

**A CLEAR VISION  
FOR THE FUTURE**

**Taarifa ya Mwaka  
Annual Report  
2015**



*The bank that listens*

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## Angalizo kuhusu Taarifa ya matarajio

## Caution Regarding Forward-looking Statements

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.

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.



CRDB Bank Plc (“Benki ya CRDB” au Benki) ni benki kubwa nchini Tanzania pamoja na Kampuni zake tanzu (kwa pamoja, “Kundi”) zinatoa huduma kamili za kibenki na fedha kwa wateja wakubwa, taasisi ndogo na za kati, wateja binafsi, mawakala wa kibenki na huduma ndogo ngogo za kifedha. Benki ni Kampuni yenye ukomo wa dhima iliyosajiliwa chini ya Sheria ya Makampuni ya mwaka 2002 nchini Tanzania na imeorodheshwa katika soko la hisa la Dar es Salaam tangu mwaka 2009. Benki na kampuni zake tanzu – CRDB Microfinance Services Company Limited (MFSC) inafanya kazi nchini Tanzania na CRDB Bank Burundi S.A. kampuni yake ya kwanza nje ya nchini hufanya kazi katika mji wa Bujumbura nchini Burundi.

Benki ya CRDB inawezeshwa kwa kiasi kikubwa na wanahisa ambao ni mashirika makubwa ya DIF, PPF, CDC, IFC na AfCAP. Benki pia inawezeshwa na wanahisa wake wadogo zaidi ya 28,000. Ili kuendeleza ukuaji wetu, Azma na dira yetu wakati wote imelenga katika kukidhi mahitaji ya wateja wetu huku tukitumia uwezo wa teknolojia kutoa pato zuri kwa wanahisa wetu pamoja na kujali jamii na jumuiya inayotuzunguka. Dhamira hii imeelezwa vizuri katika kaulimbiu yetu isemayo “Benki inayomsikiliza mteja”

## KUHUSU BENKI YA CRDB

Benki ya CRDB ni taasisi ya kibenki inayoongoza nchini Tanzania kwa kuwa na thamani kubwa ya rasilimali, mikopo na amana za wateja ikiwa na lengo la kujipanua katika ukanda wa Afrika Mashariki. Pamoja na kuchangia maendeleo ya kiuchumi na kijamii ya nchi, Benki ya CRDB imeendelea kutumia mfumo wake imara wa kibiashara ili kutekeleza mkakati wa kuanuisha biashara huku ikijumuisha na kuboresha uendeshaji wa shughuli zake za kibenki.

Ikidhihirisha utekelezaji wa falsafa yake, Benki ya CRDB inaendelea na dhamira yake ya kutoa huduma bora zaidi kwa wateja pamoja na bidhaa za kifedha za kisasa kwa wateja binafsi na wakubwa kwa kutumia mifumo imara ya tehamu na mtandao wake mpana wa huduma. Wakati ikijivunia chapa yake imara, Benki ya CRDB inaendelea kuboresha mahusiano yake na wadau wake wote.

Kundi linatoa huduma mbalimbali kwa wateja wakubwa, binafsi, biashara, hazina, wateja maalum na huduma ndogo ndogo za kifedha kupitia mtandao wake wa matawi 199 yaliyojengwa na yanayotembea, jumla ya mashine 432 za

CRDB Bank Plc (“CRDB Bank” or the “Bank”) the largest Bank in Tanzania and its subsidiaries (together, “the Group”) provide a complete array of banking and financial services – corporate, SME, retail, agent banking and microfinance. The Bank is a public limited company incorporated under the Companies Act 2002 and listed on the Dar es Salaam Stock Exchange since 2009. The Bank and its subsidiary - CRDB Microfinance Services Company Limited (MFSC) operate in Tanzania and CRDB Bank Burundi S.A. the first overseas subsidiary operates from Bujumbura in Burundi.

CRDB Bank has solid support of its strong institutional shareholders – DIF, PPF, CDC, IFC and AfCAP. The Bank also enjoys the support of over 28,000 small shareholders. Our Vision and Mission have always focused on meeting the needs of our esteemed customers while leveraging on technology, providing competitive returns to our shareholders, and caring for the community and society to sustain our growth. This is aptly captured in our tag line “The Bank that listens”.

## ABOUT CRDB BANK PLC

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. The Bank has a robust IT platform and maintains a leading edge in the sphere of technology and innovations (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, business, treasury, premier, wholesale banking and microfinance services through a network of 199 static and mobile branches, 432 ATMs including 18 Depository ATMs, 778 Point of Sale (POS) terminals, 1,746 Agents (FahariHuduma) and 441 partner Microfinance institutions. The innovative network plan enhances Group’s ability to provide cost effective service delivery across Tanzania.



kutoa na kuweka fedha zikiwemo mashine 18 zenye uwezo wa kupokea fedha, mashine 778 za kufanyia malipo kwa manunuzi ya bidhaa na huduma, mawakala wa FahariHuduma 1,746 na washirika wa huduma ndogo ndogo za kifedha 441. Mpango uliobuniwa wa kupanua mtandao huongeza uwezo wa Kundi kutoa huduma kwa gharama nafuu nchi nzima.





## Usajili

Benki ya CRDB ilisajiliwa katika Jamhuri ya Muungano wa Tanzania mwaka 1996 chini ya Sheria ya Makampuni Namba 12 ya mwaka 2002. Benki ilisajiliwa kwenye Soko la Hisa la Dar es Salaam (DSE) tarehe 17 Juni 2009. Benki imeanzisha kampuni tanzu mbili, ambazo ni CRDB Microfinance Services Company Limited iliyosajiliwa katika Jamhuri ya Muungano wa Tanzania mwaka 2007 na CRDB Bank Burundi S.A iliyosajiliwa katika Jamhuri ya Burundi mwaka 2012.

## Incorporation

CRDB Bank Plc (The Bank) is a Public Company limited by shares which was incorporated in the United Republic of Tanzania in 1996 under the Companies Act, CAP 212 Act No.12 and was listed on the Dar es Salaam Stock Exchange on 17th June 2009. It 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	URAIA	NATIONALITY
Martin J. Mmari	Mwenyekiti	Chairman	Mtanzania	Tanzanian
Juma A. Abdulrahman	Mjumbe	Member	Mtanzania	Tanzanian
Rose F. Metta	Mjumbe	Member	Mtanzania	Tanzanian
Devotha N. Mlinzi	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

<b>KATIBU WA BENKI COMPANY SECRETARY</b> John B. Rugambo  <b>OFISI ILIYOSAJILIWA REGISTERED OFFICE</b>	CRDB Bank Plc Office Accommodation Scheme Azikiwe Street P.O. Box 268 Dar es Salaam, Tanzania	<b>WAKAGUZI</b>	<b>AUDITORS</b>
		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	URAIA	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

<b>BENKI MAHSUSI</b>	Bank of Tanzania 10 Mirambo Street P.O. Box 2939, Dar es Salaam, Tanzania	<b>MWANASHERIA</b>	<b>LAWYER</b>
<b>MAIN BANKER</b>		Abenry & Company NIC Life House, 2nd Floor Ohio St/Sokoine Drive P.O. Box 3167, Dar es Salaam, Tanzania	



TZS 'Millions

<b>Financial Highlights</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net Interest Income	153,385	206,276	235,601	276,187	390,649
Impairment losses on loans & advances	31,216	26,403	31,519	36,886	66,877
Net Fees & Commissions	61,914	74,605	92,759	118,604	148,936
Net Foreign Exchange Income	1,549	22,782	28,528	29,334	34,866
Operating Income	186,997	278,342	325,421	387,501	508,868
Operating expenses	135,984	170,640	203,400	255,257	321,178
Net Income	37,710	80,543	84,378	95,645	128,978
Loans, Advances and Overdrafts	1,429,262	1,806,865	1,993,106	2,545,296	3,342,352
Total assets	2,713,641	3,074,816	3,558,668	4,210,097	5,407,817
Total Deposit	2,408,676	2,591,033	3,024,429	3,390,921	4,246,168
Shareholders funds	254,764	317,432	375,750	441,151	687,398
Non performing loans & advances	134,783	124,586	126,307	129,247	270,862
<b>Key Ratios</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Earnings Per Share	17.33	37.00	38.80	36.39	54.30
ROAA (%)	2.03%	3.75%	3.68%	3.60%	4.20%
ROAE (%)	15.45%	28.15%	24.35%	25.20%	24.30%
Cost to Income Ratio	73.25%	61.53%	62.60%	65.90%	63.30%
Non-Funded Income/Total Income	29.70%	32.30%	34.00%	34.90%	32.20%
Net Profit Margin (%)	17.28%	26.40%	23.60%	22.54%	22.40%
Capital/Assets	10.45%	9.39%	10.56%	10.50%	12.71%
Capital/Deposits	10.58%	12.25%	12.42%	13.00%	16.19%
Loans/Total Deposits	61.20%	71.00%	67.10%	76.00%	78.71%
NPL /Total Loans	9.43%	6.80%	6.20%	5.00%	8.10%



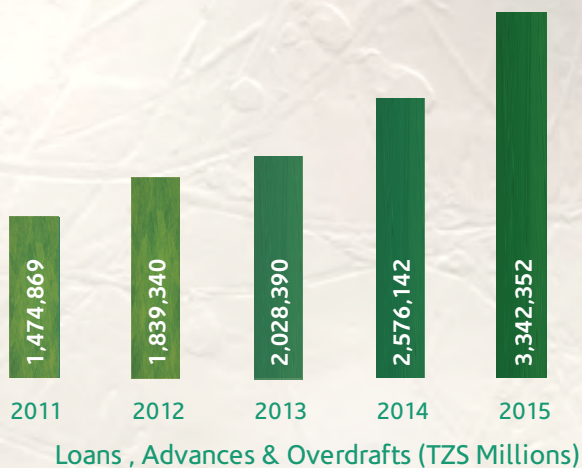
## Financial Charts

### LOANS

**+ 29.7%**

**TZS 3,342 Billion**  
2014: TZS 2,576 Billion

Gross Loans and advances grew by 29.7% in 2015 driven by retail, SME and mortgage loan

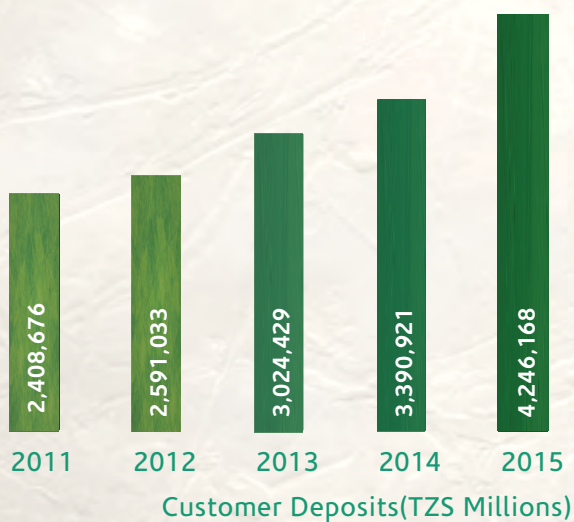


### DEPOSITS

**+ 25.2%**

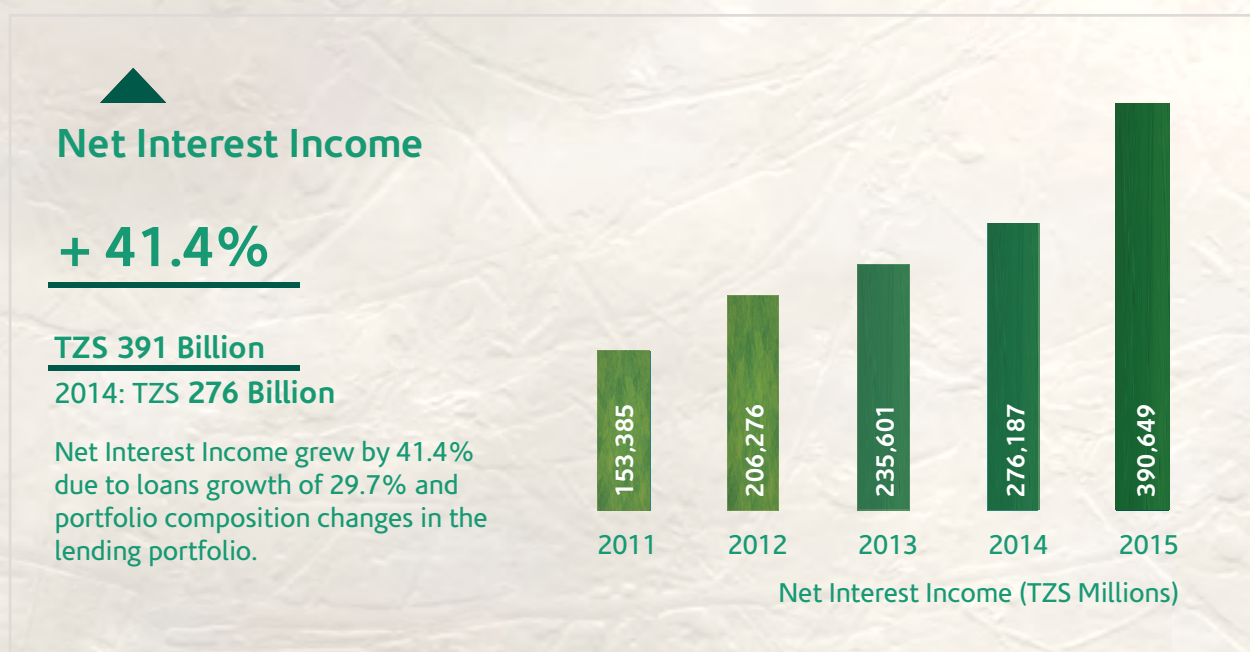
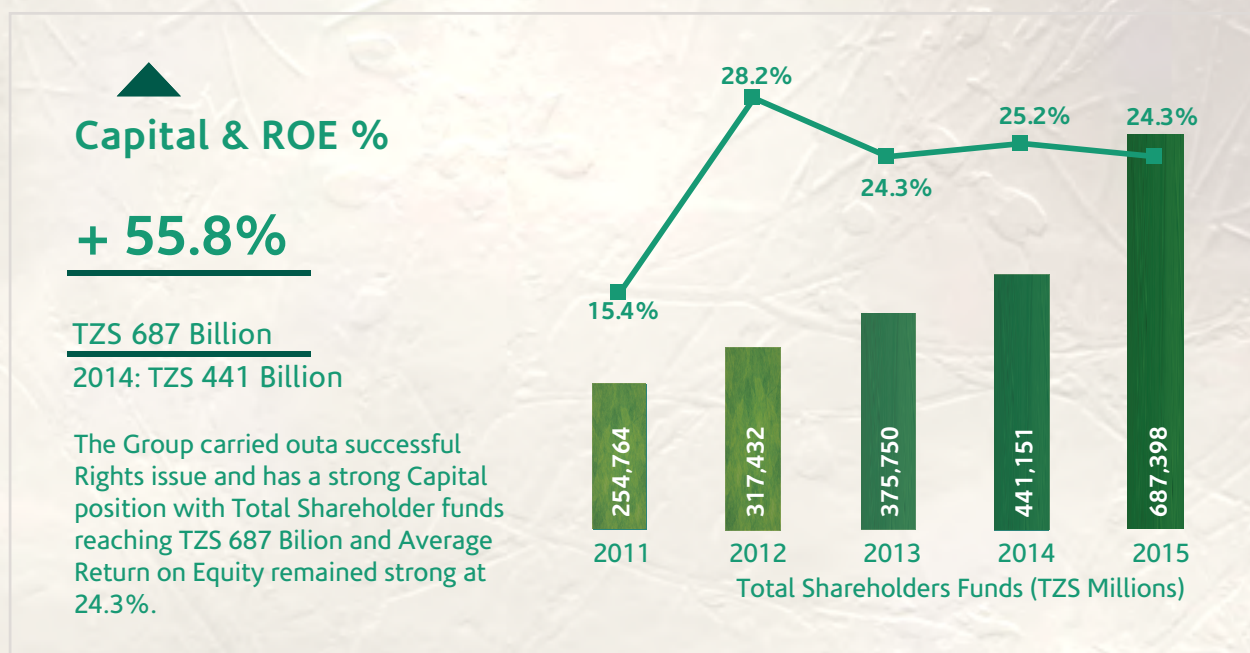
**TZS 4,246 Billion**  
2014: TZS 3,391 Billion

Current A/C Deposits grew by 37.85% in 2015 and saving Deposits grew by 25.21 % while term deposits grew marginally.





## Financial Charts



## Financial Charts

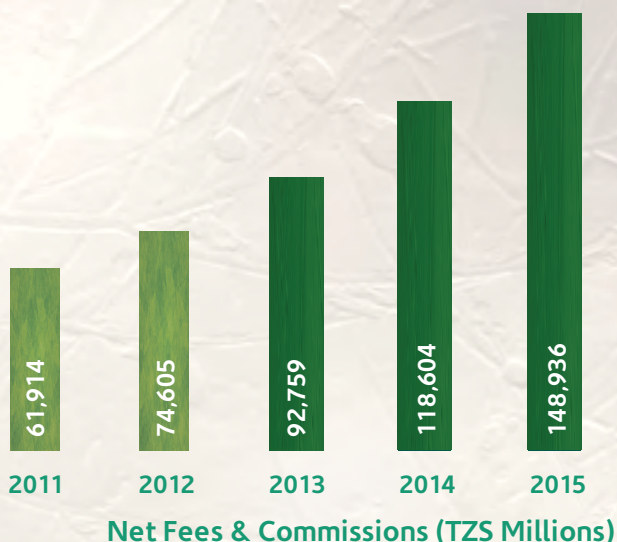
### Net Fees & Commissions

**+ 25.6%**

**TZS 149 Billion**

2014: TZS 119 Billion

Net Fees & Commissions grew by TZS 30 Billion due to general increase in transaction volumes, growth in outlets & ATM network and other alternative banking channels.



Net Fees & Commissions (TZS Millions)

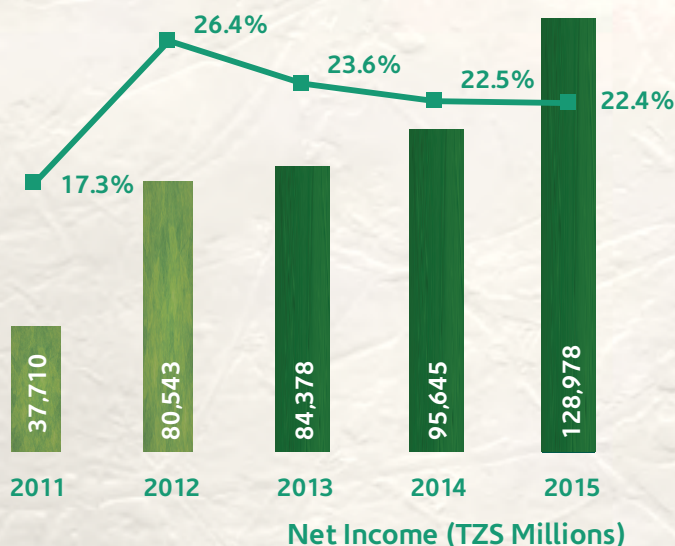
### Net Income & Margins %

**+ 34.9%**

**TZS 129 Billion**

2014: TZS 96 Billion

The Group Net Income is the highest achieved at TZS 129 Billion with Net Income margin remaining steady.



Net Income (TZS Millions)



## Taarifa za Ziada

## Value Added Statement

Taarifa za Ziada kwa Mwaka Ulioishia  
Desemba 2015  
(Mamilioni ya Shilingi)

Value Added Statement For  
The Year Ending December 2015  
(All Amounts in TZS Millions)

		GROUP 2015		GROUP 2014	
Mapato yatoakanayo na huduma za benki	Income earned from banking services	497,471		371,699	
Gharama zilizotumika kutoa huduma	Cost incurred in provision of services	(106,822)		(95,512)	
<b>Ongezeko la thamani litokanalo na huduma za benki</b>	<b>Value added from banking services</b>	<b>390,649</b>		<b>276,187</b>	
Mapato yasiyo ya uendeshaji	Non-operating income	192,572		151,093	
Matumizi yasiyo ya uendeshaji	Non-operating expenditure	(208,922)		(146,225)	
Ongezeko la thamani	Value added	374,299		281,055	
<b>Mgawanyiko wa ongezeko la thamani</b>	<b>Distribution of value added</b>				
Wafanyakazi na menejimenti	Employees and Management	123,542	33%	91,101	32%
Kwa Serikali	To Government	87,967	24%	66,447	24%
Kwa Wanahisa	To shareholders	44,401	13%	32,648	12%
Iliyowekezwa	Reinvestment	118,389	30%	90,860	32%
<b>Mgawanyo wa thamani</b>	<b>Value Distributed</b>	<b>374,299</b>	<b>100%</b>	<b>281,056</b>	<b>100%</b>



## Taarifa ya Mwenyekiti Chairman's Statement



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

Kwa niaba ya Bodi ya Wakurugenzi, napenda kuwasilisha Ripoti ya Bodi na Matokeo ya kifedha kwa mwaka 2015 na Mtazamo wetu kwa mwaka mpya wa fedha wa 2016.

Lengo kuu kwa mwaka husika, ilikuwa ni kujiimarisha kimkakati kwa matarajio ya kukuza faida, kuboresha mtaji, kuimarisha uwezo wa kiutendaji na kuongeza ufanisi katika utoaji wa huduma zetu kwa lengo la kupata pato la angalau asilimia 3 kutoka kwenye rasilimali zilizowekezwa.

### Mazingira ya Utendaji na Matokeo ya Kifedha

Mwaka uliokwisha ulikabiliwa na matokeo mchanganyiko, yakiwemo matokeo chanya na hasi yaliyochagizwa na mwenendo wa uchumi wa dunia pamoja na mipango ya kitaifa iliyolenga kuimarisha uchumi wa ndani. Changamoto kubwa za kibiashara zilisababishwa na kudorora kwa thamani ya shilingi ya Tanzania dhidi ya Dola ya Marekani, mahitaji kidogo na hasa uagizaji wa bidhaa kutoka China, kuanguka kwa bei ya dhababu, mafuta na pamba ka ika

On behalf of the Board, I am pleased to present the Directors' Report and financial statements for 2015 and our outlook for the financial year 2016.

The focus for the year was consolidation with the objective of attaining growth in net income, improvement of the capital position, enhancing execution capability and optimizing operational efficiency with a target to achieve a return on assets of above 3%.

### Operating Context and Financial Performance

The year was characterized by a mix of negative and positive factors emanating from global economic trends and sustained national pursuit of prudent macroeconomic policies. Key business challenges emanated from appreciation of the US dollar against major currencies, low demand especially of commodities in China, falling prices of gold, oil and cotton, weak productivity and slow investment growth.



soko la dunia, kushuka kwa bei ya bidhaa kama vile dhahabu, mafuta, pamba, hali dhaifu ya tija na ukuaji mdogo wa uwekezaji.

Hali ya uchumi nchini Tanzania kwa ujumla imeendelea kuwa imara, kwakuwa na ukuaji wa Pato la Taifa (GDP) unaokadiriwa kuwa asilimia 7.3, mfumuko wa bei ukiwa katika kiwango cha wastani cha asilimia 6.8 na ujazi wa fedha zitokanazo na mabanki ya biashara likikua kwa wastani wa asilimia 16.6.

Katika kipindi hiki, mazingira ya kibiashara nchini Tanzania yaliathiriwa kwa kiwango kikubwa na maandalizi ya Uchaguzi Mkuu na baadaye uchaguzi wenyewe, ambapo wawekezaji wengi na hata wafadhili walisitisha uwekezaji na utoaji wa fedha na serikali ilichukua hatua kupunguza baadhi ya matumizi ili kukidhi mahitaji ya uchaguzi. Kwa upande wa Sekta ya Benki, mazingira ya uendeshaji yaliathiriwa na uanzishwaji wa sheria za ziada za udhibiti katika usimamizi wa rasilimali na kukua kwa kasi kwa viwango vya mtaji unaotakiwa.

Tumeendelea kuwekeza katika Teknolojia ya Habari na Mawasiliano (TEHAMA) kwa lengo la kuimarisha uwezo wetu kiushindani ili kuwezesha ukuaji wa mtandao na kuboresha mifumo ya utendaji. Lengo ni kuhakikisha tunaendelea kutoa huduma zetu kwa uhakika, muda wote, yaani saa 24 kwa siku 7 za wiki kwa kutumia mfumo wa benki wa digitali.

Ninayo furaha kuwafahamisha kuwa Benki yetu imeendelea kupata matokeo mazuri sana ya kibiashara kama yalivyoainishwa katika mkakati wa biashara. Faida baada ya kodi ilifikia shilingi bilioni 128.9, ikiwa ni ongezeko la asilimia 35 ukilinganisha na shilingi bilioni 95.6 iliyopatikana katika kipindi cha mwaka wa fedha uliopita. Rasilimali za benki ziliongezeka kwa asilimia 28.4 na kuweza kufikia shilingi trilioni 5.4, wakati Amana ziliongezeka kwa asilimia 25, hadi kufikia shilingi trilioni 4.2, hadi mwishoni mwa Desemba 2015.

### Mafanikio Muhimu ya Kimkakati

Katika kipindi cha mwaka mmoja uliopita, Kundi lilifanikiwa kuimarisha na kuboresha vyanzo vyake vya mapato huku likiendelea na udhibiti wa matumizi, hatua iliyosaidia kukuza faida baada ya kodi na kuongeza thamani kwa mwanahisa.

Mwezi Agosti 2015, Benki iliweza kuongeza mtaji kwa thamani ya shilingi bilioni 150.4 kwa kuuza Hisa Stahili. Hisa mpya zilisajiliwa katika Soko la Hisa la Dar es Salaam tarehe 19 Agosti 2015. Mtaji ulioongezwa utaharakisha utekelezaji wa Mkakati wa biashara na kuliwezesha Kundi kukuza kiwango cha mtaji unaotakiwa. Napenda kuchukua fursa hii kuwashukuru/kumshukuru kila mwanahisa aliyenunua hisa

Overall economic performance in Tanzania continued to be strong with GDP growing at an estimated rate of 7.3%, inflation rate stabilizing at around 6.8% and extended broad money supply growing at least 16.6%.

During the year, business conditions in Tanzania were highly impacted by the uncertainties resulting from the preparations and ultimate conduct of general elections with investors and donors adopting a "wait and see" attitude and the government taking measures to reduce various expenditure items in order to accommodate the elections bill. For the Banking sector in particular, the operating environment was affected by introduction of additional regulatory controls on asset portfolio management and increase in capital regulatory requirement.

We have continued to make substantial investments in ICT in order to sustain our competitive edge with network growth, process improvements with a target to deliver reliable services 24/7 on digital banking to our esteemed and loyal customers.

I am pleased to report that the Group continued to deliver impressive business performance in line with the business plan. Net profit after tax reached TZS 128.9 billion marking an increase of 35% over the TZS 95.6 billion realized in the previous year. Total assets increased by 28.4% to TZS 5.4 trillion, while deposits rose by 25% to TZS 4.2 trillion at end of December 2015.

### Notable Strategic Achievements

Over the past year the Group succeeded in consolidating and improving its income streams while optimizing expenses thereby strengthening net income and shareholders' value.

In August 2015, the Bank raised additional capital amounting to TZS 150.4 billion through a Rights Issue. The new shares were listed at the Dar es Salaam Stock Exchange on 19th August 2015. The capital raised will speed up implementation of the Bank's Business plan and enable the Group to strengthen its capital position. I take this opportunity to applaud individual shareholders who exercised their rights, stock brokers, regulators, staff, the Underwriters (IFC, CDC and AfCap) and Management for their dedication and efforts which contributed to the success of the Rights Issue.



stahili, mawakala, wadhibiti, wafanyakazi, wadhamini (CDC/IFC/AfCap) na Menejimenti ya Benki kwa kujitolea na jitihada zao ambazo zimechangia kwa kiasi kikubwa mafanikio ya toleo la Hisa Stahili.

### Mabadiliko Ndani ya Bodi ya Wakurugenzi

Napenda kuwashukuru kwa dhiti, wajumbe wa Bodi ya Wakurugenzi, kwa kunichagua kwa mara nyingine kuwa Mwenyekiti wa Bodi kwa kipindi kingine.

Wajumbe watatu wa Bodi, Bi. Selina Mkony, Bw. Juma Abdallah Abdulrahman na Bi. Rose F. Metta walistaafu ili kupisha uchaguzi, wakati mjumbe wa Bodi Bw. Lawrence N. Mafuru alijiuzulu. Wajumbe wawili wa Bodi, Bw. Abdulrahman na Bi Metta waligombea nafasi ya ujumbe wa Bodi kwenye Mkutano Mkuu wa 20 uliofanyika Mei 9, 2015.

Napenda kuchukua fursa hii kuwashukuru wote kwa mchango wao uliotukuka kwa Bodi ya Wakurugenzi kwa kipindi chote walichotumikia. Tulijisikia kupata upendeleo kuwa na Bw. Mafuru na Bi. Mkony katika Bodi hii, kwani tulipata faida kubwa kupitia vipaji, uzoefu na uwezo walionao. Napenda kuchukua fursa hii kuwatakiya kila la heri na mafanikio katika maisha yao ya baadae.

Napenda pia kuwapongeza wajumbe wa Bodi Bi. Rose F. Metta na Bw. Juma Abdallah Abdulrahman kwa kuchaguliwa tena na wanahisa kuendelea kuwa wajumbe wa Bodi. Na vile vile nichukue fursa hii kumkaribisha kwenye Bodi mjumbe mpya Bi. Devotha Ntuke Minzi.

Baada ya kufanikiwa kununua hisa ambazo hazikuchukuliwa, mashirika ya International Finance Corporation (IFC), CDC Group Plc na Africa Capitalization Fund yameweza kumiliki asilimia 5 ya jumla ya hisa zote za Benki na hivyo kuwawezesha kuteua Mjumbe mmoja wa Bodi. Ninayo heshima kubwa kuwataarifu kwamba Bw. Ebenezer Ngea Essoka aliteuliwa kuwakilisha kundi hilo, na uteuzi wake ulithibitishwa na Benki Kuu ya Tanzania mwezi Machi 2016.

### Matarajio ya Baadae

Wakati tunajiandaa kwa mipango ya baadae, tumepitia upya Mkakati wa biashara wa miaka 5 ambapo tumeainisha kwa upya mbinu zetu za kibiashara ili kuendana na changamoto za maendeleo ya Teknolojia ya Habari na Mawasiliano, matakwa ya wateja na changamoto zinazoikabili sekta ya fedha.

Malengo ya Benki kwa mwaka huu wa 2016 ni makubwa yenye lengo la kuboresha ufanisi wa huduma zetu kwa azma ya kupata faida kubwa zaidi kwa wanahisa wa benki yetu. Kwa misingi hiyo benki itaendelea na mipango ya maboresho itakayokuza mtaji, amana na faida.

### Changes in the Board

I would like to thank Board Members for electing me once again to serve as Chairman for another term.

Three Board members namely Mrs. Selina Mkony, Juma Abdallah Abdulrahman and Ms. Rose F. Metta retired to allow for election, while one Board member Mr. Lawrence N. Mafuru resigned. We were privileged to have Mr. Mafuru and Mrs Mkony in the Board, where we gained a lot out of their talents, experiences and competencies. I take this opportunity to wish them good luck in their subsequent life endeavors and applaud all of them for their exemplary contributions to the Board during the time they served.

I would like to congratulate our Board Members Ms. Rose F. Metta and Mr. Juma Abdallah Abdulrahman for being re-elected by the shareholders. I am also delighted to welcome Mrs. Devotha Ntuke Minzi to the Board.

The successful underwriting of untaken shares by International Finance Corporation (IFC), CDC Group Plc and Africa Capitalization Fund enabled them to acquire 5% shareholding of the Bank and appoint one Board Member. I am delighted to report that Mr. Ebenezer Ngea Essoka was appointed to represent the group and approved by the Bank of Tanzania in March 2016.

### Future Prospects

As we prepare for the future, we have reviewed the 5 years Business strategy and redefined our business model to be in line with emerging developments in ICT, customer needs and challenges facing the financial sector.

The Bank's targets for 2016 are ambitious and aimed at improving operational excellence in order to attain a considerable return to shareholders. The Group will therefore continue with consolidation in order to sustain growth of assets, deposits and net income.

### Dividend recommendation

I am pleased to present the Board recommendation of a dividend of TZS 17 per share for the year ending 31st December 2015 payable to shareholders on the register as on 1st June, 2016 for which a resolution will be presented in the 21st Annual General Meeting for approval.

### Appreciation

I earnestly thank every Board Member for their continued commitment and the support they provided during my tenure of service, which strengthened good corporate



## Mapendekezo ya gawio

Ninayo furaha kubwa kuwasilisha mapendekezo ya Bodi ya Wakurugenzi ya gawio la shilingi 17 kwa kila hisa kwa mwaka wa fedha unaoishia Desemba 31, 2015, litakalolipwa kwa wanahisa watakaokuwemo kwenye daftari la wanahisa hadi ifikapo tarehe 1 Juni, 2016, baada ya kuidhinishwa na Mkutano Mkuu wa ishirini na moja.

## Shukrani

Kwa dhati kabisa, napenda nimshukuru kila mjumbe wa Bodi kwa kuendelea kujitoa kwa dhati na kwa ushirikiano mkubwa walionipatia wakati wote nilipokuwa Mwenyekiti wa Bodi. Ushirikiano wao umeweza kuimarisha utawala bora ndani ya Kundi. Natoa shukrani za pekee kwa mamlaka za udhibiti, serikali, wateja wetu wapendwa na wadau wengine kwa ushirikiano waliotupatia.

Nachukua fursa hii kusisitiza kuwa Bodi imedhamiria kuendelea kujitoa ili kulingoza Kundi kubuni mikakati itakayohakikisha wateja wetu wanapata huduma bora wakati wote.

Pia, napenda kutoa shukrani nyingi kwa wanahisa wetu, kwa ushirikiano walioipatia Bodi na Menejimenti katika kipindi chote cha mwaka wa fedha uliopita. Ni imani yangu kwamba ushirikiano huo utaendelea katika kipindi kijacho. Ninaamini kwamba, kwa kutekeleza mikakati iliyopo, Kundi litaweza kufikia kiwango cha juu cha utendaji na kupata matokeo makubwa ya kifedha na hivyo kutoa pato bora zaidi kwa wanahisa wetu.

governance across the Group. I express my sincere thanks to Regulators, the Government, our esteemed customers and other stakeholders for their support to the Group.

I take this opportunity to underscore the Board's commitment and dedication to provide the required strategic guidance across the Group in order to ensure that our customers get good experience and quality service at all times.

I am also glad to convey my sincere thanks to our distinguished shareholders for the support they extended to the Board and Management during the year. I trust that we can continue to count on this support in the future. I strongly believe that with the right strategy in place, the Group can deliver and maintain outstanding financial performance and competitive returns to our shareholders.



**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 Hussein 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



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

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.

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.



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

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.

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.



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

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 Manejimenti, 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).

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.



# Bodi ya Wakurugenzi

## Board of Directors



**Devotha Ntuke Minzi**  
Mjumbe wa Bodi  
Board Member

Muasisi na Afisa Mtendaji Mkuu wa kampuni ya K-Finance Limited. Kabla alihudumu katika nafasi mbalimbali ndani ya Benki Kuu kama Mkuu wa kitengo cha Urari wa Malipo, Mchumi mwandamizi, Mchumi na Mtakwimu. Ni mjumbe katika bodi nyingine za mashirika ya Habitat for Humanity Tanzania na Dignity Insurance Brokers.

Ana shahada ya uzamili ya sanaa katika uchumi ya Chuo Kikuu cha Youngstown (Marekani), shahada ya kwanza ya Sayansi ya Takwimu ya Chuo Kikuu cha Dar es Salaam na Stashahada katika Uchambuzi wa umasikini ya Institute of Social Studies ya nchini Uholanzi.

Founder and Chief Executive Officer of K-Finance Limited. Before she served in various positions in the Bank of Tanzania namely Head of Balance of Payments Division, Senior Economist, Economist and Statistician. She is also a member in other boards namely the Board of Habitat for Humanity Tanzania Dignity Insurance Brokers.

She has a Master degree of Arts in Economics (Youngstown State University-USA), Bachelor of Science in Statistics from the University of Dar es Salaam and Postgraduate Diploma in Poverty Analysis from the Institute of Social Studies, Netherlands.



**Kai Kristoffersen**  
Mjumbe wa Bodi  
Board Member

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 imejumuishia 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.



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

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.

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.



# Bodi ya Wakurugenzi

## Board of Directors



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

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).

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

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 Ubalози 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.

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.





## Taarifa ya Mkurugenzi Mtendaji Managing Director's Statement

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

Kauli mbiu ya mwaka 2015 ilikuwa ni “Mwaka wa Mauzo na Kujiimarisha Kimkakati” ambapo Kundi lililenga kupata ufanisi katika uendeshaji ili kupata tija kutokana na uwekezaji katika miradi mipya, iliyopo na bidhaa. Changamoto kubwa mwaka 2015, zilikuwa ni pamoja na udhibiti wa hali ya juu wa ukwasi, ambao ulisababishwa na masharti magumu ya sera ya fedha na ukusanyaji mapato ya Serikali, uliolenga kuhakikisha mfumuko wa bei unabaki ndani ya tarakimu moja. Changamoto hizo zilisababishwa pia na kuongezeka kwa masharti ya udhibiti wa mali zenye vihatarishi, usimamizi wa mtaji pamoja na kuongezeka kwa ushindani.

Benki ilifungua vituo 40 vya kuhudumia Serikali baada ya kushinda zabuni ya kutoa huduma za kibenki kwa Halmashauri nyingi za serikali za mitaa. Lengo kuu la kuanzisha vituo hivi ilikuwa ni kutekeleza kauli mbiu ya kimkakati ya mwaka, inayokusudia kuongeza matumizi ya njia mbadala za huduma za kibenki kwa wateja wapya na waliopo

The theme for the year 2015 was “Year of Sales and strategic consolidation” with the Group focusing on achieving operational effectiveness to realize enhanced productivity of our investments in new and existing outlets, and product lines. The major challenges in 2015 included tight liquidity resulting from stringent monetary and fiscal policies with a view to contain inflation within single digit, exacerbated by tightened regulatory requirements in respect of risk asset and capital management as well as increased competition.

The Bank opened 40 government service centres subsequent to being awarded the tender for provision of banking services to many Local Government Authorities. The overriding purpose of all the initiatives around the strategic theme for the year was to increase usage of alternative banking channels by existing and new



na kuongeza mapato yasiyo ya riba, huku tukidhibiti gharama za mikopo kwa kupata ufanisi kiutendaji.

Kulingana na kauli mbiu inayolenga kupanua wigo wa mfumo wa utoaji wa huduma zetu, tulianzisha maboresho ya mfumo mkuu wa kibenki, kwa lengo la kuongeza ufanisi wake kutokana na ongezeko kubwa la miamala. Benki ilijikita zaidi katika fursa mbadala za utoaji huduma zenye gharama nafuu, ikiwemo wakala wa FahariHuduma, vituo vidogo vya huduma, vituo vya huduma kwa serikali na mashine za kutoa na kuweka fedha (ATMs).

### Mafanikio Muhimu ya Kimkakati

Katika mwaka huu wa tatu wa utekelezaji wa Mkakati wa kibiashara uliopo sasa, Benki imeendelea na utekelezaji wa malengo ya kimkakati kwa lengo la kuongeza mara mbili mizania ya Kundi, huku ikihakikisha pato ambalo sio chini ya asilimia 3 kutoka kwenye uwekezaji wa rasilimali linapatikana.

Katika mwaka huu, Benki ilifanikiwa kupata mikopo kutoka mashirika ya fedha ya kimataifa kama vile: mkopo wa shilingi bilioni 42 kutoka Benki ya Uwekezaji ya Ulaya (EIB), mkopo wenye masharti nafuu (subordinated debt) kutoka KfW/DEG wa Dola za Marekani milioni 25, mkopo wa muda mrefu kwa ajili ya biashara ndogo na za kati wa Dola za Marekani milioni 20, mkopo wa muda mfupi wa Dola za Marekani milioni 20 pamoja na mkopo mwingine wa kawaida wa Dola za Marekani milioni 10 kutoka taasisi ya International Finance Corporation (IFC).

### Matokeo muhimu ya kifedha

Pamoja na changamoto zilizotukabili ndani ya Kundi na katika mazingira ya uendeshaji/biashara, ninapenda kutoa taarifa kwamba Benki imefanikiwa kupata ukuaji mkubwa katika mizania ya Benki, idadi ya wateja, mtandao wa utoaji huduma na kuanzisha huduma mpya zilizoivezesha Benki kuendelea kuongoza sokoni katika thamani ya rasilimali, amana, mikopo na mtaji. Katika mwaka huu, faida baada ya kodi imekuwa kwa asilimia 35 na kufikia kiwango ambacho hakijawahi kufikiwa cha shilingi bilioni 128.9 kutoka shilingi bilioni 95.6 zilizopatikana mwaka 2014. Ukuaji huu, kwa sehemu umesababishwa na kuongezeka kwa mapato ya riba baada ya kodi kwa asilimia 41 hadi shilingi bilioni 390.6.

Mapato ya riba yaliongezeka kwa asilimia 34 kutoka shilingi bilioni 371.7 mwaka 2014 hadi shilingi bilioni 497.4 mwaka jana. Ongezeko hilo kwa kiasi kikubwa limechangiwa na ongezeko la mikopo inayotolewa na Kundi, hasa kwa wateja wadogo na wa kati. Hadi ilipofika mwisho wa mwezi Desemba 2015, thamani ya mikopo ilikua kwa asilimia 29.7 kutoka shilingi bilioni 2,576.0 mwaka 2014 hadi shilingi bilioni 3,342.0. Mapato yanayotokana na tozo yaliongezeka kwa

customers and to increase non-interest income while containing cost of funds to realize operational efficiency.

In line with our theme, expansion of our delivery systems, we initiated an upgrade of our core banking system largely to enhance its efficiency in the light of rapidly increasing transaction volumes. The Bank concentrated in alternative cost effective channels including FahariHuduma agents, mini service centres, Government service centres and ATMs.

### Key Strategic Milestones

During this third year of the current Business strategy, the Group continued to pursue its strategic goals with the main objective of doubling the Group's balance sheet, while maintaining a minimum return on assets of 3%.

Successfully raised equity capital amounting to TZS 150.4 billion through a Rights issue using a unique underwriting scheme. The Underwriters of the issue were IFC, AfCap, and CDC who paid a premium to purchase the unexercised rights.

During the year, the Bank successfully concluded lines of credit from the European Investment Bank (EIB) amounting to TZS 42 billion, subordinated debt from KfW/DEG of USD 25 million, long term loan for SME of USD 20 million, short-term loan of USD 20 million and a normal line of credit 10 million from IFC.

### Key financial results

Despite the challenges encountered within the Group and in the operating environment, I am pleased to report that the Group achieved outstanding growth in its balance sheet, customer base, distribution network, and introduced a wide range of new innovative products which enabled it continue to command a leading market share in total assets, deposits, loans and shareholders capital. During the year the Group's net profit grew by 35% to the record level of TZS 128.9 billion from TZS 95.6 billion realized in the previous year. The growth was partly driven by a rise in net interest income of 41% to TZS 390.6 billion.

Interest income increased by 34% from TZS 371.7 billion in 2014 to TZS 497.4 billion in the year under review. This growth was largely contributed by the growth in the Group's loan portfolio especially from the retail segment. The gross loan portfolio grew by 29.7% from TZS 2,576 billion in 2014 to TZS 3,342 billion at the end of December 2015. Fee based income grew by 29% from TZS 121.5



asilimia 29 kutoka shilingi bilioni 121.5 mwaka 2014 hadi shilingi bilioni 156.4 mwaka 2015, hali inayoashiria kuongezeka kwa idadi ya miamala na kuimarika kwa bidhaa za benki.

Licha ya masharti magumu yaliyowekwa na Benki Kuu katika jitihada za kukabiliana na kuporomoka kwa thamani ya shilingi, mapato yanayotokana na biashara ya fedha za kigeni yaliongezeka kwa asilimia 19 kutoka shilingi bilioni 29.3 zilizopatikana mwaka 2014 hadi shilingi bilioni 34.9 zilizopatikana mwaka 2015. Kwa upande mwingine gharama za riba ziliongezeka kwa asilimia 14 kutoka shilingi bilioni 95.5 mwaka 2014 hadi shilingi bilioni 106.8 mwaka 2015. Kutokana na utendaji mzuri, pato kwa kila hisa lilikua kwa asilimia 61, kutoka shilingi bilioni 36.39 mwaka 2014 hadi shilingi bilioni 58.62 mwaka 2015.

Katika mwaka huo, thamani ya rasilimali za Benki ilikua kwa asilimia 28.4 kutoka shilingi trilioni 4.2 mwaka 2014 hadi shilingi trilioni 5.4 mwaka 2015, ongezeko hilo lilichangiwa kwa kiasi kikubwa na ongezeko la mikopo kwa asilimia 31%. Mikopo iliyodorora iliongezeka hadi kufikia shilingi milioni 270,862 mwaka 2015 kutoka shilingi milioni 129,247 mwaka 2014, hivyo kusababisha hasara inayotokana na utoaji mikopo kuongezeka kutoka shilingi bilioni 36 mwaka 2014 hadi shilingi bilioni 66 mwaka 2015. Kilichosababisha kwa kiasi kikubwa ongezeko hilo ni mikopo iliyotolewa kwa vyama vya ushirika vya tumbaku (Tobacco AMCOS), ambayo ilitolewa mwaka 2013 lakini haikulipwa kutokana na kuingiliwa na wanasiasa ambao waliruhusu wakulima kuuza tumbaku nje ya utaratibu wa vyama vya ushirika. Pamoja na jitihada zilizofanyika kurejesha mikopo hiyo, imekuwa vigumu kwa vyama vingi vya ushirika kulipa kwani deni liliendelea kukua kutokana na kushuka thamani ya shilingi ya Tanzania kutoka shilingi 1,730 mwaka 2014 hadi shilingi 2,159 mwaka 2015 kwa kila Dola ya Marekani. Ili kukabiliana na changamoto hii, Benki ilipunguza utoaji mikopo katika sekta ya kilimo, huku ikitafuta mfumo bora wa kusimamia mikopo katika ununuzi wa mazao kwa kushirikiana na Serikali.

Amana za Kundi ziliongezeka kwa asilimia 25 kutoka shilingi trilioni 3.4 zilizopatikana mwaka 2014 hadi shilingi trilioni 4.2 zilizopatikana mwaka 2015. Pato kutokana na mtaji lilipungua hadi asilimia 24 mwaka 2015 kutoka asilimia 21.7 mwaka 2014, wakati wastani wa pato kutokana na rasilimali liliongezeka na kufikia asilimia 4.2 mwaka 2015 kutoka asilimia 3.6 mwaka 2014.

Mwaka 2015, Benki ilipata mafanikio makubwa katika kampuni tanzu, ambapo kwa mara ya kwanza licha ya changamoto za usalama, kampuni tanzu ya Burundi, ilipata faida ya shilingi milioni 656 ikilinganishwa na hasara ya shilingi

billion recorded in 2014 to TZS 156.4 billion in 2015 indicating a general increase in transaction volumes and robustness of our products.

Forex income went up by 19% from TZS 29.3 billion realized in 2014 to TZS 34.9 billion recorded in 2015 despite restraining interventions imposed by the Bank of Tanzania in its efforts to mitigate sharp depreciation of the shilling. On the other hand interest expense increased at a much slower pace by 12% from TZS 95.5 billion incurred in 2014 to TZS 106.8 billion recorded in 2015.

During the year the Group grew its assets by 28.4% from TZS 4.2 trillion in 2014 to TZS 5.4 trillion in 2015, driven largely by the growth in the loan portfolio of 30%. The non-performing loans rose to TZS 270,862 million from TZS 129,247 million in 2014 and provision for loan losses increased from TZS 36.9 billion to TZS 66.9 billion. The main cause for this increase was the Tobacco AMCOS loans and the Bank has reduced its appetite in this sector, while working with the Government to put in place better systems for managing commodity financing in order to address this challenge.

The Group's deposits increased by 25% from TZS 3.4 trillion attained in 2014 to TZS 4.2 trillion realized in 2015. Return on Equity decreased to 24.3% in 2015 from 25.2% in 2014 while average Return on Assets increased to 4.2% from 3.6% in 2014.

During the period under review the Group made some notable accomplishments in the subsidiaries, where for the first time the Burundi subsidiary recorded a profit of TZS 656 million against a loss of TZS 4,888 million last year. The Microfinance subsidiary made a contribution of TZS 8,589 million to the profit of the Group.

### Strategic Focus for 2016

The year 2016 marks the Group's 20th Anniversary. The overriding theme for the year is 'Consolidation to Achieve Operational Excellence' which implies smarter delivery for accelerated profitability. The Group will reinforce expansion of the Bank network and sales optimization. The prospects for the Group in 2016 are a bit challenging but with our business model and meticulous and disciplined execution, we are confident that CRDB Bank will strengthen its position as a leading bank in Tanzania and beyond. We will achieve these results by being more innovative in exploiting and aggressively executing on business opportunities.



milioni 4,888 mwaka uliopita. Kampuni tanzu ya Microfinance ilichangia faida ya shilingi milioni 8,589 kwenye faida za Kundi. Hii inathibitisha mafanikio ya Mkakati wa Benki wa kupanua wigo wa huduma zake katika kanda.

### Malengo ya Kimkakati kwa Mwaka 2016

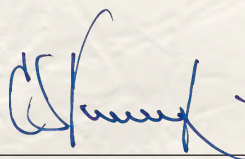
Mwaka 2016, Benki inaadhimisha miaka 20 ya utoaji huduma za kibenki. Kauli mbiu kwa mwaka huu ni 'Kujiimarisha ili Kufikia Ubora wa hali ya juu Kiutendaji' ikiwa na maana ya kuwa makini zaidi katika utoaji wa huduma ili kuongeza faida. Benki itaendelea kupanua wigo wa mtandao wake na kuongeza mauzo. Licha ya kuwa matarajio ya Kundi mwaka 2016, ni makubwa zaidi, tuna uhakika kwamba Benki ya CRDB itaimarisha nafasi yake katika soko la Tanzania na nje ya mipaka yake, kutokana kuwa na mkakati bora wa biashara, pamoja na umakini na nidhamu ya utendaji. Tutapata matokeo tunayotarajia kwa kuendelea kuwa wabunifu zaidi katika kutafuta na kutumia fursa za kibiashara kwa uwezo wetu wote.

### Shukrani

Ninapohitimisha, napenda kutoa shukrani zangu za dhiti kwa Bodi ya Wakurugenzi kwa maelekezo na miongozo waliyoipatia Benki kwa mwaka mzima bila kuchoka. Shukrani zangu za pekee, ziwaendee Menejimenti na Wafanyakazi wote wa Benki, ambao, kujitoa kwao kwa kuzingatia taaluma na mtazamo chanya, vimechangia kupata mafanikio mwaka uliopita, na kuweka namna ya kuwa na ukuaji endelevu. Ninawiwa kuishukuru/kuwashukuru Serikali, wadau wetu na wadhhibiti kwa ushirikiano na uvumilivu wao. Mwisho, nawashukuru sana wateja wetu kwa uzalendo wao.

### Appreciation

In conclusion, I would like to convey my sincere appreciation to the Board of Directors for its tireless support and guidance throughout the year. My earnest thanks are also due to the Management team and staff of the Group, whose dedication, professionalism and positive attitude has been crucial to our strong performance this year and to paving the way forward for continued growth. I also owe appreciation to the Government, our Shareholders and our Regulators for their support and indulgence. Lastly, but not least, I thank our customers for their continued patronage.



Charles Kimei  
Mkurugenzi Mtendaji  
Managing Director and CEO



# Uongozi wa benki

## Management Team



**From left:**

John Rugambo, James Mabula, Goodluck Nkini, Charles Lawuo, Beatus Segeja,  
Leslie Mwaikambo, Dorah Ngaliga, Esther Kileo Kitoka, Nellie Ndosa





**From left:**

Tully Mwambapa, Anderson Mlabwa, Elya Mtenga, Charles Kimei,  
Joseph Witts, Alex Ngusaru, Izengo soka, Frederick Nshekanabo



## Mapitio Ya Hali Ya Uchumi

Uchumi wa Tanzania ni mchanganyiko, ambapo kilimo na huduma za viwandani ndizo shughuli kuu zinazochangia kwa kiasi kikubwa Pato la Taifa (GDP). Pato Ghafi la Taifa (GDP) lilikua kutoka asilimia 7 mwaka 2014 hadi asilimia 7.3 mwaka 2015, huku pato la taifa kwa mwaka 2016 likitarajiwa kuwa dola za Marekani bilioni 46.9. Ukuaji unatarajiwa kuwa asilimia 7.2 kwa mwaka 2016 na asilimia 7.5 mwaka 2017. Uwekezaji wa serikali katika miundombinu, utaendelea kusaidia ukuaji wa uchumi katika kipindi cha kati. Ujenzi wa bomba la gesiasilia lenye urefu wa kilometa 542 kutoka Mtwara hadi Dar es Salaam unaotarajiwa kukamilika mwaka huu; unatarajiwa kuinua uchumi wa nchi kwa muda; pamoja na miundombinu ya kuwezesha matumizi ya gesiasilia, ikiwemo viwanda vya kuchakata gesi na viwanda vinavyozalisha kwa kutumia nishati ya gesi.


Benki Kuu ya Tanzania (BoT) imeendelea kutekeleza Sera madhubuti ya Fedha kwa lengo la kusaidia ukuaji wa uchumi wa Tanzania na kulinda bei ya bidhaa. Mbinu mbalimbali za Sera ya Fedha zinazotumika ni kama vile: uuzaji wa dhamana za Serikali na kusimamia biashara ya kubadilisha fedha za kigeni, makubaliano ya malipo na huduma za dharura. Ukuaji wa kiwango cha fedha katika mwaka unaoishia Desemba mwaka jana ulipungua hadi asilimia 16.6 kutoka asilimia 17.7. Ukuaji wa uzalishaji wa fedha ulitokana na ongezeko la mali za ndani za mfumo wa kibenki, uliosababishwa na kupanuka kwa utoaji mikopo kwa sekta binafsi na Serikali. Mikopo kwa sekta binafsi iliongezeka kwa asilimia 24.8 kwa mwaka unaoishia Desemba 2015, ukilinganisha na asilimia 20.1 Desemba 2014. Sekta zilizoongoza katika sekta binafsi kwa kupewa mikopo ni biashara, uchimbaji madini, uzalishaji wa bidhaa viwandani, kilimo na ujenzi. Mwelekeo chanya

## Economic Overview

Tanzania's economy is well diversified, with agricultural and services industries being the major players in GDP contribution. The Country's Gross Domestic Product (GDP) grew from 7.0% in 2014 to 7.3% in 2015, with GDP in 2016 expected at US\$ 46.9 Billion. Growth is projected to be 7.2% in 2016 and 7.5% in 2017. Public investments, especially in infrastructure, will remain crucial in supporting growth over the medium term. The construction of a 542-kilometer gas pipeline from Mtwara to Dar-es-Salaam, expected to be operational in 2016, will significantly boost the country's growth prospects in the medium term, together with related gas infrastructure, including gas processing plants as well as gas-fired power plants.

The Bank of Tanzania has continued to pursue a prudent monetary policy with the objective of supporting economic growth and maintaining price stability. Mixes of monetary policy instruments are deployed: sale of government securities, foreign exchange operations, repurchase agreements, and stand-by facilities. Growth of money supply in the year ending December 2015 slowed to 16.6%, from 17.7%. The growth in money supply was driven by an increase in net domestic assets of the banking system due to an expansion in credit to the private sector and government. Private sector credit grew by 24.8% in the year ending December 2015, compared with 20.1% growth recorded in December 2014. The leading sectors in private-sector credit are trade, mining, manufacturing, agriculture and construction. The expected positive outlook is based on investments in infrastructure sector particularly roads, railways and related investments in power generation in the country, which will further boost domestic production.





Uwekezaji wa serikali hasa katika miundombinu, utaendelea kusaidia ukuaji wa uchumi katika kipindi cha kati.

Public investments, especially in infrastructure, will remain crucial in supporting growth over the medium term.

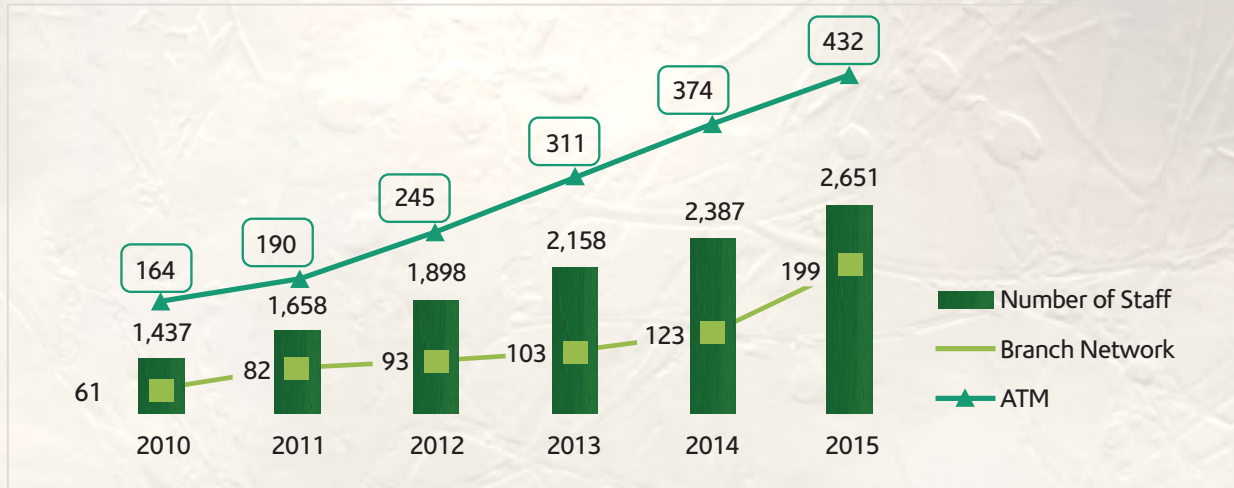


## Mapitio ya Uendeshaji

Kwa 2015, Benki iliwekeza sana katika kuwafikia wateja kwa kufungua matawi na vituo vipya 76 na kusimika mashine za kutoa fedha (ATM) 58. Hadi mwisho wa mwaka, Kundi ilikuwa na matawi 199, mashine za kutoa fedha 432 zikiwemo 18 ambazo zina uwezo wa kupokea fedha, mashine za kufanyia malipo (POS) 778, Mawakala wa Fahari Huduma Wakala 1,746 na asasi za kifedha za washirika 441.

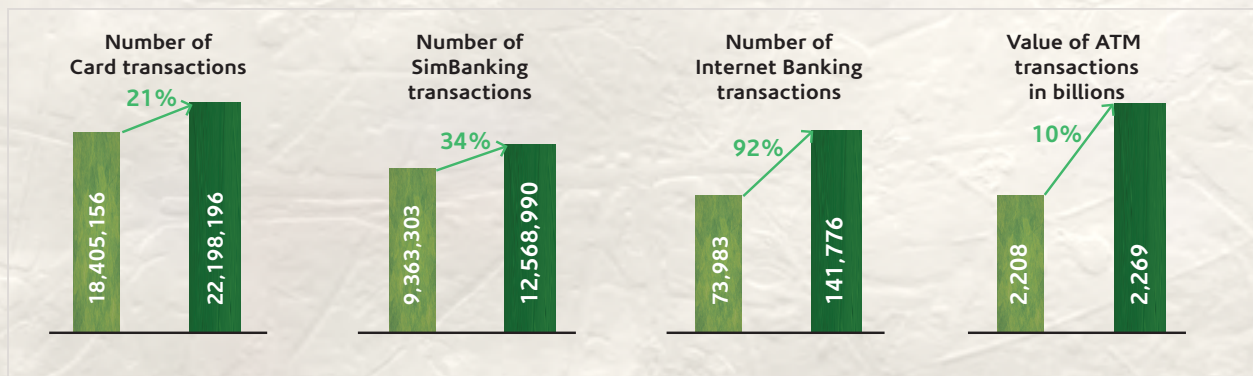
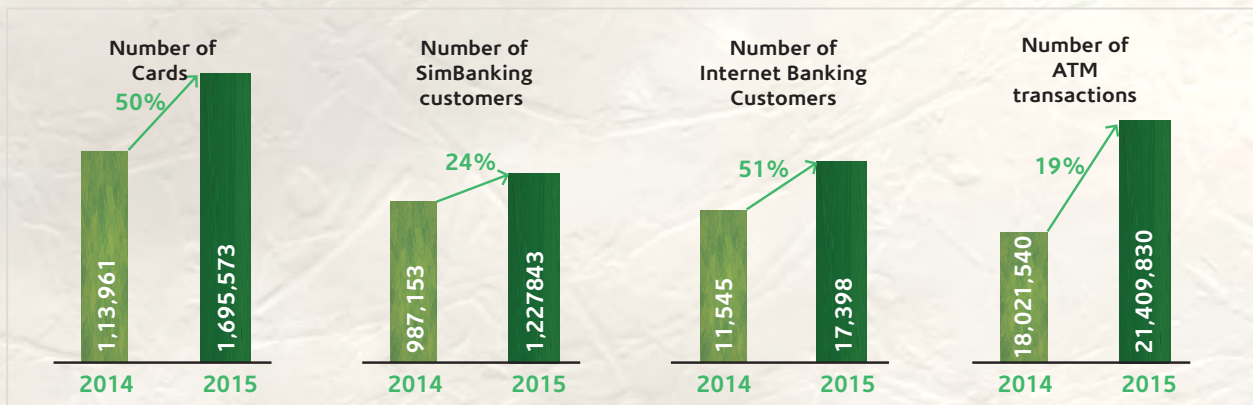
## Operational Review

In the year under review, the Bank invested heavily in its customer outreach through opening of 76 new outlets and 58 ATMs. By the end of the year, the Group had a network of 199 branches, 432 ATMs including 18 Depository ATMs, 778 Point of Sales (POS) terminals, 1,746 Agents (FahariHuduma) and 441 Microfinance partners' institutions.



Katika kipindi cha mwaka husika, Benki ilipata mafanikio makuu ya uendeshaji yafuatayo:

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





- Idadi ya miamala ya ATM ilikuwa 21,409,830 (2014: 18,021,540).
- Idadi ya miamala ya Simbanking ilikuwa 12,568,930 (2014: 9,363,303).
- Idadi ya miamala ya Intaneti ilikuwa 141,776 (2014: 73,983)
- Idadi ya miamala ya Mashine za kufanyia Malipo (POS) ilikuwa 383,618.

- Number of ATM transactions were 21,409,830 (2014: 18,021,540)
- Number of simbanking transactions were 12,568,930 (2014: 9,363,303)
- Number of Internet transactions were 141,776 (2014: 73,983)
- Number of POS transactions were 788,366 (2014: 383,618).

## Mapitio ya Kifedha

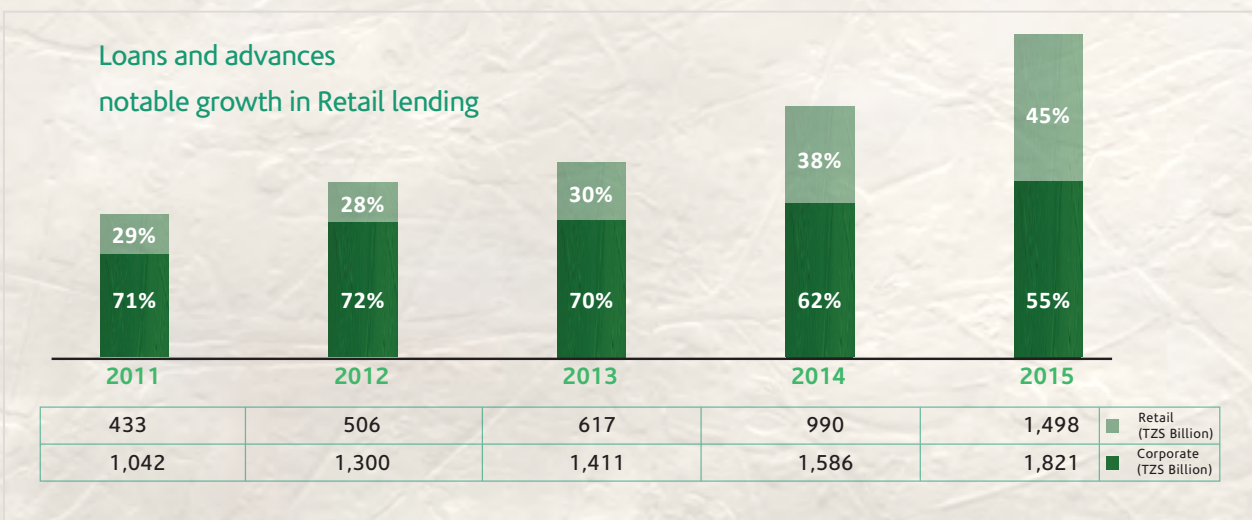
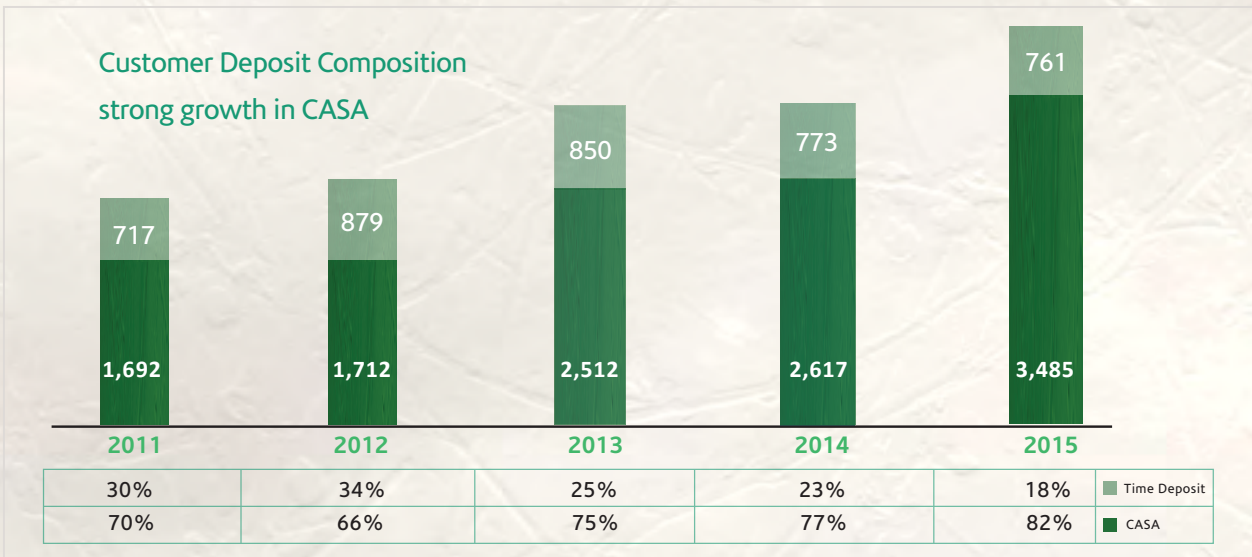
Katika kipindi cha mwaka husika, Kundi lilipata mafanikio makuu yafuatayo:

- Raslimali ziliongezeka hadi shilingi bilioni 5,408 (2014: shilingi bilioni 4,210).
- Amana ziliongezeka hadi shilingi bilioni 4,246, (2014: shilingi bilioni 3,391).
- Mikopo iliongezeka hadi shilingi bilioni 3,342 (2014: shilingi bilioni 2,576).

## Financial Review

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

- Total assets increased to TZS 5,408 billion, (2014: TZS 4,210 billion).
- Total Deposits increased to TZS 4,246 billion, (2014: TZS 3,391 billion).
- Loans and advances increased to TZS 3,342 billion, (2014: TZS 2,576 billion).





## Ukopeshaji

Katika mwaka husika, Kundi lilipata ukuaji wa zaidi ya asilimia 30 wa mikopo kutoka shilingi bilioni 2,576.1 mwaka 2014 hadi shilingi bilioni 3,342.4 mwaka 2015. Ukuaji ulikuwa ni matokeo ya mikakati madhubuti za mauzo zilizotekelezwa ndani ya Kundi ambazo zilisababisha ongezeko la mikopo kwa watu binafsi na kwa taasisi ndogo za kifedha kutoka shilingi bilioni 536.9 na shilingi bilioni 187.3 Desemba 31 mwaka 2014 hadi shilingi bilioni 758.6 na shilingi bilioni 221.3 ilipofika 31 Desemba 2015.

Ukuaji wa mikopo midogo na ya kati, uliendana na mkakati wa Benki wa kuongeza ukopeshaji kwa wateja wadogo na wa kati kwa asilimia 50 hadi ifikapo mwaka 2017. Mikopo kwa wateja wadogo na wa kati ilikuwa asilimia 44.8 ya mikopo yote kutoka asilimia 38.4 mwaka 2014.

Ubora wa mikopo yetu haukubadilika sana kwani kiwango cha mikopo chechefu (mikopo isiyorejeshwa) kiliongezeka hadi asilimia 8.1 mwaka 2015 kutoka asilimia 5 mwaka 2014. Ongezeko hilo kubwa lilitokana hasa na kurekebisha kwa mikopo kwa wakulima wa tumbaku ya shilingi milioni 44,166 iliyotolewa kwa Vyama vya Ushirika wa Masoko ya Kilimo (AMCOS), ambavyo vilishindwa kulipa. Hii ilitokana na wanasiasa kuingilia taratibu za masoko ya tumbaku mkoani Tabora katika msimu wa mwaka 2013/14. Wanasiasa hao walishawishi na kuwaruhusu wakulima kuuza mazao yao kwa wafanyabiashara binafsi badala ya AMCOS, hivyo kusababisha wakulima hao kushindwa kulipa mikopo. Sababu nyingine iliyochosha tatizo hilo ni kushuka kwa thamani ya shilingi kutoka shilingi 1,730 kwa kila dola ya marekani mwaka 2014 hadi shilingi 2,159 mwaka 2015, hasa kutokana na ukweli kuwa mikopo ilitolewa na Benki kwa wakulima hao ilikuwa katika dola ya Marekani.

Hatua za papo hapo zilichukuliwa na Benki zilikuwa ni pamoja na kusitisha utoaji wa mikopo mipya. Pia uongozi wa Benki ulikutana na Serikali kujadili taratibu nzuri zitakazowezesha Benki kuendelea kusaidia wakulima wa tumbaku. Hatua mojawapo ni kuweka utaratibu mpya wa kuendesha AMCOS za tumbaku, kama ilivyo katika mikoa mingine, ambako kumekuwa na ufanisi.

Benki ilifanya mapitio ya usimamizi wa utoaji na taratibu za urejeshaji kwa lengo la kupunguza mikopo chefuchefu (mikopo isiyorejeshwa) na tendo la hasara kutokana na mikopo isiyolipwa. Baadhi ya mikakati kadhaa ilitokelezwa, ambayo ni pamoja na kuanzisha Kitengo cha Kusimamia Rasimali ambazo marejesho yake yamedorora (SAMU) kwa ajili ya kuhakikisha mikopo ya Benki inafuatiliwa kikamilifu na kukusanywa kwa wakati unaotakiwa. Hatua nyingine ni pamoja na mkakati wa kupunguza mikopo mikubwa katika mikopo yote inayotolewa na Benki kwa kuongeza mikopo kwa wateja wadogo na wa kati; jitihada hii itasaidia pia kiwango cha mapato kutokana na riba.

## Lending

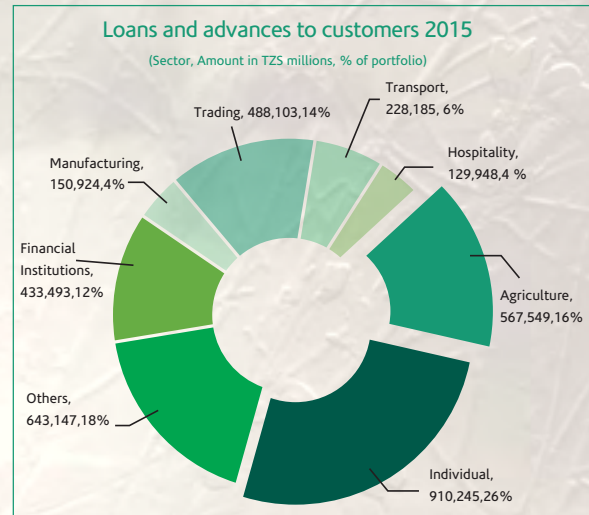
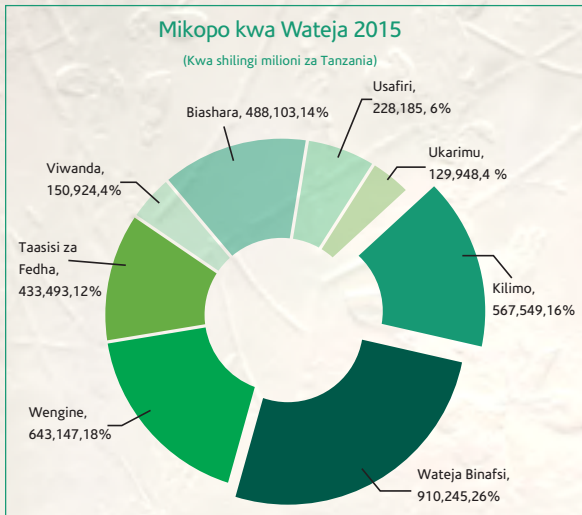
During the period under review, the Group achieved a growth of over 30% in the loan portfolio from TZS 2,576.1 billion in 2014 to TZS 3,342.4 billion in 2015. The growth was a result of the aggressive selling efforts adopted across the Group which resulted in an increase in loans to personal and Microfinance segments from TZS 536.9 billion and TZS 187.3 billion as at 31 December 2014 to TZS 758.6 billion and TZS 221.3 billion as at 31 December 2015 respectively. The growth in retail segments was in line with the Bank's strategy to increase lending to retail segments to 50% of the loan portfolio by 2017 and the retail segments accounted for 44.8% of the total portfolio in 2015 from 38.4% in 2014.

During the year non-performing loans ratio was 8.1% compared to 5.0% in 2014. The increase was mainly due to restructured tobacco loans of TZS 44,166 million granted to 78 Agricultural Marketing Cooperative Societies (AMCOS) which failed to repay. This is a result of political interference within the tobacco marketing arrangement that occurred in Tabora region during 2013/2014 seasons which allowed farmers to sell outside their respective AMCOS causing non-servicing of loans. The impairment amount was exacerbated by the depreciation of the shilling from TZS 1,730 in 2014 to TZS 2,159 in 2015 as the loans were denominated in USD.

The Bank suspended disbursement of funds in affected regions and engaged with the Government to see how best the Bank can continue supporting farmers.

The Bank reviewed its loan management and recovery processes with a view to reduce non-performing loans and provisions. A number of initiatives were implemented including the establishment of the Stressed Asset Management Unit (SAMU) with a responsibility to ensure that Bank loans are effectively monitored and collected on timely basis. Other initiatives included a strategic move to reduce composition of corporate loans in the total portfolio by increasing retail loans i.e. mortgage, personal and SME loans a move which will also help increase our net interest margins.





## Huduma Kwa Wateja Wakubwa

Mikopo kwa makampuni makubwa iliendelea kutoa mchango mkubwa katika shughuli kuu za maendeleo ya kibiashara; kwa kuzalisha mapato na faida na kuimarisha mizania ya Benki. Ukopeshaji kwa taasisi na biashara uliendelea katika mwaka husika. Hadi mwisho wa mwaka 2015, mikopo iliyotolewa na benki chini ya akaunti ya Wateja Wakubwa, ilikuwa zaidi ya asilimia 55 ya fungu lote la mikopo lililotengwa. Mikopo hiyo ilihamasisha zaidi ya asilimia 50 ya amana za wateja na ilichangia zaidi ya asilimia 55 ya mapato.

### Wateja Wakubwa na Kilimo Biashara

Lengo kuu la vitengo hivi viwili ilikuwa ni kuboresha ubora wa mikopo wakati huo huo kukuza thamani ya mikopo. Mikopo kwa wateja wakubwa ilikua kwa asilimia 20 kutoka shilingi bilioni 1,586 mwaka 2014 hadi shilingi bilioni 1,821 mwishoni mwa Desemba 2015, ikiwa ni asilimia 55 ya mikopo yote ya Benki. Kundi limeendelea kuwezesha sekta kuu zinazoweza biashara, uwekezaji na uzalishaji wa ajira katika uchumi wetu. Hata hivyo, kiwango cha mikopo kwa wateja wakubwa kimekuwa kikipungua katika miaka ya karibuni kulingana na lengo la Benki la kupunguza mikopo hiyo kwa asilimia 50 ifikapo mwaka 2017.

### Dawati la Mikopo ya Ushirikiano wa Mabenki

Ikiwa ni mwaka wake wa tatu wa utoaji huduma, Dawati la Mikopo ya Ushirikiano wa Mabenki lilishuhudia mwendelezo wa mafanikio ya kiutendaji. Hadi mwisho wa mwaka 2015 Dawati hili lilikuwa na salio la mikopo wa shilingi bilioni 120 na dola za Marekani 258. Ndani ya kipindi hicho, kitengo hiki kilikuwa na mikataba minne yenye thamani ya dola za Marekani milioni 400 ikiwa katika hatua mbalimbali za utekezaji, huku Benki ikiwa ndiyo mwandaaji mkuu. Dawati hili litabadilishwa na kuwa

## Corporate Banking Operations

Corporate banking continued to play a pivotal role in contributing and supporting the Group's core business development; income generation and profitability; and strengthening the Group's balance sheet. Our financing to institutions and business continued to grow during the year. By end of 2015, the loan portfolio managed under corporate banking accounts was more than 55% of loan portfolio, which mobilized more than 50% of the total deposits and contributed to over 55% of income.

### Corporate and Agri Business Units

The main focus for these two units was to improve quality of the loan portfolio, while growing the loan portfolio. The corporate loan portfolio grew by 20% from TZS 1,586 billion in 2014 to TZS 1,821 billion by end of December, 2015 which is 55% of the Bank's loan portfolio. The Group has consequently provided more financing to key sectors that enable trade, investment, and job creation in our economy. Nevertheless, the share of corporate loan portfolio has been decreasing in recent years in line with the target of the Bank to reduce it to 50% by 2017.

### Syndication Unit

Being the third year of operation, the Syndication Unit recorded a progressive trend of good performance. By end of 2015, it registered a loan balance of TZS 120 billion and USD. 258 Million. During the same period, the unit had 4 deals worth USD 400 million under different processing stages, with the Bank being the mandated lead arranger. The unit will be transformed into an Investment Banking unit (debt capital market) in order to strengthen its functions, where emphasis will be on development of lead



Kitengo cha Uwekezaji cha Benki (kinachoshughulikia masoko na mitaji) ili kuboresha kazi zake. Mkazo utakuwa ni kutayarisha kazi ya benki kiongozi, kazi za ushauri kwa ajili ya kugharimia miradi na kuchangisha fedha kwa ajili ya kugharimia miradi ya muda mrefu.

### Dawati la China

Dawati hili limepata mafanikio makubwa tangu kuanzishwa kwake mwezi Machi 2013. Mwaka 2015, Dawati hili lililweza kufungua akaunti 174 kutoka makampuni ya China yanayoendesha biashara zao hapa nchini ambapo akaunti za wafanyakazi 1,361 zilifunguliwa. Idadi ya akaunti zilizofunguliwa zilikua kwa asilimia 12.9 kutoka akaunti 154 zilizofunguliwa mwaka 2014 hadi akaunti 174 mwaka 2015. Fungu la mikopo katika dawati hili lilifikia shilingi bilioni 117.2 hadi ilipofika Desemba 31, 2015.

### Dawati la India

Dawati hili kilizinduliwa rasmi mwezi Agosti mwaka 2014 katika juhudi za kusaidia na kuwezesha fursa za biashara kati ya Tanzania na India. Tangu kuanzishwa kwake hadi Desemba 2015 Dawati lililweza kuhamisha fedha kwenda India kwa wateja tofauti zaidi ya 5,773 zenye thamani ya shilingi bilioni 31.

### Kitengo cha Biashara ya Nje

Kitengo cha Biashara za Nje kilipata mafanikio makubwa mwaka 2015 kwa kupata ongezeko la asilimia 18 katika hati fungani na dhamana za benki, zilizotolewa ukilinganisha na mwaka 2014. Kitengo hiki kilizalisha mapato ya jumla ya shilingi bilioni 12.6, ambayo ni asilimia 9.5 juu ya lengo la mwaka la shilingi bilioni 11.5.

bank capacity, advisory for arranging project finance and raising funds for refinancing of long term projects.

### China Desk

The Desk had an outstanding performance since its inception in March, 2013. It reached 174 accounts from Chinese business entities in the country in 2015 out of which 1,361 staff accounts were opened. The number of accounts opened grew by 12.9% from 154 accounts opened in 2014. The borrowing portfolio under the desk stood at TZS 117.2 billion as at 31 December, 2015.

### Indian Desk

This unit was launched in August, 2014 aiming at facilitating business opportunities between Tanzania and India. To date the desk has managed to attract 5,773 transfers to India from different customers worth TZS 31 billion.

### Trade Finance Unit

Trade Finance Unit registered a commendable achievement during the year by achieving an increase of 18% in letters of credit and bank guarantees processed compared to 2014. The unit generated an income of TZS. 12.6 billion which was 9.5% above an annual target of TZS. 11.5 billion.

**Provided more financing to key sectors that enable trade, investment, and job creation in our economy**





## Biashara ya Wateja Wadogo na wa Kati

Katika mwaka husika, biashara kwa wateja wadogo na wa kati, zilichangia kwa kiasi kikubwa ukuaji na uimara wa mizania ya Benki kwa kubuni zaidi mikakati ya mauzo ili kuwafikia wateja wengi waliopo vijijini na pembezoni mwa nchi pamoja na wale wasiofikiwa kabisa na huduma za kibenki. Ukuaji mkubwa wa kujivunia ni upanuzi wa matawi, ambapo matawi mapya 27 yalifunguliwa pamoja na vituo vya huduma 27, vituo 38 vya huduma kwa serikali na mawakala 850.

### Kitengo cha Wateja wadogo na Kati

Mikopo kwa wateja wadogo na wa kati (SME) iliongezeka kwa asilimia 30.5 na kufikia shilingi bilioni 359.9 ambayo ni sawa na asilimia 95 ya lengo la mwaka la shilingi bilioni 378, kutoka shilingi bilioni 275.8 zilizofikiwa mwaka 2014. Pato ghafi lilikua hadi kufikia shilingi bilioni 65.8 mwaka 2015, sawa na asilimia 94 ya lengo la mwaka la shilingi bilioni 70 kutoka shilingi bilioni 46.25 mwaka 2014. Kiwango cha jumla cha utendaji kilikuwa kizuri ambapo kiwango kilichofikiwa cha mikopo hatarishi kilikuwa asilimia 6.2.

Mpango wa Kuwezesha Upatikanaji wa Mikopo kwa Wanawake (WAFI), umeendelea kupanuka na kusambazwa katika matawi yetu yote. Mikopo kupitia mpango huu iliongezeka sana hadi kufikia shilingi bilioni 24.7 mwaka 2015 kutoka shilingi bilioni 14.9 mwaka 2014. Mpango huu umepokewa vizuri na wanawake wadogo na wa kati wanaojihusisha na ujasiriamali na umefanya vizuri. Wanawake wajasiriamali wamepata mafunzo bure, na wafanyakazi wa Benki wanaohusika na Mpango huu wamepata mafunzo ya mara kwa mara ili kuweza kuwahudumia vizuri wanawake wajasiriamali. Mikopo hatarishi ni asilimia 3.4.

Shilingi bilioni 35.1 zilitolewa kwa Vyama vya Ushirika Vya Msingi 176 (AMCOS) katika mikoa ya Mtwara na Lindi kwa msimu wa korosho wa mwaka 2015/2016. Mikopo yote ililipwa kwa wakati.

### Kitengo cha Mawakala

Katika kipindi hiki, Benki iliimarisha ushirikiano wa kibiashara na Shirika la Posta Tanzania kwa kuanzisha Mawakala wa ziada zaidi ya 20 katika maeneo ambayo shirika hilo linaendesha shughuli zake nchi nzima. Ofisi 55 za Shirika la Posta Tanzania na ATM 25 zilikuwa zinafanya kazi kwa kipindi cha mwaka 2015. Jumla ya miamala 1,794,444 yenye thamani ya shilingi bilioni 854.5 iliweza kufanyiwa kazi na mawakala katika kipindi cha mwaka 2015. Ndani ya mwaka 2015, kitengo cha huduma kwa Mawakala kilianzisha SMARTPOS ili kuongeza ufanisi wa miamala inayofanyika kupitia Mawakala wa FahariHuduma.

## Retail Banking Operations

Retail banking continued to play a crucial role in contributing to the growth and stability of the Bank's balance sheet by being more innovative in devising sales strategies to reach out for more remote and un-banked population. The most notable growth achievement was in our network expansion where 27 normal branches, 11 service centres, 38 government service centres and 850 agents were opened.

### SME Banking Unit

SME Loan Portfolio increased by 30.5% to TZS 359.9 billion which is 95% of the annual target of TZS 378 billion from TZS 275.8 billion recorded in 2014. Gross income grew to TZS 65.8 billion in 2015 which is 94% of the annual target of TZS 70 billion from TZS. 46.25 billion in 2014. Overall performance was good with a closing PAR of 6.2%.

Women Access to Finance Initiative (WAFI) product is expanding and the product is being rolled out to all branches. WAFI portfolio size increased significantly to TZS 24.7 billion in 2015 from TZS 14.9 billion in 2014. 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 3.4%.

The Bank also extended TZS 35.1 billion to 176 AMCOS in Mtwara and Lindi regions in Cashew nut season of 2015/2016. All loans were repaid timely.

### Agent Banking Unit

During the year the Bank strengthened its partnership with Tanzania Postal Corporation by establishing over 20 additional Agents within their premises countrywide. Fifty five Tanzania Postal Corporation offices and 25 ATMs were operating in 2015. A total of 1,794,444 transactions worth TZS 854.5 billion were handled by Agents in the year. In 2015, Agent banking started roll out of SMARTPOS to increase efficiency of transactions done through the Bank's FahariHuduma agents.

The Agent portfolio grew by 64% and the number of agents increased to 1,746 Agents throughout Tanzania compared to 2014. Deposits valued at TZS 766.6 billion were mobilized by this segment with the number of transactions amounting to 1,564,642 compared to TZS 254 billion and 330,260 transactions in 2014. Withdrawal values also grew by 158% from TZS 34 billion to TZS 87.8 billion in 2015. The



Thamani ya miamala ilikua kwa asilimia 64 na idadi ya mawakala iliongezeka hadi kufikia mawakala 1,746 nchi nzima ukilinganisha na idadi iliyokuwepo mwaka 2014. Thamani ya Amana ya shilingi bilioni 766.6 iliweza kukusanywa huku idadi ya miamala ikifikia 1,564,642 ikilinganishwa na shilingi bilioni 254 na miamala 330,260 iliyofanyika mwaka 2014. Thamani ya fedha zilizotolewa pia ilikua kwa asilimia 158 kutoka shilingi bilioni 34 hadi shilingi bilioni 87.8 mwaka 2015. Ukubwa wa biashara katika eneo hili uliongezeka kwa asilimia 182 kutoka 81,633 hadi 229,802 mwaka 2015.

Mwezi Julai mwaka 2015, Benki ilizindua ushirikiano wa kibiashara na Kampuni ya Maxcom Africa ili kutumia huduma ya Maxmalipo kupitia mawakala zaidi ya 3,000 kutoa huduma za FahariHuduma kwa wateja wetu. Mpango Mkakati, utaiwezesha benki kupanua wigo wake kwa kufika maeneo mengi zaidi nchini na kutoa huduma kwa watanzania walio wengi zaidi, ambao awali hawakuweza kufikiwa na huduma za kifedha.

### Kitengo cha Watu wa Ughaibuni

Kitengo cha huduma za kibenki kwa Watu wa Ughaibuni kilianzishwa rasmi mwaka 2015, lengo likiwa ni kuhamasisha na kuwahudumia sehemu ya watanzania wanaoishi katika mataifa ya kigeni kupitia bidhaa ya akaunti ya Tanzanite. Mwaka 2015, benki iliweza kuwafikia watanzania tofauti walioko ughaibuni katika mataifa mbalimbali duniani hasa katika nchi za Namibia na Kenya. Jumla ya akaunti 15,358 ziliweza kuhuishwa mwaka 2015 zikiwa na akiba inayofikia shilingi bilioni 11.9. Bidhaa zilizotangazwa ni akaunti ya Akiba ya Tanzanite, huduma za kibenki kupitia internet, Amana za muda maalum (FDR) zenye riba nzuri ambazo thamani yake ilikuwa shilingi milioni 230 na mikopo ya nyumba ya Jijenge yenye thamani ya shilingi milioni 800 ilitolewa.

### Kitengo cha Premier

Ili kuweza kukidhi mahitaji ya wateja muhimu au mashuhuri nchi nzima, jumla ya vyumba vipya 5 maalum kwa ajili ya wateja mashuhuri/muhimu vilifunguliwa katika matawi yetu ya Lumumba, Mtwara, Mbezi, Temeke na Kilombero. Kutokana na hatua hiyo, jumla ya matawi yenye vyumba hivyo iliongezeka kutoka 26 hadi 31 katika kipindi hicho. Idadi ya wateja muhimu ilikua kwa asilimia 133 kutoka wateja zaidi ya 6,500. Kufunguliwa kwa vyumba vipya vya wateja mashuhuri/muhimu na kuongezeka kwa wateja wanaopata huduma maalum ilisababisha kuongezeka mara mbili kwa mapato yatokanayo na ada ukilinganisha na mwaka uliopita.

withdrawal transactions volume increased by 182% from 81,633 to 229,802 in 2015.

In July 2015, the bank launched its partnership with Maxcom Africa to engage Maxmalipo as aggregator with over 3,000 agents in providing FahariHuduma services to customers. This strategic move shall allow the Bank to increase its footprint throughout Tanzania and provide services to majority of Tanzanians who were previously excluded from financial services.

### Diaspora Banking Unit

The Diaspora Banking Unit was newly formed in 2015, aimed to promote, and manage our Tanzanians non-resident platform which has the Tanzanite accounts product. In 2015, the Bank was able to reach different set of Diasporas across the globe especially in Namibia and Kenya. A total of 15,358 accounts were active in 2015 with a closing balance of TZS 11.9 billion by 31 December, 2015. Products marketed were Tanzanite Savings account, Internet banking, Fixed Deposits (FDR) with competitive interest rates amounting to TZS 230 million and Jijenge Mortgage loans amounting to TZS 800 million were 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 Lumumba, Mtwara, Mbezi, Temeke and Kilombero. The total number of branches with Premier services increased from 26 to 31 in the year. The number of Premier customers recruited grew by 133 % from over 6,500. 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

Deposits for Personal Banking rose by 22.31% to TZS. 2,164.3 billion from TZS 1,772.0 billion in 2014. During the year, the unit achieved an impressive growth of over TZS 320.89 billion over the year 2014 where over 255,000 accounts were opened thus achieving accounts opening target by 94% and disbursed total personal loans of TZS. 745.88 billion. Personal loans grew by 55.54% where a total of 31,262 new borrowers were registered. This increase was caused by recruitment of government employees who took personal loans and enrolment of 25 new employers.



## Kitengo cha Wateja Binafsi

Amana za Wateja binafsi zilikuwa kwa asilimia 22.31 hadi kufikia shilingi bilioni 2,164.3 kutoka shilingi bilioni 1,772.0 mwaka 2014. Katika kipindi hicho, kitengo kilifikia malengo ya ukuaji kwa ongezeko la zaidi ya shilingi bilioni 320.89, ikiwa ni zaidi ya mwaka 2014 ambapo zaidi ya akaunti 255,000 zilifunguliwa. Hatua hiyo iliwezesha lengo la kufungua akaunti kufikiwa kwa asilimia 94 na kutoa jumla ya mikopo binafsi yenye thamani ya shilingi bilioni 745.88. Mikopo binafsi ilikuwa kwa asilimia 55.54, ambapo jumla ya wakopaji wapya 31,262, waliorodheshwa. Ongezeko hili lilichangiwa na kupatikana kwa wafanyakazi wa serikali ambao walichukua mikopo binafsi na kuongezeka kwa waajiri wapya 25.

## Mikopo ya Nyumba

Katika kipindi hiki, biashara ya mikopo ya nyumba iliongezeka sana. Jumla ya maombi ya mikopo 256 yenye thamani ya shilingi bilioni 30.15 yaliidhinishwa na mikopo yenye thamani ya shilingi bilioni 28.85 ilitolewa. Thamani ya mikopo kitabuni ilikuwa shilingi bilioni 25.66, mikopo hatarishai (PAR) ilikuwa asilimia 3.03, na mikopo sugu ilikuwa wastani wa asilimia 0, kiwango hiki huashiria ubora wa mikopo. Zaidi ya hayo, Benki ilisaini mikataba miwili (2) ya Makubaliano ya Kibiashara (MOU) na taasisi kubwa za uendelezaji wa miradi ambayo ili kuipatia fursa ya kutekeleza miradi mipya ya mikopo ya makaazi. Benki ilianzisha majadiliano na Taasisi ya Home Finance Guarantors Africa Reinsurance (HFGAR) ya Afrika Kusini kwa ajili ya kuwawezesha watu wa kipato cha chini na kati kupata huduma za mikopo ya nyumba kwa asilimia 100, kupitia huduma yao ya bima ijulikanayo kama "Collateral Replacement Indemnities" (CRI).

## Mortgage Finance

During the period, the mortgage business grew significantly. A total of 256 loan applications with a value of TZS 30.15 billion were approved and disbursed TZS 28.85 billion. The loan book stood at TZS 25.66 billion, Portfolio at Risk (PAR) ratio stood at 3.03% and Non-Performing Loans (NPL) stood at 0% which underlines quality of the loan portfolio.

Additionally, the Bank signed two (2) Memorandum of Understanding (MOUs) with major project developers, which serves as a source of referrals for new mortgage lending opportunities. The Bank started negotiation with Home Finance Guarantors Africa Reinsurance (HFGAR) of South Africa to facilitate access of mortgage finance to lower and middle income earners by 100% through their insurance product known as "Collateral Replacement Indemnities" (CRI).



## Utendaji wa Idara ya Hazina

Utendaji wa idara ya hazina umeweza kuongeza mchango wa Idara katika mapato na faida ya Kundi. Utendaji huu ulichangiwa kwa kiasi kikubwa na ujuzi, umahiri na ubunifu wa wafanyakazi. Katika kipindi hicho, mapato yaliongezeka kwa asilimia 14 hadi kufikia shilingi bilioni 130 mwaka 2015 kutoka shilingi bilioni 114 zilizorekodiwa mwaka 2014. Hazina ilitumia fursa zilizojitokeza katika masoko ya mitaji kutekeleza uzaji wa hisa kwa taasisi na toleo la hisa stahili la Benki.

Licha ya changamoto zilizojitokeza katika soko, idara ya Hazina iliweza kuongeza faida halisi ya pato kutokana na ubadilishaji wa fedha za kigeni hadi shilingi bilioni 34.9 kutoka shilingi bilioni 29.3 zilizopakikana mwaka 2014. Idara iliendelea kuwa mdau muhimu katika soko la Hisa na Mitaji kwa kukuza biashara ya Hati fungani za Benki kwa asilimia 70, ambapo pato la shilingi bilioni 13.0 lilipatikana kutoka shilingi bilioni 7.0 zilizorekodiwa mwaka 2014.

Mafanikio makubwa yalifikwa katika kujenga ushirikiano thabiti na endelevu wa kibiashara na taasisi za kitaifa na kimataifa kama vile IFC, EIB, DEG na TMRC, ambapo zaidi ya benki mpya tano (5) ziliingia katika ushirikiano huo ili kuongeza uwezo wa Benki kutoa huduma kwa wateja kwa ufanisi na uhakika.

Jitihada zilizochukuliwa kuboresha uhusiano ziliwezesha Benki kupata mikopo ya muda mrefu kwa fedha za kigeni na fedha za ndani ya jumla ya dola za Marekani milioni 45 na shilingi bilioni 49 kutoka DFI's. Mikopo hii iliimarisha mizania ya Benki kwa kukuza uwezo wa kifedha wa benki, hatua iliyoiwezesha Benki kukabili mahitaji ya kifedha ya muda mfupi na muda mrefu. Pia ilipunguza gharama ya riba na hivyo kuiwezesha Benki kutimiza mahitaji yake ya rasilimali na madai.

## Uendeshaji wa Shughuli za Tehama

Katika jitihada za kuhakikisha tunatoa huduma bora na zenye uhakika kwa wateja kwa saa 24 kwa siku saba za wiki, Benki imeendelea kubuni na kuwekeza katika miradi ya TEHAMA, ili kuweka mifumo imara, ya kisasa na madhubuti ya kutoa huduma.

Utekelezaji wa miradi kadhaa ulikamilika huku mingine utekelezaji wake ukiendelea. Baadhi ya miradi mikubwa iliyokamilika ni pamoja na mfumo wa mawasiliano wa kupokea maswali na kero kutoka kwa wateja, mashine za kutoa huduma kwa Serikali (Government POS), teknolojia ya kutoa huduma kwa njia ya simu inayotumia tekinolojia ya Android OS ilibuniwa badala ya huduma kwa njia ya simu inayotumia tekinolojia ya USSD, mabadiliko ya mfumo wa

## Treasury Operations

Treasury operations contribution to the Group's revenue and profitability increased. The notable performance for the year was driven by competent, dedicated and innovative team which strived to improve treasury operations. During the year, treasury income increased by 14% to TZS 130 billion in 2015 from TZS 114 billion recorded in 2014. Treasury took up opportunities in the capital markets by managing IPOs and Bank's own right issue proceeds through its custodial services, after having well established infrastructure for such operations.

- Despite the challenges experienced in the market the treasury managed to increase the Net Foreign exchange income to TZS 34.9 billion from TZS 29.3 billion recorded in 2014.
- Department continued to be an active player in the secondary market for Securities trading by being able to grow the Bank's bond trading book by 70 percent where income of TZS 13.0 billion was generated from TZS 7.0 billion recorded in 2014.
- Great strides were achieved in building long-term and sustainable business relationships with both local and international counterparties namely, IFC, EIB, DEG and TMRC. Five (5) new correspondent banks were added to enhance bank's flexibility in offering timely and reliable services to its customers in both trade business and international settlements.
- The initiatives taken to strengthen relationships enabled the bank to secure Long term finances in both Foreign and Local currencies of about USD 45 Million and TZS 49 billion from DFI's. These credit lines strengthened the bank's Balance sheet by being able to meet to great extent its short and long term liquidity needs and provided a huge relief to interest expense thus enabling the bank to meet its projected assets and liabilities growth objectives.

## Information and Communication Technology (ICT) Operations

In efforts to ensure we provide reliable and good quality customer service experience 24/7, the Bank continued to invest in ICT related innovations and projects to create robust, reliable and up to date support systems.

A number of initiatives were implemented to completion while some are still on progress. Some major projects completed are namely Integrated call centre system for managing customer queries/inquires, Government POS to



ATM kutoka Sparrow kwenda BankWorld na Mfumo wa kupunguza mzunguko wa hundi (Cheque Truncation System) badala ya mfumo wa kuhakiki cheki kwa kutumia watendaji.

Miradi mingine iliyokamilika ni pamoja na utaratibu unaojiendesha wa Bajeti, mfumo wa Nostro unaojiendesha wa kuhakiki hesabu, mfumo wa tozo za ATM unaojiendesha, kuanzishwa kwa mfumo mpya wa utendaji wa kazi za benki badala ya utaratibu wa kutumia watu na utekelezaji wa mfumo wa Web Helpdesk (FootPrint) ambao unatumia na wafanyakazi kutembelea tovuti ya benki na kufuatilia kazi.

Zaidi ya miradi hiyo, mpango wa kuhamia kwenye miundominu mipya ya kimtandao ulikamilika hadi DRS na Makao Makuu, kuonisha mifumo ya benki na kampuni mbalimbali, ikiwemo Msajili wa Makampuni (BRELA), Chuo Kikuu cha Sokoine (SUA), Kampuni za Kufuatilia Madeni (CRB), Mamlaka za Serikali za Mitaa, Mamlaka ya Bandari (TPA) na mradi wa uhakiki wa huduma za Idara ya TEHAMA uliopewa cheti namba ISO27001-2013 ulikamilika wakati maboresho yakifanyika katika Mfumo Mkuu wa Benki ambao utanza kutumika Mei 2016.

### Idara Kuu ya Uendeshaji

Benki ilianzisha Idara Kuu ya Uendeshaji (DCO), ambayo ilianza kazi Mei 2015 kwa lengo la kuboresha utendaji na kuongeza ufanisi katika utoaji wa huduma kwa wateja.

Katika jitihada za kufanikisha malengo ya kuanzishwa kwa Idara Kuu ya Uendeshaji, kazi zifuatazo zilitekelezwa katika mwaka 2015:-

- Kuanzisha mchakato unaojiendesha wa matawi kuagiza vitabu vya hundi. Hii imesaidia kuondoa matumizi ya karatasi, kuongeza ufanisi, kupunguza makosa yanayotokana na uagizaji, na hivyo kupunguza gharama. Imeweza kupunguza muda uliokuwa ukipotea wakati wa kuagiza vitabu na ufikishaji wake matawini.
- Benki imefanikiwa kutumia mfumo mpya wa kupunguza mzunguko wa hundi ulioanzishwa na Benki Kuu ya Tanzania. Mfumo huu umepunguza matumizi ya karatasi, maswali na malalamiko kutoka matawini na kuboresha ufanisi na uhakika katika kuhakiki cheki. Matokeo mengine mazuri ya mfumo huu ni kupunguza muda wa kuhakiki hundi kutoka siku saba hadi siku mbili.

### Watu Wetu

Mafanikio ya Benki tunayoyaona leo yametokana na wafanyakazi walio na ujuzi na ari ya kujitolea ambao wamejidhatiti kufikia malengo ya utendaji wa hali ya juu.

serve Government Business, Simbanking Mobile App that uses Android OS was developed to replace USSD technology Simbanking, Migration of ATM system from Sparrow to BankWorld and Cheque Truncation System which replaces physical CHQs clearing to image based.

Other completed projects are automation of Bank's budgeting process, automation of Nostro reconciliation, automation of online ATM charges such that the system charges as withdrawals happen, development of the new Back Office workflow system to replace Intellect Flow and implementation of the Web Helpdesk (FootPrint) system which is being used by staff to log and track systems' issues.

Additionally, migration to the new Network Infrastructure was completed to DRS and Head Offices, Integration of the Bank's systems with various companies such as BRELA, Sokoine University (SUA), Credit Reference Bureau (CRB), Local Governments Authorities & TPA and the project for ICT department certification to ISO27001-2013 were completed while upgrade of the Core Banking system is expected to go live in May 2016.

### Centralized Operations

The Bank established Department of Centralized Operations (DCO) which came into effect in May, 2015 to improve work processes, productivity and ultimately customer service.

In effort to achieve the objectives of formulating the DCO, the following activities were successfully implemented in year 2015:

- Fully automation of processes of cheque books ordering by branches. This has eliminated paper work, improved efficiency and minimized ordering errors, hence cost saving. It has consequently reduced time lag between receipt of orders from branches and delivery of the cheque books.
- The Bank has successfully adopted the new cheque truncation system introduced by the Bank of Tanzania. This has reduced paper work, queries and complaints from branches which has ultimately improved cheque clearing efficiency and effectiveness. The other positive effect is a reduction of the instruments clearance days from seven to two days.



Mafanikio ya Kundi leo ni kielelezo cha uwezo wa wafanyakazi wetu 2,651, wanaofanya kazi kwa umakini mkubwa wakishirikiana na wadau muhimu wa Benki. Kwa kuzingatia utamaduni uliojengeka wa utendaji wa hali ya juu, Benki imejijengea timu ya wafanyakazi wanaoshirikiana kwa dhati ambao kwa pamoja wanawakilisha rasilimali ya thamani sana ya Kundi.

### Mwajiri anayewajibika

Benki ya CRDB inatambua ukweli kwamba wafanyakazi wanaojitoa ni muhimu katika kuleta mafanikio ya huduma za CRDB. Ili kuendeleza hali ya kujitua, Benki imeendelea kuwekeza rasilimali za kutosha, katika kuimarisha Mpango wa Kuthamini Wafanyakazi. Kati ya mambo yaliyoanzishwa katika mpango huo, ni pamoja na mafao kadhaa na programu za kulinda hali bora ya wafanyakazi kwa kuwahakikishia usalama na mazingira bora kazini, kuboresha hali ya maisha ya wafanyakazi; kuwapatia malipo bora; mafunzo na program za kujiendeleza ili kuboresha ujuzi wa wafanyakazi na haki katika masharti ya ajira kwa wafanyakazi wa kada mbalimbali.

### Hali Bora ya Wafanyakazi

#### Afya na Usalama

Kundi la CRDB limechukua hatua mbalimbali ili kuweka mazingira salama na yenye afya kwa wafanyakazi wake kwa kuzingatia Sheria ya Usalama Mahali pa Kazi. Benki imetengeneza sera ya usalama na afya yenye lengo la kutoa elimu kwa wafanyakazi wake na imeanzisha Kamati za Usalama na Afya katika idara zote. Kundi liliendelea kutekeleza mpango wa huduma za afya unaohusisha huduma za madaktari bingwa pamoja na huduma za kulazwa kwa wafanyakazi wote na wanafamilia wa karibu.

#### Uboreshaji wa Hali ya Maisha

Kama mwajiri anayejali, Benki ya CRDB inakusudia kuwapatia wafanyakazi wake hali bora ya maisha na endelevu yenye mafao ya aina mbalimbali. Utaratibu wezeshi wa kazi, umeainishwa katika Sera ya Rasilimali watu ili kuwawezesha wafanyakazi kuwa na uwiano mzuri wa maisha na kazi. Benki huandaa michezo ya aina mbalimbali inayotoa fursa kwa wafanyakazi kupumzika kupitia michezo na mazoezi. Mikutano ya kijamii ikiwemo Siku ya Familia na Mikutano ya Kila Robo mwaka inafanyika ili kujenga umoja na ushirikiano kati ya wafanyakazi.

#### Mafunzo na Kujiendeleza

Benki ya CRDB, inatambua umuhimu wa kuwaendeleza wafanyakazi ili kuyafikia mafanikio ya muda mrefu ya kibiashara ya Kundi. Kundi huwekeza rasilimali za kutosha kwa ajili ya kutoa mafunzo kwa wafanyakazi wake ili watoe huduma kwa viwango vya juu na kuwaandaa

## Our People

The available success of CRDB Bank today is attributed to its diverse team of committed, competent and dedicated employees who are focused on delivering a common goal of performance excellence. The Group's success today is a reflection of the ability of our 2651 strong and focused employees who work seamlessly with the Group's key stakeholders. Building on its high performance culture, the Bank has proactively nurtured an effective integrated and focused workforce which collectively represents the most valuable asset of the group.

### Responsible Employer

CRDB Bank recognises the fact that its dedicated employees are the key factor behind the success of the CRDB Brand. To sustain such dedication, the Bank continues to invest substantial resources that enhance its Employee Value Proposition. Amongst the initiatives undertaken include various benefits and programmes to ensure that the employee's well being is well taken care of by providing a safe, secure and healthy environment, enhancing the quality of life of its employees providing competitive remuneration to its employees; training and development programmes to enhance the employees' skills and fair and equitable employment terms to its diverse workforce

## Employee Well Being

### Health and Safety

CRDB Bank Plc Group has undertaken several initiatives to provide for a safe and healthy working environment for its employees in line with the provisions of the Occupational Safety and Health Act. The Bank has formulated a Safety and Health Policy to create awareness amongst its employee and it has established Safety and Health Committees in all its business units. The Group continued to provide a comprehensive medical benefit scheme comprising specialist treatment and hospitalisation for all staff and their immediate families.

### Enhancing Quality of Life

As a caring employer, CRDB Bank is committed to provide to its employees a sustainable quality of life with a wide range of benefits programmes. Flexible working arrangements have been incorporated in the HR Policy, to promote work life balance the. Bank organises various sporting activities that enable employees pursue recreation through sporting and exercise. Social gatherings such as the Family Day and Quarterly Get Together are held to promote cohesiveness and team spirit amongst employees.



kujiendeleza katika fani zao. Kituo cha mafunzo chenye vifaa vya kutosha kilichoko Mikocheni, Dar es Salaam kimekuwa kikitumika mara zote kuboresha ujuzi wa wafanyakazi na kuwajengea uwezo.

Mafunzo ya darasani, mafunzo wakati wa kazi pamoja na kozi za nje ya Benki vimeendelea kuwa msingi wa kuendeleza wafanyakazi katika ujuzi na uongozi. Mfumo wa Menejimenti wa Mafunzo, unawaruhusu wafanyakazi kujipangia wenyewe muda wa mafunzo kwa njia ya mtandao. Mwaka 2015, washiriki kadhaa walikamilisha mafunzo mbalimbali kupitia mtandao katika maeneo ya huduma kwa wateja, mawasiliano na kozi zingine mahsusi ikiwemo TEHAMA, Menejimenti ya Mikopo, Ukaguzi wa hesabu na Rasilimali Watu. Ili kufanya mafunzo kuwa suala la kudumu katika maisha ya mfanyakazi na kuhamasisha utaalamu wa wafanyakazi, Benki ya CRDB hutoa udhamini kwa wafanyakazi wanaosoma kozi mbalimbali na kutoa motisha mara tu wafanyakazi wanapohitimu masomo katika taaluma ya benki.

### Urithishaji wa nafasi muhimu

Benki imeweka muundo wa kufuatwa katika kurithisha nafasi kwa wafanyakazi katika maeneo yote ya biashara, ambapo warithi hutambuliwa kwa ajili ya nafasi hizo. Warithi watarajiwa hupewa mafunzo na kuendelezwa kiuuzi ikiwemo kupewa fursa kupata uelewa wa kutosha wa majukumu na kazi anayotarajiwa kuirithi. Nafasi zinazojitokeza hujazwa kwa asilimia 95% na wafanyakazi walioko ndani wenye uzoefu na ujuzi unaotakiwa. Utaratibu huu husababisha urithishaji kufanyika kwa urahisi na bila matatizo.

### Uhusiano Mzuri na Wafanyakazi

Benki ya CRDB imejitatiti kujenga uhusiano mzuri na wafanyakazi ili kutumia vizuri uwezo walionao. Ili kutimiza azma hii, Kundi limeendelea kutoa masharti sawa ya ajira, kutoa fursa sawa kwa wafanyakazi wanaotaka kujiendeleza kwa kuzingatia sifa zao, kuongeza uwakilishi wa wanawake katika nafasi za uongozi ikiwa ni pamoja na nafasi za juu za uongozi kwa kuendelea kuweka mazingira ya kazi yanayovutia, yanayotunza na kuendeleza wanawake, kutoa fursa za ajira kwa watu wenye ulemavu na kuhusisha wafanyakazi wa ngazi zote katika kuandaa matukio ili kujenga utamaduni wa kila mmoja kuwa sehemu ya kazi. Benki ya CRDB imeendelea kujenga heshima miongoni mwa wafanyakazi na kuwa na mahusiano mazuri na Chama cha Wafanyakazi (TUICO).

### Ushirikishaji wa Wafanyakazi

Benki imekuwa ikifanya utafiti kila mwaka ili kupata maoni ya wafanyakazi kuhusu mtazamo wao kwa mwajiri. Ili kuandana na mabadiliko na changamoto za kibiashara Benki imeendelea kubuni na kuweka mikakati ya namna

### Training and Development

CRDB Bank recognises the importance of human capital development to sustain the group's long term business success. The Group invests substantial resources to train its employees to deliver the highest performance standards and to prepare them for career progression. The well-equipped Training Centre at Mikocheni serves as the hub to continuously upgrade employees' skills and competencies.

Structured in house classroom training, on the job training as well as external courses continue to be the main thrust in developing employees' technical and leadership competencies. The Learning Management System accords employees the flexibility to log in for e learning sessions at their own convenience. In 2015, participants completed a wide range of e-learning courses covering product knowledge, customer service, communication skills as well as other specialized courses such as IT, Credit Management, Audit and HR. Advocating learning as a lifelong commitment and to promote professionalism amongst its workforce, CRDB Bank sponsors employees for various certification programmes and awards incentives to employees upon their attainment of professional banking qualifications.

### Succession of Key Positions

The Group has established a structured succession planning process for staff in all key business areas where candidates are identified for the roles. The potential candidates are nurtured with the relevant training and skill development programmes as well as relevant job related exposures. Vacancies that arise are by over 95% filled by internal candidates who have the requisite experience and skills resulting in a smooth and uninterrupted transition.

### Harmonious Industrial Climate

CRDB Bank Group is committed to permeate a conducive industrial climate in order to garner the strength of its diverse workforce. As part of this commitment, the Group has undertaken to provide fair and equitable employment terms, accord equal opportunities for career advancement based on merit, increase the representation of women in management as well as top management by continuously seeking to create a workplace that attracts, retains and develops women, extending employment opportunities to people with disabilities and involving all level of employees in organising events in order to inculcate a culture of inclusiveness. CRDB Bank continues to observe mutual respect and maintains a cordial relationship with the Trade Union TUICO.



mpya ya kushirikisha wafanyakazi na hutekeleza mpango mahsusi wa kutambua thamani ya mfanyakazi kwa utaratibu wa EVP, ili kuhakikisha kuwa viwango vya Benki vya EVP vinaoana na matamano, malengo na mtindo wa maisha wa wafanyakazi wake. Mwaka 2015, Benki ilipata kiwango cha ushirikishwaji wa wafanyakazi kinachoridhisha cha asilimia 72 dhidi ya wastani wa sekta ya benki wa asilimia 95%a.

## Employee Engagement

The Bank conducts periodic Employee Engagement Surveys to obtain feedback from employees on their perceptions of the employer. To keep pace with the dynamics and challenges the Bank continues to innovate and strategise new approaches of engagement and pursues a comprehensive Employer Value Proposition (EVP) to ensure that it's EVP continues to resonate with the passions, goals and lifestyle of its diverse workforce. In year 2015, the Banks satisfactory rate of Employee Engagement was 72% against an industry average of 70%. Reflecting the success of the Groups' employee retention policies, the CRDB Bank Group retention rate was 95%.





# Utawala wa Kampuni Tanzu

## Subsidiaries 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.



## Kampuni Tanzu ya Microfinance

Katika kipindi cha mwaka huo, Kampuni ilipata faida kabla ya kodi ya shilingi milioni 8,589 (2014: shilingi milioni 6,130, ongezeko la asilimia 41 ukilinganisha na mwaka uliopita). Ongezeko hilo limetokana na ukuaji wa jumla wa shughuli za kibiashara.

Ada na mapato ya kamisheni yaliongezeka kwa asilimia 39 kutoka shilingi milioni 15,853 mwaka 2014 hadi shilingi milioni 21,940 mwaka 2015. Hii ilichangiwa kwa kiasi kikubwa na kukua kwa kamisheni ya bima, mapato ya riba katika mikopo na mapato yasiyo na riba yaliyozalishwa katika kipindi hicho.

Gharama za uendeshaji ziliongezeka kwa asilimia 43 kutoka shilingi milioni 9,804 mwaka 2014 hadi shilingi milioni 13,933 mwaka 2015. Ongezeko hili lilichangiwa na kuongezeka kwa idadi ya wafanyakazi na upanuzi wa huduma kupitia vituo vidogo vya utoaji huduma (mini-service centers).

Jumla ya rasilimali iliongezeka kutoka shilingi milioni 17,532 hadi shilingi milioni 24,190. Ongezeko hilo kwa kiasi kikubwa lilitokana na ongezeko la mapato ya Benki yatokanayo na ada na malipo ya uwakala kutoka Kampuni mama.

Jumla ya amana iliyokusanywa kutoka kwa washirika wa kibiashara (MFIs) iliongezeka kwa asilimia 81 kutoka shilingi bilioni 68 hadi shilingi bilioni 123, ilipofika Desemba 31, 2015. Hii ilichangiwa na ongezeko la idadi ya washirika wa kibiashara, wateja wao, na huduma zilizokuwa zilizotolewa na vituo vidogo vya kutoa huduma (mini-service centers).

Idadi ya Washirika wa Kibiashara (MFIs) ilikuwa 441 mwaka 2015 kutoka 469 mwaka 2014. Idadi ya wanachama iliongezeka kutoka 697,777 mwaka 2014 hadi 809,255 mwaka 2015.

Thamani ya Mikopo iliongezeka kwa asilimia 39 kutoka shilingi bilioni 158 mwaka 2014 hadi shilingi bilioni 221 mwaka 2015.

Malengo ya baadae ni pamoja na kuibadilisha Kampuni Tanzu ya Microfinance Services Company Limited kuwa Benki inayojitegemea na Wakala wa Bima. Mabadiliko hayo yanakusudiwa kuboresha biashara yake, ili kuwa na uwezo kutumia fursa zinazojitokeza sokoni na kutumia kikamilifu thamani na uwezo ulioko ndani ya Kundi.

## CRDB Microfinance Services Company Limited

During the year the Company made a profit before tax of TZS 8,589 million (2014: TZS 6,130 million, an increase of 41% from previous year. The increase is attributed to the overall growth of business activities.

Fee and commission income increased by 39% from TZS 15,853 million in 2014 to TZS 21,940 million in 2015. This was mainly caused by a growth in insurance commission, interest income on term loans and non-interest income generated during the year.

Operating cost increased by 43% from TZS 9,804 million in 2014 to TZS 13,933 million in 2015. The increase was caused by a growth in the number of staff and implementation of a new business expansion initiative through mini-service centers.

Total assets increased from TZS 17,532 million to TZS 24,190 million. The increase was mainly driven by the increase of the amount due from Parent Company due to fees and commissions generated.

Total deposits mobilized from partner MFIs increased by 81% from TZS 68 billion to TZS 123 billion as at 31 December 2015. This is attributed to the increase in the number of partner institutions, their members, and the mini-service centers' operations.

The number of partner MFIs dropped from 469 in 2014 to 441 in 2015 due to non-compliance. Membership grew from 697,777 in 2014 to 809,255 in 2015.

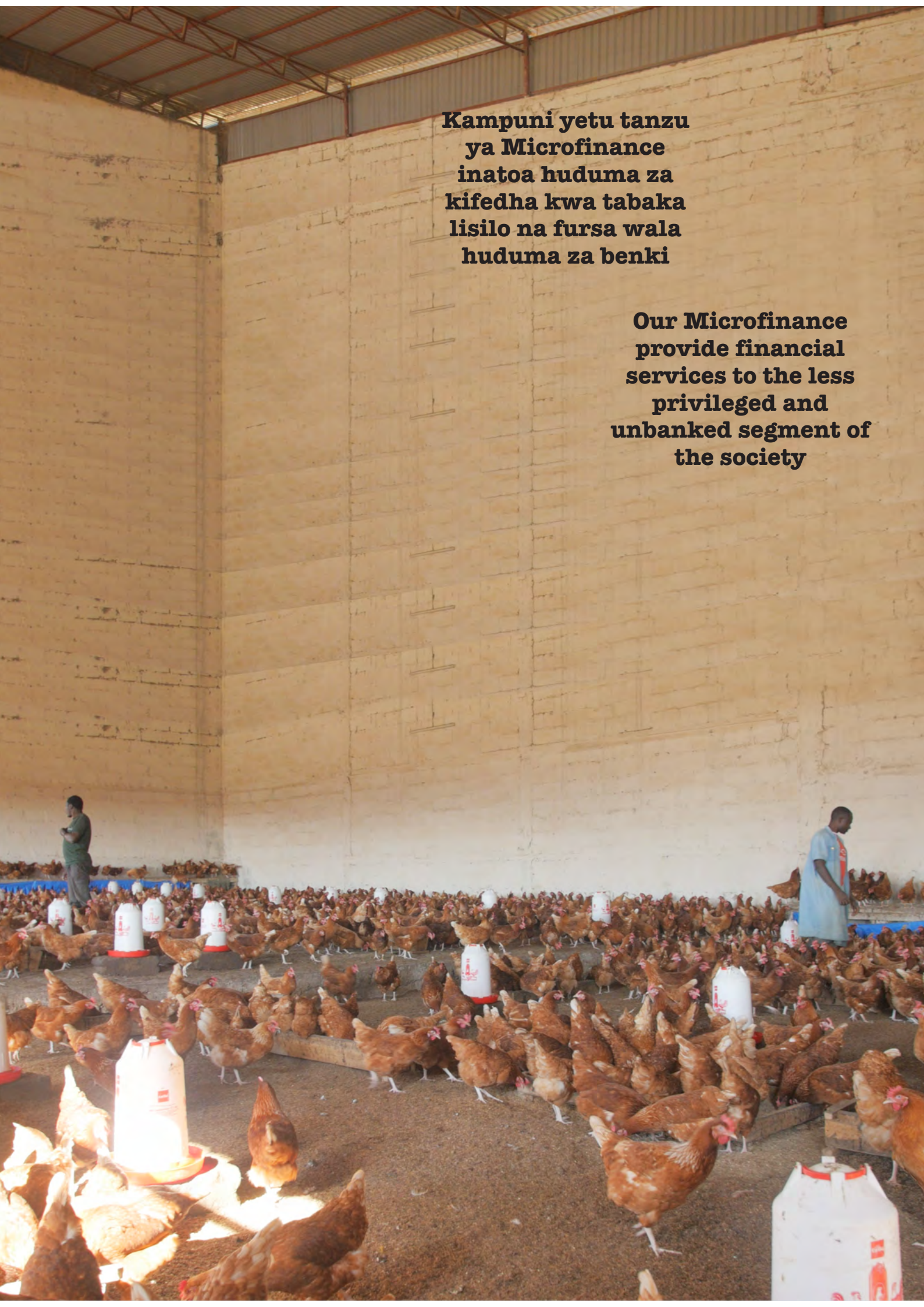
The loan portfolio increased by 39% from TZS 158 billion in 2014 to TZS 221 billion in 2015.

Future development plans will involve transformation of CRDB Microfinance Services Company Limited into a fully fledged Microfinance Bank and hiving into Insurance Brokerage. The envisioned transition is specifically aimed at furthering improvements of its business model, to take advantage of the emerging development in the market and making effective use of strategic values and synergies within the Group.



**Kampuni yetu tanzu  
ya Microfinance  
inatoa huduma za  
kifedha kwa tabaka  
lisilo na fursa wala  
huduma za benki**

**Our Microfinance  
provide financial  
services to the less  
privileged and  
unbanked segment of  
the society**





## Kampuni Tanzu ya CRDB Burundi

Mwaka 2015 ni mwaka wa tatu wa utekezaji wa mpango mkakati wa Benki wa miaka mitamo, ambapo malengo yalikuwa ni kuweka msingi imara wa kufanya biashara ya muda mrefu nchini Burundi. Katika mwaka ulioisha, Benki ilifanikiwa kupata faida ya shilingi milioni 656, ikilinganishwa na hasara ya shilingi milioni 4,888, iliyopatikana mwaka 2014. Faida hiyo imetokana na ongezeko la mapato ya ada na kamisheni kutoka shilingi milioni 2,699 hadi shilingi milioni 5,749, ambalo lilichangiwa na ongezeko la kamisheni inayotokana na biashara ya fedha za kigeni na malipo yanayokatwa katika matumizi ya huduma. Gharama za Wafanyakazi na Utawala ziliongezeka kutoka shilingi milioni 8,004 hadi shilingi milioni 10,837 hadi ilipofika Desemba 31, 2015.

Jumla ya rasilimali iliongezeka kutoka shilingi milioni 103,316 mwaka 2014 hadi shilingi milioni 152,654 mwaka 2015. Benki ilifunga mwaka 2015 ikiwa na mtaji wa kutosha, hali ya ukwasi inayoridhisha na hali nzuri ya vihatarishi, inayotoa nafasi kwa Benki kutumia fursa na kukabiliana na changamoto zitakazojitokeza mwaka 2016 na baadae. Jumla ya amana iliyokusanywa iliongezeka kutoka shilingi bilioni 28.9 iliyokuwepo Desemba 2014 hadi shilingi bilioni 65.8 hadi ilipofika Desemba 31 2015. Thamani ya Mikopo iliongezeka kutoka shilingi bilioni 50.4 iliyokuwa imetolewa hadi Desemba 31, 2014 hadi shilingi bilioni 73.0 ilipofika Desemba 31, 2015.

Kwa kuzingatia dira yake, Benki inakusudia kuendelea kuboresha huduma zake mbadala kwa mwaka 2016 kama sehemu ya mpango wake mkakati wa miaka mitano. Hii itahakikisha huduma za benki zinawafikia wateja wanaohitaji huduma hizo nchini Burundi. Huduma za kibenki kwa kutumia mawakala inatarajiwa kuanza kutolewa mwaka 2016. Benki pia itaendelea kukuza biashara yake wakati huo huo ikidhibiti gharama ili kuongeza faida kwa mwaka 2016. Hili litafanikiwa kwa kubuni na kuingiza bidhaa mpya katika soko, zinazolenga kutoa huduma za ziada na kuwa makini katika uchaguzi wa njia za kukuza biashara huku gharama na vihatarishi vya kibiashara, vikidhibitiwa.

## CRDB Bank Burundi Subsidiary

The year 2015 was the third year of implementing a five-year business strategy of the Bank, whose focus was setting the base for long term business in Burundi. During the year the Bank successfully recorded a profit of TZS 656 million compared to a loss of TZS 4,888 million recorded in 2014. The profit realization was driven by the increase in the Fee and commission income from TZS 2,699 million to TZS 5,749 million which was largely caused by a growth in forex commissions and service charges.

Staff and administrative expenses in particular, increased from TZS 8,004 million to TZS 10,837 million as at 31 December 2015.

Total assets increased from TZS 103,316 million in 2014 to TZS 152,654 million in 2015. The Bank closed 2015 with adequate capital, liquidity and risk foundations well placed to meet the opportunities and challenges that lie in 2016 and ahead.

Total deposits mobilized increased from TZS 28.9 billion as at 31 December 2014 to TZS 65.8 billion as at 31st December 2015.

The loan portfolio increased from TZS 50.4 billion as at 31 December 2014 to TZS 73.0 billion as at 31st December 2015.

In line with the Bank's vision, the Bank plans to continue with improving its alternative banking delivery channels in 2016 as part of its five years strategic plan. This will ensure that the Bank's services are brought closer to customers who need banking services in Burundi. Agent banking is expected to be operational in 2016. The Bank will continue to increase its business volumes while at the same time managing costs so as to grow profitability in 2016. This is expected to be achieved through introduction of innovative products to the market, focusing on value added customer services and selective expansion of business while carefully managing both costs and risks.



# Bodi ya Wakurugenzi Ya Kampuni Tanzu ya Burundi

# Board Members Burundi Subsidiary

Kupitia Kampuni yetu  
Tanzu ya Burundi tunatoa  
wigo mpana wa bidhaa na  
huduma za kifedha.

Through our Burundi  
subsidiary we offer a wide  
range of financial products and  
services.





## Uwekezaji kwa Jamii

### Kauli Mbiu Yetu

Benki ya CRDB inaamini kuwa ili kupata matokeo endelevu, ni lazima iwe raia mwema kwa jamii kwa kuhakikisha kila siku inatimiza ahadi zake kwa wanahisa, wateja, wafanyakazi na kwa jamii inayoizunguka.

Wakati Kundi linaendelea kutekeleza dhamira yake ya kuleta matokeo chanya kwa jamii, wateja na wanahisa, (kupitia mikakati iliyopo) pia liko tayari kuisaidia jamii kutatua changamoto zinazojitokeza. Mwelekeo wa kimkakati kuhusu uwekezaji kwa jamii umewekwa wazi kwenye mkakati wa biashara wa miaka mitano pamoja na sera husika. Utamaduni wa kuisaidia jamii unatekelezwa kulingana na sera ya Benki ya uwekezaji kwa jamii, ambayo huitaka Benki kuwekeza angalau asilimia moja (1) ya faida yake kila mwaka.

### Nguzo zetu Muhimu

Mkakati wa uraia mwema huitaka Benki kutekeleza mipango mbalimbali katika maeneo ya Elimu, Afya, Mazingira na Misaada ya kibinadamu. Lengo la kutoa misaada katika maeneo haya ni kutokana na ukweli kuwa haya ni miongoni mwa maeneo yanayokabiliwa na changamoto nyingi katika jamii zetu, mijini na vijijini, na ndio husababisha umasikini kwa kiasi kikubwa. Kundi linatumia mipango hii, ili kuhusika kuleta mabadiliko katika maisha ya jamii kwa kutumia uwezo na fursa ilizonazo pamoja na washirika wake.

### Nguzo Zetu za Uraia Mwema

Mojawapo ya vikwazo vya maendeleo ya kiuchumi nchini Tanzania ni ubora wa elimu. Benki inawajibika kwa jamii yetu kwa kuchangia mikakati ya serikali na sekta binafsi ya kuboresha elimu. Zaidi ya hayo, Benki hutoa mafunzo mbalimbali ya elimu ya kifedha, uwekezaji na biashara kwa wateja, wanahisa na mawakala wa Benki ili kuhakikisha kuwa jamii yetu inapata matokeo chanya kutokana na matumizi ya bidhaa na huduma zetu za kifedha.

### Misaada kwa Taasisi Za Elimu

Mwaka 2015, Benki ilitoa madawati 200 yenye thamani ya shilingi milioni 20 kwa shule ya msingi ya Buyuni iliyoko eneo la Chanika katika jiji la Dar es Salaam na madawati 150 kwa shule mbalimbali zilizoko wilaya ya Muleba katika Mkoa wa Kagera. Shilingi milioni 50 ilipewa Benki Kuu – Mfuko wa Mwalimu nyerere kwa ajili ya ufadhili wa mafunzo ya biashara. Shilingi milioni 10 ilitolewa kwa Chuo kikuu cha Tumaini ili kukiendeleza kifike hadhi ya kuwa Chuo Kishiriki cha Mbeya.

### Our Corporate Citizenship Agenda

CRDB Bank believes that in order to have sustainable results, the Bank should always strive to position itself as a responsible citizen by ensuring that on daily basis, its promises to distinguished shareholders, customers, staff and the communities where it operates are kept. The Bank creates a lasting bond by giving back to communities.

While the Group wants to remain committed to continuously bring positive impact to the community, customers and shareholders, it is also flexible in addressing emerging societal challenges. The strategic roadmap towards corporate social investment is spelt out in the 5-year strategy and relevant policies. The giving back culture is guided by the Bank's CSI policy that requires that at least 1% of profit is invested in community support initiatives on annual basis.

### Our Main Pillars

The Bank's corporate citizenship strategy seeks to implement various initiatives in the areas of Education, Health, Environment, and Humanitarian assistance. The focus on these four areas is due to the fact that they are the main recurring challenges facing our communities in urban and rural areas and are the main causes of poverty. With these four main pillars the Group seeks to be involved in transforming lives of the community by effective use of our competitive edge and synergies with partners.



### Education

One of the main impediments to economic development in Tanzania is the quality of education. The Bank is indebted to our communities to support government and private sector initiatives to improve the quality of education. In addition, the Bank conducts various training programmes on financial, investment and business literacy to customers, shareholders and bank agents in order to ensure that our communities are positively affected by our financial services and products.







Benki ilitoa msaada ili kuboresha huduma za vyoo kwa kutoa vyoo vya kisasa 40 vyenye thamani ya shilingi milioni 40 kwa shule ya msingi ya Mbata iliyoko mkoani Mbeya na shule ya msingi ya Makuru iliyoko mkoani Dodoma ambapo kila shule ilipata vyoo 20. Benki pia ilitoa msaada kwa ajili ya maendeleo ya elimu kwa shule ya msingi ya Kikatiti iliyoko mkoani Arusha kwa kutoa shilingi milioni 5. Kupitia misaada hii, Benki iliwawezesha watoto walio wengi na wanaostahili kupata elimu ya chuo kikuu na msingi kupata elimu husika katika mazingira bora ya kujifunzia.

### Elimu na Ujuzi wa Kifedha

Kundi linatambua umuhimu wa kutoa elimu ya masuala ya kifedha kwa watazania walio wengi na kwa wadau wetu wakiwemo mawakala wa FahariHuduma ili kuunga mkono lengo la serikali la kuhakikisha wananchi wetu walio wengi wanafikiwa na huduma bora na za uhakika za kifedha. Ndani ya kipindi hiki, jumla ya mawakala wa FahariHuduma 841 walipatiwa mafunzo juu ya wajibu wao wa kisheria, maadili ya biashara na tabia njema. Mafunzo haya yamewasaidia kuboresha huduma kwa wateja, na mahusiano kati yao na wadau wa Benki, wateja na jamii yote kwa ujumla.

Kundi liliendelea kuchapisha jarida la wanahisa kila baada ya miezi sita litwalo Mwanahisa kwa lugha ya Kiswahili na lugha ya Kiingereza (kwenye mtandao). Jarida hili hutoa uelewa na mafunzo katika mambo mbalimbali muhimu kwa wanahisa wa Benki na wawekezaji watarajiwa. Mbali na kuchapisha taarifa muhimu kwa wanahisa, jarida hili hutoa elimu kwa wawekezaji juu masuala muhimu kama vile jinsi ya kusoma na kuelewa waraka wa mizania, lini na jinsi ya kuwekeza kwenye kampuni na jinsi thamani ya hisa inavyopatikana.

### Afya

Lengo kuu la ajenda ya maendeleo ya serikali ni kuimarisha sekta ya afya. Ni ukweli usiopingika kuwa, sekta ya afya iliyo imara na yenye ufanisi ni muhimu sana katika kuwa na jamii yenye afya. Kila mwaka, Benki huandaa wiki ya huduma kwa wateja. Katiki wiki hiyo mwaka huu, wafanyakazi na menejimenti walikutana na wateja na jamii ambapo misaada mbalimbali ya vifaa ilitolewa.

Ili kuhakikisha jamii yetu inapata huduma muhimu za afya, Benki ilisaidia kuboresha huduma za afya na kutoa fedha kwa ajili ya kuimarisha hali ya majengo ya baadhi ya hospitali kama ilivyoainishwa hapa chini:

- Shilingi milioni 16 ilitolewa kwa Hospitali rufaa ya Bugando iliyoko mkoani Mwanza. Kwa kufanya hivyo, Benki imeshiriki katika kuimarisha hali ya maisha ya jamii yetu yote iliyoko katika mikoa ya kanda ya ziwa.

### Support to Education Institutions

In 2015, the Bank donated 200 desks worth TZS 20 million to Buyuni Primary school located at Chanika Dar es Salaam and 150 desks worth TZS 15 Million to various primary schools in Muleba District Council in Kagera region. TZS 50 Million was donated to BOT- Mwalimu Nyerere Sponsorship Fund for Business Studies.

The Bank donated TZS 10 million to Tumaini University for development of Mbeya campus. It also supported improvement of sanitary services by providing 40 modern toilets worth TZS 40 Million to Mbata Primary School in Mbeya and Makuru Primary school in Dodoma where each school got 20 toilets. Besides this, the Bank supported the development of education at Kikatiti Primary School, in Arusha by donating TZS. 5 Million. Through these contributions, the Bank has enabled more students eligible for university and primary education to get the relevant education and at more enabling schooling environment.

### Financial Education and Literacy

The Group recognizes the underlying importance of providing financial education to a wide segment of Tanzanians and to our stakeholders including FahariHuduma agents in order to support the government target of ensuring that majority of our communities are reached out with quality and reliable financial services. During this period, a total of 841 FahariHuduma agents were trained on their legal responsibilities, business ethics and code of conduct. These trainings have helped to improve customer service and the Bank's relationship with shareholders, customers and overall community.

The Group continued to publish a bi-annual newsletter for shareholders known as Mwanahisa in Swahili and English (digitally). The newsletter provides awareness and training on various issues which are pertinent to the Banks shareholders and other potential investors. Apart from publicizing important information to shareholders, it educates investors on relevant matters such as reading and understanding balance sheets, when and how to invest in a company, and how share value is determined.

### Health

Strengthening of the health sector is a core target of the Government's development agenda. It is a fact also that stable and well functioning health system is a prerequisite to the health of our communities. Besides this, the Bank organizes customer service week on annual basis. During this week bank staff and management met customers and the community where various support in terms of equipments and facilities were donated.





**Being residents in the environment, we feel obliged in ensuring that a healthier environment for ourselves and communities is maintained.**



- Shilingi milioni 10 ilitolewa kwa Hospitali ya Litembo katika wilaya ya Mbinga iliyoko mkoani Ruvuma.
- Shilingi milioni 10 ilitolewa kwa Hospitali ya Namanyere katika wilaya ya Nkasi iliyoko mkoani Rukwa.

Benki pia ilishiriki katika mapambano dhidi ya mlipuko wa ugonjwa wa kipindupindu kwa kutoa vitaa tiba vyenye thamani ya shilingi milioni 15 kwa hospitali mbalimbali zilizoko katika Manispaa ya Kinondoni.

### Mazingira

Kundi linawezesha uwekezaji katika sekta za kilimo, viwanda, na utalii hasa kwa wakati huu ambapo ulinzi na utunzaji wa mazingira ni kitu muhimu kwani mabadiliko ya hali ya hewa yameleta changamoto kubwa kwa nchi zote ikiwemo Tanzania. Tukiwa miongoni mwa wakaazi ndani ya mazingira, tunawajibika kudumisha mazingira yenye afya kwa ajili yetu na jamii.

Ili kusaidia jitihada za kutunza na kulinda mazingira, Kundi linazingatia matakwa ya kisheria ya tathimini ya athari ya mazingira kwa kila mradi tunaotekeleza. Ndani ya kipindi hiki, maombi ya mikopo kutoka viwandani, miradi ya madini na aina zote za uwekezaji, ambao unaweza kuwa na athari kwa mazingira yaliidhinishwa na Baraza la Taifa la Mazingira. Hii ni kuhakikisha kuwa mikopo tunayotoa inatumika kwenye miradi ambayo haina athari kwa mazingira.

Kundi lilitoa shilingi milioni 10 kwa Wizara ya Ardhi, Nyumba na Makazi ili kusaidia utunzaji wa fukwe za Mbweni JKT zilizoko Halmashauri ya wilaya ya Kinondoni katika mkoa wa Dar es Salaam.

### Misaada ya Kijamii

Benki inahamasisha shughuli zote za kijamii zinazoenga kujenga mazingira sawa na yenye amani ya kuishi kwa kila mdau/mtu. Kwa kuzingatia hili, Benki ilijenga kituo cha Polisi kwa chenye thamani ya shilingi milioni 125 katika kitongoji cha Marangu kilichoko Moshi mkoani Kilimanjaro ambacho kimekabidhiwa kwa Jeshi la Polisi la Tanzania. Benki iliipatia taasifi ya Tanzania Interfaith Association shilingi milioni 12. Taasisi huhujusisha na shughuli za kuhamasisha amani nchini Tanzania.

In making sure that our communities get vital health services, the Bank supported the improvement of health services and it made donations for rehabilitation of hospitals namely:

- TZS 16 Million was provided to Bugando referral Hospital located in Mwanza. In doing so, the Bank has positively affected the livelihood of our communities in all regions of the lake zone.
- TZS 10 Million was contributed to Litembo Hospital located in Mbinga - Ruvuma region.
- TZS 10 Million was provided to Namanyere Hospital located in Nkasi District - Rukwa region.

Similarly, the Bank participated in combating of the deadly Cholera disease by providing medical supplies worth TZS 15 Million to various hospitals in Kinondoni Municipal Council.

### Environmental

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. Being residents in the environment, we feel obliged in ensuring that a healthier environment for ourselves and communities is maintained.

In supporting conservation and environmental protection efforts, the Group complies with statutory environmental impact assessment requirements for projects it supports. During this period, loan applicants from factories, mining projects and all sorts of investments whose operations might have potential impact on the environment were certified by the National Environment Council (NEMC). This is to ensure that the loans we disburse are utilized in projects that have no impact on the environment.

The Group donated TZS 10 million to the Ministry of Lands, Housing and Human Settlement in order to support the conservation of Mbweni JKT Sea Shore Beaches located in Kinondoni District Council in Dar es Salaam region.

### Humanitarian Assistance

The Bank fosters all social initiatives, in support of peaceful coexistence of all stakeholders. In light of this, the Bank constructed a Police Station worth TZS 125 million at Marangu Township in Moshi - Kilimanjaro which was donated to Tanzania Police Force. The Bank gave TZS. 12 Million to "Tanzania Interfaith Association" which involves itself in fostering peace in Tanzania.





# KITUO CHA POLISI MARANGU

**CSOB BANK**  
The Bank that listens

**CSOB BANK**  
The Bank that listens

JENGGI HATA  
LINDIYI DINDIWA NA  
DOKA. TED BY.





Benki ya CRDB inaamini kwamba utawala bora wa Benki ni kichocheo chanya katika kujenga imani na kuimarisha uhusiano na wanahisa, wadau na kuleta thamani endelevu kwa wanahisa. Kama mchezaji muhimu katika tasnia ya fedha, CRDB inaona fahari kuwa na viwango vya juu vya utawala bora na kuhamasisha mazingira chanya ili kuhakikisha viwango vilivyowekwa vinasimamiwa. Kwa kufanya hivyo, Bodi imeendelea kuasili miundo, taratibu, sera, tamaduni, mwenendo na tabia ya umakini ili kuwawezesha wakurugenzi, menejimenti na wafanyakazi kufanikisha majukumu yao ipasavyo na kukidhi matakwa ya kisheria.

Mamlaka ya juu inayosimamia utawala ndani ya Kundi ni Bodi ya Wakurugenzi ya Benki ya CRDB na Bodi ya Wakurugenzi ya Kampuni Tanzu. Kuna idadi kadhaa ya Kamati za Bodi na Menejimenti ambazo zimeelekeza kushughulikia vihatarishi vya mikopo, ukaguzi, utawala na rasilimali watu ili kuhakikisha kunakuwepo na usimamizi imara katika biashara na masuala ya fedha.

Bodi ina jukumu la kusimamia masuala ya kiujumla ya utawala wa benki ikiwemo, kuunda mpango mkakati, kuunda sera mbalimbali kwa maeneo yote ya utendaji, kuidhinisha na kufuatilia mipango ya kibiashara na bajeti, kuweka utaratibu na viwango vya malipo na marupurupu ya watumishi, kufanya uteuzi, kuondoa watendaji na kuandaa mpango wa kurithisha ujuzi kwa wajumbe wa menejimenti. Majukumu mengine ni kuanzisha na kufuatilia utekelezaji wa malengo ya menejimenti na kuhakikisha umahiri katika kuzuia vihatarishi, uangalizi wa ndani, maafikiano ya kisheria na miundo ya mawasiliano katika ngazi ya menejimenti. Bodi pia inawajibika katika kuidhinisha na kufuatilia taarifa za kifedha na taarifa nyingine kutoka benki kwenda kwa wanahisa wa benki.

Katika kipindi cha mwaka mmoja uliopita, Bodi imeendelea kuhuisha vitendo vya utawala bora kwa kurejea upya sera, kufanya tathmini ya mwenendo na utendaji wa Bodi, shughuli zinazofanywa na kamati za Bodi, na menejimenti ya benki kwa ujumla.

CRDB Group believes that strong corporate governance is imperative for establishing trust, promoting engagement with shareholders, stakeholders and is also crucial to deliver sustainable shareholder value. As a key player in the financial industry, the Group feels obliged to uphold high standards on corporate governance and to promote an enabling environment where such standards are maintained. In doing so, the Board has continued to adopt structures, processes, policies, culture, values and behaviour with appropriate checks and balances thatenable Directors, management and staff to discharge their responsibilities and oversee compliance.

The supreme governing body which oversees corporate governance within the Group is the Board of Director's and Board of Director's for subsidiaries. A number of Board and Management committees are in place to manage risk, credit, audit, governance and human resources and to ensure effective control of the business and its financial matters.

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.

During the year, the Board continued to strengthen good governance practices by reviewing policies, reassessing Board and Board committees' activities and general management of the Group.



## Wajumbe wa Bodi ya Wakurugenzi

Bodi ya Wakurugenzi ni chombo cha juu kabisa cha kutoa maamuzi, kinachowajibika kwa masuala yote ya uendeshaji wa benki. Bodi inawajibika kwa wanahisa, na inahusika kuunda mikakati ya kibiashara na sera. Pia inawajibika kufuatilia kwa kina utekelezaji wa maagizo mbalimbali kupitia muundo bora wa utoaji wa taarifa ikiwemo kamati zake mbalimbali.

Bodi ya Benki inaendesha shughuli zake kwa kutambua kwamba utawala bora ni jambo muhimu katika kujenga hali ya kuaminika kwa wadau wake, ambao ni watu muhimu sana kwa maendeleo endelevu na kuongeza thamani ya wanahisa. Uzoefu wa pamoja na uwiano sahihi wa mitazamo na maarifa walionao wajumbe wa Bodi, unawawezesha kutimiza majukumu yao kwa ufanisi mkubwa.

Bodi iliundwa na wajumbe 11 wasio watendaji na Mkurugenzi Mtendaji. Wakurugenzi wa bodi ni watu ambao uzoefu na utaalamu wao kwa pamoja unaleta mchangiko mzuri wa ujuzi na uwezo kiutendaji. Muundo wa bodi unaweka uwiano sawa wa madaraka ili kuhamasisha michango kwa ajili ya kuzuia wajumbe wachache kutawala mijadala na maamuzi. Wajumbe wa kujitegemea wanaleta mawazo na mtazamo tofauti katika mijadala ya Bodi na mawazo yao yanazingatiwa wakati wote.

Kwa mujibu wa Katiba ya Benki, wajumbe wa Bodi ya Wakurugenzi wanapaswa kustaaifu kwa kupokezana. Kulingana na matakwa ya Katiba, wajumbe wa Bodi ya Wakurugenzi wanaweza kuchaguliwa tena baada ya muda wao wa miaka mitatu kuisha endapo wakurugenzi husika wanakidhi vigezo vinavyotakiwa. Wajumbe watatu wa Bodi Bw. Juma A. Abdulrahman na Bi. Selina A. Mkony kutoka kundi la wanahisa wenye hisa chini ya asilimia 1 na Bi. Rose F. Metta kutoka kundi la wanahisa wanaomiliki hisa kati ya asilimia 1 hadi asilimia 10 walistaafu ili kupisha uchaguzi wa wajumbe wa Bodi. Mjumbe mmoja wa kujitegemea Bw. Lawrence Nyasebwa Mafuu alijiuzulu kutokana na mgongano wa kimaslahi. Bw. Juma A. Abdulrahman alichaguliwa tena kuwa mjumbe wa bodi kutoka kundi la wanahisa wenye hisa chini ya asilimia 1 na Bi. Devotha N. Minzi alichaguliwa kuwa mjumbe wa bodi kutoka kundi hilo kwa mara ya kwanza.

Bi Rose F. Metta alichaguliwa tena kuwa mjumbe wa Bodi kutoka kundi la wanahisa wanaomiliki hisa kati ya asilimia 1 hadi asilimia 10.

## Composition of The Board of Directors

The Board is the Group's highest decision-making body and is ultimately responsible for governance matters for the Group. It is accountable 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 operates on the understanding that sound governance practices are fundamental to gaining trust of stakeholders which is critical to sustaining performance and preserving shareholders' value. Its collective experience and expertise provide a balanced mix of attributes/ skills that enable it to fulfil its duties and responsibilities

The composition of the Board ensures that there is a balance of power that stimulates robust challenge and debate such that no individual or group can dominate board processes or decision-making. The non-executive directors bring different perspectives to Board deliberations and constructive views are always encouraged.

The Board was made up of eleven non-executives and one Ex-officio members. The Board Directors are individuals whose joint experience and proficiency provide a balanced mix of skills and capacity that enable it to fulfil its duties and responsibilities effectively. The composition of the Board is set to ensure that there is a balance of power that inspires robust challenge and debate such that no individual or group can dominate board processes or decision-making. The non-executive directors bring different perspectives to Board deliberations and constructive views are always encouraged.

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 09 May 2015, Mr. Juma A. Abdulrahman and Ms. Selina A. Mkony, belonging to the group of shareholders with shareholding of less than 1% of the Bank's share capital retired. Mr. Juma A. Abdulrahman was re-elected to represent the same group of shareholders. In addition, Ms. Devotha N. Minzi was elected to represent a group of shareholders with shareholding of less than 1% of the Bank's share capital.

Also, Ms. Rose Metta belonging to the group of shareholders with shareholding between 1% and 10% of the Bank's share capital retired and was re-elected to represent the same group of shareholders.



Wafuatao walikuwa Wakurugenzi wa Bodi kwa mwaka husika:

The following Directors served during the year:

Jina	Wadhifa	Umri	Wasifu	Uraia	Siku ya kuteuliwa
Name	Position	Age	Qualification/Discipline	Nationality	Date of appointment
Martin J. Mmari	Mwenyekiti/Chairman	52	Mhasibu/Accountant	Tanzanian	2001
Juma A. Abdulrahman	Mjumbe/Member	63	Mhasibu/Accountant	Tanzanian	2009
Adam H. Mayingu	Mjumbe/Member	52	Mhandisi Mifumo/Systems Engineer	Tanzanian	2013
Rose F. Metta	Mjumbe/Member	47	Mchumi/Economist	Tanzanian	2012
Kai Kristoffersen	Mjumbe/Member	75	Mtaaluma wa Benki na Mwanasheria /Banker and Lawyer	Danish	2004
Bede P. Lyimo	Mjumbe/Member	65	Mchumi/Economist	Tanzanian	2005
Boniface C. Muhegi	Mjumbe/Member	61	Mhandisi Ujenzi/Civil Engineer	Tanzanian	2004
Ally H. Laay	Mjumbe/Member	59	Mhasibu/Accountant	Tanzanian	2004
Selina A. Mkony	Mjumbe/Member	59	Mhasibu/Accountant	Tanzanian	2012 (retired May 2015)
Frederick T. Sumaye	Mjumbe/Member	65	Mtaalam wa Kilimo/ Agricultural Specialist	Tanzanian	2011
Lawrence N. Mafuru	Mjumbe/Member	43	Mtaaluma wa Benki/Banker	Tanzanian	2014
Devotha N. Minzi	Mjumbe/Member	56	Mchumi/Economist	Tanzanian	May, 2015
Charles S. Kimei	Mkurugenzi Mtendaji/ Managing Director, Ex Officio	62	Mchumi/Economist	Tanzanian	1998

Katibu wa bodi hadi wakati ripoti hii inaandaliwa, na ambaye ametumikia kwa kipindi cha mwaka 2015 ni Bw. John Baptist Rugambo. Bw. Rugambo ni Mkurugenzi wa Idara ya Masuala ya Kampuni.

### Mwenyekiti na Mkurugenzi Mtendaji

Mwenyekiti ni Mkurugenzi wa bodi ambaye sie Mtendaji. Jukumu kubwa la Mwenyekiti wa Bodi ni kuiongoza Bodi kwa ufanisi. Mkurugenzi Mtendaji ni mjumbe wa bodi kutokana na wadhifa wake kama mtendaji mkuu wa Benki. Wajibu wake ni kuhakikisha mipango na mikakati ya biashara na sera za benki zinaundwa na kutekelezwa. Pia, anawajibika kusimamia uendeshaji wa shughuli za kila siku za biashara ya benki, akisaidiwa na wajumbe wa Menejimenti pamoja na kamati mbalimbali za utawala, ambazo anaziongoza kama Mwenyekiti.

### Muundo wa Bodi ya Wakurugenzi

Bodi ina wajumbe 11 ambao sio watendaji. Idadi hii inajumuisha Mkurugenzi huru na Mkurugenzi Mtendaji (ambaye ni Mjumbe wa bodi kutokana na nafasi yake). Bodi inaongozwa na Mwenyekiti ambaye huchaguliwa na wakurugenzi kila mwaka. Kila mwanahisa mwenye hisa zipatazo asilimia 10 ya mtaji wa benki uliotolewa na kulipwa anaruhusiwa kuteua mkurugenzi wa Benki. Wanahisa wenye hisa kati ya asilimia moja hadi asilimia kumi 10 ya mtaji wa benki uliotolewa na kulipwa kwa pamoja wanaruhusiwa kuchagua Mkurugenzi kwa kila asilimia kumi ya hisa zinazomilikiwa. Mwanahisa yeyote ambaye hisa zake yeye binafsi, hazifiki asilimia 10 ya mtaji uliotolewa na kulipwa, hawezi kuchagua Mkurugenzi. Hata hivyo, kwenye Mkutano Mkuu uliofanyika Mei 9, 2015 wanahisa walipitisha azimio la kuruhusu wawekezaji maalum, ambao ni IFC, AFCap na CDC, kuteua mkurugenzi mmoja wa Bodi endapo kwa pamoja watakuwa na kiwango cha chini cha umiliki wa asilimia tano ya hisa za Benki.

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 and Department.

### Chairman and Managing Director

The Chairman is a non-executive director, and the roles of Chairman and Managing Director are separate, with their responsibilities clearly defined. The Chairman is responsible for leading the Board and ensuring its effectiveness. The 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. Non-executive Chairman, who is elected by directors every year, leads the Board. Every shareholder is entitled to appoint a Director for every ten percent (10%) of the fully paid up share capital of the Bank held. Shareholders owning between 1% and 10% of the paid up share capital of the Bank are jointly entitled to elect a Director for every block of 10% of shares held. However, in the AGM held on May 9, 2015, exception was granted to the Strategic Investors (consortium of IFC, AFCap and CDC) to jointly appoint one Director if they jointly acquire a minimum shareholding of five percent. Shareholders owning less than 1% of the issued and fully paid-up share capital of the Bank jointly elect one (1) Director for every 10% of shares held. All Shareholders elect one Independent Director.



## Vikao vya Bodi

Katika kipindi cha Mwaka 2015, Bodi iliendesha vikao vinane kama ilivyopangwa. Mahudhurio ya wajumbe wa Bodi kwa mwaka 2015 ilikuwa kama ifuatavyo:-

## Board Meetings

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

Jina la Mkurugenzi	Wadhifa	Mikutano aliyohudhuria
Name of Director	Position	Number of Board meetings attended
Martin J. Mmari	Mwenyekiti/ Chairman	6
Boniface C. Muhegi	Mjumbe/ Member	6
Ally H. Laay	Mjumbe/ Member	7
Bede P. Lyimo	Mjumbe/ Member	7
Kai Kristoffersen	Mjumbe/ Member	7
Juma A. Abdulrahman	Mjumbe/ Member	7
Fredrick T. Sumaye	Mjumbe/ Member	4
Rose F. Metta	Mjumbe/ Member	5
Selina A. Mkony (up to May, 2015)	Mjumbe/ Member	3
Adam H. Mayingu	Mjumbe/ Member	3
Lawrence N. Mafuru	Mjumbe/ Member	3
Devotha N. Minzi (approved July, 2015)	Mjumbe/ Member	3

## Kamati za Bodi

Hadi Desemba 31, 2015, Bodi ilikuwa na Kamati nne kama ifuatavyo: Kamati ya Ukaguzi, Kamati ya Mikopo, Kamati ya Rasilimali Watu na Utawala na Kamati ya Vihatarishi. Kamati hizo zinaendeshwa kwa kufuata taratibu na kanuni kama zilivyoainishwa katika mwongozo wa kila kamati ulioidhinishwa na Bodi ya Wakurugenzi. Wajumbe wa kila Kamati ni kama ilivyooneshwa hapa chini:-

## Board Committees

As at 31st December 2015, the Board had four committees namely: Audit Committee, Credit Committee, Governance and Human Resources Committee, and Risk Committee. The activities of the committees are governed by the respective Committee Charters which are approved by the Board. All four committees report to the Board of Directors. The composition of each committee is shown below:-

## Wajumbe wa sasa wa Kamati za Bodi

## Current Membership of the Board Committees

Jina	Kamati ya Ukaguzi Hesabu	Kamati ya Mikopo	Kamati ya Utawala Bora na Rasilimali Watu	Kamati ya Hali Hatarishi
Name	Board Audit Committee	Board Credit Committee	Board Governance and Human Resource 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	❖	✓		
Frederick T. Sumaye		✓	✓	
Lawrence N. Mafuru			✓	✓
Devotha N. Minzi	✓			✓

Key:

❖ Mwenyekiti/Chairperson

✓ Mjumbe/Member



### Kamati ya Ukaguzi

Kamati hii ilifanya vikao vitano ndani ya mwaka husika kama ilivyopangwa. Wakaguzi wa nje walialikwa na kuhudhuria vikao viwili ili kuwasilisha ripoti ya ukaguzi na kutoa maoni kuhusu taarifa ya hesabu iliyokaguliwa. Mkurugenzi Mtendaji, Naibu Wakurugenzi Watendaji, Mkurugenzi wa Ukaguzi wa Ndani na Mkurugenzi wa Fedha walihudhuria vikao hivyo kama waalikwa.

Wajumbe wa kamati na mahudhuria yao ni kama ifuatavyo:

Jina	Wadhifa	Mikutano aliyohudhuria
Name	Position	Meetings attended
Ally H. Laay	Mwenyekiti/ Chairperson	5
Juma A. Abdulrahman	Mjumbe/ Member	5
Kai Kristoffersen	Mjumbe/ Member	5
Selina A. Mkony	Mjumbe/ Member	2 (retired May, 2015)
Adam H. Mayingu	Mjumbe/ Member	3
Devotha N. Minzi	Mjumbe/ Member	1 (appointed June, 2015)

Kamati ya Ukaguzi ilipitia muundo wa sera ya uhasibu na taarifa za fedha ili kuhakikisha zinakuwa na ubora unaotakiwa kulingana na wakati uliopo. Kamati ilipitia upya muundo wa ndani wa udhibiti ili kuhakikisha uko imara, na pia ilitathmini utekelezaji wa maelekezo kutoka kwa Mkaguzi wa Ndani, Mkaguzi wa Nje na Mdhubiti. Kamati hii husaidia Bodi kuchagua na kutathmini utendaji wa Mkaguzi wa Nje kila mwaka. Pia inaweza kushauri kuondolewa kwa mkaguzi endapo itabainika utendaji wake hauendani na wajibu na majukumu aliyokabidhiwa au pale inapobainika kuwa hakuna uhuru kwa mkaguzi kutekeleza majukumu yake kwa kuzingatia matakwa ya taaluma.

Mkurugenzi wa Ukaguzi wa ndani huripoti moja kwa moja kwa Kamati ya Ukaguzi. Kila mwaka, Kamati hupitia na kuidhinisha Mpango kazi wa ukaguzi wa ndani pamoja na bajeti ya mwaka huku ikihakikisha kuwa mpango na bajeti hiyo unajumuisha maeneo yote ya uendeshaji wa shughuli za kundi yenye hali ya juu ya vihatarishi. Kamati pia hupokea ripoti ya Mkaguzi wa Ndani kwa kila robo mwaka ili kuishauri Bodi ya Wakurugenzi.

### Kamati ya Mikopo

Kamati ya Mikopo ilifanya vikao sita katika mwaka husika kama vilivyopangwa. Mkurugenzi Mtendaji, Naibu Wakurugenzi Watendaji, Mkurugenzi wa Mikopo na Mkurugenzi wa Wateja wakubwa walihudhuria vikao hivyo kama waalikwa.

### Audit Committee

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

Members of the committee and their attendance were as follows:

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.

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 finds that the performance is not in line with the assigned duties and responsibilities and/or there is no independence for the auditors to discharge their duties in a professional manner.

The 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.

### 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.



Wajumbe 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	4
Ally H. Laay	Mjumbe/ Member	6
Boniface C. Muhegi	Mjumbe/ Member	6
Frederick T. Sumaye	Mjumbe/ Member	1
Rose F. Metta	Mjumbe/ Member	4

Kazi kubwa ya Kamati ya Mikopo ni kufuatilia ufanisi na ubora wa mikopo, kutambua na kuidhinisha mikopo kwa kuzingatia mamlaka iliyopewa na kupendekeza mikopo (iliyo juu ya mamlaka yake) ili kuidhinishwa na Bodi ya Wakurugenzi. Kamati ya Mikopo inapitia Sera ya mikopo angalau mara moja kwa mwaka ili kuhakikisha inazingatia masuala ya msingi yanayoweza kutambua, kupima, kutathmini na kudhibiti vihatarishi vya utoaji wa mikopo pamoja na kuwa na mipango na mikakati sahihi kwa ajili ya menejimenti ya mikopo.

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 recommend 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.

### Kamati ya Rasilimali Watu na Utawala

Kamati ya Rasilimali Watu na Utawala ilifanya vikao vitano katika mwaka husika kama ilivyopangwa. Mkurugenzi Mtendaji, Naibu Wakurugenzi Watendaji, Mkurugenzi wa Rasilimali Watu na Utawala walishiriki kama waalikwa.

### Governance and Human Resources Committee

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

Wajumbe 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
Boniface C. Muhegi	Mwenyekiti/ Chairperson	5
Bede P. Lyimo	Mjumbe/ Member	5
Frederick T. Sumaye	Mjumbe/ Member	0
Selina A. Mkony	Mjumbe/ Member	2 (retired May, 2015)
Lawrence N. Mafuru	Mjumbe/Member	1 (alichaguliwa Agosti , 2014)
Juma A. Abdulrahman	Mjumbe/ Member	3

Kazi kubwa ya Kamati hii ni kuendeleza, kupitia na kuhuisha sera za utawala pamoja usimamizi wa rasilimali watu. Kamati inahakikisha mpango wa urithishaji madaraka kwa watendaji wakuu pamoja na nafasi nyingine muhimu ndani ya kundi unakuwepo. Kamati pia inapitia na kushauri mkakati wa motisha na malipo ya kila mwaka kwa wajumbe wa Bodi, wajumbe wa menejimenti na wafanyakazi wengine. Kamati hutoa ushauri wa jumla kwa Bodi kuhusu

The main function of this Committee is to develop, review and enhance the Group'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 is also responsible for reviewing and recommending reward strategy and annual compensation for the Board, senior management and other employees of the Group.



utawala bora, ikiwemo utendaji wa wakurugenzi, sera ya ajira na kustaafu kwa watendaji, yatokanayo na Mkutano Mkuu, kazi na majukumu ya kamati za Bodi, pamoja na masuala mengine muhimu au mabadiliko ambayo Kamati itaona ni vyema kushughulikiwa na Bodi au Kamati yoyote ya Bodi.

### Kamati ya Udhhibiti wa Vihatarishi

Kamati ya Udhhibiti wa vihatarishi ilifanya vikao vinne kwa mwaka husika kama ilivyopangwa. Mkurugenzi Mtendaji, Manaibu Mkurugenzi Mtendaji na Mkurugenzi wa Udhhibiti wa Hatari, walihudhuria mikutano hiyo kama waalikwa. Wajumbe wa Kamati hii na mahudhurio yao ni kama ifuatavyo:

Jina	Wadhifa	Mikutano aliyohudhuria
Name	Position	Meetings attended
Kai Kristoffersen	Mwenyekiti/ Chairperson	4
Rose F. Metta	Mjumbe/ Member	2
Adam H. Mayingu	Mjumbe/ Member	1
Lawrence N. Mafuru	Mjumbe/ Member	2
Devotha N. Minzi	Mjumbe/ Member	1 (appointed in June, 2015)
Juma A. Abdulrahman	Mjumbe/ Member	2 (Retired in May 2015)

Kazi kubwa ya Kamati hii ni kuisaidia Bodi kupitia mikakati na Sera za udhibiti wa vihatarishi na kupendekeza ili ziidhinishwe na Bodi. Kamati huipatia Bodi taarifa ya mapitio ya mara kwa mara ya vihatarishi zinazokabili kundi na kufuatilia utekelezaji wa mipango kazi ya usimamizi wa vihatarishi. Pia Kamati huangalia utoshelevu na ufanisi wa usimamizi wa mizania pamoja na vihatarishi husika, kupitia ripoti ya Kamati ya Usimamizi wa Raslimali na Madeni (ALCO) ambayo huwasilishwa na Menejimenti kwa Kamati hii kila robo ya mwaka.

### Uteuzi wa Wakurugenzi

Wakurugenzi wa Bodi wanateuliwa kulingana na Katiba ya Benki na matakwa ya mamlaka za udhibiti. Wakurugenzi wanachaguliwa na wanahisa wakati wa Mkutano Mkuu wa Mwaka, ambapo wanahisa wanapatiwa taarifa za wagombea kuhusu elimu yao, sifa zao, uzoefu wao na vigezo vingine muhimu ambavyo mkurugenzi anatakiwa kuwa navyo. Wakati wa kujaza nafasi zilizo wazi, Bodi na wanahisa hutambua ufahamu, stadi, uzoefu pamoja na majukumu mengine ya wagombea zikiwemo sifa nyingine muhimu kwa nafasi ya ukurugenzi.

### Mafunzo elekezi na endelevu

Baada ya kuchaguliwa, wakurugenzi hupatiwa Kifurushi chenye taarifa muhimu za Benki kama vile mifumo ya

The committee 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/issues that the Committee believes to be desirable in the matters to be covered by the Board or any of its Committees.

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

The main function of the Risk Committee is to assist the Board in reviewing risk management strategies and policies and recommend them for approval. It 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.

### 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 Shareholders at the Annual General Meetings (AGMs) in which shareholders are provided with information on the potential 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.

### Induction and Ongoing Education

On appointment, Directors receive the group's governance pack containing all relevant governance information such



utawala, sheria na sera mahususi. Mafunzo ya mara kwa mara kwa wakurugenzi ni jambo linalozingatiwa, ambapo wakurugenzi wanapatiwa taarifa juu ya sheria na kanuni zinazotumika, mabadiliko ya sheria, viwango, taratibu muhimu pamoja na maendeleo kwenye sekta husika ambayo yanaweza kuathiri shughuli za Kundi.

Programu ya elimu kwa wakurugenzi zinalenga zaidi masuala ya biashara na muda (nje ya mikutano ya Bodi) mwingine hupangwa kwa ajili vikao kwa masuala muhimu. Mada zilizofundishwa kwa mwaka 2015 ni pamoja na njia mbadala za kutoa huduma za kibenki na jinsi zilivyosaidia benki na taasisi nyingine za kifedha kuongeza wateja na mauzo, muundo wa Benki, jinsi ya kukuza bishara kupitia Kampuni tanzu na sababu zinazoathiri maendeleo yake. Mada zingine ni muundo wa utawala na usimamizi wake katika Kundi, kubuni bidhaa na huduma kwa ajili ya watu wa kipato cha chini na ambao hawajafikiwa na huduma za kibenki; njia mpya za utoaji wa huduma ili kupanua wigo wa vituo vya huduma kwa kufika maeneo mengi ya vijijini na pembezoni.

### Mpango wa Urithishaji madaraka

Bodi ya Wakurugenzi hupitia muundo wa Bodi na kamati zake angalau mara moja kila mwaka. Mapiitio haya huzingatia Mpango Mkakati wa Benki na hulenga kuhakikisha Bodi inakuwa na uwezo wa kutimiza mahitaji ya Kundi ya sasa na ya baadae.

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

### Mgongano wa Maslahi wa Wakurugenzi

Ni wajibu wa kila Mkurugenzi wa Bodi kuainisha bayana kama yeye binafsi au mshirika wake, anahusika moja kwa moja au kwa njia nyingine katika biashara yoyote yenye ushindani na Benki ya CRDB. Benki ina mchakato unaomtaka kila mkurugenzi wa bodi, kuweka bayana maslahi binafsi kabla ya kuteuliwa kushika wadhifa huo.

Mtu hatakiwi kuwa Mkurugenzi endapo biashara yake binafsi au ajira ya kudumu inaleta mgongano wa kudumu wa kimaslahi kati yake na Benki. Kama ni lazima mtu huyo aendelee na mgongano huo, basi iwe kama ilivyoainishwa na Mwingozo wa Benki Kuu ya Tanzania kwa ajili ya Bodi za Wakurugenzi wa Benki na Taasisi za Fedha wa mwaka 2008. Katika hali ya mgongano wa kimaslahi, Benki inatakiwa kutangaza umiliki wa hisa na mkataba wa biashara.

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 2015 include use of alternative banking delivery channels and how they have assisted banks and other financial institutions to increase their customer base and sales; understanding the synergies and organization structures; understanding how to manage business growth through subsidiaries and critical factors for the development of subsidiaries. Other areas included governance structures and management systems within a group; understanding the design of product and services targeting the low-income and un-banked population; and the new delivery channels in widening the access points to reach more remote and rural areas.

### Succession Planning

The Board of Directors reviews at least annually the 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 business interests before they are appointed to the Board.

A person will 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 situations of conflict of interest, the Bank is required to make public disclosures on shareholding and business agreement.



### Tathmini ya Utendaji wa Bodi ya Wakurugenzi

Ndani ya mwaka huu, Bodi ilifanya tathmini ya utendaji wake pamoja na Kamati zake. Wakurugenzi walijaza dodoso (fomu maalum) zilizoandaliwa ili kupima utendaji kazi wa Bodi na Kamati zake. Mwanasheria wa Benki alikusanya fomu hizo na kuandaa ripoti ambayo iliwasilishwa kwenye Bodi kwa ajili ya kujadiliwa. Wakurugenzi wa Bodi walijengewa uwezo katika usimamizi wa vihatarishi na utawala wa kampuni ili kukabiliana na upungufu uliojitokeza.

### Malipo ya Wakurugenzi

Malipo ya Wakurugenzi hupitiwa kila mwisho wa mwaka ili kuhakikisha kuwa ada na viwango viko sahihi. Mapitio hayo hufanyika baada kwa kuzingatia ukubwa wa kazi, viwango katika tasnia ya benki na kimataifa. Wakurugenzi wasio watendaji hulipwa ada zinazoidhinishwa na Wanahisa kwenye Mkutano Mkuu.

Wakurugenzi wasio watendaji hawana stahili ya malipo ya pensheni na hawahusiki katika mpango wa ujira wa Benki. Mchanganuo wa ada na malipo ya wakurugenzi yaliyofanyika mwaka 2015 kwa kulinganisha na ya mwaka 2014 ni kama ifuatavyo:

Jina/Name	2015 TZS' Million	2014 TZS' Million
1. Martin J. Mmari	62	57
2. Boniface C. Muhegi	58	48
3. Ally H. Laay	58	50
4. Devotha N. Minzi	26	-
5. Juma A. Abdulrahman	53	45
6. Bede P. Lyimo	58	50
7. Rose F. Metta	53	45
8. Selina A. Mkony	26	45
9. Frederick T. Sumaye	53	45
10. Adam H. Mayingu	53	45
11. Lawrence Mafuru	53	23
12. Kai Kristoffersen*	-	-
13. Charles S. Kimei **	-	-
JUMLA/ Total	553	453

\* Kai Kristoffersen halipwi ada ya Bodi na Benki kwani hulipwa na DANIDA.

\*\* Dk. Charles S. Kimei ni mjumbe mwajiriwa wa Benki. Hivyo, hulipwa mshahara kila mwezi na Benki.

### 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 Board for discussion. The gap identified from evaluation was addressed by capacity building on risk management and corporate governance. 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 AGM.

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 2014 is disclosed as follows:-

\* 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 which is part of key management remuneration disclosed under section 7.16. He is not paid Board fee.



## Hisa za Wakurugenzi

Mchanganuo wa hisa zinazomilikiwa na Wakurugenzi wa Bodi ni kama inavyooneshwa katika jedwali hapa chini:

## Directors' Shareholding

The shares held by Board Directors is as shown in the table below:

Jina Name	Cheo	Status	Hisa Shareholding
Martin J. Mmari	Mwenyekiti (sio Mtendaji)	Chairman - Non- Executive Director	756,333
Boniface C. Muhegi	Mkurugenzi (sio Mtendaji)	Non-Executive Director	2,241,352
Bede P. Lyimo	Mkurugenzi (sio Mtendaji)	Non- Executive Director	190,416
Ally H. Laay	Mkurugenzi (sio Mtendaji)	Non- Executive Director	28,812
Kai Kristoffersen	Mkurugenzi (sio Mtendaji)	Non- Executive Director	-
Juma A. Abdulrahman	Mkurugenzi (sio Mtendaji)	Non-Executive Director	341,796
Frederick T. Sumaye	Mkurugenzi (sio Mtendaji)	Non- Executive Director	7,448,376
Devotha N. Minzi	Mkurugenzi (sio Mtendaji)	Non -Executive Director	47,484
Rose F. Metta	Mkurugenzi (sio Mtendaji)	Non -Executive Director	16,216
Adam H. Mayingu	Mkurugenzi (sio Mtendaji)	Non- Executive Director	95,040
Lawrence Mafuru	Mkurugenzi (sio Mtendaji)	Non- Executive Director	-
Charles S. Kimei	Mkurugenzi Mtendaji	Managing Director, Ex-officio	1,191,746

## 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 Vihatarishi, Mkurugenzi wa Mikakati na Uvumbuzi na Mkurugenzi wa Masuala ya Kampuni huripoti moja kwa moja kwa Mkurugenzi Mtendaji.

Naibu Mkurugenzi Mtendaji wa Huduma Shirikishi anasimamia Kurugenzi za Fedha, Utawala, Tehama na Rasimali Watu. Naibu Mkurugenzi Mtendaji wa Uendeshaji na Huduma kwa Wateja anasimamia Idara ya Mikopo, Huduma za Kibenki, Huduma kwa Wateja Wakubwa, Idara ya Masoko, Utafiti na Huduma kwa Wateja, Huduma Mbadala za Benki na Idara ya Hazina. Idara zote hizi zinaongozwa na wakurugenzi. Mkurugenzi wa Ukaguzi wa Ndani anaripoti moja kwa moja kwenye Bodi kupitia Kamati ya Bodi ya Ukaguzi.

## Kamati za Uongozi

Uongozi wa Benki una kamati sita ambazo husimamia uendeshaji wa Benki ya CRDB na kampuni tanzu na utekelezaji wa mikakati na sera mbalimbali kama ifuatavyo:

### Kamati ya uongozi wa Juu

Kamati hii inaundwa na Mkurugenzi Mtendaji ambaye ni Mwenyekiti, Manaibu Wakurugenzi Watendaji wote, wakurugenzi wote wanaoripoti kwake na wakuu wa Kampuni tanzu. Kamati ya Uongozi wa Juu inakutana angalau mara moja kila robo mwaka ili kujadili na kupitia ufanisi wa mikakati ya Benki na mpango mkakati. Lengo kubwa la kamati hii ni kuiongoza Kampuni na kuhakikisha

## 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.

The Deputy Managing Director Shared Services oversees the Finance, Administration and General Services, Information and Communication Technology, Human Resources, Centralized Operations departments and Stressed Assets Management Unit (SAMU). All the departments with the exception of (SAMU) 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 as shown below:

### Executive Committee

The committee is composed of Managing Director who is the Chairman, Deputy Managing Directors, all Directors



raslimali za Benki zinapelekwa na kututumika kwa ufanisi. Kazi nyingine za Kamati hii ni pamoja na :

- (a) Kutengeneza na kupitia sera kila mara kwa ajili ya kupitishwa na Bodi.
- (b) Kusimamia na kufuatilia utekelezaji dira, mikakati na mpango wa biashara wa Benki.
- (c) Kuunda mkakati wa jumla wa Benki na malengo ya kifedha yatakayokubalika na Bodi, pamoja na malengo ya biashara kila mfanyakazi, mikakati ya idara na malengo ya kifedha.
- (d) Kutuutilia utendaji kwa kulinganisha na mpango mkakati wa Benki na kuchukua hatua stahiki kuboresha utendaji.
- (e) Kutathmini tija katika kila uwekezaji/upatikanaji au uanzishwaji wa biashara mpya au uuzaji wa biashara yoyote kulingana na mamlaka iliyopewa au kwa ajili ya kupitishwa na Bodi.
- (f) Kupitia na kupendekeza bajeti ya mwaka kwa kupitishwa na Bodi.

### Kamati ya Menejimenti

Kamati hii inaongozwa na Mkurugenzi Mtendaji na inaundwa na Manaibu Wakurugenzi Watendaji, Wakurugenzi wote na Wakuu wa Kampuni Tanzu. Kamati hii ina wajibu wa kupitia na kusimamia utekelezaji wa mipango ya uendeshaji, ili kuhakikisha utambuzi wa changamoto unafanyika kwa wakati na baadhi ya mambo yanayoweza kuathiri kufikiwa kwa malengo yanapatiwa ufumbuzi. Kamati hii hukutana angalau mara moja kwa mwezi.

### Kamati ya usimamizi wa Rasilimali na Madeni

Kamati hii inaundwa na Mkurugenzi Mtendaji, Manaibu Wakurugenzi Watendaji, Wakurugenzi walioko Kurugenzi ya Uendeshaji na Huduma kwa Wateja, Mkurugenzi wa Fedha, Mkurugenzi wa Vihatarishi na Uthibiti, Mkurugenzi wa Mkakati na Ubunifu. Kamati hii hukutana anagalau mara moja kila mwezi na inaweza kufanya mkutano wa dharula endapo litatokea tukio la kipekee, linayohitaji maamuzi ya haraka. Kamati ina majukumu yafuatayo:

- (a) Kusimamia mizania ili kuhakikisha raslimali zinagawanywa kwa usahihi ili kufikia malengo ya utendaji.
- (b) Kupitia hali ya kifedha iliyoposasa na baadae na kufuatilia vyanzo mbadala vya fedha ili kuhakikisha kunakuwa na hali bora ya ukwasi wakati wote.
- (c) Kupitia viwango vya mtaji wa sasa na baadaye ili kuhakikisha mtaji uliopo unakidhi mahitaji ya ukuaji unaotarajiwa na ubora wa rasilimali.
- (d) Kupitia utendaji halisi dhidi ya malengo yaliyowekwa, na bajeti na kuchambua sababu za kutofikia malengo ili kufanya maamuzi kwa wakati.
- (e) Kupima na kufuatilia wakati wote vihatarishi za uwekezaji

reporting directly to him and General Managers for CRDB Burundi and CRDB Microfinance. The Executive Committee meets at least once per quarter to discuss and review the effectiveness of the Group strategies and policies. The main objective of the Committee is to provide leadership to the Group and ensure efficient deployment and management of the Group's resources. Other functions of the Committee include:

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

### Management Committee

The committee chaired by 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 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 monthly and may hold extra-ordinary meetings on the occasion of exceptional events requiring immediate decision making. The Committee is responsible for:-

- a) Managing the balance sheet to ensure proper allocation of resources to achieve performance targets;
- b) Reviewing the current and prospective liquidity positions and monitoring alternative funding sources to ensure adequate liquidity is maintained at all times;
- c) Reviewing the current and prospective capital levels (risk based) to determine its adequacy in relation to expected growth and asset quality;



wa Benki ili kuhakikisha ubora wa raslimali unakuwa katika viwango vilivyowekwa na Bodi na Kanuni za Benki Kuu ya Tanzania (BoT).

### Kamati ya Mikopo

Kamati inakutana angalau mara moja kwa wiki. Kamati hii ina majukumu yafuatayo:

- a) Kupitia na kupendekeza kupitishwa kwa maombi ya mikopo, ambayo yapo juu ya mamlaka ya Naibu Mkurugenzi Mtendaji
- b) Kufuatilia na kutathmini ripoti za kila wiki za mikopo inayohitaji kugeuzwa na marejesho ya mikopo, na kutoa mwongozo kwa hatua zinazopaswa kuchukuliwa kuboresha ubora wa mikopo.
- c) Kuangalia mafungu ya mikopo angalau mara moja kwa kila robo mwaka, ukomo uliowekwa viwango vya mikopo na kufuata kanuni zilizowekwa na Benki Kuu.

### Kamati ya Vihatarishi

Kamati ya Udhhibiti wa vihatarishi husimamia udhibiti wa vihatarishi katika utendaji wa Kundi. Kamati inakutana mara moja kwa mwezi chini ya uenyekiti wa Mkurugenzi Mtendaji na inahudhuriwa na wakuu wote wa idara. Wajibu mkubwa wa Kamati hii ni kama ifuatavyo:

- a) Kutekeleza mikakati na sera za Bodi za usimamizi wa vihatarishi.
- b) Kufuatilia vihatarishi vinavyoweza kujitokeza na kuamua hatua zinazofaa kudhibiti hali hizo.
- c) Kuweka mifumo ili kupima, kufuatilia, kudhibiti vihatarishi na kutoa taarifa ya viwango vya hatari na mikakati ya udhibiti wa hatari hizo kwa Bodi na Kamati yake ya Udhhibiti wa vihatarishi.

### Kamati ya Zabuni

Kamati hii ina wajibu wa kusimamia taratibu za manunuzi ndani ya Benki kwa niaba ya Mkurugenzi Mtendaji. Kazi za kamati hii ni kutambua wazabuni bora, wakandarasi na wataalamu washauri kama inavyotakiwa, kusimamia taratibu za manunuzi kuanzia hatua ya utangazaji wa zabuni hadi tathmini na kupendekeza matokeo ya zabuni kwa Mkurugenzi Mtendaji kwa ajili ya kuidhinishwa.

### Mahusiano na Wadau

Katika kutimiza wajibu wao, wakurugenzi wanaamini kuwa wanaongoza Kundi kwa kuzingatia maslahi ya wanahisa, wakati huo huo wakizingatia pia maslahi ya wadau wengine katika Kundi, ikiwa ni pamoja na wateja, wafanyakazi, wadhibiti na wazabuni. Uongozi wa Benki hufanya mawasiliano ya mara kwa mara na wanahisa wakubwa na wawekezaji watarajiwa kwa mwaka mzima kwa kuhudhuria majadiliano na wawekezaji na mikutano ya wanahisa. Mrejesho wa mikutano hiyo hupelekwa katika Bodi.

- d) 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 Group 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:-

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

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



Benki imeendelea 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, zinazowapa fursa wanahisa kuchangia maoni kwenye mjadala katika mikutano. Wanahisa wanahimizwa kuelekeza maswali yao kwenye Menejimenti na Bodi na kutoa maoni kwenye tovuti ya Benki, ambayo ni: [www.crdbbank.com](http://www.crdbbank.com).

Kitengo mahsusi ndani ya Idara ya Masuala ya kampuni kinashughulikia masuala ya wanahisa kama vile malipo ya gawio, kuhamisha hisa na masuala ya umiliki wa hisa kwa ujumla. Kitengo cha mahusiano na Wawekezaji kina wajibu wa kutoa taarifa za uwekezaji ndani ya Benki kwa wawekezaji waliopo na wawekezaji tarajiwa.

### Biashara ya hisa kwa watu walioko ndani ya Benki

Benki ina Sera inayotoa mwongozo kuhusu biashara ya hisa zake kwa watu walioko ndani ya Kundi. Watu walio ndani ya Kundi, wanaruhusiwa kufanya biashara ya hisa za Benki siku tatu baada ya kutolewa kwa taarifa za hesabu za robo mwaka, mwaka mzima na taarifa nyingine muhimu kwa kipindi cha wiki tatu. Idara ya Vihatarishi na Uthibiti inawajibika kusimamia utekelezaji wa Sera hii.

### Malipo 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. Malipo kwa viongozi hao muhimu kwa mwaka 2015 ilikuwa ni shilingi milioni 8,616 ((2014: Shilingi milioni 6,813).

### Miamala ya makundi yenye uhusiano

Makundi yanachukuliwa kuwa na uhusiano endapo kundi moja lina uwezo kudhibiti kundi lingine au kuwa na ushawishi mkubwa katika maamuzi ya kifedha au kiutendaji ya kundi jingine. Katika utendaji wa kawaida wa biashara, baadhi ya miamala ya benki hufanywa na makundi yenye uhusiano, kama vile wafanyakazi walio ndani ya Menejimenti, Wakurugenzi na kampuni zenye uhusiano na Wakurugenzi. Mahusiano haya huongozwa na Sera zinazoidhinishwa na Bodi kuhakikisha yanafanyika inavyostahili.

Katika kipindi husika, mikopo kwa kampuni zenye uhusiano na wakurugenzi ilikuwa shilingi milioni 150 (2014: Shilingi milioni 69), wakati mikopo kwa Wakurugenzi na Menejimenti ilikuwa ni Shilingi bilioni 3.8 (2014: Shilingi bilioni 4.1). Ukubwa wa miamala na kiasi chake cha fedha katika kipindi husika, imeelezwa katika Taarifa ya Fedha Namba 39.

regulators and suppliers. The Management communicates regularly 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 an Investor Relations Unit which is responsible for providing 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.

### 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 8,616 million (2014: TZS 6,813 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 122 million (2014: TZS 27 million), while



### Tabia Njema na Uadilifu wa Taasisi

Muundo wa utawala wa Kundi unajumuisha usimamizi na udhibiti wa mahusiano baina ya wadau, ikiwa ni pamoja na wanahisa, wakurugenzi wa Bodi, wafanyakazi, wateja, wazabuni na jamii kwa ujumla. Zaidi ya hayo, wakurugenzi wamedhamiria kulinda misingi ya uendeshaji wa biashara kwa uadilifu, kama ilivyoainishwa katika Kitabu cha Maadili cha Benki, kinachotoa mwongozo juu ya mahusiano ya kibiashara kati ya Benki na wadau wake

### Sera za Malipo

Katika kutambua malipo kwa ajili ya Wakurugenzi (ambao sio watendaji) Benki hutumia sera za malipo. Menejimenti huwasilisha mapendekezo ya ada ya Wakurugenzi yakionyesha ongezeko na sababu ya ongezeko hilo kwa bodi kwa ajili ya kuidhinishwa kabla ya kuwasilishwa kwenye Mkutano Mkuu.

loans and advances to Directors and other key management personnel amounted to TZS 4.1billion (2014: TZS 4.6 billion).The volume 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 amongst different stakeholders including shareholders, Board of Directors, employees, customers, suppliers and the community at large. The Board and all employees observe values and ethical business practices as enshrined in the CRDB Code of Ethics which governs all its business interactions and relationships to stakeholders.

### Remuneration Policies

In determining the remuneration to be paid to the non-executive directors, the Bank uses its Remuneration policies. Management usually send a proposal of the fees to be paid to the non- executive directors by showing the percentage increase and reasons for the increase and forward the proposal to the Board before final approval to the Annual General Meeting.





50:03:1

14:51:2

3

15:04:4

1

2

3

4



## Uwajibikaji katika Usimamizi wa Vitahatarishi

Ukubwa wa biashara na wigo mpana wa kijografia wa shughuli za Benki, vimeongeza umuhimu wa kuwa na mkakati unaotekelezeka wa menejimenti ya Vihatarishi, ili kuhakikisha kuwa mkakati wa biashara unatekelezwa kwa mafanikio. Uwajibikaji wa mwisho katika usimamizi wa Vihatarishi uko kwa Bodi ya Wakurugenzi. Bodi inawajibika kuidhinisha mpango mkakati wa kukabiliana na vihatarishi katika viwango mbalimbali na sera zinazotengenezwa na menejimenti za kudhibiti vihatarishi.

Aidha, Bodi ya Wakurugenzi ina wajibu wa kufuatilia utaratibu wa Benki wa utawala bora na udhibiti wa vihatarishi kupitia kamati mbalimbali za Bodi, ikiwemo Kamati ya Kudhibiti vihatarishi, Kamati ya Mikopo, Kamati ya Utawala Bora na Rasilimali Watu na Kamati ya Ukaguzi wa Hesabu. Bodi pia inawajibika kuhakikisha sera zinazotengenezwa, zinaendelea kutumika ipasavyo kuelekeza utaratibu wa udhibiti wa vihatarishi katika Kundi, zinakuwa sehemu ya mifumo ya taarifa za menejimenti ya Benki na zinajumuishwa katika ripoti za utendaji. Benki Kuu ya Tanzania ambayo ni mdhibiti wa mabanki yote nchini, hufanya ukaguzi kila mwaka wa uwezo wa Benki wa kukabiliana na viashiria vya hatari.

Bodi imekasimu madaraka yake ya kila siku ya usimamizi wa kufuatilia udhibiti wa kila siku wa vihatarishi kwa Menejimenti kwa ajili ya kufuatilia na kuchukua hatua. Kikosi kazi kinachoundwa na mameneja waandamizi kinafuatilia udhibiti wa vihatarishi kupitia kamati za menejimenti, ambazo kwa pamoja zinawajibika kuhakikisha kuna udhibiti wa kutosha wa vihatarishi katika maeneo ya kiutendaji. Kamati hizo za menejimenti ni pamoja na Kamati ya Kudhibiti Vihatarishi, ambayo inawajibika katika suala zima la vihatarishi katika wigo wake; Kamati ya Rasilimali na Madeni (ALCO), ambayo inawajibika na vihatarishi katika masuala ya fedha yanayoathiri sehemu ya taarifa ya fedha (balance sheet) na Kamati ya Mikopo, ambayo inafuatilia na kuweka vigezo kwa ajili ya kudhibiti vihatarishi vinavyotokana na utaratibu wa utoaji wa mikopo.

Kamati ya ALCO na Kamati ya Kudhibiti vihatarishi huketi kila mwezi kupitia taratibu za Benki za kudhibiti vihatarishi, kufuatilia utekelezaji dhidi ya malengo yaliyowekwa na kubaini vikwazo vya udhibiti wa ndani na kutoa taarifa kila baada ya robo mwaka kwa Kamati ya Bodi ya Kudhibiti vihatarishi.

## Responsibility for Risk Management

The business diversity and geographical scope of the Group make it imperative to have effective risk management framework, in order to achieve its business strategy. The core risk management responsibility lies with the Group Board of Directors. The Board is responsible for approving the risk strategy and appetite, risk control and management policies, and overseeing the Group's overall risk and governance process assisted by various Board Committees namely the Risk Committee, Credit Committee, Governance and Human Resources Committee and Audit Committee. The Board ensures that policies are developed, remain adequate to guide the risk management process across the Group, are integrated in the overall management information systems of the group and are supplemented by an effective management reporting structure. The Bank of Tanzania (Regulator) conducts annual examinations to assess the Group's capacity to assume risks.

The Board has delegated the day to day risk management function to the Management team for execution and oversight. The senior management team oversees risk management through management committees that are jointly responsible to ensure that there is adequate risk management in functional areas. The Management committees include 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. Enterprise Risk Management function is centralized, while risk management is a shared responsibility by all Bank employees. Functional business line staff and management incur and own risks while the Group Risk Management and other control functions perform independent overview, monitoring and control risks. The Board communicates its objectives to employees through the Group Risk Management Framework, Risk Management Policies and Procedures. The policies clearly set out risk appetite, define the risk targets and tolerance levels that the Group is willing to take. Risk limits and triggers alert the Bank of potential losses from inherent risks for timely remedial action. The senior management ensures that adequate



Ingawa kwa kiasi kikubwa jukumu la kukabiliana na vihatarishi liko kwa Bodi ya Wakurugenzi na Menejimenti, ni wazi kuwa, kila mfunyakazi wa Benki anawajibika kukabiliana na vihatarishi katika eneo lake la kazi.

Viongozi katika ngazi mbalimbali za kati na mameneja hukutana na kukabiliana na vihatarishi mbalimbali kila siku, wakati wa utekelezaji wa majukumu yao lakini hutumia sera ya Benki ya kukabiliana na vihatarishi hivyo, na hushirikiana katika kazi za udhibiti za aina tofauti tofauti, ikiwemo ufuatiliaji wa jumla, uratibu na udhibiti wa vihatarishi.

Bodi ya Wakurugenzi huwasilisha malengo yake kwa wafanyakazi kupitia Mpango wa Usimamizi wa vihatarishi na taratibu za kukabiliana na hatari hizo. Mpango huo umeweka bayana viwango vya vihatarishi, umefafanua malengo katika kudhibiti vihatarishi hivyo na kiwango cha viashiria ambacho Benki imeridhia kiwepo katika utendaji wake. Pia umefafanua ukomo wa viwango vya vihatarishi vinavyokubalika na umeweka viashiria vya uwezekano wa Benki kupata hasara kutokana na baadhi ya vihatarishi, ili hatua za haraka za kuzuia hatari husika zichukuliwe.

Mameneja waandamizi wanawajibu kuhakikisha kunakuwepo mfumo unaojitosheleza wa udhibiti wa ndani, ili kutoa taarifa za uhakika kuhusu masuala ya vihatarishi. Aidha, kikosi kazi kinachojitegemea cha kukabiliana na vihatarishi, kinawajibika moja kwa moja kwa Mkurugenzi Mtendaji kupitia Idara ya Kukabiliana na vihatarishi, ambayo inaratibu na kufuatilia utekelezaji wa mpango wa kudhibiti viashiria vya hatari/vihatarishi.

Kila mwaka, wakaguzi wa hesabu wa ndani ya Benki, hupitia utendaji katika kukabiliana na vihatarishi na kutoa taarifa zao moja kwa moja kwa Kamati ya Ukaguzi wa Hesabu ya Bodi ya Wakurugenzi.

Wakaguzi wa hesabu wa nje na mdhibiti ambaye ni Benki Kuu, nao hutoa ripoti ya tathmini yao kwa Menejimenti na Bodi ya Wakurugenzi kuhusu utendaji wa mifumo ya ndani ya udhibiti, kama ilivyobainika katika ukaguzi wa kila mwaka.

### Tathimini ya Sera

Katika mwaka ulioisha, Bodi ya Wakurugenzi ilipitia sera zote na vigezo vilivyowekwa kwa mamlaka mbalimbali zinazosimamia uendeshaji wa Benki.

### Mpango wa Usimamizi wa Vihatarishi

Vihatarishi vipo katika kila shughuli za Kundi na katika uendeshaji, pia ni jambo linalotarajiwa katika biashara. Kutokana na mazingira hayo, ni lazima Benki ikabiliane na vihatarishi hivyo kwa ufanisi.

internal control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding all aspects related to risk management.

An independent risk and compliance function reports directly to the Managing Director through the Risk and Compliance Department which coordinates and oversees the implementation of the enterprise wide risk management framework. Additionally, the Bank's internal auditors review the risk management function periodically, and reports 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 as found during 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.

### Risk Management Framework

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

The Group has a sound risk management framework to monitor, evaluate and manage principal risks taken when conducting business activities. The risk management framework is continuously evaluated and reviewed in line with the requirements of the markets in which the Bank operates in order to remain in line with regulatory standards and industry best practices.

### 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

The Group is exposed to credit risk that emanate from its lending activities. 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. Credit risk also arises from



Ili kuongeza thamani ya hisa za wanahisa kwa kiwango cha juu, Benki inahakikisha kuwa udhibiti wa vihatarishi, unaendana na malengo yake na kiwango cha juu kinachokubalika kwa vihatarishi hivyo, kama kilivyowekwa na Bodi ya Wakurugenzi na kuhakikisha mara zote kuna uwiano unaohitajika kati ya mapato au mafanikio na vihatarishi vilivyokubalika. Benki ina muundo bora wa kudhibiti vihatarishi unaoratibiwa, unaopitiwa mara kwa mara na unaotumika kudhibiti vihatarishi vya msingi vya kibiashara, wakati wa kutekeleza majukumu ya kibiashara. Muundo huo wa kudhibiti hatari za kibiashara, hupitiwa na kuboreshwa mara kwa mara ili uendane na hali ya soko ambalo Benki linatoa huduma zake, ili kuendelea kukidhi viwango vya mdhibiti na taratibu bora za uendeshaji wa mabenki.

### Viashiria Vikuu vya Hatari Kibiashara

Benki inakabiliana na vihatarishi katika maeneo matano yafuatayo:

- Vihatarishi katika mikopo;
- Vihatarishi katika kiwango cha fedha kinachohitajika kukidhi mahitaji ya uendeshaji;
- Vihatarishi katika soko la fedha (hatari zinazosababishwa na riba na viwango vya kubadilishana fedha);
- Vihatarishi katika uthibiti (kufuata taratibu au uratibu);
- Vihatarishi katika uendeshaji na
- Vihatarishi vya kimkakati (kutokana na mkakati wa biashara)

### Vihatarishi vya Mikopo

Benki inakumbana na vihatarishi katika shughuli zake za kutoa mikopo. Uwezekano wa vihatarishi vitokanayo na mikopo, kimsingi hutokana na kazi za kukopesha, shughuli za uwekezaji ambazo husababisha dhamana za mikopo, hati na rasilimali nyingine ndani ya Kundi. Vihatarishi vya mikopo husababishwa pia na shughuli nje ya mfumo wa mizania ya Benki kama vile majukumu ya mikopo na udhamini wa biashara ya nje.

Kundi husimamia udhibiti wa vihatarishi vya mikopo kupitia sera ya mikopo, udhamini, mapitio huru ya mikopo na taratibu za kudhibiti ubora wa mikopo na kupitia kamati za Menejimenti zilizoundwa. Jukumu la usimazi na wa vihatarishi vya mikopo liko kwa Kikosi kazi cha usimamizi wa vihatarishi vya mikopo cha Benki. Kikosi hiki kinaripoti mara kwa mara taarifa na utendaji wake kwa Bodi ya Wakurugenzi na Menejimenti.

### Kipimo cha Vihatarishi vya Mikopo

Katika kupima kiwango cha viashiria vya hatari katika utoaji wa mikopo kwa wateja na kwa mabenki mengine, Benki

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 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 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 Group 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.

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



inaangalia vigezo viwili; (i) uwezekano wa mteja au benki husika kushindwa kulipa kama ilivyotarajiwa au ilivyo katika makubaliano na (ii) mazingira ya sasa ya mteja na ya siku za baadae, ambayo Benki itaona yanaweza kusababisha mteja kushindwa kulipa mkopo.

Hivi vipimo vya vihatarishi katika mikopo, ambavyo huonesha hasara zinazoweza kutokea, hutumika kila siku katika usimamizi wa uendeshaji wa shuguli za Benki. Vipimo vya kiuendeshaji vinaweza kutofautishwa na tengo (kutokana na mikopo kutolipwa) kwa kuzingatia viwango vya uhasibu vya kimataifa namba 39, ambavyo huzingatia hasara zilizopatikana hadi tarehe ya mizania ya Benki (mchanganuo wa hasara iliyokwisha tokea), badala ya hasara inayotarajiwa kutokea.

### Madaraja ya ndani ya Kundi ya upimaji

Upimaji wa Kundi	Maelezo ya daraja
1	Iliyopo sasa
2	Iliyotarajiwa
3	Chini ya kiwango
4	Yenye mashaka
5	Hasara

### Dhamana

Kundi na Benki inatumia sera mbalimbali ili kupunguza makali au kupunguza athari za vihatarishi vya mikopo. Kundi hutekeleza aina mbalimbali za dhamana na mbinu za kuepuka athari zitokanazo na vihatarishi vya mikopo. Aina kuu za dhamana za mikopo ni kama zifuatavyo:

- Dhamana za mikopo ya nyumba binafsi;
- Dhamana za mikopo ya rasilimali za biashara;
- Dhamana za amana na hisa.

Ili kupunguza hasara kutokana na mikopo, Kundi linaweza kutaka dhamana ya ziada kutoka kwa mteja, endapo zitabainika dalili za mteja husika kushindwa kulipa mkopo.

### Mikopo ya Kundi ni kama ilivyoainishwa hapa chini:

(Katika Milioni za Shilingi)

	2015	2014
Mikopo iliyochelewa kulipwa lakini haijadorora	2,905,015	2,392,578
Mikopo iliyochelewa kulipwa ila haijadorora	166,475	54,317
Mikopo iliyodorora	270,862	129,247
Jumla Kuu	3,342,352	2,576,142
Toa: Tengo kwa ajili ya tegemeo la hasara	(81,765)	(30,846)
Jumla Halisi	3,260,587	2,545,296

### Group Loans and advances are as summarised below:

(Amounts are in TZS' Million)

	2015	2014
Neither past due nor impaired	2,905,015	2,392,578
Past due but not impaired	166,475	4,317
Impaired	270,862	129,247
Gross	3,342,352	2,576,142
Less: Allowances for impairment	(81,765)	(30,846)
Net	3,260,587	2,545,296

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 natures of Group's businesses expose it to market risk. 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. Market risks are managed by 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.

### Market Risk Measurement Techniques

The 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 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 4,432 million as at 31 December 2015 (2014: TZS 2,705 million).



Jumla ya tengo kwa ajili ya mikopo isiyolipika, inajumuisha mikopo isiyolipika kwa mteja mmoja mmoja na mikopo ya Benki yote kwa ujumla. Taarifa zaidi ya tengo kwa ajili ya mikopo isiyolipika iliyoitolewa kwa wateja imeainishwa katika kifungu namba 3.

### Vihatarishi vya Soko

Biashara ya Benki inakabiliwa na vihatarishi vya soko. Vihatarishi hivyo vinatokana na soko huru la viwango vya riba, aina za sarafu na bidhaa za mitaji. Vyote hivi vinakabiliwa na mabadiliko ya soko hasa katika viwango vya riba, viwango vya kubadilisha fedha za kigeni na gharama za mitaji ya uwekezaji. Benki hutenganisha viwango vya vihatarishi vya soko katika makundi mawili: vile vinavyotokana na ufanyaji biashara au shughuli zingine za Benki. Idara ya Hazina husimamia vihatarishi vya soko, na ufuatiliaji hufanywa na timu huru ndani ya Idara ya Vihatarishi na Uthibiti. Taarifa za mara kwa mara hupelekwa kwa Bodi ya Wakurugenzi na Menejimenti.

### Mbinu za Kupima Vihatarishi vya Soko

Idara ya Vihatarishi na Uthibiti inawajibika kutengeneza na kupitia mara kwa mara sera za usimamizi wa vihatarishi wakati Idara ya Hazina inawajibika katika utekelezaji wa kila siku wa sera hizo.

Benki hutumia vipimo maalum vijulikanavyo kama interest rate gap analysis, Earning at Risk na Stress analysis katika kupima kiwango cha vihatarishi vya soko ili kuhakikisha viwango hivyo vinakuwa ndani ya ukomo unaotakiwa huku ikiboresha pato kutokana na uwekezaji.

### Vihatarishi vya Bei

Kundi linakabiliwa na vihatarishi kutokana na bei ya dhamana vilivyoinishwa kwenye waraka mizania kama tayari kwa kuuza. Endapo bei ya dhamana katika soko itapanda au kushuka kwa asilimia 5, na vitu vingine vyote visibadilike, thamani halisi ya dhamana inaweza kuongezeka au kupungua kutokana na kuongezeka au kupungua kwa thamani ya dhamana zilizo tayari kuuzwa kwa shilingi milioni 4,432 hadi Desemba 2015 kutoka shilingi milioni 2,705 mwaka 2014.

### Vihatarishi vya riba

Kundi na Benki linakabiliwa na athari za kubadilika kwa viwango vya riba. Bodi imeweka ukomo wa kiwango cha riba, kinachofaa ambacho hufuatiliwa kwa karibu na Idara inayojitegemea ya Vihatarishi na Uthibiti na ripoti kuwasilishwa kila mwezi na kila robo ya mwaka kwa Bodi na kamati ya usimamizi wa rasilimali (ALCO).

Kama masuala mengine yakiwa kama ilivyotarajiwa,

### Interest Rate Risk

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. 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 2,121 million as at 31 December 2015.

### Liquidity Risk

The nature of Group's business expose it to liquidity risk which occurs when it does not have sufficient cash to meet liquidity demands or situations on which it cannot raise enough liquidity in a cost effective manner.

### Liquidity Risk Management Process

The liquidity management process carried out within the Group and monitored by the Asset and Liability Committee (ALCO) of the individual bank includes:

- Day-to-day funding which is 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 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.

### Our Funding Approach

The Group's major source of funding comes from customer core deposits. To this end, the Group maintains a diversified and stable funding base comprising of current/demand, savings and time deposits. A considerable importance is placed on the stability of these deposits, which is achieved



kubadilika kwa viwango vya riba kwa alama 500 katika rasilimali na madeni yote yanayohusisha riba, yangesababisha kuongezeka au kupungua kwa faida baada ya kodi kwa shilingi milioni 2,121 hadi Desemba 31, 2015.

## Vihatarishi vya Ukwasi

Biashara ya Benki inaiweka katika mazingira ya kukabiliana na hatari ya aina hii, ambayo hutokea wakati Benki inapopungukiwa fedha za kukidhi mahitaji kwa wakati husika na wakati huo huo, haiwezi kupata fedha zinazohitajika bila kuingia gharama.

## Mchakato wa Usimamizi wa vihatarishi vya Ukwasi

Mchakato wa usimamizi wa vihatarishi vya ukwasi unaofanywa ndani ya Kundi na kusimamiwa na Kamati ya Rasilimali na Madeni (ALCO) kwa kila benki unajumuisha mambo yafuatavyo:

- Kukidhi mahitaji ya kila siku ya fedha ambayo hufanywa kwa kuhakiki mahitaji ya baadae ya fedha ili kuhakikisha mahitaji yanapojitokeza, yanapata fedha za kutosheleza. Hii ni pamoja na kufidia amana za wateja zilizofikia muda wake au kukopwa na wateja. Hii inawezekana kwa Kundi kuendelea kuwepo katika soko la fedha.
- Kuendelea kumiliki dhamana zinazouzika kwa urahisi, ambazo ni rahisi kuziua na kupata fedha, ili kufidia uhaba wa fedha pale inapotokea hitilafu katika mtiritiko wa fedha taslimu.
- Kufuatilia utokaji na uingiaji wa fedha katika Benki bila kuathiri mahitaji ya ndani ya Benki na matakwa ya mdhibiti; na
- Kusimamia kiwango cha wigo wa madeni;
- Kusimamia uwekezaji wa amana za wateja, ili kuhakikisha mahitaji yao yanayotegemea amana yanatimizwa wakati wote;

Usimamizi na utoaji wa taarifa unazingatia mtiririko wa fedha katika soko na makadirio ya hali ya biashara kila siku, wiki na mwezi, kwa kuwa hivyo ni vipindi muhimu vinavyotoa tathimini halisi ya hali ya fedha.

## Vyanzo vya Fedha

Chanzo kikubwa cha fedha za Benki ni amana za wateja wetu. Mpaka mwisho wa mwaka uliopita, Benki imeendelea kuwa na kiwango imara cha fedha kutoka vyanzo mbalimbali, ikiwemo fedha kwa ajili ya mahitaji ya sasa, amana za kawaida na muda maalumu. Uangalizi maalumu hufanyika katika udhibiti wa akiba hizo, kupitia shughuli za kila siku za benki na kwa kutunza imani ya wateja na kujiimarisha kifedha. Kundi hukopa fedha katika soko la fedha la benki za hapa nchini kupitia miamala kati ya benki moja na nyingine, katika kukidhi mahitaji ya muda mfupi ya

through the retail banking activities, and by maintaining depositors' confidence in the 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 medium and long term funds are borrowed from foreign banks and financial institutions from the international market. The Group has also established funding lines with both local and foreign banks for short term funding requirements as part of its Contingency Funding Plan (CFP).

## Foreign Exchange Risk

The Bank is exposed 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 1,136 million as at 31 December 2015.

## Operational Risk

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 continued to develop new, and/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. These initiatives aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

## Compliance Risk

The Group continued to review its policies and procedures in order to ensure they remain adequate in mitigating risks inherent in business operations and eliminate noncompliance with applicable legal and regulatory requirements, internal policies and procedures, or ethical standards. By doing so it reduces the Group's exposure to compliance risk which may result in fines, civil money penalties, payment of damages, and the voiding of contracts.

## Developments in Risk Management

The risk function requires a skilled team to furnish the Board and management with required risk management information for timely and informed decision making. In continued



fedha na ili kuongeza wigo wa vyanzo vya fedha ili kupunguza tofauti katika mizania ya Benki. Mahitaji ya fedha ya muda mrefu na muda mfupi, hupatikana kwa hukupa kutoka benki za nje na taasisi za fedha katika soko la kimataifa. Kundi pia limeanzisha uhusiano wa kifedha na benki za ndani na za kimataifa kwa ajili ya mahitaji ya muda mfupi ya kifedha kama ilivyoainishwa katika Mpango wa Fedha wa Dharura.

### Vihatarishi katika Viwango vya kubadilishana Fedha

Benki inakabiliwa na athari kwenye hali ya kifedha na mtiritiko wake wa fedha kutokana na mabadiliko ya viwango vya kubadilishana fedha. Bodi ya Wakurugenzi huweka ukomo wa kiwango (ambacho hufuatiliwa kila siku) cha hatari kinachokubaliwa kwa viwango vya fedha za kigeni kwa kila sarafu kwa kila siku ili kuhakikisha kuwa Benki iko salama kila wakati.

Kama mambo yote yakienda kama inavyotarajiwa, ila kiwango cha ubadilishaji wa fedha za kigeni kikabadilika kwa asilimia 3, Benki ingepata faida au hasara kabla ya kodi ya shilingi milioni 1,136, katika rasilimali na madeni yaliyoko katika Dola ya Marekani kwa kipindi kinachoishia Desemba 31, 2015.

### Vihatarishi katika Uendeshaji

Shughuli za utoaji wa huduma za Benki na huduma za kifedha pamoja na sababu zingine, husababisha Benki kukabiliwa na hatari zinazotokana na utaratibu wa uendeshaji na maelekezo kutoka kwa mdhibiti. Kundi limeendelea kubuni sera mpya za ndani na kuboresha zilizopo, taratibu na mbinu za udhibiti wa vihatarishi vitokanavyo na uendeshaji. Sera za kudhibiti vihatarishi na mifumo hupitiwa kila mara ili kuhakikisha udhibiti unajitosheleza kupunguza hatari zilizopo katika uendeshaji. Jitihada hizo zinalenga kujenga nidhamu na mazingira bora ya udhibiti ambapo wafanyakazi wote huelewa jukumu lao katika utendaji wa kila siku.

### Vihatarishi katika Uthibiti

Kundi liliendelea kupitia na kuboresha sera na taratibu, ili kuhakikisha zinajitosheleza kupunguza hatari za kibiashara zilizoko katika uendeshaji na kuondoa uwezekano wa kuvunjwa kwa matakwa ya kisheria na ya mdhibiti, sera na taratibu za ndani au viwango vya maadili. Kwa kufanya hivyo inapunguza uwezekano wa kutozwa faini, kutakiwa kulipa fidia au kuvunja mikataba.

### Maendeleo katika usimamizi wa vihatarishi

Kazi ya usimamizi wa vihatarishi, inahitaji kikosi kazi chenye ujuzi ili kuipatia Bodi na Menejimenti taarifa ya

practice of strengthening the risk team, the team was bolstered with two additional staff; a senior risk analyst – technology and a senior risk analyst - operations.

In 2015, the Bank of Tanzania amended some regulations and introduced new ones. The Bank had to review the internal regulatory compliance tests to ensure that they conform to the changes. An effective risk management framework requires a robust risk culture, risk approvals and compensation and continuous risk monitoring and management. During this period, the Bank developed a Control Issues Management Framework which will be implemented from 2016 in order to ensure there is effective risk management framework. It also engaged an operational risk management system vendor in order to enhance operational risks management which will facilitate additional reporting as required by new regulatory requirements. The implementation of the new system is expected to commence in 2016.

CRDB Bank continued to provide support to its subsidiaries through development and implementation of key governing policies, as well as alignment of their risk management methodology to conform to Group requirements.

### 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 assume 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.

The stress tests summary using financial data as at 31



usimamizi wa vihatarishi kwa ajili ya kufanya maamuzi sahihi. Katika jitihada zinazoendelea za kuboresha kikosi kazi hicho, wafanyakazi wawili walijiriwa; ambao ni Mchambuzi mwandamizi wa vihatarishi- anayeshughulikia teknolojia na Mchambuzi mwandamizi wa vihatarishi anayeshughulikia uendeshaji. Mwaka 2015, Benki Kuu ilirekebisha baadhi ya taratibu na kuongeza mpya. Kutokana na hali hiyo, Benki ililazimika kupitia upya taratibu za ndani ili kuhakikisha zinaendana na mabadiliko hayo. Mpango bora wa kudhibiti vihatarishi, unahitaji kujenga utamaduni imara wa kudhibiti vihatarishi, idhini ya viwango vya vihatarishi vinavyokubalika, fidia na ufuatiliaji na usimamizi unaoendelea. Katika mwaka ulioisha, Benki ilianzisha mpango wa usimamizi wa vitu vinavyodhibitiwa, ambao utatekelezwa kuanzia mwaka 2016. Pia Benki ilikamilisha makubaliano na muuzaji wa mfumo wa kusimamia vihatarishi vya utendaji ili kuboresha usimamizi wa hatari hizo ili kuboresha utoaji wa taarifa kama inavyotakiwa na mamlaka za udhibiti. Utekelezaji wa Mfumo mpya utaanza mwaka 2016.

Benki ya CRDB, iliendelea kuziwezesha kampuni zake tanzu kuboresha udhibiti wa vihatarishi kwa kuwapatia mafunzo na kutekeleza sera muhimu za utawala pamoja na kuonisha mbinu zao na mbinu za Kundi.

### Majoribio ya Msongo wa Kibiashara

Majoribio ya msongo wa kibiashara yanaonesha kiwango cha hasara, kinachoweza kutokea nyakati ngumu kibiashara. Benki hutumia kipimo maalumu katika kujua kiwango cha hasara inayoweza kutokea. Matokeo ya majoribio haya hupitiwa na kamati ya Menejimenti ya Rasilimali na Madeni (ALCO). Majoribio haya huzingatia biashara husika na uchambuzi muafaka.

Tathimini ya Benki ya mienendo iliyopita, hufanyika kwa kupitia taarifa za miaka mitano iliyopita. Pia, hukisiwa kwamba mwenendo wa soko kwa muda wa tathimini, utaendelea hivyo hivyo bila mabadiliko makubwa. Ili kubuni mabadiliko ya bei na viwango, Benki hutumia matokeo kwa hali isiyoridhisha zaidi ili kutoa mtazamo wa sasa.

Benki inafanya jaribio la kujipima kama imejiandaa kukabiliana na hatari kila baada ya miezi sita, ili kubaini kama ina mtaji wa kutosha kukabiliana na hatari za ghafla zinazoweza kutokea kutokana na shughuli za ndani ya benki au zinazoweza kusababishwa na soko. Jaribio hilo hufanyika kwa nia ya kuipatia Menejimenti taarifa ya vihatarishi, ili kujua kiwango cha mtaji kinachoweza kuhitajika, kufidia hasara kama hatari za ghafla zitatokea.

December 2015 is summarised below:

Risk type	Type of shock	Shock rate	Impact on profit or loss
			TZS' mil
Credit risk	Increase in NPL (based on equal migration)	30%	(64,296)
Interest rate risk	Change in interest rate	5%	2,121
Exchange rate risk	Change in FX rate	3%	(1,136)
Liquidity risk	Run off of deposits	15%	1,002
Operational risk	Fraud and other losses	3%	(5,549)

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:

- (a) Hold a minimum level of Core Capital of TZS 15 billion;
- (b) 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
- (c) Maintain total capital of not less than 12% of risk weighted assets plus risk-weighted off-balance sheet items.



Matokeo ya jaribio hilo, hutumika kubaini maeneo dhaifu yakiwa katika hatua za awali ili kuchukua hatua za tahadhari. Jaribio hilo hufanyika kama njia ya ziada ya kupima na kukabiliana na vihatarishi vya kibiashara.

Matokeo ya Majaribio ya Msongo wa kibiashara kwa kutumia taarifa ya kifedha kwa mwaka ulioishia Desemba 2015 ni kama ifuatavyo:

Aina ya Vihatarishi	Aina ya mtikisiko	Kasi ya Mtikisiko	Kiwango cha mtikisiko
			TZS' mil
Hazina ya mikopo	Ongezeko la mikopo mibovu	30%	(64,296)
Hatari za riba	Badliko la riba	5%	2,121
Hatari za badliko la uwiano wa fedha	Badliko la Uwiano	3%	(1,136)
Hatari za hali ya fedha	Run off of deposits	15%	1,002
Hatari za uendeshaji	Udanganyifu na hasara nyingine	3%	(5,549)

Matokeo ya msongo wa kibiashara, yalionesha Benki ingeweza kukidhi matakwa ya sasa ya kiwango cha chini cha mtaji na matakwa ya jumla ya mtaji unaotakiwa.

### Usimamizi wa Mtaji

Malengo ya Benki ya kusimamia mtaji ni kama ifuatavyo;

- Kukidhi matakwa ya kiwango cha mtaji kama yalivyowekwa na Benki Kuu ya Tanzania;
- Kuiwezesha Benki kuendelea kutoa huduma ili kutoa pato kwa wanahisa na faida kwa wadau wengine; na
- Kuwa na mtaji imara kwa ajili ya maendeleo ya biashara yake.

Utoshelevu wa mtaji na utumiaji wa mtaji unaodhibitiwa vinafuatiliwa kila mwezi na Menejimenti ya Benki, kwa kutumia maelekezo ya Kamati ya Basel, kama inavyotekelezwa na Benki Kuu ya Tanzania. Taarifa inayotakiwa hupelekwa Benki Kuu ya Tanzania kila mwezi. Benki Kuu ya Tanzania huitaka Benki kufanya yafuatayo:

- (a) Kuwa na kiwango cha chini cha mtaji mkuu usiopungua shilingi bilioni 15;
- (b) Kuwa na uwiano wa mtaji mkuu ukilinganishwa na rasilimali zinazoonekana katika mizania ya benki na zilizo nje ya mizania (uwiano wa Basel) usiozidi asilimia 10 na;

Capital Management	Group		Bank	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Capital Adequacy Ratios				
Total qualifying Tier 1 capita	513,338	463,399	514,080	377,722
Total qualifying Tier 2 capita	191,966	55,791	192,530	54,993
Total regulatory capital	705,304	519,190	706,610	432,715
Risk-weighted assets				
On-balance sheet	3,277,202	2,585,412	3,291,008	2,543,913
Off-balance sheet	345,227	340,187	347,227	340,187
Total risk-weighted assets	3,624,429	2,925,599	3,638,235	2,884,100

The Bank's regulatory capital 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 ended 31 December 2015 and 31 December 2014. During those two years, the Bank complied with all of the externally imposed capital requirements to which it is subject.

Capital Management	Group			Bank	
	Required Ratio	Ratio 2015	Ratio 2014	Ratio 2015	Ratio 2014
Capital Adequacy Ratios	%	%	%	%	%
Tier 1 capital	12.5	14.2	15.8	14.1	13.1
Tier 1 + Tier 2 capital	14.5	19.5	17.8	19.4	15



- (c) Kuwa na kiwango cha mtaji mkuu ikilinganishwa na rasilimali zote, ikiwemo zilizo nje ya mizania ya benki usiopungua asilimia 12.

Usimamizi wa mtaji	Kundi		Benki	
	2015 Shs' Milioni	2014 Shs' Milioni	2015 Shs' Milioni	2014 Shs' Milioni
Madaraja ya mtaji				
Mtaji daraja I	513,338	463,399	514,080	377,722
Mtaji daraja II	191,966	55,791	192,530	54,993
Jumla ya mtaji simamizi/	705,304	519,190	706,610	432,715
Rasilimali zenye viashiria				
Katika mizania	3,277,202	2,585,412	3,291,008	2,543,913
Nje ya mizania	345,227	340,187	347,227	340,187
Jumla Rasilimali zenye viashiria vya hatari	3,624,429	2,925,599	3,638,235	2,884,100

Mtaji wa Benki unaodhibitiwa umegawanywa katika makundi mawili.

- Kundi la kwanza, mtaji utokanao na faida iliyosalia vipindi vya nyuma. Rasilimali na gharama zilizolipwa kabla ya matumizi hutolewa ili kupata mtaji wa daraja la kwanza.
- Kundi la pili, mtaji kutokana na mikopo ya masharti nafuu.

Vihatarishi kwa thamani ya wastani ya rasilimali hupimwa kwa vigezo vitano, kwa kuzingatia vihatarishi katika soko, mikopo na vihatarishi vingine kwa kila rasilimali na kwa washirika wa kibiashara, kwa kuzingatia dhamana au udhamini uliokidhi vigezo. Mchakato kama huu unatumika kwa viashiria nje ya mizania ya Benki.

Jedwali lifuatalo, linaonesha madaraja ya mtaji kwa mwaka unaoishia Desemba 31, 2015 na Desemba 31, 2014. Katika miaka hiyo miwili, Benki ilizingatia matakwa yote ya mtaji.

Usimamizi wa mtaji	Kundi			Benki	
	Uwiano unaotakiwa	Uwiano 2015	Uwiano 2014	Uwiano 2015	Uwiano 2014
Madaraja ya mtaji	%	%	%	%	%
Mtaji daraja I	12.5	14.2	15.8	14.1	13.1
Mtaji daraja II	14.5	19.5	17.8	19.4	15



Wakurugenzi wanayo furaha kuwasilisha Ripoti yao na Taarifa ya Fedha iliyokaguliwa kwa mwaka ulioishia Desemba 31, 2015, inayoweka wazi shughuli zote za Benki ya CRDB ("au Benki") na kampuni zake tanzu za CRDB Microfinance Services Company Limited inayofanya kazi nchini Tanzania na CRDB Bank Burundi S.A (kwa pamoja "Kundi") inayofanya kazi nchini Burundi.

### Ufanisi Kwa Mwaka 2015

#### Kundi

Kwa mwaka 2015, mazingira mazuri ya kiuchumi yaliendelea kuchangia maendeleo ya biashara ya benki. Uchumi wa Tanzania uliendelea kuimarika kufuatia kukua kwa uchumi wa dunia. Pato la Taifa lilikuwa asilimia 7.3 kwa mwaka na mfumko wa bei ulikuwa asilimia 6.8. Soko la ubadilishaji fedha za kigeni kwa mwaka 2015 lilidhibitiwa na Benki Kuu. Udhhibiti huo uliathiri kiwango cha biashara.

Sekta ya benki nchini iliendelea kuwa na ushindani mkali, ambapo benki zilibunzi na kuanzisha bidhaa na huduma mbalimbali za kibenki kupitia intaneti, simu za mkononi, mawakala na kadi. Huduma hizi zinaongeza upatikanaji wa huduma za benki kwa wateja wao.

CRDB iliendelea kuimarisha nafasi yake katika soko kwa kudhibiti asilimia 20 ya soko la benki nchini, kupitia mtandao wa matawi yake 119 yaliyopo, mawakala na mtandao wa kielektroniki. Hadi Desemba 31 mwaka jana, Idadi ya benki za biashara nchini, ilikuwa 56 zikiwa na jumla ya matawi 728.

Mwaka 2015, Benki ilipata faida kabla ya kodi ya shilingi bilioni 187.7 (2014: Shilingi bilioni 132.2). Kiwango hicho ni ongezeko la asilimia 42 ya faida iliyopatikana mwaka uliopita. Ongezeko hilo lilichangiwa na kuongezeka kwa mapato kutoka kwenye mikopo na ushuru unaotokana na biashara ya kubadilisha fedha. Kundi lilipata faida baada ya kodi ya shilingi 128.9 bilioni (2014: 95.6 bilioni). Hili ni ongezeko la asilimia 35.

Katika mwaka 2015, mapato yatokanayo na ubadilishaji fedha za nje yalikuwa hadi kufikia shilingi bilioni 34.9 kutoka shilingi bilioni 29.3 mwaka 2014. Hilo ni ongezeko la asilimia 28. Ukichanganya kamisheni na ada, jumla ya mapato yasiyo ya riba, yaliongezeka kutoka shilingi bilioni 151.1 hadi shilingi bilioni 192.6. Hili ni ongezeko la asilimia 27.

The Directors have the pleasure to submit their report and the audited financial statements for the year ended 31 December 2015, 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").

### Performance For The Year

#### Group

In year 2015, favourable economic environment continued to support the banking business. Tanzanian economy continued to strengthen amid the recovering global economy with its Gross Domestic Product (GDP) growth accelerating to 7.3% p.a and annual headline inflation rate closing at 6.8%. The foreign exchange market during the year was highly restrictive following interventions from Bank of Tanzania (BOT) impacting both volume and spread.

The banking industry continued to be competitive with banks introducing innovative products and services such as internet banking, mobile banking, agency banking and 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 customer base served in its 199 branch network, agent network and electronic channels. The total commercial banks operating in the market as at 31 December 2015 were 56 with a total of 728 branches.

In 2015, the Group recorded a profit before tax of TZS 187.7 billion (2014: TZS 132.2 billion), an increase of 42% from previous year. The increase is attributed to the improvement in revenue from lending; fee based income as well as foreign exchange income. The group recorded profit after tax of TZS 128.9 billion (2014: 95.6 billion), an increase of 35%.

During the year, foreign exchange income grew to TZS 34.9 billion from TZS 29.3 billion recorded in 2014. Combined with fees and commissions, total non-interest income increased from TZS 151.1 billion to TZS 192.6 billion, reflecting a growth of 27%.

Interest income increased from TZS 371.7 billion in the prior year to TZS 497.4 billion, an increase of 34%. The increase was due to increased volumes on term loans and favourable interest rates on the government securities during the year.



Mapato yatokanayo na riba yaliongezeka kutoka shilingi bilioni 371.7 hadi shilingi bilioni 497.4, ikiwa ni ongezeko la asilimia 34. Ongezeko hili lilisababishwa na ongezeko la mikopo ya muda mrefu na viwango bora vya riba vya dhamana za serikali.

Gharama za riba ziliongezeka kutoka shilingi bilioni 95.5 kwa mwaka uliopita hadi kufikia shilingi bilioni 106.8, ikiwa ni sawa na ongezeko la asilimia 12. Ongezeko hili lilichangiwa na kuongezeka kwa ushindani kwenye soko la amana, hali iliyosababisha benki ziongeze riba hasa kwa amana za muda mrefu.

Gharama za uendeshaji ziliongezeka kwa asilimia 26 kutoka shilingi bilioni 255.3 mwaka 2014 hadi kufikia shilingi bilioni 321.5 mwaka 2015, ikiwa ni matokeo ya utekelezaji wa mipango ya upanuzi ambapo zaidi ya matawi 76 yalifunguliwa

Mikopo iliyodorora ilikua hadi kufikia shilingi milioni 270, 862 (2014: shilingi milioni 129,247 iliyosababisha tengo la hasara ya shilingi milioni 66,725) Kilichosababisha kwa kiasi kikubwa ongezeko hilo ni kutolipwa kwa mikopo ya tumbaku yenye thamani ya shilingi milioni 44,166 iliyotolewa kwa vikundi 78 vya ushirika vya kilimo (Tobacco AMCOS). Hii ilitokana na kuingiliwa na wanasiasa kulikotokea mkoani Tabora katika msimu wa mwaka 2013/2014 ambao waliruhusu wakulima kuuza tumbaku nje ya utaratibu wa vyama vya ushirika na hivyo kuathiri urejeshaji wa mikopo.

Hasara inayotokana na mikopo iliathiriwa kwa kiasi kikubwa na kushuka kwa thamani ya shilingi dhidi ya dola ya Marekani kutoka shilingi 1,730 mwaka 2014 hadi shilingi 2,159 mwaka 2015 kutokana na mikopo hiyo kutolewa kwa dola za kimarekani.

Hatua za haraka zilizochukuliwa na Benki ni pamoja na kusitisha kutoa mikopo na kuihusisha serikali katika kutafuta namna bora ya kuendelea kutoa mikopo kwa wakulima. Njia mojawapo ni kutumia utaratibu wa kusimamia mikopo ya vikundi vya ushirika vya tumbaku uliofanikiwa katika mikoa mingine.

Kati ya mwaka 2014 na 2015, raslimali za Kundi zilikua kutoka shilingi trilioni 4.2 hadi shilingi trilioni 5.4, ikiwa ni ongezeko la asilimia 29. Amana ziliongezeka kwa asilimia 25 hadi kufikia shilingi trilioni 4.2 kutoka shilingi trilioni 3.4. Kiwango hiki cha ukuaji ni zaidi ya kiwango cha ukuaji wa wastani wa Ugavi wa Fedha, yaani Money Supply (M3) cha asilimia 16.6. Kwa mujibu wa taarifa zilizotangazwa na benki zote, kulingana na sheria ya Benki na taasisi za Fedha Kifungu cha 32 (3), jumla ya raslimali na amana kwa sekta nzima hadi Desemba 31 mwaka 2015, zilikua kwa asilimia 20 na asilimia 7 hadi kufikia shilingi trilioni 26.9 (Raslimali) na trilioni 19.4 (Amana).

Pia Benki iliongeza mikopo ya muda mfupi na mrefu kutoka taasisi mbalimbali ili kuongeza ukwasi. Jumla ya fedha iliyopatikana kwa mikopo mikubwa na nafuu ni shilingi bilioni

Interest expenses increased from TZS 95.5 billion in the prior year to TZS 106.8 billion, representing an increase of 12%. The unfavourable variance is a result of market deposit competition where banks reacted by increasing interest rates particularly on fixed term deposits and growth in savings deposits.

Operating cost increased by 26% from TZS 255.3 billion in 2014 to TZS 321.5 billion in 2015 as a result of expansion initiatives under which 76 new branches were opened in 2015.

Non-performing loans grew to TZS 270,862 million (2014: TZS 129,247 million) causing Loan impairment provision of TZS 66,877 million (2014: TZS 36,886 million). This significant increase was mainly due to restructured tobacco loans of TZS 44,166 million granted to 78 Agricultural Marketing Cooperative Societies (AMCOS) which failed to repay. This is a result of political interference within the tobacco marketing arrangement that occurred in Tabora region during 2013/2014 seasons which allowed farmers to sell outside their respective AMCOS causing non-servicing of loans.

The impairment amount was exacerbated by the depreciation of the shilling from TZS 1,730 in 2014 to TZS 2,159 in 2015 as the loans were denominated in USD.

Immediate measures taken by the Bank are suspension of further disbursement of funds and engaged with the Government to see how best the Bank can continue supporting farmers. One approach is the adoption of similar model of managing tobacco AMCOS in other regions where the performance has been good.

Between 2014 and 2015, the Group's total assets grew from TZS 4.2 trillion to TZS 5.4 trillion an increase of 29% while total deposits recorded a growth of 25% to TZS 4.2 trillion from TZS 3.4 trillion, which is above the annual growth of Money Supply (M3) of 16.6%. When looking at industry growth from the data published by all banks pursuant to Section 32 (3) of the Banking and Financial Institutions Act, total assets and deposits as at 31st December 2015 recorded annual growth of 20% to TZS 26.9 trillion and 7% to TZS 19.4 trillion respectively.

The Bank also increased medium to long term funding from various institutions to boost liquidity. Total funds raised are senior debt and subordinated debt amounting to TZS 113.3 billion. Shareholders' funds also grew by 56% from TZS 441.2 billion to TZS 687.4 billion mainly due to additional capital of TZS 150.4 billion raised through a successful



113.3. Mtaji ulikua kwa asilimia 56 kutoka shilingi bilioni 441.1 hadi shilingi bilioni 687.3, kutokana na mtaji wa nyongeza wa shilingi bilioni 150.4 uliopatikana katika uzaji wa Hisa stahili. Pato la mtaji lilipungua kutoka asilimia 21.7 mwaka 2014 hadi asilimia 18.8 kutokana na mtaji wa ziada uliopatikana mwaka huo

rights issue. Return on Equity decreased from 21.7% in 2014 to 18.8% as a result of additional capital raised during the year.

Utendaji wa kifedha wa Kundi umeainishwa kulingana na Viashiria muhimu vya utendaji kama inavyoonekana katika jedwali hapa chini:

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	Uwiano	
		CRDB Bank ratios	
		2015	2014
Pato kutokana na Mtaji/ Return on Equity	(Faida baada ya kodi/Jumla ya Mtaji)*100% (Net profit/Total equity)*100%	18.8%	21.7%
Pato kutokana na Rasilimali/ Return on Assets	(Faida kabla ya kodi/Jumla ya Rasilimali) *100% (Profit Before Tax/Total assets) *100%	3.5%	3.1%
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%	55.8%	60.4%
Pato kwa kila Hisa/ Earnings per share	Faida iliyotokana na mtaji wa Wanahisa/ idadi ya Hisa za kawaida Profit attributable to equity share holders/ Number of ordinary shares in issue	54.3	36.4
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%	79.6%	76.0%
Mikopo chechefu kwa jumla ya mikopo **/ Non-performing loans to total loans **	(Mikopo chechefu/Jumla ya Mikopo)*100% (Non-performing loans/ Gross loans and advances)*100%	8.1%	5.0%
Ukuaji wa Rasilimali/ Growth in total assets	(Mwenendo Rasilimali za mwaka huu- Rasilimaliza mwaka uliopita)/ Rasilimali za mwaka uliopita) *100%/ (Trend(Current year total assets-Previous year total asset)/Previous year total asset)*100%	28.4%	18.3%
Ukuaji wa Amana za Wateja/ Growth in customer deposits	(Mwenendo( Amana za mwaka huu- Amana za mwaka uliopita)/ Amana za mwaka uliopita) *100%/ (Trend(Current year deposits-Previous year deposits)/ Previous year deposits)*100%	25.2%	12.1%
Uwiano wa Mtaji wa daraja 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%	14.1%	13.1%
Jumla ya uwiano wa Mtaji/ Total Capital Ratio	(Jumla ya Mtaji/ Rasilimali hatarishi pamoja na zilizo nje ya mizania)*100%/ (Total capital/Risk weighted assets including off balance sheet items) *100%	19.4%	14.3%

\*\* Mikopo chechefu inajumuisha ile iliyodhaminiwa na serikali inayofikia shilingi bilioni 43.2 (2014: TZS 19.9 billion).

\*\* Non performing loans include Government guaranteed loans which amount to TZS 43.2 billion (2014: TZS 19.9 billion).



### Kampuni Tanzu ya CRDB Microfinance Services

Mwaka 2015, idadi ya washirika ilikuwa 441 kutoka 469 mwaka 2014. Hadi Desemba 31, 2015, jumla ya mikopo iliyotolewa na Benki kwa taasisi hizo, ilikuwa shilingi bilioni 220 kutoka shilingi bilioni 158 mwaka 2014, wakati jumla ya amana iliyokusanywa na kampuni tanzu kwa niaba ya Benki ilikuwa shilingi bilioni 123 kutoka shilingi bilioni 67.7 mwaka 2014. Kampuni tanzu ilipata faida ya shilingi 5.9 bilioni kutoka shilingi 4.2 bilioni mwaka 2014, sawa na ukuaji wa asilimia 41.

### Benki ya CRDB Burundi

Katika kipindi cha mwaka mmoja uliopita, Benki ya CRDB Burundi iliweka rekodi ya utendaji mzuri kwa kuweza kupata faida, licha ya changamoto za usalama zinazoikabili nchi hiyo. Kampuni tanzu ya Burundi ilipata faida ya shilingi milioni 656.7 ukilinganisha na hasara ya shilingi 4,888 milioni iliyorekodiwa mwaka 2014. Jumla ya mali za Kampuni hadi kufikia Desemba 31, 2015 zilikuwa hadi kufikia shilingi bilioni 168.3 kutoka shilingi bilioni 101.4 mwaka 2014. Jumla ya amana ilikuwa shilingi 65.8 bilioni ukilinganisha na shilingi 28.9 bilioni mwaka 2014.

### Gawio

Bodi ya Wakurugenzi imependekezwa gawio la shilingi 17/= kwa kila hisa kutoka faida baada ya kodi ya mwaka 2015 (kutoka shilingi 15 kwa kila hisa kwa mwaka 2014). Jumla ya kiwango cha gawio kilichopendekezwa ni shilingi bilioni 44.4 (kutoka shilingi bilioni 32.7 mwaka 2014) ambayo ni asilimia 34 ya faida baada ya kodi. Hii ni sawa na ongezeko la asilimia 36 kutoka mwaka 2014.

### Mtiririko Wa Fedha

Uwekezaji wa benki katika hati fungani za serikali uliongezeka kwa shilingi bilioni 178.6 (2014: shilingi bilioni 25.4) na mikopo kwa wateja iliongezeka kwa shilingi bilioni 715.3 (2014: shilingi bilioni 547.8) Akiba za wateja ziliongezeka kwa shilingi 854.2 bilioni (2014: shilingi 362.3 bilioni). Shughuli za uwekezaji na akiba za wateja vinavyotoa tafsiri ya mwenendo wa Benki katika mtiririko wa fedha kutokana na uendeshaji. Kutokana na uwekezaji uliofanyika kwenye hati fungani, asilimia 59 zinategemewa kuhitimishwa mwaka 2016. Benki imeendelea kuimarisha hali ya ukwasi ili kukidhi mahitaji ya kifedha.

### Ukwasi na Fedha

Benki imeelekeza nguvu zaidi katika kukabiliana na kihatarishi cha ukwasi na mtiririko wa fedha wa kila siku. Jukumu hili linasimamiwa na Idara ya Hazina ili kuhakikisha kuwa Benki inakuwa na uwezo mkubwa wa kifedha na mali ili kuendesha vizuri shughuli zake za kila siku. Pia Kamati ya Kusimamia Mali na Madeni (ALCO) inasimamia kiwango cha

### CRDB Microfinance Services Company Limited

During the year, the number of partner MFIs was 441 from 469 in 2014. As at 31 December 2015, total loans extended by the Bank to these institutions stood at TZS 220 billion from TZS 158 billion in 2014 while total deposits mobilised by the subsidiary on behalf of the Bank grew to TZS 123 billion from TZS 67.7 billion in 2014. The subsidiary made a profit of TZS 5.9 billion from TZS 4.2 billion in 2014, which is a growth of 41%.

### CRDB Bank Burundi

CRDB Bank Burundi S.A performance during the year was good recording its first year of profits despite security instability in the country. The subsidiary recorded a profit of TZS 656.7 million compared to 4,888 million loss recorded in 2014. The subsidiary total assets as at 31st December 2015 grew to TZS 168.3 billion from TZS 101.4 billion in 2014. Total deposits was TZS 65.8 billion compared to TZS 28.9 billion in 2014.

### Dividends

The Board recommends a dividend of TZS 17 per share from year 2015 profit after Tax (2014: TZS 15 per share). Total amount of dividend recommended is TZS 44.4 billion (2014: TZS 32.7 billion), which is 34% of the net profit, an increase of 36% from 2014.

### Cash Flows

In 2015, the Bank's investment in government securities increased by TZS 178.6 billion (2014: TZS 25.4 billion) and lending to customers increased by TZS 715.3 billion (2014: TZS 547.8 billion). On the other hand, deposits from customers increased by TZS 855.2 billion (2014: TZS 366.5 billion). Such investment activities and customer deposits are the major factors explaining the Bank's movement in cash flow generated from operations. From total investments in securities, 59% is expected to mature in 2016. 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 manages the Bank's exposure to liquidity risk by ensuring that limits are in line with realistic assumptions and tracks compliance on a monthly basis. Stress test to ascertain the Bank's resilience to market shocks is done by Risk and Compliance Department.



kihatarishi cha ukwasi cha Benki, ili kuhakikisha kiko ndani ya ukomo uliowekwa, kwa kukagua utekelezaji wake kila mwezi. Majaribio mbalimbali kuthibitisha uwezo wa Benki kukabiliana na mtikisiko wa soko yanafanywa na Idara ya Vihatarishi na Uthibiti.

Chanzo kikubwa cha fedha za Benki, kimeendelea kuwa ni akiba ya wateja na mtaji kutoka kwa wanahisa na kwa mara chache, hukopa kutoka benki nyingine, hii ikiwa ni sehemu ya shughuli zake za kila siku. Mwaka 2015, benki ilipokea awamu ya pili na ya mwisho ya sehemu ya mkopo wa dola za Marekani milioni 20 kutoka IFC kwa lengo la kuwawezesha wajasiriamali wadogo na wa kati.

Benki ilipokea dola za Marekani milioni 25 kutoka Deutsche Investitions und entwicklungsgesellschaft mbh (DEG), kampuni tanzu ya KFW kwa mfumo wa mkopo wa miaka saba wenye dhamana ndogo ya rasilimali. Jitihada hizi zinadhamiria kupunguza utegemezi wa mikopo kutoka benki nyingine na kuiwezesha Benki kupata fedha kwa ajili ya kuendesha miradi ya muda wa kati na muda mrefu.

### Sera za Hazina

Benki ina Idara ya Hazina inayosimamia shughuli zote za hazina kulingana na sera za hazina na miongozo iliyoidhinishwa na Bodi ya Wakurugenzi. Idara ya Hazina inafanya biashara na benki kadhaa na taasisi za fedha na inatumia mfumo uliokubalika katika kufuatilia na kudhibiti hatari za kibiashara zinazotokana na mikopo ya benki na taasisi za fedha shirikishi.

Idara ya Vihatarishi na Uthibiti hufuatilia uthibiti kwa kuzingatia sera na miongozo iliyowekwa.

Sera muhimu za hazina ni kama ifuatavyo:

### Sera ya vihatarishi katika soko

Sera hii inatoa maelekezo na utaratibu wa kudhibiti viashiria vya hatari vinavyotokana na mabadiliko ya viwango vya kubadilishana fedha za kigeni na riba. Pia inalinda thamani ya rasilimali za benki zisiathiriwe na mabadiliko ya viwango vya riba na kubadilishana fedha za kigeni.

### Sera ya ukwasi

Sera hii inatoa mwongozo katika usimamizi wa viashiria vya hatari vinavyotokana na ukwasi wakati wa kawaida na wakati wa mtikisiko wa kibiashara. Inaweka muundo wa namna ya kufanya maamuzi kuhusu udhibiti wa ukwasi katika benki, njia za kuongeza fedha na namna ya kupangilia mwenendo wa ukwasi na udhibiti, kukidhi matakwa ya mhibiti na namna ya kupata fedha za dharura. Ongezeko la mapato katika miaka ya hivi karibuni na

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 2015, the Bank received the second and last tranche of USD 20 Million long term SME facility from IFC. The Bank also received USD 25 million from Deutsche Investitionsund Entwicklungsgesellschaft mbh (DEG) subsidiary of KFW in the form of 7 years subordinated debt. All these initiatives aimed at reducing dependency on interbank borrowing and provide financing of midterm to long term projects.

### Treasury Policies

The Group operates a centralized treasury department for managing treasury activities in accordance with the framework of treasury policies and guidelines approved by the Board. The treasury department transacts with a number of counterparty banks and financial institutions, and adopts a systematic approach to the control and monitoring of counterparty credit risk. The Group, through its Risk and compliance department, monitors compliance against the principal policies and guidelines.

The key treasury policies are:

### Market risk policy

The policy provides guidance/ framework for managing exchange rate and interest risks, also protect the value of the bank assets from adverse effects of market rate movements.

### Liquidity Policy

Provide guidance for on management of the liquidity risk under normal and crisis situation. This set out a liquidity management decision making structure in the bank, approaches to funding and planning for liquidity planning and management, regulatory compliance and contingency funding. Strong cash generation in recent years and a prudent financing strategy have resulted in the Group currently being adequately positioned to withstand the credit crisis in the bank and capital markets.

### Contingency Funding Policy

Manages stressed liquidity situation created by a problem or market wider crisis and ensure that the bank is able all the time to meet its matured obligations as they fall due and remain as good as going concern.

### Limit Policy

Provide guidance/framework for managing market and liquidity risks for the counterparties at domestic and international level. It also provides guidance for investment and credit exposures limit.



mkakati makini wa kifedha, vimeiwezesha Benki kuwa na uwezo wa kukabiliana na mtikisiko wa kifedha katika tasnia ya benki na masoko ya mitaji.

### Sera ya fedha za dharura

Sera hii hutoa mwongozo wa kukabiliana na tatizo la ukwasi linalosababishwa na mtikisiko katika soko na kuhakikisha kuwa benki wakati wote, inaendelea kutoa huduma za kifedha, ikiwemo kufanya malipo na kuendelea vizuri kibiashara.

### Sera ya viwango

Sera hii inatoa mwongozo katika kusimamia viashiria vya hatari za kibiashara katika soko na ukwasi kwa washirika wa benki walioko ndani ya nchi na kimataifa. Pia inatoa maelekezo ya viwango vya uwekezaji na mikopo vinavyokubalika.

### Hali ya ukwasi pamoja na Mikopo

Benki inahakikisha hali ya ukwasi inafuatiliwa na kudhibitiwa ipasavyo, kwa kubaini kiwango cha juu cha fedha au upungufu katika tarehe ambazo benki itapaswa kuwa na kiwango cha fedha cha kutosha kulipa madeni yake, kwa kufuatilia fedha taslimu zinazoingia na kutoka katika vipindi tofauti vya biashara. Lengo ni kupata uhakika wa malipo yanayopaswa kutolewa na kupokewa na Benki katika vipindi husika.

### Hali ya Benki na amana za wateja

Benki ina hali nzuri ya ukwasi kwa kuwa inatumia njia zilizothibitika kuwekeza fedha zake za ziada, huku fedha zilizoko sokoni zikiwekezwa kwa muda mfupi katika taasisi imara kifedha. Viashiria vya hatari kutoka benki washirika, vitaendelea kufuatiliwa kwa karibu kwa kuzingatia ukubwa wa taasisi.

### Hali ya kifedha

Hali ya Kundi na Benki hadi kufikia Desemba 31, 2015, imeelezwa katika ukurasa wa 29 wa Taarifa za hesabu ya mwaka. Wakurugenzi wanaliona Kundi na Benki kuwa na hali nzuri ya kifedha kulingana na maana iliyoelezwa na Sheria ya Tanzania ya Makampuni ya Mwaka 2002.

### Mipango ya baadae ya maendeleo

Mwaka 2016, Benki itaendelea kutekeleza Mpango Mkakati wa miaka mitano, unaolenga kuboresha uwekezaji uliofanyika miaka mitatu iliyopita katika upanuzi wa mtandao wa Benki, mifumo na bidhaa huku ikiboresha huduma. Benki itaendelea kuimarisha juhudi za kurejesha mikopo sugu na usimamizi wa vihatarishi vya mikopo.

### Current liquidity including the level of borrowing

The Bank ensures that liquidity is monitored and adequately to manage its liquidity gap by determining the excess or shortage of funds at selected maturity dates by tracing cash inflows and outflows over a series of specified time buckets. The aim is to trace and reflect the maturity periods for the Bank's assets and liabilities.

### Maturity profile and un-drawn of committed borrowing

The Bank is sound and will remain to be sound in liquidity position as it has adopted a more conservative approach to the investment of its surplus cash, with money market deposits being placed with relatively stronger financial institutions for shorter periods. Bank counterparty credit risk has been, and continues to be, monitored closely on a systematic and ongoing basis, taking account of the size of the institution.

### Solvency

The state of affairs of the Group and the Bank as at 31 December 2015 are set out on page 91 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 2016, the Bank will continue implementing the 5-year strategy focusing mainly on optimizing investments made for the past three years in the areas of network expansion, systems and products while also improving quality of service. The Bank will also continue with aggressive recovery of bad loans and enhancement of credit risk management.

### 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.



## Sera za kina za uhasibu na maamuzi

Matokeo ya utendaji wa Kundi yanazingatia sera za uhasibu na makadirio ambayo huongoza uandaaji wa taarifa za kifedha. Kulingana na matakwa ya Sheria ya Makampuni ya Mwaka 2002, ni jukumu la Wakurugenzi kuchagua sera bora ya Uhasibu na kutoa makadirio na makisio sahihi na muafaka wakati wa kuandaa taarifa za hesabu.

Sera za Uhasibu ambazo ni muhimu kwa matokeo na hali yetu ya kifedha na ambazo zinazotoa uchambuzi wa kina zimeelezwa ipasavyo katika taarifa namba 2 na 4 ya Taarifa za fedha.

## Muundo wa mtaji

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

Mtaji ulioidhinishwa

Hisa za kawaida 4,000,000,000 za thamani ya shilingi 25 kwa kila hisa.

Mtaji uliotolewa na kulipwa

Hisa za kawaida 2,611,838,584 za thamani ya shilingi 25 kwa kila hisa.

Mkutano Mkuu wa Mwaka uliofanyika tarehe 9, Mei, 2015, uliidhinisha pendekezo la Bodi ya Wakurugenzi la kuongeza mtaji wa shilingi bilioni 150.4 kwa utaratibu wa Hisa stahili. Mchakato wa kuuza Hisa stahili ulianza tarehe 18 Juni, 2015 na kuhitimishwa tarehe 14 Agosti 2015, ambapo hisa mpya 435,306,424, zilitolewa kwa wanahisa wa Benki waliokuwemo kwenye rejista ya wanahisa wa Benki tarehe 18 Juni 2015, kwa uwiano wa hisa moja mpya kwa kila hisa 5 za kawaida alizonazo mwanahisa.

Kupitia mchakato huu, wawekezaji wapya makampuni ya kimataifa ya IFC/AfCap and CDC) walinunua hisa zote ambazo hazikununuliwa na wanahisa kwa thamani ya shilingi 32.00 ukilinganisha na bei ya shilingi 350.00 kwa kila hisa.

## Wanahisa wa Benki

Katiba ya Benki inatambua aina tatu ya wanahisa wa Benki, ambao ni: wanahisa wanaomiliki asilimia 10 au zaidi ya jumla ya hisa zilizolipiwa, wanahisa wanaomiliki kati ya asilimia 1 hadi asilimia 10 ya jumla ya hisa zilizolipiwa na wanahisa wanaomiliki chini ya asilimia 1. Hadi mwisho wa mwaka 2015 umiliki wa hisa katika makundi haya matatu ulikuwa kama ifuatavyo:

## 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

2,611,838,584 ordinary shares of TZS 25 each

The Annual General Meeting held on 9th May, 2015 approved a recommendation by the Board of Directors to raise additional capital of TZS 150.4 billion through a Rights Issue. The process started on 18th June, 2015 and was concluded on 14th August, 2015, whereby 435,306,424 new shares, were issued to shareholders of the Bank who were in the Bank's share register as at 18th June, 2015, in the ratio of 1 new share for every 5 Ordinary Shares held.

Through this process, the new strategic investors (consortium of IFC, AfCap and CDC) underwrote all shares which were not exercised by shareholders at a premium of TZS 32.00 over the rights issue price of TZS 350.00.

## 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:

	2015		2014	
	Idadi ya Hisa No. of shares	%	Idadi ya Hisa No. of shares	%
10% and more	808,949,743	31.0	685,183,680	31.5
1% to less than 10%	681,507,131	25.9	485,695,315	22.4
Less than 1%	1,121,381,710	43.1	1,005,653,165	46.1
<b>Jumla/Total</b>	<b>2,611,838,584</b>	<b>100.0</b>	<b>2,176,532,160</b>	<b>100.0</b>



Wanahisa wanaomiliki asilimia 1 au zaidi ya jumla ya mtaji uliolipwa hadi tarehe 31 Desemba 2015, walikuwa kama ilivyoorodheshwa hapa chini:

Shareholders holding 1% or more of the total paid up capital as at 31 December 2015 are listed here under:

Makundi ya Wanahisa Shareholding group	2015		2014	
	Idadi ya Hisa No. of shares	Asilimia %	Idadi ya Hisa No. of shares	Asilimia %
DANIDA Investment Fund	548,067,648	21.5	467,781,934	21.5
PPF Pension Fund	260,882,095	10	217,401,746	10.0
CDC Group Plc/ IFC/AfCap	130,692,741	5.0	-	-
Aunali F. Rajabali and Sajjad F. Rajabali	105,506,395	-	-	-
Pinebridge	78,878,880	3.0	65,732,400	3.0
General Partners IV Ltd	64,704,702	2.5	55,082,392	2.5
LAPF Pension Fund	58,077,549	2.2	48,397,958	2.2
Blakeney General Partners III Ltd	52,953,203	2.0	80,105,578	3.7
PSPF Pension Fund	37,837,620	1.4	31,531,350	1.4
Hans Aingaya Macha	32,764,200	1.3	27,303,500	1.3
National Health Insurance Fund	32,040,040	1.2	26,700,034	1.2
Western Zone Tobacco Co-operative	30,000,000	1.1	36,000,000	1.7
Union (WETCO)				
CMG Investment Limited	29,330,971	1.1	20,703,680	1.0
Kimberlite Frontier Master Africa Fund Lp RCKM	28,720,830	1.1	-	-
Altree Custody Services Ltd 008 Tanzania	-	-	30,127,409	1.4
Lindi Development Fund	-	-	21,660,000	1.0
Patrick Schegg	-	-	21,230,300	1.0
BLAKENEY INVESTORS	-	-	21,120,714	1.0
<b>Total</b>	<b>1,490,456,874</b>	<b>56.9</b>	<b>1,170,878,995</b>	<b>53.9</b>

Jumla ya wanahisa hadi mwishoni mwa mwaka 2015 ilikuwa 29,756 (2014: wanahisa walikuwa 29,132). Idadi hii inajumuisha wajumbe tisa wa Bodi ya Wakurugenzi kama ilivyoainishwa kwenye Ripoti ya Utawala bora.

## Taarifa za Soko la hisa

Benki imeorodheshwa katika Soko la Hisa la Dar es Salaam. Bei ya hisa hadi tarehe 31 Desemba 2015 ilikuwa shilingi 405.00 (2014: ilikuwa shilingi 430.00). Thamani ya mtaji kwa makampuni yaliyoorodheshwa katika soko la hisa hadi tarehe 31 Desemba 2015, ilikuwa shilingi trilioni 1.057.79 (2014: shiling bilioni 935.91).

## Vihatarishi na hali zisizo na uhakika

CRDB inakabiliwa na hali hatarishi na zisizo na uhakika zifuatazo kutokana na aina ya biashara:

## Vihatarishi vya kifedha

Vihatarishi vya kifedha ni pamoja na vihatarishi vya mikopo, ukwasi na soko. Sera za Benki za usimamizi na udhibiti wa vihatarishi zinatengenezwa na Bodi ya Wakurugenzi na

The total number of shareholders by end of 2015 was 29,756 (2014: 29,132 shareholders), which included nine members of the Board as outlined in the Corporate Governance Report

## Stock Exchange information

The Bank is listed on the Dar es Salaam Stock Exchange. The share price as at 31 December 2015 was TZS 405.00 (2014: TZS 430.00). Market capitalization as at 31 December 2015 was TZS 1,057.79 billion (2014: TZS 935.91 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. The additional details of the financial risks facing the Bank are provided in note 3 to the financial statements.



kusimamiwa na Menejimenti. Sera hizi zinahusika na utambuzi wa hatari, uthamini na kupunguza athari za vihatarishi hivyo. Taarifa za ziada kuhusu vihatarishi vya kifedha zinazoikabili Benki, zimeelezwa katika ufafanuzi wa taarifa ya fedha katika kiambatisho namba 3.

### Vihatarishi vya Kiuendeshaji

Benki inakabiliwa na hatari za kiuendeshaji, zinazoweza kujitokeza kutokana na upungufu au kushindwa kufanya kazi kwa taratibu za udhibiti wa ndani, wafanyakazi, mifumo au matukio kutoka nje. Hata hivyo, Kundi lina sera na mifumo inayojitosheleza kukabiliana na/au kupunguza athari ya hatari hizo.

### Usimamizi wa vihatarishi na Udhibiti wa ndani

Bodi ya Wakurugenzi inawajibika kusimamia udhibiti wa hatari za kibiashara na taratibu za ndani. Ni wajibu wa Menejimenti kuhakikisha mifumo imara ya udhibiti wa ndani inaundwa na kutumika wakati wote ili kuwa na uhakika wa mambo yafuatayo:

- Ufanisi katika utendaji;
- Usalama wa mali za Benki;
- Kukidhi matakwa ya kisheria na taratibu
- Biashara inaendelea.

Utawala bora unategemea sana uwepo wa muundo wenye ufanisi, unaojitosheleza na unaofuata taratibu bora zilizothibitika kimataifa. Ili kuhakikisha udhibiti wa ndani unajitosheleza, Benki ina Idara mahsusi ya Hali hatarishi na udhibiti ambayo inaratibu na kufuatilia utekelezaji wa taratibu za usimamizi wa hali hatarishi ndani ya Kundi.

Bodi ya Wakurugenzi kupitia Kamati zake za Udhibiti wa Hatari za Kibiashara, ilikagua mifumo ya ndani ya udhibiti katika Mwaka wa Fedha ulioishia Desemba 31, 2015. Kutokana na ukaguzi huo, Bodi iliridhika kuwa mifumo iliyopo ya udhibiti wa ndani inaweza kudhibiti hatari za kibiashara zinazoweza kujitokeza katika uendeshaji wa shughuli za Kundi.

### Uwezo na Rasilimali muhimu

Benki imeendelea kutoa kipaumbele katika rasilimali muhimu ambazo ni rasilimali watu na teknolojia, ambazo zinatupa uwezo wa kutoa huduma bora, kuwa na tija na uwezo kifedha. Uwezo wa kuwaridhisha wateja unategemea kwa kiasi kikubwa rasilimali watu. Wafanyakazi wa Benki wataendelea kuwa rasilimali muhimu sana, kama ilivyodhihirika katika matokeo ya mwaka huu, ambayo yaliyotokana na juhudi na kujitoa kwao.

### 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
- 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.

In addition, the Board through its Risk Committees evaluated the internal control systems during the financial year ended 31 December 2015. It is of the opinion that they adequately and efficiently mitigate risks inherent in the Group's operations.

### Key strength and Resources

The Group continues to give its top priority to key resources which are people and technology which gives us strength in service delivery, productivity and financial strength. Customer satisfaction depends first and foremost on people and hence employees continue to be the 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 resources in pursuing its business objectives. The group continues to encourage open and honest communication in decision making.

ICT is also an important enabler in service delivery. This is the reason why the Group has continuously invested in the state of art technology to realise operational excellence and better service delivery to our customers.



Benki ina wafanyakazi wenye ujuzi na uzoefu, ambao ni rasilimali muhimu katika kutekeleza malengo ya kibiashara. Kundi linaendelea kuhamasisha uwazi na majadiliano katika kufanya maamuzi.

Tekinolojia ya Habari na Mawasiliano ni nyenzo muhimu katika utoaji wa huduma. Hii ndio sababu Kundi limeendelea kuwekeza katika teknolojia ya kisasa, ili kuwa na ufanisi kiutendaji na kutoa huduma bora kwa wateja wetu.

Kundi limeendelea kutoa kipaumbele kwa tija, ambapo mikakati tuliyotekeleza mwaka huu imetuwzesha kupata mafanikio makubwa katika kujenga utamaduni wa kuwa na tija katika utendaji katika maeneo yote ndani ya Kundi.

Dhamira yetu ni kuendelea kuifanya biashara yetu kuwa rafiki kwa wateja na yenye ufanisi kwa muda mrefu, wakati huo huo tukidhibiti gharama, ili ziwe ndani ya kiwango kinachotakiwa. Mafanikio ambayo kundi imepata, yametupa uwezo wa kutosha kuendelea kuwadumia wateja wetu ipasavyo.

## Maslahi ya Wafanyakazi

### Uhusiano kati ya Menejimenti na Wafanyakazi

Kundi limeendelea kuimarisha uhusiano mzuri kati ya wafanyakazi na Menejimenti katika mwaka ulioisha. Mafanikio haya yamefikwa kupitia utekelezaji wa Mkataba wa miaka mitatu wa hali bora na Chama cha Wafanyakazi wa Viwanda na Biashara (TUICO), ulioridhiwa upya mwaka 2014. Zaidi ya hayo, Kundi limefanya utafiti ili kukusanya maoni ya wafanyakazi katika maeneo muhimu kama vile mazingira ya kazi, mafunzo na maendeleo, malipo na kujiendeleza kitaaluma. Kupitia mikakati kama hii, Kundi limeweza kudumisha imani na mahusiano mazuri na wafanyakazi.

### Mafunzo kwa Wafanyakazi

Kundi lilitumia shilingi bilioni 5.51 kwenye mafunzo kwa mwaka ulioisha kutoka shilingi bilioni 4.71 zilizotumika mwaka 2014 kwa lengo la kuboresha ujuzi na utendaji wa wafanyakazi.

Mwaka 2015, Kundi liliendelea kutoa mafunzo kupitia mtandao (e-learning), yaliyolenga kozi za ujuzi mahsusi kwa ajili ya teknolojia ya habari na mawasiliano (ICT), usimamizi wa hatari za kibiashara, usimamizi wa mahusiano na usimamizi wa mikopo. Mafunzo haya yamewawezesha wafanyakazi kupata ujuzi muhimu kwa ajili ya kuelewa vizuri majukumu yao.

Productivity has been the key focus for the group and thus the initiatives we embarked on during the year have made us achieve significant progress in embedding productivity culture throughout the Group.

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

## Employees' Welfare

### Management and Employees' relationship

The Group continues to maintain good relationship between employees and management as one of its top agenda. This has been achieved through observing the 3 year collective bargaining agreement with TUICO (Tanzania Union of Industrial and Commercial Workers) which was renewed in 2014. In addition, the Group conducted Employees Satisfaction Survey (ESS) through KPMG with the intention of obtaining feedback from employees on key areas of work environment, training and development, compensation and career progression. Through such initiatives, the Group has been able to maintain trust and good working relationship with employees.

### Training facilities

The Group spent TZS 5.51 billion in the period under review from TZS 4.71 billion incurred in 2014 on staff training in order to improve employees' technical skills and performance. In year 2015, 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. Staff pursued Distance Learning Programme on banking certificate and diploma courses that can be easily accessed countrywide. In house training programmes and structured programmes offered locally and internationally were also part of the training programmes for 2015 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.



Wafanyakazi walipata mafunzo ya masafa katika ngazi ya Cheti cha Benki na kozi za Diploma, ambazo ziliweza kupatikana kwa urahisi nchi nzima. Programu za mafunzo zilizotolewa ndani na nje ya nchi zilikuwa sehemu ya programu za mafunzo kwa mwaka 2015, ili kubadilishana uzoefu na kupata uelewa wa mambo mbalimbali.

### Huduma za Afya

Kundi linaendelea kutoa huduma ya afya kwa wafanyakazi, wenza na watoto wao wasiozidi wanne. Pia Benki inaendesha Programu ya Maisha Bora ya Wafanyakazi (Employee Wellness Programme) kwa kutumia mtoa huduma wa nje ya Benki, ili kuwasaidia wafanyakazi kuwa na uwiano bora kati ya maisha na kazi ambao huongeza ufanisi kazini.

### Usalama mahali pa kazi

Kundi huchukua hatua zote muhimu ili kulinda afya, usalama na maslahi ya wafanyakazi wake. Mazingira salama ya kazi yameendelea kuboreshwa kwa ajili ya wafanyakazi wote, kwa kutoa vifaa vya kutosha vya kujikinga na hatari mbalimbali, mafunzo na usimamizi kwa kadri inavyowezekana. Kundi huzingatia matakwa yote ya Wakala wa Usalama na Afya Mahala pa Kazi (OSHA).

### Msaada wa kifedha kwa Wafanyakazi

Mikopo hutolewa kwa wafanyakazi wote waliothibitishwa kazini kwa kuzingatia tathimini na uamuzi wa Menejimenti kulingana na mahitaji, mazingira na Sera za Mikopo na Rasilimali watu.

### Watu wenye ulemavu

Kundi lina sera ya kutoa ajira kwa watu wenye ulemavu pale inapowezekana. Kundi linazingatia sera hii kila mara linapoajiri. Benki inaamini katika kutoa fursa sawa kwa Wafanyakazi wote. Tunahamasisha na kutoa kipaumbele sawa kwa maombi ya kazi kutoka kwa watu wenye ulemavu, na hatubagui tunapofanya tathmini, kuchagua, kutoa mafunzo na kupandisha vyeo.

Ajira, mafunzo, maendeleo na kupandisha vyeo kwa wenye ulemavu huzingatia sifa na uwezo wa mhusika. Endapo mfanyakazi atapata ulemavu akiwa kazini, jitihada zitafanyika kuhakikisha anaendelea kufanya kazi na ikilazimu, mafunzo mahsus na vifaa stahiki vitatolewa.

### Idadi ya Wafanyakazi

Hadi ilipofika Desemba 31, 2015, Kundi lilikuwa na wafanyakazi 2,651 kutoka wafanyakazi 2,387 waliokuwepo mwaka 2014. Ongezeko la wafanyakazi kwa mwaka ni asilimia 11 ambayo inaendana na kiwango cha ukuaji wa biashara.

### 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 ensures 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, 2015 the Group's number of employees were 2,651 employees from 2,387 in 2014. The annual growth in staffing was 11% which is in line with the business growth. Out of the total number of staff in the Group as at 31 December 2015; 1,502 were male and 1,149 females. The Group gives 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, tribe, religion, and disability which does not impair ability to discharge duties.

### Disabled persons

The Bank believes in providing equal opportunities for all employees. We encourage and give full and fair consideration to job applications from people with disability and are unbiased in the way we assess, select, appoint, train and promote people.

Recruitment, training, career development and promotion of disabled persons are based on the aptitudes and abilities of the individual. Should employees become disabled during their employment with the bank, efforts are made to continue their employment and, if necessary, appropriate training and reasonable equipment and facilities are provided.

### Political and charitable donations

The Group did not make any political donations during the year. Charitable donations and/or CSI made amounted to TZS 322 Million (2014: TZS 465 million).



Kati ya idadi hiyo, wafanyakazi 1,502 ni wanaume na wafanyakazi 1,149 ni wanawake. Benki inatoa fursa sawa katika nafasi za ajira na kuhakikisha mtahiniwa bora ndiye anapata nafasi ya kuajiriwa bila ubaguzi wa aina yoyote, iwe jinsia, kuwa au kutokuwa na ndoa, kabila, dini na ulemavu ambao haumzuii mwajiriwa kutekeleza majukumu yake.

### Misaada ya kisiasa na kijamii

Kundi halikutoa msaada wowote kwa misingi ya kisiasa kwa mwaka wa fedha uliopita. Misaada ya kijamii iliyotolewa ilikuwa na thamani ya shilingi milioni 322 kutoka shilingi milioni 465 iliyotolewa mwaka 2014.

### Programu ya kulinda Mazingira

Kundi linaunga mkono uwekezaji katika sekta zenye vipaumbele katika kulinda na kutunza mazingira ikiwemo kilimo, viwanda na utalii, wakati huu ambao mabadiliko ya tabia nchi yamekuwa ni changamoto katika nchi zote, ikiwemo Tanzania.

Katika kuunga mkono utunzaji wa mazingira na jitihada za kulinda mazingira, Kundi huhakikisha matakwa ya kisheria kuhusu athari za kimazingira kwa miradi yote inayounga mkono yanazingatiwa.

### Matukio baada ya muda wa ripoti

Hakuna matukio au mabadiliko yaliyotokea kati ya tarehe ya ripoti na tarehe rasmi ya kutoa taarifa za fedha.

### Wakaguzi wa hesabu

Wakaguzi, kampuni ya PricewaterhouseCoopers, imeonesha utayari kuendelea kutoa huduma na wana sifa ya kupewa nafasi nyingine. Azimio la Bodi ya Wakurugenzi la kupendekeza kuteuliwa kwa mara nyingine kwa wakaguzi hao, kwa mwaka unaofuata, litawasilishwa katika Mkutano Mkuu wa Mwaka.

### 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.

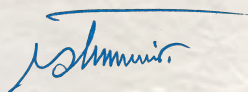
### Events after reporting period

There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements are authorized for issue.

### 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

23 March 2016  
Tarehe/ Date



# Taarifa Juu ya Majukumu ya Wakurugenzi

Kwa Mwaka Unaoishia 31 Desemba 2015

# Statement of Directors' Responsibilities

For the Year Ended 31 December 2015

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 uandaji na uwasilishaji wa taarifa za mwaka ambazo zimeepukwa na udanganyifu au kosa lolote.

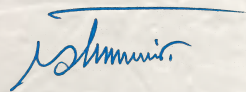
Wakurugenzi hawajaona jambo lililojitokeza kuwajulisha na kuwa na sababu ya Benki kutokuwa na muendelezo wa utendaji wa hali yake ya kawaida katika kipindi kingine cha miezi kumi na mbili (12) kuanzia kutoka kwa taarifa hii.

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



Martin J. Mmari  
Mwenyekiti/ Chairman

23 March 2016  
Tarehe/ Date



# 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 2015 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.

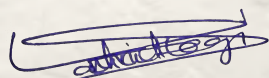
### *Opinion*

In our opinion the accompanying financial statements give a true and fair view of the state of the Group's and of the Bank's financial affairs at 31 December 2015 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.



Patrick M Kiambi – TACPA

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

Date: 31/03/2016



# Financial Statements

## Consolidated and Bank Statement of Profit or Loss and Other Comprehensive Income for the Year Ended December 31 December 2015.

	Note	GROUP		BANK	
		2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Interest and similar income	5	497,471	371,699	487,202	368,372
Interest expense	6	(106,822)	(95,512)	(103,176)	(93,938)
<b>Net interest income</b>		<b>390,649</b>	<b>276,187</b>	<b>384,026</b>	<b>274,434</b>
Loan impairment charges	19	(66,877)	(36,886)	(66,725)	(36,761)
<b>Net interest income after loan impairment charges</b>		<b>323,772</b>	<b>239,301</b>	<b>317,301</b>	<b>237,673</b>
Fee and commission income	7A	156,432	121,498	148,601	115,661
Fee and commission expense	7B	(7,476)	(2,894)	(24,477)	(13,109)
<b>Net fee and commission income</b>		<b>148,956</b>	<b>118,604</b>	<b>124,124</b>	<b>102,552</b>
Net foreign exchange income	8	34,860	29,334	32,602	27,211
Other operating income	9	1,280	262	578	22
Other operating expenses	10	(134,570)	(106,445)	(125,137)	(99,428)
Depreciation and amortization	11	(33,812)	(27,863)	(31,779)	(26,470)
Employee benefit expenses	12	(152,796)	(120,949)	(139,526)	(111,552)
		(321,178)	(255,257)	(296,442)	(237,450)
<b>Profit before income tax</b>		<b>187,690</b>	<b>132,244</b>	<b>178,163</b>	<b>130,008</b>
Income tax expense	13	(58,712)	(36,599)	(55,790)	(34,704)
<b>Profit for the year</b>		<b>128,978</b>	<b>95,645</b>	<b>122,373</b>	<b>95,304</b>
Profit for the year attributable to owners of the parent		128,978	95,645	122,373	95,304
<b>Other comprehensive income:</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Translation reserve	34	3,434	1,340	-	-
Revaluation loss on available-for-sale	34	(3,956)	(880)	(2,844)	(880)
Government securities					
<b>Other comprehensive (loss)/income for the year net of tax</b>		<b>(522)</b>	<b>460</b>	<b>(2,844)</b>	<b>(880)</b>
<b>Total comprehensive income for the year</b>		<b>128,456</b>	<b>96,105</b>	<b>119,529</b>	<b>94,424</b>
Basic and diluted earnings per share (TZS)	14	54.28	36.39		

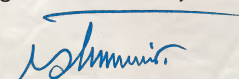


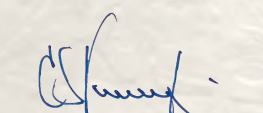
# Financial Statements

## Consolidated And Bank Statement of Financial Position as at 31 December 2015

	Note	GROUP 2015 TZS' Million	2014 TZS' Million	BANK 2015 TZS' Million	2014 TZS' Million
<b>ASSETS</b>					
Cash and balances with Central Banks	16	783,670	549,570	769,824	538,357
Government securities	17	773,161	594,585	728,309	566,918
Loans and advances to banks	18	291,007	294,626	305,218	289,125
Loans and advances to customers	19	3,260,587	2,545,296	3,226,708	2,494,931
Equity investments	20	2,280	2,280	2,280	2,280
Other assets	21	86,330	62,485	82,106	58,071
Investment in subsidiaries	22	-	-	22,311	22,311
Current income tax	13	2,840	19,375	2,089	18,562
Property and equipment	23A	134,617	106,803	127,413	102,064
Motor vehicles	23B	13,928	8,323	12,233	6,951
Prepaid operating lease	24	10,767	6,029	10,767	6,029
Intangible assets	25	31,144	17,230	29,269	15,833
Deferred income tax	26	17,486	3,495	17,178	3,297
<b>TOTAL ASSETS</b>		<b>5,407,817</b>	<b>4,210,097</b>	<b>5,335,705</b>	<b>4,124,729</b>
<b>LIABILITIES</b>					
Deposits from customers	27	4,246,168	3,390,921	4,180,390	3,361,995
Deposits from banks	28	72,527	94,594	70,314	36,068
Other liabilities	29	83,774	95,740	96,995	106,632
Provisions	30	1,872	1,084	1,872	1,084
Grants	31	19,561	15,436	18,069	13,543
Short term borrowings	32.1	-	43,249	-	43,249
Subordinated debts	32.2	87,300	31,333	87,300	31,333
Long term borrowings	32.3	209,217	96,589	209,217	96,589
<b>TOTAL LIABILITIES</b>		<b>4,720,419</b>	<b>3,768,946</b>	<b>4,664,157</b>	<b>3,690,493</b>
<b>EQUITY</b>					
Share capital	33	65,296	54,413	65,296	54,413
Share premium	34	158,314	18,765	158,314	18,765
Retained earnings	34	355,487	346,614	342,708	340,698
Regulatory banking risk reserve	34	79,221	19,633	79,020	19,440
Legal provision reserve	34	33	-	-	-
Translation reserve	34	3,635	201	-	-
General banking reserve	34	28,707	-	28,707	-
Revaluation reserve	34	(3,295)	1,525	(2,497)	920
<b>TOTAL EQUITY</b>		<b>687,398</b>	<b>441,151</b>	<b>671,548</b>	<b>434,236</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,407,817</b>	<b>4,210,097</b>	<b>5,335,705</b>	<b>4,124,729</b>

The financial statements on pages 91 to 174 were approved and authorised for issue by the Board of Directors on 23th March 2016 and signed on its behalf by:

  
Mr. Martin J. Mmari  
Chairman

  
Dr. Charles S. Kimei  
Managing Director

  
Mr. Ally H. Laay  
Director



# Financial Statements

## Statements of Changes in Equity For the Year Ended 31 December 2015

### GROUP

GROUP	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	Regulatory banking risk reserve TZS' Million	General banking reserve TZS' Million	Legal provision reserve TZS' Million	Revaluation reserve TZS' Million	Translation reserve TZS' Million	Total TZS' Million
Year ended 31 December 2015	Note								
At 1 January 2015		18,765	346,614	19,633	-	-	1,525	201	441,151
Profit for the year		-	128,978	-	-	-	-	-	128,978
<b>Comprehensive income</b>									
Loss on available-for-sale revaluation	34	-	244	-	-	-	(4,200)	-	(3,956)
Translation reserve		-	-	-	-	-	-	3,434	3,434
Transfer of excess depreciation	34	-	641	-	-	-	(641)	-	-
Deferred tax on excess depreciation	34	-	(21)	-	-	-	21	-	-
<b>Total comprehensive income</b>			<b>129,842</b>				<b>(4,820)</b>	<b>3,434</b>	<b>128,456</b>
Transfer to general banking reserve and regulatory banking risk reserve		-	(88,287)	59,588	28,707	-	-	-	8
Transfer to legal provision reserve		-	(33)	-	-	33	-	-	-
<b>Transactions with shareholders</b>									
Dividends declared	15	-	(32,649)	-	-	-	-	-	(32,649)
Rights issue		10,883	-	-	-	-	-	-	150,432
		139,549	-	-	-	-	-	-	-
<b>At 31 December 2015</b>		<b>65,296</b>	<b>355,487</b>	<b>79,221</b>	<b>28,707</b>	<b>33</b>	<b>(3,295)</b>	<b>3,635</b>	<b>687,398</b>



## Financial Statements

### Statements of Changes in Equity

#### For the Year Ended 31 December 2015

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	
Profit for the year	-		-	95,645	-	-	-	95,645	
<b>Comprehensive income</b>	-		-	-	-	(880)	-	(880)	
Loss on available-for-sale Government securities fair valuation	-	34	-	-	-	-	-	-	
Translation reserve	-		-	-	-	-	1,340	1,340	
Transfer of excess depreciation	-	34	-	546	-	(546)	-	-	
<b>Total comprehensive income</b>	-		-	96,191	-	(1,426)	1,340	96,105	
Transfer to the regulatory banking risk reserve	-		-	(17,626)	17,626	-	-	-	
Burundi Adjustment	-		-	(233)	-	-	-	(233)	
<b>Transactions with shareholders</b>	-		-	(30,471)	-	-	-	(30,471)	
Dividends declared	-	15	-	-	-	-	-	-	
At 31 December 2014	54,413		18,765	346,614	19,633	1,525	201	441,151	



# Financial Statements

## Statements of Changes in Equity For the Year Ended 31 December 2015

BANK

Year ended 31 December 2015	Note	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	Regulatory banking risk reserve TZS' Million	General banking reserve TZS' Million	Revaluation reserve TZS' Million	Total TZS' Million
At 1 January 2015		54,413	18,765	340,698	19,440	-	920	434,236
Profit for the year		-	-	122,373	-	-	-	122,373
<b>Comprehensive income</b>		-	-	-	-	-	(2,844)	(2,844)
Loss on available-for-sale Government securities fair valuation	34	-	-	-	-	-	(2,844)	(2,844)
Transfer of excess depreciation	34	-	-	573	-	-	(573)	-
<b>Total comprehensive income</b>		-	-	122,946	-	-	(3,417)	119,529
Transfer to general banking reserve and regulatory banking risk reserve		-	-	(88,287)	59,580	28,707	-	-
<b>Transactions with shareholders</b>		-	-	(32,649)	-	-	-	(32,649)
Dividend declared	15	-	-	-	-	-	-	-
Rights issue		10,883	139,549	-	-	-	-	150,432
<b>At 31 December 2015</b>		<b>65,296</b>	<b>158,314</b>	<b>342,708</b>	<b>79,020</b>	<b>28,707</b>	<b>(2,497)</b>	<b>671,548</b>



## Financial Statements

### Statements of Changes in Equity For the Year Ended 31 December 2015

BANK

Year ended 31 December 2014	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	Regulatory banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Total TZS' Million
At 1 January 2014	54,413	18,765	292,870	1,955	2,280	370,283
Profit for the year	-	-	95,304	-	-	95,304
<b>Comprehensive income</b>	-	-	-	-	(880)	(880)
Loss on available-for-sale Government securities fair valuation	-	-	-	-	(880)	(880)
Transfer of excess depreciation	-	-	480	-	(480)	-
<b>Total comprehensive income</b>	-	-	95,784	-	(1,360)	94,424
Transfer to regulatory banking risk reserve	-	-	(17,485)	17,485	-	-
<b>Transactions with shareholders</b>	-	-	-	-	-	-
Dividend declared	-	-	(30,471)	-	-	(30,471)
<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>434,236</b>

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## Consolidated and Bank Statement of Cash Flows For the Year Ended 31 December 2015

	Note	GROUP		BANK	
		2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Cash flow from operating activities</b>					
Profit before income tax		187,690	132,244	178,163	130,008
Adjustment for:					
Depreciation of property and equipment	23A	26,226	22,101	25,151	21,385
Amortization of intangible assets	25B	5,205	4,248	4,590	3,888
Depreciation of motor vehicle	23B	2,080	1,453	1,737	1,144
Amortization of prepaid operating leases	24	301	53	301	53
Loss on disposal of property and equipment	9	63	91	65	87
Loan impairment charges	19	66,877	36,886	66,725	36,761
Other assets impairment charges		1,827		1,826	
Changes in provisions		1,000		1,000	
Net interest income		(390,649)	(276,187)	(384,026)	(274,434)
Net fee and commission income		(148,956)	(118,604)	(124,124)	(102,552)
		<b>(248,336)</b>	<b>(197,715)</b>	<b>(228,592)</b>	<b>(183,660)</b>
<b>Changes in operating assets and liabilities:</b>					
Statutory minimum reserve		(107,251)	11,241	(107,251)	11,241
Government securities		(82,768)	(26,088)	(69,907)	(10,430)
Loans and advances to banks		(26,239)	(19,038)	(51,306)	(19,038)
Loans and advances to customers		(732,264)	(599,713)	(748,919)	(553,630)
Other assets		(23,372)	(22,270)	(23,561)	(18,855)
Deposits from banks		(31,047)	40,653	26,868	(17,787)
Deposits from customers		854,165	362,310	819,939	349,521
Other liabilities		(13,210)	48,100	(10,879)	50,548
Provisions		(212)		(212)	
Grants		4,125	7,653	4,526	6,123
Interest received(Loans and Advance)		366,014	382,496	360,414	378,771
Interest paid (Excluding deposits from bank)		(94,683)	(88,298)	(95,265)	(86,884)
Fee and commission income	7	156,432	121,498	148,601	115,661
Fee and commission expense		(7,476)	(2,894)	(24,477)	(13,109)
Income tax paid		(56,228)	(44,658)	(53,199)	(42,357)
<b>Net cash(used in)/from operating activities</b>		<b>(42,350)</b>	<b>(26,723)</b>	<b>(53,220)</b>	<b>(33,885)</b>
<b>Cash flows from investing activities</b>					
Investment in subsidiary	22	-	-	-	(2,290)
Purchase of property and equipment		(48,586)	(36,230)	(47,191)	(33,775)
Purchase of motor vehicle		(7,784)	(2,519)	(7,254)	(2,339)
Purchase of P&E financed by Grants		(4,532)	(2,640)	(3,289)	(2,640)
Acquisition of leasehold land	24	(5,039)	(5,567)	(5,039)	(5,567)
Purchase of intangible assets	25B	(18,650)	(4,492)	(17,908)	(4,219)
Proceeds from disposal of property and equipment and motor vehicles		199	900	199	900
<b>Net cash used in investing activities</b>		<b>(84,392)</b>	<b>(50,548)</b>	<b>(80,482)</b>	<b>(49,930)</b>



# Financial Statements

For the Year Ended 31 December 2015

## Consolidated and Bank Statement of Cash Flows For the Year Ended 31 December 2015 (continued)

	Note	GROUP		BANK	
		2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Cash flows from financing activities</b>					
Rights issue		150,432	-	150,432	-
Dividends paid		(31,407)	(29,048)	(31,407)	(29,048)
Repayment of borrowings	32	(44,104)	-	(44,104)	-
Proceeds from borrowings and subordinated debt	32	145,422	119,406	145,422	119,406
<b>Net cash from financing activities</b>		<b>220,343</b>	<b>90,358</b>	<b>220,343</b>	<b>90,358</b>
<b>Cash and cash equivalents at 1 January</b>					
		487,365	475,697	470,652	465,400
Net cash from / (used in) operating activities		(42,350)	(26,723)	(53,220)	(33,885)
Net cash used in investing activities		(84,392)	(50,548)	(80,482)	(49,930)
Net cash from financing activities		220,343	90,358	220,343	90,358
Effect of exchange rate change on cash and cash equivalent		1,687	(1,419)	693	(1,291)
<b>Cash and cash equivalents at 31 December</b>	<b>35</b>	<b>582,653</b>	<b>487,365</b>	<b>557,986</b>	<b>470,652</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 Accomodation Scheme Building  
Azikiwe Street  
PO Box 268  
Dar es Salaam

The consolidated and Bank's financial statements for the year ended 31 December 2015 have been approved for the issue by the Board of Directors on 23 March 2016. 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 financial statements are presented in Tanzania shillings (TZS) and the amounts are rounded to the nearest million, except where otherwise indicated.

#### (i) Compliance with IFRS

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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.

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Available-for-sale financial assets and motor vehicles-measured at fair value
- Other financial assets and liabilities measured at amortised cost as explained in the accounting policies below.

#### (iii) New and amended standards adopted by the Group and Bank

The following standards have been adopted by the Group and Bank for the first time for the financial year beginning on or after 1 January 2015:

Annual improvements to IFRSs, 2010 – 2012 cycle and 2011- 2013 cycle

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

#### (iv) New standards and interpretations not yet adopted by the Group and Bank

A number of new standards and amendments to standards and interpretations have been published but are not yet effective for annual periods beginning after 1 January 2015, and have not been early adopted. None of these is expected to have a significant effect on the financial statements except the following set out below:

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 2015. 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.



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

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 loss 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. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

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. The standard is effective for annual period beginning on or after 1 January 2017 and earlier application is permitted. The Group is still assessing the impact of IFRS 15.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group and the Bank in the current or future reporting periods and on foreseeable future transactions.

### (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 2015. The reporting date for both subsidiaries is 31 December.

### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

### *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.

Interest income on non-performing loans for which no impairment provision has been recorded is recognised using the effective interest method. Interest income is not recognised for non-performing loans for which an impairment provision has been recorded.

**(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 Group 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 Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are 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 Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables 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 Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Group 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



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

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, cash and balances with central bank, some government securities or other assets. 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 Group's management has the positive intention and ability to hold to maturity, other than:

- (a) those that the Group upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Group 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'.

### (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 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.

### (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 using the effective interest method. Financial liabilities are derecognised when extinguished. Such financial liabilities include deposits from banks or customers, other liabilities and borrowings.

**(k) 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 Group 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.

**l) Classes of financial instruments**

The Group 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:

**m) Impairment of financial assets**

**(i) Assets carried at amortised cost**

The Group 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 Group uses to determine that there is objective evidence of impairment include:

- Significant financial difficult 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

Category (as defined by IAS 39)		Class (as determined by the Bank)		Subclasses
Financial assets	Loans and receivables	Loans and advances to banks		
		Loans and advances to customers	Loans to individuals (retail)	Personal loans SMEs MFIs Mortgages
			Loans to corporate	Corporate customers Others
	Available - for - sale financial assets	Investment securities - debt securities		Unlisted
		Investment securities - equity securities		Unlisted
Financial liabilities	Financial liabilities at amortised cost	Deposits from banks		
	Financial liabilities at amortised cost	Deposits from customers	Retail customers Corporate customers	



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

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 Group 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 Group 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 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.

An impairment assessment is performed in a similar manner as explained in Note 2(m)(i) for loans whose terms are renegotiated as a result of financial difficulty of the borrower in the year the terms were renegotiated even if the loan is classified as performing.

### **(n) 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.

### **(o) 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.



**(p) Income tax**

Income tax expense is the aggregate of the charge to the profit or 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.

**(q) 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.

**(r) Property and equipment and motor vehicles**

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.

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 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



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

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.

### (s) 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).

### (t) 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.

### (u) 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. The gratuity is not a defined benefit arrangement.

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

### (v) 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.

### (w) Dividend distribution

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until declared at the Annual General Meeting. Payment of dividends is subjected to withholding tax at the enacted rate of 5%.

### (x) 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 Group 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.

### (y) Grants

Grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the purchase of property, plant and equipment are included in non



-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

**(z) 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.

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.

**Determination**

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

**(aa) Contingencies and commitments**

Transactions are classified as contingencies where the Group's obligations depend on uncertain future events. Items are classified as commitments where the Group 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. The financial guarantees are subsequently measured at the greater of the amortised cost or the obligation.

**Acceptances and letters of credit**

Acceptances and letters of credit are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

**(ab) Segment reporting**

In accordance with IFRS 8, the Group has the following business segments: Treasury, Retail banking and

Microfinance services 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 and to assess their performance. The agreed allocation basis between segments was not changed during the year.

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 2015 and 31 December 2014.

**Primary segment information - Business Segments**

The following table presents profit and loss and assets and liability information regarding the Bank's business segments for the year ended 31 December 2015.



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

(ab) Segment reporting (continued)

### GROUP

Year ended 31 December 2015	Corporate Banking TZS' Million	Retail Banking & Microfinance Burundi TZS' Million	Treasury TZS' Million	Total TZS' Million
<b>External Operating income</b>				
Interest Income	206,041	194,161	97,269	497,471
Interest Expense	(43,278)	(44,099)	(19,445)	(106,822)
Internal net interest income/ (expense)	3,049	5,866	(8,915)	-
Net interest income	<b>165,812</b>	<b>155,928</b>	<b>68,909</b>	<b>390,649</b>
Loan Impairment charges	(36,523)	(30,354)	-	(66,877)
<b>Net Interest income after loan impairment charges</b>	<b>129,289</b>	<b>125,574</b>	<b>68,909</b>	<b>323,772</b>
Fee and Commission income	25,249	130,771	412	156,432
Fee and Commission expense	(1,207)	(6,269)	-	(7,476)
<b>Net Fee and Commission income</b>	<b>24,042</b>	<b>124,502</b>	<b>412</b>	<b>148,956</b>
Net foreign exchange Income	-	2,258	32,602	34,860
Other operating income	-	1,280	-	1,280
Other operating expense	(41,133)	(92,011)	(1,426)	(134,570)
Employee benefit expenses	(28,716)	(115,296)	(8,784)	(152,796)
Depreciation and amortisation	(740)	(32,904)	(168)	(33,812)
<b>Profit Before Tax</b>	<b>82,742</b>	<b>13,403</b>	<b>91,545</b>	<b>187,690</b>
Income Tax Expense	(25,887)	(4,182)	(28,643)	(58,712)
Profit for the year	<b>56,855</b>	<b>9,221</b>	<b>62,902</b>	<b>128,978</b>
<b>Asset and Liability</b>				
Segment assets	2,055,383	2,099,944	978,942	5,134,269
PPE Additions	24,223	24,749	11,537	60,509
Unallocated Asset	-	-	-	213,039
<b>Total Assets</b>	<b>2,079,606</b>	<b>2,124,693</b>	<b>990,479</b>	<b>5,407,817</b>
Segment liabilities	(2,143,579)	(2,490,315)	(5,667)	(4,639,562)
Unallocated liabilities	-	-	-	(80,857)
<b>Total Liabilities</b>	<b>(2,143,579)</b>	<b>(2,490,315)</b>	<b>(5,667)</b>	<b>(4,720,419)</b>



### (ab) Segment reporting (continued)

#### GROUP

Year ended 31 December 2014	Corporate Banking TZS' Million	Retail Banking & Microfinance Burundi 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	4,1389
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 2015

## NOTES (continued)

### (ab) Segment reporting (continued)

#### Primary segment information - Business Segments

The following table presents profit and loss and assets and liability information regarding the Bank's business segments for the year ended 31 December 2015.

#### BANK

Year ended 31 December 2015	Corporate Banking TZS' Million	Retail Banking TZS' Million	Treasury TZS' Million	Total TZS' Million
<b>External Operating income</b>				
Interest income	209,164	180,769	97,269	487,202
Interest expense	(43,428)	(38,093)	(21,655)	(103,176)
Internal net interest income/(expense)	1,890	3,249	(5,139)	-
<b>Net interest income</b>	<b>167,626</b>	<b>145,925</b>	<b>70,475</b>	<b>384,026</b>
Loan impairment charges	(36,523)	(30,202)	-	(66,725)
<b>Net interest income after loan impairment charges</b>	<b>131,103</b>	<b>115,723</b>	<b>70,475</b>	<b>317,301</b>
Fee and commission income	25,225	122,960	416	148,601
Fee and commission expense	(998)	(23,479)	-	(24,477)
<b>Net fee and commission income</b>	<b>24,227</b>	<b>99,481</b>	<b>416</b>	<b>124,124</b>
Net foreign exchange Income	-	-	32,602	32,602
Other operating income	-	578	-	578
General and administrative Expense	(42,217)	(81,524)	(1,396)	(125,137)
Employee benefit expenses	(29,286)	(101,466)	(8,775)	(139,527)
Depreciation and amortisation	(740)	(30,870)	(168)	(31,778)
<b>Profit before tax</b>	<b>83,087</b>	<b>1,922</b>	<b>93,154</b>	<b>178,163</b>
Income tax expense	(26,094)	(734)	(28,962)	(55,790)
<b>Profit for the year</b>	<b>56,993</b>	<b>1,188</b>	<b>64,192</b>	<b>122,373</b>
<b>Asset and liability</b>				
Segment assets	1,958,799	2,080,763	1,026,958	5,066,521
PPE additions	22,315	23,705	11,699	57,719
Unallocated asset	-	-	-	211,465
<b>Total assets</b>	<b>1,981,114</b>	<b>2,104,468</b>	<b>1,038,657</b>	<b>5,335,705</b>
Segment liabilities	(2,143,579)	(2,353,270)	(70,314)	(4,567,163)
Unallocated liabilities	-	-	-	(96,994)
<b>Total liabilities</b>	<b>(2,143,579)</b>	<b>(2,353,270)</b>	<b>(70,314)</b>	<b>(4,664,157)</b>



(ab) Segment reporting (continued)

BANK

Year ended 31 December 2014	Corporate Banking TZS' Million	Retail Banking TZS' Million	Treasury TZS' Million	Total TZS' Million
Interest income	181,116	102,270	84,985	368,372
Interest expense	(57,006)	(30,109)	(6,823)	(93,938)
Internal interest income/(expense)	17,603	14,224	(31,827)	-
<b>Net interest income</b>	<b>124,110</b>	<b>72,161</b>	<b>78,163</b>	<b>274,434</b>
Loan impairment charges	(30,403)	(6,358)	-	(36,761)
<b>Net interest income after loan impairment charges</b>	<b>93,708</b>	<b>65,802</b>	<b>78,163</b>	<b>237,673</b>
Fees and commission income	41,644	72,921	1,096	115,661
Fees and commission expenses	(3,882)	(9,227)	-	(13,109)
<b>Net fees and commission income</b>	<b>37,762</b>	<b>63,694</b>	<b>1,096</b>	<b>102,552</b>
Net foreign exchange income	-	1,969	25,242	27,211
Other operating income	4	19	(1)	22
Other operating expenses	(38,217)	(54,151)	(7,060)	(99,428)
Employee benefit expenses	(49,360)	(54,277)	(7,915)	(111,552)
Depreciation and amortisation	(10,561)	(15,853)	(56)	(26,470)
<b>Profit before tax</b>	<b>33,336</b>	<b>7,204</b>	<b>89,468</b>	<b>130,008</b>
Income tax expense	(8,899)	(1,923)	(23,882)	(34,704)
<b>Profit for the year</b>	<b>24,437</b>	<b>5,281</b>	<b>65,586</b>	<b>95,304</b>
<b>Assets and liabilities</b>				
Segment assets	1,694,996	1,441,597	731,253	3,867,846
PPE additions	16,983	14,444	7,327	38,754
Unallocated assets	-	-	-	218,129
<b>Total assets</b>	<b>1,711,979</b>	<b>1,456,041</b>	<b>738,580</b>	<b>4,124,729</b>
Segment liabilities	(2,013,863)	(1,155,216)	(291,574)	(3,460,653)
Unallocated liabilities	-	-	-	(229,840)
<b>Total liabilities</b>	<b>(2,013,863)</b>	<b>(1,155,216)</b>	<b>(291,574)</b>	<b>(3,690,493)</b>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### (ab) 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 2015	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
<b>External operating income</b>			
Interest income	484,992	12,479	497,471
Interest expense	(100,966)	(5,856)	(106,822)
Internal net interest income/(expense)	-	-	-
<b>Net interest income</b>	<b>384,026</b>	<b>6,623</b>	<b>390,649</b>
Loan impairment charges	(66,725)	(152)	(66,877)
<b>Net interest income after loan impairment charges</b>	<b>317,301</b>	<b>6,471</b>	<b>323,772</b>
Fee and commission income	152,941	3,491	156,432
Fee and commission expense	(6,855)	(621)	(7,476)
<b>Net Fee and commission income</b>	<b>146,086</b>	<b>2,870</b>	<b>148,956</b>
Net foreign exchange Income	32,602	2,257	34,860
Other operating income	1,103	178	1,280
General and administrative expense	(129,777)	(4,792)	(134,569)
Employee benefit expenses	(148,424)	(4,373)	(152,796)
Depreciation and amortisation	(32,139)	(1,673)	(33,812)
<b>Profit before tax</b>	<b>186,752</b>	<b>938</b>	<b>187,690</b>
Income tax expense	(58,431)	(281)	(58,712)
<b>Profit for the year</b>	<b>128,321</b>	<b>657</b>	<b>128,978</b>
<b>Asset and liability</b>			
Segment assets	4,967,930	166,339	5,134,269
PPE additions	58,549	1,960	60,509
Unallocated asset	-	-	213,039
<b>Total assets</b>	<b>5,026,479</b>	<b>168,299</b>	<b>5,407,817</b>
Segment liabilities	(4,504,006)	(135,556)	(4,639,562)
Unallocated liabilities	-	-	(80,857)
<b>Total liabilities</b>	<b>(4,504,006)</b>	<b>(135,556)</b>	<b>(4,720,419)</b>



# Financial Statements

## For the Year Ended 31 December 2015

### NOTES (continued)

#### (ab) 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)
<b>Profit/(loss) before Tax</b>	<b>137,132</b>	<b>(4,888)</b>	<b>132,244</b>
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	3,846,503	101,394	3,947,897
PPE Additions	40,326	1,063	41,389
Unallocated Asset	-	-	220,811
<b>Segment assets</b>	<b>4,108,703</b>	<b>101,394</b>	<b>4,210,097</b>
Segment liabilities	(3,558,555)	(89,383)	(3,647,938)
Unallocated liabilities	-	-	(121,008)
<b>Segment liabilities</b>	<b>3,679,563</b>	<b>89,383</b>	<b>3,768,946</b>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### (ab) Segment reporting (continued)

Cash flows from operating, investing and financing activities for the geographical segments are as follows:

Year ended 31 December 2015	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
Net cash from operating activities	(26,886)	10,957	(15,932)
Net cash used in investing activities	(83,255)	(1,137)	(84,392)
Net cash generated from financing activities	200,267	-	200,267
Net increase in cash and cash equivalents	90,123	9,820	99,943
Cash and cash equivalents at 1 January	469,304	18,061	487,365
Effect of exchange rate change in cash and cash equivalent	(779)	(3,876)	(4,655)
<b>Cash and cash equivalent at 31 December</b>	<b>558,648</b>	<b>24,005</b>	<b>582,653</b>
Year ended 31 December 2014			
Net cash from/(used in) operating activities	24,155	(50,878)	(26,723)
Net cash used in investing activities	(47,525)	(3,023)	(50,548)
Net cash generated 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	(2,208)	789	(1,419)
<b>Cash and cash equivalent at 31 December</b>	<b>469,304</b>	<b>18,061</b>	<b>487,365</b>

In computing the above segment information;

- Income, expenses, assets and liabilities have been either specifically identified with individual segment or allocated to segment on a systematic basis using an agreed internal allocation basis or classified as unallocated.
- Unallocated assets includes, Sundry debtors, bills receivables, bank card stock, advance payment for capital expenditures, prepayments, receivables from mobile phone companies, tax related accounts and due from related party. Unallocated liabilities includes; bills payables, dividends payable, accrued expenses, deferred income, sundry creditors, credit

outstanding, unclaimed customers balances and due to related party.

- Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

There were no revenues from transactions with a single external customer that amounted to 10% or more of the Group's revenues.

Currently it is not possible to segregate revenues from external customers for each product and service as the information is not available.



### 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 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.

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 a 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.

##### 3.1.1 Credit risk measurement

###### (a) Loans and advances

In measuring credit risk of loans 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 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.



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

- (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	Number of days outstanding
1	Current	0-30
2	Especially Mentioned	31-90
3	Sub-standard	91-180
4	Doubtful	181-360
5	Loss	361-Above

- (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 structure the levels of credit risk they undertake by placing limits on the amount of risk accepted in 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 weekly 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.



### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

(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 Group 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 Group'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 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.

Financial instruments whose carrying amounts represent the maximum exposure to credit risk without taking account of any collateral held or other credit enhancements are shown below:-



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

##### 3.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

Group	Amounts are in TZS' Million			
	2015	%	2014	%
<b>Group Credit exposures on Balance sheet item:</b>				
Balances and Central Bank	562,919	10	386,237	9
Loans and advances to banks	291,007	5	294,626	7
Government securities	773,161	14	594,585	13
Loans and advances to customers	3,260,587	58	2,545,296	57
Other assets*	55,899	1	37,831	1
	<b>4,943,573</b>	<b>89</b>	<b>3,858,575</b>	<b>87</b>
<b>Off balance sheet items:</b>				
Guarantees and indemnities	101,808	2	168,327	4
Letters of credit	535,701	9	413,677	9
	<b>637,509</b>	<b>11</b>	<b>582,004</b>	<b>13</b>
	<b>5,581,082</b>	<b>100</b>	<b>4,440,579</b>	<b>100</b>
<b>Bank</b>				
<b>Group Credit exposures on Balance sheet item:</b>				
Balances and Central Bank	551,804	10	378,808	9
Loans and advances to banks	305,218	6	289,125	7
Government securities	728,309	13	566,918	13
Loans and advances to customers	3,226,708	59	2,494,931	57
Other assets*	55,629	1	35,558	1
	<b>4,867,668</b>	<b>88</b>	<b>3,765,340</b>	<b>87</b>
<b>Off balance sheet items:</b>				
Guarantees and indemnities	101,808	2	168,327	4
Letters of credit	535,701	10	413,677	9
	<b>637,509</b>	<b>12</b>	<b>582,004</b>	<b>13</b>
	<b>5,505,177</b>	<b>100</b>	<b>4,347,344</b>	<b>100</b>

\*Other assets (excludes prepayments, stock and advance capital as they are not financial assets).

The Group loans and advances to customers and off balance sheet items comprise of 69% (2014: 70%) of the total credit exposure.

The directors are confident in the ability to continue to control and sustain minimal exposure of credit risk to the Group and Bank.

Loans and advances to banks are to reputable banks operating internationally or in Tanzania and East Africa, and generally no securities held.

While collateral is an important mitigant to credit risk, the Group's underwriting policy ensures that loans are strictly granted on a going concern basis with adequate demonstration of repayment capacity. Other than exposures that are unsecured, all other facilities are secured by collateral in the form of charges over cash, land and buildings, marketable securities, plant and machinery, amongst other.

#### Collateral repossessed

It is the group's policy to dispose of repossessed properties on the open market, at fair market value. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy or foreclose repossessed properties for its own business use.



### 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 2015		31 December 2014	
	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	2,905,015	291,007	2,392,578	294,626
Past due but not impaired	166,475	-	54,317	-
Non performing loans	270,862	-	129,247	-
<b>Gross</b>	<b>3,342,352</b>	<b>291,007</b>	<b>2,576,142</b>	<b>294,626</b>
Less: Allowances for impairment	(81,765)	-	(30,846)	-
<b>Net</b>	<b>3,260,587</b>	<b>291,007</b>	<b>2,545,296</b>	<b>294,626</b>

#### Bank

	31 December 2015		31 December 2014	
	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	2,870,992	305,218	2,342,209	289,125
Past due but not impaired	166,475	-	54,316	-
Non performing loans	270,862	-	129,247	-
<b>Gross</b>	<b>3,308,329</b>	<b>305,218</b>	<b>2,525,772</b>	<b>289,125</b>
Less: Allowances for impairment	(81,621)	-	(30,841)	-
<b>Net</b>	<b>3,226,708</b>	<b>305,218</b>	<b>2,494,931</b>	<b>289,125</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.

When entering into new markets or new industries, in order to minimise the potential increase of credit risk exposure,

the Group focused more on the business with large corporate enterprises or banks with good credit rating or retail customers providing sufficient collateral.

**(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).



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

##### 3.1.5 Loans and Advances (continued)

###### Group and Bank

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Microfinance institutions (MFI's)	176,145	150,878	176,145	147,702
Consumer	886,305	521,237	886,305	510,264
Small and Medium enterprises (SMEs)	339,754	263,448	339,754	257,902
Corporate enterprises(Corporate)	1,502,811	1,457,015	1,468,788	1,426,341
<b>Total</b>	<b>2,905,015</b>	<b>2,392,578</b>	<b>2,870,992</b>	<b>2,342,209</b>
<b>Loans and advance to banks</b>	<b>291,007</b>	<b>294,626</b>	<b>305,218</b>	<b>289,125</b>

#### b) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered non performing, 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

	2015 TZS' Million	2014 TZS' Million
Microfinance institutions (MFI's)	9,600	4,763
Consumer	10,888	16,978
Small and Medium enterprises (SMEs)	7,202	6,545
Corporate enterprises(Corporate)	138,785	26,031
<b>Total</b>	<b>166,475</b>	<b>54,317</b>

###### Group and Bank (Amounts are in TZS' Million)

31 December 2015	Past due up to 30 days	Past due 31 - 60 days	Past due 61-90 days	Grand Total
Microfinance institutions (MFI's)	598	1,564	7,438	9,600
Consumer	58	6,740	4,090	10,888
Small and Medium enterprises (SMEs)	330	4,100	2,772	7,202
Corporate enterprises (Corporate)	3,121	6,413	129,251	138,785
<b>Total</b>	<b>4,107</b>	<b>18,817</b>	<b>143,551</b>	<b>166,475</b>
<b>31 December 2014</b>				
Microfinance institutions (MFI's)	1,305	2,545	913	4,763
Consumer	754	12,947	3,277	16,978
Small and Medium enterprises (SMEs)	370	4,153	2,021	6,544
Corporate enterprises(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>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Credit risk (continued)

##### 3.1.5 Loans and advances

###### c) *Non-performing loans and advances*

The breakdown of the gross amount of the non-performing loans and advances by class is shown below. This loans and advances were individually assessed for impairment.

#### Group and Bank

	2015 TZS' Million	2014 TZS' Million
Microfinance institutions (MFI's)	35,928	5,723
Consumer	15,260	11,035
Small and Medium enterprises (SMEs)	17,480	9,362
Corporate enterprises (Corporate)	202,194	103,127
<b>Total</b>	<b>270,862</b>	<b>129,247</b>
Specific impairment allowance	69,750	27,546

During the year total of TZS 216,448 million (2014: TZS 37,690 million) Loans and advances were renegotiated and restructured.

##### 3.1.6 Investment securities

The investment securities held by the Group and Bank comprise treasury bills and bonds issued by the Governments of Burundi and Tanzania. All these investments were considered to be neither past due nor impaired. These investment securities are held with the Governments 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 2015.



## Financial Statements For the Year Ended 31 December 2015 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

Credit exposures as at 31 December 2015	Financial institutions	Manufacturing	Local and Central Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
<b>On Balance sheet items</b>										
Balances with Central Banks	562,919	-	-	-	-	-	-	-	-	562,919
Loans and advances to banks	291,007	-	-	-	-	-	-	-	-	291,007
Government securities	-	-	773,161	-	-	-	-	-	-	773,161
Loans and advances to customers	142,486	150,924	77,462	488,103	228,185	129,948	567,549	910,245	565,685	3,260,587
Other assets*	-	-	-	-	-	-	-	-	55,899	55,899
	<b>996,412</b>	<b>150,924</b>	<b>850,623</b>	<b>488,103</b>	<b>228,185</b>	<b>129,948</b>	<b>567,549</b>	<b>910,245</b>	<b>621,584</b>	<b>4,943,573</b>
<b>Off-Balance sheet items</b>										
Guarantees and indemnities	-	-	-	-	-	-	-	-	101,808	101,808
Letters of credit	-	-	-	-	-	-	-	-	535,701	535,701
Commitment to extend credit	-	-	-	-	-	-	-	-	251,022	251,022
	-	-	-	-	-	-	-	-	888,531	888,531

For the purpose of financial instruments disclosure: \* Other assets (excludes prepayments, stock and advance capital as they are not financial assets)



# Financial Statements

For the Year Ended 31 December 2015

## 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

Credit exposures as at 31 December 2014	Financial institutions	Manufacturing	Local and Central Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
<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	144,788	399,064	206,162	119,464	462,070	536,928	471,728	2,545,296
Other assets*	12,238	-	-	-	25,419	-	-	173	-	37,830
	<b>789,101</b>	<b>205,092</b>	<b>739,373</b>	<b>399,064</b>	<b>231,581</b>	<b>119,464</b>	<b>462,070</b>	<b>537,101</b>	<b>375,728</b>	<b>3,858,574</b>
<b>Off-Balance sheet items</b>										
Guarantees and indemnities	-	-	-	-	-	-	-	-	168,327	168,327
Letters of credit	-	-	-	-	-	-	-	-	413,677	413,677
Commitment to extend credit	-	-	-	-	-	-	-	-	159,777	159,777
	-	-	-	-	-	-	-	-	<b>741,781</b>	<b>741,781</b>



## Financial Statements

For the Year Ended 31 December 2015

### 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 2015	Financial institutions	Manufacturing	Local and Central Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
<b>On Balance sheet items</b>										
Balances with Central Banks	551,804	-	-	-	-	-	-	-	-	551,804
Loans and advances to banks	305,218	-	-	-	-	-	-	-	-	305,218
Government securities	-	-	728,309	-	-	-	-	-	-	728,309
Loans and advances to customers	180,487	147,633	62,300	477,728	223,279	127,034	553,596	890,186	564,465	3,226,708
Other assets*	-	-	-	-	-	-	-	-	55,629	55,629
	<b>1,037,509</b>	<b>147,633</b>	<b>790,609</b>	<b>477,728</b>	<b>223,279</b>	<b>127,034</b>	<b>553,596</b>	<b>890,186</b>	<b>620,094</b>	<b>4,867,668</b>
<b>Off-Balance sheet items</b>										
Guarantees and indemnities	-	-	-	-	-	-	-	-	101,808	101,808
Letters of credit	-	-	-	-	-	-	-	-	535,701	535,701
Commitment to extend credit	-	-	-	-	-	-	-	-	251,022	251,022
	-	-	-	-	-	-	-	-	<b>888,531</b>	<b>888,531</b>



# Financial Statements

For the Year Ended 31 December 2015

## 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	Financial institutions	Manufacturing	Local and Central Government	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
<b>On Balance sheet items</b>										
Balances with Central Banks	378,808	-	-	-	-	-	-	-	-	378,808
Loans and advances to banks	289,125	-	-	-	-	-	-	-	-	289,125
Government securities	-	-	566,918	-	-	-	-	-	-	566,918
Loans and advances to customers	95,644	201,076	56,308	391,213	202,060	117,105	433,831	526,216	471,478	2,494,931
Other assets*	9,965	-	-	-	25,421	-	-	173	-	35,559
	<b>773,542</b>	<b>201,076</b>	<b>623,226</b>	<b>391,213</b>	<b>227,481</b>	<b>117,105</b>	<b>433,831</b>	<b>526,389</b>	<b>471,478</b>	<b>3,765,341</b>
<b>Off-Balance sheet items</b>										
Guarantees and indemnities	-	-	-	-	-	-	-	-	168,327	168,327
Letters of credit	-	-	-	-	-	-	-	-	413,677	413,677
Commitment to extend credit	-	-	-	-	-	-	-	-	159,777	159,777
	-	-	-	-	-	-	-	-	<b>741,781</b>	<b>741,781</b>



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

Group

(Amounts are in TZS' Million)

Year ended 31 December 2015	Tanzania	Europe	America	Burundi	Others	Total
<b>On Balance sheet items</b>						
Balances with Central Banks	551,804	-	-	11,115	-	562,919
Loans and advances to banks	59,821	68,988	131,367	16,249	14,582	291,007
Government securities	728,309	-	-	44,852	-	773,161
Loans and advances to customers	3,226,708	-	-	33,879	-	3,260,587
Other assets	54,078	-	-	1,821	-	55,899
	4,620,720	68,988	131,367	107,916	14,582	4,943,573
<b>Off balance sheet items</b>						
Guarantees and indemnities	101,808	-	-	-	-	101,808
Letters of credit	535,701	-	-	-	-	535,701
Commitment to extend credit	251,022	-	-	-	-	251,022
	888,531	-	-	-	-	888,531

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

Geographical sectors

Group

(Amounts are in TZS' Million)

Year ended 31 December 2014	Tanzania	Europe	America	Burundi	Others	Total
<b>On Balance sheet items</b>						
Balances with Central Banks	378,808	-	-	7,429	-	386,237
Loans and advances to banks	86,027	100,563	93,916	5,501	8,619	294,626
Government securities	566,918	-	-	27,667	-	594,585
Loans and advances to customers	2,494,931	-	-	50,365	-	2,545,296
Other assets	37,830	-	-	-	-	37,830
	3,564,514	100,563	93,916	90,962	8,619	3,858,574
<b>Off balance sheet items</b>						
Guarantees and indemnities	168,327	-	-	-	-	168,327
Letters of credit	413,677	-	-	-	-	413,677
Commitment to extend credit	159,777	-	-	-	-	159,777
	741,781	-	-	-	-	741,781



# Financial Statements

For the Year Ended 31 December 2015

## 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)

Year ended 31 December 2015	Tanzania	Europe	America	Burundi	Others	Total
<b>On Balance sheet items</b>						
Balances with Central Bank	551,804	-	-	-	-	551,804
Loans and advances to banks	76,070	68,988	131,367	25,706	3,087	305,218
Government securities	728,309	-	-	-	-	728,309
Loans and advances to customers	3,187,717	-	-	38,991	-	3,226,708
Other assets	55,629	-	-	-	-	55,629
	4,599,529	68,988	131,367	64,697	3,087	4,867,668
<b>Off balance sheet items</b>						
Guarantees and indemnities	101,808	-	-	-	-	101,808
Letters of credit	535,701	-	-	-	-	535,701
Commitment to extend credit	251,022	-	-	-	-	251,022
	888,531	-	-	-	-	888,531

#### Bank

(Amounts are in TZS' Million)

Year ended 31 December 2014	Tanzania	Europe	America	Burundi	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	2,456,872	-	-	38,059	-	2,494,931
Other assets	35,559	-	-	-	-	35,559
	3,513,130	100,563	93,916	38,059	19,673	3,765,341
<b>Off balance sheet items</b>						
Guarantees and indemnities	168,327	-	-	-	-	168,327
Letters of credit	413,677	-	-	-	-	413,677
Commitment to extend credit	159,777	-	-	-	-	159,777
	741,781	-	-	-	-	741,781



### 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 Group 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 Group acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the Group'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 2015 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%	(64,296)
Interest rate risk	Change in interest rate	5%	2,121
Liquidity risk	Run off of deposits	15%	1,002
Operational risk	Fraud and other losses	3%	(5,549)

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



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2. Market Risk (continued)

##### 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 4% on foreign denominated assets and liabilities would have resulted in lower or higher profit after tax as follows:

	GROUP			BANK
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
USD	4,125	353	2,157	383
EURO	(1,826)	3	474	(5)
GBP	(189)	24	25	23
BIF	1	6	1	6
Others	(317)	40	18	39

If the exchange rate for the BIF were to shift by 4%, then the impact on the translation reserve in relation to the translation of CRDB Bank Burundi SA for consolidation purposes would be TZS 145.4 million (2014: TZS 8.04 million).

#### Group

Concentrations of foreign currency risk – on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)							
As at 31 December 2015	TZS	USD	EURO	GBP	BIF	Others	Total
<b>Assets</b>							
Cash and balances with Central Banks	682,992	93,251	5,630	1,797	-	-	783,670
Loans and advances to banks	32,864	246,290	11,826	2	25	-	291,007
Loans and advances to customers	2,307,939	951,426	1,222	-	-	-	3,260,587
Government securities	773,161	-	-	-	-	-	773,161
Other assets*	44,439	9,126	256	78	-	-	55,899
	<b>3,841,395</b>	<b>1,300,093</b>	<b>18,934</b>	<b>1,877</b>	<b>25</b>	<b>-</b>	<b>5,162,324</b>
<b>Liabilities</b>							
Deposits from customers	3,145,218	1,022,122	64,391	6,592	-	7,845	4,246,168
Deposits from banks	69,713	2,814	-	-	-	-	72,527
Other liabilities**	67,710	5,475	205	(3)	-	80	73,467
Borrowings and subordinated debt	129,955	166,562	-	-	-	-	296,517
	<b>3,412,596</b>	<b>1,196,973</b>	<b>64,596</b>	<b>6,589</b>	<b>-</b>	<b>7,925</b>	<b>4,688,679</b>
<b>Net on-balance sheet financial position</b>	<b>428,799</b>	<b>103,120</b>	<b>(45,662)</b>	<b>(4,712)</b>	<b>25</b>	<b>(7,925)</b>	<b>473,645</b>
<b>Off balance sheet commitments</b>	<b>363,091</b>	<b>483,100</b>	<b>30,096</b>	<b>1,682</b>	<b>-</b>	<b>10,562</b>	<b>888,531</b>

\* Other assets (excludes prepayments, stock and advance capital as they are not financial assets)

\*\*Other liabilities (excludes deferred income and statutory liabilities)



### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2. Market Risk (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	503,253	41,567	2,929	1,669	152	-	549,570
Loans and advances to banks	58,558	181,836	40,284	6,166	-	7,782	294,626
Loans and advances to customers	1,794,996	749,084	1,216	-	-	-	2,545,296
Government securities	594,585	-	-	-	-	-	594,585
Other assets*	37,359	471	-	-	-	-	37,830
	<b>2,988,751</b>	<b>972,958</b>	<b>44,429</b>	<b>7,835</b>	<b>152</b>	<b>7,782</b>	<b>4,021,907</b>
<b>Liabilities</b>							
Deposits from customers	2,494,130	838,578	44,209	7,234	-	6,770	3,390,921
Deposits from banks	92,386	2,200	-	-	-	8	94,594
Other liabilities**	86,122	1,563	156	(3)	-	16	87,854
Borrowings and subordinated debt	49,370	121,801	-	-	-	-	171,171
	<b>2,722,008</b>	<b>964,142</b>	<b>44,365</b>	<b>7,231</b>	<b>-</b>	<b>6,794</b>	<b>3,744,540</b>
<b>Net on-balance sheet financial position</b>	<b>266,743</b>	<b>8,816</b>	<b>64</b>	<b>604</b>	<b>152</b>	<b>988</b>	<b>277,367</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>

###### Bank

Concentrations of foreign currency risk – on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)

As at 31 December 2015	TZS	USD	EURO	GBP	BIF	Others	Total
<b>Assets</b>							
Cash and balances with Central Banks	673,415	89,175	5,445	1,789	-	-	769,824
Loans and advances to banks	31,167	204,241	57,881	3,522	25	8,382	305,218
Loans and advances to customers	2,274,059	951,427	1,222	-	-	-	3,226,708
Government securities	728,309	-	-	-	-	-	728,309
Other assets	46,047	9,248	256	78	-	-	55,629
<b>Total financial assets</b>	<b>3,752,997</b>	<b>1,254,091</b>	<b>64,804</b>	<b>5,389</b>	<b>25</b>	<b>8,382</b>	<b>5,085,688</b>
<b>Liabilities</b>							
Due to customers	3,089,740	1,025,310	52,737	4,761	-	7,842	4,180,390
Deposits from banks	67,508	2,806	-	-	-	-	70,314
Other liabilities	81,104	5,475	205	-3	-	80	86,861
Borrowings and subordinated debt	129,955	166,562	-	-	-	-	296,517
<b>Total financial liabilities</b>	<b>3,368,307</b>	<b>1,200,153</b>	<b>52,942</b>	<b>4,758</b>	<b>-</b>	<b>7,922</b>	<b>4,634,082</b>
<b>Net on-balance sheet financial position</b>	<b>384,690</b>	<b>53,938</b>	<b>11,862</b>	<b>631</b>	<b>25</b>	<b>460</b>	<b>451,606</b>
<b>Off balance sheet commitments</b>	<b>363,091</b>	<b>483,100</b>	<b>30,096</b>	<b>1,682</b>	<b>-</b>	<b>10,562</b>	<b>888,531</b>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2. Market Risk (continued)

##### 3.2.1 Foreign exchange risk (continued)

###### Bank

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	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	34,938	621	-	-	-	-	35,559
<b>Total financial assets</b>	<b>2,905,821</b>	<b>959,074</b>	<b>44,251</b>	<b>7,809</b>	<b>152</b>	<b>7,783</b>	<b>3,924,890</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 and subordinated debt	49,370	121,801	-	-	-	-	171,171
<b>Total financial liabilities</b>	<b>2,660,200</b>	<b>949,429</b>	<b>44,388</b>	<b>7,231</b>	<b>-</b>	<b>6,797</b>	<b>3,668,045</b>
<b>Net on-balance sheet financial position</b>	<b>245,621</b>	<b>9,645</b>	<b>(137)</b>	<b>578</b>	<b>152</b>	<b>986</b>	<b>256,845</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>

##### 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 and the investment in the shares of Tanzania Mortgage Refinance company (TMRC) are carried at cost. They are 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 4,432 million as at 31 December 2015 (2014: TZS 2,705 million) for the group and TZS 4,432 million (2014: TZS 2,722 million) for the bank.

##### 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 500 basis points on all interest bearing assets and liabilities would have resulted in lower or higher profit after tax of TZS 2,121 million as at 31 December 2015 (2014: TZS 405 million).



### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2. Market Risk (continued)

##### 3.2.3 Interest rate risk (Continued)

###### Group

As at 31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non - interest bearing	Total
<b>Assets</b>							
Cash and balances with Central banks	-	-	-	-	-	783,670	783,670
Government securities	5,172	2,198	34,172	154,555	162,313	414,751	773,161
Loans and advances to banks	15,059	21,906	22,668	6,533	-	224,841	291,007
Loans and advances to customers	257,838	172,495	535,031	1,632,133	663,090	-	3,260,587
<b>Total financial assets</b>	<b>278,069</b>	<b>196,599</b>	<b>591,871</b>	<b>1,793,221</b>	<b>825,403</b>	<b>1,423,262</b>	<b>5,108,425</b>
<b>Liabilities</b>							
Deposits from Banks	72,527	-	-	-	-	-	72,527
Deposits from customers	3,554,148	185,001	431,366	38,423	16	37,214	4,246,168
Borrowings and Subordinated debt	-	5,588	-	10,000	280,929	-	296,517
<b>Total financial liabilities</b>	<b>3,626,675</b>	<b>190,589</b>	<b>431,366</b>	<b>48,423</b>	<b>280,945</b>	<b>37,214</b>	<b>4,615,212</b>
<b>Total interest maturity gap</b>	<b>(3,348,606)</b>	<b>6,010</b>	<b>160,505</b>	<b>1,744,798</b>	<b>544,458</b>		

###### Group

As at 31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non - interest bearing	Total
<b>Assets</b>							
Cash and balances with Central banks	-	-	-	-	-	549,570	549,570
Government securities	-	39,658	25,118	112,686	126,781	290,342	594,585
Loans and advances to banks	49,726	27,763	-	22,980	-	194,157	294,626
Loans and advances to customers	882,452	41,502	373,626	920,430	327,286	-	2,545,296
<b>Total financial assets</b>	<b>932,178</b>	<b>108,923</b>	<b>398,744</b>	<b>1,056,096</b>	<b>454,067</b>	<b>1,034,069</b>	<b>3,984,077</b>
<b>Liabilities</b>							
Deposits from Banks	94,594	-	-	-	-	-	94,594
Deposits from customers	2,848,298	351,072	175,243	527	-	15,781	3,390,921
Borrowings and Subordinated debt	1,332	742	43,249	53,249	72,598	-	171,171
<b>Total financial liabilities</b>	<b>2,944,224</b>	<b>351,814</b>	<b>218,492</b>	<b>53,776</b>	<b>72,598</b>	<b>15,781</b>	<b>3,656,685</b>
<b>Total interest maturity gap</b>	<b>(2,012,046)</b>	<b>(242,891)</b>	<b>180,252</b>	<b>1,002,320</b>	<b>381,469</b>		



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2. Market Risk (continued)

##### 3.2.3 Interest rate risk (Continued)

###### Bank

As at 31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non - interest bearing	Total
<b>Assets</b>							
Cash and balances with Central banks	-	-	-	-	-	769,824	769,824
Government securities	5,034	1,788	20,455	123,968	162,313	414,751	728,309
Loans and advances to banks	12,094	21,906	22,667	32,239	-	216,312	305,218
Loans and advances to customers	255,987	169,762	532,344	1,613,479	655,136	-	3,226,708
<b>Total financial assets</b>	<b>273,115</b>	<b>193,456</b>	<b>575,466</b>	<b>1,769,686</b>	<b>817,449</b>	<b>1,400,887</b>	<b>5,030,059</b>
<b>Liabilities</b>							
Deposits from banks	70,314	-	-	-	-	-	70,314
Deposits from customers	3,511,968	179,670	424,989	26,533	16	37,214	4,180,390
Borrowings and Subordinated debt	-	5,588	-	10,000	280,929	-	296,517
<b>Total financial liabilities</b>	<b>3,582,282</b>	<b>185,258</b>	<b>424,989</b>	<b>36,533</b>	<b>280,945</b>	<b>37,214</b>	<b>4,547,221</b>
<b>Total interest maturity gap</b>	<b>(3,309,167)</b>	<b>8,198</b>	<b>150,477</b>	<b>1,733,153</b>	<b>536,520</b>		

###### Bank

As at 31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non - interest bearing	Total
<b>Assets</b>							
Cash and balances with Central banks	-	-	-	-	-	538,357	538,357
Government securities	-	37,565	21,459	90,771	126,781	290,342	566,918
Loans and advances to banks	49,726	25,787	-	22,980	-	190,632	289,125
Loans and advances to customers	881,952	41,489	371,639	872,671	327,180	-	2,494,931
<b>Total financial assets</b>	<b>931,678</b>	<b>104,841</b>	<b>393,098</b>	<b>986,422</b>	<b>453,961</b>	<b>1,019,331</b>	<b>3,889,331</b>
<b>Liabilities</b>							
Deposits from banks	36,068	-	-	-	-	-	36,068
Deposits from customers	2,827,929	345,401	172,425	459	-	15,781	3,361,995
Borrowings and Subordinated debt	1,333	742	43,249	53,249	72,598	-	171,171
<b>Total financial liabilities</b>	<b>2,865,329</b>	<b>346,143</b>	<b>215,674</b>	<b>53,708</b>	<b>72,598</b>	<b>15,781</b>	<b>3,569,233</b>
<b>Total interest maturity gap</b>	<b>(1,933,651)</b>	<b>(241,302)</b>	<b>177,424</b>	<b>933,173</b>	<b>381,363</b>		

Liquidity risk is the risk that the Group 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.

#### 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:



### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Liquidity risk (continued)

##### 3.3.1 Liquidity risk management process (continued)

- 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.

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).

##### 3.3.2 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.

##### 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 (exclusive of contractual interest), as the Group and Bank manage the inherent liquidity risk based on expected undiscounted cash flows.

#### Group

As at 31 December 2015	Amount in millions					
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Liabilities</b>						
Deposits from customers	3,591,362	185,001	431,366	38,423	16	4,246,168
Deposits from banks	72,527	-	-	-	-	72,527
Borrowings and subordinated debt	-	5,588	-	10,000	280,929	296,517
Other liabilities**	73,467	-	-	-	-	73,467
<b>Total financial liabilities (contractual maturity dates)</b>	<b>3,737,356</b>	<b>190,589</b>	<b>431,366</b>	<b>48,423</b>	<b>280,945</b>	<b>4,688,679</b>
Total financial assets (expected maturity dates)	1,367,944	196,599	981,156	1,793,221	825,403	5,164,323
<b>As at 31 December 2014</b>						
<b>Liabilities</b>						
Deposits from customers	2,864,079	351,072	175,243	527	-	3,390,921
Deposits from banks	94,594	-	-	-	-	94,594
Borrowings and subordinated debt	1,333	742	43,249	53,249	72,598	171,171
Other liabilities**	87,854	-	-	-	-	87,854
<b>Total financial liabilities (contractual maturity dates)</b>	<b>3,047,860</b>	<b>351,814</b>	<b>218,492</b>	<b>53,776</b>	<b>72,598</b>	<b>3,744,540</b>
Total financial assets (expected maturity dates)	1,714,074	221,429	576,571	1,056,096	454,067	4,022,237

\*\* Other liabilities (excludes differed income and statutory liabilities).



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Liquidity risk (continued)

##### 3.3.3 Non-derivative cash flows (continued)

###### Bank

As at 31 December 2015	Up to 1 months	1-3 months	3-12 months	1-5 years	Amount in millions	
					Over 5 years	Total
<b>Liabilities</b>						
Deposits from customers	3,549,182	179,670	424,989	26,533	16	4,180,390
Deposits from banks	70,314	-	-	-	-	70,314
Other liabilities**	-	5,588	-	10,000	280,929	296,517
Borrowings and subordinated debt	86,862	-	-	-	-	86,862
<b>Total financial liabilities (contractual maturity dates)</b>	<b>3,706,358</b>	<b>185,258</b>	<b>424,989</b>	<b>36,533</b>	<b>280,945</b>	<b>4,634,083</b>
<b>Total financial assets (expected maturity dates)</b>	<b>1,340,345</b>	<b>193,456</b>	<b>964,752</b>	<b>1,769,686</b>	<b>817,449</b>	<b>5,085,688</b>
<b>As at 31 December 2014</b>						
<b>Liabilities</b>						
Deposits from customers	2,843,709	345,401	172,425	459	-	3,361,994
Deposits from banks	36,068	-	-	-	-	36,068
Other liabilities**	1,333	742	43,249	53,249	72,598	171,171
Borrowings and subordinated debt	98,811	-	-	-	-	98,811
<b>Total financial liabilities (contractual maturity dates)</b>	<b>2,979,921</b>	<b>346,143</b>	<b>215,674</b>	<b>53,708</b>	<b>72,598</b>	<b>3,668,044</b>
<b>Total financial assets (expected maturity dates)</b>	<b>1,696,234</b>	<b>217,348</b>	<b>570,926</b>	<b>986,422</b>	<b>453,961</b>	<b>3,924,891</b>

\*\* Other liabilities (excludes differed income and statutory liabilities).

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 2015 and 2014, the fair values of the Treasury bills and bonds pledged were TZS.140, 650 million and TZS 27,500 million respectively. The counterparties have an obligation to return the securities to the Group. The Group also holds Treasury Bills and Bonds amounting TZS 67,855 million as at 31 December 2015 (2014: TZS14,650 million) 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 period required to pay.

##### (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.



### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Liquidity risk (continued)

##### 3.3.5 Off-balance sheet items (continued)

###### Summary of off-balance sheet items (Group and Bank):

(Amounts are in TZS Million)

	No later than 1 year	1 – 5 years	Over 5 years	Total
<b>As at 31 December 2015</b>				
Outstanding letters of credit	486,680	49,021	-	535,701
Guarantees and indemnities	69,138	32,660	10	101,808
Commitments to extend credit	251,022	-	-	251,022
Operating lease commitments	6,946	18,370	4,280	29,596
Capital commitments	10,235	-	-	10,235
<b>As at 31 December 2014</b>				
Outstanding letters of credit	379,361	34,316	-	413,677
Guarantees and indemnities	105,911	62,416	-	168,327
Commitments to extend credit	159,777	-	-	159,777
Operating lease commitments	5,880	13,850	2,001	21,731
Capital commitments	13,577	-	-	13,577

#### 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 loans and receivables 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.



# Financial Statements

For the Year Ended 31 December 2015

## 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)

###### Group

The table below summarises the carrying amounts and fair values of financial assets and liabilities

31 December 2015	Available for sale TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
<b>Financial assets</b>					
Cash and balances with Central Banks	-	-	783,670	783,670	783,670
Loans and advances to banks	-	291,007	-	291,007	291,007
Loans and advances to customers	-	3,260,587	-	3,260,587	3,260,587
Government securities	88,648	684,513	-	773,161	773,161
Other assets	-	55,899	-	55,899	55,899
	<b>88,648</b>	<b>4,292,006</b>	<b>783,670</b>	<b>5,164,324</b>	<b>5,164,324</b>
<b>Financial liabilities</b>					
Deposits from banks	-	-	72,527	72,527	72,527
Deposits from customers	-	-	4,246,168	4,246,168	4,246,168
Borrowings	-	-	296,517	296,517	296,517
Other liabilities	-	-	73,467	73,467	73,467
	-	-	<b>4,688,679</b>	<b>4,688,679</b>	<b>4,688,679</b>

###### Group

The table below summarises the carrying amounts and fair values of financial assets and liabilities

31 December 2014	Available for sale TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
<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	54,092	540,493	-	594,585	594,585
Other assets	-	37,830	-	37,830	37,830
	<b>54,092</b>	<b>3,418,245</b>	<b>549,570</b>	<b>4,021,907</b>	<b>4,021,907</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
Borrowings	-	-	171,171	171,171	171,171
Other liabilities	-	-	87,854	87,854	87,854
	-	-	<b>3,744,540</b>	<b>3,744,540</b>	<b>3,744,540</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)

###### Bank

The table below summarises the carrying amounts and fair values of financial assets and liabilities

31 December 2015	Available for sale TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
<b>Financial assets</b>					
Cash and balances with Central Banks	-	-	769,824	769,824	769,824
Loans and advances to banks	-	305,218	-	305,218	305,218
Loans and advances to customers	-	3,226,708	-	3,226,708	3,226,708
Government securities	88,648	639,661	-	728,309	728,309
Other assets	-	55,629	-	55,629	55,629
	<b>88,648</b>	<b>4,227,216</b>	<b>769,824</b>	<b>5,085,688</b>	<b>5,085,688</b>
<b>Financial liabilities</b>					
Deposits from banks	-	-	70,314	70,314	70,314
Deposits from customers	-	-	4,180,390	4,180,390	4,180,390
Borrowings	-	-	296,517	296,517	296,517
Other liabilities	-	-	86,861	86,861	86,861
	-	-	<b>4,634,082</b>	<b>4,634,082</b>	<b>4,634,082</b>

###### Bank

The table below summarises the carrying amounts and fair values of financial assets and liabilities

31 December 2014	Available for sale TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
<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	54,432	512,486	-	566,918	566,918
Other assets	-	35,559	-	35,559	35,559
	<b>54,432</b>	<b>3,332,101</b>	<b>538,357</b>	<b>3,924,890</b>	<b>3,924,890</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
Borrowings	-	-	171,171	171,171	171,171
Other liabilities	-	-	98,811	98,811	98,811
	-	-	<b>3,668,045</b>	<b>3,668,045</b>	<b>3,668,045</b>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.4 Fair value of financial assets and liabilities (continued)

##### (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.

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

##### Group and Bank

The following table represents the Group's and Bank's financial assets that are measured at fair value at 31 December 2015. Motor vehicles that are measured at fair value are disclosed under note 23.

31 December 2015	TZS Million			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
- Treasury Bonds	-	88,648	-	88,648
- Equity Investment (at cost)	-	-	2,280	2,280
<b>Total assets</b>	<b>-</b>	<b>88,648</b>	<b>2,280</b>	<b>90,928</b>

There were no transfers between levels 1 and 2 during the year.

##### Group

The following table represents the Group's financial assets that are measured at fair value at 31 December 2014. Motor vehicles that are measured at fair value are disclosed under note 23A.

31 December 2014	TZS Million			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
- Treasury Bonds	-	54,092	-	54,092
- Equity Investment (at cost)	-	-	2,280	2,280
<b>Total assets</b>	<b>-</b>	<b>54,092</b>	<b>2,280</b>	<b>56,372</b>



### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.4 Fair value of financial assets and liabilities (continued)

##### (b) Fair value hierarchy (continued)

###### Bank

The following table represents the Bank's financial assets that are measured at fair value at 31 December 2014. Motor vehicles that are measured at fair value are disclosed under note 23A.

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 (at cost)	-	-	2,280	2,280
<b>Total assets</b>	-	<b>54,432</b>	<b>2,280</b>	<b>56,712</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.

##### (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.

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.

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.

#### 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.



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.5 Capital management (continued)

The Central Bank requires the Banking group to:

- hold the minimum level of core capital of TZS15 billion;
- 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 12.5%; and
- Maintain total capital of not less than 14.5% of risk-weighted assets plus risk-weighted off-balance sheet items.

The Bank's regulatory capital as managed by its 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.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2015 and year ended 31 December 2014. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Tier 1 capital</b>				
Share capital	65,296	54,413	65,296	54,413
Share Premium	158,314	18,765	158,314	18,765
Retained earnings	355,488	346,614	342,708	340,698
Prepaid expenses	(27,866)	22,882	(16,527)	(17,024)
Deferred tax asset	(17,486)	3,495	(17,178)	(3,297)
Intangible assets	(20,408)	17,230	(18,533)	(15,833)
<b>Total qualifying Tier 1 capital</b>	<b>513,338</b>	<b>463,399</b>	<b>514,080</b>	<b>377,722</b>
<b>Tier 2 capital</b>				
General banking reserve	28,740	3,300	28,707	3,300
Regulatory banking risk reserve	79,221	19,633	79,020	19,440
Subordinated debt	87,300	31,333	87,300	31,333
Revaluation reserve	(3,295)	1,525	(2,497)	920
<b>Total qualifying Tier 2 capital</b>	<b>191,966</b>	<b>55,791</b>	<b>192,530</b>	<b>54,993</b>
<b>Total regulatory capital</b>	<b>705,304</b>	<b>519,190</b>	<b>706,610</b>	<b>432,715</b>
<b>Risk-weighted assets</b>				
On-balance sheet	3,277,202	2,585,412	3,291,008	2,543,913
Off-balance sheet	347,227	340,187	347,227	340,187
<b>Total risk-weighted assets</b>	<b>3,624,429</b>	<b>2,925,599</b>	<b>3,638,235</b>	<b>2,884,100</b>



### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.5 Capital management (continued)

	Required ratio %	Group's ratio 2015 %	Group's ratio 2014 %	Bank's ratio 2015 %	Bank's ratio 2014 %
Tier 1 capital	12.5	14.1%	15.8%	14.1%	13.1%
Tier 1 + Tier 2 capital (Total capital)	14.5	19.4%	17.7%	19.4%	15.0%

In August 2014, the Central Bank of Tanzania issued a regulation, effective from August 2015 that introduced a requirement to set aside capital charges for operational risks faced by banks. Banks was granted a moratorium of two years regarding capital charges for operational risks. The minimum capital ratio of 10% and 12% has increased to 12.5% and 14.5% for core and total capital respectively. Also the Bank of Tanzania introduced a General provision of 1% on unclassified loans which is part of the total capital (Tier 2 Capital).

### 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.

#### 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.

#### (i) 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.

#### 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 for more than 90 days are assessed individually for impairment. The remaining loans and advances, together with those individually assessed for impairment but for which no specific impairment provision is recorded, are collectively assessed for impairment.

In determining whether an impairment loss should be recorded in the profit or loss for loans and advances individually assessed for impairment, management makes judgment on the recoverable amounts, recovery costs associated with realisation of collateral and the recovery period. Recoverable amounts are based on estimated cash flows from debt servicing, estimated cash flows from realisation of collateral or a combination of debt servicing and collateral realisation cash flows. For facilities related to project financing, the impairment assessment includes a consideration of the cash generating ability of the completed projects.

In determining whether an impairment loss should be recorded in the profit or loss for loans and advances collectively assessed for impairment, management makes judgments in determining the grouping of loans and advances with similar credit risk characteristics and whether there is any observable data indicating that



## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 and emergence period for assets with similar credit risk characteristics.

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. If the historical loss experiences used to estimate the collective impairment allowances for the groups of loans and advances with similar credit characteristics is varied by 5%, the collective impairment allowance would increase by TZS 4,130 million. For loans and advances individually assessed for impairment, if the recovery period is increased by 1 year, and the collateral recovery costs increased by 5%, the specific allowance for impairment would increase by TZS 7,986 million.

### **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, 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 1,872 million (2014: TZS 1,084 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 2015 amounted to TZS 17,486 million (2014: TZS 3,495 million) and TZS 17,178 million (2014: TZS 3,297 million) for the bank.

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.

### **f) Assessment by the Tanzanian Revenue Authority**

The Bank has tax assessments for the 2005 to 2012 years of income amount to Shs 31 billion. The 2005 assessment of Shs 3 billion is at the Court of Appeal while the assessments for the remaining years are



at the Tanzania Revenue Appeal Board. This is a banking industry issue. On objection of the above assessment, the Bank has already paid TZS 10 billion (included in other assets for both 2015 and 2014) as one third of the tax liability. The appeals remain pending for determination and no provision for the additional taxes has been recorded.

The assessments substantially relate to the treatment of the impairment provision for loans and advances. CRDB treated impairment provisions as deductible for corporation tax purposes while TRA's position is that such impairment provisions are not deductible until the bank demonstrates that all possible debt recovery measures have been exhausted

#### 5. INTEREST AND SIMILAR INCOME

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Loans and advances to customers</b>				
- Term loans	297,984	210,018	293,087	209,032
- Overdrafts	97,771	74,724	96,846	74,580
Placements and balances with other banks	5,908	4,399	5,785	4,290
Discount earned and interest on Government securities	-	-	-	-
-Treasury bills	49,782	39,332	49,063	38,236
-Treasury bonds	46,026	43,226	42,421	42,234
	<u>497,471</u>	<u>371,699</u>	<u>487,202</u>	<u>368,372</u>
<b>Interest income on non-performing loans</b>	<b>11,266</b>	<b>1,693</b>	<b>11,266</b>	<b>1,693</b>

#### 6. INTEREST EXPENSE

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Deposits from customers</b>				
- current accounts	14,712	8,519	14,700	8,362
- savings accounts	24,349	19,907	24,169	19,830
- fixed deposits	44,504	59,629	42,652	58,782
Commission on nostro transactions	79	-	79	-
Inter-bank borrowing	19,417	6,124	17,815	5,631
Subordinated debt	3,761	1,333	3,761	1,333
	<u>106,822</u>	<u>95,512</u>	<u>103,176</u>	<u>93,938</u>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 7. NET FEE AND COMMISSION INCOME

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>A Fee and Commission Income</b>				
Service charge on customer accounts	42,458	31,144	42,237	31,007
Loan application fees	29,003	21,253	27,711	20,458
ATM withdrawal charges	10,668	9,754	10,668	9,723
VISA and master card fees	3,878	3,377	3,721	3,322
Commission on letters of credit	8,168	8,606	7,877	8,606
Fee on issue of bank cards	7,521	7,059	7,500	7,040
Fee on local transfers and drafts	7,593	5,197	7,466	5,137
Point of sale fees	3,851	3,098	3,851	3,098
Fee on international telegraphic transfers	6,179	2,784	3,461	2,784
Commission on guarantees and indemnities	2,030	1,807	2,028	1,806
Commission on mobile phone services	13,615	9,174	13,611	9,173
Salary processing fees	5,810	5,552	5,807	5,551
Bills discounted	479	422	479	422
Penalties *	2,209	1,468	2,209	1,467
Other fees and commissions	12,970	10,803	9,975	6,067
	<b>156,432</b>	<b>121,498</b>	<b>148,601</b>	<b>115,661</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.

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>B Fee and Commission Expense</b>				
Loan comm./Government borrowers	2,169	795	2,169	795
Commission paid Agency banking	1,884	675	1,850	675
Bank loan processing commission	1,117	257	1,117	257
Commission paid Nostro transactions	2,306	1,167	1,684	951
Commission paid to MFSC (subsidiary)	-	-	17,657	10,431
	<b>7,476</b>	<b>2,894</b>	<b>24,477</b>	<b>13,109</b>

### 8. NET FOREIGN EXCHANGE INCOME

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Exchange gain on trading	30,741	27,603	28,483	26,870
Exchange gain on revaluation	4,119	1,731	4,119	341
	<b>34,860</b>	<b>29,334</b>	<b>32,602</b>	<b>27,211</b>

### 9. OTHER OPERATING INCOME

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Rental income	22	110	22	110
FSDT grant income (note 31)	86	21	43	-
FSDT Assets grant income	557	180	557	-
UNCDF grant income	177	-	-	-
DANIDA grant income	21	-	21	-
Other grant (MIVARF)	480	42	-	-
Loss on disposal of property and equipment	(63)	(91)	(65)	(88)
	<b>1,280</b>	<b>262</b>	<b>578</b>	<b>22</b>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 10. OTHER OPERATING EXPENSES

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Directors' fees	892	710	553	453
Auditors' fees	641	408	531	311
Provision for impairment of other assets	1,827	1,678	1,826	1,676
Hired services costs	13,042	11,076	12,520	10,743
Insurance costs	1,487	8,017	1,038	7,788
Software license	9,099	3,932	8,751	3,621
Marketing costs	10,920	8,529	10,491	8,071
Travelling expenses	9,712	8,903	8,447	7,687
Rent	10,102	8,812	9,199	8,210
Training	5,515	4,706	4,673	4,345
Information system maintenance	3,614	2,403	3,534	2,398
Printer tonner and computer sheets	1,759	1,596	1,728	1,555
Printing and stationery	2,582	2,101	2,411	1,988
VSAT-Communication costs	5,183	3,321	5,151	3,302
Legal fees	2,401	1,670	2,377	1,664
Visa card expenses	7,961	5,564	7,461	5,375
Tembo cards costs	1,960	2,100	1,944	2,092
Telephone and fax	1,746	1,554	1,531	1,369
Motor vehicles repairs and maintenance	2,114	1,860	1,699	1,608
Fuel costs	3,452	3,258	2,979	2,816
Postage	1,621	1,629	1,598	1,620
Electricity	3,400	3,098	3,236	2,993
Board meetings expenses	1,524	1,690	1,159	1,281
Shareholders meeting expense	933	1,671	932	1,670
Excise duty on Bank fees and commissions	13,125	6,013	13,115	5,630
Other expenses	17,958	10,146	16,253	9,162
	<b>134,570</b>	<b>106,445</b>	<b>125,137</b>	<b>99,428</b>

### 11. DEPRECIATION AND AMORTISATION

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2014 TZS' Million	2013 TZS' Million
Depreciation of property and equipment	26,226	22,109	25,151	21,385
Amortisation of intangible assets	5,205	4,248	4,590	3,888
Amortisation of prepaid lease	301	53	301	53
Depreciation of Motor vehicles	2,080	1,453	1,737	1,144
	<b>33,812</b>	<b>27,863</b>	<b>31,779</b>	<b>26,470</b>

### 12. EMPLOYEE BENEFIT EXPENSES

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Salaries and wages	96,237	80,527	87,623	74,332
Bonus	8,667	6,058	8,282	5,827
Social security contributions	11,346	9,562	10,416	8,862
Gratuity	8,589	6,846	7,607	6,127
Leave allowance	4,740	3,643	4,368	3,404
Medical expenses	3,655	2,634	3,525	2,513
Other staff costs	19,562	11,679	17,705	10,487
	<b>152,796</b>	<b>120,949</b>	<b>139,526</b>	<b>111,552</b>



## 13. INCOME TAX EXPENSE

### a. Income Tax Expense

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Current income tax – current year	72,763	36,319	69,737	34,319
Current income tax – prior years	(60)	(170)	(66)	(172)
Deferred tax – current year	(14,106)	(201)	(13,992)	(93)
Deferred tax – prior years	115	651	111	650
	<b>58,712</b>	<b>36,599</b>	<b>55,790</b>	<b>34,704</b>

### b. Income Tax Recoverable

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	19,375	6,543	18,562	6,295
Payments made during the year	56,228	48,981	53,199	46,414
Charge to profit or loss	(72,763)	(36,149)	(69,672)	(34,147)
Closing balance	<b>2,840</b>	<b>19,375</b>	<b>2,089</b>	<b>18,562</b>

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	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Profit before income tax	187,690	132,244	178,163	130,008
Tax calculated at the statutory income tax rate at 30%	56,307	39,673	53,449	39,002
Tax effect of:				
Changes in tax rate for the Bank				
Non-taxable income				
Depreciation on non-qualifying assets	2,106	-	2,062	251
Expenses not deductible for tax purposes	244	316	234	190
Tax credits for expenses not charged to profits or loss	-	(5,248)	-	(5,248)
Under provisions of current tax in previous years	(60)	(170)	(66)	(172)
(Over)/under provision of deferred tax in previous years	115	777	111	650
Deferred tax of subsidiary not recognized	-	1,217	-	-
Other	-	34	-	31
<b>Income tax expense</b>	<b>58,712</b>	<b>36,599</b>	<b>55,790</b>	<b>34,704</b>
<b>Effective tax rate</b>	<b>31%</b>	<b>28%</b>	<b>31%</b>	<b>27%</b>

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.



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 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.

	2015	2014
Profit for the year (TZS' Million)	128,978	95,645
Weighted average number of shares ('Million)	2,376	2,628
Basic and diluted earnings per share (TZS)	54.28	36.39

There were no potentially dilutive ordinary shares outstanding as at 31 December 2015(2014: Nil) Diluted earnings per share is the same as basic earnings per share. The 2014 numbers have been recalculated to take into effect the additional shares on the rights issue as disclosed in Note 33.

### 15. DISTRIBUTION MADE AND PROPOSED

Amount in TZS Million	2015	2014
<b>Cash dividends on ordinary shares declared:</b>		
Dividend declared 2014 TZS. 15 per share(2013:TZS 14 per share)	32,649	30,471
<b>Proposed dividends on ordinary shares:</b>		
Cash dividend for 2015:TZS 17 per share(2014:TZS 15 per share)	44,401	32,648

#### Non-cash distribution

There was no non-cash distribution during the year (2014:NIL)

The Directors propose payment of a dividend of TZS17 per share, amounting to TZS 44.4 billion out of 2015 profit to be ratified at the Annual General Meeting to be held in May 2016. In 2015, dividend of TZS15 per share, amounting to TZS 32.7 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 CENTRAL BANKS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Cash in hand	220,751	163,333	218,020	159,549
Clearing accounts with Central Banks	122,675	53,244	111,560	45,815
Statutory Minimum Reserves (SMR) *	440,244	332,993	440,244	332,993
	<b>783,670</b>	<b>549,570</b>	<b>769,824</b>	<b>538,357</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 10% 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	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Loans and receivables</b>				
Treasury bills	426,953	295,260	414,752	290,343
Treasury bonds	252,526	233,549	219,875	210,459
Government bonds	5,034	11,684	5,034	11,684
	684,513	540,493	639,661	512,486
<b>Available for sale</b>				
Treasury Bonds	88,648	54,092	88,648	54,432
	773,161	594,585	728,309	566,918

Treasury bills and bonds are debt securities issued by the Government. As at 31 December 2015, treasury bonds amounting to TZS 140,650 million had been pledged as collateral for various short term borrowings from other banks.

The maturity analysis of Government securities is as follows:

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Maturing within 3 months from date of acquisition</b>				
Treasury bills	-	-	-	-
<b>Maturing after 3 months from date of acquisition but within 12 months</b>				
Treasury bills	426,953	295,260	414,752	290,343
Treasury bonds	14,478	287,641	12,414	264,891
Government bonds	5,034	11,684	5,034	11,684
<b>Maturing after 12 months</b>				
Treasury bonds	326,696	-	296,109	-
	773,161	594,585	728,309	566,918

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)



# Financial Statements

For the Year Ended 31 December 2014

## NOTES (continued)

### 18. LOANS AND ADVANCES TO BANKS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Cheques and items for clearing	31,294	11,274	31,160	10,851
Nostro accounts balances	193,547	182,882	185,152	179,780
Placements with other banks	66,166	100,470	88,906	98,494
	<u>291,007</u>	<u>294,626</u>	<u>305,218</u>	<u>289,125</u>
<b>Maturity analysis</b>				
Redeemable on demand				
-Cheques and items for clearing	31,294	11,274	31,160	10,851
-Nostro accounts balances	193,547	182,882	185,152	179,780
Placements with other banks				
-Maturing within 1 months	14,386	49,727	12,094	49,727
-Maturing after 1 month but within 3 months	22,580	27,763	21,906	25,787
- Maturing after 3 months but within 12 months	22,667	-	22,667	-
- Maturity after 1 year but within 5 years	6,533	22,980	32,239	22,980
- Maturity over 5 years	-	-	-	-
	<u>291,007</u>	<u>294,626</u>	<u>305,218</u>	<u>289,125</u>

The maturity analysis is based on the remaining periods to contractual maturity from year end.

### 19. LOANS AND ADVANCES TO CUSTOMERS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Term loans	2,343,081	1,746,374	2,317,160	1,698,853
Overdrafts	812,938	704,728	806,374	702,334
Staff loans	121,015	93,668	119,959	93,387
Interest receivable	65,318	31,372	64,836	31,198
Gross loans and advances to customers	<u>3,342,352</u>	<u>2,576,142</u>	<u>3,308,329</u>	<u>2,525,772</u>
<b>Less:</b>				
Provision for impairment	(81,765)	(30,846)	(81,621)	(30,841)
Net loans and advances to customers	<u>3,260,587</u>	<u>2,545,296</u>	<u>3,226,708</u>	<u>2,494,931</u>

#### Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end.

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
-Maturing within 1 months	257,838	882,452	255,988	881,952
-Maturing after 1 month but within 3 months	172,495	41,502	169,761	41,489
- Maturing after 3 months but within 12 months	535,031	373,626	532,344	371,639
- Maturity after 1 year but within 5 years	1,632,133	920,430	1,613,479	872,671
- Maturity over 5 years	663,090	327,286	655,136	327,180
Net loans and advances to customers	<u>3,260,587</u>	<u>2,545,296</u>	<u>3,226,708</u>	<u>2,494,931</u>



### 19. LOANS AND ADVANCES TO CUSTOMERS (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	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Dar es Salaam zone	1,275,376	1,114,889	1,314,317	1,114,889
Mbeya zone	621,327	394,385	621,327	394,385
Lake zone	611,328	461,785	611,328	461,785
Zanzibar zone	364,641	280,252	364,641	280,252
Arusha zone	396,716	274,461	396,716	274,461
Burundi	72,964	50,370	-	-
<b>Gross loans and advances to customers</b>	<b>3,342,352</b>	<b>2,576,142</b>	<b>3,308,329</b>	<b>2,525,772</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	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At start of year	30,846	35,284	30,841	35,284
Movement during the year:				
Impairment charges for credit losses	70,887	44,276	70,735	44,151
Amounts written off during year	(19,968)	(48,714)	(19,955)	(48,594)
<b>At end of year</b>	<b>81,765</b>	<b>30,846</b>	<b>81,621</b>	<b>30,841</b>
The provision as at year end is made up of the following:				
Specific allowance for impairment	69,750	27,546	69,750	27,541
Collective allowance for impairment	12,015	3,300	11,871	3,300
	<b>81,765</b>	<b>30,846</b>	<b>81,621</b>	<b>30,841</b>

#### Specific allowance for impairment

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At start of year	27,546	32,827	27,541	32,827
Movement during the year:				
Impairment charges for credit losses	62,172	43,433	62,164	43,308
Amounts written off during year	(19,968)	(48,714)	(19,955)	(48,594)
<b>At end of year</b>	<b>69,750</b>	<b>27,546</b>	<b>69,750</b>	<b>27,541</b>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 19. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

#### Collective allowance for impairment

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At start of year	3,300	2,457	3,300	2,457
Charge/(release) during the year	8,715	843	8,571	843
<b>At end of year</b>	<b>12,015</b>	<b>3,300</b>	<b>11,871</b>	<b>3,300</b>

#### Impairment charge to profit or loss is broken down as follows:

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Impairment charges for credit losses	70,887	44,276	70,735	44,151
Amounts recovered during year	(4,010)	(7,390)	(4,010)	(7,390)
<b>Charge to profit or loss</b>	<b>66,877</b>	<b>36,886</b>	<b>66,725</b>	<b>36,761</b>

#### Analysis of impairment by industry

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Agriculture	47,030	8,565	47,520	8,564
Financial Intermediaries	6,023	2,832	6,122	2,832
Personal	18,040	11,188	17,523	11,187
Trade	3,307	1,774	4,679	1,773
Building and construction	1,240	544	988	543
Education	632	469	367	469
Hotels and restaurants	2,662	1,107	1,759	1,107
Transport	936	3,488	1,176	3,487
Manufacturing	608	183	492	183
Real Estate	538	100	249	100
Tourism	582	490	650	490
Others	167	106	96	106
	<b>81,765</b>	<b>30,846</b>	<b>81,621</b>	<b>30,841</b>

### 20 EQUITY INVESTMENTS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Investment in Tanzania Mortgage Refinance 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 2015 was 17.14% (2014: 17.14%).



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 21 OTHER ASSETS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Advance payment for capital expenditure	7,390	3,753	7,390	3,753
Prepaid expenses	20,476	19,128	16,527	17,024
Bank card stock	2,565	1,773	2,560	1,736
Due from a related party (Note 39)	-	-	869	155
Receivable from mobile phone companies	35,683	27,725	35,683	27,725
Bills receivable	46	47	46	47
Other receivables	22,966	13,328	21,825	10,899
Less: Provision for impairment	(2,796)	(3,269)	(2,794)	(3,268)
	<b>86,330</b>	<b>62,485</b>	<b>82,106</b>	<b>58,071</b>

Provision for impairment is made for assets whose recoverability is considered doubtful.

All other assets are current.

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Maturing within one month	38,293	29,545	38,289	29,506
Maturing after one month but within 3 months	43,863	23,599	39,643	19,224
Maturing after 3 months but within 12 months	2,537	3,567	2,537	3,567
Maturing after 12 months	1,637	2,210	1,637	2,210
	<b>86,330</b>	<b>58,921</b>	<b>82,106</b>	<b>54,507</b>

Movement in provision for impairment on other assets is as shown below:

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	3,269	2,519	3,268	2,519
Increase during the year	1,827	1,449	1,826	1,448
Write offs	(2,300)	(699)	(2,300)	(699)
At 31 December	<b>2,796</b>	<b>3,269</b>	<b>2,794</b>	<b>3,268</b>

### 22. INVESTMENT IN SUBSIDIARIES

	Country of Incorporation	Interest Held	BANK	
			2015 TZS' Million	2014 TZS' Million
CRDB Microfinance Service Company Limited	Tanzania	100%	728	728
CRDB Bank Burundi S.A	Burundi	100%	21,583	21,583
			<b>22,311</b>	<b>22,311</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.



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 23. A PROPERTY AND EQUIPMENT

Amounts are in TZS Million

GROUP Year 2015	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smartcard equipment	Security equipment	Mobile branch	Work in progress	Total
<b>Cost/Revaluation</b>									
At 1 January	34,427	45,989	51,654	27,032	23,737	3,560	7,195	910	194,504
Exchange differences	-	851	220	72	(192)	-	-	(4)	947
Additions	11,240	14,801	12,291	9,263	2,254	983	1,156	737	52,725
Adjustment	1,138	-	(31)	-	172	-	-	(886)	393
Disposals	-	-	(264)	(18)	(35)	(6)	-	-	(323)
<b>At 31 December</b>	<b>46,805</b>	<b>61,641</b>	<b>63,870</b>	<b>36,349</b>	<b>25,936</b>	<b>4,537</b>	<b>8,351</b>	<b>757</b>	<b>248,246</b>
<b>Depreciation</b>									
At 1 January	(4,725)	(22,633)	(27,866)	(14,112)	(11,209)	(2,415)	(4,739)	-	(87,699)
Adjustment	(55)	76	8	(5)	(21)	(3)	-	-	-
Charge for the year	(918)	(8,069)	(8,215)	(4,829)	(2,591)	(497)	(1,107)	-	(26,226)
Disposal	-	-	263	18	7	8	-	-	296
<b>At 31 December</b>	<b>(5,698)</b>	<b>(30,626)</b>	<b>(35,810)</b>	<b>(18,928)</b>	<b>(13,814)</b>	<b>(2,907)</b>	<b>(5,846)</b>	<b>-</b>	<b>(113,629)</b>
<b>Net book value</b>	<b>41,107</b>	<b>31,015</b>	<b>28,060</b>	<b>17,421</b>	<b>12,122</b>	<b>1,630</b>	<b>2,505</b>	<b>757</b>	<b>134,617</b>

Work in progress relates to the Bank's buildings under construction.



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 23. A PROPERTY AND EQUIPMENT (CONTINUED)

Amounts are in TZS' Million

GROUP Year 2014	Land & buildings	Leasehold improvement	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	40,762	20,619	20,130	3,054	7,195	1,034	156,336
Exchange differences	-	143	52	48	-	-	-	-	243
Additions	7,320	4,262	11,188	7,863	2,702	511	-	5,024	38,870
WIP capitalization	-	5,148	-	-	-	-	-	(5,148)	-
Adjustment	-	-	-	(1,496)	1,496	-	-	-	-
Disposals	-	-	(346)	(2)	(591)	(7)	-	-	(946)
<b>At 31 December</b>	<b>34,427</b>	<b>45,988</b>	<b>51,656</b>	<b>27,032</b>	<b>23,737</b>	<b>3,558</b>	<b>7,195</b>	<b>910</b>	<b>194,503</b>
<b>Depreciation</b>									
At 1 January	(4,063)	(15,322)	(21,431)	(11,401)	(8,468)	(2,015)	(3,747)	-	(66,447)
Adjustment	-	-	-	802	(802)	-	-	-	-
Charge for the year	(662)	(7,311)	(6,692)	(3,515)	(2,529)	(400)	(992)	-	(22,101)
Disposal	-	-	256	2	590	-	-	-	848
<b>At 31 December</b>	<b>(4,725)</b>	<b>(22,633)</b>	<b>(27,867)</b>	<b>(14,112)</b>	<b>(11,209)</b>	<b>(2,415)</b>	<b>(4,739)</b>	<b>-</b>	<b>(87,700)</b>
<b>Net book value</b>	<b>29,702</b>	<b>23,355</b>	<b>23,789</b>	<b>12,920</b>	<b>12,528</b>	<b>1,143</b>	<b>2,456</b>	<b>910</b>	<b>106,803</b>

Work in progress relates to the Bank's buildings under construction.



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 23. A PROPERTY AND EQUIPMENT (CONTINUED)

Amounts are in TZS Million

BANK Year 2015	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smartcard equipment	Security equipment	Mobile branch	Work in progress	Total
Cost/Revaluation									
At 1 January	34,427	42,085	49,843	26,581	23,737	3,560	7,195	906	188,334
Additions	11,240	13,822	11,116	9,226	2,255	983	1,156	667	50,465
Adjustment	1,138	-	-	-	(238)	-	-	(886)	14
Disposals	-	-	(264)	(18)	(35)	(6)	-	-	(323)
<b>At 31 December</b>	<b>46,805</b>	<b>55,907</b>	<b>60,695</b>	<b>35,789</b>	<b>25,719</b>	<b>4,537</b>	<b>8,351</b>	<b>687</b>	<b>238,490</b>
Depreciation									
At 1 January	(4,724)	(22,108)	(27,115)	(13,959)	(11,208)	(2,415)	(4,739)	-	(86,268)
Adjustment	(55)	76	(5)	(5)	40	(3)	-	-	48
Charge for the year	(918)	(7,560)	(7,777)	(4,721)	(2,570)	(497)	(1,108)	-	(25,151)
Disposals	-	-	263	18	6	7	-	-	294
<b>At 31 December</b>	<b>(5,697)</b>	<b>(29,592)</b>	<b>(34,634)</b>	<b>(18,667)</b>	<b>(13,732)</b>	<b>(2,908)</b>	<b>(5,847)</b>	<b>-</b>	<b>(111,077)</b>
<b>Net book value</b>	<b>41,108</b>	<b>26,315</b>	<b>26,061</b>	<b>17,122</b>	<b>11,987</b>	<b>1,629</b>	<b>2,504</b>	<b>687</b>	<b>127,413</b>

Work in progress relates to the Bank's buildings under construction



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 23. A PROPERTY AND EQUIPMENT (CONTINUED)

Amounts are in TZS Million

BANK Year 2014	Land & buildings	Leasehold improvement	Office equipment	Computer equipment	Smartcard equipment	Security equipment	Mobile branch	Work in progress	Total
At 1 January	27,107	34,418	39,478	20,447	20,130	3,054	7,195	1,034	152,863
Additions	7,320	2,520	10,711	7,632	2,702	511	-	5,019	36,415
WIP capitalization	-	5,147	-	-	-	-	-	(5,147)	-
Revaluation	-	-	-	(1,496)	1,496	-	-	-	-
Disposals	-	-	(346)	(2)	(591)	(5)	-	-	(944)
At 31 December	34,427	42,085	49,843	26,581	23,737	3,560	7,195	906	188,334
Depreciation									
At 1 January	(4,063)	(15,118)	(20,956)	(11,368)	(8,468)	(2,015)	(3,746)	-	(65,734)
Adjustment	-	-	-	802	(802)	-	-	-	-
Charge for the year	(662)	(6,990)	(6,415)	(3,395)	(2,529)	(400)	(994)	-	(21,385)
Disposals	-	-	256	2	590	-	-	-	848
At 31 December	(4,725)	(22,108)	(27,115)	(13,959)	(11,209)	(2,415)	(4,739)	-	(86,270)
Net book value	29,702	19,977	22,728	12,622	12,528	1,145	2,456	906	102,064

Work in progress relates to the Bank's buildings under construction



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 23.B MOTOR VEHICLES

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	10,739	9,134	8,823	7,435
Additions	7,784	2,519	7,254	2,339
Disposals	(371)	(951)	(371)	(951)
Reclassification	-	86	-	-
Exchange rate difference	136	(49)	-	-
<b>At 31 December</b>	<b>18,288</b>	<b>10,739</b>	<b>15,706</b>	<b>8,823</b>
<b>Depreciation</b>				
At 1 January	(2,416)	(1,216)	(1,872)	(962)
Charge for the year	(2,080)	(1,453)	(1,737)	(1,144)
Disposals	136	234	136	234
Reclassification	-	19	-	-
<b>At 31 December</b>	<b>(4,360)</b>	<b>(2,416)</b>	<b>(3,473)</b>	<b>(1,872)</b>
<b>Net book value</b>	<b>13,928</b>	<b>8,323</b>	<b>12,233</b>	<b>6,951</b>

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 equipment during the year ended 31 December 2015(2014 – Nil).

If motor vehicles were measured using cost model, the carrying amounts would be as follows;

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>COST</b>	<b>19,639</b>	<b>12,522</b>	<b>17,192</b>	<b>10,605</b>
Accumulated depreciation	(9,710)	(7,572)	(7,942)	(6,153)
Net book value				
<b>At 31 December</b>	<b>9,929</b>	<b>4,950</b>	<b>9,250</b>	<b>4,452</b>

Included in property and equipment are assets with a gross value of TZS 45,130 million (2014: TZS 30,466 million) which were fully depreciated but still in use. The notional depreciation charge on these assets would have been TZS 8,996 million (2014: TZS 6,863 million).

There were neither idle nor held for sale non-current assets as at 31 December 2015 (2014: NIL).



## 24. PREPAID OPERATING LEASE

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Cost prepaid</b>				
At 1 January	6,102	535	6,102	535
Additions	5,039	5,567	5,039	5,567
At 31 December	11,141	6,102	11,141	6,102
<b>Amortization</b>				
At 1 January	(73)	(20)	(73)	(20)
Charge for the year	(301)	(53)	(301)	(53)
At 31 December	(374)	(73)	(374)	(73)
<b>Net book value</b>				
At 31 December	10,767	6,029	10,767	6,029

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	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Intangible assets in use	20,408	17,230	18,533	15,833
Work in progress	10,736	-	10,736	-
<b>Total</b>	<b>31,144</b>	<b>17,230</b>	<b>29,269</b>	<b>15,833</b>
<b>A. WORK IN PROGRESS</b>				
At 1 January	-	-	-	-
Additions during the year	7,172	-	7,172	-
Transfer in from other assets	3,564	-	3,564	-
At 31 December	10,736	-	10,736	-
<b>B. INTANGIBLE ASSETS IN USE</b>				
<b>Cost</b>				
At 1 January	34,024	29,384	31,567	27,348
Exchange differences	351	148	-	-
Additions	7,914	4,492	7,172	4,219
At 31 December	42,289	34,024	38,739	31,567
<b>Amortization</b>				
At 1 January	(16,794)	(12,546)	(15,734)	(11,846)
Charge for the year	(5,205)	(4,248)	(4,590)	(3,888)
Adjustment	118	-	118	-
At 31 December	(21,881)	(16,794)	(20,206)	(15,734)
<b>Net book value At 31 December</b>	<b>20,408</b>	<b>17,230</b>	<b>18,533</b>	<b>15,833</b>



### 25. INTANGIBLE ASSETS (CONTINUED)

Intangible assets relate to computer software used by the Group. Fully depreciated intangible assets with gross value TZS 4,690 million (2014: TZS 3,849 million) are still in use. The notional depreciation charge would have been TZS 938 million (2014: TZS 770 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 2015. There also no restrictions other than those outlined in the software license.

As at 31 December 2015, there were no significant intangible assets controlled by the entity which have not been 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	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	3,495	4,014	3,297	3,854
Credit to profit and loss	14,106	38	13,992	93
Under provision in prior year	(115)	(557)	(111)	(650)
<b>At 31 December</b>	<b>17,486</b>	<b>3,495</b>	<b>17,178</b>	<b>3,297</b>

Deferred income tax (asset)/liability is attributed to the following items:

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Accelerated capital allowance	(2,658)	557	(2,526)	557
Provisions	20,144	2,938	19,704	2,740
	<b>17,486</b>	<b>3,495</b>	<b>17,178</b>	<b>3,297</b>



## 27. DEPOSITS FROM CUSTOMERS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Current and demand accounts	2,027,625	1,470,908	1,998,086	1,455,965
Savings accounts	1,457,595	1,164,140	1,451,386	1,161,250
Term deposits	760,948	755,873	730,918	744,780
	<u>4,246,168</u>	<u>3,390,921</u>	<u>4,180,390</u>	<u>3,361,995</u>
Current deposits	4,202,569	3,280,132	4,136,885	3,251,273
Non-current deposits	43,599	110,789	43,505	110,722
	<u>4,246,168</u>	<u>3,390,921</u>	<u>4,180,390</u>	<u>3,361,995</u>

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	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Repayable on demand	3,591,362	2,748,466	3,549,182	2,728,061
Maturing within 3 months	185,001	308,458	179,670	302,823
After 3 months but within 1 year	431,366	223,208	424,989	220,389
Maturing after 1 year	38,439	110,789	26,549	110,722
	<u>4,246,168</u>	<u>3,390,921</u>	<u>4,180,390</u>	<u>3,361,995</u>

## 28. DEPOSITS FROM BANKS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Deposits from banks	72,527	94,594	70,314	36,068
All deposits from banks are current				

## 29. OTHER LIABILITIES

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Bills payable	2,781	3,080	2,546	2,416
Dividend payable	6,084	4,842	6,084	4,842
Accrued expenses	15,192	13,956	14,202	13,098
Due to related parties (Note 39)	-	-	16,710	13,318
Deferred income	10,305	7,886	10,133	7,821
Outstanding credits	8,535	5,245	7,025	4,845
Unclaimed customer balances	5,563	6,488	5,532	6,464
Other payables	35,314	54,243	34,763	53,828
	<u>83,774</u>	<u>95,740</u>	<u>96,995</u>	<u>106,632</u>

- 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.



# Financial Statements

## For the Year Ended 31 December 2015

### NOTES (continued)

#### 30. PROVISIONS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2016 TZS' Million
<b>Provision for litigation</b>				
At 1 January	1,084	667	1,084	667
Additional provisions	1,000	492	1,000	492
Amount paid in the year	(212)	(75)	(212)	(75)
<b>At 31 December</b>	<b>1,872</b>	<b>1,084</b>	<b>1,872</b>	<b>1,084</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 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.1,872 million (2014:TZS 1,084 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. GRANTS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	15,437	7,784	13,543	7,421
Grant received during the year	4,049	7,889	3,801	6,140
Grant amount utilised	(1,321)	(373)	(621)	(154)
Foreign exchange	1,396	137	1,346	138
<b>At 31 December</b>	<b>19,561</b>	<b>15,437</b>	<b>18,069</b>	<b>13,543</b>

#### 31.1 FSDT GRANTS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	11,231	7,102	11,231	7,069
Grant received during the year	3,758	4,025	3,758	4,025
Grant amount utilised	(557)	(33)	(557)	-
Foreign exchange	771	137	771	137
<b>At 31 December</b>	<b>15,203</b>	<b>11,231</b>	<b>15,203</b>	<b>11,231</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 the CRDB Microfinance Services Company Limited. Total cumulative drawdown of the Grant to 31 December 2015 amounts to USD 3,806,500.

##### FSDT GRANT II

In 2015 the grant amount of USD 1,740,956 was received by CRDB Bank Plc, (2014: 2,326,533). 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 2015 was USD 5,798,389



### 31. GRANTS (CONTINUED)

#### 31.2 DANIDA WOMEN GRANT

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	2,313	352	2,313	352
Grant and guarantee received during the year	-	2,115	-	2,115
Grant amount utilised	(21)	(154)	(21)	(154)
Foreign exchange	574	-	574	-
At 31 December	2,866	2,313	2,866	2,313

On 10 December 2011, CRDB Bank Plc signed 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 2015 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 20,655,278 of operational grant was utilised on supervision (TZS 2,130,271); customer training (TZS 8,157,107) and technical assistance (TZS 10,367,901).

#### 31.3 UNCDF GRANT

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	186	330	-	-
Grant received during the year	-	-	-	-
Grant amount utilised	(177)	(144)	-	-
Exchange difference	51	-	-	-
At 31 December	60	186	-	-

#### 31.4 MIVARF ASSET GRANT

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	1,683	-	-	-
Grant received during the year	198	1,725	-	-
Grant amortised	(480)	(42)	-	-
At 31 December	1,401	1,683	-	-

On 2 January 2015, 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 2015 the amount of USD 995,909 was received by CRDB MFSCCL.

#### 31.5 RUDI GRANT

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	24	-	-	-
Grant received during the year	50	24	-	-
Grant amount utilised	(43)	-	-	-
At 31 December	31	24	-	-



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For the Year Ended 31 December 2015

## NOTES (continued)

### 31. GRANTS (CONTINUED)

#### 31.6 FSDT SME GRANT

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	-	-	-	-
Grant received during the year	43	-	43	-
Grant amount utilised	(43)	-	(43)	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

On 25 June 2015, CRDB MFSCCL signed a three year funding agreement with Rural Urban Development Initiatives (RUDI) amounting to USD 97,748 as a grant aiming to improve food security and incomes of household in the Southern Highlands of Tanzania through value chain. In 2015 the amount of USD 25,061 was received by CRDB MFSCCL.

### 32. BORROWINGS

#### 32.1 SHORT TERM BORROWINGS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	43,249	39,689	43,249	39,689
Loan received during the year	-	43,249	-	43,249
Interest charge for the year	219	-	219	-
Interest paid in the year	(219)	-	(219)	-
Principal repayment during the year	(43,249)	(39,689)	(43,249)	(39,689)
<b>At 31 December</b>	<b>-</b>	<b>43,249</b>	<b>-</b>	<b>43,249</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 interest is the 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. In 2015 the loan plus interest was fully repaid.

#### 31.2 SUBORDINATED DEBT

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	31,333	10,267	31,333	10,267
Loan received during the year	52,253	20,000	52,253	20,000
Interest charge for the year	3,761	1,333	3,761	1,333
Interest paid in the year	(1,764)	(267)	(1,764)	(267)
Unrealised foreign exchange loss	1,717	-	1,717	-
<b>At 31 December</b>	<b>87,300</b>	<b>31,333</b>	<b>87,300</b>	<b>31,333</b>
Non-current	83,970	30,000	83,970	30,000
Current	3,330	1,333	3,330	1,333
	<b>87,300</b>	<b>31,333</b>	<b>87,300</b>	<b>31,333</b>



### 31. BORROWINGS (CONTINUED)

#### 31.2 SUBORDINATED DEBT (CONTINUED)

The loans include the subordinated debt by DANIDA Investment Fund amounting to TZS 30 billion at an interest rate of 8% that is to be paid annually for a period of eight (8) years, and USD 25 million received from Deutsche investitionsund entwicklungsgesellschaft mbh (DEG), a subsidiary of KfW in the form of 7 years subordinated debt in 2015. The loan is charged interest at six months Libor rate plus margin advised by DEG on each interest determination date. There is no collateral pledged to secure these loans

#### 32.3 LONG TERM BORROWING

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
IFC long term borrowing	141,562	78,552	141,562	78,552
TMRC borrowing	17,022	10,022	17,022	10,022
TIB borrowing	7,606	8,015	7,606	8,015
EIB borrowing	43,027	-	43,027	-
	<b>209,217</b>	<b>96,589</b>	<b>209,217</b>	<b>96,589</b>
Non-current	206,959	95,847	206,959	95,847
Current	2,258	742	2,258	742
	<b>209,217</b>	<b>96,589</b>	<b>209,217</b>	<b>96,589</b>

##### 32.3.1 IFC LONG TERM LOAN

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	78,333	-	78,333	-
Loan received during the year	43,176	77,847	43,176	77,847
Interest charge for the year	4,277	705	4,277	705
Interest paid in the year	(3,038)	-	(3,038)	-
Foreign Exchange	18,814	-	18,814	-
Principal repayment during the year	-	-	-	-
<b>At 31 December</b>	<b>141,562</b>	<b>78,552</b>	<b>141,562</b>	<b>78,552</b>

The bank secured a Senior debt facility from International Financial Corporation (IFC) amounting to US\$ 75 Million. The long term facility for SME segment of US\$ 40 Million disbursed in two equal tranches, the first tranche disbursed in June 2014 and the second tranche in May 2015, the short term facility for agriculture financing of US\$ 25 Million received by the bank in June 2014 was for a one year period with the option to renew upon demand by the bank, and LC credit line of US\$ 10 Million which was made available in June 2014. Both facilities are charged interest computed as a summation of relevant spread (basis spread for six months LIBOR over three months LIBOR obtained from Reuters, Bloomberg Financial Market Services or other electronic sources as IFC deems appropriate) and base fixed rate

(weighted average of the swap rates for all maturities in that fixed rate disbursement) on the interest rate setting date. The interest is paid on quarterly and semi-annually basis in relation with facility tenures. The long term debt is for a period of seven (7) years with the two years grace period. In 2015 the bank secured full amount of the facility from IFC, after the second drawdown of US\$ 20 Million long term SME facility. The bank has also started to enjoy the rate-rebate from IFC for the first impressive one year contribution for support of Women SME's in the country in addition to the Technical assistance secured from IFC in Agricultural Ware-Housing Finance. There is no collateral pledged to secure these loans.



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## NOTES (continued)

### 31. BORROWINGS (CONTINUED)

#### 32.3.2 E.I.B LONG TERM LOAN

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	-	-	-	-
Loan received during the year	42,219	-	42,219	-
Interest charge for the year	3,851	-	3,851	-
Interest paid in the year	(3,043)	-	(3,043)	-
Principal repayment during the year	-	-	-	-
<b>At 31 December</b>	<b>43,027</b>	<b>-</b>	<b>43,027</b>	<b>-</b>

In January 2015 the bank secured Euro 20 Million Long term loan facility from European Investment Bank (EIB) equivalent to TZS 42,219 million. The facility is for the period of 5 years with the one year grace period allocated to Microfinance entrepreneurs in the country. There is no collateral pledged to secure these loans

#### 32.3.3 TMRC LONG TERM LOAN

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	10,022	-	10,022	-
Loan received during the year	7,000	10,000	7,000	10,000
Interest charge for the year	1,553	22	1,553	22
Interest paid in the year	(1,553)	-	(1,553)	-
<b>At 31 December</b>	<b>17,022</b>	<b>10,022</b>	<b>17,022</b>	<b>10,022</b>

In May 2015 the bank received a mortgage refinance loan from TMRC for TZS 7 billion with loan tenor of 3 years and interest of 11.5%. There is no collateral pledged to secure these loans.

#### 32.3.4 TIB LONG TERM LOAN

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
At 1 January	8,015	8,063	8,015	8,063
Loan received during the year	774	-	774	-
Interest charge for the year	537	575	537	575
Interest paid in the year	(865)	(623)	(865)	(623)
Principal repayment during the year	(855)	-	(855)	-
<b>At 31 December</b>	<b>7,606</b>	<b>8,015</b>	<b>7,606</b>	<b>8,015</b>

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 2013 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%. On 15 March 2015, the bank received a refinancing loan of TZS 374 million from TIB Investment bank for loan issued to Darakuta. The loan is for 108 months with initial interest rate of 8.62% which is to be revised after every six months. On 15 March 2015 the banks received additional instalment of TZS 399.5 million in favour of Andoya Hydro power. There is no collateral pledged to secure these loans.

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



### 33. SHARE CAPITAL

Authorised	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
4,000,000,000 ordinary shares of TZS 25 each	100,000	100,000	100,000	100,000
Issued and fully paid 2,611,838,584 (2014: 2,176,532,160) ordinary shares of TZS 25 each	65,296	54,413	65,296	54,413

During the year under review, the company raised additional capital through rights issue of 435,306,424 shares at TZS 350 per share. The premiums from the issue of shares are reported as share premiums less expenses (TZS 1,944 million) utilised to cater for the rights issue and related rights issue expenses.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Annual General Meetings of the Company. For the time being, there is no any restriction which has been attached to the ordinary shares of the company

### 34. RESERVES

#### Share premium

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.

#### Regulatory 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 determined for IFRS purposes. This is a non-distributable reserve.

#### General banking reserve

This represents one percent general provision on unclassified loans following an amendment of the Banking and Financial Institutions,(Management of risk assets) regulation in 2014.

#### 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.

#### Legal provision reserve

This represents five percent of net profit which is set aside in compliance with the Burundi company law for CRDB Bank Burundi SA.

#### 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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For the Year Ended 31 December 2015

## NOTES (continued)

### 34. RESERVES (CONTINUED)

#### Revaluation Reserve (Continued)

The revaluations reserve movements are as shown below:

GROUP	2015			2014		
	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	2,488	(963)	1,525	3,034	(83)	2,951
Decrease during the year	-	(4,200)	(4,200)	-	(880)	(880)
Release to retained earnings	(641)	-	(641)	(546)	-	(546)
Deferred tax on excess depreciation	21	-	21	-	-	-
At 31 December	1,868	(5,163)	(3,295)	2,488	(963)	1,525

BANK	2015			2014		
	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	1,883	(963)	920	2,363	(83)	2,280
Decrease during the year	-	(2,844)	(2,844)	-	(880)	(880)
Release to retained earnings	(573)	-	(573)	(480)	-	(480)
At 31 December	1,310	(3,807)	(2,497)	1,883	(963)	920

### 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	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Cash in hand (Note 16)	220,751	163,333	218,020	159,549
Balances with Central Banks (Note 16)	122,675	53,244	111,560	45,817
Loans and advances to banks (Note 18)	239,227	270,788	228,406	265,286
	<b>582,653</b>	<b>487,365</b>	<b>557,986</b>	<b>470,652</b>

### 36. FINANCIAL INSTRUMENTS BY CATEGORY

GROUP	(All amounts in TZS)			
	At 31 December 2015	Loans and receivables	Available for sale	Total
<b>Financial assets</b>				
Cash and balances with Central Banks		783,670	-	783,670
Loans and advances to banks		291,007	-	291,007
Loans and advances to customers		3,260,587	-	3,260,587
Government securities		684,513	88,648	773,161
Equity investment		-	2,280	2,280
Other assets		55,899	-	55,899
		<b>5,075,676</b>	<b>90,928</b>	<b>5,166,604</b>



## 36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

GROUP		(All amounts in TZS)	
At 31 December 2015	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
<b>Financial liabilities</b>			
Deposits from banks	-	72,527	72,527
Deposits customers	-	4,246,168	4,246,168
Other liabilities	-	73,469	73,469
Subordinated debt	-	87,300	87,300
Senior debts	-	209,217	209,217
	-		
	-	<b>4,688,681</b>	<b>4,688,681</b>

GROUP		(All amounts in TZS)	
At 31 December 2014	Loans and receivables	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	540,493	54,092	594,585
Equity investment	-	2,280	2,280
Other assets	37,830	-	37,830
	<b>3,967,815</b>	<b>56,372</b>	<b>4,024,187</b>

GROUP		(All amounts in TZS)	
At 31 December 2014	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
<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
		<b>3,744,540</b>	<b>3,744,540</b>

BANK		(All amounts in TZS)	
At 31 December 2015	Loans and receivables	Available for sale	Total
<b>Financial assets</b>			
Cash and balances with Central Banks	769,824	-	769,824
Loans and advances to banks	305,218	-	305,218
Loans and advances to customers	3,226,708	-	3,226,708
Government securities	639,661	88,648	728,309
Equity investment	-	2,280	2,280
Other assets	55,629	-	55,629
	<b>4,997,040</b>	<b>90,928</b>	<b>5,087,968</b>



# Financial Statements

For the Year Ended 31 December 2015

## NOTES (continued)

### 36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

BANK			(All amounts in TZS)
At 31 December 2015	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
<b>Financial liabilities</b>			
Deposits from banks	-	70,314	70,314
Deposits customers	-	4,180,390	4,180,390
Other liabilities	-	86,862	86,862
Subordinated debts	-	87,300	87,300
Long term borrowing	-	209,217	209,217
	-	<b>4,634,083</b>	<b>4,634,083</b>

BANK			(All amounts in TZS)
At 31 December 2014	Loans and receivables	Available for sale	Total
<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	35,559	-	35,559
	<b>3,870,458</b>	<b>56,712</b>	<b>3,927,170</b>

BANK			(All amounts in TZS)
At 31 December 2014	Loans and receivables	Available for sale	Total
<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>



### 37. CONTINGENT LIABILITIES

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Guarantees and indemnities	101,808	168,327	101,808	168,327
Letters of credit	535,701	413,677	535,701	413,677
	<b>637,509</b>	<b>582,004</b>	<b>637,509</b>	<b>582,004</b>

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.

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.

The Bank has tax assessments for the 2005 to 2012 years of income amount to Shs 31 billion. The 2005 assessment of Shs 3 billion is at the Court of Appeal while the assessments for the remaining years are at the Tanzania Revenue Appeal Board. This is a banking industry issue. On objection of the above assessment, the Bank has already paid TZS 10 billion (included in other assets for both 2015 and 2014) as one third of the tax liability. The appeals remain pending for determination and no provision for the additional taxes has been recorded.

### 38. COMMITMENTS

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Commitments to extend credit	251,022	159,777	251,022	159,777
<b>Capital commitments</b>				
Authorised and contracted for	10,235	13,577	10,235	13,577
Authorised and not yet contracted for	8,213	5,246	8,213	5,246
	<b>18,448</b>	<b>18,823</b>	<b>18,448</b>	<b>18,823</b>

Capital commitments authorised and contracted for are in respect of (i) construction/refurbishment cost for branches/service centres; TPA, LAPF Mwanza, Kasulu, Tunduma, Dangote, Muheza, Handeni, KKKT Magomeni and Mwaloni.

(ii) Purchase of various equipment: Spire POS, Smart POS, Generator set 65 KVA, AVAYA IP office conference, ATM machines, VIVA Tower furnitures, Biometric project and various office equipments for branches/service centres.

#### Operating lease commitments

The future minimum lease payments of the Group (lessee) under operating leases are as follows:

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Less than 1 year	6,946	5,880	6,946	5,880
More than 1 year but less than 5 years	18,370	13,850	18,370	13,850
More than 5 years	4,280	2,001	3,961	2,001
<b>Total</b>	<b>29,596</b>	<b>21,731</b>	<b>29,277</b>	<b>21,731</b>



# Financial Statements

## For the Year Ended 31 December 2015

### NOTES (continued)

#### 38. COMMITMENTS (CONTINUED)

##### Operating lease commitments (Continued)

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. No arrangements have been entered into for contingent rental payments, and also no restrictions have been imposed by these lease arrangements.

##### Group as a lessor

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Rent received in the year	22	110	22	110

##### 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 2015 there was no unexpired lease for existing contracts (2014: Nil).

#### 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 is as follows:

	Companies associated with Directors		Directors and other key management personnel	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Loans and advances to related parties				
At 1 January	27	8	4,583	4,249
Net movement during the year	95	19	(514)	334
At 31 December	122	27	4,069	4,583
Interest earned	14	5	217	244

These loans and advances are performing and therefore no provisions have been made during the year (2014: Nil).

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
Deposits from related parties				
At 1 January	1,228	1,922	2,698	1,048
Net movement during the year	496	(694)	(213)	1,650
At 31 December	1,724	1,228	2,485	2,698
Interest paid	4	3	32	30



### 39. RELATED PARTY TRANSACTIONS (CONTINUED)

Balances outstanding with related companies were as follows:

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
<b>Due from related parties</b>				
CRDB Burundi S.A	-	-	869	155
<b>Due to related parties</b>				
CRDB Microfinance Company Services	-	-	16,710	13,318
<b>Loan advanced to subsidiary</b>				
CRDB Burundi S.A	-	-	38,991	38,059
<b>Placement to subsidiary</b>				
CRDB Burundi S.A	-	-	25,706	-

Transactions with related companies were as follows:

#### Payments made on behalf of subsidiaries

	GROUP		BANK	
	2015 TZS' Million	2014 TZS' Million	2015 TZS' Million	2014 TZS' Million
CRDB Microfinance Company Services Ltd	884	570	1,093	570
	884	570	1,093	570
<b>Rent paid to the parent</b>				
CRDB Burundi S.A	-	-	-	-
CRDB Microfinance Company Services Ltd	-	-	60	141
	-	-	60	141
<b>Commission paid for loans and deposit mobilisation</b>				
CRDB Microfinance Company Services Ltd	-	-	18,811	10,431

#### Purchase/ sale of properties on behalf of subsidiaries

In the year ending 31 December 2015, the company did not sale or purchase properties to/from any related party (2014: NIL).

#### Transfer of research & development

In the year ending 31 December 2015, the company did not transfer any cost of research & development to/from any related party (2014: NIL).

#### Settlement of liabilities on behalf of another party

In the year ending 31 December 2015, the company did not settle any liability on behalf of related party (2014: NIL).

#### Guarantee

In the year ending 31 December 2015, there was no guarantee given or received to/from any related party (2014: 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.



# Financial Statements

## For the Year Ended 31 December 2015

### NOTES (continued)

#### 39. RELATED PARTY TRANSACTIONS (CONTINUED)

The remuneration of key management personnel during the year was as follows:

	2015 TZS' Million	2014 TZS' Million
Short term employee benefits	6,503	5,093
Post-employment benefits	1,587	1,267
Directors' fees	553	453
Termination benefits	-	-
	<b>8,643</b>	<b>6,813</b>

The above compensation is a total salary package including all employment benefits and pension. Details of payment of directors' fees to individual directors are included in the Directors' report on page 9.

#### Share option schemes

The Group has no share option schemes to either executives or senior employees.

#### Interests in subsidiaries

Currently there are no restrictions of a parent or its subsidiaries to transfer cash or other assets to or from other entities within a group. Also there are no protective rights of the subsidiaries which can significantly restrict the parent from accessing or using the assets and settling the liabilities of the Group.

#### 40. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no events after the statement of financial position date which requires any adjustment and disclosures in the financial statements.



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