

A person, likely a Maasai, is seen from behind, standing on a dirt path in a savanna landscape. They are wearing a red and black patterned shuka draped over their shoulders and a dark red wrap around their waist. The sun is low on the horizon, creating a warm, golden glow across the sky and the dry grass. The person is looking out over the vast, open plain.

Kawaida Mpya
Kukuhudumia popote ulipo

New Normal
Serving you wherever you are

Yaliyomo

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Our Vision

The Leading Bank in Tanzania

To be the leading Bank, which is customer need driven with competitive returns to shareholders.

Our Mission

Quality Banking Service

To provide competitive and innovative financial products and services leveraging technology to achieve distinctive customer experience. We strive to create value for all stakeholders and the society.

Our Values

Professional

We are guided by our skills, knowledge and values of our profession to adhere to moral and ethical principles while displaying the highest levels of trustworthiness, integrity, honesty and loyalty to uphold our Bank's reputation.

Responsive

We are responsible to our customers and society; we listen to and provide solutions promptly to meet their expectations.

Accountable

We are responsible for the accomplishment of what is supposed to be done and accountable for our actions as employees and members of the society.

Committed

We are ready to dedicate our efforts towards achieving the objectives of the Bank by making them our own personal objectives and in so doing create value to our customers and shareholders.

Team Player

We are ready to work with others in cooperation, respect individual views in pursuit of our goals and embrace diversity and collaboration without functional boundaries to achieve the best for ourselves, customers and the Bank.

Innovative

We are committed to develop and adopt creative solutions and put them into action to meet our customers' demand and increase value to shareholders.

Courteous

We show respect and consideration in all our interactions; we are polite and attentive and useful at all times to our customers and colleagues.

Efficient

We are committed to accomplish the best for our customers and the Bank by deploying optimal resources.

Dira

Benki inayoongoza Tanzania

Kuwa Benki inayoongoza, inayozingatia mahitaji ya wateja na kuwapa wanahisa faida nzuri.

Azma

Huduma bora za benki

Kutoa huduma bora kwa gharama nafuu kwa kuzingatia wateja wadogo na wa kati, na huduma mahususi kwa kampuni huku tukidumisha imani ya wadau wetu

Misingi yetu

Weledi

Tunaongozwa na ujuzi wetu, elimu na misingi ya utendaji inayozingatia mwenendo na tabia nzuri kazini kwa kuonesha kiwango cha juu cha uaminifu, tabia njema, ukweli na kudumu katika kulinda sifa ya Benki.

Mwito

Tunawajibika kwa wateja wetu na jamii kwa ujumla; tunasikiliza na kutoa ufumbuzi wa haraka ili kutimiza matarajio yao.

Kuwajibika

Tunawajibika kwa wateja wetu na jamii kwa ujumla; tunasikiliza na kutoa ufumbuzi wa haraka ili kutimiza matarajio yao.

Jitihada

Tupo tayari kutumia juhudi zetu ili kutimiza malengo ya Benki na kufanya kuwa ni sehemu ya malengo yetu binafsi ilikuongeza thamani kwa wateja na wanahisa wetu.

Ushirikiano

Tupo tayari kufanya kazi kwa kushirikiana na wengine, tunaheshimu maoni binafsi yenye tija katika kutimiza malengo yetu na tunapenda kufanya mambo tofauti na kushirikiana pasipo kujali mipaka kutimiza kilicho bora kwa ajili yetu, wateja na Benki

Ubunifu

Tumedhamiria kuanzisha na kuasili njia zenye ubunifu na kuziweka katika vitendo ili kutimiza mahitaji ya wateja na kuongeza thamani kwa wanahisa

Kujali

Tunaonyesha heshima na kujali kwenye kila makutano yetu; ni wapole, makini na wenye msaada kwa wateja na wafanyakazi wenzetu wakati wote

Uhodari

Tumedhamiria kutimiza kilicho bora kwa wateja na Benki kwa kutumia vyema rasilimali zetu

CRDB Bank Plc imetengeneza taarifa zenye kuangazia mbeleni kuhusu hali yake ya sasa ya kifedha, mkakati wa biashara, mipango na malengo ya menejimenti. Taarifa hizi zinatambulika kwa matumizi ya maneno (vitenzi) ‘kutarajia’, ‘inakadiria’, ‘inahisi’, ‘amini’, ‘inapangilia’, ‘inapanga’ au maneno au tungo zinazofanana na hayo.

Kwa asili yake, taarifa zinazoangazia mbeleni zinatuhitaji tufanye makisio ambayo yanaweza kukabiliwa na viashiria vya hatari na hali isiyotabirika. Kuna hatari zinazoweza kukabili biashara ambazo utabiri na taarifa zenye kuangazia mbeleni zinaweza zisiwe za uhakika. Tunatoa tahadhari kwa wasomaji wa taarifa hii kutoziwekea uzito usiostahili taarifa zetu zenye kuangazia mbeleni kwa vile kuna vitu mbalimbali vinavyoweza kuleta matokeo tofauti mbeleni, hali, matendo au matukio yanaweza kuwa tofauti na malengo, matarajio, makadirio na matazamia yaliyoainishwa kwenye taarifa za kuangazia mbeleni.

Matokeo ya mbeleni yanayohusiana na taarifa za kuangazia mbeleni 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 ya biashara, matendo ya menejimenti na mabadiliko ya teknolojia. Tunatoa tahadhari kuwa orodha iliyotangulia haitoi vitu vyote viwezavyo kutokea hivyo basi mnapotumia taarifa za kuangazia mbeleni kufanya maamuzi yahasuyo Benki ya CRDB, wawekezaji na wengineo wanapaswa kuangalia sababu hizo pamoja na matukio yasiyotabirika, mambo yenye uwezekano wa kutokea na kutotabirika kwa taarifa zenyewe.

Benki huwa haiziboreshi taarifa zozote zenye kuangazia mbeleni zilizotolewa ambazo zimetolewa kwa nyakati tofauti, na taasisi 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 import.

By their nature, forward-looking statements require us to make assumptions and 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 organisation or on its behalf.

Kawaida Mpya
Kupata huduma ulipo kwa raha zako

New Normal
Getting services whenever at your leisure



CRDB Bank Plc ('Benki ya CRDB' au 'Benki') na kampuni tanzu zake (kwa pamoja 'Kundi') zinatoa huduma za benki kwa wateja wakubwa na wale wa rejareja ikiwemo huduma za microfinance hapa Tanzania na Burundi. Benki ni kampuni yenye ukomo wa dhima iliyosajiliwa chini ya Sheria ya Makampuni ya mwaka 2002 na ofisi zake ziko Tanzania. Benki pamoja na kampuni tanzu yake CRDB Bank Microfinance Services Company Limited inayofanya kazi nchini Tanzania; CRDB Bank Burundi S.A inayofanya kazi Bujumbura nchini Burundi.

Shughuli ya msingi ya Benki ni kutoa huduma za benki na zile zihusuzo huduma za kifedha. Kampuni tanzu nyingine ya Microfinance inatoa huduma za mikopo kwa vikundi kwa kupitia matawi ya Benki ya CRDB. Mwaka 2012 ulikuwa ndiyo mwaka wa mwisho wa utekelezaji wa mpango mkakati wa biashara wa miaka mitano ambao umeshuhudia Benki kupanua mbawa zake hadi Burundi.

Kuhusu Benki ya CRDB

Benki ya CRDB ni taasisi ya benki inayoongoza Tanzania kwa rasilimali, mikopo na amana, huku ikilenga kujipanua katika ukanda wa Afrika Mashariki. Pamoja na kuchangia maendeleo ya nchi, Benki ya CRDB imeegemea katika mfumo wake jadidi wa kibiashara kutumia njia mbadala sambamba na kujumuisha na kubuni mikakati anuai ya uendeshaji wa biashara.

Ikiakisi falsafa ya kampuni, Benki ya CRDB imeendelea kutoa huduma zinazoendelea kuboreshwa pamoja na suluhisho za kifedha za kisasa kwa wateja binafsi na wakubwa kwa kutumia mifumo yake ya teknohama na njia nyingi za ufikishaji huduma. Ikijivunia chapa yake, Benki ya CRDB imeendelea kuboresha mahusiano mazuri na wadau wake.

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

The Bank's principal activity is the provision of banking and related financial services. The Group's other major subsidiary provides microfinance services through the Bank's branch network. Year 2012 was the last year of execution of the prior five year business strategy that has seen it spread its wings to Burundi market.

About CRDB Bank Plc

CRDB Bank 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 innovating its banking operations.

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

Taarifa Muhimu Na Namba

Benki ya CRDB ina historia imara ya kukumbukwa katika maeneo tofauti kama inavyoainishwa hapa chini;

1. Uanzishwaji wa kutanuka kiukanda mwaka 2012 kwa kuanzisha kampuni tanzu nchini Burundi.
2. Kuingia katika Soko la Hisa la Dar es Salaam mwaka 2009.
3. Wateja wa Benki kufikia 1,201,245 hadi kufikia tarehe 31, Desemba 2012.
4. Kampuni inatoa huduma mbalimbali za benki kwa wateja wakubwa, wateja rejareja, huduma za hazina, Wateja wa Premier, na huduma za jumla na zile za microfinance kwa kupitia mtandao wa matawi 93 yakiwemo matawi yanayotembea yapatayo 13, Mashine za kutolea fedha (ATM) 245 zikiwemo mashine zinazopokea fedha 18, mashine za kupokea malipo 900 na zaidi ya taasisi washirika wa microfinance 422.

Key Facts And Figures

CRDB Bank has a well-established and strong track record as evidenced herein below;

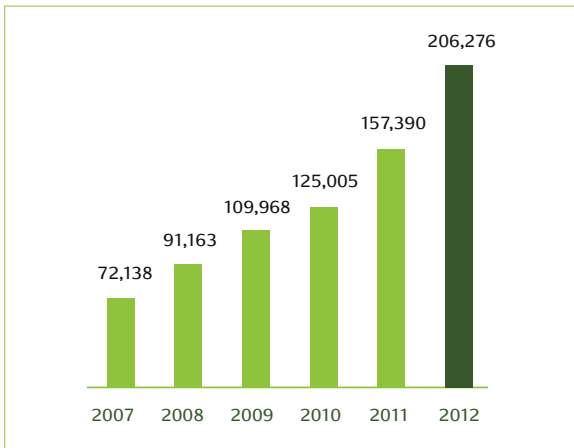
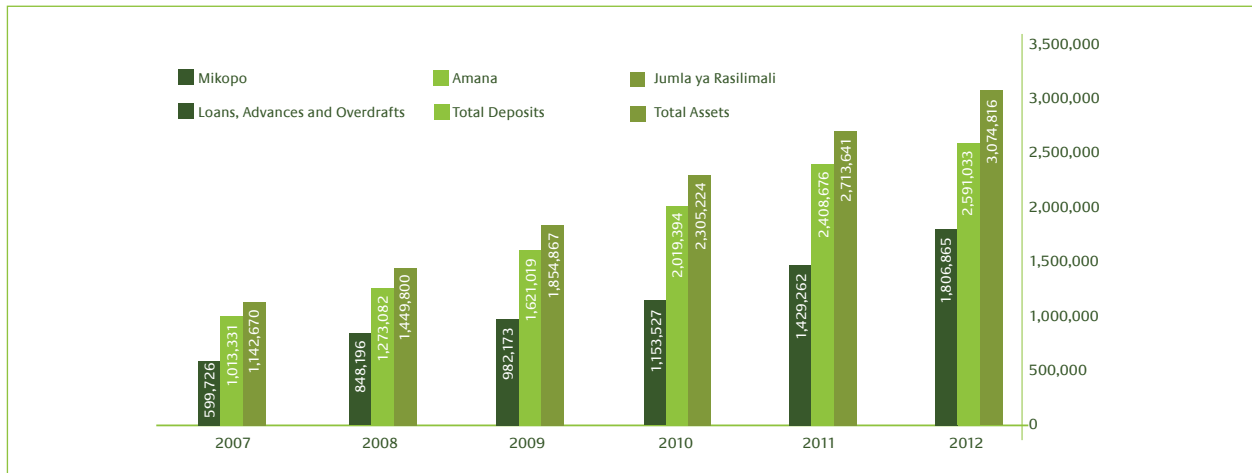
1. Initiation of regional expansion in 2012 by starting a new subsidiary in Burundi.
2. Listed on the Dar-es-Salaam Stock Exchange in 2009.
3. Bank Customers reached 1,201,245 as at December 31st 2012.
4. The Group offers a comprehensive range of Corporate, Retail, Business, Treasury, Premier, and wholesale banking and microfinance services through a network of 93 branches including 13 mobile branches, 245 ATMs inclusive of 18 Depository ATMs, 900 Point of Sales (POS) terminals and 422 Microfinance partner institutions.

TZS 'Millions

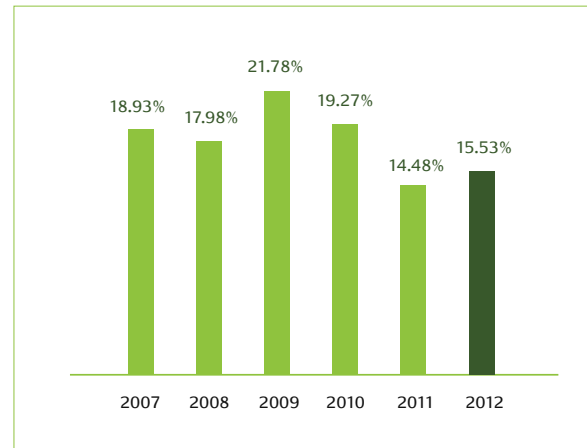
	2012	2011	2010	2009	2008	2007
Net Interest Income	206,276	153,385	125,005	109,968	91,163	72,138
Impairment Losses on Loans & Advances	26,403	31,216	20,357	18,174	4,695	3,229
Net Fees & Commissions	74,605	61,914	46,591	39,111	30,495	26,511
Net Foreign Exchange Income	22,782	1,549	22,081	15,244	13,041	10,733
Operating Income	278,342	186,997	175,380	147,262	131,133	106,806
Operating Expenses	(170,640)	(135,984)	(111,246)	(85,341)	(71,129)	(55,103)
Net Income	80,543	37,710	47,246	45,824	40,509	37,325
Loans, Advances and Overdrafts	1,806,865	1,429,262	1,153,527	982,173	848,196	599,726
Total Assets	3,074,816	2,713,641	2,305,224	1,854,867	1,449,800	1,142,670
Total Deposit	2,591,033	2,408,676	2,019,394	1,621,019	1,273,082	1,013,331
Shareholders Funds	317,432	254,764	233,511	207,774	140,933	104,628
Non Performing Loans & Advances	124,586	134,783	132,675	60,612	37,947	36,387
Key Ratio's	2012	2011	2010	2009	2008	2007
Earnings Per Share	37.00	17.33	21.71	21.05	18.61	17.15
ROAA (%)	3.75%	2.03%	3.08%	3.75%	4.63%	5.07%
ROAE (%)	26.67%	15.22%	21.06%	26.28%	32.99%	42.89%
Cost to Income Ratio	56.2%	62.7%	57.4%	51.9%	52.8%	50.4%
Non-Funded Income/Total Income	32.66%	27.87%	36.14%	33.53%	32.88%	34.44%
Net Profit Margin (%)	24.80%	17.28%	24.14%	27.70%	29.82%	33.92%
Capital/Assets	9.39%	10.45%	11.20%	9.72%	9.16%	7.73%
Capital/Deposits	10.36%	11.67%	12.61%	10.77%	10.08%	8.37%
Loans/Total Deposits	71%	61%	76.17%	77.66%	77.92%	73.86%
NPL /Total Loans	6.90%	9.14%	11.50%	6.17%	4.47%	6.07%
Regulatory Ratios	2012	2011	2010	2009	2008	2007
Loans to Deposits	69.98%	71.75%	76.17%	77.66%	77.92%	73.86%
Tier 1 Capital Ratio	15.53%	14.48%	19.27%	21.78%	17.98%	18.93%

Performance Review

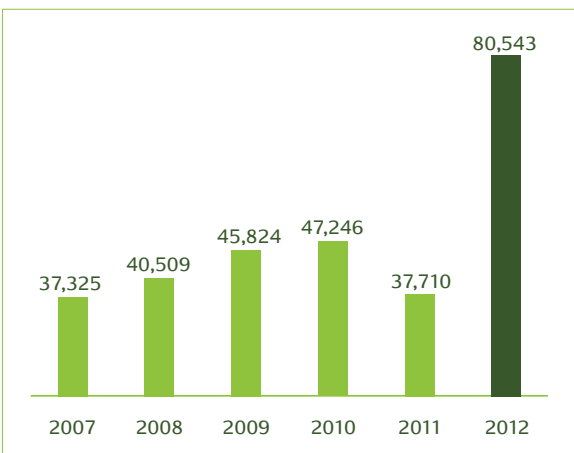
	2012	2011	2010	2009	2008	2007
Shareholder Equity to Total Assets	10.32%	9.39%	10.45%	11.20%	9.72%	9.16%
Shareholder Equity to Deposits	11.51%	10.36%	11.67%	12.61%	10.77%	10.08%
Non-performing loans to Total loans & Advances	6.90%	9.14%	11.50%	6.17%	4.47%	6.07%
Impairments/Non-performing Loans	24.00%	19.17%	15.34%	29.98%	12.37%	8.87%
Interest Received/Average Earning Assets	11.42%	9.58%	9.57%	10.70%	10.53%	10.85%
Interest Paid/Average Interest-bearing Liabilities	1.06%	0.77%	0.94%	1.21%	0.90%	0.91%
Growth in Commissions Received	19.69%	33.45%	19.07%	28.47%	15.63%	34.60%
Growth in Forex Income	1370.76%	-92.98%	44.85%	16.89%	21.50%	61.81%



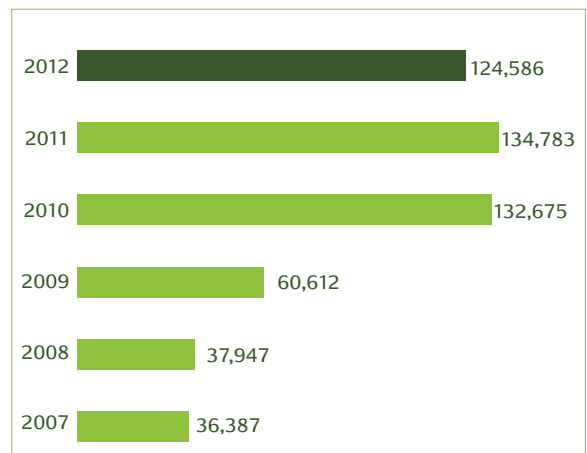
Mapato yatokanayo na Riba
Net Interest Income



Uwiano wa Mtaji
Tier 1 Capital Ratio



Mapato Halisi
Net Income



Mikopo Isiyofanya Vizuri
Non- Performing Loans and Advances

Taarifa ya Mwenyekiti

Chairman's statement



Martin Mmari

Board Chairman **CRDB Bank Plc**

Mwenyekiti wa Bodi

“ Mafanikio makubwa ambayo yamefikiwa kwa mwaka 2012 ni maamuzi ya Bodi kuanzisha Kampuni tanzu nchini Burundi. Tawi la kwanza nchini Burundi lilizinduliwa rasmi tarehe 7 Desemba, 2012.

The most significant development in 2012 was the Board's decision to establish a subsidiary in Burundi. CRDB Bank's first subsidiary in Burundi was officially launched on the 7th December, 2012.

”

Kwa niaba ya Bodi ya Wakurugenzi wa Benki ya CRDB, napenda kuwasilisha Ripoti ya Mahesabu ya Mwaka wa Fedha 2012.

Benki ya CRDB imekabiliana vyema na hali ya sintofahamu na changamoto zilizoikumba dunia, ukanda na uchumi wa taifa. Katikati ya changamoto kubwa, tulipiga hatua kubwa katika kuibadilisha sura ya Benki yetu. Tuliboresha mifumo ya kibiashara, tukakuza mtaji wetu na ukwasi, zaidi ya yote, tulijenga uwezo wa kushindana katika soko ili kuwapa wateja wetu mahitaji yao muhimu ya kifedha. Miongoni mwa maboresho yaliyofanyika ni pamoja na huduma mpya ya benki kupitia intaneti inayoruhusu wateja kuhamisha fedha kati ya benki, ndani na nje ya nchi popote walipo, ilimradi kuna mtandao wa intaneti.

Maendeleo ya Kimkakati

Mkakati wa Benki kwa miaka mitano iliyopita (2008 - 2012) kuhakikisha tunaongeza thamani umefanikiwa na hivyo basi, katika mwaka 2012, Mkakati wa Biashara wa Benki (2013-2017) uliandaliwa na kupitishwa na Bodi. Katika kutengeneza mikakati ya miaka mitano ijayo, Bodi ilitazama changamoto zote na mambo yanayolikabili Kundi ikiwa ni pamoja na ushirikiano wa kikanda, ushindani katika huduma za fedha, kuibuka kwa kundi la daraja la kati pamoja na hali ya kijamii na uchumi zenye athari katika mustakabali wa biashara.

Malengo ya miaka mitano ya mkakati wa Benki ni kuongeza maradufu rasilimali kwa mwaka 2017 wakati tukiendelea kuimarisha pato litokanalo na rasilimali kwa zaidi ya 3%, tukitazamia wateja rejareja, wateja wa kati na wadogowadogo pamoja na baadhi ya wateja wakubwa wa makampuni waliopo katika ukanda huu.

Mafanikio makubwa ambayo yamefikiwa kwa mwaka 2012 ni maamuzi ya Bodi kuwa Benki iingie nchi jirani Burundi. Kampuni tanzu ya kwanza nchini Burundi ilizinduliwa rasmi tarehe 7 Desemba, 2012 na ilifunga mwaka kwa kuwa na jumla ya amana zinazofikia BIF 1.1 bilioni (au Dola 1milioni) pamoja na rasilimali za BIF 18 bilioni (Dola 11.4 milioni). Tawi kuu la Bujumbura

On behalf of CRDB Bank's Board of Directors, I am pleased to present the Bank's Annual Report for the year 2012.

CRDB Bank has effectively responded to the uncertainty and challenges of the global, regional and national economy. In the face of significant challenges, we made great strides in transforming our Bank. We streamlined our business processes, built capital and liquidity and, most important, maintained and/or built on market-leading capabilities to serve our customers' core financial services needs. Amongst other improvements is the new internet banking solution that allows customers to transfer funds across banks, within and outside the country from wherever they are as long as they have internet connection.

Strategic Developments

The strategy of the Bank over the last 5 years (2008-2012) in pursuit of sustainable value creation had been successful and therefore, during the year 2012, the Bank's Business Strategy for 2013-2017 was developed and approved by the Board. In crafting this strategy, the Board considered the full range of challenges and issues facing the Group including regional integration, competition in financial services, emergence of the middle class and other social economic factors that have had an impact on our business sustainability.

The 5-year strategic objective is to double our assets by 2017 while maintaining a return on assets (ROA) of above 3% and focusing on retail, SME and selected corporate customers operating in the region.

The most significant development in 2012 was the Board's decision to venture into neighbouring countries by establishing the first subsidiary in Burundi. CRDB Bank's first subsidiary in Burundi was officially launched on the 7th December, 2012 and closed the year with a deposit base of BIF 1.1 billion (or about USD 1 million) and an asset base of BIF 18 billion (USD 11.4 million). The main branch in Bujumbura has been branded 'Inyenyeri'

limepewa jina la 'Inyenyeri' na linasaidiwa na mashine za ATM tano na tawi moja linalotembea.

Matokeo Muhimu

Mahusiano mazuri na wateja wetu, ubunifu na utendaji mzuri vimechangia kupata matokeo ya kuridhisha katika maeneo yote muhimu. Benki ya CRDB imeendelea kuimarisha nafasi yake kama Benki inayoongoza Tanzania na kuzalisha matokeo yenye kuonesha ukuaji chanya wa mapato na kukuza wigo wa vituo vya huduma. Hii ni kutokana na urari fedha imara na mipango ya kihafidhina juu ya kinga ya majanga, Benki ya CRDB imeendelea kuwa mojawapo ya benki imara na salama zaidi katika ukanda wa Afrika Mashariki.

Jumla ya rasilimari za Kundi zilikuwa kwa 13.3% kutoka shilingi bilioni 2,713.6 hadi kufikia Desemba, 2011 na kufikia shilingi bilioni 3,074.8 kwa mwaka 2012. Amana ziliongezeka kwa 7.6% kufikia shilingi bilioni 2,591.0 hadi mwishoni wa mwezi Desemba, 2012 kutoka Shilingi bilioni 2,408.7.

Kundi ilipata faida kabla ya kodi ya shilingi bilioni 107.7 ambapo ni ongezeko la 111.1% kutoka shilingi bilioni 51.0 zilizopatikana mwaka uliopita. Faida baada ya kodi ilikuwa shilingi bilioni 80.5 ambapo ni sawa na 113.6% zaidi kulinganishwa na shilingi bilioni 37.7 zilizorekodiwa kwa mwaka 2011. Kuongezeka kwa faida kwa mwaka 2012 ni matokeo ya kuhuisha mapato yatokanayo na ubadilishanaji fedha kuwa katika hali ya kawaida, kukua kwa pato halisi litokanalo na riba na ada na malipo ikisaidiwa na usimamizi mzuri wa gharama za uendeshaji.

Gawio

Kama sehemu ya Dira ya Benki ya CRDB, Bodi ya Wakurugenzi mara zote inalenga katika kuhakikisha wanahisa wanapata faida, hii inaakisiwa na mapato kwa hisa na kwa kiasi cha gawio inayolipwa kwa hisa. Mwaka huu tena, ikiangazia matarajio yetu makubwa ya ukuaji wa Benki kwa siku za usoni, Bodi ilifurahi kupendekeza gawio la shilingi 12.0 kwa kila hisa. Kiasi cha jumla cha gawio kilichopendekezwa ni shilingi bilioni 26.1 ikilinganishwa na shilingi bilioni 19.6 zilizolipwa mwaka 2011.

and is supported initially by 5 ATMs and a mobile branch (Bank on the Wheels).

Key Results

Our strong connections with our customers, innovations and efficient execution have all contributed to an impressive performance in all key areas in the year. CRDB Bank reinforced its leadership position, delivered positive earnings growth and expanded its footprint. Thanks to our strong balance sheet and conservative risk appetite, CRDB Bank remains one of the strongest and safest banks in East Africa.

The total assets of the Group grew by 13.3% from TZS 2,713.6 billion at the end of December, 2011 to TZS 3,074.8 billion in 2012. Deposits grew by 7.6% to reach TZS 2,591.0 billion at the end of December, 2012 from TZS 2,408.7 billion.

The Group achieved a pre-tax profit of TZS 107.7 billion being an increase of 111.1% from TZS 51.0 billion realized in the previous year. After tax profit was TZS 80.5 billion being 113.6% higher than TZS 37.7 billion recorded in 2011. The increase in profitability in the year 2012 was a result of the revival of foreign exchange related income to its normal trend, growth in net interest income and fees and commissions coupled with strong cost management.

Dividend

As part of CRDB Bank's vision, the Board of Directors is always focused on ensuring high shareholders return as reflected by earnings per share, and partly by the amount of dividend paid per share. This year again, reflecting our strong confidence in the future growth of the Bank, the Board is pleased to recommend a dividend of TZS 12.0 per share. Total amount of dividend recommended is TZS 26.1 billion, as compared to TZS 19.6 billion paid out in 2011.

Prospects for 2013

The Tanzanian economy is expected to experience robust growth in 2013 with continued decline in

Matarajio kwa Mwaka 2013

Uchumi wa Tanzania unategemewa kukua kwa kiasi kikubwa Mwaka 2013 huku mfumuko wa bei ukitarajiwa kushuka. Hivyo basi, kwa mwaka 2013 Rasilimali za Benki zinatarajiwa kukua kwa 17%, wakati tukiendelea kupunguza uwiano wa mikopo mibovu hadi 5%.

Mabadiliko kwenye Bodi

Napenda kutoa taarifa ya mabadiliko ya Bodi yaliyotokea mwaka huu. Wakati wa Mkutano Mkuu wa Mwaka uliofanyika tarehe 23 Juni 2012, Bw. Joseph Machange, anaetoka katika kundi la wanahisa wenye hisa chini ya 1% ya mtaji wa Benki pamoja na Bi. Joyce Luhanga, anaetoka katika kundi la wanahisa wenye hisa kati ya 1% hadi chini ya 10% ya mtaji wote wa Benki walistaafu. Tunawashukuru kwa mchango wao uliotukuka kwa Bodi na tunawatakiwa kila la heri kwenye maisha ya mbeleni.

Bi. Selina Mkony na Bi. Rose Metta wanaowakilisha makundi hayo, walichaguliwa kuwa wajumbe wapya wa Bodi. Nawakaribisha katika Bodi.

Utambuzi

Shukrani zangu ni kwa wateja, wanahisa na mamlaka zote za usimamizi, Serikali ya Tanzania na washika dau wengine kwa kuendelea kutuamini na kulisadia Kundi. Natoa shukrani zangu kwa wajumbe wa Bodi kwa ushirikiano wao ambao wamekuwa wakinipa. Ninaishukuru menejimenti na wafanyakazi ambao weledi wao, utumishi wao na moyo wao wa kujituma umekuwa msingi wetu wa mafanikio ya utendaji kwa mwaka huu.

Ninataraji mafanikio tena mwaka wa 2013.



Martin Mmari

Mwenyekiti

inflation. Therefore, in 2013 the assets of the Bank are expected to grow by 17%, while we strive to further reduce the Bank's non-performing loans ratio (NPL) to 5%.

Changes in the Board

I would like to report changes in the Board during the year. At the Annual General Meeting held on 23rd June 2012, Mr. Joseph Machange, belonging to the group of shareholders with shareholding of less than 1% of the Bank's share capital and Ms. Joyce Luhanga, belonging to the group of shareholders with shareholding of 1% to less than 10% of the Bank's share capital retired. We thank them for their valuable contributions to the Board and wish them success in their future endeavours.

Ms. Selina Mkony and Ms. Rose Metta were elected to represent the above shareholder groups respectively. I welcome them to the Board.

Acknowledgement

My gratitude and appreciation are due to our customers, shareholders, all regulatory authorities, the Government of Tanzania and other stakeholders for continued trust and support of the Group. I am most thankful to the members of the Board for the strong support they have continued to give me. I thank management and staff whose professionalism, dedication and commitment have been fundamental to our success and performance this year.

I look forward to another successful year in 2013.



Martin Mmari

Chairman

Wakurugenzi wa Bodi

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. Pia hutumikia kama mjumbe wa Bodi za NHC/PPF IPS Building, Taasisi ya Wakurugenzi, na International House Property Ltd. Kabla ya PPF, Bw. Mmari alifanya kazi Benki Kuu ya Tanzania kama Mtahini na Mchambuzi wa Fedha. Pia ana Shahada ya Uzamili (MBA) kutoka Chuo Kikuu cha Birmingham, Shahada ya Biashara (B.Com) - UDSM na Cheti cha Uhasibu CPA (T).

Mr. Martin Jonas Mmari is the Director of Finance at the Parastatal Pension Fund (PPF), a position he has held since 2001. Prior to the current position, he worked at the Bank of Tanzania as a Bank Examiner and Financial Analyst. He holds board membership 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 Comm (Accounting) - University of Dar es Salaam and CPA (T).

Joyce Ng'walu Nyanza
Mjumbe wa Bodi/**Board Member**

Bi. Joyce Ng'walu Nyanza alijiunga na Bodi ya Benki ya CRDB baada ya kufanya kazi Tanzania Social Action Fund (TASAF) akiwa kama Mhasibu Msaidizi wa Wilaya. Kabla, alikuwa akifanya kazi kama Mkaguzi wa Kanda wa Zonal Village Fund System katika shirika hilo. Awali Bi. Nyanza amewahi kutumikia Shirika la Swiss Agency for Development Cooperation (SDC) kama Meneja wa Fedha na Ukwasi. Pia amefanya kazi na Wizara ya Afya chini ya vitengo mbalimbali kama Mhasibu. Bi Nyanza ana shahada ya Uzamili toka Chuo Kikuu cha Keele, Staffordshire.

Mrs. Joyce Ng'walu Nyanza joined the Board after working for Tanzania Social Action Fund (TASAF) as a District Accountant Officer (TAO) for 5 years. After that she worked as a Zonal Village Fund System Auditor for the same organization. Mrs. Nyanza was the Cash and Liquidity Manager for Swiss Agency for Development Cooperation (SDC). Mrs. Nyanza has also worked for the Ministry of Health under various capacities as an accountant. Mrs. Nyanza holds an MBA- University of Keele, Staffordshire.



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

Injini Boniface Charles Muhegi ni Afisa Mtendaji Mkuu (CEO) na Msajili 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 na Uhandisi kutoka Chuo Kikuu cha Melbourne na Shahada ya Kwanza ya Uhandisi kutoka Chuo Kikuu cha Dar es Salaam.

Eng. Boniface Charles Muhegi is the Registrar – Contractors Registration Board and is the Chief Executive Officer. Prior to the current position, 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.

Wakurugenzi wa Bodi

Board of Directors

Selina Adolf Mkony

Mjumbe wa Bodi/Board Member

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

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

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



Kai Kristoffersen

Mjumbe wa Bodi/Board Member

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

Kazi yake imejumuisha nafasi ya muda mrefu kama Mshauri Mkazi na Meneja wa Miradi ya Umoja wa Ulaya katika

Lithuania. Amefanya kazi pia Bulgaria, Romania, Croatia na Bosnia Herzegovina. Amekuwa mjumbe wa Bodi toka 2004. Ana Shahada ya Uzamili ya Sheria (Aarhus, Denmark) na Shahada ya Utawala wa Biashara (Aalborg, Denmark).

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

Hon. Frederick Tluway Sumaye

Mjumbe wa Bodi/Board Member

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

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

Hon. Frederick Tluway Sumaye is a former Prime Minister – United Republic of Tanzania.

Hon. Sumaye served as Minister of Agriculture, Livestock and Cooperation, Deputy Minister of Agriculture and Livestock, Head of Research and Development (R&D), Centre for Agricultural Mechanization and Rural Technology (CARMATEC), Tutor (Agro – mechanization).

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





Bede Philip Lyimo
Mjumbe wa Bodi/Board Member

Bw. Bede Philip Lyimo ni Mkurugenzi Mtendaji wa Kampuni ya PPP Solutions Co Ltd. tangu Februari, 2012. Kabla, Bw. Lyimo amekuwa akitumikia kama Afisa Mtendaji Mkuu wa Better Regulation Unit (BRU) katika Ofisi ya Rais, nafasi ambayo alistaafu Desemba, 2011. Awali, Bw. Lyimo alifanya kazi kama Mkurugenzi Msaidizi katika

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 Ubalozi wa Tanzania nchini Lagos. Bw. Lyimo ana Shahada ya Uzamili wa Usimamizi wa Biashara (MBA) kutoka Chuo Kikuu cha Kikatoliki, Leuven na Shahada ya Kwanza kutoka Chuo Kikuu cha Dar es Salaam.

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

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 of USA, TASAF na Medical Stores Department, Coopers and Lybrand (sasa PWC). Vilevile Shirika la Umeme Tanzania.

Bw. Laay ana shahada ya Uzamili (MBA) Cardiff Business School, Chuo Kikuu cha Wales (UK), Stashahada ya Uhasibu (PGDA (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).



Wakurugenzi wa Bodi

Board of Directors

Juma Abdallah Abdulrahman

Mjumbe wa Bodi/Board Member

Bw. Juma Abdulrahman alikuwa Mkurugenzi wa Rasilimali Watu na Utawala katika Mamlaka ya Bandari Tanzania (TPA) na pia alikuwa Meneja Msaidizi wa Bandari - Fedha na Utawala, pia aliwahi kuwa Mkurugenzi wa Ukaguzi wa Ndani na Mkuu wa Uhasibu kwa Manajimenti, Meneja Mkaguzi wa Mahesabu, 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). Pia ni Mjumbe wa Bodi ya Lindi Farmers Company Limited.

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

Mr. Abdulrahman holds a Masters of Science degree in Finance from Strathclyde University – Glasgow (UK), Fellow Certified Public Accountant FCPA (T) and he is also a Certified Systems Information Auditor since 2008. He also serves as a Member of the Board with Lindi Farmers Company Limited.



Rose Felix Metta

Mjumbe wa Bodi/Board Member



Bi. Rose Felix Metta ni Mkurugenzi wa Mipango na Uwekezaji LAPF. Pia alikuwa Meneja Msimamizi wa Uzingatiaji Taratibu LAPF. Afisa Mkuu wa Fedha – Bajeti, Afisa Mkuu Uwekezaji, Afisa Mipango Mwandamizi na Afisa Mipango katika Mfuko wa Jamii wa Taifa.

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

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

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

Taarifa ya Mkurugenzi Mtendaji

Managing Director's Statement



Dr. Charles S Kimei

Managing Director **CRDB Bank Plc**

Mkurugenzi Mtendaji

“Mwaka 2012 ulikuwa mwisho wa Mkakati wa Biashara wa Benki kwa kipindi cha 2008 – 2012. Miaka mitano hiyo ilikuwa ni ya mabadiliko na changamoto mbalimbali, kuliko kipindi chochote cha maisha ya Benki. Katika kipindi hiki Benki imekua kwa kasi sana katika nyanja zote: mtandao wa matawi umekua kutoka matawi 44 hadi 93, uanzishwaji wa kampuni tanzu Burundi, rasilimali kutoka shilingi 2,713.6 bilioni hadi shilingi 3,086.1 bilioni na amana za wateja kutoka bilioni 2,411.6 hadi shilingi bilioni 2,591.0.

Year 2012 was the end of the Bank's 2008-2012 Business Strategy cycle. These five years were the most dynamic and challenging in the life of the CRDB Bank. During this period the Bank experienced tremendous growth in all key areas: branch network increased from 44 to 93, establishment of a subsidiary in Burundi, assets grew from TZS 1,449.8 billion to TZS 3,074.8 billion, and customers' deposits from TZS 1,273.1 billion to TZS 2,592.0 billion.

”

Benki imeshuhudia mafanikio makubwa ya utendaji na ya kifedha kwa mwaka 2012, wakati huo huo ikipiga hatua muhimu na kuwekeza katika maeneo yatakayoleta matokeo mazuri mbeleni. Matokeo haya yamepatikana kufuatia ujengaji wa uwezo kwa wafanyakazi wetu, ikisaidiwa na teknolojia ya kisasa, yenye ufanisi na salama. Teknolojia ni msingi wa mafanikio ya Benki. Unaweza kuwa na uhakika kuwa tutaendelea kukabiliana na mazingira ya ushindani wa soko ambayo yamekuwa yakibadilika mara kwa mara huku tukilenga kutimiza matakwa ya wadau na tukiangazia kwa pamoja malengo yetu ya muda mrefu ya kuongeza thamani.

Pitio la Utekelezaji wa Mpango wa Biashara wa Miaka Mitano iliyopita

Miaka mitano iliyopita ilikuwa na changamoto nyingi pamoja na maendeleo duni ya kiuchumi ikijumuisha mgogoro wa uchumi wa mwaka 2008/2009 na kupanda kwa bei ya mafuta yasiyosafishwa ikichangiwa na hali ya uchumi isiyokuwa na uwiano mzuri nchini Tanzania iliyopelekea kuongezeka kwa mfumuko wa bei (uliyo karibia 20% kufika mwisho mwaka 2011) na thamani ya Shilingi ilishuka ikilinganishwa na dola za marekani kutoka shilingi 1,300 kwa dola moja mwaka 2008 hadi kufikia Shilingi 1,600 mwaka 2012. Sababu hizi ni kati ya nyingine nyingi pia zikichangiwa na matatizo makubwa ya umeme, ongezeko kubwa la bei ya umeme na mgao wa umeme yakileta madhara makubwa katika utendaji wa biashara, hasa kwa upande wa biashara ndogondogo na za kati. Matatizo haya yalipunguza imani ya wawekezaji na walaji katika uchumi.

Katika kipindi hiki, Benki ilinunua na kuanza kutumia mifumo mipya ya benki, mfumo ulioweka pamoja na shughuli zote za ofisi za kiutawala za matawi na mfumo wa Hazina na uwezesaji Biashara za Nje. Mifumo hii ya kisasa kwa kiasi kikubwa imechangia kuongeza ufanisi wa Benki na kuboresha huduma kwa wateja.

The Group has experienced stellar operating and financial performance in 2012, while at the same time making critical progress and investments that will contribute to future performance. These results have been achieved through sustained capacity building for our employees, supported by a robust, efficient, secure and state of the art technology that forms the bedrock of the success of the Group. You can be sure that we will continue to respond to the competitive and rapidly changing environment of our time with due dedication to stakeholders interests and focus on our common pursuit of long term value creation.

Review of the Last 5 Years Business Plan

The last five years were very challenging with depressing economic developments worldwide including the global financial crisis of 2008/2009 and high crude oil prices which combined with domestic macroeconomic imbalances in Tanzania translated to high inflation rate (nearly reaching 20% at its peak in 2011) and Shilling depreciation against the US dollar from TZS 1,300 per dollar in 2008 to as high as TZS 1,600 in 2012. These factors, amongst many others, were compounded by persistent power problems coupled with large increases in the price of electricity and power rationing which adversely affected performance of businesses, especially in the SME segment. These problems eroded confidence of investors as well as consumers in the economy.

During the period, we acquired and migrated to a new core banking system; a system for centralizing branch back office activities and systems for Treasury and Trade Finance services. These technological enhancements greatly improved the Bank's operational efficiency and customer service.

In terms of service delivery and products, the Bank's Internet banking solution was greatly improved as well

Katika kuboresha huduma na bidhaa zetu, tumefanikiwa kuboresha suluhisho la huduma kwa njia ya mtandao wa Intaneti na zile za kutumia simu ya mkononi (SimBanking). Huduma ya SimBanking imeweza kuboreshwa mara mbili katika kipindi cha miaka mitano iliyopita. Pia tumeweza kuongeza kadi, moja mpya ya kimataifa (MasterCard) kwenye soko letu na kuboresha kadi za zamani. Kadi zote za Benki zimewezeshwa kutumika duniani kote na katika mtandao wa intaneti. Kwa sasa kadi zote za Benki, mashine za kutolea fedha (ATMs) na vifaa vya kufanyia mauzo (POS) zinatumia mfumo wa viwango vya juu vya kimataifa vya usalama (EMV).

Bidhaa mpya na za ubunifu zilianzishwa na kuingizwa sokoni katika kipindi hiki cha miaka mitano. Tulifanikiwa kuanzisha; akaunti ya Malkia, mahususi kwa ajili ya wanawake, akaunti ya Scholar mahususi kwa ajili ya wanafunzi wa sekondari na elimu ya juu, akaunti ya Bidii na mikopo ya Bidii mahususi kwa wajasiriamali na wateja wadogowadogo na wa kati pia zilianzishwa. Benki pia ilianzisha kitengo cha Huduma kwa wateja mnamo mwaka 2009 na kuwa ya kwanza kutoa Huduma saa 24/7 nchini. Kituo kina njia mbalimbali za mawasiliano ikiwemo; simu za mezani, simu za mkononi, barua pepe, nukushi na uwezo wa kuwahudumia wateja wanaotembelea kituo na wale wanaopitia mitandao ya kijamii (facebook na twitter).

Matokeo ya Sasa ya Utendaji

Tuliuanza mwaka 2012 na habari za kutofanya vizuri kwa mfumo wetu wa Hazina ambao ulisababisha kushuka kwa kiasi kikubwa kwa faida ya Benki katika mwaka 2011. Tulidhamiria kukabiliana na changamoto hizo na hivyo kuendelea na mpango mkakati wetu. Nina furaha kuwataarifu kuwa tumepiga hatua mwaka huu na kupata matokeo mazuri.

Matokeo yetu ya fedha kwa mwaka 2012 yanahitimisha Mpango wa Biashara wa Miaka Mitano (2008-2012) na yanaashiria ushirikiano mkubwa kutoka kwa wadau wote muhimu. Mapato yatokanayo na riba yamekua kwa Shilingi bilioni 73.4 kufikia Shilingi 261.7 bilioni

as its mobile banking service (branded as 'SimBanking') solution. For mobile banking, two upgrades were implemented during the five year period. In addition, one internationally recognized and acclaimed card brand (Mastercard) was introduced to the market and older ones were upgraded. All of the Bank's cards were enabled to transact worldwide and on the internet. To date all of the Bank's cards, POS machines and ATMs are EMV compliant in line with international security standards on e-banking.

New and innovative products were also developed and launched during the past five years. We successfully introduced Malkia Account, an innovative savings plan account specifically designed for the female clientele and Scholar account, specifically for secondary schools, colleges and higher education students; and Bidii loans and Bidii Deposit Account, products that are particularly tailored for the ever growing Small and Medium Enterprise (SME) segment were also introduced. The Bank established a Call Centre in 2009 and became the first to offer a 24/7 customer support service in the country. The Centre accommodates and serves through five media (land line phones, email, faxes, in person (to individuals who physically visit the Centre) as well as through social media networks, including Facebook and Twitter.

Current Performance

We started 2012 on the backdrop of distressing information about the problem with the Bank's Treasury system which cut down significantly the profit of the Bank in 2011. We were determined to bounce back from this and therefore continued to forge ahead with our strategy. I feel very honoured to report that, we have made progress in the year and delivered excellent results.

Our financial results for 2012 were a culmination of the Bank's five year strategy (2008-2012) and reflect the support of all our key stakeholders. Interest income grew by TZS 73.4 billion to TZS 261.7 billion while net interest income was TZS 206.2 billion in 2012 from TZS 153.4 billion in 2011. Loan impairment charges stood at TZS

mwaka 2012 na faida itokanayo na riba imekua kwa Shilingi bilioni 206.2 mwaka 2012 kutoka Shilingi 153.4 bilioni mwaka 2011. Gharama ya mikopo mibaya imesimama kuwa Shilingi bilioni 26.4 dhidi ya Shilingi bilioni 31.2 ya mwaka 2011. Mapato halisi yatokanayo na riba baada ya gharama ya mikopo mibaya ni Shilingi bilioni 179.9 mwaka 2012 kutoka shilingi bilioni 122.2 mwaka 2011. Gharama ya mikopo mibaya bado ni changamoto kubwa kwetu na tunaendelea kufanya juhudi kuipunguza hadi ifike asilimia 5 ya mikopo yote. Kwa upande mwingine mapato yatokanayo na tozo za huduma yamekua mpaka Shilingi bilioni 75.2 kutoka Shilingi bilioni 62.8 mwaka 2011. Ongezeko kubwa zaidi zaidi lilikuwa katika biashara ya fedha za kigeni ambayo imekuwa mpaka Shilingi bilioni 22.8 ukilinganisha na Shilingi bilioni 1.5 mwaka 2011. Hili ni eneo lililosabasha matatizo mwaka 2011 kutokana na kutofanya vizuri kwa mfumo wa usimamizi wa Hazina.

Katika kutimiza mpango mkakati wake, Kundi ilitoa mikopo kwa wateja inayofikia Shilingi 1,807 bilioni ambayo ni Shilingi bilioni 3,77.6 zaidi ya jumla ya mikopo iliyotolewa na kiasi kilichobaki cha urejeshaji wa mikopo kwa mwaka 2011. Kutokana na matokeo hayo, nina furaha kutangaza kwamba faida ya Kundi kabla ya kodi imekuwa kwa asilimia 111.1 na kufika Shilingi bilioni 107.7 kutoka Shilingi 51.0 bilioni mwaka jana. Mwaka 2012, Benki imepata faida halisi ya Shilingi 80.5 bilioni kutoka Shilingi bilioni 37.7 mwaka 2011, ambayo ni sawa na ongezeko la Shilingi 42.8 bilioni kwa mwaka uliopita.

Mtizamo wa Kimkakati

Kwa miaka mitano iliyopita kipaumbele kililenga kukua kwa Benki ndani ya Tanzania. Kwa muktadha huu, Benki imekua sana, mtandao wa vituo vya kutoa huduma na zile za kielektroniki, idadi ya wateja pamoja na bidhaa zetu. Mwaka 2012 tumetengeneza mkakati mpya wa kipindi kingine cha miaka mitano, 2013-2017. Katika kuendelea mbele mkakati wetu utahimiza sana kukua kwa mtandao wa Benki, chapa na kuwekeza katika ukanda wa maziwa makuu kwa ajili ya fursa ya ukuaji wa baadae.

26.4 billion against TZS 31.2 billion in 2011. Net interest income after loan impairment charges was TZS 179.9 billion in 2012 against 122.2 billion in 2011. Loan impairment is still a challenge which we are steadfastly working to reduce to not more than 5% of our loan portfolio. On the other hand fees and commissions income grew to TZS 75.2 billion from TZS 62.8 billion in the year 2011. The greatest increase was in net foreign exchange, which grew to TZS 22.8 billion compared with TZS 1.5 billion in 2011. This is the area that caused most of the distress in 2011 following malfunctioning of the Treasury Management system.

In fulfilling its business strategy the Group advanced loans to customers to the tune of TZS 1,807 billion which is TZS 377.6 billion more than the total loans and advances outstanding at the end of 2011. Consistent with these results I am proud to report that the Group's profit before tax grew by 111.1% to TZS 107.7 billion from TZS 51.0 billion last year. In 2012, the Group recorded a net profit of TZS 80.5 billion from TZS 37.7 billion in 2011, marking an increase of TZS 42.8 billion on the previous year.

Strategic Focus

For the past five years, we focused on growing our Bank organically within Tanzania. In this context the Bank grew tremendously in terms of network of outlets and electronic delivery channels, number of customers, as well as our portfolio of products. In 2012, we developed a new strategy for the period of five years, 2013-2017. Going forward our strategy will focus on growing our banking franchise, brand and investing regionally for future growth opportunities.

The new strategy not only calls for growth of the Bank in Tanzania, but also within the region. Burundi is the first country that we have ventured in, but it would not be the last. In the near future the Bank also plans to grow its network in Burundi and increase the number of offsite ATMs.

Mkakati mpya sio tu wito kwa ajili ya ukuaji wa Benki nchini Tanzania, bali ni pamoja na ukanda mzima wa maziwa makuu. Burundi ni nchi ya kwanza tuliyoanzisha biashara na haitakuwa ya mwisho. Katika kipindi kijacho tunategemea kuongeza mtandao wa matawi na mashine za kutoa fedha (ATMs) sehemu pasipo na tawi.

Maendeleo ya Biashara

Ni imani yangu kuwa, sisi kama Benki tunapiga hatua za haraka katika malengo kuelekea malengo yetu kwa haraka. Benki imara huanza na hesabu nzuri za mizania na ndiyo msingi tukisonga mbele. Ni imani yangu kuwa tukiwa na hesabu za mizania mizuri, Benki ya CRDB itaweza kufikia malengo yote tuliyojiwekea.

Katika Taarifa ya Mwaka 2010, nilitoa tafsiri yangu ya nini maana ya kuwa Benki inayoongoza. Kwa kufanua kidogo napenda kurudia. Ni hivi: Wafanyakazi wote wa Kundi (pamoja na Burundi) tukiungana pamoja kutengeneza suluhisho sahihi kwa mahitaji ya wateja wetu. Ni wateja wetu kutuambia kuwa sisi ni bora zaidi kwa kuendelea kutuletea biashara zaidi. Ni wanahisa na wawekezaji wengine kuwekeza katika hisa zetu kwasababu wana imani na sisi. Ni wafanyakazi kuamua kujenga taaluma yao hapa kwa kuamini kuwa hii ni sehemu sahihi ya kufanya kazi.

Katika kipindi hiki, Benki imeendelea kutekeleza shughuli zinazolenga katika ukuaji katika biashara za wateja wadogo, wakati na wateja wakubwa kama zilivyotajwa kwenye mkakati wa Biashara wa mwaka (2008-2012). Mafanikio makubwa kwa mwaka 2012 ni kuongezeka kwa matawi mapya sita, kuzinduliwa SimBanking iliyoboreshwa, kupanuliwa kwa njia za kufikisha huduma kwa wateja kwa kujumuisha kaunta za Shirika la Posta, kusimika mashine za kutoa fedha (ATMs) mpya na mashine za malipo (POS) na pamoja na kuanzishwa kwa timu ya mauzo.

Matarajio kwa Mwaka 2013

Katika Mwaka 2013, Benki ya CRDB italenga kufanikisha utendaji thabiti na huduma kwa wateja huku ikiendelea na mfumo wake wa asili wa biashara. Mkazo maalumu utakuwa katika kusimika maboresho ya jumla yaliyofanywa kwa utaratibu wa usimamizi wa hatari za

Business Development

It is my belief that we, as a Bank, are marching steadfastly towards our goals. A strong Bank starts with a strong balance sheet, and strengthening it will be our focus going forward. I believe with a fortress of a balance sheet CRDB Bank will be able to achieve all that we have set out to do.

In year 2010's Annual Report, I outlined my interpretation of what it is to be a leading bank. With a bit of paraphrasing let me repeat. It is simply; All CRDB Group employees, all over the country (now also in Burundi) pulling together to create right solutions for our customers. It is our customers telling us we are the best by bringing more of their business. It is our shareholders and other investors investing in our shares because they trust in our future. It is our employees choosing to build their careers here believing this is the best place to work.

During the year, the Bank continued to implement activities aimed at ensuring growth in retail (personal, retail, micro-enterprises and SMEs) and corporate banking envisioned in the Bank's Business Strategy for 2008-2012. Key milestones in 2012 include an addition of six branches to our network, launch of enhanced mobile banking (SimBanking), expansion of service delivery channels by including extension counters at Tanzania Posts Corporation, installation of new ATMs and Point of Sales devices as well as introduction of Simbanking and Direct Sales Team.

Prospects for 2013

In 2013, CRDB Bank will focus on achieving the frontier of operational effectiveness and customer experience while maintaining its core business model. Particular emphasis will be consolidation of improvements made to our credit risk management processes with a view to further reduce the Bank's non-performing loans ratio (NPL) to less than 5%. The assets of the Bank are expected to grow by 17%. This growth is expected to be achieved while ensuring adequacy of capital and liquidity.

mikopo kwa mtazamo wa kupunguza uwiano wa mikopo isiyolipika (NPL) hadi kufikia chini ya 5%. Rasilimali za Benki zinatarajiwa kukua kwa 17%. Kukua huku kunatarajiwa kufikiwa huku tukihakikisha utosho mtaji na ukwasi.

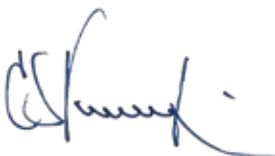
Kwa miaka inayokuja, kuanzia na mwaka 2013, tutaingiza sokoni bidhaa na huduma zenye ubunifu ikiwa ni pamoja na mikopo ya nyumba itakayoleta mapinduzi katika sekta. Zaidi ya yote, ili kufikia wateja wengi zaidi hasahasa wasiofikiwa na huduma za kibenki, benki itaendelea kutafuta njia za tofauti na nafuu za kuwafikishia huduma. Kuna nuru kubwa ikiangazia mbeleni katika kuhudumia kundi hili kwa ubunifu kwani kwa sasa ni 10% tu ya idadi yote ya watu Tanzania ndio wanaofikiwa na huduma za benki. Kwa mustakabali huu, Benki itatekeleza Huduma za benki kwa mawakala na kupitia vituo vya huduma.

Neno la Shukrani

Ningependa nimalizie kwa kutoa shukrani za dhiti kwa Bodi ya Wakurugenzi kwa hekima zao zote na kwa ushirikiano wao kwa mwaka uliopita. Napenda kuwashukuru wateja wetu kwa uaminifu na imani yao kwetu. Napenda pia kutambua na kuwashukuru manaibu wangu wawili kwa ushirikiano walionipatia kwa kipindi chote cha mwaka. Ushirikiano na uchapakazi wao umekuwa msaada mkubwa kwangu na kwa Benki kwa ujumla.

Kabla ya kuhitimisha napenda kuwashukuru wafanyakazi wote wa Kundi kwa umakini uliotukuka, kujitua na ubunifu ambao wameuonesha kwa mwaka 2012. Juhudi zao zimeweza fanikisha kwa vitendo ahadi yetu kwa wateja kuwa Benki ya CRDB ni 'Daima ya Kwanza, Kukuweka Kwanza'.

Mwisho nawashukuru wadau wetu wote ikiwa ni pamoja na wateja, wanahisa, Serikali na mamlaka mbalimbali kwa kuendelea kutupa ushirikiano na kututia nguvu.



Charles Kimei (Dk)
Mkurugenzi Mtendaji

In the coming years, starting with 2013, we will roll out more innovative products and services including mortgage products that will revolutionize the industry. Moreover, in order to greatly reach more customers, especially the unbanked ones, the Bank will continue to seek and develop unique and cost effective ways to serve them. There is a great future in serving this segment innovatively since currently only 10% of the population in Tanzania is banked. In this regard the Bank will implement Agency banking and service centres.

Acknowledgement

I would like to close by expressing my deepest gratitude to the Board of Directors of the Bank for all their wisdom and support in the past year. I sincerely convey my appreciation to our customers for their loyalty and trust. I would like to also recognize the assistance and support I have received from my two deputies last year. Their commitment and ingenuity has been invaluable to me personally and to the Bank. Lastly but not least, I would like to acknowledge and greatly appreciate the work and commitment that was shown by Bank's employees in 2012. This effort has made our promise "always first to put you first" a reality to our customers.

Finally I thank all our stakeholders, including our esteemed customers, shareholders, the Government and the regulatory authorities for their continued support and encouragement.



Charles Kimei (Dr)
Managing Director

Charles Steven Kimei

Mkurugenzi Mtendaji/Managing Director

Dk Charles Kimei ni Mkurugenzi Mtendaji na Mjumbe wa Bodi ya Benki ya CRDB. Dr Kimei amejiunga na Benki ya CRDB mnamo 1/06/1998. Ana utajiri mkubwa wa uzoefu kufanya kazi kwenye sekta ya fedha. Ametumikia kama Mkurugenzi wa Usimamizi wa Benki katika Benki kuu ya Tanzania na pia kama Mkurugenzi wa Utafiti, Uchumi na Sera na pia Meneja Utafiti wa Uchumi na Takwimu katika Benki Kuu ya Tanzania.

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

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

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



Esther Kileo Kitoka

Naibu Mkurugenzi Mtendaji/Deputy Managing Director (SS)

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

Shahada ya Uhasibu ya Chuo kikuu cha Dar es Salaam.

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

Saugata Bandyopadhyay

Naibu Mkurugenzi Mtendaji/Deputy Managing Director (OCS)

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

Mr. Saugata Bandyopadhyay joined the Bank in 2012 as Deputy Managing Director- Operations & Customer Services. Mr. Saugata is an experienced banker with over 19 years of experience of working with leading banks. Mr. Saugata has worked as Senior Vice President at Asset Reconstruction Company of India and Deutsche Post Bank HFL, General Manager of Bhutan National Bank, Chief Credit Manager of State Bank of India HFL. Saugata holds a Fellow in International Business from Indian Institute of Management Calcutta, Fellow Chartered Accountant of India, and Fellow Cost & Management Accountant of India, Certified Management Accountant, USA, Certified in Governance of Enterprise IT (CGEIT) and Certified Information System Auditor (CISA) from ISACA USA, Masters of Business Administration (Finance) from Indira Gandhi National University, Master of Commerce from University of Calcutta and Bachelor of Commerce from St. Xavier College, Calcutta.





Kawaida Mpya
Kujenga jamii yetu kwa pamoja

New Normal
Building our society together



“Mwaka huu, Jumla ya Rasilimali iliongezeka kwa 13.3% na kufikia Shilingi bilioni 3,074, Jumla ya Amana iliongezeka kwa 7.6% kufikia shilingi bilioni 2,591, mikopo iliongezeka kwa 26.4% kufikia shilingi bilioni 1,807. Faida ya kundi kabla ya kodi iliongezeka kwa 111% kufikia Shilingi bilioni 107.7 kutoka shilingi bilioni 51.0 kwa mwaka uliopita. Katika mwaka 2012, Kampuni ilipata Faida Halisi baada ya kodi ya shilingi bilioni 80.5 (Mwaka 2011: Shilingi bilioni 37.7) sawa na ongezeko la shilingi bilioni 42.8 kutoka mwaka uliopita.”

Mapitio ya Kiuchumi

Ukuaji wa uchumi wa dunia ulishuka katika mwaka 2012 kwa nchi zenye uchumi ulioendelea ambapo ukuaji wa pato lao la taifa ulikuwa 1.3% ambao ni pungufu kwa 1.6% ya mwaka 2011. Makadirio ya Shirika la Fedha la Kimataifa (IMF) kwa mwaka 2013 yanaonesha uhai kidogo kwa uzalishaji wa dunia kwa 1.5% hasa kutokana na kutotabirika kwa sera za fedha za Marekani, mgogoro wa madeni katika nchi za Ulaya na kupungua kwa ukuaji wa uchumi wa nchi zinazoendelea. Benki kuu za nchi zilizoendelea ziliendelea na sera ya kushusha riba ili kuvutia uzalishaji na kuboresha muingiliano wa fedha. Ukuaji huo mdogo wa uchumi na kutotabirika kwake katika nchi zilizoendelea uliathiri nchi zinazoibukia kiuchumi na zinazoendelea katika mwaka 2012 na hii inategemewa kuendelea katika mwaka 2013. IMF inakadiria kuwa ukuaji wa pato la taifa katika mwaka 2012 kwa nchi zinazoibukia kiuchumi na zinazoendelea kuwa 5.3% na kuongezeka kufikia 5.6% kwa mwaka 2013. Katika upande wa bidhaa, mazao makuu ya biashara kama pamba na kahawa (hususani arabika) yalishuka bei kwa kiasi kikubwa wakati mazao ya chakula yaliendelea kupanda bei na kusababisha mfumuko wa bei unaosababishwa na mazao ya chakula duniani.

Katika ukanda wa Afrika Mashariki, ukuaji wa pato la taifa la Kenya ulikua kwa 6.8% kufikia mwezi Desemba 2012 tofauti na 5% iliyokadiriwa hapo mwanzo. Kwa ujumla mfumuko wa bei ulifikia 3.2% katika kipindi cha mwaka

During the year, Total Assets increased by 13.3% to TZS 3,074 billion, Total Deposits increased by 7.6% to TZS 2,591 billion and Loans and Advances increased by 26.4% to TZS 1,807 billion. The Group's Profit before Tax grew by 111% to TZS 107.7bn from TZS 51.0 billion last year. In 2012, the Group recorded a net profit of TZS 80.5 billion (2011: TZS 37.7 billion) an increase of TZS 42.8 billion from last year.

Economic Overview

The global economic growth slowed down in 2012 with advanced economies GDP growth of anaemic 1.3% down from 1.6% in 2011. The IMF projections for 2013 includes a tepid recovery for global output of 1.5% mainly due to the U.S. fiscal cliff uncertainties, on-going Euro debt crisis and slowdown in major emerging market economies. Advanced countries Central Banks are still continuing with policies aimed at low interest rates in stimulating economic output and improving financial intermediation. The low growth and uncertainty in advanced economies affected emerging markets and developing economies, through both trade and financial channels in 2012 with the weaknesses expected to persist into 2013. The IMF estimate of GDP growth in 2012 for emerging markets and developing economies of 5.3% is forecast to improve to 5.6% in 2013. On the commodities front, major export crops such as cotton and coffee (particularly arabica) had major downward price declines, while food crops had persisted in their price rise, leading to global food inflation.

Regionally, Kenya GDP growth was forecasted at 6.8% in December 2012 against 5% projected earlier. Overall inflation stood at 3.2% in the year to December 2012. But the forthcoming election will largely drive political and social environment. In Uganda real GDP growth slowed down to 4.2% compared to 5.1% experienced in 2011, but with annual headline and core inflation at 5.5% and 4.6% respectively. Burundi's inflation rate is expected to ease to 8.4% in 2013 from its current level of 11.7%.

The inflationary pressure that emerged from the second

mzima hadi kufikia Desemba 2012. Lakini uchaguzi mkuu ujao unategemewa kuendesha mazingira ya kisiasa na kijamii. Nchini Uganda ukuaji wa pato la taifa ulishuka kufikia 4.2% ukilinganisha na 5.1% iliyofikiwa katika mwaka 2011, huku gumzo likiwa ni mfumuko wa bei uliokuwa 5.5% tofauti na 4.6% kwa mwaka uliopita. Kiwango cha mfumuko wa bei nchini Burundi kinategemewa kushuka katika mwaka 2013 kufikia 8.4% kutoka katika kiwango cha sasa cha 11.7% hii ni kutokana na makadirio ya IMF.

Msukumo wa mfumuko wa bei ulitokea katika nusu ya pili ya mwaka 2011 nchini Tanzania na ukanda wa Afrika Mashariki, uliendelea mwaka 2012 huku kiwango cha mfumuko wa bei kikiendelea kuwa juu ya 15% kwa mwaka 2012. Kenya na Uganda ziliweza kushusha kiwango cha mfumuko wa bei kutoka zaidi ya 20% iliyokuwa katika kipindi chote cha mwaka hadi Desemba 2011 hadi kufikia kiwango cha tarakimu moja kufikia kipindi cha kati ya mwaka 2012.

Kasi ya ukuaji wa pato la taifa kwenye sekta kilifikia 6.8% tofauti na 6.0% katika kipindi cha mwaka uliopita licha ya kushuka kwa bei za bidhaa za Tanzania zilizouzwa nje ya nchi hasa Pamba, Kahawa na Korosho. Pamoja na hayo, ukiondoa sekta ya kilimo, sekta kama ya utalii (mahoteli), usafirishaji na viwanda ambapo Benki imejikita katika kutoa mikopo zimeendelea kupata unafuu katika uzalishaji tofauti na mwaka uliopita. Uwekezaji kutoka nje (FDI) katika sekta ya gesi na mafuta unategemewa kuvutia uwekezaji ndani ya nchi kitu ambacho kitasaidia kupunguza athari hasi za urari wa malipo (balance of payments). Maendeleo haya ya uchumi wa ndani yakiambatana na mitikisiko ya uchumi wa dunia inayotokana na madeni ya nchi za Ulaya na mitikisiko katika sekta ya benki yanaashiria mazingira magumu na yenye changamoto katika uendeshaji wa mfumo wa benki ambapo menejimenti inatakiwa kukabili hali hii kwa uangalifu.

Uchumi wa Tanzania unategemewa kufikia 6.8% katika ukuaji wa pato la Taifa katika mwaka 2013. Uchumi unatarajiwa kuendelea kuwa imara ukichangiwa na kuongezeka kwa matumizi kwa wateja na ukubwa wa mahitaji ya jumla, uwekezaji wa nje unaohusiana na sekta ya madini, uzalishaji wa gesi asilia na miundombinu. Katika ukanda wa Afrika Mashariki, kuna

half of 2011 in Tanzania, and the other EAC region as a whole, continued in 2012 with inflation rate remaining above 15% for the most part of 2012. Kenya and Uganda were able to reduce their inflation rates from over 20% recorded in the year to December 2011 to single digit levels by mid 2012.

On the real sector front it is important to note the acceleration of growth in the real gross domestic product (GDP) to 6.8% against 6.0% in the previous year despite a downward trends in prices of Tanzania's commodity exports especially cotton, coffee and cashew nuts. Moreover, apart from agriculture, sectors such as tourism (hotels), transport and manufacturing in which the Bank has credit exposures continued to exhibit signs of distress albeit to lesser extent than in the previous year. Foreign Direct Investment (FDI) in gas and oil exploration and development are expected to attract inflows to the country which will help to offset negative effects in the balance of payments. All these domestic economic developments coupled with global economic headwinds partly associated with the EU sovereign debt and banking crises suggest a rather difficult and challenging operating environment for the banking system through which the Management had to navigate tactfully.

Going forward, the Tanzanian economy is expected to reach 6.8% real GDP growth in 2013. The intermediate economic forecast of strong growth is supported by the rising consumer spending and strong aggregate demand, foreign direct investment related to mining, natural gas exploration and infrastructure spending. Regionally there are signs of recovery with current projections pointing to lower inflation, lower interest rates and stable exchange rates vis-à-vis dollar.

Operating Environment

Due to the persistently high inflation rate, the Bank of Tanzania was prompted to continue with tight monetary policy throughout 2012. As a result, the Statutory Minimum Requirement for government deposits was raised from 20% to 40%; and the Net Foreign Open Position cut down from 10% to 7.5%, and liquidity mop-up exercises intensified. Consequently interest rates remained fairly high and the exchange rate stable.

viashirio vya kurejea kwa hali ya kawaida ya ukuaji wa uchumi ambapo makadirio ya sasa yanaonyesha kushuka kwa mfumuko wa bei, kushuka kwa viwango vya riba na uimara wa viwango vya ubadilishaji wa fedha kwa dola ya kimarekani.

Mazingira ya Uendeshaji

Kutokana mfumuko wa bei kubakia juu, Benki Kuu ya Tanzania ililazimika kuendelea na sera ya kupunguza fedha kwenye mzunguko katika kipindi chote cha mwaka 2012. Kutokana na hilo, kiwango cha chini cha fedha cha kisheria ambacho benki zinatakiwa kuweka katika Benki Kuu kilipandishwa kutoka 20% hadi kufikia 30%, kwa amana za Serikali na kiwango cha kuweka fedha nje kilishushwa kutoka 10% hadi 7.5% na zoezi la kusafisha ujazo wa fedha kwenye mzunguko liliongezewa uzito zaidi. Kutokana na hayo viwango vya riba viliondelea kuwa juu na viwango vya kubadilisha fedha vilibaki kuwa imara. Kutokana na muongozo mpya wa uwekezaji uliotolewa kwa mifuko ya hifadhi ya jamii kutoka kwa mamlaka ya usimamizi wa mifuko ya hifadhi ya jamii (SSRA) na Benki Kuu (BOT), viwango vya riba kwa amana zinazotoka kwa mifuko ya jamii vilimega kwa kiasi kikubwa mapato yatokanayo na riba kwenye benki nyingi.

Viwango vya riba za amana na mikopo katika sekta ya benki katika mwaka uliopita vimekua vikibadilika mara kwa mara, riba ya ukopeshaji kati ya benki na benki ilikua juu sana kutokana na hatua zilizochukuliwa kudhibiti mfumuko wa bei. Kwa ujumla ukuaji wa fedha ulishuka kufikia 13.1% Desemba 2012.

Kisekta, ushindani uliondelea kukua hadi kufikia taasisi 50 mwishoni mwaka 2012. Benki na taasisi za fedha zenye leseni ya uendeshaji zinajumuisha benki kubwa 8, benki za ukubwa wa kati 24, benki za kanda na benki ndogo 15 na taasisi 3 za kifedha zisizo benki. Ndani ya kipindi hicho cha mwaka, benki za FNB, Equity na Covenant zilikuwa katika biashara kwa mwaka mzima ikiwa ni mara ya kwanza na benki ya UBL Ltd ilipatiwa leseni ya muda ingawa haijaanza kufanya kazi.

Mapitio ya uendeshaji

Huduma mpya ya benki kwa njia ya simu za mkononi (SimBanking) ilizinduliwa Januari 2012, huduma hii ni bora kuliko zote kiteknolojia hapa nchini. Huduma hii ina

With new investment guidelines issued to Pension Funds by the Social Security Regulatory Authority and BOT, interest rates on deposits from these institutions rose substantially, eroding the net interest margins of banks.

The banking sector's deposits and lending rates in the past year have been volatile with very high interbank lending rates due to measures undertaken to reduce inflation. The overall annual growth of extended broad money (M3) slowed down to 13.1% in December 2012, as a result of liquidity mop up by Bank of Tanzania.

The competition within the banking sector continues to escalate with fifty (50) institutions in the banking sector in the year 2012. The licensed banking and financial institutions includes eight (8) large banks, twenty four (24) medium banks, fifteen (15) regional and small banks and three (3) non-bank financial institutions. During the year, FNB Bank, Equity Bank, Amana Bank and Covenant Bank were operational for their first full year and UBL Bank Tanzania Ltd was given provisional licence however; it is yet to start operations.

Operational Review

A new and improved mobile banking service (SimBanking) was launched in January 2012; this new system is the most technologically advanced platform in the country. The most unique features of the new SimBanking is the ability to transfer funds to and from mobile money operators like Vodacom Mpesa in real time, notification by SMS of card transactions as they happen with card number for easy reference especially for those with more than one card and Cardless transactions which allow customers to send funds to beneficiaries without bank accounts.

In the period, the Bank opened six new full service branches namely, Tegeta, Tabata, Masasi, Oysterbay, Quality Centre and Chamwino. A couple of agencies, i.e a type of Bank's outlets that are geared to support certain customers, were also opened. These centres were opened to support cross border businesses including Tanzania Revenue Authority's tax collections in Tunduma and Kasumulu borders and Tanzania Ports Authority (TPA) collections in Dar-es-salaam, Tanga and Mtwara ports. Over 30 ATMs, most of them offsite i.e. not

uwezo wa kuhamisha fedha kwenda na kutoka mitandao ya simu kama Vodacom M-PESA, taarifa kupitia ujumbe mfupi juu ya miamala iliyofanyika ikiwa na namba ya kadi kwa mapitio ya haraka hususani kwa wale wenye kadi zaidi ya moja, Muamala wa Cardless unaomuwezesha mteja kutuma fedha kwa mtu mwingine asiye na akaunti ya benki yoyote.

Katika kipindi hicho, Benki ilifungua matawi mapya 6 ya Tegeta, Tabata, Masasi, Oysterbay, Quality Centre na Chamwino. Vituo vya uwakala ambavyo vinalenga kutoa huduma kwa wateja pia vilifunguliwa. Vituo hivi hutoa huduma katika biashara za mipakani ikiwamo vituo vya ukusanyaji wa mapato vya Mamlaka ya Mapato Tanzania (TRA) Kasumulu, vituo vya ukusanyaji mapato vya Mamlaka ya Bandari (TPA), Dar es Salaam, Tanga na Mtwara. Zaidi ya ATM 30, nyingi zikiwa katika nje ya majengo ya matawi (offsite) zilijengwa na kuwekwa katika mwaka 2012. Idadi ya wafanyabiashara wenye kupokea malipo kwa njia ya kadi kwa mashine za Benki ilikua na kufikia 700.

Biashara ya kadi ilikua kufuatia uanzishwaji wa huduma za biashara kwa njia za kieletroniki (e-commerce services) zinazomuwezesha mfanyabiashara kupokea malipo kwa njia ya kadi kupitia kwenye mtandao wa intaneti. Kwa mfano wamiliki wa hoteli wanaweza kupata oda na malipo kutoka kwa wateja kupitia kwenye mtandao wa intaneti. Benki pia ilianza kutoa huduma ya "Cash Back" kwa wateja wote wenye kadi. Cash Back ni huduma ambayo mteja baada ya kufanya malipo kwa njia ya kadi anaweza pia kutoa pesa taslimu kutoka kwa wakala ambayo inatoka kwenye akaunti ya mteja mwenyewe. Huduma hii inaondoa uhitaji wa mteja kwenda kwenye tawi au ATM na pia inaongeza wigo wa sehemu ambazo mteja anaweza kupata huduma za benki kwa kutumia kadi yake.

Huduma kwa wateja wa Premier ziliboreshwa kwa kiasi kikubwa. Benki ilianzisha vituo maalumu (Premier Lounge) kwa ajili ya wateja hawa ili kusaidia vituo vya sasa. Premier Lounge ya kwanza ilifunguliwa katika tawi la Morogoro na vituo vingine vya Mwanza na Arusha. Benki pia ilianzisha dirisha maalumu la kuhudumia wateja maalum wenye kadi ya TemboCardVisa Gold na wateja wakubwa katika matawi yake. Madirisha haya

in branch premises were installed in year 2012. The number of merchants with the Bank's POS devices grew to 700 in the year.

The Bank's Card business offering grew with the introduction of e-commerce services. E-commerce service allows businesses in the country to receive payments by cards through the internet. For example hotel owners can get bookings and payments from customers through the internet. The Bank also started to roll out new cash back services for card holders. Cash back is a service whereby a customer upon purchase of goods or services can also request cash from the merchant which is then withdrawn from customer's account. This service reduces the need for customers to visit branches/ATMs and also increases the points at which cardholders can access Bank's services.

Offerings for Premier customers were greatly improved. The Bank introduced Premier Lounges to support the existing Premier Centres. The first Premier Lounge was opened in Morogoro and is located within the Morogoro branch premises and two new Premier Centers in Arusha and Mwanza were also opened. The Bank also introduced dedicated teller windows for high networth customers with TemboCardVisa Gold including Premier customers. These specific teller cubicles are especially set aside to fast track cash based services at tellers. This means customers with TemboCardVisa Gold need not queue with other customers but go straight to their dedicated teller. The Bank also negotiated significant discounts at leading merchants for its TemboCardVisa Gold cardholders. The list of merchant is growing and is very diverse, from restaurants to supermarkets, hotels to boutiques to transport services. Discounts are up to 30% and will last up to May 2013 whereby it is planned to renew the program.

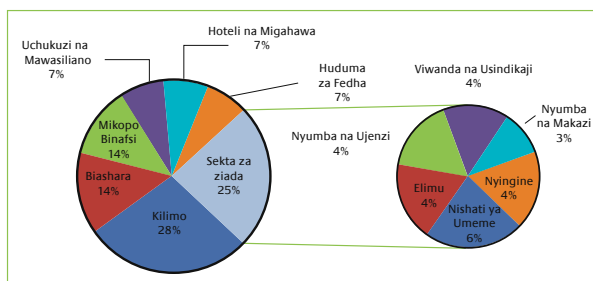
In 2012, CRDB Bank introduced e-statement services. E-statement is a service whereby customers receive their account statements through email. This service allows for a more efficient mode of delivering account statements to customers. It has reduced statement delivery time from ten to two days. This service is also environmentally friendly for it reduces the usage of

maalum yaliwekwa ili kuharakisha huduma zinazohusiana na kutoa au kuweka fedha ndani ya tawi. Hii inamaanisha kuwa mteja mwenye kadi ya TemboCardVisa Gold hahtaji kusubiri kwenye foleni bali ataenda moja kwa moja kwenye dirisha na kuhudumiwa. Pia Benki ilipata punguzo kubwa kutoka kwa wafanyabiashara kwa ajili ya wateja wake wenye kadi za TemboCardVisa Gold. Orodha ya wafanyabiashara imeongezeka na kujumuisha wafanyabiashara wanaotoa punguzo wa aina tofauti, migahawa, maduka makubwa, hoteli, maduka ya kuza nguo na huduma za usafirishaji. Punguzo la bei ni hadi 30% na litaendelea hadi kufikia mwezi Mei 2013 ambapo mkataba utaangaliwa upya.

Katika mwaka 2012, Benki ilianzisha huduma ya e-statement, inayowawezesha wateja kupokea taarifa zao za akaunti kupitia barua pepe. Huduma hii pia husaidia utoaji taarifa za akaunti za wateja kwa namna iliyo bora zaidi na kwa muda mfupi toka siku 10 hadi 2. Ni huduma rafiki kwa mazingira kwa kuwa inapunguza matumizi ya karatasi na utoaji wa hewa chafu unaotokana na magari yanayosafirisha taarifa hizo.

Mikopo

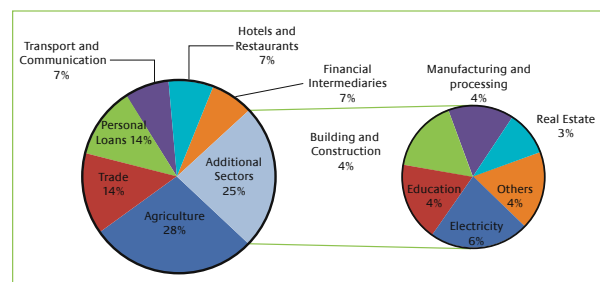
Jumla ya mikopo halisi ilikua kwa 26% kutoka Shilingi bilioni 1,429.3 tarehe 31/12/2011 hadi kufikia Shilingi bilioni 1,806.9 tarehe 31/12/2012. Ingawa Benki iliamua kupunguza ukopeshaji katika sekta ya kilimo, kwa miaka mitatu iliyopita imeendelea kuwa sehemu hatarishi zaidi katika utoaji wa mikopo ya Benki, sekta ya kilimo imeendelea kuchukua nafasi ya juu katika ukopaji 28% ya jumla yote ya mikopo. Mgawanyo wa asilimia iliyobaki ya jumla ya mikopo kissekta ni kama ifuatavyo:



paper for printing and fuel emissions of cars that transport the statements.

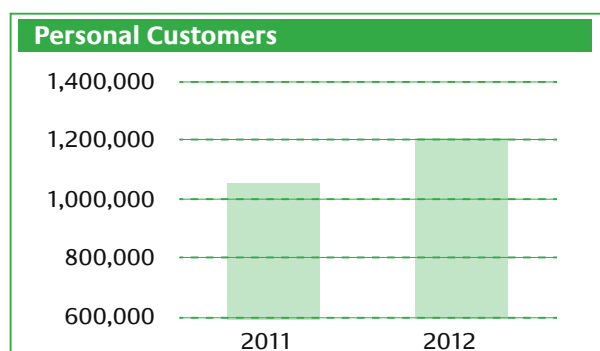
Lending

The net loan portfolio grew by 26% from TZS 1,429.3 billion as at December 31st, 2011 to TZS 1,806.9 billion as at December 31st, 2012. Although the Bank has decided to gradually reduce its exposure in agriculture sector, which for the past three years continued to be the most risky lending area for the Bank. The sector continued to dominate the Bank's loan portfolio accounting for 28% of the total loan portfolio. The distribution of the remaining loan portfolio by sectors was as follows:



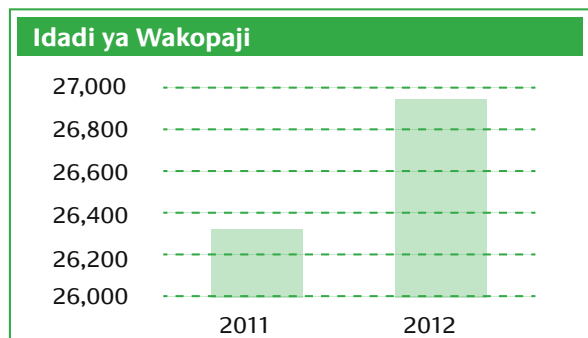
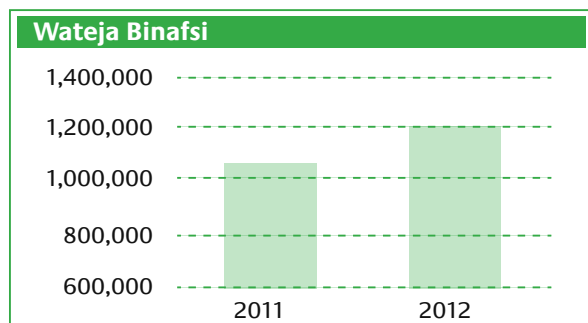
Retail Banking

The total retail banking deposits rose to TZS 1,440.3 billion, a 16% increase from the previous year's total of TZS 1,237.2 billion as at 31st December 2011. During the period under review, Scholar Account and Malkia Accounts recorded the highest growth compared to previous year, 2011.



Wateja Binafsi

Jumla ya amana za wateja wa reja reja zilikua hadi kufikia shilingi bilioni 1,440.3, ongezeko la 16% kutoka mwaka uliopita ambapo ilikua shilingi bilioni 1,237.2 kufikia Desemba 2011. Amana za akaunti ya Scholar na akaunti ya Malkia zilikua kwa kiwango kikubwa kulinganisha na mwaka uliopita wa 2011.



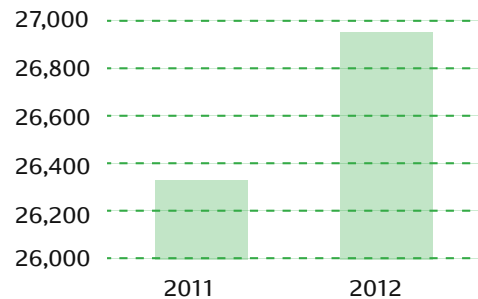
Benki iliridhia na kutoa mikopo yenye thamani ya shilingi bilioni 167.2 kufikia Desemba 2012, ambayo ni sawa na ongezeko la 12% ukilinganisha na shilingi bilioni 149.0 iliyotolewa kufikia Desemba 2011.

Jumla ya makubaliano ya kimkataba 35 ya utoaji wa mikopo kwa wafanyakazi wa kampuni na taasisi yalisainiwa katika kipindi cha mwaka uliopita hivyo kufanya jumla ya mikataba ya aina hiyo kufikia 272.

Wateja wa Makampuni

Shughuli za huduma za benki kwa wateja wakubwa na makampuni katika mwaka 2012 zilikuwa na matokeo mazuri kulinganisha na mwaka uliopita. Ndani ya mwaka, Benki imeshuhudia uendeshwaji kamili wa kitengo kipa cha biashara ya Kilimo, ambacho kilimegwa kutoka katika kitengo cha wateja wakubwa. Utenganishwaji wa vitengo hivyo viwili umewezesha kuwekwa mkazo katika kusimamia kazi za idara na pia

Number of Borrowers



The Bank approved and disbursed a total of TZS 167.2 billion as of 31st December 2012, which is equivalent to 12% increase compared to a total of TZS 149.0 billion recorded as at 31 December 2011.

A total of 35 new Memorandums of Understanding were signed with employers the Bank during the period under review, bringing the total number to two hundred and seventy two (272).

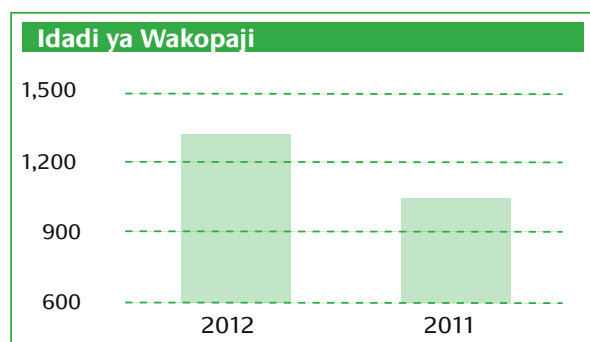
Corporate Banking

Corporate Banking activities in 2012 registered good performance compared to previous year. Within the year, the Bank witnessed full operations of a new Agribusiness Unit which was separated from Corporate Unit. The Corporate Unit remained with all other sectors except agribusiness. The separation of the two units enabled maximum concentration and the respective teams now have a strategic focus in their respective areas of specialization, which has resulted in the retention of existing and acquiring of new good quality borrowers. Some borrowers' performance was turned around after restructuring. The improvement and growth of the quality corporate loan portfolio is in line with the Bank's business strategy to clean up its loans and also to increase Bank's profitability.

The corporate loan portfolio for both agribusiness and non-agribusiness sectors recorded a growth of 24%. The Corporate Loan portfolio occupied 72% of the Bank's total loan portfolio of TZS 1, 806 billion as at December 31st, 2012. The NPL (non-performing loans) for corporate loans has been reduced from 12.1% as at December 31st, 2011 to 8.3% by the end of 2012. This improvement has also led to decrease of provisions on corporate loans from

timu hizo mbili zimekuwa na mtazamo wa kimkakati katika maeneo yanayowahusu na hivyo imepelekea kubakisha wateja waliopo na kupata wateja wazuri wapya. Matokeo ya ulipaji wa mikopo ya baadhi ya wateja yaliimarika baada ya mabadiliko hayo kufanyika. Kuboreka na kukua kwa kiwango cha ubora wa mikopo kilisababisha si tu utekelezaji wa mpango biashara wa Benki wa kusafisha mikopo mibaya lakini pia kulikuza faida ya Benki.

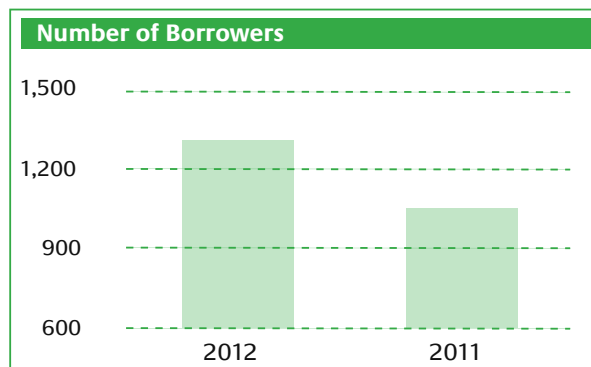
Mikopo mikubwa kwa sekta zote za kilimo na zisizo za kilimo ilikua kwa 24%. Mikopo mikubwa inachukua 72% ya jumla yote ya mikopo ya Benki ya shilingi bilioni 1,806 hadi kufikia tarehe 31/12/2012. Jumla halisi ya mikopo isiyofanya vizuri katika mikopo mikubwa ilishuka kutoka 12.1% mnamo 31/12/2011 hadi 8.3% kufikia mwisho mwa mwaka 2012. Maboresho hayo yalisababisha pia kupungua kwa tengo la mikopo isiyofanya vizuri kutoka shilingi bilioni 25 (2.4%) mnamo tarehe 31/12/2011 hadi shilingi bilioni 21 (1.6%) kufikia mwishoni mwa mwaka 2012.



Jitihada zaidi zilifanyika kuongeza na kudhibiti amana zitokanazo na wateja wakubwa na makampuni, mkazo mkubwa ulifanyika katika kuanzisha mahusiano imara na serikali kuu pamoja na serikali za mitaa. Ndani ya mwaka huo pia tulifanikiwa kuanzisha shughuli za ukusanyaji mapato katika vituo vya Mamlaka ya Bandari (TPA) katika mikoa ya Dar es Salaam, Mtwara na Tanga na vituo hivi vinaendelea vizuri.

Katika kuimarisha shughuli za kibiashara na kutumia fursa za nje, idara ilianzisha madawati mawili ambayo yatatoa huduma zinazohusiana na utoaji wa pamoja wa mikopo na mahusiano ya kibiashara na China. Madawati yote mawili yamepatiwa mameneja mahusiano wenye sifa ambao wataendelea kuwezesha katika kuboresha

TZS 25 billion (2.4%) as at December 31st, 2011 to TZS 21 billion (1.6%) by the end of 2012.



The Department continues with efforts to ensure that it raises and maintain deposits from institutions and corporate customers, with emphasis being put on establishing stronger relationship with both the Government and Local Authorities. In the year we also succeeded to initiate collection activity at Tanzania Ports Authority (TPA) centers at Dar es Salaam, Mtwara and Tanga and they are going on well.

To strengthen its business activities and exploit available external opportunities, Corporate Banking Department has established two desks that will offer specialized services relating to Loan Syndications and Chinese Business Relationships. Both desks have been assigned with qualified Relationship Managers who will be continuously enhancing their capacities for effective handling of the desks' activities.

SME Business

Performance of SMS this year has been good. Loan portfolio, as well as income generated has increased. There is a considerable increase in the number of SME loan accounts per Account Manager whereby - in some branches - a single Account Manager is handling up to a maximum of 70 loan accounts.

- In 2012, the loan portfolio and income grew by 28.43% and 33.52% respectively. Loans disbursed stood at TZS 275.7 billion while outstanding amount was TZS 123.8 billion. Gross income grew to TZS 20.2 billion. Portfolio At Risk (PAR) stood at 14.89% for all loans over 30 days past due. Formerly, PAR was calculated on all loans which are 90 days past due.

uwezo wao ili kusimamia vyema shughuli za uendeshaji wa madawati hayo.

Biashara ya Wateja Wadogo na wa Kati

Utendaji kwa mwaka huu katika idara hii ulikua mzuri. Mikopo pamoja na mapato yatokanayo na biashara hii yameongezeka. Kuna ongezeko kubwa la idadi ya akaunti za wateja wadogo na wa kati kwa kila Meneja wa Akaunti ambapo katika baadhi ya matawi, Meneja wa Akaunti mmoja anasimamia hadi kufikia ukomo wa akaunti 70 za mikopo.

- Mwaka 2012, mikopo ilikua kwa 28.43% na mapato yalikua kwa 33.52%. Mikopo iliyotolewa ilifikia shilingi bilioni 275.7 wakati kiasi kilichosalia kilikua shilingi bilioni 123.8. Pato la jumla lilikua na kufikia shilingi bilioni 20.2. Mikopo iliyo hatarini ilikua asilimia 14.89 kwa mikopo yote iliyopitisha zaidi ya siku 30. Zamani asilimia ya mikopo iliyoko hatarini ilianguzia mikopo iliyopitisha siku 90.
- Idadi ya vyama vya wakulima Mtwara na Lindi wanaowezeshwa kifedha kwa biashara ya korosho imeongezeka kwa kiasi kikubwa mwaka huu.
- Katika kipindi cha mwaka wa marejeo, kulikuwa na matukio mengi na maendeleo mapya katika biashara ya wateja wadogo na wa kati ikiwemo kufanyika kwa kongamano la wateja wadogo na wa kati pamoja na mafunzo ambapo watu 80 walihudhuria wakiwamo maaafisa wa Benki wanaohusika na mikopo ya wateja wadogo na wa kati. Maaafisa 10 walipewa mafunzo juu ya ubunishaji wa bidhaa.
- Mikopo ya WAFI-ambayo ni aina mpya ya bidhaa ya mikopo kwa wanawake
- Aina mpya ya mikopo kwa wahitimu wa shahada ya biashara ya kilimo. Mikopo hii inatokana na makubaliano ya ushirikiano wa mikopo kati ya Benki ya CRDB na Chuo kikuu cha kilimo cha Sokoine (Kitengo cha Kilimo-biashara). Mikopo hii inadhaminiwa na AFDB/USAID.

Utendaji wa Idara ya Hazina

Idara Hazina kwa mwaka 2012 ilikua vizuri na kufanya biashara kukua kwa kiasi kikubwa na kuleta matokeo mazuri ya kifedha. Mapato ya biashara ya fedha za kigeni yalikua hadi shilingi bilioni 22.4 ikifuatiwa na

- The number of AMCOs financed for cashew nut business increased significantly in Mtwara and Lindi this year.
- During the year under review, there were significant events and new developments for SME business which are SME Forum and training, whereby 80 people participated in the event mostly being Bank officers dealing with SME lending at branches, Product Development course whereas a team of 10 staff were trained in product development.
- Launch of WAFI loans - which are new loan product to women.
- New loan product to fresh Agri-business graduates - the loans are under partnership arrangement between CRDB Bank and Sokoine University of Agriculture (Department of Agri-business). The loans are granted under AfDB/USAID guarantee.

Treasury Operations

Treasury Department delivering a strong business growth and impressive financial performance. Foreign exchange revenues recorded strong performance, growing to TZS 22.4 billion on the back of good business growth from improvement in foreign exchange processes. The following have been the key achievements for the year;

- Treasury technology infrastructure was also strengthened to improve effectiveness in foreign exchange risk management and to facilitate product penetration to large corporate customers.
- Revenues from money markets and fixed income products was increased by 60% during the year. This was achieved by introducing efficient balance sheet management tools and culture, which positioned the Bank well to take full advantage of favourable movement of interest rates in the local market.
- In addition to an excellent performance achieved by the Department, the Bank continued to make great strides in building a long-term and sustainable Treasury business. In order to achieve this, the Bank focused on building a strong team with a resolve to remain disciplined and focused, meeting clients' needs and maintaining a disciplined approach to risk, capital and liquidity.

kukua kwa biashara kutokanako na uboreshaji wa taratibu za biashara za fedha za kigeni.

- Teknolojia na miundombinu ya hazina iliimarishwa ili kuboresha udhibiti wa hatari za biashara za fedha za kigeni na kuwezesha bidhaa hii kuuzika kwa wateja wakubwa
- Mapato kutokana na soko la fedha na uwekezaji yaliongezeka kwa asilimia 60 katika kipindi cha mwaka. Hii ilichangiwa na uthibiti mzuri wa urari na utamaduni ambao uliifanya Benki iweze kufaidika na mabadiliko ya riba katika soko la ndani.
- Pamoja na mafanikio mazuri ambayo kitengo cha hazina kiliweza kuyapata, Benki iliendelea kujenga biashara ya hazina ya muda mrefu na endelevu.
- Benki ya CRDB iliendeleza kusaidia maendeleo ya soko la fedha la ndani kwa kuwa mtengeneza soko mzuri katika biashara ya fedha za kigeni na soko la fedha. Benki pia ilikua mshiriki mzuri katika soko la hisa na kuongeza ukwasi kwenye soko.
- Katika kutengeneza vyanzo vipya vya mapato na kung'amua maeneo mazuri ya kukuza biashara kwenye soko la mtaji, Benki ilianzisha kitengo maalum cha usimamizi wa huduma za biashara kwa wawekezaji wa ndani na nje.

Uendeshaji wa Kampuni Tanzu ya Microfinance

Katika mwaka 2012, Benki iliendelea kusogeza huduma zake karibu zaidi na watu wasiofikiwa na mfumo rasmi wa benki. Kwa sasa, Benki imeweza kuzifikia wilaya 127 ndani ya Tanzania, pamoja na washirika wa tasisi ndogo za kifedha (MFIs) 422 zinazohudumia jamii ya wateja zaidi ya 635,000. Benki inafanya kazi na Kampuni 12 zinazotoa mikopo midogo katika jamii na zenye uzoefu wa utoaji wa huduma za kifedha kwa watu wenye kipato kidogo.

Mafanikio Muhimu Yaliyopatikana;

- Uanzishwaji wa Idara ya Uwakala wa bima inayotoa huduma ya bima ya maisha kwa kipindi chote cha mkopo na mpango wa bima ya maisha, mazishi, pamoja na bima za kawaida kama vile; bima ya magari, nyumba na hatari zote za nyumbani, bima ya fedha n.k. Uanzishwaji wa huduma hizi za bima kama mojawapo ya bidhaa za Benki kumeongeza imani kwa wateja na jamii katika kutafuta mikopo pamoja na umiliki wa

- CRDB Bank – continued to support the local financial market development by being an active market-maker in both foreign exchange and money markets. The Bank was also an active participant in the secondary market for bonds and providing liquidity to the market.
- In the Bank's determination to build fresh revenue streams and explore new business growth areas from capital markets, the Bank established a dedicated unit to handle custodial services business for local and international investors.

Microfinance Operations

In the year 2012, the Bank continued with its efforts of delivering financial services closer to the people marginalized by the formal financial sector. Currently CRDB Bank has managed to reach 127 districts within Tanzania, with 422 partner MFIs serving a community of more than 635,000 clients. The Bank is working with 12 Micro credit companies which are community based and experienced in deliverance of financial services to the low income earners in the country.

Notable Milestones Achieved;

- Establishment of an Insurance Agency offering life insurance covering credit, life and funeral plan as well as general insurance covering motor insurance, house and householders all risks and money insurance. The introduction of these services to the Bank's product portfolio has greatly enhanced customer and community confidence towards accessing loans as well as acquiring personal assets with assurance of being compensated when claims arise. Currently insurance services (general and life insurance) are being offered at all CRDB Bank branches for easy accessibility to customers.
- Transformation of wholesale microfinance has enabled 189 affiliated microfinance institutions to access more than TZS 144 billion which provides them with funds to enhance their capacity for lending to their members to meet various social and economic needs.
- Diversification of delivery channels for outreach of financial services was implemented through Retail

rasilimali kwa kuwa na uhakika wa kupata fidia pale wanapopata majanga. Kwa sasa huduma za bima zinatolewa kupitia matawi yote ya Benki ya CRDB ili kuwapa watu urahisi wa kupata huduma hiyo.

- Mabadiliko ya mikopo ya jumla kwa taasisi ndogo za fedha yamewezesha taasisi washirika zipatazo 189 kukopeshwa zaidi ya shilingi bilioni 144 zinazowapatia uwezo wa kukopesha wanachama wao ili waweze kukidhi mahitaji yao ya kiuchumi na kijamii.
- Upanuzi wa wigo wa njia za utoaji huduma kwa lengo la kurahisisha upatikanaji wa huduma ulitekelezwa kwa kuanzisha utoaji wa huduma za kifedha kwa wateja wadogo wa reja reja (Retail Microfinance) ambapo vituo vinavyogharimu gharama nafuu vitaanzishwa kuongeza urahisi kwa wateja kupata huduma kama vile kutoa fedha, kuweka amana pamoja na mikopo midogo midogo. Vituo viwili vya awali vitakuwa ni Mbezi Luis - Dar es Salaam na Ngaramtoni Arusha.
- Uanzishwaji wa huduma za kusaidia uendeshaji maghala (Warehouse Operations Support Services - WOSS) kupitia utaratibu wa stakabadhi ghalani au mkataba wa usimamizi wa malighafi na dhamana inayotoa fursa kwa wanajamii kupata mikopo kupitia mazao yanayonunuliwa na kuwekwa ghalani kama dhamana ya mikopo iliyotolewa.

Benki kupitia kampuni yake tanzu ilipunguza idadi ya asasi za fedha washirika 68, kutoka taasisi toka 490 mnamo Desemba 31, 2011 hadi 422 kutokana na mkakati wa kubaki na tasisi imara na endelevu. Kufikia tarehe 31/12/2012 jumla ya mikopo iliyokuwa imetolewa na Benki kwa taasisi hizi ilifikia shilingi bilioni 193 na ilinufaisha jumla ya asasi 419. Jumla ya amana zao Benki zilikuwa shilingi bilioni 28.4 hadi kufikia tarehe 31/12/2012.

Kampuni Tanzu ya Benki ya CRDB Burundi

Wasaa wa kujivunia kwa Benki ya CRDB katika kipindi cha mwaka 2012 ulikuwa uzinduzi wa kampuni tanzu nchini Burundi katika mji mkuu wa Bujumbura. Benki ya CRDB Burundi ilizinduliwa rasmi 7/12/2012 baada ya

Microfinance, whereby cost-effective microfinance service centers as outlets will be introduced to increase convenience to customers in accessing services like withdrawals, deposits as well as micro loans. The first two service centres are to be Mbezi Luis – Dar es Salaam and Ngaramtoni – Arusha.

- Commencement of the Warehouse Operations Support Services (WOSS) through supervising stocks and collaterals of clients financed on warehouse receipt system or collateral management agreement creating an opportunity for the community to access finance from the Bank using their financed stock/commodities as security for the loans advanced to them.

The Bank through its subsidiary decreased the number of partnering Microfinance institutions (MFIs) under Microfinance programme, mostly savings and credit cooperative societies (SACCOS), by 68 institutions from 490 institutions as at 31st December, 2011 to 422 institutions at the end of the year due to implementation of the consolidation strategy to achieve sustainable and stable MFIs. As at 31st December 2012, total loans extended by the Bank to these institutions stood at TZS 193 billion and benefited total of 419 MFIs. Their total deposits with the Bank were TZS 28.4 billion as at 31st December 2012.

CRDB Bank Burundi S.A.

The crowning moment for year 2012 for CRDB Bank was the launch of its subsidiary bank in Burundi. The Bank opened a new subsidiary in Bujumbura, capital city of Burundi. CRDB Bank Burundi was officially launched on 7th December, 2012 after the soft opening on 2nd November 2012. The subsidiary started with one branch (Inyenyeri), one mobile branch and five ATMs. The subsidiary was officially opened by the President of the Republic of Burundi, His Excellency Pierre Nkurunziza.

Information and Communication Technology

CRDB Bank PLC continues to leverage Information and Communication Technology (ICT) as a strategic tool to gain competitive edge, improve productivity and efficiency of the organization in order to meet the ever

kuanza kazi tarehe 02/11/2012. Kampuni tanzu ina tawi moja (Inyenyeri), tawi moja linalotembea (Mobile branch) na mashine tano za kutolea fedha (ATM). Kampuni tanzu ilizinduliwa rasmi na Rais wa Jamhuri ya Burundi, Mheshimiwa Pierre Nkurunziza.

Teknohama

Benki ya CRDB ilielekea kutumia teknohama kama njia ya kuboresha uzalishaji na tija ili kuweza kukidhi mahitaji ya wateja ambayo yanabadilika kila uchao na hivyo kujidhatiti kiushindani. Katika mwaka wa mapitio, Benki ilielekea kutekeleza uwekwaji wa mifumo mbalimbali ya teknohama ili kukidhi mahitaji ya ukuaji wa Benki na kubadilika kwa mahitaji ya wateja. Baadhi ya mifumo hiyo ni;

- Mfumo wa huduma za benki kwa njia ya mtandao yaani Internet Banking uliboreshwa ili kuwezesha malipo kwenda benki nyingine, malipo ya kodi kwenda Mamlaka ya Mapato Tanzania na manunuzi ya muda wa maongezi wa simu za mkononi.
- Benki imetekeleza uwekwaji wa mfumo wa kuzuia utakatishaji wa fedha haramu ili kuendana na mahitaji ya kisheria, mfumo wa e-statement kwa ajili ya utoaji wa taarifa za akaunti kwa njia ya barua pepe.
- Benki pia imeendelea kuboresha mfumo wake wa mawasiliano ili kuendana na mapinduzi mapya ya kiteknolojia ikiwamo uunganishwaji wa mkonga wa Fibre Optic katika matawi yake na matumizi ya mtandao wa satelaiti wa Ku-band ili kusaidia itokeapo dharura ya kukatika kwa mawasiliano katika mfumo mama wa mawasiliano wa Benki

Viashiria Vya Hatari Na Ufuatwaji Wa Taratibu

Kufuatia kuanzishwa kwa kampuni tanzu ya Benki ya CRDB Burundi, mfumo wa udhibiti wa hatari za hasara utakaotumika na Kundi lote uliandaliwa na kupitishwa na Bodi ya Wakurugenzi mwaka 2012 ili kuweka bayana wajibu na ngazi za kiutawala kwa wenye mamlaka ya maamuzi na kuweka utaratibu maalumu wa uangalizi na uhakiki.

Mfumo wa udhibiti pia unaweka muundo, njia za udhibiti na taratibu ili kuweza kusaidia utekelezwaji wa mikakati ya udhibiti wa viashiria vya hatari hasa katika uendeshaji

changing customer requirements. During the year under review, the Bank continued with implementation of various systems in order to address Bank's growth needs and the changing customer requirements. Some of these include;

- Internet banking upgrade was done to facilitate transfers to other banks, tax payments to Tanzania Revenue Authority and mobile top-ups.
- The Bank implemented an Anti-Money Laundering System (AMLS) and e-statement solution.
- The Bank also continues to upgrade its communication system to match the emerging new technologies through connection to the national fiber optic network across its branches and the installation of KU Band Satellite dishes as a backup to primary communication system. This ensures maximum systems availability for the Bank's operations.

Risk & Compliance

Following the establishment of CRDB Bank Subsidiary in Burundi, a Group Risk Management Framework was developed and approved by the Board of Directors in 2012 aiming to clearly define responsibilities and reporting lines for decision makers and institute a proper system of checks and balances.

The framework also outlines specific controls, processes and structures to support proper implementation of Risk Management Strategies especially on cross border operations. The Department continues to support the subsidiaries in establishing strong risk management ethics and functions through coordination and review of the subsidiaries policies and procedures.

During the year the Department automated the process of anti Money Laundering Compliance, in order to strengthen the detection of suspicious transactions and ensure compliance with AML laws and regulations. Additional staffs were recruited to oversee compliance and the Department actively participated in raising Bank wide risk awareness to ensure that staff are aware of risks inherent in their operations and on how to mitigate them. The Department also continued with strengthening of

wa shughuli zinazovuka mipaka. Zaidi ya hapo kitengo cha udhibiti wa viashiria vya hatari kilisaidia kujenga misingi ya uendeshaji wa shughuli za udhibiti wa viashiria vya hatari na utawala. Idara iliendelea kuisadia kampuni tanzu kujenga tabia ya udhibiti wa viashiria vya hatari na kufanya kazi kupitia usimamizi na kupitia sera na taratibu za utendaji.

Katika kuboresha usimamizi wa miamala yenye mashaka kuendana na sheria na taratibu za udhibiti wa utakatishaji wa fedha haramu, Benki ya CRDB iliweka mfumo unaojiendesha wenyewe kudhibiti utakatishaji wa fedha haramu. Wafanyakazi zaidi walijiriwa ili kuratibu ufuataji wa taratibu, pia idara ilishiriki vyema katika kuongeza ufahamu juu ya hatari zinazoweza kujitokeza katika uendeshaji na namna ya kujikinga na hatari hizo kwa wafanyakazi wote wa Benki.

Usimamizi wa Rasilimali Watu

Benki ina wafanyakazi wenye ujuzi na uzoefu ambao ndio rasilimali kuu katika utekelezaji wa malengo ya kibiashara. Wastani wa idadi ya wafanyakazi kwa mwaka 2012, ilikuwa 1,898 (2011; 1,658). Kulikuwa na ongezeko la 14% linaloendana na ukuaji wa biashara. Katika kipindi hicho cha mwaka, Benki ilitumia shilingi bilioni 4.07 (2011 - bilioni 4.30) katika mafunzo kwa wafanyakazi ili kuboresha maarifa ya wafanyakazi na utendaji wao. Katika mwaka 2012, Benki ilianzisha elimu kwa njia ya mtandao ambayo itawezesha wafanyakazi kupata vyeti vya kitaaluma katika nyanja mbalimbali kupitia njia ya mtandao.

Mahusiano ya Menejimenti na Wafanyakazi

Katika kipindi cha mwaka 2012, Benki ilianzisha mpango wa afya na ushauri (Employee Wellness Programme) ambao utasaidia wafanyakazi kukabiliana na changamoto za maisha ya kazini na nje ya kazi.

Mikopo hutolewa kwa wafanyakazi wote ambao wameshathibitishwa kazini kwa kutazama upembuzi pamoja na uamuzi wa menejimenti kulingana na mahitaji na ombi lenyewe, alimradi tu, maombi yaendane na sera za mikopo na za rasilimali watu.

the risk management process through introduction of control attestations by branches and head office departments.

Human Resources Management

The Bank has skilled and experienced employees who are considered as key resources in pursuing its business objectives. The average number of employees during the year was 1,898 employees (2011-1,658 employees). The annual growth in staffing was 14%, in line with the business growth.

During the year, the Bank spent TZS 4.07 billion (2011-TZS 4.30 billion) on staff training in order to improve employees' technical skills and performance. In year 2012, the Bank introduced an e-learning facility which will enable employees pursue certification in different professional skills online.

Management and Employees Relationship

In year 2012 the Bank introduced an Employee Wellness Programme (EWP) that would support its workforce in managing the work/life balance and hence increase work morale and raise productivity.

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 human resources and credit policies.

Strengthening of the relationship between the employees and management continued in year 2012 through various activities and the Bank closed the year with no unresolved complaint. The Bank Management held a meeting with TUICO to review the compliance of the Collective Bargaining Agreement signed in year 2011. TUICO was satisfied with the implementation of the Collective Bargaining Agreement.

The Bank won the second best "Employer of the Year Award" which was coordinated by the Association of Tanzania Employers (ATE). On top of this, the Bank had also received the award for "Best Company in Leadership & Corporate Governance" and the award for "Best Company in Human Resources Policies".

Mahusiano mazuri kati ya wafanyakazi na menejimenti yaliendelea kuimarika katika kipindi cha mwaka 2012 na hiyo kupelekea Benki kufunga mwaka bila malalamiko yeyote ambayo hayajatatuliwa. Menejimenti ilifanya mkutano na TUICO kutazama utekelezaji wa mkataba wa hali bora yaliyoafikiwa na kusainiwa mwaka 2011. TUICO iliridhishwa na utekelezaji wa mkataba huo.

Benki ilitunukiwa tuzo ya kuwa mshindi wa pili katika tuzo za mwajiri bora wa mwaka, tuzo ambazo huandaliwa na Chama cha Waajiri Tanzania (ATE). Zaidi ya hapo Benki ilitunukiwa tuzo ya kuwa kampuni bora katika uongozi na utawala bora, kampuni pia ilipata tuzo ya Kampuni Bora kwenye sera zinazohusiana na rasilimali watu.

Mpango wa Mafao kwa Wafanyakazi

Kampuni inalipa kikamilifu michango kwa mifuko ya pensheni. Kampuni ilikuwa inaendesha mpango maalum wa mfuko wa wafanyakazi (CRDB Bank Group Endowment Scheme), ambapo mfanyakazi anayefikia umri wa miaka 55 baada ya kutumikia Kampuni kwa kipindi kisichopungua miaka kumi alinufaika.

Katika kikao cha Bodi kilichofanyika mwezi Novemba 2012, Bodi ilipitisha azimio la kufutwa kwa mfuko baada ya kuonekana utakuwa mzigo mzito kwa Benki. Benki iliajiri Mtaalamu wa mahesabu kutambua Dhima hadi kufikia kipindi hicho.

Mapitio ya kifedha

Katika kipindi cha mwaka wa mapitio, Kundi lilipata mafanikio yafuatayo;

- Jumla ya rasilimali iliongezeka hadi kufikia shilingi bilioni 3,075 (2011: shilingi bilioni 2,714) kwa mwaka 2011)
- Jumla ya amana iliongezeka kufikia shilingi bilioni 2,591 (2011: shilingi bilioni 2,409)
- Mikopo iliongezeka hadi kufikia shilingi bilioni 1,807 (2011: shilingi bilioni 1,429).
- Faida baada ya kodi iliongezeka hadi kufikia bilioni 80.5 (2011: shilingi bilioni 37,710)

The Bank continues to encourage open and honest communication in decision making. Employment issues and financial and economic factors affecting the Bank's performance are shared regularly with employees.

Employees' Benefit Plan

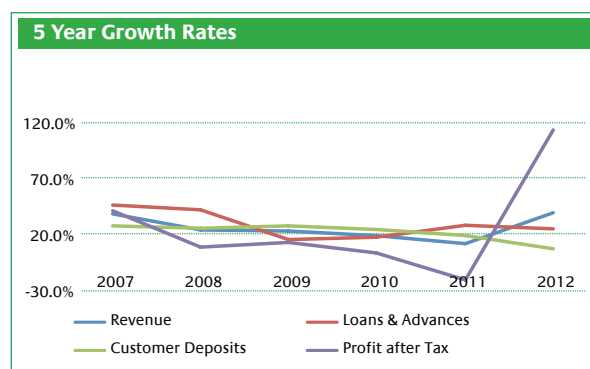
The Group pays mandatory contributions to a publicly administered pension scheme which qualifies to be a defined contribution plan. The Group was also operating a defined benefit plan for employees through a scheme known as CRDB Bank Group Endowment Scheme. This was a non-contributory retirement benefit scheme under which employees were eligible for defined lumpsum payment at the retirement age of 55 years if they had served the Bank for a minimum of 10 years.

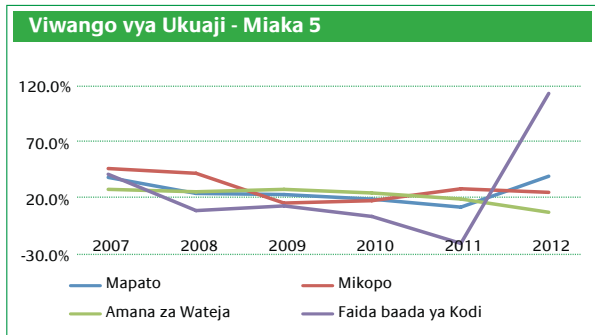
This scheme created an open-ended and potentially volatile liability to the Bank compounded by increases in salaries and net intake of new staff. Following a thorough assessment by an Actuary, the management recommended and the Board decided, in November 2012, to dissolve the Group Endowment Scheme.

Financial Review

During the year, the Group recorded following major achievements;

- Total Assets increased to TZS 3,075 billion, (2011: TZS 2,714 billion).
- Total Deposits increased to TZS 2,591 billion, (2011: TZS 2,409 billion).
- Loans and Advances increased to TZS 1,807 billion, (2011: TZS 1,429 billion).
- Profit after Tax increased to TZS 80.5 billion, (2011: TZS 37,710 billion).

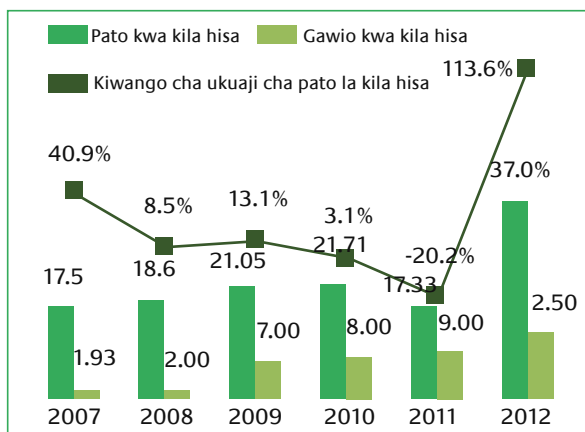




Matokeo ya kifedha kwa mwaka 2012 yalionesha hatua tuliopiga pamoja na changamoto zilizobakia. Benki ilitoa mikopo ya shilingi bilioni 1,807 ambapo ni zaidi ya shilingi bilioni 378 kwa mikopo iliyotolewa mwaka 2011. Mapato yatokanayo na riba yalipanda kwa shilingi bilioni 37.4 hadi kufikia shilingi bilioni 261.7 wakati mapato halisi ya riba baada ya tango yalikuwa ni shilingi bilioni 206.2. Ambapo tango la mikopo mibaya ilikuwa shilingi bilioni 26.44 tofauti na shilingi bilioni 31.2 katika mwaka 2011. Mapato halisi yatokanayo na riba baada ya kuondoa mikopo mibaya yalikuwa shilingi bilioni 179.9.

Kwa upande mwingine mapato ya ada na kamisheni yalikuwa kufikia shilingi bilioni 75.2 tofauti na shilingi bilioni 62.8 katika 2011. Mapato yatokanayo na biashara ya fedha za kigeni ambapo yalikuwa hadi shilingi bilioni 22.8 kurudia kwenye hali ya kawaida.

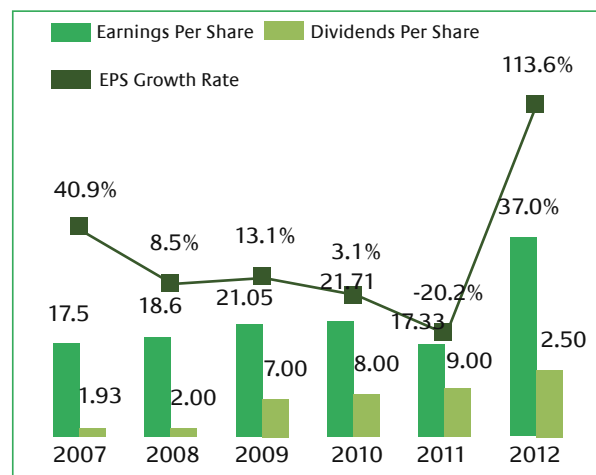
Mwaka 2012, Kundi lilipata faida halisi baada ya kodi ya shilingi bilioni 80.5 (2011: shilingi bilioni 37.7) likiwa ni ongezeko la shilingi bilioni 38.2 kutoka mwaka uliopita. Ongezeko hili limechangiwa na kuongezeka kwa mapato kutoka kwenye mikopo, mapato yatokanayo na biashara ya fedha za kigeni huku mkazo ukiwa kwenye udhibiti wa gharama za uendeshaji.



Our financial results for 2012 show both the progress we have made and the challenges that remain. The Bank's total advanced loans to customers grew to the tune of TZS 1,807 billion which is TZS 378 billion more than the total loan and advances outstanding at the end of 2011. Interest income grew by TZS 73.4 billion to TZS 261.7 billion while net interest income was TZS 206.2 billion. Loan impairment charges stood at TZS 26.4 billion against TZS 31.2 billion in 2011. Net interest income after loan impairment charges was TZS 179.9 billion. Loan impairment is still a challenge which we are steadfastly working to reduce.

On the other hand Fees and Commissions income grew to TZS 75.2 billion from TZS 62.8 billion in the year 2011. The Net Foreign Exchange Income grew to TZS 22.8 billion, going back to its normal growth trend.

In 2012, the Group recorded a net profit of TZS 80.5 billion (2011: TZS 37.7 billion) an increase of 38.2 billion from last year. The growth has mainly been attributed to increase in revenue from both lending, fee based income and foreign exchange income with focus on cost management.



Financial Review of CRDB Micro-finance Services Company Ltd

The Company has delivered a record performance for the year ended 31 December 2012. Profit before tax rose by 104% to TZS 4.1 billion from TZS 2.0 billion in 2011. Income growth was driven by growth of wholesale

Mapitio ya Kifedha kwa Kampuni Tanzu ya Microfinance

Kampuni tanzu imeweka rekodi katika matokeo ya kifedha kwa mwaka ulioishia tarehe 31 Desemba 2012. Faida kabla ya kodi ilikuwa kwa asilimia 104 kufikia shilingi bilioni 4.1 kutoka shilingi bilioni 2.0 mwaka 2011. Kukua kwa mapato kulitokana na kukua kwa mikopo ya jumla, mapato yatokanayo na bidhaa na huduma zingine, uangalizi mzuri wa viashiria vya hatari pia usimamizi imara katika gharama za uendeshaji.

Ada za huduma mbalimbali na kamisheni ziliongezeka kwa asilimia 52 kufikia shilingi bilioni 8.99. Ongezeko hili lilichangiwa na ukuaji wa mapato ya riba ilichochea na mapato mazuri ya riba kwa mikopo iliyotolewa na asasi washirika. Mapato mengine kabla ya kodi yaliongezeka kwa asilimia 255 kutoka shilingi milioni 295 mwaka 2011 kufikia shilingi milioni 1,048 mwaka 2012.

Jumla ya amana zilizokusanywa kutoka kwa taasisi washirika na kuwekwa Benki ya CRDB zilifikia shilingi bilioni 28 hadi 31. 12. 2012. Mikopo hadi kufikia tarehe 31. 12. 2012, chini ya uangalizi wa Kampuni Tanzu lakini ikiwa chini ya usimamizi wa Benki ya CRDB iliongezeka kwa asilimia 31 kutoka shilingi bilioni 147 katika mwaka 2011 hadi shilingi bilioni 193 mwaka 2012. Kuongezeka huku kwa mikopo kulichangiwa sana na ukopeshaji kwenye sekta ya kilimo. Kiasi kilichochelewa kurejeshwa cha mikopo kilikuwa ni asilimia 2.5 ya marejesho (2011:2.0%) huku mikopo iliyohatarini kwa kupitiliza siku 30 ilikuwa 8.5% (2011 :7.0%).

Mnyumbuliko wa mikopo unahusisha makundi matatu ya MFI ambayo ni; zile za Wafanyakazi ambao ni asilimia 48 (2011: asilimia 52), sekta ya Kilimo ilikua kwa asilimia 45 (2011: asilimia 35) na asasi za kifedha ambayo ni asilimia 7 (2011: asilimia 13). Jumla ya asasi washirika zilizokopa hadi tarehe 31/Desemba/2012 zilikuwa 419 (2011: 408) sawa na ongezeko la asilimia 3.

Kampuni tanzu inaingia mwaka 2013 ikiwa na mtaji, ukwasi wa kutosha na hali msingi mzuri wa kudhibiti hali hatarishi ili kuchukua fursa pamoja na kukabiliana na changamoto za siku za usoni.

microfinance lending, well diversified income from non-core products and services, proactive risk management and discipline on expenses.

Fee and commission income increased by 52% to TZS 8.99 billion. The Increase was largely due to growth in interest income due to favourable yields on term loans to partner affiliates. Other operating income (excluding amortised grants) increased by 255% from TZS 295 million in 2011 to TZS 1,048 million in 2012.

Total deposits mobilized from partner MFIs and banked with CRDB Bank PLC was TZS 28 billion as at 31st December, 2012. The outstanding loan portfolio as at 31st December, 2012, under management of the Company but held by CRDB Bank Plc increased by 31% from TZS 147 billion in 2011 to TZS 193 billion in 2012. Increase in loan portfolio was mainly contributed by agricultural finance. The amount of loans in arrears was 2.5% (2011: 2.0%) while Portfolio at Risk (PAR) with past due over 30 days was 8.5% (2011: 7.0%).

The loan portfolio is built around three categories of MFI's namely; employee-based 48% (2011: 52%); agricultural based 45% (2011: 35%) and trade based MFI's 7% (2011: 13%). Total number of borrower MFI's as at 31 December 2012 was 419 (2011: 408) representing a 3% increase. The Company enters 2013 with adequate capital, liquidity and risk foundations well placed to meet the opportunities and challenges that lie ahead.

CRDB Bank Burundi S.A.

CRDB Bank Burundi deposits and total assets at year end stood at TZS 1.12 billion and TZS 18.65 billion respectively. For the year 2012, with less than one month of operation, the net loss for the year stood at TZS 0.3 billion, which is within expectations.

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 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.

Kampuni Tanzu ya Benki ya CRDB Burundi

Amana za Benki ya CRDB Burundi zilikuwa shilingi bilioni 1.12 na jumla ya rasilimali ilikua shilingi bilioni 18.65. Kwa mwaka 2012, ikiwa na chini ya mwezi mmoja wa uendeshaji, hasara halisi katika mwaka ilikua shilingi bilioni 0.3 ambayo ni ndani ya matarajio.

Usimamizi wa Mtaji

Malengo ya Benki kwenye usimamizi wa mtaji ni kulinda uwezo wa Benki katika muendelezo unaotoa faida kwa wanahisa wake na wadau wengine, na pia kuhakikisha kuwa na mtaji imara kuwezesha maendeleo ya biashara yake.

Uwepo wa mtaji imara na usimamizi wake ni mambo ambayo yanasimamiwa kwa ukaribu sana, kila siku na menejimenti ambapo hutumia mbinu zilizotengenezwa kufuatia maelekezo ya Kamati ya Basel kama yanavyofuatwa na Benki Kuu kama mdhibiti.

Mtaji wa kisheria na Uzito wa Hatari za Hasara

	Benki 2012 TZS	Benki 2011 TZS
Rasilimali	Milioni	Milioni
Total qualifying Tier 1 capital	284,009	233,118
Total qualifying Tier 2 capital	-	768
Total regulatory capital	284,009	233,886
Risk-weighted Assets		
On-balance sheet	1,679,737	1,362,793
Off-balance sheet	151,779	246,799
Total risk-weighted Assets	1,831,516	1,609,592

Rasilimali zinazoweza kukumbwa na hatari hupimwa kwa njia tano za upimaji hatari ambazo zimegawanywa kutokana na asili yake na inahusiana na kipimo cha mikopo, hatari zitokanazo na soko na hatari zingine zinazohusiana na kila rasilimali na inayoathiri, ikizingatia dhamana yoyote ya mkopo au udhamini. Hivyo hivyo, hufanywa kwa vilivyo nje ya mizania, vikiwa na marekebisha kuangazia vitu vyenye asili ya kusababisha hatari. Jedwali lifuatalo linaonyesha kwa ufupi mjumuiko wa hesabu za uwiano za Benki.

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.

Regulatory Capital and Risk Weighted Assets	Bank 2012 TZS Million	Bank 2011 TZS Million
Total qualifying Tier 1 capital	284,009	233,118
Total qualifying Tier 2 capital	-	768
Total regulatory capital	284,009	233,886
Risk-weighted Assets		
On-balance sheet	1,679,737	1,362,793
Off-balance sheet	151,779	246,799
Total risk-weighted Assets	1,831,516	1,609,592

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 potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank.

Required ratio		Bank's Ratio 2012	Bank's Ratio 2011
Tier 1 capital (%)	10	16	14
Tier 1 + Tier 2 capital (%)	12	16	15

Future Outlook

The Group recognizes that banking industry competition in Tanzania is growing with customers becoming more price and service sensitive. With the competitive focus shifting to convenience and quality of customer experience and the range of products and services provided. This has led to increased competition in the SME sector technological innovations with alternative banking channels and increasing cost of funds putting pressure on margins.

Uwiano unaohitajika		Uwiano wa Benki 2012	Uwiano wa Benki 2011
Tier 1 capital (%)	10	16	14
Tier 1 + Tier 2 capital (%)	12	16	15

Matarajio ya Baadae

Kundi inatambua kuwa ushindani katika sekta ya benki unakua huku wateja wakiwa makini juu ya bei, kiwango cha huduma kinachotolewa, ukaribu wa huduma na wigo wa huduma na bidhaa zitolewazo. Hii imeongeza ushindani kwenye sekta ya wateja wadogo na wa kati. Ufumbuzi wa kiteknolojia na njia mbadala za kutoa huduma na kuongezeka kwa riba za amana hivyo kuzidi kuweka msukumo wa kupunguza faida.

Changamoto iliyo mbeleni ni kujenga uwezo na miundombinu ya utoaji huduma kwa wateja kwa kipaumbele cha jamii ambayo haijafikiwa na huduma za benki katika ukanda huu. Katika miaka inayokuja Kundi imelenga katika utoaji wa bidhaa na huduma fumbuzi zaidi ikiwamo mikopo ya ujenzi, na utekelezaji wa mawakala wa benki na vituo vya utoaji huduma.

Hivyo, mkazo wa Kundi katika miaka ijayo ni kutanua wigo wa utoaji huduma kupitia njia za kawaida yaani matawi na njia za kielektroniki ili kusogeza huduma karibu zaidi na wateja wetu. Malengo ya mwaka 2013 ni kwa Kundi kurejea kuweka jitihada kwenye zoezi la udhibiti wa gharama, kutumia vyema vipaji vya nguvukazi ya Kundi, uwekezaji wenye tija kwenye teknohama na kutanua wigo wa utoaji huduma kupitia kwa kampuni tanzu zilizopo na mpya ndani na nje ya nchi. Kwa kuongezea, Kundi itaweka msukumo katika kupunguza uwiano wa mikopo mibovu kwa inayofanya vizuri kufikia kiwango cha chini ya 5%. Rasilimali za Benki zinategemewa kukua kwa 17%. Ukuaji huu unategemewa kufikiwa huku kukiwa na tosho la mtaji na ukwasi.

The challenge ahead is to build capacity and infrastructure for provision of services to customers with a priority to the un-banked majority of the population in the region. In the coming years, the Group intends to roll out more innovative products and services including mortgage financing, implement Agency banking and service centres.

The Group's focus in the coming year is on expanding delivery channels through both traditional and e-channels to provide convenient service to our customers. The goals for 2013 for the Group include a renewed effort in cost management, harnessing talents of the Groups workforce, optimized ICT investments and expanding outreach through existing and new subsidiaries, both locally and regionally. Additionally, the Group will place particular emphasis in further reducing the non-performing loans ratio (NPL) to less than 5%. The assets of the Bank are expected to grow by 17%. This growth is expected to be achieved while ensuring adequacy of capital and liquidity.



Kawaida Mpya
Kuhudumia kizazi kijacho cha digitali

New Normal
Supporting the next digital generation

**Kwa kipindi Kilichoishia
31 Desemba 2012**

**For the period ended
31st December 2012**

Wakurugenzi wa Benki ya CRDB wanayofuraha kuwasilisha Taarifa ya Mwaka ya Kampuni na Benki kwa wanahisa kwa mwaka unaoishia tarehe 31 Desemba 2012, inayoainisha na kuweka wazi shughuli zote za Benki ya CRDB (Benki) na kampuni tanzu zake, CRDB Microfinance) Services Company Limited na CRDB Bank Burundi S.A (Kundi).

Directors have pleasure in submitting their Annual Report and the Audited financial statements for the year ended 31 December 2012, 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”).

1. USAJILI

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

2. DIRA

Kuwa Benki inayoongoza, inayozingatia mahitaji ya wateja na kuwapa wanahisa faida nzuri.

3. AZMA

Kutoa huduma bora kwa gharama nafuu kwa kuzingatia wateja wadogo na wa kati, na huduma mahususi kwa kampuni huku tukidumisha imani ya wadau wetu.

4. MISINGI YA KAMPUNI

Weledi, Usikivu, Uwajibikaji, Kujituma, Ushirikiano, Ubunifu, Kujali, Tija

5. SHUGHULI ZA MSINGI

Benki imesajiliwa kupitia Sheria ya Mabenki na Taasisi za Fedha ya mwaka 2006 ya Tanzania. Kampuni tanzu ya Burundi imesajiliwa kama Benki nchini Burundi chini ya Sheria ya Benki na Taasisi za fedha ya mwaka 2003 ya Burundi. Shughuli za msingi za Benki na kampuni tanzu ya Burundi ni

1. INCORPORATION

CRDB Bank Plc was incorporated in the United Republic of Tanzania in 1996 under the Companies Act, of 2002 as a Public Company limited by shares with registration number 30227. The Bank was listed on the Dar es Salaam Stock Exchange on 17 June 2009 and has established two wholly owned subsidiaries namely CRDB Microfinance Services Company Limited incorporated in the United Republic of Tanzania in 2007 and CRDB Bank Burundi S.A incorporated in the Republic of Burundi in 2012.

2. VISION

To be the leading bank, which is customer need driven with competitive returns to shareholders.

3. MISSION

To provide competitive and innovative financial products and services leveraging technology to achieve distinctive customer experience. We strive to create value for all stakeholders and the society.

4. CORPORATE VALUES

Professionalism, Responsiveness, Accountability, Commitment, Team player, Innovation, Courtesy, Efficiency.

5. PRINCIPAL ACTIVITIES

The Bank is licensed under the Banking and Financial Institutions Act, 2006 in Tanzania. The Bank's subsidiary CRDB Bank Burundi S.A is a ,licensed bank in Burundi under the Bank and

utoaji wa huduma za benki. Kazi ya msingi ya kampuni tanzu ya mikrofinance ni kutoa huduma za mikrofinance kupitia Benki. Kundi inatoa huduma zote za benki kwa wateja wakubwa na warejareja, huduma za jumla na huduma za mikrofinance kwa kupitia matawi zaidi ya 93 yakiwemo matawi yanayotembea, ATM 245 zikiwemo mashine 18 zinazopokea fedha, Mashine za malipo (POS) 900 na washirika wa huduma za mikrofinance 422.

6. MNYUMBULISHO WA BODI YA WAKURUGENZI

Katika Mkutano Mkuu wa Mwaka uliyofanyika tarehe 23 Juni 2012, Bw. Joseph Machange kutoka kwenye kundi la wanahisa wenye hisa chini ya 1% na Bi. Joyce Luhanga toka kundi la wanahisa wenye hisa kati ya 1% hadi pungufu ya 10% ya hisa zote walistaafu.

Bi. Selina Mkony na Bi. Rose Metta walichaguliwa kuwa wajumbe wapya wa Bodi. Katiba ya Benki inataka wakurugenzi wastaafu kwa mzunguko.

Financial Institutions, 2003 Act of Burundi. The principal activity of the Bank and its subsidiary CRDB Bank Burundi S.A. is the provision of banking services. The principal activity of the subsidiary CRDB Microfinance Services Company Limited is the provision of micro-finance services through the Bank.

The Group offers a comprehensive range of Corporate and Retail Banking, wholesale banking and mikrofinance services through a network of over 93 static and mobile branches, 245 ATMs inclusive of 18 Depository ATMs, 900 Point of Sales (POS) terminals and 422 Mikrofinance partner institutions.

6. COMPOSITION OF THE BOARD OF DIRECTORS

At the Annual General Meeting held on 23 June 2012, Mr. Joseph Machange, belonging to the group of shareholders with shareholding of less than 1% of the Bank's Share capital and Ms. Joyce Luhanga, belonging to the group of shareholders with shareholding of 1% to less than 10% of the Bank's Share capital retired.

Ms. Selina Mkony, belonging to the group of shareholders with shareholding of less than 1% of the Bank's share capital and Ms. Rose Metta, belonging to the group of shareholders with shareholding of 1% to less than 10% of the Bank's share capital were elected as board members.

In accordance with the Bank's Articles of Association, the directors are required to retire by rotation.

Wakurugenzi wafuatao walitumikia kwa mwaka 2012:

The following Directors served during the year:

Jina/Name	Wadhifa/Position	Umri Age	Wasifu/Qualification	Taifa Country	Siku ya kuteuliwa/Kustaafu Date appointment/ resignation
Martin J. Mmari	Mwenyekiti/Chairman	49	Mhasibu/Accountant	Tanzania	2001
Juma A. Abdulrahman	Mjumbe/Member	60	Mhasibu/Accountant	Tanzania	2009
Joyce W. Luhanga	Mjumbe/Member	57	Mchumi/Economist	Tanzania	1996 - 06/2012
Rose F. Metta	Mjumbe/Member	44	Mchumi/Economist	Tanzania	06/2012
Joseph C. Machange	Mjumbe/Member	61	Mhandisi Mifumo/Systems Engineer	Tanzania	2006 - 06/2012
Kai Kristoffersen	Mjumbe/Member	72	Mwanasheria/Lawyer	Denmark	2004
Bede P. Lyimo	Mjumbe/Member	62	Mchumi/Economist	Tanzania	2005
Boniface C. Muhegi	Mjumbe/Member	58	Mhandisi ujenzi/Civil Engineer	Tanzania	2004
Ally H. Laay	Mjumbe/Member	56	Mhasibu/Accountant	Tanzania	2004
Joyce N. Nyanza	Mjumbe/Member	49	Mhasibu/Accountant	Tanzania	2007
Selina A. Mkony	Mjumbe/Member	56	Mhasibu/Accountant	Tanzania	06/2012
Frederick T. Sumaye	Mjumbe/Member	63	Mtaalamu wa Kilimo/Agricultural Specialist	Tanzania	06/2011
Charles S. Kimei	Mkurugenzi Mtendaji/ Managing Director	59	Mchumi/Economist	Tanzanian	Amechaguliwa kwa wadhifa/ Ex officio appointed 1998

7. KATIBU WA BENKI

Katibu wa Benki hadi tarehe ya taarifa hii, alietumikia kwa kipindi chote ni Bw. John B. Rugambo ambaye pia ni Mkuu wa Idara ya Mambo ya Kampuni.

8. UTAWALA BORA

Wakurugenzi wanaridhia kuwa utawala bora ni nguzo muhimu ya utendaji bora wa Benki. Hivyo basi, wakurugenzi wameendelea kuimarisha mifumo ya utawala bora kwa kurejea upya sera za kazi za Bodi na kamati zake na uongozi wa Benki kwa ujumla. Miongozo ya Bodi na hadidu za kamati za Bodi vilirejewa upya mwaka huo kuhakikisha zipo sambamba na misingi ya utawala bora.

8.1 Muundo wa Bodi

Bodi inajumuisha wakurugenzi 10 ambao sio watendaji wakati Mkurugenzi Mtendaji ni mjumbe kutokana na wadhifa wake. Mwenyekiti ambaye si mtendaji huchaguliwa na wakurugenzi kila mwaka kuongoza Bodi. Mfuko wa uwekezaji wa DANIDA huteua wakurugenzi wawili kati ya 10 wasio watendaji.

7. COMPANY SECRETARY

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

8. CORPORATE GOVERNANCE

The Directors consider corporate governance as key to good performance of the Bank. In view of this, they continued to strengthen good governance practices by reviewing policies, Board and Board committees' activities and general management of the Bank. Board Charter and committees' charters were reviewed during the year to ensure that they are in line with best corporate governance principles.

8.1 Board Structure

The Board comprises ten directors who are non-executive while the Managing Director is an Ex-Officio member. A non-executive Chairman, who is elected by directors every year, leads the Board. DANIDA Investment Fund appoints two of the ten non-executive Directors.

8.2 Mikutano ya Bodi

Bodi ilifanya mikutano nane mwaka huu kama ilivyopangwa. Mkutano mmoja ulijikita katika kupitia mkakati ya kibiashara wa Benki wa mwaka 2008-2012 na kutengeneza mkakati wa miaka mitano ijayo (2013-2017).

Mahudhurio ya mikutano ya Bodi kwa wajumbe katika mwaka yalikuwa kama ifuatavyo:

Jina la Mkurugenzi/Name of Director	Wadhifa/Position	Mikutano aliyohudhuria/Number of Meetings Attended
Martin J. Mmari	Mwenyekiti/Chairman	5
Boniface C. Muhegi	Mjumbe/Member	6
Ally H. Laay	Mjumbe/Member	5
Bede P. Lyimo	Mjumbe/Member	7
Kai Kristoffersen	Mjumbe/Member	7
Joyce N. Nyanza	Mjumbe/Member	7
Juma A. Abdulrahman	Mjumbe/Member	5
Frederick T. Sumaye	Mjumbe/Member	5
Rose F. Metta	Mjumbe/Member	4
Selina A. Mkony	Mjumbe/Member	4
Joseph C. Machange (Mstaafu/Retired)	Mjumbe/Member	3
Joyce W. Luhanga (Mstaafu/Retired)	Mjumbe/Member	4

8.3 Kamati za Bodi

Hadi kufikia tarehe 31 Desemba 2012, Bodi ilikuwa na kamati tano ambazo ni; Kamati ya Ukaguzi wa Hesabu, Kamati ya Mikopo, Kamati ya Utawala Bora na Rasilimali Watu, Kamati ya Ujira na kamati ya Usimamizi wa Hatari ya Hasara. Shughuli za kamati zinaendeshwa kulingana na hadidu za kamati zinazoidhinishwa na Bodi. Kamati ya Utawala Bora na Rasilimali Watu hujigeza na kuwa Kamati ya Ujira walau mara moja kwa mwaka. Kamati zote tano zinawajibika kwa Bodi. Ufuatao ni muundo wa kila kamati.

8.3.1 Kamati ya Ukaguzi wa Hesabu

Kamati hii ilifanya mikutano mitano (5) katika mwaka kama ilivyopangwa. Wakaguzi wa nje walialikwa na walihudhuria mikutano mitatu. Mkurugenzi Mtendaji, Naibu Wakurugenzi Watendaji, Mkurugenzi wa Fedha na Mkurugenzi

8.2 Board Meetings

The Board held eight meetings during the year as planned, with one of the meetings devoted to review the Bank's five years business strategy from 2008 – 2012 and formulating the strategy for the coming five years (2013 – 2017).

The attendance of the Board meetings by the members during the year is as follows:

8.3 Board Committees

As at 31 December 2012, the Board had five committees namely; Audit Committee, Credit Committee, Governance and Human Resources Committee, Remuneration Committee and Risk Committee. The Governance and Risk Management Committee was split to form two separate Committees of Governance and Human Resources Committee and Risk Committee. The Governance and Human Resources Committee constitutes itself into a Remuneration Committee at least once a year. The activities of the committees are governed by the respective Committee Charters which are approved by the Board. All five committees report to the Board of Directors. The composition of each committee is shown below:

8.3.1 Audit Committee

The Committee held five meetings as planned during the year. The external auditors were invited and attended three meetings. The Managing

wa Ukaguzi Mahesabu walishiriki katika mikutano hiyo kama waalikwa.

Director, Deputy Managing Directors, Director of Finance and Director of Internal Audit also attended the meetings as invitees.

Jina/Name	Wadhifa/Position	Mikutano aliyohudhuria/ Number of meetings attended
Ally H. Laay	Mwenyekiti/Chairman	5
Joyce N. Nyanza	Mjumbe/Member	5
Juma A. Abdulrahman	Mjumbe/Member	3
Kai Kristoffersen	Mjumbe/Member	5
Joseph C. Machege	Mjumbe/Member (alistaafu/retired -06/2012)	3
Selina A. Mkony	Mjumbe/Member (alichaguliwa/appointed -06/2012)	1

Kamati ya Bodi ya Ukaguzi wa Mahesabu hupitia vidhibiti vya njia za uwasilishaji taarifa za hesabu za kiuhasibu na kupata barua kwa maandishi toka kwa wakaguzi wa hesabu wa nje juu ya kutosheleza kwa njia hizo za udhibiti. Kufuatia wajibu huo, Kamati hushauri Bodi juu ya uchaguzi, kuendelea au kukatiza mkataba na wakaguzi wa nje.

Kamati hujadiliana na wakaguzi wa nje kuhusu ubora wa watu wanaoshughulika na masuala ya hesabu za fedha za Benki na kuangalia kama utoaji wa huduma zisizo za kiukaguzi na wakaguzi wa nje zinaendana katika kuhakikisha wakaguzi wanakuwa huru.

Mkaguzi wa ndani anaripoti moja kwa moja kwa Kamati, hivyo basi, Kamati hurejea na kupitisha mipaka ya kazi za mkaguzi wa ndani ikihakikisha kuwa inajumuisha maeneo yenye viashiria vya hatari vya hali ya juu katika utendaji; na kupata ripoti fupi juu ya yaliyojitokeza katika ukaguzi wa ndani na jinsi ambavyo menejimenti imefanyia kazi taarifa hizo.

8:3:2 Kamati ya Mikopo

Kamati ilikutana mara tisa katika kipindi cha mwaka kama ilivyopangwa, Mkurugenzi Mtendaji, Naibu Wakurugenzi Watendaji, Mkurugenzi wa Wateja Wakubwa na Mkurugenzi wa Mikopo walishiriki katika mikutano hiyo.

The Board Audit Committee reviews the significant accounting and financial reporting controls and obtains annually in writing from the external auditors their letter as to the adequacy of such controls. In line with the above responsibility, the Committee recommend to the Board the selection, retention or termination of the External Auditors.

The Committee discusses with the external auditors the quality of the Bank's financial and accounting personnel and also considers whether the External Auditors' provision of non-audit services to the Bank is compatible with maintaining the independence of the auditors.

The internal auditor reports directly to the Committee, therefore, the Committee reviews and approves the scope of internal auditor's work plan for the year while ensuring that it includes all high risk areas in the Bank's operations; and receives a summary report of major findings by internal auditors and how management is addressing the issues reported.

8.3.2 Credit Committee

The Credit Committee met nine times during the year as planned. The Managing Director, Deputy Managing Directors, Director of Corporate Banking and Director of Credit participated in the meetings.

Wajumbe wa Kamati ya Mikopo ni:

Members of the Credit Committee are as follows:

Jina/Name	Nafasi/Position	Mikutano aliyohudhuria/ Number of meetings attended
Joyce W. Luhanga	Mwenyekiti/Chairperson (Mstaafu/retired - 06/2012)	3
Bede P. Lyimo	Mwenyekiti/Chairman (alichaguliwa/appointed -06/2012)	6
Martin J. Mmari	Mjumbe/Member	5
Boniface C. Muhegi	Mjumbe/Member	8
Frederick T. Sumaye	Mjumbe/Member	5
Ally H. Laay	Mjumbe/Member (alistaafu/retired - 06/2012)	3
Rose F. Metta	Mjumbe/Member(alichaguliwa/appointed - 06/2012)	1

Kazi kubwa ya Kamati ya Mikopo ni kupitia Sera ya Mikopo japo mara moja kwa mwaka na kuhakikisha kuwa sera hiyo inajumuisha kanuni muhimu zinazorahisisha utambuzi, upimaji, usimamizi na udhibiti wa hatari za mikopo pamoja na kuweka mipango mizuri na taratibu za usimamizi wa mikopo.

Kamati inasimamia ubora wa mikopo inayotolewa, inahakiki na kupitisha mikopo iliyo ndani ya kiwango chake cha kupitisha na kuipeleka kwenye Bodi ile iliyojuu ya kiwango chake na kushauri Bodi kuhusu mikopo iliyo nje ya viwango vya usimamizi wa Kamati.

The main function of the Credit Committee is to review the Credit Policy at least once a year and to ensure that the same Policy contains sound fundamental principles that facilitate the identification, measurement, monitoring and control of credit risk as well as having appropriate plans and procedures for credit risk management.

The Committee monitors performance and quality of the credit portfolio, appraises and approves loans within its credit approval limit and recommends to the Board facilities beyond its limit.

8:3:3 Kamati ya Utawala bora na Usimamizi wa Hatari ya Hasara.

Kamati ya Utawala Bora na Udhibiti wa Hatari ilikutana mara moja, kamati iligawanyika na kuwa, Kamati ya Utawala Bora na Rasilimali Watu, Kamati ya Usimamizi wa Hatari ya Hasara na Kamati ya Ujira. Tangu Januari 2012. Mkurugenzi Mtendaji, Manaibu Wakurugenzi Watendaji, Mkurugenzi wa Idara ya Rasilimali Watu na Mkurugenzi Usimamizi wa Hatari ya Hasara walishiriki katika mkutano.

8:3:4 Kamati ya Utawala Bora na Rasilimali Watu.

Hii ni kamati mpya iliyoundwa Januari, 2012 kutokana na mgawanyiko wa Kamati ya Utawala Bora na Usimamizi wa Hatari ya Hasara. Kamati ya Utawala Bora na Rasilimali Watu ilikutana mara tatu katika mwaka kama ilivyopangwa. Mkurugenzi Mtendaji, Manaibu Wakurugenzi Watendaji, Mkurugenzi wa Rasilimali Watu walishiriki katika mikutano.

8.3.3 Governance and Risk Management Committee

The Governance and Risk Committee met only once as the Committee was split into the Governance and Human Resource Committee, the Risk Committee and the Remuneration Committee effective January, 2012. The Managing Director, Deputy Managing Directors, Director of Human Resources and Director of Risk participated in the meetings.

8.3.4 Governance and Human Resource Committee

This is a new Committee established in January 2012 from the split of Governance and Risk Management Committee into Governance and Human Resource Committee and Risk Committee. The Governance and Human Resources Committee met three times during the year as planned. The Managing Director, Deputy Managing Directors and Director of Human Resources participated in the meetings.

**Kwa kipindi Kilichoishia
31 Desemba 2012**

**For the period ended
31st December 2012**

Wajumbe wa kamati hiyo ni;

Members of this Committee are as follows:

Jina/Name	Nafasi/Position	Mikutano aliyohudhuria/Meetings attended
Martin J. Mmari	Mwenyekiti/Chairman (Alichaguliwa/Appointed -01/2012)	3
Bede P. Lyimo	Mjumbe/Member (Alichaguliwa/Appointed -01/2012)	1
Frederick T. Sumaye	Mjumbe/Member (Alichaguliwa/Appointed -01/2012)	2
Boniface C. Muhegi	Mjumbe/Member (Alichaguliwa/Appointed -01/2012)	3
Selina A. Mkony	Mjumbe/Member (Alichaguliwa/Appointed -06/2012)	1
Joyce N. Nyanza	Mjumbe/Member (Alistaafu/Retired - 06/2012)	2
Joseph C. Machange	Mjumbe/Member (Alistaafu/Retired - 06/2012)	1
Juma A. Abdulrahman	Mjumbe/Member (Alitumikia/Served - 06/2012)	3

Kazi kubwa ya kamati hii ni kuunda, kupitia na kuwezesha muelekeo wa Benki katika utawala bora na masuala ya taratibu za rasilimali watu. Kamati inahakikisha kuwa kuna mipango endelevu ya urithishwaji wa nafasi muhimu za uongozi wa Benki. Kamati pia inapendekeza kwa Bodi juu ya utawala bora, ikiwamo masuala ya kiburugenzi, sera za ustaafu kwa wakurugenzi watendaji, kazi na wajibu za kamati ya Bodi na mabadiliko yoyote ambayo Kamati inayaona kuwa ni muhimu kwa Bodi au kwa kamati yoyote ya Bodi.

The main function of this Committee is to develop, review and enhance the Bank's approach to corporate governance and human resources practices. The Committee ensures that there is a succession plan for key senior management positions within the Bank. The Committee also makes general recommendation to the Board on corporate governance, including directorship practices, retirement policies for Executive Directors, the functions and duties of the Committees of the Board and any changes that the Committee believes to be desirable in the matters of the Board or of any Committee of the Board.

8:3:5 Kamati ya Usimamizi Hatari ya Hasara

Kamati ya Usimamizi Hatari ya Hasara ilikutana mara tatu katika mwaka kama ilivyopangwa. Mkurugenzi Mtendaji, Manaibu Wakurugenzi Watendaji na Mkurugenzi wa Usimamizi wa Hatari ya Hasara walishiriki katika mikutano.

Wajumbe wa kamati walikuwa;

8.3.5 Risk Committee

The Risk Committee met three times during the year as planned. The Managing Director, Deputy Managing Directors and Director of Risk participated in the meetings.

Members of this committee are as follows:

Name	Nafasi/Position	Mikutano aliyohudhuria/Meetings attended
Kai Kristoffersen	Mwenyekiti/Chairman (Alichaguliwa/Appointed - 06/2012)	3
Ally H. Laay	Mjumbe/Member	3
Joyce N. Nyanza	Mjumbe/Member	3
Juma A. Abdulrahman	Mjumbe/Member (Alichaguliwa/Appointed - 10/2012)	-
Rose F. Metta	Mjumbe/Member	1
Bede P. Lyimo	Mjumbe/Member (Alistaafu/Retired -06/2012)	3
Martin J. Mmari	Mjumbe/Member (Alistaafu/Retired -06/2012)	1
Joseph C. Machange	Mwenyekiti/Chairman (Alistaafu/Retired -06/2012)	2

Kazi kubwa ya kamati hii ni kuipa Bodi mikakati ya kusimamia udhibiti wa hatari za hasara, sera na taratibu, uzingatiaji taratibu na mwenendo na athari zake juu ya usimamizi wa rasilimali na dhima, hatari za soko, mikopo, utendaji na hatari za jumla zitakazojitokeza. Kamati pia inaipa Bodi tathmini na mapitio ya hatari za hasara za Benki na namna inavyodhibiti viashiria vya hatari za hasara na kusimamia utekelezaji wa mpango wa usimamizi wa hatari za hasara.

8.3.6 Kamati ya Ujira

Kamati ya Ujira hukutana mara moja kwa mwaka ambapo Mkurugenzi Mtendaji, Naibu Mkurugenzi Mtendaji na Mkurugenzi Rasilimali Watu walihudhuria mkutano huo.

Jina/Name	Nafasi/Position	Mikutano aliyohudhuria/Meetings attended
Boniface C. Muhegi	Mwenyekiti/Chairman	1
Bede P. Lyimo	Mjumbe/Member	-
Frederick T. Sumaye	Mjumbe/Member	-
Selina A. Mkony	Mjumbe/Member	1
Martin J. Mmari	Mjumbe/Member	1

Kamati inawajibu wa kupitia na kushauri mkakati unaofaa wa ujira kwa viongozi wa ngazi za juu wa Benki na wafanyakazi wengine.

8.4. Timu Ya Menejimenti

Menejimenti ya Benki ipo chini ya Mkurugenzi Mtendaji, akisaidiwa na Naibu Mkurugenzi Mtendaji Huduma Shirikishi na Naibu Mkurugenzi Mtendaji Operesheni na Huduma kwa Wateja. Mkurugenzi wa Usimamizi Hatari ya Hasara na Udhibiti, Mkurugenzi wa Mikakati na Ubunifu na Mkurugenzi wa Masuala ya Kampuni wanawajibika moja kwa moja kwa Mkurugenzi Mtendaji.

Naibu Mkurugenzi Mtendaji Huduma Shirikishi anasimamia idara za fedha, utawala na huduma za jumla, Teknolojia ya Habari na Mawasiliano na Rasilimali watu.

The main function of the Risk Committee is to provide the Board with risk management strategy, policy and procedures, compliance and trends and their impact as regards to asset and liability management, market risks, credit risks, operational risks and other general risks that shall be identified. The Committee also provides the Board with regular assessments and review of the risk profile of the Bank and an overview on the management of identified risks, and monitor the implementation of risk management action plans.

8.3.6 Remuneration Committee

The Remuneration Committee met once during the year as planned whereby the Managing Director, Deputy Managing Director and Director of Human Resources participated in the meeting.

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

8.4 Management Team

Management of the Bank is under the Managing Director 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 report directly to the Managing Director.

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

The Deputy Managing Director Operations and Customer Service oversees the Credit, Retail

Naibu Mkurugenzi Mtendaji Uendeshaji na Huduma kwa Wateja anasimamia idara za Mikopo, Huduma kwa Wateja Rejareja, Huduma kwa Wateja Wakubwa pamoja na Masoko, Utafiti na Huduma kwa Wateja, huduma Mbadala na Hazina.

Mkurugenzi wa Ukaguzi wa Hesabu za Ndani anaendelea kuwajibika moja kwa moja kwa Kamati ya Bodi ya Ukaguzi wa Hesabu.

8.5 Kamati za Uongozi

Menejimenti ya Benki ya CRDB ina kamati tano ambazo ni;

8.5.1 Kamati ya Uongozi wa Juu

Kamati ya Uongozi wa Juu hukutana kila mwezi kujadili na kupitia ufanisi wa mipango na mikakati ya Benki. Lengo kubwa la kamati ni kulipa uongozi Kundi na kuhakikisha ufanisi katika kusimamia na kutumia rasilimali za Benki. Kazi nyinginezo za Kamati ni pamoja na;

- Kusimamia utekelezaji na usimamizi wa daira ya Benki, mikakati, sera na mipango ya biashara.
- Kutenegeneza mikakati ya jumla ya bishara na malengo ya kifedha ambayo vinakubalika na Bodi, pamoja na biashara binafsi na mikakati ya vitengo na malengo ya kifedha.
- Kuweka bayana muundo wa Benki na kushusha mamlaka na kuwapa watendaji, kuunda kamati na makongamano mengineyo ya Benki.
- Kuweka bayana, kupitia, kuasili sera, mikakati na muelekeo wa vitengo mbalimbali vya Benki kutoa maelekezo na miongozo kwa idara mbalimbali za Benki ili kutimiza malengo ya Benki.
- Kusimamia utendaji kulingana na mpango mkakati na kuchukua hatua stahili kuboresha utendaji.
- Kuchunguza na kupitia uhakiki wa kumiliki au uanzishwaji wa bishara yoyote mpya au kusimamisha biashara yoyote iliyo ndani ya mamlaka yake.
- Kupitia na kushauri juu ya bajeti ya mwaka ya Benki kwa Bodi iweze kupitishwa.

Banking, Corporate Banking, Marketing, Research and Customer Service, Alternative Banking Channels and Treasury departments.

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

8.5 Management Committees

The Management of CRDB Bank Plc has five committees as follows:

8.5.1 Executive Committee

The Executive Committee meets monthly to discuss and review the effectiveness of the Bank's strategies and strategic plans. The main objective of the Committee is to provide leadership to the Group and ensure efficient deployment and management of the Bank's resources. Other function of the Committee includes:

- Oversee the implementation and monitor the Bank's corporate vision, strategies, policies and business plans.
- Formulate the Bank's overall strategy and financial targets that are to be agreed with the Board, as well as individual business and functional strategies and financial targets.
- Determine the Bank's organization structure and delegate authorities to, and mandate officials, committees and other forums in the Bank.
- Determine, review and adapt policies, strategies and directions of the Bank's various functions and issue directives and guidelines to the Bank's various departments in order to achieve set goals.
- Monitor performance against the strategic plan of the Bank and take appropriate actions to improve performance.
- Investigate and review viability of any acquisition, establishment of any new business or a disposal of a business within its mandate.
- Review and recommend annual budget to the Board for approval.

8.5.2 Kamati ya Uongozi

Kamati hukutana kila mwezi na majukumu yake makubwa ni kupitia na kutekeleza mipango ya utendaji pamoja na changamoto zake, kuhakikisha utambuzi wa muda muafaka wa mambo yanayoweza kuathiri kufikiwa kwa malengo kwa kuchukua hatua za kuyakabili.

8.5.3 Kamati ya Menejimenti ya Rasilimali na Dhima

Kamati hukutana walau mara moja kwa mwezi na inaweza kuitisha kikao cha dharula inapotokea matukio ya kipekee yanayohitaji maamuzi ya haraka. Kamati inawajibu wa;

- Kusimamia mizania na urari wa Benki kuhakikisha hali nzuri ya fedha na kuendelea kufuata taratibu zilizowekwa na wadhibiti, kupitia hali ya sasa na baadae ya ukwasi wa Benki na kusimamia njia mbadala za vyanzo vya fedha kuhakikisha ukwasi unaoridhisha kwa muda wote.
- Kupitia hali ya sasa na baadae ya kiwango cha mtaji wa Benki kujua mahitaji kulingana na matarajio ya ukuaji, ubora wa rasilimali, na kuhakikisha kuna mtaji wa kutosha wakati wote.
- Kupitia matokeo ya utendaji halisi kulinganisha na malengo yaliyowekwa, matazamio na bajeti na kutathmini sababu na athari zake.
- Kupima na kusimamia viashiria hatari katika uwekezaji wa Benki na kuhakikisha rasilimali bora inakuwepo kwa muda muafaka, uwekezaji tofauti wenye tija na kuangalia mida ambayo uwekezaji huo unakuwa umeiva kulingana na viwango vilivyowekwa na Bodi na miongozo na taratibu za Benki Kuu.

8.5.4 Kamati ya Mikopo

Kamati hukutana walau mara moja kwa wiki. Kamati ina majukumu yafuatayo;

- Kupitia na kumshauri Mkurugenzi Mtendaji, maombi ya mikopo yaliyo ndani ya kiwango chake cha kuruhusu na kupendekeza kwa Bodi mikopo iliyo nje ya kiwango hicho.
- Kusimamia na kutathmini mapitio ya mikopo isiyolipika na ripoti za urejeshaji mikopo na kutoa miongozo juu ya hatua muafaka zinazofaa kuchukuliwa kuendeleza mikopo yenye tija.

8.5.2 Management Committee

The Committee meets monthly and its main responsibility is to review and implement operational plans with its mandate to ensure timely identification of issues that might affect the achievement of targets for remedial action.

8.5.3 Asset Liability Management Committee

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;

- Managing the Balance Sheet of the Bank to ensure financial soundness and continuous compliance with regulatory requirements, review the current and prospective liquidity positions and monitor alternative funding sources to ensure sufficient liquidity is maintained at all times.
- Review the current and prospective capital levels (risk based) to determine sufficiency in relation to expected growth, asset quality and ensure adequate capital is maintained at all times.
- Review the actual performance against established targets/projections and budgets and analyze the reasons for any effect on spreads.
- Measuring and monitoring the investment risk of the Bank on an ongoing basis and ensure a quality portfolio of assets is maintained with an appropriate mix and maturity distribution controlled within the limits set by the Board and Bank of Tanzania regulations and guidelines.

8.5.4 Credit Committee

The Committee meets at least once per week. The Committee has following duties;

- Review, and recommend to the Managing Director, credit applications that are within the Managing Director's authorized limit and recommend to the Board those above the limit.
- To monitor and evaluate weekly turnaround and recovery reports and provide guidance on the actions to be taken to maintain quality of loan portfolio.

8.5.5 Kamati ya Hatari za Hasara

Kamati ya Hatari za Hasara inaangazia usimamizi wa hatari za hasara za Kundi katika ngazi ya uongozi wa Benki. Kamati hukutana mara moja kwa mwezi chini ya uenyekiti wa Mkurugenzi Mtendaji pamoja na wakuu wote wa idara.

Majukumu makuu ya kamati hii ni pamoja na kutekeleza mikakati na sera za Bodi juu ya usimamizi wa udhibiti na utambuzi wa viashiria vya hatari za hasara katika shughuli za kila siku za Benki, utekelezaji wa mifumo ya kupima, kusimamia na kudhibiti hatari sambamba na utoaji taarifa kwa Bodi na Kamati ya Usimamizi wa Hatari za Hasara kutokana na hofu ya kutokea viashiria vya hatari za hasara mbalimbali na kushauri namna bora inayofaa katika udhibiti.

8.5.6 Kamati ya Tenda

Kamati hukutana walau mara moja kwa wiki na inawajibika kuangalia masuala yote ya taratibu za manunuzi ya Benki kama ilivyopewa mamlaka na Mkurugenzi Mtendaji. Miongoni mwa majukumu muhimu ya kamati hii ni pamoja na utambuzi wa wazabuni wanaofaa, wakandarasi na washauri binafsi, kupitisha kwa utaratibu wa manunuzi unaofaa kutumika na kushauri iwapo kuna haja ya kutoka nje ya utaratibu uliowekwa endapo kumekuwepo na dharula au ulazima wa kufanya manunuzi kwa kupitishwa na Mkurugenzi Mtendaji.

8.6 Ujira wa Wakurugenzi

Ujira wa wakurugenzi wote hupitiwa upya kila mwaka kuhakikisha kuwa viwango vya malipo na fidia viko sawa. Hii ni baada ya kuangalia viwango halisi vya soko na taratibu za kimataifa. Wakurugenzi wasio watendaji wanalipwa ada kama ilivyopitishwa na Mkutano Mkuu wa Mwaka wa wanahisa.

Wakurugenzi hawastahili kulipwa malipo ya ustaafu na sehemu ya mpango wa Benki. Taarifa juu ya viwango vya ujumla vya malipo na ada kwa wakurugenzi yameainishwa katika kiambatanisho namba 42.

8.5.5 Risk Committee

The Management Risk Committee oversees the risk management practices of the Group at management level. The Committee meets monthly under the Chairmanship of the Managing Director with all Heads of Departments.

The main responsibilities of the Committee includes implementing strategies and policies of the Board on risk management practices, risk identification for the Group's day to day activities, 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 proposing mitigation strategies.

8.5.6 Tender Committee

The Committee meets at least once per week and 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, approval of the procurement method to be used and recommend deviation from the stipulated procurement method to be used in case of an emergency procurement for approval by the Managing Director.

8.6 Directors' Remuneration

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

The Directors are not eligible for pension scheme membership and do not participate in the Bank's remuneration scheme. Information on aggregate amounts of the emoluments and fees paid to directors are disclosed in note 42.

Ada zilizolipwa kwa Wakurugenzi wa Bodi kwa mwaka ni kama ifuatavyo;

Jina	2012 TZS' Milioni	2011 TZS' Milioni
Mwenyekiti	48	40
Wajumbe Wengine wa Bodi	276	208
Jumla ya malipo kwa Bodi	324	248

8.7 Mahusiano na Wadau

Benki imeendelea kuboresha mahusiano mazuri na wadau wake.

8.8 Fidia kwa Viongozi Wakuu wa Benki

Viongozi maalum wa Benki ni pamoja na Bodi ya Wakurugenzi, Mkurugenzi Mtendaji na wakuu wa vitengo wanaowajibika moja kwa moja kwa Mkurugenzi Mtendaji. Mishahara ya viongozi maalum katika kipindi cha mwaka ilifikia shilingi milioni 4,592 (2011: milioni 2,596) kati ya hizo shilingi milioni 324 zilihusika na ada za wakurugenzi (2011: milioni 248). Taarifa za jumla za malipo na ada za wakurugenzi imewekwa katika kiambatanisho namba 42.

8.9 Miamala kwa Makundi yenye Uhusiano

Makundi yanachukuliwa kuwa yana uhusiano ikiwa tu kundi moja linaweza kudhibiti jingine au kushawishi kundi jingine katika kufanya maamuzi ya kifedha au ya kiutendaji. Katika utendaji wa kawaida wa biashara, baadhi ya miamala ya Benki hufanywa na makundi yenye uhusiano kama vile wafanyakazi walio ndani ya menejimenti na makampuni yenye mahusiano na wakurugenzi.

Mikopo kwa makampuni yenye mahusiano na wakurugenzi yalifikia jumla ya shilingi milioni 68 (2011:128 milioni), wakati mikopo kwa wakurugenzi na wafanyakazi wengine waliondani ya menejimenti yalifikia jumla ya shilingi bilioni 3.86 (2011: bilioni 1.96). Ukubwa wa miamala ya makundi yenye mahusiano kwa mwaka na kiasi kilichopo hadi mwisho wa mwaka yameainishwa katika kiambatanisho na. 42 ya taarifa ya hesabu ya fedha.

Fees paid to Directors of the Board during the period are as follows:

Name	2012 TZS' Million	2011 TZS' Million
Chairman	48	40
All other Board Members	276	208
Total Directors Remuneration	324	248

8.7 Relationship with Stakeholders:

The Bank continued to maintain good relationship with all Stakeholders

8.8 Compensation of Key Management Personnel

Key management personnel comprise Board of Directors, Managing Director and head of units who are reporting directly to the Managing Director. The remuneration of key management personnel during the year was TZS 4,592 million (2011: TZS 2,596 million), out of which TZS 324 million was in relation to directors' fees (2011: 248 million). Information on aggregate amounts of emoluments and fees paid to Directors are disclosed in note number 42.

8.9 Related Party Transaction

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. subsidiaries, key management staff, Directors, their associates and companies associated with Directors.

Loans and advances to companies associated with Directors amounted to TZS 68 million (2011:128 million), while loans and advances to Directors and other key management personnel amounted to TZS 3.86 billion (2011:1.96 billion). The volumes of related party transactions for the year and the outstanding amounts at the year-end are in note 42 of the financial statements.

8.10 Uwekezaji katika Jamii

Katika mwaka 2012, Benki iliendeleza sera yake ya kuwekeza kwa jamii kama wajibu wa mwananchi kwa kutoa fedha katika uwekezaji kwa jamii ambapo zaidi ya shilingi milioni 300 zilitolewa kwenye miradi mbalimbali ya elimu, afya na maendeleo mengine ya jamii. Kati ya taasisi zilizofaidika na misaada kutoka Benki ya CRDB ni Chuo Kikuu cha Dar es Salaam na vyo vyake vishiriki (Mkwawa na DUCE) na vyama vya wanafunzi (DUMA, DUFA, DUEF etc) ambapo zote zilipokea zaidi ya shilingi milioni 70, Serikali za mitaa (Mbeya, Lindi, Bariadi, Iringa, Shinyanga na nyingine), Mifuko ya Elimu (TEA) na miradi mingine ya jamii pia ilinufaika.

Wengine ni pamoja na Chuo Kikuu cha Nyanda za juu Kusini kwa ajili ya ujenzi wa chuo pamoja na shilingi milioni 40 ambazo zilichangiwa kwenye ujenzi wa uwanja wa mpira wa Cibitoke, Magharibi mwa Bujumbura kama mchango wa Benki kwa serikali ya Burundi wakati wa ufunguzi rasmi wa kampuni tanzu ya Benki nchini Burundi.

8.11 Tabia Njema na Uadilifu wa Taasisi

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

9. UTENDAJI WA MWAKA

Katika mwaka 2012 Benki imepata faida halisi ya shilingi bilioni 80.5 (2011: TZS bilioni 37.7) hii ikiwa ni sawa na ongezeko la 114% kulinganisha na mwaka jana. Ukuaji huu umechangiwa na kuongezeka mapato kutoka mikopo, mapato ya ada na mapato ya ubadilishaji fedha za kigeni pamoja na kujikita katika kupunguza gharama za uzalishaji.

8.10 Corporate Social Responsibility

During year 2012, the Bank continued to implement its policy of giving back to the community as part of its responsible corporate citizenship by providing funds towards social investments. In the year more than TZS 300 Million was provided to various educational, health and other social development projects. Among institutions that benefited from CRDB Bank's CSI funds were University of Dar es Salaam (UDSM) and its constituent colleges (Mkwawa and DUCE) and its students organs (DUMA, DUFA and DUEF), local governments (Mbeya, Lindi, Bariadi, Iringa, Shinyanga and others), Tanzania Education Authority (TEA) and other community based programs.

Other beneficiaries included Southern Highlands University for university establishment as well as TZS 40 Million, which was contributed towards the construction of Cibitoke Stadium in Western Bujumbura as part of Bank's support to Burundi Government during the official opening of Burundi Subsidiary.

8.11 Ethical Behaviour and Organization Integrity

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

9. PERFORMANCE FOR THE YEAR

In 2012, the Group recorded a net profit of TZS 80.5 billion (2011: TZS 37.7 billion), representing an increase of about 114% from previous year. The increase in net profit is attributed to increase in revenue from lending, fee based income as well as foreign exchange income with focus on cost management strategy.

Mapato yatokanayo na riba yalikuwa shilingi bilioni 188 kwa mwaka uliopita hadi kufikia Shilingi bilioni 262 kwa mwaka huu; ambayo ni sawa na ongezeko la 39%. Ongezeko hili linachangiwa na ukuaji wa wastani wa mikopo iliyotolewa kwa mwaka na ongezeko la riba itokanayo na dhamana za serikali. Hadi kufikia 31 Desemba 2012, salio la mikopo ya wateja ilisimamia shilingi bilioni 1,807 (2011: shilingi bilioni 1,429).

Pato litokanalo na ada liliongezeka kufikia shilingi bilioni 63 kwa mwaka uliopita hadi kufikia shilingi bilioni 75 kwa mwaka huu, ambayo ni sawa na ongezeko la 19%. Ongezeko hilo limechangiwa na ukuaji wa jumla wa biashara ya Benki. Ukuaji wa jumla wa biashara umechangiwa na ongezeko la wateja wa Benki kutokana na kuongeza matawi mapya 6 yaliyofunguliwa mwaka 2012 pamoja na kiwango cha kazi kwa matawi yaliyokuwepo.

Mapato yatokanayo na ubadilishaji fedha za nje kwa mwaka huu yalifikia shilingi 23 bilioni (2011: Shilingi 1.5 bilioni). Soko la kubadili fedha kwa mwaka huu liligubikwa na udhibiti kufuatia uingiliaji kati wa Benki Kuu ya Tanzania (BOT) iliyoleta athari kwa ujazo na faida. Hata hivyo Benki iliweza kupata matokeo mazuri ya utendaji.

Kwa mwaka uliopita kulikuwa na hitilafu ya mfumo wa hazina uliopheleka kurekebisha mapato yaliyopatikana kufikia shilingi 1.5 bilioni. Hali hii isiyo ya kawaida ilirekebisha katika mwaka huo, na kupelekea mapato ya biashara ya fedha za kigeni kutengamaa.

Gharama zitokanazo na riba ziliongezeka kutoka shilingi bilioni 35 kwa mwaka wa nyuma hadi kufikia shilingi bilioni 55, ikiwa ni sawa na ongezeko la 59%. Ongezeko hili limechangiwa na kupungua kwa ukwasi katika soko uliosababishwa na hatua za udhibiti zilizochukuliwa na Benki Kuu kupunguza ukwasi. Hali hiyo ilipelekea kuongezeka kwa viwango vya riba.

Gharama za tengo la mikopo ilishuka kwa 15.4% kutoka shilingi bilioni 31.2 mwaka 2011 na kufikia shilingi 26.4 bilioni mwaka 2012. Gharama za uendeshaji ziliongezeka kwa 26% kutoka shilingi bilioni 135.9 mwaka 2011 hadi kufikia shilingi bilioni 170.6 mwaka 2012.

Ongezeko hasa lilikuwa ni katika ongezeko la ujira wa wafanyakazi na gharama zitokanazo na wafanyakazi kufikia

Interest income increased from TZS 188 billion in the prior year to TZS 262 billion in the current year, representing an increase of 39%. This increase is attributed to the increase in the average customer loan portfolio during the year and increased government securities' interest rates. As at 31 December 2012, the total customers' loan balance stood at TZS 1,807 billion (2011: TZS 1,429 billion).

Fee based income increased from TZS 63 billion in the prior year to TZS 75 billion in the current year, representing an increase of 19%. This increase is attributed to the general increase in volume of transactions in the current year. The increased volume of transactions is mainly due to the increased number of customers, attributed to the addition of 6 new branches by the Bank in 2012 as well as increased activity level in existing branches.

Foreign exchange income in the current year was TZS 23 billion (2011: TZS 1.5 billion). The foreign exchange market during the year has been highly restrictive following interventions from Bank of Tanzania (BOT), impacting both volume and spread. However the Bank was able to record better performance.

In the prior year there was a treasury system malfunction which necessitated income adjustment to TZS 1.5 billion. The anomaly was rectified during the year, leading to the foreign exchange income stabilisation.

Interest expense increased from TZS 35 billion in the prior year to TZS 55 billion, representing an increase of 59%. This increase is mainly due to tight liquidity in the market as a result of monetary stance taken by the Central Bank (BOT) to mop up liquidity. This situation resulted to significant increase in interest rates.

Loan impairment charges went down by 15.4% from TZS 31.2 billion in 2011 to TZS 26.4 billion in 2012. The operating cost increased by 26% from TZS 135.9 billion in 2011 to TZS 170.6 billion in 2012.

**Kwa kipindi Kilichoishia
31 Desemba 2012**

**For the period ended
31st December 2012**

29%, iliyochangiwa na ongezeko la jumla la idadi ya wafanyakazi na tengo la uchakavu na mgawanyo kwa 23% ikiwa ni matokeo ya kupanuka kwa biashara ikiwa ni pamoja na kampuni tanzu mpya na matawi mapya. Pato kwa kila hisa ilifikia Shilingi 37 (2011: Shilingi 17.32)

Ongezeko la uwekezaji katika dhamana za serikali kwa shilingi bilioni 34 hadi mwisho wa mwaka umechangiwa na kuongezeka kwa viwango bora vya riba ikilinganishwa na mwaka uliopita.

Kukua kwa jumla kwa biashara na idadi ya wateja ilipelekea ukuaji wa mikopo ya wateja hadi 26% na ukuaji wa amana za wateja kwa 8%.

Matokeo ya utendaji wa fedha kwa Kundi yamewekwa kwa muhtasari katika viashiria vya utendaji vilivyoainishwa katika kiambatanisho na. 10 ya taarifa ya wakurugenzi.

CRDB Microfinance Company Limited

Benki kupitia kampuni yake Tanzania inashughulika na taasisi washirika wa microfinance (MFI) chini ya mpango wa Microfinance, vingi vikiwa ni vyama vya msingi vya kuweka na kukopa (SACCOSS). Idadi ya washirika wa Mikrofinance ilipungua kwa 14% kutoka 490 mwaka 2011 hadi kufikia 422 tarehe 31 Desemba 2012 ambapo ni matokeo ya mpango wa kuvipunguza na kubaki na vile imara na endelevu.

Hadi kufikia 31 Desemba 2012 jumla ya mikopo iliyotolewa kwa taasisi hizi ilikuwa shilingi 193 bilioni kutoka shilingi 143 bilioni kwa mwaka 2011. Mikopo hiyo imewekwa katika makundi matatu ya washirika wa MFI ambavyo ni mikopo kwa wafanyakazi 48% (2011:52%), fungu la mikopo kwa vikundi vya wakulima 45% (2011: 35%) na mikopo kwa vikundi vya wafanyabiashara 7% (2011: 13%). Jumla ya amana zao katika Benki hadi mwisho wa mwaka ilikuwa shilingi bilioni 28.4 kutoka shilingi bilioni 28 mwaka 2011.

CRDB Bank Burundi S.A

Benki ya CRDB ilifungua kampuni tanzu yake Bujumbura, mji mkuu wa Burundi. CRDB Burundi SA. ilizinduliwa rasmi Tarehe 7 Desemba 2012 baada ya kuanza kutoa huduma tarehe 2 Novemba 2012.

The significant increment was mainly from increased staff remuneration and other staff costs by 29%, which is attributed to general increased head count and increased depreciation and amortisation by 23% as a result of business expansion including new subsidiary and new branches. Earnings per share amounted to TZS 37 (2011: TZS 17.32).

Increased investments in Government securities by TZS 34 billion as at year end, is attributable to the more favourable rates as compared to the prior year.

General increase in business and customer base resulted to the growth in customer loans by 26% and a growth of 8% in customer deposits.

The financial performance of the Group is summarised in key performance indicators outlined in note 10 of the directors' report

CRDB Microfinance Service Company Limited

The Bank through its subsidiary deals with partnering Microfinance institutions (MFIs) under Microfinance programme, mostly savings and credit cooperative societies (SACCOS). The number of partner MFIs decreased by 14% from 490 in 2011 to 422 as at 31 December 2012 as a result of the consolidation strategy to achieve the sustainable and stable MFIs partnership. As at 31 December 2012, total loans extended by the Bank to these institutions stood at TZS 193 billion from 147 billion in 2011. The loan portfolio is built around three categories of MFI's namely; employee-based 48% (2011: 52%); agricultural based 45% (2011: 35%) and trade based MFI's 7% (2011: 13%). Their total deposits with the Bank at year end were TZS 28.4 billion from 28 billion in 2011.

CRDB Bank Burundi S.A.

The Bank opened a new subsidiary in Bujumbura, capital city of Burundi. CRDB Bank Burundi S.A was officially launched on 7 December, 2012 after the soft opening on 2 November 2012.

10. KIPIMO CHA UTENDAJI (KPIs)

10. KEY PERFORMANCE INDICATORS (KPIs)

Key Performance Indicator	Definition and Formula	CRDB Bank Ratios	
		2012	2011
Return on Equity	(Net profit/Total equity)*100%	25%	15%
Return on Assets	(Profit Before Tax/Total assets) *100%	4%	2%
Operating expenses to Operating Income	(Operating expense/Net interest income + Non Interest income) *100%	56%	62%
Earnings per share	Profit attributable to equity share holders/ Number of ordinary shares in issue	37.01	17.32
Gross loans to customer deposits	(Gross loans to customers/Total deposits from customers) *100%	71%	61%
Non-performing loans to total loans **	(Non-performing loans/Gross loans and advances) *100%	7%	9%
Growth in total assets	(Trend(Current year total assets-Previous year total asset)/Previous year total asset)*100%	13%	18%
Growth in customer deposits	(Trend(Current year deposits-Previous year deposits) /Previous year deposits)*100%	8%	19%
Tier 1 Capital ratio	(Core capital/Risk weighted assets including off balance sheet items)*100%	16%	14%
Total Capital Ratio	(Total capital/Risk weighted assets including off balance sheet items) *100%	16%	15%

** Mikopo isiyolipika ni pamoja na ile inayodhaminiwa na serikali inayofikia shilingi bilioni 19.92 (2011:Shilingi bilioni 21.3)

** Non performing loans include Government guaranteed loans which amount to TZS (19.92 billion (2011: TZS 21.3 billion).

11. GAWIO

Bodi inapendekeza gawio la shilingi 12 kwa hisa katika mwaka huu. Jumla ya gawio kwa wanahisa ni shilingi bilioni 26.1, ambazo ni sawa na 33% ya faida halisi ya Benki na ongezeko la 33% kutoka mwaka 2011.

11. DIVIDENDS

The Board recommends a dividend of TZS 12 per share in respect of the current year. Total amount of dividend recommended is TZS 26.1 billion, which is 33% of the net profit, an increase of 33% from 2011.

12. MTIRIRIKO WA FEDHA

Katika mwaka 2012, uwekezaji wa Benki kwenye dhamana za serikali uliongezeka kwa kiasi cha Shilingi bilioni 34 (2011:Shilingi bilioni 17) na mikopo kwa wateja kufikia shilingi bilioni 377 (2011:Shilingi bilioni 306). Kwa upande mwingine amana za wateja ziliongezeka na kuwa shilingi bilioni 182. (2011: Shilingi bilioni 389). Shughuli hizo za uwekezaji na amana za wateja ni miongoni

12. CASH FLOWS

In 2012, the Bank's investment in government securities increased by TZS 34 billion (2011: TZS 17 billion) and lending to customers increased by TZS 377 billion (2011: TZS 306 billion). On the other hand, deposits from customers increased by TZS 182 billion (2011: TZS 389 billion). The above investment activities and customer deposits are the major factors explaining the Bank's movement in net cash

mwa sababu zinazopelekea kubadilika kwa mtiririko wa fedha halisi katika shughuli zake. Kutoka jumla ya uwekezaji wa amana, 51% zinatarajiwa kuiva mwaka 2013. Benki imeendelea kuwa na nafasi nzuri katika ukwasi wa fedha ili kusaidia kumudu mahitaji ya kifedha yanayotarajiwa katika kipindi cha robo ya kwanza ya mwaka 2013 ambayo ni Shilingi bilioni 8, robo ya pili ya mwaka shilingi bilioni 3.9, robo ya tatu ya mwaka shilingi bilioni 3 na robo ya nne ya mwaka shilingi bilioni 2. Katika jumla ya fedha taslim zilizotengenezwa kutokana na shughuli zake, shilingi bilioni 25 ilitumika katika uwekezaji wa vitu vya uzalishaji na shilingi bilioni 19.1 ilitumika kulipa gawio.

13. HALI YA FEDHA

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

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

14. HALI YA FEDHA (SOLVENCY)

Hali ya masuala yahasuyo Kampuni na Benki kama ilivyokuwa mnamo 31 Desemba 2012 yameainishwa vizuri katika ukurasa 74 na 76 katika Taarifa ya fedha ya Mwaka. Wakurugenzi wanatambua kuwa Kampuni na Benki zipo katika hali nzuri ya kifedha kama tafsiri Sheria ya Makampuni ya mwaka 2002.

flow generated from operations. From total investments in securities, 51% is expected to mature in 2013. The Bank continues to maintain sound liquidity position to enable it to meet its cash flow commitments with those falling due in the first quarter amounting to TZS 8 billion, second quarter amounting to TZS 3.9 billion, third quarter amounting to TZS 3 billion and fourth quarter amounting to TZS 2 billion. Of the cash generated from operations, TZS 25 billion was utilised in investment in capital items and TZS 19.1 billion was utilised to pay dividends.

13 LIQUIDITY

The Bank places strong emphasis on managing liquidity risk and daily cash flow management handled by Treasury Department to ensure the Bank holds sufficient liquid assets to enable it to continue with its normal operations under “business as usual” market conditions. Asset Liability Committee (ALCO) controls the Bank’s exposure to liquidity risk by ensuring that limits are set based on 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. The Bank’s main sources of liquidity are customers’ deposit, shareholders’ funds and occasionally interbank borrowings as part of its normal market operations.

14 SOLVENCY

The state of affairs of the Group and the Bank as at 31st December 2012 are set out on pages 74 and 76 of the financial statements respectively. The Directors consider the Group and Bank to be solvent within the meaning ascribed by the Companies Act, 2002.

15 FUTURE DEVELOPMENT PLANS

Following the successful implementation of the 2008-2012 Business strategy which came to an end

15. MIPANGO YA MAENDELEO YA BAADAE

Kufuatia mafanikio yaliyopatikana katika utekelezaji wa mpango mkakati wa biashara wa mwaka 2008 – 2012 ambao umeishia mwisho wa mwaka 2012, Benki imetengeneza mkakati mwingine wa miaka mitano kuanzia mwaka 2013 hadi 2017. Katika Mkakati wa 2008-2012, Benki ilitazamia zaidi biashara ya wateja wa rejareja kwa kutoa bidhaa bora na kukuza mtandao na kuboresha huduma za kielektroniki na taasisi za microfinance. Maboresho yamefanywa katika mfumo wa Benki ili kuleta tija na ufanisi kazini. Matawi mapya yalifunguliwa na huduma za benki kwa kutumia simu za mikononi (SimBanking) ziliboreshwa na pia ushirikiano na makampuni ya simu ulifikwa.

Katika mkakati huu mpya, mwelekeo utakuwa katika kutanua mitandao ya kutolea huduma, kupitia njia za kawaida na kielektroniki ili kutoa huduma rahisi kwa wateja wetu. Maeneo mengine yatakayoangaziwa ni pamoja na mkakati wa usimamizi wa gharama za uendeshaji, uboreshaji nguvu kazi, kuongeza ufanisi wa matumizi ya mfumo wa teknolojia ya habari na mawasiliano (ICT) na upanuzi wa huduma zetu ziweze kufikiwa na wengi kupitia kampuni tanzu zilizopo na zijazo ndani na nje ya nchi. Marekebisho ya mikopo iliyolega yalizaa matunda kama ambavyo inavyoonekana katika kupungua kwa mikopo mibovu.

Chini ya mpango mpya, Benki itajikita katika huduma kwa wateja rejareja kwa kutoa bidhaa na huduma zenye ubora kupitia upanuzi wa mtandao, teknolojia ya kisasa ya kutoa huduma za Benki na mtandao wa huduma kwa wateja wenye shughuli ndogo ndogo. Benki pia itaendelea kutoa huduma zinazoendana na mahitaji ya wateja kwa wateja wakubwa na wale wa makampuni na pia kuchukua hatua kuboresha mfumo wa udhibiti wa hatari za hasara. Changamoto iliyo mbeleni ni kujenga uwezo na miundombinu ya ufikishaji wa huduma kwa wateja wa kipato cha chini ambao ndio wataangaziwa katika mpango kazi wa mwaka 2013.

in 2012, the Bank has drawn up another five year plan covering 2013 - 2017. In the 2008 - 2012 plan, the Bank focused on retail banking by offering quality products and services through network expansion and enhanced electronic banking channels and microfinance network. Improvements have been made in the Bank's system platform to increase efficiency and operational excellence. A number of new branches were opened and SimBanking was enhanced as well as partnerships with mobile phone operators established.

In the new strategy, focus will mainly be on expanding delivery channels through both traditional and electronic channels to provide convenient service to our customers. Other areas of focus are cost management strategy, harnessing productive workforce, optimisation of ICT investment and expanding the outreach through existing and new subsidiaries both locally and regionally. Turnaround of loan portfolio has been fruitful as evidenced by decreasing trend of provision for loans. Under the new plan, the Bank will continue to focus on retail banking by offering quality products and services through network expansion, enhanced electronic banking channels and deploying microfinance network. The Bank will also continue to offer customized banking services to corporate and institutional customers as well as take measures to improve risk management framework. The challenge ahead is on building capacity and infrastructure for provision of services to customers at the bottom of the pyramid which has been given priority in the 2013 Activity Plan.

16 CRITICAL ACCOUNTING POLICIES

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 Companies Act 2002 to select suitable accounting policies and to

16. SERA MUHIMU ZA KIHASIBU

Matokeo ya Kundi yanaweza athirika na sera za kijasibu, makisio na makadirio katika kuandaa majumuisho ya Taarifa za Fedha. Wakati wa kuandaa Taarifa za Fedha ni Wajibu wa Wakurugenzi chini ya Sheria ya Makampuni ya Mwaka 2002 kuchagua sera za kijasibu zinazofaa na kufanya maamuzi na makadirio ambayo ni ya busara. Sera za kijasibu ni muhimu kwa matokeo na taarifa za kifedha, sera pia inatumia kiwango cha ufikiri wakati wa kufanya makisio na makadirio; hayo yameelezwa ndani ya muhtasari namba 2 wa Taarifa za Fedha.

Tengo kwa ajili ya Mikopo Mibovu

Tengo kwa ajili ya mikopo mibovu inawakilisha makadirio ya hasara itokanayo na mikopo ambayo huandaliwa na menejimenti kwa kila mwisho wa kipindi cha utoaji taarifa. Tengo kwa mikopo mibovu kwa mwaka lilikuwa Shilingi bilioni 32.3, ni sawa na 1.8% (2011: Shilingi 45.6 bilioni; 3.1%) ya jumla ya mikopo yote ambayo ni sawa na shilingi 1,839 bilioni (2011: shilingi bilioni 1,475)

Kodi ya Rasilimali Ambayo Haijalipwa

Utambuzi wa kodi ya rasilimali ambayo haijalipwa kunazingatia tathmini ya uwezekano na utimilifu wa kupatikana kwa faida itakayokatwa kodi siku za usoni, kurejeshwa kwa tofauti ya kodi siku za usoni na kuendelea kwa mpango mkakati wa kodi. Kiasi cha dhima ya Kodi kwa mujibu wa Taarifa ya fedha ya kampuni ya mwaka 2012 ilifika TZS 3,815 milioni (2011: Dhima ya shilingi milioni 252).

Maamuzi kuhusiana na makadirio ya kodi itakayolipwa, yamezingatia athari chanya na hasi za ushahidi wa kihistoria wa utendaji kifedha, makisio ya pato litakalo katwa kodi baadaye na marejesho ya kodi yatakayofanyika siku za baadaye.

Tengo la Dhima za Kisheria

Kundi limetenga dhima kwa ajili ya majukumu ya kimkataba. Akiba ya dhima, mwishoni mwa mwaka kwa ajili ya mambo ya kisheria yalifikia TZS 1,227 milioni (2011: TZS 352 milioni). Ushauri wa Kitaalamu unatumika katika kutenga tengi la dhima ya mambo ya kisheria.

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 Note 2 to the Financial Statements.

Impairment of Loans and Advances

Loan impairment allowances represent Management's best estimate of losses incurred on the loan portfolios at the end of the reporting period. Impairment allowances for the year were TZS 32.3 billion, representing 1.8% (2011: TZS 45.6 billion; 3.1%) of the gross loans and advances which stood at TZS 1,839 billion (2011: TZS 1,475 billion).

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 on-going tax planning and strategies. The deferred tax asset recognized on the Group's statement of financial position in year 2012 amounted to TZS 3,815 million (2011: Liability of TZS 252 million).

The judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, and future reversals of existing taxable temporary differences.

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 1,227 million (2011: TZS 352 million). Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of

Kutenga Dhima kwa ajili ya michakato ya kisheria kunahitaji umakini katika maamuzi, kuliko katika maeneo mengine. Wakati masuala ya kesi yapo katika hatua za awali kimchakato, maamuzi ya kihisibu kuhusu kiwango cha tengo la dhima yanakuwa magumu, kutokana na kiwango cha juu cha sintofahamu katika kutathmini kama majukumu ya sasa ya Benki ni matokeo ya athari za matukio yaliyopita kukadiriya uwezekano wa fedha zitakazotokana na pia kukadiriya uwezekano wa kiasi cha fedha kitakachotolewa.

Kwa kadri mambo yanavyozidi kusonga mbele katika hatua mbalimbali, Menejimenti ya Benki pamoja na washauri wa kisheria hufanya tathmini katika msingi endelevu ili kutambua kama tengo la dhima litambuliwe na kiasi kinachokadiriwa cha dhima tengwa na kurejea maamuzi ya awali na makadirio kama itakavyoonekana inafaa.

17. MUUNDO WA MTAJI

Muundo wa mtaji wa Benki uliopitiwa kwa mwaka ni kama ifuatavyo;

Zilizopitishwa

Hisa za kawaida 4,000,000,000, Shilingi 25 kwa kila moja.

Zilizotolewa na kulipiwa zote

Hisa za kawaida 2,176,532,160 za shilingi 25 kwa kila moja

18. WANAHISA WA BENKI

Katiba ya Benki ya CRDB inatambua makundi matatu ya wanahisa ambayo ni, wanahisa wenye hisa 10% au zaidi ya hisa zote zilizolipiwa, wanahisa wenye hisa kati ya 1% hadi chini ya 10% ya hisa zote zilizolipiwa na wanahisa wenye hisa chini ya 1%. Hadi kufika mwisho wa mwaka, hisa kwa makundi haya zilikuwa kama ifuatavyo.

Kundi la wanahisa/Shareholding group	2012 Idadi ya hisa No. of shares	%	2011 Idadi ya hisa/ No. of shares	%
10% au zaidi/and more	685,183,680	31.5	685,183,680	31.5
Kati ya 1% mpaka 10%/1% to less than 10%	411,283,530	18.9	388,442,165	17.8
Pungufu ya 1%/Less than 1%	1,080,064,950	49.6	1,102,906,315	50.7
Jumla/Total	2,176,532,160	100.0	2,176,532,160	100.0

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 development, 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.

17. CAPITAL STRUCTURE

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

Authorized

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

Issued and fully paid

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

18. 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 less than 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:

**Kwa kipindi Kilichoishia
31 Desemba 2012**

**For the period ended
31st December 2012**

Wanahisa 1% au zaidi hadi kufikia tarehe 31 Desemba 2012 wameorodheshwa hapa chini:

Shareholders holding 1% or more as at 31 December 2012 are listed here under:

Wanahisa/Shareholders	2012		2011	
	Idadi ya Hisa/No. of shares	%	Idadi ya Hisa/No. of shares	%
DANIDA Investment Fund	467,781,934	21.5	467,781,934	21.5
Parastatal Pension Fund	217,401,746	10.0	217,401,746	10.0
Public Services Pension Fund	71,531,350	3.3	71,531,350	3.3
Local Authority Pension Fund	44,372,958	2.0	44,372,958	2.0
Blakeney General Partners III Ltd	54,405,578	2.5	50,905,578	2.3
Western Zone Tobacco Co-operative Union (WETCO)	36,000,000	1.7	36,000,000	1.7
Standard Chartered Bank Mauritius - Atree Custody Services	37,183,900	1.7	36,937,300	1.7
Hans Aingaya Macha	28,082,800	1.3	28,082,800	1.3
CMG Investment Limited	34,588,554	1.6	28,879,689	1.3
Epack Investment Fund	24,790,240	1.1	24,790,240	1.1
Lindi Development Corporation	21,660,000	1.0	21,660,000	1.0
Pictet & CIE A/C General Partners IV Ltd.	35,282,392	1.6	24,582,392	1.1
SCB Ghana A/C Mega Africa Capital Ltd.	23,385,758	1.1	20,699,858	1.0
Jumla/Total	1,096,467,210	50.4	1,073,625,845	49.3

Jumla kuu ya wanahisa mpaka mwishoni mwa mwaka walikuwa 29,466 (2011 wanahisa 28,991) ambao ni pamoja na wajumbe 9 wa Bodi ni kama ifuatavyo;

The total number of shareholders as at year end was 29,466 (2011: 28,991 shareholders), which included 9 Members of the Board as follows;

Jina/Name	Wadhifa/Title	Idadi ya Hisa/Number of shares
Martin J. Mmari	Mwenyekiti/Chairman	1,128,900
Juma A. Abdulrahman	Mjumbe/Member	284,830
Selina A. Mkony	Mjumbe/Member	2,250
Bede P. Lyimo	Mjumbe/Member	372,892
Boniface C. Muhegi	Mjumbe/Member	1,867,794
Ally H. Laay	Mjumbe/Member	200,945
Joyce N. Nyanza	Mjumbe/Member	405,025
Frederick T. Sumaye	Mjumbe/Member	6,206,980
Charles S. Kimei	Mkurugenzi Mtendaji/Managing Director	993,122

19. TAARIFA YA SOKO LA HISA

Benki imeorodheshwa kwenye Soko la Hisa la Dar es Salaam. Bei ya hisa hadi kufikia tarehe 31 Desemba 2011 ilikuwa shilingi 150.00 (2011: shilingi 172.50). Thamani ya mtaji sokoni hadi kufikia tarehe 31 Desemba 2012 ilikuwa shilingi 326.48 bilioni (2011: Shilingi 375.45).

20. MAENEO MAKUU YA HATARI NA YASIYO HAKIKA

Benki inaweza kukabiliana na hali hatarishi na sintofahamu kadhaa kutokana na aina ya biashara yake:

19. STOCK EXCHANGE INFORMATION

The Bank is listed on the Dar es Salaam Stock Exchange. The share price as at 31st December 2012 was TZS 150.00 (2011: TZS 172.50). Market capitalization as at 31 December 2012 was TZS 326.48 billion (2011: TZS 375.45 billion).

20. PRINCIPAL RISKS AND UNCERTAINTIES

The Bank may be exposed to the following principal risks and uncertainties according to the nature of its business:

Hatari za Hasara za Kifedha

Hatari za kifedha ni pamoja na mikopo, ukwasi na hatari za soko. Sera za udhibiti wa hatari za hasara zinaundwa na Bodi na kutekelezwa na mejimenti. Sera hizi zinalenga kutambua, kuhakiki na kukabiliana na hatari hizi. Viashiria vya hatari za hasara zinazoikumba Benki zimeelezwa zaidi katika kiambatanisho na. 3 katika taarifa ya fedha ya mwaka.

Hatari za Hasara katika Utendaji

Benki inaweza kufikwa na hatari za hasara ambayo inaweza kuibuka kufuatia kushindwa kwa mifumo ya kiutendaji ya ndani, watu, mifumo au matukio ya nje. Hata hivyo Benki inayo mifumo na sera ya uhakika ya kudhibiti hatari za hasara zinazozuia uwezekano wa kutokea hatari hizo.

21. UDHIBITI WA HATARI ZA HASARA NA MIFUMO YA NDANI

Bodi inaridhia kuwa ina jukumu la mwisho la kukabiliana na hatari za hasara na mifumo ya ndani ya udhibiti. Ni jukumu la menejimenti kuhakikisha kuwa njia za udhibiti wa ndani zinatengenezwa na kuhakikisha zinaendelea kutumika ili kuleta uhakika juu ya;

- Utendaji bora
- Usalama wa rasilimali za Benki
- Kufuata sheria na taratibu zilizopo
- Muendeleo wa biashara

Utawala bora unategemea uwepo wa mifumo ya uhakika ya utawala bora ambayo inaenda sambamba na viwango vya kimataifa. Ili kuhakikisha udhibiti unakuwa wa uhakika, Benki inakitengo cha kusimamia masuala ya hatari za hasara na ufuataji taratibu ambacho kinaratibu na kutazama utekelezaji wa usimamizi wa viashiria vya hatari za hasara kwa Benki.

Zaidi, Bodi kupitia Kamati ya Udhibiti wa Hatari za Hasara na Ukaguzi wa Hesabu ilipitia mfumo wa udhibiti wa ndani katika kipindi cha mwisho wa mwaka wa fedha unaoishia tarehe 31 Desemba 2012. Ni mawazo ya Kamati kuwa mifumo hii inatosheleza katika kukabiliana kuzuia hatari za hasara zinazowez kukumba utendaji wa Benki.

Financial Risks

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

Operational Risks

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

21. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

Good governance is dependent on adequate and effective Governance Framework which is in line with the best international practices. In order to ensure the 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 Bank.

In addition, the Board through its Risk Management and Audit Committee evaluated the internal control systems during the financial year ended 31 December, 2012. It is of the opinion that they adequately and efficiently mitigate risks inherent in the Bank's operations.

22. RASILIMALI WATU

Benki ina wafanyakazi wenye ujuzi na uzoefu ambao ndiyo rasilimali kuu katika utekelezaji wa malengo yake. Benki inaendelea kuhamasisha mawasiliano ya uwazi na ukweli katika ufanyaji wa maamuzi. Wafanyakazi wanashirikishwa mara kwa mara kuhusu mambo ya ajira na fedha na uchumi yanayoathiri utendaji wa Benki.

23. USTAWI WA WAFANYAKAZI

23.1 Mahusiano ya Mwajiri na Wafanyakazi

Kumekuwepo na mahusiano mazuri kati ya wafanyakazi na menejimenti kwa mwaka 2012

23.2 Mafunzo kwa Wafanyakazi

Katika kipindi cha mwaka, Kundi ilitumia zaidi ya shilingi bilioni 4.30 kwa mafunzo kwa wafanyakazi ili kuboresha ujuzi wa kazi na utendaji. Kwa mwaka 2012, Kundi lilianzisha huduma ya mafunzo kwa njia ya kielektroniki ambayo inampa fursa mfanyakazi kupata cheti cha ujuzi katika nyanja mbalimbali kwa njia ya mtandao. Kundi pia limewezesha kuwepo kwa elimu masafa na kutoa kozi mbalimbali za cheti na diploma ambazo zinaweza kufikiwa na mfanyakazi awapo popote pale nchini.

23.3 Msaada wa Matibabu

Kwa mwaka 2012, Kundi lilianzisha mpango wa huduma za ushauri wa afya kwa wafanyakazi ambao unasaidia wafanyakazi wake kukabiliana na uwiano wa kazi/maisha ili kuongeza morali ya kazi na kuongeza tija.

23.4 Afya na Usalama

Kundi linachukua hatua muafaka kulinda afya, usalama na hali bora ya wafanyakazi. Mazingira salama ya kufanyia kazi yanahakikishiwa kwa wafanyakazi wote kwa kupewa vifaa vya kinga, mafunzo ya usalama sehemu za kazi na usimamizi kadiri inavyowezekana.

23.5 Uwezeshwaji wa Kifedha kwa Wafanyakazi

Mikopo hutolewa kwa wafanyakazi wote waliohibitishiwa ajira zao kutegemea na mchanganuo wa maombi ya mkopo na maamuzi ya

22. HUMAN RESOURCE

The Bank has skilled and experienced employees who are considered as key resources in pursuing its business objectives. The Bank continues to encourage open and honest communication in decision making. Employment issues and financial and economic factors affecting the Bank's performance are regularly shared with the employees.

23 EMPLOYEES' WELFARE

23.1 Management and Employees Relationship

There was continued good relation between employees and management for the year 2012.

23.2 Training Facilities

During the year, the Group spent TZS 4.09 billion (2011- TZS 4.30 billion) on staff training in order to improve employees' technical skills and performance. In year 2012, the Group introduced an E – Learning facility which enables employees to pursue certification in different professional skills online. The Group also continues with distance learning programme on banking certificate and diploma courses that can be easily accessible by all staff countrywide.

23.3 Medical Assistance

In year 2012 the Group introduced an Employee Wellness Programme (EWP) that would support its workforce in managing the work/life balance and hence increase work morale and raise productivity.

23.4 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 ensured for all employees by providing adequate and proper personal protective equipment, training and supervision as necessary.

23.5 Financial Assistance to Staff

Loans are available to all confirmed employees depending on the assessment and the discretion of

menejimenti kulingana na mahitaji ilimradi tu iendane na sera ya mikopo na rasilimali watu.

23.6 Watu Wenye Ulemavu

Ni sera ya Kundi kutoa ajira kwa watu wenye ulemavu pindi inapofaa. Kwa sasa Benki ina wafanyakazi wanne wenye ulemavu.

23.7 Mpango wa Hali Bora kwa Wafanyakazi

Kundi linachangia michango muhimu kwa wafanyakazi wake kwa ajili ya mafao ya kustaafu katika mifuko ya pensheni kama inavyohitajika kisheria. Pia Kundi limekuwa ikitekeleza mpango wa kuwanufaisha wafanyakazi kupitia kwa kupitia mfuko wa mafao ujulikanao kama 'CRDB Bank Group Endowment Scheme'. Mfuko huu umekuwa ukichangiwa na Kundi ambapo wafanyakazi wamekuwa hawahitajiki kuchangia mfuko huo.

Hata hivyo katika Mkutano wa Bodi uliofanywa tarehe 26 Novemba 2012 ulipitisha azimio kusitisha wajibu wake wa kuchangia katika mfuko huu kwa wafanyakazi wake. Benki ilitumia haki yake kisheria ya kifungu 14 ya mfuko wa udhamini kwa kuandika barua kwa wadhamini wa mfuko huu kusitisha uchangiaji wa mfuko kuanzia tarehe 31 Mei 2012. Wadhamini wa mfuko walikutana tarehe 4 Novemba 2012 na kupitisha usitishaji wa mfuko.

Kundi ilimpa kandarasi mthamini wa mifuko ya mafao kujua dhima iliyonayo kwa mfuko tarehe 31 Mei 2012 na kulipa dhima inayowajibika kulipa kabla ya mwisho wa mwaka. Kwa maelezo zaidi pitia kiambatanisho na. 12 na 36. Malipo ya wajibu kwa wafanyakazi yatokanayo na mfuko huo yatalipwa kulipwa mwezi Januari 2013.

23.8 Wafanyakazi

Wastani wa idadi ya wafanyakazi katika mwaka huu ni 1,898 (2011: Wafanyakazi 1,658). Ukuaji wa idadi ya wafanyakazi kwa mwaka ni asilimia 14%. Hii ni sambamba na ukuaji wa biashara.

24. USAWA WA JINSIA

Kati ya waajiriwa wote wa Benki hadi kufikia 31 Desemba 2012, wafanyakazi wa jinsia ya kiume

Management as to the need and circumstances, as long as it is in line with Human Resources and Credit Policies.

23.6 Persons with Disabilities

It is the Group's policy to provide employment to disabled persons wherever practicable. At present there are four members of staff with disabilities.

23.7 Employees' Benefit Plan

The Group pays mandatory contributions to a publicly administered pension scheme which qualifies to be a defined contribution plan. The Group also operated a defined benefit plan for employees through a scheme known as CRDB Bank Group Endowment Scheme. The Scheme was funded by contributions from the Group and employees did not contribute to the Scheme.

However the Board meeting held on 26 November 2012 passed a resolution to terminate its liability to contribute to the Scheme for benefits accruing in respect of all its employees. The Bank exercised this right under section 14 of the Trust Deed of the Scheme by issuing a notice in writing to the Trustees to terminate its liability to the Scheme with effect from 31 May 2012. Accordingly, the Trustees of the Scheme met on 4 November 2012 and approved the winding up of the Scheme.

The Group engaged the services of an actuary to determine the liability of the Scheme as at 31 May 2012 and paid its outstanding liability to the Scheme before year end. For details refer to note 12 and 36. The employee liabilities are to be settled in January 2013.

23.8 Staffing

The average number of employees during the year was 1,898 employees (2011: 1,658 employees). The annual growth in staffing was 14%, in line with the business growth.

24. GENDER PARITY

Out of the total number of staff in the Group as at 31 December 2012, 1,083 were male and 815 female

**Kwa kipindi Kilichoishia
31 Desemba 2012**

**For the period ended
31st December 2012**

walikuwa 1,083 na wafanyakazi wa jinsia ya kike 815 (2011:986 wanaume na 672 wanawake). Benki ni muajiri anayetoa fursa sawa kwa jinsia zote. Inatoa nafasi na fursa sawa za ajira na kuhakikisha kuwa wafanyakazi mahali walipo wanajaza nafasi zinazojitokeza za ajira bila upendeleo au ubaguzi wa aina yoyote na bila kujali vigezo kama vile jinsia, ndoa, kabila, dini na ulemavu usioathiri utendaji wa kazi.

25. MISAADA KWA WANASIASA NA VIKUNDI VYA KIJAMII

Benki haikutoa msaada wowote katika nyanja ya kisiasa katika mwaka. Jumla ya misaada ya kijamii iliyotolewa ilifikia Shilingi milioni 92 (2011: Shilingi milioni 149)

26. PROGRAMU YA KUTUNZA MAZINGIRA

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

Katika kuunga mkono jitihada ya kuhifadhi na utunzaji wa mazingira Benki inakazia kutimiza mahitaji ya kisheria ya kufanya upembuzi wa athari za mazingira kwa kila mradi inayounga mkono.

27. WAKAGUZI WA HESABU

Wakaguzi wa Hesabu, Price WaterHouseCoopers, walichaguliwa katika Mkutano Mkuu wa Wanahisa uliofanyika tarehe 23 Juni 2012. Wameonesha utayari wao kuendelea kuitumikia Benki na wako tayari kwa uteuzi mwingine. Azimio la kuwateua kwa ajili ya kutumika mwaka unaofuatia litawekwa katika dondoo za Mkutano Mkuu wa Mwaka.

KWA IDHINI YA BODI



Martin J. Mmari
Mwenyekiti

22-03-2013

Tarehe



Martin J. Mmari
Chairman

22-03-2013

Date

25. POLITICAL AND CHARITABLE DONATIONS

The Bank did not make any political donations during the year. Charitable donations made amounted to TZS 92 million (2011: TZS 149 million).

26 ENVIRONMENTAL CONTROL PROGRAMME

The Bank 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 Bank insists on compliance with statutory environmental impact assessment requirements for projects it supports.

27 AUDITORS

The auditors, PricewaterhouseCoopers, were appointed at the Annual General Meeting held on 23 June 2012. They 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.

BY ORDER OF THE BOARD



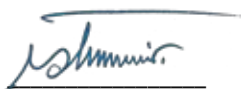
Kawaida Mpya
Kuingia kwenye masoko mapya

New Normal
Venturing into new markets

Sheria ya Makampuni, Namba 12 ya mwaka 2002 inawahitaji Wakurugenzi kuandaa Taarifa ya Fedha ya Mwaka inayotoa ukweli na sura halisi ya mambo ya Kundi na Benki kwa kipindi cha mwaka wa fedha kuhusu faida na hasara. Pia inahitaji wakurugenzi kuhakikisha kwamba Kundi na Benki inatunza kumbukumbu za hesabu vizuri inazotoa uwazi, kwa umakini, hali ya fedha ya Kundi na Benki. Wakurugenzi pia wanawajibika kutunza rasilimali za Kundi na Benki.

Wakurugenzi wanakubali jukumu la kuandaa taarifa za fedha za mwaka ambazo zimeandaliwa kwa kutumia sera sahihi za kiuhasibu sambamba na maamuzi na makadirio yaliyofanywa kwa kuzingatia uhalisia, yakiendana na viwango vya uwasilishaji hesabu za fedha za kimataifa na Sheria za Makampuni, Kifungu namba 12 ya mwaka 2002. Wakurugenzi wanaona kuwa taarifa za fedha za mwaka zinatoa sura ya ukweli na mtazamo halisi wa sura ya fedha ya Benki na faida yake. Wakurugenzi wanakubali jukumu la kuendelea kutunza kumbukumbu za hesabu ambazo zinaweza kutumika katika uandaji taarifa za hesabu za fedha pamoja na mifumo ya udhibiti wa ndani wa fedha.

Hakuna kilichojitokeza kuwajulisha wakurugenzi kuonyesha Benki haitabakia tofauti na hali yake ya kawaida kwa kipindi kingine cha miezi 12 kuanzia Kutoka kwa taarifa hizi.



Martin J. Mmari
Mwenyekiti

22-03-2013

Tarehe



Martin J. Mmari
Chairman

22-03-2013

Date

The Companies Act, Act No. 12 of 2002 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Group and the Bank as at the end of the financial period and of its profit or loss. It also requires the Directors to ensure that the Group and the Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and the Bank. The Directors are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the annual 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 and the requirements of the Companies Act, 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 Bank and of its profit. 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 adequate systems of internal financial control.

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.

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

Report On The Financial Statements

We have audited the accompanying financial statements of CRDB Bank Plc (the Bank) and its subsidiaries CRDB Microfinance Company Services Limited and CRDB Burundi S.A. (together the Group), which comprise the statements of financial position as at 31 December 2012 of the Bank and Group, their statements of profit or loss, statements of other comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Group's and the Bank's financial affairs at 31 December 2012 and of their profits and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

Report on Other Legal and Regulatory Requirements

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

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



Michael M. Sallu
FCPA-PP

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

28- 03 - 2013

Financial Statements

For The Year Ended 31 December 2012

Consolidated and Bank Statements of Profit or Loss

	Note	GROUP 2012 TZS' Million	GROUP 2011 TZS' Million	BANK 2012 TZS' Million	BANK 2011 TZS' Million
Interest and similar income	5	261,741	188,357	261,614	188,357
Interest expense	6	(55,465)	(34,972)	(55,464)	(34,972)
Net interest income		206,276	153,385	206,150	153,385
Loan impairment charges	18	(26,403)	(31,216)	(26,403)	(31,216)
Net interest income after loan impairment charges		179,873	122,169	179,747	122,169
Fee and commission income	7	75,171	62,806	71,957	56,608
Fee and commission expense		(566)	(892)	(7,380)	(892)
Net fee and commission income		74,605	61,914	64,577	55,716
Net foreign exchange income	8	22,782	1,549	22,252	1,549
Other operating income	9	1,082	1,243	178	98
Net gain on fair value of derivatives	21	-	122	-	122
General and administrative expenses	10	(76,163)	(62,024)	(72,544)	(60,465)
Depreciation and amortization	11	(18,426)	(14,944)	(17,988)	(14,653)
Employee benefit expenses	12	(76,051)	(59,016)	(72,314)	(55,539)
Profit before tax		107,702	51,013	103,908	48,997
Income tax charge	13	(27,159)	(13,303)	(26,102)	(12,675)
Profit for the year		80,543	37,710	77,806	36,322
Earnings per share					
Basic and diluted	14	37.00	17.32		

Financial Statements

For The Year Ended 31 December 2012

Consolidated and Bank Statements of Comprehensive Income

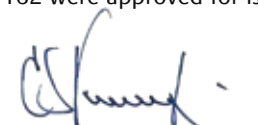
	Note	GROUP 2012 TZS' Million	GROUP 2011 TZS' Million	BANK 2012 TZS' Million	BANK 2011 TZS' Million
Profit for the year		80,543	37,710	77,806	36,322
Other comprehensive income:					
Translation reserve	37	(1,152)	-	-	-
Net actuarial gain on defined benefit plan	36	-	1,274	-	1,274
Deferred tax on actuarial gains		-	(319)	-	(319)
Revaluation gain on available-for-sale Government securities		79	-	79	-
Revaluation gain on motor vehicles	26	3,983	-	3,328	-
Deferred tax on revaluation gain	34	(1,195)	-	(998)	-
		1,715	955	2,409	955
Total comprehensive income for the year		82,258	38,665	80,215	37,277

Consolidated and Bank Statements of Financial Position

	Note	GROUP 2012 TZS' TZS' Million	GROUP 2011 TZS' TZS' Million	BANK 2012 TZS' TZS' Million	BANK 2011 TZS' TZS' Million
ASSETS					
Cash and balances with Central Banks	16	472,641	447,450	469,088	447,450
Loans and advances to banks	17	137,082	234,222	136,910	234,222
Loans and advances to customers	18	1,806,865	1,429,262	1,806,865	1,429,262
Government securities	19	527,618	493,735	518,654	493,735
Debt securities	20	-	200	-	200
Derivatives	21	-	122	-	122
Other assets	22	26,082	15,922	26,561	15,887
Current income tax recoverable		2,973	12,271	2,758	11,816
Investment in subsidiaries	23	-	-	16,889	728
Equity investments	24	1,200	1,200	1,200	1,200
Intangible assets	25	15,221	14,062	13,740	13,897
Deferred income tax asset	34	3,815	-	3,852	-
Property and equipment	26	77,757	61,755	73,684	61,165
Prepaid operating lease	27	3,562	3,440	3,562	3,440
TOTAL ASSETS		3,074,816	2,713,641	3,073,763	2,713,124
LIABILITIES					
Deposits from customers	28	2,591,033	2,408,676	2,590,119	2,408,676
Deposits due to other banks	29	135,580	2,901	135,580	2,901
Provisions	30	1,227	352	1,227	352
Other liabilities	31	29,544	36,482	33,879	38,525
Subordinated debt	32	-	1,920	-	1,920
FSDT Grant	33	-	139	-	-
Other Grant		-	18	-	-
Deferred income tax liability	34	-	252	-	280
Defined benefit liability	36	-	8,137	-	8,137
TOTAL LIABILITIES		2,757,384	2,458,877	2,760,805	2,460,791
EQUITY					
Share capital	35	54,413	54,413	54,413	54,413
Share premium	37	18,765	18,765	18,765	18,765
Retained earnings	37	239,566	179,776	234,469	177,365
General banking risk reserve	37	2,456	1,154	2,456	1,154
Translation reserve	37	(1,152)	-	-	-
Revaluation reserve	37	3,384	656	2,855	636
TOTAL EQUITY		317,432	254,764	312,958	252,333
TOTAL LIABILITIES AND EQUITY		3,074,816	2,713,641	3,073,763	2,713,124

The financial statements on pages 74 to 162 were approved for issue by the Board of Directors on 22nd March, 2013 and signed on its behalf by:


Mr. Martin J. Mmari
Chairman


Dr. Charles S. Kimei
Managing Director


Mr. Ally H. Laay
Director

Statements of Change in Equity

Financial Statements For The Year Ended 31 December 2012

GROUP	Share capital TZS' Million	Share premium TZS' Million	Retained Earnings TZS' Million	General banking risk TZS' Million	Revaluation reserve TZS' Million	Translation reserve TZS' Million	Total reserve TZS' Million
At 1 January 2011	54,413	18,765	159,375	57	901	-	233,511
Comprehensive income							
Profit for the year	-	-	37,710	-	-	-	37,710
Other comprehensive income for the year, net of tax	-	-	955	-	-	-	955
Transfer of excess depreciation	-	-	326	-	(326)	-	-
Deferred tax on excess depreciation	-	-	(81)	-	81	-	-
Transfer from statutory reserve	-	-	(1,097)	1,097	-	-	-
Transactions with shareholders							
Dividends declared	-	-	(17,412)	-	-	-	(17,412)
At 31 December 2011	54,413	18,765	179,776	1,154	656	-	254,764

Financial Statements

For The Year Ended 31 December 2012

Statements of Change in Equity (Continued)

GROUP	Share capital TZS' Million	Share premium TZS' Million	Retained Earnings TZS' Million	General banking risk TZS' Million	Revaluation reserve TZS' Million	Translation reserve TZS' Million	Total reserve TZS' Million
At 1 January 2012	54,413	18,765	179,776	1,154	656	-	254,764
Comprehensive income							
Profit for the year	-	-	80,543	-	-	-	80,543
Revaluation reserve on motor vehicles	-	-	-	-	2,788	-	2,788
Revaluation gain on available-for-sale Government securities	-	-	-	-	79	-	79
Translation reserve	-	-	-	-	-	(1,152)	(1,152)
Transfer of excess depreciation	-	-	210	-	(210)	-	-
Deferred tax on excess depreciation	-	-	(71)	-	71	-	-
Transfer of general banking risk reserve	-	-	(1,302)	1,302	-	-	-
Transactions with shareholders							
Dividends declared	-	-	(19,590)	-	-	-	(19,590)
At 31 December 2012	54,413	18,765	239,566	2,456	3,384	(1,152)	317,432

Financial Statements

For The Year Ended 31 December 2012

Statements of Change in Equity (Continued)

BANK	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	risk reserve General banking TZS' Million	Revaluation reserve TZS' Million	Total TZS' Million
At 1 January 2011	54,413	18,765	158,407	57	826	232,468
Comprehensive income						
Profit for the year	-	-	36,322	-	-	36,322
Other comprehensive income for the year, net of tax	-	-	955	-	-	955
Transfer of excess depreciation	-	-	254	-	(254)	-
Deferred tax on excess depreciation	-	-	(64)	-	64	-
Transfer to statutory reserve	-	-	(1,097)	1,097	-	-
Transactions with shareholders						
Dividend declared	-	-	(17,412)	-	-	(17,412)
At 31 December 2011	54,413	18,765	177,365	1,154	636	252,333

Statements of Change in Equity (Continued)

Financial Statements For The Year Ended 31 December 2012

BANK	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk TZS' Million	Revaluation reserve TZS' Million	Total TZS' Million
At 1 January 2012	54,413	18,765	177,365	1,154	636	252,333
Comprehensive income						
Profit for the year	-	-	77,806	-	-	77,806
Revaluation surplus on motor vehicles	-	-	-	-	2,330	2,330
Gain on available-for-sale Government securities fair valuation	-	-	-	-	79	79
Transfer of excess depreciation	-	-	254	-	(254)	-
Deferred tax on excess depreciation	-	-	(64)	-	64	-
Transfer to statutory reserve	-	-	(1,302)	1,302	-	-
Transactions with shareholders						
Dividend declared	-	-	(19,590)	-	-	(19,590)
At 31 December 2012	54,413	18,765	234,469	2,456	2,855	312,958

Consolidated and Bank Statements of Cash Flows

	Note	GROUP 2012 TZS' TZS' Million	GROUP 2011 TZS' TZS' Million	BANK 2012 TZS' TZS' Million	BANK 2011 TZS' TZS' Million
Operating activities					
Cash receipt from customers	38.2	360,734	253,953	355,959	246,615
Cash paid to customers, employees and suppliers	38.3	(208,245)	(156,904)	(207,702)	(151,868)
Cash generated from operating activities	38.1	152,489	97,049	148,257	94,747
Changes in operating funds					
Increase in income earning assets	38.4	(531,121)	(510,509)	(523,626)	(510,508)
Increase in deposits and other liabilities	38.5	300,773	413,950	303,410	415,435
		(77,859)	490	(71,959)	(326)
Income tax paid		(24,228)	(19,013)	(23,272)	(18,341)
Net cash flows utilised in operating activities		(102,087)	(18,523)	(95,231)	(18,667)
Cash flows in investing activities					
Investment in subsidiary		-	-	(16,161)	-
Other investments		-	(600)	-	(600)
Purchase of intangible assets	25	(3,872)	(3,826)	(2,392)	(3,826)
Purchase of property and equipment	26	(28,119)	(22,207)	(24,999)	(22,058)
Acquisition of leasehold land	27	(165)	(194)	(165)	(194)
Proceeds from disposal of property and equipment		315	70	315	65
Net cash utilised in investing activities		(31,841)	(26,757)	(43,402)	(26,613)
Cash flows in financing activities					
Dividends paid		(19,148)	(16,872)	(19,148)	(16,872)
Subordinated loan repayment		(1,920)	-	(1,920)	-
Net cash utilised in financing activities		(21,068)	(16,872)	(21,068)	(16,872)
Net decrease in cash and cash equivalents		(154,996)	(62,152)	(159,701)	(62,152)
Cash and cash equivalents at 1 January		467,192	529,344	467,192	529,344
Cash and cash equivalents at 31 December	38.6	312,196	467,192	307,491	467,192

Notes

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

- i) Amended standards which became effective during the year

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2012 that would be expected to have a material impact on the Group.

- (ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

Amendment to IAS 1, ‘Presentation of Financial Statements’ regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group

items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this amendment will mainly impact the presentation of the primary statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The application of IFRS 13 may enhance fair value disclosures in a lot of circumstances.

IAS 19, 'Employee benefits', was amended in June 2012. The impact on the Bank will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The directors are yet to assess the full impact of the amendments.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. Issued in November 2009 and October 2012, it replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard

retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The directors are yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The directors are yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and the Bank.

(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 2012.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Notes (Continued)

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

The Bank uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Bank. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Bank recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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

Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. Dividend income is recognised when the right to receive payment is established.

(c) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the profit or loss account using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

(d) Fees and commission income

Fees and commission are generally recognised on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction.

(e) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

(f) Foreign currency translation

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 currency.

Transactions and balances

Transactions in foreign currencies during the year are converted into the Tanzania Shillings using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

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:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) 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
- (iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in 'translation reserve' in equity.

(g) Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. Management determines the appropriate classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Bank upon initial recognition designates as available for sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs

Notes (Continued)

– and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the balance sheet as loans and advances to other banks or customers or as investment securities. Interest on loans is included in the profit and loss account 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 profit and loss account as 'loan impairment charges'.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity, other than:

- (a) those that the Bank upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Bank designates as available for sale; and
- (c) those that meet the definition of loans and receivables.

Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the profit and loss account 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 income statement as 'net gains/(losses) on investment securities'. Held-to-maturity investments include corporate bonds and Government securities.

(iii) Available for sale

Available-for-sale financial assets are financial assets that are intended to be held for an

indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of comprehensive income and cumulated in a separate reserve in equity, revaluation reserve, until the financial asset is derecognised.

(iv) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Bank designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed and can only be applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consist of debt host and an embedded derivatives that must be separated.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

(h) Recognition of financial assets

The Bank uses trade date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the balance sheet as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

(i) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer,

broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the balance sheet date.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

(j) Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished. Such financial liabilities include deposits from banks or customers and other liabilities.

(k) Derivative financial instruments

Derivatives, which comprise solely forward foreign exchange contracts, are initially recognised at fair

Financial Statements

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Notes (Continued)

value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. The derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in profit or loss. These derivatives are trading derivatives and are classified as a current asset or liability.

(l) Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and

rewards have been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(m) Classification of financial assets and liabilities

The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen on the table below:

Financial assets	Category
Cash and balances with Central Banks	Loans and receivables
Loans and advances to banks	Loans and receivables
Loans and advances to customers	Loans and receivables
Government securities - held to maturity	Held to maturity
Government securities – available for sale	Available for sale
Debt securities - held to maturity	Held to maturity
Equity investments	Available for sale
Other assets excluding prepayments	Loans and receivables
Derivative Assets	Financial Assets at fair value through profit or loss

Financial liabilities	
Deposits from banks	Financial liabilities at amortized cost
Deposits from customers	Financial liabilities at amortized cost
Subordinated debt	Financial liabilities at amortized cost
Other liabilities	Financial liabilities at amortized cost

(n) Impairment of financial assets

(i) Assets carried at amortised cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payment;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower’s competitive position; and
- Deterioration in the value of collateral.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it

includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account.

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 the profit and loss account 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

Notes (Continued)

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 the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. 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 and 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. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

(o) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in 2012.

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(q) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(r) Provisions

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

(s) Property and equipment

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 the 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 the 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 for the year operating expenses during the financial period in which they are incurred. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Bank buildings	40 years
Computer equipment	5 years
Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	5 years
Smart card equipment	8 years
Mobile branch	5 years
Refurbishment costs	5 years

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When revalued assets are sold, the amounts included in revaluation surplus relating to those assets are transferred to retained earnings.

Notes (Continued)

(t) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (ten years for the core banking system, and three to five years for other systems).

(u) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including; cash and non-restricted balances with Bank of Tanzania, Investment securities and amounts due from other banks. Cash and cash equivalents excludes the cash reserve requirement held with the Bank of Tanzania.

(v) Employee benefits

(i) Retirement benefit obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

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.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses are recognised in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

A settlement occurs when the Bank enters into a contractually binding agreement, and the employees concerned have made an irrevocable decision to agree to the proposal that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan. The resulting gain or loss is recognised in the statement of profit or loss and is based on:

- any resulting change in the present value of the defined benefit obligation and fair value of plan assets, and
- any related actuarial gains and losses and past service cost that had not previously been recognised

The Group's contributions in respect of retirement benefit costs are charged to the profit or loss in the year to which they relate. The Group makes

contributions to National Social Security Fund and Parastatal Pension Fund, statutory defined contribution pension schemes. The Group's obligations under the schemes are limited to specific contributions legislated from time to time and are charged to the profit or loss in the year in which they relate.

(ii) Other entitlements

Contract staff are entitled to gratuity payment at the completion of the contract. Provision is made for gratuity in line with the contracts.

Entitlements to annual leave are recognized when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued at the end of the reporting period end.

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

(w) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(x) Dividend distribution

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

(y) Earnings per Share

The Group presents basic and diluted earnings per share (EPS) in the consolidated financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of

ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(z) Grants

Grants related to assets are treated as deferred income and released to the profit or loss over the expected useful lives of the assets concerned. Grants towards improvement of Group's processes are recognized to profit or loss over the periods necessary to match them with the related costs.

(aa) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

The leases entered into by the Bank are operating leases. The total payments made under operating leases are charged to other operating expenses in the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ab) Contingencies and commitments

Transactions are classified as contingencies where the bank's obligations depend on uncertain future events. Items are classified as commitments where the bank commits itself to future transactions if the items will result in the acquisition of assets.

Notes (Continued)

Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation.

Acceptances and letters of credit

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

(ac) Borrowing Costs

General and specific borrowing costs directly attributable to acquisitions, contributions or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(ad) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

(ae) Segment reporting

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

The following segment information has been prepared in accordance with the "management approach" which requires presentation of segments on the basis of the internal reports about components of the entity which are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to a segment in order to assess its performance.

Reportable operating segments

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, 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 2012 and 31 December 2011:

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Notes (Continued)

(ae) Segment reporting (continued)

Year ended 31 December 2012	Corporate banking TZS' Million	Retail Banking & Microfinance TZS' Million	Treasury TZS' Million	Total TZS' Million
Interest income	125,878	66,647	69,216	261,741
Interest expense	(37,211)	(18,039)	(214)	(55,465)
Internal income/(charges)	19,708	25,670	(45,378)	-
Net interest income	108,375	74,278	23,623	206,276
impairment charges				
Loan impairment charges	(21,398)	(5,005)	-	(26,403)
Net interest income after loan	86,977	69,273	23,623	179,873
Fees and commission income	30,449	44,722	-	75,171
Fees and commission expenses	(242)	(324)	-	(566)
Net fees and commission income	30,207	44,398	-	74,605
Net foreign exchange income	13,433	3,653	5,696	22,782
Other operating income	60	1,022	-	1,082
General and administration expenses	(34,332)	(36,419)	(5,358)	(76,109)
Employee benefit expenses	(35,539)	(35,621)	(4,891)	(76,051)
Depreciation and amortisation	(7,995)	(10,485)	-	(18,480)
Net operating income	52,811	35,821	19,070	107,702
Results				
Profit before income tax				107,702
Income tax expense				(27,159)
Profit for the year				80,543
Assets and Liabilities				
Segment assets	(871,695)	(942,356)	(1,118,144)	(2,932,195)
Unallocated assets	-	-	-	(142,621)
Total assets				(3,074,816)
Segment liabilities	1,323,484	1,271,582	119,301	2,714,367
Unallocated liabilities	-	-	-	43,017
Total liabilities				2,757,384

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For The Year Ended 31 December 2012

Notes (Continued)

(ae) Segment reporting (continued)

Year ended 31 December 2011	Corporate banking TZS' Million	Retail Banking & Microfinance TZS' Million	Treasury TZS' Million	Total TZS' Million
Interest income	92,036	51,861	44,460	188,357
Interest expense	(20,062)	(14,770)	(140)	(34,972)
Internal income/(charges)	(6,127)	27,152	(21,025)	-
Net interest income	65,847	64,243	23,295	153,385
Loan impairment charges	(25,021)	(6,195)	-	(31,216)
Net interest income after loan impairment charges	40,826	58,048	23,295	122,169
Fees and commission income	20,594	42,212	-	62,806
Fees and commission expenses	(314)	(578)	-	(892)
Net fees and commission income	20,280	41,634	-	61,914
Net foreign exchange income	467	695	387	1,549
Other operating income	48	1,195	12	1,365
General and administrative expenses	(24,462)	(32,230)	(5,332)	(62,024)
Staff costs	(21,386)	(33,300)	(4,330)	(59,016)
Depreciation and amortisation	(5,244)	(9,700)	-	(14,944)
Net operating income	10,529	26,342	14,142	51,013
Results				
Profit before income tax				51,013
Income tax expense				(13,303)
Profit for the year				37,710
Assets and Liabilities				
Segment assets	(1,100,316)	(330,145)	(1,151,078)	(2,581,539)
Unallocated assets	-	-	-	(132,102)
Total assets				(2,713,641)
Segment liabilities	757,651	1,651,182	2,901	2,411,734
Unallocated liabilities	-	-	-	47,143
Total liabilities				2,458,877

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For The Year Ended 31 December 2012

Notes (Continued)

(ae) 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 2012	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
External operating income			
Interest income	261,614	127	261,741
Interest expense	(55,464)	(1)	(55,465)
Net interest income	206,150	126	206,276
Loan impairment charges	(26,403)	-	(26,403)
Net interest income after loan impairment charges	179,747	126	179,873
Fees and commission income	75,168	3	75,171
Fees and commission expenses	(554)	(12)	(566)
Net fees and commission income	74,614	(9)	74,605
Net foreign exchange income	22,252	530	22,782
Other operating income	1,082	-	1,082
General and administration expenses	(75,774)	(335)	(76,109)
Employee benefit expenses	(75,604)	(447)	(76,051)
Depreciation and amortisation	(18,295)	(185)	(18,480)
Net operating income/(loss)	108,022	(320)	107,702
Results			
Profit /(loss)before income tax	108,022	(320)	107,702
Tax charge	(27,159)	-	(27,159)
Profit/(loss) for the year	80,863	(320)	80,543
Assets and Liabilities			
Segment assets	(2,913,547)	(18,648)	(2,932,195)
Unallocated assets	(142,621)	-	(142,621)
	(3,056,168)	(18,648)	(3,074,816)
Segment liabilities	2,753,425	3,959	2,757,384

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group's risk management policies are designed to identify and analyse 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 measuring, monitoring, controlling and mitigation 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 and Risk Management Committee, and Audit Committee are responsible for monitoring

compliance with the Group's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by the group. These committees are assisted in these functions by various management committees which undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

The most important type of risks are:

- Credit risk
- Liquidity risk
- Market risk

The notes below provide detailed information on each of the above risks and the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

3.1 Credit risk

The Group and the Bank take on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's and Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

The credit risk management and control are centralised in the credit risk management team of the Bank and reported to the Board of Directors and heads of department regularly.

3.1.1 Credit risk measurement

(a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the

Group and Bank reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations and (ii) current exposures to the counterparty and its likely future development, from which the Group derives the 'exposure at default'.

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

- (i) The Group and Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty in line with the Bank of Tanzania (BOT) guidelines. Customers of the Banks' are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's internal ratings scale

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

- (ii) Exposure at default is based on the amounts the Group or Bank expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group and Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

3.1.2 Risk limit control and mitigation policies

The Group and Bank manages limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries.

The Group and Bank structures the levels of credit risk it undertakes 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 regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group and Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group and Bank 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.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In

Notes (Continued)

addition, 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 is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(c) Lending limits (for derivatives and loan book)

The Group and Bank maintain strict control limits on net derivative positions (i.e. difference between purchases and sales contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group and Bank (i.e. assets where their fair value

is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank's market transactions on any single day.

3.1.3 Impairment and provisioning policies

The Group establishes 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.

3.1.4 Loans and advances

Loans and advances are summarised as follows:

Group

Amounts are in TZS' Million	31 December 2012		31 December 2011	
	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	1,641,186	137,082	1,157,828	234,222
Past due but not impaired	73,568	-	182,258	-
Impaired	124,586	-	134,783	-
Gross	1,839,340	137,082	1,474,869	234,222
Less: Allowances for impairment	(32,475)	-	(45,607)	-
Net	1,806,865	137,082	1,429,262	234,222
Bank				
Amounts are in TZS' Million				
Neither past due nor impaired	1,641,186	136,910	1,157,828	234,222
Past due but not impaired	73,568	-	182,258	-
Impaired	124,586	-	134,783	-
Gross	1,839,340	136,910	1,474,869	234,222
Less: Allowances for impairment	(32,475)	-	(45,607)	-
Net	1,806,865	136,910	1,429,262	234,222

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 18.

During the year ended 31 December 2012, the total loans and advances increased by 26% (2011: 27%) while

the Bank's total loans and advances increased by 26% (2011: 27%).

When entering into new markets or new industries, in order to minimise the potential increase of credit risk exposure, the Bank focused more on the business with large corporate enterprises or banks with good credit rating or retail customers providing sufficient collateral

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For The Year Ended 31 December 2012

Notes (Continued)

Group

The portfolio of loans and advances that were neither past due nor impaired are classified as current. These fall into the following categories: (Amounts in TZS' Millions).

Group	Loans and advances to customers			Advances to banks		
	MFI's	Consumer	SMEs	Corporate	Total	Total
31 December 2012						
Current	176,401	215,634	112,048	1,137,103	1,641,186	137,082
Bank						
31 December 2012						
Current	176,401	215,634	112,048	1,137,103	1,641,186	136,910
Group and Bank						
31 December 2011						
Current	124,592	146,521	86,741	799,974	1,157,828	234,222

b) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

Group and Bank

(Amounts in TZS' Millions)

31 December 2012	Consumer	MFI's	SMEs	Corporate	Total
Grades					
Up to 90 days past due	6,821	3,770	6,921	56,056	73,568
31 December 2011					
Grades					
Up to 90 days	29,622	11,135	19,316	122,185	182,258

(c) Impaired loans and advances

The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

Group and Bank

(Amounts in TZS Millions)

	Consumer	MFI's	SME's	Corporate	Total
31 December 2012					
Impaired loans	8,407	10,156	10,208	95,015	124,586
31 December 2011					
Impaired loans	7,529	10,309	11,995	104,951	134,784

There were no individually impaired loans and advances to banks as at 31 December 2012 (2011: Nil).

3.1.5 Investment securities

The investment securities held by the Group and Bank comprise treasury bills and bonds issued by the Government and Tanzania Mortgage Refinancing Company (TMRC)'s shares. All these investments were considered to be neither past due nor impaired. These investment securities are held with the Government or institutions with good financial standing and no history of default.

3.1.6 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 2012.

3.1.6 Concentration of risks of financial assets with credit risk exposure (continued)

(a) Industry sectors

Group

(Amounts are in TZS' Million)

Credit exposures as at
31 December 2012

On Balance sheet items
Balances with Central Banks
Loans and advances to banks
Government securities
Loans and advances to customers

Off-Balance sheet items
Guarantees and indemnities
Letters of credit

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
	352,484	-	-	-	-	-	-	-	352,484
	137,082	-	-	-	-	-	-	-	137,082
	527,618	-	-	-	-	-	-	-	527,618
	-	179,322	209,734	140,851	108,014	438,240	232,543	498,161	1,806,865
	1,017,184	179,322	209,734	140,851	108,014	438,240	232,543	498,161	2,824,049
	-	-	-	-	-	-	-	60,589	60,589
	-	-	-	-	-	-	-	164,060	164,060
	-	-	-	-	-	-	-	224,649	224,649

3.1.6 Concentration of risks of financial assets with credit risk exposure (continued)

BANK

(Amounts are in TZS' Million)

Credit exposures as at 31 December 2012

On Balance sheet items

Balances with Central Banks
Loans and advances to banks
Government securities
Loans and advances to customers

Off-Balance sheet items

Guarantees and indemnities
Letters of credit

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
	349,868	-	-	-	-	-	-	-	349,868
	136,910	-	-	-	-	-	-	-	136,910
	518,654	-	-	-	-	-	-	-	518,654
	-	179,322	209,734	140,851	108,014	438,240	232,543	498,161	1,806,865
	1,005,432	179,322	209,734	140,851	108,014	438,240	232,543	498,161	2,812,297
	-	-	-	-	-	-	-	60,589	60,589
	-	-	-	-	-	-	-	164,060	164,060
	-	-	-	-	-	-	-	224,649	224,649

3.1.6 Concentration of risks of financial assets with credit risk exposure (continued)

Group and Bank

(Amounts are in TZS' Million)

Credit exposures as at 31 December 2011

On Balance sheet items

Balances with Central Banks
Loans and advances to banks
Government securities
Loans and advances to customers

Off-Balance sheet items

Guarantees and indemnities
Letters of credit

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
	347,034	-	-	-	-	-	-	-	347,034
	234,222	-	-	-	-	-	-	-	234,222
	493,735	-	-	-	-	-	-	-	493,735
	-	54,469	202,490	96,237	99,442	447,760	185,532	498,161	1,429,262
	1,074,991	54,469	202,490	96,237	99,442	447,760	185,532	498,161	2,504,253
	-	-	5,783	7,893	-	3,275	-	73,563	90,514
	-	-	21,007	28,676	-	11,899	-	267,247	328,829
	-	-	26,790	36,569	-	15,174	-	340,810	419,343

3.1.6 Concentration of risks of financial assets with credit risk exposure (continued)

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

(b) Geographical sectors

Group

(Amounts are in TZS' Million)

Year ended 31 December 2012

On Balance sheet items

Balances with Central Bank
Loans and advances to banks
Government securities
Loans and advances to customers

Off balance sheet items

Guarantees and indemnities
Letters of credit

	Tanzania	Europe	America	Others	Total
Balances with Central Bank	349,868	-	-	2,616	352,484
Loans and advances to banks	69,675	45,001	20,874	1,532	137,082
Government securities	518,654	-	-	8,964	527,618
Loans and advances to customers	1,806,865	-	-	-	1,806,865
	2,745,062	45,001	20,874	13,112	2,824,049
Guarantees and indemnities	60,589	-	-	-	60,589
Letters of credit	164,060	-	-	-	164,060
	224,649	-	-	-	224,649

3.1.6 Concentration of risks of financial assets with credit risk exposure (continued)

Bank

(Amounts are in TZS' Million)

Year ended 31 December 2012

On Balance sheet items

Balances with Central Bank
Loans and advances to banks
Government securities
Loans and advances to customers

Off balance sheet items

Guarantees and indemnities
Letters of credit

	Tanzania	Europe	America	Others	Total
	349,868	-	-	-	349,868
	69,503	45,001	20,874	1,532	136,910
	518,654	-	-	-	518,654
	1,806,865	-	-	-	1,806,865
	2,744,890	45,001	20,874	1,532	2,812,297
	60,589	-	-	-	60,589
	164,060	-	-	-	164,060
	224,649	-	-	-	224,649

3.1.6 Concentration of risks of financial assets with credit risk exposure (continued)

Group and Bank

(Amounts are in TZS' Million)

Year ended 31 December 2011

On Balance sheet items

Balances with Central Bank
Loans and advances to banks
Government securities
Loans and advances to customers

Off balance sheet items

Guarantees and indemnities
Letters of credit

	Tanzania	Europe	America	Others	Total
	349,868	-	-	-	349,868
	119,049	76,890	35,666	2,618	234,222
	493,735	-	-	-	493,735
	1,429,262	-	-	-	1,429,262
	2,391,914	76,890	35,666	2,618	2,507,087
	90,514	-	-	-	90,514
	328,829	-	-	-	328,829
	419,343	-	-	-	419,343

Notes (Continued)

3.2 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks are concentrated in Bank Treasury and monitored by the Risk and Compliance department separately. Regular reports are submitted to the Board of Directors and Management.

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

Non-trading portfolios primarily arise from the interest rate management of the entity'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 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 risk. In the coming year a

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme 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 (in February & July) 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.

Risk type	Type of shock	Shock rate	Impact on profit or loss TZS'million	Impact on regulatory capital TZS'million
Credit risk	Increase in NPL	50%	89,403	46,266
Interest rate risk	Change in interest rate	9%	8,309	33,091
Liquidity risk	Run off of deposits	20%	3,141	33,091
Operational risk	Fraud and other losses	3%	3,191	33,091

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Notes (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 5% on all foreign currency denominated assets and liabilities would have resulted in lower or higher profit after tax of TZS 693 million as at 31 December 2012 (2011: TZS 911 million).

Group

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

(All amounts expressed in millions of Tanzania Shillings).

As at 31 December 2012	TZS	USD	EURO	GBP	BIF	Others	Total
Assets							
Cash and balances with Central Banks	420,832	44,126	3,424	1,410	2,849	-	472,641
Loans and advances to banks	41,594	30,076	42,173	5,381	173	17,685	137,082
Loans and advances to customers	1,177,029	628,610	1,226	-	-	-	1,806,865
Government securities	527,618	-	-	-	-	-	527,618
Current income tax recoverable	2,973	-	-	-	-	-	2,973
Other assets	4,597	5,826	286	65	1,816	-	12,590
	2,174,643	708,638	47,109	6,856	4,838	17,685	2,959,769
Liabilities							
Deposits from customers	1,949,754	569,144	46,597	6,932	1,121	17,485	2,591,033
Deposits from banks	26,083	109,497	-	-	-	-	135,580
Provisions	1,227	-	-	-	-	-	1,227
Other liabilities	2,914	24,902	103	(126)	1,751	-	29,544
	1,979,978	703,543	46,700	6,806	2,872	17,485	2,757,384
Net on-balance sheet financial position	194,665	5,095	409	50	1,966	200	202,385
Off balance sheet commitments	48,391	165,870	8,983	1,350	-	81	224,675

3.2.1 Foreign exchange risk (continued)

Group

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

(All amounts expressed in millions of Tanzania Shillings).

As at 31 December 2011	TZS	USD	EURO	GBP	Others	Total
Assets						
Cash and balances with Central Banks	410,119	34,386	2,333	612	-	447,450
Loans and advances to banks	30,802	139,066	46,153	4,393	13,808	234,222
Loans and advances to customers	979,351	448,226	-	-	1,685	1,429,262
Government securities	493,735	-	-	-	-	493,735
Current income tax recoverable	12,271	-	-	-	-	12,271
Other assets	3,976	3,537	327	145	21	8,006
Total financial assets	1,930,254	625,215	48,813	5,150	15,514	2,624,946
Liabilities						
Due to customers	1,733,921	605,689	50,208	4,861	13,997	2,408,676
Deposits from banks	2,645	256	-	-	-	2,901
Subordinated debt	1,920	-	-	-	-	1,920
Other liabilities	9,693	26,814	101	(126)	-	36,482
Total financial liabilities	1,748,179	632,759	50,309	4,735	13,997	2,449,979
Net on-balance sheet financial position	182,075	(7,544)	(1,496)	415	1,517	174,967
Off balance sheet commitments	33,873	365,205	18,802	656	841	419,377

3.2.1 Foreign exchange risk (continued)

Bank

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

(All amounts expressed in millions of Tanzania Shillings).

As at 31 December 2012	TZS	USD	EURO	GBP	Others	Total
Assets						
Cash and balances with Central Banks	420,832	43,424	3,423	1,410	-	469,089
Loans and advances to banks	41,595	30,076	42,200	5,381	17,658	136,910
Loans and advances to customers	1,177,029	628,610	1,226	-	-	1,806,865
Government securities	518,654	-	-	-	-	518,654
Income tax recoverable	11,816	-	-	-	-	11,816
Other assets	7,109	7,399	286	64	-	14,858
Total financial assets	2,177,035	709,509	47,135	6,855	17,658	2,958,192
Liabilities						
Due to customers	1,949,962	569,143	46,597	6,932	17,485	2,590,119
Deposits from banks	26,083	109,497	-	-	-	135,580
Other liabilities	9,001	24,901	103	(126)	-	33,879
Total financial liabilities	1,985,046	703,541	46,700	6,806	17,485	2,759,578
Net on-balance sheet financial position	191,989	5,968	435	49	200	198,641
Off balance sheet commitments	48,391	165,870	8,983	1,350	81	224,675

3.2.1 Foreign exchange risk (continued)

Bank

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

(All amounts expressed in millions of Tanzania Shillings).

As at 31 December 2011	TZS	USD	EURO	GBP	Others	Total
Assets						
Cash and balances with Central Banks	410,119	34,386	2,333	612	-	447,450
Loans and advances to banks	30,802	139,066	46,153	4,393	13,808	234,222
Loans and advances to customers	979,351	448,226	-	-	1,685	1,429,262
Government securities	493,735	-	-	-	-	493,735
Current income tax recoverable	11,816	-	-	-	-	11,816
Other assets	3,958	3,520	327	145	21	7,971
Total financial assets	1,929,781	625,198	48,813	5,150	15,514	2,624,456
Liabilities						
Due to customers	1,733,921	605,689	50,208	4,861	13,997	2,408,676
Deposits from banks	2,645	256	-	-	-	2,901
Subordinated debts and senior loans	1,920	-	-	-	-	1,920
Other liabilities	11,736	26,814	101	(126)	-	38,525
Total financial liabilities	1,750,222	632,759	50,309	4,735	13,997	2,452,022
Net on-balance sheet financial position	179,559	(7,561)	(1,496)	415	1,517	172,434
Off balance sheet commitments	33,873	365,205	18,802	656	841	419,377

3.2.2 Price risk

The Group and the Bank are not exposed to equity securities price risk as it currently has no investment in listed shares, but is exposed to debt securities price risk classified on the balance sheet as available for sale. If the market price of debt had increased/decreased by 5% with all other variables held constant, the fair value reserve in debt securities would have increased/decreased as a result of gains or losses on debt securities classified as available for sale by TZS 615 million as at 31 December 2012 (2011: the Bank had no AFS debt securities).

3.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value

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

With all other variables held constant, a shift in interest rate by 90 basis points on all interest bearing assets and liabilities would have resulted in lower or higher profit after tax of TZS 8,309 million as at 31 December 2012 (2011: TZS 22,071 million).

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For The Year Ended 31 December 2012

Notes (Continued)

3.2.3 Interest rate risk (continued)

Group

As at 31 December 2012

(All amounts expressed in millions Tanzania Shillings).

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest	bearing
Total Assets							
Cash and balances with Central banks	-	-	-	-	-	472,641	472,641
Government securities	121,510	91,218	113,746	126,573	74,571	-	527,618
Loans and advances to banks	83,208	40,143	13,731	-	-	-	137,082
Loans and advances to customers	406,024	333,973	489,508	409,951	167,409	-	1,806,865
Other assets	-	-	-	-	-	12,590	12,590
Total financial assets	610,742	465,334	616,985	536,524	241,980	485,231	2,956,796
Liabilities							
Deposits from Banks	135,580	-	-	-	-	-	135,580
Deposits from customers	1,711,650	499,522	271,863	38,636	69,362	-	2,591,033
Other liabilities	-	-	-	-	-	29,544	29,544
Total financial liabilities	1,847,230	499,522	271,863	38,636	69,362	29,544	2,756,157
Total interest repricing gap	(1,236,488)	34,188	345,122	497,888	172,618		

3.2.3 Interest rate risk (continued)

Group

As at 31 December 2011

(All amounts expressed in millions Tanzania Shillings).

	Up to1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
Assets							
Cash and balances with Central banks	-	-	-	-	-	447,450	447,450
Government securities held to maturity	49,923	37,285	143,397	156,942	106,188	-	493,735
Loans and advances to banks	192,453	38,582	3,187	-	-	-	234,222
Loans and advances to customers	255,696	286,093	399,668	207,239	280,566	-	1,429,262
Debt securities	-	-	200	-	-	-	200
Other assets	-	-	-	-	-	8,006	8,006
Total financial assets	498,072	361,960	546,452	364,181	386,754	455,456	2,612,875
Liabilities							
Deposits from Banks	2,901	-	-	-	-	-	2,901
Deposits from customers	958,052	1,182,553	230,929	30,330	6,812	-	2,408,676
Other liabilities	-	-	-	-	-	36,482	36,482
Subordinated debt	-	-	1,920	-	-	-	1,920
Total financial liabilities	960,953	1,182,553	232,849	30,330	6,812	36,482	2,449,979
Total interest repricing gap	(462,881)	(820,593)	313,603	333,851	379,942		

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For The Year Ended 31 December 2012

Notes (Continued)

3.2.3 Interest rate risk (continued)

Bank

As at 31 December 2012

(All amounts expressed in millions Tanzania Shillings).

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with Central banks	-	-	-	-	-	469,088	469,088
Government securities	120,450	91,139	107,850	199,215	-	-	518,654
Loans and advances to banks	83,036	40,143	13,731	-	-	-	136,910
Loans and advances to customers	406,024	333,973	489,508	409,951	167,409	-	1,806,865
Other assets	-	-	-	-	-	14,858	14,858
Total financial assets	609,510	465,255	611,089	609,166	167,409	483,946	2,946,375
Liabilities							
Deposits from banks	135,580	-	-	-	-	-	135,580
Deposits from customers	1,710,736	499,522	271,863	38,636	69,362	-	2,590,119
Other liabilities	-	-	-	-	-	33,879	33,879
Total financial liabilities	1,846,316	499,522	271,863	38,636	69,362	33,879	2,561,829
Total interest repricing gap	(1,236,806)	(34,267)	339,226	570,530	98,047		

3.2.3 Interest rate risk (continued)

Bank

As at 31 December 2011

(All amounts expressed in millions Tanzania Shillings).

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
Assets							
Cash and balances with Central banks	-	-	-	-	-	447,450	447,450
Government securities	49,923	37,285	143,397	156,942	106,188	-	493,735
Loans and advances to banks	192,453	38,582	3,187	-	-	-	234,222
Loans and advances to customers	255,696	286,093	399,668	207,239	280,566	-	1,429,262
Debt securities	-	-	200	-	-	-	200
Other assets	-	-	-	-	-	7,971	7,971
Total financial assets	498,072	361,960	546,452	364,181	386,754	455,421	2,612,875
Liabilities							
Deposits from banks	2,901	-	-	-	-	-	2,901
Deposits from customers	958,052	1,182,553	230,929	30,330	6,812	-	2,408,676
Subordinated debt	-	-	1,920	-	-	-	1,920
Other liabilities	-	-	-	-	-	38,525	38,525
Total financial liabilities	960,953	1,182,553	232,849	30,330	6,812	36,482	2,452,022
Total interest repricing gap	(462,881)	(820,593)	313,603	333,851	379,942		

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For The Year Ended 31 December 2012

Notes (Continued)

3.3 Liquidity risk

Liquidity risk is the risk that a Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

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, includes:

- 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 major source of funding is customer deposits. To this end, the group maintains 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

3.3.3 Non-derivative cash flows

The tables below present the cash flows payable by the Group and Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, as the Group and Bank manage the inherent liquidity risk based on expected undiscounted cash flows.

Group

Amounts are in TZS Million

As at 31 December 2012	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
Liabilities					
Deposits from customers	1,710,823	500,084	274,347	114,759	2,600,013
Deposits from banks	135,651	-	-	-	135,651
Other liabilities	29,544	-	-	-	29,544
Total financial liabilities (contractual maturity dates)	1,876,018	500,084	274,347	114,759	2,765,208
Total financial assets (expected maturity dates)	1,093,964	428,311	678,281	587,334	2,787,890
As at 31 December 2011					
Liabilities					
Deposits from customers	960,846	1,192,900	239,012	38,659	2,431,417
Deposits from banks	2,909	-	-	-	2,909
Subordinated debt and senior loans	-	-	2,016	-	2,016
Other liabilities	36,482	-	-	-	36,482
Total financial liabilities (contractual maturity dates)	1,000,237	1,192,900	241,028	38,659	2,472,824
Total financial assets (expected maturity dates)	742,231	508,510	574,871	755,737	2,581,349

Financial Statements

For The Year Ended 31 December 2012

Notes (Continued)

3.3.3 Non-derivative cash flows (continued)

Bank

Amounts are in TZS Million

As at 31 December 2012	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
Liabilities					
Deposits from customers	1,706,120	500,084	274,347	114,759	2,595,310
Deposits from banks	135,651	-	-	-	135,651
Other liabilities	33,879	-	-	-	33,879
Total financial liabilities (contractual maturity dates)	1,875,650	500,084	274,347	114,759	2,764,840
Total financial assets (expected maturity dates)	1,175,551	339,430	439,135	794,869	2,748,985
As at 31 December 2011					
Liabilities					
Deposits from customers	960,846	1,192,900	239,012	38,659	2,431,417
Deposits from banks	2,909	-	-	-	2,909
Other liabilities	38,525	-	-	-	38,525
Subordinated debt and senior loans	-	-	2,016	-	2,016
Total financial liabilities (contractual maturity dates)	960,953	1,192,900	241,028	33,659	2,474,867
Total financial assets (expected maturity dates)	742,231	508,510	574,871	755,737	2,581,349

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 Derivative cash flows

The Bank's derivatives that are settled on a gross basis include:

- Foreign exchange derivatives: currency forward; and
- Interest rate swaps.

As at 31 December 2012, the Group and the Bank did not have any derivative assets or liabilities.

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 29), are summarised in the table below.

(b) Financial guarantees and other financial facilities

Financial guarantees are included below based on the earliest contractual maturity date.

(c) Operating lease commitments

Where the Group and the Bank, are the lessee, the future minimum lease payments under non-cancellable operating leases, are summarised below.

(d) Investment commitments

Investment commitment is with respect to additional equity investment in the subsidiary

(e) Capital commitments

These relate to the acquisition of property and equipment.

Summary of off-balance sheet items:

(Amounts are in TZS Million)

As at 31 December 2012	No later than 1 year	1 – 5 years	Over 5 years	Total
Outstanding letters of credit	162,530	1,530	-	164,060
Guarantees and indemnities	59,333	1,236	20	60,589
Commitments to extend credit	221,488	-	-	221,488
Operating lease commitments	2,846	1,258	4,081	8,185
Capital commitments	13,731	-	-	13,731
As at 31 December 2011				
Outstanding letters of credit	328,829	-	-	328,829
Guarantees and indemnities	90,514	-	-	90,514
Commitments to extend credit	302,433	-	-	302,433
Operating lease commitments	523	2,648	1,204	4,375
Capital commitments	13,560	-	-	13,560

Notes (Continued)

3.4 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The fair value of financial assets and liabilities not measured at fair value approximate carrying amounts for both Group and Bank.

(i) Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(ii) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Investment securities

The fair value for held-to-maturity assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The carrying amount is a reasonable approximation of fair value.

(iv) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of interest-bearing deposits not quoted in an active market is based

on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount is a reasonable approximation of fair value.

(v) Off-balance sheet financial instruments

The estimated fair values of the off-balance sheet financial instruments are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

3.4 Fair value of financial assets and liabilities (continued)

(a) Financial instruments not measured at fair value

Group

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

	Held for trading TZS'Million	Held-to-maturity TZS'Million	Loans and receivables TZS'Million	Other amortised Cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
31 December 2012						
Financial assets						
Cash and balances with Central Banks	-	-	-	472,641	472,641	472,641
Loans and advances to banks	-	-	137,082	-	137,082	137,082
Loans and advances to customers	-	-	1,806,865	-	1,806,865	1,806,865
Government securities	-	515,327	-	-	515,327	500,250
Other assets	-	12,590	12,590	-	12,590	12,590
	-	515,327	1,956,537	472,641	2,944,505	2,929,428
Financial liabilities						
Deposits from banks	-	-	-	135,580	135,580	135,580
Deposits from customers	-	-	-	2,591,033	2,591,033	2,591,033
Other liabilities	-	-	-	29,544	29,544	29,544
	-	-	-	2,756,157	2,756,157	2,756,157

3.4 Fair value of financial assets and liabilities (continued)

(a) Financial instruments not measured at fair value

Bank

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

	Held for trading TZS'Million	Held-to-maturity TZS'Million	Loans and receivables TZS'Million	Other amortised Cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
31 December 2012						
Financial assets						
Cash and balances with Central Banks	-	-	-	469,088	469,088	469,088
Loans and advances to banks	-	-	136,910	-	136,910	136,910
Loans and advances to customers	-	-	1,806,865	-	1,806,865	1,806,865
Government securities	-	506,363	-	-	506,363	491,286
	-	506,363	1,943,947	469,088	2,919,226	2,904,149
Financial liabilities						
Deposits from banks	-	-	-	135,580	135,580	135,580
Deposits from customers	-	-	-	2,590,119	2,590,119	2,590,119
	-	-	-	2,726,613	2,726,613	2,726,613

3.4 Fair value of financial assets and liabilities (continued)

(a) Financial instruments not measured at fair value

Group and Bank

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

	Held for trading TZS'Million	Held-to-maturity TZS'Million	Loans and receivables TZS'Million	Other amortised Cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
31 December 2011						
Financial assets						
Cash and balances with Bank of Tanzania	-	-	-	447,450	447,450	447,450
Loans and advances to banks	-	-	234,222	-	234,222	234,222
Loans and advances to customers	-	-	1,429,262	-	1,429,262	1,429,262
Government securities	-	493,735	-	-	493,735	470,705
Other securities	-	200	-	-	200	200
Derivative assets	-	122	-	-	122	122
	-	494,057	1,663,484	447,450	2,604,991	2,581,961
Financial liabilities						
Deposits from banks	-	-	-	135,580	135,580	135,580
Deposits from customers	-	-	-	2,591,033	2,591,033	2,591,033
Subordinated debt	-	-	-	1,920	1,920	1,920
	-	-	-	2,728,533	2,728,533	2,728,533

Notes (Continued)

3.4 Fair value of financial assets and liabilities (continued)

(a) Fair value hierarchy

IFRS 7 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. This level

includes prevailing prices of debt securities from the most current Bank of Tanzania auction results.

- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Group and Bank

31 December 2012

Financial assets at fair value through profit or loss

Financial assets held for trading

- Debt securities
- Equity securities
- Derivatives

Available-for-sale financial assets:

- Treasury Bonds
- Equity Investment

Total assets

TZS Million			
Level 1	Level 2	Level 3	Total
-	-	-	-
-	-	-	-
-	-	-	-
12,291	-	-	12,291
-	1,200	-	1,200
12,291	1,200	-	13,491

(b) Fair value hierarchy (continued)

Group and Bank

31 December 2011	TZS Million			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Financial assets held for trading				
- Debt securities	-	-	-	-
- Equity securities	-	-	-	-
- Derivatives	-	122	-	122
Available-for-sale financial assets:				
- Investment securities – debt	-	-	-	-
- Investment securities – equity	-	1,200	-	1,200
Total assets	-	1,322	-	1,322

3.5 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 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 Banks on a quarterly basis.

The BoT requires the Banking group to:

- (a) hold the minimum level of Core Capital of TZS 5 billion;

- (b) maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%; and
- (c) Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items

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

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

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to 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.

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Notes (Continued)

3.5 Capital management (continued)

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2012 and year ended 31 December 2011. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

	Bank	
	2012 TZS'Million	2011 TZS'Million
Tier 1 capital		
Share capital	54,413	54,413
Share Premium	18,765	18,765
Retained earnings	234,469	178,821
Prepaid expenses	(6,046)	(4,819)
Intangible assets	(13,740)	(14,062)
Deffered tax asset	3,852	-
Total qualifying Tier 1 capital	284,009	233,118
Tier 2 capital		
Subordinated debt	-	768
Total qualifying Tier 2 capital	-	768
Total regulatory capital	284,009	233,886
Risk-weighted assets		
On-balance sheet	1,679,737	1,362,793
Off-balance sheet	151,779	246,799
Total risk-weighted assets	1,831,516	1,609,592

	Required ratio	Bank's ratio	Banks Ratio
		2012	2011
	%	%	%
Tier 1 capital	10	16	14
Tier 1 + Tier 2 capital	12	16	15

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 Bank's accounting policies.

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next period. 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.

a) Impairment losses on loans and advances

The group reviews its loan portfolios to assess impairment regularly. In determining whether an impairment loss should be recorded in the profit or loss, the group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans, before a decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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.

Had all the declines in fair value below cost been considered significant or prolonged, the Bank would have recognised an additional 105,000 (TZS 'Million) loss in its 2012 financial statements.

c) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

(d) Held to maturity investments

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires

Notes (Continued)

significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If all held to maturity investments were to be reclassified as at 31 December 2012 the carrying value would increase by TZS 148 million in the fair value reserve account in shareholders equity.

(e) Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present

value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bank considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions.

(f) 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. During the year, the director determined that the useful lives of certain assets as follows:

Asset category	Useful life 2012	Useful life 2011
Building	40 years	40 years
Motor vehicles	5 years	5 years
Intangible asset	5 years	5 years
Core banking software	10 years	10 years

5 INTEREST AND SIMILAR INCOME

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Loans and advances to customers				
- Term loans	130,124	99,136	130,124	99,136
- Overdrafts	62,292	44,669	62,292	44,669
Nostro accounts	109	92	75	92
Placements and balances with other banks	1,696	3,168	1,693	3,168
Discount earned and interest on Government securities				
- Treasury bills	34,175	19,000	34,085	19,000
- Treasury bonds	33,334	19,174	33,334	19,174
- Other Government securities	-	3,057	-	3,057
Private bonds - held-to-maturity	11	61	11	61
	261,741	188,357	261,614	188,357

6 INTEREST EXPENSE

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Deposits from customers				
- current accounts	2,036	1,879	2,036	1,879
- savings accounts	9,551	8,469	9,551	8,469
- fixed deposits	43,663	24,484	43,662	24,484
Inter bank borrowing	119	44	119	44
Subordinated debt	96	96	96	96
	55,465	34,972	55,464	34,972

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7. FEE AND COMMISSION INCOME

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Service charge on customer accounts	20,064	15,093	20,062	15,093
Loan application fees	12,075	10,706	11,266	9,958
ATM withdrawal charges	7,122	5,344	7,122	5,344
VISA and master card fees	3,395	2,801	3,395	2,801
Commission on letters of credit	4,903	4,544	4,903	4,544
Fee on issue of bank cards	4,814	1,933	4,814	1,933
Fee on local transfers and drafts	2,999	3,584	2,999	3,584
Point of sale fees	2,394	1,688	2,394	1,688
Fee on international telegraphic transfers	2,297	2,512	2,297	2,512
Commission on Guarantees and indemnities	2,127	119	1,754	119
Commission on mobile phone services	2,625	4	2,625	4
Salary processing fees	3,258	1,287	3,258	1,287
Penalties *	1,542	962	1,542	962
Other fees and commissions	5,556	12,229	3,526	6,779
	75,171	62,806	71,957	56,608

* 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.

8. NET FOREIGN EXCHANGE INCOME

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Exchange gain on trading	16,067	1,610	16,067	1,610
Exchange gain/(loss) on revaluation	6,715	(61)	6,185	(61)
	22,782	1,549	22,252	1,549

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Notes (Continued)

9. OTHER INCOME

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Rental income	136	101	136	101
FSDT grant income (note 33)	882	1,131	-	-
RFSP grant income	22	-	-	-
Other grant	-	9	-	-
Gain/(loss) on disposal of property and equipment	42	2	42	(3)
	1,082	1,243	178	98

10 GENERAL AND ADMINISTRATIVE EXPENSES

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Directors' fees	397	304	324	247
Auditors' fees	296	343	255	312
Provision for irrecoverable assets	3,264	2,107	3,264	2,107
Hired services costs	8,932	7,323	8,861	7,284
Insurance costs	6,281	4,949	6,214	4,887
Software license	3,594	3,117	3,594	3,117
Marketing costs	5,872	4,751	5,565	4,612
Travelling expenses	5,991	5,808	5,466	5,531
Rent	5,878	4,935	5,878	4,935
Training	4,092	2,990	2,915	2,990
Information system maintenance	2,176	1,677	2,174	1,677
Printer tonner and computer sheets	1,057	1,409	1,046	1,403
Printing and stationery	2,202	3,083	2,153	3,059
VSAT-Communication costs	2,372	2,078	2,369	2,045
Legal fees	2,321	1,353	2,309	1,353
Visa card expenses	2,386	1,546	2,386	1,546
Tembo cards costs	2,026	1,888	2,026	1,888
Telephone and fax	1,794	3,059	1,671	3,059
Motor vehicles repairs and maintenance	1,084	1,005	893	837
Fuel costs	2,762	3,158	2,485	2,901
Postage	1,245	958	1,236	949
Electricity	1,577	1,188	1,517	1,151
Board meetings expenses	1,367	910	1,166	902
Other expenses	7,197	2,085	6,777	1,672
	76,163	62,024	72,544	60,465

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11. DEPRECIATION AND AMORTISATION

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Depreciation of property and equipment	15,670	13,019	15,396	12,796
Amortization of intangible assets	2,713	1,885	2,549	1,817
Amortization of prepaid lease	43	40	43	40
	18,426	14,944	17,988	14,653

12. EMPLOYEE BENEFIT EXPENSES

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Salaries and wages	45,837	33,116	43,388	31,690
Bonus	2,872	2,113	2,783	2,113
Social security contributions	5,846	4,411	5,556	4,206
Gratuity – post retirement cost	4,014	2,772	3,731	2,594
Defined benefit scheme	6,159	1,823	5,928	1,823
Leave allowance	3,130	2,057	3,013	1,965
Medical expenses	1,670	1,705	1,607	1,652
Other staff costs	6,523	11,019	6,308	9,496
	76,051	59,016	72,314	55,539

13. INCOME TAX EXPENSE

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Current income tax – current year	31,742	13,424	30,553	12,765
Current income tax – prior years	679	-	679	-
Deferred income tax – current year (Note 34)	161	(214)	71	(183)
Deferred income tax – prior years	(5,423)	93	(5,201)	93
	27,159	13,303	26,102	12,675

The tax on the Bank and Group profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

13. INCOME TAX EXPENSE (CONTINUED)

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Profit before income tax	107,702	51,013	103,908	48,997
Tax calculated at the statutory income tax rate 30%, (2011: Bank 25%, subsidiary 30%)	32,311	12,853	31,172	12,249
Tax effect of:				
Changes in tax rate	(984)	-	(984)	-
Non-taxable income	(129)	-	(129)	-
Depreciation on non-qualifying assets	267	244	223	109
Expenses not deductible for tax purposes	343	113	342	224
Under provisions in previous years tax- current tax	679	-	679	-
Under provision of tax in previous years- deferred tax	(5,423)	93	(5,201)	93
Other	95	-	-	-
Income tax expense	27,159	13,303	26,102	12,675

* The 3 year period for the use of the special tax rate for recently listed entities of 25% came to an end in the prior year. Thus from the current year, the applicable tax rate for the Bank is 30%.

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.

	2012	2011
Profit for the year (TZS'Million)	80,543	37,710
Weighted average number of shares (*Million)	2,177	2,177
Basic and diluted earnings per share (TZS)	37.00	17.32

There were no potentially dilutive ordinary shares outstanding as at 31 December 2012 (2011: Nil) Diluted earnings per share are the same as basic earnings per share.

15. DIVIDEND PER SHARE

Dividends are recognised as a liability when they have been ratified at the Annual General Meeting. The Directors propose payment of a dividend of TZS 12 per share, amounting to TZS 26.1 billion out of 2012 profit. In 2011, dividend of TZS 9 per share, amounting to TZS 19.6 billion was approved and paid.

16. CASH AND BALANCES WITH CENTRAL BANKS

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Cash in hand	120,157	100,416	119,220	100,416
Clearing accounts with Central Banks	50,304	48,534	47,688	48,534
Statutory Minimum Reserves (SMR) *	302,180	298,500	302,180	298,500
	472,641	447,450	469,088	447,450

* In accordance with Section 44 of the Bank of Tanzania Act, 2006 and Sections 4 and 71 of the Banking and

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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 30% 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 37).

Cash in hand and balances with Central Banks are non-interest bearing assets

17. LOANS AND ADVANCES TO BANKS

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Cheques and items for clearing	19,325	23,520	19,325	23,520
Nostro accounts balances	87,489	62,120	87,317	62,120
Placements with other banks	30,268	148,582	30,268	148,582
	137,082	234,222	136,910	234,222
Maturity analysis				
Redeemable on demand				
- Cheques and items for clearing	19,325	23,520	19,325	23,520
- Nostro accounts balances	87,489	62,120	87,317	62,120
Placements with other banks				
- Maturing within 3 months	26,941	145,395	26,941	145,395
- Maturing after 3 months but within 6 months	3,327	-	3,327	-
- Maturing after 6 months but within 12 months	-	3,187	-	3,187
	137,082	234,222	136,910	234,222

The maturity analysis is based on the remaining periods to contractual maturity from year end.

18. LOANS AND ADVANCES TO CUSTOMERS

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Term loans	1,106,215	948,531	1,106,215	948,531
Overdrafts	633,064	446,698	633,064	446,698
Staff loans	49,969	36,204	49,969	36,204
Interest receivable	50,092	43,436	50,092	43,436
Gross loans and advances to customers	1,839,340	1,474,869	1,839,340	1,474,869
Less				
Provision for impairment	(32,475)	(45,607)	(32,475)	(45,607)
Net loans and advances to customers	1,806,865	1,429,262	1,806,865	1,429,262

18. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end.

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Maturing within 1 year	1,262,634	650,907	1,262,634	650,907
Maturing after 1 year but within 3 years	296,817	408,648	296,817	408,648
Maturing after 3 years	279,889	415,314	279,889	415,314
Gross loans and advances to customers	1,839,340	1,474,869	1,839,340	1,474,869

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 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Dar es Salaam zone	780,411	575,160	780,411	575,160
Mbeya zone	339,208	286,729	339,208	286,729
Lake zone	331,261	293,245	331,261	293,245
Zanzibar zone	209,885	152,794	209,885	152,794
Arusha zone	178,575	166,941	178,575	166,941
Gross loans and advances to customers	1,839,340	1,474,869	1,839,340	1,474,869

The composition of the zones is as follows:

Zone	Component regions
Dar es Salaam zone	Dar es Salaam
Lake zone	Kagera, Kigoma, Tabora, Mara, Mwanza and Shinyanga
Mbeya zone	Dodoma, Iringa, Mbeya, Sumbawanga and Songea
Zanzibar zone	Kibaha, Unguja, Lindi, Morogoro and Mtwara
Arusha zone	Arusha, Kilimanjaro, Singida and Tanga

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18. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Credit impairment for loans and advances to customers

The movements in provision for impairment losses on loans and advances are as follows:

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
At start of year	45,607	30,179	45,607	30,179
Movement during the year				
Impairment charges for credit losses	28,899	31,926	28,899	31,926
Amounts recovered during year	(2,496)	(710)	(2,496)	(710)
Charge to profit or loss	26,403	31,216	26,403	31,216
Amounts written off during year	(39,535)	(15,788)	(39,535)	(15,788)
At end of year	32,475	45,607	32,475	45,607

Analysis of impairment by industry

Agriculture	10,462	14,693	10,462	14,693
Savings and Credit Cooperative Societies (SACCOS)	9,319	13,087	9,319	13,087
Personal	8,734	12,266	8,734	12,266
Trade	2,221	3,119	2,221	3,119
Building and construction	824	1,157	824	1,157
Education	491	690	491	690
Hotels and restaurants	308	433	308	433
Transport	88	124	88	124
Others	28	38	28	38
	32,475	45,607	32,475	45,607

19. GOVERNMENT SECURITIES

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Held to maturity				
Treasury bills	204,927	230,584	196,050	230,584
Treasury bonds	286,916	235,657	286,829	235,657
Government bonds	23,484	27,494	23,484	27,494
	515,327	493,735	506,363	493,735
Available for sale				
Treasury Bonds	12,291	-	12,291	-
	527,618	493,735	518,654	493,735

19. GOVERNMENT SECURITIES (CONTINUED)

Treasury bills and bonds are debt securities issued by the Government. As at 31 December 2012, treasury bonds amounting to TZS 20,644 million had been pledged as collateral for various short term borrowings from other banks.

The maturity analysis of Government securities is as follows:

Group	Group 2012 TZS' Million	Bank 2011 TZS' Million	Bank 2012 TZS' Million	2011 TZS' Million
Maturing within 3 months from date of acquisition				
Treasury bills	7,980	87,207	7,000	87,207
Maturing after 3 months from date of acquisition				
Treasury bills	196,947	143,377	189,050	143,377
Treasury bonds	299,207	235,656	299,120	235,656
Government bonds	23,484	27,495	23,484	27,495
	519,638	406,528	511,654	406,528
	527,618	493,735	518,654	493,735

Government securities maturing within 3 months from date of acquisition amounting to TZS 7,980 million for the Group and TZS 7,000 million for the Bank, form part of cash and cash equivalents for the purpose of statement of cash flows (Note 37).

20. DEBT SECURITIES

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
East African Development Bank bond Maturing after 5 years	-	200	-	200

These bonds are classified as held-to-maturity and are stated at amortized cost. These matured during the year.

21 DERIVATIVES

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Foreign exchange derivatives				
Forwards	-	122	-	122

The amount represents the fair value of forward foreign exchange contracts. These derivative assets are measured at fair value with gains or losses recognised in profit or loss during the year. The Bank and the Group had no outstanding forward contracts as at 31 December 2012

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22. OTHER ASSETS

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Advance payment for capital expenditure	3,380	1,020	3,380	1,020
Prepaid expenses	7,835	4,819	6,046	4,819
Bank card stock	2,277	2,077	2,277	2,077
Due from a related party (Note 42)	-	-	2,592	-
Receivable for mobile phone companies	8,637	2,109	8,637	2,109
MasterCard receivable	415	402	415	402
Bills receivable	123	224	123	224
Other receivables	5,394	6,907	5,070	6,872
Less: Provision for impairment	(1,979)	(1,636)	(1,979)	(1,636)
	26,082	15,922	26,561	15,887

Provision for impairment is made for assets whose recoverability is considered doubtful.

Movement in provision for impairment on other assets is as shown below:

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
At 1 January	1,636	558	1,636	558
Increase during the year	3,264	2,107	3,264	2,107
Write offs	(2,921)	(1,029)	(2,921)	(1,029)
At 31 December	1,979	1,636	1,979	1,636

23 INVESTMENT IN SUBSIDIARIES

	Country of Incorporation	Interest Held %	2012 TZS' Million	BANK 2011 TZS' Million
CRDB Microfinance Service Company Limited	Tanzania	100%	728	728
CRDB Bank Burundi S.A	Burundi	100%	16,161	-
			16,889	728

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.

24. EQUITY INVESTMENTS

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Investment in Tanzania Mortgage Refinance Company (TMRC)	1,200	1,200	1,200	1,200

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 2012 was 14.48% (2011: 14.63%). The cost is deemed to represent the fair value of the investment as at 31 December 2012.

25. INTANGIBLE ASSETS

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Cost				
At 1 January	20,160	16,334	19,818	15,992
Additions	3,872	3,826	2,392	3,826
At 31 December	24,032	20,160	22,210	19,818
Amortisation				
At 1 January	(6,098)	(4,213)	(5,921)	(4,104)
Charge for the year	(2,713)	(1,885)	(2,549)	(1,817)
At 31 December	(8,811)	(6,098)	(8,470)	(5,921)
Net book value At 31 December	15,221	14,062	13,740	13,897

Intangible assets relate to computer software used by the Group. No intangible asset was pledged as at 31 December 2012.

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26 PROPERTY PLANT AND EQUIPMENT

GROUP Year 2012 Cost/ Revaluation	Amounts are in TZS'Million									
	Buildings Improvement	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smart card equipment	Security equipment	Mobile Branch	Work in progress	Total
At 1 January	17,663	18,051	6,372	24,085	13,151	12,261	2,179	5,315	2,368	101,445
Additions	347	7,058	1,715	7,011	4,237	4,038	429	1,862	1,422	28,119
Revaluation	-	-	3,983	-	-	-	-	-	-	3,983
Released on revaluation	-	-	(4,192)	-	-	-	-	-	-	(4,192)
Disposals	-	(148)	(318)	(1,252)	(318)	(174)	(13)	-	-	(2,223)
At 31 December	18,010	24,961	7,560	29,844	17,070	16,125	2,595	7,177	3,790	131,324
Depreciation										
At 1 January	(3,036)	(6,014)	(3,026)	(13,495)	(6,154)	(5,108)	(1,265)	(1,593)	-	(39,691)
Charge for the year	(401)	(4,165)	(1,238)	(4,176)	(2,593)	(1,555)	(379)	(1,163)	-	(15,670)
Disposal	-	-	72	1,226	306	174	13	-	-	1,791
Released on revaluation	-	-	4,192	-	-	-	-	-	-	4,192
At 31 December	(3,437)	(10,179)	-	(16,445)	(8,441)	(6,489)	(1,631)	(2,756)	-	(49,378)
Net book value	14,573	14,782	7,560	13,399	8,629	9,636	964	4,421	3,790	77,757

26 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

GROUP Year 2011 Cost/ Revaluation	Amounts are in TZS'Million									
	Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smart card equipment	Security equipment	Mobile Branch	Work in progress	Total
At 1 January	16,911	12,730	5,578	19,811	9,234	10,041	1,782	2,350	1,103	79,540
Additions	752	5,321	876	4,464	3,948	2,220	396	2,965	1,265	22,207
Disposals	-	-	(82)	(189)	(31)	-	-	-	-	(302)
At 31 December	17,663	18,051	6,372	24,086	13,151	12,261	2,178	5,315	2,368	101,445
Depreciation										
At 1 January	(2,648)	(2,419)	(1,949)	(10,015)	(4,345)	(3,778)	(931)	(820)	-	(26,905)
Charge for the year	(388)	(3,595)	(1,114)	(3,652)	(1,834)	(1,332)	(333)	(771)	-	(13,019)
Disposals	-	-	37	172	25	-	-	-	-	234
At 31 December	(3,036)	(6,014)	(3,026)	(13,495)	(6,154)	(5,110)	(1,264)	(1,591)	-	(39,690)
Net book value	14,627	12,037	3,346	10,591	6,997	7,151	914	3,724	2,368	61,755

On 31 December 2012, the Group revalued its motor vehicles. The valuation was done by Mechmaster (T) Limited and Toyota Tanzania Limited

26 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

Amounts are in TZS'Million

BANK Year 2012 Cost/ Revaluation	Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smart card equipment	Security equipment	Mobile Branch	Work in progress	Total
At 1 January	17,663	18,051	6,495	23,770	13,151	12,261	2,179	5,315	2,368	101,253
Additions	347	5,299	1,197	6,238	4,164	4,041	429	1,862	1,422	24,999
Revaluation	-	-	3,328	-	-	-	-	-	-	3,328
Released on revaluation	-	-	(4,571)	-	-	-	-	-	-	(4,571)
Disposals	-	(148)	(318)	(1,252)	(318)	(174)	(13)	-	-	(2,223)
At 31 December	18,010	23,202	6,131	28,756	16,997	16,128	2,595	7,177	3,790	122,786
Depreciation										
At 1 January	(3,036)	(6,014)	(3,616)	(13,302)	(6,151)	(5,110)	(1,265)	(1,593)	-	(40,087)
Charge for the year	(401)	(4,165)	(1,027)	(4,115)	(2,591)	(1,555)	(379)	(1,163)	-	(15,396)
Disposals	-	-	72	1,245	306	174	13	-	-	1,810
Released on revaluation	-	-	4,571	-	-	-	-	-	-	4,571
At 31 December	(3,437)	(10,179)	-	(16,172)	(8,436)	(6,491)	(1,631)	(2,756)	-	(49,102)
Net book value										
At 31 December	14,573	13,023	6,131	12,584	8,561	9,637	964	4,421	3,790	73,684

On 31 December 2012, the Bank revalued its motorvehicles. The revaluation was done by Mechmaster (T) Limited and Toyota Tanzania Limited, registered property valuers. It is the Bank's policy to revalue motorvehicles every three years.

26 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

BANK Year 2011 Cost/ Revaluation	Amounts are in TZS'Million									
	Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smart card equipment	Security equipment	Mobile Branch	Work in progress	Total
At 1 January	16,911	12,730	4,316	19,556	9,234	10,041	1,782	2,350	1,103	78,023
Additions	752	5,321	787	4,403	3,948	2,220	397	2,965	1,265	22,058
Disposals	-	-	(82)	(189)	(31)	-	-	-	-	(301)
At 31 December	17,663	18,051	5,021	23,770	13,151	12,261	2,179	5,315	2,368	99,778
Depreciation										
At 1 January	(2,648)	(2,419)	(1,245)	(9,865)	(4,345)	(3,778)	(931)	(820)	-	(26,051)
Charge for the year	(388)	(3,595)	(934)	(3,610)	(1,831)	(1,332)	(333)	(773)	-	(12,796)
Disposals	-	-	37	172	25	-	-	-	-	234
At 31 December	(3,036)	(6,014)	(2,142)	(13,303)	(6,151)	(5,110)	(1,264)	(1,593)	-	(38,614)
Net book value	14,627	12,037	2,879	10,467	7,000	7,151	914	3,722	2,368	61,165

Work in progress relates to the Bank's buildings under construction.

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Notes (Continued)

27. PREPAID OPERATING LEASE

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Cost prepaid				
At 1 January	3,517	3,323	3,517	3,323
Additions	165	194	165	194
At 31 December	3,682	3,517	3,682	3,517
Amortisation				
At 1 January	(77)	(37)	(77)	(37)
Charge for the year	(43)	(40)	(43)	(40)
At 31 December	(120)	(77)	(120)	(77)
Net book value				
At 31 December	3,562	3,440	3,562	3,440

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

28. DEPOSITS FROM CUSTOMERS

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Current and demand accounts	883,762	964,586	883,377	964,586
Savings accounts	827,888	726,893	827,577	726,893
Term deposits	879,383	717,197	879,165	717,197
	2,591,033	2,408,676	2,590,119	2,408,676

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 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Repayable on demand	1,711,650	1,691,479	1,710,954	1,691,479
Maturing within 3 months	499,522	407,394	499,398	407,394
After 3 months but within 1 year	271,863	221,723	271,796	221,723
Maturing after 1 year	107,998	88,080	107,971	88,080
	2,591,033	2,408,676	2,590,119	2,408,676

29 DEPOSITS FROM BANKS

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Deposits from banks	135,580	2,901	135,580	2,901

Deposits from banks carry variable interest rates.

30. PROVISIONS

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Provision for litigation				
At 1 January	352	250	352	250
Additional provisions	875	102	875	102
At 31 December	1,227	352	1,227	352

As at year end, there were several pending legal cases where the Bank was a defendant. Provision has been made for legal cases where professional advice indicates that it is probable that significant loss will arise. The directors have considered it probable that the unfavourable outcome of these cases to the Bank could result into an estimated loss of TZS 1,227 million (2011: TZS 352 million). Cases whose outcomes are uncertain, contingent liabilities have been considered as disclosed in note 40. According to the nature of such disputes the timing of settlement of these cases is uncertain.

31. OTHER LIABILITIES

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Bills payable	3,340	15,181	3,173	15,181
Dividend payable	2,148	1,707	2,148	1,707
Accrued expenses	6,004	5,691	5,873	5,639
Due to related parties (Note 42)	-	-	4,695	1,785
Deferred income	2,057	719	2,024	719
Outstanding credits	2,861	5,066	2,860	5,066
Unclaimed customer balances	8,552	3,913	8,552	3,913
Other payables	4,582	4,205	4,554	4,515
	29,544	36,482	33,879	38,525

- 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.

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For The Year Ended 31 December 2012

Notes (Continued)

32. SUBORDINATED DEBT

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
At 1 January	1,920	1,920	1,920	1,920
Interest charge for the year	96	96	96	96
Interest paid in the year	(96)	(96)	(96)	(96)
Principal repayment during the year	(1,920)	-	(1,920)	-
At 31 December	-	1,920	-	1,920

The subordinated debt from DANIDA Investment Fund (DIF) of TZS 1,920,000,000 was repaid in full on 31 December 2012. Interest charged was 5% per annum (2011 – 5% per annum).

33. FINANCIAL SECTOR DEEPENING TRUST (FSDT) GRANT

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
At 1 January	139	399	-	-
Grant received during the year	-	871	-	-
Grant amount utilised	(139)	(1,131)	-	-
At 31 December	-	139	-	-

In 2008, the Group secured a three year grant of USD 3.8 million from the Financial Sector Deepening Trust of Tanzania (FSDT) for strengthening its microfinance partners and expansion outreach. The grant contract expires on 31 December 2013.

34. DEFERRED INCOME TAX

GROUP

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 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
At 1 January	252	54	280	51
Charge to profit and loss	161	(121)	71	(90)
Under provision in prior year deferred income tax (Note 13)	(5,423)	319	(5,201)	319
Charge to equity	1,195	-	998	-
At 31 December	(3,815)	252	(3,852)	280

34. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax asset and deferred income tax credit to the profit and loss account are attributed to the following items:

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Accelerated capital allowance	(2,385)	1,211	(2,396)	1,186
Actuarial gains on defined benefit plan	-	319	-	319
Provisions	(2,625)	(1,278)	(2,454)	(1,225)
Revaluation gain on motor vehicles	1,195	-	998	-
	(3,815)	252	(3,852)	280

The subordinated debt from DANIDA Investment Fund (DIF) of TZS 1,920,000,000 was repaid in full on 31 December 2012. Interest charged was 5% per annum (2011 – 5% per annum).

35. SHARE CAPITAL

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Authorized				
4,000,000,000 ordinary shares of TZS 25 each	100,000	100,000	100,000	100,000
Issued and fully paid				
2,176,532,160 ordinary shares of TZS 25 each	54,413	54,413	54,413	54,413

36. DEFINED BENEFIT LIABILITY

The Group operates a funded defined benefit scheme for its employees through an established scheme CRDB Bank Group Endowment Scheme. The most recent actuarial valuation of the Group's defined benefit schemes assets and the present value of the defined benefits obligation were carried out at 30 May 2012 by the Scheme's Actuaries, ARCH Actuarial Consulting CC, registered actuaries with the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit Method.

At its board meeting held on 26 November 2012 the Bank's Board of Directors passed a resolution

to terminate its liability to contribute to the Scheme for benefits accruing in respect of all its employees. The Bank exercised this right under section 14 of the Trust Deed of the Scheme by issuing a notice in writing to the Trustees to terminate its liability to the Scheme with effect from 31 May 2012. Accordingly, the Trustees of the Scheme met on 4 November 2012 and approved the winding up of the Scheme.

The Bank settled in full the outstanding net liability arising from defined benefit obligation before year end. The amounts recognised in the statement of financial position are as follows:

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Notes (Continued)

36 DEFINED BENEFIT LIABILITY (CONTINUED)

	2012	GROUP AND BANK
	TZS' Million	2011
		TZS' Million
Present value of funded obligations	18,082	12,137
Fair value of scheme assets	(18,082)	(4,000)
Net liability arising from defined benefit obligation	-	8,137

Movements in the present value of the defined benefit obligation were as follows:

	2012	GROUP AND BANK
	TZS' Million	2011
		TZS' Million
Opening obligation	12,137	10,137
Current service cost	358	706
Interest cost	735	1,459
Benefits paid	(317)	(860)
Actuarial loss	5,169	695
Closing obligation	18,082	12,137

Movements in the present value of the plan assets were as follows:

Opening fair value of plan assets	(4,000)	2,549
Employer contributions	(14,832)	-
Expected return on plan assets	(242)	342
Benefits paid	317	(860)
Actuarial loss/(gain)	675	1,969
Closing fair value of plan assets	(18,082)	4,000

Plan assets comprise:

	2012		2011	
	TZS' Million	%	TZS' Million	%
Bank balances	16,753	93	439	11
Government securities	-	-	3,561	89
Other	1,329	7	-	-
	18,082	100	4,000	100

36 DEFINED BENEFIT LIABILITY (CONTINUED)

	GROUP AND BANK	
	2012 TZS' Million	2011 TZS' Million
Current service cost	358	706
Interest cost	735	1,459
Expected return on plan assets	(242)	(342)
Net actuarial losses recognized in statement of profit or loss	5,844	-
Settlement gain	(536)	-
Total included in employee benefits expense (Note 12)	6,159	1,823

The actual return on plan assets was TZS 135 million (2011: TZS 263 million)

The principal actuarial assumptions used were as follows:

Discount rate	14%	15%
Salary inflation rate	10.0%	10.5%
Net effective discount rate	3.64%	4.07%
Expected return on assets	16%	16%

Four year summary:

	2012 TZS' Million	2011 TZS' Million	2010 TZS' Million	2009 TZS' Million
At 31 December				
Present value of defined benefit obligation	18,082	12,137	10,137	8,584
Fair value of plan assets	(18,082)	(4,000)	(2,549)	(2,499)
Deficits in the plan	-	8,137	7,588	6,085

Sensitivity analysis

The liability at the valuation date was recalculated to show the effect of:

- (i) 1% increase or decrease in the assumed rate of salary inflation; and
- (ii) 50% reduction in the assumed withdrawal rates

Assumption	Change	Liability	
		TZS' Million	% Change
Central assumptions		18,082	
Salary inflation	+1%	19,460	8%
	-1%	16,831	-7%
Withdrawal rate	-50%	18,553	3%

The table above indicates, for example, that if salary inflation is 1% greater than the long-term assumption made, the liability will be 8% higher than that shown. If the employees withdraw at half the assumed rate, the liability will only increase by 3%.

Sensitivity analysis on the current service and interest costs for the five month period ended 31 may 2012

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Notes (Continued)

36. DEFINED BENEFIT LIABILITY (CONTINUED)

Assumption	Change	Current service cost TZS' Million	Interest cost TZS' Million	Total TZS' Million	% Change
Central assumptions		358	736	1,093	
Salary inflation	+1%	379	785	1,164	6%
	-1%	338	690	1,028	-6%
Withdrawal rate	-50%	324	742	1,066	-3%

37. RESERVES

Share premium

Share premium represents the surplus of market price over the nominal value of the shares issued, comprising the rights issue and Initial Public offering (IPO).

Revaluation reserve

Revaluation reserve is made of periodic adjustment arising from the fair valuation of motor vehicles, net of related deferred taxation and fair valuation of available for sale financial assets and liabilities. The reserve is not available for distribution to the shareholders. As at 31 December 2012, the revaluation reserves that related to fair valuation gain on available for sale financial assets amounted to TZS 79 million (2011: Nil).

Retained earnings

Retained earnings consist of undistributed profits.

General banking risk reserve

General banking risk reserve represents the surplus of loan provision computed as per the Bank of Tanzania regulations over the impairment of loans and advances.

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.

38. CASHFLOWS FROM OPERATING ACTIVITIES

38.1 Reconciliation of profit before tax to net cash flows from operating activities

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Profit before income tax	107,702	51,013	103,908	48,997
Adjustment for:				
Depreciation of property and equipment	15,670	13,019	15,396	12,796
Amortization of intangible assets	2,713	1,885	2,549	1,817
Amortization of prepaid operating leases	43	40	43	40
(Gain)/loss on disposal of property and equipment	(42)	(2)	(42)	3
Credit impairment charges on loans and advances	26,403	31,216	26,403	31,216
Fair value gain on derivatives	-	(122)	-	(122)
	152,489	97,049	148,257	94,747
Interest and similar income	261,741	188,357	261,614	188,357
Fees and commission income	75,171	62,806	71,957	56,608
Net foreign exchange income	22,782	1,549	22,252	1,549
Other operating income less gain on assets disposal	1,040	1,241	136	101
	360,734	253,953	355,959	246,615

38.3 Cash paid to customers, employees and suppliers

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Interest expense	(55,465)	(34,972)	(55,464)	(34,972)
Fee and commission expense	(566)	(892)	(7,380)	(892)
Employee benefit expenses	(76,051)	(59,016)	(72,314)	(55,539)
General and administrative expenses	(76,163)	(62,024)	(72,544)	(60,465)
	(208,245)	(156,904)	(207,702)	(151,868)

38.4 Increase in income earning assets

Increase in statutory minimum reserve	(3,680)	(84,000)	(3,680)	(84,000)
(Increase)/decrease in loans and advances to customers maturing beyond 3 months	(140)	22,804	(140)	22,804
Increase in Government securities	(113,110)	(108,365)	(105,126)	(108,365)
Increase in loans and advances to customers	(404,031)	(337,131)	(404,006)	(337,130)
Increase in other assets	(10,160)	(3,817)	(10,674)	(3,817)
	(531,121)	(510,509)	(523,626)	(510,508)

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Notes (Continued)

38.5 Increase in deposits and other liabilities

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Increase in customer deposits	182,426	415,702	181,443	415,471
Increase/ (decrease) in deposits from banks	132,679	(13,929)	132,679	(13,929)
(Decrease)/ increase in other liabilities	(6,038)	10,614	(2,575)	12,070
Decrease in grants	(157)	(260)	-	-
(Decrease)/ increase in defined benefit liability	(8,137)	1,823	(8,137)	1,823
	300,773	413,950	303,410	415,435

39. FINANCIAL INSTRUMENTS BY CATEGORY

GROUP

(All amounts in TZS' Million)

At 31 December 2012

	Loans and receivables	Held to maturity	Available - for- sale	Total
Financial assets				
Cash and balances with Central Banks	472,641	-	-	472,641
Loans and advances to banks	137,082	-	-	137,082
Loans and advances to customers	1,806,865	-	-	1,806,865
Government securities	-	515,327	12,291	527,618
Equity investment	-	-	1,200	1,200
Other assets	12,590	-	-	12,590
	2,429,178	515,327	13,491	2,957,996

GROUP

At 31 December 2012

	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
Financial liabilities			
Deposits from banks	-	135,580	135,580
Deposits customers	-	2,591,033	2,591,033
Other liabilities	-	29,544	29,544
		2,756,157	2,756,157

GROUP

At 31 December 2011

	Loans and receivables	Held to maturity	Available - for- sale	Total
Financial assets				
Cash and balances with Central Banks	447,450	-	-	447,450
Loans and advances to banks	234,222	-	-	234,222
Loans and advances to customers	1,429,262	-	-	1,429,262
Government securities	-	493,735	-	493,735
Debt securities	-	200	-	200
Derivatives	-	-	122	122
Equity investment	-	-	1,200	1,200
Other assets	8,006	-	-	8,006
	2,118,940	493,935	1,322	2,614,197

39 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(All amounts in TZS' Millions)

GROUP

At 31 December 2011

Financial liabilities

	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
Deposits from banks	-	2,901	2,901
Deposits customers	-	2,408,676	2,408,676
Other liabilities	-	36,482	36,482
		2,448,059	2,448,059

BANK

At 31 December 2012

Financial assets

	Loans and receivables	Held to maturity	Available - for- sale	Total
Cash and balances with Central Banks	469,088	-	-	469,088
Loans and advances to banks	136,910	-	-	136,910
Loans and advances to customers	1,806,865	-	-	1,806,865
Government securities	-	506,363	12,291	518,654
Equity investment	-	-	1,200	1,200
Other assets	14,858	-	-	14,858
	2,427,721	506,363	13,491	2,947,575

BANK

At 31 December 2012

	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
Financial liabilities			
Deposits from banks	-	135,580	135,580
Deposits customers	-	2,590,119	2,590,119
Other liabilities	-	33,879	33,879
		2,759,578	2,759,578

BANK

(All amounts in TZS' Million)

At 31 December 2011

Financial assets

	Loans receivable	Held to maturity	Available for sale	Total
Cash and balances with Central Banks	447,450	-	-	447,450
Loans and advances to banks	234,222	-	-	234,222
Loans and advances to customers	1,429,262	-	-	1,429,262
Government securities	-	493,735	-	493,735
Debt securities	-	200	-	200
Derivatives	-	-	122	122
Other assets	7,971	-	-	7,971
	2,118,905	493,935	122	2,612,962

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Notes (Continued)

39 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

BANK	(All amounts in TZS'Millions)		
	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
At 31 December 2011			
Financial liabilities			
Deposits from banks	-	2,901	2,901
Deposits customers	-	2,408,676	2,408,676
Other liabilities	-	38,525	38,525
Subordinated debts and senior loans	-	1,920	1,920
	-	2,452,022	2,452,022

40. CONTINGENT LIABILITIES

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Guarantees and indemnities	60,589	90,514	60,589	90,514
Letters of credit	164,060	328,829	164,060	328,829
Outward foreign bills for collection	25	34	25	34
	224,675	419,377	224,675	419,377
Litigations against the Group	1,171	1,722	1,171	1,722

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 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

41. COMMITMENTS

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Commitments to extend credit	221,488	302,433	221,488	302,433
Capital commitments				
Authorized and contracted for	13,731	13,560	13,731	13,560

Capital commitments authorized and contracted for are in respect of construction and establishment costs of Agencies at Mwaloni, Kilosa, Kasumulu, Tunduma, ATMS at Quality centre, Singida branch and Tanga as well as refurbishment of Masasi, Oysterbay, Mandela, CCT House Dodoma, Sumbawanga, Tabata, Tabora, Bugando, Tegeta and Quality plaza branches.

Capital commitments authorized and contracted for also relate to purchase of Generator and various information technology infrastructures such as Antivirus, Back-up servers and application software.

Operating lease commitments

Non-cancellable operating lease rentals charged during the year.

	Group 2012 TZS' Million	Group 2011 TZS' Million	Bank 2012 TZS' Million	Bank 2011 TZS' Million
Lease rentals	3,120	5,046	3,120	4,935

The future minimum lease payments of the Group (lessee) under non-cancellable operating leases are as follows:

	2012 TZS' Million	2011 TZS' Million
Less than 1 year	2,846	523
More than 1 year but less than 5 years	1,258	2,648
More than 5 years	4,081	1,204
Total	8,185	4,375

Operating lease payments represent rental payable by the Group for its branches and office premises. Premises leases are negotiated for an average term of 1 to 7 years with a renewal option

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For The Year Ended 31 December 2012

Notes (Continued)

41. COMMITMENTS (CONTINUED)

Group as a lessor	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Rent received in the year	113	101	113	101

Rental income commitments

The Group leases unutilized office space to earn rentals. The leases cover a year with an option to renew after expiry. The future lease rental income with the Group as a lessor as at 31 December 2012 is TZS 107 million.

42. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, a number of banking transactions are entered into with related parties' i.e. key management staff, Directors, their associates and companies associated with Directors. These include loans and deposits. Loans and advances to customers as at 31 December include loans and advances to Directors, other key management personnel and companies associated with Directors.

The volume of related party transactions for the year and the outstanding amounts at the year-end are as follows:

	Companies Associated with Directors		Directors And other Key management personnel	
	2012 TZS' Million	2011 TZS' Million	2012 TZS' Million	2011 TZS' Million
Loan and advances				
At 1 January	128	174	1,960	1,922
Net movement during the year	(60)	(46)	1,900	38
At 31 December	68	128	3,860	1,960
Interest earned	9	32	201	144

	Companies Associated with Directors		Directors And other Key management personnel	
	2012 TZS' Million	2011 TZS' Million	2012 TZS' Million	2011 TZS' Million
Deposits from customers				
At 1 January	806	69,031	789	291
Net movement during the year	(46)	(68,225)	327	498
At 31 December	760	806	1,116	789
Interest paid	1	0.9	9	4

42. RELATED PARTY TRANSACTIONS (CONTINUED)

Balances outstanding with related companies were as follows:

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Due from related parties				
CRDB Burundi S.A	-	-	2,592	-
Due to related parties				
CRDB Microfinance Company Services	-	-	4,677	1,785

Transactions with related companies were as follows:

	Group 2012	Group 2011	Bank 2012	Bank 2011
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Payments made on behalf of subsidiaries				
CRDB Burundi S.A	-	-	2,592	-
CRDB Microfinance Company Services Limited	-	-	602	364
	-	-	3,194	364
Commission paid for loans and deposit mobilisation				
CRDB Microfinance Company Services Limited	-	-	8,985	5,907

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For The Year Ended 31 December 2012

Notes (Continued)

42 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of Key Management Personnel

Key management personnel comprise Board of Directors, Managing Director and head of units who are reporting directly to the Managing Director.

The remuneration of key management personnel during the year was as follows:

	2012 TZS' Million	2011 TZS' Million
Short term employee benefits	3,453	2,162
Post-employment benefits	1,139	434
	4,592	2,596

Directors' fees, included in the compensation of key Management Personnel, were TZS 324 million (2011 - TZS 248 million).

Directors' remuneration

Fees paid to Directors of the Bank during the period are as follows:

Name	2012 TZS' Million	2011 TZS' Million
1. Mr. Martin Mmari	48	40
2. Ms. Joyce Luhanga	22	26
3. Mr. Joseph Machange	25	28
4. Mr. Boniface Muhegi	33	24
5. Mr. Ally Laay	40	31
6. Mrs. Lydia Joachim	-	12
7. Mrs. Joyce Nyanza	36	28
8. Mr. Juma Abdulrahman	33	24
9. Mr. Bede Lyimo	35	24
10. Ms. Rose Metta	9	-
11. Ms. Selina Mkony	9	-
12. Hon. Frederick Sumaye	34	11
13. Mr. Kai Kristoffersen*	-	-
14. Dr. Charles Kimei **	-	-
	324	248

* Mr. Kai Kristoffersen is not paid Board and Committee fee by the Bank but receives remuneration from DANIDA, a shareholder of the Bank.

** Dr. Charles Kimei is an ex-officio member, who is remunerated monthly salary by the Bank. This is part of key management remuneration disclosed above.

43 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no events after the statement of financial position date which require any adjustment to the financial statements.

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