,990,383**	**2,925,005**
	Net Book Value		
	At 31st December	**272,439.05**	**48,403**
18 (iii)	**RIGHT TO USE ASSET**		
	Opening right to use assets	720,263	277,807
	Addition of new Right of Use Asset	-	720,263
	Adjustment of Opening balance	(98,555)	-
	Less;Depreciation Charge on Right to Use Assets	(262,123)	(277,807)
	Closing Right to use Assets	**359,586**	**720,263**

		2023 TZS '000	2022 TZS '000
19.	**DEPOSITS**		
19(i)	CUSTOMER DEPOSITS		
	Savings Accounts	5,010,028	4,251,852
	Current Accounts	7,877,179	7,748,741
	Fixed Deposits	43,491,105	41,333,540
		56,378,313	**53,334,133**
19(ii)	DEPOSITS FROM BANKS		
	Interbank deposit- related parties (note 23)	-	9,288,000
	Interbank deposits-other banks	1,700,000	696,600
		1,700,000	**9,984,600**
	TOTAL DEPOSITS	**58,078,313**	**63,318,733**
	Total deposits Maturity analysis		
	Repayable on demand	12,887,207	12,000,593
	Repayable in 3 months or less	18,915,573	23,601,303
	Repayable between 3 months and 1 year	23,592,021	23,961,468
	Repayable after 1 year	2,683,512	3,755,369
		58,078,313	**63,318,733**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2023 TZS '000	2022 TZS '000
20.(i)	**LEASE LIABILITY**		
	Opening lease liability	720,263	720,263
	Adjustment to Opening balance	(98,555)	
	Addition of new lease liability	-	720,263
	Payment of lease Liability for the year	(253,881)	(720,263)
	Closing lease liability	**367,828**	**720,263**
20.(ii)	**OTHER LIABILITES**		
	Accrued expenses payable	167,902	125,427
	Accrued interest payable	1,655,352	1,518,395
	Accrued Interest on Lease Liability	9,196	-
	Duties and taxes payable	161,964	35,442
	ECL Allowance financial guarantees and LC (Note 25 i)	675	9
	Other payable	320,812	174,210
		2,315,900	**1,853,482**
21(i)	**SHARE CAPITAL**		
	Authorized:		
	50,000,000 ordinary shares of Tzs 1,000 each (2023 - 50,000,000 ordinary shares of Tzs 1,000 each)	50,000,000	50,000,000
	Issued and fully paid up:		
	32,830,000 ordinary shares of Tzs 1,000 each (2023 - 32,830,000 ordinary shares of Tzs 1,000 each)	**32,830,000**	**32,830,000**
21(ii)	**STATUTORY RESERVE**		
	Opening balance as at 1st January	467,694	1,279,370
	Transfer (from) to Retained Earnings	(206,393)	(811,676)
	Closing balance as at 31st December	**261,301**	**467,694**
21(iii)	**DIVIDEND PAID DURING THE YEAR**		
	Number of issued full paid ordinary shares	32,830	32,830
	Dividend per share	5	15
	Dividend paid	**164,150**	**492,450**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2023 TZS '000	2022 TZS '000
22	**CORE CAPITAL**		
	Issued and fully paid up capital	32,830,000	32,830,000
	Retained earnings	8,216,293	6,258,728
	Prepayments	(220,511)	(216,505)
		40,825,781	38,872,223
23.	**RELATED PARTY TRANSACTIONS**		
	(a) Amount due to Related Parties		
	Canara Bank India (Note 19)	0	9,288,000
		0	9,288,000
	(b) Amount due from Related Party (Note 12)		
	Canara Bank India	23,700	32,556
	Canara Bank London	503,800	464,400
	Canara Bank Dubai	503,800	0
		1,031,300	496,956
	(c) Directors Remuneration		
	Directors Annual fees (Note 10 iii)	23,052	29,198
		23,052	29,198
	(c) Key Managament Compensation		
	Salaries and benefits to senior management	1,069,324	1,223,823
		1,069,324	1,223,823
24.	**CONTINGENT LIABILITIES**		
	Contingent liabilities as at balance sheet date are as follows:		
	Bank guarantees given	1,547,593	3,028,254
	Undrawn loan commitments	2,758,191	3,577,902
	Withholding tax payable on deemed divided	141,151	141,151
	Gross Contingent Liabilities	4,446,935	6,747,307
	Less:ECL Allowance as per IFRS 9 (Note 25 i)	(675)	(9)
	Net Contingent Liabilities	4,446,260	6,747,298

During the year 2020 Tanzania Revenue Authority had conducted an examination of returns for the years of Income 2017-2018.It was established that the net tax payable (withholding tax on deemed dividend) for the 2017 to be TZS. 63,999,883 and for year 2018 to be TZS. 102,551,437. The bank objected the liability on the examination and deposited TZS. 25,400,000 in line with sec 51(6) of the Tax Administration Act 2015.

In 2021, TRA had confirmed the tax assessment previously objected, However as per provision of law, Canara Bank Tanzania had further appealed to Tanzania Revenue Appeal Board(TRAB) .

On 28th July 2023 Bank was served with certified copies of proceeding and judgement where by the Tax Revenue Appeal Board dismissed the appeals at no cost.

On 26th August 2023 bank had further appealed to Tax Revenue Appeal Tribunal(TRAT) and as at 31st December 2023 bank was still awaiting hearing date. No provision made for the same as it is uncertain at the moment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 PROVISION FOR IMPARMENT LOSSES

25 (i) Movement of ECL Allowances	As at 01-Jan-2023	Charge to P&L for year 2023	Provision Write off	As at 31-Dec-2023
	TZS '000	TZS '000	TZS '000	TZS '000
Loans and advances (Note 15)	71,500	86,435	2,622	155,314
Deposits and balances due from other banks(Note 12)	617	9,795	0	10,412
Balance with Bank of Tanzania (Note 11)	49	11,159	0	11,209
Government securities (Note 13)	438	(159)	0	279
Other Assets (Note 16)	8,051	(7,807)	0	244
Off balance sheet (Note 24)	9	666	0	675
Total for year	80,664	100,089	2,622	178,132

25(ii) Breakdown of impairment loss to profit and Loss for year 2023	Impairment charge for credit losses	Loan Written off	Charge to profit and Loss for year 2023
	TZS '000	TZS '000	TZS '000
Loans and advances	86,435	258,714	345,149
Deposits and balances due from other banks.	9,795	0	9,795
Balance with Bank of Tanzania	11,159	0	11,159
Government securities	(159)	0	(159)
Other Assets	(7,807)	0	(7,807)
Off balance sheet items	666	0	666
Total for the year	100,089	258,714	358,803

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25(iii)	Breakdown of impairment loss to profit and loss for the year 2022.	Impairment charge for credit losses	Loan Write off	Charge to profit and Loss for year
		TZS '000	TZS '000	TZS '000
	Loans and advances	19,613	951,177	970,791
	Deposits and balances due from other banks.	(11,609)	0	(11,609)
	Balance with Bank of Tanzania	(45)	0	(45)
	Government securities	87	0	87
	Other Assets	(1,699)	0	(1,699)
	Off balance sheet items	(219)	0	(219)
	Total for the year	**6,128**	**951,177**	**957,306**

26. INCORPORATION

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

27. CURRENCY

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

28. COMPARATIVES

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

29. SUBSEQUENT EVENTS

As part of Canara Bank India (parent bank) strategic initiative to rationalize international operations, the Board of Directors of parent bank resolved for the divestment of Tanzania operations by appointing a strategic consultant to oversee the divestment process for which the process is ongoing and is expected to be finalized by the year 2024.