Victoria
FINANCE

VICTORIA FINANCE PLC

ANNUAL REPORT AND GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2024

BANK OF TANZANIA
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DIRECTORATE OF FINANCIAL SECTOR SUPERVISION
DAR-ES-SALAAM

VICTORIA FINANCE PLC

ANNUAL REPORT AND GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRPERSON
Mr. Leonard Kitoka

VICE CHAIRPERSON
Ms. Rose Funja

DIRECTORS
Mr. Abel Kaseko
Mr. Deusdedit Rutazaa
Dr. Ibrahim Mwangalaba
Ms. Farida Kangesa
Mr. Sylvester Orao

COMPANY SECRETARY
Mr. Patrick Malewo

CHIEF EXECUTIVE OFFICER
Mr. Julius Mcharo

REGISTERED OFFICE
5th Floor Mwanga Tower Building,
New Bagamoyo road, Kijitonyama,
P.O BOX 12102
Dar es Salaam

LEGAL ADVISORS:
APEX ATTORNEYS
Tancot House,
Sokoine/Pamba Road,
P.O BOX 34674,
Dar es Salaam

AUDITORS
NEXIA TANZANIA
2nd Floor, Oyster Plaza, Plot No. 4
Haile Selassie road, Oysterbay
P.O. Box 12729, Dar es Salaam
Tanzania

BANKERS:

NCBA BANK TANZANIA LIMITED
Samora Branch, Dar es Salaam

NMB BANK PLC
Kariakoo Branch, Dar es Salaam

TCB BANK LIMITED
Mlimani Branch, Dar es Salaam

MWANGA HAKIKA BANK LIMITED
Mwanga Tower, Dar es Salaam

CRDB BANK PLC
Vijana Branch, Dar es Salaam

MUCOBA BANK PLC
Madibira Branch, Mbarali

MAENDELEO BANK
Luther House, Dar es Salaam

REPORT BY THOSE CHARGED WITH GOVERNANCE

1. INTRODUCTION

The Directors present this report and the audited financial statements for the financial year ended 31st December 2024, which disclose the state of affairs of the Group.

2. INCORPORATION

Victoria Finance Plc was incorporated on 2nd October 2009 under the Tanzania Companies Act, 2002 as Victoria Microfinance Company Limited and later on, on 20th April 2010, changed the name to Victoria Finance Limited and in 2014 was incorporated as Victoria Finance Public Limited Company.

3. VISION, MISSION, CORE VALUES

VISION

"To become a leading innovative financial services provider, recognized for excellence and transformative impact in Africa"

MISSION

"To deliver tailored, high-impact financial solutions that empower entrepreneurs to achieve economic independence and long-term success"

CORE VALUES:

(i) Customer Centricity
The Company prioritizes its customers' needs, fostering trust by delivering solutions that resonate with their aspirations

(ii) Integrity
Upholding the highest ethical standards in all interactions, fostering long-term partnerships built on transparency and trust

(iii) Innovation
Continuously seeking new ways to enhance financial solutions, ensuring customers benefit from cutting-edge practices.

(iv) Excellence
Striving for superior quality in every aspect of service delivery, ensuring stakeholders' expectations are consistently surpassed.

4. PRINCIPAL ACTIVITIES

The principal focus of Victoria Finance Group is the provision of financial services, mainly microfinance. The. Group is also carrying out insurance brokerage services through its subsidiary –Victoria Insurance Brokers Limited.

5. OBJECTIVES AND STRATEGIES

The main objectives and strategies of Victoria Finance Group are:

1. Improve Financial Growth and Market Expansion

- Drive growth through geographical expansion and product diversification, focusing on digital financial solutions and innovative lending products tailored to emerging customer needs.
- Expand into new markets and enhance product offerings, including digital agriculture products and financial solutions for Micro & Small Enterprises and underserved communities.

2. Digital Transformation and Operational Efficiency:

- Leverage technology to optimize operational processes, enhance productivity, and improve customer experiences.
- Invest in advanced digital infrastructure, automation, and data analytics to increase operational efficiency and scalability.

3. Enhance Customer Experience:

- Enhance customer engagement and satisfaction through personalized financial solutions and exceptional service delivery.
- Implement data-driven insights to understand customer needs and behaviors, ensuring tailored financial products and seamless digital experiences.

4. Improve Risk Mitigation and Sustainability:

- Strengthen risk management frameworks and promote sustainable financial practices to ensure long-term stability and growth.
- Align strategies with environmental, social, and governance (ESG) principles to support sustainable development goals.

5. Improve Talent Management:

- Develop a high-performance culture by attracting, retaining, and nurturing top talent.
- Implement human capital development programs to enhance skills, leadership, and productivity.

6. DIRECTORS

The Board held four meetings out of four during the year. Three Directors retired during the year: Exavery Makwi', Victoria Chale, and Robert Butambala. New Directors who joined the Board are Dr. Ibrahim Mwangalaba, Deusdedit Rutazaa, and Sylvester Orao. The Chief Executive Officer and Internal Auditor also attended the meetings as invitees.

The Members of the Board of Directors who served during the period and to the date of this report are indicated below:

NAME	POSITION	APPOINTED	AGE	PROFESSION	NATIONALITY	NO. OF SHARES
Ms. Farida Kangesa	Member	1-July-23	50	Marketing Specialist	Tanzanian	1,614,932
Mr. Leonard C. Kitoka	Chairperson	20-June-21	56	Mgt Consultant	Tanzanian	1,535,001
Sylvester Orao	Member	01-Dec-24	54	Certified Auditor	Tanzanian	63,173
Deusdedit Rutazaa	Member	1-July-24	57	Certified Accountant	Tanzanian	62,760

NAME	POSITION	APPOINTED	AGE	PROFESSION	NATIONALITY	NO. OF SHARES
Ms. Rose Funja	Vice Chairperson	01-July-23	43	IT Specialist	Tanzanian	-
Mr. Abel Kaseko	Member	1-July-24	42	Banker	Tanzanian	-
Dr Ibrahim Mwangalaba	Member	1-July-24	57	Banker	Tanzanian	
Ms. Victoria Chale*	Vice Chairperson	20-June-21	54	HR Consultant	Tanzanian	-
Mr. Xavery Makwi'*	Member	20-June-21	56	Banker	Tanzanian	-
Mr. Robert** Butambala	Member	1-Nov-21	54	Accountant	Tanzanian	-
COMPANY SECRETARY						
Patrick Malewo	Secretary	1-July-22	56	Lawyer	Tanzanian	-

Mr. Xavery Makwi'* - Retired in June 2024
Ms. Victoria Chale*- Retired in June 2024
Mr. Robert Butambala**- Retired in November 2024

7. CORPORATE GOVERNANCE

VFP Board consists of seven (7) both Non-Executive and Independent Directors. Apart from the Chief Executive Officer, no other Director holds executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring significant investment decisions, considering significant financial matters, and reviewing the performance of management, business plans, and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of business to the Chief Executive Officer, assisted by senior management.

The VFP Board has three Board committees, namely the Board Audit & Risk Committee, the Board Credit Committee, and the Board Finance, Human Resources & Administration Committee.

BOARD AUDIT & RISK COMMITTEE MEMBERS

The Committee held three out of four meetings planned during the year. The External Auditors were invited and attended one meeting to present audit findings and audited financial statements. The Chief Executive Officer, Chief Finance Officer, and Internal Auditor also attended the meetings as invitees.

Members of the Committee that served during the year and current Members were as follows:

NAME	POSITION	PROFESSION	NATIONALITY
Mr. Deusdedit Rutazaa	Chairman	Accountant	Tanzanian
Dr. Ibrahim Mwangalaba	Committee Member	Banker	Tanzanian
Mr. Sylvester Orao	Committee Member	Auditor	Tanzanian
Mr. Robert Butambala**	Retired Chairman	Accountant	Tanzanian
Ms. Victoria Chale*	Retired Member	HR Specialist	Tanzanian
Mr. Patrick Malewo	Secretary	Lawyer	Tanzanian

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

7. CORPORATE GOVERNANCE (CONTINUED)

BOARD AUDIT & RISK COMMITTEE MEMBERS (CONTINUED)

The Board Audit and Risk Committee reviews significant accounting policies and financial reporting systems to ensure that they are adequate and are complied with at all times. It reviews the adequacy of internal control systems and monitors the implementation of actions to address issues raised by internal auditors, external auditors, and regulators.

The Committee assists the Board in the evaluation and selection of External Auditors at least annually and approves the recruitment of the Internal Auditor. It can also recommend termination of existing Auditors whenever it is found that the performance is not in line with the assigned duties and responsibilities and/or there is no independence for the auditors to discharge their duties professionally.

BOARD CREDIT COMMITTEE

The Board Credit Committee held three meetings during the year out of the four planned meetings. The Committee was reconstituted during the year due to a change in Board members with Director Exavery Makwi' retiring in June 2024 and new members Director Deusdedit and Dr Ibrahim Mwangalaba serving the last two quarters of the year. Two Directors -Director Deusdedit and Director Rose Funja were assigned to different Committees. The Chief Executive Officer and Chief Operations Officer participated in the meetings as invitees. Members of the Board Credit Committee that served during the year and current Members were as follows: -

NAME	POSITION	PROFESSION	NATIONALITY
Mr. Abel Kaseko	Chairman	Banker	Tanzanian
Dr. Ibrahim Mwangalaba	Committee Member	Banker	Tanzanian
Ms. Farida Kangesa	Committee Member	Marketing Specialist	Tanzanian
Mr. Deusdedit Rutazaa	Assigned new responsibility	Accountant	Tanzanian
Ms. Rose Funja	Assigned new responsibility	IT Specialist	Tanzanian
Mr. Exavery Makwi'*	Retired Member	Banker/Lawyer	Tanzanian
Mr. Patrick Malewo	Secretary	Lawyer	Tanzanian

The main function of the Board Credit Committee is to monitor the performance and quality of the credit portfolio, appraise and approve loans within its credit approval limit, and recommend to the Board for approval facilities beyond its limit. The Committee reviews the Credit Policy at least once a year and ensures that it contains sound fundamental principles that facilitate the identification, measurement, monitoring, and control of credit risk, as well as having appropriate plans and strategies for credit risk management.

BOARD FINANCE, HUMAN RESOURCES AND ADMINISTRATION COMMITTEE

The Committee held three out of four meetings planned during the year. The Committee was reconstituted during the year due to a change in Board membership as Directors Victoria Chale and Director Robert Butambala retired during the year. New Directors who joined the Committee include Director Dr. Ibrahim Mwangalaba joined the Committee from July 2024 and later changed to undertake different roles and was replaced by Director Sylvester Orao. The Chief Executive Officer and Chief Finance Officer also attended the meetings as invitees.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

7. CORPORATE GOVERNANCE (CONTINUED)

BOARD FINANCE, HUMAN RESOURCES AND ADMINISTRATION COMMITTEE (CONTINUED)

Members of the Committee that served during the year and current Members were as follows:

NAME	POSITION	PROFESSION	NATIONALITY
Ms. Rose Funja	Chairperson	IT Specialist	Tanzanian
Ms. Farida Kangesa	Committee Member	Marketing Specialist	Tanzanian
Mr. Sylvester Orao	Committee Member	Auditor	Tanzanian
Dr. Ibrahim Mwangalaba	Assigned new responsibilities	Banker	Tanzanian
Mr. Robert Butambala**	Retired Member	Accountant	Tanzanian
Mr. Patrick Malewo	Secretary	Lawyer	Tanzanian

The main function of this Committee is to develop, review, and monitor the financial strategic plan and management practices. The Committee ensures that there is a succession plan for executives and other key positions. It is also responsible for reviewing and recommending reward strategies and annual compensation for the Board, senior management, and other employees.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is mandated to oversee the Management to efficiently discharge specific functions of the Group. The members of the Board are aware of their obligation to good corporate governance at all times and the need to work for the best interests of the Group. All Board members are non-executive Directors and meet at least every three months to discuss the affairs of the Group. The Board of Directors consists of 7 members and the Secretary to the Board. The Board takes overall responsibility for the Group, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management, business plans, and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operational and in compliance with sound corporate governance principles. The Board delegates the day-to-day management of the business to the Chief Executive Officer, who is assisted by the management team. The management team is invited to attend Board meetings and facilitate the effective control of the Group's operational activities.

The Group is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency, and accountability. During the year, the Board held four meetings, while the Board Audit and Risk Committee held three meetings during the year. The Board Credit Committee met three times while Board Finance, Human Resources & Administration met three times during the year.

7. CORPORATE GOVERNANCE (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Attendance at the meetings is detailed in the tables below:

S. NO	MEETING NO.	DATE	BOARD ATTENDANCE
1	84	10th April, 2024	5 out of 7
2	85	28th June,2024	6 out of 7
3	86	27th July, 2024	6 out of 7
4	87	25th October. 2024	6 out of 7

BOARD MEETINGS

BOARD MEMBERS' ATTENDANCE IS SUMMARIZED BELOW:

NAME OF DIRECTOR	DIRECTORS	BARC	BCC	BFHA
Mr. Leonard Kitoka	4 out of 4	NA	NA	NA
Ms. Farida Kangesa	4 out of 4	NA	3 out of 3	3 out of 3
Ms. Rose Funja	3 out of 4	NA	1 out of 1	2 out of 3
Mr. Abel Kaseko	4 out of 4	3 out of 3	3 out of 3	NA
Dr. Ibrahim Mwangalaba	2 out of 2	NA	3 out of 3	2 out of 2
Mr. Deusdedit Rutazaa	1 out of 2	2 out of 3	3 out of 3	NA
Mr. Sylvester Orao	NA	NA	NA	NA
Mr. Xavery Makwi'	1 out of 1	NA	1 out of 1	NA
Ms. Victoria Chale	1 out of 1	1 out of 1	NA	NA
Mr. Robert Butambala	4 out of 4	3 out of 3	NA	3 out of 3

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board accepts final responsibility for the risk management and internal control systems of the Group. It is the task of the Directors to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

a) The effectiveness and efficiency of operations;
b) The safeguarding of the Group's assets;
c) Compliance with applicable laws and regulations;
d) The reliability of accounting records;
e) Business sustainability under normal as well as adverse conditions; and,
f) Responsible behavior towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Group's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2024 and is convinced that they met accepted criteria. The Board carries out risk and internal control assessment through the Board Audit and Risk Committee.

INTERNAL AUDIT FUNCTION

The Group has an established internal audit function headed by an in-house Internal Auditor, who reports to the Board of Directors through the Board Audit and Risk Committee.

The Internal Audit function provides an independent and objective assurance that is guided by a philosophy of adding value to improve the operations of the Group. It assists in accomplishing objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's governance, risk management, and internal control. Both the internal audit activity and responsibilities are established and defined by the Board of Directors as part of their oversight role.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the stated goals and objectives of the Group. This includes:

- Evaluating risk exposure relating to the achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management, and control as appropriate for the organization.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board or management, as appropriate.

EXECUTIVE MANAGEMENT

The existing Group's management structure has the Chief Executive Officer (CEO) who is the overall in charge of the Group. He is assisted by the General Manager-Insurance (GM), the Chief Operations Officer (COO); the Chief Finance Officer (CFO), the Head of Legal & Compliance (HLC), the Head of Information & Communication Technology (HICT), and Internal Auditor (IA).

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

7. CORPORATE GOVERNANCE (CONTINUED)

EXECUTIVE MANAGEMENT (CONTINUED)

The current management team is composed of the following members:

CHIEF EXECUTIVE OFFICER

Julius Mcharo is a professional banker with over twenty-nine years' experience in banking, microfinance, and financial markets, where he ascended the leadership ladder to become the Chief Executive Officer of a regional Bank-Commercial Bank of Africa (Tanzania) Limited, a position he held until December 2015. He worked for both international banks and local banks including Standard Chartered Bank, Citibank, TIB Bank, and Commercial Bank of Africa in Treasury, Institutional banking, and Corporate & Investment Banking.

He has served on several Boards, including IODT, Victoria Insurance Brokers, Mawinyi Investment Limited, and Albatross Company. He holds a B.com (Finance), MBA, CPA (T), Certificate of Directorship and Mastery in Directorship.

CHIEF OPERATING OFFICER

Melkizedeck Akyoo is the Chief Operations Officer (COO) of Victoria Finance Plc. He is responsible for formulating strategies, planning, and quality management of the loan portfolio. He oversees the operations department, which vests the portfolio management functions. He holds a Bachelor of Business Administration with Minors in Accounting and Information Technology from Carthage College, Kenosha, Wisconsin, WI (U.S.A), (2003) and Certificates in various courses in Banking and Leadership. He has extensive experience in Banking and other financial entities for more than 15 years. His experience includes serving in several roles in Retail Banking, Acting Branch Manager and Business Development Manager, Relationship Manager in Corporate Banking, Personal Banking, and Special Assets Management. In addition, he has been involved in Trade and Treasury Operations as Senior Officer at NCBA Bank Tanzania Limited. He also worked at Standard Chartered Bank in retail banking.

GROUP ACCOUNTANT

CPA Raphael Ngalya is the Group Accountant of Victoria Finance Plc. He is responsible for providing leadership, direction, and management of the finance team. He holds a Bachelor's Degree in Accounting and Finance - Business Sector from Mzumbe University. He is a Certified Public Accountant (CPA) since 2020. He has gained invaluable experience in the fields of Accounting, Finance, and Taxation from his diverse professional career spanning more than 7 years. He began his career as a Finance Officer at Mwalimu Commercial Bank PLC, then moved on to be a Tax consultant with PKF Advisory Limited, and finally joined the Victoria Group.

ICT OFFICER

Noel Mathew Sumbe is an ICT Engineer and an experienced Systems Analyst for over five years. He specializes in network and systems administration and is quite knowledgeable in a variety of applications and operating systems. He previously worked both at Aga Khan Foundation and NPK Technologies as an IT Officer and System Analyst, respectively, before joining Vision Max Company as a System Analyst. He joined Victoria Finance Plc in October

2020 as an ICT Officer in charge of all the Company's ICT operations. Noel holds a Bachelor of Science in Computer Engineering and IT from the University of Dar es Salaam.

LEGAL AND COMPLIANCE OFFICER

Robi Simon Magaigwa is an Advocate of the High Court of Tanzania and the current Legal and Compliance Officer. She has more than ten years of professional legal practice. She worked as a Senior Advocate with both RMS Attorneys and FCB Consultancy Limited before joining Victoria Finance. She holds a Bachelor of Laws from Mzumbe University and a Post Graduate Diploma in Legal Training and Practice from the Law School of Tanzania.

DIRECTORS REMUNERATION

Remuneration of all Directors is subject to annual review by members of the Group to ensure that levels of emoluments and compensation are appropriate. The non-executive Directors are not eligible for pension scheme membership and are not part of the VFP remuneration scheme.

Information on aggregate amounts of the emoluments and fees paid during the year is disclosed below:

S/N	DIRECTORS	AMOUNT (TZS)
1	Mr. Leonard C. Kitoka	2,500,000
2	MS. Farida Kangesa	2,000,000
3	Ms. Rose Funja	2,000,000
4	Mr. Abel Kaseko	2,000,000
5	Mr. Robert Butambala	2,000,000
6	Dr. Ibrahim Mwangalaba	1,000,000
7	Mr. Deusdedit Rutazaa	1,000,000
8	Mr. Xavery Makwi	1,000,000
9	Ms. Victoria Chale	1,000,000
10	Mr. Sylvester Orao	-
	Total	**14,500,000**

7. SHARE CAPITAL STRUCTURE

Victoria Finance PLC has 20 million authorized shares of TZS 250 each. Currently, the Group has 60 shareholders out of whom four (4) shareholders each hold at least 5.0% of the total issued and paid-up shares of the Company. The total number of shares issued and paid up as of 31st December 2024 was **7,308,054** (2023: 7,268,950). Additional shares of 39,103 paid were a result of the Right Issue in 2022, whereas existing shareholders were awarded a right issue of one share for each of two shares held in the Company. The shares of the Company as of 31st December 2024 and 2023 are held as follows:

The shares of the company as of 31st December 2024 and 2023 are held as follows:

NAME	NO. OF SHARES	% OF HOLDINGS	NO. OF SHARES	% OF HOLDINGS
	2024	**2024**	**2023**	**2023**
Farida Kangesa	1,614,932	22.1%	1,614,932	22.22%
Leonard Kitoka	1,535,001	21.0%	1,535,001	21.12%
Blandina Mususa	757,078	10.4%	757,078	10.42%
VG Holding Company Ltd	439,818	6.0%	439,818	6.05%
Other Shareholders (56)	2,961,225	40.5%	2,922,121	40.20%
Total Share Capital	**7,308,054**	**100.00%**	**7,268,950**	**100.00%**

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

8. STOCK EXCHANGE INFORMATION

The Group is listed at Dar es Salaam Stock Exchange under the Acceleration window, which is a non-trading category of emerging enterprises nurtured and profiled for consideration in both the Enterprise Growth Market and the Main Market listing.

9. BUSINESS PERFORMANCE

The Group performance for the year is summarized below:

DESCRIPTION	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
Profit/(loss) before taxation	**234,823**	**(546,672)**	**331,476**	**(306,584)**
Tax (charge)/credit	**(36,284)**	220,455	**(47,648)**	190,246
Net/(loss) profit	**198,538**	(326,217)	**283,829**	(116,338)
Earnings per share (EPS)	**27**	-46	**39**	-16
Return on Equity (ROE)	6%	-9%	8%	-3%

10. KEY PERFORMANCE INDICATORS (KPIs)

During the year 2024, the performance of VFP improved slightly compared to the previous year, with much-improved key performance indicators. This was mainly attributed to improved efficiency, cost containment, and improved revenues due to increased disbursement. Also, loanable funds increased compared to the previous year, which made the company increase its loan portfolio.

Below is the summary of Key Performance Indicators:

KEY INDICATORS	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Portfolio at Risk 30 days	9.00%	9.20%	9.00%	9.20%
Operational Self Sufficiency	118%	84%	127%	93%
Operating Expense/Loan Portfolio	14%	10%	12%	8%
Personnel /Loan Portfolio	9%	14%	7%	12%
Debt to Equity Ratio	175%	174%	179%	180%
Loan Portfolio to Total Assets	72%	72%	73%	73%
Capital to Total Assets	27%	27%	26%	27%

11. DIVIDEND

The Board of Directors recommended the payment of dividends for the year ended 31st December 2024 of TZS 15 per share or total TZS 109,620,810 (2023: TZS Nil). The Directors continue to mobilize both equity and debt finance for lending to new products and for strategic technological initiatives.

The Group's subsidiary, Victoria Insurance Brokers Limited, did not declare a dividend for the year ended 31st December 2024 (2023: TZS Nil).

12. CURRENT AND FUTURE DEVELOPMENT PLANS

Victoria Finance is embarking on an ambitious journey with its Strategic Plan for 2025-2029, designed to propel the institution into a new era of growth, innovation, and impact. This strategic blueprint sets the stage for achieving sustainable financial success while delivering high-impact financial solutions to empower individuals and enterprises. Building on a legacy of excellence and transformative impact, the plan outlines a clear vision, mission, strategic objectives, and resource allocation to drive growth and operational efficiency.

The Strategic Plan 2025-2029 is driven by the strategic theme to "Empower Communities through Financial Inclusion." This vision reflects Victoria Finance's commitment to creating value for customers, shareholders, and communities by delivering impactful financial solutions that drive socio-economic development. The strategic plan ensures agility, scalability, and sustainability in an increasingly competitive and dynamic economic landscape.

14. STAKEHOLDERS' RELATIONSHIPS

The Group continued to maintain good relationship with all stakeholders including customers, banks, microfinance institutions, vendors, impact funders, Tanzania Association of Microfinance Institutions(TAMFI) and regulators such as Bank of Tanzania (BOT), Tanzania Revenues Authority, Social Security Funds, and Tanzania Insurance Regulatory Authority Municipal Councils, Higher Education Students' Loans Board, BRELA, OSHA, Workers Compensation Fund, and Ministry of Trade and Industry.

15. SOLVENCY

The Board of Directors has reviewed the financial position of the Group for the year ended 31st December 2024 and the existing long-term, short-term obligations and means ascribed in the Companies Act No. 12 of 2002 and considers the Group to be a going concern.

16. CASH FLOWS AND LIQUIDITY

VFP Management has set out various strategies that will ensure long-term sustainable funding, which can be used to lend to the customers and maintain the optimal level of business operation. One of the strategies is engaging different Banks, Financial Institutions, and Impact Funders both within and outside the country, who can lend to VFP at an affordable cost. We are currently in discussion with several institutions which some of which are in the very advanced stage.

17. EMPLOYEE WELFARE

FINANCIAL ASSISTANCE

During the year, the Group offered its employees staff loans at an interest rate of 18% per annum. The loans are issued at concessionary lending rates pegged at the average cost of funds.

MEDICAL BENEFITS

During the year, the Group continued to offer its employees with medical insurance cover for the whole year with Jubilee Insurance Limited.

MANAGEMENT/EMPLOYEE RELATIONSHIP

During the year, the relationship between management and employees remains good with sound collaboration and teamwork.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

17. EMPLOYEE WELFARE (CONTINUED)

GENDER PARITY

The Group is an equal opportunity employer as of 31 December 2024, the Group had the following distribution of employees by gender. As of 31st December 2024, women employees accounted for 50% of all employees (2023:54%).

GENDER	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Female	12	15	10	13
Male	12	13	12	11
Total	**24**	**28**	**22**	**24**

PERSONS WITH DISABILITIES

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

EMPLOYEES BENEFIT PLAN

The Group's contributions to a publicly administered pension plan on a mandatory basis, which qualifies to be a defined contribution plan.

18. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Notes 21 and 28 of these financial statements.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Victoria Finance PLC continued to give back to the community in support of various developmental causes in areas of education, health, and environmental conservation. The Corporate Social Responsibilities initiatives are guided by Victoria's policy that requires Victoria Finance to spend up to 0.5% of its profit on community support in social activities.

Corporate Social Responsibility has become an integral part of our operations. As a corporate citizen, Victoria Finance believes that giving back to our communities is an opportunity to be closer to our customers and create a lasting bond.

20. AUDITORS

During the year 2024, Nexia Tanzania was re-appointed as the Group's auditors for the second time. The auditors have indicated their willingness for re-appointment for the year ending 31st December 2025.

By order of the Board

Leonard Chacha Kitoka
Chairman

12th April 2025
Date

STATEMENT OF RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE

The Group's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31st December 2024, and the statement of comprehensive income, the statement of changes in equity and statement of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, per International Financial Reporting Standards and the manner required by the Tanzania Companies Act, CAP 212 of 2002.

The Directors' responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 have assessed the Group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on **12th April, 2025,** and were signed on its behalf by:

Deusdedit Rutazaa

Director

Leonard Kitoka

Chairman

VICTORIA FINANCE PLC

ANNUAL REPORT AND GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 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 as under Directors Responsibility statement on an earlier page.

I Doreen Jackson Musiba being the Outsourced Head of Finance of Victoria Finance PLC. hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Victoria Finance PLC. as on that date and that they have been prepared based on properly maintained financial records.

Signature: ....

Position: Outsourced Accountant

NBAA Membership No.: ACPA 6120

Date: 12th April 2025

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF VICTORIA FINANCE PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Victoria Finance Plc, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the company as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Tanzanian Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

No.	Key audit matter	How our audit addressed the key audit matter
1.	**Expected credit losses on loans and advances**	
	Provision is a subjective area due to the level of judgement applied by management in determining provisions. The Company is required to calculate expected credit loss on trade receivables. We focused on the identification of impairment events, which differs based upon the type of lending product and customer. Judgement is required to determine whether a loss has been incurred. We also focused on the measurement of expected credit losses, including the assessment of whether historical experience is appropriate when assessing the likelihood of incurred losses in respect to the trade receivables. As disclosed in under the *significant accounting policies*, judgement is applied in determining the appropriate parameters and assumptions used to calculate impairment. For example, the assumption of customer that will default, the valuation of collateral for secured lending and the expected future cash flows of trade receivables.	• Our audit procedures included the assessment of key controls over the approval, recording and monitoring of loans and advances, and evaluating the methodologies, inputs and assumptions used by the Company in calculating collectively assessed expected credit losses, and assessing the adequacy of impairment allowances for individually assessed trade receivables. As part of this, we assessed the Company's estimates and assumptions used including the consistency of judgement applied in determination of the amount and timing of expected future cash flows, and consideration of economic factors and historical default rates. • We also assessed whether the consolidated financial statements disclosures appropriately reflect the Company's exposure to credit risk.

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REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE MEMBERS OF VICTORIA FINANCE PLC

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

No.	Key audit matters	How our audit addressed the key audit matter
2.	**Information control systems and controls over financial reporting in the financial statements.**	
	The Company's financial and accounting and reporting systems are heavily dependent on complex systems. Significant reliance on IT systems presents a significant risk to the company as the core system is considered complex due to multiple significant functionalities and interdependencies with other systems. We spent significant audit effort in the audit of these systems as part of the audit process, as it is critical for the control environment of the company and therefore, we determined it to be a key audit matter.	Our audit procedures in this area included, among others the use of our IT auditors / specialists in: • Reviewing of IT Governance practices to access their adequacy, the existence of IT Risk assessment, and the role of IT Steering Committee (if any) and the Board of Directors; • Reviewing information systems within the financial institutions including core system, operating systems, applications, databases, servers and networking devices and confirm whether all the systems are robust enough to ensure data integrity, confidentiality and availability; • Performing application controls testing which include configuration controls, sensitive access and segregation of duties controls, interface controls, data integrity controls and obtain reasonable assurance on the accuracy and completeness of reports; • Reviewing and accessing whether balances resulting from all transactions and data processed within the Company's IT system are accurately captured and reported in the General Ledger, the Consolidated Financial Statements and Returns submitted to the BOT; and • Reviewing IT security controls including application security, privileged access, audit trails, system monitoring and maintenance, controls over program and system changes, integrity and systems ability to recover from unexpected shutdown`s and ability to recover from a disaster resulting in loss of data. The business continuity practice in its totality was reviewed.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE MEMBERS OF VICTORIA FINANCE PLC

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

Other information consists of the information included in the corporate information, report by those charged with governance, statement of directors' responsibilities and the declaration of head of finance, other than the consolidated financial statements and our auditor's opinion thereon. Management is responsible for the other information.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED) TO THE MEMBERS OF VICTORIA FINANCE PLC

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in the manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

(iii) the Company's consolidated statement of financial position and consolidated statement of comprehensive income are in agreement with the books of account.

Nexia Tanzania.

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

S. Jaffer

Sujata Jaffer
Managing Partner
NBAA registration number: ACPA 718
Dar es Salaam
Ref: NTZ/14/2025

Date: 12/04/**2025**

VICTORIA FINANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31 DECEMBER 2024

	Note	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
Interest income					
Interest income	5	2,453,126	1,795,977	2,444,105	1,786,721
Interest expenses	6.1	(1,126,568)	(771,887)	(1,119,056)	(771,167)
Net interest income		**1,326,558**	**1,024,090**	**1,325,049**	**1,015,554**
Impairment of receivables	6.2	(115,580)	(148,946)	(105,532)	(148,946)
Net interest income after impairment charges		**1,210,978**	**875,144**	**1,219,517**	**866,608**
Non-interest income					
Fees & Commissions		293,592	232,582	207,754	151,863
Other income		130,216	105,725	130,216	105,725
Non-interest income	7	**423,808**	**338,307**	**337,970**	**257,588**
Total Operating Income		**1,634,786**	**1,213,451**	**1,557,487**	**1,124,196**
Personnel expenses	8	(841,194)	(1,050,778)	(741,721)	(844,041)
Administrative expenses	9	(558,768)	(709,345)	(484,291)	(586,738)
Total Operating Expenses		**(1,399,962)**	**(1,760,123)**	**(1,226,012)**	**(1,430,779)**
Profit before taxation		**234,824**	**(546,672)**	**331,475**	**(306,584)**
Tax expense	10	(36,284)	220,455	(47,648)	190,246
Profit after taxation		**198,540**	**(326,217)**	**283,827**	**(116,338)**
Other Comprehensive Income				(102,838)	(236,346)
Total Comprehensive Income		**198,540**	**(326,217)**	**180,989**	**(352,684)**
Total income for the year attributable to					
Equity holders		198,540	(326,217)	-	-
Non-controlling interest		3	(5)	-	-
Basic and diluted earnings per share - TZS	24.1	**27**	**(46)**	**39**	**(16)**

The annexed notes 1 to 32 form an integral part of these financial statements

Director

Date: 12th April 2025

Director

Date: 12th April 2025

VICTORIA FINANCE PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
ASSET					
Current Assets					
Current Assets					
Cash and cash equivalents	11	2,023,150	2,035,875	1,923,834	1,957,132
Net Loans and Advances	12	9,855,888	8,831,743	9,855,888	8,831,743
Prepayments	13	250,457	163,502	243,193	154,307
Other Accounts Receivables	14	164,129	164,433	137,149	138,434
Intercompany Receivables	21	-	-	175,375	-
Deferred Tax assets	10	118,064	89,669	106,700	89,669
Corporate Tax Receivable	23	451,327	469,056	324,044	333,828
Other Assets	15	433,297	401,116	433,297	401,116
Total Current Assets		**13,296,312**	**12,155,394**	**13,199,480**	**11,906,229**
Non-Current Assets					
Property and equipment	16	164,338	192,776	141,591	169,378
Right-of-use assets	25	302,662	342,887	224,959	265,184
Equity Investments (Net)		-	-	24,252	127,089
Total Non-Current Assets		**467,000**	**535,663**	**390,802**	**561,651**
Total Assets		**13,763,312**	**12,691,057**	**13,590,282**	**12,467,880**
LIABILITIES AND EQUITY					
Liabilities					
Borrowings	17	8,848,771	8,029,483	8,848,771	8,029,483
Cash Collateral/Savings	18	126,577	125,050	126,577	125,050
Lease Liability	25	349,482	385,217	272,884	298,185
Special Funds	20	688,508	537,044	688,508	537,044
Other Liabilities	19	84,746	164,587	73,443	96,020
Total Liabilities		**10,098,085**	**9,241,381**	**10,010,183**	**9,085,782**
Equity					
Ordinary share capital	24	1,827,013	1,817,237	1,827,013	1,817,237
Share premium		395,169	387,935	395,169	387,935
Retained earnings		1,443,048	1,244,509	1,357,917	1,176,926
Total equity and Reserves		**3,665,230**	**3,449,681**	**3,580,099**	**3,382,098**
Non-controlling interest	26	(2)	(5)	-	-
Total Liabilities and Equity		**13,763,312**	**12,691,057**	**13,590,282**	**12,467,880**

The annexed notes 1 to 32 form an integral part of these financial statements

Director

Date: 12th April 2025

Director

Date: 12th April 2025

VICTORIA FINANCE PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

GROUP	Share Capital	Share Premium	Retained Earnings	Non-Controlling Interest	Total Equity
			TZS 000		
Balance as at 1st January 2023	1,726,995	343,682	1,768,833	0	3,839,511
Profit for the year	-	-	(326,217)	(5)	(326,222)
Prior Year Adjustment(EIR)	-	-	(198,107)	-	(198,107)
Capital received	90,242	44,252	-	-	134,494
Balance as at 31st December 2023	**1,817,237**	**387,935**	**1,244,509**	**(5)**	**3,449,676**
Balance as at 1st January 2024	1,817,237	387,935	1,244,509	(5)	3,449,676
New Shares Issued During the Year	9,776	7,234	-	-	17,010
Profit for the year	-	-	198,540	3	198,541
Balance as at 31st December 2024	**1,827,013**	**395,169**	**1,443,049**	**(2)**	**3,665,227**

VICTORIA FINANCE PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

COMPANY	Share Capital	Share Premium	Retained Earnings	Total Equity
	----------------	TZS 000	----------------	
Balance as at 1st January 2023	1,726,995	343,682	1,727,717	3,798,395
Profit for the year	-	-	(116,338)	(116,338)
Fair Value Gain/loss - Investment in Subsidiary	-	-	(236,346)	(236,346)
Prior Year Adjustment(EIR)	-	-	(198,107)	(198,107)
Capital received	90,242	44,252	-	134,494
Balance as at 31st December 2023	**1,817,237**	**387,935**	**1,176,926**	**3,382,097**
Balance as at 1st January 2024	1,817,237	387,935	1,176,926	3,382,097
New Shares Issued During the Year	9,776	7,234	-	17,010
Profit for the year	-	-	283,829	283,829
Fair Value Gain/loss - Investment in Subsidiary	-	-	(102,838)	(102,838)
Balance as at 31st December 2024	**1,827,013**	**395,169**	**1,357,917**	**3,580,098**

VICTORIA FINANCE PLC (VFP)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit Before Tax		**234,827**	**(546,672)**	**331,475**	**(306,584)**
Adjustments:					
Depreciation of Fixed assets	16	43,915	54,934	43,266	45,645
EIR 2021		-	(198,107)	-	(198,107)
Interest on Lease Liability and depreciation - Right of use	23.3	76,112	84,740	67,744	65,837
Provision for Loan impairment	12	115,580	148,946	105,532	148,946
Cash flow before changes in working capital		**470,434**	**(456,159)**	**548,017**	**(244,263)**
WORKING CAPITAL CHANGES					
(Increase)/Decrease in loans & advances	12	(1,139,724)	(1,890,459)	(1,129,677)	(1,890,459)
(Increase)/Decrease in short-term investment	11	(214,054)	(188,599)	(212,054)	(186,039)
(Increase) in other assets	15	(32,181)	(25,018)	(32,181)	(25,018)
(Increase) in other prepayments	13	(86,954)	(55,611)	(88,886)	(53,506)
(Increase)/Decrease in other receivables	14	299	(31,311)	1,285	(66,380)
Increase in accounts payable	19	(79,838)	(272,078)	(22,579)	(344,146)
Increase in Special Funds	20	151,464	(9,805)	151,464	(9,808)
Increase in Collateral savings	18	1,527	24,125	1,323	24,125
Prior period adjustment		175,368	-	-	76,169
Prior year adjustment		-	-	-	(2,780)
Cash flow after change in working capital		**(753,659)**	**(2,904,915)**	**(783,288)**	**(2,722,105)**
Corporate Tax Paid		**(36,000)**	**(60,848)**	**(36,000)**	**(58,348)**
Withholding Tax Paid		**(5,806)**	**(7,362)**	**(7,184)**	**(7,868)**
Net cash generated from operating activities		**(795,465)**	**(2,973,125)**	**(826,472)**	**(2,788,321)**
CASH FLOW FROM INVESTING ACTIVITIES					
Additional to Fixed Asset	16	(15,478)	(38,116)	(15,478)	(35,966)
Net cash flow used in investing activities		**(15,478)**	**(38,116)**	**(15,478)**	**(35,966)**
CASH FLOW FROM FINANCING ACTIVITIES					
Cash injection from shareholders		14,664	134,494	14,664	134,494
Lease Rental		(35,735)	(43,615)	(25,301)	(32,554)
Increase/(Decrease) in borrowings	19	819,289	4,251,196	819,289	4,062,467
Net cash flow used in financing activities		**798,218**	**4,342,075**	**808,651**	**4,164,407**
CASH AND CASH EQUIVALENTS					
Net (decrease)/increase in cash and cash equivalent		(12,715)	1,330,834	(33,298)	1,340,120
Cash and cash equivalent brought forward		2,035,875	705,041	1,957,132	617,011
Cash and cash equivalents carried forward	11	**2,023,150**	**2,035,872**	**1,923,834**	**1,957,131**

1. REPORTING ENTITY

Victoria Finance PLC (the "Group" or "Company") is a company domiciled in Tanzania. The financial statements of the Group are for the year ended 31 December 2024. These consolidated financial statements comprise of the Group and its subsidiary (together referred to as the "Group").

The Group is primarily involved in financial services, which comprise of microfinance and insurance brokerage services to the underserved community of Tanzania.

The Group registered office address is:

5th Floor, Mwanga Tower Building,

New Bagamoyo road, Kijitonyama, Kinondoni
P.O BOX 12102
Dar es Salaam, Tanzania

Both the parent Company financial statements and the Group financial statements have been prepared and approved by the Directors by International Financial Reporting Standards (IFRS). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Amounts in the financial statements are stated in Tanzania Shillings, which is the Company's functional and presentation currency. All values are rounded to the nearest thousand (TZS '000) except where otherwise indicated.

a) Basis of preparation

The financial statements of Victoria Finance PLC comply with the Tanzania Companies Act, 2002 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are prepared on a going concern basis and include the consolidated financial statements of the holding company and its subsidiaries (The Group) and the separate financial statements of the holding company (The Company).

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

The Group's critical accounting estimates and judgements in the preparation of financial statements in conformity with IFRS as determined by management, are detailed in note 4. These involve a higher degree of judgement or complexity and are areas where assumptions and estimates are significant to the financial statements. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

b) Adoption of new and revised international financial reporting standards ("IFRS")

(i) New standards and amendments to existing standards effective 1 January 2024

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2024 that have a material effect on the financial statements of the Group.

(ii) New standards, amendments and interpretations effective after 1 January 2024 and that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024, and have not been early adopted in preparing these financial statements. The Group's assessment of the impact of these new standards and amendments is set out below:

i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026).

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

ii) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The IASB issued the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Group is currently still assessing the effect of the forthcoming standard and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Group.

Climate-Related and Sustainability-Related Financial Disclosures

"The International Sustainability Standards Board (ISSB) has issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, effective for annual reporting periods beginning on or after 1 January 2024. These standards establish a framework for the disclosure of sustainability-related risks and opportunities, including climate-related financial impacts.

As at 31 December 2024, the Group has not yet implemented IFRS S1 and IFRS S2 disclosures in its financial statements. The Company has not yet conducted an assessment of the applicability of IFRS Sustainability Disclosures Standards. Management plans to evaluate this in the upcoming reporting period to ensure alignment with emerging global sustainability practices."

e) Interest income

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

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

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

The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability.

f) Fees and commissions

Fees and Commission income and expense include fees that are not integral part of the Effective Interest Rate.

The Group recognizes fee and commission income charged for services provided by the Group as and when performance obligations are satisfied, for example, on completion of the underlying transaction.

A contract with a customer that results in a recognized financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measures the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

g) Investments, other financial assets and financial liabilities

Recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVPL), transaction costs that are incremental and directly attributable to the acquisition of the financial asset or financial liability.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss. An expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and in debt instruments measured at fair value through other comprehensive income (FVOCI), which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

c) Basis of consolidation and equity accounting

The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiary is fully consolidated from the date on which control is transferred to the Group.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Separate financial statements of the Company

In the separate financial statements of the Company, investments in subsidiary companies are carried at cost. In subsequent years, the carrying amount is reduced to recognize any impairment in the value of individual investments.

(ii) Transactions with non-controlling interest

The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interest without loss of control are also recorded in equity.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("functional currency").

The consolidated and separate financial statements are presented in Tanzania Shillings ("TZS"), which is the Company's functional currency. All amounts are in Thousands except as otherwise stated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when the items are remeasured.

Trading transactions denominated in foreign currencies are accounted for at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are reported at the rate of exchange ruling at the end of the reporting date. Differences arising from reporting monetary items are dealt with through profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction and are not subsequently retranslated.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognizes the differences as follows:

(i) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.

(ii) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Amortized cost and effective interest rate

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in net trading income. Impairment losses are presented as separate line item in the statement of profit or loss.

Loans originated by the Group by providing money directly to the borrower (at draw-down) are categorized as loans by the Group and are carried at amortized cost, which is defined as the fair value of cash consideration given to originate these loans as is determinable by reference to market prices at origination date. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the fair value are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in net trading income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net trading income in the statement of profit or loss and impairment expenses are presented as a separate line item in profit or loss.

FVPL

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. The Group may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortized cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise.

These will be subsequently measured at fair value through profit or loss with gains and losses recognized in profit or loss. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented in net trading income in the year in which it arises. A gain or loss on an equity investment elected to be measured at FVPL is presented in net gain from equity financial instruments carried at fair value through profit or loss.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

(i) If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
(ii) Significant extension of the loan term when the borrower is not in financial difficulty.
(iii) Significant change in the interest rate.
(iv) Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the assets. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss in net impairment of financial assets.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised PAR amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne loan is credit impaired due to the existence of evidence of credit impairment, the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the loan is no longer credit-impaired. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership nor the Group has retained control.

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivative financial instruments, financial liabilities held-for-trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit and loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability) and partially in statement of profit or loss (the remaining amount of change in the fair value of the liability). This is applicable unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

h) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Definition of Default

The definition of default is critical to the determination of the ECL. It is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk. The Group considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Group; or
- The borrower is unlikely to pay its credit obligations in full to the Group.

The definition of default is appropriately tailored to reflect different characteristics of different type of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or accounts are overdrawn for more than 90 days. When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators such as breach of covenants and financial performance. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources such as Guideline on Credit Impairment Measurement and Income Recognition.

Credit impaired

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. It is credit impaired and is in Stage 3 when contractual payments or accounts in excess are past due by more than 90 days and/or other quantitative and qualitative factors indicate that the obligator is unlikely to honour its credit obligations.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD)
- loss given default (LGD)
- exposure at default (EAD)

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross collateralization and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

Write off Policy

Financial Assets are written off either partially or in its entirety when the Group has no reasonable expectations of recovering them. This occurs when the Group determines that the customer does not have the capacity to repay the amount due or the collateral given by the customer is not sufficient to cover the exposure. The write off does not mean that the Group has forfeited its legal right to claim the sums due. The Group retains the right to proceed with enforcement actions under the Group's recovery procedure and any recovery will be recognised in the statement of profit or loss under 'Net impairment of financial assets' as recoveries of advances written off.

i) Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated to write down the cost of such assets to their residual values on a straight-line basis over their estimated useful lives as follows:

Description of Items	Useful Life (Years)	Period of Depreciation
Computers	4	4
Office Equipment	4 – 8	8
Furniture	8	8
Motor Vehicles	4 – 8	8

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their disposal proceeds and their carrying amounts and are recognised as income or expense in profit or loss. Repairs and renewals are charged to profit or loss when the expenditure is incurred.

j) Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly attributable with the design of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intend to complete the software product and use or sell it;

- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of ten years.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise unrestricted cash and, treasury bills and amounts due to and from banks which are short term, highly liquid with original maturities of 90 days or less, and borrowings of original maturities of 90 days or less that can fluctuate in value changing from an asset to a liability and vice versa across periods.

l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m) Savings from customers

Savings from customers are classified as financial liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost.

n) Current and deferred income tax

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

(i) Current income tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period and includes the Corporate Social Responsibility charge and levy. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

(ii) Deferred income tax

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

o) Borrowings

Borrowings are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

p) Dividend declared and unpaid

Dividend declared and unpaid to the Company's shareholder at reporting date is recognised as a liability in the period in which dividend is declared.

q) Stated capital

Ordinary shares are classified as equity. Share issue costs are incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

s) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except or short-term leases (leases with a lease term of 12 month or less) and low value leases. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses the Key rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'Property, plant and equipment' in the Statement of Financial Position and further elaborated in Note 10. The lease liability is recorded under 'Other liabilities' in the Statement of Financial Position.

The interest on lease liabilities is recorded under Interest expense, while the expense related to short-term and low-value leases is included in the 'Other Non-Interest expense' line in the Statement of Profit or Loss. The depreciation charge for leases is included in the depreciation of property, plant, and equipment under non-interest expense.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

t) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

u) Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to owners of the Group by the weighted average number of shares outstanding during the reporting year.

v) Operating segments

The Group's segmental reporting is in accordance with IFRS 8 Operating segment.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As part of the process of preparing the financial statements of the Group, management is called upon to make judgement, estimates and assumptions. This affects the reported amount of revenues, expenses, assets, liabilities and the disclosures. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(ii) **Fair value measurement**

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values should be first calculated with reference to observable inputs where these are available. Only where these are unavailable that the Group employ fewer observable inputs. Unobservable input is used where observable or less observable input is unavailable.

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including third-party transaction values, earnings, net asset value, or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgment and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iii) **Asset lives and residual values**

Property, plant and equipment are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(iv) **Deferred Tax**

Deferred Tax are recognized to the extent that it is probable that future taxable income will be available against which unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Recognition of deferred tax assets depends on management's intention of the Group to generate future taxable profits which will be used against temporary differences and to obtain tax benefit thereon. The outcome of their actual utilization may be different.

(v) Provision and Contingencies

Provision is recognised in the financial statements when the Group has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. A reliable estimate is required to be made. Management makes various assumptions in order to determine whether to recognise a provision and its amount thereafter.

(vi) Measurement of expected credit loss

The measurement of expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g the likelihood of customers defaulting and the resulting losses). Explanations of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in the Risk and Capital Management report, which also sets out the key sensitivities of the ECL to changes in those elements. Several significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for the significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of market and associated ECL
- Establishing groups of similar financial assets to measure ECL

Detailed information about the judgements and estimates made by the Company in the above areas is set out in the Risk and Capital Management report.

(vii) Leases

The adoption of IFRS 16 requires significant judgment and estimation. Critical judgment like the determination of whether an extension or termination option will be exercised. Other key assumptions and estimates are:

- Determination of the appropriate rate to discount the lease payments
- Estimating the lease term
- Assessing whether the right of use is impaired

4. FINANCIAL RISK MANAGEMENT

a) Financial risk management

The Group is actively engaged in delivery of financial services. Managing financial risk is a fundamental part of its business activity. The main sources of financial risk that the Group faces arise from financial instruments, which are fundamental to the Group's business and constitute the core of its operations.

The Group has exposure to the following risks from financial instruments:

(i) Credit Risk
(ii) Liquidity Risk
(iii) Market risk (including interest rate and foreign currency risk)

The Group devotes considerable resources to measure, manage, mitigate and control each of these risks and ensures that its risk management systems and procedures are fitted to meet the needs of the business. The Group's risk management policies and processes are designed to identify and analyse these risks; set appropriate risk appetites; limits and controls; and to constantly monitor the risks and adherence to limits.

Given that the Company comprises a significant portion of the Group.

b) Credit risk

Credit risk arises when customers or counterparties are not able to fulfill their contractual obligations. Credit Risk Management at the Company is under the responsibility of the Chief Operation Officer (COO). The COO has the task of reviewing the Company's credit policies and guidelines to ensure that best lending practices are upheld at all times. Risk assessments are carried out to assist in portfolio management decisions including exposure levels and the constitution of required provisions.

The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter term commitments.

c) Market risk

Market risk refers to the potential of market price fluctuations, such as those in interest rates, equity prices, foreign exchange rates, and market credit spreads, impacting a company's income or the valuation of its financial instrument holdings. The primary objective of market risk management is to proficiently handle and regulate these exposures within acceptable benchmarks, all while optimizing returns from risk-associated endeavors.

The formulation of market risk management policies within the Company lies under the jurisdiction of the Board Risk Monitoring Committee. The execution of these policies and the oversight of this risk category are entrusted to the Asset and Liability Committee (ALCO). These units play a pivotal role in the ongoing monitoring and regulation of market risk activities.

This is devoted to ensuring the effective adherence to market risk policies and guidelines, as well as maintaining a vigilant watch over predetermined limits. Similarly, the Committee concentrates on monitoring the interest rate risk. Their collective efforts contribute to a comprehensive approach to risk management within the Company.

(i) Investment Price risk

Investment price risk pertains to the vulnerability of an investment's value to shifts in market prices. This risk emanates from a multitude of factors, including the interplay of supply and demand, prevailing economic conditions, geopolitical occurrences, and prevailing market sentiment. The Company designates a portion of its investments under the categories of Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL).

(ii) Currency risk

Currency risk is defined as the risk that movements in foreign exchange rates adversely affect the value of the Company's foreign currency positions. Exposure resulting from trading activities is monitored through the use of limits. Limits are given to the individual trader and monitored by the ALCO. Overall exposure to foreign exchange including those resulting from non-trading activities is monitored against both the regulatory guideline and an internal target validated by the ALCO.

(iii) Interest rate risk

Interest rate risk in the portfolio encompasses the potential adverse effects on earnings resulting from fluctuations in market interest rates. This risk primarily affects non-traded assets and liabilities, specifically encompassing loans, deposits, and financial instruments held without the intent of trading.

To effectively manage this risk, the Asset and Liability Committee employs a variety of strategies. Net interest income (NII) sensitivity stands as a key metric, evaluating the anticipated changes in net interest income across diverse interest rate scenarios, while holding all other economic factors constant. RALCO oversees the fluctuations in net interest income sensitivity.

The calculations of NII sensitivity assume uniform interest rate movements across all maturities within the 'up-shock' scenario. In contrast, the 'down-shock' scenario assumes a floor at zero for rates.

(iv) Liquidity risk

Liquidity risk entails the risk of being unable to procure readily available funds to satisfy immediate or near-term obligations in a cost-efficient manner. The Group recognizes the indispensable nature of skillfully managing liquidity, not only to foster market confidence but also to ensure the enduring viability of its operations. To effectively navigate liquidity and funding risk, the Group has established a robust internal framework that synergizes Risk, Finance, and Treasury Management functions, all of which operate under the vigilant oversight of the Risk, Asset and Liability Committee (ALCO). The Group has implemented a series of key strategies to proficiently manage liquidity risk:

- Proactively forecast future cash flows and devise plans to address both routine operational necessities as well as diverse potential scenarios and contingencies.
- Oversee day-to-day liquidity by closely monitoring intra-day liquidity dynamics and projecting future cash flows, thereby guaranteeing the capability to meet all outgoing fund requirements.
- Uphold a reserve of liquid assets that can be promptly mobilized in situations of unanticipated cash outflows.
- Foster a diversified and stable funding foundation to fortify the Group's financial resilience.
- Rigorously monitor a set of early warning indicators that signal potential liquidity stress.
- Maintain a comprehensive Contingency Funding Plan to address liquidity emergencies.

The below table provides a breakdown of financial assets and liabilities according to their remaining contractual maturities as of the end of the reporting period. The Group also holds financial assets and financial liabilities for which the expected cash flows are significantly different from the contractual cash flows. The amounts disclosed in the following tables are undiscounted.

d) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments and instruments for which a market, which is considered to be the most representative price, is readily available. These financial assets have been classified as fair value through profit or loss and fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant input required to fair value an instrument is observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

Specific techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest swaps is calculated as the present value of the estimated future cashflows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using foreign exchange rates at the end of the reporting period, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

e) Capital risk management

Disclosures relating to capital risk management are available in the Risk and Capital Management Report.

	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
5 Interest Income				
a. Interest- Loans to Customers	2,386,522	1,760,571	2,386,522	1,760,571
b. Interest -Bank deposits	66,604	35,405	57,583	26,150
Total Interest Income	**2,453,126**	**1,795,977**	**2,444,105**	**1,786,721**

6.1 Interest Expenses

a. Interest - Banks and financial Institutions	241,987	107,664	241,987	107,664
b. Interest - Microfinance Service Providers	37,452	107,935	37,452	107,935
c. Interest- Borrowings from Abroad	359,399	54,176	359,399	54,176
d. Interest - Borrowings Local	364,579	354,766	364,579	361,559
e. Interest others/Processing fees	88,119	114,221	88,119	114,221
f. Interest on Lease Liability	35,032	33,125	27,519	25,612
Total Interest Expenses	**1,126,568**	**771,887**	**1,119,056**	**771,167**

6.2 Provision for Bad and Doubtful Debts

6.2 Provision for Bad and Doubtful Debts	**(115,580)**	(148,946)	**(105,532)**	(148,946)
Net Interest Income after impairment	**1,210,978**	**875,144**	**1,219,517**	**866,608**

7 Non-Interest Income

a. Commission on Insurance	85,837	80,719	-	-
b. Fees On Loans	207,754	151,863	207,754	151,863
c. Other Operating Income	83,098	62,212	83,098	62,212
d. Gain on disposal of assets	-	-	-	-
e. Dividend income from subsidiary	-	-	-	-
f. Income from Written off Loans	47,118	43,513	47,118	43,513
Total Non-Interest Income	**423,808**	**338,307**	**337,970**	**257,588**

8 Personnel Expenses

	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
a. Salaries And Wages	673,549	850,402	591,953	670,523
b. Social Security	67,720	86,175	59,560	68,177
c. Skills And Development Levy	20,846	25,964	20,846	25,964
d. Workers Compensation fund	3,386	4,307	2,978	3,407
e. Medical Expenses	75,694	83,931	66,384	75,970
Total Personnel Expenses	**841,194**	**1,050,778**	**741,721**	**844,041**

	GROUP	GROUP	COMPANY	COMPANY
9 Administrative Expenses	2024 TZS 000	2023 TZS 000	2024 TZS 000	2023 TZS 000
Auditor's fee	19,200	25,208	14,800	13,000
Printing And Stationery	6,921	9,159	6,045	7,016
Water And Electricity	18,723	16,209	15,423	13,209
Software Lease fee	47,122	35,253	47,122	35,253
Communication	20,753	24,594	18,481	21,377
Board Expenses	46,756	63,489	33,981	45,007
Office Expenses	67,673	91,206	55,101	74,135
Staff Training Expenses	11,554	12,399	9,174	8,459
Loan Recovery Expenses	46,082	43,970	46,082	43,970
Transport And Traveling	7,809	65,234	7,389	61,719
Branch Office Rent	6,960	6,360	6,960	6,360
Depreciation	43,915	54,934	43,266	45,645
Depreciation Expense-Right of use	51,616	51,616	40,225	40,225
Professional Consultancy	8,872	8,450	3,872	3,450
Trading License	600	1,800	600	1,800
City Service Levy	2,557	4,537	2,273	4,246
Legal Fees	38,823	67,136	38,823	67,136
Customer Training	-	8,798	-	8,798
Other Administrative Expenses	112,831	118,993	94,673	85,932
Total Administrative Expense	**558,768**	**709,345**	**484,291**	**586,738**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 Corporate Taxation

	GROUP 2024 TZS 000	GROUP 2023 TZS 000 (Restated)	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000 (Restated)	COMPANY 2023 TZS 000
The Major Components of Income Tax for The Year Ended 31 Dec 2024 are:						
Current Income Tax	64,678	-	-	64,678	-	-
Deferred Income Tax Charged/(Released)	(28,394)	(226,601)	(220,455)	(17,031)	(190,246)	(190,246)
	36,284	**(220,455)**	**(220,455)**	**47,648**	**(190,246)**	**(190,246)**
Reconciliation of tax on Profit and Current Tax						
Profit Before Tax	**234,823**	**(546,672)**	**(546,672)**	**331,476**	**(306,584)**	**(306,584)**
Tax @ 30%	70,447	-	-	99,443	-	-
Accelerated Wear and Tear	(2,752)	(183)	(183)	(6,182)	(183)	(183)
Non-deductible expenses	12,498	-	-	12,498	-	-
Deferred tax movement	(33,861)	(220,272)		(66,648)	(190,063)	
Reconciled Current Tax	**46,332**	**(220,455)**	**(183)**	**39,112**	**(190,246)**	**(183)**
Deferred Income Tax						
Deferred Income Tax At 31 Dec Relates Accelerated Wear and Tear As follows:						
Accelerated Wear and Tear	**(2,752)**	**(183)**	**(183)**	**(6,182)**	**(183)**	**(183)**
Deferred Tax Movement						
At 1 January	(89,669)	136,931	136,931	(89,669)	100,577	100,577
Opening balance adjustment	8,536	(32,946)	(32,946)	8,536		
Charged/(Released) During the Year	(3,170)	(3,464)	(3,464)	(1,854)	(55)	(55)
General Provision	(33,760)	(190,191)	(190,191)	(23,712)	(190,191)	(190,191)
At 31 December	**(118,064)**	**(89,669)**	**(89,669)**	**(106,700)**	**(89,669)**	**(89,669)**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

11 Cash and Cash Equivalents

	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
Petty Cash	34	101	24	27
Mobile Wallet Balance	70,382	6,004	70,382	6,004
Bank Balances	160,052	451,142	137,746	447,473
Total Cash and Cash Equivalents	**230,467**	**457,247**	**208,151**	**453,504**
Short Term Investments				
Bank Call	300,683	303,629	300,683	303,629
Short term Investments	1,492,000	1,275,000	1,415,000	1,200,000
Total Short-Term Investments	**1,792,683**	**1,578,629**	**1,715,683**	**1,503,629**
Total Cash and Cash Equivalents	**2,023,150**	**2,035,875**	**1,923,834**	**1,957,132**

12 Net Loans and Advances

	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
a. Loans to Customers	8,020,330	7,145,437	8,020,330	7,145,437
b. Loans to Staff	102,219	134,202	102,219	134,202
c. Accrued Interest Receivables - Loans	1,599,997	1,314,005	1,599,997	1,314,005
d. Accrued Penalty Receivables - Loans	531,477	530,702	531,477	530,702
Total Gross Loans	**10,254,023**	**9,124,346**	**10,254,023**	**9,124,346**
Impairment on Loans	398,135	292,603	398,135	292,603
Net Loans and Advances	**9,855,888**	**8,831,743**	**9,855,888**	**8,831,743**

13 Prepayments:

	GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
Rent	-	1,080	-	1,080
General Office Insurance	3,660	1,175	3,639	1,156
Medical Insurance	50,246	47,990	47,390	43,200
External Loan Process fee	155,751	76,550	155,751	76,550
Prepayment- Core System	36,414	32,322	36,414	32,322
Other Prepaid Expenses	1,375	1,375	-	-
Fidelity guarantee	3,011	3,011	-	-
Total Prepayments	**250,457**	**163,502**	**243,193**	**154,307**

	GROUP 2024 TZS 000	GROUP 2023 TZS 000 (Restated)	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000 (Restated)
14 Other Accounts Receivable				
Account Receivable	141,090	142,350	137,149	138,434
Commission on Insurance Receivable	23,039	22,073	-	-
Total Other Accounts Receivable	**164,129**	**164,423**	**137,149**	**138,434**
15 Other Assets				
Cheque Inward A/C	188,258	188,258	188,258	188,258
Cheque Outward A/C	174,674	174,674	174,674	174,674
Asset Control A/C	-	-	-	-
Interest Receivable	78,460	22,763	78,460	22,763
Solar Unsold Stock	4,496	4,496	4,496	4,496
VAT Receivable	(12,591)	7,656	(12,591)	7,656
Salary Advances to Staff	-	3,269	-	3,269
Total Other Assets	**433,297**	**401,116**	**433,297**	**401,116**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

16 Property and Equipment - GROUP

	Computer	Equipment	Furniture TZS 000	Motor Vehicle	Software	Total
Cost						
At January 2024	126,712	84,391	160,782	26,725	54,075	452,686
Additional during the year	635	2,639	-	-	12,204	15,478
Disposals	-	-	-	-	-	-
Balance as at 31st December 2024	**127,347**	**87,031**	**160,782**	**26,725**	**66,279**	**468,164**
Depreciation						
At 1st January 2024	95,519	46,449	79,629	15,908	15,265	252,771
Charge during the year	12,795	7,902	15,726	3,240	11,392	51,056
Depreciation on disposals	-	-	-	-	-	-
At 31st December 2024	**108,315**	**54,351**	**95,356**	**19,148**	**26,657**	**303,826**
Net book value						
31st December 2024	**19,033**	**32,680**	**65,426**	**7,577**	**39,622**	**164,338**
31st December 2023	30,735	37,296	78,658	10,817	35,270	192,776

16.2 Property and Equipment - COMPANY

	Computer	Equipment	Furniture	Motor Vehicle TZS 000	Software	Total
Cost						
At January 2024	117,635	80,483	137,238	26,725	39,000	401,082
Additional during the year	635	2,639	-	-	12,204	15,478
Disposals	-	-	-	-	-	-
Balance as at 31st December 2024	**118,270**	**83,123**	**137,238**	**26,725**	**51,204**	**416,560**
Depreciation						
At 1st January 2024	90,400	44,238	71,621	15,908	9,536	231,704
Charge during the year	11,106	7,693	12,864	3,240	8,363	43,266
Depreciation on disposals	-	-	-	-	-	-
At 31st December 2024	**101,506**	**51,931**	**84,485**	**19,148**	**17,899**	**274,969**
Net book value						
31st December 2024	**16,764**	**31,192**	**52,753**	**7,577**	**33,305**	**141,591**
31st December 2023	27,235	36,245	65,617	10,817	29,464	169,378

		GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
17	**Borrowings**				
	a. Borrowings in Tanzania	5,737,765	5,064,198	5,737,765	5,064,198
	b. Borrowing Abroad	2,681,586	2,664,181	2,681,586	2,664,181
	d. Accrued Interest payable	429,420	301,104	429,420	301,104
	Total Borrowings	**8,848,771**	**8,029,483**	**8,848,771**	**8,029,483**

		GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
18	**Cash Collateral/ Savings**				
	Client's Fund	37,638	34,557	37,638	34,557
	Collateral Savings	88,939	90,493	88,939	90,493
	Total Cash Collateral/ Savings	**126,577**	**125,050**	**126,577**	**125,050**

		GROUP 2024 TZS 000	GROUP 2023 TZS 000 (Restated)	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000 (Restated)
19	**Other Payables and Accruals**				
	Account Payable	34,101	55,308	30,296	52,880
	Directors fee Payable	10,542	3,250	8,667	3,250
	Auctioneer Payable	181	4,939	181	4,939
	Audit Fee Payable	16,355	36,908	11,955	13,000
	Statutory Deductions Payables	23,566	31,622	22,344	21,952
	Total Other Payables and Accruals	**84,745**	**132,028**	**73,442**	**96,021**
20	**Special funds**	**688,508**	**537,044**	**688,508**	**537,044**

		GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
21	**Intercompany Receivable/(Payables)**				
	Amounts due from related parties	-	-	**175,375**	**32,983**
	Amounts due to related parties	-	-	-	**(32,983)**
	Net Intercompany Receivables	-	-	**175,375**	-

During the reporting period, Victoria Finance PLC, the parent company, incurred certain expenses and settled liabilities on behalf of its majority-owned subsidiary, Victoria Insurance Brokers Ltd. The amounts advanced by the parent company are expected to be reimbursed by the subsidiary in the subsequent period.

All intercompany transactions were conducted on an arm's length basis, with the terms and conditions reflective of those available in transactions with independent third parties, in accordance with the applicable IFRS requirements.

22 Contingent Liabilities – Legal Proceedings

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, the Group has disclosed a matter of potential financial impact arising from ongoing legal proceedings between Victoria Finance and Stanbic Bank at the High Court of Tanzania. The dispute relates to the property of Mr. Deus Ntaje (William Masasi), a borrower who defaulted on his repayment obligations from Victoria Finance. As a result of the default, Victoria Finance was compelled to attach and subsequently sell Mr. Ntaje's mortgaged house—a property that the same customer has also used as security for another loan facility from Stanbic Bank. Victoria Finance is currently seeking a court order to recover outstanding loan arrears, and the proceedings have advanced to the execution phase with an attachment order proposed for Mr. Ntaje's(William Masasi) legal mortgage.

In a related development, Victoria Finance (VFP) has initiated an objection proceeding seeking a restraining order to forestall the eviction of a bona fide purchaser from the aforementioned disputed house. The purchaser, who has resided in the property for over four years and has incurred considerable expenditures towards its development, faces potential displacement should the court rule adversely. If the court orders the eviction of the bona fide purchaser, she may assert a claim for a refund of the purchase price amounting to TZS 60,000,000, in addition to seeking compensation for the substantial improvements made to the property.

		GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
23	**Corporate Tax**				
	Tax (Payable)/ Receivable Balance	469,056	147,414	333,828	85,185
	Prior Year Tax Paid	-	13,348	-	13,348
	Provisional Tax Paid During the Year	36,000	47,500	36,000	45,000
	Withholding Tax Paid Directly To TRA	5,806	7,362	1,864	48
	Corporate Tax Expense	(36,284)	220,455	(47,648)	190,246
	Corporate Tax (Payable)/ Receivable	**451,327**	**469,056**	**324,044**	**333,828**

		GROUP 2024 TZS 000	GROUP 2023 TZS 000	COMPANY 2024 TZS 000	COMPANY 2023 TZS 000
24	**Share Capital**				
	Authorized Share Capital				
	80,000,000 Shares of Tzs 250 Each	**20,000,000**	**20,000,000.00**	**20,000,000**	**20,000,000**
	Issued and fully Paid Capital				
	7,308,054 Shares of Tzs 250 each	1,827,013	1,817,237	1,827,013	1,817,237
	Share Premium	395,169	387,935	395,169	387,935
	Share Capital	**2,222,182**	**2,205,172**	**2,222,182**	**2,339,665**
24.1	**Basic and Diluted Earnings Per Share**				
	Net Profit for The Year	**198,540**	**(335,846)**	**283,827**	**(125,967)**
	Weighted Average Ordinary Shares	7,150,837	7,150,837	7,150,837	7,150,837
	Basic And Diluted Earnings Per Share	**27**	**(46)**	**39**	**(16)**

GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023

		TZS 000	TZS 000	TZS 000	TZS 000
25	**Leases**				
	i) Amounts recognized in balance sheet				
25.1	**Right -of -use Assets**				
	At the start of the year	342,887	394,503	265,184	305,409
	Amortization	(40,225)	(51,616)	(40,225)	(40,225)
		302,662	**342,887**	**224,959**	**265,184**
25.2	**Lease Liability**				
	Opening balance	**385,217**	**395,707**	**298,185**	**305,127**
	Interest on lease	27,519	33,125	27,519	25,612
	Repayments during the year	(63,255)	(43,615)	(52,820)	(32,554)
		349,482	**385,217**	**272,884**	**298,185**
25.3	ii) Amounts recognized in the statement of profit or Loss				
		(349,482)	(385,217)	(272,884)	(298,185)
	Depreciation charge of right of use asset	40,225	51,616	40,225	40,225
	Interest Expense on lease liability	27,519	33,125	27,519	25,612
		67,744	**84,740**	**67,744**	**65,837**

26 Non-Controlling interest

The group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business

Name of entity	Country of incorporation	Principal activities	Group interest	NCI
Victoria Insurance Brokers Limited	Tanzania	Insurance Broking	99.9985 %	0.0015%

	2024	2023
Profit attributable to the NCI		
Group profit (TZS 000)	198,538,459	(326,217,113)
NCI (%)	0.0015%	0.0015%
Profit attributable to NCI	2,978	(4,893)

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the group.

26.1 The amounts disclosed for each subsidiary are before inter-company eliminations

	VIB 2024	VIB 2023

Summarized statement of financial position	**TZS 000**	**TZS 000**
Current assets	195,824	172,255
Current liabilities	(203,267)	(84,651)
Net current assets	**(7,444)**	**87,604**
Non-current assets	85,956	103,821
Noncurrent liabilities	(60,509)	(70,942)
Net non-current assets	**25,448**	**32,879**
Net assets	**18,004**	**120,483**
Accumulated non-controlling interest in net assets	**179**	**179**

	2024	**2023**
Summarized statement of compressive income	**TZS 000**	**TZS 000**
Revenue	94,858	96,768
Expenses	(198,652)	(336,856)
Profit/ (loss) Before Taxation	**(103,795)**	**(240,088)**
Profit / (loss) allocated to NCI	**(2)**	**(5)**
Dividend paid to NCI	**-**	**-**

	GROUP 2024	**GROUP 2023**	**COMPANY 2024**	**COMPANY 2023**
27 Number of Outreach				
As At January 2024	3	3	3	3
Opened / (Closed) During The Year	-	-	-	-
As At 31 December, 2024	**3**	**3**	**3**	**3**

28 Related Party Transactions

Salaries and Directors' fees				
Fees to Directors	22,000	24,000	14,500	16,500
Salaries to management	272,343	402,574	272,343	307,100
Total payments	294,3438	426,574	286,843	323,600

Loans and advances

Shareholders / Board Members	122,026	265,935	122,026	265,935
Management	51,210	43,975	51,210	43,975

Total Related Party lending	173,236	309,910	173,236	309,910

28.1 Compensation of Directors and Key Management

Key management personnel comprise of Chief Executive Officer and heads of departments who are reporting directly to the Chief Executive Officer.

28.2 Loan and Advance Credit Arrangement

Loan and advance credit arrangement with Shareholders , Board of directors, Chief Executive Officer, and heads of departments who are reporting directly to the Chief Executive Officer are offered at arm's length except for Management which have special concessionary terms as per staff loan guidelines.

28.3 Settlement of liabilities (Payments) on behalf of another party

In the year ending 31 December 2024, the COMPANY did settle TZS 149 Mn liability (Payments) on behalf of related party (2023: TZS103Mn).

29 SUBSEQUENT EVENTS

There have been no material adjusting and other non-adjusting events after the reporting date which requires further disclosure and/or being accounted in the financial statements.

30 GENERAL

31 PRESENTATION

Figures have been rounded off to the nearest thousand Tanzanian Shillings.

32.1 DATE OF AUTHORISATION

32.2 These financial statements were authorized for issue by the Board of Directors in their meeting held on 12th April 2025.

Date:....12th April 2025......   Date:....12th April 2025....