



AUDITED FINANCIAL STATEMENTS

for the year ended 31st December 2025







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ACRONYMS

ACCPAC ERP	Accounting Package Enterprise Resource Planning
AGM	Annual General Meeting
BARC	Board Audit and Risk Committee
BCC	Board Credit Committee
BHRGC	Board Human Resources and Governance Committee
BOA	Bank of Africa Tanzania Ltd
BOT	Bank of Tanzania
CDS	Central Depository of Securities
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CMSA	Capital Markets and Securities Authority
COO	Chief Operations Officer
CSM	Contractual Service Margin
DFI	Development Finance Institution
DSE	Dar es Salaam Stock Exchange Plc
ESG	Environmental, Social and Governance
FHF	First Housing Finance Co. Ltd
FVOCI	Fair Value through Other Comprehensive Income
HHRCC	Head of Human Resources and Corporate Communications
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
MCC	Management Credit Committee
MD	Managing Director
MIC	Management Investment Committee
MRC	Mortgage Refinance Companies
MRIS	Mortgage Refinance Information System
MTN	Medium Term Note
NBAA	National Board of Accountants and Auditors
NBC	National Bank of Commerce
NHC	National Housing Corporation
NSSF	National Social Security Fund
OCI	Other Comprehensive Income
PBT	Profit Before Tax
PML	Primary Mortgage Lender
PSSSF	Public Service Social Security Fund
SDL	Skills and Development Levy
TMRC	Tanzania Mortgage Refinance Company Limited
TRA	Tanzania Revenue Authority
TZS	Tanzania Shilling
VAT	Value Added Tax
WCF	Workers Compensation Fund


BOARD OF DIRECTORS

S/N	Name	Representing	Position	Qualification	Age	Nationality
1.	Mr. Theobald Sabi	MD, NBC	Chairman	Bachelor of Science in Engineering, Fellow, Association of Chartered Certified Accountants (FCCA)	51	Tanzanian
2.	Mr. Imani John	MD, Access Bank Plc	Vice Chairman	B. Com (Accounting), CPA	47	Tanzanian
3.	Mr. Sabasaba Moshingi	MD, DCB	Member	MBA in Finance	56	Tanzanian
4.	Mr. Frederick Nshekanabo	CFO, CRDB	Member	MSc Finance, CPA	55	Tanzanian
5.	Ms. Lilian Mbassy	Director of Managed Funds, TIB	Member	MBA - (Finance & Banking)	50	Tanzanian
6.	Ms. Esther Mang'anya	MD, Azania Bank	Member	Master's in Business Administration (MBA)	55	Tanzanian
7.	Mr. Andrew Lyimo	Head Retail Banking, Exim Bank	Member	MSc. Accounting & Finance; CPA	51	Tanzanian
8.	Mr. Thierno Habib Hann	MD, Shelter Afrique	Member	MBA in Finance and Investments	51	Guinean
9.	Mr. Filbert Mponzi	Chief Retail & Agri Banking, NMB	Member	Master's in Business Administration (MBA), CPA	51	Tanzanian
10.	Mr. Adolph Kasegenya	Director of Finance, NHC	Member	Bachelor of Commerce in Finance, Master of Arts in Revenue Law and Administration, CPA	54	Tanzanian
11.	Ms. Pamela Lamoreaux	Director, IFC	Member	Consultant, World Bank Group	74	American
12.	Ms. Esther Cecil Maruma	MD, BOAT	Member Appointed on 22 nd January 2025	Bachelor of Science: Environment Sciences and Management from Sokoine University of Agriculture	41	Tanzanian



COMPANY SECRETARY	Ms. Monica Mushi (Legal Counsel)
CHIEF OFFICERS	Mr. Oscar Mgaya (Chief Executive Officer) Mr. Joseph Mrawa (Chief Finance Officer) Mr. Shabani Mande (Chief Operations Officer)
REGISTERED OFFICE	15 th Floor, Golden Jubilee Towers (PSSSF), Ohio Street, P.O. Box 7539, Dar es Salaam, Tanzania.
INDEPENDENT AUDITORS	Auditax International, Head Office, Auditax House, 3 rd Floor, Coca-Cola Road, P.O. Box 77949, Dar es Salaam, Tanzania.
PRINCIPAL BANKERS	NMB Bank Plc., Ohio Street/Ali Hassan Mwinyi Road, P.O. Box 9213, Dar es Salaam, Tanzania.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

REPORT BY THOSE CHARGED WITH GOVERNANCE

The Directors present this report and the audited financial statements for the financial year ended 31st December 2025 which disclose the state of affairs of the Company.

INCORPORATION

The Company was incorporated on 29th January 2010 under the Tanzania Companies Act, 2002 and began its lending operations in November 2011.

COMPANY'S VISION

To be a premier secondary market financial intermediary driving access to affordable medium to long-term finance to financial and non-financial institutions in Tanzania.

COMPANY'S MISSION

To deepen access to affordable housing and finance to micro, small and medium sized businesses through providing innovative medium to long-term finance.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide long term source of funds to banks and non-bank financial institutions for the purpose of supporting mortgage lending, financing housing developers and facilitating housing microfinance. Additionally, to support Micro, Small, and Medium Enterprises (MSME) lending business by offering competitive wholesale lines of credit, trade finance, and start-up financing to banks and non-bank financial institutions.

TMRC OBJECTIVES AND STRATEGIES

TMRC has the objective of supporting financial institutions to do mortgage lending by refinancing Primary Mortgage Lenders' (PMLs') mortgage portfolios. This type of lending is also known as wholesale or secondary market lending. TMRC neither take deposits nor lend directly to individuals. TMRC refinance mortgage loan portfolios rather than individuals mortgage loans and cater to banks and other PMLs rather than individual borrowers.

As the balance sheet of TMRC grows, shareholders are expected to increase their capital in the company. There are no restrictions on other banks or other eligible institutions to participate in the equity of TMRC. The company is an 'open club' with no restrictions on entry for eligible investors.

DIRECTORS

The Directors who held office during the year and at the date of this report are shown on page 6. In accordance with the Company's Articles of Association, no Director is due for retirement by rotation.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

CORPORATE GOVERNANCE

TMRC Board consists of 12 substantive Directors and 11 alternate Directors. An alternate Director represents a substantive Director at the Board meetings if he/she is unable to attend. No Director holds executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility of 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.

Senior management is invited to attend all Board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

TMRC Board is responsible for the governance of risk and sets the tone and direction for TMRC in the way risks are managed in the company's businesses. Board has ultimate responsibility for approving the strategy of the Company in a manner which addresses stakeholders' expectations and does not expose the Company to an unacceptable level of risk. The Board (through Board Audit and Risk Committee) approves the key risk management policies and ensures a sound system of risk management and internal controls exists and monitors performance against them.

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

- The effectiveness and efficiency of operations.
- The safeguarding of the Company's assets.
- Compliance with applicable laws and regulations.
- The reliability of accounting records.
Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
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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 Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

Board Committees

During the year, TMRC had three Board Committees whose role is to ensure a high standard of corporate governance throughout the Company. These Committees were Board Audit and Risk Committee (BARC); Board Credit Committee (BCC) and Board Human Resources and Governance Committee (BHRGC). The activities of these Committees are governed by the respective Committee Charters which are approved by the Board. The three Committees report to the Board of Directors.

Board Audit and Risk Committee**Board Audit and Risk Committee Purpose and Responsibilities**

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 adequacy of internal control systems and monitors implementation of actions to address issues raised by Internal and External auditors and Regulators.

The Committee assists the Board in evaluation of external auditors at least annually. It also recommends 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 in a professional manner. The Head of Internal Audit reports directly to the Board Audit and Risk Committee.

Resolutions which were made by the Committee during the year are as follows:

- i. To recommended to the Board of Directors for approval an additional line of credit of TZS 10 billion from East Africa Development Bank
- ii. To recommend 2024 Audited Financial statements to the Board of Directors for recommendation to the Shareholders for approval.
- iii. To recommend to the Board of Directors proposal for payment of dividends for the year that ended 2024 for further recommendation to the Shareholders for approval subject to Bank of Tanzania approval.
- iv. To recommend to the Board to recommend to the Shareholders reappointment of Auditax International as TMRC auditors for 2025 financials for the fees amounting to TZS 22 million VAT exclusive.
- v. To recommend to the Board of Directors for approval changes to BARC Charter and Internal Audit Charter.
- vi. To recommend to the Board of Directors for approval changes to policies.
- vii. To recommend to the Board of Directors for approval standby line of credit and internet banking transaction limits.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Audit and Risk Committee (Continued)

Board Audit and Risk Committee Purpose and Responsibilities (Continued)

- viii. To recommend to the Board of Directors for approval of the Climate and Sustainability Strategy 2025-2029.
- ix. To recommend to the Board of Directors for approval the 2026 business plan.
- x. To recommend to the Board of Directors for approval Internal Audit Plan for year 2026.

Board Audit and Risk Committee Composition

Name	Detail	Position	Nationality
Mr. Andrew Lyimo	Head Retail Banking, Exim Bank Tanzania	Chairman	Tanzanian
Mr. Fredrick Nshekanabo	CFO, CRDB Bank	Member	Tanzanian
Ms. Lilian Mbassy	Director of Managed Funds, TIB	Member	Tanzanian
Mr. Thierno Habib Hann	MD, Shelter Afrique	Member	Guinean
Ms. Pamela Lamoreaux	Consultant	Member	American

Board Credit Committee

Board Credit Committee Purpose and Responsibilities

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

Resolutions which were made by the Committee during the year are as follows:

- i. To recommend to the Board of Directors for approval to uplift KCB bank’s borrowing limit to TZS 40 billion subject to BOT’s approval.
- ii. To recommend to the Board of Directors for approval of the changes of Credit policy lending terms to Primary Mortgage Lenders to accommodate disbursement of East African Development Bank loan.
- iii. To recommend to the Board of Directors for approval of the wholesale housing microfinance product with its features, FI rating score card, policies and procedures.
- iv. To recommend to the Board of Directors approval of the primary mortgage lenders’ credit limits for 2025/2026.
- v. To recommend to the Board of Directors for approval of the BCC Charter, MCC Charter and Credit Operations Policy.
- vi. To recommend to the Board of Directors for approval the Risk Grading Model for Placements/Investments with Banks and Financial Institutions.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Credit Committee (Continued)

Board Credit Committee Purpose and Responsibilities (Continued)

- vii. To recommend to the Board of Directors for approval the proposed changes to BCC charter and Credit and Operations policy.
- viii. To recommend to the Board of Directors for approval penalty waiver of TZS 87.6 million and 12-months extension to meet the required 33% conversion rate.

Board Credit Committee Composition

Name	Detail	Position	Nationality
Mr. Sabasaba Moshingi	MD, DCB	Chairman	Tanzanian
Mr. Filbert Mponzi	Chief Retail & Agri Banking, NMB	Member	Tanzanian
Mr. Adolph Kasegenya	Director of Finance, NHC	Member	Tanzanian
Ms. Esther Mang'anya	MD, Azania Bank	Member	Tanzania
Ms. Esther Cecil Maruma	MD, BOAT (joined on 27 th February 2025)	Member	Tanzanian

Board Human Resources Governance and Governance Committee (BHRGC)

BHRGC Purpose and Responsibilities

The main function of this Committee is to develop, review and enhance the company approach to corporate governance and human resources management practices. The Committee ensures that there is a succession plan for executives and other key positions within the company. It is also responsible for reviewing and recommending reward strategy and annual compensation for the Board, senior management and other employees of the company.

The Committee makes general recommendations to the Board on corporate governance, including directorship practices, recruitment and retirement policies for the executives of the company, issues arising from Annual General Meeting (AGM), the function and duties of the Committees of the Board and any changes/issues that the Committee believes to be desirable in the matter to be covered by the Board or any of its committees.

Resolutions which were made by the Committee during the year are as follows:

- i. To recommend to the Board of Directors for approval changes to the Human Resources policy.
- ii. To recommend to the Board of Directors to recommend to the Shareholders changes to the Company's Memorandum and Articles of Association.
- iii. To recommend to the Board of Directors mid-year performance for the CEO.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Human Resources Governance and Governance Committee (BHRGC) (Continued)

BHRGC Purpose and Responsibilities (Continued)

- iv. To recommend to the Board of Directors to recommend to the Shareholders reappointment of Ms. Lilian Mbassy and Mr. Widson Swalala Directors representing TIB Development Bank in the TMRC Board of Directors for a tenure of three (3) years.
- v. To recommend to the Board of Directors to recommend to the Shareholders reappointment of Ms. Jacqueline Lyatuu representing Azania Bank Plc in the TMRC Board of Directors for a tenure of three (3) years.
- vi. To notify the Board of Directors retirement of Mr. Salehe Ramadhani from the TMRC Board of Directors and requested the Board to notify the Shareholders of the same.
- vii. To recommend the Director's remuneration policy to the Board of Directors for approval.
- viii. To recommend the gender equality anti-discrimination and women empowerment policy to the Board of Directors for approval.
- ix. To recommend to the Board of Directors CEO's 2024 performance appraisal for approval.
- x. To recommend the proposed staff salary increase to the Board of Directors for approval.
- xi. To recommend to the Board of Directors for approval CEO's salary increase.
- xii. To recommend to the Board of Directors to engage KPMG as the recruitment agent for the new CEO position.
- xiii. To recommend to the Board of Directors to approve resumption of the recruitment process of the Head of Sustainability, Climate Finance, Strategy and Communications with the previously approved recruitment agency.
- xiv. To update the Board of Directors implementation of the board performance evaluation action items and propose closure of implemented action items.
- xv. To recommend to the Board of Directors to recommend to the Shareholders to approve reappointment for another term of three (3) years of Director Filbert Mponzi, Substantive Director representing NMB Bank Plc in the TMRC Board of Directors effective 26th February 2026.
- xvi. To recommend to the Board of Directors to recommend to the Shareholders to approve reappointment for another term of three (3) years of Director Gladness Deogratias, an Alternate Director representing NMB Bank Plc in the TMRC Board of Directors effective 26th February 2026.
- xvii. To recommend to the Board of Directors to recommend to the Shareholders to approve reappointment for another term of three (3) years of Director Salehe Mohamedi, an Alternate Director representing National Bank of Commerce in the TMRC Board of Directors subject to Shareholders' approval effective 17th March 2026.
- xviii. To recommend to the Board of Directors to recommend to the Shareholders to approve appointment of Dr. Hassan Abdullahi an Alternate Director representing Access Bank Tanzania in the TMRC Board of Directors subject to Bank of Tanzania approval.
- xix. To recommend to the Board of Directors to recommend to the Shareholders to approve appointment of Mr. Amulike Essau Kamwela a Substantive Director representing First Housing Finance Tanzania in the TMRC Board of Directors subject to Bank of Tanzania approval.



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CORPORATE GOVERNANCE (CONTINUED)

Board Human Resources Governance and Governance Committee (BHRGC) (Continued)

BHRGC Purpose and Responsibilities (Continued)

- xx. To recommend changes to the Board Charter to the Board of Directors for approval.
- xxi. To recommend to the Board of Directors for approval of the CEO's KPIs for 2026.

Board Human Resources Governance and Governance Committee Composition

Name	Detail	Position	Nationality
Mr. Filbert Mponzi	Chief Retail & Agri Banking, NMB	Chairman	Tanzanian
Mr. Sabasaba Moshingi	MD, DCB	Member	Tanzanian
Mr. Adolph Kasegenya	Director of Finance, NHC	Member	Tanzanian
Ms. Esther Mang'anya	MD, Azania Bank	Member	Tanzanian
Ms. Esther Cecil Maruma	MD, BOAT (joined on 27 th February 2025)	Member	Tanzanian

BOARD ACTIVITIES DURING THE YEAR

During the year, there were five (5) Board meetings one (1) of which was an Extraordinary Board meeting. There were also; -

- Five (5) Board Audit and Risk Committee meetings.
- Four (4) Board Credit Committee meetings.
- Four (4) Board Governance and Human Resources Committee meetings.

Further, the Board of Directors appointed a Special Board Committee composed of Directors which was tasked to interview the shortlisted candidates for the position of Chief Executive Officer and recommend the preferred candidates to the Board of Directors for final selection. The Committee was authorized by the Board of Directors to engage and oversee external recruitment consultant and access all relevant information, resources, and personnel necessary to perform its duties.



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CORPORATE GOVERNANCE (CONTINUED)

BOARD ACTIVITIES DURING THE YEAR (CONTINUED)

Special Board Committee Composition

Name	Detail	Position	Nationality
Mr. Imani John	MD, Access Bank Plc	Chairman	Tanzanian
Mr. Sabasaba Moshingi	MD, DCB	Member	Tanzanian
Mr. Andrew Lyimo	Director of Finance, NHC	Member	Tanzanian
Mr. Filbert Mponzi	Chief Retail & Agri Banking, NMB	Member	Tanzanian
Ms. Esther Cecil Maruma	MD, BOAT	Member	Tanzanian

The following table shows the number of Board and Committee meetings held during the year and the attendance by directors:

SN	Active directors	BOARD		BARC		BCC		BG&HRC	
		Scheduled Meetings eligible to attend	Scheduled Meetings attended	Scheduled Meetings eligible to attend	Scheduled Meetings attended	Scheduled Meetings eligible to attend	Scheduled Meetings attended	Scheduled Meetings eligible to attend	Scheduled Meetings attended
1	Mr. Theobald Sabi	5	4	n/a	n/a	n/a	n/a	n/a	n/a
2	Mr. Imani John	5	5	n/a	n/a	n/a	n/a	n/a	n/a
3	Mr. Fredrick Nshekanabo	5	5	4	4	n/a	n/a	n/a	n/a
4	Mr. Sabasaba Moshingi	5	5	n/a	n/a	4	4	4	4
5	Ms. Lilian Mbassy	5	5	4	4	n/a	n/a	n/a	n/a
7	Ms. Esther Mang'anya	5	5	n/a	n/a	4	4	4	4
8	Mr. Andrew Lyimo	5	5	4	4	n/a	n/a	n/a	n/a
9	Mr. Thierno Habib Hann	5	3	4	3	n/a	n/a	n/a	n/a
10	Mr. Filbert Mponzi	5	5	n/a	n/a	4	4	4	4
11	Ms. Pamela Lamoreaux	5	5	4	4	n/a	n/a	n/a	n/a
12	Ms. Esther Cecil Maruma	5	4	n/a	n/a	4	3	4	3

The Board considered strategy matters at each of its Board meetings throughout 2025 continuing to deepen its understanding of the company business, the risks and opportunities that TMRC faces. This enabled the Board to spend a good proportion of its time considering longer-term and strategic issues.

During the year, the Board focused on reviewing progress of the TMRC Strategic Plan (2025- 2029) and relevant strategic initiatives, reviewing, and approving governance policies, and overseeing performance and risk. It considered performance against financial and other strategic objectives, key business challenges, emerging risks, business development, and the company relationships with its stakeholders. The Board also had engagements with key strategic stakeholders including the Minister of Lands, Housing and Human Settlement development, Minister of State in the Vice President's Office for Union and Environment, Permanent Secretary (Treasury) at the Ministry of Finance and the Governor of the Bank of Tanzania.

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The Board's key areas of focus in 2025 were:

Strategy and business performance

- Reviewed quarterly performance of the company.
- Reviewed company strategic plan implementation status.
- Monitored and assessed the strength of the TMRC's capital and liquidity positions.
- Deliberated progress funding initiatives including the progress of UNGCF accreditation, transfer of housing finance project from BOT to TMRC.
- Deliberated progress of the costs and investment initiatives.
- Approved the company's credit limits for loans and term deposits.
- Received updates on the performance of loan portfolio.
- Reviewed and approved company policies.
- Noted the update of the TMRC system implementation process.
- Approved an additional line of credit of TZS 10 billion from East Africa Development Bank.
- Approved the new product of wholesale housing microfinance with its features, FI rating score card, policies and procedures.
- Recommended to the Shareholders changes to the Company's Memorandum and Articles of Association.

Financial Decisions

- Recommended to the Shareholders for approval TMRC Audited Financial Statements and Directors' Report for the year ended 31st December 2024.
- Recommended to the Shareholder for approval payment of Dividend for the year ended 31st December 2024 subject to Bank of Tanzania approval.

Budget and Performance oversight

- Monitored the TMRC's financial performance against the budget for the year 2025.
- Approved the TMRC's 2026 budget and key strategic initiatives.
- Approval of the quarterly financial results for publications; and
- Approved the full year financial results and considered the key internal and external factors in determining payment of dividend.

Risk, regulatory and legal considerations

- The Board, advised by the Board Audit and Risk Committee (BARC), promotes a strong risk governance culture that shapes the company's risk appetite and supports the maintenance of a strong risk management framework, considering the measurement, evaluation, acceptance and management of risks, including emerging risks.
- Received regular Risk and Compliance reports from the Head of Risk and Compliance with focused highlight on the company's risk and control operating environment.
- Received implementation of BOT Examination Report, noted key findings thereof, Management's responses and related actions.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
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- Received and deliberated control issues raised by the Internal Auditor with recommendations from management to remediate the control gaps for enhanced risk management.
- Received litigation updates.
- Approved the Internal Audit plan for 2025.

People Management

- The Board received regular updates on the implementation of the TMRC. People, culture, and values
- Received an update on succession planning.
- Received an update of implementation of training to staffs.
- Received and deliberated employees contracts.
- Recruited a new Chief Executive Officer to succeed the former Chief Executive Officer whose tenure is expiring end of March 2026.

External environment

- Received periodic update of the mortgage market development and performance.
- Received and deliberated various regulatory changes and the impact to the business.

Governance

- The Board continued to oversee the governance for the efficient and effective operations of the company whilst ensuring transparency, accountability and security.
- The Board monitored its compliance with the Principles of Good Corporate Governance Practices, and the Companies Act 2002 throughout the year.
- The Board designed an induction programme for new Directors to accelerate their learning curve, deepen their understanding of TMRC and familiarize them with the organisation they will be serving. The programme ensures that each new Director begins their service within a well-defined governance framework.
- To support ongoing training and development to the TMRC directors, the company has allocated a training budget to equip directors with knowledge on current issues affecting company operations and business. During the year, Directors attended trainings on corporate governance, housing microfinance, Basel II & III and their impact on the company's operations and mortgage trends and best practice in similar sectors in developed markets.
- The Board with the assistance of an external expert conducted performance evaluation of the Board, its Committees, Board Chairperson and the Company Secretary. The evaluation report was thoroughly reviewed and deliberated upon by the Directors and the implementation of the agreed action items is tracked through the quarterly Board meetings.
- The Board reviewed its Board Charter to update it.
- To recommend to the Shareholders for approval appointments, reappointments, and retirement of TMRC Directors.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

STRATEGIC OBJECTIVES

TMRC mission that drives its long-term strategic focus is “To expand home ownership in Tanzania by providing long term mortgage financing to primary mortgage lenders”. While fulfilling the said mission, the provision of attractive funding to mortgage lenders is one of the key and critical factors in deciding the growth of TMRC’s lending operations.

The company’s primary objectives are:

- i. TMRC, like other Mortgage Refinance Companies (MRCs), is a market development entity with a “common good” approach. TMRC play a catalytic role on the market development beyond its refinancing function.
- ii. To provide an attractive financing option for mortgage lenders i.e. medium to long-term funds at a reasonable cost and to act as a catalyst for the development of the nascent mortgage market.
- iii. To contribute to the removal of the mortgage market impediments to achieve growth in its lending operations.

DIRECTORS REMUNERATION

Remuneration of all directors is subject to annual review 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 TMRC remuneration scheme.

Information on aggregate amounts of the emoluments and fees paid during the year 2025 is disclosed below:

S/N	Director's Name	Amount (TZS '000)
1	Theobald Sabi	17,353
2	Imani John	15,824
3	Regina Mduma	13,118
4	Salehe Ramadhani	6,529
5	Lilian Mbassy	13,588
6	Fredrick Nshekanabo	15,412
7	Gladness Deogratus	15,294
8	Filbert Mponzi	15,059
9	Adolph Kasegenya	15,647
10	Andrew John Lyimo	16,824
11	Widson Swalala	13,882
12	Esther Mang'anya	11,765
13	Salehe Mohamedi	12,779
14	Zainab Nungu	12,059
15	Jacqueline Lyatuu	17,235
16	Sarah Massamu	15,412
17	Alex Ngusaru	13,176
18	Sabasaba Moshingi	17,176
19	Esther Maruma	14,529
20	Wasia Mushi	14,294
21	Gibson Mapfidza	14,024
22	Pamela Lamoreoux	19,812
23	Thierno-Habib Hann	12,118
	TOTAL	332,910



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL

The Board assessed the internal control systems throughout the financial year ended 31st December 2025 and is of the opinion that they met accepted criteria. The Board carries out risk and internal control assessment throughout the year. The Company's activities expose it to a variety of financial risks: i.e, market risk (including interest rate risk), credit risk, operational risk, liquidity risk, strategic risk, compliance and environment, social and governance risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management framework

The Board has overall responsibility for the establishment and oversight of the company's risk management framework. The Board Audit and Risk Committee (BARC) is responsible for oversight of risk strategy, risk appetite and the executive committees including the ALCO. The risk management framework of the company involves risk identification, measurement, monitoring, management, and reporting of all risks through the 'three lines of defence' governance model.

Risk management is carried out by the management through policies approved by the Board of Directors. Management identifies, evaluates hedges and monitors financial risks affecting the company's operations. The Board provides written principles for overall risk management as well as written policies covering specific areas, such as strategic risk, operational risk, market risk, credit risk and investment of excess liquidity.

(i) Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the institution. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The Board of Directors has delegated the management of credit risk to the Board Credit Committee (BCC). The BCC is charged with oversight of the credit risk framework within the limits set by the Board. Management assesses the credit quality of the customer, taking into account their financial position, past experience, loan securities and other factors. None of the financial assets that are fully performing has been renegotiated in the year. Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

(ii) Market risk

Market Risk is defined as the potential adverse change in the company's income or net worth arising from movement in interest rates, exchange rates, equity prices and/or other market prices. Effective identification and management of market risk is required for maintaining stable net interest income.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

(ii) Market Risk (Continued)

• **Interest rate risk**

Interest rate risk is the exposure of an institution's current or future earnings and capital to adverse changes in market rates. The Company is not exposed to interest rate risk as the financial instruments are at fixed interest rate.

• **Foreign currency risk**

The Company is exposed to foreign currency risk on its investment in United States Dollar deposits accounts only. The net impact on the movement in exchange rates would not be significant to the Company.

(iii) Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. Liquidity risk includes inability to manage unplanned decreases or changes in funding sources. Liquidity risk also arises from the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

Cash flow forecasting is performed by the finance department of the Company by monitoring the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed facilities so that the Company does not breach the borrowing limits or covenants on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to closeout market positions. Due to the dynamic nature of the underlying business, the Company's management maintains flexibility in funding by maintaining availability under committed credit lines.

TMRC has a system in place to monitor contractual and residual maturity inflows and outflows and to manage liquidity gaps within pre-stipulated limits that are prescribed by the Board.

The liquidity positions and gap analysis are periodically analysed and measured against company's risk appetite limits and reported monthly to ALCO and to the Board of Directors on quarterly basis.

(iv) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, cyber security risk or from external events. Oversight of operational risk is undertaken by the Board Audit and Risk Committee and ultimately the Board of Directors, who retain overall responsibility for risk management. The operational risk management framework is developed by the Risk Management Department, and the implementation of controls to address operational risk is part of Management Day to day responsibility.

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ENDED 31ST DECEMBER 2025****REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)****RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)****(v) Strategic Risk**

Strategic risk is the current and prospective impact on earnings, capital, reputation or good standing of an institution arising from poor business decisions, improper implementation of decisions or lack of response to industry, economic or technological changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed to meet these goals and the quality of implementation.

The Board of Directors has overall responsibility for providing oversight on strategic risk management. The Board through the Board Audit and Risk Committee is responsible for approving the company's strategic plan and overseeing its implementation.

(vi) Compliance Risk

Compliance risk is the current or prospective risk to earnings, capital and reputation arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards, as well as from incorrect interpretation of relevant laws or regulations.

Compliance risk management is undertaken by the Risk and Compliance Department as part of its day-to-day responsibilities. The Board of Directors provides oversight on compliance risk management through the Board Audit and Risk Committee.

(vii) ESG Risks Management

TMRC started continued with actions to integrate climate risk on Company's risk taxonomy through the development of an Environmental, Social and Governance (ESG) Policy and Manual as well as a Gender, Equality, Anti-Discrimination and Women Empowerment Policy within the first and second quarters of the year, as well as working on a specific action plan for integration of ESG agenda into the company's operations. ESG risks are the risks that will cause TMRC to fail to meet its strategic objectives and/or internal and external commitments because of environment, social and governance agenda.

During the year Management worked on putting processes and documentation in place as well as investing in appropriate levels of training and competence within the management and teams in credit, risk, and the Investment Committee members. The aim being to ensure that material environment, social and governance risks are considered in investment decisions.

During the year the following ESG initiatives were undertaken.

- Engaging in continuous conversations with other financial institutions to gain more understanding on ESG initiatives undertaken by peers.
- Continued promoting use of energy saver lights within TMRC offices
- Continued recycling of plastic bottles.
- Continued use of board meetings software hence doing away with printing of board reports.

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- Development of an ESG Policy, Manual and other relevant documentation to provide guidance and aid on implementation of ESG matters.
- Training and capacity building for staff on ESG.
- Worked on several initiatives as part of the process to attain United Nations Green Fund (UNGCF) Accreditation. Amongst the initiatives undertaken is development of mandatory policies and processes to meet GCF fiduciary standards, as well as commencing the process of green book building with developers towards the end of the year.
- Commencing recruitment of a permanent ESG resource for the company towards end of 2025.

COMMITMENT TO SUSTAINABILITY

TMRC's is committed to integrating environmental, social and governance (ESG) considerations into its business model and operations over the period. The company Sustainability Strategy supports TMRC's mandate in advancing sustainable housing finance in Tanzania while aligning with national development priorities, regulatory expectations, and international sustainability and climate-related disclosure frameworks. We disclose relevant information on sustainability-related risks and opportunities that could reasonably be expected to affect TMRC's cash flows, access to finance, cost of capital and long-term financial performance.

Governance

The Board of Directors retains overall responsibility for oversight of sustainability related risks and opportunities, with delegated oversight to the Board Risk and Audit Committee. Executive Management is responsible for implementation of the Strategy, integration into operations and refinancing activities, and ensuring appropriate internal controls, data collection processes and reporting mechanisms are in place.

The Board also has approved a plan to recruit dedicated sustainability personnel reporting directly to the Chief Executive Officer to strengthen governance and support the continued delivery of the TMRC's sustainability commitments.

Strategy, Risks and Opportunities

TMRC has assessed sustainability-related risks and opportunities across short, medium and long term time horizons. Climate related physical risks include increased frequency and severity of extreme weather events and changing rainfall patterns, which may affect counterparties and collateral quality. Transition risks arise from evolving regulatory requirements, enhanced greenhouse gas emissions reporting obligations, technological changes, and potential increases in operating and financing costs. Opportunities include expansion of green housing refinance products, improved portfolio resilience, operational efficiency gains, and enhanced access to sustainable funding.

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AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)****COMMITMENT TO SUSTAINABILITY (CONTINUED)****Financial Implications**

Sustainability related risks and opportunities are expected to influence TMRC's financial position, performance and cash flows over different time horizons. In the short term, additional costs may arise from compliance with sustainability related regulations, systems development and reporting. In the medium term, the Strategy is expected to contribute to cost efficiencies through digitalisation and resource efficiency, improved credit risk management through ESG screening, and growth in sustainable refinancing volumes. Over the long term, the Strategy is expected to enhance resilience to climate related risks, support stable cash flows, strengthen access to capital, and positively influence stakeholder confidence.

Risk Management

TMRC integrates sustainability related risks into its Enterprise Risk Management Framework. Climate and ESG risks are considered in refinancing decisions, partner bank engagement and operational processes, and are monitored alongside other principal risks.

Metrics and Targets

TMRC has defined sustainability related goals, metrics and targets to monitor performance and progress. Key metrics include the proportion of the refinance portfolio allocated to sustainable housing finance, reductions in operational greenhouse gas emissions, increased use of digital and resource efficient processes, and the number of partner institutions offering sustainable housing finance products.

SUSTAINABILITY DISCLOSURE

The Sustainability disclosures included in these financial statements outlines the environmental, social, and governance (ESG) performance of TMRC from 1 January to 31 December 2025 and it aligns with the reporting period of the TMRC's financial statements for the year ended 31 December 2025. It reflects the Company's continued commitment to responsible mortgage refinance, sustainable development, and inclusive economic growth across all areas of operation.

Basis of disclosures

The 2025 Sustainability Disclosures have been prepared in alignment with the following internationally recognised sustainability and climate disclosure frameworks:

- IFRS S1 - General Requirements for Sustainability-related Financial Disclosures
- IFRS S2 - Climate-related Disclosures

In addition, the report incorporates guidance and recommendations from:

- Technical Pronouncement No. 1 of 2024 Adoption and Implementation of Sustainability Reporting Standards in Tanzania,
- Guidelines on Reporting of Sustainability -Related Risks and Opportunities for Banks and Financial Institutions,
- The Bank of Tanzania's Guideline on Climate Risk Management
- The Task Force on Climate-related Financial Disclosures (TCFD), and
- NBAA - Sustainability Reporting Roadmap 2025-2029

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This approach ensures that our disclosures are transparent, comparable, and aligned with the best global practices and local regulatory expectations. Key assumptions, judgements and estimates are disclosed in the policies section for each sustainability-related metric. In preparing this report, TMRC has applied the following transition reliefs for the first annual reporting period:

- to only disclose information on CROs [IFRS S1.E5].
- not to disclose comparative information on CROs; and [IFRS S1.E6]
- not to disclose Scope 3 emissions. [IFRS S2.C4(b)]

The TMRC sustainability Disclosures were prepared in the context of the first year of the IFRS S1 & S2' application and additional guidance provided by BOT & NBAA. TMRC has strived to apply the normative requirements set by the ISSB standards, as applicable at the time of the sustainability statement's preparation, based on the information available within the report's preparation timeframe. In this context, TMRC is committed to a process of continuous improvement in sustainability reporting. Based on best practices observed, future market recommendations, and ongoing developments in regulatory and normative provisions, TMRC may need to review its reporting and communication practices in future sustainability reports. Any such developments will be explained and justified with full transparency.

TMRC reports specific information regarding environmental, social, and governance related KPIs in this annual report, included in this Report of Those Charged with Governance under sections 'Risk Management and Internal Control', 'Corporate Governance', 'Strategic objectives', 'Current and Future Development Plans' and 'Staff Welfare'. The non-financial information has not been audited nor subject to other assurance procedures.

SHARE CAPITAL STRUCTURE

During the year issued and paid-up ordinary share capital of the company is TZS 55.46 billion for 43,493,819 ordinary shares (2024: TZS 33.43 billion for 28,398,554 ordinary shares). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure to maximize shareholder value.

Management monitors capital internally based on gearing. The Company is also required by Bank of Tanzania (BOT) through The Banking and Financial Institutions (Mortgage Refinance Companies) Regulations, 2022 to always maintain a minimum core capital of not less than TZS 30 billion or such higher amount as BOT may determine. As at year end, the core capital of the Company was TZS 61.8 billion (2024: TZS 39.90 billion).

The Regulations further require TMRC to maintain at all times a minimum core capital to the value of its risk-weighted assets and off-balance sheet exposures of not less than 10% and a minimum ratio of total capital to the value of its risk-weighted assets and off-balance sheet exposures of not less than 12%. The respective ratios at the statement of financial position date were 64.31% each (2024: 61.07% each) respectively.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

SHARE CAPITAL STRUCTURE (CONTINUED)

The distribution of share capital of the Company is as follows:

	2025			2024		
	Number of shares held	% holding	TZS '000	Number of shares held	% holding	TZS '000
Government of URT	11,785,000	27.10%	17,203,743	-	-	-
CRDB Bank Plc	4,500,000	10.35%	5,228,700	4,500,000	15.85%	5,228,700
Azania Bank Limited	3,500,000	8.05%	4,092,300	2,500,000	8.80%	2,632,500
International Finance Corporation (IFC)	3,180,795	7.31%	4,987,275	2,120,530	7.47%	3,439,500
National Microfinance Bank Plc	2,700,000	6.20%	3,053,820	2,700,000	9.50%	3,053,820
National Bank of Commerce Limited	2,500,000	5.75%	3,141,000	1,250,000	4.40%	1,316,250
Shelter Afrique	2,332,500	5.36%	2,456,123	2,332,500	8.21%	2,456,123
Exim Bank (Tanzania) Limited	1,800,000	4.14%	2,075,880	1,800,000	6.34%	2,075,880
National Housing Corporation	1,666,599	3.83%	1,881,141	1,666,599	5.87%	1,881,141
TIB Development Bank Limited	1,500,000	3.45%	1,450,000	1,500,000	5.28%	1,450,000
DCB Commercial Bank Plc	1,100,000	2.53%	1,100,000	1,100,000	3.87%	1,100,000
First Housing Finance Co. Ltd	1,100,000	2.53%	1,631,078	1,100,000	3.87%	1,631,078
BancABC Tanzania Limited	1,000,000	2.30%	1,000,000	1,000,000	3.52%	1,000,000
Bank of Africa (Tanzania) Limited	1,000,000	2.30%	1,000,000	1,000,000	3.52%	1,000,000
ABSA Bank Tanzania Ltd	1,000,000	2.30%	1,622,000	1,000,000	3.52%	1,622,000
Peoples Bank of Zanzibar Limited	625,000	1.44%	658,125	625,000	2.20%	658,125
I&M Bank (T) Limited	625,000	1.44%	658,125	625,000	2.20%	658,125
NIC Bank (Tanzania) Limited	500,000	1.15%	500,000	500,000	1.76%	500,000
Mwanga Hakika Bank	462,401	1.06%	725,014	462,402	1.63%	725,014
Mkombozi Commercial Bank Plc	308,261	0.71%	500,000	308,262	1.09%	500,000
KCB Bank Tanzania Ltd	308,261	0.71%	500,000	308,261	1.09%	500,000
	43,493,818	100.0%	55,464,324	28,398,554	98.9%	33,428,256

NOTE: As of 31 December 2025, the Government of URT disbursed equity investment in TMRC. The process of onboarding the Government as a new shareholder and registration of the related shareholding changes with the Business Registrations and Licensing Agency (BRELA) was ongoing as at the reporting date and had not been completed.

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ENDED 31ST DECEMBER 2025****REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)****MANAGEMENT**

The Management of the Company is under the Chief Executive Officer and is organized in the following departments:

- Internal Audit Department
- Risk and Compliance Department
- Operations and Information Technology Department
- Finance and Treasury Department
- Legal services and Company secretary Department
- Human Resources and Corporate Communication Department

Subsequent Events

After the reporting date, the Board of Directors appointed a new Chief Executive Officer, effective 2 January 2026. A structured handover period of three months was undertaken to ensure continuity of operations and effective transfer of management responsibilities. The appointment is not expected to have a material impact on the TMRC's financial position or performance.

Management Committees

Management of TMRC has six Committees playing various roles in overseeing the operations of the Company and implementation of strategies and policies. These committees are mandated and form part of TMRCs' formal governance architecture. They are convened to oversee a specific attribute of the TMRCs' control framework. Current TMRC committees are Executive Committee, Management Committee, Management Credit Committee (MCC), Asset Liabilities Management Committee (ALCO), TMRC ICT Steering Committee and Procurement Committee. The activities of the Committees are governed by the respective Term of Reference which are approved by the Board.

The responsibility for management and monitoring of sustainability related risks and Opportunities rests with the Department of Risk and Compliance, under the leadership of the Head of Risk and Compliance.

Executive Committee

The Committee is composed of Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Head of Legal Services and Company Secretary, Head of Risk and Compliance, and Head of Human Resources and Corporate Communications. The Committee meets at least monthly. The Committee is responsible for:

- i. Reviewing and approving monthly financial statements of the company.
- ii. Review and monitor progress made on the implementation of the Company's strategic plan.
- iii. Maintain the minutes of the meetings whose summary shall be presented to Board Audit and Discussing risks embedded in institutions operations.

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The Committee is composed of Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Head of Legal Services & Company Secretary, Head of Human Resources and Corporate Communications, Head of Risk and Compliance, Credit Manager, Senior Finance Manager, Treasury and Investment Manager, Information Technology Manager, Operations Manager, and Finance Manager. The Committee meets weekly.

The Committee is responsible for:

- i. Oversee daily operations of the company while assessing implementation of the same through weekly departmental updates.
- ii. Receive all operational updates from all departments.
- iii. Attending matters requiring immediate attention for prompt and collective resolutions.
- iv. Manage the Company's activities in line with the objectives and strategy approved by the Board.
- v. Implement the culture, values, standards, ethics and conduct of business rules of the Company, as established by the Board.
- vi. Maintain a good relationship with the Company's Regulators and other supervisory bodies.
- vii. Ensure compliance and implementation of the organisational requirements applicable to the Company.
- viii. Implement Board and its Committee directives and report back to the Board.
- ix. Organise and assess the internal control mechanisms and procedures, about the independent control functions and their resources, without prejudice to the supervision carried out by the Board.
- x. Review and approve Company manuals.
- xi. Reviewing ICT aspects of the company including review of Core Mortgage System.
- xii. Review and monitor loan performance to ensure compliance i.e. new applications, replenishments and conversion; and
- xiii. Organise and assess the internal control mechanisms and procedures, in particular with regard to the independent control functions and their resources.

Management Credit Committee

The Committee is composed of Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, and Credit Manager. The Committee meets quarterly and when there is business to transact. The Committee is responsible for:

- i. Assist the Board Credit Committee in managing credit risk by ensuring sufficient oversight of lending activities.
- ii. Recommends PML limits to the Board Credit Committee.
- iii. Approve credit transactions to PMLs within Board approved PML limits.
- iv. In the event a PML wishes to appeal a decision made by the management credit committee, the appeal shall be submitted to the Board Credit Committee.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

MANAGEMENT (CONTINUED)

Management Credit Committee (Continued)

- v. Review, monitor and report the performance and quality of the company's credit portfolio to the Board Credit Committee at least quarterly.
- vi. Review, monitor and report the effectiveness and application of credit risk management policies, related standards and procedures and the control environment with respect to credit decisions.
- vii. Review and recommend for approval credit risk policies and procedures; and
- viii. Oversee the credit risk assessment and management process.

Asset Liability Management Committee

The Committee is composed of Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Senior Finance Manager, Credit Manager and Treasury and Investment Manager. The Committee meets at least monthly and when there is business to transact. The Committee is responsible for:

- i. Developing, managing and monitoring Investment strategies.
- ii. To ensure that investment goals, objectives and standards are effectively communicated to the Committee including any material changes that may subsequently occur.
- iii. To approve any long-term investment decision which align with the Investment Policy.
- iv. To review financial markets performance and advice on appropriate investment strategy for TMRC assets.
- v. oversee and manage the assets and liabilities of the organization effectively.
- vi. ensure the prudent management of financial resources, optimize asset allocation, and monitor liquidity, interest rate, and credit risk exposures.
- vii. Review and approve the organization's overall asset and liability management strategy.
- viii. Ensure alignment of ALM strategies with the organization's risk tolerance and financial objectives.
- ix. Periodically assess and adjust the asset mix, funding sources, and risk positions in accordance with market conditions and organizational goals.
- x. Monitor and manage the organization's liquidity position.
- xi. Develop contingency funding plans to address liquidity shortfalls.
- xii. Approve the liquidity risk management framework.
- xiii. Assess and manage the organization's interest rate risk exposure.
- xiv. Approve interest rate risk limits and tolerance levels.
- xv. Review and approve interest rate risk mitigation strategies.
- xvi. Monitor the credit risk exposure of the organization's assets and liabilities.
- xvii. Allocate capital resources to business units and projects based on risk-adjusted return metrics.
- xviii. Ensure capital adequacy and regulatory compliance.
- xix. Receive regular reports on the organization's financial performance, asset and liability positions, risk exposures, and compliance with ALM policy.
- xx. Communicate ALCO decisions and recommendations to the Management and Board of directors; and
- xxi. Organising appropriate administrative and accounting procedures and internal control that ensure the data quality of financial and prudential reporting systems in compliance with the applicable regulations.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

MANAGEMENT (CONTINUED)

TMRC ICT Steering Committee

The Committee is composed of Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Head of Legal and Company Secretary, Head Human Resources and Corporate Communication, Senior Finance Manager and IT Manager. The Committee meets once in every six months and when there is business to transact. The Committee is responsible for:

- i. Review and approve ICT budget.
- ii. To review and recommend for approval ICT policy and ICT strategy of the institution followed by relevant approval requirements, if applicable.
- iii. To ensure alignment of ICT with organization's business needs so that ICT initiatives and services facilitate achievement of organization's strategic objectives.
- iv. To review and provide advice on ICT investment portfolio and priorities with a view of attaining value delivery.
- v. To ensure all ICT related risks are properly managed, this includes reviewing and approving institutional disaster recovery plan and ensure its effective implementation.
- vi. To ensure optimal resource utilization in ICT initiatives implementation, including proper management of infrastructure, human capital, and finance.
- vii. To undertake continuous monitoring and evaluation of institutional ICT projects to ensure the anticipated benefits are realized; and
- viii. To perform such other functions as may be directed by the Management.

Procurement Committee

The Committee is composed of Chief Finance Officer, Chief Operations Officer, Head of Legal Services and Company Secretary, Head Human Resources and Corporate Communication, Senior Finance Manager, Credit Manager, and IT Manager. The Committee meets monthly and when there is business to transact. The Committee is responsible for:

- i. Ensure TMRC procurement is carried out with a view to realizing the lowest possible total cost which includes the actual purchase prices and avoidance of hidden costs due to poor product quality, poor supplier performance or short shelf-life, and inventory holding costs at various levels of the supply system.
- ii. Ensure that goods and services procured are delivered on time and in appropriate quantities to TMRC.
- iii. Ensure systematic evaluation and measurement of supplier's performance to ensure compliance with the terms and conditions of contract; and
- iv. Ensure all Company procurements are carried out ethically and efficiently in line with the provisions of Procurement manual to obtain the best value for TMRC expenditure.



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

STOCK EXCHANGE INFORMATION

The Company is not listed on the stock exchange.

BUSINESS ENVIRONMENT AND PERFORMANCE

BUSINESS ENVIRONMENT

During 2025, the global growth is expected to remain stable yet underwhelming. As disinflation continues, a smooth landing is within reach. However, in emerging market and developing economies, disruptions to production and shipping of commodities especially oil conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East and Central Asia and that for sub-Saharan Africa.

In Tanzania, average headline inflation stood at 3.3 percent in 2025, lower compared to 3.1 percent recorded in 2024, with the increase attributed to increase in food prices. The annual averages for food and non-alcoholic beverages rising to approximately 6.0 percent a notable increase from the 2.1 percent recorded in 2024. Mortgage market has noted a moderate growth in year 2025 with total market for residential mortgage debt reported to increase to TZS 744.68 billion from TZS 659.3 reported in year 2024 financing 5,787 mortgages. The noted annual increase is about 12.95% (12.27% in 2024) in debt with a marginal increase in the number of mortgages of 0.75% (1.9% in 2024). As of 31st December 2025, Average mortgage size was TZS 128.68 million compared to TZS 114.83 million reported in similar period in year 2024. The recorded Mortgage market has residential Mortgage Debt to GDP ratio of 0.48%, which is increased compared to the recorded residential Mortgage Debt to GDP ratio of 0.43% in similar period of 2024. The ratio continues to be one of the lowest in the region as per Statistic data collection company Report on Ratio of Mortgage to GDP in Africa in 2021 which was published in January 2023.

BUSINESS PERFORMANCE

During 2025, the Company recorded a Profit Before Tax (PBT) of TZS 1.73 billion (2024: TZS 1.81 billion). The result showed a marginal decrease in PBT compared to the previous year, primarily due increase in strategic company cost associated with procurement of new system as well as decline in revenue from other income. Total income increases from TZS 8.24 billion in the prior year to TZS 8.73 billion, a growth of 5.9%

TMRC balance sheet size grew during the year from TZS 218.87 billion recorded in previous year to TZS 277.12 billion, an increase of 26.6%.

Results for the year summary:

	2025	2024
	TZS '000	TZS '000
Profit before tax	1,720,383	1,812,618
Tax charge	(621,403)	(511,366)
Profit for the year	1,098,979	1,301,252



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REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

KEY PERFORMANCE INDICATORS (KPIs)

During the year 2025, TMRC performance targets were satisfactory compared to company goals set for the year. To ensure sustainability and growth of business, TMRC is in discussion with various stakeholders’ (local and foreign institutions) to unlock the low-cost funding challenges prohibiting the business to grow as projected.

Below is the summary of TMRC key financial highlights:

S/No.	Description	2025	2024
1	Return on Equity	2.06%	3.5%
2	Return on Assets	0.44%	0.6%
3	Cost to income ratio	80.3%	78.0%
4	Capital Adequacy Ratio	64.3%	61.1%
5	Basic Earnings Per Share	34.83	49.56
6	Core Capital (Amt in TZS billion)	61.82	39.91
7	Loans Portfolio (Amt in TZS billion)	195.30	164.27
8	Government Securities at amortized costs (Amt in TZS billion)	29.39	26.97
9	Government Securities at FVOCI (Amt in TZS billion)	28.63	23.76
10	Term Deposits with Commercial Banks (Amt in TZS billion)	19.40	0.00
11	Total Assets (Amt in TZS billion)	277.12	218.87
12	Shareholders’ Equity (Amt in TZS billion)	66.83	40.11
13	Revenue (Amt in TZS billion)	23.13	21.19
14	PBT (Amt in TZS billion)	1.72	1.81

Scope 1 and Scope 2 Emissions Calculations

During the financial year 2025, TMRC continued strengthening its Environmental, Social and Governance (ESG) practices by implementing operational efficiency and resource conservation initiatives. Compared to 2024 baseline levels, the Company achieved measurable reductions in electricity consumption, paper usage, and transport fuel consumption. These improvements support cost efficiency, lower carbon emissions, and alignment with sustainable finance and climate risk management objectives.

Management integrates sustainability considerations into operational planning and cost management processes. Resource efficiency initiatives form part of the TMRC’s climate mitigation strategy aimed at reducing Scope 1 and Scope 2 emissions, lowering operating expenses, and strengthening resilience to energy and fuel price volatility.

Scope 1: Fuel Consumption (Motor Vehicle)

Year	Emissions (tCO ₂ e)
FY2024	11.37
FY2025	10.43
Scope 1 emissions reduced by (8% reduction).	0.94



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

KEY PERFORMANCE INDICATORS (KPIs)

Scope 1 and Scope 2 Emissions Calculations

Scope 2: Electricity Consumptions

Year	Emissions (tCO ₂ e)
FY2024	28.66
FY2025	19.39
Scope 2 emissions reduced by (32% reduction).	9.27

The Key Achievements: -

- i. Electricity consumption reduced by 32% through system optimization and energy efficiency measures.
- ii. Printing paper usage reduced by 31% following digital workflows and paperless procurement processes.
- iii. Motor vehicle fuel consumption reduced by 8% through route optimization and fleet management controls.

These reductions demonstrate TMRC’s commitment to operational sustainability, cost discipline, and environmental stewardship. Management will continue embedding ESG practices into daily operations and monitoring performance indicators to ensure ongoing improvements in 2026 and beyond.

DIVIDEND

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. Directors have set aside TZS 434 million a final dividend in respect of the year ended 31st December 2025 equivalent to TZS 10.0 per share (2024: TZS 18.0 per share amounting to TZS 520 million was recommended and paid). Please be advised that the cash dividend payment for the year 2025 will be subject to the Bank of Tanzania's no objection. There is no tax consequence because no liability was recognised for the proposed deferred tax.

CURRENT AND FUTURE DEVELOPMENT PLANS

TMRC currently has 15 borrowing members (all of which are now offering mortgage loans) and has already extended loans worth TZS 195 billion to fourteen (14) of its member banks and four (4) non-member banks. As at 31st December 2025, refinancing and pre-financing mortgages advanced by TMRC to its member and non-member banking institutions was equivalent to 26% (27.09% in 2024) of the total outstanding mortgage debt.



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

CURRENT AND FUTURE DEVELOPMENT PLANS (CONTINUED)

TMRC 's contribution to the growth of the housing market is expected to significantly increase over the coming years as the new financing will build on the achievements of the ongoing Housing Finance Project (HFP) which is playing a key role in developing the mortgage market. In addition, bond issuance and long-term line of credit will continue to be the main sources of further TMRC lending to Primary Mortgage Lenders (PMLs) which continue to offer mortgages to their clients. So far, TMRC has issued bond in four Tranches. Tranche one in 2018 amounting to TZS 12.52 billion, Tranche two in 2019 amounting to TZS 9.18 billion, Tranche three in 2020 amounting to TZS 8.88 billion and Tranche four in 2023 amounting to TZS 11.28 billion which were all oversubscribed. The Company is in the final stages of preparing the Information Memorandum for the MTN II issuance, amounting to TZS 100 billion for the entire program.

In the fourteenth years that TMRC has been operational, a significant impact has been noted in the mortgage market. The number of banks offering mortgage loans has grown from only 3 banks in 2010 to 31 banks on 31st December 2025 and mortgage repayment period has increased from the maximum of 7 years that was previously offered in 2011 to between 15 and 25 years that banks offer now.

In effort to grow mortgage market in Tanzania TMRC has focused its growth strategy on ensuring the company obtain alternative concessionary funding either by working with the government and/or from DFI's using government guarantee. Also, the company is expecting to continue to improve its IT system and staffs' skills through training program.

As at the end of the year TMRC had a pipeline of TZS 38.00 billion which was awaiting disbursement. Discussions with financiers for concessionary funding to refinance this pipeline is still on-going.

Directors believe that for TMRC Strategic Plan to deliver value, the following key Strategic Goals have been outlined:

Goal 1: To establish sustainable and affordable long-term funding streams

Goal 2: To diversify and innovate TMRC business and products for enhanced value addition and strong financial performance.

Goal 3: Improve TMRC operational efficiency and effectiveness.

Goal 4: To establish TMRC's mandate as a catalyst for housing and MSMEs financing in Tanzania.

These goals consider the entire TMRC's stakeholders value ecosystem comprising people/society, customers, processes, systems, governance, regulations, and technology.

The key strategic drivers necessary to achieve the company's goals, taking into account both internal and external factors, are outlined below:

- i. Access to sustainable and affordable sources of funds
- ii. Efficient and effective delivery model
- iii. Favourable market conditions
- iv. Leveraging on strong stakeholders' relationship that TMRC has established over a decade.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)****CURRENT AND FUTURE DEVELOPMENT PLANS (CONTINUED)**

In additions, TMRC has defined four (4) Sustainability strategic goals for the next five years as follows:

- i. Support development of green housing refinance products and services
- ii. Build internal capacity on climate and ESG topics
- iii. Support digital and resource efficient operations
- iv. Capacity building and partnerships

STAKEHOLDERS' RELATIONSHIPS

Engaging with stakeholders informs our decision-making, strengthens our relationships, and helps us deliver on our commitments. To achieve these goals, TMRC recognize that we must work in partnership with other interested stakeholders who share our commitment and have a stake in our business.

Going beyond what we can achieve in our own operations and with our suppliers, we are stepping up our engagement to work with the Government, Banks and Financial Institutions, Housing Developers and others in our industry on these issues. We actively engage with Government, Regulators (Bank of Tanzania -BOT and Capital Markets and Securities Authority – CMSA), Banks and Financial Institutions, development finance institutions, suppliers, investors and the communities to create an environment that is supportive of solutions.

Taking care to match the appropriate communication channel with each group of stakeholders, TMRC carefully considers each piece of feedback from stakeholders, and makes every effort to incorporate feedback in the company's future corporate policies and actions. In particular, engagement with regulators, investors, and communities supports the company's assessment of sustainability risks.

In 2025 we continued to engage our key stakeholders through exhibitions and workshops, and we are working to incorporate their feedback. Engagement with stakeholders is conducted through structured mechanisms such as regulatory reporting and supervisory engagements, Board and shareholder communications, contractual arrangements with partner institutions, employee forums and training programmes, customer feedback channels, sustainability and risk assessments, and participation in industry and development forums. Stakeholder interests include financial performance and capital preservation, regulatory compliance, climate and sustainability risk management, responsible lending practices, operational resilience, transparency, social inclusion, and environmental impact, particularly in relation to climate resilient and sustainable housing finance. TMRC addresses these interests by integrating sustainability and climate related considerations into its strategy, governance and risk management frameworks, embedding ESG and climate risk screening into refinancing activities, promoting digital and resource efficient operations, strengthening internal capacity on sustainability matters, and aligning disclosures requirements to ensure decision useful information is provided to users of the financial statements. Through these actions, TMRC seeks to balance stakeholder expectations while supporting sustainable value creation over the short, medium and long term.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)****SOLVENCY**

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that Tanzania Mortgage Refinance Company Limited has adequate resources to continue in operational existence for the foreseeable future.

CASH FLOWS AND LIQUIDITY

TMRC Management has set out various strategies that will ensure the long-term sustainable funding which can be used to on lend to the PMLs. One of the strategies is engaging different Development Finance Institutions (DFI) who are able to lend to TMRC at a low cost given that TMRC has low risk profile. We are currently in discussion with several DFIs and some of these discussions are in a very advanced stage.

Also sourcing funds locally is part of TMRC Strategy of raising long term funding through corporate bond issuance. TMRC is expecting to acquire an approval of a second five-year Medium-Term Note Programme (MTN) amounting to TZS 100 billion early 2026 which will be issued in tranches. The first four tranches issued have all been very successfully and were oversubscribed. However, raising funds through capital markets is more expensive, so management is looking for options of blending these funds with concessionary funds to make them affordable for the PMLs.

Below are TMRC main sources of funding:

- i. Loan from United Republic of Tanzania Government through BOT,
- ii. Private placements from various local financiers
- iii. TMRC Bond Programme of TZS 100Bn, and
- iv. Line of Credit with various Development Finance Institutions (DFI's).

EMPLOYEES' WELFARE**Employee Welfare and Benefits**

The organization continues to prioritize the well-being of its employees, fostering a supportive environment that enhances both individual and organizational performance. Beyond compliance with statutory requirements, the Company invests in initiatives that enhance the physical, mental, and financial well-being of employees. These programs are designed to foster a motivated, productive, and resilient workforce that supports TMRC's operational excellence, sustainable growth, and ESG commitments.



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

EMPLOYEES' WELFARE (CONTINUED)

Employee Welfare and Benefits (Continued)

Key components of the employee welfare program include:

- i. **Healthcare and Well-being:** The organization offers comprehensive healthcare benefits, including medical, dental, and vision coverage, along with mental health support. This commitment to employee health reduces absenteeism and enhances overall productivity. TMRC offers medical benefits to the Employee, spouse, and a maximum of four dependent children under the age of 21 who continue to be entitled to free medical and dental attention as per the Employer's Health Insurance Plan.
- ii. **Retirement Plan:** The Company provides robust retirement training plans to ensure that employees have a secure future. This training is critical to long-term employee retention and financial well-being.
- iii. **Recognition and Rewards:** Employee recognition programs, including performance bonuses and milestone rewards, are in place to acknowledge individual and team contributions. This fosters a culture of appreciation and motivation.
- iv. **Professional Development:** Investment in employee growth through training programs, career development opportunities, and educational assistance is central to TMRC's commitment to fostering long-term career satisfaction and skill advancement.
- v. **Financial Assistance to Staff:** TMRC develops and achieves a sound balance between TMRC staff's interest and that of the Company to achieve its objectives. Its purpose is defined in the manner within which the Company processes, recommends, supports, and extends credit exposures to its staff. Loans are available to all confirmed employees depending on the assessment and the discretion of management as to the need and circumstances as stipulated in the Human Resources policy. This assistance continued to enhance the employee well-being and overall job satisfaction which contributed to employee retention and loyalty.
- vi. **Social Security and Benefits Plan:** TMRC continues its commitment to supporting employees' long-term financial security through contributions to the National Social Security Fund (NSSF), the state-managed social security scheme. NSSF plays a key role in helping employees save for retirement by collecting contributions from both employers and employees.
For the year under review, TMRC made its contributions to the NSSF, ensuring that employees accumulate funds for their retirement. These contributions will enable employees to access financial support upon reaching retirement age, contributing to their overall financial well-being in the post-employment phase.

These welfare and benefits initiatives not only enhance the quality of life for TMRC employees but also contribute to the organization's continued growth and success. The company remains committed to maintaining a competitive benefits package to ensure it attracts, develops, and retains top-tier talent.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)****EMPLOYEES' WELFARE (CONTINUED)****Management and Employees' Relationship**

For the year ended 31st December 2025, TMRC continued to foster a positive and productive relationship between management and employees, built on trust, respect, and fairness. Both parties maintained a clear understanding of their roles and responsibilities, working collaboratively to create a harmonious work environment.

The focus on effective communication and mutual respect remained central to sustaining a healthy and strong relationship. These elements contributed to enhanced employee engagement and a satisfying workplace, ultimately driving increased productivity and organizational success.

This ongoing positive dynamic between management and employees remains a cornerstone of the company's ability to maintain a motivated and high-performing workforce, benefiting both the organization and its employees.

Gender Parity

During the year ended 31st December 2025, the average number of employees was 23, consistent with the previous year. This composition demonstrates the Company's ongoing commitment to diversity, equity, and inclusion, including fair representation across functional and leadership levels. TMRC continues to promote inclusive workforce practices as part of its broader ESG and governance framework, supporting sustainable performance and long-term value creation. Of this total, 11 employees were female and 12 were male, maintaining the same gender distribution as reported in the prior year.

RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 19 of these financial statements.

INDEPENDENT AUDITORS

The Company's auditors, Auditax International with PF No 222 and TIN 110 747 985 has completed the maximum allowable tenure and is therefore ineligible for reappointment, necessitating a new appointment.

During the 15th TMRC Annual General Meeting Ms. Deloitte & Touche with PF No 025 and TIN 110 554 845 has been appointed to be TMRC auditor for the year 2026.

BY ORDER OF THE BOARD

.....
Mr. Theobald Sabi
Chairman

Date:.....
24/02/2026

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors are required in terms of the Tanzania Companies Act, 2002 to maintain adequate accounting records and are responsible for the contents and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Tanzania Companies Act, 2002. The external auditors are engaged to express an independent opinion on the financial statements. The financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Tanzania Companies Act, 2002, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company operations and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructures, control systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Directors have reviewed the company's cash flow forecast for the year to 31st December 2025 and, in light of this review, and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages **43 to 93** which have been prepared on going concern basis, were authorized, and approved by the Board on **24th February 2026** and signed on its behalf by:

.....
Mr. Theobald Sabi
Chairman

.....
Mr. Andrew Lyimo
Director



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

DECLARATION OF TMRC CHIEF FINANCE OFFICER

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 Chief Finance Officer responsible for the preparation of financial statements of the entity concerned.

It is the duty of Chief Finance Officer to assist the Board of Directors to discharge the responsibility of preparing TMRC's financial statements showing true and fair view of TMRC's financial position and performance in accordance with the International Accounting Standards and the Companies Act, 2002. Full responsibility for the preparation of financial statements rests with the TMRC Board of Directors as under Directors Responsibilities stated on page 38.

I, **Joseph Liam Mrawa**, being the Chief Finance Officer of TMRC hereby acknowledge my responsibility of ensuring that TMRC's financial statements for the year ended 31st December 2025 have been prepared in compliance with the International Financial Reporting Standards and the Companies Act, 2002.

I thus confirm that TMRC's financial statements give a true and fair view position as on that date and that they have been prepared based on properly maintained financial records.

Signed:


.....

Position:

Chief Finance Officer

NBAA Membership No:

ACPA 3851

Date:


.....2026



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Website: www.auditaxinternational.co.tz

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TANZANIA MORTGAGE REFINANCE COMPANY LIMITED

Opinion

We have audited the financial statements of Tanzania Mortgage Refinance Company Limited, set out on pages 43 to 93, which comprise the statement of financial position as at 31st December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements of Tanzania Mortgage Refinance Company Ltd present fairly, in all material respects, the financial position of Tanzania Mortgage Refinance Company Limited as at 31st December, 2025 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), the Banking and Financial Institutions Act, 2006 and the Companies Act, 2002 of Tanzania.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants 'Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. There were no key audit matters to report during the year ended 31 December 2025.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF TANZANIA MORTGAGE REFINANCE COMPANY LIMITED (CONTINUED)**

Other Information included in the Company's Annual Report

The other information comprises the Company Information, Report by Those Charged with Governance, Statement of Directors' Responsibilities, Sustainability related information disclosures and Declaration by Chief Finance Officer. The other information does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF TANZANIA MORTGAGE REFINANCE COMPANY LIMITED (CONTINUED)**

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Companies Act, 2002 to be kept by the Entity have been properly kept in accordance with the provisions of the Companies Act.

The engagement partner on the audit resulting in this independent auditor's report is Khalfani Mbwambo.

Auditax International

Certified Public Accountants

Dar es Salaam, Tanzania

Signed by: Khalfani Mbwambo (FCCA)

Registration No: ACPA 3224

24/02/2026
Date.....2026



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2025 TZS '000	2024 TZS '000
Interest income	1	22,769,423	20,643,016
Interest expense	2	(14,253,535)	(13,010,988)
Net interest income		8,515,888	7,632,028
Financial Instruments Impairment charges	9	(150,908)	67,672
Net interest income after Financial Instruments Impairment charges		8,364,980	7,699,701
Other income	3	363,901	543,048
Total income		8,728,881	8,242,749
Operating expenses	4	(7,008,498)	(6,430,131)
Profit before tax		1,720,383	1,812,618
Tax charge	5	(621,403)	(511,366)
Profit and comprehensive income for the year		1,098,979	1,301,252
Other comprehensive income			
Change in FVOCI financial assets net of taxes	20	4,105,745	(1,363,140)
Total comprehensive income for the year attributable to the owners of the company		5,204,724	(61,889)
Dividends:			
Final dividends		434,938	520,501

The financial statements on **pages 62 to 93** were authorised and approved for issue by the Board of Directors on **24th February 2026** and were signed on its behalf by:

.....
Mr. Theobald Sabi
Chairman

.....
Mr. Andrew Lyimo
Director

The material accounting policies on pages 47 to 61 and notes on pages 43 to 93 form an integral part of these financial statements.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

STATEMENT OF FINANCIAL POSITION

		2025	2024
ASSETS	Notes	TZS '000	TZS '000
Cash and bank balances	6	789,825	663,063
Government securities	7(a)	58,027,422	50,729,350
Investment Securities	7(c)	19,395,839	398,376
Net Mortgage refinance and pre-finance loans	8	195,298,730	164,272,169
Current tax assets		-	50,059
Other receivables	12	1,473,173	2,180,508
Equipment	10 (a)	534,806	541,871
Right-of-use assets	10 (b)	391,964	-
Intangible assets	11	1,158,327	38,682
Total assets		277,070,086	218,874,080
LIABILITIES			
Current tax liability	15	136,326	-
Lease Liability	10 (b)	394,177	-
Loans and borrowings	14 (i)	129,121,025	129,119,858
TMRC Corporate Bond	14 (ii)	47,815,385	47,863,926
Borrowings from DFI's	14 (iii)	30,037,808	-
Trade and other payables	15	1,165,344	1,453,916
Deferred tax liabilities	13	1,572,103	325,509
Total liabilities		210,242,168	178,763,209
SHAREHOLDERS' EQUITY			
Share capital	16	43,263,819	28,168,553
Share premium	16	12,200,507	5,259,704
Fair value gain/(loss)	20	2,370,677	(1,486,752)
Asset Revaluation Reserve	20	371,927	123,612
Specific reserve	21	416,392	416,392
Retained earnings		8,204,596	7,629,362
Total equity		66,827,918	40,110,871
Total equity and liabilities		277,070,086	218,874,080

The financial statements on pages 43 to 93 were authorised and approved for issue by the Board of Directors on 24th February 2026 and were signed on its behalf by:

.....
Mr. Theobald Sabi
Chairman

.....
Mr. Andrew Lyimo
Director


The material accounting policies on pages 47 to 61 and notes on pages 62 to 93 form an integral part of these financial statements.


**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share Premium	Retained earnings	Fair value Revaluation Gain/(loss)	Asset Revaluation Reserve	Specific reserve	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Year ended 31st December, 2025							
At start of year	28,168,553	5,259,704	7,629,362	(1,486,752)	123,612	416,393	40,110,871
Changes in equity 2025							
Profit and comprehensive income for the year	-	-	1,098,979	-	-	-	1,098,979
Fair value revaluation Gain/Loss for the year	-	-	-	3,857,429	248,316	-	4,105,745
Transfer of revaluation reserve	-	-	-	-	-	-	-
Prior Year Tax Paid	-	-	(3,246)	-	-	-	(3,246)
Tax on other comprehensive income	-	-	-	-	-	-	-
Changes during the year	-	-	1,095,733	3,857,429	248,316	-	5,201,478
Issue of ordinary shares	15,095,264	6,940,803	-	-	-	-	22,036,067
Dividends paid - final 2024	-	-	(520,501)	-	-	-	(520,501)
Transfer to specific reserve	-	-	-	-	-	-	-
At end of year	43,263,817	12,200,507	8,204,595	2,370,677	371,927	416,393	66,827,916
At start of year	23,139,553	2,735,169	7,391,845	1,159,807	123,612	416,393	34,966,378
Changes in equity 2024							
Profit and comprehensive income for the year	-	-	1,301,252	-	-	-	1,301,252
Fair value revaluation Gain/Loss for the year	-	-	-	(2,994,784)	-	-	(2,994,784)
Transfer of revaluation reserve	-	-	-	-	-	-	-
Prior Year Tax Paid	-	-	(126,615)	-	-	-	(126,615)
Tax on other comprehensive income	-	-	-	348,225	-	-	348,225
Changes during the year	-	-	1,174,636	(2,646,559)	-	-	(1,471,923)
Transactions with owners:							
Issue of ordinary shares	5,029,001	2,524,535	-	-	-	-	7,553,535
Dividends paid - final 2023	-	-	(937,119)	-	-	-	(937,119)
Transfer to specific reserve	-	-	-	-	-	-	-
At end of year	28,168,553	5,259,704	7,629,362	(1,486,752)	123,612	416,393	40,110,871

The financial statements on pages 62 to 93 were authorised and approved for issue by the Board of Directors on 24th February 2026 and were signed on its behalf by:


.....
Mr. Theobald Sabi
Chairman


.....
Mr. Andrew Lyimo
Director

The material accounting policies on pages 47 to 61 and notes on pages 43 to 93 form an integral part of these financial statements.


**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
 AUDITED FINANCIAL STATEMENTS FOR THE YEAR
 ENDED 31ST DECEMBER 2025**
CASH FLOW STATEMENT

	Notes	2025 TZS '000	2024 TZS '000
Cash flows from operating activities			
Cash used in Operations	18	(37,690,218)	(11,359,558)
Interest received		22,467,655	20,324,931
Interest paid		(14,313,059)	(13,065,438)
Income taxes paid		(418,597)	(558,008)
Net cash used in operating activities		(29,954,219)	(4,658,074)
Cash flows from investing activities			
Acquisition of investment securities		(21,533,452)	(3,568,926)
Proceeds from government securities		580,000	4,609,135
Acquisition of property and equipment	10(a)	(17,720)	(309,841)
Proceeds from the sale of property and equipment		2,994	
Acquisition of intangible assets	11	(1,227,570)	(50,398)
Net cash used in investing activities		(22,195,749)	679,970
Cash flows from financing activities			
Proceeds received from borrowings		30,931,413	15,000,000
Payment of Borrowing			(19,178,100)
Proceeds received from share issuance	16	17,203,743	2,122,000
Proceeds received from Right Issue share		4,832,325	5,431,535
Lease Payment		(170,251)	
Dividends paid		(520,501)	(937,119)
Net cash from financing activities		52,276,730	2,438,316
Net (decrease) increase in cash and cash equivalents		126,762	(1,539,787)
Cash and cash equivalents at 1 January		663,063	2,202,850
Cash and cash equivalents at 31 December	6	789,825	663,063

The financial statements on pages 62 to 93 were authorised and approved for issue by the Board of Directors on 24th February 2026 and were signed on its behalf by:

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Chairman

Mr. Andrew Lyimo
Director

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**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****MATERIAL ACCOUNTING POLICY INFORMATION**

This section describes the significant policies and critical accounting estimates that relate to the financial statements and notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS). They are presented in Tanzania Shillings, which is also the functional currency (see (c) below), rounded to the nearest thousand (TZS '000).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in paragraph (d).

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

"Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) New and revised standards

There are several new standards and amendments to standards that are effective for annual periods beginning after 1 January 2024 and earlier application are permitted; however, the company has not early adopted the new and amended standards in preparing these financial statements

The following new and amended standards are not expected to have a material impact on the company financial statements.

New and revised standards

Effective date	Standard	Summary
Annual reporting periods beginning on or after 1 January 2025	Lack of Exchangeability (Amendments to IAS 21)	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
Annual reporting periods beginning on or after 1 January 2026	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	<ul style="list-style-type: none"> The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 <i>Financial Instruments</i>.
Annual reporting periods beginning on or after 01 Jan 2026	Annual Improvements to IFRS Accounting Standards (IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7).	<ul style="list-style-type: none"> IFRS 1 (First-time Adoption of IFRS) – Provides guidance for entities adopting IFRS for the first time, including exemptions and practical ways to transition from local GAAP. IFRS 7 (Financial Instruments: Disclosures) – Sets requirements for disclosure of the significance of financial instruments and associated risks. IFRS 9 (Financial Instruments) – Covers classification, measurement, impairment, and hedge accounting for financial instruments. IFRS 10 (Consolidated Financial Statements) – Defines principles for preparing consolidated financial statements when an entity controls one or more other entities. IAS 7 (Statement of Cash Flows) – Requires entities to present information about cash inflows and outflows to help assess liquidity and cash management.
Annual reporting periods beginning on or after 01 Jan 2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures.	Disclosures provides simplified disclosure requirements for private subsidiaries that do not have public accountability. It allows these entities to



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

New and revised standards		
Effective date	Standard	Summary
		prepare condensed financial statements with fewer disclosure requirements compared to full IFRS, while still giving users enough information to understand the subsidiary’s financial position and performance.
The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures).	the amendments clarify that profits or losses from sale or contribution of assets between an investor and its associate or joint venture, should only be fully recognized if the transaction involves unrelated parties, while gains or losses are only partially recognized when the assets remain partly within the investor’s group. This ensures that intra-group transactions do not overstate profits and that accounting for these transfers is consistent and transparent.
Annual periods beginning on or after 1 January 2027 (Published April 2024)	IFRS 18, ‘Presentation and Disclosure in Financial Statements’	<p>The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity’s assets, liabilities, equity, income and expenses.</p> <p>IFRS 18 replaces IAS 1 ‘Presentation of Financial Statements’ and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in 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 general.</p> <p>Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’.</p> <p>Impact to the Company’s financial statements:</p>



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

New and revised standards		
Effective date	Standard	Summary
		Based on management assessment, the amendment is not expected to have significant impact of the Company's financial statements.
Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. <u>Impact to the Company's financial statements:</u> Based on management assessment, the amendment is not expected to have significant impact of the Company's financial statements.
Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. <u>Impact to the Company's financial statements:</u> Based on management assessment, the amendment is not expected to have significant impact of the Company's financial statements.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective; -

Amendments to IAS 21	-Lack of Exchangeability
Amendments IFRS 9 and IFRS 7	-The classification and measurement of financial instruments
Amendments IFRS 18	-Presentation and Disclosure in Financial Statements and
Amendments IFRS 19	-Subsidiaries without Public Accountability.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods, except if indicated below.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****MATERIAL ACCOUNTING POLICIES (CONTINUED)****c) Key sources of estimation uncertainty**

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The directors have not made assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

d) Critical accounting judgements

In the process of applying the Company's accounting policies, the Company's management makes certain judgements that are continuously assessed based on prior experience and including expectations of future events that, under the circumstances are deemed to be reasonable as described below:

i) Loan advances and interest receivables

Judgements made on whether there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the loan receivable.

The decision not to provide for non-recoverable loans is based on the fact that as at 31st December 2024, the refinance and pre-finance loan advances had mostly been given to performed banks.

Management believes that the loans will be recoverable in full as borrowing banks are well performed as well as loans extended against strong security of mortgage portfolio or/and treasury bonds. All loan repayment instalments that had become due as of 31st December 2023 have been paid.

(ii) Government and investment securities

The Directors have reviewed the Company's debt financial assets in light of its capital maintenance and liquidity requirements and confirmed the Company's positive intention and ability to hold those assets to maturity or sale when need arose for financial instruments at FVOCI.

(iii) Non-financial assets

The Company reviews its non-financial assets to assess the likelihood of impairment on an annual basis. In determining whether such assets are impaired, management makes judgments as to whether there are any conditions that indicate potential impairment of such assets.



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Critical accounting judgements (Continued)

(iv) Revaluation gain or loss

The company revalued its non-current assets on the basis of the International Valuation Standards (IVS #1 & 2; 2015). The basis and methodology were fully complied with the requirements of the International Assets Valuation Standards as amended in 2015 version: currently in force in Tanzania with effect from July 2004. The basis of valuation (for Land and Buildings) is the Open Market Value (OMV), however where market data are not easily available, Depreciated Replacement Cost were adopted for other assets. This is in accordance with the International Valuation Standards (IVS, 2015), and International Accounting Standards (IAS 16).

e) Leases

At inception of contract, TMRC assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) TMRC acting as a lessee.

When TMRC is acting a lessee, it is required to recognise both:

- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in one of the following:

- Future lease payments arising from a change in an index or rate;
- TMRC's estimate of the amount expected to be payable under a residual value guarantee; or
- TMRC's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

TMRC applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months and or annual lease cost is less than TZS 10,000,000. For these leases the lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more appropriate.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****MATERIAL ACCOUNTING POLICIES (CONTINUED)****d) Leases (Continued)****(ii) TMRC acting as a lessor.**

When TMRC is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead, a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

f) Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), which is Tanzanian Shillings.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss and comprehensive income.

g) Revenue recognition

Revenue mainly comprises of the interest on the outstanding loans advanced to the borrowers and interest from government securities. The interest is computed on an accruals basis based on the rate of interest stated in the loan contract.

The Company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measured until all contingencies relating to the transaction have been resolved. The Company bases its estimates on historical results, taking into consideration the type of transaction and specifics of each arrangement.

Interest income is recognized in the year in which it is earned. The amount of revenue is measured using the effective interest rate method. Interest income is accrued by reference to time in relation to the principal amount outstanding and the effective interest rate applicable.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and financial assets with maturities of less than 3 months.

i) Property, Plant and Equipment

All equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss and comprehensive income during the financial year in which they are incurred.

Property, Plant and Equipment (Continued)

Depreciation is calculated on a straight-line basis, to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Leasehold improvements	10
Computers & equipment	33
Office equipment	20
Office furniture	20
Motor vehicle	25

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining profit before tax.

j) Intangible assets

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be three (3) years.

Core ICT Software

However, the TMRC core system has a longer expected period of economic benefit and is therefore amortised over an estimated useful life of ten (10) years.



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

k) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each statement of financial position date.

l) Investments and other financial instruments

i. Financial assets

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Management determines all classifications of financial assets at initial recognition.

The Company's financial assets which include mortgage refinance loans, government securities, investment securities and other receivables fall into the following categories:

- **Loans and receivables:** Financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the statement of financial position date. All assets with maturities greater than 12 months after the statement of financial position date are classified as non-current assets. Such assets are carried at amortized cost using the effective interest rate method. Changes in the carrying amount are recognized in the statement of profit or loss and comprehensive income.
- **Financial assets at Amortized Costs:** Amortized cost is an investment classification category and accounting method which requires financial assets classified under this method to be reported on balance sheet at their amortized cost which equals their initial acquisition amount less principal repayment plus/minus amortization of discount/premium (if any) plus/minus foreign exchange differences (if any) less impairment losses (if any).



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

l) Investments and other financial instruments (Continued)

i) financial assets (Continued)

- **Financial assets at FVOCI:** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest and are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost 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 Investment Income'.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in the income statement under administrative expenses when there is objective evidence that the Company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

Subsequent recoveries of amounts previously written off/impaired are credited to the statement of profit or loss and comprehensive income/statement of changes in equity in the year in which they occur.

Gains and losses on disposal of assets whose changes in fair value were initially recognised in the income statement are determined by reference to their carrying amount and are taken into account in determining operating profit/ (loss). On disposal of assets whose changes in fair value were initially recognised in equity, the gains/losses are recognised in the reserve, where the fair values were initially recognised. Any resultant surplus/deficit after the transfer of the gains/losses are transferred to retained earnings.



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

I) Investments and other financial instruments (Continued)

i) financial assets (Continued)

Changes in fair value for available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss), which are recognised in the statement of comprehensive income. In the year of sale, the cumulative gain or loss recognised in other comprehensive income is recognised in the statement of profit or loss and comprehensive income as a reclassification adjustment

Management classifies financial assets as follows:

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Government securities are categorized in two groups:

- **Amortized Costs:** as the Company has the intention and ability to hold these to maturity. These are carried at amortized cost.
- **Fair Value through Other Comprehensive Income:** as the Company has the intention for both to hold financial assets in order to collect contractual cash flow and sell.

Investment securities, other receivables and mortgage refinance loans are classified as loans and receivables and are carried at amortized cost.

ii. Financial liabilities

The Company's financial liabilities which include loans and borrowings, and trade and other payables fall into the following category:

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****l) Investments and other financial instruments (Continued)****Financial liabilities measured at amortized cost:**

These include trade and other payables, and loans and borrowings. These are initially measured at fair value and subsequently measured at amortized cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest expense in the statement of profit or loss and comprehensive income under finance costs using the effective interest rate method.

Borrowings are initially recognized at fair value; net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest expense in the statement of profit or loss and comprehensive income under finance costs.

Fees associated with the acquisition of borrowing facilities are recognized as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortized over the period of the facility.

All financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial instruments

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

m) Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate in accordance with the Tanzania Income Tax Act, 2004 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****m) Current and deferred income tax (Continued)****Current tax**

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in Tanzania where the company operate and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with the Income Tax Act, 2004 interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred 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 consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects neither accounting nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

n) Retirement benefit obligations

The Company and its employees contribute to the National Social Security Fund (NSSF), statutory defined contribution schemes. The Company's contributions to this defined contribution scheme are charged to the statement of profit or loss and comprehensive income in the year to which they relate.

o) Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

p) Employee entitlements

Employee entitlements to gratuity and long-term service awards are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the statement of financial position date.

The estimated monetary liability for employees accrued annual leave entitlement at the statement of financial position date is recognized as an expense accrual.

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****q) Donor and Government funds**

Funds from the World Bank and Government funds are reported as Government grants and recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received to comply with the disclosure requirements of International Accounting Standard (IAS) 20.

Operating grant

Operating grants are recognized in the statement of profit or loss and comprehensive income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

r) Specific reserve

This relates to a reserve set aside by the Company from retained earnings approved by Board of Directors in 2018 to cover the Company from various risks and unforeseen losses.

s) Dividends

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting.

t) Comparatives

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

u) Earnings per share

TMRC presents basic and diluted (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

v) Subsequent events and macroeconomic risk disclosure

The ongoing Russia - Ukraine conflict and recent global trade policy changes, including the introduction of tariffs by the United States and other major economies, have increased uncertainty across international markets. These events have contributed to volatility in interest rates, foreign exchange markets, commodity prices, and global supply chains.

Although TMRC has no direct exposure to these regions, the indirect effects may include higher borrowing costs, inflationary pressures, exchange rate movements, and reduced access to international finance. Management has assessed these risks as part of its going concern and risk management processes.

Based on the assessment performed, the Directors believe that TMRC remains adequately capitalised and liquid and is well positioned to continue operating as a going concern. The situation continues to be monitored.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

w) Contingent Liability

TMRC is a party to a legal claim filed by a former employee. Based on legal advice received and Director's assessment, the likelihood of an unfavourable outcome is considered remote. Accordingly, no provision has been recognised in these financial statements.



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
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NOTES TO THE FINANCIAL STATEMENTS

1. Interest income

Interest income on mortgage refinance and pre-finance loans	14,788,798	13,215,097
Interest income on government securities (Note 7)	7,748,021	7,255,133
Interest income on investment securities	146,364	96,072

Total interest income calculated under the effective interest method

22,683,183 **20,566,302**

Other Interest Income

Interest income on staff loans	42,251	46,369
Interest Income on Other Investments	43,988	30,345

Total interest income

22,769,423 **20,643,016**

2. Interest expense

Interest expense on TMRC Corporate Bond	5,245,140	5,282,235
Interest expense on DFI Funds	1,308,011	-
Interest expense on loan from Bank of Tanzania	7,692,000	7,722,670
Interest expense on Other Short term Borrowings	8,384	6,082
Interest expense on lease liabilities	49,958	-

14,303,493 **13,010,988**

3. Other income

Loan facilitation fees	185,068	179,005
Gain from assets disposal	1,689	-
Insurance Recovery	2,585	520
Gain from collective investment Scheme	174,559	200,337
Trading Income	-	163,186

363,901 **543,048**

4. (a) Operating expenses

Staff costs (Note 4(b))	4,879,244	4,440,209
Travel expenses	117,472	155,153
Legal costs	1,672	20,635
Audit fees	24,780	27,370
Bank charges and commissions	11,938	12,165
Brokerage commission	69,981	102,816
Foreign exchange loss	(5,156)	11,042
Depreciation on equipment (Note 10 (a))	232,860	270,838
Depreciation charge of right-of-use assets (Note 10 (b))	172,464	16,114
Amortization of intangible assets (Note 11)	120,464	48,126
Office rent	18,812	209,981
Telephone and fax	51,934	50,803
Insurance	181,966	171,305
Marketing and communication	62,308	85,583
Consultancy fees	166,572	114,909
IT license fees	105,186	113,055
Membership fees	53,682	46,298
Revaluation Loss-Fixed Assets	23,213	-
Other operating expenses (Schedule other expenses page 93)	669,149	533,728

6,958,541 **6,430,131**



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025	2024
(b) Staff costs		
Salaries and wages	3,179,419	2,927,659
Social security costs (defined contributions)	550,388	524,789
Gratuity expenses	276,688	262,150
Skills and Development Levy (SDL)	128,424	122,451
Workers Compensation Fund (WCF)	18,346	17,493
Leave expense	200,416	189,460
Training expenses	311,820	201,568
Medical expenses	128,542	111,239
Other Staff costs	85,200	83,400
	4,879,244	4,440,209
	2,025	2,024
5. Tax	TZS '000	TZS '000
Current tax:		
Corporate income tax-Current year	516,115	859,591
Deferred tax expense:		
In respect of Current year	12,118	(9,521)
In respect of Previous year	756,379	-
In respect of Previous year-adjustment	(663,208)	(338,704)
Tax charge	621,403	511,366

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

	2,025	2,024
	TZS '000	TZS '000
Profit before tax	1,720,383	1,812,618
Tax calculated at a tax rate of 30% (2024: 30%)	516,115	543,785
Tax effect of:		
Non-tax deductible expenses	64,942	97,468
Expenditure of capital nature charged to P&L	6,879	-
Loss on revaluation	6,764	1,362
Provision/Release of general provisions	42,387	(54,275)
Exempt Amount - Interest Income from Government Bonds	(26,686)	(133,780)
Non-Qualifying capital expenditure	77,065	48,226
Actual rent paid - IFRS 16	(66,062)	8,580
Income tax expense	621,403	511,366



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Tax (Continued)

The normal procedure for agreeing final income tax liability in Tanzania involves the company filing its final income tax returns with the Tanzania Revenue Authority (TRA) followed by TRA performing their own review of the company's submissions and issuing their notice of income tax assessments to the company. The final income tax liability as determined by TRA after their review may differ from the liability determined by the Company and procedures are in place for the company to object and appeal against such assessments. It is common that a timeframe from the company's own submission of its final tax returns and for TRA performing their review and issuing of notice of final tax assessment may take several months or years.

6. Cash and bank balances	2025 TZS '000	2,024 TZS '000
Cash in hand	277	2,289
Cash at bank	789,549	660,773
	<u>789,825</u>	<u>663,063</u>

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

Short term placement with other

Banks

Financial assets with maturity of less than 91 days (Note 7)	-	-
Less: Impairment loss allowance-ECL (note 9)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Long term placement with other Banks

Financial assets with maturity of more than 91 days	19,519,927	400,000
Less: Impairment loss allowance-ECL (note 9)	(124,088)	-10,045
	<u>19,395,840</u>	<u>389,955</u>

The company is minimally exposed to credit risk on cash and bank balances as these are held with sound financial institutions.

The carrying amounts of the company's cash and cash equivalents are denominated in Tanzania Shillings and US dollar.

7. Investments	2025 TZS '000	2024 TZS '000
a) Government securities		
Government Securities at amortized costs	28,088,296	25,770,999
Government Securities at FVOCI	28,634,756	23,759,000
Accrued interest	1,315,646	1,209,869
Less: Impairment loss allowance-ECL	(11,276)	(10,518)
	<u>58,027,422</u>	<u>50,729,350</u>



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Investment (Continued)

	2025	2024
	TZS '000	TZS '000
b) Government securities (continued)		
Maturing within a year	1,303,702	1,762,847
Maturing within 2-3 years	29,152,229	23,759,000
Maturing within 3-5 years	814,956	471,992
Maturing within 5-10 years	3,844,784	3,771,767
Maturing after 10 years	22,911,751	20,963,744
	<u>58,027,422</u>	<u>50,729,350</u>

Investment in Government securities is made up of Government Securities at amortized costs and Government Securities at FVOCI existing as at year end and accrued interest as at 31 December 2025 computed using effective interest rate for Securities at amortized costs and market value for securities at FVOCI. These investments are denominated in Tanzanian Shillings and attracted a weighted average on yield interest rate of 13.83% per annum (2024: 14.46%) during the year.

Movement in government securities during the year

Government securities (Continued)

	2025	2024
	TZS '000	TZS '000
At start of year	50,729,350	52,275,566
Additions	7,772,295	15,168,763
Redemptions	(580,000)	(16,950,152)
Interest earned (Note 1)	7,748,021	7,255,133
Interest received	(7,642,244)	(7,019,959)
At end of year	<u>58,027,422</u>	<u>50,729,350</u>

c) Investment Securities

Long term placement with other Banks	500,000	400,000
Deposits with financial institutions (at cost)	10,000,000	-
Investment on collective investment Scheme	8,875,975	1,416
Accrued interest	143,952	7,004
Less: Impairment loss allowance-ECL	(124,088)	(10,045)
	<u>19,395,840</u>	<u>398,376</u>

Placements with other banks are made up of investments in fixed deposits, collective investment scheme and listed corporate bonds made with banks during the year. Accrued interest comprises of interest earned but not received as at the year end. These investments are denominated in Tanzania Shillings and attracted a weighted average interest rate of 10% per annum (2024: 10%) during the year.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Investments (continued)

	2025	2024
	TZS '000	TZS '000
Movement in placement with other banks during the year		
At start of year	398,376	3,461,296
Additions	23,312,973	15,799,000
Redemptions	(4,315,510)	(18,861,920)
At end of year	<u>19,395,840</u>	<u>398,376</u>
As at year end placements with other banks are denominated in the following currencies:		
Tanzania Shilling	19,395,840	398,376
US Dollar	-	-
	<u>19,395,840</u>	<u>398,376</u>

In the opinion of the directors, the carrying amounts of government securities at amortized cost approximate to their fair value.

	2025	2024
	TZS '000	TZS '000
Government securities at amortized cost can be analysed as follows:		
Maturity within 91 days	-	-
Maturity after 91 days	28,088,296	25,770,999
Total	<u>28,088,296</u>	<u>25,770,999</u>

None of the financial assets classified as is either past due or impaired.

Movement in government securities at amortised cost with maturities after 91 days

At the start of the year	25,770,999	24,177,895
Net of additions and redemptions during the year	2,317,297	1,593,103
At the end of the year	<u>28,088,296</u>	<u>25,770,999</u>

Credit risk primarily arises from changes in the market value and financial stability of respective banks. The directors are of the opinion that the company's exposure is limited because the debt is held with sound financial institutions, and it is widely held.

Management monitors the credit quality of financial assets by:

- discussions at management and Board meetings.
- reference to external historical information available; and
- discussions with the company's investment advisors.

The maximum exposure to credit risk as at the reporting date is the carrying value of the financial assets as disclosed above.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

TMRC Regulation 16(1) requires TMRC to not invest more than 40% of its financial resources in Treasury bonds and fixed deposits. As at year end, the total investment in treasury bonds and fixed deposits was 29.53% (2024: 23.36%).

8. Mortgage refinance and pre-finance loans

Tanzania Mortgage Refinance Company Limited (TMRC) offers two products, namely refinance and pre-finance loans to its member banks which are Primary Mortgage Lenders (PML).

- i. Refinancing loans are secured against first ranked fixed charge debentures and a first ranked floating charge specific debenture in favour of TMRC over specified member bank’s mortgage loan portfolios to cover for no less than 111% of value of the refinance loans.
- ii. Pre-financing loans are secured on a portfolio of Treasury Bonds with coverage ratio of 100% and minimum remaining tenor longer than the maturity of the respective Treasury Bonds years from disbursement date. PML are required to effect legal transfer of the Treasury Bonds pledged to TMRC as collateral to TMRC CDS account. The transfer must be effected prior to disbursement of funds. PML must maintain an on-going coverage ratio of 100%.

Mortgage refinance and pre-finance loans at amortized cost

	2024	2024
	TZS '000	TZS '000
Mortgage refinance	167,700,000	154,200,000
Pre-finance loans	26,000,000	8,500,000
Accrued Interest	1,758,084	1,695,417
Less: Impairment loss allowance-ECL	(159,354)	(123,248)
Net Mortgage refinance and pre-finance loans	195,298,730	164,272,169



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Analysis of impairment provision on financial instruments.

The movement in Impairment provisions for financial instruments charges during the year ended 31st December 2025:

The movement in provisions for financial instruments charges					
2025					
					TZS '000
	Re& Pre Financing Loans	Government securities	Placement with other banks	Other receivables	Total Provision
At start of the year	(123,248)	(10,518)	(10,045)	-	(143,810)
Movement During the year:					
Previous years Adjustments	-	-	-	-	-
Impairment provision charges	(36,106)	(758)	(114,043)	-	(150,908)
At the end of the year	(159,354)	(11,276)	(124,088)	-	(294,718)

The movement in provisions for financial instruments charges					
2024					
					TZS '000
	Re& Pre Financing Loans	Government securities	Placement with other banks	Other receivables	Total Provision
At start of the year	(147,120)	(37,722)	(11,371)	(15,270)	(211,482)
Movement During the year:					
Previous years Adjustments	-	-	-	-	-
Impairment provision charges	23,872	27,204	1,327	15,270	67,672
At the end of the year	(123,248)	(10,518)	(10,045)	-	(143,810)



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Analysis of impairment provision on financial instruments (Continued)

Analysis of movement in the ECL allowance for financial instruments during the year ended 31st December 2025:

Description	Stage 1 TZS '000	Stage 2 TZS '000	Stage 3 TZS '000	Total 2025 TZS '000	Total 2024 TZS '000
Government Securities:					
At start of the year	(10,518)	-	-	(10,518)	(37,722)
Charge for the period	(758)	-	-	(758)	27,204
Write-offs	-	-	-	-	-
At the end of the year	(11,276)	-	-	(11,276)	(10,518)
Impairment charge to Income Statement		-	-	-	-
Impairment provision ECL	(758)	-	-	(758)	27,204
Charge/Release to Income Statement	(758)	-	-	(758)	27,204
	Stage 1 TZS '000	Stage 2 TZS '000	stage 3 TZS '000	Total 2025 TZS '000	Total 2024 TZS '000
Placement with other Banks					
At start of the year	(10,045)	-	-	(10,045)	(10,045)
Charge for the period	(114,043)	-	-	(114,043)	1,327
Write-offs	-	-	-	-	-
At the end of the year	(124,088)	-	-	(124,088)	(10,045)
Impairment charge to Income Statement		-	-	-	-
Impairment provision ECL	(114,043)	-	-	(114,043)	1,327
Charge/Release to Income Statement	(114,043)	-	-	(114,043)	1,327
	Stage 1 TZS '000	Stage 2 TZS '000	stage 3 TZS '000	Total 2025 TZS '000	Total 2024 TZS '000
Mortgage Re & Prefinance Loans					
At start of the year	(123,248)	-	-	(123,248)	(147,120)
Charge for the period	(36,106)	-	-	(36,106)	23,872
Previous years Adjustments	-	-	-	-	-
Write-offs	-	-	-	-	-
At the end of the year	(159,354)	-	-	(159,354)	(123,248)
Impairment charge to Income Statement		-	-	-	-
Impairment provision ECL	(36,106)	-	-	(36,106)	23,872
Charge/Release to Income Statement	(36,106)	-	-	(36,106)	23,872
	Stage 1 TZS '000	Stage 2 TZS '000	stage 3 TZS '000	Total 2025 TZS '000	Total 2024 TZS '000
Other Receivables					
At start of the year	-	-	-	-	(15,270)
Charge/Release for the period	-	-	-	-	15,270
Write-offs	-	-	-	-	-
At the end of the year	-	-	-	-	-
Impairment charge to Income Statement		-	-	-	-
Impairment provision ECL	-	-	-	-	-
Charge/Release to Income Statement	-	-	-	-	-

TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Property, Plant and Equipment

10 (a).	Equipment	Leasehold improvements	Computers & equipment	Office equipment	Office furniture	Motor vehicle	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
	Year ended 31st December, 2025						
	Opening carrying amount	52,047	186,008	145,087	52,984	105,744	541,870
	Revaluation reserves OCI	39,195	36,203	8,600	74,199	52,872	211,069
	Adjusted balance at 1 January 2025	91,242	222,211	153,687	127,183	158,615	752,939
	Additions	-	7,259	2,950	7,511	-	17,720
	Less Disposed Assets	-	(1,860)	(1,026)	(108)	-	(2,994)
	Depreciation charge	(9,124)	(125,821)	(31,754)	(26,507)	(39,654)	(232,860)
	Closing carrying amount	82,118	101,789	123,857	108,079	118,962	534,806
	At 31st December, 2025						
	Cost or valuation	74,355	384,150	246,384	93,134	317,231	1,115,253
	Additions	-	7,259	2,950	7,511	-	17,720
	Less Disposed Assets	-	(1,860)	(1,026)	(108)	-	(2,994)
	Accumulated depreciation	(31,431)	(323,963)	(133,051)	(66,656)	(251,141)	(806,243)
	Revaluation reserves OCI	39,195	36,203	8,600	74,199	52,872	211,069
	Net carrying amount	82,119	101,789	123,857	108,079	118,962	534,806
	Year ended 31st December, 2024						
	Opening carrying amount	59,483	88,633	113,133	56,566	185,051	502,868
	Adjusted balance at 1 January 2024	59,483	88,633	113,133	56,566	185,051	502,868
	Additions	-	223,246	72,495	14,100	-	309,841
	Depreciation charge	(7,435)	(125,872)	(40,541)	(17,682)	(79,308)	(270,838)
	Closing carrying amount	52,047	186,008	145,087	52,984	105,744	541,870
	At 31st December, 2024						
	Cost or valuation	74,355	160,904	173,889	79,034	317,231	805,412
	Additions	-	223,246	72,495	14,100	-	309,841
	Less Disposed Assets	-	-	-	-	-	-
	Accumulated depreciation	(22,307)	(198,142)	(101,297)	(40,150)	(211,487)	(573,383)
	Net carrying amount	52,048	186,008	145,087	52,984	105,744	541,870



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 (b). Lease

This note provides information for leases where the company is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2025 TZS '000	2024 TZS '000
Right-of-use assets		
Balance at 1 January	-	16,115
Depreciation charge for the year	(172,464)	(16,115)
Additions	564,428	-
Adjustments	-	-
Balance at 31 December	<u>391,964</u>	<u>-</u>
Movement of Lease liabilities		
Balance at 1 January	-	-
Additions	564,428	-
Principal payments	(170,251)	-
Adjustments	-	-
Balance at 31 December	<u>394,177</u>	<u>-</u>
Lease liabilities		
Current	233,006	-
Non-current	161,171	-
	<u>394,177</u>	<u>-</u>

During the year a total of TZS 564 million was added as new additions on Right of Use.

ii) Amounts recognised in the income statement

The statement of profit or loss shows the following amounts relating to leases

	2025 TZS '000	2024 TZS '000
Depreciation charge of right-of-use assets		
Office Building	172,464	16,115
	<u>172,464</u>	<u>16,115</u>
Interest on lease liabilities	49,958	-
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	-
	<u>49,958</u>	<u>-</u>

The total cash outflow for leases in 2025 was TZS 220.21 million (2024: Nil).



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025	2024
	TZS '000	TZS '000
11. Intangible assets		
Cost		
At start of year	157,674	107,277
Revaluation reserves	(52,985)	-
Adjusted balance at 1 January 2025	104,689	107,277
Impaired Intangible Assets	(53,468)	-
Additions	1,227,570	50,398
At end of year	1,278,791	157,674
Amortisation		
At start of year	118,992	70,866
Revaluation reserves	(118,992)	-
Adjusted balance at 1 January 2025	-	70,866
Charge for the year	120,464	48,126
At end of year	120,464	118,992
Net book value	1,158,327	38,682

During the year, the Company completed the procurement and implementation of the Microsoft Dynamics ERP core system, which is now operational.

In the opinion of directors there is no impairment in the remaining value of intangible assets.

	2025	2024
	TZS '000	TZS '000
12. Other receivables		
Work In Progress-Asset Development WIP	-	1,132,568
Prepaid expenses	713,153	395,745
Staff receivables	758,472	652,194
Assets Available for Disposal	1,548	-
	1,473,173	2,180,508



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Deferred Tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2024: 30%). The movement on the deferred tax account is as follows:

	2025	2024
	TZS '000	TZS '000
At start of year	325,509	(22,716)
Movement during the period		
In respect to current year	2,002,973	(331,307)
In respect of prior year: over provision	(756,379)	679,532
At end of year	1,572,103	325,509

Deferred tax assets and liabilities, and the deferred tax charge/(credit) in the statement of profit or loss and comprehensive income are attributable to the following items:

	At start of the year	Charge/ (Credit) to profit or loss	Charge P/L Prior Year	Credit/ Charge to Equity	At end of the year
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Year end 31 December 2025					
Deferred income tax liability					
Property and equipment, and intangible assets (including right-of-use assets)	31,085	33,921	-	-	65,006
Deferred tax on Timing differences Provisions	(48,807)	(42,387)	-	-	(91,193)
Realized Revaluation Gain/(Loss) on Assets	-	(6,964)	-	-	(6,964)
Unrealized Foreign Exchange Loss	(3,312)	3,312	-	-	-
Fair value Gain/(Loss) on T-bonds	15,235	-	-	2,014,644	2,029,879
Changes in estimates related to prior years	331,307	-	(755,932)	-	(424,624)
Net deferred tax liability	325,509	(12,118)	(755,932)	2,014,644	1,572,103



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Deferred Tax (Continued)

Year end 31 December 2024

Deferred income tax liability

Property and equipment, and intangible assets (including right-of-use assets)

Deferred tax on Timing differences

Provisions

Realized Revaluation Gain/(Loss) on Assets

Unrealized Foreign Exchange Loss

Fair value Gain/(Loss) on T-bonds

Previous year Adjustments

Net deferred tax liability

	At start of the year	Charge/ (credit) to P/L	Charge P/L Prior Year	Credit/ Charge to Equity	At end of the year
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Property and equipment, and intangible assets (including right-of-use assets)	74,030	(42,945)	-	-	31,085
Deferred tax on Timing differences	(103,082)	54,275	-	-	(48,807)
Provisions	-	-	-	-	-
Realized Revaluation Gain/(Loss) on Assets	-	-	-	-	-
Unrealized Foreign Exchange Loss	(1,951)	(1,362)	-	-	(3,312)
Fair value Gain/(Loss) on T-bonds	53,718	-	-	(38,483)	15,235
Previous year Adjustments	-	-	331,307	-	331,307
Net deferred tax liability	354,023	9,521	331,307	(37,589)	325,509


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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
14. Borrowings

The Borrowings are made up as follows:

I Borrowing from Bank of Tanzania
Current

Borrowing from Bank of Tanzania

Accrued interest

Loan from Bank of Tanzania

Non- current

Loan from Bank of Tanzania

Accrued interest

Loan from Bank of Tanzania

Total Loan from Bank of Tanzania
II TMRC Corporate Bond
Current

TMRC Corporate Bonds

Accrued interest

- TMRC Corporate Bonds

Non- current

TMRC Corporate Bonds

Accrued interest

- TMRC Corporate Bonds

Total TMRC Corporate Bond
III Borrowing From DFI's
Non- current

Borrowing form DFI's

Accrued interest

- TMRC Corporate Bonds

Total Other Borrowings
Grand total

	2025 TZS '000	2024 TZS '000
	16,950,000	29,900,000
	132,230	193,118
	17,082,230	30,093,118
	111,250,000	98,300,000
	788,795	726,740
	112,038,795	99,026,740
	129,121,025	129,119,858
	18,879,000	-
	258,201	-
	19,137,201	-
	28,280,600	47,159,600
	396,227	704,326
	28,676,827	47,863,926
	47,815,385	47,863,926
	30,000,000	-
	37,808	-
	30,037,808	-
	206,972,861	176,983,784

During the year, TMRC issued two private bond placements with institutional investors.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(i) Borrowing from Bank of Tanzania

The Bank of Tanzania borrowing comprise the following:

<u>2025:</u>	Principal amount	Interest to maturity	Total	Maturity period	Remaining Period to mature	Interest rate % p.a
Value Date	TZS '000	TZS '000	TZS '000	Years		
23-Mar-21	5,000,000	66,575	5,066,575	5 Years	3 Months	6.0%
30-Aug-18	1,450,000	57,682	1,507,682	8 Years	8 Months	6.0%
02-Nov-21	5,000,000	251,507	5,251,507	5 Years	10 Months	6.0%
03-Dec-21	1,500,000	82,849	1,582,849	5 Years	1 Year	6.0%
10-Feb-22	5,000,000	332,877	5,332,877	5 Years	1 Year	6.0%
30-May-22	1,000,000	84,658	1,084,658	5 Years	1 Year	6.0%
14-Jun-22	2,500,000	217,808	2,717,808	5 Years	1 Year	6.0%
26-Jun-22	2,500,000	223,562	2,723,562	5 Years	1 Year	6.0%
09-Aug-22	5,000,000	481,644	5,481,644	5 Years	2 Years	6.0%
19-Aug-22	5,000,000	489,863	5,489,863	5 Years	2 Years	6.0%
26-Sep-22	5,000,000	521,918	5,521,918	5 Years	2 Years	6.0%
14-Nov-22	2,500,000	281,096	2,781,096	5 Years	2 Years	6.0%
02-Jan-23	4,000,000	481,973	4,481,973	5 Years	2 Years	6.0%
04-Jun-23	7,000,000	1,020,658	8,020,658	5 Years	2 Years	6.0%
13-Aug-23	1,800,000	283,167	2,083,167	5 Years	3 Years	6.0%
26-Feb-24	1,500,000	284,301	1,784,301	5 Years	3 Years	6.0%
14-Mar-24	2,000,000	384,000	2,384,000	5 Years	3 Years	6.0%
27-May-24	1,000,000	204,493	1,204,493	5 Years	3 Years	6.0%
28-May-24	7,000,000	1,431,452	8,431,452	5 Years	3 Years	6.0%
25-Jun-24	2,750,000	575,014	3,325,014	5 Years	3 Years	6.0%
11-Jul-24	10,000,000	2,115,616	12,115,616	5 Years	4 Years	6.0%
15-Jul-24	2,000,000	425,096	2,425,096	5 Years	4 Years	6.0%
15-Jul-24	1,400,000	297,567	1,697,567	5 Years	4 Years	6.0%
21-Aug-24	5,900,000	1,609,973	7,509,973	5 Years	4 Years	6.0%
21-Aug-24	6,500,000	1,773,699	8,273,699	5 Years	4 Years	6.0%
28-Jan-25	2,500,000	764,897	3,264,897	5 Years	4 Years	6.0%
05-Mar-25	3,000,000	752,055	3,752,055	5 Years	4 Years	6.0%
31-Mar-25	5,000,000	1,275,616	6,275,616	5 Years	4 Years	6.0%
14-Apr-25	3,000,000	772,274	3,772,274	5 Years	4 Years	6.0%
29-Apr-25	1,700,000	440,696	2,140,696	5 Years	4 Years	6.0%
08-Jul-25	5,000,000	1,356,164	6,356,164	5 Years	5 Years	6.0%
22-Sep-25	8,000,000	2,271,123	10,271,123	5 Years	5 Years	6.0%
31-Oct-25	1,700,000	492,953	2,192,953	5 Years	5 Years	6.0%
05-Jan-26	4,000,000	1,204,603	5,204,603	5 Years	5 Years	6.0%
	128,200,000	23,309,429	151,509,429			



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Borrowing (continued)

(i) Borrowing from Bank of Tanzania (continued)

The Bank of Tanzania borrowing comprise the following:

2024:	Principal amount	Interest to maturity	Total	Maturity period	Remaining Period to mature	Interest rate %
Value Date	TZS '000	TZS '000	TZS '000	Years		p.a
29-Jan-20	2,500,000	11,507	2,511,507	5 Years	1 Month	6.0%
06-Mar-20	3,000,000	31,562	3,031,562	5 Years	3 Months	6.0%
30-Mar-20	5,000,000	73,973	5,073,973	5 Years	3 months	6.0%
13-Apr-20	3,000,000	51,288	3,051,288	5 Years	54 Months	6.0%
30-Apr-20	1,700,000	32,416	1,732,416	5 Years	4 Months	6.0%
06-Jul-20	5,000,000	155,342	5,155,342	5 Years	7 Months	6.0%
21-Sep-20	8,000,000	348,493	8,348,493	5 Years	9 Months	6.0%
01-Nov-20	1,700,000	84,953	1,784,953	5 Years	11 Months	6.0%
02-Jan-21	4,000,000	242,630	4,242,630	5 Years	1 Years	6.0%
23-Mar-21	5,000,000	366,575	5,366,575	5 Years	1 Years	6.0%
30-Aug-21	1,450,000	144,682	1,594,682	5 Years	1 Years	6.0%
02-Nov-21	5,000,000	551,507	5,551,507	5 Years	1 Years	6.0%
03-Dec-21	1,500,000	172,849	1,672,849	5 Years	1 Year	6.0%
10-Feb-22	5,000,000	632,877	5,632,877	5 Years	2 Years	6.0%
30-May-22	1,000,000	144,658	1,144,658	5 Years	2 Years	6.0%
14-Jun-22	2,500,000	367,808	2,867,808	5 Years	2 Years	6.0%
26-Jun-22	2,500,000	373,562	2,873,562	5 Years	2 Years	6.0%
09-Aug-22	5,000,000	781,644	5,781,644	5 Years	2 Years	6.0%
19-Aug-22	5,000,000	789,863	5,789,863	5 Years	2 Years	6.0%
26-Sep-22	5,000,000	821,918	5,821,918	5 Years	2 Years	6.0%
14-Nov-22	2,500,000	431,096	2,931,096	5 Years	2 Years	6.0%
02-Jan-23	4,000,000	721,973	4,721,973	5 Years	3 Years	6.0%
04-Jun-23	7,000,000	1,440,658	8,440,658	5 Years	3 Years	6.0%
13-Aug-23	1,800,000	488,959	2,288,959	5 Years	3 Years	7.5%
26-Feb-24	1,500,000	467,877	1,967,877	5 Years	4 Years	7.5%
14-Mar-24	2,000,000	630,000	2,630,000	5 Years	4 Years	7.5%
27-May-24	1,000,000	264,493	1,264,493	5 Years	4 Years	6.0%
28-May-24	7,000,000	1,851,452	8,851,452	5 Years	4 Years	6.0%
25-Jun-24	2,750,000	740,014	3,490,014	5 Years	4 Years	6.0%
11-Jul-24	10,000,000	2,715,616	12,715,616	5 Years	4 Years	6.0%
15-Jul-24	1,400,000	381,567	1,781,567	5 Years	4 Years	6.0%
15-Jul-24	2,000,000	545,096	2,545,096	5 Years	4 Years	6.0%
21-Aug-24	6,500,000	1,808,959	8,308,959	5 Years	4 Years	6.0%
21-Aug-24	5,900,000	1,641,978	7,541,978	5 Years	4 Years	6.0%
	128,200,000	20,309,844	148,509,844			



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Borrowing (continued)

(i) Borrowing from Bank of Tanzania (continued)

The interest is payable quarterly effective from the date of disbursement of the loan.

The loans from Bank of Tanzania are secured against a debenture issued by TMRC to cover the loans. This debenture ranks equally with all bonds to be issued by TMRC.

In the opinion of the directors, it is impracticable to assign fair values to the Company's long-term borrowing due to inability to forecast interest rate changes.

Borrowings are denominated in Tanzania Shillings.

(ii) TMRC Corporate Bond

On May 2019, TMRC obtained approval from CMSA and Dar es Salaam Stock Exchange (DSE) for 5 years corporate bond programme amounting to TZS 120.0 billion to issue public bonds in tranches.

	2025	2024
	TZS '000	TZS '000
Opening Balance	47,159,600	51,337,700
Issuance of Private bond placements	-	15,000,000
Issuance of Public Bond Placement	-	-
Repayment of corporate bond	-	(19,178,100)
Accrued Interest	655,785	704,326
Total Corporate Bond amount at year end	47,815,385	47,863,926

15. Trade and other payables	2025	2024
	TZS '000	TZS '000
Other payables	394,354	345,652
Accrued expenses	167,970	497,953
Gratuity payable	-	3,800
Deferred revenue	511,485	458,872
Facility Fees receivables	-	-
Withholding tax payable	45,640	92,440
VAT payable	3,416	33,774
Uncollected Interest and Principal	33,872	6,346
Provision for audit fees	8,608	11,912
Provision for staff leave	-	3,167
	1,165,344	1,453,916



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Trade and Other Payable (Continued)

Other payables mainly comprise statutory liabilities representing obligations payable to regulatory authorities arising in the ordinary course of business. In the opinion of the directors, the carrying amounts of the trade and other payables approximate to their fair value. The carrying amounts of the company's trade and other payables are denominated in Tanzania Shillings.

The maturity analysis based on ageing of the trade and other payables is as follows:

Within three months	619,988	981,731
Three to twelve months	545,356	472,185
Over twelve months	-	-
	1,165,344	1,453,916

The company's liabilities as above will be settled by either cheque or direct bank transfer.

Movement in provision for staff leave

At start of year	3,167	681
Additions	189,460	189,460
Redemptions	(192,627)	(186,974)
At end of year	-	3,167

Movement in gratuity payable

At start of year	3,800	817
Additions	262,150	262,150
Redemptions	(265,950)	(259,167)
At end of year	-	3,800

Movement in Current Tax Payable

	2025	2024
	TZS '000	TZS '000
Opening balance	(50,059)	292,885
Current year tax expense	621,403	511,366
Prior year overpaid Tax	-	-
Tax payments made	(408,221)	(850,893)
Withholding tax utilized	(26,796)	(3,418)
Closing balance Payable/(Receivable)	136,327	(50,059)



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Share capital	No. of ordinary shares	Issued and fully paid up capital TZS '000	Share Premium TZS '000
At 1 January 2025	28,398,553	28,168,553	5,259,704
Issue for cash-under Right Issue	3,310,265	3,310,265	1,522,060
Issue for cash-normal at 10% discount (with premium)	11,785,000	11,785,000	5,418,743
At 31 December 2025	43,493,819	43,263,819	12,200,507
At 1 January 2024	23,369,553	23,139,553	2,735,169
Issue for cash-under Right Issue	3,720,739	3,720,739	1,710,796
Issue for cash-normal (with premium)	1,308,261	1,308,261	813,739
At 31 December 2024	28,398,553	28,168,553	5,259,704

Issued and fully paid:

2025

During the year, one new shareholder joined TMRC, and additional capital was raised from existing shareholders through a rights issue

2024

During the year, two new shareholders joined TMRC, and additional capital was raised existing shareholders through a rights issue

17. Dividends

Dividends are not recognised as a liability until they have been ratified at the Annual General Meeting. Directors have set aside TZS 434 million a final dividend in respect of the year ended 31st December 2025 equivalent to TZS 10.0 per share (2024: TZS 18.0 per share amounting to TZS 520 million was recommended and paid). Please be advised that the cash dividend payment for the year 2025 will be subject to the Bank of Tanzania's no objection. There is no tax consequence because no liability was recognised for the proposed deferred tax.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Cash used in operations

	2025 TZS '000	2024 TZS '000
Profit for the period	1,098,979	1,301,252
Adjustments for:		
– Depreciation and amortisation	525,788	335,078
– Impairment loss on investment securities	150,908	(67,672)
– Net interest income	(8,465,930)	(7,632,028)
– Tax expense	621,403	511,366
	(6,068,852)	(5,552,005)
Changes in:		
– Loans and advances to customers	(31,026,560)	(4,118,358)
– Other assets	757,394	(1,094,177)
– Other liabilities and provisions	(1,352,200)	(595,018)
Cash used in operations	(37,690,218)	(11,359,558)

19. Related party transactions and balances

The Company is owned by commercial banks and non-banks in Tanzania. The percentage shareholding of each member is shown on page 25 share capital structure. The company’s related parties include shareholders, key management personnel and their close family members. Related party transactions with these parties include issuance of loans to shareholders and key management personnel, investments with member banks, and payment of remuneration to key management personnel.

TMRC enters transactions with related parties in the normal course of business. Such transactions are carried out on commercial terms and conditions and at arm’s length. The following balances and transactions arose from transactions carried out with related parties:

The following balances and transactions arose from transactions carried out with related parties:

	2025 TZS '000	2024 TZS '000
(i) Loans to related parties		
Loans to shareholders	182,800,000	153,300,000
Loans to key management	218,203	248,043
(ii) Investment securities with member banks (Note 7)		
Fixed deposits with member banks	10,000,000	-
(iii) Interest income from related parties		
<i>Interest income derived from member banks (Note 1)</i>		
- Interest income from mortgage refinance and prefinance loans	13,831,424	12,363,019
- Interest income from fixed deposits	146,364	96,072
	13,977,789	12,459,091
Interest income from loans to key management	16,613	38,121



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Related party transactions and balances

(iv) Key management compensation

	2025 TZS '000	2024 TZS '000
Salaries and other short-term benefits	2,088,546	1,975,910
Pension costs: defined contribution scheme	313,282	296,386
	<u>2,401,828</u>	<u>2,272,296</u>

20. Revaluation Reserve

(i) Fair valuation reserve

The reserve is made up of fair valuation of financial assets and liabilities. This reserve is not available for distribution to shareholders. The movement in the specific reserve during the year is as follows:

	2025 TZS '000	2024 TZS '000
Opening balance	(1,486,752)	1,159,807
Fair valuation gain/loss from FI's	5,463,131	(2,994,784)
Deferred tax on fair valuation gain	(1,605,702)	348,225
	<u>2,370,677</u>	<u>(1,486,752)</u>

(ii) Fair valuation reserve

The reserve is made up of fair valuation of tangible and intangible assets. This reserve is not available for distribution to shareholders. The movement in the specific reserve during the year is as follows:

Opening balance	123,612	123,612
Fair valuation gain Assets	248,316	-
Deferred tax on fair valuation gain	-	-
	<u>371,927</u>	<u>123,612</u>

Reserve Movement

Fair valuation gain/loss from FI's	5,463,131	(1,711,365)
Fair valuation gain Assets	248,316	-
Deferred tax on fair valuation gain	(1,605,702)	348,225
Reserve transferred to OCI	<u>4,105,745</u>	<u>(1,363,140)</u>

21. Specific reserve

The movement in the specific reserve during the year is as follows:

	2025 TZS '000	2024 TZS '000
Opening balance	416,392	416,392
Transfer to specific reserve	-	-
Closing balance	<u>416,392</u>	<u>416,392</u>

**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER 2025****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****21. Specific Reserve (Continued)**

Specific reserves related to 20% reserves kept aside from the audited annual net profit after tax for the year 2015, 2016 and 2017. This reserve set aside by the Company from retained earnings was approved by Board of Directors in 2018 to remain on specific reserves to cover the Company from various future risks and unforeseen losses.

22. Financial Risk Management**22.1 Credit Risk and Expected Credit Losses**

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations. Credit risk arises mainly from loans and advances and loan commitments arising from such lending activities but can also arise from other credit risks arising from investments in debt securities. Credit risk is the single largest risk for the Company's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a management credit committee, which reports to the Board of Directors.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The Company carries out its own assessment of credit risk before investing and updates such assessments at each reporting date. In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 90 days past due.

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. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor,
- a breach of contract,
- it is probable that the debtor will enter bankruptcy, and
- the disappearance of an active market for the financial asset because of financial difficulties.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Financial Risk Management (Continued)

22.1 Credit Risk and Expected Credit Losses (Continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Amounts in '000'

2025	Stage 1		Stage 2		Stage 3	
	Gross Carrying amount	12 Month ECL Amount	Gross Carrying amount	ECL Amount	Gross Carrying amount	ECL Amount
Cash at Bank	787,150	46	-	-	-	-
Treasury Bonds	57,836,232	11,944	-	-	-	-
Fixed Deposits and Other FI's	19,599,149	124,064	-	-	-	-
Mortgage refinancing	197,764,795	159,316	-	-	-	-
	275,987,326	295,370	-	-	-	-

2024	Stage 1		Stage 2		Stage 3	
	Gross Carrying amount	ECL Amount	Gross Carrying amount	ECL Amount	Gross Carrying amount	ECL Amount
Cash at Bank	660,773	42	-	-	-	-
Treasury Bonds	50,609,611	10,518	-	-	-	-
Fixed Deposits and Other FI's	440,018	10,002	-	-	-	-
Mortgage refinancing	164,365,818	123,248	-	-	-	-
	216,076,221	143,810	-	-	-	-

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- a. financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired,
- b. financial assets that are credit impaired at the balance sheet date, and
- c. trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.



**TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Financial Risk Management (Continued)

22.1.1 Credit Concentration by Sector

The following table breaks down the Bank’s main credit exposure at their carrying amounts, as categorized by the industry sectors of its counterparties.

2025	Banks & FI's	Other	Total
Cash and bank balances	789,825	-	789,825
Placement with other banks & FI's	19,395,839	-	19,395,839
Government securities	58,027,422	-	58,027,422
Loan and Advances	194,540,258	758,472	195,298,730
Other Assets	-	-	-
	<u>272,753,345</u>	<u>758,472</u>	<u>273,511,816</u>
2024	Banks & FI's	Other	Total
Cash and bank balances	663,063	-	663,063
Placement with other banks & FI's	398,376	-	398,376
Government securities	50,729,350	-	50,729,350
Loan and Advances	163,619,975	652,194	164,272,169
Other Assets	-	-	-
	<u>215,410,764</u>	<u>652,194</u>	<u>216,062,958</u>
	<u>219,146,066</u>	<u>669,961</u>	<u>219,816,027</u>

22.2 Liquidity risk

The Company is exposed to the risk that it will encounter difficulty in raising funds to meet commitments associated with customer requirements. Liquidity risk is addressed through the following measures:

22.2.1 Management of liquidity risk

The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. The Finance Department is tasked with the responsibility of ensuring that all foreseeable funding commitments and payments can be met when due and that no difficulties meeting financial liabilities as they fall due is encountered. A portfolio of short-term liquid assets largely made up of short-term liquid investment securities and bank facilities ensure that sufficient liquidity is maintained within the Company as a whole.

22.2.2 Source of funding

The Company successfully concluded a capital mobilization drive which resulted in the Government of Tanzania, eight 18 commercial banks, one (1) Housing finance bank, one (1) Real Estate Developer and two (2) Development Finance Institutions injecting equity funds.

The Company also has a window to borrow funds from the Government of Tanzania to be utilised as a line of credit to provide mortgage refinancing to the eligible participating financial institutions as well as borrow to Development Finance Institutions. The Company also raised additional funding from the capital market through issuance of bonds.


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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
22. Financial Risk Management (Continued)
22.2.3 Exposure to liquidity risk

The Banking and Financial Institutions (Mortgage Refinance Companies) regulations 2022 require a Mortgage Refinance Company to maintain sufficient liquid assets for meeting its maturing obligations and liabilities. The following tables set out the remaining contractual maturities of the company's financial liabilities and financial assets. The amounts disclosed in the table are the contractual undiscounted cash flows

As at 31st December 2025

MATURITY GAP ANALYSIS	UP TO 30 DAYS	31 TO 90 DAYS	91 TO 365 DAYS	MORE THAN 1 YEAR	NON LIQUID ITEMS	TOTAL
Cash on Hand And At Banks	787,427	-	-	-	-	787,427
Interbank Placements	-	-	10,135,205	-	-	10,135,205
FDR	8,751,865	-	-	-	-	8,751,865
Treasury Bills	-	-	200,000	308,747	-	508,747
Treasury Bonds - Amortization Cost	-	4,571,454	-	27,789,346	-	32,360,800
Treasury Bonds - FVOCI	-	-	-	25,665,954	-	25,665,954
Refinancing loans	5,093,493	7,013,036	16,606,010	166,586,230	-	195,298,768
Staff Loans & Advances	-	-	-	780,083	-	780,083
Fixed assets	-	-	-	-	2,087,118	2,087,118
Other assets	-	-	-	-	744,734	744,734
Total Assets (A)	14,632,785	11,584,490	26,941,215	221,130,359	2,831,852	277,120,700
World bank loan	4,000,000	5,000,000	7,949,400	141,250,000	-	158,199,400
TMRC Bonds	-	-	18,879,600	28,280,000	-	47,159,600
Accrued taxes & other expenses not paid	415,211	-	654,450	-	-	1,613,261
Other liabilities	-	-	-	-	1,845,273	1,845,273
Shareholders Equity	-	-	-	-	68,303,166	68,303,166
Total Liabilities (B)	4,415,211	5,543,600	27,483,450	169,530,000	70,148,439	277,120,700
INTEREST RATE MISMATCH (A-B)	10,217,573	6,040,890	(542,235)	51,600,359		
Cumulative Mismatch	10,217,573	16,258,463	15,716,228	67,316,587		



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Financial Risk Management (Continued)

22.2.3 Exposure to liquidity risk (Continued)

As at 31st December 2024 (Amount in 000)

MATURITY GAP ANALYSIS	UP TO 30 DAYS	31 TO 90 DAYS	91 TO 365 DAYS	MORE THAN A YEAR	NON LIQUID ITEMS	TOTAL
Cash on Hand and at Banks	133,060	530,000	-	-	-	663,060
Interbank Placements	-	-	-	-	-	-
FDR/Collective schemes	1,420	-	-	-	-	1,420
Corporate Bonds investment	-	-	-	396,960	-	396,960
Treasury Bonds - Amortization Cost	184,320	267,450	519,120	25,852,100	-	26,822,990
Treasury Bonds - FVOCI	-	-	-	23,906,360	-	23,906,360
Refinancing loans	2,572,170	8,000,000	24,400,000	129,300,000	-	164,272,170
Staff Loans & Advances	-	-	-	692,000	-	692,000
Fixed assets	-	-	-	-	1,713,120	1,713,120
Other assets	8,100	-	-	19,090	347,830	375,030
Total Assets (A)	2,899,070	8,797,450	24,919,120	180,166,510	2,060,960	218,843,110
World bank loan	2,500,000	8,000,000	19,400,000	98,300,000	-	128,200,000
TMRC Bonds	-	-	-	47,159,600	-	47,159,600
Short term borrowings/Accrued Interests	342,260	500,480	415,000	-	-	1,257,740
Other liabilities	-	-	-	-	1,767,560	1,767,560
Shareholders' Equity	-	-	-	-	40,458,220	40,458,220
Total Liabilities & Owners equity(B)	2,842,260	8,500,480	19,815,000	145,459,600	42,225,780	218,843,110
Liquidity Gap (A-B)	56,810	296,970	5,104,120	34,706,910		
Cumulative Mismatch	56,810	353,780	5,457,910	40,164,820		

22.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

22.3.1 Currency risk

The Company operates wholly within Tanzania, and its assets and liabilities are reported in the local currency. As at the end of trading period, it had no currency risk pertaining to its operations. The Company does not engage in activities that may lead it to incur foreign exchange, commodity or equity, or use financial derivatives except as hedging instruments.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Financial Risk Management (Continued)

22.3.2 Interest rate risk

The Company’s exposure to interest rate risk arises from short-term bank deposits. Borrowings, loans and advances and other financial assets are fixed interest securities and therefore not susceptible to market interest rate changes.

Financial assets and liabilities advanced and obtained at different rates expose the Company to interest rate risk. Financial assets and liabilities obtained at fixed rates expose the Company to fair value interest rate risk, except where the instruments are carried at amortised cost. The Company maintains adequate ratios of borrowings when compared to total borrowings in fixed interest rates.

The company carried out a comprehensive analysis to determine how a 1% and 5% (100 and 500 basis points) parallel shift in market interest rates might affect its profit or loss. This analysis assumes the company’s statement of financial position remains unchanged throughout and that the yield curve shifts uniformly (i.e., a parallel shift across all maturities). Under these conditions, the table below presents the projected effects on the company’s profit or loss.

	2025	2024
Impact of 100bps change in interest rate on NII	673,166	401,376
Previous year's Net Interest Income (NII)	7,632,028	7,632,028
Earnings at Risk (EAR)	673,166	401,376
% EAR	9%	5%
Impact of 500bps change in interest rate on NII	3,393,009	2,031,905
Previous year's Net Interest Income (NII)	7,632,028	7,632,028
Earnings at Risk (EAR)	3,393,009	2,031,905
% EAR	44%	27%

22.3.3 Other price risk

Other price risk arises on financial instruments because of changes in the price of a financial instrument. The Company is not exposed to other price risk because it has no investments in instruments like quoted shares as at the end of the year.

22.4 Fair values of financial instruments

22.4.1 Fair value estimation

In compliance with IFRS 13, the company is required to categorize its fair value measurements within a structured hierarchy. This hierarchy is fundamentally based on the nature and significance of the inputs used in making the measurements. To align with these requirements, the company has established a hierarchy for valuation techniques that is differentiated by the observability of the inputs. Observable inputs are those that are based on market data sourced from independent and reliable entities, while unobservable inputs are derived from the company's own market assessments and assumptions. This distinction between observable and unobservable inputs forms the basis of the company’s fair value hierarchy as follows:



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22.4 Fair values of financial instruments (Continued)

22.4.1 Fair value estimation (continued)

- i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ii. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- iii. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

22.4.2 Fair value of the company financial assets and financial liabilities that are measured at fair value on recurring basis

The following table gives information about how the fair value of these financial assets and liabilities are determined:

Type	Hierarchy	2025	2024	2023	2022	Valuation technique and key inputs
Investment in Government securities	Level 2	28,634,756	23,759,000	27,160,696	44,387,371	Market observable inputs
		28,634,756	23,759,000	27,160,696	44,387,371	

22.4.3 Fair value of financial assets and liabilities that are not measured at fair value

The Company assesses the fair value of all financial assets and liabilities.

22.4.3.1 Cash and cash equivalents

For cash and cash equivalents, The carrying amounts of cash and cash equivalents are considered to approximate their fair values because of their short-term maturities.

22.4.3.2 Investment in government securities

Investment in government securities include treasury bonds and treasury bills. The fair value of government securities held at amortized cost are estimated by at marking to market method using rates currently available for debt on similar terms, credit risk and remaining maturities, as traded in the primary market by the Bank of Tanzania.



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22.4 Fair values of financial instruments (Continued)

22.4.3.3 Loans and advances to customers

Loans and advances to customers are net of charges for impairment. The company loans are predominantly at fixed rates reviewed after every three to five years and therefore their carrying amounts approximate their fair value.

22.4.3.4 Borrowings

The company borrowing is benchmarked to local fixed interest rate and therefore not repriced at balance sheet date. Management has considered the impact of borrowings with fixed interest rate as insignificant to the total fair value of borrowings. The fair value of borrowings therefore approximates its carrying value.

Below table shows fair value of financial assets and liabilities that are not measured at fair value

At Amortised Cost	Hierarchy	2025	2024
Financial assets			
Government securities at amortized cost (Treasury bills)	Level 2	28,088,296	25,770,999
Loans and advances	Level 2	195,298,730	164,272,169
		<u>223,387,026</u>	<u>190,043,169</u>
Financial liabilities			
Borrowing from Bank of Tanzania	Level 2	129,121,025	129,119,858
TMRC Corporate Bond	Level 2	47,815,385	47,863,926
Borrowing From DFI's	Level 2	30,037,808	-
		<u>206,974,218</u>	<u>176,983,784</u>
At fair Value			
		2025	2024
Financial assets			
Government securities at amortized cost (Treasury bills)	Level 2	27,425,836	25,608,626
Loans and advances	Level 2	195,298,730	164,272,169
		<u>222,724,566</u>	<u>189,880,795</u>
Financial liabilities			
Loan from Bank of Tanzania	Level 2	129,121,025	129,119,858
TMRC Corporate Bonds	Level 2	47,815,385	47,863,926
Borrowing From DFI's	Level 2	30,037,808	-
		<u>206,974,218</u>	<u>176,983,784</u>



TANZANIA MORTGAGE REFINANCE COMPANY LIMITED
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22.5 Capital Management

22. 5. 1 Internally imposed capital requirements

The Company's objectives when managing capital are:

To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To maintain a strong asset base to support the development of business; and
- To maintain an optimal capital structure to reduce the cost of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital and retained earnings).

The gearing ratios as at 31st December 2025 and 2024 were as follows:

	2025	2024
	TZS '000	TZS '000
Total borrowings (Note 14)	206,974,218	176,983,784
Less: cash and cash equivalents (Note 6)	789,825	663,063
Net debt	<u>206,184,392</u>	<u>176,320,721</u>
Total equity	<u>66,838,292</u>	<u>40,110,871</u>
Gearing ratio	<u>308%</u>	<u>440%</u>

The Company's borrowings are composed of interest-bearing loans from Bank of Tanzania and TMRC Corporate bond. Total equity is made of member banks and non-banks contributions to capital adjusted by profit for the year.

22.5.2 Externally imposed capital requirements

- (i) BOT Banking and Financial Institutions (Mortgage Refinance Companies) Regulations, 2022 requires the Company to maintain at all times a minimum core capital of not less than TZS 30 billion or such higher amount as BOT may determine. As at year end, the core capital of the Company was TZS 60.58 billion (2024: TZS 39.91 billion).
- (ii) The Regulations further require TMRC to maintain at all times a minimum core capital to the value of its risk-weighted assets and off-balance sheet exposures of not less than 10% and a minimum ratio of total capital to the value of its risk-weighted assets and off-balance sheet exposures of not less than 12%. The respective ratios at the statement of financial position date were 63.08% each (2023: 61% each) respectively.

The table below summarizes the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2025 and year ended 31 December 2024. During those two periods, the company complied with all the externally imposed capital requirements to which it is subject.


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22 Capital management (continued)
TIER 1 and 2 Capital

Descriptions	2025	2024
Share capital	43,263,817	28,168,553
Advance towards Share capital	-	-
Share Premium	12,200,507	5,259,704
General Reserves	416,392	416,392
Less:		
Prepayment	(713,153)	(1,528,313)
Intangible	(1,158,327)	(38,682)
Differed tax asset	-	-
Right-of-use assets	(391,964)	-
Retained Earnings	7,105,615	6,328,111
Qualified Year to date Profit	1,098,979	1,301,252
	61,821,867	39,907,016
Ratio:		
Core capital	61,821,867	39,907,016
RWA	96,131,163	65,344,692
Capital Adequacy	64.31%	61.07%

23 Earnings per share
Basic earnings per share

The calculation of basic EPS has been based on the following profits attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders (basic)	2025	2024
Profit for the year attributable to equity holders of the Bank	1,098,979	1,301,252
Profit for the year attributable to holders of ordinary shares	1,098,979	1,301,252
Weighted-average number of ordinary shares (basic)		
Issued ordinary shares at 1 January	28,398,554	23,369,553
Weighted average number of ordinary shares at 31 December	31,550,156	26,255,611
Basic Earnings Per Share	34.83	49.56

24. Country of Incorporation

Tanzania Mortgage Refinance Company Limited (TMRC) was incorporated in Tanzania under the Tanzania Companies Act, 2002 as a private limited liability Company and is domiciled in Tanzania.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2,025	2,024
	TZS '000	TZS '000
Schedule of operating expenses		
Administrative expenses		
Staff costs (Note 4(b))	4,879,244	4,440,209
Travel expenses	117,472	155,153
Legal costs	1,672	20,635
Audit fees	24,780	27,370
Depreciation on equipment (Note 9)	232,860	270,838
Depreciation charge for the year (Note 10b)	172,464	16,114
Amorisation on intangible assets (Note 10)	120,464	48,126
Total administrative expenses	5,548,956	4,978,445
Courier and postages	389	1,350
Repair and maintenance of motor vehicles	11,980	9,986
Repair and maintenance of office equipment	4,402	15,191
Condolences and burial expenses	7,398	942
Stationeries and consumables	11,615	19,632
Electricity expenses	14,449	14,965
Fuel expenses	10,896	11,875
Office cleaning expenses	834	527
Newspaper and publications	2,312	2,547
Office security services	1,755	3,660
ICT Equipment's Maintenance	19,656	23,255
Repair and maintenance of office furniture	146	257
Parking Fees	313	55
Office sundry and snacks	18,877	24,282
Business license fees and returns	600	600
Board Fees and emoluments	332,910	152,000
Other Board meeting expenses	71,606	117,864
Recruitment costs	4,118	-
Transport expenses	569	539
Internet expenses	33,409	28,245
Entertainment Expenses	5,410	-
Gifts and donations	64,846	57,550
Penalties and Fines	10,376	-
Subscriptions Fees	3,467	3,957
Statutory levy and fees	23,881	21,676
Accounting Software License Fees	3,919	22,773
Other expenses	669,149	533,728





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