

# ULIPO TUPO



Taarifa ya Mwaka

Annual Report

2014



The bank that listens

# Yaliyomo

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## Angalizo kuhusu Taarifa ya matarajio

CRDB Bank Plc imetengeneza taarifa zenye kubashiri hali ya baadaye ya sasa ya kifedha, mkakati wa biashara, mipango na malengo ya menejimenti. Taarifa hizi zinatambulika kwa matumizi ya maneno kama 'kutarajia', 'inakadiria', 'inahisi', 'amini', 'inapangilia', au maneno na tungo zinazofanana na hayo.

Kwa asili yake, taarifa zinazobashiri hali ya baadaye zinahitaji Benki ifanye makisio ambayo yanaweza kukabiliwa na viashiria vya hatari na hali isiyotabirika. Kuna hatari zinazoweza kukabili biashara ambazo utabiri na taarifa zenye kubashiri hali ya baadaye zitafanya zisiwe sahihi. Tunatoa tahadhari kwa wasomaji wa taarifa hii kutoziwekea uzito usiostahili taarifa zetu zenye kubashiri mambo yajayo kwa vile kuna matukio mbalimbali yanayoweza kusababisha matokeo, hali, matendo au matukio kuwa tofauti na malengo, matarajio, makadirio na matazamio yaliyoainishwa kwenye taarifa za kubashiri hali ya baadaye.

Matokeo ya mbeleni yanayohusiana na taarifa za kubashiri zinaweza kuathiriwa na vitu mbali mbali, zikijumuisha na mabadiliko ya viwango vya riba na thamani ya sarafu, hali ya uchumi ya sekta na dunia na hali ya kisiasa, mabadiliko ya sheria na taratibu, athari za ushindani kijiografia na maeneo tunayofanyia biashara, matendo ya menejimenti na mabadiliko ya teknolojia. Tunatoa tahadhari kuwa orodha iliyotangulia haiainishi vitu vyote viwezavyo kutokea hivyo basi mnapotumia taarifa za kubashiri kufanya maamuzi yahasuyo Benki ya CRDB, wawekezaji na wengineo wanapaswa kuangalia sababu hizi pamoja na matukio yasiyotabirika, mambo yenye uwezekano wa kutokea na kutotabirika kwa taarifa zenyewe. Benki huwa haiziboreshi taarifa zozote zenye kubashiri hali ya baadaye zilizotolewa kwa nyakati tofauti, na Benki au kwa niaba yake.

## Caution Regarding Forward-looking Statements

CRDB Bank Plc has made various forward-looking statements with respect to its financial position, business strategy, plans and objectives of management. Such forward-looking statements are identified by use of the forward-looking words or phrases such as 'expects', 'estimates', 'anticipates', 'believes', 'intends', 'plans' or words or phrases of similar nature.

By their nature, forward-looking statements require the Bank to make assumptions which are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this report not to place undue reliance on our forward-looking statements as a number of factors could cause future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to interest rate and currency value fluctuations, industry and worldwide economic and political conditions, regulatory and statutory developments, the effects of competition in the geographic and business areas in which we operate, management actions and technological changes. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to CRDB Bank PLC, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The Bank does not undertake to update any forward-looking statement that may be made, from time to time, by the Bank or on its behalf.



# ULIPO TUPO

## Usajili

Benki ya CRDB ilisajiliwa katika Jamhuri ya Muungano wa Tanzania mwaka 1996 chini ya Sheria ya Kampuni namba 12 ya mwaka 2002, kwa namba ya usajili 30227. Benki ilisajiliwa kwenye Soko la Hisa la Dar es Salaam tarehe 17 Juni 2009 na imeanzisha kampuni zake tanzu mbili ambazo ni CRDB Microfinance Services Company Limited iliyosajiliwa katika Jamhuri ya Muungano wa Tanzania na CRDB Bank Burundi S.A iliyosajiliwa katika Jamhuri ya Burundi mwaka 2012.

## Incorporation

The Bank was incorporated in the United Republic of Tanzania in 1996 under the Companies Act, CAP 212 Act no.12 of 2002 as a Public Company limited by shares with registration number 30227. The Bank was listed on the Dar es Salaam Stock Exchange on 17th June 2009 and has established two wholly owned subsidiaries namely: CRDB Microfinance Services Company Limited incorporated in the United Republic of Tanzania in 2007 and CRDB Bank Burundi S.A. incorporated in the Republic of Burundi in 2012.



## Wajumbe wa Bodi

## Board Members

JINA NAME	WADHIFA	DESIGNATION	URAI	NATIONALITY
Martin J. Mmari	Mwenyekiti	Chairman	Mtanzania	Tanzanian
Juma A. Abdulrahman	Mjumbe	Member	Mtanzania	Tanzanian
Rose F. Metta	Mjumbe	Member	Mtanzania	Tanzanian
Selina A. Mkony	Mjumbe	Member	Mtanzania	Tanzanian
Kai Kristoffersen	Mjumbe	Member	Mdenishi	Danish
Bede P. Lyimo	Mjumbe	Member	Mtanzania	Tanzanian
Boniface C. Muhegi	Mjumbe	Member	Mtanzania	Tanzanian
Ally H. Laay	Mjumbe	Member	Mtanzania	Tanzanian
Adam H. Mayingu	Mjumbe	Member	Mtanzania	Tanzanian
Frederick T. Sumaye	Mjumbe	Member	Mtanzania	Tanzanian
Lawrence N. Mafuru	Mjumbe	Member	Mtanzania	Tanzanian
Charles S. Kimei	Mkurugenzi Mtendaji	Managing Director	Mtanzania	Tanzanian

### KATIBU WA BENKI COMPANY SECRETARY

**John B. Rugambo**

### OFISI ILIYOSAJILIWA REGISTERED OFFICE

CRDB Bank Plc  
Office Accommodation Scheme  
Azikiwe Street  
P.O. Box 268  
Dar es Salaam, Tanzania

### WAKAGUZI AUDITORS

PriceWaterhouseCoopers  
Certified Public Accountants (Tanzania)  
Pemba House, 369 Toure Drive, Oyster Bay  
P.O. Box 45, Dar es Salaam, Tanzania

## Menejimenti ya Juu

## Executive Management

JINA NAME	WADHIFA	DESIGNATION	URAI	NATIONALITY
Charles S. Kimei	Mkurugenzi Mtendaji/ Afisa Mtendaji Mkuu	Managing Director/ Chief Executive Officer (CEO)	Mtanzania	Tanzanian
Esther K. Kitoka	Naibu Mkurugenzi Mtendaji Huduma Shirikishi	Deputy Managing Director Shared Services	Mtanzania	Tanzanian
Saugata Bandyopadhyay	Naibu Mkurugenzi Mtendaji Operesheni na Huduma kwa Wateja	Deputy Managing Director Operations & Customer Service	Mhindi	Indian

### BENKI MAHSUSI

### MAIN BANKER

Bank of Tanzania  
10 Mirambo Street  
P.O. Box 2939, Dar es Salaam,  
Tanzania

### MWANASHERIA LAWYER

Abenry & Company  
NIC Life House, 2nd Floor  
Ohio St/Sokoine Drive  
P.O. Box 3167, Dar es Salaam, Tanzania



CRDB Bank Plc (“Benki ya CRDB” au “Benki”) na Kampuni zake tanzu (kwa pamoja “Kundi”) zinatoa huduma za benki kwa wateja wakubwa na wale wa reja reja ikiwemo huduma za microfinance hapa Tanzania na Burundi. Benki ni kampuni yenye ukomo wa dhima iliyosajiliwa chini ya Sheria ya Makampuni ya mwaka 2002 nchini Tanzania. Benki na Kampuni yake Tazungu ya CRDB Microfinance Services Limited inafanyakazi nchini Tanzania na CRDB Bank Burundi S.A inafanyakazi Bujumbura Burundi.

Shughuli ya msingi ya Benki ni kutoa huduma za benki na zile zihusuzo huduma za fedha. Kampuni nyingine tanzu ya Kundi inatoa huduma za microfinance kwa kupitia mtandao wa matawi ya Benki. Azma na dira yetu wakati wote imekuwa ni kujikita zaidi katika kuwatimizia wateja wetu wapendwa mahitaji yao, kwa matumizi pevu ya teknolojia kuwaletea wanahisa maslahi bora ilhali ikijali jumuiya na jamii ili kuendeleza ukuaji wetu.

## Kuhusu Benki ya CRDB

Benki ya CRDB, ni taasisi inayoongoza Tanzania kwa rasilimali, mikopo na amana za wateja, huku ikilenga kujipanua katika ukanda wa Afrika Mashariki. Pamoja na kuchangia maendeleo ya kijamii na kiuchumi ya nchi, Benki ya CRDB, imeendelea kutumia mfumo wake jadidi wa kibiashara kufuata mkakati wa kuanuisha biashara huku ikijumuisha na kuboresha uendeshaji.

Ikiakisi falsafa ya Kampuni, Benki ya CRDB imeendelea kutoa huduma zinazoendelea kuboreshwa pamoja na suluhisho la kifedha kwa wateja binafsi na wakubwa kwa kutumia msingi wa kuaminika wa tehamu na mtandao wake mpana wa kutolea huduma. Huku, ikijivunia chapa yake imara, Benki ya CRDB, imeendelea kuboresha mahusiano endelevu na wadau wake wote.

Kundi linatoa huduma mbalimbali kwa wateja wakubwa, reja reja, hazina, wateja maalum, na huduma za “microfinance” za jumla na wale wa reja reja, kwa kutumia mtandao wa matawi 123, yaliyojengwa na yale yanayotembea, mashine 374 za kutolea fedha zikiwemo mashine 18 zenye uwezo wa kupokea fedha, mtandao wa mashine 936 za kulipia pindi mteja afanyapo manunuzi, mawakala wa Benki (fahariHuduma Wakala) wapatao 1,067 na taasisi washirika za “microfinance” 469.

CRDB Bank Plc (“CRDB Bank” or the “Bank”) and its subsidiaries (together, “the Group”) provide corporate and retail banking services including microfinance services in Tanzania as well as Burundi. The Bank is a public limited company incorporated under the Companies Act 2002 is domiciled in Tanzania. The Bank and its subsidiaries - CRDB Microfinance Services Company Limited (MFSC) operate in Tanzania; and CRDB Bank Burundi S.A. operates from Bujumbura in Burundi.

The Bank’s principal activity is the provision of banking and related financial services. The Group’s other major subsidiary provides microfinance services through the Bank’s branch network. Our Vision and Mission has always focused on meeting the needs of our esteemed customers while leveraging technology, providing competitive returns to our shareholders, and caring for the community and society to sustain our growth.

## About CRDB Bank PLC

The CRDB Bank PLC is the leading banking institution in Tanzania in terms of assets, loans & advances and customer deposits, with an ambition to expand its footprint in the wider East Africa region. Besides playing an influential role in the socio-economic development of the country, CRDB Bank consistently relies on its sound business model to pursue a sensible diversification strategy, alongside consolidating and improving its banking operations.

Reflective of its corporate philosophy, CRDB Bank remains intent on providing ever-improving levels of customer experience as well as state-of-the-art financial solutions to individual and corporate clients on the strength of robust IT platforms and extensive delivery channels. Epitomising its outstanding brand, CRDB Bank keeps on building lasting relationships with all its stakeholders.

The Group offers a comprehensive range of Corporate, Retail, Treasury, Premier, and wholesale banking and microfinance services through a network of 123 static and mobile branches, 374 ATMs including 18 Depository ATMs, 936 Point of Sales (POS) terminals, 1,067 Agents (fahariHuduma Wakala) and 469 Microfinance partners’ institutions.

# Vielelezo vya Kifedha

# Financial Highlights

TZS 'Millions

Financial Highlights	2008	2009	2010	2011	2012	2013	2014
Net Interest Income	91,163	109,968	125,005	153,385	206,276	235,601	276,187
Impairment losses on loans & advances	4,695	18,174	20,357	31,216	26,403	31,519	36,886
Net Fees & Commissions	30,495	39,111	46,591	61,914	74,605	92,759	118,604
Net Foreign Exchange Income	13,041	15,244	22,081	1,549	22,782	28,528	29,334
Operating Income	131,133	147,262	175,380	186,997	278,342	325,421	387,501
Operating expenses	71,129	85,341	111,246	135,984	170,640	203,400	255,257
Net Income	40,509	45,824	47,246	37,710	80,543	84,378	95,645
Loans, Advances and Overdrafts	848,196	982,173	1,153,527	1,429,262	1,806,865	1,993,106	2,545,296
Total assets	1,449,800	1,854,867	2,305,224	2,713,641	3,074,816	3,558,668	4,210,097
Total Deposit	1,273,082	1,621,019	2,019,394	2,408,676	2,591,033	3,024,429	3,390,921
Shareholders funds	140,933	207,774	233,511	254,764	317,432	375,750	441,151
Non performing loans & advances	37,947	60,612	132,675	134,783	124,586	126,307	129,247
Key Ratio's	2008	2009	2010	2011	2012	2013	2014
Earnings Per Share	18.61	21.05	21.71	17.33	37.00	38.8	43.9
ROAA (%)	4.63%	3.75%	3.08%	2.03%	3.75%	3.68%	3.60%
ROAE (%)	32.99%	26.28%	21.41%	15.45%	28.15%	24.35%	25.20%
Cost to Income Ratio	54.70%	58.40%	64.20%	73.25%	61.53%	62.60%	65.90%
Non-Funded Income/ Total Income	32.88%	33.53%	36.14%	29.70%	32.30%	34.00%	34.90%
Net Profit Margin (%)	29.82%	27.70%	24.14%	17.28%	26.40%	23.60%	22.54%
Capital/Assets	9.16%	9.72%	11.20%	10.45%	9.39%	10.56%	10.50%
Capital/Deposits	11.07%	12.82%	11.56%	10.58%	12.25%	12.42%	13.00%
Loans/Total Deposits	66.63%	60.59%	57.10%	61.20%	71.00%	67.10%	76.00%
NPL /Total Loans	4.47%	6.17%	11.50%	9.43%	6.80%	6.20%	5.00%



# Vielelezo vya Kifedha

# Financial Highlights

## MIKOPO | LOANS TZS MILLIONS

**+27.7%**

TZS 2,545 Billion  
2013: TZS 1,993 Billion



Loans grew by 27.7% in 2014 driven by retail, SME and corporate loan growth

## AMANA | DEPOSITS TZS MILLIONS

**+12.11%**

TZS 3,391 Billion  
2013: 3,024 Billion

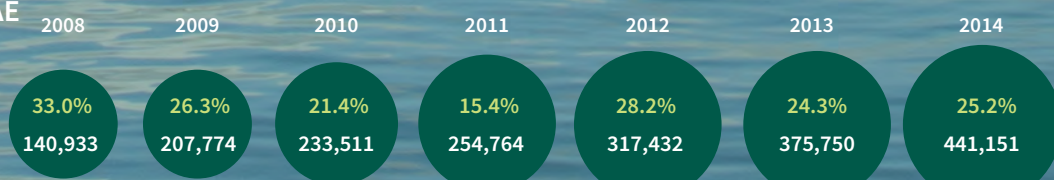


Deposits grew 12.11% in 2014 mainly due to Current and Savings Deposits grew by TZS 469 billion, while term deposits declined marginally

## MTAJI | CAPITAL & ROAE TZS MILLIONS

**+17.41%**

TZS 441 Billion  
2013: 376 Billion



The Group has a strong Capital position with total shareholder funds growing by 17.41% and Return on Average Equity remained strong at 25.2%

## MAPATO HALISI YA RIBA | NET INTEREST INCOME TZS MILLIONS

**+17.23%**

TZS 276 Billion  
2013: 236 Billion



Net interest income grew by 17.23% due to loans growth of 27.7%

## ADA NA KAMISHENI HALISI | NET FEES & COMMISSIONS TZS MILLIONS

**+28.76%**

TZS 119 Billion  
2013: 93 Billion



Net Fees & Commissions grew by 28.76% due to general increase in transaction volumes, growth in outlets & ATM network and other alternative banking channels

## MAPATO HALISI | NET INCOME & MARGINS TZS MILLIONS

**+13.35%**

TZS 96 Billion  
2013: 84 Billion



The Group Net Income is the highest achieved at TZS 95.6 Billion with Net income margin remaining steady. Profit growth had been only 13.35% due to the heavy investment in branches, ATMs and alternative banking Channels.



# Taarifa za Ziada

# Value Added Statement

## Taarifa za Ziada kwa Mwaka Ulioishia Desemba 2014

(Mamilioni ya Shilingi)

## Value Added Statement For The Year Ending December 2014

(All Amounts in TZS Millions)

		GROUP 2014		GROUP 2013	
Mapato yatokanayo na huduma za benki	Income earned from banking services	371,699		304,878	
Gharama zilizotumika kutoa huduma	Cost incurred in provision of services	(95,512)		(69,277)	
Ongezeko la thamani litokanalo na huduma za benki	Value added from banking services	<b>276,187</b>		<b>235,601</b>	
Mapato yasiyo ya uendeshaji	Non-operating income	151,093		121,983	
Matumizi yasiyo ya uendeshaji	Non-operating expenditure	(146,225)		(121,838)	
<b>Ongezeko la thamani</b>	<b>Value added</b>	<b>281,055</b>		<b>235,746</b>	
<b>Mgawanyiko wa ongezeko la thamani</b>	<b>Distribution of value added</b>				
<b>Wafanyakazi na menejimenti</b>	<b>Employees and Management</b>				
Mishahara	Salaries	55,323		43,214	
Manufaa mengine kwa watumishi	Other staff benefits	33,778		28,053	
		91,101	32%	71,267	30%
<b>Kwa Serikali</b>	<b>To Government</b>				
Kodi ya Mapato	Income Tax	36,599		37,643	
Kodi ya Kipato na Maendeleo ya Stadi	PAYE, Skills Development levy	29,848		20,195	
		66,447	24%	57,838	25%
<b>Kwa Wanahisa</b>	<b>To shareholders</b>				
Gawio	Dividend	32,648	12%	30,471	13%
<b>Iliyowekezwa</b>	<b>Reinvestment</b>				
Kushuka thamani na Mapato	Retained earnings	90,860	32%	77,170	32%
		<b>281,055</b>	<b>100%</b>	<b>235,746</b>	<b>100%</b>

Mikopo kwa wajasiriamali wadogo na kati ilifikia Shilingi bilioni 275, ongezeko la asilimia 62 kwa mwaka 2014.

Idadi ya kadi zilizotolewa ziliongezeka kwa asilimia 23.5 na kuvuka milioni moja kwa mara ya kwanza na kufikia kadi 1,130,961 na miamala zaidi ya milioni 18.4 yenye thamani ya shilingi trilioni 2.2 kupitia mtandao wetu wa ATM 374 ilifanyika mwaka 2014.

Wateja wa SimBanking walifikia 987,153 mwisho wa mwaka 2014, wakifanya miamala 9,363,303 yenye thamani ya shilingi bilioni 451.

Wateja wa huduma ya Intaneti walifikia 11,545 na miamala jumla ilifika 73,988 huku mapato kwa Benki yatokanayo na huduma hii yakiongezeka kwa asilimia 114.5 kutoka mwaka 2013.

Mashine za "POS" zilizowekwa katika vituo vya huduma ilifikia 936 na jumla ya miamala iliyofanyika pasipo fedha taslimu ilifika 383,618 yenye thamani ya zaidi ya shilingi bilioni 40.

Jumla ya idadi ya wateja ilifikia 1,795,691 mpaka mwisho wa mwaka 2014 ikikua kwa asilimia 18.5 zaidi ya mwaka uliotangulia.

Financing to Small & Medium Enterprises reached TZS 275 billion, an increase of 62% in 2014.

Number of cards issued increased by 23.5% to cross 1 million for the first time and reached 1,130,961 cards with over 18.4 million transactions valued at over 2.2 trillion shillings throughout our network of 374 ATM's in 2014.

SimBanking customers reached 987,153 by end of 2014, conducting 9,363,303 transactions with value of over 451 billion shillings.

Internet banking customers reached 11,545, carried out 73,988 transactions, with income to the Bank from Internet Banking growing by 114.5% from 2013.

936 POS devices installed at convenient merchant locations with 383,618 cardless transactions processed with value over 40 billion shillings.

Total number of bank customers reached 1,795,691 by the end of 2014 growing by 18.5% over previous year.



# ULIPO TUPO

## Dira

Ni dira ya Benki, kuwa benki inayoongoza kwenye masoko yote inayofanya biashara. Ikiwa kama benki inayomsikiliza mteja; tunajitahidi kila siku kukubalika na kuaminiwa na wateja wetu, pamoja na wadau wengi tunaowahudumia. Wigo mpana wa bidhaa na huduma zetu ukichanganywa na uimara wetu wa kifedha na utamaduni wetu wa ubunifu unatuwezesha kuwapatia wateja wetu huduma bora kabisa za kifedha na kuweza kukidhi mahitaji yao wakati wote na popote walipo; Ulipo Tupo.

## Vision

CRDB Bank vision is to be the leading Bank in the Markets it operates. As a Bank that listens; we work hard every day to earn the trust and confidence of our customers, as well as that of the many stakeholders we serve. Our breadth of products and services combined with our financial strength and innovative culture, allows us to offer our customers the best financial services to meet their needs whenever and wherever they are; Ulipo Tupo.







# Taarifa ya Mwenyekiti

## Chairman's Statement

**Martin Jonas Mmari**  
Mwenyekiti wa Bodi  
Board Chairman

Kwa kwa niaba ya Bodi ya Wakurugenzi wa Benki ya CRDB, ninayo furaha kuwasilisha matokeo ya uendeshaji wa biashara na ripoti ya mahesabu ya Benki kwa Mwaka wa Fedha 2014.

Mwaka 2014 ulikua ni mwaka wa pili wa utekelezaji wa Mkakati wa Kampuni wa mwaka 2013 hadi mwaka 2017 ambao kipaumbele chake kilikua ni ukuzaji na uimarishaji wa mikakati ya biashara iliyoanza mwaka uliopita ili kuboresha upatikanaji wa faida na huduma kwa wateja kwa kusudio la kuwa na Benki jadidi na shindani kwenye soko. Vipaumbele vikuu vya kimkakati vililenga ukuaji wa mizania, uboreshaji wa viwango vya ubora wa huduma kwa wateja pamoja na upanuzi na uunganishwaji wa mtandao wa utoaji huduma.

Mkakati wa biashara wa sasa umeweka kipaumbele kikubwa kwenye ukuzaji wa mizania bila kuathiri utengenezaji wa faida kwa kusudi la kukuza rasilimali mara mbili ya kiasi cha sasa na wakati huo huo kuendelea kubaki na Rejesho kwa Rasilimali la asilimia 3. Kwa upande wa wateja, mkakati wa Benki unalenga tabaka la wateja binafsi, wafanyabiashara wadogo na kati na umeianisha kuwa utoaji wa huduma za kipekee kwa wateja kama njia kuu ya kuitofautisha Benki dhidi ya washindani wake wa

On behalf of the Board of Directors of CRDB Bank Plc, I am pleased to present the results of the business operations and financial statements of the Bank for the financial year 2014.

The year 2014 was the second year of the current Business Strategy 2013-2017, which focused on growth and enhancement of business initiatives of the previous years to achieve improved profitability and customer experience, with a target to build a strong and more competitive Bank. The key strategic initiatives were targeted at balance sheet growth, enhancement of customer service quality and network expansion and integration.

The current business strategy puts emphasis on growth of our balance sheet without compromising profitability, with a target of doubling total assets, while maintaining a Return on Assets (ROA) of at least 3 percent. As for customers, the strategy targets retail and SME segments and has identified the delivery of definitive customer experience as the Bank's key differentiator. The ultimate aim is to develop and maintain a strong and sustainable customer base, which assures a competitive return to investors. Our record performance and growth in 2014 in a

kibiashara. Lengo kuu ni kukuza na kuimarisha mtaji wa idadi ya wateja waliopo ambao unahakikishia upatikanaji wa faida bora kwa wawekezaji wa kampuni. Utendaji na ukuaji wetu ulio bora kwa mwaka 2014 ni kielelezo tosha cha uimara wa mkakati wetu wa biashara.

## Mafanikio Makuu ya Kimkakati

Ninayo furaha kutoa taarifa ya hatua kubwa iliyopigwa kwa mwaka 2014 katika kuyafikia malengo ya kimkakati ya Benki. Pamoja na ushindani wa hali ya juu kwenye sekta ya benki pamoja na mikakati iliyowekwa na Benki Kuu kupunguza hali ya ukwasi nchini, Benki imeweza kupiga hatua chanya kwenye upande wa faida pamoja na ukuaji mkubwa wa Jumla ya Rasilimali na Amana. Katika juhudi zetu za kukuza uwezo wa Benki kushindana kibiashara, Benki iliendelea kuwekeza kwenye teknolojia, uendelezaji wa wafanyakazi, upanuzi wa mtandao wa utoaji huduma kwa wateja binafsi, ubunifu wa bidhaa na kukuza ustawi wa Chapa ya Benki.

Ninayo furaha kutoa taarifa kuwa Menejimenti iliweza kutimiza malengo makuu ya kiutendaji isipokuwa kwenye kigezo cha faida ambapo ukuaji haukufikia malengo kwa kiasi kidogo kutokana na shughuli za upanuzi wa mtandao kuhusisha gharama kubwa mwanzoni pamoja na kuongezeka kwa tengi la hasara za mikopo. Ni vyema kutambua kuwa idadi ya vituo vya kutolea huduma vilivyofunguliwa katika mwaka husika ilifika 20 ikijumuisha na matawi mawili yaliyofunguliwa nchini Burundi na ongezeko la wafanyakazi 299 ili kuboresha huduma kwa wateja.

Benki ilitunukiwa tuzo ya uwasilishaji bora wa taarifa za fedha na uongozi bora wa bodi. Ninayo furaha kuwahakikishia wadau wa Benki kuwa tumeendelea kutimiza wajibu wetu kwa jamii katika namna ambayo ni endelevu. Katika mwaka 2014 misaada mbalimbali imetolewa kwenye miradi ya afya, elimu na mazingira katika maeneo mbalimbali nchini.

## Mafanikio katika Viashiria Vikuu vya Matokeo

Tumeendelea kuboresha ufanisi hivyo kupelekea kukua kwa faida baada ya kodi kwa asilimia 13.4 kutoka TZS 84.4 bilioni ya mwaka 2013 mpaka TZS 95.6 mwaka 2014. Kukua kwa faida kumechangiwa sana na kukua kwa mapato yatanayo na riba na ada mbalimbali. Kutokana na hilo, Benki iliweza kupata Rejesho kwa Rasilimali la asilimia 3.1 na Rejesho kwa Mtaji la asilimia 21.7.

Pia ninayo furaha kubwa kuripoti ukuaji wa asilimia 18.3 wa rasilimali za Kundi kutoka TZS 3,558.7 bilioni mwaka 2013 mpaka TZS 4,210.1 mwaka 2014. na ukuaji wa asilimia 12.1 wa Amana kutoka TZS 3,024.4 bilioni kwenda TZS

challenging environment is a testament to the strength of our business plan and strategy.

## Key Strategic Milestones

I am delighted to report a laudable progress made in achieving the strategic goals of the Bank in 2014. Despite the stiff competition in the banking industry, and the tight monetary controls implemented by the Bank of Tanzania, the Bank registered positive growth in profitability, coupled with substantial growth in total assets and deposits. In our efforts to leverage its competitiveness, the Bank has continued to invest in technology, staff development, and expansion of its retail network, product innovation and promotion of its brand.

I am glad to report that the management was able to accomplish its key performance targets with profitability growth lower than anticipated due to network expansion with its attendant front-loaded start-up costs, as well as increased level of loan loss provisions. It is noteworthy that the total number of outlets opened during the year reached 20, including two branches in Burundi with additional staff of 229 to enhance customer service.

The Bank was a recipient of the "Best Presented Financial Statements Award" and the "Best Board Leadership Award". I am glad to reassure the Bank's stakeholders of our continued commitment to fulfil our corporate social responsibilities in a sustainable fashion. During 2014, support was extended to health, education and environment related initiatives country wide.

## Achievements of Key Performance Indicators

We have continued to improve efficiency, which resulted in profit after tax growth of 13.4% from TZS 84.4 billion in 2013 to TZS 95.6 billion in 2014. The growth in profitability was mainly a result of improved performance in our interest and fee based income sources. As a result of this performance, the Bank registered a return on assets of 3.1%, and a return on equity of 21.7%.

I am also delighted to report growth of 18.3% in group assets from TZS 3,558.7 billion in 2013 to TZS 4,210.1 billion in 2014, and a growth of 12.1% in deposits from TZS 3,024.4 billion in 2013 to TZS 3,390.9 billion in 2014. The growth realized in total deposits is attributed mainly to the expansion in the Bank's retail network.



3,390.9 bilioni mwaka 2014. Ukuaji wa Jumla ya Amana umechangiwa kwa kiasi kikubwa na upanuzi wa mtandao wa Benki.

## Pendekezo la Gawio

Kwa kuzingatia Sera ya Gawio ya Benki, Bodi inayo furaha kupendekeza kwa Mkutano Mkuu gawio la TZS 15 kwa hisa.

## Matarajio ya Mwaka 2015

Matazamia yanaonyesha changamoto tulizokumbana nazo mwaka 2014 zitaendelea kuwepo wakati hali ya uchumi wa dunia ikiendelea kuboreka taratibu huku ikikabiliwa na tishio la kutotabirika kwa bei za mafuta na hali ya kifedha ya dunia kuendelea kuwa ngumu. Kwa upande wa uchumi wa ndani, Benki Kuu ya Tanzania imelenga kuwa na mfumuko wa bei wa asilimia 5 hali ambayo inaweza kuleta unafuu wa sera ya kukabiliana na ukwasi, kushuka kwa viwango vya riba na ongezeko la mahitaji ya mikopo ya benki.

Tukiangalia mbele katika kutekeleza Mkakati wa Biashara wa mwaka 2013 hadi 2017, Bodi ina imani kuwa Benki itaweza kupata matokeo bora ya kiutendaji kama ilivyoinishwa kwenye azma, dira na malengo ya kimkakati. Katika kuuwezesha Mkakati wa Benki na ukuaji wa biashara, Benki iliweza kutazama vyanzo mbalimbali ili kuweza kuongeza mtaji ili kuhakikisha kuwa ukuaji wa Benki unaendana na mahitaji ya Mamlaka za Udhhibiti kwenye viwango vya mtaji. Mwaka 2015 na kuendelea tutahitaji matumizi yenye ufanisi ya mtaji na utengenezaji wa faida inayokidhi mpango wa ukuaji wa Benki. Kutokana na msingi uliowekwa kwenye uwekezaji uliopita wa miundombinu, tunao uhakika wa kuweza kuufikia muelekeo mpya wa kuongeza thamani kwa wanahisa kupitia jitihada za kuongeza mauzo, usimamizi bora zaidi wa faida halisi za riba, uboreshaji wa usimamizi wa mikopo na kukuza mapato ya uwekezaji uliokwifanyika kwenye bidhaa na huduma za Benki.

Benki itaendelea kutekeleza mkakati wake wa biashara ambao umeonekana kuwa madhubuti katika kufanikisha azma ya Benki ya kuwa benki inayoongoza nchini Tanzania. Tutaendelea kuitunza chapa ya Benki ambayo kwa sasa ndiyo chaguo la kila mwananchi. Tutaendelea kutekeleza juhudi zetu za kufikisha huduma za kifedha kwa watu wengi zaidi chini ya kauli mbiu yetu ya "ULIPO TUPO". Kwa mikakati tuliyojiwekea, tunatarajia kuweza kufanikisha upatikanaji wa rejesho kubwa zaidi kwa wanahisa wetu huku tukiendelea kuwa raia wema kama kampuni.

Mwaka jana wanahisa waliidhinisha Benki kuorodheshwa pia hisa zake katika Soko la hisa la Nairobi. Zoezi hili limeahirishwa kutokana na mikakati mingine pamoja na mapitio ya mabadiliko ya kiudhibiti na soko.

## Dividend Proposal

In conformity with the Bank's Dividend Policy, the Board is pleased to recommend to the Annual General Meeting a dividend of TZS 15 per share

## Prospects for 2015

Projected outlook suggests that global challenges encountered in 2014 are likely to persist, while recovery of the global economy continues at a slow pace threatened by unpredictable oil prices and tightening global financial conditions. As for the local economy, the Bank of Tanzania is targeting inflation rate of 5% which could lead to easing monetary policy, coupled with a decline in interest rates and increased demand for bank loans.

As we look forward in implementation of Business Strategy 2013-2017, the Board is optimistic that the Bank will be able to deliver results as per Vision, Mission and Strategic Objectives. To support the Bank strategy and business growth, the Bank has been working on various options to increase its capital in order to ensure that the growth of the Bank's business is in line with regulatory requirements in terms of capital adequacy. The year 2015 and ahead will call for more focus on efficient use of capital and generation of profits adequate to sustain the planned growth of the Bank. On the basis of the foundation built on previous infrastructure investments we are sure that we will be able to achieve a new trajectory of shareholder value creation through enhanced sales efforts, better management of our net interest margins, improved loan management and consolidation to maximize revenue from the already made investments in products and services.

The Bank will continue to implement its business strategy which has proved to be effective in delivering the Bank's vision of being a leading bank in Tanzania. We will strive to maintain our brand which is now a household name. We will pursue our financial inclusion initiatives with the slogan "ULIPO TUPO". With our strategies, we expect to achieve above average returns for our shareholders, while maintaining our good corporate citizenship.

Last year, the shareholders approved the Cross listing of the Bank's shares on the Nairobi Stock Exchange. The exercise has been postponed due to other strategic initiatives and review of regulatory and market changes.

## Changes in the Board

The Board is the uppermost decision making body and is ultimately responsible for governance matters for the Group. During the year under review, the Board conducted performance evaluation of the Board and its committees,

## Mabadiliko kwenye Bodi

Bodi ni chombo cha juu kabisa cha maamuzi na inawajibika moja kwa moja kwa masuala ya utawala wa Kundi. Katika mwaka wa mapitio, Bodi ilifanya tathimini ya utendaji wa Bodi na kamati zake na matokeo ya tathimini kwa ujumla yailikuwa ya kuridhisha. Benki ilianzisha nafasi ya mjumbe huru wa Bodi ili kuboresha utawala wake.

Napenda kumpongeza na kumkaribisha Bw. Lawrence Nyasebwa Mafuru ambae amejiunga na Bodi kama Mjumbe Huru wa Bodi na Mh. Frederick Tluway Sumaye ameendelea kuhudumu kwenye Bodi baada ya kuchaguliwa tena.

## Neno la Shukrani

Napenda kuchukua fursa hii kutambua kujitua na michango ya Wajumbe wa Bodi wenzangu katika kutoa uongozi kwa Benki. Pia nawashukuru wateja wetu kwa kuwa waaminifu na kuichagua Benki ya CRDB, shukrani zangu ziende kwa Menejimenti na wafanyakazi wetu kwa kuendelea kujitua katika kutoa huduma bora kwa wateja na wadau wetu.

Shukrani zangu za kipekee pia nazielekeza kwa Serikali ya Tanzania na Mamlaka zote za Udhhibiti kwa kuendelea kuipa Benki msaada na ushirikiano wao kwa wa kipindi chote cha mwaka 2014.

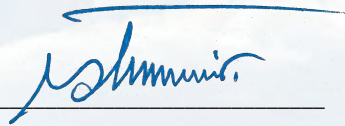
and the overall assessment was satisfactory. The Bank introduced an independent Board member to enhance its corporate governance.

I would like to congratulate and welcome Mr. Lawrence Nyasebwa Mafuru, who joined the Board as an Independent Board Member and Hon. Frederick Tluway Sumaye, who continues to serve in the Board following his re-election.

## Acknowledgement

I take this opportunity to recognise the commitment and contribution of my fellow Board Members in providing leadership to the Bank, I thank customers for remaining loyal and choosing to bank with us, my appreciation goes to management and our staff for their continued dedication to deliver superior service to our customers and stakeholders.

My sincere appreciation also goes to stakeholders of the bank, our Regulators, Government of Tanzania and all other stakeholders for their continued support and unrelenting cooperation extended to the Bank throughout 2014.



**Martin Mmari**  
*Mwenyekiti wa Bodi*  
*Board Chairman*



# Bodi ya Wakurugenzi

## Board of Directors



**Martin Jonas Mmari**  
Mwenyekiti wa Bodi  
Board Chairman

Bw. Martin Jonas Mmari ni Mkurugenzi wa Fedha katika Mfuko wa Pensheni wa PPF. Kabla, alifanya kazi Benki Kuu ya Tanzania kama Mkaguzi wa Benki na Mchambuzi wa Fedha. Pia hutumikia kama mjumbe wa bodi za NHC/PPF IPS Building, Taasisi ya Wakurugenzi, na International House Property Ltd. Pia ana Shahada ya Uzamili (MBA) kutoka Chuo Kikuu cha Birmingham, Shahada ya Biashara (B.Com) - UDSM na Cheti cha Uhasibu CPA (T). Pia ana vyeti vya Ukurugenzi wa Kampuni toka Taasisi ya Ukurugenzi za Uingereza na Tanzania.

Mr. Martin Jonas Mmari is the Director of Finance at the Parastatal Pension Fund (PPF). Prior, he worked at the Bank of Tanzania as a Bank Examiner and Financial Analyst. He holds Board memberships at Institute of Directors Tanzania, NHC/PPF IPS Building Company Limited and International House Property Ltd. He holds an MBA (International Banking and Finance) - University of Birmingham, B Com (Accounting) - University of Dar es Salaam and CPA (T). He has Certification in Company Direction by Institute of Directors - UK and Institute of Directors Tanzania.



**Ally Hussein Laay**  
Mjumbe wa Bodi  
Board Member

Bw. Ally Hussein Laay ni Mkurugenzi wa Fedha na Utawala wa Baraza la Taifa la Kuwezesha Uchumi. Ametumikia pia International Care for Aids Programs (ICAP), Mailman's School of Public Health of Columbia University ya Marekani, TASAF na Medical Stores Department, Coopers and Lybrand (sasa PWC) na pia Shirika la Ugavi wa Umeme Tanzania.

Bw. Laay ana shahada ya Uzamili (MBA) Cardiff Business School, Chuo Kikuu cha Wales (UK), Stashahada ya Uhasibu (PGDA) toka Chuo cha Usimamizi wa Fedha (IFM) na Stashahada ya juu ya Uhasibu (ADA) ya Chuo cha Usimamizi wa Fedha (IFM), pia ni FCPA.

Mr. Ally Husein Laay is currently the Director of Finance and Administration of the National Economic Empowerment Council. He has also worked with the International Care for Aids Programs, Mailman's School of Public Health of Columbia University of USA, Tanzania Social Action Fund (TASAF), Medical Stores Department, Coopers and Lybrand (now PWC) and Tanzania Electric Supply Company Ltd.

Mr. Laay holds an MBA from Cardiff Business School, University of Wales (UK), Post Graduate Diploma in Accountancy (PGDA (IFM) and Advanced Diploma in Accountancy (ADA IFM), Fellow Certified Public Accountant FCPA (T).



**Adam Hassan Mayingu**  
Mjumbe wa Bodi  
Board Member

Bw. Adam Mayingu ni Mkurugenzi Mkuu wa Mfuko wa Pensheni wa Watumishi wa Umma (PSPF). Ameshatumikia kama Mtaalamu Mwandamizi, Injini wa Programu, Kaimu Meneja Mkuu wa Tehama na Mkuu wa Tehama Benki ya CRDB. Bw. Mayingu ana shahada ya elimu (UDSM), Uzamili (Rushmore University na South University) na Ubobevu (Wittfield University). Pia ana Cheti cha Utawala Bora na Siasa (Maastricht University).

Mr. Adam Mayingu is the Director General of Public Service Pension Fund, PSPF. He also served as Senior System Analyst, Software Engineer and Ag. Chief Manager IS and Head of Information System at CRDB Bank PLC. Mr. Mayingu holds a Bsc Ed Hons Computing Option from University of Dar es Salaam, MBA (IT) from Rushmore University, Certificate in Governance and Politics, Maastricht Graduate School of Governance (Maastricht University), Msc Leadership from South University.

# Bodi ya Wakurugenzi

## Board of Directors



**Juma Abdallah Abdulrahman**  
Mjumbe wa Bodi  
Board Member

Bw. Juma Abdallah Abdulrahman alikuwa Mkurugenzi wa Rasilimali Watu na Utawala katika Mamlaka ya Bandari Tanzania (TPA) na pia alikuwa Meneja Msaidizi wa Bandari - Fedha na Utawala, pia aliwahi kuwa Mkurugenzi wa Ukaguzi wa Ndani na Mkuu wa Uhasibu kwa Manajimenti, Meneja Mkaguzi wa Hesabu, Tanzania Audit Corporation.

Bw. Abdulrahman ana shahada ya Uzamili ya Sayansi katika Fedha kutoka Chuo Kikuu cha Strathclyde-Glasgow (UK). Cheti cha juu cha Uhasibu (FCPA) na Cheti cha Ukaguzi wa Mifumo ya Habari na Mawasiliano (Certified Systems Information Auditor).

Mr. Juma Abdallah Abdulrahman worked as the Director of Human Resources and Administration at Tanzania Ports Authority. He also served an Assistant Port Manager - Finance and Administration; Director of Internal Audit and Chief Management Accountant. He has also worked with Tanzania Audit Corporation as an Audit Manager.

Mr. Abdulrahman holds a Masters of Science degree in Finance from Strathclyde University - Glasgow (UK), Fellow Certified Public Accountant FCPA (T) and he is also a Certified Systems Information Auditor since 2008.



**Boniface Charles Muhegi**  
Mjumbe wa Bodi  
Board Member

Injinia Boniface Charles Muhegi ni Msajili Mstaafu wa Bodi ya Wakandarasi (CRB). Kabla ya kujiunga na CRB, Bw. Muhegi aliwahi kuwa Mshauri Mkuu na Mkuu wa Idara/Baraza la Ujenzi la Taifa (NCC). Bw. Muhegi ana shahada ya Uzamili ya Sayansi katika Uhandisi kutoka Chuo Kikuu cha Melbourne na Shahada ya Kwanza ya Uhandisi kutoka Chuo Kikuu cha Dar es Salaam.

Eng. Boniface Charles Muhegi is the retired Registrar – Contractors Registration Board. Prior to this, he worked at National Construction Council (NCC). Mr. Muhegi has held several other positions including; Project Manager of the Labour – Based Contractor Training Project for Arusha and Acting Chief Executive Officer NCC. He holds MSc Engineering - University of Melbourne, BSc Engineering - University of Dar es Salaam.



**Rose Felix Metta**  
Mjumbe wa Bodi  
Board Member

Bi. Rose Felix Metta ni Mkurugenzi wa Mipango na Uwekezaji LAPF. Pia alikuwa Meneja Utekelezaji Makusanyo LAPF. Afisa Mkuu wa Fedha – Bajeti, Afisa Mkuu Uwekezaji, Afisa Mipango Mwandamizi na Afisa Mipango katika Mfuko wa Jamii wa Taifa - NSSF.

Bi. Rose ana stashahada ya masuala ya Mifuko ya Jamii, kutoka Chuo Kikuu Maastricht, shahada ya Uzamili na Shahada ya Uchumi toka Chuo Kikuu cha Dar es salaam.

Ms. Rose Felix Metta is the Director of Planning and Investments, LAPF. She served as Compliance Manager of LAPF Pension Fund, Principal Finance Officer – Budget, Principal Officer Investment, Head of Division- Capital Markets, Senior Planning Officer, and Planning Officer of National Social Security Fund.

Ms. Rose holds a Post Graduate Diploma in Social Security Financing from Maastricht University, MBA (Finance) from University of Dar es Salaam, BA in Economics from University of Dar es Salaam.



# Bodi ya Wakurugenzi

## Board of Directors



**Mh. Frederick Tluway Sumaye**  
Mjumbe wa Bodi  
Board Member

Mhe. Frederick Tluway Sumaye ni Waziri Mkuu Mstaafu wa Jamhuri ya Muungano wa Tanzania. Pia ametumikia kama Waziri wa Kilimo, Mifugo na Ushirika, Naibu Waziri wa Kilimo na Mifugo, Mkuu wa Kitengo cha Maendeleo na Utafiti Kituo cha Zana za Kilimo na Ufundi Vijijini (CARMATEC).

Mhe. Sumaye ana Shahada ya Uzamili katika masuala ya Uongozi na Utawala kutoka Shule ya Serikali ya John F. Kennedy - Harvard nchini Marekani.

Hon. Frederick Tluway Sumaye is a former Prime Minister – United Republic of Tanzania. Hon. Sumaye served as Minister of Agriculture, Livestock and Cooperation, Deputy Minister of Agriculture and Livestock, Head of Research and Development (R&D), Centre for Agricultural Mechanization and Rural Technology (CARMATEC), Tutor (Agro – mechanization).

Hon. Sumaye is a holder of a Master's degree in Public Administration from John F. Kennedy School of Government – Harvard University – USA.



**Kai Kristoffersen**  
Mjumbe wa Bodi  
Board Member

Kai Kristoffersen amefanya kazi za uongozi wa ngazi za juu katika benki za biashara za Denmark. Tangu mwaka 1992, Bw. Kristoffersen amekuwa akifanya kazi kama Mshauri wa Masuala ya benki na fedha za umma katika nchi zinazoendelea.

Kazi yake imejumuisha nafasi ya muda mrefu kama Mshauri Mkazi na Meneja wa Miradi ya Umoja wa Ulaya katika Lithuania. Amefanya kazi pia Bulgaria, Romania, Croatia na Bosnia Herzegovina. Amekuwa mjumbe wa Bodi toka 2004. Ana Shahada ya Uzamili ya Sheria (Aarhus, Denmark) na Shahada ya Utawala wa Biashara (Aalborg, Denmark).

The career of Mr. Kai Kristoffersen has included top level management positions in Danish commercial banks. Since 1992, He has been working as a consultant on banking, financing and public finance in emerging countries. He has served as a Resident Advisor and EU Project Manager to the Lithuanian Ministry of Finance and the Lithuanian Central Bank with assignments in Bulgaria, Romania, Croatia and Bosnia-Herzegovina. Member of the Board of Directors of CRDB Bank Plc since 2004. He holds a Master of Laws degree from Aarhus University, Denmark and Bachelor of Business Administration from the Business School of Aalborg, Denmark.



**Selina Adolf Mkony**  
Mjumbe wa Bodi  
Board Member

Bi. Selina Adolf Mkony ni Mshirika Mwandamizi wa R&S Partners Co. Ltd. Pia alikuwa Mratibu wa Programu ya Mabadiliko ya Usimamizi wa Fedha za Umma, Mratibu wa Mradi wa Utendaji Matokeo na Uwajibikaji. Amekuwa Mhasibu katika Mpango wa Kuboresha Shughuli za Umma, Mradi wa Kuboresha Mfumo wa Watumishi wa Umma na Mradi wa Ukinwi Tanzania.

Bi Selina ana shahada ya Uzamili ya Biashara na Utawala Chuo Kikuu cha Arbor na Stashahada ya Uhasibu kutoka Chuo Cha Usimamizi wa Maendeleo. Ana cheti cha uhasibu(CPA).

Ms. Selina Adolf Mkony is a Senior Partner with R & S Partners. She has also served as Programme Coordinator - Public Financial Management Reform Programme, Programme Coordinator - Performance Results and Accountability Project – of PSRP, Programme Accountant/Administrator- Public Service Reform Programme (PSRP), Project Accountant/Administrator-Civil Service Reform Project (CSR), Project Accountant AIDSCAP (FHI) Tanzania. Ms. Selina holds MBA degree from Arbor University, CPA (T) from NBA; ADCA from Institute of Development Management (IDM)

# Bodi ya Wakurugenzi

## Board of Directors



**Lawrence Nyasebwa Mafuru**  
Mjumbe wa Bodi  
Board Member

Bw. Lawrence Nyasebwa Mafuru ni Msajili wa Hazina katika Wizara ya Fedha. Kabla alikuwa Mkurugenzi wa Ukusanyaji wa Rasilimali, Ofisi ya Raisi - Matokeo Makubwa Kwanza. Alikuwa pia Mkurugenzi Mtendaji wa National Bank of Commerce (NBC), ambapo pia aliwahi hudumu kama Mkuu wa Hazina. Kabla ya hapo alifanya katika benki ya Standard Chartered.

Ni Mkurugenzi wa Bodi Kituo Cha Uwekezaji Tanzania (TIC) na pia Kwanza Financial Services Ltd. Ni Mshauri Mwelekezi wa Lolos Consult.

Ana Shahada ya Uzamili ya Utawala wa Biashara (MBA) kutoka Chuo Kikuu cha Dar es Salaam na Cheti cha Weledi wa Benki kutoka Chartered Institute of Banking (CIB).

Mr. Lawrence Nyasebwa Mafuru is the Treasury Registrar at the Ministry of Finance. Previously he has served as a Director of Resource Mobilisation and Economic Sectors at the Presidents Office - Presidential Delivery Bureau. Worked as a CEO and Managing Director of National Bank of Commerce (NBC), and before that he was the Director of Treasury at NBC. He also worked at Standard Chartered Bank Tanzania.

He is on the Board of Directors at the Tanzania Investment Centre (TIC) and Kwanza Financial Services Limited. He is a founder and consultant at Lolos Consult.

He has a Masters in Business Administration (MBA) at University of Dar es Salaam (UDBS), Banking Certificate (CIB) at The Chartered Institute of Banking, London.



**Bede Philip Lyimo**  
Mjumbe wa Bodi  
Board Member

Bw. Bede Philip Lyimo ni Mkurugenzi Mtendaji wa Kampuni ya PPP Solutions Co Ltd. tangu Februari, 2012. Kabla, Bw. Lyimo amekuwa akitumikia kama Afisa Mtendaji Mkuu wa Better Regulation Unit (BRU) katika Ofisi ya Rais, nafasi ambayo alistaafu Desemba, 2011. Awali, Bw. Lyimo alifanya kazi kama Mkurugenzi Msaidizi katika kitengo cha Multilateral Trade Programmes kwenye Idara ya Biashara, Wizara ya Viwanda na Biashara. Ameshawahi kushika nafasi mbalimbali Wizara ya Mambo ya Nje ikiwamo kufanya kazi kama Mchumi Mwandamizi, Mchumi, Katibu na Mtawala Ubalizi wa Tanzania nchini Lagos. Bw. Lyimo ana Shahada ya Uzamili wa Usimamizi wa Biashara (MBA) kutoka Chuo Kikuu cha Kikatoliki, Leuven na Shahada ya Kwanza kutoka Chuo Kikuu cha Dar es Salaam.

Mr. Bede Philip Lyimo is the Managing Director of PPP Solutions Co. Limited since February, 2012. He has also served as the Chief Executive Officer for Better Regulation Unit in the President's Office, Planning Commissioner and Policy Adviser in the Prime Minister's Office prior to retirement from government service in December 2011. Before that, Mr. Lyimo has also worked as Assistant Director, Multilateral Trade Programmes Section, in the Department of Trade, Ministry of Industry and Trade. Other previous positions include Senior Economist, in the Ministry of Foreign Affairs and Administrative Attaché, Tanzania High Commission in Lagos. Mr. Bede Philip Lyimo holds an MBA from Catholic University of Leuven, and a BA from University of Dar es Salaam.



# ULIPO TUPO

## Biashara

Benki ya CRDB inafadhili miradi ambayo ni muhimu katika kuharakisha ukuaji wa uchumi kwa kuongeza mahusiano na mifumo ya Biashara ya dunia.

## Trade

CRDB Bank finances projects that play a critical role in fast tracking economic growth through increased engagement in global trading system.





# Taarifa ya Mkurugenzi Mtendaji

## Managing Director's Statement



**Charles Kimei (Dkt/Dr.)**  
Mkurugenzi Mtendaji  
Managing Director

Katika mwaka 2014, Benki imeendelea kutekeleza malengo ya kimkakati yanayoongozwa na dira ya *“kuwa Benki kinara yenye kuendeshwa kwa kufuata mahitaji ya wateja na kutoa ujira shindani kwa wanahisa”*. Katika kipindi hicho, Benki iliweza kutumia uwezo wake kukamata fursa ya mwelekeo chanya wa uchumi wa nchi ulioonekana kupitia ukuaji madhubuti wa pato la taifa, mfumuko wa bei uliodhibitiwa na mazingira mazuri ya uendeshaji wa biashara ili kukuza na kuimarisha nafasi ya uongozi wa Benki sokoni. Mwaka 2014 umeendelea kuonyesha ukuaji madhubuti wa biashara ya Benki na ukuaji wa jumla katika nyanja mbalimbali na kuweka rekodi ya mapato ya jumla na mapato halisi. Wateja wetu wameendelea kuwa sehemu muhimu ya mikakati yetu na tumeendelea kuboresha upatikanaji wa huduma zetu kupitia njia mpya za utoaji huduma kama FahariHuduma, SimBanking na Huduma ya benki kwa njia ya Intaneti na pia kupitia matawi ya kawaida. Pia Benki imeendelea kutekeleza mkakati wake wa kutanua mtandao wa utoaji huduma nchini Tanzania na Burundi kwenye upande wa wateja raja.

Njia za utoaji huduma za Benki ziliimarishwa katika mwaka kwa kuongeza matawi ya kawaida nchi nzima, matawi bunifu yanayotembea, njia za kielektroniki (Huduma ya benki kupitia Intaneti, SimBanking, ATM, malipo kwa njia ya kadi) na Uwakala wa huduma za benki-FahariHuduma ambapo njia zote hizi ziliweza

During 2014, the Bank continued to execute its strategic goals enlightened by the vision *“to be the leading bank, customer need driven with competitive returns to shareholders”*. During the period, the Bank managed to harness its capabilities to take advantage of the country's positive macro-economic trends reflected in strong and stable GDP growth, contained inflation and conducive business operating environment to deliver growth and maintain market leadership. The year 2014 continued to demonstrate the Bank's strong business momentum and broad based growth, setting a record in earnings and net income. We have continued to put our customer's experience at the center of our strategy and continuously enhanced our service delivery through new delivery channels such as FahariHuduma, alternative banking channels including simbanking and internet banking, and also through our core branch network. The Bank also continued with its market positioning strategy expanding its network both in Tanzania and Burundi in the retail banking space.

The Bank's distribution channels were enhanced during the year with additional physical branches all over the country, innovative mobile branches, electronic channels (internet banking, mobile banking-Simbanking, ATMs,



kuunganishwa na mfumo mkuu wa mawasiliano wa Benki. Mtandao mpana wa utoaji huduma umeimarisha uwezo wa Benki katika kukamata fursa zinazotarajiwa kutokana na mabadiliko ya teknolojia, muunganiko wa nchi za ukanda wa Afrika Mashariki, uwekezaji kutoka nje hususan kwenye sekta ya mafuta na gesi pamoja na mwelekeo chanya wa hali ya uchumi wa nchi.

## Maendeleo ya Biashara kwa mwaka 2014

Mpango biashara wa mwaka 2014 ulilenga kujumuisha na kukuza bidhaa na huduma zilizopo kwa kuweka juhudi zaidi kwenye kutathimini, kuboresha, kuwezesha, kuza na kuunganisha nguvu katika wigo mpana wa bidhaa tulizonazo. Maeneo mengine yaliyotiliwa mkazo yanajumuisha kuboresha ufanisi wa mifumo ya Tehama, upanuzi wa mtandao wa utoaji huduma, uboreshaji wa huduma kwa wateja kwa kuweka namna ya kufikia utendaji ulio bora, uimarishaji wa usimamizi wa viashiria vya hatari za mikopo na utekelezaji wa programu za kuimairisha uaminifu kwa chapa za Benki ili kukuza uwezo wa Benki kiushindani. Ninayo furaha kuripoti kuwa Benki iliweza kutekeleza shughuli mbalimbali kama zilivyopangwa. Katika kipindi hiki miradi mbalimbali iliweza kuanzishwa au kukamilika ikiwemo:

- Mradi wa Mapiito na Maboresho ya Michakato ambao ulianza mwaka 2013 ulikamilika mwaka huu. Mapiito yaliainisha maneneo muhimu ya uboreshaji ikiwamo Tehama, Rasilimali Watu, Michakato na Muundo ili Benki iweze kufikia ubora wa kiutendaji sambamba na kuongezeka kwa tija. Utekelezaji wa mapendekezo ulianza katika robo ya mwisho ya mwaka.
- Miradi ya uboreshaji wa mfumo mkuu wa Benki na kuufanya mfumo wa mikopo kuwa wenye kujiendesha wenyewe ilianza katika robo ya nne ya mwaka. Mafanikio ya miradi hii yanajumuisha upatikanaji wa ufanisi wa Tehama, upatikanaji wa uwezo wa kuhimili fursa za biashara zinazojitokeza kutokana na ukuaji wa ujazo wa miamala kupitia njia mbadala za benki na utoaji wa huduma za kipekee kama sehemu ya kuongeza uwezo wa kiushindani wa Benki.
- Miradi ya upanuzi wa mtandao wa utoaji huduma ilishuhudia kukamilika kwa vituo 20 vya kutolea huduma (18 kwa Tanzania na 2 kwa Burundi); uwekwaji wa mashine mpya 63 za ATM hivyo kufanya jumla ya ATM kwenye mtandao wa Benki kuwa 374 hadi kufikia mwisho wa mwaka. Jumla ya mawakala wapya wa FahariHuduma 575 waliweza kusajiliwa na hivyo kufanya jumla ya mawakala wa FahariHuduma kuwa 1,067, ikijumuisha wakala 37 wa Shirika la Posta Tanzania. Jumla ya mawakala 863 ambayo ni asilimia 81 ya mawakala wote waliunganishwa na mifumo ya Benki na waliweza kufanya idadi nzuri ya miamala.

merchant point of sale terminals) and agent banking services – FahariHuduma all linked by an online real time communication infrastructure. The wide distribution network improved the Bank's capabilities to take advantage of future market prospects posed by technological changes, regional integration, foreign direct investments (especially in oil and gas) and positive trends in macro-economic conditions.

## Key Business Developments in 2014

The 2014 business plan was set to achieve a consolidation and deepening in the existing products and services by putting more efforts to explore, revamp, support, cross-sell and synergize between our extensive range of products and services. Other areas of focus included enhancing operational efficiency of ICT systems, network expansion, improving customer service by setting a roadmap to attain operational excellence, strengthening of credit risk management, and implementing brand loyalty management program to revamp the Bank's competitive edge amidst mounting competition. I am delighted to report that the Bank largely remained on course in its planned activities. During the period a number of projects were initiated or completed including:

- A Process Improvement Review project was initiated in 2013 and was completed this year. The review highlighted critical areas of improvement in coverage of ICT, People, Process and Structure in order for the Bank to attain operational excellence coupled with increased productivity. The implementation of the recommendations started during the last quarter of the year.
- Core Banking System Upgrade and automation of credit management system projects were commenced during the fourth quarter. The project milestones include attaining ICT operational effectiveness, creating capacity to support increased business opportunities posed by growth in transaction volumes through alternative channels and positioning to offer seamless and customized value proposition to customers as part of our competitive edge.
- Network expansion projects which saw completion of 20 new outlets (18 in Tanzania and 2 in Burundi); installation of 63 new ATMs making a total of 374 ATMs in the Bank's network by year end. A total of 575 new FahariHuduma agents were recruited bringing the total of FahariHuduma Agents to 1067, including 37 TPC Agents. A total of 863 (81% of all) agents were fully connected to the Bank's systems and had recorded quite a good volume of transactions.

Benki imeendelea kuwekeza katika rasilimali yenye thamani zaidi kwake ambayo ni wafanyakazi kwa kuwawezesha kujiunga katika programu za mafunzo mbalimbali pamoja na kuwahamasisha kujiunga kwenye programu za mafunzo kwa njia ya elektroniki ambayo inagharumiwa na Benki kwa asilimia 100 na kutoa kozi katika nyanja mbalimbali.

Benki ilitekeleza mipango ya huduma kwa wateja ikiwamo uimarishaji wa mfumo wa kituo cha huduma kwa wateja na kufanya wiki ya huduma kwa wateja nchi nzima kama sehemu ya jitihada za kuonesha shukrani kwa wateja wetu.

Katika kipindi hiki, Benki ilifanikiwa kupata mikopo kutoka shirika la IFC, Benki ya Uwekezaji ya Jumuiya ya Ulaya na Benki ya Maendeleo ya KFW. Mkopo wa IFC ni dola milioni 75 ambao unaendelea kutolewa hadi hivi sasa.

## Matokeo Makuu ya Kifedha

Faida halisi ya Benki imepanda kufikia shilingi bilioni 95.6 kwa mwaka 2014 huku jumla ya rasilimali ikivuka shilingi trilioni 4 kwa mara ya kwanza na kufikia shilingi bilioni 4,210.1. Faida halisi ilichangiwa na ukuaji wa asilimia 17.2 wa pato halisi la riba na ukuaji wa asilimia 28.8 wa pato halisi la ada na kamisheni. Benki imeendelea kuwa na hali nzuri ya ukwasi, rasilimali na mtaji unaojitosheleza.

Katika kipindi cha mwaka husika mizania ya Benki imeendelea kukua kwa asilimia 18.3 na jumla ya rasilimali zote kufikia Shilingi Bilioni 4,210.1 kutoka shilingi bilioni 3,558.7 iliyofikiwa mwaka 2013. Jumla ya mikopo yote ilifikia Shilingi Bilioni 2,545.3 hadi kufikia mwisho wa mwezi Desemba 2014 kutoka shilingi bilioni 1,993.1 iliyofikiwa mwaka 2013 hivyo kupatikana kwa ongezeko la asilimia 28. Amana zilikuwa hadi kufikia Shilingi Bilioni 3,390.9 kutoka Shilingi Bilioni 3,024.4 ambalo ni ongezeko la asilimia 12. Pato la riba lilikua kwa asilimia 21.9 kutoka Shilingi Bilioni 304 iliyofikiwa mwaka 2013 kufikia Shilingi Bilioni 371.7. Ukuaji mkubwa zaidi ulifikia kwenye mapato yasiyotokana na riba ambapo mapato hayo yalikuwa kwa asilimia 31 hadi kufikia Shilingi Bilioni 121.5.

Ukuaji huu uliendana na mtazamo wa kimkakati wa kukuza bidhaa zilizopo ili kuongeza mapato yatokanayo na miamala kwa lengo la kuongeza vyanzo vya mapato ya Benki. Mfuko wa wanahisa ulikua kwa asilimia 17.4 na kufikia Shilingi Bilioni 441.2 ikichangiwa kwa kiasi kikubwa na faida iliyohifadhiwa baada ya makato ya kodi. Bei ya hisa za Benki katika Soko la Hisa la Dar es Salaam imeendelea kupanda ikionyesha imani na thamani ambayo wanahisa wameipa Benki.

The Bank continued to invest in its most valuable assets, the staff, by engaging them in various training programs as well as motivating them to enroll in customized electronic learning programs fully financed by the Bank and offering diversified and structured (basic to advanced) courses.

The Bank implemented customer service initiatives including enhancement of the Call Centre System and a country wide initiative dubbed "Customer Service Week" as part of efforts to demonstrate and express appreciation to our customers.

During the year, the Bank successfully accessed credit facilities' from the International Finance Corporation (IFC), European Investment Bank and KFW Development Bank. The IFC credit facility is for the amount of USD 75 Million and is under disbursement.

## Key Financial Results

The Bank's net profit rose to a record TZS 95.6 billion for 2014, while our total assets crossed the TZS 4 trillion mark for the first time to reach TZS 4,210.1 billion. Net profit growth was driven by 17.2% growth in net interest income and 28.8% growth in net fees and commissions income. The Bank continued to enjoy ample liquidity, healthy asset quality and remained adequately capitalized.

During the year the Bank's balance sheet growth remained on course attaining a growth of 18.3% in its total assets base reaching TZS 4,210.1 billion, up from TZS 3,558.7 attained at end of December 2013. The loan portfolio reached TZS 2,545.3 billion at end of December 2014 from TZS 1,993.1 billion attained in 2013 marking a 28% growth. Deposits increased to TZS 3,390.9 billion from TZS 3,024.4 – a growth of 12%. Interest income increased by 21.9% from TZS 304 billion attained in 2013 to TZS 371.7 billion. Commendable growth was achieved in non-interest income which grew by 31% to reach TZS 121.5 billion.

The growth was in line with the strategic focus to deepen the existing products and to increase transaction based income thereby diversifying the Bank's revenue base. Shareholders' funds attained a growth of 17.4% to reach TZS 441.2 billion largely from retained earnings. Prices of the Bank's shares at the Dar-es-salaam Stock Exchange continued to rise, showing confidence and value the shareholders attach to the Bank.



## Mkakati wa Benki kwa mwaka 2015

Tunavyotazama mbele katika kuelekea mwaka ujao, inatarajiwa kwamba changamoto zilizokumba ulimwengu katika mwaka 2014 zitaendelea kuwepo zikichochea zaidi na masuala ya ndani ya nchi ikiwamo chaguzi za kisiasa, kupungua kwa uwekezaji kutoka nje pamoja na kuongezeka kwa msukumo dhidi ya serikali katika kuhakikisha inategemea mapato ya ndani katika kuendesha shughuli zake. Hali hii inaweza kuleta wasiwasi wa hali ya uchumi ya nchi.

Kwa kuweza kufanya uwekezaji mkubwa kwenye upanuzi wa mtandao wa utoaji huduma kwa miaka iliyopita; Benki ya CRDB itajikita katika kujumuisha kwa umakini uwekezaji uliofanyika ili kuweza kutengeza thamani zaidi ya uwekezaji kwa wanahisa. Kwa msukumo huu tutaweka kipaumbele kwenye ufanisi wa utendaji ili kuweza kupata mapato zaidi kutokana na uwekezaji uliokwisha fanyika kwenye bidhaa na huduma. Maeneo ya kipaumbele yatakua kwenye kukuza pato halisi, kupunguza gharama za uendeshaji, kuimarisha mtaji mkuu na uwezo wa kiutendaji ili kuongeza uwezo wetu kiushindani.

## Neno la Shukrani

Napenda kuchukua fursa hii kutoa shukrani zangu za dhati kwa wateja wetu wapendwa na wadau wetu wote kwa kuendelea kutupa ushirikano wao, kwa kuwa pasipo wao tusingeweza kufikia mafanikio haya. Tutaendelea kujituma katika kuboresha utoaji wa huduma zetu ili kuendana na mahitaji ya wateja wetu.

Najisikia fahari kuwa na Bodi yenye utendaji na ushirikiano wa kweli ambayo siku zote imekua ikitoa mwongozo sahihi na hivyo kuihamasisha timu ya menejimenti kufanya kazi kwa ufanisi.

Napenda kutoa shukrani za dhati kwa timu ya uongozi, menejimenti na wafanyakazi wenzangu kwa juhudi zao zisizokoma katika kuhakikisha tunatoa huduma nzuri kwa wateja wetu na kuweza kutengeneza thamani kwa mwanahisa.

Kwa kumaliza napenda kuishukuru Serikali na Mamlaka za Udhibiti kwa ushirikiano wao.

## Strategic Focus for 2015

As we look forward to the coming year, the projected outlook suggests that the global challenges encountered in 2014 will continue with further exacerbation coming from domestic factors, including the upcoming elections, slowdown in foreign investment as well as increased pressure on domestic financing by Government spending which will put pressure on macroeconomic conditions.

CRDB Bank, having made substantial investments in network expansion, in the past years, will focus on careful consolidation with a view to generate better stakeholder value. With this spirit we will focus on operational effectiveness to maximize revenue from the investments already made in products and services. Key focus areas will be net income margin growth, optimization of operating costs, enhancement of core capital and improving execution capability to increase our competitive edge.

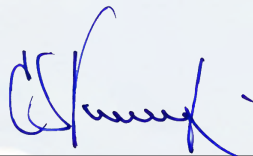
## Appreciation

I take this opportunity to express my profound gratitude to our esteemed customers and all stakeholders for their continued support, without whom we could not achieve these results. We remain committed to enhance our service delivery in line with customer demand.

I feel privileged to have a truly effective and supportive Board which has always provided insightful guidance and indeed motivated the management team to work effectively.

I wish to express my heartfelt appreciation to my executive team, management and fellow staff for their persistent dedication to ensure we deliver good services to our customers and generate shareholder value.

Last, but not least, I wish to thank the Government and our regulatory authorities for their support.



**Charles Kimei**  
**Mkurugenzi Mtendaji**  
**Managing Director and CEO**

# Utawala wa Benki Executive Management



**Charles Steven Kimei**  
Mkurugenzi Mtendaji  
Managing Director

Dk Charles Kimei ni Mkurugenzi Mtendaji na Mjumbe wa Bodi ya Benki ya CRDB. Dk Kimei amejiunga na Benki ya CRDB mnamo 1 Juni 1998. Ana utajiri mkubwa wa uzoefu wa kufanya kazi kwenye sekta ya fedha. Ametumikia kama Mkurugenzi wa Usimamizi wa Benki katika Benki kuu ya Tanzania na pia kama Mkurugenzi wa Utafiti, Uchumi na Sera na pia Meneja Utafiti wa Uchumi na Takwimu katika Benki Kuu ya Tanzania.

Anayo shahada ya Uzamivu (Uchumi) ya Chuo Kikuu cha Uppsala - Sweden, Shahada ya Uzamili ya Uchumi kutoka Chuo Kikuu cha Uppsala – Sweden na shahada ya Uchumi ya Chuo Kikuu cha Moscow.

Dr. Charles Kimei is the Managing Director and a member of the CRDB Bank Board of Directors. Dr. Kimei joined the Bank in 1st June 1998. He has a vast wealth of working experience in the banking industry. Before joining the Bank, Dr. Kimei was the Director, Banking Supervision at the Bank of Tanzania (BOT). Previously, he served as Director of Economic Research and Policy and Manager, Economic Research and Statistics at Bank of Tanzania (BOT).

He holds a PhD (Econ) from Uppsala University Sweden, MA (Econ) Uppsala University Sweden and a Bsc (Econ), Moscow State University.



**Esther Kileo Kitoka**  
Naibu Mkurugenzi Mtendaji  
Deputy Managing Director (SS)

Bi. Esther Kileo Kitoka alijiunga na Benki mwaka 2006 kama Meneja wa Hatari za Hasara na kuwa Mkurugenzi wa Idara hiyo, nafasi aliyoitumikia hadi Septemba 2011 alipoteuliwa Naibu Mkurugenzi Mtendaji Huduma Shirikishi. Kabla hajajiunga na Benki ya CRDB amefanya kazi kwa miaka tisa Benki Kuu ya Tanzania. Bi. Kitoka ana Cheti cha Uhasibu cha CPA na ana shahada ya Uzamili ya Benki na Mifumo ya Taarifa za Biashara toka Chuo Kikuu Sydney, Australia na Shahada ya Uhasibu ya Chuo Kikuu cha Dar es Salaam.

Mrs. Esther Kileo Kitoka joined the Bank in 2006 as Risk Manager and later became Director of Risk, the position she held until September, 2011 when Esther became the Deputy Managing Director- Shared Services. Before joining the Bank, Esther worked for nine years with Bank of Tanzania. Mrs. Kitoka is a CPA (T) and holds Masters degree of Commerce in Banking and Business Information System from the University of Sydney, Australia and Bachelor of Commerce Degree in Accounting from the University of Dar es Salaam.



**Saugata Bandyopadhyay**  
Naibu Mkurugenzi Mtendaji  
Deputy Managing Director (OCS)

Bw. Saugata Bandyopadhyay alijiunga na Benki 2012 kama Naibu Mkurugenzi Mtendaji Uendeshaji na Huduma kwa Wateja. Anauzoefu katika masuala ya benki kwa zaidi ya miaka 19. Bw. Saugata ameshika nafasi mbalimbali za uongozi wa juu katika benki kubwa duniani. Ana shahada za juu katika nyanja za fedha, uhasibu, ukaguzi na uongozi.

Mr. Saugata Bandyopadhyay joined the Bank in 2012 as Deputy Managing Director- Operations & Customer Services. Mr. Saugata is an experienced banker with over 19 years of experience working with leading banks. Mr. Saugata has worked as Senior Vice President at Asset Reconstruction Company of India and Deutsche Post Bank HFL, General Manager of Bhutan National Bank, Chief Credit Manager of State Bank of India HFL.

Saugata holds a Fellow in International Business from Indian Institute of Management Calcutta, Fellow Chartered Accountant of India, and Fellow Cost & Management Accountant of India, Certified Management Accountant, USA, Certified in Governance of Enterprise IT (CGEIT) and Certified Information System Auditor (CISA) from ISACA USA, Masters of Business Administration (Finance) from Indira Gandhi National University, Master of Commerce from University of Calcutta and Bachelor of Commerce from St. Xavier College, Calcutta.



# Utawala wa Kampuni Tanzu

## Subsidiary Management



**Mr. Bruce Mwile**  
*Meneja Mkuu/ General Manager*  
*CRDB Bank Burundi SA*  
Mtanzania/Tanzanian

Bw. Bruce Mwile alijiunga na Benki tarehe 13 Februari 2001. Kabla ya kuteuliwa kama Meneja Mkuu wa kampuni tanzu ya CRDB Bank, Burundi alitumika kama Meneja Wateja Wakubwa, Afisa Uhusiano Mwandamizi- Wateja Wakubwa. Kabla ya kujiunga na Benki alifanya kazi benki ya Citibank kama Msimamizi Msaidizi.

Bw. Bruce ana shahada ya kwanza na ya Uzamili katika masuala ya fedha zote kutoka Chuo Kikuu cha Dar es Salaam

Mr. Bruce Mwile joined the bank on 13th February 2001. Prior to appointment as General Manager CRDB Bank Burundi, he worked as Manager Corporate Banking and Senior Relationship Manager Corporate Banking. Before joining CRDB, he worked as the Assistant Supervisor at Citibank Tanzania Limited.

He holds Masters degree in Business Administration and Bachelor of Commerce both in Finance from the University of Dar es Salaam.



**Mr. Sebastian Masaki**  
*Meneja Mkuu/General Manager*  
*CRDB Microfinance Services*  
*Company Limited.*  
Mtanzania/Tanzanian

Bw. Sebastian Masaki alijiunga na Benki tarehe 1 Juni 1996. Kabla ya nafasi aliyonayo alitumikia kama Meneja Biashara, Meneja Microfinance, Afisa Benki - Masoko na Afisa Benki - Utafiti na Mipango.

Bw. Sebastian ana shahada ya Sayansi - Takwimu toka Chuo Kikuu cha Dar es Salaam na Shahada ya Uzamili ya Sayansi katika Masoko kutoka Chuo Kikuu cha Mzumbe .

Mr. Sebastian Masaki joined the Bank on 1st June 1996. Before the current position he worked as Manager Business Banking, Manager Microfinance, Bank Officer Marketing and Bank Officer Research & Planning.

He holds a Bachelor of Science in Statistics from the University of Dar Es Salaam and a Masters of Science in Marketing from Mzumbe University.

# Uongozi wa Benki Management Team



**Nellie Mathayo Ndossa**  
*Mkurugenzi wa Wateja Rejareja*  
*Director Retail Banking*  
Mtanzania/Tanzanian



**Tully Esther Mwambapa**  
*Mkurugenzi wa Masoko, Utafiti na Huduma kwa Wateja*  
*Director of Marketing, Research and Customer Service*  
Mtanzania/Tanzanian



**Anderson Yohana Mlabwa**  
*Mkurugenzi wa Mikopo*  
*Director of Credit*  
Mtanzania/Tanzanian



**Philip Alfred**  
*Mkurugenzi wa Wateja Wakubwa*  
*Director of Corporate Banking*  
Mtanzania/Tanzanian



**Alexander Ngusaru**  
*Mkurugenzi wa Hazina*  
*Director of Treasury*  
Mtanzania/Tanzanian



**Joseph Ochien'g Witts**  
*Mkurugenzi wa Huduma Mbadala za Benki*  
*Director of Alternative Business Channels*  
Mtanzania/Tanzanian



# Uongozi wa Benki Management Team



**John Rugambo**  
*Mkurugenzi wa Masuala ya Kampuni*  
*Director of Corporate Affairs*  
Mtanzania/Tanzanian



**James Isaack Mabula**  
*Mkurugenzi wa Udhibiti Hali Hatarishi*  
*Director of Risk and Compliance*  
Mtanzania/Tanzanian



**Goodluck Lema Nkini**  
*Mkurugenzi wa Mikakati na Ubunifu*  
*Director Strategy & Innovations*  
Mtanzania/Tanzanian



**Izengo Daudi Soka**  
*Mkurugenzi wa Ukaguzi wa*  
*Hesabu za Ndani*  
*Director of Internal Audit*  
Mtanzania/Tanzanian



**Dorah Hilda Ngaliga**  
*Mkurugenzi wa Rasilimali Watu*  
*Director of Human Resources*  
Mtanzania/Tanzanian



**Beatus Peter Segeja**  
*Mkurugenzi wa Utawala*  
*Director of Administration*  
*and General Services*  
Tanzanian



**Frederick Bayona Nshekanabo**  
*Mkurugenzi wa Fedha*  
*Director of Finance*  
Mtanzania/Tanzanian



**Elyas Bartholomew Mtenga**  
*Mkurugenzi wa Tehama*  
*Director of Information*  
*& Communication Technology*  
Mtanzania/Tanzanian

## Mapitio ya Uchumi

Pamoja na ukuaji mdogo na wa viwango tofauti uliojitokeza mwaka 2014, uchumi wa dunia unatarajiwa kuimarika katika kipindi cha mwaka 2015 na hasa kwa chumi kubwa. Hata hivyo, kasi ya uimarikaji uchumi inatazamiwa kuendelea kutofautiana baina ya kanda duniani. Hali ya fedha duniani inatarajiwa kuendelea kuwa ya kuridhisha huku tukitazamia kuwepo upungufu wa kadiri wa fedha, kutokana na sababu kadhaa wa kadhaa ikiwemo kupanda kwa riba katika dhamana za serikali ya Marekani za muda wa miaka 10, wakati huo huo Soko la Fedha la Marekani lilibakia na matarajio ya kupanda kwa bei ya mitaji.

Uchumi wa nchi za Afrika Mashariki uliendelea kukua kwa kasi nzuri, ambapo katika nchi ya Kenya uchumi ulitarajiwa kukua kwa asilimia 5.5 katika kipindi cha mwaka 2014, pia ukikadiriwa kukua kwa asilimia 6.4 katika kipindi cha mwaka 2015. Pato la taifa la Uganda (GDP) lilitazamiwa kukua kwa asilimia 3 mwaka 2014 huku ukitazamiwa kuimarika na kukua kwa asilimia 7 katika kipindi cha 2015-17 ambapo uchimbaji wa mafuta utakuwa umeanza. Matazamiao ya Burundi, inatazamiwa kuwepo hali tete ya uchumi kutokana na hali ya sintofahamu inayotokana na fukuto la uchaguzi mkuu ujao. Uchumi wa Burundi unatarajiwa kukua kwa asilimia 4.7 katika kipindi cha mwaka 2014 dhidi ya asilimia 4.5 mwaka 2013 na asilimia 5.4 ukuaji unaotarajiwa mwaka 2015.

Kuna matarajio mazuri mwaka 2015, kutokana na utekelezaji wa miradi mikuu ya uchumi ikiwemo ujenzi wa barabara, ujenzi wa bwawa la umeme na utandazi unaoendelea wa mkonga wa mawasiliano ya simu. Hali kadhalika, ukuaji wa uchumi wa kanda ya Afrika Mashariki utasaidiwa na ukuaji wa kilimo na kupanuka kwa masoko katika kanda hii na hasa vituo vya biashara za nje pamoja na uanzishwaji wa ubadilishanaji mazao.

Uchumi wa Tanzania uliendelea kuimarika, huku pato la taifa likikua kwa asilimia 7.2 katika kipindi cha mwaka 2014 dhidi ukuaji wa kiwango cha asilimia 7 mwaka 2013, ukuaji huu unachangiwa na ukuaji katika sekta za usafirishaji, mawasiliano, viwanda, nishati, madini, ujenzi na kilimo. Ukuaji wa zaidi ya asilimia 7.4 katika mwaka 2015 unatarajiwa kutokana na uwekezaji katika gesi asilia iliyogunduliwa karibuni na ujenzi wa bomba la gesi unaoendelea toka Mtwara hadi Dar es Salaam ukitazamiwa kuongeza fursa za biashara katika sekta nyingine kama vile usafirishaji, nyumba, hoteli na migahawa. Manufaa ya

## Economic Overview

Despite an uneven global recovery in 2014, global economic growth is expected to strengthen in 2015 across most advanced economies, with the pace of recovery remaining varied across regions. Global financial conditions are assumed to remain accommodative, with some gradual tightening, reflected in, among other things, rising 10-year yields on U.S. Treasury bonds, while financial markets remain optimistic, with rising equity prices, and compressed spreads.

In East Africa, economic growth continued to be robust with the Kenyan economy estimated to expand at 5.5% in 2014 and projected to grow to 6.4 % in 2015. The Ugandan Gross Domestic Product (GDP) expanded at an estimated 3% in 2014 and projected to improve to 7% in 2015-17 period as oil production starts. The economic outlook for Burundi remains fragile with downside risk contingent on the political developments in the run-up to the elections. Burundi's economy is estimated to grow at 4.7 % in 2014 against 4.5 % in 2013 and projected to expand by 5.4 % in 2015.

The regional economic outlook for 2015 is favourable and based on the implementation of key infrastructure projects including the construction of roads, hydropower dams and ongoing investments in the telecom sector. Additionally, regional growth will be supported by increased production in agriculture and other initiatives geared towards exports promotion including expansion of regional markets, special export zones and establishment of commodity exchanges.

The Tanzania economy continued to strengthen, with GDP growing to 7.2% in 2014 against 7.0% in 2013, driven mainly by tourism, agriculture, transport, construction, communications, energy, minerals and manufacturing. GDP is projected to rise further to 7.4% in 2015 backed by continued investments in the recently discovered natural gas reserves and the ongoing construction of the gas pipeline from Mtwara to Dar es Salaam which is expected to bring more business opportunities in other sectors such as transport, mortgage financing, hotels and restaurants. Benefits of the developing natural gas and oil industry are expected to contribute to positive economic growth. The main development challenge is that Tanzania's growth is not sufficiently broad based and poverty levels still remain high.



maendeleo ya sekta ya gesi na mafuta yanatarajiwa kuchangia pakubwa katika ukuaji wa uchumi. Changamoto iliyoko katika uchumi wa Tanzania, ni ukuaji usio na uwiano sawia ambapo kiwango cha umasikini kimebaki kuwa juu.

Kwa upande mwingine, ukuaji wa kasi katika sekta za mawasiliano na huduma za kifedha ulichangia pakubwa katika ukuaji wa uchumi wa taifa kwa ujumla, lakini pia ukuaji wa sekta nyingine. Ukuaji na pia ongezeko la kasi katika utumiaji wa teknolojia ya mawasiliano kumesababisha ukuaji katika mfumo mpya wa biashara kwa kuwaunganisha wajasiriamali na wateja wao, wagavi, maafisa wa benki na pia maafisa wa serikali.

Leo, takriban nusu ya Watanzania wenye umri kuanzia miaka 18 wanatumia simu za mkononi, ambapo takriban asilimia 80 ya watumiaji wanatumia simu kutuma au kupokea fedha. Kusambaa na utumiaji wa simu za mkononi unatarajiwa kuendelea kuongezeka, hasa vijijini na kwa familia zenye kipato cha chini.

Sarafu (Shilingi) iliendelea kushuka thamani dhidi ya dola ya Marekani (USD). Kuendelea kuporomoka kwa thamani ya Shilingi kulitokana na uingizwaji mdogo wa fedha za kigeni nchini sambamba na Benki Kuu kutoingiza fedha za kigeni za kutosheleza kuiimarisha Shilingi, pia hii inatokana na nchi wahisani kupunguza ufadhili wao na hivyo kupungua kwa fedha za kigeni na mauzo kidogo nje ya nchi.

## Mazingira ya Uendeshaji

Sekta ya Mabenki imeendelea kuwa shindani sana, huku benki zikijidhatiti kwa kuongeza matawi, kujikita katika ubunifu na kuanzisha mifumo ya malipo ya kielektroniki. Hadi tarehe 31, Desemba 2014 idadi ya benki za biashara nchini zilikuwa 54 zikiwa na jumla ya matawi 692. Mpaka mwisho wa mwaka husika kulikuwa na benki 14 zikitoa huduma za kibenki kupitia mtandao wa simu, huku benki 6 zikitoa huduma kupitia kwa mawakala (Agent banking).

Kwa kutumia mtandao wake wa matawi 123, FahariHuduma Wakala 1,067 pamoja na mifumo ya kielektroniki ya kutolea huduma, Benki ya CRDB iliendelea kujidhatiti katika soko huku idadi ya wateja wake ikifikia asilimia 20 ya wateja wote wa benki katika soko. Katika kutekeleza mkakati wake wa kupanuka Kikanda, Benki ilifungua matawi 2 zaidi nchini Burundi.

## Mapitio ya Kifedha

Katika kipindi cha mwaka husika, Kampuni ilipata mafanikio makuu yafuatayo:-

- Rasilimali ziliongezeka hadi Sh. 4,210.1 bilioni, (2013: Sh. 3,558.7 bilioni)

The rapid development of the communications and financial services sectors contributed to acceleration in overall economic growth and positively impacted on other sectors. Advances in mobile technology and a dramatically increased rate of usage of this technology has driven the development of new business systems, enabling the establishment of linkages between entrepreneurs with their customers, suppliers, bankers, and government officials. Today, approximately half of all Tanzanian adults use mobile telephones, with around 80% of users having utilized mobile technology to send or receive money. Rates of penetration and usage are expected to continue to grow, particularly in rural areas and amongst low income households.

The Tanzanian shilling continued to depreciate against U.S dollar with the continued fall in value of the Tanzania shillings due to low supply and inflows of U.S dollar at the year-end coupled with minimal BOT intervention together with low inflow of foreign currency due to withholding of donor funds and low exports.

## Operating Environment

The Banking industry continued to be highly competitive with increasing expansion in outlets and electronic and payment systems innovations. The total commercial banks operating in the market as at 31 December 2014 were 54 with a total of 692 branches. As at the end of the year, there are 14 banks offering mobile banking services and six banks offering services through Agents (Agency banking).

CRDB continued to focus on its customers commanding about 20% of market share served in its 123 branch network, 1,067 agent locations and electronic channels. Additionally, the Bank opened two new branches in Burundi as part of the Bank's regional expansion strategy.

## Financial Review

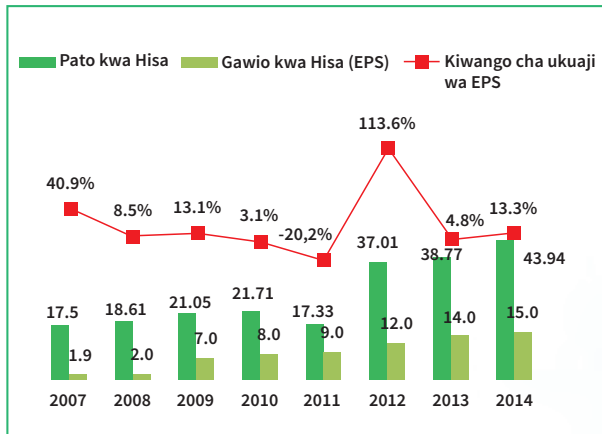
During the year, the Group recorded the following major achievements;

- Total assets increased to TZS 4,210.1 billion, (2013: TZS 3,558.7 billion).
- Total Deposits increased to TZS 3,390.9 billion, (2013: TZS 3,024.4 billion).
- Loans and advances increased to TZS 2,545.3 billion, (2013: TZS 1,993.1 billion).

Interest income grew to TZS 371.7 billion in 2014 compared to TZS 304.8 billion in 2013. Loan impairment charges stood at TZS 36.9 billion for the year. Fees and Commissions income grew to TZS 121.5 billion from TZS 92.8 billion in the year 2013. In 2014, the Group recorded a net profit of TZS 95.6 billion (2013: TZS 84.4 billion).

- Amana za wateja ziliongezeka hadi Sh. 3,390.9 bilioni, (2013: Sh. 3,024.4).
- Mikopo iliongezeka hadi Sh. 2,545 bilioni (2013: Sh. 1,993.1 bilioni).

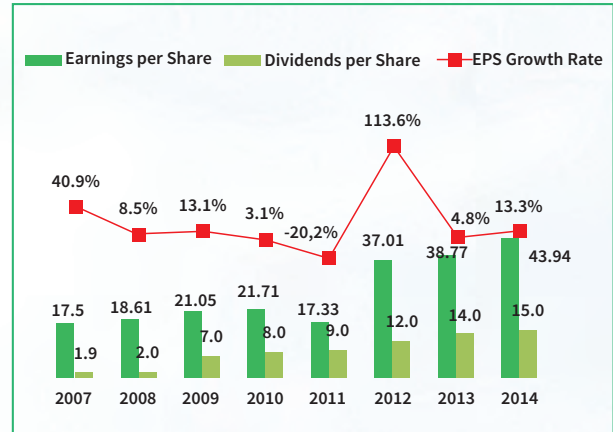
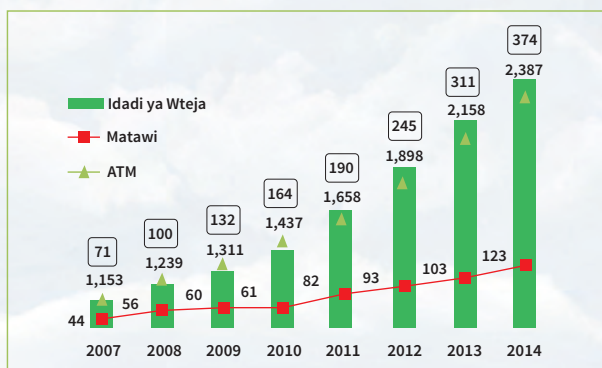
Mapato yatokanayo na riba yaliongezeka kufikia Sh. 371.7 bilion mwaka 2014 ikilinganishwa na Sh. 304.8 billion mwaka 2013. Tengo kwa ajili ya mikopo chechefe lilikuwa Sh. 36.9 bilioni. Pato litokanalo na ada na tozo za huduma liliongezeka hadi Sh. 121.5 bilioni toka Sh. 92.8 bilioni za mwaka 2013. Mwaka 2014, Kampuni ilipata faida halisi ya Sh. 95.6 bilioni (2013: Sh. 84.4 bilioni).



## Mapitio ya Uendeshaji

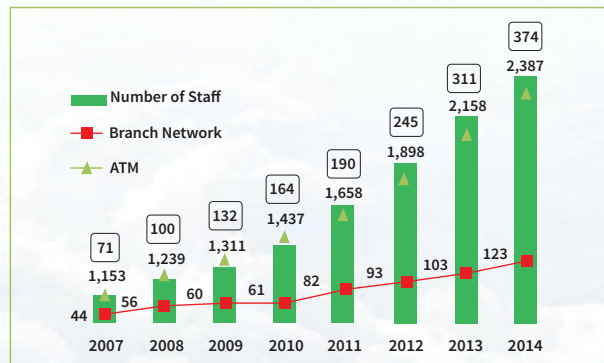
Kwa mwaka wa mapitio, Benki iliwekeza sana katika mtandao wa kutolea huduma ili kuwafikia wateja zaidi, kwa kufungua matawi 8 mapya, matawi madogo 12 na usimikaji wa ATM 63. Mpaka mwisho wa mwaka, Benki ilikuwa na matawi 123 yakiwemo matawi yanayo tembea (Branch on Wheels), Mashine za Kutoa Fedha (ATM) 374 zikiwemo 18 ambazo pia zinauwezo wa kupokea fedha na mashine za kufanyia malipo (POS) 936, FahariHuduma Wakala 1,067 na Asasi za Kifedha Washirika zipatazo 469. Katika kipindi cha mwaka husika, Benki ilipata mafanikio makuu ya uendeshaji yafuatayo: -

- Idadi ya miamala ya ATM ilikuwa 18,021,540
- Idadi ya miamala ya SimBanking ilikuwa 9,363,303
- Idadi ya miamala ya Intaneti ilikuwa 73,983
- Idadi ya miamala ya Mashine za kufanyia Malipo (POS) ilikuwa 383,618



## Operational Review

In the year under review, the Bank invested heavily in its customer outreach through opening of eight (8) new branches, 12 new service centres, and installation of 63 ATMs. By the end of the year, the Group had a network of 123 static including mobile branches, 374 ATMs including 18 Depository ATMs, 936 Point of Sales (POS) terminals, 1,067 Agents (fahari Huduma) and 469 Microfinance partners' institutions.



During the year, the Bank had the following major operational achievements;

- Number of ATM transactions was 18,021,540
- Number of sim banking transactions was 9,363,303
- Number of Internet Banking transactions was 73,983
- Number of POS transactions was 383,618.

## Lending

The gross loan portfolio grew by 27.7% from TZS 1,993.1 billion as at 31 December, 2013 to TZS 2,545.3 billion as at 31 December 2014. This growth was more than double the growth rate of 10.31% that was achieved in 2013 and is mainly contributed by personal and SME segments of retail banking which increased from TZS 281.3 billion and TZS 170.9 billion as at 31 December 2013 to TZS 536.9 billion and TZS 274.8 billion as at 31 December 2014 respectively.

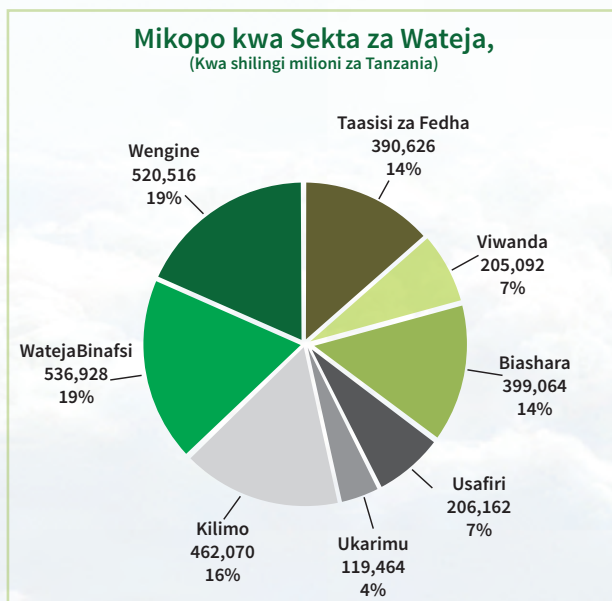


## Mikopo

Jumla ya mikopo iliongezeka kwa asilimia 27.7 kutoka Sh. 1,993.1 bilioni tarehe 31 Desemba 2013 hadi kufikia Sh. 2,545.3 bilioni tarehe 31 Desemba 2014. Ukuaji huu ni mara mbili ya ukuaji wa asilimia 10.31 ambao ulipatikana mwaka 2013. Hii ilitokana na biashara za rejareja na biashara za wateja wadogo na wa kati ambayo iliongezeka kutoka Sh. 281.3 bilioni na Sh. 170.9 bilioni mpaka tarehe 31 Desemba 2013 na Sh. 536.8 Bilioni na Sh. 274.8 Bilioni mpaka tarehe 31 Desemba 2014.

Ukuaji wa Biashara ndogondogo ilikuwa ni moja ya mikakati ya Benki kuongeza ukopeSh.aji kwa asilimia 50 ya mikopo yake ifikapo 2017. Ukopeshaji kwa wateja binafsi ilikuwa asilimia 38.3 ya jumla ya mikopo yote mpaka tarehe 31 Desemba 2014 kutoka asilimia 30.2 tarehe 31 Desemba 2013.

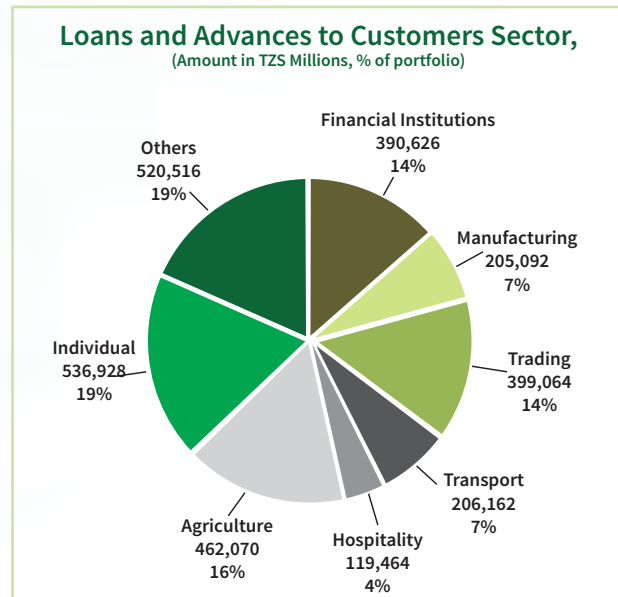
Mchanganuo wa mikopo kwa sekta kama ilivyokuwa tarehe 31 Desemba 2014 ni kama unavyoonekana hapa chini:



Katika mwaka 2014 kiwango cha fungu la mikopo kutoka uwiano kati ya mikopo chechefe na jumla ya mikopo ya asilimia 6.2 mwaka 2013 na kuwa asilimia 5 mwaka 2014. Mafanikio haya yalisababishwa na kuimarishwa kwa utawala wa mikopo katika ngazi zote na kwa kufanya baadhi ya michakato ya mikopo kujiendesha yenyewe kama kuanzisha mfumo wa ndani wa kupima mikopo kwa ajili ya mikopo ya kampuni, ambao ulikuwa na mchango mkubwa katika mikopo chechefe ya Benki.

The growth in retail segments was in line with the bank's strategy to increase its lending to retail segments to 50% of its loan portfolio by 2017. Lending to retail segments accounted for 38.3% of the total portfolio as at 31 December 2014 from 30.2% as at 31 December 2013.

Loan portfolio distribution by sectors as at 31 December 2014 is shown below:



In 2014 the quality of the loan portfolio improved from non-performing loans (NPL) to total loans and advances ratio of 6.2% in 2013 to 5.0% in 2014. The noted improvement was mainly due to strengthening of the credit administration at all levels and automation of some of the credit processes such as introduction of the internal credit rating system for corporate loans, which had significant contribution to bank's non-performing loans.



# ULIPO TUPO

## Ukuaji

Wafanya biashara wadogo na kati wanatoa machango thabiti katika ukuaji wa uchumi wa nchi yetu. Watu hawa ni kama injini inayofanya uchumi wetu uweze kusonga mbele. Sisi kama Benki tunaamini katika jitihada za ujasiriamali na tumekua mstari wa mbele katika kuanzisha njia bunifu za kuweza kuwasaidia.

Ndani ya Benki tunaamini katika ukuaji; ukuaji wa wateja wetu, ukuaji wa Benki na ukuaji wa uchumi kwa ujumla wake. Benki inasaidia wajasiriamali kutoka ngazi ya chini hadi kukua kufikia kuwa wateja wakubwa. Tunajisikia fahari kuwa sehemu ya mafanikio yao kadri wanavyotoka ngazi ya chini kwenda ngazi za juu zaidi.

## Growth

Small and medium sized enterprises make strong contribution to the economic growth of our nation. They are engine of the economy, giving the economy vibrance. We at the Bank believe in the spirit of entrepreneurship and have pioneered innovative ways to support them.

At the Bank we strive for growth of our customers, the Bank and the economy as whole. The Bank is supporting entrepreneurs from microfinance levels to large corporate to grow. We feel privileged to be part of their success as they graduate from lower levels to higher ones.





## UTENDAJI WA WATEJA WAKUBWA

Tabaka la wateja wakubwa liliendelea kutoa mchango mkubwa katika matokeo mazuri ya kifedha yaliyopatikana kwa mwaka 2014. Kupitia vitengo mbalimbali vilivyomo kwenye tabaka hili, Kitengo cha Biashara za Nje, Huduma za Benki kwa Taasisi na Kitengo cha Kilimo-Biashara. Idara imeweza kufikia malengo yake katika kila nyanja.

Mikopo ya Makampuni Makubwa ilikuwa kwa asilimia 10.9 kufikia TZS 1,565 bilioni mwishoni wa Desemba 2014 ikilinganishwa na TZS 1,411 bilioni iliyopatikana mwaka 2013 na ilichangia kwa asilimia 61.5 ya mikopo yote iliyotolewa na Benki hadi kufikia Desemba 2014

Katika mwaka 2014 madawati/vitengo vifuatavyo viliundwa mahususi kama mkakati wa kuendana na mabadiliko ya mazingira ya biashara na yalikuwa na mafanikio makubwa kama ifuatavyo:

### (a) Vitengo vya Wateja Wakubwa na Kilimo Biashara

Mtazamo mkuu kwa mwaka 2014 kwa vitengo hivi viwili ni katika ubora wa fungu la mikopo wakati vikiongeza ukubwa wa fungu hilo.

### (b) Dawati la Mikopo ya Ushirikiano

Katika mwaka wake wa pili wa utoaji huduma, Dawati la Mikopo ya Ushirikiano na mabanki lilishuhudia muendelezo wa mafanikio ya kiutendaji baada ya kusajili jumla ya mikopo ya thamani ya TZS bilioni 403 hadi kufikia Desemba, 2014. Katika kipindi hicho hicho Dawati lilikuwa na mikataba mipya ya mikopo yenye thamani ya Dola za Kimarekani 1,639 milioni iliyokuwa katika hatua mbalimbali ambapo Benki inashiriki kama Muandaaji mkuu.

### (c) Dawati la Biashara na China

Tangu kuanzishwa kwake Machi, 2013 kwa ajili ya kushughulikia mahusiano ya biashara na China, Benki imepata matokeo mazuri. Dawati hilo limeweza kufungua akaunti 153 toka kampuni za China zinazoendesha biashara nchini katika mwaka 2014 na akaunti za wafanyakazi 1,861 zilifunguliwa. Hilo ni ongezeko la asilimia 144 ikilinganishwa na akaunti 106 zilizofunguliwa mwaka 2013. Mikopo iliyotolewa na Dawati ni TZS 131.7 bilioni hadi mwisho wa Desemba, 2014.

### (d) Dawati la Biashara na India

Kitengo hiki kilizinduliwa mwezi Agosti mwaka 2014 katika juhudi za kusaidia kurahisisha fursa za biashara kati ya Tanzania na India. Tangu kuanzishwa kwake

## CORPORATE BANKING

The Corporate Banking segment continued to play a big role in contributing towards the performance achieved by the Bank in 2014. Through its sub-units such as Corporate Clients, Trade Finance, Institutional Banking and Agribusiness, the department has managed to achieve its targets.

The corporate loan portfolio recorded a growth of 10.9% reaching TZS 1,565 billion by the end of December, 2014 compared to TZS 1,411 billion recorded in 2013 and it composed 61.5% of the Bank's total loan portfolio as at year end.

During year 2014 the following desks/ sub units formed specifically as a strategy of coping with the dynamic business environment also had an outstanding achievement as follows:

### (a) Corporate and Agri Business Units

The main focus in 2014 for these two units was on the quality of the loan portfolio, while growing the loan portfolio.

### (b) Syndication Desk

In its second year of operation, the Syndication Desk witnessed a progressive trend of performance after registering loan balance of TZS 403 billion by the end of December, 2014. During the same period, the desk had 8 deals worth USD 1,639 million under different processing stages, with the Bank as the mandated lead arranger.

### (c) China Desk

Since its inception in March, 2013 to take care of Chinese Business relationship, the Desk has had an outstanding performance. The Desk has managed to recruit 153 accounts from Chinese business entities in the country in 2014 out of which 1,861 staff accounts were opened. This is 144% increase compared to 106 accounts opened in 2013. The borrowing portfolio under the desk is TZS 131.7 billion as at 31 December, 2014.

### (d) Indian Desk

This unit was launched in August, 2014 in an effort to support and facilitate business opportunities between Tanzania and India. From the launching date to end of December, 2014 the desk has managed to attract 976 transfers to India from different customers worth TZS 5.6 billion.

hadi Desemba, 2014 Dawati liliweza kuhamisha fedha kwenda India kwa wateja tofauti zaidi ya 976 wenye asili ya India yenye jumla ya shilingi 5.6 bilioni.

### (e) Huduma za Benki kwa Taasisi

Mwaka 2014, idara iliongoza wadau wengine ndani ya Benki kusajili ukuaji wa amana za msingi za Benki kwa kuchangia asilimia 36 ya amana zote za shilingi 3.33 tirilioni mwisho wa mwaka 2014. Hili ni ongezeko la asilimia 20 ukilinganisha na mchango wake kwa mwaka uliopita ambao ulikuwa ni asilimia 16, mafanikio ambayo kwa kiwango fulani yalichochewa na mkataba uliopo wa kuhudumia Serikali na Mamlaka za serikali za mitaa nchini, ambayo akaunti zao kwa miezi 12 iliyopita zilipitisha na shilingi 1.7 trilioni.

### (f) Kitengo cha Biashara za Nje

Kitengo cha Biashara za nje kilisajili mafanikio makubwa mwaka 2014 kwa kupata ongezeko la asilimia 17 katika hati fungano (letters of credit) na dhamana za Benki (bank guarantee) zilizotolewa mwaka 2014 ukilinganisha na mwaka 2013.

## UTENDAJI KATIKA IDARA YA HAZINA

Mwaka 2014 ulikuwa wa mafanikio kwa Idara ya Hazina yaliyochangiwa na sababu nyingi ikiwamo mabadiliko katika kitengo cha mauzo cha Hazina katika kutafuta mianya ya kuongeza pato kwa njia ya kuongeza thamani ya bidhaa kwa wateja katika sekta kama mafuta na gesi, mawasiliano kwa njia ya simu, miundombinu, madini, nishati na bidii katika mauzo kupitia dawati la China na dawati la India. Kuifanya akaunti ya mtaji kwa Tanzania kuwa huria katika mwaka 2014 kulitoa fursa nyingine kwa Benki kuweza kutoa huduma za kuhifadhi kumbukumbu na nyaraka za wateja na benki za uwekezaji za ukanda wa Afrika Mashariki na Wasimamizi wa Mifuko ilikuwa kichocheo kikuu cha mtiririko wa ubadilishaji fedha za nje. Mwaka 2014 Mamlaka ya Soko la Mitaji na soko la Hisa la Dar es Salaam zilitoa leseni kamili kwa Benki ya CRDB kufanya biashara ya utunzaji nyaraka za uwekezaji na huduma baada ya jitihada zilizochukuliwa na idara kujenga miundombinu sahihi kwa uendeshaji huo.

Mafanikio ya Kiutendaji ya Idara ya Hazina kwa Mwaka 2014 yalijumuisha:

- Mapato halisi yatokanayo na biashara ya fedha za kigeni yalifikia shilingi 29.3 bilioni kutoka shilingi 28.5 bilioni iliyopatikana mwaka 2013 katika hali ngumu ya soko.
- Idara ilikua mshiriki muhimu katika soko la pili la mitaji na dhamana na iliweza kutengeneza shilingi 1.2 bilioni ya mapato katika biashara kwenye soko hili.
- Idara ya Hazina imeendelea kupiga hatua katika kujenga mpango wa muda mrefu na endelevu wa kuboresha

### (e) Institutional Banking Unit

In 2014, the unit led other counterparties in the Bank to register growth of Bank's core deposits by contributing 36% of the total bank deposits as at end of December, 2014. This is an increment of 20% compared to last year's contribution of 16%, an achievement which to some extent has been enhanced by an ongoing contract to serve government and local authorities in the country, whose accounts turnover for the past 12 months was TZS 1.7 trillion.

### (f) Trade Finance Unit

Trade Finance Unit registered a commendable achievement in 2014 experiencing an increase of 17% in letters of credit and bank guarantees processed in 2014 compared to 2013.

## TREASURY OPERATIONS

The Treasury department had a successful year in 2014 attributed to a number of factors including the transformation of Treasury Sales unit in searching for new revenue streams by offering new value propositions to Customers in the sectors such as Oil & Gas, Telecommunication, infrastructure, mining, energy and cross selling initiative through China and India desk. The department's performance was contributed by interest income from investment in treasury bonds and bills as well as bond trading in the secondary market. Total Treasury Income increased to TZS 114.1 billion in 2014 from TZS 103.8 billion recorded in 2013.

The liberalization of capital account for Tanzania in late 2014 offered another opportunity for the Bank to market its Custodial services offering to the East African Investment Banks and Fund Managers as a key driver for foreign exchange flows. In 2014 CMSA and DSE fully licensed CRDB bank to conduct custody business and services after several initiatives taken by the department to build the right infrastructure for such operations.

Highlights of Treasury department performance milestones for 2014 included;

- Net Foreign exchange income reached TZS 29.3 billion from TZS 28.5 billion recorded in 2013 in a difficult market condition.
- The Department became an active player in the secondary market Securities trading and in its inaugural year generated about TZS 1.2 billion in secondary market trading income.
- The Treasury Department in 2014 achieved great strides in building long-term and sustainable treasury business



mahusiano ya kibiashara na wadau wake wa ndani na nje. Mahusiano na IFC, EIB, Benki kuu ya India, Benki ya China na benki ya ICICI yalianzishwa kwa lengo la kupanua wigo wa Benki kupata na kuweza kusimamia biashara na wadau wa kimataifa. Jitihada zilichukuliwa ziliwezesha benki kupata mkopo wa dola za kimarekani 75 milioni kutoka IFC; mkopo wa shilingi 42 bilioni kutoka EIB na mkopo wa shilingi 10 bilioni kutoka TMRC yote hiyo ilisaidia kukua kwa ukwasi wa benki na kusaidia kukua kwa rasilimali.

- Dawati la Biashara na China liliboreshwa kwa uanzishwaji wa dawati maalum la Renminbi (RMB) ili kukamata fursa zitokanazo na sarafu za RMB kuruhusiwa kutumika kimataifa, nje ya China kwa miamala yote ya akaunti za nje kama vile biashara na malipo ya huduma. Ubunifu huu uliendelea sambamba na uanzishwaji wa ushirika wa kibiashara na Benki zilichaguliwa za China katika maeneo ya biashara za kimataifa, Mikopo ya ushirikiano na Biashara ya sarafu za RMB.
- Benki ilianzisha huduma za Dawati la India na kwenda katika makubaliano rasmi na baadhi ya Benki za nchini India ili kupata biashara ya utumaji fedha kati ya Tanzania na India.

## Biashara ya Wateja Wadogo na wa Kati

Katika mwaka 2014 utendaji wa Idara ulimarika hivyo kupelekea ongezeko la ujazo wa miamala, mapato na ukubwa wa fungu la mikopo. Jumla ya mikopo iliyotolewa ilikuwa TZS. 345.63 bilioni ikilinganishwa na TZS 227.81 bilioni ya mwaka 2013, hili ni ongezeko la asilimia 51.7 katika mwaka 2014. Mapato ghafi yalikuwa kufikia TZS. 46.4 bilioni toka TZS 27.4 bilioni ya 2013, hili ni ongezeko la asilimia 68. Ukubwa wa fungu la mikopo mwisho wa mwaka ulikuwa TZS. 275.8 bilioni ukilinganishwa na TZS. 169.86 bilioni ya mwaka 2013 ambayo ni ongezeko la asilimia 62. Fungu la mikopo lililofikiwa ni sawa na asilimia 100.3 ya lengo la TZS. 270 bilioni iliyopangwa kwa mwaka.

Mikopo ya wanawake iitwayo WAFI ilianza kutolewa kwa matawi yote, na mikopo yenye thamani ya TZS 14.87 bilioni ilitolewa kwa kina mama wenye biashara ndogo ndogo nchi nzima ukilinganisha na TZS 991.20 milioni za mwaka 2013 na salio la mkopo kufikia mwisho wa mwaka la TZS 13.97 bilioni. Huduma hii ilipokelewa vizuri na wanawake wafanyabiashara ndogondogo na za kati na imekua na matokeo mazuri. Wanawake wajasiriamali wamepewa mafunzo bure na wafanyakazi wa benki wanaohusika na wafanyabiashara wadogowadogo na wa kati nchi nzima wamepata mafunzo na ushauri jinsi ya kuwahudumia wanawake wajasiriamali vizuri. Mikopo iliyo katika hatari ya kuharibika ilikuwa asilimia 1.8.

relationships with both local and international counterparties. Relationships with IFC, EIB, State Bank of India, Bank of China and ICICI bank were established with the aim of enhancing the Bank's access to and ability to manage trade business with international counterparties. The initiative's taken enabled the bank to conclude a facility of USD 75 million with IFC; a facility of TZS 42 billion with EIB and a facility of TZS 10 billion with TMRC, all of which provided a big push to the bank's liquidity and supported its assets growth.

- China desk was strengthened by the establishment of a dedicated Renminbi currency (RMB) Trading desk in order to seize opportunities of internationalization of RMB outside China for all current account transactions such as commercial trade and payment of services. This initiative went hand in hand with establishment of business partnership with selected Chinese Banks in areas of Trade Finance, Loan Syndications and RMB trading.
- The Bank established India desk and entered into formal partnership with a number of Indian Banks in order to tap Trade and remittance businesses between Tanzania and India.

## Retail Banking

In 2014, the Retail Banking Department grew strongly with an increase in transaction volumes, income and portfolio size. Total loans disbursed were TZS 345.6 billion in 2014 compared to 227.8 billion in 2013, which is an increase of 51.7%. Gross income grew to TZS 46.4 in 2014 from TZS. 27.4 billion in 2013 an increase of 68%. Portfolio size at end of the year was TZS 275.8 billion compared to TZS 169.86 billion in 2013 an increase of 62%. The overall achieved portfolio is equivalent 100.3% of target (annual target of TZS. 270 billion).

Women Access to Finance Initiative (WAFI) product was rolled out to all branches, loans of TZS 14.9 billion were extended to women SMEs in 2014 compared to TZS 991.20 million in year 2013, with total outstanding at the year-end of TZS. 13.97 billion. The product has been well received by women SME entrepreneurs and has performed well. Women entrepreneurs have been trained free of charge, and bank staff dealing with SMEs countrywide have been trained and mentored to handle female SMEs effectively. Portfolio at Risk (PAR) position was at 1.8%;

Cash flow based SME lending was introduced to areas lacking mortgage securities, to date TZS 23.2 billion has been issued compared to TZS 2.1 billion extended in 2013. In Cashew nut season 2014/2015 TZS 30 billion was extended to 167 AMCOS in Mtwara and Lindi regions. To date all loans have been repaid.

Mikopo inayozingatia mtiririko wa mapato kwa wateja wadogo na wa kati ilianzishwa kwenye maeneo ambayo hayana dhamana, mpaka sasa TZS 23.2 bilioni zimetolewa ukilinganisha na TZS 2.1 bilioni zilizotolewa mwaka 2013. Katika msimu wa korosho 2014/2015 TZS 30 bilioni zilitolewa kwa vyama 167 katika mikoa ya Mtwara na Lindi mpaka sasa mikopo yote imelipwa.

## Huduma za Benki Kupitia Mawakala

Mtandao wa mawakala wa Benki umekua kwa kasi kutoka mawakala 491 mwaka 2013 mpaka mawakala 1,067 katika mwaka 2014. Ukuaji mkubwa wa amana yenye thamani ya TZS 254.4 bilioni pamoja na miamala 330,260 ukilinganisha na TZS 31.7 bilioni na miamala 39,759 katika mwaka 2013. Benki ina hisa ya asilimia 60 kwenye soko la hisa kupitia mawakala. Ofisi za posta 37 pamoja na ATM 25 zilianza kufanya kazi 2014 na kuifanya Benki kuwa na mtandao mkubwa na kufika maeneo ambayo hayakua yamefikwa. Jumla ya miamala 411,937 yenye thamani ya TZS 288.5 bilioni ilifanywa na mawakala kwa mwaka 2014. Thamani ya kiasi kilichotolewa kwa wakala iliongezeka kutoka TZS 4.6 bilioni kwa mwaka 2013 mpaka TZS 34 bilioni kwa mwaka 2014, ongezeko la asilimia 634 wakati ukubwa wa miamala uliongezeka kutoka 15,291 hadi 81,633 ongezeko la asilimia 434.

Mwaka 2014 kitengo cha Huduma kupitia Mawakala wa Fahari Huduma kilianzisha Malipo ya Ankara kama vile; kulipa ushuru kupitia Mamlaka ya Mapato Tanzania (TRA), ada ya shule/vyuo, Luku, Maji na malipo ya Shirikisho la Mpira wa Miguu Tanzania (TFF). Pia Mawakala walianza kufungua akaunti kwa kutumia "FAO MOBILE APPLICATION" ambayo inamwezesha mteja kupata akaunti ndani ya dakika 10. Idadi kubwa ya mashirika binafsi na serikali wanakubali mawakala wa Fahari huduma kama njia mbadala ya wateja/wanafunzi/wakala wao kulipa kupitia Fahari Huduma Wakala.

## Kitengo cha Wateja wa Ughaibuni

Kitengo hiki kilanzishwa mwaka 2014 kikiwa na lengo la kuhudumia wateja walio ughaibuni kupitia akaunti ya Tanzanite.

Mwaka 2014, Benki ilifanikiwa kupitia huduma hii, kufika watanzania walio ughaibuni hasa Kanada na Uingereza. Jumla ya akaunti 3,382 zilifunguliwa kati ya Januari na Disemba 2014 zikiwa na jumla ya amana za TZS 9.4 bilioni kufikia tarehe 31 Disemba 2014. Bidhaa zilizouzwa ni akaunti ya Tanzanite, huduma kwa njia ya mtandao, akaunti ya muda maalum zikiwa na riba ya kiushindani zenye amana ya TZS 230 milioni na mkopo wa Jijenge wa TZS 64 milioni ulitolewa.

## Agent Banking Unit

The Bank's agent network grew from 491 agents in 2013 to 1,067 agents in 2014. The unit achieved a significant growth in deposits valued at TZS 254.4 billion with a transactions volume of 330,260 compared to TZS 31.7 billion and 39,759 transactions in 2013 respectively. The Bank has a 60% market share in agent banking. Thirty seven Tanzania Postal Corporation offices with 25 ATMs installed became fully operational in 2014, giving the Bank wider coverage in under-served areas.

A total of 411,937 transactions worth TZS 288.5 billion were handled by Agents in the year. Withdrawal values also increased from TZS 4.6 billion in 2013 to TZS 34 billion in 2014, an increment of 634%. While volumes of transactions increased from 15,291 to 81,633 an increase of 434%.

In 2014, Agent Banking introduced Bills payment through Fahari Huduma Wakala such as; TRA taxes, University and School fees, Tanesco Luku, DAWASCO, MORUWASA and TFF electronic ticketing. Additionally Agents started facilitating account opening using "FAO MOBILE APPLICATION" which allowed a customer to have an account within ten (10) minutes. A significant number of private and public institutions are now accepting Fahari Huduma as an alternative channel by authorizing their customers, students and Agents to pay through the Bank's agent network.

## Diaspora Banking Unit

The Diaspora Banking Unit was newly formed in 2014, aimed to promote, and manage our Tanzanians non-resident platform which has the Tanzanite accounts product.

In 2014 the Bank was able to reach different set of Diasporas across the globe especially in Great Britain and Canada. A total of 3,382 accounts were opened between January and December 2014 with a closing balance of TZS 9.4 billion by 31 December, 2014. Products marketed were Tanzanite Savings account, Internet banking, Fixed Deposits (FDR) with competitive interest rates amounting to TZS 230 million and Jijenge Mortgage loan of TZS 64 million was disbursed.

## Premier Banking Unit

In order to address the needs of high value customers segment throughout Tanzania, a total of 5 new Premier Lounges were opened in our existing branches namely Ubungo, Dodoma, TFA, Bukoba and Karagwe. The total number of branches with Premier services increased from 21 to 26 in the year. The number of Premier customers recruited increased from over 5,000 which observed a 101



## Kitengo cha Wateja wa Hadhi (Premier)

Katika kutimiza mahitaji ya wateja wa hadhi Benki iliongeza sehemu maalum 5 za kuwahudumia kwenye matawi ya Ubungo, Dodoma, TFA, Bukoba na Karagwe. Jumla ya matawi yenye sehemu maalum ya kuhudumia wateja wa hadhi imeongezeka kutoka 21 mpaka 26 katika mwaka 2014. Kulikuwa na ongezeko la wateja zaidi ya 5000 ambayo ni ukuaji wa asilimia 101. Pato la huduma hii limeongezeka maradufu kwa mwaka uliopita.

## Kitengo cha Wateja Binafsi

Amana za wateja binafsi zilikua kufikia TZS 1772.03 milioni likiwa ni ongezeko la asilimia 7.12 kulinganisha na TZS 1,654.3 milioni ya mwaka 2013. Katika kipindi hiki, jumla ya akaunti 250,000 zilifunguliwa. Benki imetoka mikopo ya TZS 424.99 bilioni ukilinganisha na TZS 217.5 bilioni za mwaka 2013. Idadi ya wateja binafsi wa mikopo iliongeza kwa wateja 27,000 wapya, ambayo ni ongezeko la asilimia 90. Ongezeko hili limetokana na udahili wa wafanyakazi wa serikali wakiomba mikopo hii. Jumla ya waajiri 55 walijiunga katika kipindi hiki.

## Jijenge - Mikopo ya Makazi

Katika kipindi cha mwaka unaoishia 31 Desemba 2014 biashara ya mkopo wa Jijenge ilikuwa sana, jumla ya maombi 144 yenye thamani ya TZS 16.2 bilioni ilidhinishwa na jumla ya mikopo 122 yenye thamani ya TZS 12.42 bilioni ilitolewa. Kiwango cha mikopo hii kilichokuwa hatarini (PAR) ilikuwa ni asilimia sifuri ikionyesha ubora wa mikopo hii. Benki iliingia Mkataba wa Maelewano (MOUs) na waendelezaji viwanja ambao ni chanzo cha biashara mpya kwa bidhaa hii. Mikopo hii ya jijenge hukopeshwa kwa watu waliojiajiri pia. Bidhaa mpya ya mkopo wa viwanja ilianzishwa mwaka 2014.

## TEHAMA

Ili kuendana na mabadiliko ya teknolojia na hitaji la utoaji wa huduma bora na kupunguza gharama za utoaji huduma kwa wateja, Benki ya CRDB imekuwa ikiendelea kuwekeza katika tehamu kila mwaka ili kutengeneza mifumo iliyo imara na ya kisasa ya teknolojia.

Katika mwaka 2014, Idara ya Tehama iliendelea kutekeleza uwekwaji wa mifumo mbalimbali ili kuendana na mpango mkakati wa Benki. Mifumo mbalimbali ya benki iliwekwa ili kuboresha utendaji na mingine ikiendelea kutekelezwa.

Baadhi ya mifumo hiyo ni mfumo maalumu kwa ajili ya manunuzi (SAP), mfumo maalumu wa ukusanyaji wa kodi za TRA kwa mifumo yote ya malipo, mfumo wa ukataji tiketi za TFF kwa ajili ya ukusanyaji viingilio kwenye viwanja, mfumo wa utoaji pesa kwenye mashine za

% growth; and Openings of new Premier Lounges and the increase of customers accessing premier services led to doubling of fees income over the past year.

## Personal Banking Unit

Total Personal Banking deposits rose to TZS. 1,772.03 million, a 7.12% increase from the previous year's total of 1,654.3 million. During the year, a total number of over 250,000 accounts were opened. The Bank disbursed total personal loans of TZS. 424.99 billion, recording an impressive growth of over TZS. 217.5 billion recorded in year 2013. Total Personal loan accounts grew by around 27,000 new borrowers, a growth of around 90%. This increase has been due to substantial recruitment of government employees using our Person Loan product; and A total of 55 new employers were recruited during the period under review.

## Jijenge - Mortgage Finance

During first full year period ending 31st December 2014 mortgage business grew significantly as follows. A total of 144 loan applications with a value of TZS 16.2 billion were approved; The Bank disbursed 122 mortgage loans with a value of TZS 12.42 billion; Portfolio at Risk (PAR) stood at 0% which clearly underlines the quality of the portfolio. the Bank signed four (4) Memorandum of Understanding (MOUs) with major project developers which serves as a source of referrals for new mortgage lending opportunities; and during the year the Bank started mortgage lending to self employed customers. New mortgage product named Plot loans was launched in 2014.

## Information and Communications Technology

In a bid to catch up with change in technology and demand for quality customer service delivery and reduce transaction cost, the Bank has continued to increase its investment in ICT year after year creating robust support system and state of art technology.

During the year 2014 ICT department continued to implement various projects and activities in line with the Bank's overall strategic plan. A number of initiatives were implemented to completion and some are still on progress. Some major projects completed are MIS/Financial Management System (SAP) for procurement and suppliers payment management, E-tax through all payment channels to facilitate TRA Tax collections, TFF electronic Ticketing for stadiums gate entry collections, M-Pesa Card less ATM & withdraw, Integrated call centre for managing customer calls and Video Conferencing system to facilitate easy communication and training to staff country wide.

kutolea hela (ATM) kwa wateja wa M-Pesa, mfumo mpya maalumu kwaajili ya kuwezesha upokeaji simu katika Kituo cha Huduma kwa Wateja na mfumo wa mikutano kwa kutumia runinga (video conferencing) ili kurahisisha mawasiliano kati ya wafanyakazi wa Benki nchi nzima na watoa mada.

Katika juhudi za kusogeza huduma za benki kwa watu wengi zaidi na kurahisisha upatikanaji wa huduma za Benki, Benki ilianzisha mfumo wa ufunguaji akaunti kwa haraka (FAO) kupitia simu ya mkononi ambao unamuwezesha mfunguaji akaunti kuweka na kutuma taarifa za mteja kama picha ya mteja na taarifa nyingine muhimu kwaajili ya utambuzi wa mteja (KYC) na kuzituma kwa ajili ya kufanyiwa kazi. Mfumo huu uliwezesha Benki kufungua jumla ya akaunti 1,672 mpaka kufikia tarehe 31/12/2014.

## USIMAMIZI WA RASILIMALI WATU

Benki ya CRDB ina wafanyakazi wenye ujuzi na uzoefu ambao ndio rasilimali kuu katika utekelezaji wa malengo ya kibiashara. Wastani wa idadi ya wafanyakazi kwa mwaka ilikuwa ni wafanyakazi 2,329 (2013: 2,038). Ongezeko la wafanyakazi kwa mwaka ilikuwa ni asilimia 10 ambalo linaendana na ukuaji wa biashara. Katika mwaka huu, Benki ilitumia TZS 4.06 bilioni (2013: TZS 4.9 bilioni) katika mafunzo ya wafanyakazi ili kuboresha stadi za wafanyakazi na utendaji wao. Katika mwaka 2014 Benki iliendelea kuwahamasisha wafanyakazi wake kufanya mafunzo kwa njia ya mtandao ambayo yatawawezesha kupata vyeti ambapo jumla ya wafanyakazi 2,117 wamesajiliwa.

Katika kipindi hiki Benki iliboresha mfumo wa upimaji uelewa wa bidhaa na huduma za benki kwa wafanyakazi kwenda katika mfumo wa kidigitali na Benki ilitumia njia mbalimbali katika kuboresha stadi za wafanyakazi kama mafunzo ya darasani, kupitia mtandao, kupitia vipindi vya asubuhi, makongamano na mijadala kwa njia ya luninga (video conferencing).

Wafanyakazi wamekuwa wakihamasishwa na kukumbushwa juu ya umuhimu wa kujiunga na programu maalumu za taaluma ya benki. Benki ilikuwa na wafanyakazi 28 waliosajiliwa kama wanataaluma wa masuala ya kibenki na Taasisi ya Wanataaluma ya Benki nchini Afrika ya Kusini na 18 kutoka Taasisi ya Wanataaluma ya Benki ya Tanzania (TIOB).

## Mahusiano ya Manajimenti na Wafanyakazi

Benki iliendelea kuboresha mahusiano kati ya wafanyakazi na manajimenti. Katika mwaka 2014, Benki ilisaini mkataba wa hali bora wa makubaliano ya pamoja (Collective Bargaining Agreement) na chama cha

As part of financial inclusion initiatives, the Bank introduced mobile App for Fast Accounts Opening (FAO) which enables capturing and uploading of customer photo and documents required for know your customer (KYC) by use of mobile phone devices for onward processing at CPD. Through this means, the Bank has been able to open a total 1,672 accounts as at 31st December 2014.

## HUMAN RESOURCE MANAGEMENT

The Bank has skilled and experienced employees who are considered as key resource in pursuing its business objectives. The average number of employees during the year was 2,387 employees (2013 -2158 employees). The annual growth in staffing was 10% in line with the business growth.

During the year, the Bank spent TZS 4.7 billion (2013; 4.9 billion) on staff training in order to improve employees' technical skills and performance. In year 2014 the Bank continued to sensitize its staff to pursue various online banking courses through e-learning and distance learning programmes for certifications. There were 2,177 active users of e-learning course through e-learning platform. Ongoing mandatory (Generic e-learning programmes include Sales, Business Communication, Personal Development and Customer Service.

During the period the Bank had digitized product knowledge tests and initiatives and the Bank continuously uses different platforms to impart skills to its staff that includes classroom and web based training; on job hands on through morning sessions, attachments, forums and also video conferencing. Employees are continuously encouraged and reminded on the importance of enrolling to Professional Banking Programme. The Bank has a number of staff, who are fully registered professional bankers where 28 are registered by South African Institute of Bankers and 18 by the Tanzania Institute of Bankers (TIOB).

## Management and Employees Relationship

The Bank continued to strengthen the relationship between the employees and management. During the year the management signed the Collective Bargaining Agreement (CBA) with Trade Union (TUICO) and managed to close the year with no unresolved complaint. The Bank conducted monthly presentations through video conferences on the contents of both the labour law and the Personnel Manual in order to sensitize and create staff awareness on their rights and responsibilities.

The Bank was rated by the PPF Pension Funds as the "1st Winner for Early Remittance of Members' Contributions"



wafanyakazi wa viwanda na biashara (TUICO) na imeweza kumaliza mwaka bila malalamiko yoyote.

Benki ilipimwa na Mfuko wa Pensheni wa PPF na kushika nafasi ya kwanza kwa kupeleka michango ya wafanyakazi wake mapema kwa upande wa sekta ya fedha na mshindi wa pili kwa taasisi zote, wakati huohuo Mfuko wa Hifadhi ya Jamii (LAPF) uliipa Benki ya CRDB nafasi ya kwanza kwa kuwa mchangiaji mkubwa katika mfuko huo.

Benki ilifanikiwa kuunganisha taswira ya Benki na ile ya wafanyakazi kupitia misingi mikuu ya Benki ambayo imerahisishwa na kupelekea wafanyakazi kuikumbuka kwa urahisi kwa kusoma katika vipindi vya asubuhi. Kwa kuongezea, sala ya asubuhi imekuwa ikifanywa ndani ya Benki kila siku ambayo inawafanya wafanyakazi wajisikie furaha kuwa sehemu ya familia ya Benki ya CRDB na kujisogeza kwa ukaribu zaidi na misingi ya benki.

Mtazamo wa Benki kwa mwaka ulijielekeza katika kuboresha afya ya wafanyakazi kwa kuangalia aina ya maisha hatari wanaoishi wafanyakazi kupitia kutoa angalizo, ushauri na mafunzo mbalimbali ili kupunguza matukio yanayoweza kujitokeza na usugu wa magonjwa hatari kuendana na mahitaji ya huduma ya afya. katika kipindi hiki Benki ilitoa mafunzo kuhusu kansa ya matiti na uzazi yaliyohudhuriwa na wafanyakazi 292 kutoka matawi ya mikoani na 325 kutoka makao makuu ya Benki.

Mwaka 2014, Benki iliandaa zoezi la ukaguzi wa usafi na umeme katika majengo yake ili kuendana na sheria ya OSHA namba 5 ya mwaka 2003. Zoezi hilo lilisimamiwa na Wahandisi wa Viwandani kutoka OSHA.

## Mpango wa Mafao kwa Wafanyakazi

Kampuni inalipia michango ya lazima kwenye mifuko ya hifadhi ya jamii. Katika kipindi hicho Benki iliendelea kutoa bure huduma za afya kwa wafanyakazi wake, kupitia mfuko wa bima ya afya wa Strategis.

## CRDB MICROFINANCE SERVICES COMPANY LIMITED (MFSCCL)

### Kampuni Tanzu ya "Microfinance"

Kampuni ilipata ukuaji wa kiasi wa idadi ya wateja na ongezeko la ujazo wa biashara katika amana na mikopo kutoka kwa wateja wa pato la chini.

### Muhtasari wa matokeo ya kampuni tanzu;

	2014	2013	Ukuaji
Idadi ya Wateja (rejareja na jumla)	798,494	747,314	7%
Amana zilizokusanywa (TZS, Bn)	68.1	33.1	104%
Jumla Ghafi ya Mikopo (TZS, Mn)	158	155	2%
Jumla Ghafi ya Bima iliyotelewa kabla (TZS, Mn)	11,700	8,183	43%
Faida kabla ya Kodi (TZS, Mn)	6,992	6,174	13%

for the Financial sector Category and the "Overall 2nd Winner for Early Remittance of Members Contribution for 2014" while the Local Authority Pension Fund (LAPF) rated the Bank as the "Largest Contributor to the Fund".

The Bank had aligned its corporate brand to employees through which its core values have been simplified and staff have memorized them and they recite them during morning sessions. In addition, the Morning Prayer is conducted across the Bank daily and staff feels proud to be part of the CRDB Bank family and closely align themselves to the bank's values.

Bank's focus during the year was to manage employees' health by addressing key lifestyle risks through sensitization, counselling and workplace training in order to lower the incidents and severity of particular chronic illness and the associated demand for health services. During the period a number of trainings/workshops were conducted where Breast and Prostate cancer empowerment workshop was conducted to 292 members in the upcountry branches and 325 members from Head Office attended to the Nutrition and lifestyle training with the main interest of weight loss management.

In the year 2014 the Bank conducted Hygiene and Electrical Inspection of its premises to comply with the Occupational Safety and Health Administration (OSHA) Act No. 5 of 2003. The inspection process was conducted and administered by the Industrial Engineers from OSHA.

## Employees' Benefit Plan

The Group pays mandatory contributions to a publicly administered pension scheme. During the period the Bank continued to offer free medical services to its staff under Fund Administration Scheme administered by the Strategis Insurance Company.

## CRDB MICROFINANCE SERVICES COMPANY LIMITED (MFSCCL)

The company has achieved a steady growth in number of customer and increased business volumes in deposits and loans from the lower income market segment.

### Performance summary of the Subsidiary;

	2014	2013	Growth
Customer Numbers (retail and wholesale microfinance)	798,494	747,314	7%
Deposits Mobilized (TZS, Bn)	68.1	33.4	104%
Gross Loan Portfolio (TZS, Mn)	158	155	2%
Total Gross Written Insurance Premium (TZS, Mn)	11,700	8,183	43%
Profit-Before-Tax (TZS, Mn)	6,992	6,174	13%

Katika mwaka 2014 kampuni iliboresha njia za utoaji huduma zake, ambayo ilipelekea kuongezeka kwa washirika (SACCOSS, Benki za jamii, kampuni za utoaji mikopo midogomidogo na taasisi za kifedha zisizo za serikali) kutoka 441 idadi ya mwaka 2013 kufikia 469 mwaka 2014. Vituo 4 vya kutolea huduma vilifunguliwa na ujenzi wa vingine 5 upo katika hatua za mwisho ili kuwahudumia wateja hawa. Kampuni Tanzu ya pia ilianzisha huduma ya rejareja katika matawi saba ya Benki, yote yakijielekeza kutoa huduma za rejareja kwa wateja. Vituo hivi vya huduma vina simama kama “hubs” kwa mawakala wa benki na mawakala wa huduma za fedha kupitia makampuni ya simu za mkononi.

Kampuni Tanzu iliendelea kutimiza mahitaji ya kifedha ya wateja wa kipato cha chini kwa kupanua wigo wa bidhaa na utoaji wa huduma na kuendelea kuelekeza nguvu katika uboreshaji wa huduma katika ngazi zote. Kampuni Tanzu pia iliendelea kuboresha huduma ya bima kwa kujisali kuwa Wakala kamili wa bima ambayo ni hatua muhimu katika kutimiza adhema ya kutimiza mahitaji ya wateja katika bidhaa mbalimbali za bima.

## CRDB BANK BURUNDI S.A

Benki iliendelea kupanua wigo wake nchini Burundi, ili kuweza kufikika kwa urahisi hasa katika Jiji la Bujumbura. Katika mwaka huu, Benki ya CRDB Burundi S.A ilifungua matawi mapya mawili Asiatique na City Bujumbura, ikifikisha jumla ya matawi manne ikiwemo tawi moja linalotembea na idadi ya wateja zaidi ya 7,000.

Katiki kipindi hiki, mashine za kutolea hela (ATMs) tano ziliwekwa na kufikisha jumla ya ATM kumi na moja (11). Rasilimali za kampuni tanzu hadi Desemba 31, 2014 zilifikia Shilingi bilioni 104 toka bilioni 32 za mwaka 2013. Jumla ya amana ilifikia Shilingi milioni 28,894 ukilinganisha na Shilingi milioni 15,977 ya mwaka.

## Bidhaa na Huduma Bunifu zilizozinduliwa Burundi

### i. Huduma kwa njia ya Simu (SimBanking)

Benki ilizindua kampeni ya huduma ya SimBanking mwaka 2014. Kupitia huduma hii, wateja wanaweza wa kupata taarifa za kibenki ikiwemo kuhamisha pesa kupitia simu zao za mkononi, kujua salio la akaunti zao, taarifa fupi za akaunti zao, na kutuma pesa kwa wateja wa mitandao ya simu kwa huduma ya Cardless inayowawezesha kuchukua pesa kwenye ATM bila kadi, ambayo haihitaji mtoaji kuwa na akaunti ya Benki.

### ii. Kadi za MasterCard na Visa

Huduma za kadi za MasterCard na Visa zimewezeshwa katika mashine zote za kutolea hela za Benki nchini

During the year 2014 the company enhanced its service delivery channel, which led to increased number of partner intermediaries (SACCOS, community banks, microcredit companies, and financial NGOs) from 441 recorded in 2013 to 469 in 2014. Four more dedicated service centres were opened, and the construction of five additional units were in various stages of completion to serve this customer segment. The subsidiary also introduced a new retail microfinance window at seven of the parent bank branches, all dedicated to serving retail microfinance segment. These specialized outlets also act as hubs for our bank agents and mobile money agents.

The subsidiary continued to meet and satisfy the financial needs of the low income consumer market segment; broadened the range of our products and uptake; and sustained our efforts in automation of services at all levels. MFSCCL further scaled up the group’s insurance business by registering a wholly owned insurance brokerage agency as a vital step towards fulfilling our mission of meeting customers’ evolving needs for different insurance products.

## CRDB BANK BURUNDI S.A

The bank has continued to expand its network in Burundi, in order to become easily accessible particularly Bujumbura City. During the year, CRDB Bank Burundi S.A opened 2 branches at Asiatique and City Centre in Bujumbura, with a total of four branches including one mobile branch and a customer base of over 7,000 customers.

During the year five (5) ATMs were installed to reach a total of eleven (11) ATMs. The subsidiary total assets as at 31 December 2014 grew to TZS 104 billion from TZS 32 billion in 2013 and total deposits reached TZS 28.9 billion compared to TZS 16.0 billion in 2013.

## Innovative Products and Services launched in Burundi

### i. SimBanking Services

The bank officially launched a campaign on the Simbanking product (mobile phone banking) in 2014. Through this facility customers are able to get banking information including making transfers by using their mobile phones, knowing their account balances, mini-statements and performing card-less transactions (transfers) to any customer with mobile phone, who may not necessarily be an account holder of the bank.

### ii. MasterCard and Visa cards

MasterCard and Visa cards acquiring is enabled to all Bank’s ATMs in Burundi. CRDB Bank Burundi S.A. is issuing Master Cards to its customers. With MasterCard,



Burundi. Benki ya CRDB Burudni S.A imeshatoa kadi za MasterCard kwa wateja wake. Kupitia Kadi za MasterCard, wateja wanaweza kuunganishwa akaunti zao popote walipo, kupitia mashine za ATM zenye nembo ya MasterCard, kote duniani. Benki inatarajia kuanza kutoa kadi za Visa katika robo ya kwanza ya mwaka 2015.

customers are able to access their funds wherever they are, through any ATMs with MasterCard logo, all over the world. Visa cards issuing is expected in the first quarter of 2015.

# Taarifa ya Wakurugenzi Kuhusu Utawala Bora

# Report of the Directors on Corporate Governance

Kazi ya msingi ya Bodi ni kulinda na kukuza thamani ya pato la wanahisa, huku tukizingatia maslahi ya wadau wengine. Bodi inao wajibu wa ujumla kuhusu utawala wa kampuni ikiwa ni pamoja na kuhakikisha inatengeneza dira ya mkakati, kuweka sera katika maeneo yote ya shughuli za kampuni, kuidhinisha na kusimamia mpango wa biashara na bajeti, kuweka viwango vya mishahara, kuchagua, kuondoa na kutengeneza sera juu ya urithishaji madaraka kwa timu ya menejimenti, kuanzisha na kusimamia kufanikisha malengo na kuhakikisha uadilifu katika udhibiti wa hatari, udhibiti wa mifumo ya ndani, kufuata sheria na mifumo ya habari na mawasiliano. Pia Bodi inawajibu wa kuidhinisha na kusimamia taarifa za fedha na nyingine kwa Wanahisa.

Wakurugenzi wanaamini utawala bora ni nguzo muhimu kwa utendaji bora ya kampuni. Hivyo basi, wameendelea kuimarisha utawala bora kwa kufanya mapitio ya sera, kazi za Bodi na kamati zake na usimamizi wa shughuli za benki.

Bodi ya Wakurugenzi ya Benki ya CRDB imedhamiria kudumisha na kuendeleza kiwango cha juu cha utawala bora ili kuongeza thamani ya pato la wanahisa na kuhakikisha maslahi ya wadau wake. Utawala bora unategemea uwepo wa misingi mizuri ya utawala inayoendana na taratibu za kimataifa.

## MUUNDO WA BODI YA WAKURUGENZI

Kulingana na Katiba ya Benki ya CRDB, wakurugenzi wanapaswa kustaaifu kwa mzunguko. Vifungu vya katiba vinaruhusu kuchaguliwa kwa mara nyingine kwa wajumbe baada ya kufikisha kipindi cha miaka mitatu, ilimradi tu muombaji awe ametimiza vigezo muhimu. Kutokana na hilo, katika Mkutano Mkuu wa Mwaka uliofanyika tarehe 10 Mei 2014, Mh. Frederick T. Sumaye ambaye anatokana na kundi la wanahisa wenye hisa chini ya asilimia 1 ya mtaji wote wa Benki alistaafu na kuchaguliwa tena kuwakilisha wanahisa kutoka kundi la wanahisa wenye hisa chini ya asilimia 1 ya mtaji wote wa Benki. Nyongeza, Bw. Lawrence Nyasebwa Mafuru alichaguliwa kama Mjumbe Huru wa Bodi.

The Board's primary role is to protect and enhance long term shareholders value, while considering the interests of other stakeholders. The Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, setting policies for all areas of the Group's activities, approving and monitoring business plans and budgets, setting remuneration, appointing, removing and creating succession policies for the management team, establishing and monitoring the achievement of management's goals and ensuring the integrity of risk management, internal controls, legal compliance and management information systems. The Board is also responsible for approving and monitoring financial and other reporting of the Group to shareholders.

The Directors consider corporate governance as key to good performance of the Group. In view of this, they continued to strengthen good governance practices by reviewing policies, Board and Board committees' activities and general management of the Bank.

The Board of CRDB Bank is fully committed to maintaining and sustaining the highest standards of Corporate Governance to maximize shareholders value and ensure all stakeholders interests. Good governance is dependent on adequate and effective Governance Framework which is in line with best international practices.

## COMPOSITION OF THE BOARD OF DIRECTORS

In accordance with the Bank's Articles of Association, the directors are required to retire by rotation. The Articles allow re-election of the members after expiry of three year period as long as the candidate meets required criteria. In view of this, at the Annual General Meeting (AGM) held on 10 May 2014, Hon. Frederick Tluway Sumaye, belonging to the group of shareholders with shareholding of less than 1% of the Bank's share capital retired and was re-elected to represent shareholders with shareholding of less than 1% of the Bank's share capital. In addition, Mr. Lawrence Nyasebwa Mafuru was elected as an Independent Board member.



Wakurugenzi wafuatao wamekuwepo katika Bodi kipindi cha Mwaka;

The following Directors served during the year:

Jina Name	Wadhifa Position	Umri Age	Wasifu Qualification/Discipline	Uraia Nationality	Siku ya kuteuliwa Date of appointment
Martin J. Mmari	Mwenyekiti/Chairman	51	Mhasibu/Accountant	Tanzanian	2001
Juma A. Abdulrahman	Mjumbe/Member	62	Mhasibu/Accountant	Tanzanian	2009
Adam H. Mayingu	Mjumbe/Member	51	Mhandisi Mifumo/Systems Engineer	Tanzanian	2013
Rose F. Metta	Mjumbe/Member	46	Mchumi/Economist	Tanzanian	2012
Kai Kristoffersen	Mjumbe/Member	74	Mtaaluma wa Benki na Mwanasheria /Banker and Lawyer	Danish	2004
Bede P. Lyimo	Mjumbe/Member	64	Mchumi/Economist	Tanzanian	2005
Boniface C. Muhegi	Mjumbe/Member	60	Mhandisi Ujenzi/Civil Engineer	Tanzanian	2004
Ally H. Laay	Mjumbe/Member	58	Mhasibu/Accountant	Tanzanian	2004
Selina A. Mkony	Mjumbe/Member	58	Mhasibu/Accountant	Tanzanian	2012
Frederick T. Sumaye	Mjumbe/Member	64	Mtaalam wa Kilimo/ Agricultural Specialist	Tanzanian	2011
Lawrence N. Mafuru	Mjumbe/Member	42	Mtaaluma wa Benki/Banker	Tanzanian	May, 2014
Charles S. Kimei	Mkurugenzi Mtendaji/ Managing Director, Ex Officio	61	Mchumi/Economist	Tanzanian	1998

Katibu wa Kampuni kwenye siku ya kutoa taarifa hii, ambaye alidumu mwaka mzima alikuwa Bw. John B. Rugambo ambaye pia anaongoza Idara ya Masuala ya Kampuni.

The Company Secretary at the date of this report, who served throughout the year, was Mr. John B. Rugambo. Mr. Rugambo also heads the Bank's Corporate Affairs Department.

## UTAWALA WA KAMPUNI

Bodi inatekeleza majukumu yake ikitambua kwamba taratibu za utawala bora ni nguzo muhimu ya kujenga imani kwa wadau, ili kufikia matokeo bora ya utendaji na kulinda thamani ya wanahisa. Uzoefu wa pamoja na umahiri kwa ujumla wake unaleta vigezo tofauti na ustadi katika kutimiza kazi na wajibu wake. Bodi ndio chombo cha juu kabisa cha maamuzi cha Kundi na kimsingi inawajibika kwa masuala ya utawala. Inawajibika kwa wanahisa na inatoa muelekeo kupitia mikakati ya biashara na sera. Inasimamia utekelezaji wake kupitia mfumo maalumu wa utoaji taarifa ikiwa ni pamoja na kupitia kamati zake mbalimbali.

Bodi inaamini kuwa maoni na uzoefu anuai ni sehemu muhimu katika kuhakikisha kuwa maeneo yote ya kimkakati na mipango yanafanyiwa kazi kwa ukamilifu. Muundo wa Bodi unahakikisha kuwa kuna uwiano sawa wa kimamlaka, kiasi kwamba hakuna mtu au kikundi kinachoweza kuhodhi mchakato au maamuzi, na inaleta ari ya kila mtu kuleta changamoto na hoja. Wakurugenzi wasio watendaji wanaleta mitazamo tofauti kwa ajili ya maamuzi ya Bodi na mara zote maoni yenye kujenga huhimizwa.

## CORPORATE GOVERNANCE

The Board operates on the understanding that sound governance practices are fundamental to gaining trust of stakeholders which is critical to sustaining performance and preserving shareholder's value. Its collective experience and expertise provide a balanced mix of attributes/skills that enable it to fulfil its duties and responsibilities. The Board is the Group's highest decision-making body and is ultimately responsible for governance matters for the Group. It is responsible to shareholders and sets the direction through the business strategy and policies. It monitors implementation thereof through structured reporting systems including its various committees.

The Board considers diversity of views and experiences as essential part for ensuring that all aspects of strategies and plans are fully considered. The composition of the Board ensures that there is a balance of power, such that no individual or group can dominate board processes or decision-making, and stimulates robust challenge and debate. The non-executive directors bring different perspectives to Board deliberations and constructive views are always encouraged.

## Mwenyekiti na Mkurugenzi Mtendaji

Mwenyekiti ni mkurugenzi asiye mtendaji, na kazi ya Mwenyekiti na Mkurugenzi Mtendaji zimetenganishwa, ambapo wajibu wao umeainishwa vizuri. Mwenyekiti anawajibu wa kuongoza Bodi na kuhakikisha inakuwa na ufanisi. Mkurugenzi Mtendaji wa Kundi anawajibu wa kuhakikisha utekelezaji wa mikakati ya Kundi, sera na shughuli mbalimbali kuhusu uendeshaji wa kila siku wa Kundi, akisaidiwa na timu ya menejimenti na kamati ya utendaji ambayo yeye ndio mwenyekiti.

## Mfumo wa Bodi

Bodi inajumuisha wakurugenzi kumi na moja ambao ni wakurugenzi wasio watendaji ambapo Mkurugenzi Mtendaji ni mjumbe wa Bodi kutokatana na wadhifa. Mwenyekiti asiye mtendaji, ambaye huchaguliwa na wajumbe wa Bodi kila mwaka, huongoza Bodi. Mwanahisa mwenye asilimia 10 ya hisa za mtaji zilizotolewa na kulipiwa kabisa ana haki ya kuteua mkurugenzi mmoja. Mwanahisa anayemiliki kati ya asilimia 1 mpaka 10 ya hisa za mtaji zilizotolewa na kulipiwa kabisa kwa pamoja wanahaki ya kuchagua mkurugenzi mmoja kwa kila asilimia 10 inayoshikiliwa, ikiwa kila sehemu ya asilimia 10 ambayo pekee haitimii asilimia 10 haina haki ya kuchagua mkurugenzi. Wanahisa wanaomiliki pungufu ya asilimia 1 ya hisa za mtaji zilizotolewa na kulipiwa kabisa kwa pamoja wanachagua mkurugenzi mmoja kwa kila asilimia 10 waliyo nayo. Nyongeza, wanahisa wote wanamchagua Mkurugenzi Huru mmoja.

## Mikutano ya Bodi

Bodi ilifanya mikutano 8 kwa mwaka kama ilivyopangwa. Mahudhurio ya mikutano ya Bodi kwa wajumbe katika mwaka yalikuwa kama ifuatavyo:

Jina la Mkurugenzi Name of Director	Wadhifa Position	Mikutano aliyohudhuria Number of Board meetings attended
Martin J. Mmari	Mwenyekiti/ Chairman	7
Boniface C. Muhegi	Mjumbe/ Member	7
Ally H. Laay	Mjumbe/ Member	8
Bede P. Lyimo	Mjumbe/ Member	6
Kai Kristoffersen	Mjumbe/ Member	8
Juma A. Abdulrahman	Mjumbe/ Member	8
Fredrick T. Sumaye	Mjumbe/ Member	6
Rose F. Metta	Mjumbe/ Member	5
Selina A. Mkony	Mjumbe/ Member	8
Adam H. Mayingu	Mjumbe/ Member	5
Lawrence N. Mafuru (approved in June, 2014)	Mjumbe/ Member	2

## Chairman and Chief Executive

The Chairman is a non-executive Director, and the roles of Chairman and Chief Executive are separate, with their responsibilities clearly defined. The Chairman is responsible for leading the Board and ensuring its effectiveness. The Group Chief Executive is responsible for the execution of the group's strategy, policies and the day-to-day business of the group, supported by the management and executive committees which he chairs.

## Board Structure

The Board comprises eleven directors who are non-executive including an independent director and the Managing Director who is an Ex-Officio member. A non-executive Chairman, who is elected by directors every year, leads the Board. Every member with ten percent (10%) of the issued and fully paid up share capital of the Bank is entitled to appoint a Director. Members owning between 1% and 10% of the issued and fully paid up share capital of the Bank jointly entitled to elect a Director for every 10% of shares held, provided that any part of 10% which does not, by itself add up to a whole 10% is not entitled to elect a Director. Members owning less than 1% of the issued and fully paid-up share capital of the Bank jointly elect one (1) Director and additionally one (1) Director for every 10% of shares held. All Members elect one Independent Director.

## Board Meetings

The Board held eight meetings during the year as planned. The attendance of the Board meetings during the year was as follows:



## Kamati za Bodi

Hadi kufikia 31 Desemba 2014, Bodi ilikuwa na kamati tano ambazo ni Kamati ya Ukaguzi wa Hesabu, Kamati ya Mikopo, Kamati ya Utawala Bora na Rasilimali Watu, Kamati ya Ujira na Kamati ya Usimamizi wa Hatari ya Hasara. Kamati ya Utawala Bora na Rasilimali Watu hujigeuza na kuwa Kamati ya Ujira walau mara moja kwa mwaka.

Kazi za kamati huongozwa kwa muongozo mahususi wa kamati ambao hupitishwa na Bodi. Kamati zote tano zinawajibika kwa Bodi ya Wakurugenzi. Ufuatao ni muundo wa kila kamati:

Uanachama wa sasa wa Kamati za Bodi

Jina	Kamati ya Ukaguzi Hesabu	Kamati ya Mikopo	Kamati ya Utawala Bora na Rasilimali Watu	Kamati ya Ujira	Kamati ya Hali Hatarishi
Name	Board Audit Committee	Board Credit Committee	Board Governance and Human Resource Committee	Board Remuneration Committee	Board Risk Committee
Martin J. Mmari					
Juma A. Abdulrahman	✓				✓
Adam A. Mayingu	✓				✓
Rose F. Metta		✓			✓
Kai Kristoffersen	✓				❖
Bede P. Lyimo		❖	✓	✓	
Boniface C. Muhegi		✓	❖	❖	
Ally H. Laay	❖	✓			
Selina A. Mkony	✓		✓	✓	
Frederick T. Sumaye		✓	✓	✓	
Lawrence N. Mafuru			✓	✓	✓

**Key:** ❖ Mwenyekiti/Chairperson      ✓ Mjumbe/Member

## Board Committees

As at 31st December 2014, the Board had five committees namely: Audit Committee, Credit Committee, Governance and Human Resources Committee, Remuneration Committee and Risk Committee. The Governance and Human Resources Committee constitutes itself into a Remuneration Committee at least once in a year.

The activities of the committees are governed by the respective Committee Charters which are approved by the Board. All five committees report to the Board of Directors. The composition of each committee is shown below

Current membership of the Board Committees

## Kamati ya Ukaguzi wa Hesabu

Kamati hii ilifanya mikutano sita katika mwaka kama ilivyopangwa. Wakaguzi wa nje walialikwa na walihudhuria mkutano mmoja kuwasilisha matokeo ya ukaguzi na maoni yao. Mkurugenzi Mtendaji, naibu wakurugureenzi watendaji, Mkurugenzi wa Fedha na Mkurugenzi wa Ukaguzi wa Hesabu wa Ndani walihudhuria mikutano hiyo kama waalikwa.

## Audit Committee

The Committee held six meetings as planned during the year. The external auditors were invited and attended one meeting to present audit findings and opinion on audited annual accounts. The Managing Director, Deputy Managing Directors, Director of Finance and Director of Internal Audit also attended the meetings as invitees.

Wanachama wa Kamati na Maudhurio yao yalikuwa kama ifuatavyo:

Members of the committee and their attendance were as follows:

Jina Name	Wadhifa Position	Mikutano aliyohudhuria Meetings attended
Ally H. Laay	Mwenyekiti/ Chairperson	6
Juma A. Abdulrahman	Mjumbe/ Member	6
Kai Kristoffersen	Mjumbe/ Member	6
Selina A. Mkony	Mjumbe/ Member	5
Adam H. Mayingu	Mjumbe/ Member	2

Kamati ya Bodi ya Ukaguzi wa Hesabu hupitia sera muhimu za kijasibu na mifumo ya kuwasilisha taarifa za kifedha kuhakikisha kuwa zinatoshwa na hufuatwa kila wakati. Inarejea pia utoshaji wa mifumo ya udhibiti wa ndani na kufuatilia utekelezwaji wa maelekezo yaliyoainishwa na wakaguzi wa ndani, nje na mamlaka za udhibiti.

The Board Audit 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 auditors, external auditors and regulators.

Kamati huisaidia Bodi katika kutathmini na kuchagua wakaguzi wa nje walau mara moja kwa mwaka. Inaweza pia kupendekeza kufukuzwa kwa wakaguzi wa nje waliopo endapo itakapogundua kuwa utendaji wao hauendani na kazi au/na wajibu waliopewa au/na hakuna uhuru wa wakaguzi kuweza kufanya kazi zao kwa weledi. Mkurugenzi wa Ukaguzi wa Ndani anaripoti moja kwa moja kwa Kamati. Hivyo basi, kamati hurejea na kupitisha mipango kazi na bajeti ya mkaguzi wa ndani ikihakikisha kuwa inajumuisha maeneo yenye viashiria vya hatari vya hali ya juu katika utendaji wa Kundi. Kamati pia hupata ripoti juu ya yaliyojitokeza katika ukaguzi wa ndani kila robo mwaka kwa marejeo na kuishauri Bodi.

The Committee assists the Board in evaluation and selection of external auditors at least annually. It can also recommend termination of existing auditors whenever it is found that their 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 Director of Internal Audit reports directly to the Committee. On annual basis, the Committee reviews and approves the internal auditors work plan and budget for the year while ensuring that it covers all high risk areas in the Group's operations. The Committee also receives reports of findings observed by internal auditors on quarterly basis for review and recommendation to the Board.

## Kamati ya Mikopo

Kamati ilikutana mara sita katika kipindi cha mwaka. Mkurugenzi Mtendaji, Manaibu Wakurugenzi Watendaji, Mkurugenzi wa Wateja Wakubwa na Mkurugenzi wa Mikopo walishiriki katika mikutano hiyo.

## Credit Committee

The Credit Committee held six meetings during the year as planned. The Managing Director, Deputy Managing Directors, Director of Corporate Banking and Director of Credit participated in the meetings as invitees.

Wanachama wa Kamati ya Mikopo na mahudhurio yao ni kama ifuatavyo:

Members of the Credit Committee and their attendance were as follows:

Jina Name	Wadhifa Position	Mikutano aliyohudhuria Meetings attended
Bede P. Lyimo	Mwenyekiti/ Chairperson	5
Ally H. Laay	Mjumbe/ Member	3
Boniface C. Muhegi	Mjumbe/ Member	5
Frederick T. Sumaye	Mjumbe/ Member	2
Rose F. Metta	Mjumbe/ Member	4



Kazi kubwa ya Kamati ya Mikopo ni kusimamia utendaji wa mikopo na ubora wa mikopo hiyo, kupitia na kuidhinisha mikopo kutokana na viwango vilivyowekwa na kushauri Bodi kuidhinisha ile iliyozidi kiwango chake.

Kamati inapitia Sera ya Mikopo walau mara moja kwa mwaka na kuhakikisha kuwa inazo taratibu nzuri zinazosaidia kutambua, kupima, kudhibiti, na kusimamia hatari za mikopo pamoja na kuwa na mipango sahihi ya usimamizi wa hatari za mikopo.

## Kamati ya Utawala Bora na Rasilimali Watu

Kamati ya Utawala Bora na Rasilimali Watu ilifanya mikutano mitano kwa mwaka kama ilivyopangwa na mkutano mmoja wa kipekee. Mkurugenzi Mtendaji, Naibu Mkurugenzi Mtendaji na Mkurugenzi Rasilimali Watu walihudhuria mikutano hiyo kama waalikwa.

Wajumbe wa Kamati hii na mahudhuria yao ni kama ifuatavyo:

Jina Name	Wadhifa Position	Mikutano aliyohudhuria Meetings attended
Boniface C. Muhegi	Mwenyekiti/ Chairperson	5
Bede P. Lyimo	Mjumbe/ Member	6
Frederick T. Sumaye	Mjumbe/ Member	2
Selina A. Mkony	Mjumbe/ Member	6
Lawrence N. Mafuru	Member (Appointed May 2014)	1

Kazi kuu ya kamati hii ni kuunda, kupitia na kuimarisha mpango wa Benki kuhusu utawala bora na utendaji wa usimamizi wa rasilimali watu. Kamati inahakikisha kuwa kuna mpango wa urithishaji kwa nafasi muhimu za uongozi wa Benki. Pia inatoa mapendekezo ya ujumla kwa Bodi juu ya utawala bora, ikiwemo na masuala ya kiukurugenzi, kuajiri, na sera za kustaafu kwa wakurugenzi wa kampuni, masuala yatokanayo na Mkutano Mkuu, kazi na wajibu wa kamati za Bodi, na mabadiliko yoyote/au masuala ambayo Kamati inaamini yanafaa katika mambo yanayotakiwa kufanywa na Bodi au yoyote katika kamati zake.

## Kamati ya Ujira

Kamati ya Ujira ilifanya mkutano mmoja kwa mwaka kama ilivyopangwa ambapo Mkurugenzi Mtendaji, Manaibu Wakurugenzi Watendaji na Mkurugenzi Rasilimali Watu walihudhuria mkutano kama waalikwa.

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

## Governance and Human Resources Committee

Governance and Human Resources Committee held five meetings during the year as planned and one special meeting. The Managing Director, Deputy Managing Directors and Director of Human Resources participated in the meetings as invitees.

Members of this Committee and their attendance were as follows:-

The main function of this Committee is to develop, review and enhance the Bank's 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 group. It also makes general recommendations to the Board on corporate governance, including directorship practices, recruitment and retirement policies for Executives of the group, issues arising from AGM, the functions and duties of the Committees of the Board, and any changes that the Committee believes to be desirable in the matters to be covered by the Board or any of its Committee.

## Remuneration Committee

The Remuneration Committee held one meeting during the year as planned whereby the Managing Director, Deputy Managing Directors and Director of Human Resources participated in the meeting as invitees.

Wajumbe wa kamati hii na mahudhurio yao yalikuwa kama ifuatavyo:

Members of this committee and their attendance were as follows:-

Jina Name	Wadhifa Position	Mikutano aliyohudhuria Meetings attended
Boniface C. Muhegi	Mwenyekiti/ Chairperson	1
Bede P. Lyimo	Mjumbe/ Member	1
Frederick T. Sumaye	Mjumbe/ Member	1
Selina A. Mkony	Mjumbe/ Member	1
Lawrence N. Mafuru	Mjumbe/ Member	1

Kamati inawajibu wa kupitia na kupendekeza mkakati wa fidia na mabadiliko ya fidia kwa Bodi, Wakuu wa menejimenti na wafanyakazi wengine wa Benki.

The Committee is responsible for reviewing and recommending reward strategy and annual compensation for the Board, senior management and other employees of the Bank.

### Kamati ya Kudhibiti Hatari

Kamati ya udhibiti wa hatari ilifanya mikutano minne kwa mwaka kama iliyopangwa. Mkurugenzi Mtendaji, Manaibu Mkurugenzi Mtendaji na Mkurugenzi wa Udhibiti wa Hatari walihudhuria mkurtano huo kama waalikwa.

### Risk Committee

The Risk Committee held four meetings during the year as planned. The Managing Director, Deputy Managing Directors and Director of Risk and Compliance participated in the meetings as invitees.

Wanachama wa Kamati hii na mahudhurio yao ni kama ifuatavyo:-

Members of this committee and their attendance were as follows:-

Jina Name	Wadhifa Position	Mikutano aliyohudhuria Meetings attended
Kai Kristoffersen	Mwenyekiti/ Chairperson	4
Juma A. Abdulrahman	Mjumbe/ Member	4
Rose F. Metta	Mjumbe/ Member	3
Adam H. Mayingu	Mjumbe/ Member	1
Lawrence N. Mafuru	Mjumbe/ Member	1

Kazi kuu ya kamati ni kuisaidia Bodi katika kupitia mikakati na sera za udhibiti hatari na kupendekeza ziidhinishwe na Bodi. Kamati inaipatia Bodi taarifa ya mapitio ya mara kwa mara kuhusu hatari za kampuni na usimamizi wa hatari zilizoainishwa kwa kila robo ya mwaka na kusimamia utekelezaji wa mipango ya kusimamia hatari. Kamati pia inapitia utimilifu na utoshelezi wa mizania na hatari zinahusiana nazo kupitia kamati ya usimamizi rasilimali-madeni (ALCO) taarifa inayowasilishwa na Manejimenti kwa Kamati kila robo ya mwaka.

The main function of the Risk Committee is to assist the Board in reviewing risk management strategies and policies and recommend them for approval by the Board. The Committee provides the Board with regular assessments of the group risk profile and, monitors implementation of risk management action plans. The Committee also reviews adequacy and effectiveness of balance sheet management and its related risks through Asset Liability Management Committee (ALCO) reports presented by Management to the Committee every quarter.

### Uteuzi wa Wakurugenzi

Wakurugenzi wa Bodi wameteuliwa kulingana na Katiba ya Kampuni na mahitaji ya Mamlaka za Udhibiti. Wakurugenzi wanachaguliwa na wanahisa wakati wa

### Appointment of Directors

Directors of the Board are appointed in accordance with the Bank's Articles of Association and as per requirements of regulatory bodies. The Directors are elected by



Mkutano Mkuu wa Mwaka ambapo wanahisa wanapatiwa taarifa za wakurugenzi watarajiwa juu ya elimu yao; uzoefu, shughuli zao nyingine na vigezo muhimu ambavyo mkurugenzi anatakiwa kuwa navyo. Wakati wa kujaza nafasi zilizo wazi, Bodi na wanahisa hutambua ufahamu, ustadi, uzoefu, shughuli nyingine za waombaji pamoja na vigezo vingine wanavyoona ni muhimu kwenye naafasi ya ukurugenzi. Wakati wa Mkutano Mkuu uliofanyika mwezi wa Mei, 2013, wanahisa walipitisha azimio la kuruhusu uanzishwaji wa Mkurugenzi Huru wa Bodi. Kwenye Mkutano Mkuu wa Mwaka uliofanyika tarehe 10 Mei 2014, Mkurugenzi Huru wa kwanza alichaguliwa na wanahisa.

## Mafunzo ya Mwanzo na Endelevu

Baada ya kuchaguliwa, wakurugenzi hupata kifurushi cha Utawala cha Benki kikiwa na taarifa zote muhimu za utawala kama mifumo ya utawala, sheria na sera mahususi. Mafunzo ya mara kwa mara kwa wakurugenzi ni jambo linalozingatiwa, ambapo wakurugezi wanapatiwa taarifa juu ya sheria, viwango, taratibu muhimu pamoja na maendeleo muhimu kwenye sekta ambayo yanaweza kuathiri Kundi na shughuli zake.

Programu ya elimu kwa wakurugenzi huangazia zaidi mambo ya biashara na muda wa ziada, na hupangwa nje ya mikutano ya Bodi kwa ajili ya mambo muhimu zaidi. Mambo yaliyozingatiwa mwaka 2014 ni pamoja na ukusanyaji wa mikopo iliyoharibika na mipango ya maazimio, bidhaa na huduma mpya pamoja na hali hatarishi zake na pia utawala.

## Mpango wa Urithishaji

Bodi ya Wakurugenzi hupitia anagalau kila mwaka mfumo wa Bodi na kamati zake. Mapitio haya ambayo yanazingatia mpango mkakati wa Benki, yana lengo la kuhakikisha Bodi inakuwa na uwezo wa kutimiza mahitaji ya sasa na ya baadae ya Kundi.

Kuendelea kuwa na wajumbe wa Bodi wenye uzoefu wa kutosha inaonekana kama ni jambo la msingi katika kuhakikisha uendelevu na kuwa na usimamizi wa kutosha. Mahitaji ya baadae ya Bodi yanazingatiwa kwa namna endelevu ili kuhakikisha kuna mpango sahihi wa urithishaji.

## Mgongano wa Maslahi wa Wakurugenzi

Ni wajibu wa kila Mkurugenzi wa Bodi kuainisha bayana kama yeye binafsi au mshirika wake, kama anahusika moja kwa moja au kwa uchache katika biashara yoyote yenye kuleta ushindani kwa ile ya Benki ya CRDB.

Shareholders at the Annual General Meetings (AGMs) in which Shareholders are provided with information on the prospective directors' education, qualifications, experience and other key directorship requirements before election. When filling the vacancies, the board and shareholders take cognizance of the knowledge, skills, experience and other commitments of the candidates, as well as other attributes considered necessary for directorship. During the AGM held in May 2013 the shareholders passed a resolution in favour of the introduction of an independent director to the Board. During the AGM held on 10th May, 2014, the first independent Board Member was elected by the shareholders.

## Induction and Ongoing Education

On appointment, Directors receive the group's governance pack containing all relevant governance information such as governance structures, relevant legislation and policies. Ongoing director education remains a focus, whereby the Directors are kept abreast of all applicable legislation and regulations, changes to rules, standards and codes, as well as relevant sector developments that could affect the group and its operations.

Directors' education programme focuses on business issues and additional time is scheduled outside the board meetings for sessions on pertinent issues. Topics covered in 2014 included loan recovery and resolution plans, new products and services with their related risks and governance issues.

## Succession Planning

The Board of Directors reviews at least annually composition of the Board and its committees. This review, based on the Bank's strategic objectives, is aimed at ensuring that the Board is able to meet the current and future needs of the Group.

Retaining Board members with considerable experience is seen as imperative in ensuring continuity and maintaining appropriate levels of oversight. The Board's future needs are considered on an ongoing basis to ensure adequate succession planning.

## Directors' Conflicts of Interest

It is the duty of a Director of the Board to disclose whether he/she or any connected person, is in any way, directly or indirectly engaged in any business that competes or conflicts with the Bank's business. The Bank has a process in place that requires all directors to disclose outside

Benki ina utaratibu na sera maalum inayomlazimu kila mkurugenzi wa bodi kuweka bayana aina ya shughuli zake binafsi kabla ya kuteuliwa kushika wadhifa huo.

Mtu yoyote hatachaguliwa kuwa mjumbe wa bodi kama biashara au kazi zake zinakinzana na biashara ya benki au kuleta upinzani wa kibiashara. Pia kama ukinzani huo utaendelea kuwepo kwa muda mrefu kama ilivyoainishwa katika waraka wa Benki Kuu ya Tanzania wa mwaka 2008 juu ya uteuzi wa wakurugenzi wa bodi za taasisi na mashirika ya umma. Kama ikitokea hali kama hiyo ya ukinzani, Benki itawajibika kuweka bayana makubaliaano yote ya kibiashara na umilikaji wa hisa.

### **Kipimo cha Utendaji Kazi wa Bodi**

Katika kipindi hiki, Bodi ilifanya zoezi la kupima utendaji kazi wake binafsi na ule wa kamati zake. Wakurugenzi wote walijaza fomu maalum zilizoandaliwa na mwenyekiti wa Bodi na katibu wa Benki ili kupima utendaji kazi wa Bodi na kamati zake. Matokeo ya mchakato huu baadaye yaliwasilishwa kwenye Bodi ambapo iliamriwa kutochukuliwa kwa hatua zozote kwani matokeo yalionyesha utendaji kazi mzuri wa Bodi na mchango mkubwa kutoka kwa kila mjumbe kwa Bodi, na inapofaa kwa Kamati zake, na anatenga muda wa kutosha kwa kazi hii.

### **Ujira wa Wakurugenzi**

Ujira wa Wakurugenzi hujadiliwa kila mwisho wa mwaka ili kuhakikisha kuwa viwango vya ujira ni muafaka. Hii huzingatia ukubwa wa kazi, viwango vilivyopo sokoni na vile vya kimataifa. Wajumbe hulipwa ada zinazoidhinishwa na Mkutano Mkuu wa Mwaka wa Wanahisa.

Wajumbe wa Bodi hawana stahili ya malipo ya pensheni na hawahusiki katika mpango wa ujira wa Benki. Mchanganuo mzima wa ada na malipo ya wakurugenzi ni kama ifuatavyo:-

business interests before they are appointed to the Board.

A person should not serve as a director if his business or permanent occupation creates permanent conflict of interest between him and the Bank, or if it is reasonable to assume that such conflict may exist permanently as outlined in the Bank of Tanzania Guidelines for Boards of Directors of Banks and Financial Institutions, 2008. In situation of conflict of interest the bank is required to make public disclosures on shareholding and business agreement.

### **Board of Directors Performance Evaluation**

During the year, the Board conducted an evaluation of its own performance and that of its principal committees. Directors completed a questionnaire prepared by the Chairman and the Company Secretary to rate the collective performance of the Board and its Committees. The Company Secretary collated the results, and report of findings was presented to the Board for discussion. No actions were considered necessary as a result of these evaluations and the Chairman confirmed that each Director continues to make valuable contribution to the Board and, where relevant, to its Committees, and devotes sufficient time to the role.

### **Directors' Remuneration**

Remuneration of all directors is subject to annual review to ensure that levels of emoluments and compensation are appropriate. This is after considering volume of work, industry benchmarks and international practices. Non-executive directors are paid fees as approved by Annual General Meeting of the shareholders.

The non-executive directors are not eligible for pension scheme membership and are not part of Bank's remuneration scheme. Information on aggregate amounts of the emoluments and fees paid during the year to directors in comparison to year 2013 is disclosed as follows:-



Jina/Name	2014 TZS' Million	2013 TZS' Million
1. Martin J. Mmari	57	55
2. Boniface C. Muhegi	48	40
3. Ally H. Laay	50	44
4. Joyce N. Nyanza	-	20
5. Juma A. Abdulrahman	45	40
6. Bede P. Lyimo	50	45
7. Rose F. Metta	45	40
8. Selina A. Mkony	45	40
9. Frederick T. Sumaye	45	40
10. Adam H. Mayingu	45	12
11. Lawrence Mafuru	23	-
12. Kai Kristoffersen*	-	-
13. Charles S. Kimei **	-	-
JUMLA/ Total	453	376

\* Mr.Kai Kristofferson halipwi ada ya Bodi na Benki bali hulipwa na DANIDA

\*\* Dk.Charles Kimei ni mjumbe ambaye pia ni mwajiriwa wa Benki. Hivyo hulipwa mshahara na Benki.

\* Mr. Kai Kristoffersen is not paid Board fees by the Bank but receives remuneration from DANIDA.

\*\* Dr. Charles S. Kimei is an ex-officio member, who is paid a monthly salary by the Bank.

## Umiliki wa Hisa kwa Wajumbe wa Bodi

## Directors Shareholding

Jina Name	Cheo	Status	Hisa Shareholding
Martin J.Mmari	Mwenyekiti (sio Mtendaji)	Chairman - Non- Executive Director	882,500
Boniface C. Muhegi	Mkurugenzi (sio Mtendaji)	Non-Executive Director	1,867,794
Bede P.Lyimo	Mkurugenzi (sio Mtendaji)	Non- Executive Director	100,000
Ally H.Laay	Mkurugenzi (sio Mtendaji)	Non- Executive Director	80,945
Kai Kristoffersen	Mkurugenzi (sio Mtendaji)	Non- Executive Director	-
Juma A.Abdulrahman	Mkurugenzi (sio Mtendaji)	Non-Executive Director	284,830
Frederick T.Sumaye	Mkurugenzi (sio Mtendaji)	Non- Executive Director	6,206,980
Selina A.Mkony	Mkurugenzi (sio Mtendaji)	Non -Executive Director	32,250
Rose F.Metta	Mkurugenzi (sio Mtendaji)	Non -Executive Director	13,514
Adam H.Mayingu	Mkurugenzi (sio Mtendaji)	Non- Executive Director	79,200
Lawrence Mafuru	Mkurugenzi (sio Mtendaji)	Non- Executive Director	-
Charles S. Kimei	Mkurugenzi Mtendaji	Managing Director, Ex-officio	993,122

## Uongozi wa Benki

Benki inaongozwa na Mkurugenzi Mtendaji akisaidiwa na Naibu Mkurugenzi Mtendaji wa Huduma Shirikishi na Naibu Mkurugenzi Mtendaji wa Uendeshaji na Huduma kwa Wateja. Mkurugenzi wa Viashirishi vya Hatari, Mkurugenzi wa Mikakati na Uvumbuzi na Mkurugenzi wa Masuala ya Kampuni wao huripoti moja kwa moja kwa Mkurugenzi Mtendaji.

## Management Team

Management of the Bank is under the Managing Director who is assisted by Deputy Managing Director Shared Services and Deputy Managing Director Operations and Customer Service. Director of Risk and Compliance, Director of Strategy and Innovations and Director of Corporate Affairs also report directly to the Managing Director.

Naibu Mkurugenzi Mtendaji wa Huduma Shirikishi anasimamia kurugenzi za Fedha, Utawala, Tehama na Rasilimali Watu.

Naibu Mkurugenzi Mtendaji Uendeshaji na Huduma kwa Wateja anasimamia Idara za Mikopo, Huduma kwa Wateja Binafsi, Huduma kwa Wateja Wakubwa, Masoko, Utafiti na Huduma kwa Wateja, Huduma Mbadala za Benki, na Hazina. Idara zote hizi zinaongozwa na wakurugenzi.

Mkurugenzi wa Ukaguzi wa ndani anaripoti moja kwa moja Bodi kupitia Kamati ya Bodi ya Ukaguzi .

## KAMATI ZA UONGOZI

Uongozi wa Benki ya CRDB una kamati sita ambazo ni:

### Kamati ya Uongozi wa Juu

Kamati hii inaundwa na Mkurugenzi Mtendaji ambaye pia ni Mwenyekiti, Manaibu Wakurugenzi Watendaji wote, Wakurugenzi wote wanaoripoti kwake, na wakuu wa Kampuni Tanzu. Kamati ya Uongozi wa juu inakutana walau kila robo mwaka ili kujadili na kuangalia upya ufanisi wa mikakati ya Benki na mpango mkakati. Lengo kubwa la kamati ni kutoa muongozo kwa Kampuni na kuhakikisha rasilimali za Benki zinatumika kwa ufanisi. Kazi zingine za Kamati hii ni pamoja na;

- Kutengeneza na kupitia sera kila mara kwa ajili ya kupitishwa na Bodi.
- Kuangalia utekelezaji na kusimamia dira ya Benki, mikakati na mpango kazi wa Benki.
- Kuanzisha mikakati ya ujumla ya Benki na malengo ya kifedha yatakayokubalika na Bodi, pia na malengo ya biashara moja moja na mikakati ya idara pamoja na malengo ya fedha.
- Kusimamia malengo kwa kulinganisha na mipango mikakati ya Benki na kuchukua hatua stahiki kuboresha utendaji.
- Kuangalia tija katika kila uwekezaji au uanzishwaji wa biashara au kuachia biashara yoyote iliyochini yake au kwa kupitishwa na Bodi.
- Kuangalia na kupendekeza bajeti ya mwaka kwa kupitishwa na Bodi.

### Kamati ya Menejimenti

Kamati hii ipo chini ya uenyekiti wa Mkurugenzi Mtendaji na inajumuisha Manaibu Wakurugenzi Watendaji, Wakurugenzi wote na Wakuu wa Kampuni Tanzu. Kamati inawajibwa kupitia na kusimamia utekelezaji wa mipango ya uendeshaji, kuhakikisha utambuzi wa changamoto na baadhi ya mambo yanayoweza kuathiri kutofikiwa kwa malengo ili kuyatafutia ufumbuzi. Hukutana walau kwa mwezi mara moja.

The Deputy Managing Director Shared Services oversees the Finance, Administration and General Services, Information and Communication Technology and Human Resources departments. All the departments are headed by Directors.

The Deputy Managing Director Operations and Customer Service oversees the Credit, Retail Banking, Corporate Banking, Marketing, Research and Customer Service, Alternative Banking Channels and Treasury departments. All the departments are headed by Directors.

The Director of Internal Audit reports directly to the Board through the Board Audit Committee.

## MANAGEMENT COMMITTEES

Management of CRDB Bank has six committees playing various roles in overseeing operations of the Bank and implementation of strategies and policies.

### Executive Committee

The committee is composed of Managing Director who is the Chairman, Deputy Managing Directors, all Directors reporting directly to him and General Managers for CRDB Burundi and CRDB Microfinance. The Executive Committee meets at least once quarterly to discuss and review the effectiveness of the Bank's strategies and policies. The main objective of the Committee is to provide leadership to the Group and ensure efficient deployment and management of the Bank's resources. Other functions of the Committee include:

- Develop and periodically review policies for Board approval;
- Oversee implementation and monitor the Bank's corporate vision, strategies, and business plans;
- Formulate the Bank's overall strategy and financial targets that are to be agreed with the Board, as well as individual business, functional strategies and financial targets;
- Monitor performance against strategic plan of the Bank and taking appropriate actions to improve performance;
- Review viability of any acquisition or establishment of any new business or disposal of any business within its mandate or for board approval;
- Review and recommend annual budget to the Board for approval.

### Management Committee

The committee under chairmanship of the Managing Director is composed of Deputy Managing Directors, All Directors and General Managers. The Committee is responsible for reviewing and monitoring implementation of operational plans to ensure timely identification of



## Kamati ya Usimamzi wa Rasilimali na Madeni

Kamati inaundwa na Mkurugenzi Mtendaji, Manaibu Wakurugezi Watendaji, Wakurugenzi chini ya Kurugenzi ya Uendeshaji na Huduma kwa Wateja pamoja na Wakurugenzi wa Fedha, Hali Hatarishi, Mikakati na Ubunifu.

Kamati hukutana kila mwezi na inaweza kufanya mkutano wa dharula inapojitokeza dharula inayohitaji maamuzi ya haraka. Kamati inamajukumu yafuatayo;

- Kusimamia mizania kuhakikisha rasilimali zinagawanywa inavyostahili ili kufikia malengo ya utendaji.
- Kupitia hali ya ukwasi uliopo na ule unaotarajiwa na kusimamia vyanzo mbadala vya uwekezaji kuhakikisha kuwa kuna ukwasi wa kutosha muda wote.
- Kupitia viwango vya mtaji vya sasa na baada ili kuangalia utoshelezi kwa ajili ya ukuaji na ubora wa rasilimali.
- Kupitia utendaji halisi kwa kulinganisha na malengo/matarajio na bajeti na kuangalia sababu za kutofikia kwa maamuzi ya wakati.
- Kupima na kufuatilia hatari za uwekezaji kwa Benki wakati wote ili kuhakikisha hali ya rasilimali inakuwa katika viwango vilivyowekwa na Bodi na Kanuni za Benki Kuu ya Tanzania.

## Kamati ya Mikopo

Kamati inakutana walau mara moja kwa wiki. Kamati ina majukumu yafuatayo:

- Kupitia na kupendekeza kupitishwa kwa maombi ya mikopo ambayo ipo juu ya mamlaka ya Naibu Mkurugenzi Mtendaji.
- Kusimamia na kuangalia upya mikopo inayohitaji kugeuzwa na tarifa za marejesho ya mkopo na kutoa muongozo kwa hatua zinazopaswa kuchukuliwa kuboresha ubora wa mikopo.
- Kuangalia kwa walau mara moja kwa kila robo mwaka hali ya fungu la mikopo, ukomo uliowekwa viwango vya mikopo na kufuata kanuni zilizowekwa na Benki Kuu.

## Kamati ya Viashiria vya Hatari

Kamati ya Udhhibiti wa Viashiria vya Hatari inatazama maeneo ya hatari katika utendaji wa Kundi. Kamati inakutana mara moja kwa mwezi chini ya uenyekiti wa Mkurugenzi Mtendaji na inahudhuriwa na Wakuu wote wa Idara. Majukumu ya Kamati hii ni;

- Kutekeleza mikakati na sera za Bodi za udhibiti wa hatari.

challenges and issues that might affect the achievement of targets for remedial action. It meets at least once in a month.

## Asset Liability Management Committee

The committee is composed of Managing Director, Deputy Managing Directors, and Directors under Operations and Customer Service, Director of Finance, Director of Risk and Compliance and Director of Strategy and Innovation. The Committee meets at least once in a month and may hold extra-ordinary meetings on the occasion of exceptional events requiring immediate decision making. The Committee is responsible for:-

- Managing the balance sheet to ensure proper allocation of resources to achieve performance targets;
- Reviewing the current and prospective liquidity positions and monitoring alternative funding sources to ensure adequate liquidity is maintained at all times;
- Reviewing the current and prospective capital levels (risk based) to determine its adequacy in relation to expected growth and asset quality;
- Reviewing the actual performance against established targets/projections and budgets and analyzing the reasons for any variances for timely actions;
- Measuring and monitoring investment risk of the Bank on an ongoing basis and ensuring quality portfolio of assets is maintained within the limits set by the Board and Bank of Tanzania regulations.

## Credit Committee

The Committee meets at least once in a week. The Committee has the following duties:-

- Review and recommend for approval credit applications that are above the approving authority of the Deputy Managing Director;
- Monitor and evaluate weekly turnaround and recovery reports and provide guidance on the actions to be taken to maintain quality loan portfolio;
- Review at least quarterly loan portfolio trend, exposure against limits and compliance to BOT, regulations.

## Risk Committee

Management Risk Committee oversees risk management practices in the Group. The Committee meets monthly under the Chairmanship of the Managing Director and is attended by all Heads of Departments. The main responsibilities of the Committee are:-

- Implementing strategies and policies of the Board on risk management;
- Monitoring risk exposures through key risk indicators and deliberate on the actions to mitigate them;
- Implementing systems to measure, monitor and

- Kusimamia hatari zinazoweza kujitokeza kupitia viashiria vikuu vya hatari na kuamua juu ya hatua zinazofaa kudhibiti hatari hizo.
- Kusimamia mifumo ili kupima, kusimamia na kudhibiti hatari sambamba na utoaji taarifa kwa Bodi na Kamati yake ya Udhibiti wa Hatari kwa viwango vya hatari hizo na mikakati ya udhibiti wa hatari hizo.

### **Kamati ya Zabuni**

Kamati inahusika katika kuangalia taratibu za manunuzi ya Benki kwa niaba ya Mkurugenzi Mtendaji. Kazi kuu ya Kamati ni pamoja na kutambua wazabuni bora, wakandarasi na washauri wataalamu kama inavyohitajika, kusimamia taratibu za manunuzi kuanzia hatua ya utangazaji wa zabuni hadi ufanywaji wa tathmini na kupendekeza matokeo ya zabuni kwa Mkurugenzi Mtendaji kwa ajili ya kuidhinishwa.

### **MAHUSIANO NA WADAU**

Katika kutimiza wajibu, wakurugenzi wanaamini wanaongoza Kundi kwa maslahi ya wanahisa, wakati huo huo wakizingatia pia maslahi ya wadau wengine katika Kundi ikiwa ni pamoja na wateja, wafanyakazi, wadhibiti na wazabuni. Menejimenti ina mawasiliano ya mara kwa mara na wanahisa wakubwa na wawekezaji watarajiwa kwa mwaka mzima, kwa kuhudhuria majadiliano na wawekezaji pamoja na mikutano ya wanahisa. Mrejesho wa mikutano hiyo unapeleka kwenye Bodi. Benki inaendelea kuwa na mahusiano mazuri na wadau wake wote. Wanahisa wanahimizwa kuhudhuria Mkutano Mkuu wa Mwaka au kuteua wawakilishi wao ikiwa watashindwa kuhudhuria. Benki inazo ajenda za kudumu za Mkutano Mkuu zinazompa fursa mwanahisa kuchangia maoni kwenye mjadala katika mikutano.

Wanahisa wanahimizwa kuelekeza maswali yao kwenye menejimenti na Bodi na kutoa maoni kwenye tovuti ya Benki: [www.crdbbank.com](http://www.crdbbank.com).

Kuna Msajili mahsusi katika Idara ya Masuala ya Kampuni kwa ajili ya masuala ya wanahisa kama vile malipo ya gawio, kuhamisha hisa na masuala yahasuyo umiliki wa hisa kwa ujumla. Kitengo cha Mahusiano na Wawekezaji pia kinawajibu wa kutoa taarifa kwa umma kwa wawekezaji waliopo na watarajiwa.

### **BIASHARA YA NDANI**

Benki ina sera inayotoa miongozo kuhusu watu wa ndani kuhusu biashara ya hisa. Watu walio ndani ya Kundi wanaruhusiwa kufanya biashara za hisa za Benki siku tatu baada ya kutolewa kwa taarifa za hesabu za robo mwaka na za mwaka pamoja na taarifa nyingine muhimu kwa wiki tatu. Idara ya Hatari za Biashara inasimamia uzingatiwaji wa Sera hii.

control risk together with regular reporting to the Board and its risk Committee on the level of exposure to various risks and implemented/proposed mitigation strategies.

### **Tender Committee**

The Committee is responsible for oversight of the tender process in the Bank as delegated by the Managing Director. The main duties of the Committee includes identification of competent suppliers, contractors and consultants as required, oversight of procurement processes from the tender up to evaluation stage and recommend the tender results to the Managing Director for final award.

### **RELATIONSHIP WITH STAKEHOLDERS**

In fulfilling their responsibilities, the Directors believe that they govern the Group in the best interests of shareholders, whilst having due regard to the interests of other stakeholders in the Group including customers, employees, regulators and suppliers. The Management have regular and ongoing communication with major shareholders and potential investors throughout the year, by participating in investor presentations and shareholders' meetings. Feedback from these meetings is reported to the Board. Generally, the Bank continues to maintain good relationship with all Stakeholders. Shareholders are encouraged to attend the AGM or appoint proxies to represent them in case they fail to attend. The Bank has a standing agenda in the AGM which allows the shareholders to contribute their ideas on issues to be discussed during the meetings.

Shareholders are encouraged to direct questions to management and the Board and give comments through the Bank's website: [www.crdbbank.com](http://www.crdbbank.com).

There is a dedicated Registrar Office under Corporate Affairs Department to handle shareholders issues immediately as they arise such as payment of dividends, transfer of shares and shareholding matters in general. In addition there is Investor Relations Unit which is responsible for providing public information to both existing and prospective investors.

### **INSIDER TRADING**

The Bank has an Insider Trading policy providing guidance on the conduct of insiders in the trading of its shares. Insiders are allowed to trade three days after disclosure of quarterly, annual financial results and any other material information for a period of three weeks. Risk and Compliance Department is responsible for monitoring Compliance to this Policy.



## UJIRA KWA VIONGOZI MUHIMU

Viongozi muhimu wa Benki ni Mkurugenzi Mtendaji, Manaibu Wakurugenzi Watendaji, Mkurugenzi wa Ukaguzi wa Ndani, na Wakurugenzi wote walio chini ya Mkurugenzi Mtendaji na Manaibu Wakurugenzi Watendaji. Ujira wao kwa mwaka ulikuwa TZS 6,360 milioni (2013: TZS 5,145 milioni).

## MIAMALA NA MAKUNDI YENYE UHUSIANO

Makundi yanachukuliwa kuwa yana uhusiano iwapo kundi moja linaweza kudhibiti lingine katika maamuzi ya kifedha au kiutendaji. Katika utendaji wa kawaida wa biashara, baadhi ya miamala ya Benki hufanywa na makundi yenye uhusiano kama vile wafanyakazi waliondani ya menejimenti, Wakurugenzi na kampuni zenye mahusiano na Wakurugenzi. Mahusiano haya huongozwa na sera zilizoidhinishwa na Bodi kuhakikisha yanafanyika inavyostahili.

Mikopo kwa kampuni zenye uhusiano na wakurugenzi ni shilingi milioni 27 (2013: TZS 8 milioni). Mikopo kwa wakurugenzi na menejimenti ni shilingi 4.1 bilioni (2013: TZS 4.2 bilioni). Ujazo wa miamala hii kwa mwaka na bakaa lake yameainishwa katika kiambatanisho na. 39 cha taarifa za fedha.

## TABIA NJEMA NA UADILIFU WA TAASISI

Muundo wa utawala wa Kampuni unajumuisha usimamizi na udhibiti wa mahusiano ya pamoja baina ya wadau ikiwa ni pamoja na wanahisa, Wakurugenzi wa Bodi, wafanyakazi, wateja, wazabuni na jamii kwa ujumla. Kwa kuongeza, utawala ni pamoja na ari ya kulinda misingi ya uendeshaji wa biashara kwa uadilifu kama ilivyoainishwa katika kitabu cha uadilifu wa utendaji cha Benki, kinachotoa muongozo juu ya mahusiano ya kibiashara na wadau.

## COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Key Management of the Bank is comprised of the Managing Director, Deputy Managing Directors, Director of Internal Audit and all Directors reporting to the Managing Director and Deputy Managing Directors. The remuneration of key management personnel during the year was TZS 6,360 million (2013: TZS 5,145 million).

## RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of business, a number of banking relationships are entered into with related parties' i.e. key management staff, Directors, their associates and companies associated with Directors. Such relationships are guided by policies approved by the Board to ensure the same are done at arm's length.

Loans and advances to companies associated with Directors amounted to TZS 27 million (2013: TZS 8 million), while loans and advances to Directors and other key management personnel amounted to TZS 4.1 billion (2013: TZS 4.2 billion). The volumes of related party transactions for the year and the outstanding amounts at the year-end are provided under note 39 of the financial statements.

## ETHICAL BEHAVIOUR AND ORGANIZATION INTEGRITY

The Group's corporate governance structure involves managing and controlling relationships shared amongst different stakeholders including shareholders, Board of Directors, employees, customers, suppliers and the community at large. Additionally, the corporate governance is also about commitment to values and ethical business practices as enshrined in the CRDB Code of Ethics conduct which governs all its business interactions and relationships to stakeholders.

KWA IDHINI YA BODI/BY ORDER OF THE BOARD





# ULIPO TUPO

## Uzalendo

Benki ya CRDB inatoa misaada katika nyanja mbalimbali kila mwaka. Benki inaamini itapata mafanikio pale tu ambapo jamii inayoshirikiana nayo kibiashara itakuwa imefanikiwa pia. Tunaamini katika kubadili maisha ya wateja wetu, familia zao na taifa kwa ujumla.

Tunatoa elimu za masuala ya kifedha, ujasiriamali, mikopo nafuu pamoja na urahisi wa kupata huduma za kibenki kwa watu wengi zaidi. Benki imezindua FahariHuduma, Matawi yanayotembea pamoja na huduma za kifedha kwa wateja wadogo ili kuwezesha watu wengi zaidi kuwa sehemu ya mfumo wa huduma za kifedha na kunufaika nao

## Citizenship

CRDB Bank provides support to a lot of noble causes every year. The Bank believes it can succeed only if the society it does business in and with also succeed. We believe in transforming lives of our customers, their families and the economy at large.

We offer financial literacy programs, entrepreneurship training, soft loans as well as easy access to banking to the majority of our people. The Bank has launched FahariHuduma, Mobile branches as well as Microfinance services so that more and more of our people can be part of the financial system and benefit from it.





# Taarifa ya Uwajibikaji Kwa Jamii

# Corporate Social Responsibility (CSR) Report

Benki ya CRDB imeendelea kuwa kinara miongoni mwa taasisi za kifedha nchini, kutoa sehemu ya faida yake kuchangia maendeleo endelevu ya jamii katika sekta za afya, elimu na utunzaji wa mazingira. Mkakati wa Benki kuchangia maendeleo hufanyika kila mwaka. Benki huchangia maendeleo ya jamii kwa utaratibu maalum, unao zingatia sera thabiti iliyopitishwa na kuidhinishwa na uongozi wa Benki. Lengo na madhumuni ya utaratibu endelevu wa kuchangia maendeleo ya jamii, ni kuhakikisha kunakuwepo na maendeleo chanya kwa jamii inayolengwa. Mwaka 2014, Benki ilishiriki kwa namna mbali kuchangia maendeleo ya jamii ili kutoa fursa zaidi kwa elimu, kupunguza makali ya umaskini, kuboresha afya na kuchochea utunzwaji wa mazingira.

Dira ya Benki itaendelea kukazia jitihada za kujenga kampuni bora inayotenda kazi kwa ufanisi wa hali ya juu, ili kupata faida ambayo sehemu yake itaendelea kutumika katika kuchangia maendeleo ya jamii.

## Misaada ya Kibinadamu

Benki ilitoa msaada wa shilingi milioni 100 ili kusaidia waathirika wa mafuriko makubwa yaliyotokea katika miji ya Dakawa na Dumila mkoani Morogoro.

## Elimu

Kwa mwaka 2014 benki iliendelea kusaidia sekta ya elimu kwa lengo la kuhakikisha watoto wengi wanapata fursa na kufanikisha lengo la kutoa elimu bora kwa wote linafikiwa. Msaada kwa sekta ya elimu, Benki ililenga kuongeza udahili wa wanafunzi mashuleni, kuongeza ubora wa elimu na kupunguza tofauti za kielimu.

Taasisi mbalimbali za elimu zikiwemo shule na vyuo mbalimbali zilinufaika na misaada iliyotolewa na Benki ya CRDB kwa mwaka 2014, taasisi hizo ni pamoja na:

- Shule ya Msingi TalaTala iliyopo Kyela Mkoani Mbeya, Benki ilijenga vyumba vitatu vya madarasa na kuweka madawati
- Sekondari ya Kibosho iliyopo mkoani Kilimanjaro ambapo Benki ilitoa shilingi milioni 10 kusaidia ujenzi wa maabara
- Chuo kikuu cha Mtakatifu John kilichopo mjini Dodoma ambapo Benki ilitoa shilingi milioni 10 ili kusaidia ujenzi wa hosteli za wanafunzi.
- Mamlaka ya Elimu Tanzania (TEA) ilinufaika kwa kununuliwa vitabu vilivyogawiwa kwa wanafunzi nchini kote

Our CSR focus remains to build a lasting corporate structure within a sustainable society. CRDB Bank considers giving back to the communities where it operate and ensuring the sustainability of our social, economic and ecological environments as integral to our overall business strategy. The Bank aspires to 'give back' in a structured and sustainable manner that ensures the greatest positive impact to our beneficiaries and the wider society. Several philanthropic initiatives were kept in place to ensure that the Bank participates fully in various socially relevant endeavors with special focus on education, poverty alleviation, health and environmental conservation.

## Humanitarian Activities

The Bank donated TZS 100 million for provision of humanitarian assistance and emergency reliefs to the victims of flash floods in Dakawa and Dumila wards in Morogoro region.

## Education

In the year 2014, the Bank continued its efforts in supporting education initiatives in order to provide more access to education for children and achieve the goal of quality education for all.

CRDB Bank education financing initiatives are targeted at increasing enrolment (access), improving education outcomes (quality and relevance) and reducing education inequalities (equity and inclusiveness).

Several education institutions such as schools and colleges were beneficiaries of the Bank's support for the year 2014 that included;

- Construction of three classrooms and desks to Talatala Primary School in Kyela, Mbeya region.
- Kibosho Secondary School in Kilimanjaro region where the Bank donated TZS 10 million to fund laboratory construction initiatives,
- St. John University of Tanzania in Dodoma where the Bank donated TZS 10 million to support student hostels construction initiatives,
- Tanzania Education Authority (TEA) for purchase of books to be distributed to students countrywide

The Bank also promoted child education, through financing and supporting countrywide African Child Day

Benki pia ilisaidia uhamasishaji wa elimu kwa mtoto kwa kudhamini maadhimisho ya siku ya Mtoto wa Afrika kitaifa ikilenga kuleta hamasa ya upelekaji shuleni watoto wote wanaostahili.

## Elimu ya Masuala ya Fedha

Benki ya CRDB inatambua umuhimu wa utoaji wa elimu ya masuala ya fedha kwa watazania kwa lengo la kuongeza idadi ya watu wapatao huduma za kibenki ambao kwa sasa wamefikia asilimia 13, na kuwashawishi watumie bidhaa na huduma mbalimbali zitolewazo na Benki.

Kwa mwaka 2014, Benki ilitoa elimu kuhusu mambo ya fedha kupitia vipindi vya luninga vilivyojulikana kama “ulipo Tupo” na “ JJ-Ubongo Kids”. Uliipo Tupo ni kipindi kilichokuwa kinarushwa kila wiki kwenye vituo vya luninga mbalimbali ikitoa elimu juu ya mambo ya fedha na fursa zilizopo katika Benki. Junior Jumbo”(JJ) Ubongo kids” ni kipindi cha watoto kilichohusu elimu na burudani kwa njia ya vikatuni, kikilenga kutoa elimu ihusuyo hisabati na sayansi kwa namna ya kuburudisha ili kuwavutia watoto. Benki ilitumia kiasi cha shilingi milioni 100 kuandaa na kurusha vipindi vyote viwili.

## Afya

Kwa upande wa afya, Benki iliendelea kutekeleza sera yake ya kurudisha sehemu ya faida yake kwa jamii kwa kuunga mkono juhudi za kuboresha mazingira ya afya kwa kufadhili miradi mbalimbali katika sekta ya afya.

## Maji Safi na Salama

Kwa mwaka 2014, Benki ilisaidia juhudi za upatikanaji wa maji safi na salama katika wilaya ya Iramba mkoani Singida. Kiasi cha shilingi milioni 30 zilitumika kusaidia upatikanaji wa maji safi na salama katika vijiji zaidi ya 5 ambavyo vilikuwa na uhaba mkubwa wa maji ambao ulikuwa unahatarisha maisha ya watu.

## Kampani ya Saratani ya Matiti

Benki iliungana na taasisi mbalimbali katika kusherehekea na kuadhimisha siku ya wanawake duniani kwa kuweka kipaumbele katika kuhamasisha wanawake kuwa na uelewa kuhusu saratani ya matiti. Benki ilisambaza utepe mweupe na vipeperushi vyenye maelezo mbalimbali kuhusu saratani ya matiti katika wiki yote ya maadhimisho. Baadhi ya matawi yalileta wataalamu kutoa elimu hiyo kwa wateja wetu, wataalamu wa saratani ya matiti waliweka kambi nje ya matawi ya Benki.

Celebration supporting the spirit of sending to school all eligible children.

## Financial Education and Literacy

The Bank recognises the underlying importance of providing financial education to more Tanzanians in order to increase the bankable population from the current 13% and also persuade the general public to take advantage of financial products and services available.

In the year 2014, the Bank spent TZS 100 million resources in creating financial education TV show's titled “Uliipo Tupo” and “JJ-Ubongo Kids”. The former is a weekly financial education program showcased in all major TV stations targeted at informing viewers of various financial opportunities available to the public Junior Jumbo (JJ) Ubongo kids shows is children cartoon show that seeks to teach children mathematics and science skills in a more fun and entertaining way. The Bank has invested a total of TZS 100 million in preparing, producing and broadcasting the two shows.

## Health

In year 2014, the Bank continued to support health initiatives by joining hands in creating conducive health environments by financing the following health projects.

## Safe Drinking Water Initiatives

In 2014, the Bank facilitated provision of clean and safe water to Iramba district in Singida region. A total of TZS 30 million was utilised in digging wells to facilitate availability of safe water to more than 5 villages that were living under acute water shortage. .

## Breast Cancer Awareness

The Bank participated in celebrating and commemorating the world women day with a special emphasis on breast cancer awareness. The Bank distributed awareness ribbons and brochures throughout the week. On the World Women's Day some branches had experts camped outside to improve awareness to public.



# Taarifa ya Udhhibiti wa Hali Hatarishi

Kama mojawapo ya mkakati wake wa kibiashara Kundi inachukulia kuwa usimamizi wa hatari kama shughuli muhimu. Bodi ya Wakurugenzi ya Kundi inao wajibu wa kuidhinisha sera za udhibiti na usimamizi wa vitu hatarishi. Bodi inasimamia michakato yote inayohusu utawala na hali hatarishi kwa msaada wa kamati zake kama Kamati ya Hali Hatarishi, Mikopo, Utawala na Rasilimali Watu na ya Ukaguzi wa Mahesabu. Bodi inahakikisha sera zipo na nitoshelezi kuongoza michakato ya usimamizi wa hali hatarishi katika Kundi na kuwa zimeunganishwa katika mfumo wa taarifa wa Menejimenti ya Kundi ikiongezewa nguvu na mfumo wa uongozi.

Bodi ya Wakurugenzi imekasimisha usimamizi wa kila siku wa viashiria vya hatari kwa Uongozi wa Juu wa Benki ambayo imechagua kamati ndogo ambazo ni Kamati ya Uongozi wa juu wa Benki husimamia udhibiti wa viashiria vya hatari vya Benki kupitia kamati ya usimamizi wa viashiria vya hatari ambayo ni mwangalizi mkuu wa mfumo wote wa Benki kuhusiana na wigo wote wa viashiria vya hatari, ilhali kamati ya rasilimali na madeni (ALCO) inahusika na usimamizi/udhibiti wa viashiria vya hatari za kifedha ambazo zinaweza kuwa na athari katika mizania ya Benki. Kamati zote hizi kuhusu usimamizi wa viashiria vya hatari hukutana mara moja kila mwezi ili kutathmini kiwango cha viashiria vya hatari dhidi ya malengo ambayo Benki imejiwekea. Kamati zote mbili hutoa taarifa kwa Bodi ya Wakurugenzi katika kila robo ya mwaka.

Hata hivyo, ni wajibu wa kila mfanyakazi kutoa ushirikiano katika kudhibiti viashiria vya hatari kupitia shughuli zake za kila siku. Msingi wa kufanikisha mchakato huu ni kuwa na mawasiliano yanayozingatia malengo na madhumuni ya Bodi. Ikizingatiwa kwamba Bodi imeweka mfumo wa jumla wa kusimamia na kudhibiti viashiria vya hatari, sanjari na uwepo wa sera na taratibu za kuwaongoza wafanyakazi. Sera zinaweka wazi kiwango cha juu kabisa cha viashiria vya hatari na viashiria vya taarifa kwamba sasa Benki inaweza kupata hasara, ili Benki iweze kuchukua hatua za tahadhari. Uongozi wa juu wa Benki unahakikisha kwamba mfumo wa udhibiti wa ndani wa viashiria vya hatari unaendelea kuwa thabiti na endelevu ili kuwa na hakika ya kwamba hatari zote ndani ya Benki zimedhibitiwa.

Ili kuweka ufanisi katika kudhibiti viashiria vya hatari, Benki ilianzisha idara mahususi cha kusimamia uzingatiaji wa taratibu zote zinazohusika na udhibiti wa viashiria vya hatari. Idara ya ya usimamizi wa viashiria vya hatari na uzingatiaji wa taratibu inahusika na uratibu wa utekelezaji wa taratibu zote zihusikanazo na udhibiti wa viashiria vya

# Risk Management Report

As part of its business strategy, the Group considers the risk function as essential. The Group Board of Directors is responsible for approving the risk control and management policies, and oversees the Group's overall risk and governance process with the assistance of various Board Committees including the Risk Committee, Credit committee, Governance and Human Resources committee and Audit Committee. The Board ensures Policies are in place and they remain adequate to guide the risk management process in the Group and that they are integrated in the overall management information systems of the group and supplemented by a management reporting structure.

The Board of Directors has delegated the day to day risk management function to the Management team. The senior management team in turn oversees risk management through additional risk management related committees that are jointly responsible for ensuring adequate risk management in their respective areas of authority. These management committees are the risk management committee, which is in charge of the entire scope of risks, the ALCO committee that is in charge of financial risks impacting the balance sheet, and the Credit committee that oversees and establishes standards for the credit risk management process. The ALCO and Risk Management committees meet monthly to review the Bank's risk profile and performance against set targets, internal and regulatory limits and report quarterly to the risk committee of the Board.

While the Enterprise Risk Management function is centralized, it is the responsibility of every employee to support the process by managing risks inherent in their day to day operations at each business level or areas of control. The Board communicates its objectives to employees through the Group Risk Management framework and Risk Management Policies and procedures to guide staff. The policies clearly set out risk appetite, defining the risk targets and tolerance levels that the Group is willing to take on. Risk limits and triggers alert the Bank of potential losses from undertaken risks for timely remedial action. The senior management ensures that adequate internal control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding all aspects related to risk management in the Bank.

An independent risk and compliance function is in place through the risk and compliance department which

hatari ndani ya Benki, Idara hii hutoa taarifa zake moja kwa moja kwa Mkurugenzi Mtendaji wa Benki. Pia, wakaguzi wa ndani wa mahesabu ya Benki huikagua na kuitathmini idara inayodhibiti viashiria vyote vya hatari kuona kama taratibu zote zonafuatwa. Wakaguzi wa nje na mamlaka ya udhibiti hutoa taarifa kwa Mkurugenzi Mtendaji na kwa Bodi kuhusiana na uendeshaji wa mfumo wa ndani wa udhibiti ambao umefanyiwa tathmini ya mamlaka husika.

## Tathmini ya Sera

Katika mwaka wa fedha 2014, Bodi ilifanya mapitio ya sera zote na viwango vya mamlaka vinavyosimamia uendeshaji wa Kundi. Kwa upande wa kampuni tanzu ya Burundi sera ya usalama, sera ya mkakati endelevu kibiashara, sera ya viwango vya mamlaka na mpango wa usimamizi wa hali hatarishi zilitengenezwa na kuidhinishwa na Bodi ya Kampuni tanzu ya Burundi.

## Mpango wa Usimamizi wa Viashiria vya Hatari

Viashiria vya hatari vipo katika kila eneo la uendeshaji wa biashara ya Kundi, na hali hii haiepukiki kutokana na kuwa katika biashara. Hivyo hakuna budi kwa kampuni kuwa na mikakati thabiti ya kudhibiti viashiria vya hatari za kibiashara. Kampuni inapaswa, kutekeleza mipango na malengo yake ya kibiashara kama ilivyopangwa pasipo kukiuka taratibu za udhibiti ilizojiweka kama zilivyoidhinishwa na Bodi, pia lazima kuwepo na uwiano mzuri kati ya viashiria vya hatari na faida tarajiwa, ili kuweza kuwapatia wanahisa thamani kwa uwekezaji wao.

Kampuni imeweka mfumo thabiti wa kusimamia, kutathmini na kuratibu misingi yote ya viashiria vya hatari katika uendeshaji wa biashara.

## Viashiria vikuu vya Hatari za Biashara

Benki inakabiliwa na viashiria vya hatari katika maeneo matano:

- Viashiria vya hatari za mikopo
- Viashiria vya hatari za hali ya fedha
- Viashiria vya hatari za soko (kiwango cha riba, biashara za fedha za kigeni na hatari za bei)
- Viashiria vya hatari katika kufuata taratibu
- Viashiria vya hatari katika uendeshaji

## Viashiria vya Hatari za Mikopo

Kampuni inakumbana na viashiria vya hatari katika kutekeleza biashara ya ukopesaji hasa pale ambapo mshirika wa biashara anaposhindwa kutimiza wajibu wake. Viashiria vya hatari kupitia mikopo ni vya muhimu zaidi kuangaliwa katika biashara ya Kampuni. Uongozi wa Benki unapaswa kudhibiti kwa makini sana viashiria vyote

coordinates and oversees the implementation of the enterprise wide risk management framework within the Bank, reporting directly to the Managing Director. Additionally, the Bank's internal auditors review the risk management function and report directly to the Board's audit committee. External auditors and the regulator provide feedback to the management and the Board on the operation of the internal controls reviewed as part of the annual audit and regulatory review respectively.

## Policy Reviews

During the year under review, the Board reviewed all existing policies and authority limits governing operations of the Group. For the Burundi Subsidiary, Physical and Logical security policy, BCP policy, Authority Policy and Risk Management Framework were developed and approved by the Subsidiary's Board of Directors.

## Risk Management Framework

Risks are inherent in every aspect of the Group's activities and operations as inevitable consequence of being in business. Therefore, it is important that the Group exercises effective risk management. This is to ensure that the Group's risk taking activities are consistent with its objectives and risk tolerance levels as set by the Board, and that there is an appropriate balance between risk and reward in order to maximize shareholders value.

The Group has in place a risk management framework to monitor, evaluate and manage the principal risks taken on in conducting its business activities.

## Principal Risks

The Group is subject to five broad categories of risk namely: -

- Credit risk
- Liquidity risk
- Market risk (interest rate and foreign exchange risks)
- Compliance risk and
- Operational risk

## Credit Risk

From the Group's lending activities, it is exposed to Credit risk, which is the risk to earnings or capital arising from a borrower's or counterparty's failure to discharge an obligation. Credit risk is the most important risk for the Group and the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending activities that lead to loans and advances, investment activities that bring debt securities and other bills in the Group's and Bank's asset portfolio. There is also credit risk in the



vya hatari kupitia mikopo. Viashiria vya hali ya hatari kupitia mikopo hutokea sana kupitia shughuli za ukopeshaji, kupitia dhamana za mikopo na kupitia gharama mbalimbali za rasilimali za Benki. Pia kuna viashiria vya hatari kupitia shughuli nje ya mfumo wa mizania ya Benki kama vile dhamira ya kukopesha, udhamini katika biashara ya nje na udhamini.

Udhhibiti wa viashiria vya hatari kupitia mikopo hufanywa kwa kuzingatia sera ya mikopo, tathmini ya mikopo na taratibu za kudhibiti ubora wa mikopo na uwepo kwa kamati teule za uongozi. Kamati ya kusimamia na kudhibiti viashiria vya hatari vya mikopo iko chini ya kamati ya uongozi wa Benki na hutoa taarifa kwa Bodi ya Benki na kwa uongozi wa benki.

## Kipimo cha Viashiria vya Hatari za Mikopo

Katika kupima kiwango cha viashiria hatari kutokana na mikopo itolewayo kwa wateja na kwa benki, Kampuni na Benki huangalia vifuatavyo: (i) Uwezekano wa mteja au mshirika wa biashara kuvunja makubaliano yaliyopo kwenye mkataba. (ii) Mazingira ya sasa ya mshirika wa biashara yanayomjengea mazingira ya kukua kibiashara kwa siku za baadaye, hali ambayo inajenga mazingira ya kuvunja makubalino.

Vipimo hivi vya upimaji wa viashiria vya hatari vinavyoonesha hasara inayotarajiwa vimezingatiwa katika utaratibu wa uendeshaji wa kila siku wa shughuli za Benki. Vipimo vya kiundeshaji vinaweza kutathminiwa kwa kuzingatia kanuni za kimataifa za kihasi namba 39, ambazo zinazingatia hasara zilizopatikana kupitia mizania ya Benki (Muundo wa hasara iliyopatikana) na siyo hasara inayotarajiwa kupatikana.

Kipimo cha ndani ya Kampuni

Kipimo cha Ndani	Maelezo ya Kipimo
1.	Cha sasa
2.	Kinatajwa Maalum
3.	Chini ya Kiwango
4.	Inatia shaka
5.	Hasara

## Dhamana

Kundi na Benki zinatumia sera na mipango mbalimbali ili kupunguza viashiria vya hatari katika mikopo. Utaratibu unaotumika sana ni ule wa kuchukua dhamana ya mteja dhidi ya mkopo aliopewa. Kampuni imeweka mwongozo maalum unaoelekeza aina ya dhamana ambazo zinapaswa

off-balance sheet financial instruments, such as loan commitments, letters of credit and guarantees.

The Group manages its credit risk through its Credit Policy, underwriting, independent loan review and quality control procedures and established management committees. The credit risk management and control is centralised under the credit risk management team of the Bank and it is reported to the Board of Directors and management regularly.

## Credit Risk Measurement

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group and Bank reflect two components (i) the 'probability of default' by the client or counterparty on its contractual obligations and (ii) current exposures to the counterparty and its likely future development, from which the Group derives the 'exposure at default'.

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are embedded in the Banks' daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the statement of financial position date (the 'incurred loss model') rather than expected losses.

Group's Internal Ratings Scale

Group's rating	Description of the grade
1	Current
2	Especially Mentioned
3	Sub-standard
4	Doubtful
5	Loss

## Collateral

The Group and Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group and Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

kutumiwa ili kupunguza athari za hatari kupitia mikopo. Aina za dhamana ni pamoja na:

- Zinazohusika kwa mikopo ya nyumba
- Zinazohusika na rasilimali za biashara
- Amana na hisa

Ili kudhibiti viashiria vya hatari Kampuni inaweza kuhitaji nyongeza ya dhamana toka kwa mteja pindi kunapotokea dalili za wazi na za awali kwamba kutakuwa na ukiukwaji wa mkataba wa kulipa mkopo.

Mikopo ya Kundi kwa ufupi ni kama ifuatavyo:

(Katika Milioni za Shilingi)

	2014	2013
Mikopo iliyochelewa kulipwa lakini haijahiribika	2,392,578	56,824
Mikopo ilochelewa kulipwa ila haijahiribika	54,317	56,824
Mikopo mibovu	129,247	126,307
Jumla Kuu	2,576,142	2,028,390
Toa: Tenge kwa ajili ya tegemeo la hasara	(30,846)	(35,284)
Jumla Halisi	2,545,296	1,993,106

Jumla ya mikopo iliyoharibika inajumuisha mkopo mmoja mmoja na ile iliyotathminiwa katika mikopo ya Benki yote kwa ujumla. Taarifa zaidi kuhusu mikopo iliyoharibika inapatikana katika kifungu namba 3.

## Viashiria vya Hatari Katika Soko

Kampuni inakabiliwa na viashiria vya hatari katika soko kutokana na mabadiliko ya bei katika soko la biashara ya fedha. Viashiria vya hatari katika soko vinatokana na uwepo wa soko huru wa viwango vya riba, aina ya sarafu na bidhaa za mtaji, vyote hivi vinakumbana na mabadiliko katika hali ya soko hususani katika bei za riba, bei katika biashara ya fedha za kigeni na bei za mitaji ya uwekezaji. Benki hutenganisha viwango vya hatari katika soko vitokanavyo na ufanyaji biashara au shughuli zinginezo za Benki.

Viashiria vya hatari katika soko vimejikita zaidi katika biashara ya hazina na vinasimamiwa na kudhibitiwa kupitia idara ya kudhibiti viashiria hatari vya biashara na kusimamia uzingatiaji wa taratibu za uendeshaji. Ripoti za mara kwa mara zinawasilishwa kwa Bodi ya Wakurugenzi na uongozi wa Benki.

Ufanyaji biashara unahusisha nafasi zinazojitokeza katika soko, ambapo katika miamala husika Benki inakuwa ni mshirika mkuu wa miamala sambamba na mteja au soko husika. Benki pia inahusika na mchakato wa kusimamia

In order to minimise credit losses the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Group Loans and advances are summarised as follows;

(Amounts are in TZS' Million)

	2014	2013
Neither past due nor impaired	2,392,578	1,845,259
Past due but not impaired	54,317	56,824
Impaired	129,247	126,307
Gross	2,576,142	2,028,390
Less: Allowances for impairment	(30,846)	(35,284)
Net	2,545,296	1,993,106

The total impairment provision for loans and advances represents both individually impaired loans and loans assessed on a portfolio basis. Further information of the impairment allowance for loans and advances to customers is provided in Note 3.

## Market Risk

The nature of Group's businesses expose it to market risk, which is the risk of financial loss on earnings or capital arising from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The Market risks are concentrated in the Bank's Treasury Department and monitored by an independent Risk and Compliance team separately. Regular reports are submitted to the Board of Directors and Management.

Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and commercial banking assets and liabilities, and available-for-sale financial instruments.

## Market Risk Measurement Techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits



riba katika kuuza rasilimali na madeni ya Benki. Kutofanyika kwa biashara kunatokana na usimamizi wa viashiria vya hatari katika biashara ya benki kuhusiana na madeni na amana za benki.

## Njia za Kupima Viashiria vya Hatari Katika Soko

Madhumuni ya vipimo hivi ni kusimamia na kudhibiti viashiria vyote vya hatari katika soko ndani ya ukomo unaokubalika kwa kusudi la kuongeza maslahi ya biashara dhidi ya hatari zilizopo. Idara ya Kudhibiti Hatari za kibiashara na Kusimamia uzingatiaji wa taratibu za uendeshaji inahusika na utungaji wa sera ilhali Idara ya Hazina inahusika na utekelezaji wake.

Kwa ujumla Benki hutumia utofauti katika viwango vya riba kuweka mipango mikakati ya kudhibiti viashiria vya hatari katika soko kwa lengo la kupata faida nzuri.

## Viashiria vya Hatari vya Bei

Kundi na Benki huhakikisha haipo katika hali ya kupata hasara kupitia bei za dhamana za uwekezaji kwa kuwa haijawekeza katika hisa zilizoordheshwa katika soko la uwekezaji. Ila viashiria vya hatari viko kupitia dhamana za madeni kama zilivyoainishwa katika mizania ya Benki. Hivyo bei ya deni katika soko inaweza kupanda au kushuka kwa asilimia 5 ukiachilia mambo mengine. Thamani halisi ya dhamana za madeni ingeweza kupanda au kushuka kutokana na faida au hasara kutokana na dhamana za madeni zilizokuwa sokoni kiasi cha Shilingi 2,653 Milioni kwa kipindi kinachoishia tarehe 31 Desemba 2014. (2013: Shilingi 1,462 Milioni).

## Viashiria vya Hatari vya Riba

Viashiria vya hatari kupitia riba ni viashiria vya hatari vya hasara kifedha katika mapato na mitaji vinavyotokea kutokana na mazingira yasiyo rafiki katika viwango vya Riba.

Mtiririko wa fedha unategemea mabadiliko ya riba katika siku za usoni. Hivyo kiwango cha riba kinategemea hali halisi ya mabadiliko katika soko. Kundi na Benki inazingatia sana hali halisi ya kubadilika kwa hali ya soko na athari zake kwa kiwango cha riba inayoweza kutumika katika biashara ya Benki. Bodi imeweka ukomo wa kiwango cha riba kinachoweza kufaa kwa biashara yenye faida kwa Benki. Idara ya Usimamizi na Udhhibiti wa Hatari za Kibiashara imeelekezwa kufuatilia kwa ukaribu mabadiliko ya viwango vya riba katika soko na kupaswa kutoa ripoti mara kwa mara kwa Bodi na kamati inayosimamia ukwasi katika Benki yaani ALCO.

while optimising the return on assumed risk. The Bank Risk and Compliance department is responsible for development and review of risk management policies while Treasury department is responsible for day-to-day implementation of those policies.

The Bank applies interest rate gap analysis coupled with Earning at Risk and stress testing analysis in measuring exposure to market risk for the purpose of managing and controlling market risk exposures within acceptable limits while optimising return on investments.

## Price Risk

The Group and the Bank are not exposed to equity securities price risk as it currently has no investment in listed shares, but is exposed to debt securities price risk classified on the balance sheet as available for sale. If the market price of debt had increased/decreased by 5% with all other variables held constant, the fair value reserve in debt securities would have increased/decreased as a result of gains or losses on debt securities classified as available for sale by TZS 2,653 million as at 31 December 2014 (2013: TZS 1,462 million).

## Interest Rate Risk

Interest rate risk is the risk of financial loss to earnings or capital arising from unfavourable movement in interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Group and the Bank take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may produce losses in the event that unexpected movements arise. The Bank's Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is regularly monitored by an independent Risk and Compliance department and reported monthly and quarterly to ALCO and the Board respectively.

With all other variables held constant, a shift in interest rate by 500 basis points on all interest bearing assets and liabilities would have resulted in lower or higher profit after tax of TZS 405 million as at 31 December 2014

Pasipo kuhusisha viashiria vingine, mabadiliko ya viwngo vya riba kwa pointi 500 katika rasilimali na madeni yanayohusisha riba yangesababisha kupungua ama kuongezeka kwa faida baada ya kodi kwa Shilingi 405 Milioni kwa kipindi kinachoishia tarehe 31 Desemba 2014.

## Viashiria Hatari vya Ukwasi

Viashiria vya hatari kupitia riba ni viashiria vya hatari kwenye mapato au mtaji vinavyopatikana kutokana uwezekano kwamba kampuni haitakuwa na fedha za kutosheleza mahitaji katika soko au mazingira ambayo kampuni haiwezi kupata fedha za kutosha kwa gharama nafuu.

## Viashiria Vya Hatari Kutokana na Hali ya Fedha Katika Soko

Utaratibu wa kusimamia na kudhibiti Viashiria vya hatari kupitia hali ya fedha katika soko, Usimamizi wa hali ya ukwasi katika Kampuni na benki unafanywa na kamati ya usimamizi wa rasilimali na madeni (ALCO) kama ifuatavyo:

- Kusimamia hali ya kifedha ya benki ili iweze kumudu mahitaji yake ya kifedha. Mfano, kutafuta fedha kufidia amana za wateja zilizofikia muda au kukopwa na wateja. Hii inawezekana tuu kwa Benki na Kundi kuwepo katika soko la fedha
- Kuhifadhi rasilimali za benki zenye thamani kubwa zinazoweza kufidia uhaba wa fedha pindi itokeapo dharura siku za usoni.
- Kuwianisha kiwango cha fedha katika soko na matumizi ya ndani kwa mujibu wa mamlaka husika za udhibiti
- Kusimamia kiwango cha wigo wa madeni
- Kusimamia uwekezaji wa amana za wateja ili kuhakikisha mahitaji yao yanayo tegemea amana yanaweza kutimizwa wakati wote.

Usimamizi na utoaji wa taarifa unazingatia mtiririko wa fedha katika soko na makadirio ya hali ya kila siku, wiki na mwezi kibiashara kwani hivi ni vipindi muhimu vinavyotoa tathmini halisi ya hali ya fedha

## Vyanzo vya Fedha

Chanzo kikuu cha fedha za Kundi ni amana za wateja. Kwa msingi huu, Kundi ina vyanzo vingi vya kupata fedha ambavyo vyote vinategemea amana za wateja. Kampuni inaweka umuhimu wa pekee kuhakikisha amana zinadumu kwa kuwa na mikakati thabiti ya biashara ambayo itaimarisha imani ya wateja kwa Kampuni. Kampuni hutumia nafasi ya biashara na mabenki mengine ili kumudu mahitaji yakeya kifedha ya muda mfupi. Kama sehemu ya mpango wa dharura wa kupata fedha, Kampuni ina mahusiano ya kibiashara na mabenki ya Kitaifa na Kimataifakwa ajili ya mahitaji ya fedha ya muda mfupi.

## Liquidity Risk

Liquidity risk is the risk to earnings or capital arising from the possibility that the Group will not have sufficient cash to meet liquidity demands or situations on which the Group cannot raise enough liquidity in a cost effective manner.

## Liquidity Risk Management Process

The Group's and Bank's liquidity management process, as carried out within the Group and Bank and monitored by the Asset and Liability Committee (ALCO) of the individual bank include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.
- Monitoring maturity gaps to ensure that the 0-90 day (short-term) gap remains positive at all times.

The Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management.

## Funding Approach

The Group's and Bank's major source of funding comes from customer core deposits. To this end, the Group and the Bank maintain a diversified and stable funding base comprising of current/demand, savings and time deposits. The Group places considerable importance on the stability of these deposits, which is achieved through the Group's retail banking activities and by maintaining depositors' confidence in the Group's business strategies and financial strength.

The group borrows from the local interbank market through transactions with other Banks for short term liquidity requirements and in order to diversify the funding mix and reduce mismatch in its balance sheet, the Group borrows medium and long term funds from foreign banks and in financial institutions from the international market. As part of the Contingency Funding Plan (CFP), put in place by the group, it has funding lines with both local and foreign banks for short term funding requirements.



## Viashiria Hatari Katika Fedha za Kigeni

Kuna uwezekano wa kupata hasara katika biashara yafedha za kigeni kama kutakuwepo na kubadilika kwa viwango vya ubadilishaji wa fedha za kigeni katika soko. Hivyo basi, Bodi imeweka ukomo wa viwango vya fedha za kigeni kwa kila sarafu ili kuhakikisha kuwa Kampuni iko salama kila wakati. Mfano kama kila kitu kingebakia sawa ila kiwango cha ubadilishaji dola katika soko kikabadilika kwa asilimia 3, Benki ingepata faida au hasara kabla ya kodi ya Shilingi 496 Milioni katika rasilimali na madeni yaliyoko katika dola za Kimarekani kwa kipindi kinachoishia tarehe 31 Desemba 2014.

## Viashiria Hatari Katika Utendaji

Shughuli zinazohusiana na utoaji bidhaa za kifedha pamoja na sababu zingine zimeifanya kampuni kuzalisha viashiria vya hatari katika utoaji huduma sambamba na msukumo wa kimamlaka. Kampuni imeendelea kuanzisha au kuboresha sera za ndani zilizopo, miongozo na tawala kusimamia viashiria hatari katika utendaji. Sera za udhibiti na mifumo ya kuzuia vihatarishi imekuwa imara kuzuia viashiria vya hatari. Benki imekuwa ikichukua hatua na kuweka taratibu na mazingira ambayo kilamuajiriwa kuelewa jukumu lake katika utendaji kazi wake wa kila siku

## Viashiria Hatari Katika Utii wa Taratibu

Kutofuata udhibiti wa kutumia sheria, taratibu, sera za ndani na miongozo, au viwango vya maadili inaweza kuipelekea kampuni katika hatari ya udhibiti taratibu kutozwa faini. malipo ya fidia na uvunjwaji wa mikataba. Ili kuhakikisha kufuata kanuni, kampuni ilindeleza na ketekeleza kanuni kwa lengo la kuendelea kufuatilia kufuata sheria za benki muhimu. Pamoja na hatua hizi, kampuni iliendelea kupitia sera na taribu zake ili kuhakikisha inabaki ikijitosheleza katika kukabiliana na hatari asili katika shughuli za biashara.

## Maendeleo katika Usimamizi wa Viashiria Hatari

Biashara ya huduma za kibenki inapitia vigezo vya kisheria vinavyobadilika mara kwa mara kitaifa na kimataifa. Vigezo hivi huwekwa kuhakikisha benki zinakuwa salama na zinafuata misingi ya uendeshaji. Katika kuimarisha wajibu wa kiutendaji wa Benki kwenye kuzuia

Utakatishaji wa fedha na kupanua wigo wa kibiashara, Benki ilifanikisha upitiaji wa taarifa kidunia katika kuimarisha utaratibu wa kufuatilia miamala yenye kushukiwa na mahusiano hatarishi na wateja. Utayari katika Mpango wa Muendeleo wa Biashara ni muhimu katika kuhakikisha Benki inaendelea na utoaji wa huduma hata kunapotokea mazingira ya uyumbishaji kutoka ndani au nje. Idara ya udhibiti na viashiria vya hatari imeupitia

## Foreign Exchange Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day trading positions, which are monitored daily. With all other variables held constant, a shift in foreign exchange rate by 3% on the dollar denominated assets and liabilities would have resulted in lower or higher profit after tax of TZS 496 million as at 31 December 2014

## Operational Risks

Activities related to the delivery of banking and financial products as well as external influences expose the Group to process delivery risks as well as regulatory pressures. The Group continues to develop new, or enhance existing internal policies, procedures and controls to manage operational risks. Risk management policies and systems are reviewed regularly to ensure all controls remain adequate in minimizing inherent operational risk. The Group initiatives aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

## Compliance Risks

Non compliance with applicable legal and regulatory requirements, internal policies and procedures, or ethical standards may expose the Group to compliance risk which may result in fines, civil money penalties, payment of damages, and the voiding of contracts. In order to ensure regulatory compliance, the Group developed and operationalized a Regulatory Compliance Framework aiming to continuously monitor compliance to key banking regulations. In addition to these measures, the Group continued to review its policies and procedures in order to ensure they remain adequate in mitigating risks inherent in business operations.

## Developments in Risk Management

The banking business experiences ever-changing regulatory requirements both at local and international levels. New requirements are introduced regularly to ensure that banks remain safe and in compliance. To improve the Bank's regulatory compliance on Anti- Money Laundering control requirements, the Bank implemented World check data file in order to strengthen the automated process of monitoring suspicious transactions and high risk relationships.

Business continuity preparedness is essential to ensure that the Bank continues its operations even in the event of internal or external disruptions. The Risk and Compliance department extensively reviewed the Business Continuity

kwa kina Mpango wa Muendelezo wa Biashara wa mwaka 2014 kwa kuzingatia kila taratibu inayohusika ndani ya Benki.

Kulingana na ukuaji wa biashara ya Kampuni tanzu Burundi utaratibu unaotumika kwa Kampuni mama katika undeshajibiashara, idara ya viashiria vya hatari imeendelea kuunga mkono kitengo cha viashiria vya hatari cha kampuni tanzu. Sera mpya kwa ajili ya kampuni tanzu zimeanzishwa pamoja na zile zilizopo zimepitwa upya na kuhakikisha zinajitosheleza.

Kwa nyongeza, chombo cha mamlaka ya udhibiti kimeanzishwa na kinafanya kazi. Elimu juu ya viashiria vya hatari na kujipima mwenyewe na namna ya kusajili viashiria vya hatari ilitolewa kwa wafanyakazi wote na idara z biashara zilianza kufanya kazi kwa kutumia mfumo wa kujipima mwenyewe ikiwamo Burundi.

### **Majaribio ya Msongo wa Kibiashara**

Majaribio haya yanalengo la kutoa picha ya kiwango cha hasara, kinachoweza kutokea nyakati za hatari. Benki hutumia kipimo maalum katika kujua kiwango cha hasara inayoweza kutokea.

Ripoti kuhusu matokeo ya majaribio hupelekwa kwenye kamati inayohusika na ukwasi wa Benki (ALCO). Majaribio katika msongo wa kibiashara huzingatia biashara husika na pia huzingatia uchambuzi muafaka.

Tathmini ya Benki kwa msongo wa kibiashara hufanyika kwa kutumia takwimu za miaka mitano iliyopita. Hapa inazingatia kwamba takwimu za kisoko kwa miaka mitano mfululizo haziziwezi kubadilika. Tathmini kwa miaka mitano nyuma hutoa taswira inayoweza uongozi wa Benki kuchukua tahadhari ya namna ya kudhibiti mtikisiko wa kibiashara kwa kutenga kiwango muafaka cha mtaji, riba, bei n.k. Tathmini inalenga kubaini maeneo ambayo yanaonyesha dalili za awali za viashiria vya hatari, na hivyo kuwezesha Benki kuchukua hatua za kuzuia. Majaribio kuhusu viashiria vya hatari hufanyika mara mbili kwa mwaka na huenda sambamba na taratibu zingine za udhibiti wa viashiria vya hatari.

Kwa upande wa mikopo, Benki inaamini kwamba majaribio ya msongo wa kibiashara huleta matokeo sawa katika maeneo yote. Isipokuwa kwa upande wa hali ya kifedha, mabadiliko katika amana kunaleta athari kwa upande wa rasilimali, ambapo amana zikiongezeka rasilimali zitapungua kwa asilimia 20 ikiwa ni kiwango cha fedha kinachotakiwa kubakia katika fungu lisiloguswa lililoko Benki Kuu.

Plan in 2014. The review involved all process owners in the Bank.

As the Burundi Subsidiary continues to grow its business operations, the Group risk department continued to support the Subsidiary's risk management function. New policies for the subsidiary were developed with existing ones being reviewed to ensure they remained adequate.

Additionally, a Regulatory compliance framework was developed and operationalized. Staff awareness was conducted on the Risk and Control Self Assessment (RCSA) framework and risk registration process and business units began performing control self testing including the Burundi Subsidiary.

### **Stress Tests**

Stress tests provide an indication of the potential size of losses that could arise in extreme or worst case conditions. The Bank applies risk factor stress testing, where stress movements are applied to each risk category.

The results of the stress tests are reviewed by the Asset and Liability Management Committee. The stress testing is tailored to the business and typically uses scenario analysis.

The Bank's assessment of past movements is based on data for the past five years. It also assumes that market moves occurring over this period will follow a similar pattern. The Bank applies the worst case scenario of these historical changes in rates and prices, directly to its current positions.

The Bank carries out stress testing semi-annually to determine whether it has enough capital to withstand adverse internal and/or market shocks. It is done for the purpose of alerting the Management to unfavourable unexpected outcomes related to various risks and provides an indication of how much capital might be needed to absorb losses should large shocks occur. The results are meant to indicate weak spots in the risks tested at an early stage and to guide preventative actions by the Bank. Stress testing is done to supplement the Bank's other risk management approaches and measures.



Matokeo ya Majaribio ya Msongo wa kibiashara kwa 31 Desemba 2014

The stress tests summary using financial data as at 31 December 2014 is summarised below:

Aina ya hatari Risk type	Aina ya mtikisiko Type of shock	Kasi ya Mtikisiko Shock rate	Kiwango cha mtikisiko Impact on profit or loss
			TZS' million
Hatari za mikopo Credit risk	Ongezeko la mikopo mibovu Increase in NPL (based on equal migration)	30%	(57,931)
Hatari za riba Interest rate risk	Badiliko katika riba Change in interest rate	5%	(405)
Hatari ya Badiliko la uwiano wa fedha Exchange rate risk	Badiliko la Uwiano Change in FX rate	3%	(496)
Hatari za hali ya fedha Liquidity risk	Amana kupungua Run off of deposits	15%	(7,250)
Hatari za uendeshaji Operational risk	Udanganyifu na hasara nyingine Fraud and other losses	3%	(3,582)

Matokeo ya msongo wa kibiashara yanaonesha kwamba benki itakuwa katika uzingatiaji wa mahitaji ya kimsingi ya mtaji mkuu kama inavyoelekezwa na mamlaka husika.

### Usimamizi wa mitaji

Madhumuni ya benki ni kusimamia mtaji kwa maana pana zaidi ya mtaji wa uwekezaji kama inavyoainishwa katika mizania ya Benki ni:

- Kuzingatia kiwango cha mtaji kama kinavyoelekezwa na Benki Kuu ya Tanzania
- Kulinda uhai wa Biashara ya benki, ili wanahisa na wadau wengine waendeleo kupata manufaa na stahiki zao
- Kuimarisha mtaji wa Benk ili biashara iendeleo utoshelevu wa kimtaji na udhibiti wake hukaguliwa kila mwezi kwa kutumia njia mbalimbali kama zilivyo ainishwa na kamati ya Basel, ambapo utekelezaji wake husimamiwa na benki Kuu ya Tanzania. Taarifa husika zinahifadhiwa katika Benki Kuu ya Tanzania

### Benki Kuu, inaitaka kampuni izingatie yafuatayo:

Benki Kuu, inaitaka kampuni izingatie yafuatayo:

- Kuwa na mtaji mkuu usiopungua shilingi bilioni 15
- Kuwa na uwiano wa mtaji mkuu dhidi rasilimali pamoja na zilizo nje ya mizania (uwiano wa Basel) usizidi asilimia 10.
- Kuwa na kiwango cha mtaji mkuu dhidi ya dhidi ya rasilimali zoteikiwemo zilizo nje ya mizania usiopungua asilimia 12.

The results of the stress test showed that the Bank would be in compliance with current regulatory minimum core and total capital requirements.

### Capital Management

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

- To comply with the capital requirements set by the Bank of Tanzania;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored monthly by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania, for supervisory purposes. The required information is filled with Bank of Tanzania on monthly basis.

### The Central Bank requires the Bank to:

- Hold a minimum level of Core Capital of TZS 15 billion;
- Maintain a ratio of core capital to risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%; and
- Maintain total capital of not less than 12% of risk weighted assets plus risk-weighted off-balance sheet items.

Usimamizi wa mtaji/Capital Management	Benki/Bank 2014 TZS'Million	Benki/Bank 2013 TZS'Million
<b>Mtaji daraja I</b> /Total qualifying Tier 1 capital	377,818	338,173
<b>Mtaji daraja II</b> /Total qualifying Tier 2 capital	35,553	15,004
<b>Jumla ya mtaji simamizi</b> /Total regulatory capital	413,371	353,177
<b>Katika mizania</b> /On-balance sheet	2,543,913	2,002,569
<b>Nje ya mizania</b> /Off-balance sheet	340,187	331,804
<b>Jumla Rasilimali zenye viashiria vya Hasara</b> /Total risk-weighted assets and off-Balance sheet exposure	2,884,100	2,334,373

Mtaji ya Benki kama unavyosimamiwa na Idara ya Fedha ya Benki ya CRDB umegawanyika katika makundi mawili:

- Daraja la kwanza, ni mtaji utokanao na faida.
- Daraja la pili, ni mtaji utokanao na mikopo

Viashiria vya hatari kwa rasilimali hupimwa katika vigezo vitano kwa mtiririko maalum, kwa kuzingatia hasara za kibiashara katika soko, katika mikopo na kwa washirika wa kibiashara. Pia dhamana na Dhamana zinahusishwa. Mchakato kama huu unatumika katika tathmini nje ya mizania ya Benki

Jedwali lifuatalo linaonesha madaraja ya mitaji kwa mwaka 2013 na 2012. Katika miaka hii miwili, Benki ilizingatia matakwa yote yahusikanayo na mitaji :

The Bank's regulatory capital as managed by its Finance department is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Intangible assets and prepaid expenses are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to their nature, reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year is ended 31 December 2014 and 31 December 2013. During those two years, the Bank complied with all of the regulatory capital requirements to which it is subject.

	Uwiano unaotakiwa Required ratio	Uwiano Bank's ratio 2014	Uwiano Banks Ratio 2013
<b>Mtaji daraja 1</b> /Tier 1 capital	10%	13.1%	14.5%
<b>Mtaji daraja 2</b> /Tier 1 + Tier 2 capital	12%	14.3%	15.1%



# Taarifa ya Wakurugenzi

## Kwa Mwaka Ulioishia 31 Desemba 2014

# Report of the Directors

## For The Year Ended 31 December 2014

Wakurugenzi wa Benki ya CRDB wanayo furaha kuwasilisha taarifa ya mwaka ya kampuni na Benki kwa mwaka unaoishia tarehe 31 Desemba 2014, inayoainisha na kuweka wazi shughuli zote za Benki ya CRDB (Benki) na kampuni tanzu zake, CRDB Microfinance services Company Ltd na CRDB Bank Burundi S.A ( kwa pamoja “Kundi”).

Huu ulikuwa ni mwaka wa pili wa utekelezaji wa Mkakati wa miaka mitano wa Kibiashara wa Kundi kwa kipindi cha 2013 – 2017. Lengo kuu lilikuwa ni kukuza biashara kwa kuongeza biashara ya wateja wadogo na wa kati katika namna inayohakikisha ubora wa huduma na thamani kwa wadau na wanahisa wa Benki. Benki ilizindua huduma na mifumo mipya ikilenga kukidhi mahitaji ya wateja.

## MATOKEO YA MWAKA

### Kundi

Kwa mwaka 2014, hali ya kuridhisha ya mazingira ya kiuchumi iliendelea kuchangia maendeleo katika biashara za Benki. Uchumi wa Tanzania uliendelea kuimarika kufuatia kukua kwa uchumi wa dunia huku Pato Ghafi la Taifa likikua kwa asilimia 7 kwa mwaka na mfumuko wa bei ulifunga mwaka ukiwa ni asilimia 6.

Sekta ya Benki iliendelea kuwa na ushindani huku benki zikianzisha bidhaa na huduma bunifu za Benki kupitia intaneti, simu ya mkononi, mawakala na kadi za benki ambazo zinaongeza upatikanaji na urahisi wa kupata huduma kwa wateja wao. Benki ya CRDB iliendelea kuangazia sehemu yake ya soko yenye asilimia 20 ya soko la wateja ikiwahudumia katika matawi yake 120, mtandao wa mawakala na mifumo ya kielektroniki. Jumla ya benki za biashara zinazofanya kazi nchini mpaka kufikia Desemba 31, 2014 ni 54 zenye matawi 692.

Katika mwaka 2014, Kundi limepata faida kabla ya kodi ya shilingi bilioni 132.2 (2013: Shilingi bilioni 122.0), hii ikiwa ni ongezeko la asilimia 8.4 kutoka faida ya mwaka jana. Ukuaji huu umechangiwa na kuongezeka mapato kutoka kwenye mikopo na ada. Mapato yatokanayo na ada na kamisheni yaliongezeka kutoka bilioni 92.1 mwaka 2013 hadi bilioni 118.6 mwaka 2014, ongezeko la asilimia 28.8.

Mapato ya riba yaliongezeka kutoka Shilingi bilioni 304.9 mpaka bilioni 371.7, ongezeko la asilimia 21.9 Ongezeko

The Directors have the pleasure to submit their report and the audited financial statements for the year ended 31 December 2014, which disclose the state of affairs of CRDB Bank Plc (“the Bank”) and its subsidiaries, CRDB Microfinance Services Company Limited and CRDB Bank Burundi S.A. (together “the Group”).

This was the second year of implementing the Five-year Business Strategy of the Group for the period 2013-2017. The main focus was to grow business through expanding retail and SME business while ensuring quality customer experience and value creation to shareholders and other stakeholders. The Bank introduced a number of new products and systems focusing on addressing customer needs and demands.

## PERFORMANCE FOR THE YEAR

### Group

In year 2014, favourable economic environment continued to support the banking business. Tanzanian economy continued to strengthen amid the recovering global economy with its annual Gross Domestic Product (GDP) growth accelerating to 7% p.a and annual headline inflation rate closing at 6%.

The banking industry continued to be competitive with banks introducing innovative products and services such as internet banking, mobile banking, agency banking and Credit cards which enhance accessibility and convenience of banking services to their customers. CRDB Bank continued to focus on its market niche commanding about 20% of market share served in its 123 branch network, FahariHuduma agent network and electronic channels. The total commercial banks operating in the market as at 31 December 2014 were 54 with a total of 692 branches.

In 2014, the Group recorded a profit before tax of TZS 132.2 billion (2013: TZS 122.0 billion), an increase of 8.4% from previous year. The increase is attributed to the improvement in revenue from lending and fee based income. Fees and commission income grew from TZS 92.1 billion in 2013 to TZS 118.6 billion in 2014, a growth of 28.8%.

Interest income increased from TZS 304.9 billion in the prior year to TZS 371.7 billion, an increase of 21.9%. The

lilitokana na ukuaji wa ujazo wa mikopo na viwango vya riba mwafaka vya dhamana za serikali katika mwaka. Gharama za riba ziliongezeka kutoka shilingi bilioni 69.3 kwa mwaka uliopita hadi kufikia shilingi bilioni 96, ikiwa ni sawa na ongezeko la asilimia 37.9. Ongezeko hili limechangiwa na kuongezeka kwa ushindani kwenye soko la amana hali iliyosababisha benki ziongeze riba.

Katika kipindi cha mwaka, Mapato yatokanayo na ubadilishaji fedha za nje yalifikia shilingi bilioni 29.3 (2013: shilingi bilioni 28.5). Soko la kubadili fedha kwa mwaka huu liligubikwa na udhibiti kufuatia uingiliaji kati wa Benki Kuu ya Tanzania (BOT) iliyoleta athari kwa ujazo na faida. Hata hivyo, Kundi liliweza kupata matokeo mazuri ya utendaji. Ukichanganya kamisheni na ada, jumla ya mapato yasiyo ya riba, yaliongezeka kutoka Shilingi bilioni 121.9 mpaka Shilingi bilioni 151.1, ongezeko la asilimia 24.4.

Gharama za uendeshaji ziliongezeka kwa asilimia 25.5 kutoka shilingi bilioni 203.4 mwaka 2013 hadi kufikia shilingi bilioni 255.3 mwaka 2014 ikiwa ni matokeo ya mipango ya upanuzi ya mwaka 2014 ambapo matawi 20 yalifunguliwa, yakiwemo mawili nchini Burundi.

Rasilimali za Kundi ziliongezeka kutoka shilingi bilioni 3,558.7 kufikia shilingi 4,210.1 bilioni ambayo ni ongezeko la asilimia 18.3 wakati jumla ya amana ziliongezeka kwa asilimia 12.1 kufikia shilingi bilioni 3,390.9 (2013: Shilingi bilioni 3,024.4), ambayo ni zaidi ya ukuaji wa wastani ugavi wa fedha (M3) kwa asilimia 16. Kwa mujibu wa taarifa zilizotangazwa na benki zote kwa mujibu wa Sheria ya Benki na Taasisi za fedha kifungu 32 (3), jumla ya rasilimali na amana kwa sekta nzima hadi 31 Desemba 2014 zilikuwa na ukuaji wa asilimia 13 kufikia TZS 22.5 trilioni (Rasilimali) na asilimia 13 kufikia TZS 16.0 trilioni (Amana).

Benki pia ilipata mikopo ya muda mfupi na mrefu toka taasisi mbalimbali kuongeza ukwasi. Jumla ya fedha iliyopatikana kwa mikopo andamizi na ya chini ni Shilingi bilioni 108. Mfuko wa wanahisa ulikua kwa asilimia 17.4 kutoka Shilingi bilioni 375.7 mpaka Shilingi bilioni 441.7.

Utendaji wa kifedha wa Kampuni umewekwa kwa muhtasari katika Kiashiria cha Utendaji hapa chini;

increase was due to increased volumes on term loans and favourable interest rates on the government securities during the year. Interest expenses increased from TZS 69.3 billion in the prior year to TZS 96 billion, representing an increase of 37.9%. The unfavourable variance is a result of market deposit competition where banks reacted by increasing interest rates particularly on fixed/term deposits.

During the year, foreign exchange income grew to TZS 29.3 billion from TZS 28.5 billion recorded in 2013. The foreign exchange market during the year was highly restrictive following interventions from Bank of Tanzania (BoT), which impacted both volume and spread. However, the Group was able to record higher performance. Combined with commissions and fees, total non-interest income increased from TZS 121.9 billion to TZS 151.1 billion, reflecting a growth of 24.4%.

Operating cost increased by 25.5% from TZS 203.4 billion in 2013 to TZS 255.3 billion in 2014 as a result of expansion initiatives under which 20 new branches were opened in 2014, inclusive of 2 branches in Burundi.

The Group's total assets grew from TZS 3,558.7 billion to TZS 4,210.1 billion an increase of 18.3% while total deposits recorded a growth of 12.1% to TZS 3,390.9 billion from TZS 3,024.4 billion, which is slightly below the annual growth of Money Supply (M3) of 16%. According to the data published by all banks pursuant to Section 32 (3) of the Banking and Financial Institutions Act. Industry total assets and deposits as at 31st December 2014 recorded annual growth of 13.% to TZS 22.5 trillion and 13% to TZS 16.0 trillion respectively.

The Bank also rose midterm to long term funding from various institutions to boost liquidity. Total funds raised are senior debt and subordinated debt amounting to TZS 108 billion. Shareholders' funds grew by 17.4% from TZS 375.7 billion to TZS 441.7 billion.

The financial performance of the Group is summarised in key performance indicators outlined below:-



## Viashiria Vya Utendaji - Key Performance Indicators (KPIs)

Kiashiria cha Utendaji Key Performance Indicator	Tafsiri na Fomula Definition and Formula	Uwiano CRDB Bank ratios	
		2014	2013
		Rejesho kwenye Mtaji Return on Equity	(Faida baada ya kodi/Jumla ya Mtaji)*100% (Net profit/Total equity)*100%
Rejesho kwenye Rasilimali Return on Assets	(Faida baada ya kodi/Jumla ya Rasilimali) *100% (Profit Before Tax/Total assets) *100%	3.1%	3.4%
Gharama za Uendeshaji kwa Pato la Uendeshaji Operating Expenses to Operating Income	(Gharama za uendeshaji/Pato halisi la Riba+ Pato lisilo la Riba) *100% (Operating expense/Net interest income + Non Interest income) *100%	60.4%	56.9%
Mapato kwa Hisa Earnings per share	Faida iliyotokana na mtaji wa Wanahisa/ idadi ya Hisa za kawaida zilizotolewa Profit attributable to equity share holders/ Number of ordinary shares in issue	43.9%	38.8%
Jumla ya mikopo kwa amana za wateja Gross loans to customer deposits	(Mikopo kwa wateja/Amana kutoka kwa wateja) *100% (Gross loans to customers/ Total deposits from customers) *100%	76.0%	67.1%
Mikopo chechefe kwa jumla ya mikopo ** Non-performing loans to total loans **	(Mikopo isiyofaa/Jumla ya Mikopo)*100% (Non-performing loans/ Gross loans and advances)*100%	5.0%	6.2%
Ukuaji wa Jumla ya Rasilimali Growth in total assets	(Mwenendo Rasilimali za mwaka huu- Rasilimaliza mwakauliyopita)/ Rasilimali za mwaka uliyopita) *100% (Trend(Current year total assets-Previous year total asset)/Previous year total asset)*100%	18.3%	15.7%
Ukuaji wa Amana za Wateja Growth in customer deposits	(Mwenendo( Amana za mwaka huu- Amana za mwaka uliyopita)/ Amana za mwaka uliyopita) *100% (Trend(Current year deposits-Previous year deposits)/ Previous year deposits)*100%	12.1%	17.0%
Uwiano wa Mtaji wa Tier 1 Tier 1 Capital ratio	Mtaji Mkuu/Rasilimali hatarishi pamoja na zilizo nje ya mizania)*100% (Core capital/Risk weighted assets including off balance sheet items)*100%	13.1%	14.5%
Jumla ya uwiano wa Mtaji Total Capital Ratio	(Mtaji Mkuu/ Rasilimali hatarishi pamoja na zilizo nje ya mizania)*100% (Total capital/Risk weighted assets including off balance sheet items) *100%	14.3%	15.1%

\*\* Mikopo chechefe inajumuisha ile iliyodhaminiwa na serikali inayofikia shilingi 19.9 bilioni (2013: TZS 8.3 bilioni)

\*\* Non performing loans include Government guaranteed loans which amount to TZS 19.9 billion (2013: TZS 8.3 billion).

### CRDB Microfinance Service Company Limited

Benki kupitia kampuni yake tanzu inashughulika na taasisi washirika wa Microfinance (MFI) chini ya mpango wa Microfinance, vingi vikiwa ni vyama vya kuweka na kukopa (SACCOS). Idadi ya washirika wa Microfinance iliongezeka kwa asilimia 6.4 kutoka 441 mwaka 2013 hadi kufikia 469 tarehe 31 Desemba 2014. Jumla ya mikopo iliyotolewa kwa taasisi hizi ilikuwa shilingi bilioni 158 kwa mwaka 2014 kutoka shilingi bilioni 155 mwaka 2013. Jumla ya amana kupitia kampuni tanzu kwa niaba ya Benki zilikuwa hadi kufikia shilingi bilioni 66.7 kutoka

### CRDB Microfinance Services Company Limited

The Bank through its subsidiary deals with Microfinance institutions (MFIs) under the Microfinance programme, mostly with savings and credit cooperative societies (SACCOS). The number of partner MFIs increased by 6.4% from 441 (in 2013) to 469 (in 2014). Total loans extended by the Bank to these institutions stood at TZS 158 billion in 2014 from TZS 155 billion in 2013. Total deposits mobilised by the subsidiary on behalf of the Bank grew to TZS 66.7 billion from TZS 33.3 billion in 2013. The subsidiary made a profit of TZS 4.9 billion from TZS 4.2 billion in 2013, which is a growth of 16.7%.

shilingi 33.3 mwaka 2013. Kampuni tanzu ilipata faida ya shilingi bilioni 4.9 kutoka shilingi bilioni 4.2 mwaka 2013, ongezeko la asilimia 16.7.

### CRDB Bank Burundi S.A

Benki ya CRDB ilifungua matawi mapya mawili Asiatique na City Bujumbura, kufanya Benki kuwa na matawi manne ikiwemo tawi linalotembea. Rasilimali za kampuni tanzu hadi Desemba 31, 2014 zilifikia Shilingi bilioni 104 toka bilioni 32 za mwaka 2013. Jumla ya amana ilifikia Shilingi milioni 28,894 ukilinganisha na Shilingi milioni 15,977 za mwaka 2013. Katika mwaka huo kampuni tanzu ilipata hasara ya shilingi milioni 3,578 (2013; Shilingi milioni 3,421).

### GAWIO

Bodi inapendekeza gawio la shilingi 15 kwa hisa katika mwaka huu (2013: Shilingi 14 kwa hisa). Jumla ya gawio kwa wanahisa ni shilingi bilioni 32.7 (2013: Shilingi bilioni 30.5), ambayo ni asilimia 34 ya faida halisi ya Benki na ongezeko la asilimia 7.1 kutoka mwaka 2013.

### MTIRIRIKO WA FEDHA

Katika mwaka 2014, Uwekezaji wa Benki kwenye dhamana za serikali uliongezeka kwa kiasi cha shilingi bilioni 26.1 (2013: Shilingi bilioni 47.7) na mikopo kwa wateja iliongezeka kwa shilingi bilioni 599.7 (2013: shilingi bilioni 205.5). Kwa upande mwingine amana za wateja ziliongezeka kwa shilingi bilioni 362.3 (2013; Shilingi bilioni 433.5). Uwekezaji huu na amana za wateja hizi ni miongoni mwa sababu zinazopelekea kubadilika kwa mtiririko wa fedha unaotokana na utendaji. Kutoka jumla ya uwekezaji katika dhamana, asilimia 58 zinatarajiwa kuiva mwaka 2015. Benki imeendelea kuwa na ukwasi wa fedha ili kumudu mahitaji ya kifedha yanayotarajiwa.

### UKWASI WA FEDHA

Benki inaweka msisitizo mkubwa kwenye usimamizi na udhibiti wa viashiria vya hatari vya hali ya fedha na usimamizi wa kila siku wa mtiririko wa fedha kupitia Idara ya Hazina kuhakikisha kwamba Benki ina rasilimali ya kifedha kuiwezesha kuendelea na utendaji wake kama kawaida. Kamati inayoangalia ukwasi wa fedha (ALCO) pia inadhhibiti hali ya hatari ya kifedha kuhakikisha kwamba ukomo unawekwa ukizingatia makisio na kufuatilia utimilifu kila mwezi. Majaribio na kuona ni kwa kiwango gani Benki inaweza kukabiliana na majanga yatokanayo na ukwasi wa kifedha hufanywa na Idara ya Usimamizi wa Hatari za Hasara.

Vyanzo vikuu vya fedha vya Benki ni amana za wateja, fedha za wanahisa, mara chache ukopaji baina ya benki na benki ambayo ni utendaji wa kawaida wa soko. Kwa

### CRDB Bank Burundi S.A.

CRDB Bank Burundi S.A opened 2 branches during the year at Asiatique and City centre in Bujumbura, making total of four branches including one mobile branch. The subsidiary total assets as at 31st December 2014 grew to TZS 104 billion from TZS 32 billion in 2013. Total deposits reached TZS 28,894 million compared to TZS 15,977 million in 2013. During the year the subsidiary recorded a loss of TZS 3,578 million (2013: TZS 3,471million loss).

### DIVIDENDS

The Board recommends a dividend of TZS 15 per share from year 2014 profit after Tax (2013: TZS 14 per share). Total amount of dividend recommended is TZS 32.7 billion (2013: TZS 30.5 billion), which is 34% of the net profit of the year, an increase of 7.1% from 2013.

### CASH FLOWS

In 2014, the Bank's investment in government securities increased by TZS 26.1 billion (2013: TZS 47.7 billion) and lending to customers increased by TZS 599.7 billion (2013: TZS 205.5 billion). On the other hand, deposits from customers increased by TZS 362.3 billion (2013: TZS 433.5 billion). Such investment activities and customer deposits are the major factors explaining the Bank's movement in cash flow generated from operations. Of the total investments in securities, 58% are expected to mature in 2015. The Bank continues to maintain sound liquidity position to enable it meet its cash flow commitments.

### LIQUIDITY AND FUNDING

The Bank places strong emphasis on managing liquidity risk and daily cash flow management which is handled by the Treasury Department to ensure the Bank holds sufficient liquid assets to enable it continue with its normal operations. Asset Liability Committee (ALCO) also manage the Bank's exposure to liquidity risk by ensuring that limits are in line with realistic assumptions and track compliance on a monthly basis. Stress test to ascertain the Bank's resilience to market shocks is done by Risk and Compliance Department.

The Bank's main sources of funding are customers' deposits and shareholders' funds and occasionally interbank borrowings as part of its normal market operations. In addition, the Bank received a loan from IFC amounting to USD 45 million and towards the end of the year the Bank received a 7 years loan from EIB amounting to Euro 20 million. The Bank also received from DANIDA an addition of TZS 20 billion subordinated debt to make a total of TZS 30 billion. All these initiatives aimed at reducing dependency on interbank borrowing while targeting financing of midterm to long term projects.



nyongeza Benki ilipata mkopo wa Dola za Kimarekani milioni 45 kutoka IFC ambazo ni sehemu ya mkopo wa dola milioni 75 na kuelekea mwisho wa mwaka Benki ilipokea mkopo wa miaka saba wa Yuro (Euro) milioni 20 kutoka EIB. Benki pia ilipata ziada ya bilioni 20 kama mkopo kutoka DANIDA na kufanya jumla ya mkopo kuwa Shilingi bilioni 30. Michakato yote hii ni kuiwezesha Benki kupunguza utegemezi wa kukopa katika benki za ndani huku ikilenga kukopesha miradi ya muda wa kati na mrefu.

## **HALI YA FEDHA (SOLVENCY)**

Hali ya masuala yanayohusu Kundi na Benki kama ilivyokuwa mnamo 31 Desemba 2014 yameainishwa vizuri katika ukurasa 82 katika Taarifa ya Fedha. Wakurugenzi wanatambua kuwa Kundi na Benki zipo katika hali nzuri ya kifedha kama tafsiri iliyopo katika Sheria ya Makampuni ya Mwaka 2002.

## **MIPANGO YA MAENDELEO YA BAADAE**

Kwa mwaka 2015, Benki itaendelea kufanyia kazi mkakati wake wa miaka mitano wenye kuangazia katika kuhushia bidhaa, mifumo na misingi iliyoanzishwa miaka iliyopita ili kuhakikisha kiwango cha huduma cha hali ya juu, kuongeza matumizi ya bidhaa na wateja, makusanyo ya mikopo na ukuaji wa mitandao ili kuongeza maeneo yanayofikiwa hasa kule ambapo haijafika huku ikiangazia umaridadi katika uendeshaji.

## **SERA MUHIMU ZA KIHASIBU**

Matokeo ya Kundi yanaweza athirika na sera za kihasibu, makisio na makadirio yaliyotumika kuandaa majumuisho ya Taarifa za Fedha. Wakati wa kuandaa Taarifa za Fedha ni wajibu wa Wakurugenzi chini ya Sheria ya Makampuni ya Mwaka 2002 kuchagua sera za kihasibu zinazofaa na kufanya maamuzi na makadirio ambayo ni ya busara. Sera za kihasibu zinazoonekana ni muhimu kwa matokeo na hali ya kifedha, sera pia inatumia kiwango cha ufikiri wakati wa kufanya makisio na makadirio. Hayo yameelezwa ndani ya muhtasari namba 2 na 4 wa Taarifa za Fedha.

## **MUUNDO WA MTAJI**

Muundo wa mtaji wa Benki kwa mwaka unaopitiwa ni kama ifuatavyo:

### **Zilizopitishwa**

Hisa za kawaida 4,000,000,000 za Shilingi 25 kwa kila hisa

### **Zilizotolewa na kulipia zote**

Hisa za kawaida 2,176,532,160 za Shilingi 25 kwa kila hisa

Kwa mwaka huu hakukuwa na hisa zilizotolewa wala kununuliwa upya.

## **SOLVENCY**

The state of affairs of the Group and the Bank as at 31 December 2014 are set out on page 82 of the financial statements. The Directors consider the Group and Bank to be solvent within the meaning ascribed by the Tanzania Companies Act, 2002.

## **FUTURE DEVELOPMENT PLANS**

In 2015, the Bank will continue implementing the 5-year business strategy focusing mainly on consolidation of products, systems and platforms introduced in the previous years, quality service and enhance product usage by customers. Aggressive loan recoveries, network expansion to increase outreach while ensuring operational excellence are among the priorities of 2015.

## **CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS**

Results of the Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility under the Tanzania Companies Act 2002 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in notes 2 and 4 to the Financial Statements.

## **CAPITAL STRUCTURE**

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

### **Authorized**

4,000,000,000 ordinary shares of TZS 25 each

### **Issued and fully paid**

2,176,532,160 ordinary shares of TZS 25 each

There were no shares issued or repurchased during the year.

## WANAHISA WA BENKI

Katiba ya Benki inatambua uwepo wa makundi matatu ya wanahisa, ambayo ni wanahisa wenye hisa asilimia 10 au zaidi ya jumla ya hisa zote zilizolipiwa, wanahisa wenye hisa kati ya asilimia 1 na chini ya asilimia 10 ya jumla ya hisa zote zilizolipiwa; na wanahisa wenye hisa chini ya asilimia 1. Hadi kufika mwisho wa mwaka, mgawanyo wa hisa kwa haya makundi matatu ulikuwa kama ifuatavyo:

Makundi ya Wanahisa Shareholding group	2014		2013	
	Idadi ya Hisa No. of shares	%	Idadi ya Hisa No. of shares	%
10% ≥	685,183,680	31.5	685,183,680	31.5
1% to ≤ 10%	485,695,315	22.4	462,572,726	21.3
≤ 1%	1,005,653,165	46.1	1,028,775,754	47.2
<b>Jumla/Total</b>	<b>2,176,532,160</b>	<b>100.0</b>	<b>2,176,532,160</b>	<b>100.0</b>

Wanahisa wanaomiliki asilimia 1 au zaidi kama walivyokuwa tarehe 31 Desemba 2013 wameorodheshwa hapa chini:

## SHAREHOLDERS OF THE BANK

The Bank's Articles of Association recognize three categories of shareholders, namely shareholders holding 10% or more of the total paid up shares, shareholders holding between 1% and 10% of the total paid up shares and shareholders holding less than 1%. As at the end of the year, the shareholding of these three groups was as follows:

Shareholders holding 1% or more of the total paid up capital as at 31 December 2014 are listed here under:

Makundi ya Wanahisa Shareholding group	2014		2013	
	Idadi ya Hisa No. of shares	%	Idadi ya Hisa No. of shares	%
DANIDA Investment Fund	467,781,934	21.5	467,781,934	21.5
PPF Pension Fund	217,401,746	10	217,401,746	10
Blakeney General Partners III Ltd	80,105,578	3.7	54,405,578	2.5
Standard Chartered Kenya Nominees A/C Pinebridge	65,732,400	3	40,072,400	1.8
Re Pictet & CIE A/C General Partners IV Ltd	55,082,392	2.5	35,282,392	1.6
LAPF Pension Fund	48,397,958	2.2	48,397,958	2.2
Western Zone Tobacco Co-operative	36,000,000	1.7	36,000,000	1.7
Union (WETCO)				
Standard Chartered Bank Mauritius - Atree Custody Services	30,127,409	1.4	47,499,699	2.2
PSPF Pension Fund	31,531,350	1.4	31,531,350	1.4
Hans Aingaya Macha	27,303,500	1.3	23,082,800	1.1
National Health Insurance Fund	26,700,034	1.2	-	-
CMG Investment Limited	20,703,680	1	29,588,949	1.4
Lindi Development Fund	21,660,000	1	21,660,000	1
SCB Re Pictec & CIE A/C Patrick Schegg	21,230,300	1	21,230,300	1
Re Pictec & CIE SA A/C Blakeney Investors	21,120,714	1	-	-
Aunali F. Rajabali and Sajjad F. Rajabali	-	-	49,031,060	2.3
SCB Re Ghana A/C Epack Investment Funds Ltd	-	-	24,790,240	1.1
<b>Total</b>	<b>1,170,878,995</b>	<b>53.9</b>	<b>1,147,756,406</b>	<b>52.8</b>



Idadi ya wanahisa mwisho wa mwaka 2014 ilikuwa 29,132 (2013: 28,668) ikijumuisha wajumbe 9 wa bodi kama ilivyoinishwa kifungu 7.1.1 ya taarifa ya wakurugenzi.

## TAARIFA YA SOKO LA HISA

Benki imeorodheshwa kwenye Soko la Hisa la Dar es Salaam. Bei ya hisa hadi kufikia tarehe 31 Disemba 2014 ilikuwa shilingi 430.00 (2013: Shilingi 280.00). Thamani ya mtaji sokoni hadi kufikia tarehe 31 Disemba 2014 ilikuwa Shilingi bilioni 935.91 (2013: Shilingi bilioni 609.43).

## MAENEO MAKUU YA HATARI NA YASIYO NA HAKIKA

Kulingana na biashara ambayo Benki inafanya maeneo makuu ya hatari ni:

### Hatari za Fedha.

Hatari za fedha ni pamoja na hatari ya mikopo, ukwasi na soko. Sera ya Benki ya usimamizi wa hatari za hasara inatolewa na Bodi na kufanyiwa kazi na menejimenti. Sera hizi zinahusisha utambuaaji, tathmini na njia za kukabiliana na hatari hizo. Maelezo zaidi ya hatari ya fedha zinazoikabili Benki yametolewa katika muhtasari namba 3 wa taarifa za fedha.

### Hatari za Kiuendeshaji

Benki ipo katika hatari za uendeshaji zinazoweza kutokana na mapungufu au kushindwa kwa taratibu za ndani, watu, mifumo au matukio ya nje. Hata hivyo, Kundi lina sera na muundo wa udhibiti wa hatari ambavyo vinapunguza uwezekano wa kukumbana na hatari hizi.

## USIMAMIZI WA HATARI ZA HASARA NA UDHIBITI WA NDANI

Bodi inakubali jukumu la mwisho la usimamizi wa hatari za hasara na udhibiti wa mifumo ya ndani ya Kundi. Ni jukumu la menejimenti kuhakikisha inajenga na kuifanya endelevu mifumo ya ndani ya udhibiti inayotosha ili ilete hakika ya uwepo wa

- Uendeshaji wenye tija
- Usalama wa rasilimali za Benki
- Uzingatiaji wa sheria na kanuni
- Uendelevu wa biashara.

Utawala bora unategemea kuwepo kwa mfumo makini wa udhibiti na usimamizi wa taratibu zilizowekwa zinazoendana na taratibu za kimataifa. Ili kuhakikisha kwamba mfumo wa udhibiti na usimamizi wa hatari za hasara unafanya kazi kwa tija na ufanisi, Benki inayo idara kamili ya usimamizi na udhibiti wa hatari za hasara na

The total number of shareholders as at year end 2014 was 29,132 (2013: 28,668 shareholders), which included nine members of the Board as outlined under section 7.1.1 of the report of directors.

## STOCK EXCHANGE INFORMATION

The Bank is listed on the Dar es Salaam Stock Exchange. The share price as at 31 December 2014 was TZS 430.00 (2013: TZS 280.00). Market capitalization as at 31 December 2014 was TZS 935.91 billion (2013: TZS 609.43 billion).

## PRINCIPAL RISKS AND UNCERTAINTIES

CRDB is exposed to the following principal risks and uncertainties according to the nature of the business:

### Financial Risks

Financial risk includes credit, liquidity and market risks. CRDB overall risk management policies are set out by the Board and implemented by the Management. These policies involve identification, evaluation and mitigation of such risks. More details of the financial risks facing the Bank are provided in note 3 to the financial statements.

### Operational Risks

The Bank is exposed to operational risks that may arise from inadequate or failed internal processes, people, systems or external events. However the Group has adequate operational risk policies and framework that cater for mitigation of these risks.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts ultimate responsibility for the risk management and internal control function of the Group. It is the responsibility of the Management to ensure that adequate internal control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- Operational efficiency;
- Safety of the Bank's assets;
- Compliance with applicable laws and regulations; and
- Business continuity.

Good governance is dependent on adequate and effective Governance Framework which is in line with best international practices. In order to ensure the internal controls remain adequate, the Bank has a fully-fledged Risk and Compliance function that coordinates and oversees the implementation of enterprise wide risk management framework within the Group.

udhibiti wa ndani. Idara hii inasimamia na kuratibu utekelezaji wa mifumo ya Benki katika kusimamia hatari za hasara na udhibiti ndani ya Kundi.

Kwa kuongezea, Bodi kupitia kamati yake ya Usimamizi wa Hatari za Hasara na Ukaguzi walitathmini mfumo wa udhibiti wa ndani kipindi cha mwaka wa fedha ulioshia tarehe 31 Desemba 2014. Ni maoni yao kuwa vidhibiti vinatosheleza kuzuia hatari za hasara zilizomo kwenye uendeshaji wa Kundi.

## UIMARA NA RASILIMALI MUHIMU

Kwa kipindi cha mwaka wa fedha wa 2014, uboreshaji wa huduma wenye lengo la kuboresha utimizaji wa matakwa ya mteja ziliendelea. Imani yetu nikuwa mteja aliyeridhika husababisha wanahisa waridhike. Mkakati wetu wa kumjali mteja umejikita katika dhima kuu nne za kiuwezo nazo ni; watu, teknolojia, tija na uimara kifedha. Mara zote kuridhika kwa mteja hutokana na huduma bora kutoka kwa mfanyakazi, hivyo mfanyakazi anabaki kuwa rasilimali muhimu kama ilivyojionesha kwenye matokeo ya mwaka huu ambayo yametokana na kujituma na utendaji kazi uliotukuka wa wafanyakazi. Kundi lina wafanyakazi wenye ujuzi na uzoefu ambao ndio rasilimali kuu katika kufikia malengo ya biashara. Kundi limeendelea kuhamasisha mawasiliano ya kweli na wazi katika maamuzi.

Eneo jingine muhimu katika kuangazia wateja kwa miaka mingi ni uwekezaji kwenye tehama. Tehama ni nyenzo muhimu inayoweza upatikanaji wa tija. Tija ndio itakuwa mtazamo wa Benki kwa miaka mingi ijayo na mipango tuliyoifanya katika mwaka huu imetoweza kupiga hatua katika kudumisha utamaduni wa tija kwa Kundi lote.

Ndoto zetu ni kuifanya biashara yetu iendele kuwa rafiki kwa wateja wetu na yenye ufanisi kwa kipindi kirefu, wakati tukidhibiti gharama za muda mfupi ziwe za kiwango kinachokubalika. Ukizingatia uwezo wa Kundi, tuna uwezo mkubwa wa kuwahudumia wateja wetu.

## USTAWI WA WAFANYAKAZI Mahusiano ya Uongozi na Wafanyakazi.

Kuendelea kuwa na mahusiano mazuri kati ya wafanya kazi na menejimenti iliendelea kuwa ajenda kuu. Mkataba wa hali bora wa miaka 3 na TUICO uliosainiwa mwaka 2011 ulifikia kikomo. Mkataba huo ulisainiwa tena kwa kipindi cha miaka 3 ukitilia maanani mambo muhimu ya pande zote. Bodi ilihusishwa kwenye mchakato wote na iliridhia hadidi zote za mkataba.

In addition, the Board through its Risk Committees evaluated the internal control systems during the financial year ended 31 December 2014. It is of the opinion that they adequately and efficiently mitigate risks inherent in the Group's operations.

## KEY STRENGTH AND RESOURCES

During the 2014 financial year, our multi-year trend of improving customer satisfaction continued. Our strategy of customer focus is built around four key capabilities: people, technology, productivity and financial strength. Customer satisfaction depends first and foremost on people and hence employees continue to be the Bank's most important asset as demonstrated by this year's result which is a tribute to their commitment and hard work. The group has skilled and experienced employees who are considered as key resource in pursuing its business objectives. The group continues to encourage open and honest communication in decision making.

Another critical part of our customer focus over many years has been our investment in technology. ICT investment is also an important enabler of our group-wide focus on productivity. Productivity will be a multi year focus for the organisation and the initiatives we embarked on during the year have seen us making a significant progress in embedding productivity culture throughout the Group.

Our aspiration is to continuously make our business more customer friendly and efficient in the long term, while managing short term expenses to an appropriate level. Given the strength of the Group we have ample capacity to support our customers.

## EMPLOYEES' WELFARE

### Management and Employees Relationship

Maintaining Good relationship between employees and management during the year continued to be one of the main agenda. The 3 year collective bargaining agreement with TUICO (Tanzania Union of Industrial and Commercial Workers) which was signed in 2011 came to an end. It was renewed for another 3 years taking into account the important aspects between the two parties. The Board was fully involved in the process and agreed with the terms.



## Mafunzo

Katika kipindi cha mwaka Kundi lilitumia Shilingi bilioni 4.7 (2013 Shilingi bilioni 4.9) kwa mafunzo ya wafanyakazi ilikuongeza uwezo katika kazi. Mwaka 2014 Kundi liliendelea kutoa elimu mahsusi za tehama, hatari za biashara, menejimenti ya mahusiano na menejimenti ya mikopo kwa njia ya kielektroniki ili kuwawezesha wafanyakazi kuongeza ustadi ili kuzielewa kazi zao vema. Kundi pia limekuwa likiwawezesha wafanyakazi kujiunga na programu za elimu ya masafa kwa kozi za cheti na diploma za masuala ya benki, zinazoweza kufikiwa na wafanyakazi wote nchi nzima. Programu za ndani na nje ya nchi zilikuwa sehemu ya mpango wa mafunzo wa mwaka wa 2014 kwa ajili ya kubadilishana uzoefu na kujifunza mambo mapya.

## Msaada wa Matibabu

Kundi limeendelea kutoa huduma za matibabu kwa watumishi wake, wenzi wao na watoto wasiozidi wanne. Kwa ziada, Benki inaendesha mpango wa afya kwa wafanyakazi ujulikanao kama Employee Wellness Programme (EWP) kwa kupitia mtoa huduma wa nje ili kusaidia wafanyakazi katika kuweka uwiano kati ya kazi na maisha ili kuhakikisha tija bora.

## Afya na Usalama

Kundi linachukua hatua zote muhimu zinazowezekana ili kulinda afya, usalama na ustawi wa wafanyakazi wake. Mazingira salama ya kazi yamewekwa kwa kila mfanyakazi kwa kutoa vifaa vya kutosha vya kujilinda, mafunzo na usimamizi pale unapohitajika. Kundi linahakikisha mahitaji yote ya sheria ya OSHA yanatimizwa bila kukosa.

## Misaada ya Fedha kwa Wafanyakazi

Mikopo inatolewa kwa wafanyakazi wote waliohibitishwa ajira zao kutegemea na tathmini na maamuzi ya menejimenti kutokana na mahitaji na hali ya mkopaji ili mradi ipo sawa na Sera za Rasilimali Watu na Mikopo.

## Watu wenye Ulemavu

Ni sera ya Benki kutoa ajira kwa watu wenye ulemavu pale inapofaa. Kundi limekuwa likizingatia sera hii mara zote inapoajiri wafanyakazi.

## Wafanyakazi

Hadi kufikia 31 Desemba, idadi ya wafanyakazi wa Kundi ilikuwa ni 2,387 (2013: wafanyakazi 2,158). Ukuaji wa idadi ya wafanyakazi kwa mwaka ulikuwa ni asilimia 10.6 ambao ni sambamba na ukuaji wa biashara. Kati ya idadi hiyo ya wafanyakazi wa Kundi hadi tarehe 31 Desemba 2014, 1,356 walikuwa ni wanaume na 1,031 walikuwa ni

## Training Facilities

During the year, the Group spent TZS 4.7 billion (2013: TZS 4.9 billion) on staff training in order to improve employees' technical skills and performance. In year 2014, the Group continued to provide e-learning training courses covering soft skills and specialised courses for ICT, risk management, relationship management and credit management which enabled employees to acquire relevant skills for better understanding of their work. The Group also continues with Distance Learning Programme on banking certificate and diploma courses that can be easily accessed by all staff countrywide. In house training programmes and some standard programmes offered locally and internationally were also part of the training programmes for 2014 to enable experience sharing and exposure.

## Medical Assistance

The Group continues to provide medical services to its employees, their spouses and up to four children. In addition, the Bank runs Employee Wellness Programme (EWP) through external service provider to assist employees in work-life balance and ensure better productivity.

## Health and Safety

The Group takes all reasonable and practicable steps to safeguard health, safety and welfare of its employees. A safe working environment is maintained for all employees by providing adequate and proper personal protective equipment, training and supervision as necessary. The Group observes Occupational Safety and Health Administration (OSHA) requirements and ensure full compliance.

## Financial Assistance to staff

Loans are available to all confirmed employees depending on the assessment and discretion of management as to the need and circumstances, as long as it is in line with the Human Resources and Credit Policies.

## Persons with Disabilities

It is the Group's policy to provide employment to disabled persons wherever practicable. The Group has always considered this policy whenever it recruits.

## Staffing

As at 31 December, the Group's number of employees was 2,387 employees (2013: 2,158 employees). The annual growth in staffing was 10.6%, which is in line with the business growth.

wanawake (2013: wanaume 1,229, wanawake 929). Kundi linatoa fursa sawa kwa wote katika nafasi za ajira na inahakikisha watu wenye sifa wanapata nafasi kwa kila nafasi bila kuangalia vigezo kama vile jinsia, ndoa, kabila, dini, ulemavu ambao hauna mahusiano na uwezo wa mtu katika kazi.

## MISAADA YA KISIASA

Kundi halikutoa msaada wowote wa kisiasa katika mwaka huu.

## PROGRAMU YA UHIFADHI MAZINGIRA

Kundi linasaidia uwekezaji katika sekta muhimu kama vile kilimo, viwanda na utalii, ambazo utunzaji na uhifadhi wa mazingira ni suala muhimu hasa katika kipindi hiki ambapo mabadiliko ya tabia nchi yamekuwa ni changamoto kwa nchi zote ikiwemo Tanzania.

Katika kuunga mkono jitihada za uhifadhi na utunzaji wa mazingira. Kundi linaisitiza utimizaji wa mahitaji ya kisheria ya kufanya upembuzi wa athari za mazingira kwa kila mradi linalounga mkono.

## WAKAGUZI WA HESABU

Wakaguzi wa Hesabu, PriceWaterHouseCoopers, wameonyesha utayari wao kuendelea kuwa ofisini na wanakidhi vigezo vya kuchaguliwa tena. Azimio la kushauri uteuzi wao kama wakaguzi wa hesabu za Benki kwa mwaka unaofuatia litapelekwa katika Mkutano Mkuu wa Mwaka.

Out of the total number of staff in the Group as at 31 December 2014; 1,356 were male and 1,031 female (2013: 1,229 were male and 929 female). The Group provides equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors such as gender, marital status, tribes, religion, and disability which does not impair ability to discharge duties.

## POLITICAL DONATIONS

The Group did not make any political donations during the year.

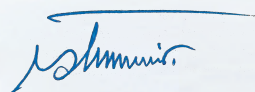
## ENVIRONMENTAL CONTROL PROGRAMME

The Group supports investment in sectors such as agriculture, industry and tourism, in which environmental protection and conservation are a major issue at a time when climate change poses a serious challenge for all countries, including Tanzania. In supporting conservation and environmental protection efforts, the Group insists on compliance with statutory environmental impact assessment requirements for projects it supports.

## AUDITORS

The auditors, PricewaterhouseCoopers have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing their reappointment as the Bank's auditors for the subsequent year will be put to the Annual General Meeting.

### KWA IDHINI YA BODI/BY ORDER OF THE BOARD



Martin J. Mmari  
Mwenyekiti/ Chairman

20 March 2015  
Tarehe/ Date



# ULIPO TUPO

## Huduma

Tupo kwenye secta ya fedha tukitoa huduma za benki. Katika matawi yetu tunajenga na kuimarisha mahusiano yetu na wateja, tunapata wasaa wa kuwafahamu vizuri na kuwasaidia kupata njia za kufikia malengo yao kifedha.

Kama benki inayomsikiliza mteja tunaelewa mahitaji mahsusi ya kipekee ya wateja wetu na wakati wote tunahakikisha kuwa huduma zetu zinakidhi mahitaji yao na pia uzoefu wao wa kupata huduma kwetu ni bora kabisa, kila wakati popote walipo; Ulipo Tupo.

## Services

We are in the financial industry providing banking services. In our branches we are building and strengthening our relationship with customers, we get to know them better and assist them in finding ways to attain their financial goals.

As a Bank that listens, we understand the unique needs of our customers and we are constantly ensuring that our services match those needs and their experience of banking with us is the best, whenever, wherever they are; Ulipo Tupo.





# Taarifa Juu ya Majukumu ya Wakurugenzi

Kwa Mwaka Unaoishia 31 Desemba 2014

# Statement of Directors' Responsibilities

For the Year Ended 31 December 2014

Sheria za Makampuni, Kifungu cha 212 sheria namba 12 ya mwaka 2002 inawahitaji Wakurugenzi kuandaa taarifa ya fedha kwa kila mwaka wa fedha inayotoa ukweli na sura halisi ya masuala ya Kundi na Benki kwa kila mwisho wa mwaka wa fedha kwa kubainisha faida au hasara kwa mwaka. Na pia inahitaji Wakurugenzi kuhakikisha kuwa Kundi na Benki zinatunza kumbukumbu sahihi zinazotoa uwazi, na kwa usahihi juu ya hali ya kifedha ya Kundi na Benki. Wakurugenzi pia wanao wajibu kulinda rasimali za Kundi na Benki na hivyo kuchukua hatua za tahadhari kuzuia, kubainisha udanganyifu, kosa na ukiukwaji wa taratibu.

Wakurugenzi wanakubali wajibu wao wa kuandaa taarifa za fedha ambazo zimeandaliwa kutumia sera sahihi za kiuhasibu sambamba na maamuzi na makadirio yaliyofanywa kwa kuzingatia uhalisia, yakiendana na viwango vya uwasilishaji hesabu za fedha za kimataifa (IFRS) na kwa kuzingatia matakwa ya Sheria za Makampuni, Kifungu namba 12 ya mwaka 2002. Wakurugenzi wana maoni kuwa taarifa ya fedha inatoa sura ya ukweli na mtazamo kuhusu hali ya fedha kwa Kampuni na benki na faida yake kulingana na makadirio ikizingatia viwango vya utoaji taarifa za kifedha za kimataifa (IFRS). Wakurugenzi wanaridhia jukumu la kuendelea kutunza kumbukumbu za hesabu ambazo zitakuwa zikitumika wakati wote wa kuandaa taarifa za fedha, kuunda, kutekeleza na kuendeleza mfumo wa udhibiti wa ndani muhimu katika uandaaji na uwasilishaji wa taarifa za mwaka ambazo zimeepukwa na udanganyifu au kosa lolote.

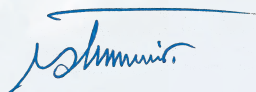
Wakurugenzi hawajaona jambo lililojitokeza kuwajulisha na kuwa na sababu ya Benki kutokuwa na muendelezo wa utendaji wa hali yake ya kawaida katika kipindi kingine cha miezi kumi na mbili (12) kuanzia kutoka kwa taarifa hii.

The Companies Act, CAP 212 Act No.12 of 2002 requires Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and Bank as at the end of the financial year and of its profit or loss for the year. It also requires the Directors to ensure that the Group and Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Group and Bank and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, CAP 212 Act No.12 of 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and Bank and of its profit in accordance with International Financial Reporting Standards (IFRS). The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

**KWA IDHINI YA BODI/BY ORDER OF THE BOARD**





# Report of The Independent Auditor to the Members of CRDB Bank Plc

## Report on the Financial Statements

We have audited the accompanying consolidated financial statements of CRDB Bank Plc (the Bank) and its subsidiaries (together, the Group), which comprise the statements of financial position as at 31 December 2014 of the Group and Bank, their statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Directors' responsibility for the financial statements*

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, CAP 212 Act No. 12 of 2002 and for such internal control, as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

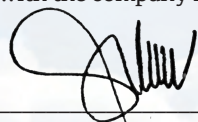
### *Opinion*

In our opinion the accompanying financial statements give a true and fair view of the state of the Group's and the Bank's financial affairs at 31 December 2014 and of their profits and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

## Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Michael M. Sallu, FCPA-PP

**For and on behalf of PricewaterhouseCoopers**

Certified Public Accountants

Dar es Salaam

Date 31 March 2015

# Financial Statements

## For the Year Ended 31 December 2014

### Consolidated and Bank Statement of Profit or Loss and Other Comprehensive Income

	Note	GROUP		BANK	
		2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Interest and similar income	5	371,699	304,878	368,372	303,078
Interest expense	6	(95,512)	(69,277)	(93,938)	(69,049)
<b>Net interest income</b>		<b>276,187</b>	<b>235,601</b>	<b>274,434</b>	<b>234,029</b>
Loan impairment charges	19	(36,886)	(31,519)	(36,761)	(31,519)
Net interest income after loan impairment charges		239,301	204,082	237,673	202,510
Fee and commission income	7	121,498	92,759	115,661	88,987
Fee and commission expense	7	(2,894)	(644)	(13,109)	(10,774)
<b>Net fee and commission income</b>		<b>118,604</b>	<b>92,115</b>	<b>102,552</b>	<b>78,213</b>
Net foreign exchange income	8	29,334	28,528	27,211	27,854
Other operating income	9	262	696	22	57
Other operating expenses	10	(106,445)	(89,675)	(99,428)	(83,486)
Depreciation and amortization	11	(27,863)	(22,263)	(26,470)	(21,200)
Employee benefit expenses	12	(120,949)	(91,462)	(111,552)	(84,666)
		(255,257)	(203,400)	(237,450)	(189,352)
<b>Profit before income tax</b>		<b>132,244</b>	<b>122,021</b>	<b>130,008</b>	<b>119,282</b>
Income tax expense	13	(36,599)	(37,643)	(34,704)	(35,675)
Profit for the year		95,645	84,378	95,304	83,607
Profit for the year attributable to owners of the parent		95,645	84,378	95,304	83,607
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss:					
Revaluation gain on motor vehicles	34	-	-	-	-
Deferred tax on revaluation gain	34	-	-	-	-
		-	-	-	-
Items that may be subsequently reclassified to profit or loss:					
Translation reserve	34	1,340	(1,139)	-	-
Revaluation gain on available-for-sale Government securities	34	(880)	(162)	(880)	(162)
		460	(1,301)	(880)	(162)
Other comprehensive income for the year net of tax		460	(1,301)	(880)	(162)
<b>Total comprehensive income for the year</b>		<b>96,105</b>	<b>83,077</b>	<b>94,424</b>	<b>83,445</b>
<b>Earnings per share</b>					
Basic and diluted	14	43.93	38.76		



# Financial Statements


## For the Year Ended 31 December 2014

### Consolidated And Bank Statement of Financial Position

	Note	GROUP 2014 TZS' Million	2013 TZS' Million	BANK 2014 TZS' Million	2013 TZS' Million
<b>ASSETS</b>					
Cash and balances with Central Banks	16	549,570	506,222	538,357	499,203
Government securities	17	594,585	569,146	566,918	556,576
Loans and advances to banks	18	294,626	317,923	289,125	315,233
Loans and advances to customers	19	2,545,296	1,993,106	2,494,931	1,988,865
Equity investments	20	2,280	2,280	2,280	2,280
Other assets	21	62,485	44,271	58,071	43,273
Investment in subsidiaries	22	-	-	22,311	20,021
Current income tax recoverable	13	19,375	6,543	18,562	6,295
Property and equipment	23	115,126	97,809	109,015	93,603
Prepaid operating lease	24	6,029	515	6,029	515
Intangible assets	25	17,230	16,839	15,833	15,502
Deferred income tax asset	26	3,495	4,014	3,297	3,854
<b>TOTAL ASSETS</b>		<b>4,210,097</b>	<b>3,558,668</b>	<b>4,124,729</b>	<b>3,545,220</b>
<b>LIABILITIES</b>					
Deposits from customers	27	3,390,921	3,024,429	3,361,995	3,008,452
Deposits from banks	28	94,594	53,940	36,068	53,855
Other liabilities	29	95,739	46,142	106,632	54,585
Provisions	30	1,084	667	1,084	667
Grants	31	15,437	7,784	13,543	7,421
Short term borrowings	32.1	43,249	39,689	43,249	39,689
Subordinated debts	32.2	31,333	10,267	31,333	10,267
Long term borrowings	32.3	96,589	-	96,589	-
<b>TOTAL LIABILITIES</b>		<b>3,768,946</b>	<b>3,182,918</b>	<b>3,690,493</b>	<b>3,174,936</b>
<b>EQUITY</b>					
Share capital	33	54,413	54,413	54,413	54,413
Share premium	34	18,765	18,765	18,765	18,765
Retained earnings	34	346,614	298,753	340,698	292,871
General banking risk reserve	34	19,633	2,007	19,440	1,955
Translation reserve	34	201	(1,139)	-	-
Revaluation reserve	34	1,525	2,951	920	2,280
<b>TOTAL EQUITY</b>		<b>441,151</b>	<b>375,750</b>	<b>434,236</b>	<b>370,284</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,210,097</b>	<b>3,558,668</b>	<b>4,124,729</b>	<b>3,545,220</b>

The financial statements on pages 81 to 163 were approved and authorised for issue by the Board of Directors on 20 March 2015 and signed on its behalf by:

  
Mr. Martin J. Mmari  
Chairman

  
Dr. Charles S. Kimeĩ  
Managing Director

  
Mr. Ally H. Laay  
Director

# Financial Statements

For the Year Ended 31 December 2014

## Statements of Changes in Equity

### GROUP

Year ended 31 December 2014	Note	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Translation reserve TZS' Million	Total TZS' Million
At 1 January 2014		54,413	18,765	298,753	2,007	2,951	(1,139)	375,750
<b>Comprehensive income</b>								
Profit for the year		-	-	95,645	-	-	-	95,645
Revaluation surplus on motor vehicles		-	-	-	-	-	-	-
Loss on available-for-sale Government securities fair valuation	34	-	-	-	-	(880)	-	(880)
Translation reserve	34	-	-	-	-	-	1,340	1,340
Transfer of excess depreciation		-	-	546	-	(546)	-	-
Deferred tax on excess depreciation	34	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>96,191</b>	-	<b>(1,426)</b>	<b>1,340</b>	<b>96,105</b>
Transfer from general banking risk reserve		-	-	(17,626)	17,626	-	-	-
<b>Transactions with shareholders</b>								
Dividends paid		-	-	(30,471)	-	-	-	(30,471)
Burundi Adjustment		-	-	(233)	-	-	-	(233)
<b>At 31 December 2014</b>		<b>54,413</b>	<b>18,765</b>	<b>346,614</b>	<b>19,633</b>	<b>1,525</b>	<b>201</b>	<b>441,151</b>



## Financial Statements

For the Year Ended 31 December 2014

### Statements of Changes in Equity (continued)

GROUP	Year ended 31 December 2013	Note	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Translation reserve TZS' Million	Total TZS' Million
	<b>At 1 January 2013</b>		54,413	18,765	239,566	2,456	3,384	(1,152)	317,432
	<b>Comprehensive income</b>								
	Profit for the year		-	-	84,378	-	-	-	84,378
	Revaluation surplus on motor vehicles		-	-	-	-	-	-	-
	Loss on available-for-sale Government securities fair valuation	34	-	-	-	-	(162)	-	(162)
	Translation reserve	34	-	-	(13)	-	-	13	-
	Transfer of excess depreciation		-	-	491	-	(491)	-	-
	Deferred tax on excess depreciation	34	-	-	-	-	220	-	220
	<b>Total comprehensive income</b>		-	-	<b>84,856</b>	-	<b>(433)</b>	<b>13</b>	<b>84,436</b>
	Transfer from general banking risk reserve		-	-	449	(449)	-	-	-
	<b>Transactions with shareholders</b>								
	Dividends paid		-	-	(26,118)	-	-	-	(26,118)
	<b>At 31 December 2013</b>		<b>54,413</b>	<b>18,765</b>	<b>298,753</b>	<b>2,007</b>	<b>2,951</b>	<b>(1,139)</b>	<b>375,750</b>

# Financial Statements

For the Year Ended 31 December 2014

## Statements of Changes in Equity (continued)

BANK

Year ended 31 December 2014	Note	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Translation reserve TZS' Million	Total TZS' Million
At 1 January 2014		54,413	18,765	292,871	1,955	2,280	-	370,284
<b>Comprehensive income</b>								
Profit for the year		-	-	95,304	-	-	-	95,304
Revaluation surplus on motor vehicles	34	-	-	-	-	-	-	-
Loss on available-for-sale Government securities fair valuation	34	-	-	-	-	(880)	-	(880)
Transfer of excess depreciation	34	-	-	480	-	(480)	-	-
Deferred tax on excess depreciation								
<b>Total comprehensive income</b>				<b>95,784</b>		<b>(1,360)</b>		<b>94,423</b>
Transfer to general banking risk reserve								
Transactions with shareholders								
Dividend paid								
<b>At 31 December 2014</b>		<b>54,413</b>	<b>18,765</b>	<b>340,698</b>	<b>19,440</b>	<b>920</b>	<b>-</b>	<b>434,236</b>



# Financial Statements

For the Year Ended 31 December 2014

## Financial Statements For the Year Ended 31 December 2014

### Statements of Changes in Equity (continued)

BANK

Year ended 31 December 2013	Note	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Total TZS' Million
At 1 January 2013		54,413	18,765	234,469	2,456	2,854	312,957
<b>Comprehensive income</b>							
Profit for the year		-	-	83,607	-	-	83,607
Revaluation surplus on motor vehicles	34	-	-	-	-	-	-
Loss on available-for-sale Government securities fair valuation	34	-	-	-	-	(162)	(162)
Transfer of excess depreciation	34	-	-	412	-	(412)	-
Deferred tax on excess depreciation		-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>84,019</b>	-	<b>(574)</b>	<b>83,445</b>
Transfer to general banking risk reserve		-	-	501	(501)	-	-
<b>Transactions with shareholders</b>							
Dividend paid		-	-	(26,118)	-	-	(26,118)
<b>At 31 December 2013</b>		<b>54,413</b>	<b>18,765</b>	<b>292,871</b>	<b>1,955</b>	<b>2,280</b>	<b>370,284</b>

### Consolidated and Bank Statement of Cash Flows

	Note	GROUP 2014 TZS' Million	2013 TZS' Million	BANK 2014 TZS' Million	2013 TZS' Million
<b>Cash flow from operating activities</b>					
Profit before income tax		132,244	122,021	130,008	119,282
Adjustment for:					
Depreciation of property and equipment	23	23,554	18,516	22,529	17,817
Amortization of intangible assets	25	4,248	3,735	3,888	3,376
Amortization of prepaid operating leases	24	53	6	53	6
Loss on disposal of property and equipment		91	29	87	29
Loan impairment charges	19	36,886	31,519	36,761	31,519
Net interest income		(276,187)	(235,601)	(274,434)	(234,029)
Net fee and commission income		(118,604)	(92,115)	(102,552)	(78,213)
		(197,715)	(151,890)	(183,660)	(140,213)
<b>Changes in operating assets and liabilities:</b>					
Statutory minimum reserve		11,241	(42,054)	11,241	(42,054)
Investment securities		(26,088)	(47,733)	(10,430)	(44,391)
Loans and advances to banks		(19,038)	(1,122)	(19,038)	(1,122)
Loans and advances to customers		(599,713)	(205,552)	(553,630)	(201,321)
Other assets		(22,270)	(24,090)	(18,855)	(22,383)
Deposits from banks		40,653	(81,640)	(17,787)	(81,725)
Deposits from customers		362,310	433,494	349,521	418,537
Other liabilities		48,100	15,591	50,548	19,787
Grants		7,653	451	6,123	-
Interest received		382,496	295,956	378,771	294,825
Interest paid		(88,298)	(62,306)	(86,884)	(62,184)
Fee and commission income	7	121,498	92,759	115,661	88,987
Fee and commission expense		(2,894)	(644)	(13,109)	(10,774)
Income tax paid		(44,658)	(47,671)	(42,357)	(45,908)
Tax refund		-	6,693	-	6,693
<b>Net cash (used in)/from operating activities</b>		<b>(26,723)</b>	<b>180,242</b>	<b>(33,885)</b>	<b>176,754</b>
<b>Cash flows from investing activities</b>					
Other investments	20	-	(1,080)	-	(1,080)
Investment in subsidiary	22	-	-	(2,290)	(3,132)
Purchase of property and equipment	23	(38,749)	(35,178)	(36,114)	(34,366)
Purchase of P&E financed by Grants		(2,640)	-	(2,640)	-
Acquisition of leasehold land	24	(5,567)	(498)	(5,567)	(498)
Purchase of intangible assets	25	(4,492)	(5,339)	(4,219)	(5,138)
Proceeds from disposal of property and equipment		900	136	900	136
<b>Net cash used in investing activities</b>		<b>(50,548)</b>	<b>(41,959)</b>	<b>(49,930)</b>	<b>(44,078)</b>



# Financial Statements

For the Year Ended 31 December 2014

## NOTES

### Consolidated and Bank Statement of Cash Flows (continued)

	Note	GROUP		BANK	
		2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Cash flows from financing activities</b>					
Dividends paid		(29,048)	(24,848)	(29,048)	(24,848)
Repayment of borrowings	32	-	-	-	-
Proceeds from borrowings	32	119,406	49,956	119,406	49,956
<b>Net cash from financing activities</b>		<b>90,358</b>	<b>25,108</b>	<b>90,358</b>	<b>25,108</b>
Cash and cash equivalents at 1 January		475,697	312,196	465,400	307,491
Net cash (used in)/from operating activities		(26,723)	180,242	(33,885)	176,754
Net cash (used in)/from investing activities		(50,548)	(41,959)	(49,930)	(44,078)
Net cash (used in)/from financing activities		90,358	25,108	90,358	25,108
Effect of exchange rate change on cash and cash equivalent		(1,419)	110	(1,291)	125
<b>Cash and cash equivalents at 31 December</b>	<b>35</b>	<b>487,365</b>	<b>475,697</b>	<b>470,652</b>	<b>465,400</b>

## 1. GENERAL INFORMATION

CRDB Bank Plc (the "Bank") and its subsidiaries CRDB Microfinance Company Services Limited and CRDB Bank Burundi S.A (together, "the Group") provide corporate and retail Banking services including microfinance services in Tanzania as well as in Burundi. The Bank is a public limited company incorporated under the Companies Act 2002 and is domiciled in Tanzania.

The Bank and CRDB Microfinance Services Company Limited operate in Tanzania. CRDB Bank Burundi S.A. operates in Burundi.

The Bank's shares are listed on the Dar es Salaam Stock Exchange (DSE).

The address of its registered office is as follows:

4th Floor,  
Office Accommodation Scheme Building  
Azikiwe Street  
PO Box 268  
Dar es Salaam

The consolidated and Bank's financial statements for the year ended 31 December 2014 have been approved for the issue by the Board of Directors on 20th March 2015. Neither the entity's owners nor others have the power to amend the financial statements after issue.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except as modified by the revaluation of motor vehicles, available-for-sale financial assets and financial assets held at fair value through profit or loss. Additional information required by the Tanzania Companies Act 2002 is included where appropriate.

The financial statements are presented in Tanzania shillings (TZS) and the amounts are rounded to the nearest million, except where otherwise indicated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The directors believe that the underlying assumptions are appropriate and that the group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### i) New and amended standards adopted by the Group and Bank

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014 and are relevant to the Group and Bank:

Amendment to IAS 32, 'Financial Instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to IAS 36, 'Impairment of assets' on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. The application of the standard had no effect on the Group's financial statement.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement'. Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The application of the standard had no effect on the Group's financial statement as the Group does not have financial derivatives and hedge accounting.

IFRC 21, 'Levies'. IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Amendments to IFRS 10, 12 and IAS 27 on Consolidation for investment entities. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure their fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosure that an investment entity needs to make

### ii) **New standards and interpretations not yet adopted by the Group and Bank**

Amendment to IAS 19, 'Employee benefits regarding employee or third party contributions to defined benefit plans. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. This IFRS is effective for annual periods beginning on or after 1 July 2014

Amendment to IFRS 11, Joint arrangements regarding acquisition of an interest in a joint operation. This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control. This IFRS is effective for annual periods beginning on or after 1 January 2016.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortization. This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. These IFRSs are effective for annual periods beginning on or after 1 January 2016

Amendment to IFRS 10 and IAS 28 regarding the sale of contribution of assets between an investor and its associate or joint venture. These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. These IFRSs are effective for annual periods beginning on or after 1 January 2016

Amendment to IAS 27, 'Separate financial statements' regarding the equity method. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This IFRS is effective for annual periods beginning on or after 1 January 2016

IFRS 15, 'Revenue from contracts with customers'. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. This IFRS is effective for annual periods beginning on or after 1 January 2016.

IFRS 9, 'Financial instruments'. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk

management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. This IFRS is effective for annual periods beginning on or after 1 January 2018.

Annual improvements 2010-2012 and 2011-2014 cycles – These are collections of 6 and 4 amendments to standards respectively as part of the IASB's programme to annual improvements. The amendments are all effective for annual periods beginning on or after 1 July 2014 and the directors are currently assessing the impact of these improvements on their financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

## **(b) Consolidation**

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries CRDB Microfinance Services Company Limited and CRDB Bank Burundi S.A. for the year ended 31 December 2014. The reporting date for both subsidiaries is 31 December.

### **Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

The Bank uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Bank. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Bank recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

The excess of the consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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

### Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. Dividend income is recognised when the right to receive payment is established.

### (c) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

### (d) Fees and commission income

Fees and commission are generally recognised on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and amortised over the loan tenure

Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction.

### (e) Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established.

### (f) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Tanzanian Shillings (TZS), which is the Group's presentation and functional currency.

#### (ii) Transactions and balances

Transactions in foreign currencies during the year are converted into the Tanzanian Shillings using the exchange rates prevailing at the dates of the transaction. 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 recognised in profit or loss.

#### (iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- c) All resulting exchange differences are recognised in other comprehensive income and accumulated in 'translation reserve' in equity.

**(g) Financial assets**

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. Management determines the appropriate classification of its financial assets at initial recognition.

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- a) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) those that the Bank upon initial recognition designates as available for sale; or
- c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognized at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the balance sheet as loans and advances to other banks or customers or as investment securities. Interest on loans is included in the statement of profit or loss and is reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a

deduction from the carrying value of the loan and recognised in the statement of profit or loss as 'loan impairment charges'.

**(ii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity, other than:

- (a) those that the Bank upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Bank designates as available for sale; and
- (c) those that meet the definition of loans and receivables.

Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the statement of profit or loss and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the statement of profit or loss as 'net gains/(losses) on investment securities'. Held-to-maturity investments include corporate bonds and Government securities.

**(iii) Available for sale**

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income and accumulated in a separate reserve in equity, revaluation reserve, until the financial asset is derecognised.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### (iv) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Bank designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed and can only be applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consist of debt host and an embedded derivatives that must be separated.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

### (h) Recognition of financial assets

The Bank uses trade date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the balance sheet as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

#### (i) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the balance sheet date.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

**(j) Financial liabilities**

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished. Such financial liabilities include deposits from banks or customers and other liabilities.

**(k) Derivative financial instruments**

Derivatives, which comprise solely forward foreign exchange contracts, are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. The derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in profit or loss. These derivatives are trading derivatives and are classified as a current asset or liability.

**(l) Derecognition of financial assets and liabilities**

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

**(m) Classes of financial instruments**

The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table below:

Category (as defined by IAS 39)	Class (as determined by the Bank)		Subclasses	
Financial assets	Loans and receivables	<b>Loans and advances to banks</b>		
		Loans and advances to customers	Loans to individuals (retail)	
			Loans to corporate	Personal loans
				SMEs
	Others			
Held to maturity Investments	Investment securities debt securities		Unlisted	
Available - for - sale financial assets	Investment securities		Unlisted	
	Investment securities - equity securities			
Financial liabilities	Financial liabilities at amortised cost	Deposits from banks		
		Deposits from customers	Retail customers	
			Corporate customers	
Off-balance sheet financial Instruments	Loan commitments			
	Guarantees, acceptances and other financial facilities			



## NOTES (continued)

### (n) Impairment of financial assets

#### (i) Assets carried at amortised cost

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payment;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding

future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is revised by adjusting the allowance account. The amount of the reversal is recognised in profit or loss in impairment charge for credit losses.

#### (ii) Assets classified as available-for-sale

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss account. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss account.

#### (iii) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans, when management confirms that arrears have been cleared. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

**(o) Impairment of non-financial assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

**(p) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(q) Income tax**

Income tax expense is the aggregate of the charge to the profit on loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

**(r) Provisions**

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

**(s) Property and equipment**

Upon initial recognition motor vehicles are recorded at cost which includes expenditure that is directly attributable to the acquisition of the items. Subsequently motor vehicles are stated in the statement of financial position at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The valuation is determined by independent valuers with reference to the market value of the motor vehicles. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase arising on the revaluation of such motor vehicles is recognized in other comprehensive income and cumulated in revaluation reserve in equity except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such motor vehicles is recognized in profit or loss to the extent that it exceeds the balance, if any, held in revaluation reserve relating to a previous revaluation of that asset. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from 'revaluation surplus' to retained earnings.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

Land and buildings comprise mainly branches and offices. All property and equipment except motor vehicles are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Bank buildings	40 years
Computer equipment	5 years
Motor vehicles	7 years
Office equipment	5 years
Furniture and fittings	5 years
Smart card equipment	8 years
Mobile branch	7 years
Security equipment	5 years
Leasehold improvement	5 years

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When revalued assets are sold, the amounts included in revaluation surplus relating to those assets are transferred to retained earnings.

### (t) Intangible assets

Acquired 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 (ten years for the core banking system, and three to five years for other systems).

### (u) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with Bank of Tanzania, Investment securities and amounts due from other banks. Cash and cash equivalents excludes the cash reserve requirement held with Central Banks.

### (v) Employee benefits

#### (i) Retirement benefit obligations

The Group's contributions in respect of retirement benefit costs are charged to profit or loss in the year to which they relate. The Group makes contributions to various Social Security Pension Funds, which are statutory defined contribution pension schemes. The Group's obligations under the schemes are limited to specific contributions legislated from time to time.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

#### (ii) Other entitlements

Contract staffs are entitled to gratuity payment at the completion of the contract. Provision is made for gratuity in line with the contracts.

Entitlements to annual leave are recognized when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued at the end of the reporting period end.

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

**(w) Share capital**

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

**(x) Dividend distribution**

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until ratified at the Annual General Meeting. Payment of dividends is subjected to withholding tax at the enacted rate of 5%.

**(y) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) in the consolidated financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**(z) Grants**

Grants related to assets are treated as deferred income and released to the profit or loss over the expected useful lives of the assets concerned. Grants towards improvement of Group's processes are recognized to profit or loss over the periods necessary to match them with the related costs.

**(aa) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The leases entered into by the Bank are operating leases. The total payments made under operating leases are charged to other operating expenses in the

statement of profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**(ab) Contingencies and commitments**

Transactions are classified as contingencies where the bank's obligations depend on uncertain future events. Items are classified as commitments where the bank commits itself to future transactions if the items will result in the acquisition of assets.

**Financial guarantees**

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation.

**Acceptances and letters of credit**

Acceptances and letters of credit are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

**(ac) Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

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

**(ad) Segment reporting**

In accordance with IFRS 8, the Group has the following business segments: Treasury, Retail banking and Microfinance and Corporate banking.

The following segment information has been prepared in accordance with the "management approach" which requires presentation of segments on the basis of the internal reports about components of the entity which are regularly reviewed by the executive committee who are the chief operating decision makers in order to allocate resources to segments as to assess its performance.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

The following business segments represent the Group's organization structure as reflected in the internal management reporting system. For management purposes, the Group is divided into the following three segments:

**i) Corporate banking**

Includes services and products to corporate and high net worth individuals including deposits, letters of credit, guarantee, lending and other products and dealing with financial institutions.

**ii) Retail banking and microfinance**

Includes services and products to individuals and small and medium enterprises, including deposits and lending.

**iii) Treasury**

Includes treasury services, investment management services and asset management activities related to dealing managing and custody of securities. This segment also includes all other cost centers and profit centers in the head office in areas of technology services and support and currency exchange.

The following tables represent income, expenses and certain assets and liability information regarding the Group's reportable segments for the year ended 31 December 2014 and 31 December 2013.

(ad) Segment reporting

Year ended 31 December 2014	Corporate Banking TZS' Million	Retail Banking & Microfinance TZS' Million	Treasury TZS' Million	Total TZS' Million
Interest income	182,752	103,194	85,753	371,699
Interest expense	(57,961)	(30,614)	(6,937)	(95,512)
Internal interest income/(expense)	17,603	14,224	(31,827)	-
<b>Net interest income</b>	<b>142,394</b>	<b>86,804</b>	<b>46,989</b>	<b>276,187</b>
Loan impairment charges	(30,506)	(6,380)	-	(36,886)
<b>Net interest income after loan impairment charges</b>	<b>111,888</b>	<b>80,424</b>	<b>46,989</b>	<b>239,301</b>
Fees and commission income	43,746	76,601	1,151	121,498
Fees and commission expenses	(857)	(2,037)	-	(2,894)
<b>Net fees and commission income</b>	<b>42,889</b>	<b>74,564</b>	<b>1,151</b>	<b>118,604</b>
Net foreign exchange income	-	2,123	27,211	29,334
Other operating income	47	224	(9)	262
Other operating expenses	(40,914)	(57,973)	(7,558)	(106,445)
Employee benefit expenses	(53,518)	(58,849)	(8,582)	(120,949)
Depreciation and amortisation	(11,117)	(16,687)	(59)	(27,863)
<b>Profit before tax</b>	<b>49,275</b>	<b>23,826</b>	<b>59,143</b>	<b>132,244</b>
Income tax expense	(13,152)	(7,646)	(15,801)	(36,599)
<b>Profit for the year</b>	<b>36,123</b>	<b>16,180</b>	<b>43,342</b>	<b>95,645</b>
<b>Assets and liabilities</b>				
Segment assets	1,730,077	1,471,433	746,387	3,947,897
PPE additions	18,138	15,426	7,825	41,389
Unallocated assets	-	-	-	220,811
<b>Total assets</b>	<b>1,748,215</b>	<b>1,486,859</b>	<b>754,212</b>	<b>4,210,097</b>
Segment liabilities	(2,122,851)	(1,217,734)	(307,353)	(3,647,938)
Unallocated liabilities	-	-	-	(121,008)
<b>Total liabilities</b>	<b>(2,122,851)</b>	<b>(1,217,734)</b>	<b>(307,353)</b>	<b>(3,768,946)</b>



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### (ad) Segment reporting (continued)

Year ended 31 December 2013	Corporate Banking TZS' Million	Retail Banking & Microfinance TZS' Million	Treasury TZS' Million	Total TZS' Million
Interest income	158,930	70,032	75,916	304,878
Interest expense	(43,428)	(25,849)	-	(69,277)
Internal interest income/(expense)	14,226	31,884	(46,110)	-
<b>Net interest income</b>	<b>129,728</b>	<b>76,067</b>	<b>29,806</b>	<b>235,601</b>
Loan impairment charges	(25,968)	(5,551)	-	(31,519)
<b>Net interest income after loan impairment charges</b>	<b>103,759</b>	<b>70,517</b>	<b>29,806</b>	<b>204,082</b>
Fees and commission income	36,042	56,717	-	92,759
Fees and commission expenses	(242)	(402)	-	(644)
<b>Net fees and commission income</b>	<b>35,800</b>	<b>56,315</b>	<b>-</b>	<b>92,115</b>
Net foreign exchange income	-	674	27,854	28,528
Other operating income	34	691	(29)	696
Other operating expenses	(34,341)	(49,068)	(6,266)	(89,675)
Employee benefit expenses	(37,454)	(47,556)	(6,452)	(91,462)
Depreciation and amortisation	(8,519)	(13,744)	-	(22,263)
<b>Profit Before Tax</b>	<b>59,279</b>	<b>17,829</b>	<b>44,913</b>	<b>122,021</b>
Income tax expense	(17,790)	(6,380)	(13,473)	(37,643)
<b>Profit for the year</b>	<b>41,489</b>	<b>11,448</b>	<b>31,440</b>	<b>84,378</b>
<b>Assets and Liabilities</b>				
Segment assets	1,229,466	793,417	1,312,206	3,335,089
Unallocated assets	-	-	-	223,579
<b>Total assets</b>	<b>1,229,466</b>	<b>793,417</b>	<b>1,312,206</b>	<b>3,558,668</b>
Segment liabilities	(1,406,118)	(1,350,976)	(126,750)	(2,883,844)
Unallocated liabilities	-	-	-	(299,074)
<b>Total liabilities</b>	<b>(1,406,118)</b>	<b>(1,350,976)</b>	<b>(126,750)</b>	<b>(3,182,918)</b>

**(ad) Segment reporting (continued)**

Geographically, the Group operates in the United Republic of Tanzania and in the Republic of Burundi. The financial performance and financial position of the Group by the geographic segments is as follows:

Year ended 31 December 2014	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
<b>External operating income</b>			
Interest income	369,365	2,334	371,699
Interest expense	(93,938)	(1,574)	(95,512)
<b>Net interest income</b>	<b>275,427</b>	<b>760</b>	<b>276,187</b>
Loan impairment charges	(36,760)	(126)	(36,886)
<b>Net interest income after loan impairment charges</b>	<b>238,667</b>	<b>634</b>	<b>239,301</b>
Fees and commission income	121,090	408	121,498
Fees and commission expenses	(2,677)	(217)	(2,894)
<b>Net fees and commission income</b>	<b>118,413</b>	<b>191</b>	<b>118,604</b>
Net foreign exchange income	27,211	2,123	29,334
Other operating income	93	169	262
Other operating expenses	(102,756)	(3,689)	(106,445)
Employee benefit expenses	(117,671)	(3,278)	(120,949)
Depreciation and amortisation	(26,825)	(1,038)	(27,863)
Profit/(loss) before Tax	137,132	(4,888)	132,244
Income Tax Expense	(36,599)	-	(36,599)
<b>Profit/(loss) for the year</b>	<b>100,533</b>	<b>(4,888)</b>	<b>95,645</b>
<b>Assets and liabilities</b>			
Segment assets	4,108,703	101,394	4,210,097
Segment liabilities	(3,679,563)	(89,383)	(3,768,946)



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### (ad) Segment reporting (continued)

Geographically, the Group operates in the United Republic of Tanzania and in the Republic of Burundi. The financial performance and financial position of the Group by the geographic segments is as follows:

Year ended 31 December 2013	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
<b>External operating income</b>			
Interest income	303,077	1,801	304,878
Interest expense	(69,049)	(228)	(69,277)
<b>Net interest income</b>	<b>234,028</b>	<b>1,573</b>	<b>235,601</b>
Loan impairment charges	(31,519)	-	(31,519)
<b>Net interest income after loan impairment charges</b>	<b>202,509</b>	<b>1,573</b>	<b>204,082</b>
Fees and commission income	92,525	234	92,759
Fees and commission expenses	(612)	(32)	(644)
<b>Net fees and commission income</b>	<b>91,913</b>	<b>202</b>	<b>92,115</b>
Net foreign exchange income	27,854	674	28,528
Other operating income	626	70	696
Other operating expenses	(86,817)	(2,342)	(89,159)
Employee benefit expenses	(89,083)	(2,379)	(91,462)
Depreciation and amortisation	(21,547)	(1,232)	(22,779)
<b>Profit/(loss) before Tax</b>	<b>125,455</b>	<b>(3,434)</b>	<b>122,021</b>
Income Tax Expense	(37,643)	-	(37,643)
<b>Profit/(loss) for the year</b>	<b>87,812</b>	<b>(3,434)</b>	<b>84,378</b>
<b>Assets and liabilities</b>			
Segment assets	3,526,930	31,738	3,558,668
Segment liabilities	(3,165,592)	(17,326)	(3,182,918)

**(ad) Segment reporting (continued)**

Cash flows from operating, investing and financing activities for the geographical segments are as follows:

Year ended 31 December 2014	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
Net cash (used in)/from operating activities	24,155	(50,878)	(26,723)
Net cash (used in)/from investing activities	(47,525)	(3,023)	(50,548)
Net cash (used in)/from financing activities	29,855	60,503	90,358
Net increase in cash and cash equivalents	(6,485)	6,602	13,087
Cash and cash equivalents at 1 January	465,027	10,670	475,697
Effect of exchange rate change in cash and cash equivalent	(2,078)	789	(1,419)
<b>Cash and cash equivalent at 31 December</b>	<b>469,304</b>	<b>18,061</b>	<b>487,365</b>

Year ended 31 December 2013	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
Net cash(used in)/from operating activities	178,132	2,110	180,242
Net cash (used in)/from investing activities	(41,352)	(607)	(41,959)
Net cash (used in)/from financing activities	21,758	3,350	25,108
Net increase in cash and cash equivalents	158,538	4,853	163,391
Cash and cash equivalents at 1 January	305,214	6,982	312,196
Effect of exchange rate change in cash and cash equivalent	2,043	(1,933)	110
<b>Cash and cash equivalent at 31 December</b>	<b>465,795</b>	<b>9,902</b>	<b>475,697</b>

**(ae) Borrowing costs**

Borrowing costs which are directly attributable to the acquisition of the loan acquired by the bank are being capitalized to form part of the asset acquired by the respective loan.

**3 FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and

adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. As part of its governance structure, the Board of Directors has embedded a comprehensive risk management framework for identifying, measuring, controlling (setting risk mitigations) and monitoring of the Group's risks. The policies are integrated in the overall management information systems of the group and supplemented by a management reporting structure.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered, and emerging best practice.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees / stakeholders understand their roles and obligations. The Board's Credit Committee, Governance, Human Resource, Risk Management Committee, and Audit Committee are responsible for monitoring compliance with the Group's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by the group. These committees are assisted in these functions by various management committees which undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

The most important type of risks are:

- Credit risk
- Liquidity risk
- Market risk

The notes below provide detailed information on each of the above risks and the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### 3.1 Credit risk

The Group and the Bank take on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Group and the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Group's and the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending activities that lead to loans and advances, investment activities that bring debt securities and other bills in the Group's and Bank's asset portfolio. There is also credit risk in the off-balance sheet financial instruments, such as loan commitments, letters of credit and guarantees.

The credit risk management and control are centralised under the credit risk management team of the Bank and reported to the Board of Directors and management regularly.

##### (a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group and Bank reflect three components (i) the 'probability of default' by the client or counterparty

on its contractual obligations and (ii) current exposures to the counterparty and its likely future development, from which the Group derives the 'exposure at default'.

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are embedded in the Banks' daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the statement of financial position date (the 'incurred loss model') rather than expected losses.

- (i) The Group and Bank assess the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty in line with the Bank of Tanzania (BoT) guidelines. Customers of the Banks' are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's internal ratings scale

Group's rating	Description of the grade
1	Current
2	Especially Mentioned
3	Sub-standard
4	Doubtful
5	Loss

- (ii) Exposure at default is based on the amounts the Group or Bank expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group and Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

#### 3.1.2 Risk limit control and mitigation policies

The Group and Bank manages limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparties and groups, and to industries. The Group and Bank structures the levels of credit risk they undertakes by placing limits on the amount of risk accepted in

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits, where appropriate.

Some other specific control and mitigation measures are outlined below.

##### (a) Collateral

The Group and Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group and Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

In order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

##### (b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings on behalf of a customer authorising a third party to draw drafts on a bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group and Bank are potentially exposed to loss in amounts equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

##### (c) Lending limits (for derivatives and settlement risk)

The Group and Bank maintain strict control limits on net derivative positions (i.e difference between purchases and sales contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group and Bank (i.e assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits have been established for each counterparty to cover the aggregate of all settlement risk arising from the Bank's market transactions on any single day.

##### 3.1.3 Impairment and provisioning policies

The Group and the Bank establish an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. These allowances are a specific loss component that relates to individual exposures and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

been identified on loans subject to individual assessment for impairment.

The Group writes off loans and advances net of any related allowances for impairment losses, when the Board's Credit Committee determines that the loans and advances are uncollectible and securities unrealizable. This determination is reached after considering information such as the occurrence of significant changes in the borrower or issuer's financial position such that the borrower or issuer can no longer pay the obligation, or that proceeds from sale of collateral will not be sufficient to pay back the

entire exposure and after exhausting all other means including litigation. For smaller balance standardized loans, charge off decisions are generally based on a product specific past due status.

#### 3.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

Financial instruments whose carrying amounts do not represent the maximum exposure to credit risk without taking account of any collateral held or other credit enhancements has been shown below:-

Group Credit exposures	2014	%	2013	%
<b>On Balance sheet item:</b>				
Cash and balances and Central Bank	549,570	12	506,222	12
Loans and advances to banks	294,626	6	317,923	7
Government securities	594,585	13	569,321	13
Loans and advances to customers	2,545,296	56	1,993,106	48
Other assets	40,789	1	30,046	0
	<u>3,475,296</u>	<u>88</u>	<u>2,910,396</u>	<u>80</u>
<b>Off balance sheet items:</b>				
Guarantees and indemnities	168,327	3	194,365	4
Letters of credit	413,677	9	477,838	16
	582,004	12	672,203	20
	<u>4,057,300</u>	<u>100</u>	<u>3,582,599</u>	<u>100</u>

\*Other assets (excludes prepayments, stock and advance capital as they are not financial assets)

The total maximum exposure for the group is derived from loans and advances to customers and loans and advances to banks at 91.1% (2013: 86.2%) and 8.9% (2013: 13.8%) respectively. The total maximum exposure for the bank is derived from loans and advances to customers and loans and advances to banks at 91.1% (2013: 86.3%) and 8.9% (2013: 13.7%) respectively.

The directors are confident in the ability to continue

to control and sustain minimal exposure of credit risk to the Group and Bank resulting from the loan and advances portfolio as corporate loans which represents the greatest group in the portfolio are backed by collaterals.

Financial instruments whose carrying amounts do not represent the maximum exposure to credit risk without taking account of any collateral held or other credit enhancements has been shown below:-

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

##### 3.1.5 Loans and Advances

Loans and advances are summarised as follows :-

#### GROUP

Amounts are in TZS' Million	31 December 2014		31 December 2013	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	2,392,578	294,626	1,845,259	317,923
Past due but not impaired	54,317	-	56,824	-
Impaired	129,247	-	126,307	-
	2,576,142	294,626	2,028,390	317,923
<b>Gross</b>				
Less: Allowances for impairment	(30,846)	-	(35,284)	-
<b>Net</b>	<b>2,545,296</b>	<b>294,626</b>	<b>1,993,106</b>	<b>317,923</b>

#### BANK

Amounts are in TZS' Million	31 December 2014		31 December 2013	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	2,342,209	289,125	1,841,018	315,233
Past due but not impaired	54,316	-	56,824	-
Impaired	129,247	-	126,307	-
	2,525,772	289,125	2,024,149	315,233
<b>Gross</b>				
Less: Allowances for impairment	(30,841)	-	(35,284)	-
<b>Net</b>	<b>2,494,931</b>	<b>289,125</b>	<b>1,988,865</b>	<b>315,233</b>

The total impairment provision for loans and advances represents both individually impaired loans and loans assessed on a portfolio basis. Further information of the impairment allowance for loans and advances to customers is provided in Note 19.

During the year ended 31 December 2014, the total loans and advances of the Bank increased by 25.4% (2013: 10.1%) while the Group's total loans and advances increased by 27.7% (2013: 10.3%).

When entering into new markets or new industries, in order to minimise the potential increase of credit risk exposure, the Bank focused more on the business with large corporate enterprises or banks with good credit rating or retail customers providing sufficient collateral.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

##### 3.1.5 Loans and Advances (continued)

###### (a) Loans and advances neither past due nor impaired

The portfolio of loans and advances that were neither past due nor impaired are classified as current. These fall into the following categories: (Amounts in TZS' Millions).

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
MFI's	150,878	140,558	147,702	140,558
Consumer	521,237	272,696	510,264	272,696
SMEs	263,448	159,389	257,902	159,389
Corporate	1,457,015	1,272,616	1,426,341	1,268,375
<b>Total</b>	<b>2,392,578</b>	<b>1,845,259</b>	<b>2,342,209</b>	<b>1,841,018</b>
<b>Advance to banks</b>	<b>294,626</b>	<b>317,923</b>	<b>289,125</b>	<b>315,472</b>

###### (b) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances, by class, to customers that were past due but not impaired were as follows:

###### Group and Bank

	2014 TZS' Million	2013 TZS' Million
MFI's	4,763	6,254
Consumer	16,978	10,280
SMEs	6,545	5,148
Corporate	26,030	35,142
<b>Total</b>	<b>54,316</b>	<b>56,824</b>

###### Group and Bank

Amounts are in TZS' Million

31 December 2014	Past due up to 30 days	Past due 30 - 60 days	Past due 60-90 days	Grand Total
MFI's	1,305	2,545	913	4,763
Consumer	754	12,947	3,277	16,957
SME's	370	4,153	2,021	6,566
Corporate	7,000	3,058	15,973	26,031
<b>Total</b>	<b>9,429</b>	<b>22,703</b>	<b>22,184</b>	<b>54,316</b>

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

##### 3.1.5 Loans and Advances (continued)

###### Group and Bank

Amounts are in TZS' Million

31 December 2013	Past due up to 30 days	Past due 30 - 60 days	Past due 60-90 days	Grand Total
MFI's	1,496	3,100	1,656	6,253
Consumer	576	7,441	2,263	10,280
SME's	1,134	2,930	1,084	5,148
Corporate	6,701	4,517	23,925	35,142
<b>Total</b>	<b>9,907</b>	<b>17,988</b>	<b>28,929</b>	<b>56,824</b>

#### (c) Impaired loans and advances

The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

Group and Bank	2014 TZS' Million	2013 TZS' Million
MFI's	5,723	8,298
Consumer	11,035	7,492
SMEs	9,362	6,873
Corporate	103,127	103,644
<b>Total</b>	<b>129,247</b>	<b>126,307</b>

There were no individually impaired loans and advances to banks as at 31 December 2014 (2013: Nil).

##### 3.1.6 Investment securities

The investment securities held by the Group and Bank comprise treasury bills and bonds issued by the Government and Tanzania Mortgage Refinancing Company (TMRC)'s shares. All these investments were considered to be neither past due nor impaired. These investment securities are held with the Government or institutions with good financial standing and no history of default.

##### 3.1.7 Concentration of risks of financial assets with credit risk exposure

The following tables break down the Group's and Bank's main credit exposure at their carrying amounts, as categorised by industry sector and geographical sectors as of 31 December 2014.



**NOTES (continued)**

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

**3.1 Credit risk (continued)**

**3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)**

**Industry sectors  
Group**

Amounts are in TZS' Million

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
<b>Credit exposures as at 31 December 2014</b>									
<b>On Balance sheet items</b>									
Balances with Central Banks	386,237	-	-	-	-	-	-	-	386,237
Loans and advances to banks	294,626	-	-	-	-	-	-	-	294,626
Government securities	594,585	-	-	-	-	-	-	-	594,585
Loans and advances to customers	96,000	205,092	399,064	206,162	119,464	462,070	536,928	520,516	2,545,296
Other assets*	12,211			28,715			173		41,099
	<b>1,383,659</b>	<b>205,092</b>	<b>399,064</b>	<b>206,162</b>	<b>119,464</b>	<b>462,070</b>	<b>536,928</b>	<b>520,516</b>	<b>3,861,843</b>
<b>Off-Balance sheet items</b>									
Guarantees and indemnities	-	-	-	-	-	-	-	168,327	168,327
Letters of credit	-	-	-	-	-	-	-	413,677	413,677
	-	-	-	-	-	-	-	<b>582,004</b>	<b>582,004</b>

# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

#### 3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

#### Group

Amounts are in TZS\*Million

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
<b>Credit exposures as at 31 December 2013</b>									
<b>On Balance sheet items</b>									
Balances with Central Banks	377,022	-	-	-	-	-	-	-	377,022
Loans and advances to banks	317,923	-	-	-	-	-	-	-	317,923
Government securities	569,146	-	-	-	-	-	-	-	569,146
Loans and advances to customers	92,955	222,785	260,823	206,242	108,398	378,540	281,300	442,063	1,993,106
Other assets*	30,046	-	-	-	-	-	-	-	30,046
	<b>1,387,092</b>	<b>222,785</b>	<b>260,823</b>	<b>206,242</b>	<b>108,398</b>	<b>378,540</b>	<b>281,300</b>	<b>442,063</b>	<b>3,287,243</b>
<b>Off-Balance sheet items</b>									
Guarantees and indemnities	-	-	-	-	-	-	-	194,365	194,365
Letters of credit	-	-	-	-	-	-	-	477,838	477,838
	-	-	-	-	-	-	-	<b>672,203</b>	<b>672,203</b>



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

#### 3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

#### Bank

Amounts are in TZS' Million

Credit exposures as at  
31 December 2014

#### On Balance sheet items

Balances with Central Banks  
Loans and advances to banks  
Government securities  
Loans and advances to customers  
Other assets

Off-Balance sheet items  
Guarantees and indemnities  
Letters of credit

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
	378,808	-	-	-	-	-	-	-	378,808
	289,125	-	-	-	-	-	-	-	289,125
	566,918	-	-	-	-	-	-	-	566,918
	95,644	201,076	391,213	202,060	117,105	452,892	526,216	508,725	2,494,931
	9,938	-	-	28,715	-	-	173	-	38,826
	<b>1,340,433</b>	<b>201,076</b>	<b>391,213</b>	<b>230,775</b>	<b>117,105</b>	<b>452,892</b>	<b>526,389</b>	<b>508,725</b>	<b>3,768,608</b>
								168,327	168,327
								413,677	413,677
								<b>582,004</b>	<b>582,004</b>

# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

#### 3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

#### Bank

Amounts are in TZS Million

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
<b>Credit exposures as at 31 December 2013</b>									
<b>On Balance sheet items</b>									
Balances with Central Banks	371,098	-	-	-	-	-	-	-	371,098
Loans and advances to banks	315,233	-	-	-	-	-	-	-	315,233
Government securities	556,576	---	-	-	-	-	-	556,576	1,988,865
Loans and advances to customers	92,955	222,785	260,823	207,655	108,398	378,249	281,300	436,700	1,988,865
Other assets	30,291	-	-	-	-	-	-	-	30,291
	<b>1,366,153</b>	<b>222,785</b>	<b>260,823</b>	<b>207,655</b>	<b>108,398</b>	<b>378,249</b>	<b>281,300</b>	<b>436,700</b>	<b>3,262,063</b>
<b>Off-Balance sheet items</b>									
Guarantees and indemnities	-	-	-	-	-	-	-	194,365	194,365
Letters of credit	-	-	-	-	-	-	-	477,838	477,838
	-	-	-	-	-	-	-	<b>672,203</b>	<b>672,203</b>



# Financial Statements

For the Year Ended 31 December 2014

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Credit risk (continued)

#### 3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

#### (b) Geographical sectors

##### Group

(Amounts are in TZS' Million)

Year ended 31 December 2014	Tanzania	Europe	America	Others	Total
<b>On Balance sheet items</b>					
Balances with Central Banks	386,237	-	-	-	386,237
Loans and advances to banks	86,027	100,563	93,916	14,120	294,626
Government securities	594,585	-	-	-	594,585
Loans and advances to customers	2,545,296	-	-	-	2,545,296
Other assets	41,099	-	-	-	41,099
	<b>3,653,244</b>	<b>100,563</b>	<b>93,916</b>	<b>14,120</b>	<b>3,861,843</b>
<b>Off balance sheet items</b>					
Guarantees and indemnities	168,327	-	-	-	168,327
Letters of credit	413,677	-	-	-	413,677
	<b>582,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>582,004</b>

##### Group

(Amounts are in TZS' Million)

Year ended 31 December 2013	Tanzania	Europe	America	Others	Total
<b>On Balance sheet items</b>					
Balances with Central Banks	371,098	-	-	5,924	377,022
Loans and advances to banks	111,819	45,873	153,870	6,361	317,923
Government securities	556,751	-	-	12,570	569,321
Loans and advances to customers	1,993,106	-	-	-	1,993,106
Other assets	30,046	-	-	-	30,046
	<b>3,062,820</b>	<b>45,873</b>	<b>153,870</b>	<b>24,855</b>	<b>3,287,418</b>
<b>Off balance sheet items</b>					
Guarantees and indemnities	194,365	-	-	-	194,365
Letters of credit	477,838	-	-	-	477,838
	<b>672,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>672,203</b>

NOTES (continued)

NOTES (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Credit risk (continued)

3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

Geographical sectors

**Bank**

(Amounts are in TZS' Million)

Year ended 31 December 2014	Tanzania	Europe	America	Others	Total
<b>On Balance sheet items</b>					
Balances with Central Bank	378,808	-	-	-	378,808
Loans and advances to banks	74,973	100,563	93,916	19,673	289,125
Government securities	566,918	-	-	-	566,918
Loans and advances to customers	2,494,931	-	-	-	2,494,931
Other assets	38,826	-	-	-	38,826
	<b>3,554,456</b>	<b>100,563</b>	<b>93,916</b>	<b>19,673</b>	<b>3,768,608</b>
<b>Off balance sheet items</b>					
Guarantees and indemnities	168,327	-	-	-	168,327
Letters of credit	413,677	-	-	-	413,677
	<b>582,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>582,004</b>

**Bank**

(Amounts are in TZS' Million)

Year ended 31 December 2013	Tanzania	Europe	America	Others	Total
<b>On Balance sheet items</b>					
Balances with Central Bank	371,098	-	-	-	371,098
Loans and advances to banks	111,819	45,873	153,870	3,671	315,233
Government securities	556,576	-	-	-	556,576
Loans and advances to customers	1,988,865	-	-	-	1,988,865
Other assets	30,291	-	-	-	30,291
	<b>3,058,649</b>	<b>45,873</b>	<b>153,870</b>	<b>3,671</b>	<b>3,262,063</b>
<b>Off balance sheet items</b>					
Guarantees and indemnities	194,365	-	-	-	194,365
Letters of credit	477,838	-	-	-	477,838
	<b>672,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>672,203</b>



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 Market risk

The Group and the Bank take on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks are concentrated in Bank Treasury and monitored by the Risk and Compliance department separately. Regular reports are submitted to the Board of Directors and Management. Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and commercial banking assets and liabilities, and available-for-sale financial assets.

##### (a) Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Bank Risk and Compliance department is

responsible for the development of detailed risk management policies while Treasury is responsible for day-to-day implementation of those policies.

The Bank applies interest rate gap coupled with Earning at Risk and stress testing analysis in measuring exposure to market risk for the purpose of managing and controlling market risk exposures within acceptable limits while optimising the return on investment.

##### Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme or worst case conditions. The Bank applies risk factor stress testing, where stress movements are applied to each risk category.

The Bank carries out stress testing semi-annually to determine whether it has enough capital to withstand adverse developments. This is for the purpose of alerting the Bank's Management to unfavorable unexpected outcomes related to various risks and provides an indication of how much capital might be needed to absorb losses should large shocks occur. The results are meant to indicate weak spots in the risks tested at an early stage and to guide preventative actions by the Bank. Stress testing is done to supplement the Bank's other risk management approaches and measures.

The stress tests summary using financial data as at 31 December 2014 is summarised below:

Risk type	Type of shock	Shock rate	Impact on profit or loss TZS'million
Credit risk	Increase in NPL (based on equal migration)	30%	(30,829)
Interest rate risk	Change in interest rate	5%	(88,356)
Liquidity risk	Run off of deposits	15%	(81,511)
Operational risk	Fraud and other losses	3%	(85,178)

The results of the stress test showed that the Bank would be in compliance with current regulatory minimum core and total capital requirements should the stressed scenarios/shocks occur at the same time

##### 3.2.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and

intra-day positions, which are monitored daily. With all other variables held constant, a shift in foreign exchange rate by 3% on USD denominated assets and liabilities would have resulted in lower or higher profit after tax of TZS 496 million as at 31 December 2014 (2013: TZS 833 million).

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2.1 Foreign exchange risk (continued)

##### Group

Concentrations of foreign currency risk – on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)							
As at 31 December 2014	TZS	USD	EURO	GBP	BIF	Others	Total
<b>Assets</b>							
Cash and balances with Central Banks	497,176	41,567	2,929	1,643	6,255	-	549,570
Loans and advances to banks	55,095	181,836	40,284	6,166	3,463	7,782	294,626
Loans and advances to customers	1,744,631	749,084	1,216	-	50,365	-	2,545,296
Government securities	566,918	-	-	-	27,667	-	594,585
Other assets*	40,580	471	-	-	48	-	41,099
	<b>2,904,400</b>	<b>972,958</b>	<b>44,429</b>	<b>7,809</b>	<b>87,798</b>	<b>7,782</b>	<b>4,025,176</b>
<b>Liabilities</b>							
Deposits from customers	2,479,309	832,724	44,209	7,234	17,738	6,770	908,678
Deposits from banks	34,700	1,359	-	-	58,526	8	94,593
Other liabilities**	84,647	1,563	156	(3)	1,475	16	87,854
Borrowings	49,370	121,801	-	-	-	-	171,171
	<b>2,648,026</b>	<b>957,447</b>	<b>44,365</b>	<b>7,231</b>	<b>77,739</b>	<b>6,794</b>	<b>1,262,296</b>
<b>Net on-balance sheet financial position</b>	<b>256,374</b>	<b>15,511</b>	<b>64</b>	<b>578</b>	<b>10,059</b>	<b>988</b>	<b>2,762,880</b>
<b>Off balance sheet commitments</b>	<b>125,486</b>	<b>438,602</b>	<b>15,782</b>	<b>2,097</b>	<b>-</b>	<b>37</b>	<b>582,004</b>

\* Other assets (excludes prepayments, stock and advance capital as they are not financial assets).

\*\* Other liabilities (excludes deferred income and statutory liabilities)

##### Group

Concentrations of foreign currency risk – on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)							
As at 31 December 2013	TZS	USD	EURO	GBP	BIF	Others	Total
<b>Assets</b>							
Cash and balances with Central Banks	455,644	41,780	2,647	2,857	3,294	-	506,222
Loans and advances to banks	61,615	220,646	28,435	2,116	33	5,078	317,923
Loans and advances to customers	1,393,905	594,179	782	-	4,240	-	1,993,106
Government securities	556,576	-	-	-	12,570	-	569,146
Other assets*	28,170	517	-	-	1,359	-	30,046
	<b>2,495,910</b>	<b>857,122</b>	<b>31,864</b>	<b>4,973</b>	<b>21,496</b>	<b>5,078</b>	<b>3,416,443</b>
<b>Liabilities</b>							
Deposits from customers	2,619,199	353,763	40,664	3,094	2,990	4,720	3,024,430
Deposits from banks	47,508	6,350	-	-	76	6	53,940
Other liabilities**	33,838	3,234	-	16	963	-	38,051
Borrowings	10,267	39,689	-	-	-	-	49,956
	<b>2,710,812</b>	<b>403,036</b>	<b>40,664</b>	<b>3,110</b>	<b>4,029</b>	<b>4,726</b>	<b>3,166,377</b>
<b>Net on-balance sheet financial position</b>	<b>(214,902)</b>	<b>454,086</b>	<b>(8,800)</b>	<b>1,863</b>	<b>17,467</b>	<b>352</b>	<b>250,065</b>
<b>Off balance sheet commitments</b>	<b>164,839</b>	<b>494,201</b>	<b>12,427</b>	<b>1,322</b>	<b>-</b>	<b>21</b>	<b>672,810</b>



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2.1 Foreign exchange risk (continued)

##### Bank

Concentrations of currency risk – on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)							
As at 31 December 2014	TZS	USD	EURO	GBP	BIF	Others	Total
<b>Assets</b>							
Cash and balances with Central Banks	495,259	38,374	2,929	1,643	152	-	538,357
Loans and advances to banks	55,905	178,980	40,291	6,166	-	7,783	289,125
Loans and advances to customers	1,752,801	741,099	1,031	-	-	-	2,494,931
Government securities	566,918	-	-	-	-	-	566,918
Other assets	38,205	621	-	-	-	-	38,826
<b>Total financial assets</b>	<b>2,908,088</b>	<b>959,074</b>	<b>44,251</b>	<b>7,809</b>	<b>152</b>	<b>7,783</b>	<b>3,928,157</b>
<b>Liabilities</b>							
Due to customers	2,479,310	824,472	44,209	7,234	-	6,770	3,361,995
Deposits from banks	34,701	1,359	-	-	-	8	36,068
Other liabilities	96,819	1,797	179	(3)	-	19	98,811
Borrowings	49,370	121,801	-	-	-	-	171,171
Total financial liabilities	2,660,200	949,429	44,388	7,231	-	6,797	3,668,045
<b>Net on-balance sheet financial position</b>	<b>248,879</b>	<b>9,645</b>	<b>(137)</b>	<b>578</b>	<b>152</b>	<b>986</b>	<b>260,112</b>
<b>Off balance sheet commitments</b>	<b>125,486</b>	<b>438,602</b>	<b>15,782</b>	<b>2,097</b>	<b>-</b>	<b>36</b>	<b>582,004</b>

##### Bank

Concentrations of foreign currency risk – on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)						
As at 31 December 2013	TZS	USD	EURO	GBP	Others	Total
<b>Assets</b>						
Cash and balances with Central Banks	452,346	41,353	2,647	2,857	-	499,203
Loans and advances to banks	61,615	218,030	28,395	2,116	5,078	315,233
Loans and advances to customers	1,393,905	594,179	782	-	-	1,988,865
Government securities	556,576	-	-	-	-	556,576
Other assets	29,774	517	-	-	-	30,291
<b>Total financial assets</b>	<b>2,494,216</b>	<b>854,079</b>	<b>31,824</b>	<b>4,973</b>	<b>5,078</b>	<b>3,390,168</b>
<b>Liabilities</b>						
Due to customers	2,619,199	340,775	40,664	3,094	4,720	3,008,452
Deposits from banks	47,498	6,351	-	-	6	53,855
Other liabilities	43,266	3,234	-	16	-	46,516
Borrowings	10,267	39,689	-	-	-	49,956
<b>Total financial liabilities</b>	<b>2,720,230</b>	<b>390,049</b>	<b>40,664</b>	<b>3,110</b>	<b>4,726</b>	<b>3,158,779</b>
<b>Net on-balance sheet financial position</b>	<b>(226,014)</b>	<b>464,030</b>	<b>(8,840)</b>	<b>1,863</b>	<b>352</b>	<b>231,389</b>
<b>Off balance sheet commitments</b>	<b>164,839</b>	<b>494,201</b>	<b>12,427</b>	<b>1,322</b>	<b>21</b>	<b>672,810</b>

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2.2 Price risk

The Group and the Bank are not exposed to equity securities price risk as it currently has no investment in listed shares, but is exposed to debt securities price risk classified on the balance sheet as available for sale. If the market price of debt had increased/decreased by 5% with all other variables held constant, the fair value reserve in debt securities would have increased/decreased as a result of gains or losses on debt securities classified as available for sale by TZS 2,653 million as at 31 December 2014 (2013: TZS 1,462 million).

#### 3.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of

a financial instrument will fluctuate because of changes in market interest rates. The Group and the Bank take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may produce losses in the event that unexpected movements arise. The Bank's Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is regularly monitored by an independent Risk and Compliance department and reported regularly to ALCO and the Board.

With all other variables held constant, a shift in interest rate by 90 basis points on all interest bearing assets and liabilities would have resulted in lower or higher profit after tax of TZS 405 million as at 31 December 2014 (2013: TZS 7,494 million).

#### Group

(Amounts are in TZS' Million)	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
<b>As at 31 December 2014</b>							
<b>Assets</b>							
Cash and balances with Central banks	-	-	-	-	-	549,570	549,570
Government securities	10	134,498	211,585	120,726	127,766	-	594,585
Loans and advances to banks	53,914	23,844	2,400	21,041	-	193,427	294,626
Loans and advances to customers	93,995	245,435	520,242	1,030,170	655,454	-	2,545,296
Other assets*	-	-	-	-	-	41,099	41,099
<b>Total financial assets</b>	<b>147,919</b>	<b>403,777</b>	<b>734,227</b>	<b>1,171,937</b>	<b>783,220</b>	<b>784,096</b>	<b>4,025,176</b>
<b>Liabilities</b>							
Deposits from Banks	94,594	-	-	-	-	-	94,594
Deposits from customers	2,849,989	206,935	223,208	110,789	-	-	3,390,921
Other liabilities **	-	-	-	-	-	87,854	87,854
Borrowings and Subordinated debt	517	705	44,582	53,270	72,097	-	171,171
<b>Total financial liabilities</b>	<b>2,945,100</b>	<b>207,640</b>	<b>267,790</b>	<b>164,059</b>	<b>72,097</b>	<b>87,854</b>	<b>3,744,540</b>
<b>Total interest repricing gap</b>	<b>(2,797,181)</b>	<b>196,137</b>	<b>466,437</b>	<b>1,007,878</b>	<b>711,123</b>		

\* Other assets (excludes prepayments, stock and advance capital as they are not financial assets)

\*\*Other liabilities (excludes deferred income and statutory liabilities)



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2.3 Interest rate risk (Continued)

##### Group

(Amounts are in TZS' Million)	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
<b>As at 31 December 2013</b>							
<b>Assets</b>							
Cash and balances with Central banks	-	-	-	-	-	506,222	506,222
Government securities	39,876	85,764	203,616	131,347	108,543	-	569,146
Loans and advances to banks	67,170	-	18,364	-	-	232,389	317,923
Loans and advances to customers	29,260	133,791	495,975	751,601	582,479	-	1,993,106
Other assets*	-	-	-	-	-	30,046	30,046
<b>Total financial assets</b>	<b>136,307</b>	<b>219,555</b>	<b>717,955</b>	<b>882,948</b>	<b>691,022</b>	<b>768,657</b>	<b>3,416,443</b>
<b>Liabilities</b>							
Deposits from Banks	46,441	-	-	-	7,499	-	53,940
Deposits from customers	2,490,354	177,033	352,814	4,228	-	-	3,024,429
Other liabilities **	-	-	-	-	-	38,051	38,051
Borrowings	267	-	39,689	-	10,000	-	49,956
<b>Total financial liabilities</b>	<b>2,537,062</b>	<b>177,033</b>	<b>392,503</b>	<b>4,228</b>	<b>17,499</b>	<b>38,051</b>	<b>3,166,376</b>
<b>Total interest repricing gap</b>	<b>(2,400,755)</b>	<b>42,522</b>	<b>325,452</b>	<b>878,720</b>	<b>673,523</b>		

##### Bank

(Amounts are in TZS' Million)	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
<b>As at 31 December 2014</b>							
<b>Assets</b>							
Cash and balances with Central banks						538,357	538,357
Government securities	10	132,994	211,558	94,591	127,765	-	566,918
Loans and advances to banks	50,812	23,844	-	21,041	-	193,428	289,125
Loans and advances to customers	93,491	241,870	515,441	988,675	655,454	-	2,494,931
Other assets						38,826	38,826
<b>Total financial assets</b>	<b>144,313</b>	<b>398,708</b>	<b>726,999</b>	<b>1,104,307</b>	<b>783,219</b>	<b>770,611</b>	<b>3,928,157</b>
<b>Liabilities</b>							
Deposits from banks	36,068	-	-	-	-	-	36,068
Deposits from customers	2,827,161	203,723	220,389	110,722	-	-	3,361,995
Other liabilities						98,811	98,811
Borrowings and Subordinated debt	517	705	44,582	53,270	72,097	-	171,171
<b>Total financial liabilities</b>	<b>2,863,746</b>	<b>204,428</b>	<b>264,971</b>	<b>163,992</b>	<b>72,097</b>	<b>98,811</b>	<b>3,668,045</b>
<b>Total interest repricing gap</b>	<b>(2,719,433)</b>	<b>194,280</b>	<b>462,028</b>	<b>940,315</b>	<b>711,122</b>		

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2.3 Interest rate risk (Continued)

##### Bank

(Amounts are in TZS' Million)	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
<b>As at 31 December 2013</b>							
<b>Assets</b>							
Cash and balances with Central banks	-	-	-	-	-	499,203	499,203
Government securities	38,690	83,589	194,407	131,347	108,543	-	556,576
Loans and advances to banks	67,170	-	15,674	-	-	232,389	315,233
Loans and advances to customers	29,048	133,631	495,253	748,454	582,479	-	1,988,865
Other assets	-	-	-	-	-	30,291	30,291
<b>Total financial assets</b>	<b>134,908</b>	<b>217,220</b>	<b>705,334</b>	<b>879,801</b>	<b>691,022</b>	<b>761,883</b>	<b>3,390,168</b>
<b>Liabilities</b>							
Deposits from banks	46,356	-	-	-	7,499	-	53,855
Deposits from customers	2,481,715	177,033	345,476	4,228	-	-	3,008,452
Other liabilities	-	-	-	-	-	46,516	46,516
Borrowings	267	-	39,689	-	10,000	-	49,956
<b>Total financial liabilities</b>	<b>2,528,338</b>	<b>177,033</b>	<b>385,165</b>	<b>4,228</b>	<b>17,499</b>	<b>46,516</b>	<b>3,158,779</b>
<b>Total interest repricing gap</b>	<b>(2,393,430)</b>	<b>40,187</b>	<b>320,169</b>	<b>875,573</b>	<b>673,523</b>		

#### 3.3 Liquidity risk

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

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (Note 3.3.3).

##### 3.3.1 Liquidity risk management process

The Group's and Bank's liquidity management process, as carried out within the Group and Bank and monitored by the Asset and Liability Committee (ALCO) of the individual banks, include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintain an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

##### 3.3.2 Funding approach

The Group's and Bank's major source of funding is customer deposits. To this end, the Group and the Bank maintain a diversified and stable funding base comprising current/demand, savings and time deposits. The Group places considerable importance on the stability of these deposits, which is achieved through the Group's retail banking activities and by maintaining depositor confidence in the Group's business strategies and financial strength.

The group borrows from the interbank market through transactions with other Banks for short term liquidity requirements. As part of the contingency funding plan, the Group has funding lines with both local and foreign banks for short term funding requirements.



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For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Liquidity risk (Continued)

##### 3.3.3 Non-derivative cash flows

The tables below present the cash flows payable by the Group and Bank under non-derivative financial liabilities by remaining contractual maturities at the

balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, as the Group and Bank manage the inherent liquidity risk based on expected undiscounted cash flows

#### Group

(Amounts are in TZS' Million)

As at 31 December 2014	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
<b>Liabilities</b>					
Deposits from customers	2,849,989	206,935	223,208	110,789	3,390,921
Deposits from banks	94,594	-	-	-	94,594
Borrowings	517	705	44,582	125,367	171,171
Other liabilities**	87,854	-	-	-	87,854
<b>Total financial liabilities (contractual maturity dates)</b>	<b>3,032,954</b>	<b>207,640</b>	<b>267,790</b>	<b>236,156</b>	<b>3,744,540</b>
<b>Total financial assets (expected maturity dates)</b>	<b>1,212,052</b>	<b>589,564</b>	<b>768,333</b>	<b>1,468,389</b>	<b>4,038,339</b>
<b>As at 31 December 2013</b>					
<b>Liabilities</b>					
Deposits from customers	2,497,697	196,621	461,706	61,898	3,217,922
Deposits from banks	46,356	-	662	12,343	59,361
Borrowings	-	-	41,384	15,600	56,984
Other liabilities**	38,051	-	-	-	38,051
<b>Total financial liabilities (contractual maturity dates)</b>	<b>2,582,104</b>	<b>196,621</b>	<b>503,752</b>	<b>89,841</b>	<b>3,372,318</b>
<b>Total financial assets (expected maturity dates)</b>	<b>907,774</b>	<b>228,441</b>	<b>772,027</b>	<b>1,862,991</b>	<b>3,771,233</b>

\*\* Other liabilities (excludes differed income and statutory liabilities)

#### Bank

(Amounts are in TZS' Million)

As at 31 December 2014	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
<b>Liabilities</b>					
Deposits from customers	2,827,161	203,723	220,389	110,722	3,361,995
Deposits from banks	36,068	-	-	-	36,068
Other liabilities**	98,811	-	-	-	98,811
Borrowings	517	705	44,582	125,367	171,171
<b>Total financial liabilities (contractual maturity dates)</b>	<b>2,962,557</b>	<b>204,428</b>	<b>264,971</b>	<b>236,089</b>	<b>3,668,045</b>
<b>Total financial assets (expected maturity dates)</b>	<b>1,181,797</b>	<b>584,494</b>	<b>761,105</b>	<b>1,400,760</b>	<b>3,928,156</b>
<b>As at 31 December 2013</b>					
<b>Liabilities</b>					
Deposits from customers	2,488,950	196,621	454,475	61,898	3,201,944
Deposits from banks	46,356	-	577	12,343	59,276
Other liabilities**	53,855	-	-	-	53,855
Borrowings	-	-	41,384	15,600	56,984
<b>Total financial liabilities (contractual maturity dates)</b>	<b>2,589,161</b>	<b>196,621</b>	<b>496,436</b>	<b>89,841</b>	<b>3,372,059</b>
<b>Total financial assets (expected maturity dates)</b>	<b>900,576</b>	<b>223,931</b>	<b>755,891</b>	<b>1,855,879</b>	<b>3,736,278</b>

\*\* Other liabilities (excludes differed income and statutory liabilities)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Liquidity risk (Continued)

##### 3.3.3 Non-derivative cash flows (Continued)

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection and treasury and other eligible bills; loans and advances to banks; and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

##### 3.3.4 Collateral

The Group has pledged part of its Treasury bills and bonds in order to fulfil the collateral requirements of various short term borrowings from other banks. At 31 December 2014 and 2013, the fair values of the Treasury bills and bonds pledged were TZS.140,848 million and TZS 99,316 million respectively. The counterparties have an obligation to return the securities to the Group. The Group also holds Treasury Bills and Bonds amounting TZS 14,650 Million as at 31 December 2014 (2013: TZS 40,765) in respects of Short term borrowings extended to banks. The Group has an obligation to return the Securities to the counterparties upon settlement of the loans.

There are no other significant terms and conditions associated with the use of collateral

##### 3.3.5 Off-balance sheet items

###### (a) Loan commitments

The dates of the contractual amounts of the Group's and Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 38), are summarised in the table below.

###### (b) Financial guarantees and other financial facilities

Financial guarantees are included below based on the earliest contractual maturity date.

###### (c) Operating lease commitments

Where the Group and the Bank, are the lessee, the future minimum lease payments under non-cancellable operating leases, are summarised below.

###### (d) Investment commitments

Investment commitment is with respect to additional equity investment in the subsidiary.

###### (e) Capital commitments

These relate to the acquisition of property and equipment.

#### Summary of off-balance sheet items:

##### Group

(Amounts are in TZS Million)

As at 31 December 2014	No later than 1 year	1 – 5 years	Over 5 years	Total
Outstanding letters of credit	379,361	34,316	-	413,677
Guarantees and indemnities	105,911	62,416	-	168,327
Commitments to extend credit	156,834	-	-	156,834
Operating lease commitments	5,880	13,850	2,001	21,731
Capital commitments	13,577	-	-	13,577
<b>As at 31 December 2013</b>				
Outstanding letters of credit	406,162	71,676	-	477,838
Guarantees and indemnities	155,492	38,873	-	194,365
Commitments to extend credit	217,833	-	-	217,833
Operating lease commitments	2,899	7,056	534	10,489
Capital commitments	14,905	-	-	14,905



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.4 Fair value of financial assets and liabilities

##### (a) Financial instruments not measured at fair value

The fair value of financial assets and liabilities not measured at fair value approximate carrying amounts for both Group and Bank.

##### (i) Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

##### (ii) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

##### (iii) Investment securities

The fair value for held-to-maturity assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The carrying amount is a reasonable approximation of fair value.

##### (iv) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount is a reasonable approximation of fair value.

##### (v) Off-balance sheet financial instruments

The estimated fair values of the off-balance sheet financial instruments are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

#### Group

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Available for sale TZS'Million	Held-to-maturity TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
<b>31 December 2014</b>						
<b>Financial assets</b>						
Cash and balances with Central Banks	-	-	-	549,570	549,570	549,570
Loans and advances to banks	-	-	294,626	-	294,626	294,626
Loans and advances to customers	-	-	2,545,296	-	2,545,296	2,545,296
Government securities	54,432	540,153	-	-	594,585	594,585
Other assets	-	-	41,099	-	41,099	41,099
	<b>54,432</b>	<b>540,153</b>	<b>2,881,021</b>	<b>549,570</b>	<b>4,025,176</b>	<b>4,025,176</b>
<b>Financial liabilities</b>						
Deposits from banks	-	-	-	94,594	94,594	94,594
Deposits from customers	-	-	-	3,390,921	3,390,921	3,390,921
Other liabilities	-	-	-	87,854	87,854	87,854
	-	-	-	<b>3,573,369</b>	<b>3,573,369</b>	<b>3,573,369</b>

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.4 Fair value of financial assets and liabilities (continued)

##### (a) Financial instruments not measured at fair value (continued)

###### Group

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Available for sale TZS'Million	Held-to- maturity TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
<b>31 December 2013</b>						
<b>Financial assets</b>						
Cash and balances with Central Banks	-	-	-	491,883	491,883	491,883
Loans and advances to banks	-	-	317,262	-	317,262	317,262
Loans and advances to customers	-	-	1,992,565	-	1,992,565	1,992,565
Government securities	-	539,901	-	-	539,901	516,170
Other assets	-	-	44,271	-	44,271	44,271
	-	<b>539,901</b>	<b>2,354,098</b>	<b>491,883</b>	<b>3,385,882</b>	<b>3,362,151</b>
<b>Financial liabilities</b>						
Deposits from banks	-	-	-	93,630	93,630	93,630
Deposits from customers	-	-	-	3,024,994	3,024,994	3,024,994
Other liabilities	-	-	-	42,860	42,860	42,860
	-	-	-	<b>3,161,484</b>	<b>3,161,484</b>	<b>3,161,484</b>

###### Bank

The table below summarises the carrying amounts and fair values of financial assets and liabilities

	Available for sale TZS'Million	Held-to- maturity TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
<b>31 December 2014</b>						
<b>Financial assets</b>						
Cash and balances with Central Banks	-	-	-	538,357	538,357	538,357
Loans and advances to banks	-	-	289,125	-	289,125	289,125
Loans and advances to customers	-	-	2,494,931	-	2,494,931	2,494,931
Government securities	-	512,486	-	-	512,486	512,486
	-	<b>512,486</b>	<b>2,784,056</b>	<b>538,357</b>	<b>3,834,899</b>	<b>3,834,899</b>
<b>Financial liabilities</b>						
Deposits from banks	-	-	-	36,068	36,068	36,068
Deposits from customers	-	-	-	3,361,995	3,361,995	3,361,995
	-	-	-	<b>3,398,063</b>	<b>3,398,063</b>	<b>3,398,063</b>



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.4 Fair value of financial assets and liabilities (continued)

##### (a) Financial instruments not measured at fair value (continued)

###### Bank

The table below summarises the carrying amounts and fair values of financial assets and liabilities

	Available for sale TZS'Million	Held-to- maturity TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
<b>31 December 2013</b>						
<b>Financial assets</b>						
Cash and balances with Central Banks	-	-	-	484,864	484,864	484,864
Loans and advances to banks	-	-	314,572	-	314,572	314,572
Loans and advances to customers	-	-	1,988,323	-	1,988,323	1,988,323
Government securities	-	527,331	-	-	527,331	503,600
	-	527,331	2,302,895	484,864	3,315,090	3,291,359
<b>Financial liabilities</b>						
Deposits from banks	-	-	-	93,544	93,544	93,544
Deposits from customers	-	-	-	3,009,017	3,009,017	3,009,017
	-	-	-	3,102,561	3,102,561	3,102,561

##### (b) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's and Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

##### Group and Bank

The following table represents the Group's and Bank's financial assets that are measured at fair value at 31 December 2014. Motor vehicles that are measure at fair value are disclosed under note 23.

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.4 Fair value of financial assets and liabilities (continued)

##### (b) Fair value hierarchy (continued)

31 December 2014	Level 1	Level 2	Level 3	TZS Million
				Total
Available-for-sale financial assets:				
- Treasury Bonds	54,432	-	-	54,432
- Equity Investment	-	2,280	-	2,280
<b>Total assets</b>	<b>54,432</b>	<b>2,280</b>	<b>-</b>	<b>56,712</b>

There were no transfers between levels 1 and 2 during the year.

#### Group and Bank

The following table represents the Group's and Bank's financial assets that are measured at fair value at 31 December 2013. Motor vehicles that are measured at fair value are disclosed under note 23.

31 December 2013	Level 1	Level 2	Level 3	TZS Million
				Total
Available-for-sale financial assets:				
- Treasury Bonds	29,244	-	-	29,244
- Equity Investment	-	2,280	-	2,280
<b>Total assets</b>	<b>29,244</b>	<b>2,280</b>	<b>-</b>	<b>31,524</b>

There were no transfers between levels 1 and 2 during the year.

##### (a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price of debt securities from the most current Bank of Tanzania auction results. Instruments included in Level 1 comprise primarily available-for-sale Treasury Bonds.

##### (b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example,

over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer/Bank of Tanzania quotes for similar instruments;
- Quoted prices for identical or similar assets or liabilities in markets that are not active.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.5 Capital management

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

- To comply with the capital requirements set by the Central Bank i.e. Bank of Tanzania;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

The Central Bank requires the Banking group to:

- (a) hold the minimum level of core capital of TZS15 billion;
- (b) maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets

(the 'Basel ratio') at or above the required minimum of 10%; and

- (c) Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.

The Bank's regulatory capital as managed by its Finance department is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Intangible assets and prepaid expenses are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital, revaluation reserve and loan portfolio general provision

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.5 Capital management (continued)

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2014 and year ended 31 December 2013. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

	Bank		
	2014 TZS'Million	2013 TZS'Million	
<b>Tier 1 Capital</b>			
Share capital	54,413	54,413	
Share Premium	18,765	18,765	
Retained earnings	340,698	292,871	
Prepaid expenses	(17,024)	(8,523)	
Intangible assets	(15,833)	(15,502)	
Deferred tax asset	(3,201)	(3,851)	
<b>Total qualifying Tier 1 capital</b>	<b>377,818</b>	<b>338,173</b>	
<b>Tier 2 capital</b>			
Portfolio general provision	3,300	2,457	
Subordinated debt	31,333	10,267	
Revaluation reserve	920	2,280	
<b>Total qualifying Tier 2 capital</b>	<b>35,553</b>	<b>15,004</b>	
<b>Total regulatory capital</b>	<b>413,371</b>	<b>353,177</b>	
Risk-weighted assets			
On-balance sheet	2,543,913	2,002,569	
Off-balance sheet	340,187	331,804	
<b>Total risk-weighted assets</b>	<b>2,884,100</b>	<b>2,334,373</b>	
	<b>Required ratio</b>	<b>Bank's ratio</b>	<b>Bank's ratio</b>
	<b>2013</b>	<b>2012</b>	
	<b>%</b>	<b>%</b>	<b>%</b>
Tier 1 capital	10	13.1	14.5
Tier 1 + Tier 2 capital (Total capital)	12	14.3	15.1

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires

management to exercise its judgment in the process of applying the Group's and Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



## NOTES (continued)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Critical accounting estimates and assumptions

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next period. All estimates and assumptions required are in conformity with IFRS are best estimates undertaken in accordance with the relevant standard.

#### a) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

#### (b) Held to maturity investments

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

If all held to maturity investments were to be so reclassified, the carrying value would decrease by TZS 34 billion, with a corresponding entry in the fair value reserve in shareholders' equity.

#### Critical judgements in applying the Group's and Bank's accounting policies

#### a) Impairment losses on loans and advances

The group reviews its loan portfolios to assess impairment regularly. Loans and advances that are past due more than 90 days are assessed individually for impairment. The remaining loans and advances are collectively assessed for impairment. In determining whether an impairment loss should be recorded in the profit or loss, the group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans, before a decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Where the net present value of estimated cash flows to differ by +/-4% the impairment loss for loans would have been TZS 709 million lower or TZS 1,262 billion higher.

Loan impairment allowances represent Management's best estimate of losses incurred on the loan portfolios at the end of the reporting period. Impairment allowances for the year were TZS 30.8 billion, representing 1.2% (2013: TZS 35.3 billion; 1.8%) of the gross loans and advances which stood at TZS 2,576 billion (2013: TZS 2,028 billion).

#### b) Impairment of available-for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors,

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### Critical judgements in applying the Group's and Bank's accounting policies (continued)

the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

##### c) Provisions for legal liabilities

The Group has provided for the liabilities arising out of contractual obligations. The closing balance of provisions on litigations amounted to TZS 1,084 million (2013: TZS 667 million). Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgements than other types of provisions. When cases are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through various stages of the cases, Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognized, and the estimated amounts of any such provisions, revising previous judgements and estimates as appropriate.

##### d) Deferred tax assets

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax asset

recognized on the Group's statement of financial position in year 2014 amounted to TZS 3,290 million (2013: TZS 4,014 million).

The judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, and future reversals of existing taxable temporary differences.

##### e) Property, equipment and intangible assets

Critical estimates are made by the directors in determining the useful lives of property, equipment and intangible assets as well as their residual values.

The Group reviews the estimated useful lives of property, equipment and useful lives at the end of each reporting period. 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 disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

During the year, the director determined that the useful lives of certain assets as follows:

During the year, the director determined that the useful lives of certain assets as follows:

Asset category	Useful life 2014	Useful life 2013
Building	40 years	40 years
Motor vehicles	7 years	7 years
Intangible asset	5 years	5 years
Core banking software	10 years	10 years
Equipment	5-8 years	5-8 years



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 5. INTEREST AND SIMILAR INCOME

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Loans and advances to customers</b>				
- Term loans	210,018	157,548	209,032	157,398
- Overdrafts	74,724	69,771	74,580	69,763
Nostro accounts	233	89	233	88
Placements and balances with other banks	4,166	3,514	4,057	3,299
Discount earned and interest on Government securities				
-Treasury bills	39,332	35,537	38,236	34,111
-Treasury bonds	43,226	38,419	42,234	38,419
	<b>371,699</b>	<b>304,878</b>	<b>368,372</b>	<b>303,078</b>

### 6. INTEREST EXPENSE

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Deposits from customers				
- current accounts	8,519	3,036	8,362	3,035
- savings accounts	19,907	15,592	19,830	15,574
- fixed deposits	59,629	47,464	58,782	47,262
Inter-bank borrowing	6,124	2,918	5,631	2,911
Subordinated debt	1,333	267	1,333	267
	<b>95,512</b>	<b>69,277</b>	<b>93,938</b>	<b>69,049</b>

### 7. NET FEE AND COMMISSION INCOME

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>FEE AND COMMISSION INCOME</b>				
Service charge on customer accounts	31,144	22,536	31,007	22,477
Loan application fees	21,253	16,702	20,458	16,146
ATM withdrawal charges	9,754	7,610	9,723	7,610
VISA and master card fees	3,377	3,214	3,322	3,199
Commission on letters of credit	8,606	5,216	8,606	4,977
Fee on issue of bank cards	7,059	4,771	7,040	4,766
Fee on local transfers and drafts	5,197	4,681	5,137	4,649
Point of sale fees	3,098	2,621	3,098	2,621
Fee on international telegraphic transfers	2,784	2,568	2,784	2,568
Commission on guarantees and indemnities	1,807	2,557	1,806	2,557
Commission on mobile phone services	9,174	4,560	9,173	4,560
Salary processing fees	5,552	4,074	5,551	4,074
Bills discounted	422	1,384	422	1,384
Penalties *	1,468	1,570	1,467	1,570
Other fees and commissions	10,803	8,695	6,067	5,829
	<b>121,498</b>	<b>92,759</b>	<b>115,661</b>	<b>88,987</b>

\* Penalties are charged on customer accounts that are below the minimum required balance, Significant cash withdrawal without prior notice and closing bank accounts less than one year old.

**7. NET FEE AND COMMISSION INCOME (CONTINUED)**

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>FEE AND COMMISSION EXPENSE</b>				
Loan comm./Government borrowers	795	81	795	81
Commission paid Agency banking	675	-	675	-
Bank loan processing commission	257	-	257	-
Commission paid Nostro transactions	1,167	563	951	531
Commission paid to MFSC	-	-	10,431	10,162
	<b>2,894</b>	<b>644</b>	<b>13,109</b>	<b>10,774</b>

**8. NET FOREIGN EXCHANGE INCOME**

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Exchange gain on trading	27,603	23,665	26,870	22,991
Exchange gain on revaluation	1,731	4,863	341	4,863
	<b>29,334</b>	<b>28,528</b>	<b>27,211</b>	<b>27,854</b>

**9. OTHER OPERATING INCOME**

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Rental income	110	86	110	86
FSDT grant income (note 31)	21	547	-	-
FSDT Assets grant income	180	22	-	-
UNCDF grant income	42	70	-	-
(Loss)/gain on disposal of property and equipment	(91)	(29)	(88)	(29)
	<b>262</b>	<b>696</b>	<b>22</b>	<b>57</b>

**10. OTHER OPERATING EXPENSES**

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Directors' fees	710	506	453	376
Auditors' fees	408	359	311	293
Provision for impairment of other assets	1,678	2,199	1,676	2,198
Hired services costs	11,076	10,647	10,743	10,400
Insurance costs	8,017	6,951	7,788	6,803
Marketing costs	8,529	7,358	8,071	6,929
Travelling expenses	8,903	8,027	7,687	7,165
Rent	8,812	7,283	8,210	6,853
Training	4,706	4,941	4,345	3,960
Information system maintenance and software	6,335	6,568	6,019	6,392
Printing and stationery expenses	3,697	3,601	3,543	3,433
Telephone, postage and communication costs	6,504	5,876	6,291	5,720
Legal fees	1,670	1,336	1,664	1,318
Tembo card and Visa card expenses	7,664	5,969	7,467	5,828
Motor vehicles maintenances and running costs	5,118	5,258	4,424	4,678
Electricity	3,098	2,030	2,993	1,908
Board meetings expenses	1,690	1,371	1,281	913
Shareholders meeting expense	1,671	1,028	1,670	1,025
Excise duty on bank fees and commissions	6,013	-	5,630	-
Other expenses	10,146	8,367	9,162	7,294
	<b>106,445</b>	<b>89,675</b>	<b>99,428</b>	<b>83,486</b>



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For the Year Ended 31 December 2014

## NOTES (continued)

### 11. DEPRECIATION AND AMORTISATION

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Depreciation of property and equipment	23,562	18,516	22,529	17,818
Amortisation of intangible assets	4,248	3,741	3,888	3,376
Amortisation of Prepaid lease	53	6	53	6
	<b>27,863</b>	<b>22,263</b>	<b>26,470</b>	<b>21,200</b>

### 12. EMPLOYEE BENEFIT EXPENSES

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Salaries and wages	80,527	59,804	74,332	55,333
Bonus	6,058	5,751	5,827	5,499
Social security contributions	9,562	7,479	8,862	6,947
Gratuity – post retirement cost	6,846	4,740	6,127	4,242
Defined benefit scheme	-	-	-	-
Leave allowance	3,643	3,108	3,404	2,922
Medical expenses	2,634	2,037	2,513	1,949
Other staff costs	11,679	8,543	10,487	7,774
	<b>120,949</b>	<b>91,462</b>	<b>111,552</b>	<b>84,666</b>

### 13. INCOME TAX EXPENSE

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Current income tax – current year	36,319	37,574	34,319	35,676
Current income tax – prior years	(170)	1	(172)	1
Deferred tax – current year	(201)	354	(93)	361
Deferred tax – prior years	651	(286)	(650)	(363)
	<b>36,599</b>	<b>37,643</b>	<b>34,704</b>	<b>35,675</b>

### INCOME TAX RECOVERABLE

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	6,543	2,973	6,295	2,758
Payments made during the year	48,981	41,145	46,414	39,214
Charge to profit or loss	(36,149)	(37,575)	(34,147)	(35,677)
	<b>19,375</b>	<b>6,543</b>	<b>18,562</b>	<b>6,295</b>

### 13. INCOME TAX EXPENSE (CONTINUED)

The tax on the Group and Bank profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Profit before income tax	132,244	122,021	130,008	119,282
Tax calculated at the statutory income tax rate at 30%	39,673	36,607	39,002	35,785
Tax effect of:				
Changes in tax rate for the Bank	-	-	-	-
Non-taxable income	-	-	-	-
Depreciation on non-qualifying assets	251	47	251	13
Expenses not deductible for tax purposes	190	105	190	100
Tax credits for expenses not charged to profits or loss	(5,248)	(274)	(5,248)	(274)
Under provisions of current tax in previous years	(169)	1	(172)	1
(Over)/under provision of deferred tax in previous years	651	(286)	650	(363)
Deferred tax of subsidiary not recognized	1,217	1,030	-	-
Other	34	413	31	413
Income tax expense	36,599	37,643	34,704	35,675
Effective tax rate	27.68%	30.85%	26.70%	29.91%

There is no change in tax rate from the previous year and no amount of temporary differences associated with investments in subsidiaries which can be found in the balance sheet mainly because of inexistence of temporary difference and the fact that it is unlikely that the difference will be reversed in future

### 14. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributed to the shareholders of the Group by the weighted average number of ordinary shares outstanding as at close of the year.

	2014	2013
Profit for the year (TZS' Million)	95,645	84,378
Weighted average number of shares ('Million)	2,177	2,177
Basic and diluted earnings per share (TZS)	43.93	38.76

There were no potentially dilutive ordinary shares outstanding as at 31 December 2014 (2013: Nil) Diluted earnings per share is the same as basic earnings per share.

### 15. DISTRIBUTION MADE AND PROPOSED

Amount in TZS Million	2014	2013
<b>Cash dividends on ordinary shares declared and paid:</b>		
Dividend paid 2013 TZS. 14 per share (2012:TZS 12 per share)	30,471	26,118
<b>Proposed dividends on ordinary shares:</b>		
Cash dividend for 2014: TZS 15 per share (2013:TZS 14 per share)	32,648	30,471

#### Non-cash distribution

There was no non-cash distribution during the year (2013:NIL)



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 15. DISTRIBUTION MADE AND PROPOSED (CONTINUED)

The Directors propose payment of a dividend of TZS 15 per share, amounting to TZS 32.7 billion out of 2014 profit to be ratified at the Annual General Meeting to be held in May 2015. In 2014, dividend of TZS 14 per share, amounting to TZS 30.5 billion was approved by shareholders and paid.

Proposed dividend on ordinary shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at 31 December.

### 16. CASH AND BALANCES WITH

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Cash in hand	163,333	129,200	159,549	128,105
Clearing accounts with Central Banks	53,244	32,788	45,815	26,864
Statutory Minimum Reserves (SMR) *	332,993	344,234	332,993	344,234
	<b>549,570</b>	<b>506,222</b>	<b>538,357</b>	<b>499,203</b>

\* In accordance with Section 44 of the Bank of Tanzania Act, 2006 and Sections 4 and 71 of the Banking and Financial Institutions Act, 2006; the Bank is required to maintain Statutory Minimum Reserves (SMR) on its total deposit liabilities and funds borrowed from the general public. The SMR deposit should be at least 8% of customers' total deposits and borrowings from the general public and 40% of government's deposits.

The SMR deposit is not available to finance the Bank's day-to-day operations and is therefore excluded from cash and cash equivalents for the purpose of the statement of cash flows (Note 35).

Cash in hand and balances with Central Banks are non-interest bearing assets. All amounts are current.

### 17. GOVERNMENT SECURITIES

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Held to maturity				
Treasury bills	295,260	262,937	290,343	250,367
Treasury bonds	233,549	265,280	210,459	265,280
Government bonds	11,684	11,684	11,684	11,684
	<b>540,493</b>	<b>539,901</b>	<b>512,486</b>	<b>527,331</b>
Available for sale				
Treasury Bonds	54,092	29,245	54,432	29,245
	<b>594,585</b>	<b>569,146</b>	<b>566,918</b>	<b>556,576</b>

Treasury bills and bonds are debt securities issued by the Government. As at 31 December 2014, treasury bonds amounting to TZS 140,848 million had been pledged as collateral for various short term borrowings from other banks.

## 17. GOVERNMENT SECURITIES (CONTINUED)

The maturity analysis of Government securities is as follows:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Maturing within 3 months from date of acquisition</b>				
Treasury bills	-	586	-	-
<b>Maturing after 3 months from date of acquisition</b>				
Treasury bills	295,260	265,214	290,343	253,243
Treasury bonds	287,641	291,662	264,891	291,649
Government bonds	11,684	11,684	11,684	11,684
	<b>594,585</b>	<b>568,560</b>	<b>566,918</b>	<b>556,576</b>
	<b>594,585</b>	<b>569,146</b>	<b>566,918</b>	<b>556,576</b>

There were no Government securities maturing within 3 months from date of acquisition for the Group and none for the Bank, which form part of cash and cash equivalents for the purpose of statement of cash flows (Note 35).

## 18. LOANS AND ADVANCES TO BANKS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Cheques and items for clearing	11,274	44,589	10,851	44,494
Nostro accounts balances	182,882	187,886	179,780	185,295
Placements with other banks	100,470	85,448	98,494	85,444
	<b>294,626</b>	<b>317,923</b>	<b>289,125</b>	<b>315,233</b>
<b>Maturity analysis</b>				
Redeemable on demand				
- Cheques and items for clearing	11,274	44,589	10,851	44,494
- Nostro accounts balances	182,882	187,886	179,780	185,295
Placements with other banks				
- Maturing within 3 months	76,632	80,648	74,656	80,644
- Maturing after 3 months but within 6 months	-	4,800	-	4,800
- Maturity after 6 months	23,838	-	23,838	-
	<b>294,626</b>	<b>317,923</b>	<b>289,125</b>	<b>315,233</b>

## 19. LOANS AND ADVANCES TO CUSTOMERS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Term loans	1,769,916	1,377,060	1,722,275	1,372,927
Overdrafts	712,963	526,180	710,569	526,133
Staff loans	93,924	66,645	93,643	66,595
Interest receivable	48,053	58,505	47,879	58,494
Gross loans and advances to customers	<b>2,624,856</b>	<b>2,028,390</b>	<b>2,574,366</b>	<b>2,024,149</b>
<b>Less:</b>				
Provision for impairment	(79,560)	(35,284)	(79,435)	(35,284)
Net loans and advances to customers	<b>2,545,296</b>	<b>1,993,106</b>	<b>2,494,931</b>	<b>1,988,865</b>

### Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 19. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Maturing within 1 year	1,901,347	695,197	1,898,842	693,198
Maturing after 1 year but within 3 years	477,881	396,695	473,800	394,695
Maturing after 3 years	245,628	936,498	201,724	936,256
Gross loans and advances to customers	<b>2,624,856</b>	<b>2,028,390</b>	<b>2,574,366</b>	<b>2,024,149</b>

#### Analysis by geographical location

The Bank categorises loans and advances to customers into 5 regions for the purpose of regulatory reporting to the Bank of Tanzania.

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Dar es Salaam zone	1,163,603	918,804	1,163,483	918,804
Mbeya zone	394,385	361,590	394,385	361,590
Lake zone	461,785	318,209	461,785	318,209
Zanzibar zone	280,252	239,463	280,252	239,463
Arusha zone	274,461	186,083	274,461	186,083
Burundi	50,370	4,241	-	-
Gross loans and advances to customers	<b>2,624,856</b>	<b>2,028,390</b>	<b>2,574,366</b>	<b>2,024,149</b>

The composition of the zones is as follows:

Zone	Component regions
Dar es Salaam zone	Dar es Salaam and coastal region
Lake zone	Kagera, Kigoma, Tabora, Mara, Mwanza, Rukwa and Shinyanga
Mbeya zone	Dodoma, Iringa, Mbeya, Sumbawanga and Ruvuma
Zanzibar zone	Unguja, Lindi, Morogoro and Mtwara
Arusha zone	Arusha, Kilimanjaro, Singida, Manyara, Mara and Tanga

## 19. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### Credit impairment for loans and advances to customers

The movements in provision for impairment losses on loans and advances as per International Financial Standards (IFRS) are as follows:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At start of year	35,284	32,475	35,284	32,475
Movement during the year:				
Impairment charges for credit losses	44,276	36,557	44,151	36,557
Amounts written off during year	-	(33,748)	-	(33,748)
<b>At end of year</b>	<b>79,560</b>	<b>35,284</b>	<b>79,435</b>	<b>35,284</b>
The provision as at year is made up of the following:				
Specific allowance for impairment	76,260	32,827	76,135	32,827
Collective allowance for impairment	3,300	2,457	3,300	2,457
	<b>79,560</b>	<b>35,284</b>	<b>79,435</b>	<b>35,284</b>
<b>Specific allowance for impairment</b>				
At start of year	32,827	29,559	32,827	29,559
Movement during the year				
Impairment charges for credit losses	43,433	36,557	43,308	36,557
Amounts written off during year	-	(33,289)	-	(33,289)
<b>At end of year</b>	<b>76,260</b>	<b>32,827</b>	<b>76,135</b>	<b>32,827</b>
<b>Collective allowance for impairment</b>				
At start of year	2,457	2,916	2,457	2,916
Charge/(release) during the year	843	(459)	843	(459)
<b>At end of year</b>	<b>3,300</b>	<b>2,457</b>	<b>3,300</b>	<b>2,457</b>
<b>Impairment charge to profit or loss is broken down as follows:</b>				
<b>Impairment charges for credit losses</b>	<b>44,276</b>	<b>36,557</b>	<b>44,151</b>	<b>36,557</b>
<b>Amounts recovered during year</b>	<b>(7,390)</b>	<b>(5,038)</b>	<b>(7,390)</b>	<b>(5,038)</b>
<b>Charge to profit or loss</b>	<b>36,886</b>	<b>31,519</b>	<b>36,761</b>	<b>31,519</b>



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For the Year Ended 31 December 2014

## NOTES (continued)

### 19. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

#### Analysis of impairment by industry

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Agriculture	16,999	10,462	16,972	10,462
Financial Intermediaries	1,105	9,319	1,103	9,319
Personal	22,223	8,734	22,188	8,734
Trade	10,173	2,221	10,156	2,221
Building and construction	6,959	824	6,947	824
Education	6,470	491	6,460	491
Hotels and restaurants	1,305	308	1,303	308
Transport	6,999	88	6,986	88
Manufacturing	-	-	-	-
Real Estate	2,307	-	2,303	-
Tourism	126	-	126	-
Others	1,594	28	1,591	28
	<b>76,260</b>	<b>32,475</b>	<b>76,135</b>	<b>32,475</b>

The below analysis shows Loans and advances to customers as per The Banking and Financial Institutions Act 2006 that requires credit facilities that remained in the loss category for four consecutive quarter, to be charged off. Loans and advances of TZS 49 billion fell in this category.

### 19. LOANS AND ADVANCES TO CUSTOMERS AS PER BOT

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Term loans	1,746,374	1,377,060	1,698,853	1,372,927
Overdrafts	704,728	526,180	702,334	526,133
Staff loans	93,668	66,645	93,387	66,595
Interest receivable	31,372	58,505	31,198	58,494
Gross loans and advances to customers	2,576,142	2,028,390	2,525,772	2,024,149
<b>Less:</b>				
Provision for impairment	(30,846)	(35,284)	(30,841)	(35,284)
<b>Net loans and advances to customers</b>	<b>2,545,296</b>	<b>1,993,106</b>	<b>2,494,931</b>	<b>1,988,865</b>

#### Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end.

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Maturing within 1 year	868,116	695,197	865,611	693,198
Maturing after 1 year but within 3 years	1,235,033	396,695	1,230,952	394,695
Maturing after 3 years	472,993	936,498	429,209	936,256
Gross loans and advances to customers	<b>2,576,142</b>	<b>2,028,390</b>	<b>2,525,772</b>	<b>2,024,149</b>

## 19. LOANS AND ADVANCES TO CUSTOMERS AS PER BOT (CONTINUED)

### Analysis by Geographical location

The Bank categorises loans and advances to customers into 5 regions for the purpose of regulatory reporting to the Bank of Tanzania.

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Dar es Salaam zone	1,114,889	918,804	1,114,888	918,804
Mbeya zone	394,385	361,590	394,385	361,590
Lake zone	461,785	318,209	461,785	318,209
Zanzibar zone	280,252	239,463	280,252	239,463
Arusha zone	274,461	186,083	274,461	186,083
Burundi	50,370	4,241	-	-
Gross loans and advances to customers	<b>2,576,142</b>	<b>2,028,390</b>	<b>2,525,772</b>	<b>2,024,149</b>

The composition of the zones is as follows:

Zone	Component regions
Dar es Salaam zone	Dar es Salaam and coastal region
Lake zone	Kagera, Kigoma, Tabora, Mara, Mwanza, Rukwa and Shinyanga
Mbeya zone	Dodoma, Iringa, Mbeya, Sumbawanga and Ruvuma
Zanzibar zone	Unguja, Lindi, Morogoro and Mtwara
Arusha zone	Arusha, Kilimanjaro, Singida, Manyara, Mara and Tanga

### Credit impairment for loans and advances to customers

The movements in provision for impairment losses on loans and advances are as follows:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>At start of year</b>	35,284	32,475	35,284	32,475
Movement during the year:				
Impairment charges for credit losses	44,276	36,557	44,151	36,557
Amounts written off during year	(48,714)	(33,748)	(48,594)	(33,748)
<b>At end of year</b>	<b>30,846</b>	<b>35,284</b>	<b>30,841</b>	<b>35,284</b>
The provision as at year is made up of the following:				
<b>Specific allowance for impairment</b>	27,546	32,827	27,541	32,827
Collective allowance for impairment	3,300	2,457	3,300	2,457
	<b>30,846</b>	<b>35,284</b>	<b>30,841</b>	<b>35,284</b>
Specific allowance for impairment				
<b>At start of year</b>	<b>32,827</b>	<b>29,559</b>	<b>32,827</b>	<b>29,559</b>
Movement during the year:				
Impairment charges for credit losses	43,433	36,557	43,308	36,557
Amounts written off during year	(48,714)	(33,289)	(48,594)	(33,289)
At end of year	<b>27,546</b>	<b>32,827</b>	<b>27,541</b>	<b>32,827</b>
<b>Collective allowance for impairment</b>				
At start of year	2,457	2,916	2,457	2,916
Charge/(release) during the year	843	(459)	843	(459)
<b>At end of year</b>	<b>3,300</b>	<b>2,457</b>	<b>3,300</b>	<b>2,457</b>



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## NOTES (continued)

### 19. LOANS AND ADVANCES TO CUSTOMERS AS PER BOT (CONTINUED)

Impairment charge to profit or loss is broken down as follows:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Impairment charges for credit losses	44,276	36,557	44,151	36,557
Amounts recovered during year	(7,390)	(5,038)	(7,390)	(5,038)
Charge to profit or loss	<b>36,886</b>	<b>31,519</b>	<b>36,761</b>	<b>31,519</b>

#### Analysis of impairment by industry

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Agriculture	8,565	10,462	8,564	10,462
Financial Intermediaries	2,832	9,319	2,832	9,319
Personal	11,188	8,734	11,187	8,734
Trade	1,774	2,221	1,773	2,221
Building and construction	544	824	543	824
Education	469	491	469	491
Hotels and restaurants	1,107	308	1,107	308
Transport	3,488	88	3,487	88
Manufacturing	183	-	183	-
Real Estate	100	-	100	-
Tourism	490	-	490	-
Others	106	28	106	28
	<b>30,846</b>	<b>32,475</b>	<b>30,841</b>	<b>32,475</b>

### 20. EQUITY INVESTMENTS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Investment in Tanzania Mortgage finance Company (TMRC)	2,280	2,280	2,280	2,280

Tanzania Mortgage Refinance Company (TMRC) is a private sector institution owned by banks with the sole purpose of supporting banks to do mortgage lending by refinancing banks' mortgage portfolios. The percentage shareholding of the Bank in TMRC as at 31 December 2014 was 17.14% (2013: 17.14%).

## 21. OTHER ASSETS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Advance payment for capital expenditure	3,753	3,225	3,753	3,225
Prepaid expenses	19,128	9,765	17,024	8,523
Bank card stock	1,773	1,235	1,736	1,235
Due from a related party (Note 39)	-	-	155	512
Receivable from mobile phone companies	27,725	22,251	27,725	22,251
MasterCard receivable	-	-	-	-
Bills receivable	47	84	47	84
Other receivables	13,328	10,230	10,899	9,962
Less: Provision for impairment	(3,269)	(2,519)	(3,268)	(2,519)
	<b>62,485</b>	<b>44,271</b>	<b>58,071</b>	<b>43,273</b>

Provision for impairment is made for assets whose recoverability is considered doubtful.

All other assets are current.

### Movement in provision for impairment on other assets is as shown below:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	2,519	1,979	2,519	1,979
Increase during the year	1,449	2,199	1,448	2,199
Write offs	(699)	(1,659)	(699)	(1,659)
At 31 December	<b>3,269</b>	<b>2,519</b>	<b>3,268</b>	<b>2,519</b>

## 22. INVESTMENT IN SUBSIDIARIES

	Country of Incorporation	Interest Held	BANK	
			2014 TZS' Million	2013 TZS' Million
CRDB Microfinance Service Company Limited	Tanzania	100%	728	728
CRDB Bank Burundi S.A	Burundi	100%	21,583	19,293
			<b>22,311</b>	<b>20,021</b>

All subsidiaries are unlisted and have the same year end as the Bank. The investment in the subsidiaries includes the cost of shares and other initial payments made for the subsidiaries. During the year the Bank invested TZS 2,290 Million as additional capital in Burundi subsidiary.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 23. PROPERTY PLANT AND EQUIPMENT

Amounts are in TZS Million

GROUP Year 2014	Land & Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smartcard Equipment	Security Equipment	Mobile Branch	Work in progress	Total
<b>Cost/Revaluation</b>										
At 1 January	27,107	36,435	9,134	40,762	20,619	20,130	3,054	7,195	1,034	165,470
Exchange differences	-	143	(51)	52	48	-	-	-	-	193
Additions	7,320	4,262	2,519	11,188	7,863	2,702	511	-	5,024	41,389
WIP capitalization	-	5,148	-	-	-	-	-	-	(5,148)	-
Adjustment	-	-	86	(346)	(1,496)	1,496	-	-	-	86
Disposals	-	-	(951)	-	(2)	(591)	(5)	-	-	(1,895)
<b>At 31 December</b>	<b>34,427</b>	<b>45,988</b>	<b>10,737</b>	<b>51,656</b>	<b>27,032</b>	<b>23,737</b>	<b>3,560</b>	<b>7,195</b>	<b>910</b>	<b>205,242</b>
<b>Depreciation</b>										
At 1 January	(4,063)	(15,322)	(1,216)	(21,431)	(11,401)	(8,468)	(2,015)	(3,747)	-	(67,663)
Adjustment	-	-	19	-	802	(802)	-	-	-	19
Charge for the year	(662)	(7,511)	(1,453)	(6,692)	(3,515)	(2,529)	(400)	(992)	-	(23,554)
Disposal	-	-	234	256	2	590	-	-	-	1,082
<b>At 31 December</b>	<b>(4,725)</b>	<b>(22,633)</b>	<b>(2,416)</b>	<b>(27,867)</b>	<b>(14,112)</b>	<b>(11,209)</b>	<b>(2,415)</b>	<b>(4,739)</b>	<b>-</b>	<b>(90,116)</b>
<b>Net book value</b>	<b>29,702</b>	<b>23,355</b>	<b>8,321</b>	<b>23,789</b>	<b>12,919</b>	<b>12,528</b>	<b>1,145</b>	<b>2,456</b>	<b>910</b>	<b>115,126</b>

Work in progress relates to the Bank's buildings under construction.

# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 23. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

GROUP Year 2013	Amounts are in TZS' Million									
	Land & Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smartcard Equipment	Security Equipment	Mobile Branch	Work in progress	Total
<b>Cost/Revaluation</b>										
At 1 January	21,655	24,961	7,560	29,844	17,070	16,128	2,595	7,177	3,790	130,780
Exchange differences	-	7	2	2	-	-	-	-	-	11
Additions	914	11,467	1,736	11,073	3,716	4,002	470	18	1,782	35,178
WIP capitalization	4,538	-	-	-	-	-	-	-	(4,538)	-
Disposals	-	-	(164)	(157)	(167)	-	(11)	-	-	(499)
<b>At 31 December</b>	<b>27,107</b>	<b>36,435</b>	<b>9,134</b>	<b>40,762</b>	<b>20,619</b>	<b>20,130</b>	<b>3,054</b>	<b>7,195</b>	<b>1,034</b>	<b>165,470</b>
<b>Depreciation</b>										
At 1 January	(3,543)	(10,179)	-	(16,445)	(8,436)	(6,491)	(1,631)	(2,756)	-	(49,481)
Adjustment	-	-	3	3	-	-	-	-	-	6
Charge for the year	(520)	(5,143)	(1,243)	(5,131)	(3,121)	(1,976)	(392)	(990)	-	(18,516)
Disposal	-	-	24	142	156	-	-	8	-	330
<b>At 31 December</b>	<b>(4,063)</b>	<b>(15,322)</b>	<b>(1,216)</b>	<b>(21,431)</b>	<b>(11,401)</b>	<b>(8,467)</b>	<b>(2,015)</b>	<b>(3,746)</b>	<b>-</b>	<b>(67,661)</b>
<b>Net book value</b>	<b>23,044</b>	<b>21,113</b>	<b>7,918</b>	<b>19,331</b>	<b>9,218</b>	<b>11,663</b>	<b>1,039</b>	<b>3,449</b>	<b>1,034</b>	<b>97,809</b>

Work in progress relates to the Bank's buildings under construction



**NOTES (continued)**

**23. PROPERTY PLANT AND EQUIPMENT (CONTINUED)**

BANK Year 2014	Amounts are in TZS'Million									
	Land & Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smartcard Equipment	Security Equipment	Mobile Branch	Work in progress	Total
<b>Cost/Revaluation</b>										
At 1 January	27,107	34,418	7,435	39,478	20,447	20,130	3,054	7,195	1,034	160,298
Additions	7,320	2,520	2,339	10,711	7,632	2,701	511	-	5,019	38,754
WIP capitalization	-	5,147	-	-	-	-	-	-	(5,147)	-
Revaluation	-	-	-	-	(1,496)	1,496	-	-	-	-
Disposals	-	-	(951)	(346)	(2)	(591)	(5)	-	-	(1,895)
<b>At 31 December</b>	<b>34,427</b>	<b>42,085</b>	<b>8,823</b>	<b>49,844</b>	<b>26,581</b>	<b>23,737</b>	<b>3,560</b>	<b>7,195</b>	<b>906</b>	<b>197,157</b>
<b>Depreciation</b>										
At 1 January	(4,063)	(15,118)	(962)	(20,956)	(11,368)	(8,468)	(2,015)	(3,746)	-	(66,695)
Adjustment	-	-	-	-	802	(802)	-	-	-	-
Charge for the year	(662)	(6,990)	(1,144)	(6,415)	(3,395)	(2,529)	(400)	(993)	-	(22,529)
Disposals	-	-	234	256	2	590	-	-	-	1,082
<b>At 31 December</b>	<b>(4,725)</b>	<b>(22,108)</b>	<b>(1,872)</b>	<b>(27,115)</b>	<b>(13,959)</b>	<b>(11,209)</b>	<b>(2,415)</b>	<b>(4,739)</b>	<b>-</b>	<b>(88,142)</b>
<b>Net book value</b>										
<b>At 31 December</b>	<b>29,702</b>	<b>19,977</b>	<b>6,952</b>	<b>22,728</b>	<b>12,622</b>	<b>12,528</b>	<b>1,145</b>	<b>2,456</b>	<b>906</b>	<b>109,015</b>

Work in progress relates to the Bank's buildings under construction

# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 23 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Amounts are in TZS Million

BANK Year 2013	Land & Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smartcard Equipment	Security Equipment	Mobile Branch	Work in progress	Total
<b>Cost/Revaluation</b>										
At 1 January	21,655	23,202	6,131	28,756	16,997	16,128	2,595	7,177	3,790	126,431
Additions	914	11,216	1,468	10,879	3,617	4,002	470	18	1,782	34,366
Revaluation	4,538	-	-	(157)	-	-	-	-	(4,538)	-
Disposals	-	-	(164)	(157)	(167)	-	(11)	-	-	(499)
<b>At 31 December</b>	<b>27,107</b>	<b>34,418</b>	<b>7,435</b>	<b>39,478</b>	<b>20,447</b>	<b>20,130</b>	<b>3,054</b>	<b>7,195</b>	<b>1,034</b>	<b>160,298</b>
<b>Depreciation</b>										
At 1 January	(3,543)	(10,179)	-	(16,172)	(8,436)	(6,491)	(1,631)	(2,756)	-	(49,208)
Charge for the year	(520)	(4,939)	(986)	(4,926)	(3,088)	(1,976)	(392)	(990)	-	(17,817)
Disposals	-	-	24	142	156	-	8	-	-	330
<b>At 31 December</b>	<b>(4,063)</b>	<b>(15,118)</b>	<b>(962)</b>	<b>(20,956)</b>	<b>(11,368)</b>	<b>(8,467)</b>	<b>(2,015)</b>	<b>(3,746)</b>	<b>-</b>	<b>(66,695)</b>
<b>Net book value</b>										
<b>At 31 December</b>	<b>23,044</b>	<b>19,300</b>	<b>6,473</b>	<b>18,522</b>	<b>9,079</b>	<b>11,663</b>	<b>1,039</b>	<b>3,449</b>	<b>1,034</b>	<b>93,603</b>

Work in progress relates to the Bank's buildings under construction



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 23. PROPERTY AND EQUIPMENT (CONTINUED)

The Company's Motor vehicles were revalued on 31 December 2012, by Mechmaster (T) Limited and Toyota Tanzania limited, registered vehicle dealers. Valuations were made on the basis of recent open market value. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in "revaluation reserve" in shareholders' equity. None of the property and equipment is pledged as security for liabilities. The valuation has been reviewed and the management is of the view that the current book value is in line with the market value.

There were no capitalized borrowing costs related to the acquisition of property and equipments during the year ended 31 December 2014 (2013 – Nil).

If motor vehicles were measured using cost model, the carrying amounts would be as follows;

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Cost</b>	12,522	10,044	10,605	8,498
Accumulated depreciation	(7,572)	(6,282)	(6,153)	(5,090)
<b>Net book value</b>				
At 31 December	<b>4,950</b>	<b>3,762</b>	<b>4,452</b>	<b>3,408</b>

Included in property and equipment are assets with a cost of TZS 30,466 million (2013: TZS 18,239 million) which were fully depreciated but still in use. The notional depreciation charge on these assets would have been TZS 6,863 million (2013: TZS 3,373 million).

### 24. PREPAID OPERATING LEASE

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Cost prepaid</b>				
At 1 January	535	37	535	37
Additions	5,567	498	5,567	498
At 31 December	<b>6,102</b>	<b>535</b>	<b>6,102</b>	<b>535</b>
<b>Amortization</b>				
At 1 January	(20)	(14)	(20)	(14)
Charge for the year	(53)	(6)	(53)	(6)
At 31 December	<b>(73)</b>	<b>(20)</b>	<b>(73)</b>	<b>(20)</b>
<b>Net book value</b>				
At 31 December	<b>6,029</b>	<b>515</b>	<b>6,029</b>	<b>515</b>

Prepaid operating lease relates to advance payments made for the right of occupancy of various portions of leasehold land where the Bank has its business premises.

## 25. INTANGIBLE ASSETS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Cost</b>				
At 1 January	29,384	24,032	27,348	22,210
Exchange differences	148	14	-	-
Additions	4,492	5,339	4,219	5,138
At 31 December	34,024	29,385	31,567	27,348
<b>Amortization</b>				
At 1 January	(12,546)	(8,811)	(11,846)	(8,470)
Charge for the year	(4,248)	(3,735)	(3,888)	(3,376)
At 31 December	(16,794)	(12,546)	(15,734)	(11,846)
Net book value At 31 December	17,230	16,839	15,833	15,502

Intangible assets relate to computer software used by the Group. Intangibles fully depreciated amounting to TZS 3,849 million (2013: TZS 2,123 million) are still in use. The notional depreciation charge would have been TZS 770 million (2013: TZS 425 million). Some fully depreciated software's are; Kindle software (branch power), Signature capture software, VISA solution software, Card-world producer software, Smart POS module.

No intangible asset was pledged as security for liabilities as at 31 December 2014. There also no restrictions other than those outlined in the software license.

As at 31 December 2014, there were no significant intangible assets controlled by the entity which has not recognized as assets.

## 26. DEFERRED INCOME TAX ASSET

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	4,014	3,815	3,854	3,852
Charge to profit and loss	(557)	(354)	(557)	(361)
Under provision in prior year deferred income tax asset	38	553	-	363
Charge to equity	-	-	-	-
At 31 December	3,495	4,014	3,297	3,854

Deferred income tax (asset)/liability is attributed to the following items:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Accelerated capital allowance	557	617	557	693
Provisions	2,938	3,397	2,740	3,161
Revaluation gain on motor vehicles	-	-	-	-
	3,495	4,014	3,297	3,854



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 27. DEPOSITS FROM CUSTOMERS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Current and demand accounts	1,470,908	1,223,885	1,455,965	1,216,729
Savings accounts	1,164,140	942,370	1,161,250	940,780
Term deposits	755,873	858,174	744,780	850,943
	<b>3,390,921</b>	<b>3,024,429</b>	<b>3,361,995</b>	<b>3,008,452</b>
Current deposits	3,280,132	2,898,034	3,251,273	2,882,057
Non-current deposits	110,789	126,395	110,722	126,395
	<b>3,390,921</b>	<b>3,024,429</b>	<b>3,361,995</b>	<b>3,008,452</b>

Savings accounts, term deposits and some current and demand deposits are interest bearing accounts. These interest bearing customer deposit accounts carry variable interest rates.

#### Maturity analysis

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Repayable on demand	2,748,466	2,297,411	2,728,061	2,289,415
Maturing within 3 months	308,458	349,250	302,823	349,250
After 3 months but within 1 year	223,208	251,373	220,389	243,392
Maturing after 1 year	110,789	126,395	110,722	126,395
	<b>3,390,921</b>	<b>3,024,429</b>	<b>3,361,995</b>	<b>3,008,452</b>

### 28. DEPOSITS FROM BANKS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Deposits from banks	94,594	53,940	36,068	53,855

All deposits from banks are current.

### 29. OTHER LIABILITIES

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Bills payable	3,080	2,197	2,416	2,130
Dividend payable	4,842	3,419	4,842	3,419
Accrued expenses	13,956	9,005	13,098	8,667
Due to related parties (Note 39)	-	-	13,318	8,929
Deferred income	7,886	3,282	7,821	3,260
Outstanding credits	5,245	3,667	4,845	3,667
Unclaimed customer balances	6,488	11,327	6,464	11,270
Other payables	54,242	13,245	53,828	13,243
	<b>95,739</b>	<b>46,142</b>	<b>106,632</b>	<b>54,585</b>

-Bills payable represents Bankers cheques issued to customers that have not yet been presented for payment.

-Dividend payable represents uncollected dividends by the Bank's shareholders.

-Outstanding credits represent suspended customer balances while their bank accounts are in the process of being opened.

Other liabilities are expected to be settled within no more than 12 months after the reporting date.

### 30. PROVISIONS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Provision for litigation</b>				
At 1 January	667	1,227	667	1,227
Additional provisions	492	135	492	135
Amount paid in the year	(75)	(695)	(75)	(695)
At 31 December	<b>1,084</b>	<b>667</b>	<b>1,084</b>	<b>667</b>

As at year end, there were several pending legal cases where the Bank was a defendant. Provision has been made for legal cases where professional advice indicates that it is probable that significant loss will arise. The directors have considered it probable that the unfavourable outcome of these cases to the Bank could result into an estimated loss of TZS.1,084 million (2013:TZS 667 million). For cases whose outcomes are uncertain, contingent liabilities have been considered as disclosed in note 37. According to the nature of such disputes the outcome and timing of settlement of these cases is uncertain.

### 31. (A) GRANTS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	7,784	7,333	7,421	7,421
Grant received during the year	7,890	1,078	6,140	-
Grant amount utilised	(238)	(627)	(17)	-
At 31 December	<b>15,436</b>	<b>7,784</b>	<b>13,543</b>	<b>7,421</b>

#### 31.1 FSDT GRANTS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	7,102	6,981	7,069	7,069
Grant received during the year	4,025	681	4,025	-
Grant amount utilised	(33)	(560)	-	-
Foreign exchange	137	-	137	-
At 31 December	<b>11,231</b>	<b>7,102</b>	<b>11,231</b>	<b>7,069</b>

The group is recipient of two grants from Financial Sector Deepening Trust of Tanzania (FSDT) as disclosed below:

#### FSDT GRANT (I)

On 26 May 2008, CRDB Bank Plc signed a four year funding agreement with Financial Sector Deepening Trust of Tanzania (FSDT) amounting to USD 3,806,500 as a grant for strengthening of the Bank's microfinance partner institutions and increase outreach. In 2013 the amount of USD 415,560 was received by CRDB Bank Plc which was transferred to CRDB Microfinance Services Company Limited. Total cumulative drawdown of the Grant to 31 December 2014 amounts to USD 3,806,500.

#### FSDT GRANT (II)

In 2014 the grant amount of USD 2,326,533.44 was received by CRDB Bank Plc, (2013: Nil). The conditions of the grant are subject to the achievement of performance targets relating to the number of constructed service centres, purchase of mobile branches as well as target number of clients and borrowers served among other conditions. The drawdown of the grant as at 31 December 2014 was USD 4,057,433.



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 31. GRANTS (CONTINUED)

#### 31. (B) DANIDA WOMEN GRANT

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	352	352	352	352
Grant and guarantee received during the year	2,115	-	2,115	-
Grant amount utilised	(154)	-	(154)	-
At 31 December	<b>2,313</b>	<b>352</b>	<b>2,313</b>	<b>352</b>

On 10 December 2011, CRDB Bank Plc signed a three year funding agreement with DANIDA amounting to DKK 8,850,000 of which DKK 5,000,000 being guarantee and DKK 3,850,000 as a grant for operation on project named "Women Access to Finance Initiative" aimed at enabling women to contribute to economic growth through SME loans. The drawdown of operational grant up to December 2014 was DKK 3,762,575 equivalent to USD 681,532 and guarantee of DKK 5,000,000 equivalent to USD 905,672. During the year TZS 186 Million of operational grant was utilised on supervision TZS 0.5 Million; mentorship TZS 123 Million; customer training 5 Million and technical assistance TZS 57 Million.

#### 31. (C) UNCDF GRANT

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	330	-	-	-
Grant received during the year		397	-	-
Grant amount utilised	(144)	(67)	-	-
At 31 December	<b>186</b>	<b>330</b>	<b>-</b>	<b>-</b>

On 29 May 2013, CRDB Bank Burundi S.A. signed a funding agreement with United Nations Capital Development Fund (UNCDF) amounting to USD 700,000 as a grant to support and strengthening Microfinance institutions, SACCOS and establishment of Agency banking. The agreement is scheduled to expire on Jan 2017. The drawdown amount of the grant up to December 2014 was USD 250,000.

#### 31. (D) MIVARF ASSET GRANT

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	-	-	-	-
Grant received during the year	1,725	-	-	-
Grant amount utilised	(42)	-	-	-
At 31 December	<b>1,683</b>	<b>-</b>	<b>-</b>	<b>-</b>

On 2 January 2014, CRDB MFSCCL signed a six year funding agreement with marketing infrastructure, Value Addition and Rural Finance Support Programme (MIVARF) amounting to USD 4,000,008 as a grant for improving/strengthening and developing access to financial services on a sustainable basis to rural micro and small scale entrepreneurship activities that will lead to increased productivities in rural areas. In 2014 the amount of USD 995,909 was received by CRDB MFSCCL.

### 31. GRANTS (CONTINUED)

#### 31. (E) RUDI GRANT

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	-	-	-	-
Grant received during the year	24	-	-	-
Grant amount utilised	-	-	-	-
<b>At 31 December</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>

Grants have been received for the purchase of certain items of property, plant and equipment and supporting some of the operating expenditures. There are no unfulfilled conditions or contingencies attached to these grants.

### 32. BORROWINGS

#### 32.1 SHORT TERM BORROWINGS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	39,689	-	39,689	-
Loan received during the year	43,249	39,689	43,249	39,689
Interest charge for the year	-	-	-	-
Interest paid in the year	-	-	-	-
Principal repayment during the year	(39,689)	-	(39,689)	-
<b>At 31 December</b>	<b>43,249</b>	<b>39,689</b>	<b>43,249</b>	<b>39,689</b>

On 14th October 2013, CRDB Bank Plc signed a one year loan agreement with Standard Chartered Bank London amounting USD 25 Million secured by Treasury bonds. The loan's interests floating three month libor plus two hundred basis points, with interest being paid on a quarterly basis. The whole amount was received in 2013 and the contract renewed again in 2014 for the same terms and conditions.

#### 31.2 SUBORDINATED DEBT

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	10,267	-	10,267	-
Loan received during the year	20,000	10,000	21,333	10,000
Interest charge for the year	1,333	267	(267)	267
Interest paid in the year	(267)	-	-	-
Principal repayment during the year	-	-	-	-
<b>At 31 December</b>	<b>31,333</b>	<b>10,267</b>	<b>31,333</b>	<b>10,267</b>
Non-current	30,000	10,000	30,000	10,000
Current	1,333	267	1,333	267
	<b>31,333</b>	<b>10,267</b>	<b>31,333</b>	<b>10,267</b>

The bank was granted a subordinated debt by DANIDA Investment Fund amounting to TZS 20 billion at an interest rate of 8% that is to be paid annually. The subordinated debt is for a period of eight (8) years effective from 1 September 2014



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 31. BORROWINGS (CONTINUED)

#### 32.3 LONG TERM BORROWING

##### 32.3.1 SENIOR DEBT

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	-	-	-	-
Loan received during the year	77,847	-	77,847	-
Interest charge for the year	705	-	705	-
Interest paid in the year	-	-	-	-
Principal repayment during the year	-	-	-	-
<b>At 31 December</b>	<b>78,552</b>	<b>-</b>	<b>78,552</b>	<b>-</b>

The bank was granted a Senior debt by International Financial Corporation amounting to US\$ 75 Million as follows; long term loan of US\$ 40 Million, short term loan of US\$ 25 Million and LC credit line of US\$ 10 Million . The short term and long term loan's interest is floating three/ six month Libor plus two hundred twenty five basis points, with interest being paid on quarterly and semi-annually basis respectively. The long term debt is for a period of seven (7) years while short term debt is five (5) years renewable annually effective from 23rd April 2014. The drawdown of the debt up to December 2014 was US\$ 45 Million.

##### 32.3.2 TMRC LONG TERM LOAN

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	-	-	-	-
Loan received during the year	10,000	-	10,000	-
Interest charge for the year	22	-	22	-
Interest paid in the year	-	-	-	-
Principal repayment during the year	-	-	-	-
<b>At 31 December</b>	<b>10,022</b>	<b>-</b>	<b>10,022</b>	<b>-</b>

On 31 March 2014 and 24 September 2014 the bank received a mortgage refinance loan from TMRC for TZS 5 billion respectively. The tenor for the loan is 3 years. Both facilities bear interest of 11.5%

##### 32.3.3 TIB LONG TERM LOANS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
At 1 January	-	-	-	-
Loan received during the year	8,000	-	8,000	-
Interest charge for the year	15	-	15	-
Interest paid in the year	-	-	-	-
Principal repayment during the year	-	-	-	-
<b>At 31 December</b>	<b>8,015</b>	<b>-</b>	<b>8,015</b>	<b>-</b>

### 31. BORROWINGS (CONTINUED)

#### 32.3 LONG TERM BORROWING

##### 32.3.3 TIB LONG TERM LOANS

On 27 May 2013 the bank received a refinancing loan of approximately TZS 2,694 million from TIB Investment bank for loan issued to Andoya Hydro power. The loan is for 10 years at interest rate of 8.37% maturing on 27 May 2023. On 15 August 2012 the bank received a refinancing loan of TZS 4,804 million from TIB Investment bank for loan issued to Mwenga Hydro power. The loan is for 10 years with initial interest rate of 6.48% maturing on 15 August 2021. The interest rate was revised from 15 August 2014 to 8.62%

The bank complied with all terms and conditions of each of the agreements during the year and there were no any defaults on either principal or interest of loan payable.

At 31 December 2014, the Group had available US\$ 20 Million from IFC (2013: Nil) of undrawn committed borrowing facilities expected to be received within 24 months after the signing of the loan agreement. There are no restriction on utilization of these facilities.

### 33. SHARE CAPITAL

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Authorised				
4,000,000,000 ordinary shares of TZS 25 each	100,000	100,000	100,000	100,000
Issued and fully paid				
2,176,532,160 ordinary shares of TZS 25 each	54,413	54,413	54,413	54,413

### 34. RESERVES

#### Share premium

Share premium represents the surplus of market price over the nominal value of the shares issued, comprising the rights issue and Initial Public offering (IPO).

#### Retained earnings

Retained earnings consist of profits generated by a company that was not distributed to shareholders as dividend but reinvested in business.

#### General banking risk reserve

General banking risk reserve represents the surplus of loan provision computed as per the Bank of Tanzania regulations over the impairment of loans and advances. This is a non-distributable reserve.

#### Translation reserve

Translation reserve represents exchange differences arising from translation of the financial performance and position of a subsidiary company that has a functional currency different from the Group's presentation currency. This is a non-distributable reserve.

#### Revaluation Reserve

Revaluation reserve is made up of periodic adjustment arising from the fair valuation of motor vehicles, net of related deferred taxation and fair valuation of available for sale financial assets and liabilities. The reserve is not available for distribution to the shareholders



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## NOTES (continued)

### 34. RESERVES (CONTINUED)

#### Revaluation Reserve

Revaluation reserve is made of periodic adjustment arising from the fair valuation of motor vehicles, net of related deferred taxation and fair valuation of available for sale financial assets and liabilities. The reserve is not available for distribution to the shareholders.

The revaluations reserve movements is as shown below:

GROUP	2014			2013		
	Motor Vehicles TZS' Million	Available for Sale TZS' Million	Total TZS' Million	Motor Vehicles TZS' Million	Available for Sale TZS' Million	Total TZS' Million
At 1 January	3,034	(83)	2,951	3,305	79	3,384
(Decrease)/increase during the year	-	(880)	(880)	-	(162)	(162)
Release to retained earnings	(546)	-	(546)	(271)	-	(271)
At 31 December	<u>2,488</u>	<u>(963)</u>	<u>1,525</u>	<u>3,034</u>	<u>(83)</u>	<u>2,951</u>

GROUP	2014			2013		
	Motor Vehicles TZS' Million	Available for Sale TZS' Million	Total TZS' Million	Motor Vehicles TZS' Million	Available for Sale TZS' Million	Total TZS' Million
At 1 January	2,363	(83)	2,280	2,775	79	2,854
(Decrease)/increase during the year	-	(880)	(880)	-	(162)	(162)
Release to retained earnings	(480)	-	(480)	(412)	-	(412)
At 31 December	<u>1,883</u>	<u>(963)</u>	<u>920</u>	<u>2,363</u>	<u>(83)</u>	<u>2,280</u>

### 35. ANALYSIS OF CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Cash in hand (Note 16)	163,333	129,200	159,549	128,105
Balances with Central Banks (Note 16)	53,244	32,788	45,817	26,864
Loans and advances to banks (Note 18)	270,788	313,123	265,286	310,432
Government securities (Note 17)	-	586	-	-
	<u>487,365</u>	<u>475,697</u>	<u>470,652</u>	<u>465,401</u>

### 36. FINANCIAL INSTRUMENTS BY CATEGORY

(All amounts in TZS)

GROUP At 31 December 2014	Loans and receivables	Held to maturity	Available- for- sale	Total
<b>Financial Assets</b>				
Cash and balances with Central Banks	549,570	-	-	549,570
Loans and advances to banks	294,626	-	-	294,626
Loans and advances to customers	2,545,296	-	-	2,545,296
Government securities	-	540,153	54,432	594,585
Equity investment	-	-	2,280	-
Other assets	41,099	-	-	41,099
	<u>3,430,591</u>	<u>540,153</u>	<u>56,712</u>	<u>4,025,176</u>

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(All amounts in TZS)

GROUP	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
At 31 December 2014			
<b>Financial liabilities</b>			
Deposits from banks	-	94,594	94,594
Deposits customers	-	3,390,921	3,390,921
Other liabilities	-	87,854	87,854
Short term borrowings	-	43,249	43,249
Subordinated debt	-	31,333	31,333
Senior debts	-	96,589	96,589
	-	3,744,540	3,744,540

(All amounts in TZS)

GROUP	Loans and receivables	Held to maturity	Available- for- sale	Total
At 31 December 2013				
<b>Financial assets</b>				
Cash and balances with Central Banks	506,222	-	-	506,222
Loans and advances to banks	317,923	-	-	317,923
Loans and advances to customers	1,993,106	-	-	1,993,106
Government securities	-	540,064	29,245	569,309
Equity investment	-	-	2,280	2,280
Other assets	30,046	-	-	30,046
	2,847,297	540,064	31,525	3,418,886

(All amounts in TZS)

GROUP	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
At 31 December 2013			
<b>Financial liabilities</b>			
Deposits from banks	-	53,940	53,940
Deposits customers	-	3,024,429	3,024,429
Other liabilities	-	38,051	38,051
Short term borrowings	-	39,689	39,689
Subordinated debt	-	10,267	10,267
	-	3,166,376	3,166,376

(All amounts in TZS)

BANK	Loans and receivables	Held to maturity	Available- for-sale	Total
At 31 December 2014				
<b>Financial assets</b>				
Cash and balances with Central Banks	538,357	-	-	538,357
Loans and advances to banks	289,125	-	-	289,125
Loans and advances to customers	2,494,931	-	-	2,494,931
Government securities	-	512,486	54,432	566,918
Equity investment	-	-	2,280	2,280
Other assets	38,826	-	-	38,826
	3,361,239	512,486	56,712	3,930,437



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For the Year Ended 31 December 2014

## NOTES (continued)

### 36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(All amounts in TZS)

BANK	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
<b>At 31 December 2014</b>			
<b>Financial liabilities</b>			
Deposits from banks	-	36,068	36,068
Deposits customers	-	3,361,995	3,361,995
Other liabilities	-	98,811	98,811
Short term borrowings	-	43,249	43,249
Subordinated debts	-	31,333	31,333
Senior debt	-	96,589	96,589
	-	<b>3,668,045</b>	<b>3,668,045</b>

(All amounts in TZS)

BANK	Loans and receivables	Held to maturity	Available- for- sale	Total
<b>At 31 December 2013</b>				
<b>Financial assets</b>				
Cash and balances with Central Banks	499,203	-	-	499,203
Loans and advances to banks	315,233	-	-	315,233
Loans and advances to customers	1,988,865	-	-	1,988,865
Government securities	-	527,493	29,245	556,738
Equity investment	-	-	2,280	2,280
Other assets	30,290	-	-	30,290
	<b>2,833,591</b>	<b>527,493</b>	<b>31,525</b>	<b>3,392,609</b>

(All amounts in TZS)

BANK	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
<b>At 31 December 2013</b>			
<b>Financial liabilities</b>			
Deposits from banks	-	53,855	53,855
Deposits customers	-	3,008,452	3,008,452
Other liabilities	-	51,992	51,992
Short term borrowings	-	39,689	39,689
Subordinated debts	-	10,267	10,267
	-	<b>3,164,255</b>	<b>3,164,255</b>

### 37. CONTINGENT LIABILITIES

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Guarantees and indemnities	168,327	194,365	168,327	194,365
Letters of credit	413,677	477,838	413,677	477,838
Outward foreign bills for collection	-	13	-	13
Interest payable-FSDT Borrowing	-	594	-	594
	<b>582,004</b>	<b>672,810</b>	<b>582,004</b>	<b>672,810</b>
Litigation against the Group	-	2,978	-	2,978

Letters of credit are commitments by the Bank to make payments to third parties, on production of agreed documents on behalf of customers and are reimbursed by the customers.

### 37. CONTINGENT LIABILITIES (CONTINUED)

Guarantees and indemnities are generally issued by the Bank, on behalf of customers, to guarantee performance by customers to third parties. The Bank will only be required to meet these obligations in the event of default by the customer.

The Group and Bank is, in the normal course of business involved in a number of court cases. The Group has taken appropriate legal measures to defend its position. Appropriate provisions have been made by the Group for the liabilities arising as disclosed in note 30. Contingent liabilities arise for cases for which the outcome cannot be reliably determined as at the date of signing these financial statements.

### 38. COMMITMENTS

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Commitments to extend credit	159,777	217,833	159,777	217,833
<b>Capital commitments</b>				
Authorised and contracted for	13,577	14,905	13,577	14,905
Authorised and not yet contracted for	5,246	8,277	5,246	8,038
	<b>18,823</b>	<b>23,182</b>	<b>18,823</b>	<b>22,943</b>

Capital commitments authorised and contracted for are in respect of

- (i) construction/refurbishment cost for branches/service centres; Kariakoo, Temeke, SAUT, Buzuruga, Ngara, Serengeti, Gairo, Bunda and Nzega.
- (ii) Purchase of various equipment: Air Conditioner for various branches and Head office departments, IBM servers, Network review project, finalization of phase II, Video conference, inverters batteries, and various network equipments.

#### Operating lease commitments

The future minimum lease payments of the Group (lessee) under operating leases are as follows:

	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Less than 1 year	5,880	2,899	5,880	2,899
More than 1 year but less than 5 years	13,850	7,056	13,850	7,056
More than 5 years	2,001	533	2,001	533
<b>Total</b>	<b>21,731</b>	<b>10,488</b>	<b>21,731</b>	<b>10,488</b>

The Group leases various branch premises and offices under non-cancellable operating lease agreements. The lease terms are between 1 and 7 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

Group as a lessor	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
Rent received in the year	110	86	110	86

#### Rental income commitments

The Group sublets unutilized office space to earn rental income. The leases cover a period of one year with an option to renew after expiry. As at 31 December 2014 there was no unexpired lease for existing contracts (2013: 109 million).



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For the Year Ended 31 December 2014

## NOTES (continued)

### 39. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, a number of banking transactions are entered into with related parties' i.e. key management staff, Directors, their associates and companies associated with Directors. These include loans and deposits. Loans and advances to customers as at 31 December include loans and advances to Directors, other key management personnel and companies associated with Directors.

The volume of related party transactions for the year and the outstanding amounts at the year-end are as follows:

	Companies associated with Directors		Directors and other key management personnel	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Loans and advances</b>				
At 1 January	8	68	4,249	3,860
Net movement during the year	19	(60)	(158)	389
At 31 December	27	8	4,091	4,249
Interest earned	5	6	244	220

These loans and advances are performing and therefore no provisions have been made during the year (2013: Nil).

Deposits from related parties	2014	2013	2014	2013
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
At 1 January	1,922	1,824	1,048	1,116
Net movement during the year	(694)	98	1,650	(68)
At 31 December	1,228	1,922	2,698	1,048
Interest paid	3	24	30	8

Balances outstanding with related companies were as follows:

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Due from related parties</b>				
CRDB Burundi S.A	155	-	155	512
<b>Due to related parties</b>				
CRDB Microfinance Company Services	13,318	-	13,318	8,929
<b>Transactions with related companies were as follows:</b>				
<b>Payments made on behalf of subsidiaries</b>				
CRDB Burundi S.A	-	-	-	512
CRDB Microfinance Company Services Ltd	570	-	570	622
	570	-	570	1,134

### 39. RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP		BANK	
	2014 TZS' Million	2013 TZS' Million	2014 TZS' Million	2013 TZS' Million
<b>Purchase/ sale of properties on behalf of subsidiaries</b>				
CRDB Burundi S.A	-	-	-	-
CRDB Microfinance Company Services Ltd	-	-	-	-
<b>Rent paid to the parent</b>				
CRDB Burundi S.A	-	-	-	-
CRDB Microfinance Company Services Ltd	141	110	141	110
	<b>141</b>	<b>110</b>	<b>141</b>	<b>110</b>
<b>Transfer of research &amp; development</b>				
CRDB Burundi S.A	-	-	-	-
CRDB Microfinance Company Services Ltd	-	-	-	-
	-	-	-	-
<b>Settlement of liabilities on behalf of another party</b>				
CRDB Burundi S.A	-	-	-	-
CRDB Microfinance Company Services Ltd	-	-	-	-
	-	-	-	-
<b>Commission paid for loans and deposit mobilisation</b>				
CRDB Microfinance Company Services Ltd	13,875	12,139	13,875	12,139

#### Guarantee

In the year ending 31 December 2014, there was no guarantee given or received to/from any related party (2013: NIL).

#### Compensation of Key Management Personnel

Key management personnel comprise Board of directors, Managing Director, Deputy Managing Directors, and heads of departments who are reporting directly to the Managing Director and Deputy Managing Directors.

The remuneration of key management personnel during the year was as follows:

	2014 TZS' Million	2013 TZS' Million
Short term employee benefits	5,093	3,729
Post-employment benefits	1,267	1,416
Directors' fees	453	376
Termination benefits	-	-
	<b>6,813</b>	<b>5,521</b>

The above compensation is a total salary package including all employment benefits and pension. Details of payment of directors' fees to individual directors will be tabled at the annual general meeting.

#### Share option schemes

The Group has no share option schemes to either executives or senior employees.

### 40 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no events after the statement of financial position date which require any adjustment and disclosures in the financial statements.



