



# ANNUAL REPORT 2021





# Tanzania Commercial Bank

Growing stronger together

## **Head Office**

PSSSF Towers, Kijitonyama  
Bagamoyo Road,  
P. O. Box 9300  
Dar es Salaam  
Tanzania

Telephone: +255 22 2162940

Fax: +255 22 2114815

E-mail [info@tcbbank.co.tz](mailto:info@tcbbank.co.tz)

Website: [www.tcbbank.co.tz](http://www.tcbbank.co.tz)





**Tanzania  
Commercial  
Bank**

Growing stronger together

*Karibu* **tutembeee pamoja!**



[www.tcbbank.co.tz](http://www.tcbbank.co.tz)



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## **ABBREVIATIONS**

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<b>AC</b>	Amortized cost
<b>ALCO</b>	Assets and Liabilities Committee
<b>ARCC</b>	Audit, Risk Management and Compliance Committee
<b>ATM</b>	Automatic Teller Machine
<b>BOT</b>	Bank of Tanzania
<b>CAG</b>	Controller and Auditor General
<b>CEO</b>	Chief Executive Officer
<b>CSR</b>	Corporate Social Responsibility
<b>EAD</b>	Exposure at Default
<b>ECL</b>	Expected Credit Loss
<b>FSDT</b>	Financial Sector Deepening Trust
<b>FVOCI</b>	Fair Value through Other Comprehensive Income
<b>FVPL</b>	Fair Value through Profit or Loss
<b>GDP</b>	Gross Domestic Product
<b>GRRC</b>	Governance, Recruitment and Remuneration Committee
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
<b>IAS</b>	International Accounting Standards
<b>ICT</b>	Information and Communication Technology
<b>IFRS</b>	International Financial Reporting Standards
<b>IMF</b>	International Monetary Fund
<b>ISA</b>	International Standards on Auditing
<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>KYC</b>	Know Your Customer
<b>LAPF</b>	Local Authorities Pension Fund
<b>LGD</b>	Loss given default
<b>LIBOR</b>	London Inter-Bank Offered Rate
<b>MBA</b>	Master of Business Administration
<b>MNO</b>	Mobile Network Operators

## ABBREVIATIONS (CONTINUED)

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<b>MSc</b>	Master of Science
<b>MSME</b>	Micro Small and Medium Enterprises
<b>MUSE</b>	<i>Mfumo wa Ulipaji Serikalini</i>
<b>NBAA</b>	National Board of Accountants and Auditors
<b>N/A</b>	Not applicable
<b>NFI</b>	Non Funded Income
<b>NGO</b>	Non-Governmental Organization
<b>NPL</b>	Non-Performing Loans
<b>OCI</b>	Other Comprehensive Income
<b>PAA</b>	Public Audit Act No. 11 of 2008
<b>PAR</b>	Public Audit Regulations, 2009
<b>PAC</b>	Public Accounts Committee
<b>PD</b>	Probability of Default
<b>PFA</b>	Public Finance Act No.6 of 2001 (Revised 2004)
<b>PFR</b>	Public Finance Regulations, 2001
<b>PPA</b>	Public Procurement Act, 2011
<b>PPR</b>	Public Procurement Regulations, 2013
<b>PSSSF</b>	Public Services Social Security Fund
<b>SDGs</b>	Sustainable Development Goals
<b>S&amp;P</b>	Standard and Poor's
<b>SMR</b>	Statutory Minimum Reserves
<b>TIB</b>	TIB Corporate Bank Limited
<b>TP &amp; TC SACCOS</b>	Posta na Simu Savings & Credit Cooperative Society
<b>TRA</b>	Tanzania Revenue Authority
<b>TZS</b>	Tanzanian Shilling
<b>TWB</b>	Tanzania Women's Bank PLC
<b>URT</b>	United Republic of Tanzania
<b>USD</b>	United States Dollar



## CORPORATE PROFILE

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Tanzania Commercial Bank is one of the oldest banks in the country tracing its history to 1925 when the Tanganyika Post Office Savings Bank Ordinance was passed by the British Colonial government that established the Tanganyika Post Office Savings Bank.

After the Government of Tanzania began financial sector reform following the end of *Ujamaa* policies in the country, the Tanzania Post Office Savings Bank was transformed into a separate entity through the Tanzania Postal Bank Act No. 11 of 1991 (as amended by Act No.12 of 1992), formally establishing **Tanzania Postal Bank**.

In June 2015, the Parliament of the United Republic of Tanzania repealed this Act and in March 2016 the bank was incorporated under the Companies Act (Cap 212) as **TPB Bank PLC**. In January 2017, the bank unveiled its new name **TPB Bank PLC** to the public as well as its new logo and tagline (Grow with us).

In May 2018, the Bank of Tanzania announced the merger between **Twiga Bancorp** and TPB Bank PLC and three months later in August 2018, announced another merger between **Tanzania Women's Bank** and TPB Bank PLC, as part of a wider plan to improve financial stability and to consolidate state owned banks.

In June 2020, the Government of Tanzania through the Treasury Registrar announced the merger between **TIB Corporate Bank** with TPB Bank PLC and on the 14<sup>th</sup> July 2021 the bank changed its name to **Tanzania Commercial Bank** with a tagline '**Growing stronger together**'.

Over the decades, TCB has transformed into a progressive and modern banking institution. We are supported by a sturdy financial base as proven by our clients who have stood with us over the years. Today, we offer a full range of financial services to help our customers build and manage their finances.

Tanzania Commercial Bank's value propositions are geared towards identifying customer needs and expectations and providing value added solutions for those needs. The overriding goal is to be the leading bank, at the forefront of banking innovation, transformation of the socio-economic landscape and creating value for all our stakeholders, thereby living our mantra of '**Growing stronger together**'.

## OUR VISION

“To be the leading bank in the provision of affordable financial services and promoting financial inclusion in Tanzania.”

## OUR MISSION

“To aid in the transformation of the socio-economic landscape of Tanzania by providing and promoting financial solutions in a sustainable way while ensuring stakeholder expectations are met.”

## OUR VALUES

Tanzania Commercial Bank has identified its core values which will shape the culture, define the character of TCB and guide how TCB’s people behave and make decisions going forward.

<b>Customer Focus:</b>	All our activities are primarily focused on customers’ needs and their fulfilment; we invest to enhance their experience of banking with us. The market we serve determines our choice of products and services and the way we deliver them.
<b>Trustworthy:</b>	Our people conduct themselves ethically in a manner that is above reproach to win the trust of our customers and stakeholders.
<b>Professionalism:</b>	We always aspire to conduct our business to the highest standard and compliance with best banking practices and regulations.
<b>Teamwork:</b>	Our business units will work together in harmony so as to make sure our customers get the best value for money in the services and products we offer.
<b>Quality:</b>	Quality is the focus of everything we do. Our continual innovation, spirit of integration, and high standards improve quality in every aspect of our bank.

## OUR OUTREACH

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### **BRANCHES**

47 Branches

35 Mini-branches

### **WESTERN UNION MONEY TRANSFER**

47 Branches of TCB Bank

35 Mini-branches of TCB Bank

85 Tanzania Posts Corporation Offices

09 Branches of DCB Commercial Bank

05 Branches of Mwanga Community Bank

03 Branches of Uchumi Commercial Bank

04 Branches of Mucoba Bank PLC

25 Branches of Azania Bank Limited

10 Branches of Amana Bank

04 Branches of Maendeleo Bank

11 Branches of Mkombozi Bank PLC

### **ATM NETWORK**

84 TCB Bank's own ATMs

350 Umoja ATMs

### **TCB POPOTE POS NETWORK**

37 TPC Agents operating via Selcom

3,082 Selcom Individual Agents, and

87 Mobile Agent operators.



## BANK INFORMATION

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### LEGAL STATUS

Tanzania Commercial Bank is a Public Limited company incorporated under the Companies Act, 2002 on 29<sup>th</sup> March 2016, and awarded a certificate of incorporation number 125056. The bank is licensed by the Bank of Tanzania.

### COMPANY SECRETARY

Mystica Mapunda Ngongi  
 Director Legal Services & Company Secretary  
 Tanzania Commercial Bank Public Limited Company  
 PSSF Millennium Tower II  
 Bagamoyo Road  
 P.O. Box 9300  
 Dar es Salaam  
 Tanzania

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

PSSF Millennium Tower II  
 Bagamoyo Road  
 P.O. Box 9300  
 Dar es Salaam  
 Tanzania  
 Telephone: +255 22 2162940  
 E-mail: [info@tcbbank.co.tz](mailto:info@tcbbank.co.tz)  
 Website: [www.tcbbank.co.tz](http://www.tcbbank.co.tz)

### PRINCIPAL AUDITOR

Controller and Auditor General  
 National Audit Office  
 P.O. Box 950  
 Tambukareli  
 Dodoma  
 Tanzania

### DELEGATED AUDITOR

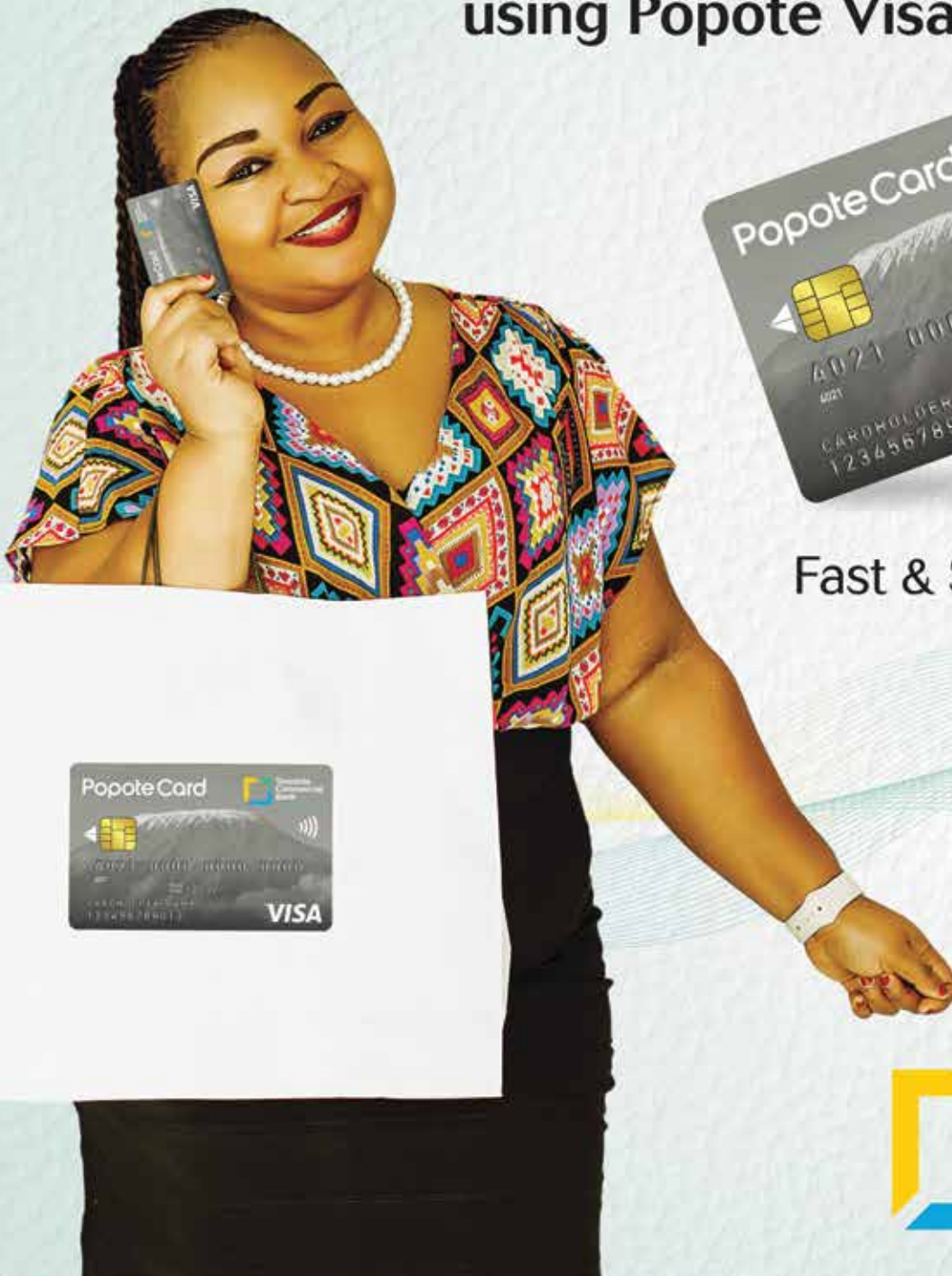
Ernst & Young Tanzania  
 P.O. Box 2475  
 Dar es Salaam  
 Tanzania

## TANZANIA COMMERCIAL BANK LAWYERS

- |   |   |
|---|---|
| 1 M. A. ISMAIL & CO. ADVOCATES<br>P.O BOX 1553 DAR ES SALAAM<br>PLOT NO 16 MALIK ROAD, UPANGA                       | 2 REX ATTORNEYS<br>P.O BOX 7495 DAR ES SALAAM<br>REX HOUSE MAGORE STREET UPANGA                                 |
| 3 KISARIKA MALIMI ADVOCATES<br>P.O BOX 71394 DAR ES SALAAM<br>ACACIA BUILDING OPP PPF HOUSE                         | 4 KAKAMBA & PARTNERS ADVOCATES<br>P.O BOX 3555 DAR ES SALAAM<br>3 <sup>RD</sup> FLOOR ATC BUILDING, OHIO STREET |
| 5 ASTUTE ATTORNEYS<br>P.O. BOX 4026 MWANZA<br>NYANZA BUILDING 3 <sup>RD</sup> FLOOR                                 | 6 AMICUS ATTORNEYS<br>P.O BOX 7219 DAR ES SALAAM<br>RAHA TOWERS 1 <sup>ST</sup> FLOOR                           |
| 7 KAILU LAW CHAMBERS ADVOCATES<br>P.O BOX 127 MWANZA<br>IBADHI COMPLEX FOURTH FLOOR                                 | 8 GABRIEL ATTORNEYS<br>P.O BOX 106204 DAR ES SALAAM<br>PLOT NO 1736 KAHAMA ROAD MASAKI                          |
| 9 LAW FRONT ADVOCATES<br>P.O BOX 31312 DAR ES SALAAM<br>JUED BUSINESS CENTRE ROSE GARDEN RD<br>MIKOCHENI A          | 10 LEGIS ATTORNEYS<br>P.O BOX 3750 DAR ES SALAAM<br>4 <sup>TH</sup> CITY PLAZA BUILDING<br>JAMHURI STREET       |
| 11 RK RWEYONGEZA ADVOCATES<br>P.O BOX 75192 DAR ES SALAAM<br>3 <sup>RD</sup> FLOOR AVALON BUILDING<br>ZANAKI STREET | 12 EPIC LAW PARTNERS (B&E AKO LAW)<br>P.O BOX 71748<br>PLOT NO 30 HOUSE NO 7<br>REGENT ESTATE                   |
| 13 MUTALEMWA AND CO ADVOCATES<br>P.O BOX 6485 MWANZA<br>NEW MWANZA HOTEL BUILDING<br>MAKUTANO WING POST ROAD        | 14 K&M ADVOCATES<br>P.O. BOX<br>DAR ES SALAAM   |
| 15 GALATI LAW CHAMBERS<br>P.O BOX<br>MWANZA   |   |

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## AN OVERVIEW OF THE OPERATING ENVIRONMENT 2021

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### MACRO-ECONOMIC REVIEW

In 2021, the Global Economy was widely expected to recover as more and more countries began to receive and roll out the COVID-19 vaccines and begun to open their borders. However by mid-year, the momentum for growth seen especially in developed nations such as USA, China and those inside the European Union had begun to slow considerably due to the profound effects of the new highly transmissible variants (Delta & Omicron) of COVID-19. Countries re-imposed mobility restrictions leading to rising energy prices and supply disruptions which resulted in higher more broad-based inflation than anticipated. Furthermore, the ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption also gave limited growth prospects. The Global GDP growth is expected to be 5.9% as at the end of 2021, from -3.1% in 2020. <sup>1</sup>

### COUNTRY-ECONOMIC REVIEW

The Tanzanian Economy remained defiant but resilient against global unsurmountable pressures resulting from COVID-19. The strong stance taken by the country to not close its borders and to not implement nationwide lockdowns in conjunction with the positive monetary stance maintained by the Bank of Tanzania to support private sector credit growth ensured that the economy continued to recover. Furthermore, efforts driven by Her Excellency President Samia Suluhu Hassan to establish an advisory committee focused on how to curb the spread of Covid-19 helped soften investor sentiment and to drive the recovery of key sectors such as tourism, health, education and agriculture.

### DEVELOPMENTS IN THE BANKING SECTOR

Unlike the predeceasing year, 2021 was a far less challenging year as the Banking and Financial Sector had adjusted swiftly to changes in the economic and regulatory environment. However, despite the recovery in performance, China Commercial Bank (CCB) which was taken over by the Bank of Tanzania in late 2020, saw the BOT in a notice to the public dated march 2021, transfer all assets and liabilities to NMB Bank Plc.

During the year, National Bank of Malawi plc completed the acquisition of a 51% controlling stake in Akiba Commercial Bank plc for a consideration of USD 7.31 million through a share subscription while in December 2021 KCB Bank announced that the proposed acquisition of African Banking Corporation Tanzania Limited had been terminated after the failure to receive certain regulatory approvals within the prescribed timeframe specified in the Agreement.

In a move to strengthen the resilience of the banking system, the Bank of Tanzania developed a framework for identification of Domestic Systemically Important Banks (D-SIBs). Tanzania Commercial Bank was one of seven banks identified as a D-SIB with the definition of being a bank whose systemic risk profile is deemed to be of such importance that failure of that bank would trigger a wider financial crisis and may have an impact to the entire domestic economy.

<sup>1</sup> International Monetary Fund (IMF) – World Economic Outlook January 2022

## OPERATING ENVIRONMENT (CONTINUED)

### REGULATORY LANDSCAPE

In a bid to ensure that the banking sector continues to operate in a safe, sound and stable manner, the Bank of Tanzania introduced the following measures;

- i. All banks and financial institutions in Tanzania must maintain a cost-to-income ratio of not more than fifty five percent (55%) over a rolling period of twelve months.
- ii. All banks and financial institutions in Tanzania must continue implementing their strategies to contain non-performing loans (NPLs) and reduce the ratio to the acceptable limit of five percent (5%);

Those in breach of the above are restricted from paying dividends and bonuses, with those who fail to comply for two consecutive years from 31 December 2022 shall be subjected to regulatory sanctions as may be determined by the BOT.

### HEALTH AND CUSTOMER WELLBEING

At the onset, majority of financial institutions triggered their business continuity plans to ensure that service were not interrupted. After a year, the country has relatively managed to mitigate the risk of the spread despite more dangerous variants coming to existence.

Tanzania Commercial Bank continued to prioritize health and safety of both customers and employees by putting in place Covid-19 protocols (monitoring of temperature, social distancing, provision of hand sanitizers and compulsory mask mandate) at all our locations and at all service delivery points. The bank also embarked on a vaccination drive for our members of staff that successfully oversaw the administration of all required doses of the vaccines being rolled out to most of our employees. These efforts were aimed at protecting our human capital and customers in our business premises.



*Director Human Resources and Administration - Ms. Diana Myonga leading staff participation in the Voluntary COVID-19 Vaccination Drive in collaboration with Kariuki Hospital.*

## FIVE - YEAR FINANCIAL REVIEW

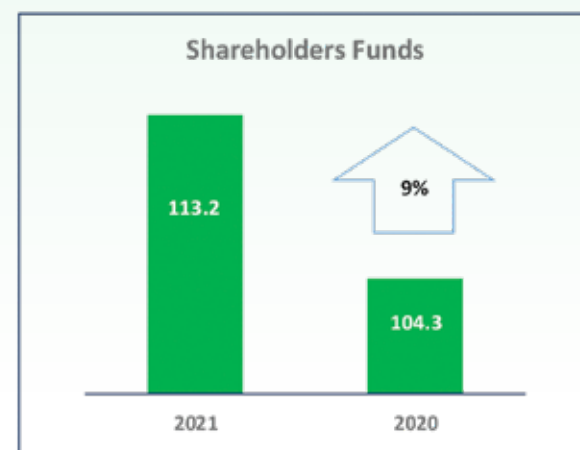
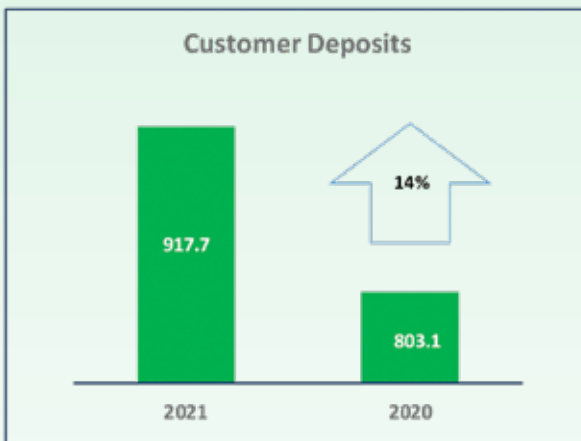
(Figures stated in Billions Shillings)

	2021	2020	2019	2018	2017
	Dec.	Dec.	Dec.	Dec.	Dec.
Interest Income	135.2	122.2	100.2	95.9	83.1
Non-Interest Income	34.5	32.7	29.5	22.4	23.7
<b>TOTAL INCOME</b>	<b>169.7</b>	<b>154.9</b>	<b>129.7</b>	<b>118.3</b>	<b>106.8</b>
Impairment for Loans	(13.7)	(8.4)	(10.5)	(13.7)	(11.2)
<b>PROFIT BEFORE TAX</b>	<b>19.7</b>	<b>21.0</b>	<b>23.0</b>	<b>17.1</b>	<b>18.4</b>
<b>PROFIT AFTER TAX</b>	<b>9.2</b>	<b>5.9</b>	<b>15.9</b>	<b>12.7</b>	<b>12.7</b>
LOANS AND ADVANCES	718.6	617.8	420.6	412.8	325.1
<b>TOTAL DEPOSITS</b>	<b>917.7</b>	<b>803.1</b>	<b>517.7</b>	<b>453.5</b>	<b>382.6</b>
SHAREHOLDERS' FUNDS	113.2	104.3	98.9	82.9	59.8
<b>TOTAL ASSETS</b>	<b>1,180.7</b>	<b>1,043.7</b>	<b>647.2</b>	<b>562.3</b>	<b>458.3</b>
<b>OTHER INDICATORS</b>					
Core Capital to total Risk Weighted Assets	11.4%	11.0%	15.9%	14.0%	12.0%
Total Capital to total Risk Weighted Assets	11.4%	11.0%	15.9%	14.9%	12.9%
Return on Average Assets	0.8%	0.7%	1.9%	2.3%	2.9%
Return on average Shareholders' Funds	7.9%	5.8%	15.8%	15.3%	20.9%
Number of Branches plus Mini branches	82	83	77	75	67
Number of Staff	1091	1039	925	888	718

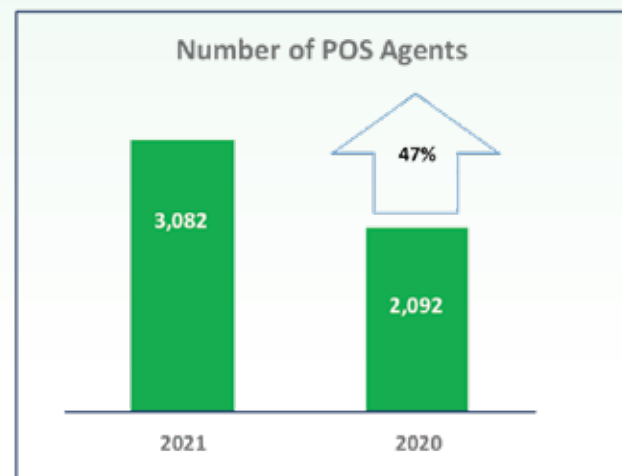
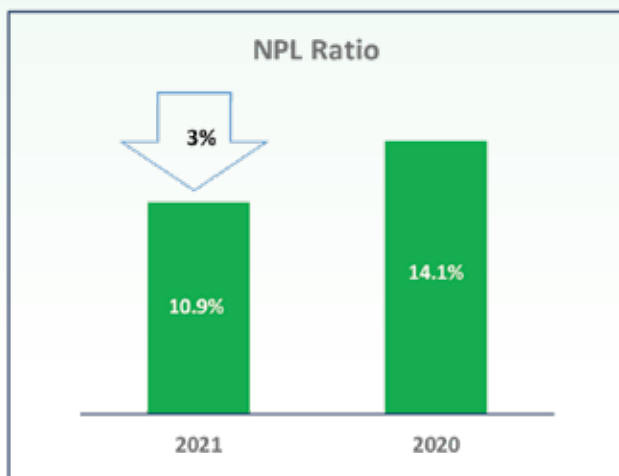
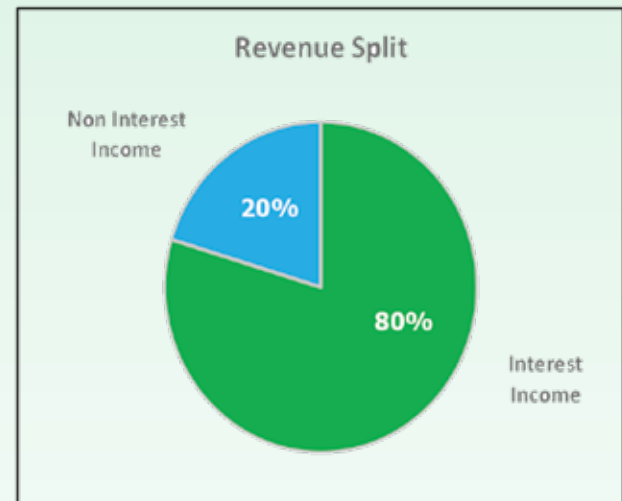
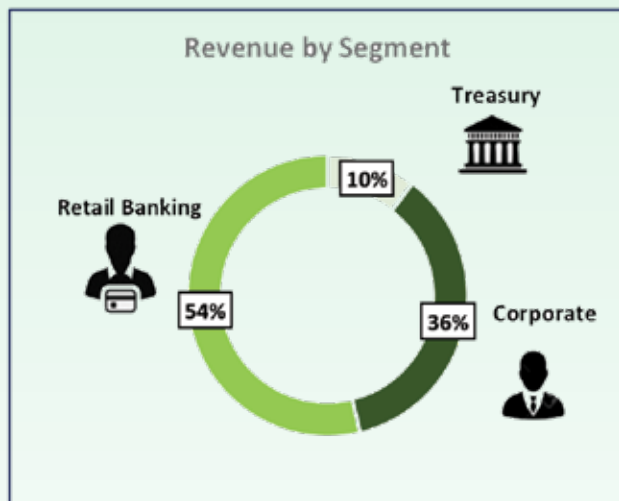
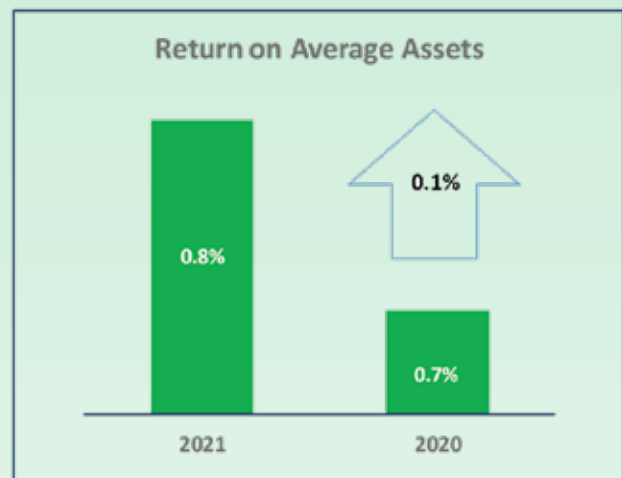
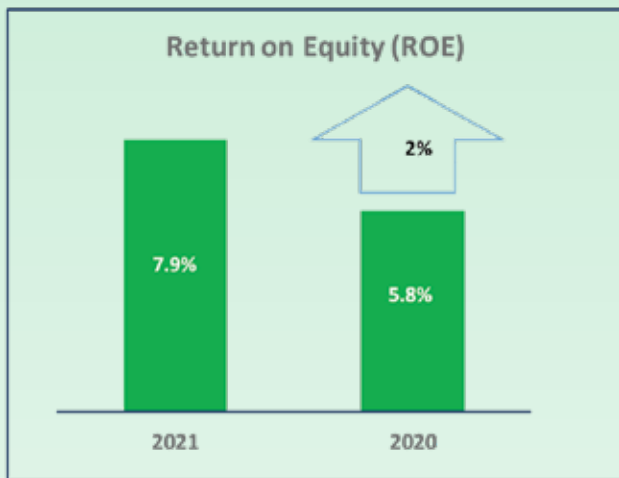


## FINANCIAL HIGHLIGHTS

(Figures stated in Billions Shillings)



## FINANCIAL HIGHLIGHTS (CONTINUED)



## LETTER OF TRANSMITTAL

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Tanzania Commercial Bank PLC

P. O. Box 9300

Dar es Salaam

31<sup>st</sup> March 2022

**Hon. Dr. Mwigulu Lameck Nchemba,**

Minister of Finance and Planning,

The United Republic of Tanzania

Treasury Square Building,

P.O. Box 2802,

**40468 DODOMA.**

Honorable Minister,

In accordance with the Companies Act, 2002 I have the honor to submit, on behalf of the Board of Directors, the **Annual Report** and **Audited Statement of Accounts** of the **Tanzania Commercial Bank PLC** for the year ended 31<sup>st</sup> December, 2021.

Yours sincerely,

**Tanzania Commercial Bank**



Dr. Edmund Mndolwa

**Chairman Board of Directors**

**Tanzania Commercial Bank**

**31<sup>st</sup> March 2022**

# STRATEGY REVIEW





## STATEMENT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



**DR. EDMUND BERNARD MNDOLWA**

Dear Distinguished Stakeholders,

It is with an immeasurable sense of fulfillment that I share the first ever Annual Report for Tanzania Commercial Bank for the year ended 31<sup>st</sup> December 2021. Our customers, business partner's, shareholders and various stakeholders can be reassured of their affiliation to one of the top banks in Tanzania as the bank realized a profit before tax of **TZS 19.7 billion**.

I would like to start by thanking Her Excellency, the President of the United Republic of Tanzania, Samia Suluhu Hassan for appointing me to continue as the Chairman of the Board of Directors at Tanzania Commercial Bank for a second term. I am fully committed to ensuring the bank plays a key role in Tanzania's socio-economic transformation journey.

At this juncture, I would like to pause and pay homage to President Samia Suluhu Hassan's predecessor, the late Dr. John Pombe Joseph Magufuli. It is now a year since his untimely death but as a nation we are grateful for the work he did as a Head of State. The legacy he left will

continue to affect the lives of millions of Tanzanians for years to come. The mammoth drive in economic activities and massive infrastructure projects his government initiated and implemented were pivotal to the country in achieving the Lower Middle Income Status, five years ahead of schedule.

I would like to acknowledge and appreciate the monumental work President Samia Suluhu Hassan has done since assuming the Office of President a year ago. Major strides have been made across many fronts such as having a national roll-out of COVID-19 vaccines. Additionally the President is tirelessly engaging the rest of the world to strengthen and deepen Tanzania's bilateral and multilateral relationships with the impact of these engagements already felt. The President has been at the forefront in highlighting the challenges not just Tanzania but emerging economies face due to climate change. I am very confident that the country will continue to make significant progress under her visionary and pragmatic leadership. Without a doubt, President Samia Suluhu Hassan will leave behind a more developed and prosperous Tanzania.

I would like to congratulate Mr. Aman Mathew Ngaga on his re-appointment to represent Posta na Simu Savings & Credit Cooperative Society, where he has over ten years of experience as Chairman of the Supervisory Committee and is also a Board Member. Mr. Ngaga holds a Master of Business Administration degree in Finance and Banking from Mzumbe University and a Bachelor of Science degree from Makerere University. Mr. Ngaga currently works for Tanzania Telecommunications Company Limited as a Revenue Assurance Analyst and Credit Controller.

On Wednesday 14th July 2021, we witnessed the continued evolution of the bank. The Honorable Dr. Mwigulu Lameck Nchemba, the Minister for Finance and Planning of the United Republic of Tanzania was our Guest of Honor at the launch event of the bank's new name, Tanzania Commercial Bank and new tagline: 'Growing stronger together'. The bank's tagline is at the very heart of what we as a bank are all about: despite good or bad times - together we will come out stronger and better.

It was very heartwarming to see so many stakeholders present during this event. This is a reflection of the fruits of the hard work by the bank's employees and also of the high regard the bank is held in and serves as an impetus to the Board and the entire staff compliment that we need to continue to strive to do our best at all times. Over the past few years, the bank's significance in the financial sector has grown exponentially to the point where the bank is now classified by the Bank of Tanzania as one of Tanzania's seven Domestic Systemically Important Banks (D-SIBs). This epitomizes the effort and dedication that has gone into making this bank a financial power-house and I am truly proud to serve as Chairman of such an institution.

I have previously stated that the bank's strategic focus is to become more universal as it serves both retail and corporate customers. This was reflected with the bank launching Internet Banking and the Women's Business Forum's. In 2022, the bank will begin VISA Issuing and MasterCard Acquiring as well as have VISA / MasterCard Merchant and POS interoperability. I believe these strides will ensure the bank has a more balanced and diversified product offering, that appeals to a broader customer base.

All these successes could not be completed without the support of The Ministry of Finance and Planning, the Treasury Registrar's Office as well as the Bank of Tanzania and our key business partners. A special acknowledgment to our customers who have been extremely loyal to

us - thank you. I would like to extend my sincere thanks to the Board of Directors for their support and insights in making TCB a reputable and respected local bank.

To the CEO of Tanzania Commercial Bank, Mr. Sabasaba Moshingi, thank you for your hard work in moving the bank forward. To the staff of the Bank, your efforts are truly valued and appreciated. My hope is that we continue to work with the same diligence and commitment that you have shown in the past.



Dr. Edmund Bernard Mndolwa  
**Chairman - Board of Directors**  
**Tanzania Commercial Bank**  
**31<sup>st</sup> March 2022**

## STATEMENT BY THE CHIEF EXECUTIVE OFFICER



**MR. SABASABA KITEWITA MOSHINGI**

Our esteemed customers, business partners and shareholders, it is my great pleasure to present to you Tanzania Commercial Bank's performance for the year ended 31<sup>st</sup> December 2021. Even though the year was an unusually difficult one due to the continued impact of **COVID-19 pandemic, as well as the challenges brought by TIB Corporate Bank during the merger with then TPB Bank PLC**, the bank's performance for 2021 was still remarkable. Undoubtedly, this shows how robust and effective our **Strategic Initiatives** are.

Despite the challenges of the **operating environment** during the year, the bank delivered strong financial results. The bank recorded a profit before tax (PBT) of **TZS 19.7 billion**, a **6%** decrease from the **TZS 21.0 billion** realized in year 2020. As I have noted, the drop in the profit position reveals the adverse impact of the **COVID-19** pandemic on our operations as we witnessed in expenses and impairment loss on financial assets.

During the year, total operating income grew by **10%** to close at **TZS 169.7 billion**, supported mainly by the **11%** annual growth in interest income - driven by growth in our earning assets. The bank's non-interest income also saw a moderate annual growth of **5%**, driven by the success of our **e-channels** such as our flagship **POPOTE** mobile banking and internet banking

experience, agency banking, cash collection business, Insurance and Trade Business.

Total Assets increased from **TZS 1,043.7 billion** in 2020 to **TZS 1,180.7 billion** in 2021, which was a jump of **13%**. The surge in total assets was due to increases in loans and advances, Placements and Investment in Government Securities during the period under review. Investment in Government Securities went up **33%** to **TZS 133.2 billion** while Loans and Advances to customers also increased from **TZS 617.8 billion** in 2020 to **TZS 718.6 billion** in 2021 - equivalent to **16%**.

The bank also recorded an increase in Customer Deposits from **TZS 803.1 billion** in 2020 to **TZS 917.7 billion** in 2021, a growth by **14%**. Above all, Shareholders funds grew from **TZS 104.3 billion** to **TZS 113.2 billion** in 2021, which was an increase of **9%**.

As you are aware, in June 2020 the Government of Tanzania announced the merger between TPB Bank and TIB Corporate Bank, in pursuit of the Government's intention of consolidating its banking entities and at the same time addressing the serious challenges of liquidity and capital inadequacy that TIB Corporate Bank was facing. The merger has now reached its pinnacle with the bank already operating as a full service universal bank, offering both corporate and retail banking to the public under the new name **Tanzania Commercial Bank**. With the completion of this merger, it would bring close the third transformative merger the bank has undergone.

I would like to welcome on Board, Ms. Adolphina Williams as our new Director of Corporate Banking. Adolphina has a plethora of experience in the Banking Sector with a career that is spanning 19 years. She joined the Bank in September 2020 as part of the incoming team from our merger with TIB Corporate Bank where she held the title of Director of Credit. I am confident that in her new role she will continue to create exceptional value for the Bank.

As part of our business strategy for 2021, we believed that the bank can achieve monumental progress and set the foundation for future growth through **product diversification** and **strategic partnerships** at different levels of our service delivery line. During the year, we managed to leverage our **branch network** of **82** branches that reach every region in Tanzania with a renewal of our **relationship with Standard**



## STATEMENT BY THE CHIEF EXECUTIVE OFFICER

**Chartered Bank Tanzania (SCB)** that will enable customers of SCB have access to banking services at any of our outlets countrywide. The bank also managed to partner with **Airtel Tanzania Limited**, the third largest telecommunication company in the country in terms of customers. This line of partnership will see the bank support Airtel's daily operations and enable Airtel Money agents to purchase and transfer float at any of our **branches** and **agents** through a point-of-sale (POS). It is also worth noting that the bank is one of the pioneering financial institutions to offer **Life Insurance cover** to customers, and we realized that through our partnership with **Alliance Life Assurance Company**. Our **Nishike Mkono** Insurance product has transcended and deepened the bank's relationship with our customers by offering financial support in their time of grief and bereavement.

In an effort to modernize our service delivery, the Bank continued to deploy in-house digital and customer-focused solutions with the aim of repositioning the bank to compete effectively in this digital age. The bank launched its Internet Banking solution. This Internet Banking solution is an industry first in that it was developed in-house at zero cost by our ICT experts. It has the advantages of being connected with other on-line banking services and fully integrated with all national payment systems.

The security architecture of the bank's systems, processes and applications is one of the bank's priorities, and requires compliance to the **ISO and Information Security Management System standards (ISMS)**. All members of staff were trained and successfully completed an on-line exam to bolster their understanding of the relevant concepts. We expect trainings on security issues to be continuous and that the bank will achieve its **ISO 27001 certification** in 2022.

We at TCB strongly believe in the immense potential of each and every person, irrespective of their age, background and economic status. Our philanthropic relationship, and commitment to communities is one that is non-negotiable. During the year 2021 we invested in excess of TZS 448.5 million to communities in the country through sponsoring projects in critical areas including healthcare, Education, Environment and Sanitation. Furthermore, the bank has been a long-time advocate in the women empowerment.

In previous years we launched our flagship savings product **TABASAMU** with the aim of driving financial inclusion to women. During the year we launched the bank's **Women's Business Forum** with the theme comprising of enhancing the **role of women** in growing the **national economy**. The business forum included all women entrepreneurs, employees and retiree sand so far the conference has taken place in Dodoma, Mbeya and Mwanza, with the bank targeting more regions in 2022.

Looking ahead to 2022, we strongly anticipate a rebound in economic activity, both at the domestic and international level. We also anticipate the Bank of Tanzania to further extend their accommodative monetary policy measures to sustain liquidity in support of credit expansion to the private sector. In spite of increasing tensions in Eastern Europe that could potentially affect global trade we are very confident that the bank will be able to build on the successes achieved in 2021 by delivering improved **key financial performance** in 2022.

Again all these milestones could not be achieved were it not for the support of the Ministry of Finance and Planning, the Treasury Registrar's Office, our main regulator the Bank of Tanzania, our business partners as well as our developmental partners.

I would like to extend my sincere thanks to members of the Board, under the leadership of Dr. Edmund Bernard Mndolwa for their support and guidance. I wish to make a special recognition of our customers, who have been extremely loyal to the bank and are the reason for what the bank is today. To members of staff of TCB, thank you for your hard work, dedication and commitment. Let us build on the success and make 2022 an even more prosperous year.



Mr. Sabasaba Kitewita Moshingi  
**Chief Executive Officer**  
**Tanzania Commercial Bank**  
**31<sup>st</sup> March 2022**

## MILESTONES DURING 2021

### 1.0 LAUNCH OF TANZANIA COMMERCIAL BANK

On the 14<sup>th</sup> July 2021, the bank hosted a ceremony to officially celebrate the changing of the name from TPB Bank PLC to Tanzania Commercial Bank PLC at the Julius Nyerere International Conference Centre in Dar es Salaam.



The arrival of the Guest of honor the Hon. Dr. Mwigulu Lameck Nchemba, Minister of Finance and Planning, accompanied by TCB Board Chairman Dr. Edmund Mndolwa, TCB CEO Mr. Sabasaba Moshingi, the Commissioner for Financial Sector Development Dr. Charles Mwamwaja and Director Marketing and Business Development Mr. Deogratius Kwiyukwa.



Our Honorable guests introducing the Tanzania Commercial Bank new logo and tagline **"Growing Stronger together"**.



## MILESTONES DURING 2021 (CONTINUED)



Picture above shows the new look of our freshly renovated Tanzania Commercial Bank Branches, displaying the new logo and colours.



## 2.0 NEW PRODUCTS

### Launch of TCB Internet Banking

Tanzania Commercial Bank has officially launched its Internet Banking services. The services were officially launched by the Permanent Secretary Ministry of Finance and Planning Mr. Emmanuel Mpawe Tutuba.



*Tanzania Commercial Bank CEO Mr. Sabasaba Moshingi presenting Mr. Emmanuel Mpawe Tutuba with a parting gift from the bank.*



*Guest of Honor Mr. Emmanuel Mpawe Tutuba and CEO Mr. Sabasaba Moshingi in a group picture with TCB staff.*



### Launch of Life Insurance Product

During the year, Tanzania Commercial Bank in partnership with Alliance Life Assurance Company launched a **Life Insurance product** for bank Customers holding personal accounts, which benefits the account holders in the event of the death of the customer, spouse of the customer, the customer's children (not more than four) and also covers permanent disability resulting from any accident.



Tanzania Commercial Bank CEO Mr. Sabasaba Moshingi signing the contract with CEO of Alliance Life Assurance Company Mr. Byford Mutimusakwa during the launch of TCB BIMA MAISHA life insurance product. In the back are TCB staff.

### Launch of Wood Mizer (Sawmill) loan Product

Tanzania Commercial Bank has officially launched a loan facility for the purpose of financing the purchase of SawMill (wood processing machines) machinery in Mafinga Iringa.



The agreement for the lending of wood processing machines was signed by Forestry Development Trust Director Mr. David Shambwe left, Director of Retail and Business Banking TCB bank, Mr. Henry Bwogi (center) and right is LoanAgro Manager Mr. Boniface Shayo.



## Renewal of our Partnership with Standard Chartered Bank Tanzania

Tanzania Commercial Bank and Standard Chartered Bank have renewed their business relation that will enable Standard Chartered Bank customers to access banking services in all 82 branches of Tanzania Commercial Bank and mobile banking agents nationwide.



*Tanzania Commercial Bank CEO Mr. Sabasaba Moshingi holding and presenting to the media the signed contract with Mr. Sanjay Rughani, the CEO for Standard Chartered Bank Tanzania.*



*Standard Chartered Bank CEO Mr. Sanjay Rughani addressing the media about the renewed partnership with Tanzania Commercial Bank.*

## Partnership with Airtel Tanzania Limited

Tanzania Commercial Bank and Airtel Tanzania have teamed up to find a solution for digital financial services in the country. The two institutions have entered into a joint venture with the aim of improving and expanding the scope of financial services in the country through Airtel Money. The bank will support Airtel Money Agents who will be able to purchase float at any TCB branch and all Airtel Money customers will be able to do all transactions through Tanzania Commercial Bank.



*Press Conference held at Tanzania Commercial Bank HQ for the Launch of the partnership with Airtel Tanzania Limited.*



*Tanzania Commercial Bank's Director of Technology and Operations, Mr. Jema Msuya and Airtel Money Director Mr. Isack Nchunda officially launching the service.*



## Launch of Women Business Forums

In an effort to combat financial inclusion in the country, Tanzania Commercial Bank has organized Women Business Forums with the main theme being the role of Women in growing the National Economy.



*Hon. Dr. Tulia Ackson (MP), Speaker of the National Assembly of the United Republic of Tanzania was the guest of honour at the TCB Women Business Forum that took place in Mbeya City.*



*Hon. Angeline Mabula (MP), Deputy Minister of Lands, Housing and Human Settlements Development was the guest of honour at the TCB Women Business Forum that took place in Mwanza City.*

### 3.0 VISITATION FROM THE INCUMBENT TREASURY REGISTRAR

During the year, Tanzania Commercial Bank was fortunate to receive a visit from the new Treasury Registrar Mr. Benedicto A. Mgonja.



*TCB CEO Mr. Sabasaba Moshingi handing over the 2020 Annual Financial Report to the Treasury Registrar Mr. Benedicto A. Mgonja.*



*TCB CEO Mr. Sabasaba Moshingi in deep discussion with the visiting team from the Treasury led by the Treasury Registrar Mr. Benedicto Mgonja and the Director Public Investment of Treasury Office Ms. Lighthness Mauki.*



#### 4.0 CORPORATE SOCIAL RESPONSIBILITY

As part of the Tanzanian community, TCB Bank has been taking part in various social activities with the aim of providing support to communities through engaging some of their socio-economic challenges. TCB's corporate social responsibility activities are not profit-oriented, but aim at providing support and contribution to the society, while promoting goodwill.

##### Flagship projects

During the year 2021 the bank managed to execute two flagship projects. The first project was the renovation of the Police station in Kyela, Mbeya Region and the second project involved the construction of 20 lavatories (10 female students, 8 male and 2 teachers) at the Ifwagi Primary School in Mufindi District, Iringa Region.



*Commissioner for Administration and Human Resource Management from the Tanzania Police Force, CP Benedict Wakulyamba cutting the ribbon with CEO Mr. Sabasaba Moshingi to open the renovated police station.*





The photos above depict the police station that was renovated by TCB Bank at Kyela, Mbeya Region



The photos above depict the lavatories built by Tanzania Commercial Bank at Ifwagi Primary School in Mufindi District, Iringa Region



## GRANTS AND DONATIONS

Apart from the flagship projects, grants and donations were made with a focus on health, education and social welfare.



*The Bank provided boxes of assorted goods amounting to TZS 4.5 million to form 4 and 6 students in a short ceremony held at Bariadi Secondary School, Simiyu Region.*



*The goods were received by the Acting RAS of Simiyu Mr. Ekwabi Majungu from the Director of Retail and Business Banking from TCB Bank Mr. Henry Bwogi.*





*Tanzania Commercial Bank has donated 25 tons of cement bags to Bugando Referral Hospital in Mwanza Region to contribute to the construction of a cancer ward at the hospital. The grant was handed over by the CEO of Bank Mr. Sabasaba Moshingi as detailed in the picture above.*



*Mr. Iddi John, Manyoni Branch Manager handing over building materials including corrugated iron sheets to Mr. Simon Mwarabu who is the Chairman of the Mwembeni Manyoni School committee.*





Director Retail and Business Banking, Mr. Henry Bwogi handing over 92 chairs and 92 desks donated by the bank to Kahama District Commissioner, Hon. Anamringi Machawho who received on behalf of Ubagwe Secondary School located in Ushetu District Council in Kahama District, Shinyanga Region.



Bunda District Commissioner Hon. Joshua Nassari received the desks donated by Tanzania Commercial Bank on behalf of Mariwanda A Primary School in Bunda District in Mara Region from Musoma Branch Manager Mr. Hagai Gilbert and Chief Manager Corporate Affairs Ms. Chichi Banda.





**CORPORATE GOVERNANCE**



## THE BOARD OF DIRECTORS



**DR. EDMUND BERNARD MNDOLWA**  
**Board Chairman**

Dr. Edmund Bernard Mndolwa has over 40 years' experience in auditing. Dr. Mndolwa has an immense interest and built expertise in tax, strategy, corporate governance, banking and finance and policy formulation. Dr. Mndolwa holds a Master of Business Administration degree from Mzumbe University and a Doctorate of Philosophy (Finance) from the Commonwealth Open University.

Dr. Mndolwa is a Fellow of the Chartered Association of Certified Accountants, a Certified Fraud Examiner and having successfully completed the Corporate Governance Course conducted by the Commonwealth Association for Corporate Governance, Dr. Mndolwa is eligible to be appointed a director in any company in the Commonwealth.

Dr. Mndolwa is a former partner at Deloitte and a former partner at PwC and is currently a partner at Globe Accountancy Services. Dr. Mndolwa has previously served as Board Chairman at National Insurance Corporation, Board Chairman at KCB Bank Tanzania and Board Chairman at TPB Bank shortly after it began operations as Tanzania Postal Bank.

Dr. Mndolwa has served as Vice Chairman of Consolidated Holdings Company, and has been a Board Member at both the National Bank of Commerce and the Public Procurement Regulatory Authority. Dr. Mndolwa is currently Chairman of Jumuiya ya Wazazi in the Chama cha Mapinduzi.

## THE BOARD OF DIRECTORS (CONTINUED)



**MR. SEIF SHAABAN SEIF**  
Board Member

Mr. Seif Shaaban Seif represents the Revolutionary Government of Zanzibar. He works as a Commissioner of Public Investments and Stock Verification in the Ministry of Finance, Revolutionary Government of Zanzibar.

Mr. Seif has a Post Graduate Diploma in Tax Management and an Advanced Diploma in Tax Management, both from the Institute of Finance and Management.

Mr. Seif is a Certified Director and has vast experience on Tax matters, having attended various courses, workshop and short courses inside and outside the country on tax, Value Added tax and Revenue collection.



**MR. AMAN MATHEW NGAGA**  
Board Member

Mr. Aman Mathew Ngaga represents the Posta Na Simu Saccos where he has over ten years' experience as Chairman of the Supervisory Committee, and is also a Board Member. Mr. Ngaga holds a Master of Business Administration degree in Finance and Banking from Mzumbe University and a Bachelor of Science degree from Makerere University.

Mr. Ngaga is a Certified Director and currently works for Tanzania Telecommunications Company Limited as a Revenue Assurance Analyst and Credit Controller with experience in budgeting, investment analysis, financial planning and credit management.

## THE BOARD OF DIRECTORS (CONTINUED)



**MRS. ANNE CLAUDE MBUGHUNI**  
Board Member

Mrs. Anne Claude Mbughuni represents the Government of the United Republic of Tanzania.

Mrs. Mbughuni holds a Master of Social Science (Accounting and Development Finance) from the University of Birmingham, United Kingdom and is a Certified Public Accountant.

Now retired, Mrs. Mbughuni is a Certified Director and previously worked for the Fair Competition Commission as Director of Corporate Affairs, the National Insurance Corporation as Director of Finance and Administration and the National Health Insurance Fund as Director of Finance and Administration.



**MR. MACRICE DANIEL MBODO**  
Board Member

Mr. Macrice Daniel Mbodo represents the Tanzania Post Corporation where he is the Post Master General.

Mr. Mbodo has an Advanced Diploma in Accounting from the Institute of Finance Management and is currently pursuing his Master's degree in Business Administration (Corporate Management) at Mzumbe University.

Mr. Mbodo is a Certified Public Accountant (CPA T), a Certified Director, Certified Procurement and Supplies Professional of Tanzania, Certified Internal Auditor and a Certified Fraud Examiner.



## THE BOARD OF DIRECTORS (CONTINUED)



**MR. GILBERT WILLIAM CHAWE**  
Board Member

Mr. Gilbert William Chawe represents the Public Service Social Security Fund where he works as the Director of Information and Communication Technology.

Mr. Chawe holds a Master's of Science degree in Information Technology and Management from Avinashiligam University in collaboration with IFM, and Advanced Diploma in Computer Science from the Institute of Finance Management.

Mr. Chawe is a Certified Director with more than ten years of experience working in pension funds.



**MR. BEZIL PROTAS EWALA**  
Board Member

Mr. Bezil Protas Ewala represents Workers Compensation Fund (WCF) where he works as Director of Finance, Planning and Investments.

Mr. Ewala holds a Master's degree in Business Administration (Finance) from University of Dar es Salaam and Advanced Diploma in Accountancy from Institute of Finance Management.

Mr. Ewala is a Certified Director and a Certified Public Accountant ACPA with twenty years' experience in finance, accounting, investments and planning.

Prior to WCF, Mr. Ewala worked as Head of Finance and Accounts at Fair Competition Commission for ten years.

## THE BOARD OF DIRECTORS (CONTINUED)



**DR. ISSACK SHIMBA ALLAN**  
Board Member

Dr. Issack Shimba Allan represents the Government of the United Republic of Tanzania.

Dr. Allan is a Senior lecturer at the University of Dar es Salaam Business School.

Dr. Allan holds a PhD in Business Administration from the University of Dar es Salaam, an MBA from the TSM Business School, University of Twente in the Netherlands and a Bachelor of Commerce (Marketing) from the University of Dar es Salaam.

Dr. Allan is a Certified Director and an Associate of the University of Dar-es-Salaam Entrepreneurship Centre and a Member of the International Society for Marketing and Development.

## EXECUTIVE MANAGEMENT



**MR. SABASABA KITEWITA MOSHINGI**  
**Chief Executive Officer**

Mr. Moshingi joined Tanzania Commercial Bank PLC in 2011 as Chief Executive Officer. Prior to that Mr. Moshingi was Regional Head of Consumer Banking Operational Risk and Sales Governance for Standard Chartered Bank from 2007 in Northern Gulf, Levant and Oman - based in the Kingdom of Bahrain.

Mr. Moshingi, a seasoned banker is also a Board Member and Group Vice President - Presidents Committee of the World Savings and Retail Banking Institute (WSBI Headquartered in Brussels, Belgium), Governing Council Member and Representative in East African Community of the Tanzania Bankers Association, Governing Council Member and Chairman Education Committee of the Tanzania Institute of Bankers, Board Member of the Association of Savings Banks of East Africa, Board Member and Chairman of the Umoja Switch Company Limited, Board Member and Chairman of UBX Tanzania Limited, an Advisory Board Member of AIESEC Tanzania and a Fellow of US Based Eisenhower Fellowship.

Mr. Moshingi is a certified chartered banker with a Master of Business Administration degree (Finance) from the University of Dar-es-Salaam.



## EXECUTIVE MANAGEMENT (CONTINUED)



**MR. SOSTHENES F. NYENYEMBE**  
Director of Internal Audit

Mr. Sosthenes serves as the Director of Internal Audit at Tanzania Commercial Bank PLC since year 2011. Prior, he worked as Chief Manager Audit at Tanzania Postal Bank since year 2006 before merged with three Banks namely Twiga Bancorp, Tanzania Women Bank and TIB Corporate Bank. He is a guru in Auditing, Risk management, Governance and Due diligence in both Banks and Financial Institutions. Additionally, he performs audits at Umoja Switch Company Ltd which provides ATM services over fifty banks and financial institutions across the country. Mr. Sosthenes holds a Master of Business Administration (MBA) (Finance) from the University of Dar-es-Salaam and professionally is the Associate Certified Public Accountant ACPA (T) and Mastery in Directorship registered by Institute of Directors- Tanzania (IoDT). Mr. Sosthenes is a member at Institute of Internal Auditors Tanzania Chapter and affiliate member at Institute of Risk Management Tanzania (IRMT).



**MR. MOSES MANYATTA**  
Director of Risk Management  
and Compliance

Mr. Manyatta joined TCB in 1994 as Banking Operations Officer. During his career in the bank Mr. Manyatta rose through various positions to key positions such as Chief Economist in 2006. In 2009 Mr. Manyatta was appointed Director of Risk Management & Compliance, a position held to-date. Mr. Manyatta holds a Bachelor of Arts degree (Economics) (Hons) from the University of Dar-es-Salaam, a Post Graduate Diploma (Strategic Planning and Finance) from The Institute of Housing and Urban Development Studies in Rotterdam (The Netherlands) and a Master of Science (Economics) from the Inter University Institute of Macau (China) (now St. Joseph University). Mr. Manyatta is a certified member of Institute of Directors Tanzania (IoDT) and a certified member of Risk Management. Mr. Manyatta is a Board Member of Association of Certified Fraud Examiner (ACFE).

## EXECUTIVE MANAGEMENT (CONTINUED)



**MR. DEOGRATIUS KWIYUKWA**  
Director of Marketing and  
Business Development

Mr. Kwiukwa joined the bank in 2013 as Director of Marketing and Business Development. He has a mix of experience from the Telecom sector and Banking, having previously worked at Celtel (now Airtel Tanzania) as Zonal Sales Manager and Zantel (part of Etisalat) as Head of Retail Sales. Additionally, Mr. Kwiukwa serves as a Board member of T-Pesa and Audit Committee, other position held on secondment as Postmaster General/CEO Tanzania Posts Corporation (TPC). Mr. Kwiukwa holds an Advanced Diploma (Economic Planning) from Mzumbe University, a Post Graduate Diploma (Business Administration) from Institute of Finance Management. Mr. Kwiukwa also holds a Master of Business Administration (Marketing) degree from the University of Dar-es-Salaam and is a registered Director by Institute of Directors - Tanzania (IoDT).



**MR. HENRY BWOGI**  
Director of Retail and  
Business Banking

Mr. Bwogi a seasoned banker with more than 20 years' experience in the banking industry. Served as a Board Member for Posta na Simu (TP&TC) SACCOs and Posta Bureau de change for six and four years respectively, was appointed Director of Retail and Business Banking in 2015. Mr. Bwogi previously held senior positions in Banking and Credit Operations to the capacities of Senior Manager and Chief Manager respectively. Mr. Bwogi holds a Diploma in Business Management (Marketing Management) and an Advanced Diploma in Business Management (Marketing Management) from College of Business Education. Mr. Bwogi also holds a Post Graduate Diploma in Financial Management from the Institute of Finance Management (IFM) and a Master of Business Administration (Marketing Management) from the Open University of Tanzania. Mr. Bwogi is certified Director by the Institute of Directors in Tanzania IoDT.

## EXECUTIVE MANAGEMENT (CONTINUED)



**MS. DIANA MYONGA**  
Director of Human Resources  
and Administration

Ms. Diana Myonga joined Tanzania Commercial Bank in 2006 as Senior Manager Administration. Ms. Myonga was promoted to Chief Manager Administration and Corporate Services in 2009 before being appointed Director of Human Resources and Administration in 2018. Ms. Myonga holds an Advanced Diploma in Materials Management from Mzumbe University and a Master's Degree in Business Administration (Corporate Management) from Mzumbe University. Ms. Myonga also holds a Certificate and Mastery in Directorship (IoDT) and attended Bullet Proof Managers Course.



**MR. JEMA MSUYA**  
Director of Technology  
and Operations

Mr. Msuya has 21 years of experience in the banking industry. Mr. Msuya joined TCB in 2012 as Director of Technology & Operations from Standard Chartered Bank Tanzania, where he worked as Country Head of Information Technology from 2008. Mr. Msuya holds a Bachelor of Science (Computer Science) from the University of Dar-es-Salaam and is a Certified Systems Security Professional (CSSP). Mr. Msuya is currently pursuing a Master's degree in Business Administration (Marketing) from University of Dar-es-Salaam Business School. He is also a Certified Director by the Institute of Directors in Tanzania.



## EXECUTIVE MANAGEMENT (CONTINUED)



**MS. REGINA EMILIUS SEMAKAFU**  
Director of Finance

Ms. Semakafu has 25 years of experience in banking industry. She joined TCB in 1995 and rose through the ranks to hold key positions such as Chief Manager Treasury. Ms. Semakafu was appointed Director of Finance in 2014. Ms. Semakafu holds a Bachelor of Commerce (Hons) from the University of Dar-es-Salaam and Master in Business Administration (International Banking and Finance) from the University of Birmingham, United Kingdom. Ms. Semakafu is a Certified Public Accountant and a holder of ACI certification. Ms. Semakafu is also a certified Director by Institute of Directors in Tanzania, IoDT.



**MRS. MYSTICA MAPUNDA NGONGI**  
Director Legal Services and  
Company Secretary

Mrs. Mystica Mapunda Ngongi is a registered and practicing advocate and notary public of the High Court of Tanzania - since 2004. Mystica joined TCB in 2006 as a Senior Manager Legal Services from Exim Bank Tanzania and became Chief Manager Legal Services in 2009. Mystica was appointed Director of Legal Services and Company Secretary in 2013. Mystica is a holder of Bachelor of Law (Hons.) from the University of Dar-Es-Salaam, a Master of Business Administration (Corporate Management) from Mzumbe University and is also an Associate Member Institute of Chartered Secretaries and Administrators (UK Chapter). Mystica is a Certified Director by the Institute of Directors in Tanzania and has also attained the level of Mastery in Directorship. Mystica is also a Member of Association of Certified Fraud Examiners (ACFE).

## EXECUTIVE MANAGEMENT (CONTINUED)



**MR. MUONDAKWELI KANIKI**  
Director of Strategic Planning

Mr. Kaniki joined Tanzania Commercial Bank in 2014 and worked as a Senior Manager and Chief Manager before being appointed Director of Strategic Planning in 2017. Mr. Kaniki worked at Standard Chartered Bank Tanzania and Vodacom Tanzania, as well as consulted in Business Strategy, Consumer Behavior, Marketing Communication and Brand Management. Mr. Kaniki holds a Diploma in Commerce (Distinction) and Bachelor of Commerce (Marketing) are both from the University of Swaziland (now called the University of Eswatini). Mr. Kaniki obtained his Masters of Business Administration degree (Majoring in Marketing) from the University of Dar-es-Salaam Business School. Mr. Kaniki is a Certified Director and holds a Mastery in Directorship (both from the Institute of Directors in Tanzania).



**MS. ADOLPHINA WILLIAM**  
Director of Corporate Banking

Ms. Adolphina has 19 years of experience in banking sector. She holds Bachelor degree in Commerce and Management, MBA (Finance), (IoDT) Certified Director and Certificate of Board Competence in Corporate Governance by ESAMI, she is also a member Female Future Tanzania (FFT) alumnae - women leadership forum nurtured by Association of Tanzania Employees (ATE). Adolphina joined the bank in September 2020 and prior to becoming Director of Corporate Banking at TCB, she worked as the Director of Credit at TIB Corporate Bank Limited, Acting head of Corporate at Commercial Bank of Africa (CBA) and held numerous senior management positions at NBC, Exim Bank and DCB Commercial Bank.

## EXECUTIVE MANAGEMENT (CONTINUED)



**MR. ERICK ZAKAYO**  
Chief Manager Procurement

Mr. Zakayo joined TCB in 2015 as a Senior Procurement Officer and was promoted to Chief Manager Procurement. He previously worked in the pharmaceuticals and construction industries. Mr. Zakayo holds an Advanced Diploma in Procurement and Supplies Management from the College of Business Administration and is a Certified Procurement and Supplies Professional by the Procurement and Supplies Professionals Technical Board.



**MR. WENCESLAUS FUNGAMTAMA**  
Chief Manager Treasury

Mr. Fungamtama is a financial markets practitioner with almost a decade of experience in Treasury Management. Mr. Fungamtama joined TCB as a Senior Manager Treasury in 2012 from Standard Chartered Bank where he was responsible for FX Sales. Mr. Fungamtama was promoted to Chief Manager Treasury in 2014. Before that he worked for KCB Bank in Treasury Operations and Trade Finance. Mr. Fungamtama acquired a Bachelor of Science degree from Sokoine University of Agriculture and subsequently an MBA (Finance) from the University of Dar-es Salaam. Mr. Fungamtama is a certified member of ACI, a leading global Financial Markets Association.



## EXECUTIVE MANAGEMENT (CONTINUED)



**MS. CHICHI BANDA**  
Chief Manager - Corporate Affairs

Ms. Banda joined TCB Bank in 2011 as Executive Assistant to the CEO. Ms. Banda was transferred to Corporate Affairs Division as a Manager in 2018 before being appointed as Chief Manager Corporate Affairs in 2020.

Ms. Banda holds a Postgraduate Diploma in Public Relations and Advertising from Central Institute of Management in India and a Bachelor Degree in Business Administration from Bharat VidyaPeeth University in India.

Ms. Banda also holds a Master's Degree in Business Administration (Human Resources Management) from Maharashtra University, India.

## CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2021

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### DIRECTORS

Name	Position	Remarks
Dr. Edmund B. Mndolwa	Chairman	Reappointed on 16 June, 2021
Mr. Seif S. Seif	Member	Reappointed on 24 June, 2020
Mr. Aman M. Ngaga	Member	Extended tenure to 31 Dec, 2022
Mr. Gilbert .W. Chawe	Member	Appointed on 8 July 2019
Mr. Bezil P. Ewala	Member	Appointed on 1 August 2019
Mrs. Anne C. Mbughuni	Member	Reappointed on 15 September 2020
Dr. Allan Issack Shimba	Member	Appointed on 15 September 2020

### AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Name	Position
Mr. Macrice D. Mbodo	Chairman
Mrs. Anne C. Mbughuni	Member
Mr. Gilbert W. Chawe	Member

### GOVERNANCE, RECRUITMENT AND REMUNERATION COMMITTEE

Name	Position
Mr. Aman M. Ngaga	Chairman
Mr. Seif S. Seif	Member
Mr. Seif S. Seif	Member
Dr. Allan Issack Shimba	Member

### BOARD CREDIT COMMITTEE

Name	Position
Mr. Seif S. Seif	Chairman
Mr. Aman M. Ngaga	Member
Mr. Bezil P. Ewala	Member



# FINANCIAL STATEMENTS



## THE REPORT BY THOSE CHARGED WITH GOVERNANCE

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### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.1. INTRODUCTION

The Directors present this annual report together with audited financial statements for the year ended 31 December 2021. The report provides a statement of the Directors on the overall performance and state of financial affairs of Tanzania Commercial Bank Public Limited Company (the “Bank”) and Corporate Governance for the year ended 31 December 2021.

#### 1.2. ESTABLISHMENT

Tanzania Commercial Bank Public Limited Company, is a Company registered under the Companies Act, Cap 212 of 2002 licensed as a financial institution under the Banking and Financial Institutions Act, 2006 and also governed by the Public Finance Act, 2004, the Public Corporations Act, 1992 and the Public Procurement Act, of 2011 (as amended in 2016).

#### 1.3. VISION AND MISSION

The Bank’s Vision is “To be the leading Bank in the provision of affordable financial services and promoting financial inclusion in Tanzania”, and its mission statement is, “To aid in the transformation of the socio-economic landscape of Tanzania by providing and promoting financial solutions in a sustainable way while ensuring stakeholder expectations are met”.

The Bank’s vision and mission statements direct it to be at the forefront of promoting access, usage and understanding of financial services to a wider range of population in the rural, peri-urban and urban areas while ensuring sustainable financial returns and benefits to its various stakeholders.

#### 1.4. PRINCIPAL ACTIVITIES

The principal activities of the Bank continued to be provision of banking services as empowered by the Banking and Financial Institutions Act, 2006. The Bank continues to foster a savings culture among Tanzanians, provide affordable and innovative credit facilities to pensioners, salaried employees, micro enterprises, groups, small and medium enterprises as well as corporate customers.

The Bank’s values are customer focus, trustworthy, teamwork, professionalism and quality which guide the use of internal resources and ensure maximum value is derived in the Bank’s relationships with its key stakeholders.

#### 1.5. CAPITAL STRUCTURE AND SHAREHOLDING OF THE BANK

The capital structure and shareholding position of the Bank as at 31 December 2021 and 31 December 2020, respectively are as follows:

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

Name of Shareholder	31 December 2021		31 December 2020	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Government of the United Republic of Tanzania	23,423,304	83.44%	23,423,304	83.44%
Tanzania Posts Corporation	2,135,540	7.61%	2,135,540	7.61%
Revolutionary Government of Zanzibar	816,215	2.91%	816,215	2.91%
Posta na Simu Savings & Credit Cooperative Society Ltd	749,312	2.67%	749,312	2.67%
Public Service Social Security Fund (PSSSF)	660,401	2.35%	660,401	2.35%
Workers' Compensation Fund (WCF)	286,971	1.02%	286,971	1.02%
<b>TOTAL SHARES</b>	<b>28,071,743</b>	<b>100.00%</b>	<b>28,071,743</b>	<b>100.00%</b>

It should be noted that the Bank did not receive any capital injection from its Shareholders in 2021 nor did the Bank pay any cash dividend. This is the same situation as in 2020.

#### 1.6. CORPORATE GOVERNANCE

The Board of Directors (the "Board") is responsible for the governance of the Bank and is committed to ensure that its business and operations are conducted with integrity and in compliance with the laws of the United Republic of Tanzania. The Board observes sound corporate governance principles and business ethics in managing the Bank. In this regard, the Board oversees that the Bank complies with all relevant legislation including the provisions of the Banking and Financial Institutions Act, 2006 and the prudential guidelines issued by the Bank of Tanzania.

The Board has three committees namely, the Governance, Recruitment and Remuneration Committee; the Audit, Risk Management and Compliance Committee; and the Board Credit Committee. The three Board committees discharge their functions as vested onto each one of them under their respective charters. Each of the Committees is required to meet at least once quarterly.

The Board delegates the day to day management of the Bank business to Chief Executive Officer who is assisted by Senior Management. Senior Management are invited to attend Board Meetings and facilitates the effective control of all the Bank's operational activities, acting as a medium of communication and coordination between all the various business units.

The Bank attaches great importance to sound corporate governance practice because it ensures integrity and transparency in managing the relationship that exists between the Bank and all its stakeholders. It is in that vein that the Bank ensures that it is in compliance with the requirements of various legislations which govern its operations including the Companies Act, Cap 212 of 2002, the Banking and Financial Institutions Act, 2006, the Public Corporations Act, 1992, the Public Procurement Act, 2011, the Public Finance Act, 2001 and the Prudential Regulations and Guidelines, Circulars and Rules issued by the Bank of Tanzania. Members of the Management team also participate in various industry initiatives and affairs through the Tanzania Bankers Association and the Tanzania Institute of Bankers.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.6.1 The Board of Directors

The Board of Directors retains full and effective control of the Bank and monitors executive management. The Board is also responsible for the Bank's direction, policies and strategies and all investment and divestment decisions. It also ensures that the Bank meets its responsibilities to all its stakeholders and is prudently managed against the major risks inherent in general business dynamics.

In this respect, the Board makes key decisions to ensure that it retains proper direction and control of the Bank. The Directors bring in experience and expertise from their own fields of business to ensure that debate on matters of strategy, policy and performance is robust, informed and constructive. Furthermore, the role of the Chairman and the Chief Executive Officer are not vested in one person.

The Board structure is such that no one individual or group dominates the decision making process. There is a schedule of matters reserved for the full Board's approval and clear delegation of authority to Committees of the Board and Management. A procedure exists for the determination of matters arising between scheduled meetings. There are established procedures in existence for planning operating and capital expenditure, for banking operations and lending activities, for management of investments, for information reporting systems and for monitoring the Bank's business and performance, generally.

The Bank has in place a charter for the Board of Directors and charters for the Board Committees. The charters provide and guide Members of the Board and/or Board Committees of the roles, duties and responsibilities of the Board of Directors or Committees, the rights and liabilities of members and also provide for procedural matters relating to the functions of the Board of Directors or the Board Committees.

The Chairman and the Chief Executive Officer in consultation with the Company Secretary agree on the agenda for Board meetings, but all Board members are entitled to raise other matters. The Chairman ensures that all Board members are properly briefed on all issues transacted through Board Committees. It is the responsibility of the executive management to ensure that the Board is supplied with information in a timely manner in a form and of a quality appropriate to enable it carry out effectively its duties.

The Board which comprises eight non-executive Directors is confident that its members have the knowledge, talent and experience to lead the Bank. The Board of Directors are independent of management and exercise their independent judgement with their in depth knowledge and experience. During the year, none of the Directors were found to have acted on any matter on which he had conflict of interest.

#### 1.6.2 Board Committees

To enable it discharge its executive functions effectively, the Board has established three standing Committees, each governed by written terms of reference, defining the frequency of meetings, power and duties and reporting obligation. These Committees continuously evaluated progress towards meeting the Bank's overall objectives in addition to ensuring efficient and effective management of the entire Bank's core functions. The Chairpersons of the Committees chair the Committees meetings.



## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

The Board committees are:-

- (i) The Governance, Recruitment and Remuneration Committee;
- (ii) The Audit, Risk Management and Compliance Committee; and
- (iii) The Board Credit Committee.

#### 1.6.3 The Governance, Recruitment and Remuneration Committee

The Governance, Recruitment and Remuneration Committee is chaired by the Chairperson of the Committee and consists of two other Board Members. The Chief Executive Officer and other senior management members are in attendance. The committee meets at least once quarterly to receive and discuss quarterly performance reports and matters relating to Strategy, Financial and Business Performance as well as Human Resource Management.

The Committee operates under a formal charter approved by the Board of Directors and Committee members have unlimited access to all information. Members of senior management are invited to attend and present quarterly performance reports and give feedback at Committee meetings. The Committee also handles recruitment process for senior management positions and recommends to the Board of Directors the appointments and remuneration of senior Management staff. The Committee also is responsible for disciplining of senior management members. The Company Secretary provides secretariat services to the Committee.

#### 1.6.4 The Audit, Risk Management and Compliance Committee

The Audit, Risk Management and Compliance Committee is chaired by the Chairperson of the Committee and consists of two other Board members. The Chief Executive Officer, Director of Internal Audit and management also attend. The Committee meets at least once quarterly to evaluate, among others accounting practices, internal control systems and auditing and financial reporting. Its task includes evaluating critical risk areas identified with the help of the internal auditors.

The Committee operates under a formal charter approved by the Board of Directors and Committee members have unlimited access to all information. Certain members of management are invited to attend and give feedback at Committee meetings. The Committee also negotiates with external auditors on their remuneration. The Committee also holds separate meetings with the head of internal audit department and the external auditors, when required, to ensure that matters are considered without undue influence. The Company Secretary provides secretariat services to the Committee.

#### 1.6.5 The Board Credit Committee

The Board Credit Committee is chaired by the Chairperson of the Committee and consists of two other Board Members. The Chief Executive Officer and other senior management members are in attendance. The committee meets at least once quarterly to receive and discuss quarterly performance reports and matters relating to credit facilities that are notified to Board noting.

The Committee operates under a formal charter approved by the Board of Directors and committee members have unlimited access to all information. Members of senior management are invited to attend and present quarterly performance reports and give feedback at committee meetings. The Committee also reviews credit performance of the bank, non-performing loans management as well credit risk management. The Company Secretary provides secretariat services to the Committee.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.6.6 Board meetings

There were Thirteen (13) Board meetings including Extraordinary Meetings, Five (05) ARCC meetings, eight (08) GRRC and thirteen (13) BCC meetings conducted during the year and were attended by the Board of Directors as follows:

No.	NAME OF DIRECTORS	BOARD MEETINGS	ARCC	GRRC	BCC
1.	Dr. Edmund B. Mndolwa	11	-	-	-
2.	Mrs. Anne C. Mbughuni	13	5	-	-
3.	Mr. Seif S. Seif	13	-	8	13
4.	Mr. Aman M. Ngaga	12	-	8	13
5.	Dr. Allan Issack Shimba	12	-	-	-
6.	Mr. Macrice D. Mbodo	7	5	-	-
7.	Mr. Gilbert W. Chawe	11	5	8	-
8.	Mr. Bezil P. Ewala	12	-	-	12

The Board of Directors meets on a quarterly basis. Three meetings were ordinary and the other ten were special due to special matters requiring immediate attention. The ARCC had three ordinary meetings and two special meetings due to audit matters. GRCC had four ordinary meetings and four special meetings due to special matters requiring immediate attention. The BCC had four ordinary meetings and nine special meetings due to presence of urgent credit requests from customers.

#### 1.6.7 Board evaluation

The Board recognizes that self-evaluation is a best practice benchmark of assessing the levels of performance of the Board. On an ongoing basis, the Board carries out self-evaluation of its performance. The review seeks to identify specific areas in need of improvement or strengthening and the result on any actions to be taken are discussed by the full Board. In a similar way, Directors also do conduct self-evaluation of their performance as members of the Board.

#### 1.6.8 Directors' compensation

The disclosure of Directors' fees and remunerations are made in financial statements Refer to note 34(d). Directors' fees or any amendments are approved by shareholders at the Annual General Meeting and cleared by the Minister for Finance and Planning.

#### 1.6.9 Risk management and internal control

The Board accepts final responsibility for the risk management and internal control systems of the Bank.

It is the task of management to ensure adequate internal financial and operational control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding the:-

- (i) effectiveness and efficiency of operations;
- (ii) safeguarding of the Bank's assets (including information);
- (iii) compliance with applicable laws, regulations and supervisory requirements;
- (iv) reliability of accounting records;
- (v) business sustainability under normal as well as adverse conditions; and
- (vi) responsible behavior towards all stakeholders.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

The Bank faces several risks such as Mobile Money Risk, Reputational Risk, Operational Risk, Non-compliance Risk, Competitive Pressure Risk, Cyber-security Risk. Some measures to mitigate these risks include revenue diversification and a growth of deposits, retention of profits, engagement of shareholders on recapitalization and cost management. Partnerships will be explored to exploit new opportunities as well as allocation of funds to purchase systems and/or internal development of systems. The Bank will build capacity and relationships within current structure to train staff on IT matters. The Bank will prioritize spending in order to avail resources to ensure sustained growth despite the risks the Bank faces, as not mitigating these risks will ultimately lead to the decline of the Bank as it struggles to sustain its operations.

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

Consequently, even a strict and efficient internal control system can provide no more reasonable measure of assurance in respect of the above mentioned objectives. Internal auditors monitor the operations and the internal control systems and report to the Audit committee of the Board their findings and recommendations. All critical areas relating to Information Technology (IT) are backed up and the Bank has put in place well documented Business Continuity and Disaster Recovery policies and procedures. The procedures are tested periodically and the Board is of the opinion they meet the acceptable criteria.

#### 1.6.10 Financial reporting

The Directors accept final responsibility for preparation of the annual financial statements which fairly present:

- (i) the financial position of the Bank as at the end of the year under review;
- (ii) the financial results of operations; as well as
- (iii) the cash flows for that year.

The responsibility for compiling the annual financial statements was delegated to management. At the end of each financial year the Statutory Auditor reports on whether the annual financial statements are fairly presented. The directors confirm and are satisfied that during the year under review:

- (i) adequate accounting records were maintained;
- (ii) an effective system of internal control and risk management, monitored by management, was maintained;
- (iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates, were used consistently; and
- (iv) The financial statements were compiled in accordance with International Financial Reporting Standards and comply with requirements of the Banking and Financial Institutions Act; 2006 the Public Procurement Act, 2011; and Companies Act, 2002; and National Board of Accountants and Auditors Technical Pronouncements.

The directors are also satisfied that no material event has occurred between the financial year-end and the date of this report.



## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.6.11 Company secretary

The Board of Directors appoints the Company Secretary and all Board members have access to the services of the Company Secretary. The Company Secretary is the principal advisor of the Board on legal and corporate governance matters. Where necessary the Board seeks independent professional advice on some matters. The Company Secretary ensures that:

- (i) Annual calendar for Board meetings is prepared and circulated to all Board members after approval.
- (ii) Adequate information is provided to all the members prior to commencement of the Board and committee meetings.
- (iii) Proceedings of the Board and those of Board Committees are recorded and Minutes written soon thereafter the meeting.
- (iv) Resolutions and directives of the Board and/ or Board Committees are communicated to Management for implementation and status of implementation is reported to the Board or Committee at the next meeting.
- (v) To promote a culture of good Corporate Governance.
- (vi) Maintaining the statutory registers.
- (vii) Communication link between the Board of Directors and Management.

#### 1.6.12 Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value to the Bank and improve operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve risk management, control and governance processes.

Internal audit plans cover matters identified in risk management assessments as well as issues highlighted by the Board, the Audit, Risk Management and Compliance Committee and senior management.

The Internal Audit directorate administratively reports to the Chief Executive Officer on day-to-day matters, but reports directly to the Chairman of the Audit Committee on operational matters and on a regular basis. The purpose, authority and responsibility of the independent internal audit activities are formally defined in an Internal Audit Charter which is updated regularly and approved by the Audit Committee. Significant audit findings are reported to the Audit Committee. All significant business operations are subject to internal audit.

#### 1.6.13 Environment and social management policy

The Bank recognizes that environmental management is the responsibility of all public and private institutions. As a good corporate citizen, the Bank has continued to support and participate in environmental and social activities through employees' physical participation in such activities and/or financial donations.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.6.14 Composition of the Board of Directors

The Chairman of the Board of Directors is appointed by the President of the United Republic of Tanzania while other Board Members are appointed by the respective shareholders. The current composition of the Board of Directors is as per TCB Bank Public Limited Company Memorandum and Articles of Associations are as follows:

1. The Government of United Republic of Tanzania - Appoints Chairman of the Board of Directors and two other Board Members. The President of the United Republic of Tanzania appoints the Chairman of the Board of Directors and the Minister for Finance and Planning appoints the two Board Members;
2. Tanzania Posts Corporation - One Board Member;
3. Revolutionary Government of Zanzibar - One Board Member
4. Posta na Simu Savings & Credit Cooperative Society Ltd - One Board Member.
5. Public Servant Social Security Fund - One Board Member.
6. Workers Compensations Fund - One Board Member.

The tenure of Board Members is three years per term and they are eligible for reappointment for two additional terms.

The Directors of the Bank at the date of this report and who have served since January 2021, except where otherwise stated are:

The Directors of the Bank at the date of this report and who have served since January 2021, except where otherwise stated are:

No.	Name, title & country of residence	Age	Date of first appointment/Resignation	Position/membership to committee	Occupation	Qualification	Nationality
1.	Dr. Edmund B. Mndolwa Chairman - Tanzania	71	Appointed on 23 <sup>rd</sup> April 2018, Re appointed on 16 <sup>th</sup> June, 2021 to 15 <sup>th</sup> June, 2024	Chairman of the Board	Partner - Global Accountancy Services.	Doctor of Philosophy (Finance, Fellow of the Chartered Association of Certified Accountants, Certified Fraud Examiner, Banker, (MBA, Finance & Banking), Postgraduate Diploma in Tax Management	Tanzanian
2.	Mr. Seif S. Seif Member - Tanzania	51	23rd June 2014, Re appointed on 23 June 2017 to 2020, re appointed on 23rd June, 2020 to 22nd June, 2023	Member-BCC and GRRC	Commissioner for Public Investments and Stock Verifications (Ministry of Finance, Zanzibar)		Tanzanian
3.	Mr. Aman M. Ngaga Member - Tanzania	51	Appointed on 1st June 2018, Extended Tenure to 31st December, 2022	Member - GRRC and BCC	Revenue Assurance Analyst and Credit Controller (Tanzania Telecommunications Ltd)	Masters of Business Administration in Finance and Banking, B.Sc. (Economics).	Tanzanian
4.	Mrs. Anne C. Mbughuni Member - Tanzania	61	10 May 2016 - 10th May, 2019, re-appointed on 15th September 2020.	Member - ARCC	Retired. Formerly Director Corporate Affairs (Fair Competition Commission)	Masters of Social Science (Accounting & Development Finance) CPA (T)	Tanzanian
5.	Dr. Allan Issack Shimba Member - Tanzania	52	15 September 2020- to 29th October 2024	Member - GRRC	Senior Lecturer University of Dar Es Salaam.	Doctor of Philosophy (Ph.D.) Business Administration, Master of Business Administration, B.com Marketing.	Tanzanian
6.	Mr. Macrice D. Mbodo Member - Tanzania	37	Appointed on 18th May, 2017, re-appointed on 5th June 2020 to 4th June 2023	Member - ARRC	General Manager Resources Management (Assistant CEO-Tanzania Post Corporation)	Master's Degree on Corporate Management (MBA-CM), Advance Diploma in Accounting, CPA (T), Certified Procurement & Supplies Professionals, (CPSP).	Tanzanian
7.	Mr. Gilbert W. Chawe Member-Tanzania	52	Appointed on 8 July 2019	Member -ARCC	Director of Information and Communication Technologies -PSSSF	Masters of Science in Information and Technology	Tanzanian
8.	Mr. Bezil P. Ewala Member - Tanzanian	50	Appointed on 1st August 2019	Member -BCC	Director of Finance, Planning and Investments-WCF	Master's in Business Administration (MBA) Finance, CPA (T) ACPA	Tanzanian



## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### SECRETARY

The Company Secretary is Mrs. Mystica Mapunda Ngongi (Masters in Corporate Management, LLB (Hons), Advocate, Associate Member - AMICSA), BSC, CiDi, MDir

#### 1.6.15 Management

Management of the Bank is under the Chief Executive Officer and is organized into the following Directorates:

- Finance;
- Technology and Operations;
- Marketing and Business Development;
- Risk Management and Compliance;
- Human Resources and Administration;
- Strategic Planning;
- Internal Audit;
- Retail & Business Banking
- Corporate Banking; and
- Legal Services and Company Secretary.

Key management personnel of the Bank are listed below:

Name	Position
Sabasaba K. Moshingi	Chief Executive Officer
Regina E. Semakafu	Director of Finance
Sosthenes F. Nyenyembe	Director of Internal Audit
Jema A. Msuya	Director of Technology & Operations
Henry J. Bwogi	Director of Retail & Business Banking
Diana W. Myonga	Director of Human Resources & Administration
Moses S. Manyatta	Director of Risk Management & Compliance
Deogratius C. Kwiukwa	Director of Marketing & Business Development
Mystica Mapunda Ngongi	Director of Legal Service & Company Secretary
Muondakweli Kaniki	Director of Strategic Planning
Adolphina William	Director of Corporate Banking

#### 1.7 COUNTRY OVERVIEW<sup>1</sup>

The United Republic of Tanzania is a political union between the mainland Tanzania and the islands of Zanzibar (which has its own President and Parliament). Elections in Tanzania are held every five years where the nation chooses a President and Members of Parliament.

The person chosen to be President will oversee the Executive while the Legislative has both a Speaker of Parliament and Deputy Speaker of Parliament. The President appoints the Chief Justice who oversees the Judiciary.

<sup>1</sup> Sources:  
 Finscope 2017.  
 NBS – National Bureau of Statistics.  
 WB – World Bank.  
 Marketing Intelligence.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.7 COUNTRY OVERVIEW (continued)

Tanzania has a reputation for political stability and peace since its independence in 1961. Tanzania embraced multiparty politics in 1992 when opposition parties were legalized and the first multiparty election was held in 1995. The ruling party, Chama Cha Mapinduzi (CCM) has been in power since independence. The next round of Presidential and Parliamentary elections are slotted for 2025.

Tanzania is the second largest economy in East Africa. Tanzania's population in 2021 stands at 59.4 million people with 49% male and 51% female. The country had a GDP of USD 53.5 billion and a GDP<sup>2</sup> per capita of USD 1,076 with GDP growth of 4.8%. Real per capita GDP declined for the first time in over 25 years. Tanzania's inflation remains among the lowest and least volatile in the EAC. Basic needs poverty stands at 25.7% with a life expectancy at 66.1 years, 2,145,193 births versus 358,489 deaths. The country's median age is 18.

The two main religions are Islam and Christianity. Tanzania has the unique distinction of Muslims and Christians living side-by-side in peace and tranquility where marriages between these two religions are common as well as participating in each other religious festivals. The country has no history of tribal or ethnic violence and marriages between tribes just like marriages between people of different faiths are a common feature.

66% of Tanzanians live in rural areas with 66% of the population in economically active range, 79% of Tanzanians do not have more than a primary education with most having basic numeracy skills. Most Tanzanians live within five kilometers of a financial access point. However, despite all the progress made, many challenges still exist. Cash and not a technology based platform are preferred for outlays. Most Tanzanians still receive their incomes in the form of cash and most payments are made in the form of cash.

While usage of formal financial service mechanisms like banks, pension funds and insurance has marginally increased between 2013 and 2017 (14% vs. 13%, 3% vs. 4% and 13% vs. 15% respectively) over the same period of time usage of informal mechanisms like mobile money has grown from 50% to 60% and microfinance / micro-lender from 2% to 7%. There are also still 7.79 million Tanzanians who are still financially excluded.

The Bank of Tanzania is very focused on compliance and a sound and stable regulatory environment that spurs socio-economic growth. The regulator has closed down several under-capitalized regional community and small banks and overseen several mergers as well as issuing guidelines to improve transparency in the financial sector and ensure sustained economic growth in Tanzania with targeted interventions to bolster liquidity in the market and stimulate credit creation by banks.

#### 1.8 CHANGE OF NAME OF THE BANK FROM TPB BANK TO TANZANIA COMMERCIAL BANK

On 01 June 2020 the Government of United Republic of Tanzania resolved to merge the operations of TPB Bank PLC and the former TIB Corporate Bank Limited. With this merger, TPB Bank PLC acquired all assets and liabilities of TIB Corporate Bank Limited effective from the date of announcement. On the 14 July 2021, the Honorable Dr. Mwigulu Lameck Nchemba, the Minister for Finance and Planning, launched the new name 'Tanzania Commercial Bank' and the tagline 'Grow with us'.

2 GDP, basic needs poverty, life expectancy, births / deaths and median age all relate to 2020 data.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.9 CURRENT AND FUTURE DEVELOPMENT PLANS

The Bank traditionally served the bottom of the pyramid in Tanzania and has leveraged technology to achieve this. The bank is now transforming to being more universal in the customer it serves following the merger with the former TIB Corporate Bank in 2020.

The Bank plans to develop a new Strategic Plan that will focus on delivering more value to a broader market base while ensuring a continued leverage of technology to deepen current revenue streams and create new revenue streams. Digitization is a key focus of the bank over the medium term. The Strategic Plan will seek to cement the Bank's brand in the market and ensure the Bank's socio-economic impacts are felt as it works to have a transformative effect.

#### 1.10 PERFORMANCE FOR THE YEAR

During the year, the Bank registered a profit before tax of TZS 19,664,729,000 compared to TZS 21,008,436,000 in the previous year. The decline on profit was caused by the increase of operations and administration costs following the merger of two banks and formation of new government commercial bank.

During the year, assets of the Bank grew by TZS 137,036,614,000 representing 13.13% growth from TZS 1,043,679,000 at the end of 2020 to TZS 1,180,715,317,000 at the end of 2021. Customer deposits grew by 14.27% from TZS 803,085,205,000 at the end of 2020 to TZS 917,702,328,000 at the end of 2021. The total loan portfolio increased by TZS 100,786,268,000 from TZS 617,813,683,000 at the end of 2020 to TZS 718,599,952,000 at 31<sup>st</sup> December 2021 representing the growth of 16.31%.

Shareholders' Funds increased from TZS 104,298,801,000 at the end of 2020 to TZS 113,213,022,000 at the end of 2021.

##### 1.10.1 DIVIDENDS

The Board of Directors recommend all profit after tax for the year 2021 to be retained in the bank to boost bank capital (2020: All profit was also Retained in the shareholders' fund).

##### 1.10.2 BONUS SHARES

The Board of Directors is not intending to issue bonus shares in the year 2021 (2020: Nil).

#### 1.11 SOLVENCY

The Board has reasonable expectation that the Bank will have adequate resources to continue in operational existence for the foreseeable future.

#### 1.11 EMPLOYEES' WELFARE

##### 1.12.1.1 Management and employees' relationship

The bank continued to maintain a very good and healthy relationship between employees and management in 2021. There were no unresolved complaints received by management from the employees during the year. A dynamic relationship continues to exist between management and trade union.

The Bank is an equal opportunity employer giving equal access to employment opportunities and ensuring that the best available candidate is appointed to any given position free from any form of discrimination based on factors like age, gender, marital status, tribe, religion and disability which do not impair the ability of the person to discharge their duties.



## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.12.2 Training facilities

During the year, the Bank spent a sum of TZS 2,050,224,000 (2020: TZS 1,270,082,000) for staff training in order to improve employees' technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels, all employees' have some form of annual training to upgrade skills and enhance development. For the year 2021 bank conducted culture change training for all staff with aim of ensuring a common culture and ownership of challenges facing the bank.

#### 1.12.3 Medical assistance

All members of staff are availed medical insurance guaranteed by the Board of Directors. This is for all members of staffs' spouse and a maximum number of four dependents who are below the age of 18 years or 22 years if they are still in school. Currently, these services are provided by National Health Insurance Fund which are accessible across the entire country.

#### 1.12.4 Health and safety

The Bank has a strong focus on health and safety ensuring that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

#### 1.13.5 Financial assistance to staff

The Bank provides various loans to employees in accordance with Bank' Staff Loans Policy and Staff Regulations in place. These include Mortgages, Motor Vehicle Loans, Motor Vehicle Insurance Loans, House Rent Loans, Personal Loans and Incentive Loans.

#### 1.12.6 Persons with disabilities

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

#### 1.12.7 Employees benefit plan

The Bank makes mandatory contributions to the Public Service Social Security Fund which qualify to be a defined contribution plan. The number of employees at the end of the year was 1,090 (2020: 1,039). All staff are members of the Public Service Social Security Fund, that caters for all state employees and was formed from the merger of the Government Employees Provident Fund, PPF Pensions Fund, Public Social Security Fund and Local Authorities Pension Fund.

#### 1.12.8 Internal communication and labor relations

Members of staff at all levels are kept fully informed of developments within the bank using a range of communication mechanisms. These include newsletters, the bank's website, circulars as well as regular discussions at different management levels. This continuous engagement is aimed at ensuring there is a two-way communication so that the workforce understands and supports the business philosophy and ethics of the Bank as they work towards a common goal.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.12.9 Gender Parity

The Bank is an equal opportunity employer. It embraces diversity and inclusion by bringing together experiences and perspectives arising from different cultures, religions, heritage, age, gender, and other characteristics. Employee distribution by gender as 31 December 2021 and 2020, respectively was as follows:

Gender	2021	Percentage (%)	2020	Percentage(%)
Female staff	552	51%	507	49%
Male staff	538	50%	532	51%
<b>Total staff</b>	<b>1,090</b>	<b>100%</b>	<b>1,039</b>	<b>100%</b>

#### 1.13 POLITICAL AND CHARITABLE DONATIONS

Donations amounting to TZS 187,440,496 (2020: TZS 305,285,235) were made to charitable organizations. The bank's primary focus and spend was on education TZS 145.6 million (2020: TZS 237.2 million), health TZS 7.9 million (2020: TZS 12 million) and social welfare TZS 33.7 million (2020: TZS 84.5 million). The key issue here is the fact that the Bank does not operate in a vacuum but needs to have a lasting and uplifting effect on society. During the year, no political donations were made (2020: Nil).

#### 1.14 RESOURCE MANAGEMENT

The Banks main resources are financial, human, relationship/social and technology. These resource help to underpin the Bank's performance. The value created by these resources are over different time horizons. These resources contribute to creating value in a uniform way and not at the expense of one resource. The Bank will continue to work towards leveraging these resources in a sustainable manner and ensuring that these resources drive the creation of maximum value for the Bank's stakeholders.

#### 1.15 THE BANKS' KEY STAKEHOLDERS

The shareholders, regulators, customers, development partners, employees and business partners. Capital still remains a challenge the Bank faces and the Bank will continue to engage existing shareholders on the best solution to recapitalize the bank. Shareholders also expect proactive stewardship. The Bank especially recognizes the role it must play in socio-economic development in light of the country being a middle-income country.

The Bank's primary regulator is the Bank of Tanzania which expects the Bank to fully comply with laws, regulations and standards regulating the Tanzanian banking sector.

The Bank also has dealings with the Tanzania Communications Regulatory Authority and the Tanzania Insurance Regulatory Authority. The Tanzania Revenue Authority oversees tax compliance. The Public Procurement Regulatory Authority ensures adherence to effective and transparent procurement while other regulators include the Fair Competition Commission and Financial Intelligence Unit. The key issue is full compliance and adherence as well as to proactively engage regulators as and when is needed.

In this competitive environment where there are many substitutes also, there is a need to continue to be customer-centric in order to increase the Banks customer base, retain customers and increase revenue and profitability. In response to customers' needs, the Bank will focus on being more customer-driven with simplified processes that enhance the customer experience.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.15 THE BANKS' KEY STAKEHOLDERS (continued)

A key focus of the Bank is its relationship with development partners which aims at promoting socio-economic growth in Tanzania in the market segments the Bank competes in or in new market segments. The Bank is a member of the World Savings and Retail Banking Institute (WSBI). The organization provides varied assistance for the development of savings in the world including promoting accessibility to financial services to all people especially those in peri-urban and rural areas.

Members of WSBI benefit from a number of support programmes including knowledge sharing and linking the Bank to donor programs like the 'Doubling the Number of Savings Account' Program that ended in 2014 and was funded by the Bill & Melinda Gates Foundations that allowed the bank to implement its "TPB POPOTE" product. There is also the 'Digitizing Informal Savings Mechanism' funded by the MasterCard Foundation that ended in 2020. The key issue is to have transparency, demonstrate ownership in partnerships and ensure value for all parties concerned.

The Bank's business partners present a crucial link in the Bank's operations. The Bank has several business partners across diverse areas with relationships built on mutual trust and respect. The Bank does cash collection for several banks, collection of domestic taxes and license fees for the Tanzania Revenue Authority. In regards to the revolutionary Wastaafu Loan, TCB has partner with all pension funds in the country. Additionally, the Bank is a super-agent providing float to all mobile money operators agents' in Tanzania. The bank will continue to foster these relationships and new relationships with a focus of ensuring a mutually beneficially and sustainable relationships.

#### 1.16 CONTRACTUAL RELATIONSHIPS

The Bank has several contractual relationships that are necessary as part of its daily operations. Examples of such parties with which the Bank has contractual relationship include customers who have deposited and / or borrowed from the Bank or the Bank has deposits with or borrowed from. Others are Corporate entities which the Bank has partnered with such as all mobile money operators in Tanzania who use the Bank for agents' float. The Bank also has contracts with employees as well as with suppliers who work across its branch network. Furthermore, the Bank is also in a contractual relationship with its agents.

#### 1.17 POLICIES

The Board is responsible for approving all of the Banks policies and regulations while management oversees their implementation. These policies provide the framework in terms of how the bank operates. Some policies include Strategic Risk Management Policy, Credit Policy, Financial Regulations and Asset Management Policy. All policies approved by the Board have been fully implemented and do undergo review from time to time, whereby factors which necessitated such review such as regulatory changes or operating environment are taken into account so that policies remain relevant and up to date.

#### 1.18 EFFECTS OF THE COVID-19 PANDEMIC

During the year 2021, customers in the sector of Hotel and Tourism, Transportation, Trade and Education continued to be hit by the global impact of COVID-19. The Bank of Tanzania took proactive measures to assist banks to manage impact to customers who are engaged in those sectors. Measures included rescheduling of loans, giving grace period and waive some charges to make customers afford to pay. During year 2021 the Tanzania Commercial Bank was able to offer relief such as rescheduling of loan repayments, temporary suspension of loan repayments and reduction of repayment amounts. Measures implemented by the Tanzania Commercial Bank helped customers to pay their due installments timely to avoid arrears and deterioration of loan portfolio due to COVID-19.



## THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1.19 PRODUCTS

The bank has the full array of products that suite the full spectrum of customers domiciled in Tanzania from loan products including mortgage financing and Songesha (a digital overdraft product in partnership with Vodacom Tanzania), to deposit products that include MKOBA, fixed deposits, call accounts, products for corporate customers such as trade finance, Government Payment Integration (GePG and MUSE) as well as banc assurance, e-channels and other products like Western Union Money Transfer, standing orders and telegraphic transfers.

#### 1.20 STATEMENT BY THE TREASURY

The Bank takes pride in a fully-fledged Treasury department with a team of experienced professionals dedicated to providing superior integrated financial markets solutions to clients. Owing to a wealth of knowledge on local and global markets, the Bank's Treasury team has a proven track record of providing a full range of treasury solutions to its clients. The Bank works to ensure that customer needs are understood and the solutions offered.

#### 1.21 RELATED PARTY TRANSACTIONS

Details of related party transactions are shown in note 34 of the financial statements.

#### 1.22 PREJUCIAL ISSUES

The Board states that there were no issues outside their control of the respective entity in achieving their objectives.

#### 1.23 STATEMENT OF COMPLIANCE

The Board state that the bank is in compliance with the provisions of Tanzania Financial Reporting Standards and all other statutory legislations relevant to the Bank.

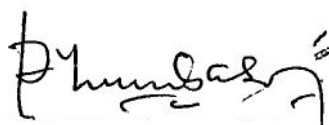
#### 1.24 AUDITORS

The Controller and Auditor-General (CAG) is the statutory auditor for Tanzania Commercial Bank Public Limited Company pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), Sections 30 -33 of the Public Audit Act, Cap 418 and Section 20(6) of the Bank of Tanzania Act, 2006. Ernst and Young, Certified Public Accountants (Tanzania) were appointed by the CAG to audit the Bank's financial statements jointly, pursuant to Section 33 of the Public Audit Act, Cap 418.

Approved by the Board of Directors and signed on its behalf by:



Dr. Edmund B. Mndolwa  
Chairman  
20<sup>th</sup> April 2022



Mr. Seif S. Seif  
Director



Mr. Macrice D. Mbodo  
Director

## STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE


### FOR THE YEAR ENDED 31 DECEMBER 2021

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the financial affairs of the Bank as at the end of the financial year and of its financial results for the year then ended. It also requires the Directors to ensure the Bank keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

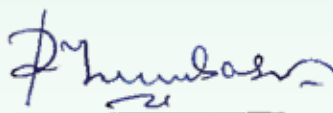
The Directors are responsible for the preparation of the financial statements that give true and fair view in accordance with the International Financial Reporting Standards (IFRS), and in manner required by the Companies Act, 2002; the Banking and Financial Institutions Act, 2006; National Board of Accountants and Auditors Technical Pronouncements and for such internal controls as Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2002; the Banking and Financial Institutions Act, 2006; and National Board of Accountants and Auditors Technical Pronouncements. 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 operating results. The Directors further accept responsibility for the maintenance of accounting records which 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 the next twelve months from the date of this statement.



Dr. Edmund B. Mndolwa  
Chairman  
20<sup>th</sup> April 2022



Mr. Seif S. Seif  
Director



Mr. Macrice D. Mbodo  
Director

## DECLARATION OF THE HEAD OF FINANCE

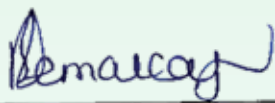
### FOR THE YEAR ENDED 31 DECEMBER 2021

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance responsible for the preparation of financial statements of the Bank concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of a Bank showing true and fair view position of the Bank in accordance with International Accounting Standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, **CPA Regina E. Semakafu**, being the Director of Finance of Tanzania Commercial Bank Public Limited Company hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2021 have been prepared in compliance with International Financial Reporting Standards (IFRS) and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Signed by: Regina E. Semakafu  
Director of Finance

20<sup>th</sup> April 2022  
Date

NBAA Member No.: ACPA 1322



## INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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Chairman of the Board of Directors,  
TCB Bank Public Limited Company,  
P.O. Box 9300,  
DAR ES SALAAM.

### 4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Opinion

I have audited the financial statements of TCB Bank Public Limited Company, which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of TCB Bank Public Limited Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the section below entitled “Responsibility of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of TCB Bank Public Limited Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

The results of my audit procedures, including the procedures performed to address the matters below, provided the basis for my audit opinion on the accompanying financial statements.

## INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

### Key Audit Matter

No.	Key audit matter	How the audit addressed the key audit matter
1.	Credit risk and impairment of loans and advances to customers	
	<p>Impairment is a subjective area due to the level of judgement applied by management in determining provisions.</p> <p>The Bank is required to calculate impairment of loans and advances to customers in accordance with both the Bank of Tanzania regulations and IFRSs. Impairment of loans as 31 December 2021 is disclosed in Note 20(c) to the financial statements.</p> <p>I focused on the measurement of impairment, including the assessment whether historical experience is appropriate when assessing the likelihood of incurred losses in respect of loans. Judgement is required to determine the appropriate parameters and assumptions used to calculate impairment. For example, the assumptions of customers that will default, the valuation of collateral for secured lending and the estimated amount and timing of future cash flows from the loans.</p> <p>I also considered there to be a risk that the disclosures in Note 5 to the financial statements which are significant to the understanding of the Bank's credit risk and impairment of loans and advances to customers, are not complete.</p>	<p>My audit procedures included the assessment of key controls over the approval, recording and monitoring of loans and advances, and evaluating the methodologies, inputs and assumptions used by the Bank in calculating collectively assessed impairment losses, and assessing the adequacy of impairment allowances for individually assessed loans and advances for both IFRS and Bank of Tanzania impairment allowances.</p> <p>I compared the Bank's assumptions for impairment allowances to externally available industry, financial and economic data and assessments in relation to key inputs. As part of this, I assessed the Bank's estimates and assumptions used including the consistency of judgement applied in the determination of the amount and timing of expected future cash flows and consideration of economic factors and historical default rates.</p> <p>I evaluated whether the Bank's assumptions on the estimated future cash flows, including the value of realizable collateral, was based on up-to-date valuations and available market information.</p> <p>I evaluated whether the Bank's computations for the regulatory impairment allowances were based on the Bank of Tanzania regulations. This included assessing whether the classification of loans and the percentages applied were in accordance with the regulations.</p> <p>I also assessed whether the financial statements disclosures in Notes 20 appropriately reflect the Bank's exposure to credit risk.</p>

### Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the Financial Statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the Financial Statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit or otherwise appears to be materially misstated.

## INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

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### Other Information (continued)

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

In preparing the financial statements, the directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so. The directors are responsible for overseeing the Bank's financial reporting process.

### Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

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

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

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### Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 (as amended by the Public Procurement (Amendment) Act, 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (CONTINUED)

### 4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

#### Compliance with Banking and Financial Institutions Regulations

As required by the Banking and Financial Institutions (External Auditors) Regulations, 2014 of Tanzania, I report to you, based on my audit, that.

The capital adequacy ratios as presented in Note 6 to the financial statements have been computed in accordance with the Banking and Financial Institutions Act, 2006 and the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014 of Tanzania. Section 9 of part II of the Banking and Financial Institutions (Capital Adequacy, 2014 requires all Banks and financial institutions to maintain at all times, core capital of not less than twelve and one half per cent of its total risk-weighted assets and off-balance sheet exposure; and total capital of not less than fourteen and one half per cent of its total risk weighted assets and off-balance sheet exposure. I state that TCB Bank Public Limited Company maintained a minimum core capital of 11.43% and 11.43% for Tier 1 and Tier 2 respectively as at 31 December 2021 which did not comply with the Regulation on Capital Adequacy.

#### Compliance with the Public Procurement Laws in Tanzania

##### Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the TCB Bank Public Limited Company for the financial year ended 31 December 2021 as per the Public Procurement Laws in Tanzania.

#### Conclusion

Based on the audit work performed, I state that, procurement of works, goods and services of TCB Bank Public Limited Company is generally in compliance with the requirements of the Public Procurement Laws in Tanzania.



Salhina M. Mkumba  
Ag. Controller and Auditor General  
Dodoma, United Republic of Tanzania.  
April 2022



## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	TZS '000	TZS '000
Interest Revenue calculated using effective interest rate	7	135,178,210	122,170,778
Interest expense calculated using effective interest method	8	(5,873,764)	(8,131,848)
Interest expense Calculated by other methods	8	(34,669,349)	(29,709,317))
<b>Net interest income</b>		<b>94,635,097</b>	<b>84,329,613</b>
Fees and commission income	9	26,021,338	19,827,851
Fees and commission expense	10	(581,375)	(399,235)
<b>Net fee and commission income</b>		<b>25,439,963</b>	<b>19,428,616</b>
Foreign exchange income	11	2,246,377	2,339,389
Other income	12	6,237,886	10,572,382
Expected Credit Loss - Loans and advances to customers	20(c)	(13,649,294)	(8,360,700)
Expected Credit Loss - Placements with other banks	17	(19,516)	(59,385)
<b>Net operating income</b>		<b>114,890,513</b>	<b>108,249,914</b>
Depreciation of property and equipment	23	(5,247,242)	(5,713,919)
Amortization of intangible assets	22	(1,062,702)	(1,525,088)
Administrative expenses	13	(88,915,840)	(80,002,471)
<b>Total operating expenses</b>		<b>(95,225,784)</b>	<b>(87,241,477)</b>
Profit before tax		19,664,729	21,008,436
Income tax expense	15(a)	(10,497,451)	(15,142,445)
Profit for the year		9,167,278	5,865,991
<b>Other comprehensive income that will not be reclassified to the income statement</b>			
Actuarial gain from defined benefit obligation	35	(361,511)	94,902
Income tax effect		108,453	(28,471)
Actuarial gain net of tax		(253,058)	66,431
Other comprehensive income, net of tax		(253,058)	66,431
<b>Total comprehensive income for the year, net of tax</b>		<b>8,914,221</b>	<b>5,932,423</b>



## STATEMENT OF FINANCIAL POSITION

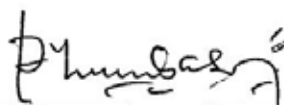
AS AT 31 DECEMBER 2021

	Notes	2021 TZS '000	2020 TZS '000
<b>Assets</b>			
Cash and balances with Bank of Tanzania	16	66,494,261	60,796,609
Cheques and items for collection	37	283,720	4,693
Placement and balances with other banks	17	198,517,782	199,837,908
Treasury bills	18	22,833,833	33,022,925
Treasury bonds	19	110,341,511	67,431,988
Loans and advances to customers	20(a)	718,599,952	617,813,683
Other assets	21	22,176,267	24,680,870
Deferred tax asset	27	5,362,293	6,133,098
Intangible assets	22	2,164,897	2,372,846
Right-of-use assets	33(a)	11,343,221	8,633,102
Property and Equipment	23	22,598,581	22,950,981
<b>Total assets</b>		<b>1,180,715,317</b>	<b>1,043,678,703</b>
<b>Liabilities and equity</b>			
Customer deposits	24	917,702,328	803,085,205
Borrowing and balances due to other banks	25	108,911,671	84,737,611
Lease liability	33(b)	7,670,225	6,211,012
Other liabilities	26	19,459,732	30,428,663
Tax Payable	15(c)	6,092,392	7,535,188
Revenue grant	37	210,790	896,320
Staff benefit obligation	35	7,455,458	6,485,903
<b>Total liabilities</b>		<b>1,067,502,295</b>	<b>939,379,903</b>
<b>Equity</b>			
Share capital	28(a)	28,071,743	28,071,743
Statutory Reserve	28(b)	738,937	-
Fixed asset revaluation reserve		5,220,318	5,220,318
Other reserves (acquired in business combination)	36	4,473,413	4,473,413
Defined benefit reserve		(2,891,454)	(2,638,396)
Retained earnings		77,600,065	69,171,723
<b>Total equity</b>		<b>113,213,022</b>	<b>104,298,801</b>
<b>Total liabilities and equity</b>		<b>1,180,715,317</b>	<b>1,043,678,703</b>

The accompanying notes form an integral part of these financial statements. The financial statements were approved and authorized for issue by the Board of Directors on 20<sup>th</sup> April 2022 and signed on its behalf by:



**Dr. Edmund B. Mndolwa**  
**Chairman**



**Mr. Seif S. Seif**  
**Director**



**Mr. Macrice D. Mbodo**  
**Director**

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Regulatory Reserve	General Reserve	Fixed asset revaluation reserve	Other Reserve	Defined benefit reserve	Retained Earnings	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS'000	TZS '000	TZS '000
At 1 January 2020	28,071,743	-	-	5,220,318	4,999,762	(2,704,828)	63,305,732	98,892,728
Actuarial gain on defined benefit obligations net of tax	-	-	-	-	-	66,431	-	66,431
Profit for the year	-	-	-	-	-	-	5,865,991	5,865,991
Acquired in business combination (Note 36)	-	-	-	-	(526,349)	-	-	(526,349)
<b>At 31 DECEMBER 2020</b>	<b>28,071,743</b>	<b>-</b>	<b>-</b>	<b>5,220,318</b>	<b>4,473,413</b>	<b>(2,638,396)</b>	<b>69,171,723</b>	<b>104,298,801</b>
<b>At 1 January 2021</b>	<b>28,071,743</b>	<b>-</b>	<b>-</b>	<b>5,220,318</b>	<b>4,473,413</b>	<b>(2,638,396)</b>	<b>69,171,723</b>	<b>104,298,801</b>
Actuarial gain on defined benefit obligations net of tax	-	-	-	-	-	(253,058)	-	(253,058)
Transfer (from)/to retained earnings	-	738,937	-	-	-	-	(738,937)	-
Profit for the year	-	-	-	-	-	-	9,167,278	9,167,278
<b>At 31<sup>st</sup> DECEMBER 2021</b>	<b>28,071,743</b>	<b>738,937</b>	<b>-</b>	<b>5,220,318</b>	<b>4,473,413</b>	<b>(2,891,454)</b>	<b>77,600,065</b>	<b>113,213,022</b>

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 TZS '000	2020 TZS '000
<b>Cash flow from Operations Activities</b>	29	14,088,022	107,208,038
Tax paid for current year	15(c)	(7,800,000)	(7,819,209)
Employee benefit paid during the year	35	(529,115)	(860,721)
<b>Net cash Inflow from Operating Activities</b>		<b>5,758,907</b>	<b>98,528,108</b>
<b>Cash flow from Investing Activities</b>			
Purchase of intangible assets	22	(854,754)	(208,411)
Purchase of property and equipment	23	(7,708,651)	(4,501,919)
Proceeds from disposal of property and equipment		1	1,857
<b>Net cash Outflows to Investing Activities</b>		<b>(8,563,404)</b>	<b>(4,708,473)</b>
<b>Cash flow from Financing Activities</b>			
Payments on lease liability	33	(6,790,995)	(7,544,589)
Capital gain tax for acquired in business combination	36	-	(107,234)
Grant revenue received	37	266,643	612,241
<b>Net cash outflow to Financing Activities</b>		<b>(6,524,352)</b>	<b>(7,039,582)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9,328,849)</b>	<b>86,780,053</b>
<b>Cash and cash equivalents at 1<sup>st</sup> January</b>		<b>120,526,204</b>	<b>33,746,151</b>
Net foreign exchange difference**		-	-
<b>Cash and cash equivalents at 31<sup>st</sup> December</b>		<b>111,197,355</b>	<b>120,526,204</b>
<b>Analysis of cash and cash equivalents at 31 December</b>			
Cash and balances with Bank of Tanzania	16	66,493,261	60,796,609
Placements with other banks maturing within 3 months	17	122,910,787	117,566,499
Cheques for clearance	38	283,720	4,693
Treasury bills maturing within 3 months	18	-	26,574,216
Treasury bonds maturing within 3 months	19	30,421,258	321,799
Borrowings and balances due to other banks	25	(108,911,671)	(84,737,611)
		<b>111,197,355</b>	<b>120,526,204</b>

\*\* Net foreign exchange difference was nil as at 31 December 2021 because the foreign translated balances was realized to profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. REPORTING ENTITY

Tanzania Commercial Bank Public Limited Company (formally known as TPB Bank Public Limited) is domiciled in the United Republic of Tanzania. It was incorporated as limited liability company on 29 March 2016 and took over the business of the former Tanzania Postal Bank following the repeal of Tanzania Postal Bank Act No. 11 of 1991 on 29 May 2015. The Bank is licensed under the Banking and Financial Institutions Act, 2006 and regulated by the Bank of Tanzania. The addresses of its registered office and principal place of business are disclosed in the corporate information section in this report. The principal activities of the Bank are described in the Report of the Directors.

#### 2. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

##### *(a) New standards, amendments and interpretation adopted by the Bank*

In the current year the Bank adopted the revised Tanzania financial reporting standard (TFRS) issued by NBAA Governing Board during its 182<sup>nd</sup> meeting held on 22<sup>nd</sup> June, 2020. The revised TFRS become effective from 1<sup>st</sup> January 2021, the revised standard will assist those charged with governance in setting out their analysis of the entity's operations and financial review with a forward-looking orientation.

This Standard requires those who are responsible with governance of entities to prepare the report by those charged with governance addressed to primary users and other stakeholders, setting out their analysis of the entity's operations and financial review, with a forward-looking orientation in order to assist primary users and other stakeholders to assess the strategies adopted by the entity and the potential for those strategies to succeed toward creating value over the short, medium and long term period. The information disclosed in the report by those charged with governance will also be of relevance to other stakeholders.

##### *(b) New and amended standards and interpretations in issue but not yet effective for the year ended 31<sup>st</sup> December 2021*

A number of new standards are effective from 1 January 2021 but they do not have a material effect on the Bank's financial statements.

##### **Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

##### **Amendments to IAS 1, Classification of Liabilities as Current or Non-Current**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

**b) *New and amended standards and interpretations in issue but not yet effective for the year ended 31<sup>st</sup> December 2021 (continued)***

**Amendments to IAS 37 Onerous Contracts, Cost of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

**Amendments to IFRS 9, Fees in the ‘10 per cent’ test for derecognition of financial liabilities.**

The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

**Amendments to IFRS: Definition of a Business**

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the Bank’s financial statements but may impact future periods should the Bank enter into any business combinations.

**Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Bank’s financial statements.

**Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Bank’s financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

**b) *New and amended standards and interpretations in issue but not yet effective for the year ended 31<sup>st</sup> December 2021 (continued)***

**IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023)**

The IASB issued IFRS 17, ‘Insurance contracts’, and thereby started a new approach of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin.

The fulfilment cash flows are re-measured on a current basis each reporting period. The unearned profit (contractual service margin) is recognized over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity’s share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognized in profit or loss in the period in which they occur but over the remaining life of the contract. These amendments had no impact on the Bank’s financial statements.

**Amendments to IFRS 16 Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the Bank’s financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### *(c) Impact of new and amended standards and interpretations in issue but not yet effective for the year ended 31<sup>st</sup> December 2021*

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Bank has not early adopted the new or amended standards in preparing these financial statements.

The following are the new standards effective for annual periods beginning after 1 January 2021.

- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16 In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Effective for annual periods beginning on or after 1 April 2021
- Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2)

In August 2020, the IASB published Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The bank did not have exposures benchmarked on LIBOR and no material impact is expected on pricing of the company's credit exposures. The standard is effective for annual periods beginning on or after 1 January 2021

#### *(d) Early adoption of standards*

The Bank did not early-adopt any new or revised standards in 2021.

The directors of the Bank do not anticipate that the application of the amendments in the future will have an impact on the Bank's financial statements

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *a) Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations as issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. Additional information required by regulatory bodies is included where appropriate.

#### *b) Basis of preparation*

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at amortised costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### c) *Revenue recognition*

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

##### (i) *Interest and similar income*

Interest income includes interest on loans and advances, interest on placements with other banks, and interest and discounts on government securities which is recognised on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

When an account is classified as non-performing the interest on the account is suspended until it is realised in cash.

##### (ii) *Fees and commission income*

Fees and commissions are generally recognised on an accrual basis when the service has been provided. The Bank earns fees and income from diverse range of services it provides to its customers and services offered to various mobile companies and some banks as agent on Mobile Pesa and cash collections.

#### d) *Interest expense*

Interest expense is a non-operating expense, it represents interest payable on any borrowings - bonds, loans and on deposits. Interest expense is recognized in the profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments through the expected life of financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees paid that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial liability.

#### e) *Fees and commission expense*

Fees and commission expense that are integral to the effective interest rate on a financial liability are included in the measurement of the effective interest rate period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

#### f) *Employee benefits*

##### *Short term benefits*

The cost of all short-term employee benefits such as salaries, employees' entitlements to leave pay, medical aid, other contributions, provision of housing to senior management staff, etc. are recognized during the period in which the employees render the related services.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *g) Employee benefits*

##### *Short term benefits*

The cost of all short-term employee benefits such as salaries, employees' entitlements to leave pay, medical aid, other contributions, provision of housing to senior management staff, etc. are recognized during the period in which the employees render the related services.

##### *Pension Obligation*

The Bank and its other employees contribute to the Public Service Social Security Fund (PSSSF), which is a defined contribution schemes. The Bank contribute 15% equivalent of the employees' salary to the scheme and employees contributes 5%. The Bank has no further obligation after such payment.

The Bank's contributions to the defined contribution schemes are recognized to the profit or loss in the year to which they relate.

##### *Retirement benefit obligations*

The Bank has a defined benefit scheme for staff who were absorbed from the forerunner Tanganyika Postal Savings Bank, who had worked with the defunct East African Community. Under this plan the Bank contributes a sum determined as equivalent to the estimated annual liability on monthly instalment for all who are in the scheme. The amounts are paid to a Trust namely the Ex-East African Posts and Telecommunications Corporation Staff Pension Fund, which manages the fund on behalf of the employer.

##### *Defined benefit plan*

The Bank operates an unfunded lumpsum Gratuity Arrangement ("the Arrangement"). As the Arrangement is unfunded, gratuity benefits are paid out of the Bank's general revenues.

Under this Gratuity Arrangement, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement, comprising actuarial gains and losses is reflected in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost;
- Net interest expense or income; and
- Re-measurement.

The Bank presents the first two components of defined benefit cost in profit or loss in the line item Staff costs.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *h) Taxes*

The income tax expense or credit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### *(i) Current tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax relating to items recognized in OCI or directly in equity is recognized in OCI or equity, respectively, and not in profit or loss.

##### *(ii) Previous year's tax liability*

The previous year tax liability resulted from TRA revised assessment for years of income 2008 and 2009 are expensed in current year corporate tax for corporate taxes and profit and loss for other taxes.

##### *(iii) Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on enacted tax rates by the end of the reporting period.

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

##### *(iv) Value Added Tax*

Revenues and expenses and capital items are recognised inclusive of the amount of value added tax except where the value added tax incurred on a purchase of assets or services is recoverable from the taxation authority, in which case the value added tax is recognised as an asset.

The net amount of value added tax recoverable from, or payable to tax authorities is included as part of receivables or payables in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Financial instruments

A financial instrument is defined as any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) *Initial recognition of financial assets and liabilities*

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

##### (ii) *Initial Measurement of financial assets and liabilities*

The classification of financial instruments at initial recognition depends on contractual terms and the business model for managing those instruments. Financial instrument are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to or subtracted from this amount.

##### (iii) *Classification and subsequent measurement of financial assets*

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

- Amortised cost;
- Fair value through profit or loss (“FVTPL”); or
- Fair value through other comprehensive income (FVOCI)

The classification requirements for debt and equity instruments are described below:

#### *Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government bonds. Classification and subsequent measurement of debt instruments depend on:

- the Bank's business model for managing the asset; and
- the cash flow characteristics of the asset.

#### *Business model*

The business model reflects how the Bank manages its assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and how risks are assessed and managed.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Financial Instruments (continued)

##### (iii) *Classification and subsequent measurement of financial assets (continued)*

##### *Solely Payments of Principal and Interest (“SPPI”) test*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Bank reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Based on these factors, the Bank classifies its debt instruments into the following measurement categories:

##### Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss (“ECL”) allowance recognised and measured as described in Note 3.(a) Interest income from these financial assets is included in interest income using the effective interest method.

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

##### (iv) *Impairment*

Immediately after initial recognition, an ECL allowance is recognised for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated. At 1 January 2021 and 31 December 2021, the Bank did not have any financial assets measured at FVOCI.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Financial Instruments (CONTINUED)

##### (iv) Impairment (Continued)

The Bank assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and with the exposure arising from loan commitments. The Bank recognizes a loss allowance for such losses at the end of each reporting period. The measurement of ECL reflects:

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

Note 5.(a) provides more detail of how the ECL allowance is measured.

##### (v) Modification of loans

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

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced such as a profit share/equity -based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Financial Instruments (CONTINUED)

##### (vi) *Classification and subsequent measurement of financial liabilities*

All the financial liabilities are measured at amortised cost under IFRS 9. The Bank recognizes all its financial liabilities initially at the value of the consideration received for those liabilities, excluding transaction costs and subsequently measures them at amortised cost.

##### (vii) *De-recognition of financial assets and liabilities*

Financial assets are derecognized when the contractual rights to receive 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 of ownership have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent de-recognition).

Financial liabilities are derecognized only when the obligation is discharged, cancelled or expired.

##### (viii) *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

##### (ix) *Offsetting financial instruments*

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

#### j) *Property and equipment*

Property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are optimized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Leasehold improvement costs are related to refurbishment on leased Banking premises. Leasehold improvements are only capitalized when the cost is above TZS 20 million. The cost is amortized to profit or loss for the year using straight line method over the remaining lease period or the expected economic useful life of the refurbished costs whichever is shorter.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *j) Property and equipment (continued)*

##### *Depreciation*

Depreciation of other assets is calculated using the straight-line method to write down their cost to their residual values over their estimated useful lives, using the following annual rates:

Buildings	4%
Motor vehicles	25%
Data communication equipment	20%
Computer hardware	20%
Furniture, fittings and equipment	10%
Leasehold improvement	Over the term of the lease or 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciable assets are reviewed for impairment.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss.

##### *Capital work in progress*

Capital work in progress relates to property and equipment under construction. Cost includes materials, direct labor and any other direct expenses incurred in respect of the project less any recognised impairment losses. The amounts are transferred to the appropriate property and equipment categories once the project is completed and the asset is available for use.

#### *k) Leases*

The Bank leases office space in various parts of the region. Rental contracts are typically made for a periods of 1 to 5, few contracts are up to 10 years but may have extension options as described below, under extension and termination section. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Bank is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### k) Leases (continued)

From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank, see note 32(b) for details. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank:

where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Extension and termination options

Extension and termination options are included in a number of property leases contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### k) *Leases (continued)*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Bank could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

#### l) *Intangible assets*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Acquired computer software and related licenses are stated at cost less accumulated amortization. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Where software is not an integral part of the related hardware it is recognized as an intangible asset.

Amortization is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it becomes available for use. The estimate useful life of software is five years.

#### (m) *Impairment of tangible and intangible assets*

At the end of each reporting period, the Bank reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) *Impairment of tangible and intangible assets (continued)*

If objective evidence on impairment losses exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually.

In determining the recoverable amount, the Bank considers the higher of the fair value of the asset less costs to sell, and value in use. In estimating value in use, the Bank recognize of the estimated future cash flow discounted to the present value using a pre-tax discount rate that is reflective of the current market assessment of time value of money and the risks specific to the asset itself.

Where impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized.

#### (n) *Regulatory reserve*

IFRS 9 requires the Bank to recognize immediately after initial recognition, an ECL allowance for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognized in profit or loss when an asset is newly originated. However, Bank of Tanzania prudential guidelines require the Bank to set aside amounts as provision for losses on loans and advances in addition to those losses that have been recognized under IFRS 9. Any such amounts set aside represent appropriations of retained earnings and not expenses in determining profit or loss.

#### (o) *Translation of foreign currencies*

##### i) *Functional and presentation currency*

The financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The financial statements are presented in Tanzania Shillings rounded to the nearest TZS '000. Tanzania Shillings is the Bank's functional and presentational currency.

##### ii) *Transactions and balances*

Foreign currency transactions that are transactions denominated, or that requires settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) *Translation of foreign currencies (continued)*

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### (p) *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 Bank's processes are recognized to profit or loss over the periods necessary to match them with the related costs.

#### (q) *Cash and cash equivalents*

For the statement of cash flow purposes, cash and cash equivalents includes cash on hand, unrestricted balances held with Bank of Tanzania and short-term liquid investments with maturities of three months or less from the acquisition date, less advances from other banks repayable within three months from date of the advance.

Restricted cash balances are those balances that the Bank cannot use for working capital purposes as they have been placed as a lien to secure borrowings.

#### (r) *Contingent liabilities*

Letters of credits, acceptances and guarantees are generally written by the Bank to support performance of the customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default. These obligations are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

#### (s) *Provisions*

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### (t) *Comparatives*

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE BANK'S ACCOUNTING POLICIES

In application of the Bank's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

#### *Measurement of the Expected Credit Losses Allowance.*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex

models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL to changes in these elements are explained in note 5(a).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as

- Determining criteria for significant increase of credit risk.
- Choosing appropriate models and assumptions for measuring ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each portfolio segmentation and associated ECL; and
- Establishing portfolio segmentation of similar financial assets for the purpose of measuring ECL.

Detailed information about judgements and estimates made by the Bank in the above areas is set out in note 5(a).

#### *Business models and SPPI as Significant Judgements.*

As well as ECL determining the appropriate business models and assessing the SPPI requirements for financial assets may require significant impact on the financial statements as discussed in 3(h).

#### *Property and equipment and intangible assets*

Critical estimates are made by the Directors in determining useful lives, residual values, and depreciation and amortization rates of property and equipment, and intangible assets respectively. The bank makes accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits and reviews its depreciation rate at each reporting date.

#### *Defined benefit plan*

The Bank operates an unfunded defined benefit retirement plan for all employees. Employees do not contribute to the plan, the Bank bears all cost. A provision is made in the financial statements for the estimated cost of the future benefits. The accuracy and completeness of such provisions is confirmed periodically by an independent actuarial valuation. Refer to note 34 of the financial statements for uncertainty and sensitivity disclosure.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE BANK'S ACCOUNTING POLICIES (CONTINUED)

#### *Taxes*

The Bank is subjected to a number of taxes and levies by various government and quasi-government regulatory bodies. As a rule of thumb, the Bank recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of management, in one way or the other,

that the initially recorded liability should be reassessed or re-estimated, any differences from the liabilities are dealt with through profit or loss for the year. Refer to note 15 for further details.

#### *Leases*

##### *IFRS 16: Leases- Incremental Borrowing Rate (IBR)*

IFRS 16 requires the future lease payments to be discounted using the rate implicit in the lease, or where this is not readily determined, the lessee's incremental rate of borrowing. Therefore, the standard requires the entities to use the interest rate implicit in the lease as a discount rate to derive the lease liability. However, if the interest rate implicit in the lease cannot be readily determined, then the standard allows the entity to use the rate that would pay to borrow money equivalent to the value of the underlying asset of the lease. The bank could not readily establish the interest rate that is implicit to its leases hence the bank used the incremental borrowing rate as its discount fact. Currently the bank has got two borrowings with two financial institutions at the interest rates of 8% and 12%. Hence the bank has used the Incremental Borrowing Rate (IBR) of 8% as its Discount Rate (DR) to arrive at the lease liability since this is the rate of interest that TPB bank would pay to borrow over similar term, and with similar security, the funds necessary to obtain an asset similar to the Right of Use (RoU) in similar economic environment pursuant to the provisions of paragraph 26 of IFRS 16.

#### *Contingent liabilities*

Bank has provided for the liabilities arising out of contractual obligations, professional expert advice is taken on establishing litigation provision. Legal advisers evaluate on an going basis whether provisions should be recognized, and the estimated amounts of any of such provisions.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bank'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 Bank's aim is therefore to achieve an appropriate balance between risk and return and optimize potential adverse effects on the Bank's financial performance. The Bank's risk management policies are designed to identify and analyses 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 Bank 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 Bank's risk management framework. As part of its governance structure, the Board of Directors has embedded a comprehensive risk management framework for identification, measuring, monitoring, controlling and mitigation of the Bank's risks. The policies are integrated in the overall management information systems of the Bank 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 Bank, 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 Audit, Risk Management and Compliance Committee of the Board of Directors of the Bank have the responsibility for monitoring compliance with the Bank's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by the Bank. On the other hand, the Governance, Recruitment and Remuneration Committee among other issues also has the mandate to review performance of the Bank through various reports submitted by Management. These Board 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 types of risks which the Bank manages on a day-to-day basis are:

- Credit risk;
- Liquidity risk;
- Market risk;
  - Interest rate risk; and
  - Foreign exchange/currency risk.
- Operations Risk.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### a) *Credit risk*

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Bank. It arises principally from lending and treasury activities. The amounts presented in the statement of financial position are net of impairment for doubtful debts, estimated by the Bank's management based on prior experience and their assessment of the current economic environment.

The Board of Directors has delegated responsibility for the management of credit risk to its Audit, Risk management and Compliance Committee which is responsible for oversight of the Bank's credit policy, including among others:

- formulating the policies, covering risk acceptance procedures, collateral requirements, credit appraisal, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- establishing the optimized structure for the approval of credit facilities;
- reviewing and assessing credit risk on all exposures in excess of approval limits of the management prior to facilities being committed to customers; limiting concentrations of exposure to counterparties and industries (for loans and advances).
- Developing and maintaining the Bank's risk grading system in order to categories exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures; and
- Reviewing reports on compliance with agreed exposure limits, including those for selected industries and product types.

Day to day management of the Bank's credit risk is vested on the Director of Risk Management and Compliance who reports to the Chief Executive Officer of the Bank. Regular audits of the credit processes and management are undertaken by Internal Audit.

#### *Credit enhancements: collateral*

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, legal mortgage, real estate, and inventories.

#### *Credit Risk measurement*

Loans and advances (including loan commitments and financial guarantees)

The estimation for credit exposure for risk management purposes is complex and requires the use of models as the exposure varies with the changes in the market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimation as the likelihood defaults occurring, of associated loss ratios and defaults correlation between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### a) Credit Risk (Continued)

##### *Expected credit loss measurement*

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- If the financial is credit-impaired, the financial instrument is then moved to ‘Stage 3’.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis.

##### Significant Increase in Credit Risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when the borrower is more than 5 days past due on contractual repayments for microfinance products and 30 days past due on its contractual payments for products other than microfinance

##### Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

##### *Quantitative criteria*

The borrower is more than 90 days past due on its contractual payments (with the sole exception of microfinance portfolio where 30 days past due on contractual repayment is default).

##### *Qualitative criteria*

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Expected Credit Loss measurement (continued)*

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of default (PD), Exposure at Default (EAD) and loss given Default (LGD) throughout the Group's expected loss calculations.

#### Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be if the default occurs in the next 12-months and lifetime LGD's the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month for collective segments. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

This effectively calculates an ECL for each future quarters, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Measuring ECL - Explanation of inputs, assumptions and estimation techniques (*continued*)

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products such as overdrafts, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on an analysis of the Bank’s recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD’s are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. Probability of loans getting back to performing is also adjusted to obtain LGD parameter.

Forward-looking economic information is also included in determining the 12-month and lifetime PD and LGD.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during year.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are obtained from independently published information on a quarterly basis and provide the best estimate view of the economy over the next ten years.

The impact of the economic variables on the PD and LGD has been determined by performing statistical logistic regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

In addition to the base economic scenario, the Bank estimates other scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearity are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2021 and 31 December 2021 for all portfolios the Bank concluded that three scenarios appropriately captured non-linearity. The Bank concluded that two additional scenarios, best case and worst-case scenarios were required. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes.

Economic variables assumptions.

The most significant year end assumptions used for ECL estimate as at 31 December 2021 are set out below. The scenarios “Base”, “Best Case” and “Worst Case” were used for each specific portfolio depending on macroeconomic factor correlation with default rates. Currently the loans portfolio has been segmented to Corporate, SME, and Microcredit and Personal whereby they both correlated with GDP Constant Prices.

2021

Variable	Estimates					
	Scenarios	2022(%)	2023(%)	2024(%)	2025(%)	2026(%)
GDP Constant Prices	Base	6.12	6.46	6.59	6.67	5.95
	Best case	6.73	7.1	7.25	7.34	6.54
	Worst case	5.51	5.81	5.93	6	5.35

*Expected Credit Loss measurement (continued)*

For the year 2020 segmentation of the loan and advances was based on loan products as indicated below.

CL, STL		Estimates				
Variable	Scenarios	2020	2021	2022	2023	2024
Population	Base	3.1%	3%	3%	3%	3%
	Best case	3.2%	3.1%	3.1%	3.1%	3.1%
	Worst case	3.0%	2.9%	2.9%	2.9%	2.9%
LPF, COL & PSL		Estimates				
Variable	Scenarios	2020	2021	2022	2023	2024
Interest rates	Base	15.5%	15.5%	15.5%	15.5%	15.5%
	Best case	15.8%	15.8%	15.8%	15.8%	15.8%
	Worst case	15.2%	15.2%	15.2%	15.2%	15.2%
GRL & MIC		Estimates				
Variable	Scenarios	2020	2021	2022	2023	2024
Household Spending	Base	12.4%	12.4%	0%	0%	0%
	Best case	12.7%	12.7%	0%	0%	0%
	Worst case	12.1%	12.1%	0%	0%	0%

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Classification of loans and advances

The table below contains an analysis of the risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

	ECL Staging			2021 TZS '000' Total
	Stage 1	Stage 2	Stage 3	
	12- month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired	594,989,100	-	-	594,989,100
Past due but not impaired	28,004,716	39,563,846	-	67,568,562
Loss category	-	-	76,362,634	76,362,634
<b>Gross</b>	<b>622,993,815</b>	<b>39,563,846</b>	<b>76,362,634</b>	<b>738,920,296</b>
Less: allowance/Expected credit loss	(1,426,676)	(94,757)	(14,032,136)	(15,553,569)
Less: Interest in suspense	-	-	-	(4,766,775)
<b>Total (note 20)</b>	<b>621,567,140</b>	<b>39,469,088</b>	<b>62,330,498</b>	<b>718,599,952</b>
	ECL Staging			2020 TZS '000' Total
	Stage 1	Stage 2	Stage 3	
	12- month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired	559,202,861	-	-	559,202,861
Past due but not impaired	37,474,720	24,976,946	-	62,451,666
Loss category	-	-	16,999,797	16,999,797
<b>Gross</b>	<b>596,677,581</b>	<b>24,976,946</b>	<b>16,999,797</b>	<b>638,654,324</b>
Less: allowance/Expected credit loss	(6,601,477)	(1,625,209)	(9,143,136)	(17,369,821)
Less: Interest in suspense	-	-	(3,470,819)	(3,470,819)
<b>Total (note 20)</b>	<b>590,076,104</b>	<b>23,351,737</b>	<b>4,385,842</b>	<b>617,813,683</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Classification of loans and advances (Continued)

##### *Loans and advances that are neither past due nor impaired*

The Bank classifies loans and advances under this category for those exposures that are up to date, in terms of repayment with contractual agreements as well as quality of legal and loan documentation. Such loans would have demonstrated financial conditions,

risk factors, quality of documentation and capacity to repay that are acceptable. These exposures will normally be maintained largely within approved product programs and with no signs of impairment or distress. These exposures are categorized as normal accounts in line with the Bank of Tanzania (BOT) regulations.

##### *Past due but not impaired*

This category includes loans that are superior in quality in repayment to those classified as substandard but they are potentially weak in terms of documentation thus, require closer management supervision.

##### *Impaired loans and advances*

Impaired loans are loans for which the Bank determines that it is probable that it will not be able to collect all outstanding principal and interest due according to the contractual terms of the advance. These accounts under BOT guidelines are termed as non-performing loans.

##### Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors as described below:

- Transfer between stage 1 and stage 2 or due to financial instruments experiencing significant increase (or decrease) of credit risk or becoming credit-impaired in the period, and the consequent “step up”( or step down”) between 12-months and lifetime ECL:
- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDS and LGDs in the period, arising from regular refreshing of inputs to models:
- Impact on the measurement of ECL due to the passage of time, as ECL is measured on present values basis;
- Foreign exchange retranslation for assets denominated in foreign currencies and other movements: and
- Financial assets derecognized during the period and write offs of allowance related to assets that were written off during the period.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### a) Credit Risk (Continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1		Stage 2		Stage 3		2021 Total TZS 000s
	12-month ECL TZS 000s	Lifetime ECL TZS 000s	Lifetime ECL TZS 000s	Lifetime ECL TZS 000s	POCI TZS 000s		
Loss allowance - Loans and advances to customers at amortized cost	9,906,216	1,807,830	-	-	-	-	17,260,957
Loss allowance as at 31 December 2020	108,865	-	-	-	-	-	108,865
Off Balance sheet as at 31 December 2020	10,015,081	1,807,830	-	-	-	-	17,369,821
Total On and Off-balance sheet Loss allowance as at 01 January 2021	404,312	(139,459)	(139,459)	(264,852)	-	-	-
Changes in the loss allowance:	(211,057)	372,489	372,489	(161,432)	-	-	-
- Transfer to stage 1	(636,749)	(49,507)	(49,507)	686,256	-	-	-
- Transfer to stage 2	914,311	67,020	67,020	7,590,254	-	-	8,571,585
- Transfer to stage 3	462,043	27,737	27,737	4,587,929	-	-	5,077,709
New financial assets originated or purchased	-	-	-	-	-	-	-
Impact on ECL Transfers	932,859	278,280	278,280	12,496,683	-	-	13,649,294
Foreign exchange and other movements	(26,987)	(12,170)	(12,170)	(14,950,493)	(475,868)	(475,868)	(15,465,546)
Total net P&L charge during the period	10,812,088	2,073,940	2,073,940	2,617,220	-	-	15,503,247
Other movements with no P&L impact	50,322	-	-	-	-	-	50,322
- Write-offs	-	-	-	-	-	-	-
Loss allowance as at 31 December 2021	10,862,410	2,073,940	2,073,940	2,617,220	-	-	15,553,569
Off balance sheet as at 31 December 2021	-	-	-	-	-	-	-
Loss allowance as at 31 December 2021 (note 20)	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### a) Credit Risk (Continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1	Stage 2	Stage 3	POCI	2020 Total
	12-month ECL TZS 000s	Lifetime ECL TZS 000s	Lifetime ECL TZS 000s		
Loss allowance - Loans and advances to customers at amortised cost	3,038,817	3,394,386	12,308,424	475,882	19,217,508
Loss allowance as at 31 December 2019	88,881	-	-	-	88,881
Off Balance sheet as at 31 December 2019	3,127,698	3,394,386	12,308,424	475,882	19,306,389
Total On and Off balance sheet Loss allowance as at 01 January 2020					
Changes in the loss allowance:					
- Transfer to stage 1	2,502,973	(215,733)	(2,287,240)	-	-
- Transfer to stage 2	(488,509)	1,431,884	(943,375)	-	-
- Transfer to stage 3	(7,042)	(14,462)	21,504	-	-
New financial assets originated or purchased	4,095,969	300,935	3,179,804	-	7,576,708
Foreign exchange and other movements	764,008	-	-	-	764,008
Total net P&L charge during the period	6,867,399	1,502,624	(29,307)	475,882	8,340,716
Other movements with no P&L impact					
- Write-offs	-	(3,089,180)	(7,208,087)	-	(10,297,267)
Loss allowance as at 31 DECEMBER 2020	9,906,216	1,807,830	5,071,030	475,882	17,260,957
Off balance sheet as at 31 DECEMBER 2020	108,865	-	-	-	108,865
<b>Loss allowance as at 31 DECEMBER 2020 (note 20)</b>	<b>10,015,081</b>	<b>1,807,830</b>	<b>5,071,030</b>	<b>475,882</b>	<b>17,369,821</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### a) Credit Risk (Continued)

##### Balances with Bank of Tanzania and other assets

Other assets and balances with Bank of Tanzania are categorized as stage 1. The simplified model has been used for estimation of ECL. The impact has been determined to be insignificant.

##### Amounts due from banks

Balances due from other banks are categorized as stage 1. The Loss Given Default (LGD) for these assets was 2.5%, and the expected credit loss at the end of the year was TZS 197 million (2020: TZS 177 million).

##### Debt Securities

The Bank hold investments in Treasury Bills and Treasury bonds issued by the Government. At the end of the year, the cost of these treasury bonds and treasury bills were TZS 110.3 billion and TZS 22.8 billion respectively (2020: Treasury bonds of TZS 67.4 billion and treasury bills of TZS 33.0 billion). At the end of reporting period, these investments were categorized as stage 1. There were no transfers between stages for both years. The expected credit losses on government security have been found to be immaterial, hence not presented in these financial statements.

##### Write-off policy

The Bank writes off financial asset, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Bank may write-off financial assets that are still subjected to enforcement activity. The Bank still seek to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### a) Credit Risk (Continued)

#### Concentration of Risk of financial assets with credit risk exposure

The Bank monitors concentration of risk of financial assets in line with set limits per sector. The objective is to ensure diversification of risk by always maintaining a well-diversified product-mix. The following table shows analysis of concentrations of risks of financial assets with credit risk exposure for year 2021:

b) Credit Exposure - Industry Sectors (TZS 000)	Financial Institutions	Manufacturing	Trade&Commerce	Transport and communication	Agriculture, Fishing, Forest&Hunting	Building & construction	Education	Health	Hotels and Restaurants	Mining and quarrying	Other Services	Personal	Real Estate	Grand Total	ECL	Net Amount
Bank of Tanzania	16,521,547													16,521,547	-	16,521,547
Placements and balances with other banks	198,714,795													198,714,795	(197,013)	198,517,782
Investment in government securities	133,175,344													133,175,344	-	133,175,344
Loans & Advances																
- SMEs	433,041	7,098,488	24,197,451	3,075,923	1,562,119	4,552,206	962,592	881,820	1,695,105	107,390	5,555,086	3,672,136	443,665	54,237,023	(1,137,944)	53,099,079
- Corporate customers	2,647,184	8,846,560	56,148,330	27,962,601	12,564,945	4,742,220	471,980	-	6,295,335	11,029,595	20,657,608	3,318,881	574,185	155,259,425	(3,257,490)	152,001,935
- Personal loans	-	-	-	-	-	-	-	-	-	-	-	301,624,075	-	301,624,075	(6,328,359)	295,295,717
- Salary loans	-	4,747	-	104,477	16,655	13,626	96,767	10,256	-	-	57,636	183,331,320	12,319	183,647,802	(3,853,105)	179,794,698
- Micro loans	-	1,427	28,263,595	246,849	575,528	-	207,521	56,222	149,994	-	-	10,847,736	-	40,348,874	(846,558)	39,502,316
- Agribusiness	-	-	1,172,603	-	2,521,376	-	-	-	-	-	109,117	-	-	3,803,097	(79,793)	3,723,304
Other assets (excluding non-financial assets)												14,851,303		14,851,303	0	14,851,303
off balance sheet	207,028,349													207,028,349	(50,322)	206,978,027
As at 31 December 2021	558,520,259	15,951,222	109,781,979	31,389,850	17,240,624	9,308,052	1,738,860	948,299	8,140,434	11,136,985	26,379,447	517,645,451	1,030,170	1,309,211,633	(15,750,582)	1,293,461,051



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### a) Credit Risk (Continued)

The following table shows analysis of concentrations of risks of financial assets with credit risk exposure for year 2020:

b) Credit Exposure - Industry Sectors (TZS 000)	Financial Institutions	Manufacturing	Trade&Commerce	Transport and communication	Agriculture, Fishing, Forest&Hunting	Building & construction	Education	Health	Hoteles and Restaurants	Mining and quarrying	Other Services	Personal	Real Estate	Grand Total	ECL	Net Amount
Bank of Tanzania	19,079,945													19,079,945	-	19,079,945
Placements and balances with other banks	199,837,908													199,837,908.2	(177,497)	199,660,411
Investment in government securities	100,454,913													100,454,913		100,454,913
Loans & Advances																
- SMEs	747,958	12,374,289	28,791,940	10,542,177	3,079,926	4,402,808	923,131	557,736	3,237,488	184,386	958,405	4,537,059	722,873	71,060,176	(1,835,540)	69,224,637
- Corporate customers	2,556,992		44,757,247	16,908,148	17,309,774	2,245,550	756,240		5,937,926	8,143,940	14,628,957	5,268,094	133,692	118,646,559	(3,064,733)	115,581,826
- Personal loans												247,728,394		247,728,394	(6,399,017)	241,329,377
- Salary loans		7,271	43,864	197,892	21,023	76,304	354,621	10,862			105,620	162,282,000	13,819	163,113,275	(4,213,343)	158,899,933
- Micro loans		29,031	24,053,614	303,636	521,468		48,697	88,119	197,762			10,470,948		35,713,274	(922,502)	34,790,773
- Agribusiness			326,414		2,066,231									2,392,645	(61,804)	2,330,841
Other assets (excluding non-financial assets)											8,977,718			8,977,718	0	8,977,718
off balance sheet	9,754,924													9,754,924	(872,884)	8,882,040
As at 31 December 2020	332,432,641	12,410,591	97,973,079	27,951,853	22,998,421	6,724,662	2,082,689	656,717	9,373,176	8,328,326	24,670,700	430,286,495	870,384	976,759,732	(17,547,318)	959,212,414

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### b) Liquidity risk

Liquidity risk is the risk that Bank will encounter difficulty in meeting its obligations arising from the likelihood that the Bank will not have sufficient cash to meet liquidity demands or situations on which it cannot raise enough liquidity in a cost effective manner. The Assets and Liabilities Committee (ALCO), a management committee is tasked with liquidity risk management. ALCO relies substantially on the Bank's Treasury Department to coordinate and ensure discipline across the Bank, certify sufficient liquidity under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation

#### Liquidity Risk Management Process

The Bank can manage its liquidity requirements in a number of ways which include:

- A Day-to-day funding management which is managed by monitoring future cash flows to ensure that funding requirements can be met.
- Holding an adequate stock of liquid assets such as cash deposits or marketable securities.
- Having available borrowing facilities.
- Monitoring liquidity position using the different liquidity ratios
- Monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory funding mix.
- Maintaining liquidity contingency plan which identifies early warning indicators of stress conditions and describes actions to be taken in the event of difficulties arising from systemic or other crises while optimizing adverse long-term implications.

#### Funding Approach

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

The Bank borrows from the local interbank market through transactions with other banks for short term liquidity requirements and in order to diversify the funding mix and reduce mismatch in its balance sheet. The medium and long term funds are borrowed from other banks and financial institutions.

#### Measurement and monitoring of Liquidity risk

The bank measure and monitor its liquidity positions on daily basis by preparing daily liquidity position of the bank.

The key measure used by the Bank for managing liquidity risk is through the ratio of liquid assets to demand deposit. The liquid assets consist of cash and interbank placements, investment in securities maturing within one year and clearing accounts maintained with the Bank of Tanzania (BOT). The Bank's maturing liabilities comprises all deposits and other liabilities with maturity period of less than one year. The bank maintains its liquidity ratio above the required Bank of Tanzania 20% limit. Liquidity risk reports are prepared and discussed in the ALCO meetings.

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Bank's exposure to liquidity risk at 31 December, 2021 is summarized below.

The following is the liquidity profile of the Bank as at 31 December 2021:

Financial assets	Up to 1 month TZS '000	1-3 months TZS '000	3-6 months TZS '000	6-12 months TZS '000	Over 1 year TZS '000	Total TZS '000
Cash and balances with Bank of Tanzania	47,715,611	-	-	-	-	47,715,611
TCB Mobile Money Balance	18,778,650	-	-	-	-	18,778,650
Cheques and items for collection	283,720	-	-	-	-	283,720
Placements and balances with other banks	122,910,787	-	-	-	75,606,995	198,517,782
Treasury bills	-	-	-	22,833,833	-	22,833,833
Treasury bonds	-	30,421,258	-	19,000,000	60,920,253	110,341,511
Loans and advances to customers	38,981,361	29,045,381	36,650,910	39,458,701	574,463,598	718,599,952
*Other assets	202,730	-	-	5,109,485	9,539,088	14,851,303
<b>Total financial assets</b>	<b>228,871,859</b>	<b>59,466,639</b>	<b>36,650,910</b>	<b>86,402,019</b>	<b>720,529,934</b>	<b>1,131,921,361</b>
<b>Financial liabilities undiscounted</b>						
Customer deposits	372,359,146	1,437,680	2,338,807	118,348,014	423,218,681	917,702,328
Borrowing and balances due to other banks	88,696,198	8,215,473	-	-	-	108,911,671
Lease liability	-	550,494	483,041	-	6,636,690	7,670,225
**Other liabilities	188,806	11,160,241	566,419	1,132,838	9,243,523	19,837,345
<b>Total financial liabilities</b>	<b>461,244,150</b>	<b>20,813,394</b>	<b>2,905,226</b>	<b>119,480,852</b>	<b>442,007,722</b>	<b>1,046,451,344</b>
<b>Net liquidity gap</b>	<b>(232,372,291)</b>	<b>38,653,245</b>	<b>33,745,684</b>	<b>(33,078,833)</b>	<b>278,522,212</b>	<b>85,470,018</b>
<b>Liquidity risk for off balance sheet 2021</b>						
Guarantee	-	-	-	12,656,927	-	12,656,927
Undrawn commitment	16,505,938	-	-	-	-	16,505,938
Accepted and Letter of credit	-	-	-	177,865,484	-	177,865,484
<b>Total off balance sheet</b>	<b>16,505,938</b>	<b>-</b>	<b>-</b>	<b>190,522,411</b>	<b>-</b>	<b>207,028,349</b>

\*Other assets excludes assets that are not financial assets, which include prepayments and staff benefit fair value .

\*\* Other liabilities excludes deferred income since they are not financial liabilities.

## b) Liquidity risk (continued)

The following is the liquidity profile of the Bank as at 31 December 2020:

Financial assets	Up to 1	1-3	3-6	6-12	Over	Total
	month	months	months	months	1 year	
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cash and balances with Bank of Tanzania	46,050,190	-	-	-	-	46,050,190
TPB Mobile Money Balance	14,746,419	-	-	-	-	14,746,419
Cheques and items for collection	4,693	-	-	-	-	4,693
Placements and balances with other banks	117,566,499	-	-	-	82,271,409	199,837,908
Treasury bills	-	26,574,216	-	6,448,709	-	33,022,925
Treasury bonds	-	321,799	-	4,761,620	62,348,568	67,431,988
Loans and advances to customers	40,920,995	17,520,801	22,908,457	33,454,706	503,008,725	617,813,683
*Other assets	6,137,712	-	-	-	2,840,005	8,977,718
<b>Total financial assets</b>	<b>225,426,508</b>	<b>44,416,816</b>	<b>22,908,457</b>	<b>44,665,035</b>	<b>650,468,708</b>	<b>987,885,524</b>
<b>Financial liabilities</b>						
Customer deposits	263,121,313	1,005,333	1,236,979	113,729,087	423,992,493	803,085,205
Borrowing and balances due to other banks	48,081,135	24,656,476	-	-	12,000,000	84,737,611
Lease liability	-	234,070	184,170	581,033	5,886,727	6,886,000
**Other liabilities	-	13,166,215	-	-	-	13,166,215
<b>Total financial liabilities</b>	<b>311,202,448</b>	<b>39,062,095</b>	<b>1,421,149</b>	<b>114,310,120</b>	<b>441,879,220</b>	<b>907,875,032</b>
<b>Net liquidity gap</b>	<b>(85,775,940)</b>	<b>5,354,720</b>	<b>21,478,309</b>	<b>(69,645,085)</b>	<b>208,589,488</b>	<b>80,010,492</b>
<b>Liquidity risk for off balance sheet 2020</b>						
Guarantee	-	-	-	-	-	-
Undrawn commitment	6,347,247	-	-	-	-	6,347,247
Accepted and Letter of credit	-	-	3,407,677	-	-	3,407,677
<b>Total off balance sheet</b>	<b>6,347,247</b>	<b>-</b>	<b>3,407,677</b>	<b>-</b>	<b>-</b>	<b>9,754,924</b>

\*Other assets excludes assets that are not financial assets, which include prepayments and staff benefit fair value.

\*\* Other liabilities excludes deferred income since they are not financial liabilities.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### c) Market risk

Market risk is the risk of losses in and off balance sheet positions as a result of adverse changes in market prices, in particular, interest rates, foreign exchange rates, equity prices and commodity prices. Market risk exists in both trading and banking book.

Overall responsibility for management of market risk rests with ALCO. Market Risk Management Policies are in place to guide management of this risk and are subject to review and approval by the Board on a regular basis.

#### Interest rate risk

The Bank is exposed to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The maturities of asset and liabilities and the ability to replace at an acceptable cost as they mature are important factors in assessing the Bank's exposure to changes in interest rates. The interest rate risk is regularly monitored by an independent Risk and Compliance department and reported regularly to ALCO and the Board.

#### Interest rate risk management Techniques

The bank has adopted a gap analysis, Stress testing and scenario analysis as techniques of measuring interest rate risks.

- Gap analysis - The Bank tracks its rate sensitive assets and liabilities quarterly to determine its interest rate risk exposure at any particular point in time. The bank monitors a re-pricing gap (the difference between total assets and total liabilities re-pricing) over a given intervals: 1-30, 31-90, 91-182, 182-365 days and over one year.
- The re-pricing gap percentage is then calculated as a total assets re-pricing divided by total liabilities repricing. The bank's goal is to maintain a re-pricing gap percentage in the range of 70% to 130%. Subjective analysis of the balance sheet and duration analysis of the investment portfolio is utilized to evaluate long term fixed rate positions.
- Stress testing - In addition the bank carries out stress testing exercises at least once a year to assess the potential cost of interest rate shocks. The exercise is done by the Directorate of Risk Management and Compliance and the results are tabled to EXCO meetings before the same are submitted to TCB Audit Committee of Board of Directors for deliberation and guidance.
- Interest Risk Ratios - The bank uses the following ratios as interest rate risk indicators:
  - (i) Interest income to total income - Maximum 80%
  - (ii) Interest rate sensitive assets to interest rate sensitive liabilities Minimum 90%

#### Interest rate risk - stress tests

The Bank monitors the impact of risks associated with the effects of fluctuations in prevailing interest rates. At 31 December 2021, the following table summarizes the estimated impact on profit or loss of an immediate increase or decrease in interest rates of 125 basis points on current interest rate risk profile to the Bank's before tax profit.

	2021	2020
	TZS '000	TZS '000
125 basis points increase or decrease in interest rates	510,583	873,959

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### c) Market risk (continued)

#### Interest Rate Risk (continued)

The table summarizes the exposure to interest rate risk as at 31 December 2021. Assets and liabilities are categorized by the earliest of contractual repricing or maturity dates. The Bank does not bear interest rate risk on off balance sheet items.

Financial assets	Total TZS '000	Non-interest Bearing TZS '000	Up to 1 month TZS '000	2-3 months TZS '000	4-6 months TZS '000	7-12 months TZS '000	Over 1 year TZS '000
Cash and balance with Bank of Tanzania	47,715,611	47,715,611	-	-	-	-	-
TCB Mobile Money balance	18,778,650	18,778,650	-	-	-	-	-
Cheques and items for collection	283,720	283,720	-	-	-	-	-
Placements and balances with other banks	198,517,782	-	122,910,787	-	-	-	75,606,995
Treasury bills	22,833,833	-	-	-	-	22,833,833	-
Treasury bonds	110,341,511	-	-	30,421,258	-	19,000,000	60,920,253
Loans and advances to customers	718,599,952	-	38,981,361	29,045,381	36,650,910	39,458,701	574,463,598
Other assets	14,851,303	9,741,818	-	-	-	5,109,485	-
<b>Total financial assets</b>	<b>1,131,921,361</b>	<b>76,518,799</b>	<b>161,892,148</b>	<b>59,466,639</b>	<b>36,650,910</b>	<b>86,402,019</b>	<b>710,990,846</b>
<b>Financial liabilities</b>							
Customer deposits	917,702,328	12,392,949	359,966,197	1,437,680	2,338,807	118,348,014	423,218,681
Borrowing and balances due to other banks	108,911,671	-	88,696,198	8,215,473	-	-	12,000,000
Lease liability	7,670,225	-	-	550,494	483,041	-	6,636,690
Other liabilities	19,837,345	19,837,345	-	-	-	-	-
<b>Total financial liabilities</b>	<b>1,054,121,568</b>	<b>32,230,294</b>	<b>448,662,395</b>	<b>10,203,647</b>	<b>2,821,848</b>	<b>118,348,014</b>	<b>441,855,371</b>
<b>Net Liquidity gap</b>	<b>77,799,793</b>	<b>44,288,505</b>	<b>(286,770,247)</b>	<b>49,262,992</b>	<b>33,829,062</b>	<b>(31,945,995)</b>	<b>269,135,475</b>
<b>Off balance sheet</b>							
Guarantee	12,656,927	-	-	-	-	12,656,927	-
Undrawn commitment	16,505,938	-	16,505,938	-	-	-	-
Accepted and Letter of credit	177,865,484	-	-	-	-	177,865,484	-
<b>Total off balance sheet</b>	<b>207,028,349</b>	<b>-</b>	<b>16,505,938</b>	<b>-</b>	<b>-</b>	<b>190,522,411</b>	<b>-</b>

\*Other assets excludes assets that are not financial assets, which include prepayments and stationary stocks.

\*\* Other liabilities excludes deferred income since they are not financial liabilities.

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### c) Market risk (continued)

#### Interest Rate Risk (continued)

The table summarizes the exposure to interest rate risk as at 31<sup>st</sup> December 2020

Financial assets	Total TZS '000	Non-interest bearing		Up to 1 month TZS '000	2-3 months TZS '000	4-6 months TZS '000	7-12 months TZS '000	Over 1 year TZS '000
		TZS '000	TZS '000					
Cash and balance with Bank of Tanzania	46,050,190	46,050,190	-	-	-	-	-	-
TPB Mobile Money balance	14,746,419	14,746,419	-	-	-	-	-	-
Cheques and items for collection	4,693	4,693	-	-	-	-	-	-
Placements and balances with other banks	199,837,908	-	117,566,499	-	-	-	-	82,271,409
Treasury bills	33,022,925	-	-	26,574,216	-	-	6,448,709	-
Treasury bonds	67,431,988	-	-	321,799	-	-	4,761,620	62,348,568
Loans and advances to customers	617,813,683	-	40,920,995	17,520,801	22,908,457	33,454,706	503,008,725	2,840,005-
Other assets	8,977,718	6,137,713	-	-	-	-	-	-
<b>Total financial assets</b>	<b>987,885,524</b>	<b>66,939,015</b>	<b>158,487,493</b>	<b>44,416,815</b>	<b>22,908,457</b>	<b>44,665,036</b>	<b>650,468,708</b>	
<b>Financial liabilities</b>								
Customer deposits	803,085,205	12,136,550	250,984,763	1,005,333	1,236,979	113,729,087	423,992,493	12,000,000
Borrowing and balances due to other banks	84,737,611	-	48,081,135	-	-	-	-	5,886,727
Lease liability	6,886,000	-	-	234,070	184,170	-	-	-
Other liabilities	13,166,215	13,166,215	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>907,875,032</b>	<b>25,302,765</b>	<b>299,065,898</b>	<b>1,239,404</b>	<b>1,421,149</b>	<b>114,310,120</b>	<b>441,879,220</b>	<b>208,589,488</b>
<b>Net Liquidity gap</b>	<b>80,010,492</b>	<b>41,636,249</b>	<b>(140,578,405)</b>	<b>43,177,412</b>	<b>(21,487,309)</b>	<b>(69,645,085)</b>	<b>208,589,488</b>	
<b>Off balance sheet</b>								
Guarantee	-	-	-	-	-	-	-	-
Undrawn commitment	6,347,247	-	6,347,247	-	-	-	-	-
Accepted and Letter of credit	3,407,677	-	-	3,407,677	-	-	-	-
<b>Total off balance sheet</b>	<b>9,754,924</b>		<b>6,347,247</b>	<b>3,407,677</b>				

\*Other assets excludes assets that are not financial assets, which include prepayments and staff benefit fair value.

\*\* Other liabilities excludes deferred income since they are not financial liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### c) Market risk

##### Foreign Exchange Risk

Foreign exchange risk arises from currency mismatches in an institution's assets and liabilities (both on- and off-balance sheet) that are not subject to a fixed exchange rate and currency cash flow mismatches. This risk may arise from a variety of sources such as foreign currency retail accounts and retail cash transactions and services, foreign exchange trading and investments denominated in foreign currencies.

##### *Types of Foreign Exchange Risks*

The banks is exposed to the following foreign exchange

- Market risk - the risk that the movements in the value of the spot FX rate between Tanzania shilling and other currencies varies adversely.
- Counterparty or settlement risk - the risk that the other party to the contract does not deliver for whatever reason.
- Inappropriate or fraudulent trading - the risk that undisclosed deals or deals outside predetermined limits go undetected.

##### *Foreign exchange risk management Techniques*

In measuring foreign exchange risk the bank obtains sufficient information to permit appropriate action to be taken within acceptable time frame. The bank uses the following techniques to measure exposure to its foreign exchange risk:

- The net spot and forward positions in each currency or pairings of currencies in which the institution is authorized to have exposure.
- Transactional and translational gains and losses relating to trading and structural foreign exchange activities and exposures.

The bank conducts all foreign exchange activities through the Treasury department. To minimize risk the bank adheres to the following:

- Making close follow up on the behavior of the Inter-Bank Foreign Exchange Market (IFEM) and general economic conditions.
- Maintaining foreign exchange net position at a level not exceeding 7.5% of the bank's core capital or any other rate prescribed by BOT.
- Ensure that employees conducting foreign exchange trading activities on behalf of the bank do so within a written code of conduct governing foreign exchange dealing.

##### *Foreign exchange- Exposure risk*

The Bank is exposed to the risk on earnings and capital arising from adverse movement of foreign exchange rates. The bank's exposure risk is managed within the Bank of Tanzania (BOT) exposure guideline of 7.50% of core capital.



**5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**c) Market risk**

**Foreign Exchange Risk**

The Bank’s transactional exposures give rise to foreign currency gains and losses that are recognized in profit or loss. The Bank also has monitoring and control system for its positions in major currencies in which it is active. The Bank ensures that its net exposure is kept to an acceptable level by selling and buying foreign currencies when considered appropriate.

***Foreign exchange risk - stress test***

At 31 DECEMBER 2021, if the TZS had weakened or strengthened by 10% against the USD and EURO with all other variables held constant, the impact on the profit before tax for the year would have been lower or higher by TZS 21,278,442,000 (2020: TZS 3,508,000).

The carrying amounts of the Bank’s material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, as at 31 December 2021 and 31 December 2020 were as follows:

	<b>2021</b>	<b>2020</b>
	<b>TZS ‘000</b>	<b>TZS ‘000</b>
Cash and balance with Bank of Tanzania	11,660,561	12,233,760
Placements and balances with other banks	142,763,919	162,109,782
Loans & Advances to customers	88,731,833	49,951,567
Other assets	6,510,513	(37,594,194)
Customer deposits	(194,641,015)	(16,106,885)
Other liabilities	(8,556,471)	(194,677,286)
	<u>46,469,339</u>	<u>(24,083,256)</u>

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### c) Market risk

#### Foreign Exchange Risk

The Bank operates wholly within Tanzania and its assets and liabilities are reported in the local currency. The bank's currency risk is managed within the Bank of

Tanzania exposure guideline of 7.5% of core capital. The bank's currency position as at 31 December 2021 was as follows:

	Total		USD		GBP		EURO		KENYA		RAND		UGANDA		KWACHA				
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000			
<b>Financial assets</b>																			
Cash & Balance with Central Bank	47,714,611	9,860,975	34,555	189,171	583,007	35,157,550	-	-	-	-	-	-	-	-	-	-	896,500		
TPB Mobile Money Balance	18,778,650	-	-	-	-	18,778,650	-	-	-	-	-	-	-	-	-	-	-	-	
Cheques and items for collection	283,720	-	-	-	-	283,720	-	-	-	-	-	-	-	-	-	-	-	-	
Placements and balances with other banks	198,517,782	141,934,786	78,763	734,303	16,066	55,753,863	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury bills	22,833,833	-	-	-	-	22,833,833	-	-	-	-	-	-	-	-	-	-	-	-	
Government Stocks and other securities	110,341,511	-	-	-	-	110,341,511	-	-	-	-	-	-	-	-	-	-	-	-	
Loans and advances to customers	718,599,952	44,242,527	-	44,489,306	-	629,868,119	-	-	-	-	-	-	-	-	-	-	-	-	
Other Assets	22,176,267	6,688,679	-	(189,171)	11,005	16,562,367	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total financial assets</b>	<b>1,139,246,325</b>	<b>202,726,967</b>	<b>113,318</b>	<b>184,455</b>	<b>610,079</b>	<b>889,579,500</b>	<b>46,216,462</b>	<b>11,005</b>	<b>184,455</b>	<b>610,079</b>	<b>889,579,500</b>	<b>610,079</b>	<b>11,005</b>	<b>(113)</b>	<b>(113)</b>	<b>(113)</b>	<b>(896,500)</b>	<b>-</b>	
<b>Financial liabilities</b>																			
Customer deposits	803,085,205	117,995,592	113,318	-	-	608,407,919	76,532,106	-	-	-	608,407,919	-	-	-	-	-	-	-	-
Borrowing and balances due to other banks	84,737,611	1,161,819	-	1,991,381	-	81,584,411	1,991,381	-	-	-	81,584,411	-	-	-	-	-	-	-	-
Lease liability	7,670,225	958,778	-	-	-	6,711,446	-	-	-	-	6,711,446	-	-	-	-	-	-	-	-
Other Liabilities	19,459,732	8,299,608	113,318	-	-	10,903,374	256,863	-	-	-	10,903,374	-	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>939,379,903</b>	<b>128,415,797</b>	<b>-</b>	<b>(32,563,888)</b>	<b>610,079</b>	<b>846,434,604</b>	<b>78,780,350</b>	<b>-</b>	<b>846,434,604</b>	<b>610,079</b>	<b>846,434,604</b>	<b>610,079</b>	<b>11,005</b>	<b>(113)</b>	<b>(113)</b>	<b>(113)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>	<b>85,502,370</b>	<b>74,311,170</b>	<b>-</b>	<b>(32,563,888)</b>	<b>-</b>	<b>43,144,896</b>	<b>(32,563,888)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,144,896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off Balance sheet</b>																			
Guarantee	12,656,927	5,466,836	-	-	-	7,190,091	-	-	-	-	7,190,091	-	-	-	-	-	-	-	-
Undrawn commitment	16,505,938	-	-	-	-	16,505,938	-	-	-	-	16,505,938	-	-	-	-	-	-	-	-
Accepted and Letter of credit	177,865,484	132,726,545	-	45,138,939	-	16,505,938	45,138,939	-	-	-	16,505,938	-	-	-	-	-	-	-	-
<b>Total off balance sheet</b>	<b>207,028,349</b>	<b>138,193,382</b>	<b>-</b>	<b>45,138,939</b>	<b>-</b>	<b>23,696,029</b>	<b>45,138,939</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,696,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### c) Market risk

#### Foreign Exchange Risk

The bank's currency position as at 31 December 2020

	Total	USD	GBP	EURO	KENYA	RAND	TZS '000	UGANDA	KWACHA
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>Financial assets</b>									
Cash & Balance with Central Bank	46,050,190	12,622,823	199,906	1,705,501	129,205	576,325	29,919,930	-	896,500
TPB Mobile Money Balance	14,746,419	-	-	-	-	-	14,746,419	-	-
Cheques and items for collection	4,693	-	-	-	-	-	4,693	-	-
Placements and balances with other banks	199,837,908	83,362,394	273,963	78,455,867	-	17,558	(23,455,697)	-	-
Treasury bills	33,022,925	-	-	-	-	-	33,022,925	-	-
Government Stocks and other securities	67,431,988	47,467,235	-	-	-	-	67,431,988	-	-
Loans and advances to customers	617,813,683	47,467,235	-	2,484,332	-	-	568,758,730	-	-
Other Assets	64,770,897	(32,557,080)	(427,959)	(3,865,601)	(129,205)	(614,348)	63,361,044	(113)	(896,500)
<b>Total financial assets</b>	<b>1,043,678,703</b>	<b>110,895,371</b>	<b>45,910</b>	<b>78,780,100</b>	<b>-</b>	<b>(20,466)</b>	<b>754,497,050</b>	<b>(113)</b>	<b>-</b>
<b>Financial liabilities</b>									
Customer deposits	803,085,205	117,995,592	149,589	76,532,106	-	-	608,407,919	-	-
Borrowing and balances due to other banks	84,737,611	1,161,819	-	1,991,381	-	-	81,584,411	-	-
Lease liability	7,670,225	958,778	-	-	-	-	6,711,446	-	-
Other Liabilities	51,557,086	(8,299,608)	(101,440)	256,863	-	(20,466)	52,585,446	(113)	-
<b>Total financial liabilities</b>	<b>939,379,903</b>	<b>110,857,802</b>	<b>48,149</b>	<b>78,780,350</b>	<b>-</b>	<b>(20,466)</b>	<b>735,540,674</b>	<b>(113)</b>	<b>-</b>
<b>Net Position</b>	<b>104,298,801</b>	<b>37,569</b>	<b>(2,239)</b>	<b>(250)</b>	<b>-</b>	<b>-</b>	<b>18,956,376</b>	<b>-</b>	<b>-</b>
<b>Off Balance sheet</b>	<b>Total</b>	<b>USD</b>	<b>GBP</b>	<b>EURO</b>	<b>KENYA</b>	<b>RAND</b>	<b>TZS</b>		
Guarantee									
Undrawn commitment	6,347,247								
Accepted and Letter of credit	3,407,677	3,407,677							6,347,247
<b>Total off balance sheet</b>	<b>9,754,924</b>	<b>3,407,677</b>							<b>6,347,247</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### d) Categorization of financial assets and liabilities

All the Bank's financial assets are categorized as loans and receivables except for treasury bills and government stocks which were classified as financial assets held to maturity.

All the financial liabilities are carried at amortized costs using the effective interest rate method.

### 6. CAPITAL MANAGEMENT OBJECTIVES AND POLICIES

The Bank's objective when managing capital are driven by the broader concept of capital as defined by the Bank of Tanzania (BOT) which substantially relies on the guidelines developed by the Basel Committee, for supervisory purposes. Those objectives are intended to:

- sustain a strong capital base to support the development of business;
- safeguard the Bank's ability to continue as a going concern; and
- comply with the capital requirements set out by the BOT;
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk; and
- to maintain an optimal capital structure to reduce the cost of capital.

As per the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014, the Bank's total regulatory capital is divided into two tiers:

- Tier 1 Capital (Core Capital): share capital, share premium, capital grants plus retained earnings less prepaid expenses and intangible assets.
- Tier 2 Capital (Supplementary Capital): subordinated debts.

The Bank monitors the adequacy of its capital using ratios established by BOT. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off- balance sheet commitments and market and other risk positions at a weighted amount to reflect their relative risk.

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

The composition and the ratios of the Bank's regulatory capital and the details of the risk weighted assets for the year ended 31 December 2021 and 31 December 2020 are summarized hereunder.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6. CAPITAL MANAGEMENT OBJECTIVES AND POLICIES

#### Capital adequacy

	2021	2020
	TZS '000	TZS '000
Tier 1 Capital		
Share capital	28,071,743	28,071,743
<b>Disclosed reserves</b>		
Retained earnings (excluding profit for the year)	68,685,844	63,239,301
Qualifying year to date profit	9,167,278	5,932,423
Defined benefit reserve	(2,891,454)	(2,638,396)
Other reserves - acquired in business combination	<u>4,473,413</u>	<u>4,473,413</u>
	107,253,767	99,078,730
<b>Less deductions from capital</b>		
Prepaid expenses	(3,019,841)	(1,520,730)
Deferred tax asset	(5,362,293)	(6,133,098)
Total deductions from capital	<u>(8,382,134)</u>	<u>(7,653,828)</u>
<b>Core capital</b>	<u>98,871,633</u>	<u>91,424,655</u>
<b>Tier 2 Capital</b>		
<b>Total regulatory capital</b>	<u>98,871,633</u>	<u>91,424,655</u>
<b>Risk-weighted assets</b>		
On-balance sheet	765,669,037	688,451,409
Off-balance sheet exposure (Market risk)	25,180,085	80,084,102
Off-balance sheet exposure (operation risk)	74,032,436	67,134,555
<b>Total risk-weighted assets</b>	<u>864,881,558</u>	<u>835,670,067</u>
<b>Capital adequacy ratios</b>		
Tier 1 (BOT minimum - 12.5%)	<u>11.43%</u>	<u>10.94%</u>
Tier 1 + Tier 2 (BOT minimum - 14.5%)	<u>11.43%</u>	<u>10.94%</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6. CAPITAL MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

As at 31 December 2021, the Bank's core capital and total regulatory capital were both below the required minimum of 10.00% and 12.00% respectively, as specified under sections 9 (a) and 9 (b) of the Banking and Financial Institutions (Capital Adequacy) Regulations, 2014. Banks are also required to maintain a buffer of 2.5% for each capital ratio. Management is engaging bank shareholders to inject additional capital while at the same time retain profit generated during the year to the capital reserve.

	2021	2020
	TZS '000	TZS '000
<b>7. INTEREST REVENUE</b>		
<i>Interest income calculated using the effective interest rate</i>		
Interest on loans and advances to customers	12,071,015	109,983,067
Interest on government securities	122,249,299	10,798,831
Interest on placement with other banks	857,896	1,388,880
	<b>135,178,210</b>	<b>122,170,778</b>

Interest on loans and advances and government securities are computed using effective interest rate.

### 8. INTEREST EXPENSE

**Interest expense calculated using the effective interest rate**

Interest Due to banks	5,118,109	7,650,021
Interest expense on lease liabilities (Note 33)	755,655	481,828
	<b>5,873,764</b>	<b>8,131,848</b>
<b>Other interest and similar expense</b>		
Interest on savings accounts	7,894,308	6,165,216
Interest on time deposits	26,775,041	23,544,101
	<b>34,669,349</b>	<b>29,709,317</b>

The interest rate on savings accounts and time deposit are calculated using two methods - simple interest and compound interest.

\* The presentation for 2020 Comparative has been changed to align with the requirement of IFRS 7.20 and IAS 1.82

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9. FEES AND COMMISSION INCOME

Fee income earned from services that are provided over time:

Loan administration fees	4,125,746	2,448,259
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Fee income from providing financial services at a point in time:

Western Union transfer fees and settlement gain	2,247,798	2,563,767
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Other fees and commissions	19,647,794	14,815,825
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	<u>26,021,338</u>	<u>19,827,851</u>
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The bank disaggregated revenue based on the type of services provided to customers and the timing of transfer that services

### 10. FEES AND COMMISSION EXPENSE

Fee and commission expense from services that are provided over time:

Agency service fees to Tanzania Posts Corporation (TPC)	350,000	350,000
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Umoja switch fees	-	37,435
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Letters of credit commission	231,375	11,800
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	<u>581,375</u>	<u>399,235</u>
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### 11. FOREIGN EXCHANGE TRADING INCOME

Net gain on foreign exchange transactions	513	128,795
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Net revaluation gain	2,245,864	2,210,594
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	<u>2,246,377</u>	<u>2,339,389</u>
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### 12. OTHER INCOME

Revenue grant recognised in the P&L (note 37)	896,320	612,241
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Other income	5,341,566	9,960,141
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	<u>6,237,886</u>	<u>10,572,382</u>
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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	TZS '000	TZS '000
<b>13. ADMINISTRATIVE EXPENSES</b>		
Staff costs (note 14)	50,911,967	40,801,828
Telephone and electronic mail expenses	2,374,493	2,207,953
Security expenses	3,645,669	3,403,612
Printing, stationery and hire of note counting machines	1,523,003	843,045
Auditors' remunerations	600,000	626,030
Board of directors expenses	512,998	446,598
Repairs and maintenance	2,931,029	2,228,729
Office rent expense	-	666,745
Advertisement and promotion expenses	2,004,557	1,344,650
Travelling on duty	2,109,435	2,191,761
Insurance expenses	2,169,146	2,290,532
Consultancy fees	896,673	1,783,022
License fees	1,324,187	1,925,348
Non-claimable taxes	172,959	2,952,321
Electricity and cleaning expenses	1,570,968	1,583,239
Amortization of Right of Use of Assets (Note 33)	4,784,435	4,327,420
Other operating expenses	11,384,321	10,379,637
	<b>88,915,840</b>	<b>80,002,471</b>
<b>14. STAFF COSTS</b>		
Salaries and wages	26,290,840	22,492,417
Leave travel and transport allowance	4,639,064	3,322,555
Pension funds contributions	4,096,616	3,545,485
Responsibility allowances	3,128,956	2,121,631
Medical expenses	1,829,581	2,002,730
Post-employment benefit (note 35)	1,137,158	1,088,156
Staff Loan Benefit-Fair Value	85,320	13,290
Training	2,050,224	1,270,082
Skills and development levy	1,475,204	1,160,397
Other staff costs	6,179,003	3,785,085
	<b>50,911,967</b>	<b>40,801,828</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15. TAXATION

#### (a) Income tax expense

Current taxation at applicable rate of 30% (2020: 30%)	8,777,706	8,212,620
Deferred tax credit/(charge) - (Note 27)	879,257	725,676
Prior year corporate tax	840,488	6,204,149
	<b>10,497,451</b>	<b>15,142,445</b>

#### (b) Reconciliation of income tax expense

Profit before tax	19,664,729	21,008,436
Tax at the applicable rate of 30% (2020: 30%)	5,899,419	6,302,531
Effect of expenses not allowable for tax purposes	3,757,544	2,635,765
Current year tax	9,656,963	8,938,296
	<b>2021</b>	<b>2020</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Prior year corporate tax	840,488	6,204,149
	<b>10,497,451</b>	<b>15,142,445</b>

#### (c) Tax movement

Balance at beginning of the year	(7,535,188)	(451,684)
Prior years re-assessed tax credit	-	(465,680)
Prior years' tax payable	2,420,802	(6,224,413)
Prior years' tax paid	-	870,546
Current tax charges	(8,778,006)	(8,212,620)
Tax paid during the year	7,800,000	6,948,663
Balance as at 31 <sup>st</sup> December	<b>(6,092,392)</b>	<b>(7,535,188)</b>

### 16. CASH AND BALANCES WITH BANK OF TANZANIA

Cash on hand	31,193,064	26,970,245
Balance with Bank of Tanzania	16,522,547	19,079,945
TPB Mobile Money balance	18,778,650	14,746,419
	<b>66,494,261</b>	<b>60,796,609</b>

As at 31 December 2021 and 2020, balance with Bank of Tanzania was classified as high grade under stage 1. There were no transfers between stages for both years. The expected credit loss on balance with Bank of Tanzania have been found to be immaterial and was not presented in these financial statements.

### 17. PLACEMENTS AND BALANCES WITH OTHER BANKS

Placements with other local banks	124,832,540	85,909,136
Balances with other local banks	9,060,257	20,638,149
Balances with foreign banks	64,821,998	93,468,120
Total Placements	198,714,795	200,015,405
ECL on Placements with other banks	(197,013)	(177,497)
	<b>198,517,782</b>	<b>199,837,908</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### Movement of ECL on Placements with other banks

Balance at the beginning of the year	177,497	118,112
Impairment loss	19,516	59,385
At the end of the year	<b>197,013</b>	<b>177,497</b>

Placements and balances with other banks of TZS 122,910,787,000 (2020: TZS 117,743,996,000) had maturity of less than 3 months. The weighted average interest rate on placements was 5.0% (2020: 6.09%).

### 18. TREASURY BILLS

#### Treasury bills - Held to maturity

Maturing within 3 months	-	26,574,216
Maturing between 3 months to 1 year	22,833,833	6,448,709
	<b>22,833,833</b>	<b>33,022,925</b>

These are classified as amortized cost. There were no treasury bills with maturities of less than 3 months from reporting date which form part of cash and cash equivalents for the purpose of the statement of cash flow(2020: TZS 26,574,216,000).

As at 31 December 2021, three treasury bills worth TZS 14,450,000,000 (2020: TZS 11,305,260,000) were pledged as security to the Bank of Tanzania and Bank of Africa (BOA).

The weighted average effective interest rate on treasury bills during the year was 5.20% (2020: 7.43%).

As at 31 December 2021 and 2020, Treasury bill were categorized as stage 1 and there were no transfers between stages for both years. The expected credit losses on government securities have been found to be immaterial hence not presented in these financial statements.

### 19. TREASURY BONDS

	2021	2020
Treasury bonds - Held to maturity:	TZS '000	TZS '000
Maturing within 1 to 3 months	30,421,258	321,799
Maturing within 3 to 12 months	19,000,000	4,761,620
Maturity over 1 year	60,920,253	62,348,568
	<b>110,341,511</b>	<b>67,431,988</b>

As at 31 December 2021, Seventeen securities worth TZS 59,419,700,000 (2020: TZS 60,314,670,000) were pledged as security (Note 30) . The weighted average interest rate of Treasury bond at 31 December 2021 was 16.8% (2020: 12.78%).

As at 31 December 2021 and 2020, Treasury bonds were categorized as stage 1 and there were no transfers between stages for both years. The expected credit losses on Treasury bond have been found to be immaterial hence not presented in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20. LOANS AND ADVANCES TO CUSTOMERS

#### (a) Loans and advances

Loans and advances to customers	692,944,021	600,076,256
Loans and advances to staff	45,976,275	38,578,068
Gross loans and advances	738,920,296	638,654,323
Interest in suspense	(4,766,775)	(3,470,819)
Provision for impairment of loans and advances (note 20(c))	(15,553,569)	(17,369,821)
<b>Net loans and advances</b>	<b>718,599,952</b>	<b>617,813,683</b>

#### (b) Analysis of loans and advances to customers by maturity maturing

Within 1 year	144,136,354	114,804,958
Between 1 year and 3 years	96,109,612	87,869,559
Over 3 years	478,353,986	415,139,166
	<b>718,599,952</b>	<b>617,813,683</b>

#### (c) Movement of provision for impairment of loans and advances

At the beginning of the year		
At 1 January	17,369,821	19,306,389
Write off during the year	(15,465,546)	(10,297,267)
Loan impairment loss (profit and loss charge)	13,649,294	8,360,700
Movement in provision during the year	14,471,856	8,340,718
ECL Off Balance sheet Items	(822,562)	19,982
At the end of the year	<b>15,553,569</b>	<b>17,369,821</b>

The effective interest rate on loans and advances to customers during the year was 20.65% (2020: 23.07%).

### 21. OTHER ASSETS

	2021	2020
	TZS'000	TZS'000
Prepayments	3,019,841	1,520,730
Staff receivables	1,622,563	1,811,131
Staff loan benefit fair value	4,305,123	8,493,783
Due from TIB Dev. Bank	2,140,352	2,147,194
Receivables business combination	7,398,736	7,398,736
Western Union International receivable	89,595	306,869
Tanzania Posts Corporation Western Union Agents	580,966	606,775
Others receivables	3,019,090	2,395,651
	<b>22,176,267</b>	<b>24,680,870</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22. INTANGIBLE ASSETS

	Computer Software TZS '000	Total TZS '000
<b>COST</b>		
At 1 <sup>st</sup> January, 2020	10,050,535	10,050,535
Additions	208,410	208,410
Transfer from TIB	866,030	866,030
At 31 <sup>st</sup> December, 2020	<b>11,124,975</b>	<b>11,124,975</b>
At 1 <sup>st</sup> January, 2021	11,124,975	11,124,975
Additions	854,754	854,754
<b>At 31<sup>st</sup> December, 2021</b>	<b>11,979,729</b>	<b>11,979,729</b>
<b>AMORTISATION</b>		
At 1 <sup>st</sup> January, 2020	6,756,436	6,756,436
Charge for year	1,525,088	1,525,088
Transfer from TIB	470,606	470,606
At 31 <sup>st</sup> December, 2020	8,752,130	8,752,130
At 1 <sup>st</sup> January, 2021	8,752,130	8,752,130
Charge for year	1,062,702	1,062,702
At 31 <sup>st</sup> December, 2021	9,814,832	9,814,832
<b>NET BOOK VALUE</b>		
<b>At 31<sup>st</sup> December, 2021</b>	<b>2,164,897</b>	<b>2,164,897</b>
<b>At 31<sup>st</sup> December, 2020</b>	<b>2,372,845</b>	<b>2,372,845</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 23. PROPERTY AND EQUIPMENT

YEAR 2021	Leasehold improvements TZS'000	Land and buildings TZS '000	Motor vehicles TZS '000	Computers TZS '000	Data communication equipment TZS '000	Office furniture fittings & equipment TZS '000	Residential furniture, fittings & equipment TZS '000	Work in Progress TZS '000	Total TZS '000
At 1 <sup>st</sup> January	18,248,676	9,458,169	3,445,384	10,586,774	2,392,703	17,611,328	167,976	1,390,229	63,301,239
Additions	2,809,832	-	69,000	1,750,346	228,647	1,270,918	819	1,579,089	7,708,651
Transfer to leasehold	-	-	-	(3,129)	-	(15,641)	-	-	(2,809,831)
Disposals	-	-	-	(3,129)	-	(15,641)	-	-	(18,770)
<b>At 31<sup>st</sup> December</b>	<b>21,058,509</b>	<b>9,458,169</b>	<b>3,514,384</b>	<b>12,333,991</b>	<b>2,621,350</b>	<b>18,866,606</b>	<b>168,795</b>	<b>159,487</b>	<b>68,181,289</b>
<b>DEPRECIATION</b>									
At 1 <sup>st</sup> January	14,206,617	1,889,829	2,923,521	8,189,769	1,871,938	11,159,461	109,123	-	40,350,258
Charge for year	2,086,355	157,770	279,724	1,196,629	224,020	1,286,563	16,182	-	5,247,242
Eliminated on Disposals	-	-	-	(2,736)	-	(12,060)	-	-	(14,796)
<b>At 31<sup>st</sup> December</b>	<b>16,292,972</b>	<b>2,047,599</b>	<b>3,203,245</b>	<b>9,383,662</b>	<b>2,095,958</b>	<b>12,433,964</b>	<b>125,304</b>	<b>-</b>	<b>45,582,704</b>
<b>NET BOOK VALUE</b>									
<b>At 31<sup>st</sup> December</b>	<b>4,765,536</b>	<b>7,410,570</b>	<b>311,139</b>	<b>2,950,329</b>	<b>525,392</b>	<b>6,432,642</b>	<b>43,486</b>	<b>159,487</b>	<b>22,598,581</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 23. PROPERTY AND EQUIPMENT (CONTINUED)

YEAR 2020	Leasehold improvements	Land and buildings	Motor vehicles	Computers	Data communication equipment	Office furniture fittings & equipment	Residential furniture, fittings & equipment	Work in Progress	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 1 <sup>st</sup> January	12,916,069	9,458,169	1,956,541	8,564,111	2,185,036	14,393,315	163,369	1,151,914	50,788,524
Additions	1,300,813	-	-	395,371	207,667	1,139,384	4,607	1,454,076	4,501,918
Transfer from TIB	4,031,795	-	1,491,793	1,660,029	-	2,141,953	-	-	9,325,570
Transfer to lease hold	-	-	(2,950)	(32,736)	-	(63,323)	-	(1,215,761)	(1,215,761)
Disposals	18,248,676	9,458,169	3,445,384	10,586,774	2,392,703	17,611,328	167,976	1,390,229	(99,010)
At 31 <sup>st</sup> December	14,206,616	1,889,829	2,923,521	8,189,769	1,871,938	11,159,580	109,123	-	40,350,258
<b>NET BOOK VALUE</b>									
At 31 <sup>st</sup> December	4,042,060	7,568,340	521,862	2,397,005	520,765	6,451,867	58,853	1,390,228	22,950,981
<b>DEPRECIATION</b>									
At 1 <sup>st</sup> January	9,353,368	1,733,637	1,612,104	6,094,101	1,668,582	8,343,019	93,100	-	28,897,911
Charge for year	2,509,979	156,192	401,978	1,041,291	203,356	1,384,749	16,023	-	5,713,568
Transfer from TIB	2,343,269	-	912,388	1,086,518	-	1,475,443	-	-	5,817,618
Eliminated on Disposals	-	-	(2,949)	(32,141)	-	(43,631)	-	-	(78,721)
At 31 <sup>st</sup> December	14,206,616	1,889,829	2,923,521	8,189,769	1,871,938	11,159,580	109,123	-	40,350,258

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	TZS '000	TZS '000
<b>24. CUSTOMER DEPOSITS</b>		
<b>(a) Customer deposits</b>		
Domicile savings	236,364,858	208,273,651
Time deposits	285,507,276	269,014,546
Call accounts	83,369,283	74,953,005
Notice accounts	14,960,854	20,520,777
Current accounts	81,833,395	69,537,106
“WADU” savings	22,607,273	20,255,014
Dormant accounts	12,392,949	12,136,550
Postal savings	1,595,624	1,886,498
Special account deposits	178,978,441	126,420,439
Group savings	92,375	87,619
	<b>917,702,328</b>	<b>803,085,205</b>
<b>(b) Analysis of customer deposits by maturity</b>		
Maturing:		
Within 1 year	494,483,646	379,092,712
Over 1 year	423,218,682	423,992,493
	<b>917,702,328</b>	<b>803,085,205</b>
<p>The weighted average interest rate on savings was 2.55% (2020:2.45%) whereas that on term deposits was 11.04% (2020: 10.65%).</p>		
<b>25. BORROWINGS AND BALANCES DUE TO OTHER BANKS</b>		
<b>Maturing within 90 days:</b>		
Balances due to banking institutions	108,575,223	84,293,310
Accrued interest	336,448	444,301
	<b>108,911,671</b>	<b>84,737,611</b>
<p>The weighted average interest rate on balances due to other banking institutions was 11.01% (2020: 10.41% %).</p>		
<b>26. OTHER LIABILITIES</b>		
Retention money	285,296	299,934
Payroll liabilities	283,897	907,712
Taxes payable	925,715	2,092,102
Accrued expenses	576,529	665,358
Agency fees payable	350,000	350,000
Supplier liabilities	1,014,048	4,574,846
Indemnity Fund	5,932,760	3,980,799
Un-earned loan administration fee	2,429,132	2,825,147
Staff fair value	4,359,909	8,463,248
Other payables	3,302,447	6,269,516
	<b>19,459,732</b>	<b>30,428,663</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 27. DEFERRED TAX

Deferred taxation is calculated on all temporary differences under the liability method using corporation tax rate of 30% (2020: 30%).

	2021	2020
	TZS'000	TZS'000
<b>The movement on the deferred tax account is as follows:</b>		
At the beginning of the year	6,133,098	6,887,245
Deferred tax credit (Note 15)	(879,257)	(725,676)
Deferred tax on actuarial gain from defined benefit	108,453	(28,471)
	<b>5,362,294</b>	<b>6,133,098</b>
<b>The deferred tax asset is attributable to:</b>		
Accelerated tax allowances	272,109	651,494
Temporary difference on provisions for loan impairment	4,666,071	5,210,946
Deferred tax on actuarial gain from defined benefit	(108,453)	28,471
Deferred tax on fixed asset revaluation	1,005,553	1,005,552
Deferred tax on lease liability	(375,272)	(820,602)
Deferred tax on staff benefits	(182,413)	-
Deferred tax on ECL on placement with other Banks	59,104	53,249
Deferred tax on staff fair valuation	25,596	3,987
	<b>5,362,294</b>	<b>6,133,098</b>

### 28. SHARE CAPITAL

#### a. Authorized share capital

500,000,000 (2019: 500,000,000) ordinary shares of TZS 1,000 each 500,000,000    500,000,000

#### b. Paid up capital

The issued and paid up share capital is 28,071,743 (2020: 28,071,743) ordinary shares of TZS 1,000 each 28,071,743    28,071,743

Following the repeal of Tanzania Postal Bank Act No. 11 of 1991, the Bank was licensed under the Banking and Financial Institutions Act, 2006 and regulated by the Bank of Tanzania. The Bank was registered under the Companies Act, 2002 as a public limited company on 29 March 2016 with authorized share capital of 500,000,0000 shares at a par value of TZS 1,000 each. In July 2021, majority shareholder, the United Republic of Tanzania transformed bank to Tanzania Commercial Bank PLC.

	2021		2020	
	TZS'000	%	TZS'000	%
The share capital is held by the following shareholders:				
Government of the United Republic of Tanzania	23,423,304	83.44	23,423,304	83.44
Tanzania Posts Corporation	2,135,540	7.61	2,135,540	7.61
Revolutionary Government of Zanzibar	816,215	2.91	816,215	2.91
Posta na Simu Savings & Credit Cooperative Society Ltd	749,312	2.67	749,312	2.67
Public Service Social Security Fund (PSSSF)	660,401	2.35	660,401	2.35
Workers' Compensation Fund (WCF)	286,971	1.02	286,971	1.02
	<b>28,071,743</b>	<b>100.0</b>	<b>28,071,743</b>	<b>100.0</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 TZS '000	2020 TZS '000
<b>29. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	19,664,729	21,008,436
<i>Adjustment for:</i>		
Depreciation on plant and equipment (note 23)	5,247,242	5,713,918
Amortization of intangible assets (note 22)	1,062,702	1,525,088
Gain/(Loss) on disposal of plant and equipment	3,712	(1,236)
Loan impairment charges (note 20(c))	1,816,252	1,936,567
Adjustment on acquisition - depreciation & amortization	-	(3,921,732)
Defined benefit cost recognized in profit or loss (note 35)	1,137,158	1,088,156
Amortization of ROU & Interest on lease liability (note 33)	5,540,090	4,809,248
Provision for ECL for Placements with other Banks (note 17)	19,516	59,385
Other assets written off	223,073	235,738
Staff loans fair valuation	85,320	13,290
	<b>35,987,641</b>	<b>32,466,859</b>
<i>Movement in working capital:</i>		
Decrease/(increase) in treasury bills maturing after 3 months	(16,385,124)	42,769,476
Increase in investment in treasury bonds maturing after 3 months	(12,810,064)	(51,687,563)
Increase in loans and advances to customers	(102,602,520)	(199,156,591)
Increase in other assets	2,504,603	(17,952,254)
Increase in deposits from customers	114,617,122	360,908,029
(Increase)/ decrease in placements maturing over 3 months	6,664,414	(82,271,409)
Increase/(decrease) in other liabilities	(12,704,204)	22,131,490
<b>Cash generated from operations</b>	<b>14,088,022</b>	<b>107,208,038</b>

### 30. ASSETS PLEDGED AS SECURITY

As at 31 December 2021, there were twenty one securities worth TZS 76,369,700,000.00 pledged as securities; whereby seventeen securities worth TZS 59,419,700,000 were treasury bonds and four securities worth TZS 14,450,000,000 were treasury bills.

Eleven Treasury bond worth TZS 37,215,700,000 were pledged to Bank of Tanzania (2020: TZS 8,452,630,000), two treasury bonds worth TZS 7,000,000.00 were pledged to NBC (2020: TZS 28,055,000,000) and four treasury bond worth TZS 15,204,000,000 (2020: TZS. 5,797,370,000) were pledged to CRDB BANK to secure interbank borrowing.

Three treasury bills worth TZS 14,450,000,000 (2020: TZS 11,305,260,000) were pledged to the Bank of Tanzania and one treasury bill worth TZS 2,500,000,000.00 was pledged as security to Bank Of Africa (BOA).

At the end of the year 2021, the outstanding interbank borrowings was TZS 108,911,671,000 (2020: TZS 84,737,611,000).

In case bank default to honor its obligations the pledged collateral will be used as fallback position to cover the losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 31. CONTINGENT LIABILITIES

#### Legal claims

As at 31 December 2021, there were a number of commercial and labor cases the Bank is involved. In the opinion of the Directors the amount which may be awarded against the Bank in the event of the Bank losing the cases is not likely to be material. Consequently, no provision has been made in the financial statements.

#### Taxation

The normal procedure for agreeing final tax liabilities in Tanzania involves the Bank filing its tax self-assessment returns with the Tanzania Revenue Authority (TRA) followed by TRA performing its review and/or audit of the Company's submissions and issuing notice of final tax assessment to the Company. The TRA final tax assessment as may be determined after the TRA review and/or audit may differ from the Company's self-assessment. The Tanzania tax laws stipulate the tax assessment objection and appeal procedures that the Company may follow in case of disagreement with the TRA assessments. It is possible that the time frame between the Company's self-assessment and TRA issuing its notice of final tax assessment may be several months or years. During the year there was ongoing TRA audit for Year of income 2019, which was yet to be finalized as at the end of the financial year 2021.

	2021	2020
	TZS '000	TZS '000
<b>32. COMMITMENTS</b>		
<b>a) Capital commitments</b>		
Authorized and contracted for	1,888,601	715,322
Authorized but not contracted for	11,216,743	13,673,796
	13,105,344	14,389,118
<b>b) Commitments to extend credit</b>		

To meet the financial needs of the customers, the Bank enters various irrevocable commitments and contingent liabilities. This comprises of financial guarantees, letters of credit (LCs) and commitments to lend. These obligations are not recognized on the statement of financial position; they contain the credit risk and, therefore form part of the overall risk of the Bank.

Letters of credit and guarantee (including standby letters of credit) commit the bank to make payments on behalf of customers in the event of specific act and generally related to the import or export of goods. Guarantees and letters of credit carry a similar credit risk to loans and advances. The nominal values of such commitments are listed below:

#### c) Loan commitment guarantees and other facilities

At 31 December 2021, the Bank had the contractual amount of the off-balance sheet instruments that commit it to extend credit to customers, guarantees and letters of credit as follows:

Letter of credit and guarantees have zero impairment charges following the cash covers that secured the exposure on default.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 32. COMMITMENTS (Continued)

#### c) Loan commitment guarantees and other facilities

	Not later than 1 Year	1-5 Years	Total
As at 31 December 2021	TZS '000	TZS '000	TZS 000
Loan commitments (Undrawn balance)	16,505,938	-	16,505,938
Letters of credit and guarantees	189,840,836	681,575	190,522,411
<b>Total</b>	<b>206,346,774</b>	<b>681,575</b>	<b>207,028,349</b>
As at 31 December 2020			
Loan commitments (Undrawn balance)	6,347,247	-	6,347,247
Letters of credit and guarantees	3,407,677	-	3,407,677
<b>Total</b>	<b>9,754,924</b>	<b>-</b>	<b>9,754,924</b>

#### i) Loan commitment guarantees and other facilities

The table below shows the credit quality and maximum exposure to credit risk based on the bank's internal credit rating system and year end stage classification of undrawn commitments.

#### Descriptions (TZS'000) 2021

	Stage 1	Stage 2	Stage 3	Total
<b>Performing:</b>				
Current category	16,505,938	-	-	16,505,938
	<b>16,505,938</b>	<b>-</b>	<b>-</b>	<b>16,505,938</b>

#### Descriptions (TZS'000) 2020

	Stage 1	Stage 2	Stage 3	Total
<b>Performing:</b>				
Current category	6,347,247	-	-	6,347,247
	<b>6,347,247</b>	<b>-</b>	<b>-</b>	<b>6,347,247</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 32. COMMITMENTS (Continued)

#### Undrawn commitments

The table below shows the analysis of changes in gross amount of undrawn commitments during the year:

Descriptions (TZS'000)	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	6,347,247	-	-	6,347,247
New assets originated	10,158,691	-	-	10,158,691
Exposures derecognized/ matured	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
<b>At 31 December 2021</b>	<b>16,505,938</b>	<b>-</b>	<b>-</b>	<b>16,505,938</b>
Descriptions (TZS'000)	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020	1,937,964	-	-	1,937,964
New assets originated	4,409,283	-	-	4,409,283
Exposures derecognized/ matured	-	-	-	-
Transfer to stage 1	-	-	-	-
<b>At 31 December 2020</b>	<b>6,347,247</b>	<b>-</b>	<b>-</b>	<b>6,347,247</b>

ECL allowance for undrawn commitments have been included within ECL for loans and advances to customers due to challenges of separating them.

The table below shows the analysis of changes in loss allowance amount of undrawn commitments between the beginning and the end of the year:

Descriptions (TZS'000)	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	108,863	-	-	108,863
New assets originated	-	-	-	-
Exposures derecognized/ matured	(58,541)	-	-	(58,541)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
<b>At 31 December 2021</b>	<b>50,322</b>	<b>-</b>	<b>-</b>	<b>50,322</b>
Descriptions (TZS'000)	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020	88,881	-	-	88,881
New assets originated	-	-	-	-
Exposures derecognized/ matured	-	-	-	-
Transfer to stage 1	19,982	-	-	19,982
<b>At 31 December 2020</b>	<b>108,863</b>	<b>-</b>	<b>-</b>	<b>108,863</b>

### 33. LEASES

Until the 2021 financial year, leases of office space were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 33. LEASES (Continued)

#### a) Right - of-use Assets

	2021	2020
	TZS '000	TZS '000
Right of use asset - opening balance	19,858,323	13,897,939
TCB additional	3,962,878	4,804,322
Addition/(transfer from TIB)	3,531,675	3,396,888
	<u>27,352,876</u>	<u>22,099,149</u>
Rent Prepaid	-	2,146,750
Rent Payable( TIB)	-	(99,521)
Right of use asset - Closing balance	<u>27,352,876</u>	<u>19,858,323</u>
Opening Accumulated Amortization RoU	(11,225,220)	(4,712,171)
Transfer from TIB	-	(2,185,629)
Charge for the year	(4,784,435)	(4,327,420)
Closing Accumulated Amortization RoU	<u>(16,009,655)</u>	<u>(11,225,220)</u>
<b>Net book Value ROU</b>	<u><b>11,343,221</b></u>	<u><b>8,633,102</b></u>

#### b) Lease Liability

	2021	2020
	TZS '000	TZS '000
Lease liabilities - opening balance	6,211,012	7,313,510
Interest expense on Lease liability (Note 13)	755,655	481,828
Additional	3,962,878	4,804,322
Addition/Transfer from TIB	3,531,675	1,155,940
Rent payments	<u>(6,790,995)</u>	<u>(7,544,589)</u>
Lease liabilities - closing balance	<u>7,670,225</u>	<u>6,211,012</u>

### 34. RELATED PARTY TRANSACTIONS

**Directors and key management personnel - Loans** During the year, the Bank entered into several related party transactions in the normal course of business. The transactions were between the Bank and its key management staff and the members of the Board. These include loans, key management compensations and Directors fees. The summary of the transactions is as shown hereunder:

#### a) Directors and Key management personnel-Loans:

	2021	2020
	TZS '000	TZS '000
Balance at beginning of the year	848,592	1,636,144
Loans issued	1,394,740	37,465
Loans repayment	<u>(215,315)</u>	<u>(825,017)</u>
Balance as at 31 December	<u>2,028,017</u>	<u>848,592</u>

Interest rate on loans to Directors and key management personnel for staff loans 5% (2020: 5%) per annum per annum, while for other loans ranges between 15%-18%, normal rates charged to all customers.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 34. RELATED PARTY TRANSACTIONS (Continued)

#### b) Directors and key management - Deposits:

Balance at beginning of the year	1,513,614	1,555,324
Deposits during the year	6,248,178	4,573,982
Withdrawals during the year	(5,399,183)	(4,615,342)
Balance as at 31 December	<b>2,362,609</b>	<b>1,513,964</b>

Interest rates on deposits from Directors and key management personnel are at applicable bank commercial rates.

#### c) Related companies:

##### Tanzania Post Corporation:

Balance at beginning of the year	-	1,849
Deposits during the year	2,158,609	1,802,983
Withdrawals during the year	(2,158,742)	(1,804,832)
Balance as at 31 December	<b>(133)</b>	-

##### Savings and Credit Society:

Balance at beginning of the year	11,267	4,591
Deposits during the year	572,258	740,555
Withdrawals during the year	(571,651)	(733,879)
Balance as at 31 December	<b>11,874</b>	<b>11,267</b>

#### d) Directors' and key management personnel

##### compensation

Salaries and other benefits	4,035,424	3,184,422
Social security contributions	283,957	276,620
Directors' fees	82,000	96,175
Other Board expenses	<b>430,995</b>	<b>350,423</b>

#### e) Outstanding balances

Tanzania Posts Corporation Western Union Agents (Note 21)	<b>580,966</b>	<b>606,775</b>
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The transactions entered into with related parties were at arm's length and in accordance with laid down regulations.

### 35. EMPLOYMENT BENEFIT OBLIGATION

On 1 February 2017 the Bank entered in to a Collective Bargaining Agreement (CBA) with the Tanzania Union of Industrial and Commercial Workers (TUICO). The CBA includes benefits under defined benefits plan whereby, a retiring employee having six years of service is entitled to a lump sum of twelve months basic salary for grade 1 to 3 TCB salary scale and ten months basis salaries for grade 4 and above. Other benefits covered and included are provision of building materials, repatriation benefit, long service awards to permanent employees and funeral services benefit.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 35. EMPLOYMENT BENEFIT OBLIGATION (Continued)

The Bank provides for defined benefit obligation cost based on assessments made by independent actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method as required by IAS 19.

The significant assumptions used for the purposes of the actuarial valuations were as follows:

	2021	2020
Discount rate	16.0%	16.8%
Future salary increases	8.0%	8.0%

Amount recognised in statement of profit or loss and other comprehensive income that will not be reclassified to profit or loss in respect of this defined benefit obligation:

	2021	2020
	TZS '000	TZS '000
Recognised in profit or loss (note 14)	1,137,158	1,088,156
- Service cost	99,413	85,877
- Interest cost	1,037,745	1,002,279
- Past service cost	-	-
Recognised in other comprehensive income		
- Actuarial (gain)/loss in experience	317,741	(37,119)
- Actuarial (gain)/loss in assumptions	43,770	(57,783)
Net cost for the year	361,511	(94,902)

The movement in the Bank defined benefit obligation is as follows:

	2021	2020
	TZS '000	TZS '000
Net obligation (asset) at start of period	6,485,904	6,353,371
Service cost	99,413	85,877
Interest cost	1,037,745	1,002,279
Benefit paid during the year	(529,115)	(860,721)
Actuarial (gain)/loss recognised in other comprehensive income	361,511	(94,902)
Closing balance	7,455,458	6,485,904

### 36. RESERVE BUSINESS COMBINATION

The carrying amount of assets and liabilities purchased are as follows:

	2021	2020
	TZS'000	TZS'000
Opening balance	4,473,413	4,999,762
Acquired in business combination	-	(526,349)
Net Reserve	4,473,413	4,473,413

Other reserve represents total net asset value of Twiga Bancorp Limited and Tanzania Women Bank (TWB) following mergers with TPB Bank in 2018 and net assets of TIB Corporate bank on 01 June, 2020 following acquisition of its assets and liabilities by TPB bank.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 TZS '000	2020 TZS '000
<b>37. REVENUE GRANT</b>		
Balance at 1 <sup>st</sup> January, 2021	896,320	1,436,065
Recognized to Profit & loss (note 12)	(896,320)	(1,151,986)
Received during the year	266,643	612,241
Transfer to Capital Grant	(55,853)	-
Balance at 31 <sup>st</sup> December, 2021	<b>210,790</b>	<b>896,320</b>

### 38. CHEQUE CLEARANCE

Cheque and items for clearing represent the balance of cheques deposited by bank customers which are still in clearance process. Once the bank receives a cheque, it debit cheques clearance account, the balance remain in this account until the cheque is cleared. Once the cheque is cleared the balance is reversed and the figure posted into the bank general ledger, as at 31 December 2021 the balance was TZS 283,720 million ( 2020 TZS 4,693 million )

### 39. FAIR VALUE

The Director consider that there is no material difference between the fair value and carrying value of the Bank's financial assets and liabilities where fair value details have not been presented.

### 40. CURRENCY

Except where indicated otherwise, these financial statements are presented in Tanzania Shillings, rounded to the nearest thousand (TZS'000), which is also the functional currency.

### 41. EVENTS SUBSEQUENT TO FINANCIAL YEAR END

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affect the financial position of the Bank and results of its operations.

### 42. COMPARATIVES

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

### 43. EFFECTS OF COVID-19 PANDEMIC

During the year 2021, the bank's customers in Hotel and Tourism, Transportation, Trade and Education were hardest hit by the global impact of COVID-19. Working within the proactive measures Bank of Tanzania implemented, TCB was able to offer relief such as rescheduling of loan repayments, temporary suspension of loan repayments and reduction of repayment amounts. These measures helped to avoid major economic difficulty. TCB continues to work closely with its all customers to ensure they receive the financial solutions they need to help them achieve their financial goals.



# PRODUCTS AND SERVICES



## PRODUCTS AND SERVICES

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### 1.0 Loan Products

**Business Loans** - These are loans that are granted to enterprises across various industries for a tenure of up to 5 years. They are traditional lending products that cater for both working capital requirements, as well as capital expenditure.

**Micro Credits** - These are loans that are granted to individuals who run micro businesses, with a repayment period of up to 2 years.

**Group Lending** - These are loans granted to **informal groups** that are engaged in some economic activity, and use group solidarity as a means of guarantee. They are repayable over a period of one year.

**Wastaafu Loan** (Loan to Pensioners) - the bank has partnered with all the pension funds in the country and issues loans to pensioners with a tenure of one to seven years.

**Consumer Loans** - The bank provides scheme lending to employees of institutions it has engaged, for a term of up to 7 years.

**Personal Loans** – The bank offer secured lending to private individuals under formal employment.

**Plot Loans** - The bank provides loans to buy plots of surveyed land.

**Education Loans** - The bank provides loans to members of Public Service Social Security Fund and the Zanzibar Social Security Fund to further their education.

**Agri-business Loans** – These are loans targeting the agricultural sector in partnership with various stakeholders. Current partners are Tanzania Agricultural Development Bank and the Private Agriculture Sector Support and Alliance for Green Revolution Africa.

**Mortgage Finance** - This is a credit product for financing renovation, purchase and finishing of the residential properties, offered to employees and the self-employed.

**SONGESHA** – This is an overdraft loan facility in partnership with Vodacom’s MPESA, extended to M-PESA customers to enable them complete M-PESA transactions when they run out of funds during Pay bill, P2P and Cash out instances.





**WASTAAFU  
LOAN**

**Benki ya TCB inakupa fursa  
ya kutimiza ndoto zako  
baada ya kustaafu**

**Kwa maelezo zaidi tembelea  
tawi letu lililo karibu nawe!**

**Huduma kwa wateja: +255 787 66 99 77**



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Commercial  
Bank**

*Growing stronger together*

[www.tcbbank.co.tz](http://www.tcbbank.co.tz)

## PRODUCTS AND SERVICES (CONTINUED)

### 2.0 Deposit Products

**Fixed Deposit** - A customer would deposit a fixed amount of money for a period from one month to thirty-six months and the interest can be paid monthly, quarterly, bi-annually, annually or on maturity of the principal.

**Call Accounts** - These are interest earning current accounts agreed between the bank and the customer where the customer can withdraw at any time upon giving notice.

**Weka Akiba Daima Unavyopata (WADU)** - An account with no limit on how long a depositor can save. On a regular basis, an individual deposits varying or fixed amounts depending on his/her income and target savings.

**Postal Savings Accounts** - One of the bank's older savings accounts, it has a passbook.

**Quick Accounts** - A collection of various savings accounts. This includes:

**Domicile Quick Account** - this is preferred by salaried individuals.

**Minor Account** - this account is operated by a parent/guardian on behalf of the child with limits on withdrawals and no monthly charges to encourage savings.

**Platinum Account** - this is designed for students in higher learning institutions where they can transact at any TCB branch, TCB POPOTE Agent or Umoja Switch ATM.

**UniCard** - this is an extension of the Platinum Account. The debit-card also serves as a student ID.

**Group / Individual Account** - this account is used to drive the bank's pro-poor segment. It includes:

Village Community Banks (VICOBA), Village Savings and Loan Associations, Informal Group Account

(Akaunti ya Vikundi visivyo rasmi), Sports Account (Yanga, Simba and Mbeya City). The debit card also serves as a club ID.

**Tabasamu Account** – this is a special account tailored for women in a group or as individuals.

**Wavuvi Accounts** – this is an account for targeting Tanzanians in the fishing value-chain.

**M-KOBA** – This is a **digital** group saving product operated in partnership with Vodacom's M'PESA. It enables VSLA, VICOBA, Family and Friends groups to perform savings digitally - while ensuring convenience, security, cost effectiveness and transparency.





**WAVUVI**  
ACCOUNT



## PRODUCTS AND SERVICES (CONTINUED)

### 3.0 Corporate Banking

**Trade Finance** – Funded and non-funded facilities issued to enterprises and individuals to support trade. These financial instruments and products that are used to facilitate international trade and local trade/contracts. They include but are not limited to Letters of Credit, Bank Guarantees, structured trade finance, invoice discounting and documentary collection.

**Government Payment Integration** - TCB accepts payments on behalf of Government institutions via GePG for bill payments; such as road licenses, utility payments, higher education loan repayments and various taxes. TCB is also integrated with Government Payment System (MUSE).

**Internet Banking** – Digital solution for retail, SME and corporates that enable 24/7 **banking services access** anywhere via internet, for salary processing, funds transfers to other banks, fund transfers within banks, bill payments, account statements, TISS/TT advice access.

**Cash Management Solution** - This solution which features in bill payment and bulk processing, allows institutions to monitor and verify payments made by their clients and track each individual payment to a specific client across TCB Bank collection points (branches, mini branches, mobile banking and agency banking).

**Cash Collection Solution** – The bank offers cash deposit/withdrawal for other banks' customers to/from their bank accounts through TCB's countrywide branch network.

**Treasury Products** - The Treasury Department deals with foreign exchange trade and investment advisory services. The bank also lends to other banks and financial institutions.







**TABASAMU**  
A C C O U N T  
— Wekeza tukuinue —

Akaunti hii ni mahsusi kwa akina mama au akina dada wanaojishughulisha na shughuli za kiuchumi za aina yoyote (biashara), waajiriwa, walio katika kikundi au mtu mmoja mmoja



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## PRODUCTS AND SERVICES (CONTINUED)

### 4.0 E-Channels

**TCB POPOTE** - This product enables a customer to have access to his/her bank account 24/7. This can be effected through mobile banking, which is integrated with all mobile money operators in Tanzania or agency banking at any TCB POPOTE wakala.

**VISA** – VISA card holders can transact on TCB's VISA enabled ATM's.

**VISA on Mobile** – This is a Mobile application that enables TCB Customers to pay merchants and send money. Customers may also inquire balance of their accounts or get mini statements.

**ATM's** - A TCB customer can transact (services such as cash withdrawal, balance inquiry, intra-bank funds transfer and mini statements) at any UmojaSwitch ATM. With **84 ATM's**, TCB Bank has the largest network in the UmojaSwitch - which has **350** plus **ATM's** across the country.

**Mobile Money Float** - The bank provides Cash IN and Cash OUT (electronic Mobile Money Operators' float Buying and Selling) to M-PESA, Tigo Pesa, Airtel Money, Halo Pesa, T-PESA and Ezy Pesa Mobile Money Agents countrywide.

### 5.0 Other Products

**Western Union Money Transfer** – Tanzania Commercial Bank is the largest agent for Western Union Money Transfer Services in Tanzania. Remittances can be made locally and internationally from/to any Western Union location within Tanzania and across the world.

These include **standing orders** and **telegraphic transfers**.



**Popote VISA Card**  
Apply yours today at any of our branches  
Countrywide and enjoy the convenience!





# Popote mobile

Fanya miamala yako  
mahali popote,  
wakati wowote!

Kujiunga bonyeza

**\*150\*21#**



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## PRODUCTS AND SERVICES (CONTINUED)

### 5.0 Bank Assurance

Tanzania Commercial Bank partners with top Tanzania insurance companies to offer you the best insurance products Tanzania. We are committed to indemnify or compensate you for covered unforeseen events or investment plans. TCB is a registered insurance intermediary by Tanzania Insurance Regulatory Authority and Bank of Tanzania.

**Personal Insurance-** Helps to protect individuals from potential losses, they couldn't afford to cover on their own and make it possible to do things like driving a car and own a home without risking financial status.

**Motor Insurance-** This is an insurance contract designed to protect the owner of the vehicle against the damage arising from car accident, theft, fire or any legal liabilities arising from a third party death or injury.

**Home/House owners Insurance-** This is a comprehensive policy ideal for House owners and tenants of private residential dwelling houses and flats. The building includes the domestic outbuildings, landlord's fixtures and fittings, walls gates and fences all on the same premises. The policy is referred to as a "package" because it has five section (A, B, C, D, and E) that cover the building, the contents, personal effects, domestic servants workers and legal liabilities for claims against the owner or tenant (occupier).

**Travel Insurance-** is a type of insurance that covers the costs and losses associated with traveling. It is useful protection for those traveling domestically or abroad.

**Personal accident insurance-** provide compensation in the event of death or serious injury by accident, and to mitigate loss of income and any additional expenses incurred if an individual is disabled from attending to their usual work

**Business All Risks Insurance** - The market is quite vast and is indeed for all commercial enterprises using equipment's, machinery and apparatus both of mechanical and electronic nature. It is designed for delicate or valuable items of personal nature or office equipment's used both inside and outside the premises/offices e.g. calculators, typewriters, televisions, telephones, cameras, radios, computers, jewellery against unforeseen events like fire, accidental damages and theft.

**Burglary-** Is a type of insurance policy that recompenses for loss or damage caused to the insured property and valuable items such as jewellery, cash, stock of goods, furniture, etc. due to housebreaking or burglary. ... A forceful entry by an intruder into the insured premises

**Business Interruption-** Insurance coverage that replaces business income lost in a disaster. The event could be, for example, a fire or a natural disaster. Business interruption insurance is not sold as a separate policy but is either added to a property/casualty policy or included in a comprehensive package policy as an add-on or rider

**Fidelity Insurance-** Provides cover against the financial loss suffered by the Insured as a result of fraud/dishonesty of employees of the insured up to the maximum limit selected for insurance per employee. Scope. The insured is covered against a direct pecuniary loss sustained by reason of any act of fraud/dishonesty committed.

**Goods in Transit-** This is required by Transporters, Haulers, Importers, exporters, enterprises with various business locations e.g. Supermarkets, Distributors, Manufactures etc. Goods in transit refers to movement of cargo (goods) during inland transit by road, railway or waterway, this is where cargo originates from one inland point to another inland point. This could be within one town, between towns or between countries.

# Songesha

Umeishiwa na pesa na unahitaji  
kukamilisha muamala?

Usihofu! **JISONGESHE!**

Piga \***150\*00#**

- ▣ Chagua namba 6
- ▣ Hudima za kifedha (Financial Services)
- ▣ Halafu namba 5





## PRODUCTS AND SERVICES (CONTINUED)

**Fire and Allied Perils-**This is very wide as it ranges from companies, factories, wholesale and retail establishments, distributors, banks, warehouses and hotels etc. to enable us quote the proposer should indicate the current values for the following items to be insured: i. Buildings ii. Stock in trade iii. Machinery and equipment IV. Furniture, fixtures and fittings v. Goods held in trust/custody.

**Money insurance-** It covers loss of money in transit between the insured's premises, bank and other specified places occasioned by robbery, theft or any other fortuitous cause. It also provides cover for loss of money in the business premises, safe or vault.

**Aviation Insurance-** Covers geared specifically to the operation of aircraft and the risks involved in aviation. Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to aviation insurance.

**Marine Insurance-** Refers to a contract of indemnity. It is an assurance that the goods dispatched from the country of origin to the land of destination are insured. Marine insurance covers the loss/damage of ships, cargo, terminals, and includes any other means of transport by which goods are transferred, acquired, or held between the points of origin and the final destination.

**Group Life Assurance-** This policy is usually purchased by the employer to cater for the death while in service or disability benefits of its employees. It is a known fact that when an employee dies or is disabled and out of work, it affects his or her family, customers, co-workers, managers and to a large extent the business can suffer significantly as a result. Typically, the amount of life cover provided is related to a number of years' salary (i.e. 2, 3, 4, or 5 times annual salary)

**Keyman Insurance-**A key person is someone who has special skills, knowledge or contacts which are essential to the success of a business.

**Group Funeral/ Last Expense Cover-**A group funeral/last expense policy may cover employees, their spouses and children depending on the employer's preference. The policy enables employers, large groups, unions etc. to provide funeral benefits to cover funeral expenses for their members. Regardless of the policy taken, this policy pays out the sums assured, within 48 hours, to assist in meeting the funeral costs.

**Akiba Ya Maisha (Savings & Life)-**This is a policy that provides a mechanism to save for a future event and also provides life cover. The money will pay at the end of the investment; will be paid to the main member or to the nominated beneficiary. The money paid will depend on the savings premium and the investment performance of the underlying assets.

**Educare Life Assurance-**This is a policy that provides a mechanism to save for a future children education in- case of event which caused death to breadwinner or parents and also provides life cover (principal). The money will be paid to the main member if survives, university, college or to the ultimate nominated beneficiaries.

**Nishike Mkono for both formal and informal groups-**This provides death benefits to group principal member, the spouse, children maximum of four and parents including in-laws up to TZS 5M from minimum contribution of TZS 1000 per month which is paid on annual basis.

**Credit Life Assurance-**This is provides cover to a lender against financial loss which they would be likely to suffer following the death or permanent disablement of a borrower before a loan is fully recovered. This prevents difficulties related to a collaterals and frees pledged securities to respective family members or dependents once breadwinner dies.



## PRODUCTS AND SERVICES (CONTINUED)

**Micro-insurance** -This is the protection of low-income people against specific perils in exchange for regular premium payment proportionate to the likelihood and cost of the risks involved. This definition is exactly the same as one might use for regular insurance except for the clearly prescribed target market: low-income people. The target population typically consists of persons ignored by mainstream commercial and social insurance schemes, as well as persons who have not previously had access to appropriate insurance products.

**Insurance Premium Financing (IPF)** -This is a loan product designed to finance payment of non-life insurance premium due to an insurance company from the Insured. The Bank enters into an agreement with the Insurer and the Insured whereby the Bank agrees to pay immediately in full the insurance premium of the Insured on the terms and conditions stipulated in the IPF Agreement. IPF requires endorsement by an Insurer as it creates certain rights and financial interest of the Bank in the insurance policy financed and should therefore be noted in the policy appropriately. Both individual and corporate/business clients may apply through TCB branches.



## STATEMENT BY TREASURY

TCB Bank takes pride in a fully-fledged Treasury department with a team of experienced professionals dedicated to providing superior integrated financial markets solutions to clients. Owing to a wealth of knowledge on local and global markets, TCB Treasury team has a proven track record of providing a full range of treasury solutions to its clients. The bank offers:

- Investment options with flexible and convenient investment tenors to match customer requirements.
- Outright Foreign Exchange Purchases and Sales, Spot Purchases and Sales and Forwards. Prices are competitive in the entire range of foreign exchange products particularly currencies such as USD, EUR, GBP, ZAR and KES.
- Preferential pricing hence giving customer's better value of investment and forex transactions.
- Access to expertise on investment and foreign currency transactions.







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CLOSED

**BRANCH DIRECTORY**

## BRANCH DIRECTORY

S/No.	Branch Name	Region	District	Street/Village
1	Aggrey	Dsm	Ilala	Kariakoo, Aggrey street
2	Arusha	Arusha	Arusha Urban	Jengo la Posta -Meru/Barabara ya Sokoine
3	Babati	Manyara	Babati Urban	Arusha Road, Maisaka Street
4	Bagamoyo	Pwani	Bagamoyo	Post Office Bagamoyo, Mwanakalenge Street
5	Bariadi	Simiyu	Bariadi	Viwandani street / Jengo la Msagali
6	Bukoba	Kagera	Bukoba	Jamuhuri Road/NIC Building
7	Bunda	Mara	Bunda	Mwaka wa Mtoto/Ukerewe Road
8	Capital	Dodoma	Dodoma Urban	NCC Link Area, PSSF Dodoma Plaza
9	Chato	Geita	Chato	Post Office Chato
10	Dodoma	Dodoma	Dodoma Urban	LAPF BUILDING, MAKOLE
11	Executive	Dsm	Kinondoni	Kijitonyama, LAPF Building
12	Geita	Geita	Geita	Nyanza Street / Jengo la Posta
13	Ifakara	Morogoro	Ifakara	Post Office Ifakara
14	Igunga	Tabora	Igunga	Mtaa wa Kati
15	Ikwiriri	Pwani	Ikwiriri	Lindi Road/Jengo la Posta
16	Ilala	Dsm	Ilala	Ccm Building Uhuru Road Ilala
17	Iringa	Iringa	Iringa Urban	Dodoma Road
18	JNIA	Dsm	Ilala	Julius Nyerere Airport
19	Kahama	Shinyanga	Kahama	Nyasubi Street (Near Nsagali Petrol Station)
20	Karagwe	Kagera	Karagwe	Bukoba Road/Kawosa Saccos Building
21	Kariakoo	Dsm	Ilala	Msimbazi Road
22	Kibaha	Coast	Kibaha	Tumbi Education Centre
23	Kibondo	Kigoma	Kibondo	Post Office Kibondo, Boma Road
24	Kigamboni	Dsm	Kigamboni	Post Office Kigamboni
25	Kigoma	Kigoma	Kigoma	Tra Building
26	Kijitonyama	Dsm	Kinondoni	LAPF Building
27	Kimara	Dsm	Ubungo	Kimara Mwisho/ Dawasco Road
28	Kondoa	Dodoma	Kondoa	Post Office Kondoa
29	Korogwe	Tanga	Korogwe	Post Office Korogwe



## BRANCH DIRECTORY (CONTINUED)

S/No.	Branch Name	Region	District	Street/Village
30	Kwa Mrombo	Arusha	Arusha Urban	Kwa Mrombo Rd, Arusha
31	Kyela	Mbeya	Kyela	Post Office Kyela
32	Liberty	Mwanza	Nyamagana	Liberty Street, Near Msikiti wa Ibaadhi
33	Lindi	Lindi	Lindi	Karume Street-Jengo la TRA
34	Mafinga	Iringa	Mafinga	Post Office Mafinga, Pipeline Street
35	Makambako	Njombe	Makambako	Post Office Makambako
36	Manyoni	Singida	Singida	Post Office
37	Manzese	Dsm	Kinondoni	Morogoro Road Moshi Hotel
38	Masasi	Mtwara	Masasi	Post Office Masasi
39	Mbagala	Dsm	Temeke	Chamazi Road
40	Mbeya	Mbeya	Mbeya City	Jengo la NSSF/Karume Street
41	Mbinga	Ruvuma	Mbinga	Post Office Mbinga
42	Metropolitan	Dsm	Ilala	Makunganya/Azikiwe
43	Mkwepu	Dsm	Ilala	Mkwepu Rd
44	Mlimani City	Dsm	Kinondoni	Mlimani City Mall Dsm
45	Morogoro	Morogoro	Morogoro Urub	Old Dsm Road Postalbuilding
46	Moshi	Kilimanjaro	Moshi	Aghakan Street/Jengo la NSSF
47	Mpanda	Katavi	Mpanda	Post Office Mpanda, Kashauriri Street
48	Mpwapwa	Dodoma	Mpwapwa	Post Office Mpwapwa
49	Mto Wa Mbu	Arusha	Monduli	Arusha Karatu Road/Stand ya Karatu
50	Mtwara	Mtwara	Mtwara	Tanu Road Tra Building
51	Musoma	Mara	Musoma	Nic Building
52	Mwanjelwa	Mbeya	Mbeya City	Soko Kuu, Mwanjelwa
53	Mwanza	Mwanza	Nyamagana	Kenyatta Road/Stendi ya Igombe
54	Nachingwea	Lindi	Nachingwea	Post Office Nachingwea
55	Newala	Mtwara	Newala	Post Office Newala
56	Njombe	Njombe	Njombe	KKKT Building/Songea Road
57	Nzega	Tabora	Nzega	Singida Road/Maduka SABA
58	Pamba	Mwanza	Nyamagana	Pamba Road/Jengo la Posta

## BRANCH DIRECTORY (CONTINUED)

S/No.	Branch Name	Region	District	Street/Village
59	Pemba	Kusini Pemba	Chake Chake	TTCL Building
60	Same	Kilimanjaro	Same	Post Office Same
61	Samora	Dsm	Ilala	Annex Ext Building Samora
62	Samora Corporate	Dsm	Ilala	Samora Avenue/Bridge Street
63	Sengerema	Mwanza	Sengerema	Telecentre Building/Radio Sengerema
64	Shinyanga	Shinyanga	Shinyanga	Galame Building, Nkomo Street
65	Singida	Singida	Singida	Nic Building, Karume Road
66	Soko Kuu	Dodoma	Dodoma Urban	Barabara ya 11, Dodoma
67	Sokoine	Arusha	Arusha Urban	Sokoine Road near Metropole, Arusha
68	Songea	Ruvuma	Songea	Mashujaa Street/Njombe Road
69	Sumbawanga	Rukwa	Sumbawanga	TRA Building
70	Tabora	Tabora	Tabora	Shule St Nssf Building
71	Tanga	Tanga	Tanga Urban	Taifa Road
72	Tanzanite	Arusha	Arusha Urban	PPF Plaza Building Corridor Area
73	Tarime	Mara	Tarime	Post Office Tarime
74	Tegeta	Dsm	Kinondoni	Tegeta Wema House/Along Bagamoyo Road
75	Temeke	Dsm	Temeke	Mwembeyanga Rd
76	TPA	Dsm	Ilala	TPA Tower
77	Tunduma	Mbeya	Tunduma	Post Office/Sikanyika Street
78	Tunduru	Ruvuma	Tunduru	Post Office Tunduru
79	Ubungo	Dsm	Ubungo	Ubungo Plaza
80	Usa River	Arusha	Meru	Moshi/Arusha Road Adjacent to Leganga Bus Stand
81	Ywca	Dsm	Ilala	Azikiwe Ywca Building
82	Zanzibar	Mjini Magharibi	Mjini	Malindi



**Inakuwezesha wewe mstaafu  
kuendelea kujiwekea akiba  
pasipo gharama za ziada**





## Tanzania Commercial Bank PLC Bancassurance Agency



# NISHIKE MKONO

## BIMA KWA WANAKIKUNDI

### Nishike Mkono ni nini?

- Bima ya maisha ya vikundi kwa gharama nafuu iliyobuniwa na Tanzania Commercial Bank kwa ushirikiano na Alliance Life Assurance yenye kutoa fao la kifo kwa wanakikundi.
- Kwa kutoa mchango mdogo kuanzia Tzs 1,000 kwa mwezi.
- Fao hulipwa ndani ya saa 72 baada ya kuwasilishwa kwa nyaraka zote.

### Nini faida za kujiunga na Nishike Mkono?

Kumfariji mwanakikundi, mwenza, watoto hadi wanne, wazazi na wakwe pale anapopatwa na janga la kifo.

### Fao la Nishike Mkono

Maelezo Ya Mafao	Rafiki (Tzs)	Pole (Tzs)	Jamii (Tzs)
Mwanachama/Mwanakikundi	1,500,000	3,500,000	5,000,000
Mwenza wa Mwanakikundi	1,000,000	2,000,000	4,000,000
Watoto (4) (fao kwa kila Mmoja)	1,000,000	1,500,000	2,000,000
Wazazi (Kila Mmoja)	600,000	800,000	1,000,000
Wakwe (Kila Mmoja)	600,000	800,000	1,000,000
Ada Ya Bima Kwa Mwezi	1,000	1,500	2,000
Ada Ya Bima Kwa Mwaka	12,000	18,000	24,000



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ASSURANCE  
Think Life, Think Alliance Life



## **Vigezo na masharti**

- Bima hii ni kwa Vikundi pekee vinavyoanzia watu watatu au zaidi.
- Mtoto ni chini ya umri wa miaka 21, mwanachama ukomo miaka 75
- Ada ya bima ilipwe yote kwa mara moja
- Kiongozi wa kikundi kujaza fomu ya mapendekezo
- Mwanachama au mwanakikundi kujaza fomu na kuweka taarifa zake pamoja na za wategemezi wake.
- Hakuna muda wa kusubiri (waiting period)

### **1. Rafiki Bima**

Kila mwanakikundi/mwanachama atachangia Tshs 12,000 kwa mwaka ambayo hulipwa yote mara moja, na mafao yatakuwa hivi:

- i. Mwanakikundi 1,500,000/-
- ii. Mke/mume 1,000,000/-
- iii. Watoto hadi wanne 1,000,000/- kwa kila mmoja
- iv. Wazazi 600,000/- kila mmoja
- v. Wakwe 600,000/- kwa kila mmoja.

### **2. Pole Bima**

Kila mwanakikundi/mwanachama atachangia TSh 18,000 kwa mwaka ambayo hulipwa yote mara moja, na mafao yatakuwa hivi:

- i. Mwanakikundi 3,500,000/-
- ii. Mke/mume 2,000,000/-
- iii. Watoto hadi wanne 1,500,000/- kwa kila mmoja
- iv. Wazazi 800,000/- kwa kila mmoja
- v. Wakwe 800,000/- kwa kila mmoja.

### **3. Bima Jamii**

Kila mwanakikundi/mwanachama atachangia TSh 24,000 kwa mwaka ambayo hulipwa yote mara moja. Na mafao yatakuwa hivi:

- i. Mwanakikundi 5,000,000/-
- ii. Mke/mume 4,000,000
- iii. Watoto hadi wanne; 2,000,000/- kwa kila mmoja
- iv. Wazazi 1,000,000/- kwa kila mmoja
- v. Wakwe 1,000,000 kwa kila mmoja.

Kwa maelezo zaidi, tembelea tawi lolote la TCB lililopo karibu na wewe au piga simu namba: +255 765 767 683, +255 788 767 683, +255 658 767 683, +255 773 767 683.

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Head Office, Millenium Tower II, 10th Floor, Kijitonyama Opp. Makumbusho Village, P.O. Box 9300, Dar Es Salaam | Telephone; +255 22 216 2940

E-mail: [insurance@tcbbank.co.tz](mailto:insurance@tcbbank.co.tz) | [www.tcbbank.co.tz](http://www.tcbbank.co.tz)

Huduma kwa Wateja: +255 787 669977 | +255 788 767 683 | +255 658 767 683



# Tanzania Commercial Bank

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## AKAUNTI YA VIKUNDI



## AKAUNTI YA VIKUNDI

Sehemu kubwa ya vikundi vimekuwa vikishindwa kupata huduma za kibenki kwa sababu mbali mbali kama vile:

1. Kutokuwa na elimu ya uhamasishwaji wa kujiwekea akiba
2. Kutokukubaliwa kufungua akaunti kwa ugumu wa vielelezo vina-  
vyotakiwa na Mabenki
3. Umbali anaotakiwa kutembea kuzifikia huduma za kibenki.  
Katika kutambua umuhimu wa vikundi hivyo na adha wanazozipata  
katika kupata huduma za kibenki, Benki ya Biashara Tanzania inatoa  
huduma za akaunti maalum kwa vikundi mbali mbali kama yafuatayo;

## 1. VIKUNDI VISIYO RASMI

kama vile, vikundi vya jogging, vilabu vya michezo mbali mbali (visivyo sajiliwa), wasuka nywele, wasuka mikeka, Kina mama na baba Lishe madereva wa magari (Kama vile magari ya mizigo, mabasi na Taxi) waendesha bodabada na bajaJI, vikundi vilivyo kwenye makazi na vikundi vya maeneo ya kazi n.k.

### Mahitaji ya Kufungua akaunti:

- (i) Muhtasari wa vikao ambao utaonesha jina la kikundi na majina ya waweka sahihi kwenye akaunti.
- (ii) Barua kutoka kwa kiongozi wa kikundi kuomba kufungua akaunti ambayo pia inayotaja majina ya waweka sahihi wa akaunti.
- (iii) Waweka sahihi kwenye akaunti ni lazima wawe na moja kati ya vitambulisho vifuatavyo; kitambulisho cha Taifa (NIDA), au namba ya NIDA, au kadi ya mpiga kura, au Leseni ya Udereva.
- (iv) Barua ya maombi kuomba kufungua Akaunti Benki ya Biashara Tanzania.
- (v) Picha za waweka sahihi wa akaunti ya kikundi
- (vi) Katiba ya kikundi (kama ipo).
- (vii) Barua ya utambulisho wa kikundi kutoka Serikali za Mtaa au mwajiri

## 2. VIKUNDI VYA VICOBA/ VSLA (BENKI ZA KIJAMII):

### Mahitaji ya Kufungua Akaunti.

- (i) Muhtasari wa kikao ambao unaelezea dhamira ya kufungua akaunti na uteuzi wa waweka sahihi kwenye akaunti kama walivyopendekezwa na kikundi pia orodha ya wanachama na sahihi zao
- (ii) Waweka Sahihi kwenye akaunti ni lazima wawe na moja kati ya vitambulisho vifuatavyo; kitambulisho cha Taifa (NIDA), au namba ya NIDA, au kadi ya mpiga kura, au Leseni ya Udereva.
- (iii) Picha za waweka sahihi kwenye akaunti (Passport Size)
- (iv) Katiba ya kikundi
- (v) Barua ya utambulisho wa kikundi kutoka Serikali za mtaa au kata
- (vi) Barua ya Kuomba Kufungua Akaunti kutoka Uongozi wa Kikundi.



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## WASTAAFU LOAN

## Utangulizi

Katika kuenzi michango ya wastaafu waliolitumikia Taifa letu, Benki ya Biashara Tanzania kwa kushirikiana na mifuko ya hifadhi ya jamii ya PSSSF, ZSSF, NSSF, na HAZINA, inatoa mikopo maalum ili kuwawezesha wastaafu waweze kukidhi mahitaji yao kwa wakati wanaohitaji.

## Lengo

Mikopo hii inakusudia:

(i) Kuwawezesha wastaafu kupata kiasi kikubwa cha fedha kulingana na viwango vya malipo ya pensheni zao za kila mwezi.

(ii) Kuwawezesha wastaafu kukidhi mahitaji halisi ya fedha na kuboresha zaidi maisha.

(iii) Kukidhi gharama za matibabu na kulipa ada za shule.

(iv) Kuendesha shughuli za kiuchumi / miradi mbalimbali.

## Sifa za Wanaonufaika na Mikopo hii

Ni kwa Wastaafu wanaopata pensheni zao kutoka kwenye Taasisi za Mifuko ya Pensheni, ambao watakuwa wameridhia kupitisha malipo yao ya pensheni Benki ya Biashara Tanzania; au wastaafu toka mifuko ya pensheni ambapo utaratibu wa makato ya marejesho utakuwa umewekwa baina ya Benki ya Biashara Tanzania na mifuko hiyo ya PSSSF, NSSF, ZSSF, na Wastaafu wa Wizara ya Fedha (HAZINA). Wastaafu wengine wanaopokea pensheni zao kupitia matawi ya Benki ya Biashara Tanzania nao wanaweza pia kukopeshwa kama wanazo sifa (Mathalani: Wafanyakazi wa zamani wa Shirika lililokuwa la Posta na Simu, Wastaafu wa Jumuiya ya zamani ya Afrika Mashariki).



## **Ukubwa wa Mkopo**

Muombaji/Mstaafu anaweza kukopa kiwango chochote kulingana na mafao yake hadi mara 25 ya pensheni yake.

## **Kipindi cha kulipa mkopo**

Kipindi cha kurudisha mkopo ni kati ya mwaka mmoja hadi miaka saba (7).

## **Mahitaji ya Kupata Mkopo**

Mahitaji ya msingi ili kupata mkopo wa Wastaafu yanatofautina kutoka Mfuko kwa mfuko kama ifuatavyo:

### **A. Wastaafu wanaopokea Mafao yao kupitia PSSSF:**

- (1) Taarifa ya hivi karibuni ya malipo-PSSSF Payroll summary.
- (2) Picha ya kipimo cha Hati ya Kusafiria.
- (3) Kitambulisho cha Taifa au Kadi ya mpiga kura au Hati ya kusafiria ama Leseni ya Udereva.

### **B. Wastaafu wanaopokea mafao yao kupitia NSSF**

- (1) Taarifa ya hivi karibuni ya malipo-NSSF Payroll/Summary.
- (2) Picha ya kipimo cha Hati ya Kusafiria.
- (3) Kitambulisho cha Taifa au Kadi ya mpiga kura au Hati ya kusafiria ama Leseni ya Udereva.
- (4) Taarifa za kibenki kutoka Benki ya Biashara Tanzania.
- (5) Barua kutoka Serikali ya Mtaa inayomtambulisha Mstaafu kwa Mfuko (NSSF).

## **C. Wastaafu wanaopokea mafao yao kupitia HAZINA**

- (1) Taarifa za kibenki za nyuma (angalau miezi mitatu).
- (2) Kitambulisho cha HAZINA/Barua ya TUZO.
- (3) Barua ya uthibitisho kutoka benki ya zamani inayothibitisha kuwa, muombaji wa mkopo wa wastaafu hana mkopo.
- (4) Kitambulisho cha Taifa au Kadi ya mpiga kura au Hati ya kusafiria ama Leseni ya Udereva.
- (5) Taarifa za kibenki za Benki ya Biashara Tanzania.
- (6) Picha ya kipimo cha Hati ya Kusafiria.

### **D. Wastaafu wanaopokea mafao yao kupitia ZSSF**

- (1) Barua toka ZSSF inayoonesha kiwango kamili cha mafao
- (2) Kitambulisho cha Mzanzibari au kadi ya utambulisho au kadi ya ZSSF ama Leseni ya Udereva.
- (3) Picha ya kipimo cha Hati ya Kusafiria (kwa mteja wa sasa) na Picha 6 za kipimo cha Hati ya Kusafiria (kwa mteja mpya).
- (4) Barua Ya Kustaafu (kama ipo).

### **E. Wastaafu wa EX-EAST AFRICA WENYE MAFAO YA KILA MWEZI**

- (1) Barua ya uthibitisho kutoka kituo cha awali cha kazi.
- (2) Malipo ya pension yanapaswa kuhamishiwa Benki ya Biashara Tanzania (angalau pension ya mwezi mmoja).
- (3) Taarifa za Kibenki kutoka Benki ya Biashara Tanzania.
- (4) Kitambulisho cha Taifa au Kadi ya mpiga kura au Hati ya kusafiria ama Leseni ya Udereva.



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**WADU PLUS**



## **Weka Akiba Daima Unavyopata WADU Plus** *“timiza ndoto yako”*

WADU Plus, ni mpango na mkatabata wa kujiwekea akiba kidogo kidogo na moja kwa moja kutoka kwenye mishahara au mapato ya mteja kwa muda wa aidha miezi 3, 6, 9, 12 na 24 kulingana na mahitaji ya mteja.

## Madhumuni.

1. Kumuwezesha Mteja mwenye akaunti ya WADU Plus kutimiza ndoto zake muhimu kama vile kulipia ada za shule, kulipia pango la nyumba, kuongeza mtaji wa biashara nk.
2. Kumuwezesha Mteja mwenye akaunti ya WADU Plus kupata mkopo kwa kutumia akiba yake iliyopo kwa asilimia mia moja (100%) kama dhamana
3. Kuwawezesha waajiriwa na wenye ajira binafsi na wengineo kujijengea tabia ya kujiwekea akiba kidogo kidogo kwa muda maalum kwa ajili ya mipango ya maendeleo
4. Kumuondolea mteja usumbufu wa kupeleka fedha benki kila mwezi kwani kwa waajiriwa michango ya kila mwezi inapelekwa moja kwa moja kupitia waajiri wao
5. Kumuwezesha mteja mwenye akaunti ya WADU Plus kupata mkopo kwa kutumia akaunti yake kama dhamana

## Mahitaji ya Kufungua Akaunti ya WADU Plus

1. Kitambulisho cha kazi na barua ya utambulisho toka kwa mwajiri (Kama ni muajiriwa)
2. Kitambulisho cha Taifa na barua ya utambulisho toka Serikali ya Mtaa (eneo unaloishi)
3. Picha mbili (2) za kipimo cha hati ya kusafiria (passport size) ambazo zimepigwa hivi karibuni
4. Nakala moja ya mshahara (salary slip)
5. Kufungua Akaunti ni shilingi 10,000 ambayo inaweza kutolewa taslim au kukatwa kwenye mchango wa mwezi.

## Manufaa ya kuwa na Akaunti ya WADU Plus

1. Akaunti ya WADU Plus inatoa faida kwa akiba inayoanzia shilingi 100,000 kwa mwaka bila kujali ni WADU Plus ya miezi mingapi
2. Mwenye Akaunti ya WADU Plus anaweza kuongeza kiwango cha kuchangia kwa mwezi ama kwa kujaza fomu kupitia mshahara au kwa pesa taslim wakati wowote (mbali ya zile ambazo anachangia kila mwezi)
3. Kupata udhamini wa mkopo kwa asilimia mia moja (100%) kwa kutumia Akiba iliyopo kwenye akaunti.









📍 Head Office, PSSSF Towers, Kijitonyama Bagamoyo Road, P. O. Box 9300, Dar es Salaam, Tanzania  
☎ Telephone: +255 22 2162940, Fax: +255 22 2114815, @ E-mail: [corporateaffairs@tcbbank.co.tz](mailto:corporateaffairs@tcbbank.co.tz)  
🌐 [www.tcbbank.co.tz](http://www.tcbbank.co.tz)