



BANK OF TANZANIA



ANNUAL REPORT

2018/19



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Bank of Tanzania Annual Report 2018/19

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December 2019

Hon. Dr. Philip I. Mpango (MP)
Minister for Finance and Planning
United Republic of Tanzania
Treasury Square Building
40468 Dodoma

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 21 (1) of the Bank of Tanzania Act, 2006 as amended, I hereby submit:

- a) The report on economic developments and the Bank of Tanzania's operations, in particular, the implementation and outcome of monetary policy, and other activities during the fiscal year 2018/19, and
- b) The Bank of Tanzania Balance Sheet as at 30th June 2019, the Profit and Loss Accounts for the year ended 30th June 2019 and associated financial statements, as well as detailed notes to the accounts for the year and the previous year's comparative data certified by external auditors along with the auditors' opinion.

Yours sincerely,

Professor Florens D.A.M. Luoga
Governor
Bank of Tanzania



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Governor's Foreword

It is my great pleasure to present the Bank of Tanzania annual report for the year ended 30th June 2019. The report entails implementation of monetary policy, a comprehensive overview of the domestic economy and external environment, as well as operations of the Bank, which include financial statements.

The Bank of Tanzania implemented an accommodative monetary policy to revitalize private sector credit growth, thereby reinforcing sustainable high growth momentum of the economy. The policy stance was consistent with the objective of maintaining low inflation close to the country's medium-term target of 5.0 percent, and within the EAC and SADC convergence benchmarks of utmost 8.0 percent and between 3.0 and 7.0 percent, respectively. The outcomes of accommodative monetary policy included fast recovery of private sector credit growth and fall in interest rates.

The economy sustained high growth momentum and diversified. Real GDP grew by 7.0 percent in 2018, faster than 6.8 percent in 2017, driven mostly by investment in social and physical infrastructure, agriculture, manufacturing, and trade. The fastest growing activities were agriculture, construction, and transport. Fiscal policy was on track. Revenue collection improved and expenditure was rationalized on available resources and priorities. The external sector of the economy performed satisfactorily, albeit faced with global challenges of trade war between the US and China, geopolitical tensions in some regions of the world, and policy uncertainties in advanced economies. These challenges led to a decrease in demand for crop exports (particularly cotton), low return on foreign exchange reserves and increase in petroleum products.

Monetary policy will continue to focus on maintaining low inflation, ensure stability of the exchange rate, and respond to economic conditions and policies in an endeavour to sustain the growth of the economy. The Bank will also improve the functioning of the financial sector, among other intended outcomes, to reduce credit interest rates and improve lending to the private sector. This includes measures to improve payment systems in the process of digitization of the economy, as well as spearheading financial inclusion initiatives and development of financial markets.

I would like to thank the Board of Directors for guidance and contributions made in formulation and implementation of monetary policy, and oversight of functions of the Bank during 2018/19. I would also like to express my gratitude to the management and staff for their commitment and professionalism in discharging their duties, which enabled the Bank to achieve its objectives.

It is my sincere hope that you will find this Annual Report beneficial.

Professor Florens D.A.M. Luoga
Governor
Bank of Tanzania



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Board of Directors

The Board is at the apex of the governance structure of the Bank of Tanzania, and is chaired by the Governor of the Bank of Tanzania, who is also the Chief Executive Officer of the Bank. The Board is mainly responsible for determination of the policy of the Bank and approval of its budget. Bank of Tanzania Board of Directors is composed of the Governor; Deputy Governors; the Permanent Secretary, Ministry of Finance and Planning of the Government of United Republic of Tanzania (URT); the Principal Secretary, Ministry of Finance and Planning of the Revolutionary Government of Zanzibar (RGZ); and four non-executive Directors. The Permanent Secretary, Ministry of Finance and Planning of the URT and the Principal Secretary, Ministry of Finance and Planning of the RGZ may appoint, in writing, persons in the public service to be their representatives. The appointed persons have the powers of the Permanent Secretary or Principal Secretary, in their capacities as members of the Board.



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Board of Directors



Prof. Florens D.A.M. Luoga
Governor, Chairman



Dr. Yamungu M. Kayandabila
Deputy Governor, Economic and
Financial Policies (EFP)



Dr. Bernard Y. Kibesse
Deputy Governor, Financial Stability and
Financial Deepening (FSD)



Mr. Julian B. Raphael
Deputy Governor, Administration and
Internal Controls (AIC)



Mr. Khamis M. Omar
Principal Secretary to the Treasury,
RGZ



Mrs. Mary N. Maganga
Representative of the Ministry of
Finance and Planning (URT)



Prof. Nehemiah E. Osoro
Director



Mr. Geoffrey I. Mwambe
Director



Mr. Joseph O. Haule
Director



Mr. Joseph A. Meza¹
Director



Mr. Palloty M. Luena
Secretary

¹ Appointed on 5th April, 2019



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Bank of Tanzania Mandate, Mission, Vision and Core Values

Mandate:

The primary objective of the Bank of Tanzania, as enshrined in the Bank of Tanzania Act 2006, Cap. 197, is to formulate, define and implement monetary policy directed to the economic objective of maintaining domestic price stability conducive to a balanced and sustainable growth of the national economy. Without prejudice to aforementioned, the Bank also ensures the integrity of the financial system, supports the general economic policy of the Government, and promotes sound monetary, credit and banking conditions conducive to the development of the economy.

Mission:

Maintain price stability and integrity of the financial system for inclusive economic growth.

Vision:

Attained macro-economic stability, modernized financial system and expanded financial inclusion that supports Tanzania's inclusive industrial economic growth.

Core Values:

Core values represent the manner in which the Bank conducts its business and interacts with stakeholders. In this regard, the Bank embraces the following core values:

- i. Integrity: We uphold high ethical and moral standards in our conduct reflected by honesty, sincerity, truthfulness, and confidentiality in executing our duties;
- ii. Inclusiveness: We embrace broad participation, team work and harnessing multiple skills and experiences in discharging our work objectives;
- iii. Excellence: We seek to execute our duties professionally, with creativity, innovativeness and continuously striving to improve organizational performance; and
- iv. Accountability: We are collectively and individually accountable in discharging our responsibilities.



Monetary Policy Framework of the Bank of Tanzania

The monetary policy framework of the Bank of Tanzania focuses on maintaining domestic price stability by targeting growth rate of money supply.

Objective of the Monetary Policy

The primary objective of the monetary policy is to maintain price stability, which is defined as low and stable inflation rate over time. The country's medium-term target is 5.0 percent and convergence criteria for EAC and SADC are 8.0 percent (set as maximum) and 3-7.0 percent, respectively. The inflation target is considered appropriate to support a sustainable growth of the economy. To achieve the objective of monetary policy, the Bank focuses on maintaining adequate level of liquidity in the economy and ensuring stability of interest rates and exchange rate.

Intermediate Target

The Bank of Tanzania controls inflation by managing the growth of money supply. Extended broad money supply (M3), which is estimated to have the closest relationship with the rate of inflation, is used as an intermediate target variable. M3 comprises of currency in circulation outside the banking system and deposits of residents with banks, including foreign currency deposits.

Operating Target

In order to influence growth of M3, the Bank of Tanzania controls growth of reserve money, elsewhere referred to as base money or high powered money. Reserve money is related to money supply through the money multiplier. It basically comprises currency in circulation outside the banking system, cash held in the vaults of banks and deposits of banks kept with the Bank of Tanzania in local currency.

Monetary Policy Instruments

The Bank of Tanzania utilizes a variety of instruments to conduct monetary policy. The monetary policy instruments include open market operations, i.e., selling or buying debt securities, and sale and purchase of foreign currency in the inter-bank foreign exchange market. In addition, repurchase agreements (repo) and reverse repurchase agreements (reverse repo) are used. The statutory minimum reserve requirement ratio (SMR) and discount rate are also part of monetary policy instruments. There are also standby credit facilities—intraday and Lombard loan facilities.

Communication

The Bank of Tanzania exercises a high degree of transparency on its decisions. The decisions of the Monetary Policy Committee (MPC) are communicated to banks through post-MPC meeting engagements with CEO of banks, and to the public through the media. In addition, the Bank publishes various periodic reports, which highlight monetary policy stance, the outcome of monetary policy implementation, and developments of the economy at large. The reports are available on the Bank of Tanzania website.



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Modalities for Monetary Policy Implementation

- i. At the end of every fiscal year, the Bank sets annual monetary policy targets for the coming fiscal year in its Monetary Policy Statement in accordance with the broader macroeconomic policy objectives of the Government.
- ii. The Monetary Policy Statement is approved by the Bank's Board of Directors and submitted to the Minister for Finance and Planning, who in turn submits it to the National Assembly.
- iii. The same procedure is applied in the mid-year review of the Monetary Policy Statement, which reports progress on the implementation of the monetary policy, and provides the outlook for the remaining period of the year and measures to be undertaken in order to achieve the policy objectives.
- iv. The Monetary Policy Committee (MPC) of the Board of Directors of the Bank is responsible for setting the monetary policy direction bi-monthly, in line with the targets set in the Monetary Policy Statement.
- v. The Surveillance Committee of the Bank's Management meets daily to evaluate daily liquidity developments and decide on the measures to be taken in order to keep liquidity within the desired path.



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Executive Summary

Monetary policy was accommodative in 2018/19. The Bank of Tanzania implemented an accommodative monetary policy to ensure adequate level of liquidity in the economy and steer high growth of credit to the private sector in support of economic growth, without prejudice to inflation target. The accommodative monetary policy was implemented using several monetary policy measures such as lowering of the discount rate from 9.0 to 7.0 percent and providing liquidity to banks through open market operations, reverse repo and standby credit facilities and discount window.

The accommodative monetary policy led to a pick up in the growth of credit to private sector to 7.6 percent in 2018/19 from 4.0 percent in the preceding year. Overnight interbank cash market interest rate remained low, averaging 3.55 percent compared with 2.74 percent a year before. Deposit and lending rates by banks trended downward, albeit at varying magnitude, to 7.58 percent and 17.41 percent from 9.29 percent and 17.86 percent, respectively. The overall yields on Treasury bills increased slightly to 8.16 percent from 7.29 percent. The Bank will sustain accommodative monetary policy in 2019/20 leveraging from the expected low inflationary environment.

Inflation remained low at a single digit throughout the year. Twelve-month headline (overall) CPI inflation averaged 3.2 percent in 2018/19 compared with 4.3 percent in the previous year, below the country's medium-term target of 5.0 percent and EAC and SADC convergence benchmarks of utmost 8.0 percent and between 3.0 and 7.0 percent, respectively. The low level of inflation was driven by moderation in food prices owing to adequate food supply in most parts of

the country, stability of exchange rate, subdued oil prices in the world market, and prudent monetary and fiscal policies. Inflation is projected to remain low, below the medium-term target of 5.0 percent in 2019/20. The producer price index (PPI) grew by 9.0 percent to 100.7 in 2018/19, compared with a growth of 2.9 percent in the previous year.

The growth of the economy remained high and among the fastest growing economies in sub-Saharan Africa. Real gross domestic product grew by 7.0 percent in 2018 compared with 6.8 percent in 2017. The robust growth of output was driven by a number of activities, reflecting the diversified nature of the economy. The main drivers were construction, agriculture, and transport, altogether accounting for more than half of the total growth. The fastest growing activities were arts and entertainment, construction, and transport. Output growth is expected to remain high in 2019, supported by prudent fiscal and monetary policies, improving business environment, as well as large public and private sector investment.

Fiscal policy of the government remained streamlined in 2018/19, manifested in measures of improving revenue collection and rationalizing expenditure based on available resources and priorities. Domestic revenue collection amounted to TZS 18,527.3 billion (equivalent to around 13.8 percent of GDP), of which 86.1 percent was tax revenue. External grants amounted to TZS 461.2 billion, equivalent to 0.3 percent of GDP. Expenditure amounted to TZS 22,265.4 billion (equivalent to 16.6 percent of GDP), of which TZS 13,811.2 billion was recurrent expenditure. The overall fiscal deficit was 3.1 percent of GDP, within the country target of not more than 3.2 percent. The deficit was financed through borrowing.



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National debt increased to support implementation of development projects but remained significantly below sustainability thresholds. National debt stock—domestic and external (disbursed outstanding and interest arrears)—amounted to USD 28,408.8 million at the end of June 2019, an increase of 5.3 percent from June 2018. Public and public guaranteed debt was 81.7 percent of the debt stock (equivalent to 40.1 percent of GDP) and the balance was private sector external debt. All debt indicators of public debt, in present value terms, were below sustainability thresholds, implying low risk of debt distress.

The balance of payments weakened, due to widening of the current account balance. The current account deficit widened but remained moderate at 4.5 percent of GDP and sustainable because was largely driven by imports of capital and intermediate goods, which support future growth. The current account balance was a deficit of USD 2,645.3 million in 2018/19 compared with deficit of USD 1,771.7 million in the preceding year. Exports were virtually unchanged, while imports increased. Gross official foreign exchange reserves remained adequate, despite the increase in imports. The reserves were sufficient to cover more than 4.3 months of projected imports, above the country benchmark of at least 4 months and EAC convergence benchmark of 4.5 months. The shilling was fairly stable against the US dollar, underpinned by low inflation, subdued oil prices in the world market, and sustained prudent monetary and fiscal policies. The trade price index, a measure of terms of trade, was fairly stable during 2019/20.

Financial deepening continued in the wake of implementation of financial sector reforms. The financial sector expanded and remained stable. The banking sector, which dominates provision

of financial services was sound and liquid, despite facing relatively high non-performing loans. Capital and liquidity levels of the banking sector were above regulatory requirements. The banking sector performance indicators, including the ratios of core capital and total capital to total risk weighted assets and off-balance sheet exposures, and liquid assets to demand liabilities were within regulatory thresholds. The ratio of non-performing loans to gross loans was above the country's desirable benchmark of 5 percent. Owing to measures taken by Bank of Tanzania and implemented by banks and microfinance institutions, the ratio is expected to gradually decline in the near future.

As part of the implementation of the National Financial Inclusion Framework (2018-2022) which aims to improve financial inclusion by increasing access and usage of financial services, the Bank of Tanzania executed several measures in collaboration with stakeholders. Specifically, financial inclusion initiatives included ways to increase access and usage of financial services by adult population from 86 percent and 65 percent in 2017 to 92 percent and 75 percent by 2022, respectively. Financial Education Consumer Strategy was developed to address proper approaches to deliver financial education to different segments of the population. This was complemented by a mapping exercise to identify key stakeholders for delivering financial education programs. In addition, progress was made in a number of areas, including outreach to rural areas through mobile money services.

Payment systems in the country improved, remained safe and reliable, despite increasing dynamics in financial innovations, particularly the application of financial technology. The number of providers and users of payment systems



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increased and interoperability of mobile financial services contributed to growth of mobile money transactions. To further interoperability among payment systems providers, the Bank of Tanzania commenced development of a universal payment system platform, Tanzania Instant Payment System.

The performance of Zanzibar economy was strong in 2018, as in the preceding year. Real GDP grew by 7.1 percent compared with 7.7 percent in 2017. The underlying drivers of growth were accommodation and food-related services, agriculture, trade and repair, and transport and storage. The fastest growing activities were human health and social work, transport and storage, accommodation and food services and arts, entertainment and recreation sub-groups. The growth of the economy is projected to remain high in 2019.

Inflation was low in 2018/19, averaging 3.3 percent, below 4.7 percent in the preceding year and the 5.0 percent medium-term target. The low inflation was a result of a decline in both food and non-food inflation, the former was driven by adequate domestic food supply and government measures to facilitate importation of rice, wheat and sugar; the latter was due to subdued fuel prices. The low inflation is projected to be sustained in 2019/20.

On fiscal front, the Revolutionary Government of Zanzibar focused on improving revenue and streamlining expenditure. This led to an overall deficit of around 9.0 percent of GDP in 2018/19, which was financed through program external loans and domestic borrowing. The debt stock, external and domestic debt, amounted to TZS 806.8 billion in June 2019 from TZS 472.4 billion in June 2018. The debt stock was equivalent to 22.0 percent of GDP from 14.0 percent and about

83.5 percent was external debt.

The current account was a deficit of USD 66.1 million in 2018/19 compared to a surplus of USD 13.8 million in 2017/18, on account of increase in imports and decline in exports. Nonetheless, the current account deficit was low at 4.1 percent of GDP.

The global economy slowed owing to increased risks and imbalances, which undermined trade and investment. The risks and imbalances emanated from trade disputes and tariffs, geopolitical tensions and Brexit uncertainties. The global economy grew at a relatively slow pace of 3.6 percent in 2018 compared with 3.8 percent in 2017. The slow growth was caused by escalation of trade tensions and tariff hikes between the US and China, decline in business confidence, tight financial conditions and growing concerns about Brexit. Headline inflation averaged 3.6 percent in 2018 compared with 3.2 percent in 2017 owing to high oil prices particularly in the first nine months of 2018.

Economic growth in sub-Saharan Africa improved to 3.1 percent in 2018 from 2.9 percent in the previous year, driven mostly by economic performance of non-oil resource intensive countries because of investment in infrastructure. In SADC countries, output growth was increased, except in Angola and Namibia. Tanzania was the fastest growing economy in the SADC region. Inflation averaged 8.2 percent compared with 9.9 percent in 2017. Tanzania's intra-SADC trade increased by 2.3 percent to USD 1,607.1 million.

Economic growth in EAC countries also improved, averaging 5.6 percent in 2018 from 4.4 percent in 2017. The high growth was broad-based, mostly driven by agriculture, construction, services,



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transport and manufacturing activities. Inflation was contained below the convergence benchmark of utmost 8.0 percent in all countries, excluding South Sudan because of data challenges, averaged 1.9 percent in 2018. The low inflation resulted from improved food supply and low cost of transport. Tanzania's intra-EAC trade increased by 12.7 percent to USD 752.0 million in 2018.



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PART I

CONDUCT OF MONETARY POLICY



CONDUCT OF MONETARY POLICY

1.1 Monetary Policy Targets and Performance

In 2018/19, monetary policy was designed to continue supporting macroeconomic stability, including ensuring low and stable inflation and sustainable high economic growth. In this regard, the focus of monetary policy included achieving the following monetary policy targets:

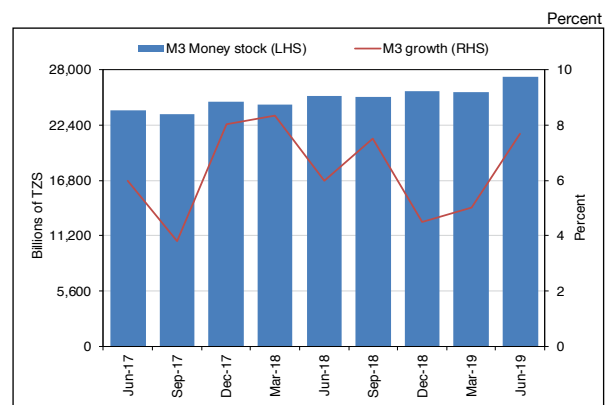
- i. Keeping the growth of reserve money steady, reaching an annual growth of 11.5 percent in June 2019.
- ii. Ensuring stable growth of extended broad money supply, to reach 12.2 percent by the end of June 2019.
- iii. Facilitating credit growth to the private sector, to reach 10.2 percent in the year ending June 2019.
- iv. Maintaining adequate gross official foreign reserves, covering at least 4 months of imports of goods and services.

These monetary policy targets reflected an accommodative policy stance, leveraging from a sustained low inflationary environment, in order to spur fast recovery of private sector credit growth and high economic growth. Accordingly, the Bank of Tanzania lowered discount rate from 9.0 percent to 7.0 percent in August 2018 and increased supply of liquidity to banks through a variety of open market operations and standby credit facilities.

Owing to accommodative monetary policy, money supply and private sector credit growth improved markedly in 2018/19 relative to the preceding year. Annual growth of extended broad money supply (M3) picked up to 7.7 percent in June 2019 from 6.0 percent in June 2018 (**Chart 1.1**), albeit lower than the target of 12.2 percent. The lower than projected growth of money supply was compensated by an increase in the velocity of money circulation, associated with the enhanced

use of technology in financial services delivery. Therefore, economic activities were facilitated by increase in money supply and velocity of money.

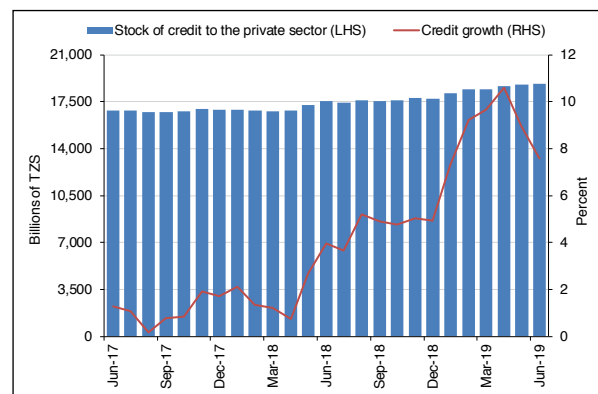
Chart 1.1: Money Supply



Source: Bank of Tanzania and banks
Note: RHS denotes right-hand side; and LHS, denotes Left-hand scale.

The accommodative monetary policy, coupled with implementation of measures of improving the business environment and addressing other constraints to bank lending such as high non-performing loans, led to a strong recovery of credit to private sector. The growth of credit to the private sector reached a peak of 10.6 percent in April 2019 before declining to 7.6 percent in June 2019. This growth was higher than 4.0 percent in June 2018, albeit lower than the target of 10.2 percent (**Chart 1.2**).

Chart 1.2: Credit to Private Sector



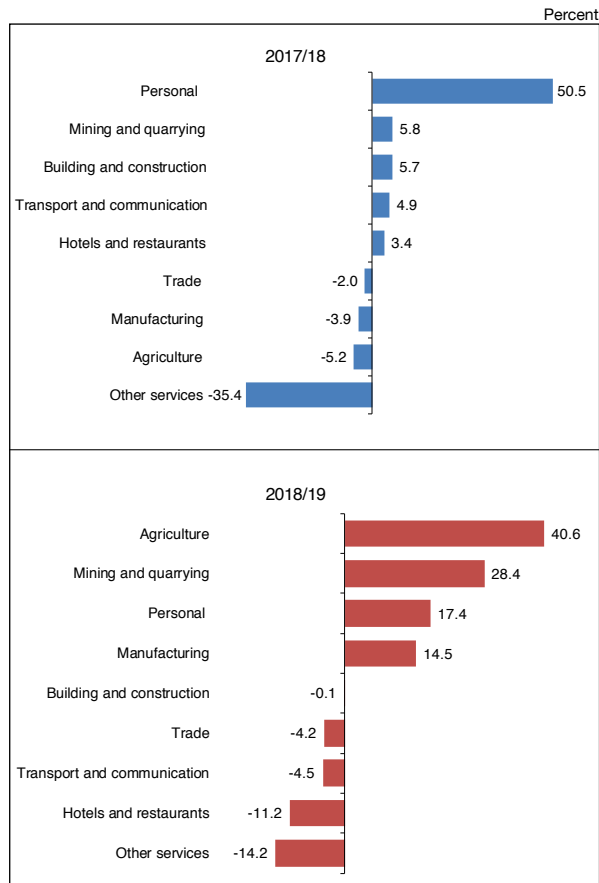
Source: Bank of Tanzania and banks
Note: RHS denotes right-hand side; and LHS, denotes Left-hand scale.



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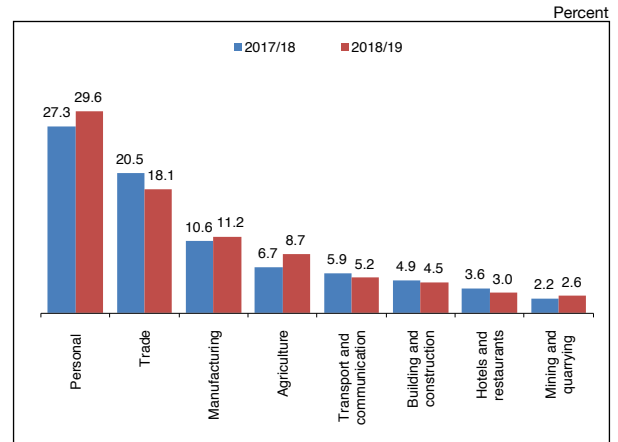
Credit extended to agriculture, mining and quarrying, manufacturing and personal-related activities recorded strong growth compared with other sectors (**Chart 1.3a**). Most of the loans extended to the private sector were absorbed by personal economic activities and trade, which altogether accounted for about 47.7 percent of the credit outstanding (**Chart 1.3b**). Personal loans are often used for small and medium-size economic undertakings.

Chart 1.3a: Annual Growth Rates of Banks' Credit to Major Economic Activities



Source: Banks, and Bank of Tanzania computations

Chart 1.3b: Share of Outstanding Credit by Banks to Major Economic Activities



Source: Banks, and Bank of Tanzania computations

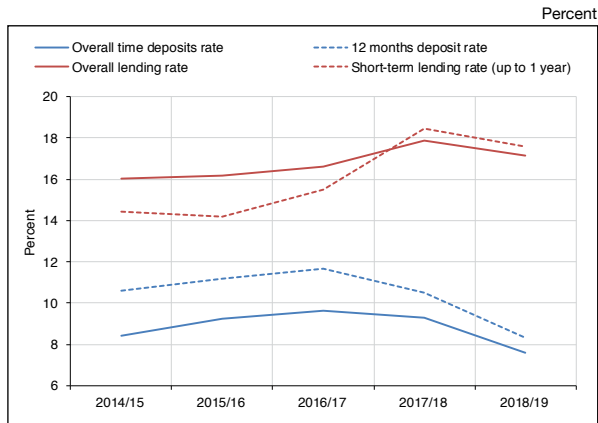
Reflecting accommodative monetary policy and other measures including the introduction of interbank cash market electronic trading platform to improve transparency and price discovery, volatility in the money market interest rates was relatively low. Overnight interbank cash market interest rate evolved around 3.55 percent in 2018/19 compared with 2.74 percent recorded in the preceding year. As for Treasury bills, yields increased by 87 basis points to 8.16 percent in 2018/19, reflecting fiscal policy considerations.

Deposit rates offered by banks and lending rates were on a downward movement but with varying magnitude, partly reflecting the impact of accommodative monetary policy measures (**Chart 1.4**). Easing of lending rates by banks also signified a decline in credit risk, partly associated with continued usage of credit information system during credit appraisal and other measures implemented to enhance customers' information.



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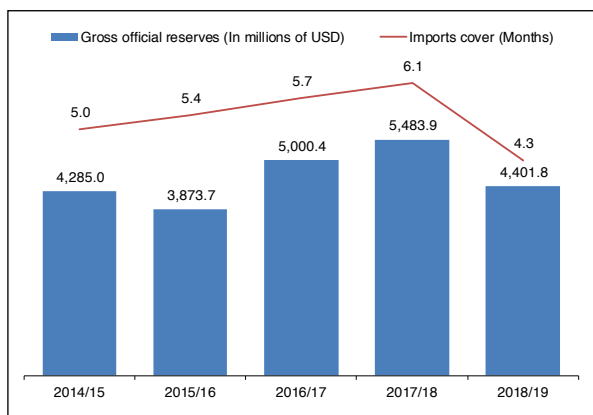
Chart 1.4: Selected Banks' Interest Rates



Source: Banks and Bank of Tanzania computations

Monetary policy actions also enabled the Bank of Tanzania to maintain the required level of gross official reserves sufficient to cover at least 4 months of imports of goods and services. Gross official reserves amounted to USD 4,401.8 million at the end of June 2019, sufficient to cover 4.3 months of projected import of goods and services (**Chart 1.5**). However, the amount was lower than USD 5,483.9 million at the end of June 2018 partly explained by government foreign payments in favour of on-going public investment projects. Meanwhile, stock of gross foreign assets of commercial banks increased by 35.7 percent to USD 1,119.6 million, from USD 825.2 million at the end of June 2018.

Chart 1.5: Bank of Tanzania Gross Reserves

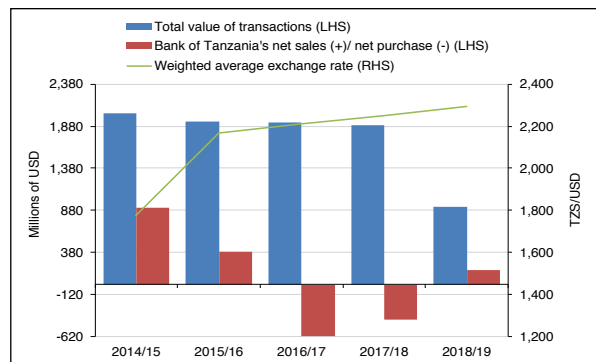


Source: Bank of Tanzania

1.2 Exchange Rates

The exchange rate was stable throughout the year, except for a short episode of fast depreciation in January and February 2019 driven by interest rate hike in US market. On average, the shilling depreciated against the US dollar by 1.7 percent in 2018/19 compared with 2.0 percent in the preceding year. In absolute terms, the shilling traded at TZS 2,293.08 per US dollar compared with TZS 2,254.41 per US dollar. The movement of the shilling against the US dollar was consistent with inflation differentials between Tanzania and its major trading partners. The stability of the shilling was largely explained by low inflation and sustained prudent monetary and fiscal policies. The Bank of Tanzania participated in the inter-bank foreign exchange market solely for managing liquidity and ensuring an orderly market. The Bank sold USD 167.7 million to banks in 2018/19, on net basis, equivalent to 18.3 percent of the total market turnover (**Chart 1.6**).

Chart 1.6: Inter-Bank Foreign Exchange Market Transactions



Source: Bank of Tanzania

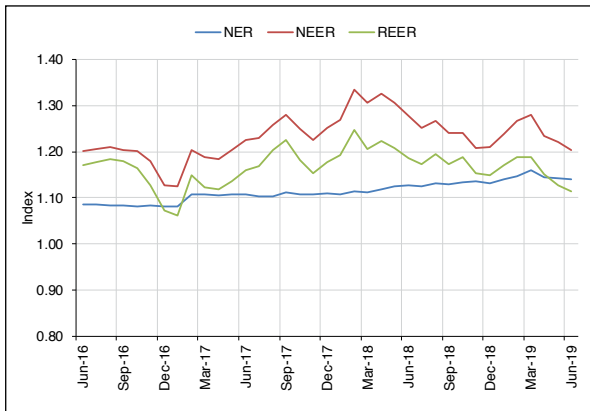
Note: LHS denotes left-hand scale; and RHS, right-hand Scale

The trade-weighted exchange rates—nominal effective exchange rate (NEER) and real effective exchange rate (REER)—broadly appreciated in 2018/19, mainly on account of moderate inflation rate in the country relative to major trading partners (**Chart 1.7**). The movement of REER was consistent with its underlying drivers, implying absence of misalignments that could warrant policy intervention.



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Chart 1.7: Trade-Weighted Exchange rates Movement

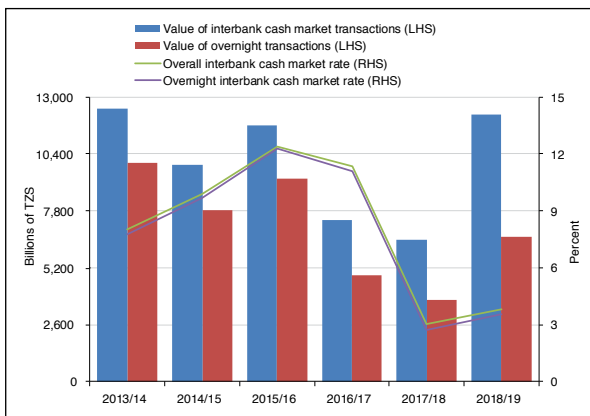


Source: Bank of Tanzania

1.3 Inter-Bank Cash Market

Consistent with liquidity conditions among banks, the inter-bank cash market (IBCM) was characterised by relatively high volume of transactions in 2018/19. IBCM transactions almost doubled to TZS 12,205.7 billion in 2018/19 from the amount transacted in 2017/18, with overnight placements accounting for 54.2 percent of the total transactions (Chart 1.8).

Chart 1.8: Inter-bank Cash Market Transactions



Source: Bank of Tanzania

Note: LHS denotes left hand scale; and RHS, right hand scale



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PART II

ECONOMIC PERFORMANCE



1.0 Domestic Economic Developments

1.1 Output, Prices and Food Supply

Aggregate Supply

The Tanzania economy was among the fastest growing economies in sub-Saharan Africa. Real GDP grew by 7.0 percent in 2018, up from 6.8 percent in 2017 (**Chart 1.1a**). Main drivers of growth were construction, agriculture, and transport and storage activities, altogether accounting for more than half of the total growth (**Chart 1.1b**). High growth rates were recorded in construction, and transport and storage activities (**Chart 1.1c**).

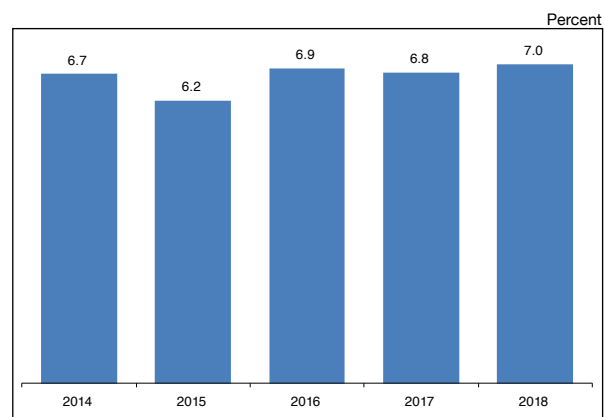
In nominal terms, GDP increased to TZS 129.4 trillion from TZS 118.7 trillion, and income per capita (average income earned per person) improved to TZS 2.5 million from TZS 2.3 million in 2017. Service related activities accounted for the significant share of GDP at 37.1 percent, reflecting structural transformation of the economy (**Chart 1.1d**). The economy is expected to sustain growth momentum in 2019, supported by investments, particularly fiscal outlays for public infrastructure projects and private investment in various economic activities including manufacturing industries. In addition, growth is projected to be facilitated by accommodative monetary policy, improving business environment, and human capital development through investment in education and health.

Box 1: GDP Rebasing Exercise

In 2019, the National Bureau of Statistics revised the national accounts statistics for Tanzania Mainland using 2015 as base year instead of 2007. The rebasing was done to comply with the 2008 System of National Accounts and other United Nation's revised classifications. The revision or rebasing exercise, among others, aimed at enhancing the quality of national accounts statistics to better portray the performance of economic activities in the country and ensure international comparability. It also aimed at capturing structural changes that have been occurring in the economy in the recent past, updating both relative price changes of various products over time and the list of products to take into account continuous developments and innovations.

Source: National Bureau of Statistics

Chart 1.1a: Real GDP Growth

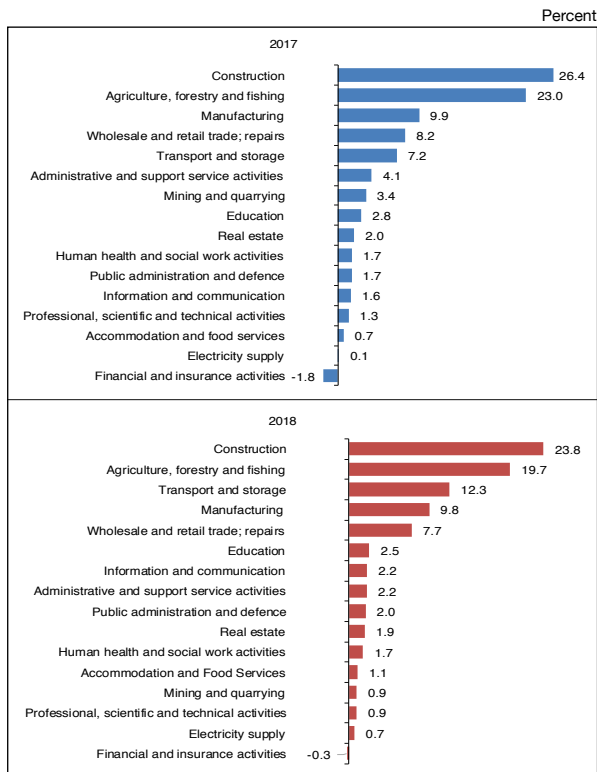


Source: National Bureau of Statistics



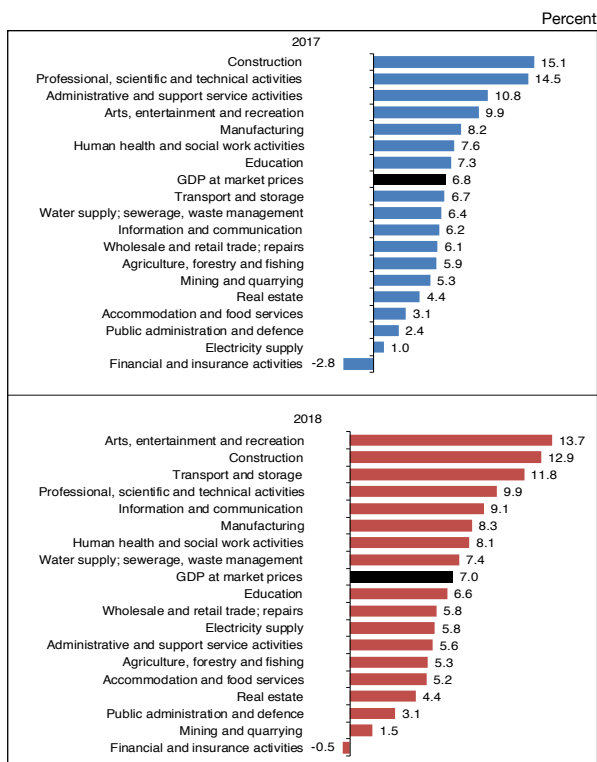
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Chart 1.1b: Contribution to GDP Growth by Activities at Constant 2015 Prices



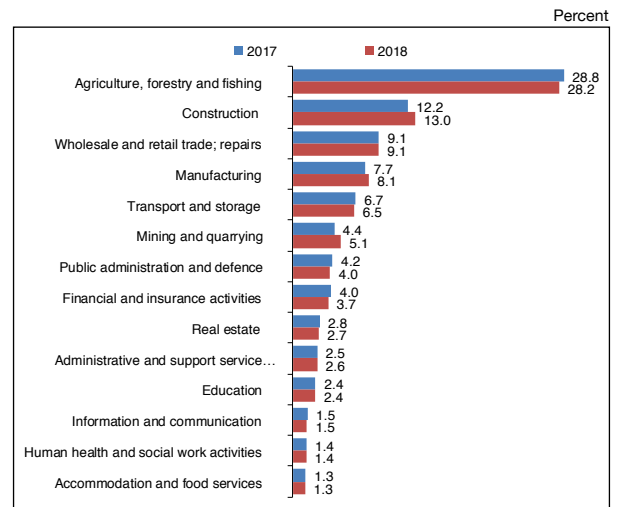
Source: National Bureau of Statistics

Chart 1.1c: Growth by Activities at Constant 2015 Prices



Source: National Bureau of Statistics

Chart 1.1d: Shares of GDP by Activities at Current Prices



Source: National Bureau of Statistics

Agriculture

Agriculture, which comprises crops, livestock, forestry, fishing and agricultural support services, continued to perform well albeit growing at a slower pace of 5.3 percent in 2018 compared with 5.9 percent in 2017. The performance was due to good weather in most part of the country, bulk procurement of fertilizers which reduced the cost and improved supply of farm inputs.

Crops production sub-activity grew by 5.0 percent compared with 6.4 percent in 2017. Production of food crops was estimated at 16.4 million tonnes in 2018/19 crop season, slightly lower than 16.9 million tonnes produced in 2017/18. Meanwhile, production of traditional export crops depicted a mixed trend in 2018/19. Production of coffee, cotton and tea increased, while that of cashew nuts, tobacco and sisal declined (**Table 1.1**). The increase in production of coffee, cotton and tea was attributed to favourable weather and price improvement. In addition, improved coffee production was attributed to high crop cycle, while that of cotton relates to utilisation of improved seeds coupled with access to other inputs on credit. Meanwhile, production of tobacco, cashew nuts and sisal declined on account of low demand.



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Table 1.1: Production of Selected Major Cash Crops

	2000/01					Percentage change	Peak production	
	2014/15	2015/16	2016/17	2017/18 ^r	2018/19 ^e		Year	Tonnes
	'000' Tonnes							
Coffee	42.0	59.9	48.3	48.3	66.6	37.9	2008/09	68.5
Seed cotton	203.3	149.9	122.4	132.9	222.7	67.6	2005/06	374.7
Tea	36.0	32.6	27.0	34.0	37.2	9.4	2004/05	30.7
Cashew nuts	197.9	155.2	264.9	313.8	225.1	-28.3	1973/74	145.0
Tobacco	105.9	87.0	60.7	85.7	55.0	-35.8	2011/12	126.6
Sisal	40.3	41.8	35.6	43.5	32.1	-26.2	1964	230.0

Source: Ministry of Agriculture, and crop boards
Note: r denotes revised data; and e, estimates

Livestock sub-activity maintained a growth of 4.9 percent in 2018 as in 2017 and accounted for 7.6 percent of GDP growth. Number of livestock sold in the registered markets, production of meat and milk products, and quantity of eggs sold increased in 2018 compared with the preceding year. Specifically, the number of cattle sold rose by 6.7 percent to 30.3 million, goats by 6.2 percent to 18.8 million, and sheep by 3.9 percent to 5.3 million in 2018.

Fishing sub-activity grew by 9.2 percent in 2018 compared with 8.4 percent in 2017, partly due to measures taken to curb illegal fishing. Forestry activity expanded by 4.9 percent, higher than 4.8 percent in 2017 attributed to continued government efforts to oversee forestry activities coupled with high demand for wood and wood products in construction.

Industry and Construction

Industry and construction activity which includes mining, quarrying, manufacturing, construction, electricity and gas supply, and water supply and sewage, grew by 9.3 percent compared with 10.6 percent in 2017. Growth in construction, which contributed 26.4 percent to GDP growth, was 12.9 percent in 2018, reflecting growing public investments notably construction of standard gauge railway, bridges, airports and roads, expansion of ports, as well as on-going rehabilitation of metre gauge railway.

In 2018, manufacturing² sub-activity grew by 8.3 percent compared with 8.2 percent in 2017 due to continued expansion in markets, particularly in the EAC and SADC regions, on-going infrastructure improvement, and stability in power supply. Manufacturing commodities with notable increase include building materials—cement, metal products and paints, food and beverages, and wheat. The contribution of manufacturing activity to GDP increased to 8.1 percent in 2018 from 7.7 percent in 2017.

Mining and quarrying³ grew by 1.5 percent in 2018 lower than 5.3 percent in 2017, largely on account of a decline in production of gold, gemstone, salt, limestone and pozzolana, associated with government ban on export of unprocessed mineral, mainly gemstone and salt. Production of coal, diamonds and natural gas increased in 2018. Despite slowdown in overall growth, contribution of mining and quarrying activities to GDP increased to 5.1 percent in 2018 from 4.4 percent in 2017.

Coal production increased following improvement in domestic market due to Government ban on importation of coal. Meanwhile, production of natural gas, which is also a source of power, increased to 60,349.4 million standard cubic feet in 2018/19 from 53,907.1 million standard cubic feet in 2017/18 due to high demand for electricity generation and other industrial uses. Noteworthy, gas utilized in power generation accounts for 64.4 percent of total gas produced during 2018/19, followed by industries at 10.6 percent.

Electricity sub-activity that involves electricity generation, transmission and distribution, grew by 5.8 percent in 2018 compared with 1.0 percent in 2017 largely on account of completion of Kinyerezi II Power Plant. Electricity generated in 2018 was 7,307.6 million kWh compared with 7,010.4

² It includes physical or chemical transformation of materials, substances, or components into final or semi-processed goods.

³ Mining and quarrying includes activities of extraction of minerals occurring natural as solids (coal and ores), liquids (petroleum) or gases (natural gas).



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million kWh in 2017 owing to increase in thermal power generation, particularly from gas-powered turbines. Thermal power generation was 3,340.6 million kWh, of which 99.1 percent was from gas-powered turbines (**Table 1.2**).

Table 1.2: Electricity Generation and Imports

Source	2014	2015	2016	2017	2018
Hydropower	2,590,696.8	2,107,622.0	2,355,632.5	2,326,541.0	2,204,758.6
Thermal power	1,189,806.7	1,523,847.4	4,063,489.4	2,910,102.0	3,340,663.6
Diesel-grid	138,670.0	802,509.5	3,441.7	148,759.0	30,765.0
Gas	1,051,136.7	721,337.9	4,060,047.7	2,761,343.0	3,309,898.6
Isolated units	190,449.9	197,840.0	190,852.2	189,141.0	179,940.3
Hydropower			17,472.0		
Diesel	102,882.1	102,067.5	78,901.4	93,456.0	88,507.2
Gas (Mtwara and Somanga)	87,567.8	95,772.6	93,984.0	95,685.0	91,433.1
Biomass			494.8		
Integrated power projects	2,152,477.2	2,552,956.3	1,844,865.7	1,584,656.5	1,582,259.9
Biomass	9,051.9	14,512.9	29,093.4	22,840.5	14,594.4
Diesel	646,850.8	961,662.1	170,609.0	52,427.7	49,732.4
Hydropower	22,900.1	16,654.3	41,559.0	44,376.2	49,732.4
Gas	1,473,674.4	1,560,127.0	1,603,604.3	1,465,012.1	1,468,200.8
Imports	59,291.0	71,317.3	101,537.9	105,793.0	117,530.8
Uganda	54,109.1	62,080.0	72,809.2	79,317.0	87,954.4
Zambia	3,424.7	7,108.3	8,033.8	2,456.0	29,153.4
Kenya	1,757.3	2,129.0	20,694.9	24,020.0	423.0
Total	6,182,721.7	6,453,583.0	8,556,377.7	7,116,233.5	7,425,153.2

Source: Tanzania National Electricity Supply Company

Services

Value added in services expanded by 6.3 percent in 2018 in real terms compared with 5.3 percent in 2017. Its share was 37.0 percent of GDP in nominal terms. Transport and storage sub-activity grew by 11.8 percent compared with 6.7 percent in 2017, attributed to increase in volume of transit cargo following improved efficiency at Dar es Salaam and Tanga ports, as well as increase in the number of air passengers. According to the Tanzania Civil Aviation Authority, the number of air passengers rose to 5.8 million in 2018 from 5.1 million in 2017. This development was due to increase in international flights and improved operations of Air Tanzania Company Limited and other local airlines.

Gross National Income

Gross national income (GNI) was TZS 117,225.5 billion in 2018, up from TZS 106,772.3 billion in the preceding year. Gross national disposable income (GNDI)⁴ amounted to TZS 118,286.1 billion

⁴ Comprises of compensation of employees, property income, current transfers, and operating surplus.

from TZS 107,668.3 billion. Final consumption expenditure expanded by 5.7 percent, in real terms, and accounted for 69.7 percent of GNDI and 68.2 percent of GDP in nominal terms. Savings ratio was 29.6 percent of GDP, while investment ratio was 38.9 percent of GDP. Resource balance gap, which is the difference between saving and investment, widened to 9.4 percent of GDP from 5.0 percent in 2017 (**Table 1.3**).

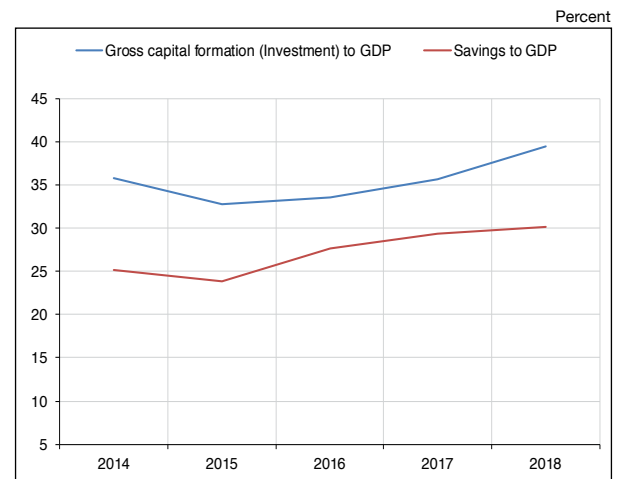
Table 1.3: Gross National Income at Current Market Prices

Item	2014	2015	2016	2017	2018 ^P
Gross national income (GNI)	75,318.2	85,046.8	97,344.3	106,772.3	117,225.5
GDP (at basic price)	76,193.2	86,484.7	99,423.7	108,956.8	119,194.6
Net primary income from ROW	-875.0	-1,438.0	-2,079.3	-2,184.5	-1,969.2
Primary income receivable	195.6	218.9	214.5	279.4	353.0
Less primary income payable	1,070.6	1,656.9	2,293.8	2,463.8	2,322.2
Gross national disposable income (GNDI)	76,106.9	85,999.6	98,174.8	107,668.3	118,286.1
Final consumption	62,297.8	69,619.6	74,761.7	81,577.2	88,207.3
Government final consumption	8,151.1	9,366.3	9,824.7	10,097.4	10,467.8
Household final consumption	53,954.5	60,047.1	64,699.5	71,211.5	77,443.0
Non-profit institutions serving household	192.2	206.1	237.5	268.3	296.5
Savings	10,727.8	12,487.2	18,679.4	18,799.3	20,987.7
Gross capital formation (Investment)	31,103.5	30,907.6	34,865.3	40,427.4	50,383.1
Fixed capital formation	27,399.8	30,070.2	35,492.8	42,141.9	50,316.2
Changes in valuables	756.5	903.0	1,105.4	1,006.2	1,215.1
Changes in inventories	2,947.1	-65.6	-1,732.9	-2,720.7	-1,148.2
Saving - Investment gap	-20,375.7	-18,420.4	-16,185.9	-21,628.1	-29,395.4
GDP (at market price)	82,603.4	94,349.3	108,362.3	118,744.5	129,364.4
Memorandum:					
Gross capital formation to GDP	37.7	32.8	32.2	34.0	38.9
Savings to GDP	23.2	23.8	28.7	29.0	29.6
Consumption to GDP	75.4	73.8	69.0	68.7	68.2
Saving-Investment to GDP	-14.5	-8.9	-3.5	-5.0	-9.4

Source: National Bureau of Statistics

Note: p denotes provisional data

Chart 1.2: Savings and Investment Ratios



Source: National Bureau of Statistics

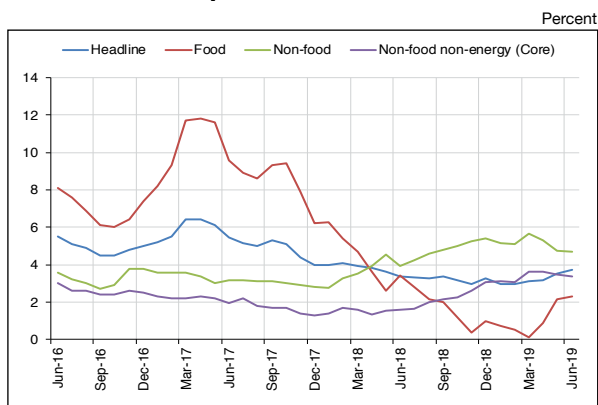


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Inflation

Low level of inflation was sustained in 2018/19, mostly driven by adequate food supply, stability of exchange rate, moderate oil prices in the world market, and prudent monetary and fiscal policies. Headline (overall) inflation averaged 3.2 percent in 2018/19 compared with 4.3 percent in the preceding year. The rate was below the country medium-term target of 5.0 percent, and East African Community (EAC) and Southern African Development Community (SADC) convergence benchmarks of not more than 8.0 percent and between 3.0 and 7.0 percent, respectively. Food inflation averaged 1.4 percent, much lower than 6.4 percent in the preceding year, while core inflation—inflation that excludes food and energy prices—averaged 2.8 percent compared with 1.6 percent. Inflation is projected to remain low and below the medium-term target of 5.0 percent in 2019/20, supported by anticipated adequate food supply in the country, stability of energy prices, and prudent monetary and fiscal policies. Possible risks to the projected low inflation, such as increase in oil prices in the global market are expected to be low due to increased use of natural gas.

Chart 1.3: Headline Inflation and its components



Source: National Bureau of Statistics and Bank of Tanzania computations

Producer Price Index

Producer Prices Index (PPI) which measures the average prices received by domestic producers for their output increased to 100.7 in the year

ending June 2019 from 92.4 in the year ending June 2018 (**Table 1.4** and **Chart 1.4**). Much of the increase was recorded in producer prices for manufacture of paper and paper products that rose by 47.8 percent, manufactured of basic metals by 20.7 percent and manufacture of chemical and chemical products 16.5 percent. During the year producer price for utility declined by 11.4 percent.

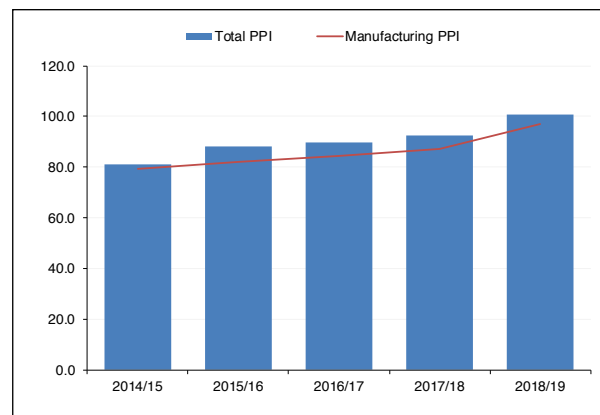
Table 1.4: Producer Price Index

Description	2014/15	2015/16	2016/17	2017/18	2018/19
Mining and quarrying	98.4	144.9	101.0	115.5	116.3
Manufacturing	79.5	82.0	84.5	87.1	97.0
Manufacturing of food products	70.4	72.2	83.4	85.4	98.3
Manufacturing of paper and paper products	58.3	57.4	63.2	63.0	93.1
Manufacturing of chemicals and chemical products	70.2	73.8	79.9	82.8	96.4
Manufacturing of basic metals	70.2	67.3	63.1	78.1	94.3
Utility	87.5	112.4	118.2	117.8	104.3
Total manufacturing	81.3	88.4	89.8	92.4	100.7

Source: National Bureau of Statistics

Note: Utilities includes electric power generation, transmission and distribution and water collection, treatment and supply.

Chart 1.4: Producer Price Index



Source: National Bureau of Statistics

Note: PPI denotes producer price index

Food Supply

During 2018/19, food production was estimated at 16.4 million tonnes, 2.6 million tonnes above the national food requirement of 13.8 million tonnes. This was equivalent to a food self-sufficiency ratio (SSR) of 119.0 percent, indicating adequate food supply in the country. The food produced comprised of cereals amounting to 9.0 million tonnes and non-cereals 7.4 million tonnes (**Table 1.5**). **Table 1.6** presents food production in 2018/19 against 2019/20 food requirement.



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Table 1.5: Food Production

		Tonnes				
		2012/13/15	2015/16	2016/17	2017/18	2018/19 ^p
Cereals	Production	8,899,019	9,457,108	9,388,772	9,537,858	9,007,909
	Requirement	8,190,564	8,355,767	8,457,558	8,627,272	8,754,119
	Gap/surplus	708,455	1,101,341	931,214	910,586	253,790
	SSR	108.6	113.2	111.0	110.6	102.9
Non-cereals	Production	6,609,822	6,715,733	6,512,092	7,354,118	7,400,400
	Requirement	4,755,530	4,803,560	4,842,476	4,942,014	5,088,417
	Gap/surplus	1,854,292	1,912,174	1,669,617	2,412,104	2,311,984
	SSR	139.0	139.8	134.5	148.8	145.4
Total food	Production	15,528,820	16,172,841	15,900,864	16,891,974	16,408,309
	Requirement	12,946,123	13,159,326	13,300,034	13,569,286	13,842,536
	Gap/surplus	2,582,697	3,013,515	2,600,831	3,322,688	2,565,774
	SSR	120.0	123.0	120.0	124.5	119.0

Source: Ministry of Agriculture

Note: SSR stands for self-sufficiency ratio; and p denotes provisional data

Table 1.6: Food Production in 2018/19 and Requirement for 2019/20

Cereals	Surghum/				Total
	Maize	Millet	Rice	Wheat	
Production	5,817,508	1,117,839	2,009,174	63,388	9,007,909
Requirement	5,513,469	1,974,778	999,543	266,329	8,754,119
Gap/surplus	304,040	-856,939	1,009,631	-202,941	253,791
SSR	105.5	56.6	201.0	23.8	102.9
As percentage of total	64.6	12.4	22.3	0.7	100.0
Non-cereals	Pulses	Banana	Cassava	Potatoes	Total
Production	1,880,438	1,135,645	2,739,318	1,644,999	7,400,400
Requirement	816,659	936,359	2,337,839	997,559	5,088,416
Gap/surplus	1,063,779	199,286	401,479	647,440	2,311,984
SSR	230.0	121.0	117.0	165.0	145.0
As percentage of total	25.4	15.3	37.0	22.2	100.0

Source: Ministry of Agriculture

Note: SSR stands for self-sufficiency ratio

The stock of food⁵ held by the National Food Reserve Agency (NFRA) remained virtually unchanged throughout the year, ranging between 62,288.0 tonnes and 95,534.1 tonnes. The stock of food held by the NFRA at the end of June 2019 was 67,335.9 tonnes, higher than 63,843.9 tonnes at the end of June 2018 (Table 1.7). During 2018/19, the NFRA sold 42,068 tonnes of maize to the Prisons Department, World Food Programme, private traders, and the Disaster Relief Coordination Unit of the Prime Minister's Office, and purchased 47,115 tonnes of maize from farmers in the country.

⁵ Comprised of only maize.

Table 1.7: Food Stocks Held by NFRA

		Tonnes				
		2015	2016	2017	2018	2019
January		459,561.0	125,668.0	86,833.5	91,947.0	93,037.2
February		454,592.0	88,414.0	86,444.0	91,312.7	85,524.5
March		452,054.0	68,727.0	86,443.8	83,650.3	78,336.3
April		433,547.0	64,825.0	86,278.0	73,467.7	68,747.8
May		406,846.0	63,341.0	74,826.0	68,893.4	68,057.7
June		353,702.0	61,837.5	70,393.0	63,843.9	67,335.9
July		282,401.0	49,632.0	68,697.0	62,288.0	
August		268,514.9	59,832.0	78,434.0	62,317.3	
September		265,046.4	86,545.0	85,403.0	78,224.0	
October		253,655.2	90,905.0	89,248.0	87,435.0	
November		238,134.0	90,900.0	93,353.7	92,402.0	
December		180,746.0	89,691.8	92,074.0	95,534.1	

Source: National Food Reserve Agency

Prices of Food and Cash Crops

Reflecting adequacy of food in many parts of the country, wholesale prices of all major food crops were lower in 2018/19 than in the preceding year, save for potatoes (Table 1.8). Regarding cash crops, average producer prices of all major traditional cash crops also declined, partly attributed to low price in the world market (Table 1.9).

Table 1.8: Average Wholesale Prices of Food Crops

Crop	TZS per 100Kg					Percentage change 2018/19
	2014/15	2015/16	2016/17	2017/18	2018/19	
Maize	41,685.4	59,777.8	80,861.5	51,760.6	47,745.0	-7.8
Rice	140,948.7	168,320.5	158,726.0	182,986.8	158,742.4	-13.2
Beans	146,925.6	161,686.7	168,453.0	170,446.8	160,143.2	-6.0
Sorghum	63,558.9	83,240.3	104,310.1	85,894.0	75,527.5	-12.1
Finger millet	110,639.4	112,326.6	124,022.9	146,681.0	134,706.5	-8.2
Round potatoes	70,650.3	80,599.1	81,355.0	70,648.2	77,544.4	9.8

Source: Ministry of Industry and Trade

Table 1.9: Producer Prices of Cash Crops

Period	Coffee		Seed cotton	Green tea	Raw cashew	Tobacco VFC	Sisal* UG
	Arabica	Robusta					
2014/15	4,000	1,200	750	220	1,820	3,663	1,720
2015/16	3,000	1,100	800	232	2,000	4,548	1,800
2016/17	4,000	1,600	1,000	240	3,500	4,663	1,800
2017/18	3,000	1,500	1,200	240	3,797	3,931	1,750
2018/19	2,500	1,000	1,100	n.a	3,300	n.a	1,700

Source: Ministry of Agriculture and Crop Boards

Note: VFC denotes Virginia flue cured; DFC, dark fire Cured; and UG, under grade. *Prices of sisal UG are in USD per tonne



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1.2 Financial Markets

In order to improve the functioning of the financial markets and foster its role in facilitating economic growth, several activities were implemented. In the money markets, the Bank of Tanzania introduced the interbank cash market electronic trading platform in March 2019, to improve the reflection of liquidity condition amongst banks, thereby enhancing transparency and price discovery in the market. The Bank also finalized draft Country Annex of Global Master Repurchase Agreement (GMRA) 2011 version to improve the repo market. In the capital markets, the Government introduced a 20-year Treasury bond in September 2018 to lengthen maturity profile of Treasury bonds and elongate the yield curve. In addition, normal operations of the financial markets continued through issuance and trading of government securities, corporate bonds, and equity (shares).

Government Debt Securities Market

The government debt securities, comprising Treasury bills and bonds, continued to be issued by the Bank of Tanzania in the primary market through auctions and later on traded in the secondary market through the Dar es Salaam Stock Exchange and over-the-counter. In 2018/19, the securities were issued primarily for government fiscal operations and financial market development, unlike in the previous years during which part of the securities were issued for monetary policy operations.

Treasury bills⁶ market was active, characterized by investors' appetite for securities of longer maturity, particularly the 364-day Treasury bill. Amount offered for sale in the primary market was TZS 3,683.0 billion, lower than TZS 4,373.2 billion in 2017/18, owing to improved government fiscal position, partly as result of increase in revenue collection and accommodative monetary policy to address demand for liquidity in the economy

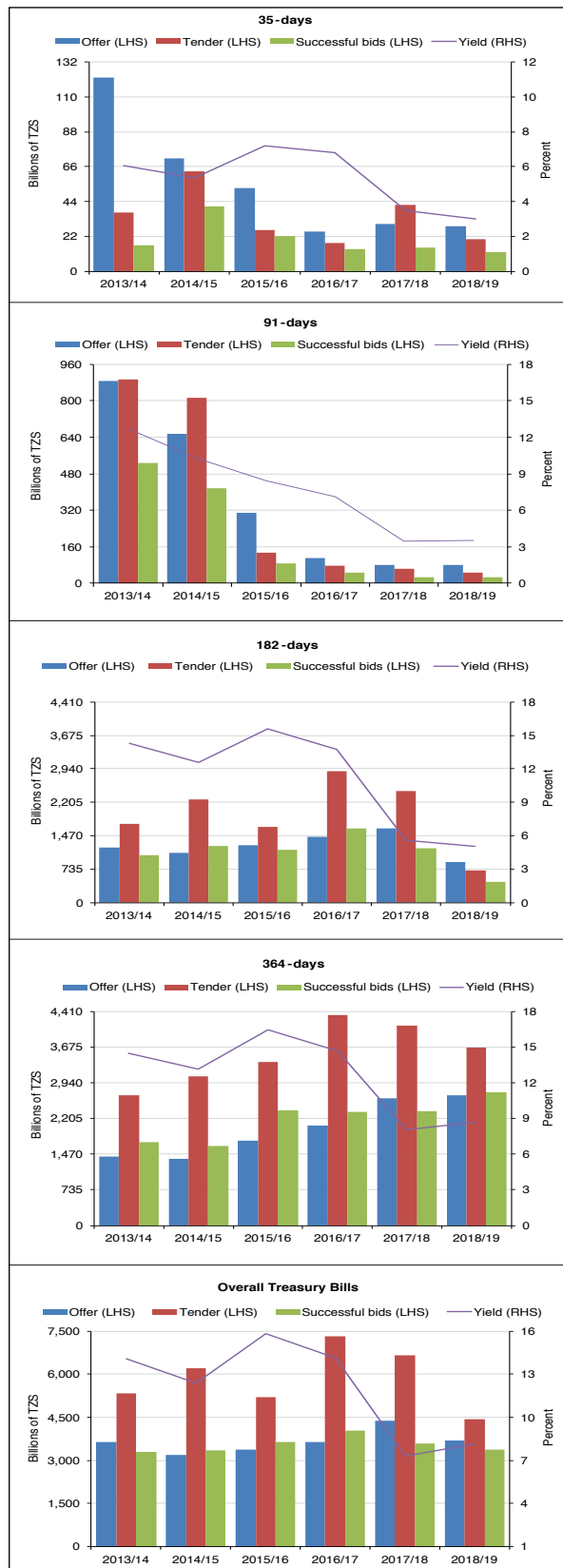
for private sector credit growth. Consequently, the tender size was reduced to an average of TZS 141.0 billion per auction in 2018/19 from TZS 169.0 billion in 2017/18. The value of tendered amount was TZS 4,427.6 billion, of which TZS 3,372.6 billion were successful. Treasury bills worth TZS 3,504.9 billion matured, which implies liquidity was not crowded out through Treasury bills operations. Yields across the maturity spectrum eased relative to the preceding year, except for 364-day maturity, which edged up slightly (**Chart 1.5**). During 2018/19, there was virtually no secondary trading of Treasury bills as banks often hold them to maturity as part of liquidity instruments.

⁶ Treasury bills are money market instruments mostly held by banks (more than 97 percent), which can be traded in the secondary market over the counter or through the Bank of Tanzania re-discount window.



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Chart 1.5: Developments in Treasury Bills Market

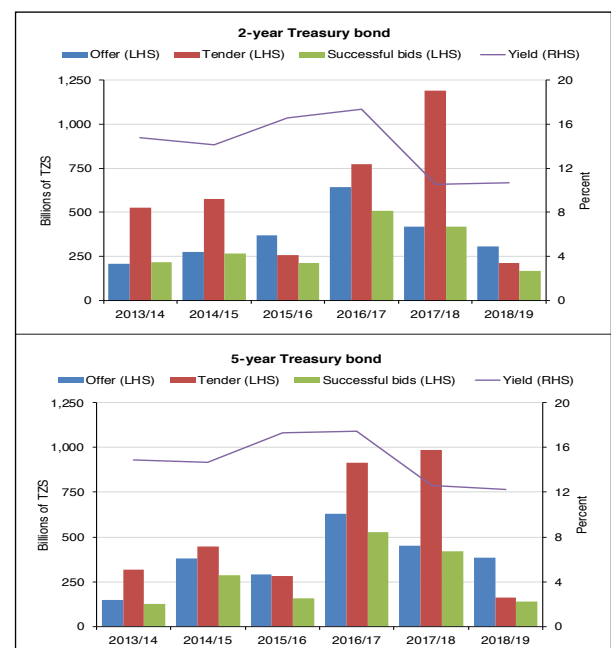


Source: Bank of Tanzania
 Note: LHS denotes left hand scale; and RHS, right hand scale

The government bond primary market performed more satisfactorily in 2018/19 than in the previous year. Bank of Tanzania, on behalf of the Government, conducted Treasury bonds auctions of 2-, 5-, 7-, 10-, 15- and 20-year maturities in separate occasions for government fiscal operations. In total, Treasury bonds worth TZS 2,348.6 billion were offered, consistent with the government issuance plan. On average, the auctions were under-subscribed across all maturities, except for the 20-year bond (**Chart 1.6**). Bids received amounted to TZS 1,508.2 billion, but successful bids were TZS 1,119.2 billion.

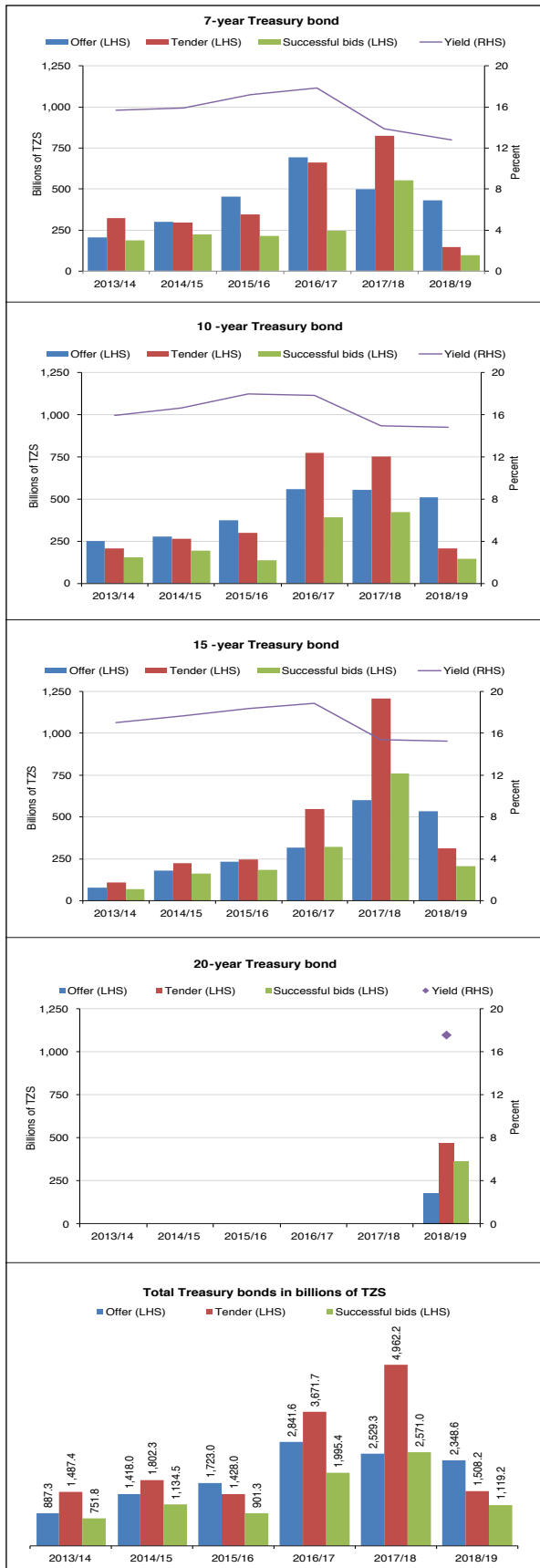
Secondary market trading of Treasury bonds improved, reinforced by the introduction of 20-year bond and increased public awareness on trading of securities. Bonds traded increased by 7.0 percent to TZS 629.9 billion in 2018/19 from the preceding year. The 20-year bond was the most traded, accounting for 34.9 percent of the total transactions, followed by 15-year bond at 25.5 percent. The 2-year bond, which is mostly preferred by banks as collateral for loans in the inter-bank cash market, was the least traded, representing 0.3 percent of the total transactions.

Chart 1.6: Treasury Bonds Performance





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Source: Bank of Tanzania
Note: LHS denotes left hand scale; and RHS, right hand scale

Corporate Bond and Equity Markets

During 2018/19, corporate bonds worth TZS 1,007.1 million were traded at the Dar es Salaam Stock Exchange (DSE), higher than TZS 728.0 million in the preceding year. The change was on account of local investors' higher appetite for NMB bank and EXIM bank bonds attributed to their attractive yield to maturity. In the equity market, total turnover of shares traded at the DSE was TZS 134.4 billion compared with turnover of TZS 461.9 billion in 2017/18. The decrease was attributed to both external and domestic market factors.

1.3 Public Finance

Government Budgetary Operations

Bank of Tanzania, being the banker and fiscal agent of the Government, kept on supporting fiscal operations. Guided by the Second Five Year Development Plan (FYDP II), 2016/17 – 2020/21, fiscal operations in 2018/19 focused on nurturing industrialization for economic transformation and human development. In order to finance fiscal operations, including priority projects, the Government implemented measures to strengthen tax administration and compliance with focus on widening tax base, and strengthen management of existing revenue sources especially by intensifying use of electronic collection systems and other administrative measures. Also, the Government established Treasury Single Account (TSA) to ensure effective control and management of government resources.

Revenue and Grants

Domestic revenue realized by the Government in 2018/19 amounted to TZS 18,527.3 billion, higher than the amount collected in 2017/18 by 3.2 percent and was equivalent to 13.8 percent of GDP. Out of total revenue, 96.4 percent was collected by the central government and the balance by the local government authorities. Tax revenue, which accounted for 86.1 percent of central government

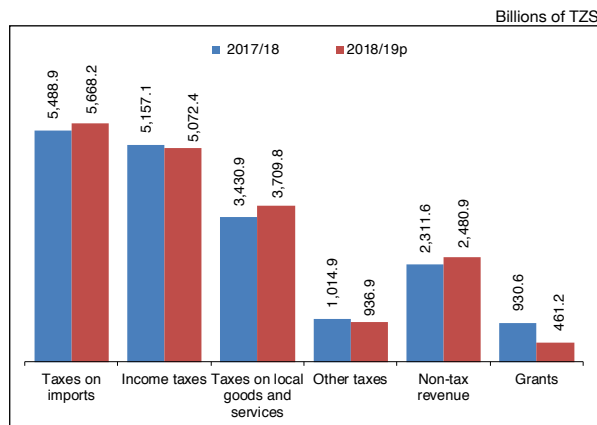


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revenue collections, amounted to TZS 15,387.3 billion. This amount was below the annual target by 13.9 percent and equivalent to 11.4 percent of the GDP. The underperformance in tax collections was largely associated with challenges of taxing the informal sector, underutilization of electronic fiscal devices (EFD) and smuggling activities along the coast of Indian Ocean. Non-tax revenue amounted to TZS 2,408.9 billion, above the annual target by 8.3 percent and was equivalent to 1.8 percent of GDP.

During the year, external grants amounted to TZS 461.2 billion, of which TZS 285.3 billion was project grants and TZS 175.9 billion basket funds. External grants received in 2018/19 were equal to 0.3 percent of GDP (**Chart 1.7**).

Chart 1.7: Government Resources

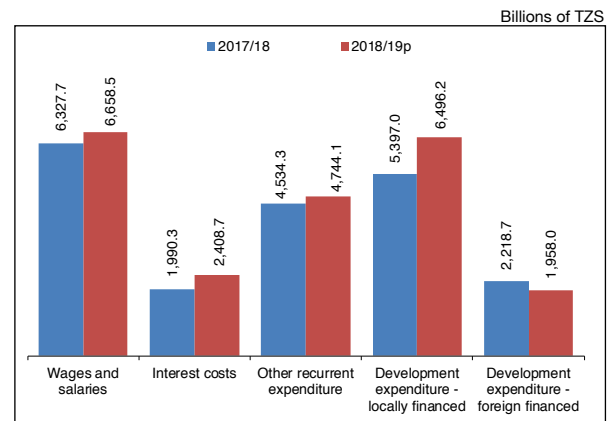


Source: Ministry of Finance and Planning
Note: p denotes provisional data

Expenditure

During 2018/19, government expenditure amounted to TZS 22,265.4 billion, of which TZS 13,811.2 billion was recurrent expenditure and TZS 8,454.2 billion expenditure on development projects. Out of the resources spent on development projects, 76.8 percent was from domestic sources (**Chart 1.8**). Government expenditure was equivalent to 16.6 percent of GDP.

Chart 1.8: Government Expenditure



Source: Ministry of Finance and Planning
Note: p denotes provisional data

Financing

Government budget operations in 2018/19 realized an overall deficit of TZS 4,229.0 billion, which was financed through foreign and domestic borrowing of TZS 1,191.8 billion and TZS 3,037.2 billion on net basis, respectively. The deficit was equivalent to 3.1 percent of GDP, slightly below the target of 3.2 percent.

Debt Management

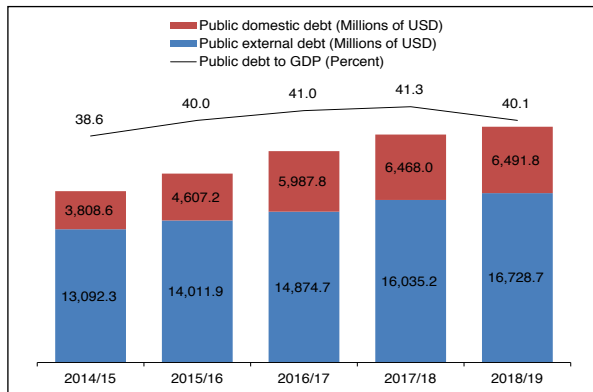
The national debt remained sustainable, with all sustainability ratios being below international thresholds. Debt stock—comprising external⁷ and domestic debt—amounted to USD 28,408.8 million at the end of June 2019, a 5.3 percent increase from the end of June 2018. An increase of debt resulted from loans disbursements to finance major development projects. Out of the debt stock, USD 21,917.0 million was external debt and USD 6,491.8 million domestic debt. Public debt which increased by 3.2 percent, remained dominant, accounting for 81.7 percent of the total debt stock and was equivalent to 40.1 percent of GDP (**Chart 1.9**).

⁷ Disbursed outstanding debt and interest arrears



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Chart 1.9: Developments in Public Debt



Source: Ministry of Finance and Planning, and Bank of Tanzania

External Debt

External debt, comprising of public and private sector debt, amounted to USD 21,917.0 million at the end of June 2019 compared with USD 20,503.0 million in the corresponding period of 2018. The increase was mainly on account of disbursements and appreciation of the US dollar against other currencies in which the debt is denominated. Central government debt, which accounted for the largest share of the external debt stock increased by 5.1 percent, year-on-year to USD 16,624.6 million at the end of June 2019 (Table 1.10).

Table 1.10: External Debt Stock by Borrower Category

Borrower	Millions of USD					
	Jun-17		Jun-18		Jun-19 ^p	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Central government	14,686.4	78.7	15,823.5	77.2	16,624.6	75.9
DOD	13,901.6	74.5	14,978.8	73.1	15,723.2	71.7
Interest arrears	784.8	4.2	844.7	4.1	901.4	4.1
Private sector	3,654.4	19.6	4,467.8	21.8	5,188.3	23.7
DOD	3,067.4	16.4	3,605.9	17.6	4,207.1	19.2
Interest arrears	587.0	3.1	861.9	4.2	981.2	4.5
Public corporations	310.3	1.7	211.7	1.0	104.1	0.5
DOD	282.2	1.5	180.4	0.9	95.0	0.4
Interest arrears	28.1	0.2	31.3	0.2	9.1	0.0
External debt stock	18,651.1	100.0	20,503.0	100.0	21,917.0	100.0

Source: Ministry of Finance and Planning, and Bank of Tanzania

Note: DOD denotes disbursed outstanding debt; and p, provisional data

The debt sustainability analysis conducted by the Ministry of Finance and Planning in December 2018 shows that all public and publicly guaranteed debt indicators were below the thresholds, implying low risk of debt distress. Selected debt

sustainability indicators and their thresholds are presented in (Table 1.11).

Table 1.11: Public External Debt Sustainability Indicators

Public external DSA	Threshold	Percent			
		2018/19	2019/20	2020/21	2021/22
PV of debt-to-GDP ratio	55.0	15.9	15.0	14.4	13.6
PV of debt-to-exports ratio	240.0	112.4	105.9	101.4	95.8
Debt service-to-exports ratio	23.0	15.0	12.6	10.7	10.4
Debt service-to-revenue ratio	22.0	15.0	12.3	10.4	10.4

Source: Ministry of Finance and Planning, *Tanzania National Debt Sustainability Analysis, December 2018*

Note: DSA denotes debt sustainability analysis; and PV, present value

The debt stock increased across all creditor categories. Debt owed to multilateral institutions remained dominant accounting for 45.6 percent of the external debt stock, followed by debt from commercial creditors (Table 1.12).

Table 1.12: External Debt by Creditor Category

Creditor category	Jun-17		Jun-18		Jun-19 ^p	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Multilateral	8,726.0	46.8	9,538.6	46.5	9,990.3	45.6
DOD	8,711.1	46.7	9,509.2	46.4	9,965.1	45.5
Interest arrears	14.9	0.1	29.4	0.1	25.2	0.1
Bilateral	1,940.7	10.4	1,822.6	8.9	1,957.1	8.9
DOD	1,155.9	6.2	981.7	4.8	1,055.7	4.8
Interest arrears	784.8	4.2	840.9	4.1	901.4	4.1
Commercial	6,245.5	33.5	6,858.4	33.5	7,457.7	34.0
DOD	5,879.8	31.5	6,498.5	31.7	6,921.5	31.6
Interest arrears	365.7	2.0	359.9	1.8	536.2	2.4
Export credit	1,739.0	9.3	2,283.4	11.1	2,511.9	11.5
DOD	1,504.4	8.1	1,775.7	8.7	2,083.0	9.5
Interest arrears	234.6	1.3	507.7	2.5	428.9	2.0
External debt stock	18,651.1	100.0	20,503.0	100.0	21,917.0	100.0

Source: Ministry of Finance and Planning, and Bank of Tanzania

Note: DOD denotes disbursed outstanding debt; and p, provisional data

External debt disbursed during 2018/19 amounted to USD 1,469.5 million, lower than USD 1,599.3 million in the preceding year. Out of total disbursements, USD 1,351.1 million was received by the Government, slightly lower than USD 1,394.7 million received in the preceding year. External debt service amounted to USD 990.5 million, of which USD 693.2 million was principal repayments and the balance was interest payments. External debt service was equivalent to 11.6 percent of export of goods and services against the threshold of 23.0 percent.

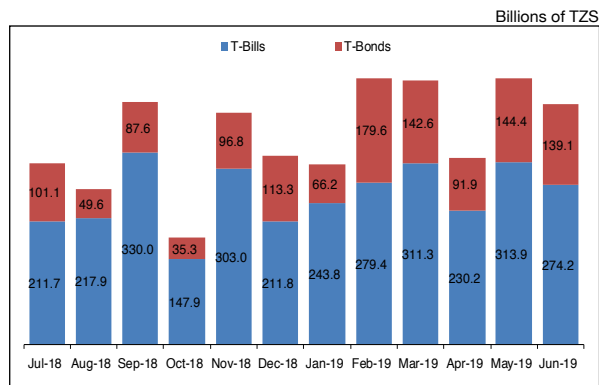


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Domestic Debt

During 2018/19, the government planned to issue securities worth TZS 6,521.2 billion at face value. The amount was equivalent to TZS 5,833.7 billion in cost value, of which TZS 4,600.0 billion was for rolling over maturing obligations and TZS 1,233.7 billion for financing. Treasury bills and bonds issued for government budgetary operations amounted to TZS 4,322.4 billion, of which 71.1 percent was Treasury bills (**Chart 1.10**).

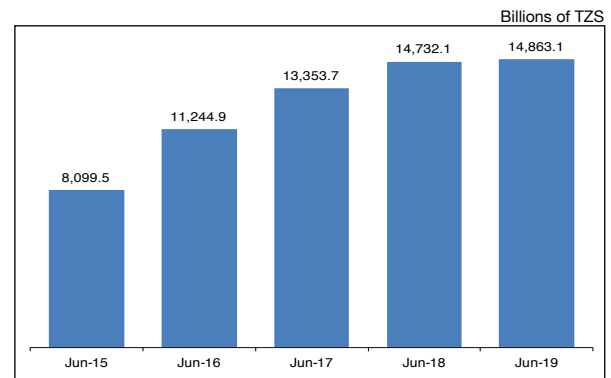
Chart 1.10: Domestic Debt Issued During 2018/19



Source: Ministry of Finance and Planning, and Bank of Tanzania

The stock of domestic debt at the end of June 2019 was TZS 14,863.1 billion, a TZS 131.0 billion increase from the stock recorded at the end of June 2018 (**Chart 1.11**). The composition of domestic debt by maturity was in line with the medium-term debt management strategy, which aims at mitigating risks by lengthening the maturity of the debt portfolio. Treasury bonds and stocks remained dominant, altogether accounting for 70.8 percent of domestic debt stock compared with 68.7 percent at the end of June 2018 (**Table 1.13**).

Chart 1.11: Domestic Debt Stock



Source: Ministry of Finance and Planning, and Bank of Tanzania

Table 1.13: Domestic Debt by Instruments

Instrument	Jun-17		Jun-18		Jun-19	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Government securities	11,770.5	88.3	12,776.4	86.7	13,603.1	91.5
Treasury bills	3,633.3	27.2	2,659.0	18.0	3,075.0	20.7
Government stocks	257.1	1.9	257.1	1.7	252.7	1.7
Government bonds	7,880.0	59.1	9,860.3	66.9	10,275.3	69.1
Tax certificates	0.1	0.0	0.1	0.0	0.1	0.0
Non-securitized debt	1,564.9	11.7	1,955.7	13.3	1,260.0	8.5
Other liabilities*	18.4	0.1	18.4	0.1	18.4	0.1
Overdraft	1,546.6	11.6	1,937.4	13.2	1,241.7	8.4
Domestic debt stock (excluding liquidity papers)	13,335.4	100.0	14,732.2	100.0	14,863.1	100.0

Source: Ministry of Finance and Planning, and Bank of Tanzania
Note: * includes NMB bank Plc standard loan and duty draw back

Banks remained major creditors to the Government, accounting for 35.9 percent of domestic debt stock at the end of June 2019. Banks and pension funds altogether held 61.9 percent of domestic debt (**Table 1.14**).

Table 1.14: Domestic Debt by creditor

Creditor	Jun-17		Jun-18		Jun-19	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Commercial banks	5,121.5	38.4	5,297.2	36.0	5,340.1	35.9
Pension funds	3,376.4	25.3	3,641.2	24.7	3,868.5	26.0
Bank of Tanzania	2,986.4	22.4	3,272.6	22.2	2,529.9	17.0
Others	595.5	4.5	1,074.4	7.3	1,476.5	9.9
Insurance	1,093.2	8.2	1,181.8	8.0	1,363.9	9.2
BOT's special funds	162.4	1.2	265.0	1.8	284.4	1.9
Domestic debt stock (excluding liquidity papers)	13,335.4	100.0	14,732.2	100.0	14,863.1	100.0

Source: Ministry of Finance and Planning, and Bank of Tanzania

In 2018/19, domestic debt that matured, excluding overdraft, was TZS 4,755.4 billion, out of which principal amounting to TZS 3,473.6 billion was rolled over, and the balance was interest payment.



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2.0 External Sector

Tanzania's external sector continued to perform satisfactorily, amidst slow global growth resulting from a variety of factors, including heightened trade restrictions and tariffs between US and China, Brexit uncertainties and geopolitical tensions. The balance of payments was in a comfortable position, albeit turning into a deficit of USD 990.7 million in 2018/19 compared to a surplus of USD 627.9 million in the preceding year. The current account also continued to be in a good position, but widened to a deficit of USD 2,645.3 million from a deficit of USD 1,771.8 million. This was due to increase in imports of capital goods for infrastructure projects, decline in exports due to low global demand, and decline in official transfers. The current account deficit was 4.5 percent of GDP, virtually similar to recent historical trend, and is expected to narrow upon completion of the major infrastructure projects.

Despite importation of capital goods for infrastructure projects, foreign official reserves remained adequate and evolved above the country and EAC benchmarks throughout the year. However, towards the end of the year, the reserves declined, reaching USD 4,401.5 million at the end of June 2019 from USD 5,483.9 million in June 2018. The reserves were adequate to cover about 4.3 months of projected import of goods and services. The import cover was above the country benchmark of not less than 4 months.

Table 2.1: Current Account

	Millions of USD				
	2014/15	2015/16	2016/17	2017/18 ^r	2018/19 ^p
Balance on good account	-5,321.3	-3,908.4	-3,046.0	-2,974.2	-4,255.5
Exports	5,338.1	5,009.6	4,661.2	4,691.9	4,496.1
Traditional	726.6	798.6	935.9	1,125.3	517.6
Non-traditional	4,126.3	3,755.6	3,301.5	3,140.1	3,569.7
o/w: Gold	1,238.3	1,314.9	1,596.3	1,468.7	1,743.4
Unrecorded trade	485.3	455.4	423.7	426.5	408.7
Imports f.o.b.	-10,659.4	-8,918.0	-7,707.2	-7,666.1	-8,751.6
Balance on services account	869.3	919.7	1,775.3	1,720.7	2,055.7
Receipts	3,514.2	3,396.2	3,769.2	3,896.6	4,088.1
Payments	-2,644.9	-2,476.5	-1,994.0	-2,175.9	-2,032.4
Balance on goods and services	-4,452.0	-2,988.7	-1,270.7	-1,253.5	-2,199.8
Exports of goods and services	8,852.3	8,405.8	8,430.4	8,588.5	8,584.2
Imports of goods and services	-13,304.4	-11,394.5	-9,701.1	-9,842.0	-10,784.0
Balance on primary income account	-705.4	-951.6	-907.4	-952.7	-821.4
Receipts	117.3	100.8	105.6	138.6	191.2
Payments	-822.6	-1,052.5	-1,013.0	-1,091.3	-1,012.6
o/w: interest by the Government	-177.0	-420.5	-309.9	-348.2	-280.9
Balance on secondary income account	574.7	333.1	455.5	434.4	375.9
Receipts	650.8	411.0	520.4	521.1	435.6
o/w: Official inflows	289.9	41.3	157.9	155.3	68.2
Payments	-76.1	-78.0	-65.0	-86.6	-59.6
Current account balance	-4,582.7	-3,607.3	-1,722.6	-1,771.8	-2,645.3

Source: Tanzania Revenue Authority, Bank of Tanzania, banks and Bank of Tanzania computations

Note: r denotes revised data; p, provisional data; f.o.b., free on board; and o/w, of which

Trade Balance

The deficit on goods and services account widened to USD 2,199.8 million from USD 1,253.5 million in 2017/18 largely because of increase in imports of goods and services. Export of goods and services amounted to USD 8,561.6 million, nearly similar to USD 8,588.5 million in 2017/18. Merchandise (goods) exports declined by 4.2 percent to USD 4,493.6 million, driven by all traditional export crops, except coffee and cotton, which increased significantly.

Non-traditional exports increased to USD 3,569.7 million from USD 3,140.1 million, with export of gold accounting to 48.8 percent, having increased by 18.7 percent to USD 1,743.4 million. The increase in gold export was attributed to monitoring and enforcement measures to ensure transparency in production and marketing of gold.

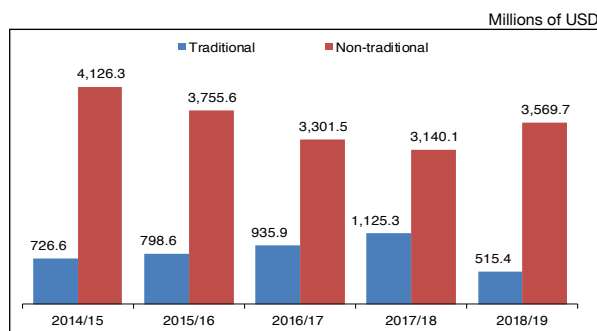
Foreign exchange receipts from export of services, which includes tourism, increased to USD 4,068.0 million in 2018/19 from USD 3,896.6 million in the preceding year, and accounted



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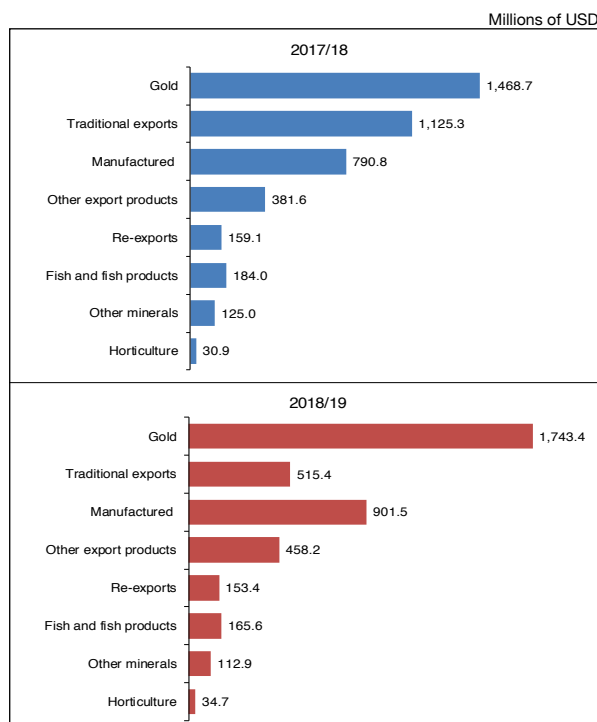
for nearly a half of total exports of goods and services. Foreign exchange from travel, which is mainly from tourism, grew by 7.4 percent to USD 2,488.1 million, because of increase in the number of tourist arrivals. Receipts from travel accounted for more than 60 percent of total services receipts. The performance of travel has been progressively improving, together with transportation and other services⁸ (Chart 2.4).

Chart 2.2: Export Performance



Source: Tanzania Revenue Authority, and Bank of Tanzania computations

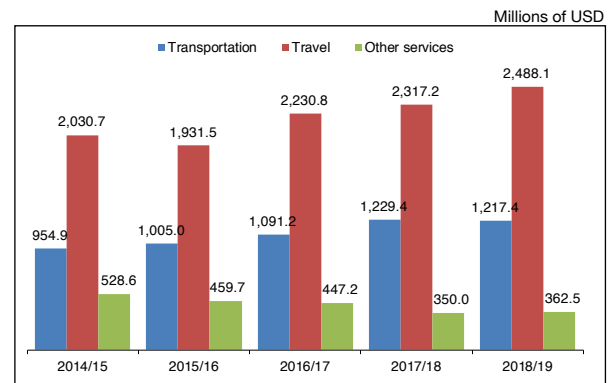
Chart 2.3: Composition of Goods Exports by Category



Source: Tanzania Revenue Authority, and Bank of Tanzania computations

⁸ Other services include; construction, insurance and pension, financial, telecommunication, computer and information, charges for the use of intellectual property, personal, cultural and recreational; government, royalties, personal and other business services.

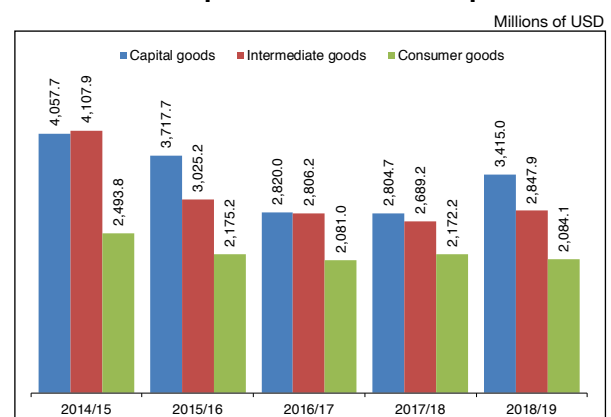
Chart 2.4: Services Receipts



Source: Banks, and Bank of Tanzania computations

Imports of merchandise (goods) on f.o.b basis and services, combined, amounted to USD 10,379.4 million in 2018/19 from USD 9,842.0 million in 2017/18. Goods import remained dominant, amounting to USD 8,347.0 million, higher than preceding year by 8.9 percent. The increase was more pronounced in imports of capital goods for infrastructure projects. Payments for services to non-residents by 6.6 percent to USD 2,032.4 million in 2018/19, mainly on account of a decrease in travel payments (Chart 2.6). Foreign payments with respect to transportation rose by 16.1 percent, consistent with the increase in imports of goods.

Chart 2.5: Composition of Goods Imports

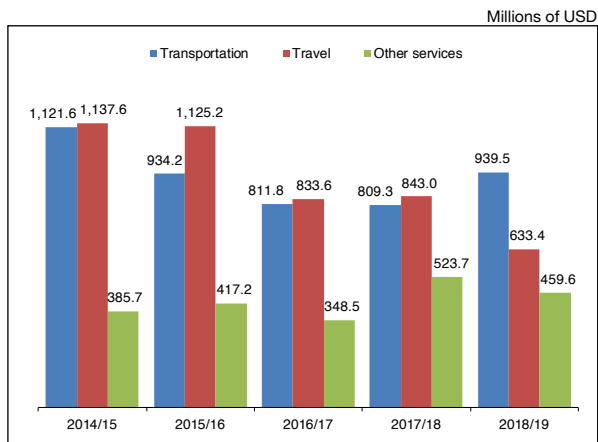


Source: Tanzania Revenue Authority, and Bank of Tanzania computations



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Chart 2.6: Services Payments



Source: Banks, and Bank of Tanzania computations

Income and Capital Transfers

The primary income account which relates to the use of factors of production (interest and dividends from investments abroad, rents from natural resources and net remittance flows from migrant workers) was a deficit of USD 820.1 million in 2018/19, lower than a deficit of USD 952.7 million in 2017/18. The improvement resulted from a decline in interest payments and increase in interest receipts from overseas investments and compensation to employees working abroad. Interest payments decreased from USD 348.2 million to USD 279.6 million, while interest income and compensation to employees working abroad increased by 37.2 percent and 39.7 percent to USD 132.8 million and USD 58.4 million, respectively.

The secondary income account, which records current transfers between residents and non-residents, continued to record a surplus, despite declining to USD 380.6 million in 2018/19 from USD 434.4 million in 2017/18. The decrease in surplus was on account of a 56.1 percent decline in inflow of official current transfers to USD 68.2 million. Secondary income outflows declined by 31.2 percent to USD 59.6 million.

Net capital transfers declined to USD 266.7 million from USD 396.8 million, largely on account of decrease in project grants.

Financial Account

The financial account was a net balance of USD 1,535.0 million in 2018/19 compared with USD 1,936.5 million in 2017/18. Foreign direct investment inflows, which accounted for 70.7 percent of the total financial inflows, increased to USD 1,084.9 million from USD 996.2 million. Other investments⁹ amounted to USD 428.0 million compared with USD 931.2 million, largely due to decline in debt and debt-related liabilities from unrelated parties.

Direction of Trade

Tanzania's trade in goods remained diversified, albeit concentrated to a few countries. In 2018, exports were mainly destined to South Africa and India, which accounted for 40.1 percent of exports. For imports, more than 35 percent of the goods imported originated from China and India.

Table 2.2a: Share of Tanzania's Exports, Top 15 Countries

Country	Percent			
	2015	2016	2017	2018
South Africa	11.7	13.3	18.0	20.1
India	19.8	14.8	25.3	20.0
Switzerland	2.7	16.2	6.8	7.1
Belgium	2.6	6.0	5.0	6.6
Kenya	12.7	6.6	4.5	5.8
China	9.7	7.5	3.7	3.9
Democratic Republic of Congo	3.4	6.2	2.6	3.7
Uganda	0.9	1.2	0.6	2.9
United Arab Emirates	2.7	1.3	2.3	2.3
Rwanda	0.7	0.1	1.6	2.2
Netherlands	1.3	1.3	1.9	2.1
Vietnam	1.2	3.1	8.1	1.9
Japan	4.0	2.9	1.9	1.8
USA	0.9	1.2	1.6	1.6
Zambia	0.8	0.7	1.3	1.4

Source: Tanzania Revenue Authority and Bank of Tanzania computations

⁹ Other investments include other equity; currency and deposits; loans; trade credit and advances; other accounts receivable/payable from unrelated parties; and SDR allocations.



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Table 2.2b: Share of Tanzania's Imports, Top 15 Countries

Country	Percent			
	2015	2016	2017	2018
China	17.3	20.8	19.4	20.7
India	11.7	18.1	15.1	14.3
United Arab Emirates	7.8	7.5	7.7	10.2
Saudi Arabia	18.7	2.8	6.1	6.7
South Africa	4.8	6.0	5.4	5.1
Japan	3.7	4.7	5.3	4.7
Kenya	2.2	3.4	2.6	2.9
USA	3.0	3.2	2.6	2.8
Germany	1.5	2.4	3.0	2.6
Turkey	0.7	0.8	1.0	2.0
United Kingdom	1.7	2.0	1.7	1.9
Malaysia	1.6	3.3	2.4	1.7
Indonesia	1.3	0.8	1.9	1.6
Switzerland	4.0	1.6	2.7	1.5
Thailand	0.9	1.0	1.2	1.4

Source: Tanzania Revenue Authority and Bank of Tanzania computations

World Commodity Prices

During 2018/19, prices of most agricultural and non-agricultural commodities in the world market were lower than in the preceding year, except for oil, which increased. Notably, the price of coffee declined due to increase in supply from Brazil, which is the main producer. Prices of tea and cloves decreased because of high production associated with favourable weather. The prices of oil increased following extension of production cut by the OPEC¹⁰ and non-OPEC members, coupled with involuntary reduction of supply from sanctions-hit Iran and outages in Venezuela.

Table 2.3: World Commodity Prices

		2016/17	2017/18	2018/19	Percentage change
Robusta coffee	USD per kg	2.23	2.05	1.73	-15.7
Arabica coffee	USD per kg	3.65	3.08	2.81	-8.7
Tea (average price)	USD per kg	2.97	3.06	2.63	-14.1
Tea (Mombasa auction)	USD per kg	2.71	2.74	2.31	-15.7
Cotton, "A index"	USD per kg	1.82	1.92	1.90	-1.2
Sisal (UG)	USD per kg	1.75	1.73	1.71	-1.2
Cloves	USD per kg	8.42	8.39	7.50	-10.6
Crude oil*	USD per barrel	50.06	61.22	67.02	9.5
Crude oil**	USD per barrel	48.48	61.41	67.77	10.4
White products	USD per tonne	434.80	599.14	653.40	9.1
Gold	USD per troy ounce	1,258.05	1,297.14	1,263.80	-2.6

Source: <http://www.Worldbank.org/Prospects/commodities>, *World Bank Public Ledger, Bloomberg*

Note: * U.K Brent; ** f.o.b Dubai; and UG, under grade

The World Bank Commodity Price Forecast of April 2019 indicated the price of crude oil to average USD 66 per barrel in 2019 from USD 68 per barrel in 2018 and further down to USD 65 per barrel in 2020 (**Table 2.4**). The forecast was based on a projected weaker outlook for global growth in 2019 and expected production increase by Shale industry in the US. The forecast assumed production cuts by OPEC and allies throughout 2019, and that demand would strengthen in 2020, owing to prospects of recovery of global growth. This, however, was dependent on several factors, including decisions of OPEC and allies on production levels, outcome of discussions on removing waiver on production from Iran, and geopolitical tensions.

The World Bank Commodity Price Forecast of April 2019 also projected the price of gold to increase by 3.2 percent to USD 1,310 per troy ounce in 2019, based on expectation of a strong demand resulting from prolonged pause in interest rate increase by the U.S. Federal Reserve. The prices of agricultural commodities were expected, on average, to fall by 2.6 percent, because of ample global stocks, and increase of 1.7 percent in 2020, stemming from expected cuts in US crop planting and elevated cost of energy and fertilizers.

Table 2.4: Outlook for World Market Commodity Prices

Commodity	Unit	Actual			Projections	
		2016	2017	2018	2019	2020
Crude oil, average	USD per barrel	42.81	52.81	68.30	66.00	65.00
Gold	USD per troy ounce	1,248.99	1,258.00	1,269.00	1,310.00	1,360.00
Coffee "Arabica"	USD per kg	3.61	3.32	2.85	2.90	2.94
Coffee "Robusta"	USD per kg	1.95	2.23	1.87	1.75	1.79
Cotton	USD per kg	1.64	1.84	2.01	1.88	1.91
Tea	USD per kg	2.64	3.15	2.85	2.45	2.51
Tobacco	USD per kg	4.81	4.68	4.86	4.90	4.86
Maize	USD per tonne	159.20	155.00	164.00	168.00	171.00
Rice	USD per tonne	396.17	399.00	421.00	410.00	413.00
Wheat	USD per tonne	166.75	174.22	210.00	212.00	214.00
Sugar	USD per tonne	397.97	354.33	280.00	280.00	290.00

Source: World Bank, *Commodity Price Forecast*, April 2019

¹⁰ Organization of the Petroleum Exporting Countries



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3.0 Financial Sector

Pursuant to section 5 (1) of the Bank of Tanzania Act, 2006, Cap 197, Bank of Tanzania is mandated to license, regulate and supervise banks and financial institutions, including financial leasing and mortgage financing companies, credit reference bureau, representative offices of foreign banks, bureaux de change and non-deposit taking microfinance service providers. Furthermore, section 48 (2) of the Social Security (Regulatory Authority) Act, 2015 gives Bank of Tanzania powers to regulate and supervise all financial matters of the registered social security schemes.

Financial Sector Performance

The financial sector was stable and continued to expand and deepen, owing to implementation of policy and regulatory framework to improve the functioning of the sector, as well as innovations resulting from application of financial technology. The improvement in the financial sector occurred in several areas. The number of supervised banks and other financial institutions increased to 61, of which 52 were banks and 9 non-bank financial institutions, and branch network expanded to 878 from 838 in 2017/18. The Bank of Tanzania also sanctioned merging of several banks to improve capital and operational efficiency.

Table 3.1: Licensed Banks

Type of bank	Quantity	Ownership structure		Stock exchange listing	
		Domestic	Foreign	Listed	Not listed
Commercial banks	39	11	28	5	34
Community banks	6	6	0	2	4
Microfinance banks	5	2	3	1	4
Development finance banks	2	2	0	0	2
Total	52	21	31	8	44

Source: Bank of Tanzania

Table 3.2: Licensed Non-Banks Financial Institutions

Type of non-bank	Quantity	Ownership structure		Stock exchange listing	
		Domestic	Foreign	Listed	Not listed
Financial leasing	3	1	2	0	3
Mortgage financing	2	2	0	0	2
Credit reference bureau	2	0	2	0	2
Representative offices	2	0	2	0	2
Total	9	3	6	0	9

Source: Bank of Tanzania

The banking sector performed satisfactorily, with all the indicators above the regulatory requirements. Notably, the ratios of core capital and total capital to total risk weighted assets and off-balance sheet exposures, were 16.5 percent and 18.4 percent in June 2019, respectively, lower than 18.20 percent and 20.2 percent in 2018. Nevertheless, the ratios exceeded the minimum regulatory requirement of 10 percent and 12 percent, respectively. The liquidity level was also above the regulatory requirement of 20 percent, despite decreasing from the preceding year. The ratio of liquid assets to demand liabilities was 34.8 percent compared with 37.6 percent. Assets grew by 13.6 percent to TZS 32,460.1 billion as at the end of June 2019, mainly driven by deposits that increased by 14.2 percent to TZS 23,631.2 billion. The observed increase in deposits was largely due to mobilization efforts taken by banks through agent banking and digital platforms. Loans, advances and overdrafts continued to constitute a significant share of assets.

The ratio of banks' non-performing loans to gross loans slightly increased to 10.7 percent at the end of June 2019 from 10.3 percent at the corresponding period last year, and was above the desirable ceiling of 5 percent. Several strategies were executed by the Bank of Tanzania and banks to address the high level of non-performing loans. These include improving credit-underwriting process, increase use of credit reference system to reduce exposure to credit risk, and improve loan recovery efforts. In addition, the Bank of Tanzania, strengthened supervision and enforcement of banks. These measures were complemented by government efforts to further improve the business environment through implementation of the Blueprint for regulatory reforms to improve the business environment.

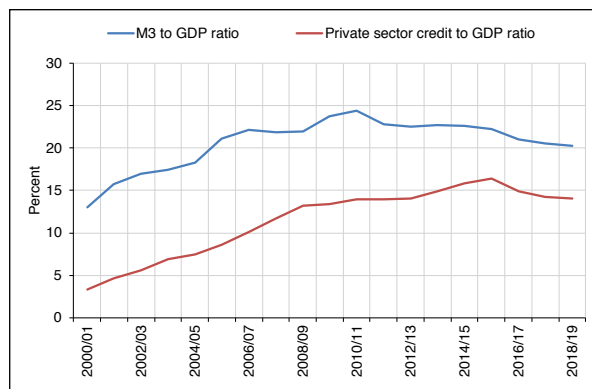


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Financial Deepening

Capitalizing on accomplishments on financial sector reforms in the country almost over the last three decades¹¹, the Bank of Tanzania continued with initiatives aimed at financial sector deepening. As a result, financial deepening, as measured by the ratio of bank credit to the private sector to GDP, rose from 3.3 percent in 2000/01 to 14.0 percent in 2018/19, with a peak of 16.4 percent in 2015/16. The ratio of money supply to GDP, an alternative measure of financial deepening, increased from 13.0 percent to 22.2 percent (**Chart 3.1**).

Chart 3.1: Trend of Financial Deepening



Source: Bank of Tanzania

Financial Inclusion

Bank of Tanzania continued to coordinate activities for implementation of the National Financial Inclusion Framework (NFIF 2018-2022). The NFIF is targeting to increase access to financial services for adult population from 86 percent recorded in 2017 to 92 percent by 2022, and usage of financial services from 65 percent to 75 percent. Also, it aims at increasing usage of financial services by women, from 61 percent in 2017 to 73 percent by 2022. Besides, to address the issue of financial capability, which influences usage of financial services, the National Council for Financial Inclusion is implementing the National Financial Education Framework (NFEF 2016–2020).

¹¹ The transformation broadly reflects the outcome of the First-Generation Financial Sector Reforms adopted in 1991 and the Second-Generation Financial Sector Reforms adopted in 2003.

In order to achieve the targets of NFIF 2018-2022 and NFEF 2016–2020, a number of activities were implemented in 2018/19. First, Financial Education Consumer Strategy was developed to address proper approaches to deliver financial education to different segments of the population. Second, a mapping exercise was conducted in order to identify key stakeholders for delivering financial education programs. Third, engaged the Governments to incorporate financial education in mainstream school curricula, whereby the Revolutionary Government of Zanzibar accepted to incorporate financial education in pre-primary and primary schools' curricula. Fourth, started development of financial education website, whereby relevant content was prepared and the website is under construction. Fifth, development of the National Financial Consumer Protection Framework was initiated and is at advanced stage. The framework aims at among other things, safeguarding interests of consumers of financial services in the country.

In order to accommodate and promote data disaggregation among financial inclusion stakeholders, the Bank finalized development of a comprehensive financial inclusion database. Further, development of Financial Services Registry, a system to register and keep track of financial services access points, was on progress. The system aims at providing functionality that not only allows capturing, storing, reporting and analysing financial access points data, but also enables integration with other stakeholders' existing systems. The registry will also serve as a national system for tracking growth and distribution of financial access points in order to inform the key stakeholders on financial inclusion and the public in general.

Credit Reference Operations

As part of efforts to ensure that all regulated institutions are submitting credit information to credit reference data bank and make utilization



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of the same, the Bank continued to sensitize various stakeholders about credit information sharing and its importance in lending and financial planning. In this regard, on 6th February 2019, the Bank in collaboration with International Finance Cooperation launched a national credit reporting awareness and financial literacy campaign, followed by sensitization workshops to different stakeholders in Dodoma and Mwanza regions. The sensitization will continue in other areas of the country to ensure all lending institutions submit data to the Credit Reference Bureau and use credit report for potential borrower during screening process.

Credit reference system improved further in terms of data submission and quality. Out of 57 banks and financial institutions, 54 had submitted information to the credit reference databank by the end of June 2019. Meanwhile, 95 non-regulated institutions shared credit information through credit reference bureaus in 2018/19 compared with 89 in the previous year.

Bureau De Change Operations

The Bank of Tanzania strengthened supervision of bureau de change activities in order to ensure compliance and orderly conduct of business. Notably, the Bank suspected violation of business procedures and regulations, leading to a special inspection on bureau de change operations. Licences of some bureau de change were revoked, apparently because of conducting business contrary to procedures and regulations. Consequently, the number of bureau de change operating in Tanzania declined to five at the end of June 2019 from 107 in June 2018. In addition, availability of foreign exchange improved significantly and stability of exchange rate was enhanced. Henceforth, Banks and Tanzania Posts Corporation Limited are providing bureau de change services together with the remaining bureau de change.

Agent Banking Operations

Agent banking business continued to grow, as part of initiatives to promote financial inclusion by expanding outreach of banking services. Notably, the number of banks approved to engage in agent banking increased to 20 at the end of June 2019 from 17 a year earlier, and agents increased to 22,481 from 13,679. This has facilitated savings mobilization of the proportional of bankable population. Number of deposits increased to 23,393,557 valued at TZS 14,483.69 billion at the end of June 2019 from 13,206,034 valued TZS 6,759.75 billion in the corresponding period of 2018. Likewise, the number of withdrawals grew by 106 percent to 13,403,510 (TZS 4,376.21 billion) from 6,514,778 (TZS 1,915.58 billion).

Social Security Schemes

In accordance with section 48 (2) of the Social Security (Regulatory Authority) Act, 2015, the Bank of Tanzania is mandated to conduct on-site examination and off-site surveillance on all financial matters of social security schemes. This was applied to the existing four social security schemes: National Social Security Fund, Public Service Social Security Fund, National Health Insurance Fund and Workers Compensation Fund.

Non-deposit Taking Microfinance Service Providers

The National Assembly of Tanzania enacted Microfinance Act, 2018 in November 2018. Section 12 of the Act, inter alia, mandates the Bank of Tanzania to license, regulate and supervise microfinance business in Tanzania Mainland. This is intended to operationalize the National Microfinance Policy 2017, which aims at ironing out identified gaps in regulation and supervision of microfinance services in the country. Meanwhile, the Bank of Tanzania is working together with the Ministry of Finance and Planning to finalize development of regulations that will guide the process of licensing, regulating and supervising non-deposit taking microfinance



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service providers. The regulations were expected to be in place in 2019/20.

Financial Stability Review

The financial sector was stable and resilient to shocks, underpinned by stable macroeconomic environment, despite the existence of internal and external shocks. The Financial System Stability Index (FSSI), which measures the stability of the financial system, indicates that the financial sector remained stable and resilient to short-term internal and external shocks. The index was -0.9 in 2018/19, within the set boundaries of ± 3.0 standard deviations.

The Bank also carried out macro surveillance to identify and assess risks arising out of financial system and real economy. In this regard, the Bank carried out Non-Financial Corporate Sector Financial Condition, and Bank Lending Practices and Credit Condition surveys, which revealed that there were no significant risks exposure from corporate and banking sector. In addition, the Household Financial Condition survey and assessment of real estate performance stability and resilience of the financial sector, albeit showing some vulnerabilities from debt servicing capacity and property prices fluctuations. Vulnerabilities identified from non-banking sector, including insurance sector, social security schemes and capital markets, were contained by stable financial and macroeconomic environment. The Bank carried out an assessment of risks emanating from global financial and economic developments and found that global risks had not being fully transmitted to the domestic economy given stable macroeconomic environment. The financial stability reports were deliberated during Tanzania Financial Stability Forum (TFSF) meetings and strategies were spelled out for implementation.

Legal and Regulatory Framework

During 2018/19, the Bank of Tanzania reviewed, developed and issued various regulations and guidelines to cope with the dynamics in the economy. In collaboration with the Tanzania Insurance Regulatory Authority, the Bank issued Bancassurance Guidelines to provide a framework for regulating and supervising bancassurance business. These guidelines were also intended to enhance accessibility of insurance services to the public, and provide one-stop shop for banking and insurance services. Further, the Bank reviewed and issued the Foreign Exchange (Bureaux de Change) Regulations 2019, for the purpose of addressing technical gaps observed in the previous regulatory framework, especially in the process of licensing, regulating and supervising the operations of the bureaux de change.

Furthermore, the Bank teamed up with other Government's stakeholders¹² to prepare a concept paper on establishment of Secured Transaction Law and Collateral Registry for the purpose of ensuring unique recognition and valuation of collaterals and hence broaden access to credit by deterring multiple pledge of collaterals.

¹² Prime Minister's Office, Ministry of Land, Housing and Human Settlements Development, the Law Reforms Commission of Tanzania, the Business Registration and Licensing Authority, the Registration Insolvency and Trusteeship Agency and the Attorney General's Chambers



4.0 Payment Systems

4.1 National Payment Systems

The National Payment Systems (NPS) Act 2015 provides the Bank of Tanzania powers to oversee the functioning of the national payment system and enforce compliance with the regulatory framework. This regulatory role includes licensing bank and non-bank payment systems providers as well as approving use of payment instruments and products.

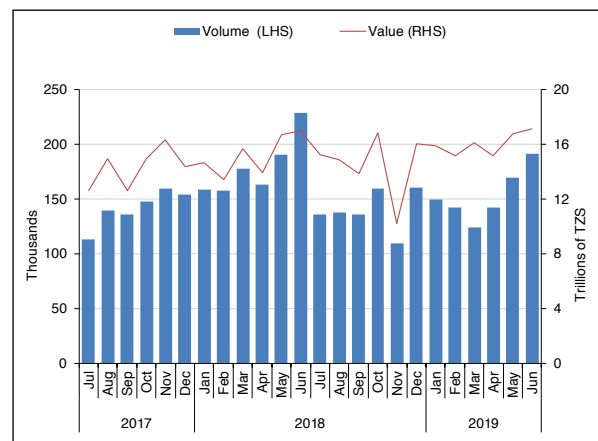
In 2018/19, four new payment system licenses were issued to commercial banks, making 43 licenses. The number of non-bank institutions licensed to provide payment system reached 15 at the end of June 2019 from 13 at the end of June 2018. In terms of payments instruments and products, the use of Quick Response (QR) code technology for merchant payments boosted usage of mobile money (electronic money) in the market. The number of active accounts in mobile money reached 22.3 million at the end of June 2019 from 20.5 million at the end of June 2018, with more than 532,474 agents (tills). The interoperability of mobile financial services contributed to growth of mobile money transactions by 75 percent in volume and 43 percent in value compared with 2017/18¹³. To enhance and broaden interoperability, the Bank was working with stakeholders to facilitate interoperability at the level of agents of mobile financial services.

Development of the Tanzania Instant Payment System (TIPS) commenced in January 2019, to address limitations of current service offerings, with regard to interoperability by enabling individuals, businesses, and government to be able to transact with each other, regardless of service provider or sector, bank or non-bank payment service providers¹⁴.

This modern technology, which will facilitate instant payments, easy connections by multiple participating institutions and ultra-low-cost payments. It will also provide a single national switch that will facilitate Bank of Tanzania oversight supervision of payment systems, improve financial inclusion through usage of electronic payments platforms and promote cash-lite economy. TIPS is expected to be operational in 2019/20.

As regards transactions through payment platforms, the Tanzania Interbank Settlement System (TISS) operated smoothly in 2018//19, with volume of transactions amounting to 1,757,975 compared with 1,925,569 in the preceding year, and value increasing to TZS 183.3 trillion from TZS 177.1 trillion. Two participants were registered and added to TISS, China Dasheng Bank and Yetu Microfinance Bank Plc, making the number of participants to 52.

Chart 4.1: TISS Transactions



Source: Bank of Tanzania

China Dasheng Bank also joined the Tanzania Automated Clearing House (TACH), bringing the number of clearing house participants to 43. The electronic funds transfer through TACH operated smoothly, with volume of transactions increased by 19.5 percent to 13,624,264 and value by 39.0 percent to TZS 8,329.2 billion.

¹³ Interoperability allows money transfers between different networks.

¹⁴ TIPS is a payment platform which will connect different payment systems providers to facilitate fastest, cost-effective and secure instant payments.



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4.2 Regional Payment Systems

The East African Payment System (EAPS), a bank-to-bank funds transfer (payment) platform within the East African Community countries carried out in local currencies, continued to perform satisfactorily. The volume and value of transactions denominated in Tanzania shilling, incoming and outgoing, increased by 29.2 percent and 65.4 percent over the year to 2,729 and TZS 121.8 billion, respectively. The volume of Kenya shilling (KES) denominated transactions decreased by 3.2 percent to 2,744, while value increased by 18.0 percent to KES 5.1 billion. Transactions denominated in Uganda shilling (UGX) were amounted 325, valued at UGX 12.2 billion, an increase of 38.3 percent and 3.4 percent in volume and value, respectively. The value of transactions between Tanzania and Rwanda (incoming and outgoing) increased to Rwanda Franc (RWF) 347.9 million in 2018/19 from RWF 12.0 million in 2017/18. There were no transactions with other EAC members (Burundi and South Sudan) as they have not yet joined EAPS. Banks in Tanzania, which participated actively in EAPS were CRDB Bank Plc, Equity Bank Tanzania Limited, Barclays Tanzania, Citibank Tanzania Limited, National Bank of Commerce, KCB Bank Tanzania Limited, Standard Chartered Bank Tanzania, Ecobank Tanzania and NMB Bank Plc.

For the SADC Integrated Regional Electronic Settlement System (SIRESS), a payment and settlement system that facilitate funds transfer for cross-border payment in the SADC region¹⁵, transactions processed in 2018/19 amounted to 359,500, valued at South African Rand (ZAR) 1,319.9 billion. This was an annual increase of 7.5 percent in volume and 4.7 percent in value. During 2018/19, the system was operational in all SADC member states, except Madagascar and the Union of Comoros. The number of participating banks was 83, including seven central banks.

In Tanzania, banks that participated in SIRESS were six; Stanbic Bank Tanzania, National Bank of Commerce, Standard Chartered Bank Tanzania, Barclays Tanzania, Ecobank Tanzania and First National Bank of Tanzania.

¹⁵ SIRESS provides low transaction costs and promotes cross-border trade in SADC countries.



5.0 Zanzibar Economic Performance

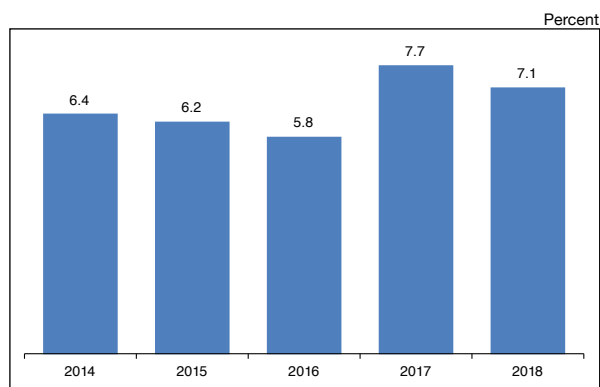
The Zanzibar Development Vision 2020, whose objectives include poverty reduction, sustainable growth and human development, guided implementation of economic policies in 2018/19. The policies were implemented consistent with multi-sectoral strategy: The Zanzibar Strategy for Growth and Reduction of Poverty III (2016-2020)—MKUZA III—, which is closely linked to Agenda 2030 and related sustainable development goals.

5.1 Output

In order to take into account changes in the structure of the economy and to ensure international comparability, the Office of the Chief Government Statistician Zanzibar rebased national accounts statistics. The rebased statistics use 2015 as the base year instead of 2007.

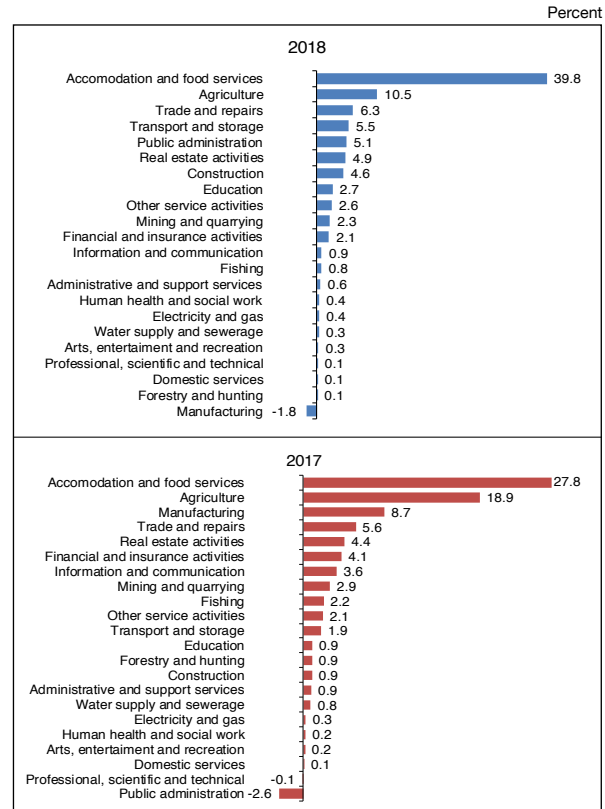
The growth of the economy remained strong in 2018, albeit expanding at a slower pace compared with 2017. Real GDP grew by 7.1 percent compared with 7.7 percent in 2017, largely driven by accommodation and food services, agriculture, trade, and transport (**Chart 5.1** and **Chart 5.2**). The fastest growing activities were human health and social work, transport and storage, accommodation and food services, mining and quarrying, and arts, entertainment and recreation. The growth of the economy is projected to remain strong in 2019/20.

Chart 5.1: Real GDP Growth Rate



Source: Office of the Chief Government Statistician, Zanzibar

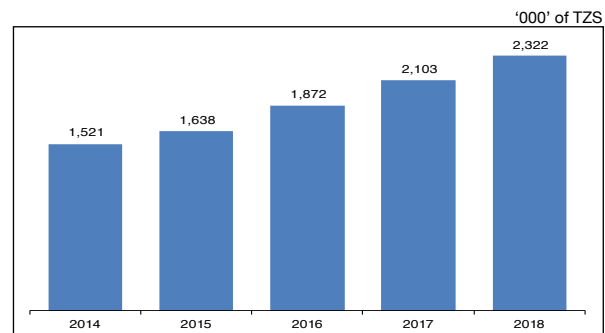
Chart 5.2: Contribution to Real GDP Growth



Source: Office of the Chief Government Statistician, Zanzibar

In nominal terms, GDP amounted to TZS 3,668.6 billion from TZS 3,227.0 billion in 2017, with service industry accounting for the largest share at 51.3 percent, followed by agriculture (21.2 percent) and industry (17.8 percent)¹⁶. This together with other factors, led to a 10.4 percent increase in GDP per capita to TZS 2.3 million in 2018 (**Chart 5.3**).

Chart 5.3: Nominal GDP per Capita



Source: Office of the Chief Government Statistician, Zanzibar

¹⁶ According to International Standard Industrial Classification (ISIC), it comprises of Mining and quarrying, Manufacturing, Electricity and gas, water supply and sewerage and Construction



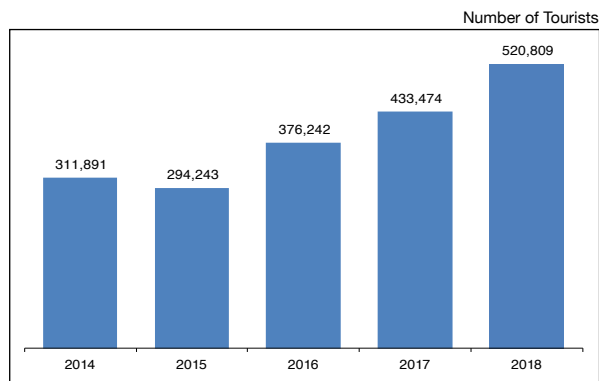
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Performance of Economic Activities

Services

Services activity, which is the major economic activity in Zanzibar, grew by 10.4 percent in 2018 compared with 7.7 percent in 2017, largely driven by accommodation and food services, linked with increase in tourist arrivals to 520,809 from 433,474, of which 59.7 percent were from Europe. Tourists from non-traditional markets such as Russia, China, Japan, Ukraine and Poland were also noticeable.

Chart 5.4: Tourist Arrivals in Zanzibar



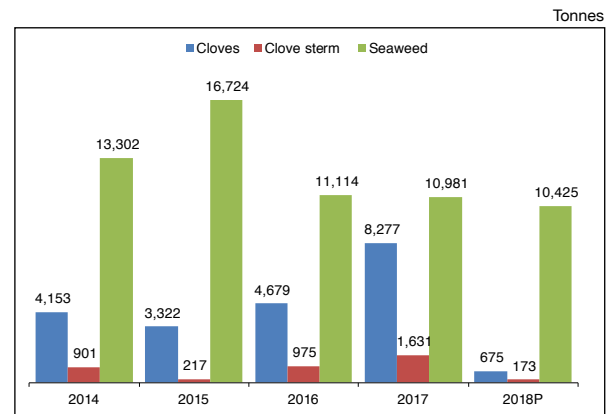
Source: Office of the Chief Government Statistician, Zanzibar; Zanzibar Commission for Tourism; and Department of Immigration Zanzibar

Agriculture, Forestry and Fishing

Value added in agriculture, forestry and fishing sub-activity slowed to 3.7 percent in 2018 from 7.9 percent in 2017, because of slow growth of crops sub-activity by 3.7 percent compared with 10.6 percent. Much of the decline was in cloves production, owing to cyclical nature of the crop.

Procurement of cloves, which is the major export crop, declined to 675 tonnes in 2018 from 8,277 tonnes in 2017. Procurement of seaweeds also declined to 10,425 tonnes from 10,981.0 tonnes, partly associated with diseases and fall in price in the world market. **Chart 5.5** presents procurement of major cash crops in the past five years.

Chart 5.5: Procurement of Major Export Crops



Source: Office of the Chief Government Statistician, Zanzibar
Note: p denotes provisional data

Industry

Industry activity expanded by 2.2 percent in 2018 compared with 5.6 percent in 2017. The slowdown was contributed by manufacturing sub-activity, which contracted by 1.6 percent compared with growth of 8.6 percent. This was partly due to a decline in production of manufactured goods, particularly water and soft drink, partly owing to high competition from imports.

Table 5.1: Production of Selected Manufactured Products

Commodity	Units	2014	2015	2016	2017	2018 ^a	Percentage change (2017 to 2018)
Dairy products	'000' Litres	1,527.9	7,745.0	10,475.5	8,174.3	7,709.3	-5.7
	Mill. of TZS	2,668.6	12,552.9	13,061.3	7,751.0	8,702.2	12.3
Beverages*	'000' Litres	12,448.0	16,972.0	19,811.0	21,699.0	20,166.0	-7.1
	Mill. of TZS	4,081.6	5,314.9	7,232.2	7,921.6	7,382.0	-7.1
Bread	'000' Pcs	143,855.0	161,911.0	174,350.0	194,893.0	209,439.0	7.5
	Mill. of TZS	17,981.9	19,720.2	20,852.9	23,192.2	24,923.2	7.5
Door UPVC	No	168.0	229.0	93.0	121.0	239.0	97.5
	Mill. of TZS	29.3	31.5	13.3	17.4	33.9	95.6
Essential products	Pcs	0.0	0.0	0.0	227,088.0	224,045.0	-1.3
	Mill. of TZS	0.0	0.0	0.0	811.8	801.0	-1.3
Garments dash dash	Pcs	3,950.0	3,419.0	3,674.0	3,119.0	2,973.0	-4.7
	Mill. of TZS	104.9	98.3	110.8	104.6	103.6	-1.0
Jewellery (gold/silver)	Grams	8,199.0	7,032.0	5,915.0	5,060.0	5,684.0	12.3
	Mill. of TZS	17.5	15.3	15.1	12.3	12.1	-1.6
Noodles	Kgs	222,392.0	277,990.0	181,872.0	247,350.0	295,701.0	19.5
	Mill. of TZS	369.9	500.4	327.4	445.2	532.3	19.5
Wheat flour	Tonnes	31,899.0	27,749.0	23,834.0	25,196.0	26,963.0	7.0
	Mill. of TZS	25,519.2	23,836.0	23,085.2	23,939.3	24,711.8	3.2
Window UPVC	Pcs	270.0	320.0	149.0	71.0	121.0	70.4
	Mill. of TZS	41.3	42.0	17.7	13.3	21.7	63.4

Source: Office of the Chief Government Statistician, Zanzibar
Note: ^a includes mineral water, soft drinks and juice; and p, denotes provisional data

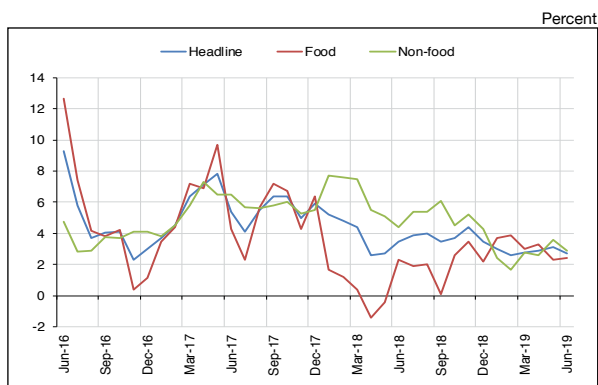


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5.2 Inflation

Inflation remained low throughout 2018/19 relative to the preceding year. Headline inflation averaged 3.3 percent compared with 4.7 percent in 2017/18, driven by both food and non-food inflation. Food inflation eased to 2.6 percent from 3.6 percent due to adequate food supply from domestic sources and government measures to facilitate importation of food, such as rice, wheat and sugar. Inflation of non-food consumer goods and services was 3.9 percent compared with 6.0 percent, driven mostly by moderation in energy prices, particularly fuel prices (**Chart 5.6**). Inflation in Zanzibar is expected to remain low in 2019/20, underpinned by projected adequate food supply and subdued petroleum products in the world market.

Chart 5.6: Inflation Developments



Source: Office of the Chief Government Statistician, Zanzibar

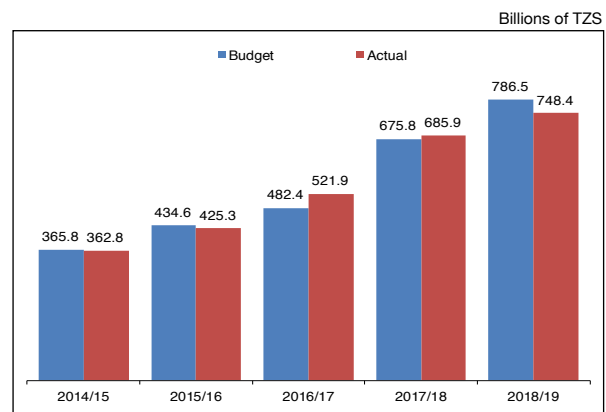
5.3 Public Finance

Government Budgetary Operations

The Government continued to implement various measures to strengthen tax administration and compliance, as well as to improve expenditure management. As such, the performance of the budget was generally satisfactory. Revenue collections and grants from development partners increased, leading to a resources envelope of TZS 791.1 billion, of which TZS 748.4 billion was revenue and the balance was grants (**Chart 5.7a**). The revenue outturn was equivalent to 20.4 percent of GDP from 21.2 percent in the preceding

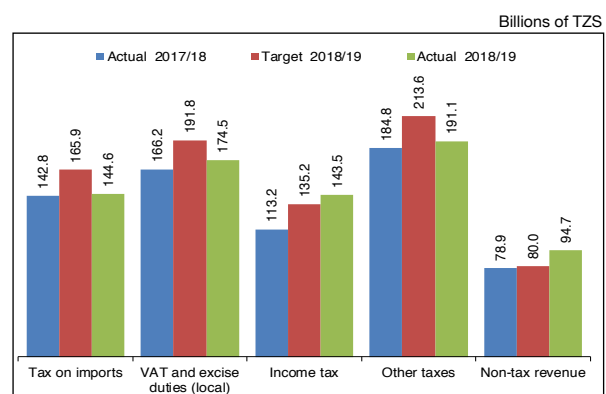
year, and below the target by 4.8 percent. The revenue collection increased 9.1 percent over the amount collected in the preceding year. Tax revenue accounted for 87.3 percent of revenue collection, and only income tax was on target. Foreign grants amounted to TZS 42.1 billion, more than projected by 19.9 percent. Non-tax revenue was TZS 64.7 billion, surpassing the target by 18.4 percent largely owing to more than projected dividend from public corporations (**Chart 5.7b**).

Chart 5.7a: Revenue Performance



Source: Ministry of Finance and Planning, Zanzibar

Chart 5.7b: Revenue Sources



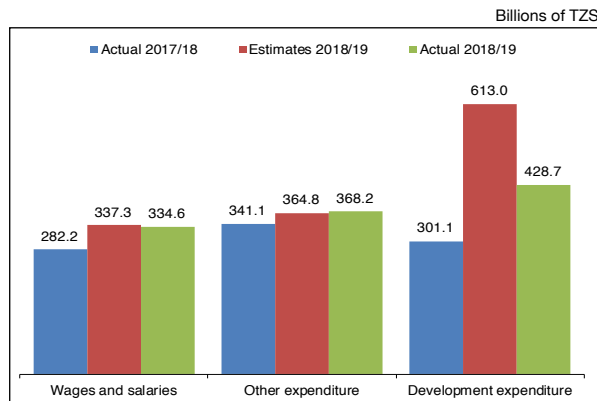
Source: Ministry of Finance and Planning, Zanzibar

Expenditure amounted to TZS 1,131.5 billion, falling short of estimates by 14.0 percent. Out of the government expenditure, TZS 702.8 billion was spent on recurrent obligations, almost as estimated at TZS 702.1 billion, while TZS 428.7 billion was expenditure on development projects and was below estimates by 30.1 percent (**Chart 5.8**).



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Chart 5.8: Expenditure Components

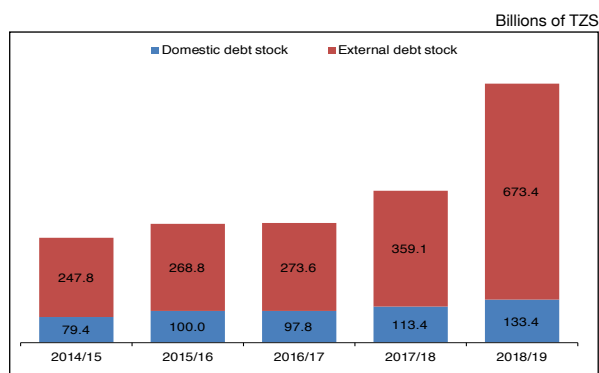


Government fiscal operations led to overall deficit of TZS 329.1 billion, which was equivalent to 9.0 percent of GDP. The deficit was financed by external and domestic borrowing amounting to TZS 294.5 billion and TZS 34.6 billion, respectively.

Debt Developments

Zanzibar debt stock, comprising external and domestic debt, amounted to TZS 806.8 billion at the end of June 2019 from TZS 472.4 billion in June 2018, following disbursements of external loans and new issuance of Treasury bond in March 2019. The debt stock was 22.0 percent of GDP compared with 14.0 percent in 2017/18. External debt accounted for 83.5 percent of the debt stock (Chart 5.9).

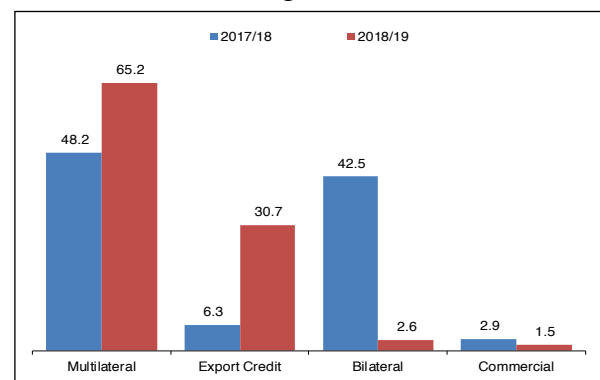
Chart 5.9: Zanzibar Debt Stock



External debt stock increased by 85.6 percent to USD 294.1 million (equivalent to TZS 673.4 billion) at the end of June 2019, of which about 96

percent of the debt stock was guaranteed by the Government of United Republic of Tanzania. The increase was on account of new disbursements and debt reconciliation between the Revolutionary Government of Zanzibar and United Republic of Tanzania Government. Composition of external debt stock by creditor category changed slightly, where export credit debts overtook bilateral debts (Chart 5.10).

Chart 5.10: External Debt by Creditors, Percentage Share of Total



Domestic debt increased to TZS 133.4 billion at the end of June 2019 from TZS 113.4 billion in June 2018, following issuance of 15-year Treasury bond worth TZS 22.6 billion and a loan from Zanzibar Social Security Fund amounting to TZS 12.0 billion.

The structure of domestic debt stock in terms of borrowing instrument remained the same as in the previous four years, where government securities, particularly Treasury bonds dominated (Table 5.2).

Table 5.2: Domestic Debt by Borrowing Instrument

	Millions of TZS				Percentage share 2018/19
	2015/16	2016/17	2017/18	2018/19	
Government securities	62,004.2	60,259.0	80,259.2	108,148.3	81.1
Zanzibar Social Security Fund	20,000.0	22,875.0	22,875.0	21,315.2	16.0
People's Bank of Zanzibar	14,032.0	10,760.5	6,287.8	3,902.8	2.9
Zanzibar Port Company	3,287.9	3,287.9	3,287.9	0.0	0.0
Others	654.2	654.2	654.2	0.0	0.0
Total	99,978.3	97,836.6	113,364.0	133,366.3	100.0

Source: Ministry of Finance and Planning, Zanzibar



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5.4 External Sector Performance

Current account turned to a deficit of USD 66.1 million in 2018/19 compared to a surplus of USD 13.8 million in the preceding year, driven by increase in imports and decline in exports (**Table 5.3**).

Table 5.3: Current Account

Item	Millions of USD				
	2014/15	2015/16	2016/17	2017/18	2018/19 ^p
Goods account	-201.2	-92.4	-95.4	-124.5	-218.1
Exports	62.6	67.8	24.0	73.4	11.1
Imports (f.o.b)	263.8	160.2	119.4	197.9	229.2
Services account	81.2	84.8	89.5	97.2	107.7
Receipts	139.5	134.0	146.7	164.7	178.6
Payments	58.4	49.2	57.3	67.4	70.8
Goods and services	-120.0	-7.6	-5.9	-27.3	-110.4
Exports of goods and services	202.1	201.8	170.8	238.0	189.6
Imports of goods and services	322.1	209.4	176.7	265.3	300.0
Income account	2.1	1.8	7.7	9.1	11.5
Receipts	11.5	10.0	12.3	13.8	17.4
Payments	9.4	8.2	4.6	4.7	5.8
Current transfers	28.1	16.5	26.2	32.0	32.8
Inflows	28.1	16.5	27.2	34.1	47.6
Outflows	0.0	0.0	1.0	2.1	14.8
Current account balance	-89.9	10.7	28.0	13.8	-66.1

Source: Tanzania Revenue Authority, Bank of Tanzania, banks and Bank of Tanzania computations

Note: p denotes provisional data

Exports of goods and services declined to USD 189.6 million from USD 238.0 million in 2017/18, occasioned by low performance of goods exports, particularly cloves. Exports of cloves fell to USD 1.2 million from USD 59.2 million, on account of a significant decline in the volume of exports from 7,454 tonnes to 180 tonnes due to the cyclical nature of the crop. Seaweeds exports also declined to 8,985.1 tonnes valued at USD 4.0 million from 12,030.4 tonnes valued at USD 4.6 million (**Table 5.4**). Foreign exchange from services, which include tourism, amounted to USD 178.6 million compared with USD 164.7 million, with much of the increase emanating from tourism.

Table 5.4: Goods Exports by Major Categories

Item	Unit	2014/15	2015/16	2016/17	2017/18	2018/19 ^p
Traditional goods:						
Cloves						
Value	USD '000'	30,619.4	46,204.8	17,400.2	59,178.6	1,224.0
Volume	'000' Tonnes	2.8	5.7	2.2	7.5	0.2
Unit price	USD/Tonne	11,101.2	8,067.9	7,757.6	7,939.2	6,800.0
Non-traditional goods:						
Seaweeds						
Value	USD '000'	4,397.7	2,586.4	1,631.7	4,591.0	4,032.8
Volume	'000' Tonnes	9.1	6.7	3.5	12.0	9.0
Unit price	USD/Tonne	482.6	386.1	470.5	389.4	448.8
Manufactured goods						
Fish and fish products	USD '000'	57.5	40.7	34.1	259.5	777.9
Others exports	USD '000'	24,637.5	9,603.9	721.4	2,320.3	549.3
Total value of exports	USD '000'	62,558.5	67,788.6	24,032.8	73,367.2	11,075.2

Source: Tanzania Revenue Authority, and Bank of Tanzania computations
Note: Other exports mainly include souvenirs and spices; and p denotes provisional data

Imports of goods and services (f.o.b) rose by 13.1 percent to USD 300.0 million in 2018/19 (**Table 5.5**). Value of goods import increased by 15.8 percent to USD 229.2 million, mainly driven by intermediate and consumer goods. Much of the increase manifested in oil imports, which accounted for more than two thirds of intermediate goods imports. Consumer goods imports also increased, contributed mostly by imports of food and foodstuff, which include sugar, wheat and rice. Service payments increased to USD 70.8 million from USD 67.4 million, largely driven by transport payments. Transport payment, particularly freight, which accounted for the largest share of the service payments, rose in line with the increase in goods imports.

Table 5.5: Goods Imports by Major Categories

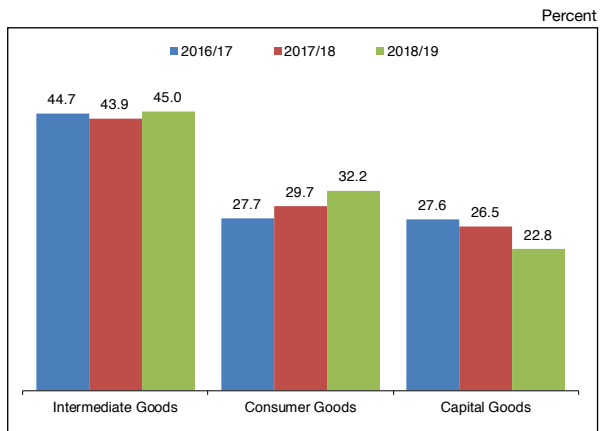
Category	Millions of USD				
	2014/15	2015/16	2016/17	2017/18	2018/19 ^p
Capital goods	91.2	89.9	36.2	54.7	56.7
Transport equipment	36.8	57.9	17.1	22.3	17.8
Building and constructions	32.7	7.3	6.4	8.1	13.6
Machinery	21.7	24.7	12.7	24.3	25.3
Intermediate goods	83.1	57.8	58.6	90.7	111.8
Oil imports	55.7	41.6	44.9	62.0	77.3
Industrial raw materials	27.3	16.2	13.7	28.7	34.5
Consumer goods	115.6	28.4	36.4	61.3	80.1
Food and food stuffs	53.9	0.5	13.2	24.0	36.9
All other consumer goods	61.6	27.9	23.2	37.3	43.2
Total (c.i.f)	289.8	176.1	131.2	206.6	248.6
Total (f.o.b)	263.8	160.2	119.4	197.9	229.2

Source: Tanzania Revenue Authority, and Bank of Tanzania computations
Note: p denotes provisional data



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Chart 5.11: Composition of Goods Imports



Source: Tanzania Revenue Authority, and Bank of Tanzania computations



6.0 Global and Regional Economic Performance

6.1 Output

The global economy grew by 3.6 percent in 2018 compared with 3.8 percent in 2017. Growth expansion lost momentum in advanced economies because of trade tensions and tariff hikes between the United States and China, decline in business confidence, tightening of financial conditions, and policy uncertainties many economies.

Advanced economies grew by 2.2 percent compared with 2.4 percent because of weakening consumer and business confidence resulting from economic uncertainties and growing concerns about a 'no-deal Brexit'. Growth in emerging markets and developing economies sub-region slowed to 4.5 percent from 4.8 percent, to weakening global financial markets, particularly in the second half of 2018. Real GDP growth in China was 6.6 percent compared with 6.8 percent, following domestic regulatory tightening to rein in debt, which constrain shadow financial intermediation, and increase in trade tensions with the US. Sub-Saharan Africa grew by 3.1 percent from 2.9 percent, with non-oil resource intensive countries contributing mostly to the growth, due to increase in public investment in infrastructure.

The global growth is expected to remain subdued in 2019, at around 3.2 percent, but picking up to 3.5 percent in 2020. The slow growth in 2019 is due to negative effects of the US-China tariff hikes, fading of the impact of US fiscal stimulus, and weak investment and private consumption in advanced and emerging markets economies. In advanced economies, growth is projected to slow down due to diminishing impact of US fiscal stimulus, subdued demand and low productivity growth. In emerging markets developing economies sub-region, output growth is projected to be somewhat weak, mainly driven by lower growth in China owing to negative effects of tariffs imposed by the US and a general weakening

external demand, recession in Turkey, deepening contraction in Iran, and weaker domestic demand in India. Output growth in sub-Saharan Africa is expected to pick up mainly driven by strong growth in non-oil resource rich countries due to scaling up of investments in infrastructure.

Table 6.8: Global Real GDP Growth

Group/Country	2017	2018	Percent	
			2019	2020
World	3.8	3.6	3.2	3.5
Advanced economies	2.4	2.2	1.9	1.7
United Kingdom	1.8	1.4	1.2	1.4
Germany	2.2	1.4	0.7	1.7
Japan	1.9	0.8	0.9	0.4
United States	2.2	2.9	2.6	1.9
Euro area	2.4	1.9	1.3	1.6
Emerging market and developing economies	4.8	4.5	4.1	4.7
China	6.8	6.6	6.2	6.0
India	7.2	6.8	7.0	7.2
Sub-Saharan africa	2.9	3.1	3.4	3.6

Source: IMF, *World Economic Outlook Update July, 2019*

Table 6.1: Global Real GDP Growth

Group/Country	2014	2015	2016	2017	Percent
					2018 ^p
World	3.4	3.4	3.2	3.8	3.6
Advanced economies	1.8	2.1	1.7	2.4	2.2
United Kingdom	2.9	2.2	1.9	1.8	1.4
Germany	1.6	1.5	1.9	2.2	1.4
Japan	0.0	1.1	0.9	1.9	0.8
United States	2.4	2.6	1.5	2.2	2.9
Euro area	0.9	2.0	1.8	2.4	1.9
Emerging market and developing economies	4.6	4.3	4.4	4.8	4.5
China	7.3	6.9	6.7	6.8	6.6
India	7.2	8.0	7.1	7.2	6.8
Sub-Saharan africa	5.1	3.4	1.4	2.9	3.1

Source: IMF, *World Economic Outlook Database April, 2019; and July, 2019 Updates*

Note: p denotes provisional data

In the Southern African Development Community (SADC) region, output growth was recorded across the countries, except Angola and Namibia (**Table 6.2**). Tanzania was the fastest growing economy for three consecutive years, mostly driven by construction, agriculture, and transport and storage activities. Output growth slowed in Eswatini, Mozambique, Seychelles, and South Africa because of contraction of manufacturing, construction, tourism, and primary sector activities,



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respectively. Angola and Namibia recorded negative growth, largely due to a decline in the performance of the oil sector following low level of investment, and weak performance in secondary and tertiary sectors, respectively.

The East African Community region, output growth averaged 5.6 percent in 2018 compared with 4.4 percent in 2017. The strong growth was underpinned by agriculture, construction, services, transport and manufacturing activities. All countries in the region recorded improvement in output growth (**Table 6.3**).

Table 6.2: Real GDP Growth in SADC Region

Country	Percent				
	2014	2015	2016	2017	2018 ^P
Angola	4.8	3.0	-0.9	-0.2	-1.7
Botswana	3.2	-1.7	4.3	2.9	4.5
DRC	9.2	6.9	2.4	3.7	5.8
Eswatini	2.5	1.1	0.0	1.9	0.6
Lesotho	3.4	2.5	3.1	0.1	1.1
Madagascar	3.3	3.1	4.2	4.3	5.2
Malawi	5.7	3.0	2.3	5.2	4.0
Mauritius	3.6	3.5	3.9	3.8	3.8
Mozambique	7.4	6.6	3.8	3.7	3.4
Namibia	6.4	5.3	1.1	-0.9	-0.1
Seychelles	6.2	5.7	4.5	5.3	4.1
South Africa	1.5	1.3	0.6	1.4	0.8
Tanzania	6.7	6.2	6.9	6.8	7.0
Zambia	5.0	2.9	3.7	3.4	3.7
Zimbabwe	3.8	1.1	0.7	4.7	6.2
SADC average	4.8	3.4	2.7	3.1	3.2

Source: National Statistics Offices and IMF, *World Economic Outlook, April 2018*
Note: p denotes provisional data; and DRC, Democratic Republic of the Congo

Table 6.3: Real GDP Growth in EAC Region

Country	Percent				
	2014	2015	2016	2017	2018 ^P
Burundi	4.7	-4.0	-1.0	0.0	0.1
Kenya	5.3	5.6	5.8	4.8	6.0
Rwanda	7.0	8.9	6.0	6.1	8.6
Tanzania	7.0	7.0	6.9	6.8	7.0
Uganda	4.9	5.0	2.3	4.5	6.2
EAC average	5.8	4.5	4.0	4.4	5.6

Source: National Statistics Offices and IMF, *World Economic Outlook Database, April 2019*
Note: p denotes provisional data

6.2 Inflation

Global inflation increased to 3.6 percent in 2018 from 3.2 percent in 2017 due to high oil prices, particularly in the first nine months of 2018. In advanced economies, inflation remained low, albeit picking up, mainly driven by energy prices. Inflation picked mostly in the Euro Area and US. Global inflation was projected to remain low in 2019. In advanced economies, inflation was projected to decline to 1.6 percent from 2.0 percent.

In emerging markets and developing economies sub-region, inflation edged up to 4.8 percent from 4.3 percent, largely emanating from food prices. Inflation eased in sub-Saharan Africa to 8.5 percent from 11.0 percent in 2017 on account of a decline in prices of food, owing to improved food supply attributed to favourable weather in most countries (**Table 6.4**). Inflation was projected to remain moderate at 4.9 percent in 2019 compared with 4.8 percent in 2018.

Table 6.4: Global Inflation

	Percent				
	2014	2015	2016	2017	2018 ^P
World	3.2	2.8	2.8	3.2	3.6
Advanced economies	1.4	0.3	0.8	1.7	2.0
United States	1.6	0.1	1.3	2.1	2.4
Euro Area	0.4	0.0	0.2	1.5	1.8
Japan	2.7	0.8	-0.1	0.5	1.0
United Kingdom	1.5	0.1	0.7	2.7	2.5
Emerging markets and developing economies	4.7	4.7	4.3	4.3	4.8
China	2.0	1.4	2.0	1.6	2.1
India	5.9	4.9	4.5	3.6	3.5
Sub-Saharan Africa	6.4	7.0	11.3	11.0	8.5

Source: IMF, *World Economic Outlook April 2019*
Note: p denotes provisional data

In the SADC region, inflation eased to 8.2 percent in 2018 from 9.9 percent in 2017, on account of a decline in prices of food and stability of the exchange rates (**Table 6.5**). Inflation in EAC region remained below the region's convergence benchmark of not more than 8.0 percent, averaging 1.9 percent in 2018 (**Chart 6.1**). All EAC countries recorded decline in inflation owing to improved food supply and low cost of transport.



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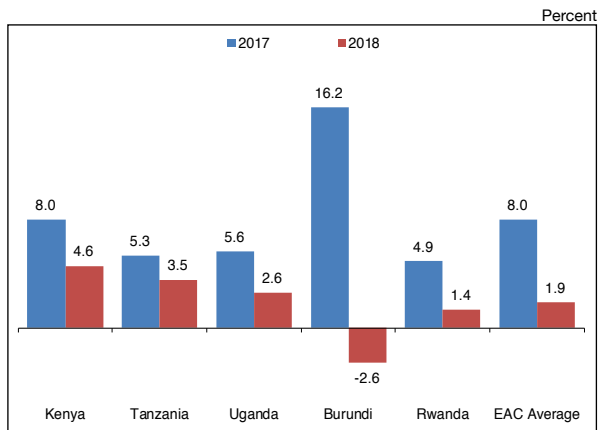
Table 6.5: Inflation Rates in SADC Region

Country	Percent				
	2014	2015	2016	2017	2018 ^p
Angola	7.3	10.3	32.4	31.7	20.3
Botswana	4.4	3.1	2.8	3.3	3.2
DRC	1.0	1.0	18.2	41.5	31.0
Lesotho	4.0	5.0	6.2	5.6	5.1
Madagascar	6.1	7.4	6.7	8.1	7.3
Malawi	23.8	21.9	21.7	11.5	9.2
Mauritius	3.2	1.3	1.0	3.7	3.2
Mozambique	2.3	2.4	19.2	15.3	3.9
Namibia	5.3	3.4	6.7	6.1	4.3
Seychelles	1.4	4.0	-1.0	2.9	3.7
South Africa	6.1	4.6	6.3	5.3	4.7
Eswatini	5.7	5.0	-0.4	0.5	5.2
Tanzania	6.1	5.6	5.2	5.3	3.5
Zambia	7.8	10.1	17.9	6.6	7.5
Zimbabwe	-0.2	-2.4	1.6	1.3	10.6
SADC average	5.6	5.5	9.6	9.9	8.2

Source: National Statistics Offices and IMF, *World Economic Outlook Database*, April 2019

Note: p denotes provisional data; and DRC, Democratic Republic of the Congo

Chart 6.1: Inflation Rates in EAC Region



Source: National Statistics Offices

6.3 Intra-SADC and EAC Trade

Tanzania's total intra-SADC trade increased by 2.3 percent to USD 1,607.1 million in 2018 from USD 1,571.5 million in 2017, and sustained trade surplus with SADC countries. The trade balance was a surplus of USD 389.4 million, albeit lower than USD 445.5 million in 2017. In particular, Tanzania was a net exporter to Angola, Botswana, Democratic Republic of Congo, Malawi, South Africa, and Zimbabwe.

South Africa remained Tanzania's major trading partner, accounting for 73.2 percent of the Tanzania's total intra-SADC trade in 2018, followed by Democratic Republic of Congo (8.4 percent) and Zambia (6.4 percent). Tanzania major exports to the SADC region were cigarettes, wheat flour, juice, ceramic products, fish, glass, cement, soap, footwear, and bricks. Major imports were motor vehicles, maize seeds, iron sheets, lubricants, beer, apples and sugar.

As regards intra-EAC trade, Tanzania's share increased by 12.7 percent to USD 752.0 million in 2018, as both exports and imports increased. The trade balance was USD 141.8 million, lower than USD 193.3 in 2017, as increase in imports outweighed the increase in exports (**Table 6.6**). Specifically, Tanzania recorded trade surplus with all the EAC countries, with the exception of Kenya. Exports to Kenya declined by 26.7 percent, while imports increased by 23.9 percent, leading to a trade deficit of USD 35.8 million compared to a surplus of USD 90.2 million in 2017.

Table 6.6: Tanzania's Intra-EAC Trade

	Millions of USD				
	2014	2015	2016	2017	2018 ^p
Kenya					
Exports	446.0	731.4	313.8	291.5	213.7
Imports	654.7	238.6	267.7	201.3	249.5
Trade balance	-208.7	491.7	46.1	90.2	-35.8
Uganda					
Exports	73.3	50.3	58.2	27.5	105.8
Imports	48.0	39.4	30.7	34.1	53.2
Trade balance	25.4	10.8	27.5	-6.6	52.6
Burundi					
Exports	43.0	39.1	52.1	50.8	47.8
Imports	0.6	1.1	0.8	0.2	1.0
Trade balance	42.5	38.0	51.3	50.6	46.8
Rwanda					
Exports	35.8	41.2	6.5	60.5	79.6
Imports	3.2	1.1	1.1	1.3	1.4
Trade balance	32.6	40.0	5.4	59.2	78.2
Total exports to EAC	598.1	862.0	430.6	430.3	446.9
Total imports from EAC	706.4	280.2	300.3	237.0	305.1
Trade balance	-108.3	581.7	130.3	193.3	141.8

Source: Tanzania Revenue Authority and Bank of Tanzania computations
Note: p denotes provisional data



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Kenya remained the leading destination and major source of Tanzania's intra-EAC exports and imports, respectively, followed by Uganda (**Table 6.7**). Tanzania's major exports to the EAC region were beans, maize grain, sisal rope, tea and mosquito nets. Major imports were medicine and soap.

Table 6.7: Tanzania's Shares of Trade with EAC Partner States

	Percent				
	2014	2015	2016	2017	2018 ^P
Exports shares					
Kenya	74.6	84.8	72.9	67.7	47.8
Uganda	12.3	5.8	13.5	6.4	23.7
Burundi	7.2	4.5	12.1	11.8	10.7
Rwanda	6.0	4.8	1.5	14.1	17.8
Imports shares					
Kenya	92.7	85.1	89.1	84.9	81.8
Uganda	6.8	14.1	10.2	14.4	17.4
Burundi	0.1	0.4	0.3	0.1	0.3
Rwanda	0.5	0.4	0.4	0.5	0.5

Source: Tanzania Revenue Authority and Bank of Tanzania computations
 Note: p denotes provisional data



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PART III

BANK OF TANZANIA OPERATIONS



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Corporate Governance

The Board of Directors of the Bank of Tanzania adopted a calendar of activities for 2018/19 and conducted its operations effectively in fulfilling its statutory role of policy decision-making. Four Committees assisted the Bank's Board of Directors in discharging its function. These are Monetary Policy Committee, Audit Committee, Bank Supervision Committee and Finance and Investment Committee. All Committees of the Board met as required by the Bank of Tanzania Act, 2006. The Monetary Policy Committee of the Board met among others to approve monetary policy stance, while the Audit Committee carried out its duties under four major areas: Internal Control, Financial Reporting, Internal Audit and External Audit. Details of the activities are indicated in **Box 1**.

In addition to meetings for policy and administrative actions, the Bank organized awareness sessions and capacity building initiatives to keep Board members abreast of new developments in areas of interest to the mandate of the Bank and facilitate improvement of their oversight function.

In terms of composition of the Board of Directors, Mr. Joseph A. Meza was appointed as a board member on 5th April 2019 to fill the vacant position for non-executive director hailing from Zanzibar.

During the year, the Complaints Handling Desk established by the Bank in 2015 continued to implement consumer protection measures by accepting, assessing and making determinations on the complaints lodged.



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Box 1: Audit Committee Annual Activity Report for 2018/19

1.0 Establishment

The Audit Committee is established by the Board under Section 12(1) of the Bank of Tanzania Act 2006 (the Act), to assist the Board in its oversight responsibility with respect to audit and implementation of the financial reporting system and in compliance with the relevant legislation and best international accounting standards. The Terms of Reference for the Audit Committee are reflected in the Audit Committee Charter.

2.0 Membership

The Audit Committee consists of four members chosen from the Board of Directors, of which three are non-executive and one is an executive member. Members of the Audit Committee on rotational basis elect the Chairman of the Committee annually from the non-executive Directors of the Committee. Members of the Audit Committee are shown in the Directors' report for 2018/19.

3.0 Schedule of Meetings

The Audit Committee meets after every two months with additional meetings convened as and when necessary. In 2018/19, the Audit Committee held four meetings, of which two were ordinary and the other two, extra-ordinary.

4.0 Key Activities of the Committee

The responsibilities of the Audit Committee fall under four major areas: Internal Controls, Financial Reporting, Internal Audit and External Audit. In discharge of its responsibilities during 2018/19, the Audit Committee carried out activities, and the Chairman of the Committee reported the deliberations to the Board of Directors, in line with the requirements of the provisions of section 12(2) of the Act. Activities carried out during the year are summarized below.

4.1 Internal Control

The Committee reviewed:

- i. The Consolidated Year End Stock-taking Audit Report 2017/18;
- ii. Integrated Financial Management System Audit Report 2017/18;
- iii. The Consolidated Audit Report of Procurement Management Units 2017/18; and Internal Audit Follow-up issues.

Audit Committee directives during the period under review related to audit of ICT issues; Financial Reporting; Reserves Management and Domestic Operations; Banking and Currency Operations; Procurement Operations; Payment, Clearing and Settlement Systems; and Construction Projects.

4.2 Financial Reporting

The Committee reviewed:

- i. Bank of Tanzania Draft Annual Financial Statements for the Financial Year 2017/18;
- ii. Audit Report on Draft Final Accounts for the year ended 30th June 2018;



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- iii. Draft Housing Finance Project Financial Statements for the Year 2017/18; and
- iv. Draft Housing Finance Project Implementation Report 2017/18.

4.3 External Audit

The Committee:

- i. Considered the External Audit Plan for 2018/19 and Proposed Audit Fees;
- ii. Considered Management Audit Report on the Audited Financial Statement for the Year ended 30th June 2018; and
- iii. Reviewed Housing Finance Project Draft Financial Statement for 2018/19.

4.4 Internal Audit

The Committee considered:

- i. Internal Audit Activity Plan for 2018/19; and
- ii. Appointment of Head of Internal Audit.

5.0 Way Forward

During 2018/19, the Committee adequately discharged its advisory role to the Board and most of the directives given to Management were implemented.

The Committee directed Management to expedite implementation of audit observations that are fully within their ability to accomplish and clear all long outstanding audit queries. The Committee also directed Management to ensure fully compliance to the Public Procurement Act and its Regulations.

Mr. Joseph. O. Haule

Chairman of the Audit Committee



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Corporate Strategic Planning and Performance

The Bank reviewed its strategic management process with a view to improving formulation of objectives and measures at all levels. It is expected that the new process will enhance efficiency in strategic plan execution, performance tracking and reporting.

Based on the new strategic management process, the Bank developed a two-year Corporate Strategic Plan (2019/20 – 2020/21). The plan is aligned with the National Development Vision 2025, the Zanzibar Vision 2020, National Five-Year Development Plan II (2016/17 – 2020/21), and Zanzibar Strategy for Growth and Reduction of Poverty III (2016/17 - 2020/21).

Credit Guarantee Schemes

The Bank continued to manage credit guarantee schemes (CGS) on behalf of the Government. The CGS comprised two facilities: Export Credit Guarantee Scheme (ECGS) and Small and Medium Enterprises Credit Guarantee Scheme (SME-CGS)¹⁷.

During 2018/19, the management of the schemes involves processing claims against the defaulted guaranteed loans and monitoring performance of the guaranteed loans. As at the end of June 2019, the outstanding guarantees amounted to TZS 62.14 billion and TZS 731.31 million under ECGS and SME-CGS, respectively.

Banking and Currency Services

The Bank continued to provide banking services to the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar, banks and other government institutions and the general public. The services provided include maintenance of accounts for governments, banks and government institutions.

In addition, the Bank continued to engage with banks, the general public and other stakeholders through meetings and outreach programmes. These engagements aimed at ensuring efficient delivery of currency services, promoting better understanding of the Bank's role and functions, strengthening collaboration between the Bank and banks in the delivery of banking and currency services, and obtaining relevant feedback from stakeholders. As a result, there has been noticeable enhancement of compliance with the Bank's clean money policy among banks, relatively greater awareness of essential features of banknotes and financial services consumer rights, and effective handling of currency by the general public.

During 2018/19, the Government in collaboration with the Bank of Tanzania introduced Treasury Single Account (TSA) as its banking arrangement facility aimed at increasing efficiency in managing its cash resources.

The Bank continued with its role of issuing and distributing currency through head office and its branches located in Arusha, Mwanza, Zanzibar, Mbeya, Dodoma and Mtwara. In addition, the Bank continued to use Safe Custody Centres located in Kigoma, Sumbawanga, Tanga, Pemba, Tabora, Bukoba, Shinyanga and Songea to improve currency distribution in the country. The Bank is planning to extend currency distribution to other parts of the country. A survey was conducted throughout the country to determine the demand for currency. Three potential location for additional currency centres have been identified and will be operational in the first half of 2019/20. These are Musoma, Iringa and Morogoro.

Furthermore, in efforts to implement clean money policy and minimize currency mishandling, the Bank continued to monitor banks' compliance to the circular requiring sorting banknotes before taking them back into circulation or depositing at the Bank of Tanzania's Head Office, Branches or

¹⁷ The ECGS was established in 2002/03 to promote high value exports by facilitating access to finance through issuance of credit guarantees on loans to exporters, while the SME-CGS was established in 2004/05 to promote small-scale enterprises by facilitating access to finance from financial institutions in the country.



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Safe Custody Centres. The Guideline for currency handling is under review and awareness campaign for proper handling of currency is ongoing in different parts of the country.

In September 2018, Tanzania and Zambia signed a memorandum of understanding on currency convertibility and repatriation. The overarching objective was to stimulate cross border trade between the two countries. Specifically, the arrangement allows the citizens of the two countries undertaking economic activities along the border area to make payments for goods and services from either country using currencies of their respective home countries i.e. Tanzanian Shilling and Zambia Kwacha. The milestone bodes well with the regional integration agenda in the SADC of promoting inter-regional trade.

During the year, the Bank also operationalised its role as the Government's minerals warehouse, whereby minerals are received for verification and storage, awaiting further action by concerned parties.

Research and Publications

The Bank of Tanzania continued to prepare and disseminate various economic reports and publications, among others, to provide updates of economic developments in the country and the monetary policy stance. The reports include monetary policy statements; monthly, quarterly and annual economic reviews and BOT Research Newsletter.

To provide conceptual and empirical basis for policy and decision-making, the Bank of Tanzania conducted a number of studies in 2018/19 to investigate challenges facing the financial sector and the economy in general. Most of the studies were demand-driven, arising from the Board of Directors and Management of Bank of Tanzania, and Monetary Affairs Committee of the East Africa Community. Main areas of research comprised

monetary policy transmission; financial inclusion, financial innovations; exchange rate and currency convertibility; public debt; workplace health and safety; lending rates; and private sector credit.

Finding of completed studies were published in the Bank of Tanzania Research Newsletter of March 2019 and posted on Bank of Tanzania website, Working Paper Series section. Correspondingly, the Bank organized research seminars to share and discuss findings of studies on Strategies for Accumulating Foreign Exchange Reserves, Rationale and Modality of Buying Gold and Tanzanite by the Bank of Tanzania, Assessment of Export Performance in Tanzania, Analysis of Economic Linkages of Tanzania Economy and the World, Currency Convertibility within the East Africa Community and Real Exchange Rate Misalignment in Tanzania.

Moreover, the Bank in collaboration with the Ministry of Natural Resources and Tourism, National Bureau of Statistics, Immigration Department and Zanzibar Commission for Tourism conducted the 16th round of Visitors Exit Survey to collect tourism information for improvement of balance of payments and national accounts statistics as well as tourism-related services. In addition, in association with Tanzania Investment Centre and the National Bureau of Statistics, the Bank conducted annual enterprise survey to monitor foreign private capital flows covering companies with foreign assets and/or liabilities. Information obtained is used to improve balance of payments statistics, establish international investment position, as well as in formulation and promotion of investment policy.

Corporate Services

In addition to performing core functions, the Bank pro-actively continued to engage with stakeholders and the general public through various channels. The engagements were through print, electronic and social media; seminars;



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conferences; workshops; face-to-face meetings; e-mails, letters and telecommunications; the Bank's website and annual exhibitions (Dar es Salaam Trade Fair and Farmers' Exhibitions) at national and zonal levels.

In 2018/19, the Bank conducted public awareness campaigns that covered different areas related to core functions of the Bank. These included, but were not limited to, awareness on credit reference systems, clean money policy and currency security features, and investment in government securities. Decisions of the Monetary Policy Committee (MPC) of the Bank of Tanzania Board of Directors were communicated on regular basis to executive officers of banks and financial institutions. In addition, the Bank conducted seminars to the Standing Parliamentary Committees, journalists, college and secondary school students, government officials and people with disabilities. Furthermore, the Bank continued to respond to questions raised by members of the parliament, journalists, students and the general public.

As part of its corporate social responsibility, the Bank continued to provide scholarships and donations to various needy groups in the society in line with policies in place. In 2018/19, full scholarships were granted to four undergraduate students and two master's degree students under the Mwalimu Julius Nyerere Memorial Scholarship Fund¹⁸. The 2018/19 sponsorship brought the total number of beneficiaries of the Fund since its inception in 2009 to 40, of which 28 pursued undergraduate degree programs and 12 master's programs. As at the end of 2018/19, 19 beneficiaries of the scholarship had graduated and 21 were continuing students. The Bank also continued to sponsor Tanzanians who have excelled in their bachelor's degree programs

in economics to pursue master's degree in economics under the Gilman Rutihinda Memorial Fund, which was established in memory of the late Governor Rutihinda—the third Governor of the Bank. To date, a total of 35 students have been sponsored under the Fund. During 2018/19, the Bank also offer donations to various institutions and charities in the country to the tune of TZS 1.4 billion.

Regional Cooperation and Integration Initiatives

In the course of execution of its duties, the Bank of Tanzania participated in regional and other international fora. The Bank cooperated with and implemented a number of regional economic programs under the East African Community (EAC), Southern Africa Development Community (SADC), COMESA-EAC-SADC Tripartite Initiatives, Association of African Central Banks (AACB), Eastern and Southern Africa Anti-money Laundering Group (ESAAMLG), Alliance for Financial Inclusion (AFI), Financial Stability Board (FSB), Islamic Financial Services Board (IFSB), Financial Action Task Force (FATF), International Accounting Standards Board (IASB), Basel Committee of Banking Supervision, and Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

In the EAC, the programs under implementation include compliance with the 29 Basel Core Principles self-assessment, assessment of financial sector risks for the EAC region, and implementation of the East African Monetary Union (EAMU) Protocol in order to realize an EAC Monetary Union by 2024. Key activities undertaken by the Bank during 2018/19 include participation in harmonization of monetary policy frameworks, exchange rate policies, rules and practices governing financial sector supervision. The Bank also participated in drafting of EAC Banking Certification Policy, its implementation strategy and roadmap. These initiatives were implemented

¹⁸ The Fund grant scholarships to best female Tanzanian students to pursue undergraduate studies in mathematics and science in Tanzania's accredited universities. It is also partly used to sponsor both male and female Tanzanians top students to pursue undergraduate studies in economics, information technology, accounting and finance as well as best students intending to pursue Master's programmes in those fields.



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under the Monetary Affairs Committee of the EAC central bank Governors.

The Bank participated in activities of the Southern African Development Community Committee of Central Bank Governors (SADC-CCBG) and other SADC forums including the SADC Peer Review Panel and stakeholders' meetings to assess the implementation of SADC Finance and Investment Protocol (FIP). The Bank also participated in a workshop on Crisis Management and Resolution for SADC partner states, which aims at harmonizing procedures in the region.

In the COMESA-EAC-SADC Tripartite and AACB initiatives, the Bank participated in various forums by, among others, reporting progress on implementation of various decisions and safeguard aspirations of the country and those of the regions.

In addition, during the year, the Bank made subscriptions and contributions to various regional boards and organizations including the African Rural and Agricultural Credit Association (AFRACA), African Association of Central Banks (AACB), MEFMI, SADC-CCBG and African Economic Research Consortium (AERC).

Branch Activities

The Bank through its branches in Arusha, Dodoma, Mbeya, Mtwara, Mwanza and Zanzibar; continued to provide banking, currency and settlement services to the Governments, public institutions, financial institutions and the general public. In addition, branches monitored economic performance in the designated regions, conducted research on economic issues, and carried out public awareness programs on the functions of the Bank. The awareness sessions included public education on currency handling and security features of banknotes, and sensitisation on opportunities available for investing in government securities. Branches also

participated in Regional Consultative Committee meetings and sub-sector stakeholders' forums with a view to inform policy makers on economic and financial sector developments and provide necessary recommendations for policy decision.



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PART IV

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2019**



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**REPORT OF THE AUDITORS
DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**



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REPORTS AND ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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BANK INFORMATION

Registered office	Bank of Tanzania Head Office 2 Mirambo Street 11884 Dar es Salaam, Tanzania
Governor	Prof. Florens D A.M. Luoga Bank of Tanzania Head Office 2 Mirambo Street 11884 Dar es Salaam, Tanzania
Secretary to the Board	Mr. Palloty M. Luena Bank of Tanzania Head Office 2 Mirambo Street 11884 Dar es Salaam, Tanzania

BRANCHES

Arusha Bank of Tanzania Building Makongoro Road P.O. Box 3043, Arusha, Tanzania	Bank of Tanzania Training Institute Capri Point Street P.O. Box 131, Mwanza Tanzania
Dodoma Bank of Tanzania Building 2 NCC LINK P.O. Box 2303, Dodoma, Tanzania	Mbeya Bank of Tanzania building Kadege Road P.O. Box 1203, Mbeya, Tanzania
Mtwara Bank of Tanzania Building Mikindani Area P.O. Box 1446, Mtwara, Tanzania	Mwanza Bank of Tanzania building Nyerere Road P.O. Box 1362, Mwanza, Tanzania
Zanzibar Bank of Tanzania Building Gulioni Area P.O. Box 568, Zanzibar, Tanzania	

AUDITOR

Controller and Auditor General
National Audit Office
Audit House, Ukaguzi Road
P.O. Box 950
41104 Tambukareli Dodoma, Tanzania



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019

1. INTRODUCTION

The Directors present this report together with the audited financial statements for the financial year ended 30 June 2019, which disclose the state of financial affairs of the Bank of Tanzania (the “Bank, BoT”).

During the year, the Bank continued to implement its mandate as provided in the Bank of Tanzania Act, 2006 to ensure sustainable national economic growth. The Bank carried out its mandate to issue and distribute currency to the economy through its branch network and custody centres in some parts of the country. During the year, the Bank operated six branches, a training institute and eight safe custody centres.

The Bank provided information and data on economic activities in the country which included periodic economic reports to its stakeholders.

ESTABLISHMENT

The Bank of Tanzania was established under the Bank of Tanzania Act, 1965 which was repealed in 1995 and 2006. The Bank currently operates under the Bank of Tanzania Act, 2006.

BANK’S VISION

The vision of the Bank is “attained macro-economic stability, modernized financial system and expanded financial inclusion that supports Tanzania’s inclusive industrial economic growth.”

BANK’S MISSION

The Bank’s mission is “To maintain price stability and integrity of the financial system for inclusive economic growth”.

2. STATUTE AND PRINCIPAL ACTIVITIES

Bank of Tanzania is the Central Bank of the United Republic of Tanzania comprising Tanzania Mainland and Zanzibar and is wholly owned by the Government of the United Republic of Tanzania. The Bank discharged its obligations as provided in the Bank of Tanzania Act, 2006.

Functions and objectives of the Bank are to:

- Formulate, implement and be responsible for monetary policy, including foreign exchange rate policy, issue currency, regulate and supervise banks and financial institutions including mortgage financing, development financing, lease financing, licensing and revocation of licenses and to deal, hold and manage foreign exchange reserves of Tanzania;
- Compile, analyse and publish the monetary, financial, balance of payments statistics and other statistics covering various sectors of the national economy;
- Regulate, monitor and supervise the payment, clearing and settlement systems;
- Act as a banker and fiscal agent of the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar (the “Governments”); and
- Ensure the integrity of the financial system, support the general economic policies of the Government, and promote sound monetary, credit and banking conditions conducive to sustainable development of the national economy.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. RESOURCES AND STRENGTHS

The Bank possesses adequate resources and human capacity to implement its mandates as provided in the law. The Bank uses its human, financial and technological resources to achieve its strategic objectives.

The Bank has adequate financial resources to performance its mandates. The Bank has been generating revenue that covered all operating expenses and other support provided to stakeholders. This has given it autonomous to discharge its mandates without seeking support from shareholders. The profitable operations have helped the Bank to accumulate adequate reserves while paying adequate return to its shares through dividend payments.

The Bank has highly skilled, committed, motivated and competent staff dedicated to a long-term career. Management adheres to good governance principals and promotes good labour relations that provides conducive environment to discharge its mandates. The Bank develops Corporate Plan which identifies strategic objectives in order to perform its mandates. From its strategic perspective, the Bank enhances its financial position by improving management of its resources through prioritisation of initiatives, implementing initiatives within the available financial resources to generate adequate income to support its operations. On technological side, the Bank has modernized its operations by adopting modern technology to improve its day-to-day operations. Further, the Bank has strategically located branches and safe custody centres, which facilitate efficient banking services.

The Bank has also undertaken various reforms that contribute to the attainment of its objectives. This include the on-going modernisation of the monetary policy framework and payment systems. These efforts are expected to improve the efficiency and effectiveness of the monetary policy implementation and reduce costs to customers thus improving the financial services access.

4. REVIEW OF THE BANK'S PERFORMANCE

During the year, the Bank implemented a five-year Strategic Plan 2018/19–2022/23 which identified strategic objectives to be implemented. Annual action plans have been developed to facilitate implementations of the objectives. The Plan was formulated and implemented through Balanced Scorecard system and Performance Measurement Process (PuMP) techniques, respectively. It embraced the Bank's statutory mandate as stipulated in the Bank of Tanzania Act of 2006 of maintaining price stability and promoting stability of the financial system. The Plan also considered broad Government macroeconomic objectives in which the Bank could make significant contribution.

During the year the Bank achieved a number of milestones as indicated by key performance measures (KPIs) and targets below;

Basing on three broad goals of maintaining price stability, promoting integrity and stability of the financial system and strengthening corporate governance, the Bank's performance revealed the following:

(a) Maintaining price stability

This entails keeping monetary conditions consistent with low and stable core inflation. The target is to attain and maintain a single digit and stable core inflation. The Bank had set the target to maintain core inflation not exceeding 5 percent levels and headline inflation not exceeding 8.0 percent throughout the period to the end of June 2019.

Annual inflation for all consumers goods and services excluding food and energy (core inflation) in June 2019 was 3.4 percent (June 2018:1.6 percent). Core inflation has continued to be low and stable, explained largely by stability in the value of Tanzanian shilling against major currencies, improvement in domestic power supply, prudent monetary policy and fiscal consolidation. The Bank will continue to monitor risks to core inflation that



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

4. REVIEW OF THE BANK'S PERFORMANCE (Continued)

may arise and take appropriate actions to ensure that core inflation remains within the target range of 0 to 5 percent.

Headline inflation recorded an increase to 3.7 percent in June 2019 from 3.4 percent recorded in June 2018 but remained below the medium target of 5.0 percent. The increase in headline inflation was due to increase in the prices of some food items.

The target included maintaining official foreign reserves sufficient to cover at least 4.0 months of projected imports of goods and services. As at the end of June 2019, the Bank had foreign official reserves sufficient to cover 4.3 months of imports of goods and services which was within the target of 4 months but below the 6.1 months recorded at the end of June 2018. The observed decline in the level of official foreign reserves during 2018/19 was attributed to utilization of the reserves through payment of ongoing infrastructure projects mainly; construction of standard gauge railway, acquisition of aircrafts, construction of Rufiji hydroelectric power dam and external debt services.

(b) Promoting integrity and stability of the financial system

Enhance Resilience and Stability of the Financial System

Financial stability is defined as a smooth operation of the system of financial intermediation between households, firms and the Governments through a range of financial institutions as evidenced by an effective regulatory infrastructure, well developed financial markets and effective and sound financial institutions. The financial stability is measured by financial stability index and the target is that the index should not deviate from its normalized historical mean within a band of -3 and +3, that is $(-3 < \text{FSSI} < 3)$.

During the year, the Bank strengthened legal, regulatory and supervisory frameworks by ensuring resilient banking system through alignment of the frameworks with best international standards and practices; and adopted appropriate tools for monitoring resilience of the financial system. As a result, the Financial System Soundness Index (FSSI) hovered around historical mean value (the band of -3 and +3) implying that there were no major disruptions in the financial system. However, in the recent years, the index has turned into a negative territory mainly due to high level of non-performing loans (NPLs), slowdown in credit growth coupled with declining yields in government securities, which exerted pressure on banks' interest earnings. The banking sector remained adequately capitalised despite persistence of credit risk challenges in aggregate terms with core capital well above minimum requirement during the period ended June 2019. Capital Adequacy Ratio for banking sector was 16.23 percent against the minimum target of 10 percent.

Improve Efficiency of Banking and Currency Services

The Bank promoted payment systems that are safe, convenient, available, timely and affordable; and adopted Clean Money Policy. The outturn of these initiatives lead to achieving the target of currency processing lag of less than a month for higher denomination; while cheque were received and processed within settlement period of T+1; throughout the year.

(c) Enhance Usage and Efficiency of Financial Services

This entailed increasing the proportion of adult population accessing formal financial services through creation of enabling regulatory environment to facilitate mitigation of barriers to financial inclusion. The intended result for this objective is to have a large proportion of adult population using formal financial services.

The percentage of adult population with access and use of formal financial services through mobile phone reached 75.8 percent by June 2019. Positive development on the usage of financial services resulted from introduction of Digital Financial Services, such as Government revenue collection, various fees and fines and provision of Micro loans such as (Vodacom M-Pawa, Airtel Timiza, Tigo Nivushe and Halotel Haloyako).



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

4. REVIEW OF THE BANK'S PERFORMANCE (Continued)

Further, introduction of agency banking and mobile money technology prompted availability of wider range of financial products for Tanzanians with impact of increasing the saving culture.

New FinTech product such as Quick Response (QR) Code solution through Master pass and MVisa technologies have been implemented through Merchants and Small businesses to facilitate easy usage of financial services. Moreover, the Bank supports Payment Service Providers in implementation of merchant payment solutions that allow merchant payments using mobile financial services to avoid cash-out in making payments. This will enable consumers to avoid cash-out fees that tend to be very high. This further promoted usage.

The country has made significant progress on enhancing access to financial service. According to Fin-scope Survey of 2017, the percentage of people with access to financial services within 5 kilometers has increased to 86 percent from 45 percent attained in 2013. The trend is because of technological advancement, financial innovations that offer greater range of secure and affordable financial products and services as well as appropriate policy and regulatory framework put in place by the Bank.

The improvement in access to finance is a result of commitment and contribution received from various stakeholders; growth of mobile money, interoperability of mobile financial services; payment systems infrastructure; enactment and enforcement of National Payment System Act. Other contributing factors include:

- The decision by regulators and MNOs to remove two stage registration requirements, allowing automatic registration of m-wallets at Sim card registration stage;
- Availability of identification documents led by voters' registration card, which enabled more people to register for m-wallets;
- Availability of low cost handsets, enabling majority of people, especially in rural areas, to own a mobile handset.

(c) Strengthening corporate governance

Improve work environment and use of technology

This objective entails acquiring and maintaining adequate and safe facilities and working tools, adopting regulations, policies and good practices that bring about fairness, trust, inclusiveness, cooperation and information sharing amongst staff. It also involves developing and implementing fair performance and reward management practices.

During the period, the Bank acquired and maintained adequate and safe facilities and working tools, and adopted appropriate regulations, policies and best work practices. In addition, the Bank enhanced its key business processes and put in place relevant and secure technologies with a view to improving efficiency and effectiveness in service delivery. Business system availability during the period was 98.97 percent against the performance target of at least 97.5 percent.

Capacity building

To improve knowledge and skills of employees, the Bank continued to address skills requirements that match the needs of the Bank, through annual corporate training plan and provision of adequate budget. Learning opportunities were accorded to staff with a view to enhance their competences to execute the Bank's core functions. During the period the Bank continued to attract and retain highly skilled, committed, motivated, and competent staff. The level of employee satisfaction with the work environment is expected to continue rising up on effective implementation of a number of improvement initiatives derived from the survey conducted in July 2018.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

4. REVIEW OF THE BANK'S PERFORMANCE (Continued)

Enhance Risk Management

During the year, the Bank promoted organizational-wide adherence and compliance with relevant policies, laws, regulations, guidelines and directives. Risk awareness and culture was also promoted across the Bank. As a result, all risks in the red level were reduced to amber, yellow and some to green levels.

Improve Financial Performance

The Bank continued to generate sufficient income and fostered effective allocation and utilization of resources. Effective monitoring and control of budget expenditure was also instituted successfully. As a result, the Bank had generated sufficient revenue to cover expenditure commitments throughout the period.

Bank's engagement with external stakeholders

The Bank continued to nurture its relationship with external stakeholders, seeking to enhance stakeholders understanding, support and feedback on the Bank's undertakings. It endeavoured to address stakeholders' needs, expectations and provide timely responses to stakeholders' inquiries.

As a result, the public perception and customer satisfaction surveys conducted during the period in all Bank offices (Head Office and branches) indicated that the Bank's stakeholders were highly satisfied with their interactions they had with the Bank.

Enhance Regional and International Policy Convergence

The Bank continued to implement the agreed regional and international policy decisions and benchmarks. This involved aligning and harmonizing existing policy, regulatory and supervisory frameworks with the agreed standards and benchmarks. As a result, the overall policy convergence towards the agreed regional and international convergence criteria was 90.0 percent as of end June 2019, which was above the set Policy Convergence Index of 80 percent.

Public education programs

The Bank participated in various public education programs that were aimed at sensitizing the public on the roles and functions of the Bank. In addition, the Bank participated in various fora including Saba Saba and Nane Nane exhibitions to disseminate information and provide public awareness on its operations in areas of roles and functions of the Bank including awareness on the bank notes and coins handling and their respective security features.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

5. CORPORATE GOVERNANCE

Members of the Board of Directors other than the Governor and Deputy Governors are appointed by the Minister for Finance of the United Republic of Tanzania, while the latter are appointed by the President of the United Republic of Tanzania. The following Directors served in the Board during the year.

No.	Name	Position	Age	Discipline	Date of Appointment	Nationality
1.	Prof. D.A.M. Luoga	Governor and Chairman of the Board	60	Lawyer	4 January 2018	Tanzanian
2.	Mr. Julian B. Raphael	Deputy Governor	63	Economist	26 January 2016	Tanzanian
3.	Dr. Yamungu M. Kayandabila	Deputy Governor	47	Economist	31 May 2017	Tanzanian
4.	Dr. Bernard Y. Kibesse	Deputy Governor	52	Economist	31 May 2017	Tanzanian
5.	Mr. Khamis M. Omar	Member	53	Finance	20 April 2006	Tanzanian
6.	Ms. Mary N. Maganga	Member	52	Economist	1 June 2017	Tanzanian
7.	Prof. Nehemia E. Osoro	Member	72	Economist	1 June 2017	Tanzanian
8.	Mr. Joseph O. Haule	Member	63	Economist	1 June 2017	Tanzanian
9.	Mr. Geoffrey I. Mwambe	Member	44	Economist	1 June 2017	Tanzanian
10.	Mr. Joseph A. Meza ¹	Member	61	Economist	5 April 2019	Tanzanian
11.	Mr. Palloty M. Luena ²	Secretary	55	Lawyer	3 September 2018	Tanzanian

KEY

1. Appointed on 5th April, 2019
2. Appointed on 3rd September, 2018

In accordance with Section 9(2) (c) of the Bank of Tanzania Act, 2006, a representative of the Ministry of Finance and Planning of the United Republic and Principal Secretary to the Treasury of the Revolutionary Government of Zanzibar are ex-officio members.

Bank of Tanzania ascribes to the highest standards of corporate governance. The Bank through the Board of Directors and Management upholds and practices the principles of sound corporate governance.

To this end, the Bank of Tanzania Act, 2006, has provided a framework for ensuring application of sound corporate governance principles and best practices by the Bank's Board of Directors and its Committees and Management in the course of managing the day to day affairs/operations of the Bank as summarised below:

- (i) In terms of the provisions of Section 9(1) of the Bank of Tanzania Act, 2006, the Board of Directors of the Bank is the supreme policy making body, and the approving authority of the corporate plan and budget of the Bank;
- (ii) Four Committees are currently assisting the Bank's Board of Directors in the discharge of its functions. These are the Monetary Policy Committee, Audit Committee, Banking Supervision Committee and Finance and Investment Committee.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

5. CORPORATE GOVERNANCE (CONTINUED)

(a) Monetary Policy Committee

The Monetary Policy Committee was established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. Its membership comprises of the Governor as Chairman, the Deputy Governors, and six Non-Executive Directors. The Monetary Policy Committee assists the Board in the review of monetary policy targets; review of research papers and major economic and monetary policy changes before adoption by the Board. The Committee's mandate also covers review of the Governments' revenue and expenditure patterns; review of debt management operations and statutory reports of the Bank related to implementation of monetary and financial policies.

The Members of the Monetary Policy Committee that served during the year ended 30 June 2019 were as follows:

No	Name	Position	Discipline	Nationality
1.	Prof. Florens D.A.M. Luoga	Chairman	Lawyer	Tanzanian
2.	Mr. Julian B. Raphael	Member	Economist	Tanzanian
3.	Dr. Yamungu M. Kayandabila	Member	Economist	Tanzanian
4.	Dr. Bernard Y. Kibesse	Member	Economist	Tanzanian
5.	Ms. Mary N. Maganga ¹	Member	Economist	Tanzanian
6.	Mr. Khamis M. Omar ²	Member	Finance	Tanzanian
7.	Prof. Nehemia E. Osoro	Member	Economist	Tanzanian
8.	Mr. Joseph O. Haule	Member	Economist	Tanzanian
9.	Mr. Geoffrey I. Mwambe	Member	Economist	Tanzanian
10.	Mr. Joseph A. Meza	Member	Economist	Tanzanian
11.	Mr. Palloty M. Luena	Secretary	Lawyer	Tanzanian

KEY

1. Attends by invitation
2. Attends by invitation

(b) The Audit Committee

Established under the provision of Section 12(1) of the Bank of Tanzania Act 2006, the Audit Committee is largely composed of Non-executive Directors. The Chairman of the Committee is a Non-executive Director. The Deputy Governor-Administration and Internal Control is the only Executive member of the Committee. The Terms of Reference for the Audit Committee cover four major areas, namely, Internal Control, Financial Reporting, Internal Audit and External Audit.

The Audit Committee's mandate under Internal Control covers evaluation of control environment and culture; the adequacy of the internal control systems and compliance with International Financial Reporting Standards ("IFRS") in the preparation of financial statements; the overall effectiveness of the internal control and risk management framework. The Committee also reviews Management requests for write off/write back of items from the books of accounts and reviews the effectiveness of the system for monitoring compliance with laws and regulations.

The mandate relating to financial reporting requires the Audit Committee to review significant accounting and reporting issues and their impact on the financial reports and ensure current financial risk areas are managed appropriately. The Committee also ensures adequacy of the financial reporting process, reviews draft financial statements before submission to the external auditors for audit and the audited financial statements before approval and adoption by the Board. With regards to External Audit, the Audit Committee is informed by the independent external auditor (National Audit Office of Tanzania) about the scope, approach and audit deliverables as well as reviews and approves the proposed audit fee.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

5. CORPORATE GOVERNANCE (CONTINUED)

(b) The Audit Committee (continued)

The Committee's mandate on Internal Audit covers review of the activities and resources of the internal audit function; effectiveness, standing and independence of internal audit function within the Bank; review of the internal audit plan; and follow up on implementation of internal audit findings and recommendations. The Audit Committee reports to the Board of Directors.

The Members of the Audit Committee that served during the year ended 30 June 2019 were as follows:

No	Name	Position	Discipline	Nationality
1.	Mr. Joseph O. Haule ¹	Chairman	Economist	Tanzanian
2.	Mr. Julian B. Raphael	Member	Economist	Tanzanian
3.	Prof. Nehemia E. Osoro	Member	Economist	Tanzanian
4.	Mr. Joseph A. Meza ²	Member	Economist	Tanzanian
5.	Mr. Geoffrey I. Mwambe	Member	Economist	Tanzanian
6.	Mr. Palloty M. Luena	Secretary	Lawyer	Tanzanian

KEY:

1. Elected Chairman on 30th November 2018
2. Appointed on 5th April 2019

(c) Banking Supervision Committee

The Banking Supervision Committee was also established under the provision of Section 12(1) of the Bank of Tanzania Act, 2006. Members of the Committee comprise the Governor who is the Chairman, the Deputy Governors, Representative of the Ministry of Finance and Planning, Government of the United Republic of Tanzania and Principal Secretary to the Treasury, Revolutionary Government of Zanzibar and two Non-executive directors.

The Banking Supervision Committee is responsible for review of internal control and systems in banks and other financial institutions; the Banking Supervision function; adequacy of the prevailing legal and regulatory framework; operating performance of banks, financial institutions and bureau de change with a view to ensuring safety and soundness in the banking system; financial stability reports before publication; and on emerging supervisory issues. The Committee advises the Board on appropriate policy, legislative and regulatory measures that promote a safe banking system and high supervisory standards and practices.

The Members of the Banking Supervision Committee that served during the year ended 30 June 2019 were as follows:

No	Name	Position	Discipline	Nationality
1.	Prof. Florens D.A.M. Luoga	Chairman	Lawyer	Tanzanian
2.	Mr. Julian B. Raphael	Member	Economist	Tanzanian
3.	Dr. Yamungu M. Kayandabila	Member	Economist	Tanzanian
4.	Dr. Bernard Y. Kibesse	Member	Economist	Tanzanian
5.	Mr. Khamis M. Omar	Member	Finance	Tanzanian
6.	Ms. Mary N. Maganga	Member	Economist	Tanzanian
7.	Prof. Nehemia E. Osoro	Member	Economist	Tanzanian
8.	Mr. Joseph O. Haule	Member	Economist	Tanzanian
9.	Mr. Geoffrey I. Mwambe	Member	Economist	Tanzanian
10.	Mr. Joseph A. Meza	Member	Economist	Tanzanian
11.	Mr. Palloty M. Luena	Secretary	Lawyer	Tanzanian



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

5. CORPORATE GOVERNANCE (CONTINUED)

(d) The Finance and Investment Committee

The Finance and Investment Committee was established under the provision of Section 12 (1) of the Bank of Tanzania Act, 2006. Members of the Committee include the Governor who is the Chairman, the Deputy Governors and four Non-Executive Members of the Board.

The Finance and Investment Committee is responsible for review of the proposed budgets, reallocation of funds involving capital expenditure and supplementary budget requests; quarterly budget performance reports; Financial Regulations and Staff By-Laws; requests for disposal of immovable assets; and Bank's Annual Corporate Plan. The Committee also reviews the appropriateness of the Bank's investment policy and assets allocation strategy, Risk Management Framework for the Bank's operations and Project Management framework.

The Members of the Finance and Investment Committee that served during the year ended 30 June 2019 are as follows:

No	Name	Position	Discipline	Nationality
1.	Prof. Florens D.A.M. Luoga	Chairman	Lawyer	Tanzanian
2.	Mr. Julian B. Raphael	Member	Economist	Tanzanian
3.	Dr. Yamungu M. Kayandabila	Member	Economist	Tanzanian
4.	Dr. Bernard Y. Kibesse	Member	Economist	Tanzanian
5.	Prof. Nehemia E. Osoro	Member	Economist	Tanzanian
6.	Mr. Joseph A. Meza	Member	Economist	Tanzanian
7.	Mr. Joseph O. Haule	Member	Economist	Tanzanian
8.	Mr. Geoffrey I. Mwambe	Member	Economist	Tanzanian
9.	Mr. Paloty M. Luena	Secretary	Lawyer	Tanzanian

6. MEETINGS

The Board held eight (5) meetings during the year ended 30 June 2019. In addition, there were various meetings of the Board Committees. All members of the Board were able to substantially devote their time required for the Board and Committee meetings. Below is a summary indicating the number of meetings attended by each members of the Board from 1 July 2018 to 30 June 2019.

No	Number of meetings	Number of meetings					KEY
		Board	MPC	BSC	AC	FIC	
	Names						Board: Board of Directors
1.	Prof. Florens D.A.M. Luoga	4	4	1	N/A	3	MPC: Monetary Policy Committee
2.	Mr. Julian B. Raphael	5	4	1	3	2	BSC: Banking Supervision Committee
3.	Dr. Yamungu M. Kayandabila	6	5	1	N/A	4	AC: Audit Committee
4.	Dr. Bernard Y. Kibesse	4	5	1	N/A	1	FIC: Finance and Investment Committee
5.	Ms. Mary N. Maganga	5	4	1	N/A	N/A	N/A: Not applicable
6.	Mr. Khamis M. Omar	4	4	1	N/A	N/A	
7.	Prof. Nehemia E. Osoro	6	5	1	4	4	
8.	Mr. Joseph O. Haule	3	5	1	4	3	
9.	Mr. Geoffrey I. Mwambe	3	4	1	3	1	
10.	Mr. Joseph A. Meza ¹	1	1	-	1	2	
11.	Mr. Paloty M. Luena ²	2	6	1	2	2	



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

6. MEETINGS (CONTINUED)

The Board and its committees meet after every two months with additional meetings convened as and when necessary. During the year, the Board and its committees met to discuss and decide on various business activities. The Board's Committees recommend key business decisions to the Board for approval.

7. INDEPENDENCE

All Non-Executive Directors are considered by the Board to be independent both in character, judgment and free of relationships or circumstances, which could affect their judgment.

8. CAPITAL STRUCTURE

Section 17 of the Bank of Tanzania Act, 2006 provides the level of authorised share capital of the Bank to be TZS 100,000,000,000, (one hundred billion Tanzanian Shillings). This amount may be increased by such amount as may be determined by the Board and authorised by the Minister of Finance and Planning by Notice published in the Government Gazette. The share capital of the Bank is subscribed and held only by the Government of the United Republic of Tanzania.

Due to the nature of the Bank's business and statutory requirements, the whole capital is held in the form of equity. Different classes of reserves have been prescribed under section 18(1) of the Bank of Tanzania Act, 2006 and **Note 40** to these financial statements. The movement of the capital during the year is reflected under the Statement of Changes in Equity.

9. RELATIONSHIP WITH STAKEHOLDERS

The Bank recognises the importance of addressing the needs of its key stakeholders in order to add value, satisfy their needs and expectations to fulfil its mission. The Bank's key stakeholders include the Governments, banks and non-bank financial institutions, development partners, general public and staff. The Bank is committed to delivering value to its stakeholders through better services and good customer care while maintaining good relationship in its engagements.

Accordingly, the Bank fulfils its mandate by delivering the following services to meet its stakeholders' needs and expectations:

- (a) Issuance of bank notes and coins: The Bank provides secure, adequate, durable and portable bank notes and coins; ensure prompt circulation of currency through its network of branches and safe custody centres throughout the country; and promote public awareness on the currency handling and security features;
- (b) Banking services: The Bank promptly facilitates payments, settlements and clearing of payment instruments for the Governments and financial institutions. Further, the Bank provides safe deposit custody for the Governments and financial institutions; and
- (c) Price stability: The Bank formulates and executes monetary policy that leads to stable domestic prices; provide policy advice to the governments; disseminate economic reports; ensure stable exchange rates; and conduct government securities auctions;
- (d) Financial stability: The Bank promotes the stability of the financial system through effective regulation and supervision of banking system; provide safe and efficient payment systems; and promote public access to the financial services; and



Bank of Tanzania Annual Report 2018/19

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

9. RELATIONSHIP WITH STAKEHOLDERS (Continued)

- (e) Internal customer requirements: The Bank attracts and retains high calibre staff with integrity, competency and accountability and provides conducive working environment and career development opportunities to its staff.

10. CASH FLOW PROJECTION

Due to the nature of the Bank's operations most of the cash projections indicate that future cash flows will mostly be generated from operating, investing and financing activities and that the Bank will continue to be a going concern within the foreseeable future.

11. MANAGEMENT

Section 13(1) of the Bank of Tanzania Act, 2006 vests the Management of the Bank and the direction of its business and affairs to the Governor. The Governor is required to discharge such functions and direction, in conformity with the policies and other decisions made by the Board.

The law further provides that the Governor to be assisted by three Deputy Governors. The Deputy Governors head various functions under them, which involve thirteen directorates, five independent departments, six branches and the Bank's Training Institute.

12. FUTURE DEVELOPMENT PLANS

Inflation is expected to evolve around the medium-term target of 5.0 percent, supported by adequate food supply, good weather, stability in power supply, and sustained prudence in fiscal and monetary policies.

The Bank will continue to implement accommodative monetary policy, with broad money supply projected to grow at 10.0 percent, aiming to support more growth of credit to the private sector of about 13.5 percent, while ensuring stability of the short-term interest rates.

The IBCM rate is expected to evolve within ± 2.5 percent. The Bank will also continue to ensure that foreign exchange reserves are maintained above the country's benchmark of a minimum of 4 months of imports of goods and services. This is critical given the ongoing public investments in infrastructure developments and rising demand for external debt service.

Review NPS regulatory framework in order to enhance safety and efficiency of payment systems, implement Tanzania Instant Payment System (TIPS) to enhance interoperability of mobile financial services, implementation of Financial Service Registry to map financial access points to address proximity to financial services, in collaboration with other stakeholders,

Implement financial literacy programs under NFIF and implement Financial Consumer Protection Regulations so as to promote confidence in using payments systems.

The Bank will continue to take measures to address high level of NPLs, including following -up implementation and conduct impact assessment of the NPL guidance issued to banks in February 2018. Close monitoring of Banks will be intensified to ensure that banks applies sound lending standards and risk management practices to further reduce NPLs level, which is the source of capital erosion

In collaboration with Tanzania Bankers Association will finalize code of conduct, which will impose self-regulatory mechanism to bankers, facilitating blacklisting of fraudulent bank officials, which are source of bad loans; and will continue to encourage small and medium size banks to merge in order to overcome capital and operational challenges.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

12. FUTURE DEVELOPMENT PLANS (continued)

The Bank continues facilitating provision of efficient and even distribution of fit banknotes and coins and the expeditious withdrawal of the unfit ones

Implement CBS enhancement of the existing system (short term solution) and develop system requirements specifications aimed at replacement of the existing system by Financial Year 2022/23

Continue to build awareness on Treasury Single Account operations among members of BOT Management and external stakeholders

Operationalization of Forecasting and Policy Analysis System (FPAS) alongside harmonization of the EAC agreed financial and market conventions.

To improve business processes management with a view to increase organizational efficiency, productivity, control and transparency in business operations.

Leverage use of technology in implementing human resources and administration operations to improve services delivery.

13. RESULTS AND DIVIDENDS

During the year, the Bank operations registered an overall total comprehensive income of TZS 182,928.8 million (2018: TZS 163,004.9 million). The amount includes net unrealized gains on marketable securities of TZS 46,887.7 million, and net revaluation gain on equity investments of TZS 3,869.0 million (2018: TZS 1,586.3 million). The Bank recorded an operating profit of TZS 122,591.0 million (2018: TZS 176,427.6 million). The reported profit includes net unrealized foreign exchange revaluation gains of TZS 3,077.3 million and net unrealized gain on foreign marketable securities of TZS 8,636.7 million. The Bank's accounting policy requires transfer of net unrealized revaluation gains or losses on foreign exchange and financial assets measured at FVTPL to the foreign exchange revaluation reserve and Securities revaluation reserve respectively. After appropriate adjustments of various funds/appropriations (statement of changes in equity), the dividend amounting to TZS 250,000.0 million (2018: TZS 350,000.0 million) is payable to the Government in compliance with the requirements of the Bank of Tanzania Act, 2006.

14. FINANCIAL PERFORMANCE FOR THE YEAR

(a) Financial results

The performance of the Bank is measured based on the achievements in implementing its core functions as detailed in the Bank of Tanzania Act, 2006. The Bank needs to generate adequate resources in order to support its operations and maintain its independence.

In the course of its operations, the Bank made a total comprehensive income of TZS 182,928.8 million (2018: TZS 163,004.9 million). The increase in total comprehensive income of 12.2 percent is mainly attributed to income arising from increase in price valuation of Bank's foreign investments.

(b) Financial position

Bank total assets decreased by TZS 2,794,137.7 million (15.1 percent) since 30 June 2018 compared to increase of TZS 1,702,695.2 million (10.1 percent) during the preceding year. The major areas of decrease include: Cash and balances with central and other banks and foreign currency marketable securities by TZS 956,813.9 million (16.6 percent) and TZS 1,446,709.7 million (22.2 percent), respectively. The change of the balance in the items in the course of settlement was mainly due to settlement of various transactions on clearing account at the year end. The decrease in total assets is explained by corresponding decrease in foreign currency financial liabilities, BOT liquidity papers and reclassification of URT government accounts resulted from operationalisation of Treasury Single Account.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

15. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Bank's system is designed to provide the Board with reasonable assurance that procedures in place are operating effectively. The Bank ensures that existing and emerging risks are identified and managed within acceptable risk tolerances.

16. KEY RISKS AND UNCERTAINTIES

The key risks that may significantly affect the Bank's strategies and development are mainly financial, operational and strategic. Below we provide a description of the operational and strategic risks facing the Bank. The risks related to financial instruments have been disclosed under Note 43 of the financial statements:

- **Operational risk**

Includes both financial and non-financial resulting from inadequate human resource and systems, management failures, ineffective internal control processes, non-compliance, inadequate security and adverse legal judgements. The main operational risks of the Bank during the year were:

- **Human resource risk**

The particular nature of the activities of the Bank necessitates specialised knowledge in many areas. The Bank ensures that there is an adequate knowledge base for all specialised job requirements by investing significantly in human resource development in terms of capacity building and practical exposure. The Bank also organises workshops, seminars, conferences and job attachments to its staff to improve its human resource requirements. It also revises regularly its staff retention scheme to compete with the prevailing labour market.

- **Business disruption and security risks**

Risks related to failure to execute business processes and events that compromise the assets, operations and objectives of the Bank. The risks might be due to lack of business continuity management, lack of good practices or controls on the Bank's activities.

The Bank addresses these risks inter alia through ensuring existence of Business Continuity Management ("BCM") plan and sound internal control system, which include operational and procedural manuals, ICT security policies, back up facilities, contingency planning, and independent internal audit function. Managing operational risk in the Bank is an integral part of day-to-day operations by the management. Management, Internal Audit Function, Audit Committee and the Board, closely monitor this risk.



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

16. KEY RISKS AND UNCERTAINTIES (CONTINUED)

- **Legal risk**

Legal risk arises from any uncertainty of enforceability, whether through legal or judicial processes, of the obligations of the Bank's clients and counter parties. The Bank aims at minimizing such uncertainties through continuous consultations with all relevant parties.

In mitigating this type of risk, the Bank ensures that all business agreements are contracted under Standard Industry Contracts, e.g. International Swaps and Derivatives Association ("ISDA"), International Securities Markets Association ("ISMA"), etc. Where substantially different contracts and substantive changes to existing contracts are entered into, external lawyers are contracted. The Bank has in place a clear procedure of the delegation of authorities. In addition, strict code of conduct and ethics is used to minimise chances of causing legal disputes between the Bank and its counterparts.

- **Strategic risk**

This covers analytical and policy risk which is associated with economic and monetary policy formulation; business risk which refers to the probability of loss inherent in the Bank's operations and environment; performance risk which is associated with formulation and execution of business plans and strategies; and external risks which refer to threats from the external environment such as infrastructure disruption, financial crime and computer viruses, political, social and economic changes. Similar to operational risk, strategic risk may result into damage on the Bank's reputation.

The Bank has an obligation to ensure that it performs its functions and maintains its reputation as a Central Bank in line with requirements of the provision of Section 5(1) of the Bank of Tanzania Act, 2006.

In view of the above, the Bank's Management ensures that it fulfils its fiduciary responsibilities. The Bank adheres to the best practices and applies principle of sound corporate governance. It also ensures that all relevant employees have clear understanding of the appropriate processes in respect of the best practices and principles of good governance.

The Bank therefore, sets out policies and guidelines that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's Management for control and compliance monitoring.

The top Management of the Bank has the necessary freedom and discretion to exercise central banking functions. However, this freedom is exercised within the context of good governance and having regard to a proper balance between accountability and the best interests of the Bank and its various stakeholders.

The function of the Bank of overseeing and ensuring the integrity of the financial system exposes it to severe criticism whenever there is an incident of bank failure or systemic difficulty. The responsibilities of the Bank regarding monetary policy, the National Payment System ("NPS") and the issuing of notes and coins also expose the Bank to a significant risk. The Bank adheres to international best practices and, to this end, maintains close liaison with international peers. The Bank strives towards full compliance with the principles for effective banking supervision as well as the core principles for systemically important payment systems. The Board assessed the internal control systems throughout the financial year ended June 2019 and is of the opinion that they met accepted criteria



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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

16. SOLVENCY

The Board of Directors confirms that IFRS's have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Bank of Tanzania has adequate resources to continue carrying out its statutory activities for the near future.

17. EMPLOYEES WELFARE

(a) Management and employee's relationship

The relationship between the Bank and its employees continued to be good. Employees complaints raised during the year were resolved mainly through the use of consultative meetings/fora involving the management, trade union and employees through workers council. As a result, healthy relationship continued to exist between management and the trade union.

Complaints are resolved through meetings and discussions. Work morale is good and there were no unresolved complaints from employees. The Bank provides a number of facilities aiming at improving the working environment and living standards of its employees. Such facilities include medical services, gym facilities, transport to and from work, housing facilities, employee training and development, leave travel assistance and long service awards for employees as stipulated in the Staff By-Laws.

(b) Training facilities

The Bank has training facilities at the Bank of Tanzania Training Institute in Mwanza region. During the year, the Training Institute conducted 93 (2018: 89) courses for the Bank of Tanzania Staff and Banking Institutions. The Training Institute prepares annual training programs according to the Bank's Corporate Training Plan that caters for Bank's staff. The Training Institute also designs and implements courses for EAMU and Banking institutions in order to address gaps identified in the performance of their staff that require training intervention. The Institute is also bestowed with training of specified courses for Southern African Development Community ("SADC").

(c) Medical Assistance

All members of staff with a maximum number of five beneficiaries for each employee were availed with medical insurance services. During the year ended 30 June 2019 and 2018, National health insurance fund provided these services.

(d) Health and safety

Effective health, safety and risk management is a priority for the Bank. The Bank's safety management system delivers a safe working environment by continuous and effective assessment. The Bank's Medical Committee and Bank's Business Recovery Team ("BBRT"), respectively monitor health and safety incidences of the Bank.

(e) Financial assistance to staff

The Bank provides various loans to employees in accordance with the Staff Bylaws and Financial Regulations in force. These include house loans, motor vehicle loans, personal loans and computer loans.

(f) Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned.



Bank of Tanzania Annual Report 2018/19

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

17. EMPLOYEES WELFARE (CONTINUED)

(f) Persons with disabilities (Continued)

In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and appropriate 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

(g) Employee's pension plan

The Bank has an arrangement whereby the employer and employees make monthly contributions to pension schemes. Such contributions are mandatory and aggregate to twenty percent of the employee's basic salary. The detail of benefits plan is provided under Summary of Significant Accounting Policies in **Note 3** to the financial statements.

(h) Voluntary agreement and worker's council

The Bank has a voluntary agreement with Tanzania Trade Union of Industrial and Commercial Workers to enhance good industrial relation, employee welfare and retain high calibre employees.

18. GENDER PARITY

The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability, that does not impair ability to discharge duties. As at 30 June 2019 and 2018, the Bank had the following distribution of employees by gender.

Gender	2019	%	2018	%
Male	756	61.8	771	61.1
Female	467	38.2	490	38.9
Total	1,223	100.0	1261	100.0

19. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in **Note 50** to these financial statements. The directors' emoluments and key management personnel have been disclosed in **Note 50** to the financial statements.

20. ENVIRONMENTAL CONTROL PROGRAM

The Bank monitors the impact of its operations on the environment, which is mainly with power, water and the generation of waste. The Bank minimises the impact through better use of its premises and inbuilt facilities to ensure that there is proper waste management.

21. CONTRIBUTION AND SUBSCRIPTIONS

The Bank made various subscriptions and contributions to various organisations which included the African Rural and Agricultural Credit Association ("AFRACA"); African Association of Central Banks (AACB); Macroeconomic and Financial Management Institute ("MEFMI"); Capital Markets and Securities Authority ("CMSA"); Deposit Insurance Board ("DIB"); Financial Institutions Development Project ("FIDP II"); Tanzania Institute of Bankers ("TIB") and Other Professional Associations and Charities. During the year ended 30 June 2019, such contributions and subscriptions amounted to TZS 5,004.5 million (2018: TZS 3,655.7 million). There was no donation made to any political party during the year.



Bank of Tanzania Annual Report 2018/19

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

22. CORPORATE SOCIAL RESPONSIBILITY

The Bank is committed to fulfilling part of its Corporate Social Responsibility (“CSR”) through supporting national activities and other areas of interest to the Bank in the United Republic of Tanzania. In this endeavour, the Bank has in place Donation Guidelines that assist in the implementation of CSR. During the year, the Bank donated a total of TZS 265.0 million (2018: 265.0 million) to various community groups.

23. SECRETARY TO THE BANK

The Secretary to the Bank is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring good information flows between the Board, its Committees and Management. All members of the Board and Management have access to his legal advice and services.

24. COMPLIANCE WITH LAWS AND REGULATIONS

In performing the activities of the Bank, various laws and regulations having the impact on the Bank's operations were observed.

25. SERIOUS PREJUDICIAL MATTERS

During the year ended 30 June 2019, there were no serious prejudicial matters to report as required by Tanzania Financial Reporting Standard No. 1 - Directors' Report.

26. STATEMENT OF COMPLIANCE

The Directors' Report has been prepared in full compliance with requirements of the Tanzania Financial Reporting Standards No. 1 - Directors' Report.

27. AUDITORS

The Controller and Auditor General (“CAG”) is the statutory auditor for the Bank of Tanzania 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 No. 11 of 2008 and Section 20(6) of the Bank of Tanzania Act, 2006..

Approved by the Board of Directors on 20th December, 2019 and signed on its behalf by:

Prof. Florens D.A.M Luoga
The Governor and Chairman of the Board

Mr. Geoffrey I. Mwambe
Director and Chairman of the Audit Committee



Bank of Tanzania Annual Report 2018/19

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2019

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), National Board of Accountants and Auditors' ("NBAA") Pronouncements and the requirements of the Bank of Tanzania Act, 2006 and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, NBAA's Pronouncements and in the manner required by the Bank of Tanzania Act, 2006. The Directors are of the opinion that financial statements give a true and fair view of the state of the financial affairs of the Bank and 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.

Approved by the Board of Directors on ...*20th December*..... 2019, and signed on its behalf by:

Prof. Florens D. M. Luoga

The Governor and Chairman of the Board

Mr. Geoffrey I. Mwambe

Director and Chairman of the Audit Committee



Bank of Tanzania Annual Report 2018/19

DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2019

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

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of the Bank showing true and fair view of the Bank’s financial position and financial performance in accordance with applicable International Financial Reporting Standards, NBAA’s pronouncements and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the statement of directors’ responsibilities on page 72.

I, Jamhuri Joseph Ngelime, being the Head of Finance of the Bank of Tanzania hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2019 have been prepared in compliance with International Financial Reporting Standards, NBAA’s Pronouncements and the Bank of Tanzania Act, 2006.

I thus confirm that the financial statements give a true and fair view position of the Bank of Tanzania as on that date and that they have been prepared based on properly maintained financial records.

.....
Director of Finance
NBAA Membership No.: ACPA 1497

.....^{20th} December 2019



Bank of Tanzania Annual Report 2018/19

INDEPENDENT AUDITOR'S REPORT

Board Chairman
Bank of Tanzania
P.O. Box 2939
Dar es Salaam, Tanzania

REF: REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BANK OF TANZANIA FOR THE YEAR ENDED 30 JUNE 2019

Report on the financial statements

Unqualified Opinion

I have audited the financial statements of Bank of Tanzania (the "Bank"), which comprise the statement of financial position as at 30 June 2019, 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, and notes to the financial statements, including significant accounting policies set out from page 76 to 192

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Bank of Tanzania as at 30 June 2019, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and in compliance with the requirements of the Bank of Tanzania Act, 2006.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in Responsibilities of the Controller and Auditor General for the audit of the financial statements section of my report. I am independent of Bank of Tanzania in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to my audit of the financial statements in Tanzania. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Independence

I am independent of Bank of Tanzania in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to my audit of the financial statements in Tanzania. I have fulfilled my other ethical responsibilities in accordance with these requirements.

Other Information

The Directors are responsible for the other information, including the Directors' report. The other information does not include the financial statements and auditor's 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 my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's 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.



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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. I have determined that there are no key audit matters to communicate in my report.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Bank of Tanzania Act, 2006 and for such internal controls as Directors determine are 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Responsibilities of the Controller and Auditor General on 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 auditor's 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 judgement 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 the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' 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 Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's 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 auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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.

In addition, Section 10 (2) of the Public Audit Act No. 11 of 2008 requires me to satisfy myself that the financial statements have been prepared in accordance with the appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

Further, Section 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the Act and its Regulations.

Compliance with Public Procurement Act

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that the Bank of Tanzania is generally in compliance with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013 as amended in 2016.

CPA Charles E. Kichere,
Controller and Auditor General
National Audit Office,
Dodoma, Tanzania

...31... December 2019





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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30.06.2019 TZS '000	30.06.2018 TZS '000
Operating income			
Interest income	5	326,812,853	387,757,347
Interest expenses	6	(20,301,913)	(38,243,116)
Net interest income		306,510,940	349,514,231
Net foreign exchange revaluation gains	7	8,437,013	150,312,285
Fees and commissions	9	51,192,597	44,441,372
Net gain on Financial Assets	8	67,208,365	-
Other operating income	10	28,429,273	10,124,686
		155,267,248	204,878,343
Total operating income		461,778,188	554,392,574
Operating expenses			
Net losses on financial assets – FVTPL	8	-	(89,534,649)
Administrative expenses	11	(66,386,120)	(61,417,604)
Currency issue and related expenses	12	(55,838,123)	(71,931,595)
Personnel expenses	13	(124,689,668)	(120,705,106)
Other operating expenses	14	(66,875,265)	(10,996,457)
Depreciation of property and equipment	29	(23,847,390)	(21,275,418)
Loss on disposal of property and equipment	29	(8,840)	(16,720)
Amortisation of intangible assets	30	(1,541,829)	(2,087,464)
Total operating expenses		(339,187,235)	(377,965,013)
Profit before tax		122,590,953	176,427,561
Income tax expense		-	-
Profit for the year		122,590,953	176,427,561
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Net unrealized gains on marketable securities-FVOCI	15	46,887,747	-
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial valuation gain (loss)	15	9,581,148	(15,009,000)
Net revaluation gain on equity investments	15	3,868,954	1,586,330
Total other comprehensive income		60,337,849	(13,422,670)
Total comprehensive income		182,928,802	163,004,891



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Notes	30.06.2019 TZS '000	30.06.2018 TZS '000
Assets			
Cash and balances with central banks and other banks	16	4,816,700,214	5,773,514,102
Escrow accounts	17	11,218,286	11,044,657
Holdings of Special Drawing Rights (SDRs)	19	67,392,346	3,232,160
Quota in International Monetary Fund (IMF)	19	1,266,185,402	1,268,292,685
Foreign currency marketable securities	20	5,065,705,728	6,512,415,415
Government securities	22	1,257,650,150	1,361,728,291
Advances to the Government	23	1,238,447,385	1,943,822,268
Loans and receivables	24	422,520,721	418,119,142
Equity investments	21	37,073,235	32,203,745
Inventories	25	8,404,147	6,546,392
Deferred currency cost	26	41,375,635	87,832,613
Other assets	27	522,014,822	132,334,677
Retirement benefit asset	28	8,227,657	-
Property and equipment	29	986,294,928	990,982,866
Intangible assets	30	3,853,665	5,133,008
Total assets		15,753,064,321	18,547,202,021
Liabilities			
Currency in circulation	31	4,965,202,559	4,646,962,897
Deposits - Banks and non-bank financial institutions	32	3,457,134,887	3,188,338,440
Deposits - Governments	33	-	2,544,064,269
Deposits - Others	34	2,148,235,048	2,133,912,345
Items in course of settlement	18	25,755,244	551,547
Foreign currency financial liabilities	35	919,256,948	1,180,140,312
Poverty reduction and growth facility	36	130,856,840	323,441,203
BoT liquidity papers	37	330,753,832	580,698,636
Provisions	38	6,062,277	5,963,678
Other liabilities	39	72,990,052	53,728,845
Retirement benefit obligation	46	-	18,985,000
IMF related liabilities	19	1,076,082,365	1,077,873,263
Allocation of Special Drawing Rights (SDRs)	19	606,392,081	607,401,286
Total liabilities		13,738,722,133	16,362,061,721
Equity			
Authorised and paid up share capital	40	100,000,000	100,000,000
Reserves	41	1,914,342,188	2,085,140,300
Total equity		2,014,342,188	2,185,140,300
Total equity and liabilities		15,753,064,321	18,547,202,021

The financial statements on page 76 to 192 were approved and authorised by the Board of Directors for issue on 20th December and signed on its behalf by:

Prof. Florens D.A.M Luoga
The Governor and Chairman of the Board

Mr. Geoffrey I. Mwambe
Director and Chairman of the Audit Committee



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2019	Share capital Note 40	General reserve Note 41 (a)	Retained earnings Note 41 (b)	Capital reserve Note 41 (c)	Equalisation reserve Note 41 (d)	Reserve for projects Note 41 (e)	Staff housing fund Note 41 (f)	Assets revaluation reserve Note 41 (g)	Financial Sector Development fund Note 41 (h)	Securities revaluation reserve Note 41 (i)	Foreign exchange revaluation reserve Note 41 (j)	Reserve for dividends Note 41 (k)	Defined benefit reserves Note 41 (l)	Total
(Amounts in TZS '000)														
At 1 July 2018	100,000,000	444,907,153	(3,726,914)	99,262,908	360,888,713	210,000,000	126,710,166	260,246,143	38,700,082	2,383,761	212,970,682	350,000,000	(20,929,310)	2,181,413,386
Profit for the year	-	-	122,590,953	-	-	-	-	-	-	-	-	-	-	122,590,953
Other comprehensive income	-	-	-	-	-	-	-	-	-	50,756,701	-	-	9,581,148	60,337,849
Transfer of unrealised gain to foreign exchange revaluation reserve	-	-	(3,077,265)	-	-	-	-	-	-	-	3,077,265	-	-	-
Transfer of realised gain on foreign exchange revaluation to retained earnings*	-	-	212,970,682	-	-	-	-	(212,970,682)	-	-	-	-	-	-
Transfer of unrealised gain to securities revaluation reserve	-	-	(8,636,710)	-	-	-	-	-	8,636,710	-	-	-	-	-
Transfer of excess realised gains from equalization reserve	-	-	-	-	(6,672,957)	-	-	-	-	-	6,672,957	-	-	-
Transfer of excess realised gain on foreign exchange revaluation reserve to retained earnings**	-	-	6,672,957	-	-	-	-	-	-	-	(6,672,957)	-	-	-
Financial sector development fund income	-	-	1,005	-	-	-	-	-	(1,005)	-	-	-	-	-
Staff housing fund	-	-	(5,183,760)	-	-	-	5,183,760	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(350,000,000)	-	(350,000,000)
Appropriation of 2018/19 net profit	-	12,259,095	(321,610,948)	-	59,351,853	-	-	-	-	-	-	250,000,000	-	-
At 30 June 2019	100,000,000	457,166,248	-	99,262,908	413,567,609	210,000,000	131,893,926	260,246,143	38,699,077	61,777,172	3,077,265	250,000,000	(11,348,162)	2,014,342,188

* Realised gains on foreign currency revaluation reserve included in distributable profit and unrealised gains excluded from computation of distributable profit; please refer Note 7.

** Realised losses on securities revaluation reserve included in distributable profit and unrealised losses excluded from computation of distributable profit.

***The amount of TZS 3,726.9 million is an adjustment of impairment loss (Expected Credit Loss) on adoption of IFRS 9



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2018	Share capital Note 40	General reserve Note 41 (a)	Retained earnings Note 41 (b)	Equalisation reserve Note 41 (c)	Reserve for projects Note 41 (d)	Staff housing fund Note 41 (e)	Assets revaluation reserve Note 41 (f)	Financial Sector Development fund Note 41 (g)	Securities revaluation reserve Note 41 (h)	Foreign exchange revaluation reserve Note 41 (i)	Reserve for dividends Note 41 (j)	Defined benefit reserves Note 41 (k)	Total
(Amounts in TZS 000)													
At 1 July 2017	100,000,000	399,156,998	-	309,137,314	210,000,000	112,825,313	260,246,143	36,793,285	29,728,478	470,905,278	300,000,000	(5,920,310)	2,322,135,409
Profit for the year	-	-	176,427,561	-	-	-	-	-	-	-	-	-	176,427,561
Other comprehensive income	-	-	-	-	-	-	-	-	1,586,530	-	-	(15,009,000)	(13,422,670)
	100,000,000	399,156,998	176,427,561	309,137,314	210,000,000	112,825,313	260,246,143	36,793,285	31,314,808	470,905,278	300,000,000	(20,929,310)	2,485,140,300
Transfer of unrealised gain to foreign exchange revaluation reserve*	-	-	(79,730,889)	-	-	-	-	-	-	79,730,889	-	-	-
Transfer of realised gain on foreign exchange revaluation to retained earnings**	-	-	337,665,468	-	-	-	-	-	-	(337,665,468)	-	-	-
Transfer of unrealised losses to securities revaluation reserve	-	-	70,433,770	-	-	-	-	-	(70,433,770)	-	-	-	-
Transfer of realised losses from securities revaluation reserve**	-	-	(41,502,723)	-	-	-	-	-	41,502,723	-	-	-	-
Financial sector development fund income	-	-	(1,906,797)	-	-	-	-	1,906,797	-	-	-	-	-
Staff housing fund**	-	-	(3,884,853)	-	-	3,884,853	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(300,000,000)	-	(300,000,000)
Appropriation of 2017/18 net profit	-	45,750,156	(457,501,557)	51,751,401	-	10,000,000	-	-	-	-	350,000,000	-	-
At 30 June 2018	100,000,000	444,907,154	-	360,888,715	210,000,000	126,710,166	260,246,143	38,700,082	2,383,761	212,970,682	350,000,000	(20,929,310)	2,185,140,300

* Realised gains on foreign currency revaluation reserve included in distributable profit and unrealised gains excluded from computation of distributable profit, please refer **Note 7**.



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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT OF CASH FLOWS

	Notes	30.06.2019 TZS '000	30.06.2018 TZS '000
Cash flows from operating activities			
Net cash generated / (used in) from operating activities	42	(1,733,823,100)	1,197,142,359
Cash flows from investing activities			
Purchase of property and equipment	29	(19,231,724)	(35,827,205)
Proceeds from disposal of property and equipment	29	6,910	46,525
Purchase of intangible assets	30	(138,354)	(1,318,268)
Decrease/(increase) in foreign currency marketable securities		1,493,597,434	(504,566,072)
Decrease in Government securities		104,078,141	130,578,373
Acquisition of equity shares		(1,000,536)	(1,427,920)
Decrease /(increase) in quota in International Monetary Fund (IMF)		2,107,283	(33,456,206)
Decrease/(increase) in holdings of SDRs		(64,160,186)	25,811,548
Net cash flows from investing activities		1,515,258,968	(420,159,225)
Cash flows from financing activities			
Increase in currency in circulation		318,239,662	292,356,605
Decrease in IMF related liabilities and PRGF		(194,375,261)	(150,326,705)
Increase in foreign currency financial liabilities		(260,883,364)	249,746,700
Increase in allocation of SDRs		(1,009,205)	16,022,597
Increase/(decrease) in BoT liquidity papers		(249,944,804)	(7,613,902)
Dividends paid to the Government		(350,000,000)	(300,000,000)
Cash generated from financing activities		(737,972,972)	100,185,295
Net increase in cash and cash equivalents		(956,537,104)	877,168,430
Cash and cash equivalents			
At the beginning of the year		5,773,514,102	4,896,345,671
At the end of the year¹	16	4,816,976,998	5,773,514,102

¹ Cash and cash equivalent at year end is gross of expected credit loss of TZS 276.78 million resulting from adoption of IFRS 9



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. REPORTING ENTITY

Legal framework

The Bank of Tanzania operates under the Bank of Tanzania Act, 2006, to act as the Central Bank for the United Republic of Tanzania. Its principal place of business is at 2 Mirambo Street, Dar es Salaam, Tanzania and it operates branches in Arusha, Dodoma, Mbeya, Mwanza, Mtwara and Zanzibar. The Bank is an independent institution with its own legal personality and submits its reports to the Minister for Finance and Planning.

The Bank's principal responsibilities are to:

- Conduct monetary policy and manage the exchange rate policy of the Tanzania Shillings aimed at supporting orderly, balanced and sustainable economic growth of Tanzania;
- Regulate and supervise financial institutions carrying on activities in, or from within, Tanzania, including mortgage financing, lease financing, development financing, licensing and revocation of licenses;
- Manage, in collaboration with other relevant supervisory and regulatory bodies, the clearing, payment and settlement systems of Tanzania;
- Collect, compile, disseminate, on a timely basis, monetary and related financial statistics; and
- Hold and manage gold and foreign exchange reserves of Tanzania.

Section 17 of the Bank of Tanzania Act, 2006, (the Act) provides that the authorised capital of the Bank to be one hundred billion Tanzanian Shillings (TZS 100 billion). The capital may be increased by transfer from the General Reserve established by the Act such amount as may be determined by the Board, and authorised by the Minister of Finance and planning, by notice published in the Gazette.

The paid up capital of the Bank shall not be reduced. The capital of the Bank shall be subscribed and held solely by the Government of the United Republic of Tanzania.

Section 18(1) of the Bank of Tanzania Act, 2006 provides that, the Bank shall establish and maintain:

- (a) A General Reserve Fund;
- (b) A Foreign Exchange Revaluation Reserve;
- (c) Other appropriate assets revaluation reserves or retained net unrealised gains reserves, set up under a decision of the Board to reflect changes in market values of the Bank's major assets and in accordance with the best international accounting practice; and
- (d) Other special reserves or funds from time to time from appropriation of net profit.

Under Section 18(2) of the Act, the Bank shall transfer to the General Reserve Fund twenty-five per centum of the net profits until such time that the total capital of the Bank reaches a sum equivalent to at least ten per centum of the total assets of the Bank less its assets in gold and foreign currencies, thereafter the Bank shall transfer not less than ten percent of its net profits to the General Reserve Fund.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

1. REPORTING ENTITY (CONTINUED)

Legal Framework (continued)

In terms of Section 18(3) of the Act, the Board shall determine, whenever the authorised capital, the General Reserve Fund, the Foreign Exchange Revaluation Reserve and other appropriate asset revaluation reserves or retained net unrealised gains reserves set up by the Board are below five per cent of monetary liabilities all profits shall be retained to the General Reserve Fund, the Foreign Exchange Revaluation Reserve and to any other asset revaluation reserve.

Section 18(4) of the Act provides that; unrealised profits or losses from any revaluation of the Bank's net assets or liabilities in gold, foreign exchange, foreign securities or any internationally recognised reserve asset as a result of any change in the par or other value of any currency unit shall be transferred to a special account to be called the Foreign Exchange Revaluation Reserve Account; the same procedure shall be applied to market value movements in relation to the Bank's other major assets when any of the underlying asset is eventually sold, any resultant realised components shall be transferred to the Statement of Profit or Loss and Other Comprehensive Income.

Section 18(5) of the Act, requires both realised and unrealised gains and losses to be included in the profit calculation but only the residual of any net realised profits of the Bank to be paid, within three months of the close of each financial year, into the Consolidated Fund; subject to the condition that if at the end of any financial year any of the Governments (The Government of the United Republic and the Revolutionary Government of Zanzibar) is indebted to the Bank, the Bank shall first apply the remainder of its net realised profits to the reduction or discharge of the indebtedness and thereafter such amount as relates to the net realised profits of the Bank in the relevant financial year shall be paid out of the Consolidated Fund to the Treasury of the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar in accordance with the formula agreed upon by the Governments.

Section 19(1) of the Act, provides that, where the Bank's Statement of Financial Position indicates that the amount of its assets is less than the amount of its liabilities and the statutory fund, the Minister of Finance and Planning shall, on behalf of the United Republic, issue to the Bank negotiable interest-bearing securities at market determined interest rates with a fixed maturity date to the amount necessary to restore the Bank's level of paid up capital.

In terms of Section 20(1) of the Act, the financial year of the Bank shall be the period commencing on 1 July of each year and the accounts of the Bank shall be closed on 30 June of each financial year. Furthermore, Section 20(2) of the Act provides that, the Bank's accounting policies, procedures and associated accounting records shall be consistent at all times with the best international accounting standards.

Section 20 (6) of the Act, provides the annual external audit of the Bank to be performed by the Controller and Auditor General in accordance with International Accounting and Auditing Standards and in compliance with the Public Finance Act.

Section 23 of the Act provides that the Bank shall only be placed in liquidation or wound up pursuant to the procedure prescribed in an enactment of Parliament but the provisions of the Companies Act and the Companies Decree shall not apply in relation therewith.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

(a) New and revised IFRSs that are mandatorily effective for the year

During the year the Bank has applied the last phase of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. Management noted but did not affect the standards or amendments that are not applicable to the Bank's business and accounting framework. The unapplied standards were amendments to IAS 40 Transfers of Investment Property, amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions and amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts.

The following are new and revised IFRSs that are effective from annual periods beginning on or after 1 January 2018.

New and Amendments to standards:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IFRS 9 Financial Instruments

IASB issued a finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39. The standard contains new requirements in classification and measurement of financial assets and financial liabilities; impairment methodology and hedge accounting. IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets.

In addition, the version introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Management has applied the requirement of this completed version of the standard on the Bank's financial reporting framework resulting to change of classification and measurement of financial assets and impairment policy. The changes in hedge accounting are not applicable as the Bank has not opted for hedge accounting.

The Bank opted for early adoption of the first release of IFRS 9 that dealt with classification and measurement on 1st July 2011. Under this release the business model classified financial assets under two categories namely: Fair Value through Profit or Loss and Amortized cost. There was no change in classification of financial liabilities except for the subsequent amendments relating to treatment of own credit risk. The Bank reclassified its marketable securities as subsequently measured at fair value through profit or loss. Other financial assets were classified as measured at amortized cost.

On the date of application of the early adoption of first version of IFRS 9 the Bank implemented the following major changes:

Reclassification of unhedged foreign currency denominated securities, equivalent to TZS 5,900.3 billion, from fair value through profit or loss (FVTPL) to fair value through other comprehensive income and designation to FVTPL of hedged portfolio of foreign currency denominated securities equivalent to TZS



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

(a) New and revised IFRSs that are mandatorily effective for the year (Continued)

611.8 billion. In reclassification to FVOCI the Bank has opted the use of fair value of assets at the date of reclassification as the new cost for the purpose of recording gains or losses and amortisation. The transition relating to classification did not have significant further financial impact on the Bank's financial statements.

The Bank recorded new impairment relating to debt instruments that were reclassified to FVOCI and change of impairment assessment policy as a result of the introduction of the expected credit Loss model with its three stages, namely, on initial recognition, when credit risk increases significantly and when a financial asset is considered credit-impaired.

IFRS 15 Revenue from Contracts with Customers

The standard provides a single, principles based five-step model to be applied to all contracts with customers. Entities are required to allocate the transaction price to the performance obligations in the contracts and recognise revenue when (or as) the entity satisfies a performance obligation.

The amendments clarify that promised goods or services may include granting licenses, the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract and clarify the factors that indicate two or more promises to transfer goods or services to a customer are not separately identifiable.

The application of the standard resulted to insignificant impact on the Bank's accounting of some income in the category of other income. The Bank's major sources of income are financial instruments which are out of the scope of IFRS 15.

(b) New and revised IFRS in issue but not yet effective for the year

The Bank has not early adopted any of the following new and revised IFRSs that have been issued but are not yet effective. Commentary is provided for the amendments and standards that are applicable to the Bank's operations:

New and amended standards:	Effective for annual periods beginning on or after
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2022
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

(b) New and revised IFRS in issue but not yet effective for the year (Continued)

New and amended standards:	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements	1 January 2020
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to IAS 19 Employee Benefits	1 January 2019
Amendments to IAS 28 Investments in Associates and Joint Ventures	1 January 2019
Amendments to IFRS 3 Business Combinations	1 January 2020
Amendments to IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity.

Specifically, IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. On the other hand, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Bank has been accounting for land by using IAS 17 Leases. The Bank view has been that it does not own the land as per the terms of the title deeds and that has substantial part of the risk and reward from the leased land. Based on key criteria that compares the risk and rewards during the lease term and that of the economic life of the leased property as per this Standard, the land to the Bank was assessed to be under operating lease rather than financing lease. The assessment considered the indefinite lifetime characteristic of land.

By classifying land as operating lease, the Bank has been transferring the cost of land to Comprehensive income, the latest, on each valuation period when the values of land and buildings are separately identified with increased certainty. The recent valuation of the land was conducted in 2016 where the land was valued at TZS 223,060.1 million.

Following release of the new standard on lease, (IFRS 16), the Management has assessed the requirements of the new standard and is of the opinion that land (due to its value above the limit of low value) will be classified as finance lease and reported as such on 30 June 2020. Accordingly, the land value will form part of the Bank's immovable assets and report in the financial statements.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

(b) New and revised IFRS in issue but not yet effective for the year (Continued)

IFRS 16 Leases (Continued)

IFRS 16 supersedes:

- IAS 17 Leases;
- IFRIC 4 Determining whether an Arrangement contains a Lease;
- SIC-15 Operating Leases-Incentives; and
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

Management has assessed the requirement of this standard including the amendments and its impact on the Bank's financial reporting framework. The standard will have immaterial impact on the accounting for land lease and the use of fibre optic cables.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation defines the date of transaction for application of paragraphs 21 – 22 of IAS 21, when determining the exchange rate to use. As per the interpretation, date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Management has assessed the requirement of interpretation on the Bank's financial reporting framework and is of the opinion that the determination of transaction date referred to is in line with the definition of this interpretation and there will be no further impact.

Amendments to IAS 1 Presentation of Financial Statements

The amendments give revised definition of materiality to clarify that 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. Management is still assessing the requirements of these amendments and their impact on the Bank's financial reporting framework when they fall due.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments deleted the definition of materiality and referenced it to the definition in paragraph 7 of IAS 1 with the aim of harmonisation. Management is still assessing the requirements of these amendments and their impact on the Bank's financial reporting framework when they fall due.

Amendments to IAS 19 Employee Benefits

The amendments require that when determining past service cost, or a gain or loss on settlement, an entity shall re-measure the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions, reflecting; the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement. An entity is required to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual



Bank of Tanzania Annual Report 2018/19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

(b) New and revised IFRS in issue but not yet effective for the year (Continued)

Amendments to IAS 19 Employee Benefits (Continued)

reporting period after the plan amendment, curtailment or settlement when the entity re-measures its net defined benefit liability (asset).

Management has assessed the requirements of these amendments and their impact on the Bank's financial reporting framework when they fall due and is of opinion that the Bank's accounting is in line with the amendments.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments introduce an exception that some particular financial assets with prepayment features that may result in reasonable negative compensation for the early termination of the contract are eligible to be measured, subject to assessment of the business model, at amortised cost or at fair value through other comprehensive income on condition that the use of effective interest rate would result to provision of useful information.

Management has assessed the requirements of these amendments and their impact on the Bank's financial reporting framework and is of the opinion that the amendments will have insignificant impact on the measurement of financial assets due to the nature of the Bank's financial assets.

Presentation of financial statements

The Bank presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in **Note 43**.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

Basis of preparation

The financial statements have been prepared on a historical cost basis except where otherwise stated or as required by International Financial Reporting Standards and Interpretations to those Standards for assets and liabilities to be stated at their fair value as disclosed in the accounting policies hereafter. The financial statements are presented in thousands of Tanzanian Shillings (TZS '000) except where explicitly stated.

Statement of compliance

The financial statements of Bank of Tanzania have been prepared in accordance with International Financial Reporting Standards as far as they are practically applicable to the Bank and comply with the requirements of the Bank of Tanzania Act, 2006. The Directors Report is presented together with financial statements in compliance with Tanzania Financial Reporting Standards.



Bank of Tanzania Annual Report 2018/19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Interest income

For all financial instruments measured at amortised cost, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental cost that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of receipts or payments. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been rendered. The recognition is when or as performance obligations within contract with customer are satisfied. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct cost) and recognised as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party is recognised on completion of the underlying transaction.

Other income falling under IFRS 15 is recognized after satisfaction of performance obligations at a point in time or over time. Except for rental income from staff quarters covered by IAS 17 Leases, the remaining other income not under IFRS 15 or other standard is recognized in the period in which it is earned on accrual basis.

Dividend income

Dividend is recognised when the Bank's right to receive the payment is established.

Other income

Other income falling under IFRS 15 is recognized after satisfaction of performance obligations at a point in time or over time. These include income from hire of conference facility and fees and commission. Other income out of the scope of IFRS 15 is recognised in the period in which it is earned.

Dividend payable

Dividend is recognised as a liability in the period in which it is declared. Proposed dividend is disclosed as a separate component of equity.



Bank of Tanzania Annual Report 2018/19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

These are losses and other expenses that arise in the course of Bank's ordinary activities. They include interest and administrative expenses. Generally, expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen and can be measured reliably.

Interest expenses

Interest expense is the cost of debt that has accrued during a specified accounting period regardless of the time of spending the cash. These include interests on liquidity papers, repurchase agreements and IMF drawings. Interest expenses are recorded using the effective interest rate method.

Since interest on debt is not paid daily, the Bank passes adjusting entries periodically to recognise interest expense within the accounting period that the expense has been accrued.

Administrative expenses

This includes expenses that produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset. Such expenses are recognised immediately in the income statement in the accounting period that the cost has been incurred. These include maintenance, transport and travelling, meetings, conference and seminars, water and electricity, fees, rates and security expenses, telecommunication and postage, board expenses, audit fees, budget and annual accounts preparation, loss on disposal of property and equipment, hospitality, legal and investigation expenses.

In addition, administrative expenses include expenses whose economic benefits are expected to arise over several accounting periods and the association with benefit can only be broadly or indirectly determined. Such expenses are recognised in the income statement in the accounting period in which the economic benefits are consumed or have expired. They may include stationery and office supplies.

Other expenses

Other expenses are recognised in the income statement when decrease in future economic benefits related to decrease in an asset or an increase of a liability has arisen and can be measured reliably.

Employees' benefits including post-employment benefits

Short-term employment benefits such as salaries, social security contributions, and leave fare assistance are recognised in Statement of Profit or Loss and Other Comprehensive Income when they fall due.

Retirement benefits

The Bank has a statutory obligation to contribute for retirement benefits to its employees. All eligible employees of the Bank are currently members of the social security schemes operating in Tanzania. The funds where employees are members are National Social Security Fund (NSSF), Parastatal Pension Fund (PPF), Public Service Pensions Fund (PSPF) and Local Authority Provident Fund (LAPF). Under these schemes, the Bank and employee contribute 18 percent and 2 percent respectively of employee's basic salary every month. New employees who are members of other funds are allowed to continue their membership to any statutory pension funds. Following establishment of the Public Service Social Security Fund Act, 2018, LAPF, PPF, GEPF, and PSPF were merged to form Public Service Social Security Fund (PSSSF).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefits (Continued)

The Bank signed a Voluntary Agreement (VA) with the Tanzania Union of Industrial and Commercial Workers (TUICO), which provides for a number of benefits on retirement upon attaining a number of years in service with the Bank as specified in the Bank's Staff Bylaws. The provisions in the VA and Staff By-Laws constitute a defined benefits plan, which has been accounted and disclosed in accordance with the requirements of International Accounting Standard 19 Employee Benefits.

The plan is partly funded through employees' contribution. There are two categories of benefits to Bank's staff. The first is payable to staff employed for unspecified period and second is to executive management who are under specific contracts. Benefits are paid upon end of contract, retirement, withdrawal or death as specified in the Staff Bylaws.

The total accumulated obligation to the Bank relating to this arrangement is based on assessments made by independent actuaries. The actuarial valuation was carried out as at 30 June 2017 by Zamara Actuarial, Administrator and Consultants Limited based in Nairobi - Kenya. 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.

Under IAS 19, measurement of scheme liabilities must be calculated under the projected unit credit method, which requires certain demographic and financial assumptions, including future salary growth. The assumptions used are applied for the purposes of compliance with the IAS 19 only.

Re-measurement comprising of actuarial gains and losses are reflected immediately in the statement of the 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 not reclassified to profit or loss.

Past service, cost is recognised in the profit or loss in the period of plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined beginning obligation. In the absence of a deep corporate bond market in Tanzania, the Bank has used the discount rate for Tanzania long-term bond yields as published in the Bank Monthly Economic Reviews.

The Bank presents current service cost and net interest cost in personnel expenses. Curtailment gains and losses are accounted for as past service cost.

Other employee benefits

The Bank provides free medical treatment to its employees and their dependants through medical insurance scheme. Exclusions are met by the Bank as medical expenses. The cost is charged to profit or loss. The estimated monetary liability for employees' earned but not taken leave entitlement at the end of the reporting period is recognised as an accrued expense.

Provisions

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

Where the Bank expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement.



Bank of Tanzania Annual Report 2018/19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Income Tax

No provision for income tax is made in the Financial Statements as Section 10 Second Schedule of the Income Tax Act, 2004 exempts the Bank from taxation imposed by law in respect of income or profits.

Further, according to Section 22(1) and (2) of the Bank of Tanzania Act, 2006, the Bank is exempt from payment of any taxes, levies or duties in respect of its profits, operations, capital, property or documents or any transaction, deed, agreement or promissory note to which it is a party. The Bank is also exempt from payment of stamp duty or other duties in respect of notes and coins issued as currency under the Act.

Effective 1 July 2012, the Bank was required to pay Value Added Tax (VAT) on goods or services provided to the Bank at a rate of 18 percent of 55 percent of the value of goods and service. This excludes goods and services not related to the Bank's primary functions. The Bank is also required to pay import and customs duties in accordance with the provisions of the East African Customs Management Act, 2004.

Foreign currency translation

Functional and presentation currency

Items included in 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 Tanzanian Shillings, which is the Bank's functional and presentation currency and all values are rounded to the nearest thousand (TZS'000) except where otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions during the year and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end are recognised in profit or loss.

Foreign exchange revaluation reserve under the legal framework

The realised foreign exchange gains/losses are separated from the total revaluation gains/losses. The unrealised part is excluded from computation of distributable profits for the year and is carried in foreign currency revaluation reserve until realised in subsequent years thereby becoming part of the distributable profits. These are determined as follows:

- (a) For each foreign currency account or security for the case of securities accounts, cash inflows and outflows are determined.
- (b) Each inflow is valued using the prevailing exchange rate.
- (c) Each outflow is revalued using the prevailing exchange rate and compared with the rate at which the outflow was recognised in the books of accounts. Where specific originating rate cannot be identified, the applicable is determined on First in First out (FIFO) basis. The difference between the two entries represent realised revaluation gains or losses.



Bank of Tanzania Annual Report 2018/19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign exchange revaluation reserve under the legal framework (continued)

- (d) All balances in foreign currencies are revalued using prevailing exchange rates. The differences between the values at the time when the related instrument was recognised, and the current values represent unrealised losses or gains as the case may be.

Property and equipment

Property and equipment are initially recorded at construction, acquisition or purchase cost plus direct attributable cost. Where an item of property and equipment comprises, major components having different useful lives, they are accounted for separately. Property that is being constructed or developed for future use to support operation is classified as Work in Progress (WIP) and stated at cost until construction or development is complete and is available for use, at which time it is reclassified as property and equipment in use.

The Bank's immovable properties (buildings) are subsequently measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. The valuation is performed by external independent valuers.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the Asset Revaluation Reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case, the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Revaluation of the Bank's immovable property is conducted every five years. M/S M & R Agency Limited, professional and Independent valuers carried out the valuation of the Bank's immovable properties as at 30 June 2016. The valuation of the Bank's immovable assets was made based on open market values. However, where market data were not easily available, reliable depreciated replacement cost was adopted. This basis is in line with International Valuation Standards.

Depreciation is charged to profit or loss on a straight-line basis to write off the cost of property and equipment to their residual values over their expected useful lives. These residual values and expected useful lives are re-assessed on an annual basis and adjusted for prospectively, if appropriate. The review of residual values takes into account the amount that the Bank would currently obtain on disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful or economic life (whichever is earlier).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (Continued)

Depreciation rates applicable as at 30 June 2019 and 2018 were as follows:

Asset classification	Annual depreciation rate	Useful life
Office Premises	1.0%	100 years
Staff Club Premises	1.5%	67 years
Residential Premises	1.5%	67 years
Computer Servers	25.0%	4 years
Computer Printers	25.0%	4 years
Personal Computers	25.0%	4 years
Network Equipment	25.0%	4 years
Bullion Trucks and Armoured Vehicles	10.0%	10 years
Motor Vehicles	20.0%	5 years
Currency Processing Machines	10.0%	10 years
Machinery and Equipment	20.0%	5 years
Security Monitoring, Fire Detection and Fire Fighting Systems	25.0%	4 years
Office Furniture	20.0%	5 years

No depreciation is charged to Capital Work-in-Progress. Property and equipment acquired during the year are depreciated from the date when they are available for use and cease to be depreciated at earlier of the date that the asset is classified as held for sale or the date that the assets are derecognised.

Property and equipment are derecognised when no economic benefits are expected from its use or disposal. The disposal methods applied include; sale, donation or scrapping. Gains or losses on disposal of property and equipment are determined by comparing net disposal proceeds if any with the carrying amount and are taken into account in determining operating profit or loss.

Intangible assets

Intangible assets consist of computer application software and computer application licence packages. Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment at the reporting date to ascertain if there is an indication that the intangible asset may be impaired. Generally, cost associated with developing computer software programmes are recognised as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. Internally developed intangible assets are not capitalised unless they meet certain criteria.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

Internally developed software products include direct cost incurred by the Bank and are recognised as intangible assets upon meeting the following criteria:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- The expenditure attributable to the software product during its development can be measured reliably.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation, which has been consistently applied, is 25 percent. The amortisation period and the amortisation method for an intangible asset are reviewed at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Capital grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the cost that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released as income in equal instalments over the expected useful life of the related asset.

When the Bank receives non-monetary grants, the asset and the grant are recorded at gross amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grants.

Currency printing and minting expenses

These expenses include ordering, printing, minting, freight, carriage insurance and handling expenses which are first deferred. Based on the currency issued into circulation, the respective proportional actual cost expenses incurred are released to profit or loss from the deferred currency expenses account.



Bank of Tanzania Annual Report 2018/19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currency in circulation

This represents Tanzanian currency that has been issued into the Tanzanian economy by the Bank since inception. Currency in circulation is measured at the face value of notes and coins issued. Currency in circulation is determined by netting off notes and coins issued against the balance held in the Bank of Tanzania vaults and notes and coins destroyed.

Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether or not there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Operating Lease

The Bank obtained long term leasehold (mainly 99 years) from the Government for the land owned. No significant payments are made in advance to the Government other than Government fees/rates normally paid on lease application and renewal based on Government rates that are published from time to time and which are insignificant and not related to the value of land or period of occupation.

The Bank provides houses to employees on seven-year lease contracts. The contracts are cancellable. They may be terminated by either party without charges or permission of the Bank. The lease is classified as operating lease since comparison of the lease period to the useful life of the leased houses gives the Bank a significant portion of the risks of ownership.

Repurchase and Resale Agreements (REPOs and Reverse REPOs)

Repurchase agreements are contracts under which a party sells securities and simultaneously agrees to purchase the same securities at a specified future date at a fixed price. Resale agreements are contracts under which a party purchases security and simultaneously agrees to resell the same securities at a future date at a fixed price.



Bank of Tanzania Annual Report 2018/19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Bank's policy to take possession of securities purchased under resale agreements, which are primarily liquid government securities. The market value of these securities is monitored and, within parameters defined in the agreements, additional collateral is obtained when their fair value declines. The Bank also monitors its exposure with respect to securities sold under repurchase agreements and, in accordance with the terms of the agreements, requests the return of excess securities held by the counter party when fair value increases.

Repurchases and resale agreements are accounted for as collateralised financing transactions and recorded at the amount at which the securities were acquired or sold plus accrued interest.

REPOs continue to be recognised in the Statement of Financial Position and are measured in accordance with policies for financial liabilities.

The difference between sale and purchase price is treated as interest income or expense and is recognised in profit or loss.

Foreign Exchange Revaluation Reserve

The Bank has a policy whereby both net realised, and unrealised foreign exchange gains and losses are firstly recognised in profit or loss in accordance with the requirements of IAS 21 (The Effects of Changes in Foreign Exchange Rates). The net realised foreign exchange gains (losses) for the year arising from daily revaluation of foreign assets and liabilities form part of the distributable profits while the net unrealised foreign exchange revaluation gains (losses) are transferred to the Foreign Exchange Revaluation Reserve.

Reserve for Dividend

This reserve accommodates the amount of proposed dividend to the Governments as at end of the accounting period or declared dividend if the declaration is made after the end of the period but before the financial statements are signed. In accordance with Section 18 (5) of the Bank of Tanzania Act, 2006, the remainder of the net profits of the Bank is paid to the Governments as dividend. However, this is subject to the condition that if at the end of any financial year any of the Governments is indebted to the Bank, the Bank shall first apply the remainder of its net realised profits to the reduction or discharge of the Governments indebtedness.

Financial instruments - initial recognition and subsequent measurement

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, that is the date that the Bank commits to purchase or sell the asset.

Initial recognition of financial instruments

All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental cost of acquisition or issue.



Bank of Tanzania Annual Report 2018/19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

Amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition).

The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income (FVTOCI)-debt instruments

Debt instruments that meet the following conditions are subsequently measured at fair value with gains or losses recognised in other comprehensive income (except for debt investments that are designated as at fair value through profit or loss on initial recognition).

The asset is held within a business model whose objective is both to hold assets in order to collect contractual cash flows and sale; and the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through profit or loss (FVTPL)

Assets classified as FVTPL are measured at fair value. Gains and losses that arise as a result of changes in fair value are recognised in profit or loss, gains and losses that arise between the end of the last annual reporting period and the date an instrument is derecognised do not constitute a separate profit or loss on disposal. Such gains and losses will have arisen prior to disposal, while the item is still being measured at FVTPL, and are recognised in profit or loss when they occur. These are foreign currency marketable securities.

Fair Value through Other Comprehensive Income (FVTOCI)-Investments in Equity

On initial recognition, the Bank made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. These are equity investment in Afreximbank and Society for Worldwide Interbank Financial Telecommunication (SWIFT).

Effective Interest Rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. These include Government Securities, Loans and Advances.

Interest income is recognised in profit or loss.

Financial liabilities

This represents issued financial instruments or their components, which are not held at fair value through profit or loss, financial liabilities that arise when a transfer of financial asset does not qualify for de-recognition or when the continuing involvement approach applies, commitments to provide a loan



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets

at below market interest rate and hedged items are classified at amortised cost. The Bank's financial liabilities are measured at amortised cost using the effective interest rate method.

De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Bank of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either
 - (a) the Bank has transferred substantially all the risks and rewards of the asset, or
 - (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Bank's continuing involvement is the amount of the transferred asset that the Bank may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Bank's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

De-recognition of financial assets and financial liabilities (Continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. These include currency in circulation; deposits from governments, banks, financial institutions and other financial institutions; BOT liquidity papers; poverty reduction and growth facility; IMF liabilities; and repurchase agreement

Offsetting of financial assets and financial liabilities

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

Determination of fair value

The fair value for financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction cost.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Impairment of financial assets

The impairment of financial assets is based on expected credit losses and the Bank uses the general approach in determining the impairment of financial assets. A loss allowance is always recognized for expected credit losses and is re-measured at each reporting date for changes in those expected credit losses. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk of the financial asset since initial recognition.

The Bank recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

1. Cash and balances with central banks and other banks;
2. Foreign currency marketable securities;
3. Government securities;
4. Advances to the Government
5. Loans and advances to Staffs; and
6. Balances with International Monetary Fund.
7. Receivables



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities, advances to the government and other government securities that are determined to have low credit risk at the reporting date; and other financial instruments on which credit risk has not increased significantly since their initial recognition. The Bank considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, The Bank recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Bank measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment.

Significant Increase in credit risk (SICR)

The Bank decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Bank uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

For all financial instruments the Bank considers that financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default occurring over the next 12 months may be a reasonable approximation of the changes in the lifetime risk of a default occurring and could be used to determine whether credit risk has increased significantly since initial recognition.

The appropriateness of using changes in the risk of a default occurring over the next 12 months to determine whether lifetime expected credit losses should be recognized depends on the facts and circumstances.

The Bank applies qualitative and quantitative criteria for stage classification and for its forward and backward migration

Quantitative Criteria

The quantitative criteria is based on relative and not absolute changes in credit quality by ratings and days past due depending on the types of instruments as detailed below:



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Cash and balances with Central Banks and other banks, Holdings of Special Drawing Rights (SDRs), Quota in International Monetary Fund (IMF) and foreign currency marketable securities: the SICR indicator is determined by comparing the movement in credit rating at origination date and credit rating at the reporting date.

Notch movements give an indicator of the number of downgrades required in order for the asset to be considered to have a significant change in the credit rating. Therefore, highly rated assets for example those in the AAA category would need to move down three notches to AA- (or below) for it to be considered a significant increase in credit risk whereas an asset rated B- would only need to move down one notch.

Staff loans: staff who are still in employment with the Bank, there is no increase in credit risk at any point in time as the cash flow for staff loan is deducted from the payroll directly hence no increase in credit risk.

For staff who are no longer employees of the Bank of Tanzania, the increase in credit risk is determined by using the backstop indicator of 30 days past due of instalments (as prescribed in the IFRS 9 standard) is used to determine significant increase in credit risk.

Government securities and Advances to the Government: The Bank considered all government securities and short-term advances to the Government of United Republic of Tanzania to be low credit risk assets.

Qualitative Criteria

Other factors are considered by the Bank policies in the determination of significant increase in credit risk. They include but not limited to the following:

1. Significant changes in the terms of the same instrument if it were issued at the reporting date that indicate a change in credit risk since initial recognition, e.g.: increase in credit spread; more stringent covenants; increased amounts of collateral or guarantees; or higher income coverage.
2. Significant changes in external market indicators of credit risk for the same financial instrument (or similar instrument of the borrower), e.g.: credit spread; credit default swap prices; length of time or the extent to which the fair value of a financial asset has been less than its amortized cost; other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments; or external credit rating (actual or expected).
3. Changes in the Bank's credit management approach in relation to the financial instrument (e.g. based on emerging indicators of changes in the credit risk of the financial instrument, the bank's credit risk management practice is expected to become more.
4. active or focused on managing the instrument, including the instrument becoming more closely monitored or controlled, or the bank specifically intervening with the borrower).
5. Actual or expected adverse changes in business, financial or economic conditions significantly affecting borrower's ability to meet its debt obligations (e.g. increase in interest rates or unemployment rates); operating results of the borrower e.g. declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations; or regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations (e.g. a decline in the demand for the borrower's sales product because of a shift in technology).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

6. Significant changes in the value of collateral or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to pay or otherwise effect the probability of default (e.g. if the value of collateral declines because house prices decline, borrowers in some jurisdictions have a greater incentive to default on their mortgages); or quality of a guarantee provided by a shareholder (or an individual's parents) if the shareholder (or parents) have an incentive and financial ability to prevent default by capital or cash infusion.
7. Expected changes in the loan documentation (e.g. breach of contract leading to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees).
8. Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group

Loss allowances for ECL are presented in the statement of financial position as follows:

1. Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
2. Loan commitments and financial guarantee contracts: generally, as a provision;
3. Where a financial instrument includes both a drawn and an undrawn component, and the Bank *cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
4. Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value.

General approach to collective or individual assessment

The Bank's measurement of expected credit losses is based on the weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis although measurement on a collective basis is accepted by the Bank if more practical for large portfolios of items.

The assessment of whether there has been a significant increase in credit risk may be on a collective basis where the Bank is not able to identify significant changes in credit risk on individual financial instruments before the financial instrument becomes past due.

Collateral

The Bank obtains collateral where appropriate, from Staff to manage their credit risk exposure to the Bank staff. The collateral forms a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future customers in the event that the customer default

Other liabilities

Other liabilities are stated at their nominal value/cost, which approximates fair value due to the short term nature of the obligation.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Items in course of settlement, Advance to the Government and Other assets

These are measured at carrying amounts which approximates their fair value due to the short period between reporting date and settlements of these assets.

Cash and Cash equivalent

Cash and cash equivalent comprise of demand and time deposit with central banks and commercial banks and holding of notes denominated in foreign currency. Cash and cash equivalent is carried at amortised cost in the statement of financial position. Due to their short-term nature, the carrying amount approximates the fair value.

Escrow Accounts

These represent funds held by the Bank in foreign exchange, as funds deposited by the United Republic of Tanzania following a memorandum of economic and financial policies arrangement pending agreement with creditors.

The escrow fund is both an asset and a liability in the Bank's books. However, the accounts cannot be netted against each other because they must be visible as both asset and liability according to accounting standards

Periodically the BoT Escrow balance is reviewed to ensure that sufficient funds will be available when payments are due.

Both assets and liabilities representing these funds are initially measured at fair value and subsequently measured at amortised cost where they have specific dates of maturity. Details of the accounts have been shown under **Note 17** of the accounts.

Derivatives

A derivative is a financial instrument or other contract within the scope of IFRS with all three of the following characteristics:

- Its value changes in response to the change in a specified variable such as interest rate, financial instrument price or foreign exchange rate.
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at future date.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from market observable prices including recent market transactions, or valuation techniques which incorporate market observable input, such as discounted cash-flow models. Generally, the best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Bank uses derivatives mostly for hedging in risk management and liquidity support in monetary implementation. The Bank does not apply the optional hedge accounting rules of IFRS 9.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

International Monetary Fund (IMF) related balances

Relationship

The Bank is the fiscal and depository agent of United Republic of Tanzania for transactions with the International Monetary Fund (IMF). Financial resources availed to Tanzania by the Fund are channelled through the Bank. Repayment of the IMF loans as well as charges is the responsibility of the Bank.

Currency of Transactions with the IMF

Borrowings from and repayments to the IMF are denominated in Special Drawings Rights (SDRs). The SDR balances in IMF accounts are translated into TZS and any unrealised gains or losses are accounted for in profit and loss account in accordance with IAS 21 – Effects of changes in foreign exchange rates.

Quota in IMF, Interest and Charges

Borrowings from the related Tanzania's quota are non-interest bearing with no stated maturity, while borrowings from the General Resources Account of the IMF bears interest at rates set by the IMF on a weekly basis and are repayable according to the repayment schedules of the agreement.

Inventories

The Bank owns all inventories stated in the statement of financial position. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Writing down of values of inventories is made for slow moving and obsolete inventories.

Credit Guarantee Schemes

These are schemes operated in accordance with the rules governing them and administered by the Bank on behalf of the URT Government as stipulated in their respective agency agreements. The primary objective of the schemes is to facilitate access to the credit facilities by guaranteeing loans granted by the participating financial institutions to small and medium enterprises, exporters and development projects.

The rules of the schemes include a requirement for the financial institutions to properly assess the projects' viability, as to adequacy of loan security and approve the loan prior to applying for the guarantee. Because of the nature of the loan transactions, contingent liabilities exist in respect of possible default.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of estimates and judgment that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The most significant use of judgement and estimates are as follows:

(a) Going concern

The Bank's Management has made an assessment of the Bank's ability to continue as a going concern. Management is satisfied that the Bank has resources to continue in operation for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis

(b) Impairment of assets carried at amortised cost

Impairment losses on items in cash and balances with central banks, escrow account, items in course of settlement, holdings of special drawing rights (SDR), quota in international monetary fund (IMF) government securities, advances to the government, loans and receivables and other assets.

The Bank reviews its financial assets measured at amortised cost at each reporting date to assess whether an impairment loss should be recognised in profit or loss. In particular, judgment by the Directors is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes in the impairment.

The Bank makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss incurred.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(c) Impairment of other financial assets

The Bank adopted an incurred loss approach to impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of occurrence of one or more past events since initial recognition.

Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount. Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(d) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives and discount rates. Details have been provided under **Note 43** to these accounts.

(e) Useful lives of property and equipment

Pursuant to the requirements of IAS 16 (Property, Plant and Equipment) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) 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 rates at each reporting date.

(f) Retirement benefits

Under IAS 19 measurement of scheme liabilities must be calculated under the projected unit credit method, which requires certain demographic, financial and future salary growth assumptions. A degree of judgement is required in establishing market yields, long term expectations, the notional contribution rate and other inputs used in the actuarial valuation. Details have been provided under **Note 45** to these accounts.

(g) Contingent liabilities

The Bank has provided for the liabilities arising out of contractual obligations. Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgments than other types of provisions. When cases are at an early stage, accounting judgments can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(g) Contingent liabilities

various stages of the cases. Management together with legal advisers evaluate on an ongoing basis whether provisions should be recognised, and the estimated amounts of any such provisions, revising previous judgments and estimates as appropriate.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

5. INTEREST INCOME

Interest income from foreign operations relates to interest earned from investments in foreign fixed income securities, money market operations and foreign deposits. Interest on domestic investments relates to interest earned from investments in United Republic of Tanzania government bonds, stocks and discounted treasury bills.

	30.06.2019			30.06.2018		
	Received	Accrued	Total	Received	Accrued	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
From foreign operations						
GBP investments	6,653,335	5,284,108	11,937,443	10,702,933	3,527,055	14,229,988
USD investments	109,740,100	25,533,333	135,273,433	120,465,982	29,499,374	149,965,356
EUR investments	(1,403,562)	-	(1,403,562)	10,718,419	4,179,124	14,897,543
AUD investments	8,067,517	2,293,193	10,360,710	13,018,512	3,574,973	16,593,485
CNY investments	14,512,656	1,808,279	16,320,935	13,862,205	1,879,191	15,741,396
Other foreign interest income	2,394,208	-	2,394,208	1,136,915	-	1,136,915
	139,964,254	34,918,913	174,883,167	169,904,966	42,659,717	212,564,683
From domestic operations						
Interest on domestic investments	101,782,982	28,044,450	129,827,432	108,038,339	26,510,119	134,548,458
Interest on loans and advances	7,123,473	-	7,123,473	-	39,651,957	39,651,957
Interest on staff loans	355,178	-	355,178	372,128	-	372,128
Interest on Repurchase Agreements (Reverse REPO)	14,623,603	-	14,623,603	620,121	-	620,121
	123,885,236	28,044,450	151,929,686	109,030,588	66,162,076	175,192,664
	263,849,490	62,963,363	326,812,853	278,935,554	108,821,793	387,757,347



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

5. INTEREST INCOME

Classification of interest income arising from financial instruments is indicated below:

	30.06.2019	30.06.2018
	TZS '000	TZS '000
Income from instruments measured at fair value	74,207,101	144,045,431
Income from instruments measured at amortised cost	252,605,752	243,711,916
	326,812,853	387,757,347

6. INTEREST EXPENSES

	30.06.2019		30.06.2018	
	Paid TZS '000	Accrued TZS '000	Paid TZS '000	Accrued TZS '000
Interest on BoT liquidity papers	10,111,150	3,727,279	24,975,967	7,890,459
Interest on repurchase agreements	71,342	-	855,838	-
Charges on IMF Drawings	6,392,142	-	4,520,852	-
	16,574,634	3,727,279	30,352,657	7,890,459
		20,301,913		38,243,116

The Bank issues 35-Day, 91-Day, 182-Day and 364-Day Treasury Bills to mop up excess liquidity in the economy. The interest expense arising from liquidity mop up activities is shared between the Bank and the Government of the United Republic of Tanzania in accordance with the sharing ratios agreed in Memorandum of Understanding (MOU) in force.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

7. FOREIGN EXCHANGE REVALUATION GAINS

During the year, the Bank recorded a total net foreign exchange revaluation gains amounting to TZS 8,437.0 million (2018: TZS 150,312.3 million). This amount has been included in the statement of profit or loss in determining the Bank's net operating profit for the year in order to comply with the requirements of IAS 21 - Accounting for the Effects of Changes in Foreign Exchange Rates. Out of the total net foreign exchange revaluation gains, an amount of TZS 3,077.3 million (2018: 79,730.9 million) relating to unrealised gain is not available for distribution of dividend and according to the Bank of Tanzania Act, 2006 has been transferred to the foreign exchange revaluation reserve (refer to **Note 41 (g)**).

Analysis of foreign exchange valuation	30.06.2019	30.06.2018
	TZS '000	TZS '000
Net realised foreign exchange revaluation gains during the year	5,359,748	70,581,396
Net unrealised foreign exchange revaluation gains during the year	3,077,265	79,730,889
	8,437,013	150,312,285

8. NET GAINS/ (LOSSES) ON FINANCIAL ASSETS

	30.06.2019			30.06.2018		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
USD	62,448,500	8,636,710	71,085,210	(11,812,019)	(46,108,365)	(57,920,384)
GBP	(5,801,817)	-	(5,801,817)	(1,809,306)	(11,721,406)	(13,530,711)
EUR	751,940	-	751,940	(4,684,990)	(9,982,843)	(14,667,833)
AUD	1,878,458	-	1,878,458	(1,178,024)	(5,136,963)	(6,314,987)
CNY	(705,426)	-	(705,426)	383,459	2,515,807	2,899,266
Total	58,571,655	8,636,710	67,208,365	(19,100,880)	(70,433,770)	(89,534,649)

This represents the net increase or decrease in fair value of the foreign financial assets. The value of this balance aggregated to a gain of TZS 67,208.4 million (2018: loss of TZS 89,534.6 million).

9. FEES AND COMMISSIONS

Commission on foreign operations relates to income received from buying or selling foreign currency, and funds transfers by SWIFT and TISS.

	30.06.2019	30.06.2018
	TZS '000	TZS '000
Commission on foreign operations	47,227,212	41,731,113
Tanzania Interbank Settlement System (TISS) fees and charges	2,501,915	1,984,109
Bureau de change application fees	43,000	104,000
Bureau de change registration fees	9,000	19,000
Bureau de change penalty fees	1,325,000	345,000
Clearing House fines and penalties and other fees	20	-
Tender application fees	35,450	28,400
Banks and financial institutions applications/licensing fees	51,000	229,750
	51,192,597	44,441,372



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

10. OTHER OPERATING INCOME

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Foreign operations		
Gains on inter-bank foreign exchange market (IFEM) operations	-	-
Interest from FVPL investments	13,863,314	
Commission and fees on foreign operations	2,566,642	-
Realised gains on de-recognition of foreign currency marketable securities	-	319,983
Dividend from equity investment	722,223	675,807
Other income from foreign operations	<u>17,152,179</u>	<u>995,790</u>
Domestic operations		
Miscellaneous income	4,420,451	3,615,872
Income - domestic operations	755,331	766,199
Staff contributions *	5,183,760	3,884,853
Rental income from staff quarters	804,480	686,068
Income from hostel accommodation	73,628	117,578
Income from cafeteria operations	39,444	58,326
Other income from domestic operations	<u>11,277,094</u>	<u>9,128,896</u>
Total other income	<u>28,429,273</u>	<u>10,124,686</u>

*Net contribution to Staff Housing Compensatory Fund

11. ADMINISTRATIVE EXPENSES

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Maintenance - computer, software and related expenses	13,044,111	13,367,241
Transport and traveling expenses	11,681,588	9,869,498
Meetings, conferences and seminars	4,652,888	4,738,793
Water and electricity	5,951,565	6,231,844
Maintenance - bank premises	7,383,074	8,624,878
Insurance expenses	4,289,390	4,257,261
Fees, rates and security expenses	2,813,254	2,925,535
Printing, stationery and office supplies	1,443,109	2,317,772
Telecommunication and postage	2,132,100	1,792,455
Board expenses	716,312	1,231,641
Other administrative expenses	7,958,171	1,458,482
Maintenance - furniture, machinery and equipment	2,002,685	2,155,577
Audit fees	491,998	1,027,699
Budget and annual accounts preparation expenses	888,952	818,587
Hospitality	221,768	325,345
Audit related expenses	168,596	106,014
Legal and investigation expenses	546,559	168,982
	<u>66,386,120</u>	<u>61,417,604</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

12. CURRENCY AND RELATED EXPENSES

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Notes printing and related expenses (Note 26)	43,143,861	48,068,107
Coins minting and related expenses (Note 26)	4,661,779	7,507,086
Cost of currency issued into circulation	47,805,640	55,575,193
Maintenance of currency machines	3,010,691	7,447,996
Currency transport, storage and handling	4,097,315	4,582,566
Other currency expenses	924,477	4,325,840
Other currency related costs	8,032,483	16,356,402
Total currency and related expenses	55,838,123	71,931,595

The amount of TZS 47,805.6 million (2018: TZS 55,575.2 million) is in respect of notes printing and coins minting and related expenses, refers to the proportionately amortised portion of deferred notes printing and coins minting cost for the new currency notes and coins that were issued into circulation during the year.

A total of TZS 3,010.7 million (2018: TZS 7,448.0 million) was incurred during the year in respect of currency machines maintenance expenses. The amount of TZS 4,092.7 million (2018: TZS 4,582.6 million) relates to currency distribution expenses that include; transportation, handling, storage, and other related expenses incurred during the year. Other currency related expenses aggregated to TZS 924.25 million (2018: TZS 4,325.8 million).

13. PERSONNEL EXPENSES

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Staff salaries and related expenses	76,936,922	76,494,475
Contribution to social security schemes	10,713,574	10,435,431
Staff medical expenses	7,939,752	8,409,833
Travel on leave expenses	5,482,463	5,351,706
Management car maintenance and other related expenses	6,880,963	5,969,307
Staff retirement benefit	4,221,867	4,089,365
Staff training expenses	3,920,567	3,463,295
Motor vehicles expenses	912,893	862,152
HR planning policies expenses	2,825,332	1,269,565
Workers Council expenses	1,119,856	1,019,302
Furniture grant expenses	828,349	361,718
Cafeteria expenses	1,730,436	1,700,274
Tanzania Union for Industrial and Commercial (TUICO) expenses	695,763	656,487
Staff uniforms expenses	288,692	358,648
Condolence and related expenses	185,096	245,938
Course functions and field trips expenses	7,143	17,610
	124,689,668	120,705,106



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

14. OTHER OPERATING EXPENSES

	30.06.2019	30.06.2018
	TZS '000	TZS '000
Foreign operations		
Foreign reserve management expenses	1,531,779	1,354,894
Financial markets development expenses	1,620,750	1,827,573
Commission and fees on foreign operations	130,770	4,083,330
	3,283,299	7,265,797
Domestic operations		
Contribution to professional associations, charities	4,094,912	2,841,993
Fair value changes on special securities*	58,515,371	0
Contribution to national development programs/projects	725,900	695,520
Subscriptions	183,723	128,788
	63,519,906	3,666,301
Cheques issued expenses	72,060	64,359
	72,060	64,359
	66,875,265	10,996,457

*The amount of TZS 58,515.4 million resulted from fair valuation of government securities to align with IFRS 9 requirement on initial recognition.

Analysis of donations, contributions and subscriptions

Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)	903,703	863,031
Second Generation of Financial Sector Reforms	311,997	138,003
Capital Markets and Securities Authority	708,750	708,750
Tanzania Institute of Bankers	612,400	612,400
Contribution to National Board of Accountants and Auditors (NBAA) and National Board of Material Management (NBMM)	1,515,152	458,103
Deposit Insurance Board	305,362	238,417
Contribution to African Research Consortium	227,600	267,207
Contribution - Committee of Central Bank Governors (CCBG)	41,317	40,310
African Association of Central Banks and African Rural and Agriculture Credit Association	113,253	64,480
Donations and other contributions	265,000	265,000
	5,004,534	3,655,701



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

15. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Actuarial gain (loss)	9,581,148	(15,009,000)
Net revaluation gains on equity investments	3,868,954	1,586,330
Net unrealised gains on marketable securities-FOCI	46,887,747	-
	<u>60,337,849</u>	<u>(13,422,670)</u>

Other comprehensive income includes TZS 46,887.7 million which represents changes in prices of marketable securities portfolio which were reclassified to Fair Value Through Other Comprehensive Income following adoption of the last phase of IFRS 9. The gain of TZS 3,869.0 million (2018: gain of TZS 1,586.3 million) is in respect of revaluation on the Bank's shares in Afrexim bank and SWIFT measured at FVTOCI. Except for net realised gains on marketable securities, other gains/ losses under OCI are not recycled to profit or loss. The computation of actuarial gain/loss is reported under note 46.

16. CASH AND BALANCES WITH CENTRAL BANKS AND OTHER BANKS

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Cash balances with Central Banks	562,188,929	788,596,204
Demand, time deposits with commercial banks	4,176,698,479	4,971,566,339
Foreign Currency notes and coins	69,765,367	4,820,794
Accrued interest on deposits	8,324,223	8,530,765
Provision for impairment	(276,784)	-
	<u>4,816,700,214</u>	<u>5,773,514,102</u>

Cash and cash equivalents consist of demand deposits; two-day notice accounts and time deposits with maturities of less than three months and carry interest at market rates.

17. ESCROW ACCOUNTS

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Bank of Tanzania Escrow	<u>11,218,286</u>	<u>11,044,657</u>

This account was opened under the memorandum of economic and financial policies arrangement of the United Republic of Tanzania Government. Under the arrangement it was agreed to establish an external escrow account into which the URT Government would pay a significant portion of the estimated debt service



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

17. ESCROW ACCOUNTS (CONTINUED)

due to the relevant group of non-Paris creditors. The URT Government Deposits the funds into the account pending agreement with creditors. In line with the arrangement, the funds are available to confirmed creditors.

The Government deposited funds into this account once in March 2003 of USD 5.0 million that was equivalent to TZS 5,256.0 million. Some of the funds were utilised to settle due obligations before financial crises. The balance on the account earns interest. As at 30 June 2019, the account had a balance of USD 4.9 million equivalent to TZS 11,218.3 million. (2018: USD 4.9 million equivalent to TZS 11,044.7 million).

18. ITEMS IN COURSE OF SETTLEMENT

	<u>30.06.2019</u> TZS '000	<u>30.06.2018</u> TZS '000
BoT net clearing account	<u>(25,755,244)</u>	<u>(551,547)</u>

This balance represents values of outward clearing instruments, held by the Bank while awaiting clearance in the normal course of business. This includes values of clearing instruments both as inward and outward items and cheques deposited into Government accounts for settlement of various obligations in accordance with the rules and regulations as set in the clearing house.

19. INTERNATIONAL MONETARY FUND (IMF) RELATED BALANCES

	<u>30.06.2019</u>		<u>30.06.2018</u>	
	Equivalent SDR '000	Equivalent TZS '000	Equivalent SDR '000	Equivalent TZS '000
Assets				
Holdings of SDR's	21,173	67,392,346	1,014	3,232,160
Quota in IMF	<u>397,800</u>	<u>1,266,185,402</u>	<u>397,800</u>	<u>1,268,292,685</u>
	<u>418,973</u>	<u>1,333,577,748</u>	<u>398,814</u>	<u>1,271,524,845</u>
Liabilities				
IMF Account No.1	338,071	1,076,071,239	338,071	1,077,862,120
IMF Account No.2	<u>3</u>	<u>11,126</u>	<u>3</u>	<u>11,143</u>
	<u>338,074</u>	<u>1,076,082,365</u>	<u>338,074</u>	<u>1,077,873,263</u>
Allocation of SDRs	<u>190,527</u>	<u>606,392,081</u>	<u>190,527</u>	<u>607,401,286</u>

The Tanzania's quota in IMF stood at SDR 397.8 million equivalent to TZS 1,266,185.4 million (2018: SDR 397.8 million equivalent to TZS 1,268,292.7 million). On a quarterly basis, the IMF pays interest (remuneration) to those members who have a remunerated reserve tranche position at the adjusted rate of remuneration. As at 30 June 2019, reserve tranche stood at SDR 59.7 million (2018: SDR 59.7 million) whereas the adjusted rate of remuneration was 0.5 percent (2018: 0.5 percent).

Participation in the HIPC Initiative

The United Republic of Tanzania enjoys a debt relief program under the Highly Indebted Poor Countries (HIPC) initiative. Accordingly, the IMF administers a donor-contributed Fund in the form of a PRGF-HIPC Trust Umbrella Account for Tanzania. The facility is used to settle part of Tanzania's PRGF Loans as and when they fall due. As at 30 June 2019, the facility had a nil balance (2018: nil).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

20. FOREIGN CURRENCY MARKETABLE SECURITIES

These are financial assets consisting of foreign currency marketable securities that are internally managed, and portfolio externally managed by the World Bank Treasury under a special program known as Reserve Advisory Management Program (RAMP). Majority of such securities are sovereign issues with a minimum credit rating of AA, bearing fixed interest and specified maturities. The balance of this reserve was as follows:

	30.06.2019	30.06.2018
	TZS '000	TZS '000
Internally Managed Portfolio in Foreign Currency Marketable Securities-FVOCI	4,397,172,500	
Marketable securities- FVTPL	638,468,831	6,478,286,462
Accrued interest	30,064,397	34,128,953
	5,065,705,728	6,512,415,415

The internally managed portfolio in foreign currency marketable securities – FVOCI came into effect in 2019, following adoption of the last version of IFRS 9 on classifications of financial instruments.

Analysis of foreign currency marketable securities by concentration into sovereign issues, supranational securities and agency securities by fair values:

	30.06.2019	30.06.2018
	TZS '000	TZS '000
Sovereign Issues		
USD	3,224,015,008	4,435,600,796
GBP	645,317,558	383,240,764
EUR	0	477,957,793
AUD	314,452,457	404,959,248
CNY	198,866,960	254,090,254
	4,382,651,983	5,955,848,855
Supranational Securities		
USD	275,010,130	195,453,545
EUR	-	6,661,682
AUD	7,123,155	7,343,285
	282,133,285	209,458,512
Agency Securities		
USD	358,939,298	204,748,039
EUR	-	6,637,462
	358,939,298	211,385,501
Corporate Securities		
USD	41,981,162	101,593,593
	41,981,162	101,593,593



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

20. FOREIGN CURRENCY MARKETABLE SECURITIES (CONTINUED)

Total Investments		
USD	3,878,409,248	4,937,395,974
GBP	640,145,900	383,240,764
EUR	-	491,256,937
AUD	319,365,074	412,302,533
CNY	197,721,108	254,090,254
Accrued Interest	30,064,397	34,128,953
	5,065,705,728	6,512,415,415

21. EQUITY INVESTMENTS

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Investment in equity are measured at Fair Value through Other Comprehensive Income (FVTOCI):		
Equity investment in Afreximbank	35,930,454	31,045,932
Equity investment in SWIFT	1,142,781	1,157,813
	37,073,235	32,203,745

Equity investment in Afreximbank

The African Export-Import Bank (Afreximbank) is a supranational institution, established on 27 October 1993. The Bank holds an investment in the equity of Afreximbank. Afreximbank is a grouping of regional central banks and financial institutions designed to facilitate intra and extra African trade. During the year, the Bank's acquired 17 share from Afreximbank hence as at June 2019 equity interest in Afreximbank is 776 ordinary shares (2018:759) of par value of USD 10,000 each. As at 30 June 2019, the Bank's equity aggregated to USD 3,104,000 representing two fifth of the Bank's paid up shares in Afreximbank (2018: USD 3,036,000). The proportion of the Banks equity interest to the total holding in this bank is 0.60 percent. These shares are measured at FVTOCI.

Equity Investment in SWIFT

Society for Worldwide Interbank Financial Telecommunications (SWIFT) (the "Company") is a company founded in Brussels in 1973 to provide a secured network that enables financial institutions worldwide to send and receive information related to financial transactions in a secure, standardised and reliable environment.

SWIFT members hold interest in the cooperatives through shares. The Company manages the shares through the reallocation principle defined in its By-laws and general membership rules.

The number of shares allocated to each member is determined at least after every three years according to the Bylaws of the Company and is proportional to the annual contributions paid for the network-based services to the Company. The members have the obligation to give up or take up the resulting change in shares. The By-laws of the Company state that shares are only reimbursed when a member resigns, or when a member has to give up shares following reallocation. This investment is measured at fair value through other comprehensive income. During the year, under review the Bank had a total of 85 shares (2018: 85).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

22. GOVERNMENT SECURITIES

Amortised cost:	<u>30.06.2019</u>	<u>30.06.2018</u>
	<u>TZS '000</u>	<u>TZS '000</u>
Stocks	51,333,308	51,333,308
Treasury Bills	7,545,065	467,747
Special Treasury Bonds	969,336,205	1,077,673,228
Treasury EPA Stock	201,391,122	205,743,889
Sub-total	<u>1,229,605,700</u>	<u>1,335,218,172</u>
Accrued interest	28,044,450	26,510,119
Accrued interest receivable	-	-
Total	<u>1,257,650,150</u>	<u>1,361,728,291</u>

The Bank holds various government fixed income securities issued by the United Republic of Tanzania Government. Treasury special stocks and bonds are issued at face value, discount or premium. Treasury stocks are issued at a fixed coupon.

Stocks

Advances granted to the Government which were to be repaid at the end of financial year 1994 were converted into five years 25% Special Stock 1993/98 of TZS 42,243.0 million. Thereafter in 1999, the stock plus the earned interest were restructured into two stocks namely 15% Special Treasury Stock 2018/19 with face value of TZS 51,333.3 million. As at 30 June 2019 the value of stock stood at TZS 51,333.3 million (2018: TZS 51,333.3 million)

Treasury Bills

This represents treasury bills discounted by commercial banks to the Bank. As at 30 June 2019, the value of treasury bills discounted was TZS 7,545.1 million (2018: TZS 467.7 million).

Special Treasury Bonds

Treasury Special Bonds are long-term coupon instruments issued at fixed coupon for Government financing. These include:

The 10 Year Special Government Bonds 2009/2019 with a face value of TZS 150,000.0 million had partial redemption of TZS 50,000.0 million paid on 3 July 2017 and 1 July 2018. At 30 June 2019, the balance stood at TZS 50,000.0 million (2018: TZS 100,000.0 million). A 10 Years 8% special bond 2019/19 with face value of TZS 323,000.0 million was issued on 2 June 2009 and is payable semi-annually. The bond matured on 2 June, 2019. This bond was rolled over into three maturities of 5 years at coupon of 5.5% TZS 100,000 .0 million, 6 years at coupon of 5.75% TZS 100,000.0 million and 7 years at coupon 6.0 % TZS 123,000.0 million each interest payable semi-annually. The initial purpose of the two bonds was to bridge Government revenue shortfall mainly attributed to the impact of the global financial crisis.

The 5-year special bond of TZS 155,000.0 million with floating interest rate based on the prevailing average yield to maturity of 14.92% issued by the Government to finance horticultural expansion project in Arusha matured on 28 December 2015. This bond was rolled over upon its maturity and was divided into three bonds as follows TZS 55,000.0 million 2 years special bond with a coupon of 7.82% matured and repaid on 29 December 2017 and TZS 50,000.0 million special bond with a coupon of 8.27% and TZS 50,000.0 million special bond with a coupon of 9.18 % are yet to mature.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

22. GOVERNMENT SECURITIES (CONTINUED)

Special Treasury Bonds (Continued)

The Government issued a 10-year bond of face value TZS 85,188.8 million which was rolled over from Loan Advances Realisation Trust (LART) Bonds on 30 June 2011. It carries 11% interest payable semi-annually on 30 June and 31 December.

On 12 October 2012, the Government issued a 10-Year 2012/2022 Special Bond with face value of TZS 469,484.4 million. The bond was issued to replace the accumulated deficit position of the United Republic of Tanzania Government as at 30 June 2012. The bond bears an interest rate of 11.44% payable semi-annually.

The value of Special Bonds as at 30 June 2019 was TZS 969,336.2 million (2018: TZS 1,077,673.2 million).

Treasury EPA Stock

Treasury EPA Stocks represent External Payment Arrears (EPA) that date back to 1980's when the defunct National Bank of Commerce (NBC) had external commercial obligations that were in arrears for lack of foreign exchange. These were later on transferred to the Bank to facilitate their administration and control. According to the arrangement, the externalisation of EPA obligations was done based on agreed exchange rates. The exchange rate differential between the exchange rate prevailing when the beneficiaries are paid and the agreed rate resulted into exchange losses, which are recoverable from the Government. Funding of the resulting obligations was obtained through issuance of EPA stocks.

The Government effective from 1st August 2008 reissued two EPA Special Stocks namely EPA Special Stock 2002/2052 and EPA Special Stock 2005/2055 with values of TZS 4,352.8 million and TZS 65,646.1 million and replaced them with EPA Special Stock 2008/18 and EPA Special Stock 2008/23 respectively. Their tenures were reviewed from 50 years and 55 years to 10 years and 15 years with annual coupons of 7.5 percent and 8.0 percent payable semi-annually respectively. However, the TZS 4,352.8 Stock 2008/18 matured and was repaid on maturity. Furthermore, on 1 August 2008 the Government issued EPA Special Stock with face value of TZS 135,745.1 million to accommodate external payment arrears exchange losses incurred up to 31 December 2007. The stock has a maturity of 20 years with annual coupon of 8.5% payable semi-annually. As at 30 June 2019, the aggregate position of Special EPA stocks stood at TZS 201,391.1 million (2018: TZS 205,743.9 million).

23. ADVANCES TO THE GOVERNMENT

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Advances to the Government (URT) - Note 33	<u>1,238,447,385</u>	<u>1,943,822,268</u>

Advances to the Governments represent temporary financial accommodation to finance short term financial gap between the receipts from budgeted revenue and Governments expenditure. The advances bear interest at rates equivalent to the weighted average yield of short-term maturities as determined by the Bank. Total advance outstanding at the year-end amounted to, TZS 1,238,447.4 million (2018: TZS 1,943,822.3 million) as summarised under **Note 33**.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

24. LOANS AND RECEIVABLES

	30.06.2019 TZS "000"	01.07.2018 TZS "000"	30.06.2018 TZS "000"
Accounts receivable	356,816,290	347,628,592	347,628,592
Staff loans and advances	75,781,027	77,540,239	77,540,239
Cash loss recoverable from NBC Limited	5,144,000	5,144,000	5,144,000
Intermediary accounts receivable	-	-	-
	437,741,317	430,312,831	430,312,831
Provision for impairment	(15,220,596)	(15,860,366)	(12,193,689)
	422,520,721	414,452,465	418,119,142
Analysis of impairment by line items	30.06.2019 TZS "000"	01.07.2018 TZS "000"	30.06.2018 TZS "000"
Interest recoverable from government	5,241,621	5,241,621	5,241,621
Cash loss recoverable from NBC Limited	5,144,000	5,144,000	5,144,000
Staff loans and advances	3,406,287	5,096,465	1,521,698
Accounts receivable	1,428,688	378,280	286,370
	15,220,596	15,860,366	12,193,689
Movement in provision for impairment		Opening balance	
	30.06.2019 TZS "000"	01.07.2018 TZS "000"	30.06.2018 TZS "000"
Balance at the beginning of the year	15,860,366	12,193,689	11,848,041
Impairment on staff loans and advances	-	3,574,767	450,648
Impairment of account receivables	-	91,910	-
Impairment reversal of account receivables and staff loans	(639,770)		
Reversal during the year (to ECGS impairment)		-	(105,000)
Balance at the end of the year	15,220,596	15,860,366	12,193,689

The Bank did not pledge any loans and receivables as securities against liabilities in 2019 and 2018. Accounts receivable represent short term claims which are expected to be recovered within a period not exceeding twelve months and outstanding transactions made on trade date.

a) **Accounts Receivable:**

Major components under accounts receivable include the following:

(i) **Interest receivable on Liquidity Management:**

Included under accounts receivable is TZS 19,909.1 million (2018: TZS 20,531.4 million) relating to 2018/19 URT Government share in respect of interest on liquidity management costs. The URT Government and Bank of Tanzania share liquidity management cost based on the formula contained in the Memorandum of Understanding between BoT and the Government.

(ii) **Interest receivable on overdrawn Government accounts:**

During the year, the URT Government net position was overdrawn by TZS 1,238,447.4 million (2018: TZS 1,943,822.3 million). Pursuant to Section 34 of the Bank of Tanzania Act, 2006, an amount of TZS 7,123.4



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

24. LOANS AND RECEIVABLES (CONTINUED)

a) Accounts Receivable: (Continued)

(ii) Interest receivable on overdrawn Government accounts: (Continued)

million (2018: TZS 39,651.9 million) was charged to the Government as interest on overdrawn position. Interest outstanding as at 30 June 2019 amounted to TZS 232,888.4 million (2018: TZS 239,927.0 million).

iii) Standby credit facility:

The commercial banks have access to the standby credit facility with a maturity of one day to settle their obligations in their clearing balances to avoid systematic risk when their balances are not sufficient to cover their obligations. Such facility is available at market rate prevailing on that particular date subject to provision of allowable securities as collateral. At 30 June 2019, the facility had a balance of TZS 1005.6 million as compared to TZS 29,000.0 million balance as at 30 June 2018

b) Staff Loans and Advances:

Employees of the Bank are entitled to loans and advances as approved in accordance with the Bank's Staff Bylaws and Financial Regulations in force. Staff loans are granted to employees to assist them in acquisition of residential houses, motor vehicles, computers, furniture and short-term needs. The advances/loans are granted at preferential rates of interest determined by the Bank presently at 5.0 percent fixed over the period of the loan. These loans and advances are recovered from the employees' monthly salaries. The facilities are secured against the borrowers' employment and terminal benefits. As at 30 June 2019, the balance of staff loans and advances was TZS 75,781.0 million (2018: TZS 77,540.2 million).

25. INVENTORIES

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
The inventory balance consists of the following:		
Currency machine spare parts	6,394,718	4,685,348
Building, machinery and maintenance consumables	969,970	918,767
Stationery	597,334	553,025
ICT accessories and consumables	623,009	105,127
Cheque books	348,640	365,252
Copier parts and consumables	357,686	55
Drugs and medicines	93,704	325,285
Inventory in Transit	55	574,502
Less: Inventory impairment	<u>(980,969)</u>	<u>(980,969)</u>
	<u>8,404,147</u>	<u>6,546,392</u>

All inventories held by the Bank as at 30 June 2019 were for the internal consumption to support Bank's operations and not intended for sale



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

26. DEFERRED CURRENCY COST

This account represents direct cost relating to notes printing and coins minting held by the Bank. During financial year 2018/19, the movement on deferred currency cost account was as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Balance as at the beginning of the year	87,832,613	74,172,807
Add: Cost of currency received during the year	1,348,662	69,234,999
Less: Cost of currency issued in circulation (Note 12)	(47,805,640)	(55,575,193)
Balance as at the end of the year	<u>41,375,635</u>	<u>87,832,613</u>

27. OTHER ASSETS

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Prepayments	54,332,709	5,816,532
Reverse REPO	438,272,049	97,769,000
Financial Sector Development Fund	373,108	318,951
Staff imprest	522,748	1,839,806
Staff Housing Fund investment account	26,029,331	26,025,550
Petty cash balances	133,500	131,000
Sundry receivables	2,351,377	433,838
	<u>522,014,822</u>	<u>132,334,677</u>

(i) Prepayment:

The balance under prepayment for the year ended 30 June 2019 mainly covers; TZS 50,937.5 million paid as advance payment in respect of notes printing. As at 30 Jun 2019 the balance of prepayment was TZS 54,332.7 million (2018: 5,816.5 million).

(ii) Reverse REPO:

The balance represents short term advance granted to commercial banks under reverse REPO contracts. Under the agreements commercial banks sell securities to the Bank and simultaneously agree to purchase the same securities at a specified future date at a fixed price. The difference between sale and repurchase price is treated as interest income and is recognised in profit or loss. As at 30 Jun 2019 the balance of reverse REPO contracts was TZS 438,272.0 million (2018: 97,769 million).

(iii) Staff housing fund:

The balance represents staff housing fund investments in government securities including treasury bills and treasury bonds. The operation of the fund is as explained under Note 41 (e).

(iv) Financial Sector Development Fund

The balance represents the Financial Sector Development fund's investments in government securities. The operation of the fund is as explained under Note 41 (i).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

28. RETIREMENT BENEFIT ASSETS (OBLIGATION)

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000'	TZS '000'
Retirement benefit asset	8,227,657	-
Retirement benefit obligations	<u>-</u>	<u>(18,985,000)</u>
	<u>8,227,657</u>	<u>(18,985,000)</u>

During the year the retirement benefit recorded surplus of TZS 8,227.7 million, details shown on staff benefits scheme under note 46.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

29. PROPERTY AND EQUIPMENT

Year ended 30 June 2019	Buildings		Machinery and equipment		Motor vehicles		Fixtures and fittings		Computers, servers and printers		Capital work in progress		Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
Cost/valuation													
At 01 July 2018	904,471,864	257,952,778	25,231,163	10,248,012	26,535,191	37,980,635	1,262,419,643						
Additions	4,206,217	2,933,239	-	190,419	59,557	11,842,292	19,231,724						
Disposal	-	(106,433)	(2,868)	(14,939)	(29,603)	-	(153,843)						
Transfers	253,523	6,220,143	-	-	-	(6,473,666)	-						
At 30 June 2019	908,931,604	266,999,727	25,228,295	10,423,492	26,565,145	43,349,261	1,281,497,524						
Accumulated depreciation													
At 01 July 2018	14,226,526	216,505,366	13,415,078	7,409,674	19,865,134	15,000	271,436,778						
Charges for the year	7,052,563	11,660,501	1,970,324	629,488	2,326,618	-	23,639,494						
Transfer/Reclassifications	589,857	(589,857)	-	-	124,132	-	124,132						
Reversal of impairment loss	533,204	(600,468)	-	(36)	25,441	-	(67,264)						
Impairment	-	182,491	-	-	-	-	207,896						
Disposal	-	(96,405)	(2,868)	(26,795)	(12,372)	-	(138,440)						
At 30 June 2019	22,402,150	227,061,628	15,382,534	8,012,331	22,328,953	15,000	295,202,596						
Net book value													
At 30 June 2019	886,529,454	39,938,099	9,845,761	2,411,161	4,236,192	43,334,261	986,294,928						

In addition to the active assets valued at TZS 986,294.9 million, the Agency continues to utilize fully depreciated assets with a gross carrying value of 269,402.4 million.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

29. PROPERTY AND EQUIPMENT (CONTINUED)

Year ended 30 June 2018	Buildings		Machinery and equipment		Motor vehicles		Fixtures and fittings		Computers, servers and printers		Capital work in progress		Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
Cost/valuation													
At 01 July 2017	895,288,512	243,710,478	24,805,209	9,766,433	25,027,774	28,521,200	1,227,119,606						
Additions	13,745,558	7,721,546	560,856	544,213	1,702,914	11,552,117	35,827,204						
Disposal	-	(134,134)	(134,902)	(62,634)	(195,497)	-	(527,167)						
Transfers	(4,562,206)	6,654,888	-	-	-	(2,092,681)	-						
At 30 June 2018	904,471,864	257,952,778	25,231,163	10,248,012	26,535,191	37,980,635	1,262,419,643						
Accumulated depreciation													
At 01 July 2017	7,310,296	207,182,379	11,571,431	6,906,562	17,639,498	15,000	250,625,166						
Charges for the year	7,477,761	8,885,384	1,954,256	553,815	2,404,202	-	21,275,418						
Transfer/Reclassifications	(561,531)	561,531	-	-	-	-	-						
Disposal	-	(123,928)	(110,609)	(50,703)	(178,567)	-	(463,807)						
At 30 June 2018	14,226,526	216,505,366	13,415,078	7,409,674	19,865,133	15,000	271,436,777						
Net book value													
At 30 June 2018	890,245,338	41,447,412	11,816,085	2,838,338	6,670,058	37,965,635	990,982,866						



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

29. PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment (movable) are stated at cost less subsequent accumulated depreciation and impairment losses if any. Bank's immovable properties (buildings) are stated in the financial statements at revalued amounts less accumulated depreciation and impairment losses if any. If were measured using the cost model, the carrying amounts of buildings would be as follows.

Details	30.06.2019 TZS '000	30.06.2018 TZS '000
Cost	638,251,883	633,792,143
Accumulated depreciation and impairments	(96,646,857)	(89,979,324)
Carrying amount	541,605,026	543,812,819

Effective financial year 2007/8 valuation of the Bank's immovable property is conducted after five years. The Bank's immovable properties were revalued during the year ended 30 June 2016 by M/S M & R Agency Limited, a professional registered valuation firm.

Work-in-progress relates to capital expenditure incurred in the extension of the Dodoma office building, Mbeya Branch, New Office building Mwanza Branch and Executive Hostel Training Institute. No depreciation is charged on capital work in progress until it is substantially completed.

Reconciliation of items disposed during the period by class of assets.

Class of asset	30.06.2019		30.06.2018		
	Cost TZS '000	Accumulated depreciation TZS '000	Cost of disposal TZS '000	Cash proceeds TZS '000	Net gains/(loss) TZS '000
Gain or (loss) on disposal of property and equipment					
Machinery & equipment	106,433	96,405	100	1,990	(8,684)
Motor vehicles	2,868	2,868	-	-	15,525
Fixtures & fittings	14,939	26,795	160	3,190	(9,398)
Computers, servers & printers	29,603	12,372	87	1,730	(14,163)
	153,843	138,440	347	6,910	(16,720)



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

30. INTANGIBLE ASSETS

	Computer software	Computer software - WIP	Total
<u>2019</u>	TZS '000	TZS '000	TZS '000
Cost			
At 1 July 2018	31,984,669	1,157,693	33,142,362
Additions	138,354	-	138,354
Transfer in/(out)	216,351	(216,351)	-
At 30 June 2019	32,339,374	941,342	33,280,716
Accumulated amortisation			
At 1 July 2018	27,986,663	22,691	28,009,354
Charge for the year	1,541,829	-	1,541,829
Transfers	(124,132)		(124,132)
At 30 June 2019	29,404,360	22,691	29,427,052
Net book value			
At 30 June 2019	2,935,014	918,651	3,853,665
<u>2018</u>			
Cost			
At 1 July 2017	28,781,780	3,042,314	31,824,094
Additions	1,101,917	216,351	1,318,268
Transfer in/(out)	2,100,972	(2,100,972)	-
At 30 June 2018	31,984,669	1,157,693	33,142,362
Accumulated amortisation			
At 1 July 2017	25,899,199	22,691	25,921,890
Charge for the year	2,087,464	-	2,087,464
At 30 June 2018	27,986,663	22,691	28,009,354
Net book value			
At 30 June 2018	3,998,006	1,135,002	5,133,008



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

31. CURRENCY IN CIRCULATION

	<u>30.06.2019</u> TZS '000	<u>30.06.2018</u> TZS '000
Notes		
Notes issued	7,167,655,667	9,758,014,599
Less: Notes in Custody	<u>(2,322,461,861)</u>	<u>(5,220,603,414)</u>
Notes in Circulation	<u>4,845,193,806</u>	<u>4,537,411,185</u>
Coins		
Coins issued	155,016,322	155,388,472
Less: Coins in Custody	<u>(35,007,569)</u>	<u>(45,836,760)</u>
Coins in Circulation	<u>120,008,753</u>	<u>109,551,712</u>
Total currency in circulation	<u>4,965,202,559</u>	<u>4,646,962,897</u>

Currency in circulation represents the face value of notes and coins in circulation. Notes and coins held by the Bank as cash in main vault, intermediary vault and cashier/teller at the end of financial year have been deducted from notes and coins issued to reflect actual liability for notes and coins in circulation.

The notes and coins in circulation figure of TZS 4,965,202.6 million (2018: TZS 4,646,962.9 million) includes banknotes that were phased out in 2003 with the face value of TZS 99,386.9 million (2018: TZS 99,386.9 million) still in circulation.

32. DEPOSITS – BANKS AND NON-BANK FINANCIAL INSTITUTIONS

	<u>30.06.2019</u> TZS '000	<u>30.06.2018</u> TZS '000
Deposits - commercial bank deposits		
Domestic banks local currency deposits	2,976,548,579	2,428,924,395
Domestic banks Foreign Currency Deposits	<u>432,187,017</u>	<u>704,265,547</u>
Sub total	<u>3,408,735,596</u>	<u>3,133,189,942</u>
Deposits – Non-bank financial institutions		
Clearing	48,399,290	54,940,728
SMR	-	-
Domestic Non-banks Foreign Currency Deposits	<u>1</u>	<u>207,770</u>
Sub total	<u>48,399,291</u>	<u>55,148,498</u>
Total deposits	<u>3,457,134,887</u>	<u>3,188,338,440</u>

Domestic deposits include, general purpose deposits, clearing balances and statutory minimum reserve (SMR). SMR deposits are based on a ratio determined by the Bank to the total deposits of the banks and non-bank financial institution for monetary policy purposes. Banks and non-bank financial institutions are required to hold at the Bank of Tanzania a prescribed percentage of their total deposits as prescribed in circular No.1 issued on 30 April 2015 in accordance with Section 44 of the Bank of Tanzania Act, 2006 and Sections 4 and 71 of the Banking and Financial Institutions Act, 2006.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

33. DEPOSITS – GOVERNMENTS

	<u>30.06.2019</u> TZS '000	<u>30.06.2018</u> TZS '000
Voted accounts		
URT Government	(4,148,880,225)	(1,943,822,268)
SMZ Government	21,177	3,257,394
Sub Total	<u>(4,148,859,048)</u>	<u>(1,940,564,874)</u>
Un-voted accounts		
URT Government	2,907,217,462	2,507,240,493
SMZ Government	3,194,201	33,566,382
Sub total	<u>2,910,411,663</u>	<u>2,540,806,875</u>
Total deposits	<u>2,910,432,840</u>	<u>2,544,064,269</u>
Total URT Government	<u>(1,241,662,763)</u>	<u>563,418,225</u>
Total SMZ Government	<u>3,215,378</u>	<u>36,823,776</u>
Net (Advance) / Deposit Governments	<u>(1,238,447,385)</u>	<u>600,242,001</u>

As at 30 June 2019 the position of the Government of the United Republic of Tanzania (URT) accounts were overdrawn by TZS 1,238,447.4 million (2018: TZS 1,943,822.3 million). Pursuant to the provision of Section 34 of the Bank's Act, a total of TZS 7,123.5 million (2018: TZS 39,651.9million) was charged during the year ended 30 June 2019 as interest on overdrawn Governments position in various periods at the interest rate equal to the average monthly rates charged on treasury bills. Government deposit balances are non-interest earning. The current advance to government of TZS 1,238,447.4 million includes voted and un-voted accounts.

34. DEPOSITS – OTHERS

	<u>30.06.2019</u> TZS '000	<u>30.06.2018</u> TZS '000
Deposits-Parastatals United Republic of Tanzania	1,458,004,178	1,811,816,953
Export Credit Guarantee Fund	192,442	1,191,803
Staff Benefit Deposit	3,773,594	1,970,619
Government obligations settlements	105,147,651	121,051,318
Deposit staff	19,282,283	19,666,507
Small and Medium Enterprises Guarantee Fund	271,173	403,159
Deposit Insurance Fund	4,219,043	6,105,447
Miscellaneous deposits*	548,077,990	147,618,304
Mwalimu Julius K Nyerere Memorial Scholarship Fund	62,104	140,406
External Payment Arrears - NBC	2,288,419	2,288,419
Debt Conversion Scheme	2,098,960	2,098,960
Debt Service cash cover	2,286,170	16,695,422
Economic Empowerment Programme	2,019,005	2,019,005
Bank drafts issued	481,286	807,413
Redemption of Government Stock/Bonds	30,750	38,610
	<u>2,148,235,048</u>	<u>2,133,912,345</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

34. DEPOSITS – OTHERS (CONTINUED)

* Included in miscellaneous is TZS 128,316.7 million (2018: TZS 132,864.0 million) in respect of Federal Bank of Middle East (FBME) funds transferred from FBME clearing accounts to cater for bank liquidation process.

Development Finance Guarantee Fund:	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Development finance guarantee fund consists of the following:		
Capital contribution by the Government	56,500,000	56,500,000
Less: Transfer of loans proceeds to ECGF, SME-CGS	(3,842,148)	(3,693,588)
Net capital contribution	52,657,852	52,806,413
Interest on refinancing and structured loans	32,753,300	32,753,300
Sub Total	85,411,151	85,559,712
Less: Loans issued for refinancing facility	<u>(85,411,151)</u>	<u>(85,559,712)</u>
Net balance	<u>-</u>	<u>-</u>

The Fund was established by the Government of the United Republic of Tanzania with the purpose of financing development projects that manufacture products for export purposes. The Government supports development efforts by business with potential to export their products by providing required guarantee to finance the infrastructure in those businesses.

As at 30 June 2019, Government Capital contribution made in financial years 2002/03 and 2003/04 to the Fund amounted to TZS 56,500.0 million. Interest received and accrued on refinancing and restructured loans aggregated to TZS 32,753.3 million (2018: TZS 32,753.3 million). The total accumulated fund as at 30 June 2019 amounted to TZS 85,411.2 million (2017: TZS 85,559.7 million) which represented the total loans issued for refinancing facilities to flowers and vegetable export companies on the same.

Government Obligations Settlement:

This represents Government cash cover in order to settle outstanding foreign currency obligations. The balance as at 30 June 2018 amounted to TZS 121,051.3 million (2017: TZS 44,233.2 million).

Export Credit Guarantee Fund:

The balance under this fund consists of the following:	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Export Credit Guarantee Fund	6,646,117	5,646,756
Less: ECGS receivable/ impairment	<u>(6,838,559)</u>	<u>(6,838,559)</u>
	<u>(192,442)</u>	<u>(1,191,803)</u>

The Export Credit Guarantee Fund (the "Fund") was established by the Government of the United Republic of Tanzania in 2001 under the export credit guarantee scheme, in a bid to promote exports. The Fund provides guarantees to commercial banks to cover risk of default for the loans issued. As at 30 June 2019, the Fund had a net balance of TZS 192.4 million (2018: TZS 1,191.8 million). It is a net of Government and the Bank's contributions, accumulated income from investment in treasury bills and guarantee fees and impairments.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

34. DEPOSITS – OTHERS (CONTINUED)

Debt Service Cash Cover:

The amount represents URT Government funds deposited with the Bank equivalent to the foreign URT Government obligations and other services awaiting externalisation. As at 30 June 2019 the balance stood at TZS 2,286.2 million (2018: TZS 16,695.4 million)

Debt Conversion Scheme:

These are balances of debt conversion funds that are blocked in the account pending submission of progress reports by beneficiaries in respect of utilisation of previous disbursements, so as to justify further disbursements. The balance has remained at the same level for the two years since no report has been received to facilitate disbursements.

Mwalimu Julius K Nyerere Memorial Scholarship Fund:

Included in Deposit Others is the Mwalimu Julius K. Nyerere Memorial Scholarship Fund. The Fund was established by the Bank of Tanzania on 12 October 2009 in honour of the life of the Father of the Nation, Mwalimu Julius Kambarage Nyerere. The objective of the Fund is to sponsor best performing students pursuing mathematics, science, accounting, finance and information technology degrees at the University level in Tanzania. As at 30 June 2019, a total of TZS 4,201.6 million (2018: TZS 3,469.9 million) in respect of the Fund’s resources had been invested in Government treasury bills and treasury bonds. As a result, the Fund had a net balance of TZS 62.1 million (2018: TZS 140.4 million).

35. FOREIGN CURRENCY FINANCIAL LIABILITIES

Foreign Currency Financial Liabilities consist of the following:

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS ‘000	TZS ‘000
Special Projects	841,851,324	1,121,846,372
Other Foreign Currency Deposits	46,004,323	28,070,951
Multilateral Debt Relief Initiative Fund	18,219,112	18,037,154
Non-Paris Club Liabilities Escrow	11,196,862	11,044,388
Central Banks Deposits	1,962,050	1,000,773
Multilateral Agencies	23,281	140,674
	<u>919,256,952</u>	<u>1,180,140,312</u>

Special Projects Funds:

These are United Republic of Tanzania Government funds received from donors for financing various Government projects. The projects are managed and monitored by the Ministry of Finance and Planning or other appointed project implementation agency. As at 30 June 2019, the total balance in respect of Special Project accounts aggregated to TZS 841,851.3million (2018: TZS 1,121,846.4 million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

35. FOREIGN CURRENCY FINANCIAL LIABILITIES (CONTINUED)

Other Foreign Currency Deposits:

This mainly consists of balance in respect of Vnesheconombank Moscow Russia TZS 25,053.82 million (2018: TZS 21,703.2 million) Spread Reduction Account TZS 16,733.9 million (2018: TZS 3,596.8 million). As at 30 June 2019, the balance was TZS 46,004.3 million (2018: TZS 28,071.0 million).

Non Paris Club Liabilities Escrow:

This account represents funds deposited by the United Republic of Tanzania Government under memorandum of economic and financial policies arrangement pending agreement with the relevant group of non-Paris creditors. As at 30 June 2019, the account had a balance of TZS 11,196.8 million (2018: TZS 11,044.4 million).

Multilateral Debt Relief Initiative Funds:

Multilateral debt initiative funds relate to debt relief relating to cancellation of Government of the United Republic of Tanzania indebtedness to the IMF under the IMF-Multilateral Debt Relief Initiative (MDRI). As at 30 June 2019, the fund had a balance amounting to TZS 18,218.2 million (2018: TZS 18,037.2 million).

Central Banks Deposits:

These are funds deposited by the Bank of Uganda, Central Bank of Kenya and Reserve Bank of Rwanda to accommodate clearing of transactions in their respective currencies i.e. UGX, KSHS and RWF. As at 30 June 2019, the accounts had a balance of TZS 1,962.1 million (2018: TZS 1,000.8 million)

Multilateral Agencies:

These consists mainly of funds disbursed by the International Development Agency (IDA) to finance various economic operations. As at 30 June 2019, such balances amounted to TZS 23.3 million (2018: TZS 140.7 million).

36. POVERTY REDUCTION AND GROWTH FACILITY (PRGF)

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
IMF Drawings	<u>130,856,840</u>	<u>323,441,203</u>

This relates to funds disbursed by International Monetary Fund (IMF) to the Bank on behalf of the Government to support balance of payments. Repayment of these funds to IMF is effected in line with IMF repayment schedule. The funds attract charges, which are paid on quarterly basis and borne by the Bank.

The Government of United Republic of Tanzania (URT) has entered into an Exogenous Shocks Facility - (ESF) arrangement with the IMF for SDR 218.79 million (USD 318.17 million) on 29 May 2009. Following approval, the Bank had on 12 June 2009 received a total of SDR 159.1 million (USD 245.8 million) equivalent to TZS 318,195.1 million being the first tranche. The Bank further received SDR 39.8 million (USD 63.4 million) equivalent to TZS 83,288.1 million and SDR 19.9 million (USD 29.0 million) equivalent to TZS 40,200.3 million on 10 December 2009 and 14 June 2010 respectively.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

36. POVERTY REDUCTION AND GROWTH FACILITY (PRGF) (CONTINUED)

The first tranche is repayable in ten years, including five and half year's grace period, payable semi-annually in ten equal instalments on 14 December and 14 June beginning 14 December 2014. The loan carry an interest of 0.5 percent per annum payable semi-annually beginning on 14 December 2009. On 20 February 2013, the Government received a loan facility of SDR 74.6 million equivalent to TZS 181,472.8 million

As at 30 June 2019, the balance of PRGF account was TZS 130,856.8 million (2018: TZS 323,441.2 million).

37. BOT LIQUIDITY PAPERS

	30.06.2019	30.06.2018
	TZS '000	TZS '000
BOT liquidity papers	327,026,553	572,808,177
Accrued interest	<u>3,727,279</u>	<u>7,890,459</u>
	<u>330,753,832</u>	<u>580,698,636</u>

As at 30 June 2019 the maturities profile of BOT Liquidity Papers held to maturity were as follows:

35-Day Treasury Bills	37,990,119	-
91-Day Treasury Bills	9,060,572	6,212,878
182-Day Treasury Bills	252,297,422	523,296,887
364-Day Treasury Bills	<u>27,678,440</u>	<u>43,298,412</u>
	<u>327,026,553</u>	<u>572,808,177</u>

These are financial instruments issued by the Bank under the open market operations to manage liquidity levels in the economy. Interest incurred on these instruments is accrued and recognised in profit and loss account as interest expenses.

38. PROVISIONS

	30.06.2019	30.06.2018
	TZS '000	TZS '000
Provision for leave pay	<u>6,062,277</u>	<u>5,963,678</u>

Relates to the estimated monetary liability for employees' earned but not taken leave entitlement at the end of the reporting period. The maximum allowance for number of leaves days accumulated is 56 days. Only leave falling under this period are accumulated. The movements between the two periods are recognised in the profit and loss accounts.

<i>Movement in provisions</i>	30.06.2019	30.06.2018
	TZS '000	TZS '000
<i>Leave pay</i>		
Carrying amount at the beginning of the year	5,963,678	5,999,009
Increase/(decrease) in provision	<u>98,599</u>	<u>(35,331)</u>
Carrying amount at the end of the year	<u>6,062,277</u>	<u>5,963,678</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

39. OTHER LIABILITIES

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Accounts payable	70,010,333	50,436,978
Stale draft payables	108,330	108,330
Other employee cost payable	599,930	881,098
Sundry payables	2,271,459	2,302,439
	<u>72,990,052</u>	<u>53,728,845</u>

40. AUTHORIZED AND PAID UP SHARE CAPITAL

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Authorised and paid up share capital	<u>100,000,000</u>	<u>100,000,000</u>

The Authorised and paid up capital of the Bank is determined in accordance with Section 17(i) of the Bank of Tanzania Act, 2006.

41. RESERVES

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
(a) General Reserve	457,166,248	444,907,153
(b) Capital Reserve	99,262,908	99,262,908
(c) Equalisation Reserve	413,567,609	360,888,713
(d) Reserve for Projects	210,000,000	210,000,000
(e) Staff Housing Fund	131,893,926	126,710,166
(f) Assets Revaluation Reserve	260,246,145	260,246,145
(g) Foreign Exchange Revaluation Reserve	3,077,265	212,970,682
(h) Securities Revaluation Reserve	61,777,173	2,383,761
(i) Financial Sector Development Fund	38,699,076	38,700,082
(j) Reserve for Dividends	250,000,000	350,000,000
(k) Defined Benefit Reserves	(11,348,162)	(20,929,310)
	<u>1,914,342,188</u>	<u>2,085,140,300</u>

(a) General Reserve

In accordance with Section 18(1) of the Bank of Tanzania Act, 2006, the Bank is required to maintain a General Reserve Fund. The amount maintained in this account relates to annual appropriation of distributable profits determined by virtue of Section 18(2) of the aforesaid Act. The Act requires the Bank to transfer to the General Reserve Fund twenty five percent of the net profits until such time that the total capital of the Bank reach a sum equivalent to at least ten per centum of the total assets of the Bank less its assets in gold and foreign currencies. Thereafter, the Bank transfers not less than ten percent of profits to the General Reserve Fund. As at 30 June 2019 the reserve had a balance of TZS 457,166.2 million (2018: TZS 444,907.2 million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

41. RESERVES (Continued)

(b) Capital Reserve

The Capital Reserve was established on 30 June 2002. On an annual basis the amount spent to finance capital projects from the Reserve for Projects account is transferred to this reserve. The reserve is permanent in nature and can only be available for enhancement of share capital when need arises. As at 30 June 2019, the reserve had the same balance as it was on 30 June 2018 of TZS 99,262.9 million.

(c) Equalisation Reserve

The reserve was established on 30 June 2006 as foreign exchange equalisation reserve and amended on 30 June 2015 to include cushion for future losses on fair value movements on securities. The reserve acts as a cushion against any significant future losses, which may arise from significant appreciation of Tanzanian Shilling compared to other international currencies, and unfavourable movement in market prices of financial instruments measured at fair value. The reserve is also available to absorb unrealised losses that cannot be absorbed by the opening balances in that account.

The justification for the establishment of the aforesaid reserve as part of the equity of the Bank centres on the requirement of the Bank, among other business entities requiring management to ensure preservation of capital, in terms of mitigating risks that can cause capital impairment or impairment of the entity's assets. As at 30 June 2019, the reserve had a balance of TZS 413,567.6 million (2018: TZS 360,888.7million).

(d) Reserve for Projects

This reserve was established by a resolution of the Bank's Board of Directors on 30 June 1992. The purpose of the reserve is to provide funds for financing major capital projects of the Bank. On an annual basis, the Board determines the amount to be appropriated from the distributable profit to the reserve. The Board considered the balance available in this account as at 30 June 2016 to be adequate to meet current and future projects. As at 30 June 2019 the reserve had a balance of TZS 210,000.0 million (2018: TZS 210,000.0 million).

(e) Staff Housing Fund

The Staff Housing Fund was established by a resolution of the Board of Directors on 30 June 1990. The purpose of this Fund is to finance housing loans to Bank's employees. On an annual basis, the Board determines the amount to be appropriated from the distributable profit to the reserve. As at 30 June 2019, the Fund had a balance of TZS 131,893.9 million (2018: TZS 126,710.2 million). The increase during the year was on account of interest earned from Fund's investments.

(f) Assets Revaluation Reserve

The Bank maintains Assets Revaluation Reserve to account for revaluation surpluses or deficits. To ensure compliance with requirement of International Accounting Standard (IAS 16), Property, Plant and Equipment if an asset-carrying amount increases as a result of revaluation, the increase is credited directly to other comprehensive income. However, this amount is not available for distribution. Accordingly, it is retained in the asset revaluation reserve. If an asset's carrying amount decreases on account of revaluation, the decrease is recognised in profit or loss to the extent that it exceeds credit balance existing in the asset revaluation reserve in respect of that asset. As at 30 June 2019, the reserve had a balance of TZS 260,246.1 million (2018: TZS 260,246.1 million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

41 RESERVES (Continued)

(g) Foreign Exchange Revaluation Reserve

In accordance with Section 18(4) of the Bank of Tanzania Act, 2006, unrealised gains or losses on foreign exchange are transferred to this reserve account. In accounting for unrealised gains or losses the Bank complies with the requirements of both IFRS and the Bank of Tanzania Act (2006). Pursuant to the requirements of the International Accounting Standard (IAS – 21) the Effects of Changes in Foreign Exchange Rates, all realised and unrealised foreign exchange valuations should be taken to the profit or loss. As at 30 June 2019, the reserve had a total balance of TZS 3,077.3 million (2018: TZS 212,970.7 million).

Both realised and unrealised foreign exchange gains or losses are taken to profit or loss for the purposes of computation of profit or loss for the year. Until such gains or losses are realised, they are not available for distribution; in the interim, the unrealised amounts are reflected in the Foreign Exchange Revaluation Reserve. The separation of realised from unrealised exchange gains and losses is done by use of an “inventory accounting for foreign exchange assets and liabilities”.

(h) Securities Revaluation Reserve

The Bank maintains Securities Revaluation Reserve to account for unrealised gains and losses arising from changes in fair value of financial instruments measured at fair value. As at 30 June 2019, the reserve had a total balance of TZS 61,777.2 million (2018: TZS 2,383.8 million).

(i) Financial Sector Development Fund.

This is a Fund established by the Board on 30 June 2016 pursuant to Section 18(1) (d) of the Bank of Tanzania Act, 2006 to foster execution of the Bank’s mandate on financial sector development. The fund complements donor funds directed towards financial sector reforms. As at 30 June 2019, the fund had TZS 38,699.1 million (2018: TZS 38,700.1 million). The increase is on account of interest income earned from the Fund’s investments.

(j) Reserve for Dividend

This reserve accommodates the amount declared as dividend payable to the Governments after end of the accounting period. During the year ended 30 June 2019, the Bank declared dividend of TZS 250,000.0 million. As at 30 June 2019, the dividend reserve had a balance of TZS 250,000.0 million (2018: TZS 350,000 million).

(k) Defined Benefit Reserve

This reserve was established in June 2013 in order to accommodate re-measurements arising from change in actuarial assumptions to ensure compliance with International Accounting Standard (IAS 19 as revised in 2011)- Employee Benefits. During the year ended 30 June 2019 an actuarial gain of TZS 9,581.0 million was recorded following revision of actuarial assumptions. As at 30 June 2019, the reserve had a balance of TZS 11,348.2 million (2018: TZS 20,929.3 million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

42. CASH GENERATED FROM/USED IN OPERATING ACTIVITIES

	30.06.2019	30.06.2018
	TZS '000	TZS '000
Profit before tax	122,590,953	176,427,561
Adjustment for:		
Depreciation and impairment of property and equipment	23,847,390	21,275,418
Amortisation of intangible assets	1,541,829	2,087,464
Net loss on disposal of property and equipment	8,840	16,720
Reversal for Impairment loss	(490,833)	-
Provision for retirement benefit	1,353,491	3,976,000
Employer's contribution in retirement benefit (Note 45)	(18,985,000)	(16,046,813)
	129,866,670	187,736,350
Changes in working capital		
Increase in escrow assets	(173,629)	(188,207)
Increase in items in course of settlement	25,203,697	52,375,160
(Increase)/decrease in items in advances to Government	705,374,883	(397,268,785)
Increase in loans and receivables	(7,428,486)	(44,042,317)
Increase in inventories	(1,857,755)	(152,083)
Increase/(decrease) in deferred currency costs	46,456,978	(13,659,806)
Increase in other assets	(389,680,145)	(23,673,274)
Increase/(decrease) in deposits	(2,260,945,119)	1,474,495,627
Increase/(decrease) in other liabilities and provisions	19,359,806	(38,480,306)
Net changes in working capital	(1,863,689,770)	1,009,406,009
Cash generated from operations	(1,733,823,100)	1,197,142,359



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT

43.1 Introduction

Risk management process in the Bank is based on the Corporate Risk Framework (CRM), policy and guidelines that call for an integrated approach to ensure that all risks inherent in the operations are effectively managed; so that the Bank can in turn attain its strategic goals and objectives.

While fulfilling its legal obligations, such as implementing monetary and exchange rate policies, managing foreign exchange reserves and rendering banking services to the banking sector and the Government of the United Republic of Tanzania, the Bank is exposed to a myriad of financial risks namely market, credit and liquidity

Bank's activities necessitate the use of financial instruments which include both assets and liabilities. The instruments related to assets comprise of; foreign exchange deposits, foreign currency marketable securities, holding of special drawing rights (SDR), equity investments and Government securities. The Bank holds foreign exchange reserves for the purposes of servicing foreign debts and other Government obligations as a fiscal agent of the Government of the United Republic of Tanzania, and for servicing its own foreign exchange obligations. The Bank also holds foreign exchange reserves for implementation of monetary and exchange rate policies and providing confidence to the financial markets. In view of the Bank's priorities of safety, liquidity and return, as stipulated by the Bank of Tanzania Act, 2006, the Bank with a prudent approach, subjects its foreign exchange reserves to investments in international markets.

The liabilities instruments include; currency in circulation, deposits from financial institutions, Governments and its entities and IMF related liabilities. It also accepts or places short-term funds/ securities through open market operations in order to achieve the reserve target and influence the short-term interest rates; the primary tool of monetary policy tools to establish price stability.

The financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Bank.

The Bank's risks are measured to reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on quantitative factors. The quantitative factors use models which make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

The financial risk is analysed and reported on timely basis. This information is presented to the investment management committee, management risk committee the Board on periodic basis. As part of its financial risk management, the Bank uses various limits specified in the policy and guidelines to manage exposures to various risks.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure

Risk management is integral to all aspects of the Bank's activities and is generally the responsibility of all employees. Heads of business units have a particular responsibility to evaluate their risk environment, put in place appropriate controls and monitor the effectiveness of these controls. The Bank identifies, assesses and manages risk at both Corporate ('top-down') and business ('bottom-up') level. Controls put in place to manage the Bank's risk environment are carefully assessed to ensure they are well developed and implemented effectively. The role of each stakeholder is summarised below:

(a) Board of Directors

The Board of Directors is responsible for:

- Overseeing corporate risk management in the Bank;
- Approving the Corporate Risk Management framework, policy, guide, benchmarks, tolerance limits, risk appetite and key risk indicators; and
- Providing sufficient resources to support risk management function.

(b) Finance and Investment Committee of the Board

The Finance and Investment Committee of the Board is responsible for:

- Reviewing and recommending approval of the Corporate Risk Profile, associated mitigation strategies and other reports on Risk Management;
- Assisting the Board in reviewing implementation reports of risk management initiatives in the Bank;
- Advising the Board on all Risk Management undertakings in the Bank; and
- Issuing directives to Management on issues related to Risk management.

(c) Management

The Management is responsible for:

- Establishing, implementing and maintaining risk management system in accordance with the Corporate Risk Management and Investment Management Policy;
- Formulating the framework, policy and recommending the risk limits and tolerance; and
- Reporting to the Finance and Investment Committee of the Board on implementation status of the policy.

(d) Management risk committee (MRC)

The committee is responsible for:

- Guiding Management on issues related to risk management;
- Recommending approval of corporate risk profile to the Management;
- Reviewing risk mitigation plans and recommend for approval to Management; and
- Recommending periodic risk management reports to the Management.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.2 Risk management structure (Continued)

(e) Risk Management Function

Risk Management is responsible for:

- Coordinating the implementation of CRM Policy and related framework;
- Facilitating and coordinating periodic assessment of risks programmes;
- Maintaining corporate risk register and Coordinating corporate risk profile reviews;
- Promoting risk management culture to employees;
- Providing Management with risk related reports;
- Maintaining incident register and disseminate information to relevant risk owners;
- Communicating changes to all stakeholders;
- Administering and Custodian of the policy; and
- Consolidating proposals of benchmarks, risk appetite, tolerance limits, and submit to MRC for review and subsequently to the Board for approval.

(f) Internal audit function

The Internal Audit function is responsible for providing an independent evaluation of risk management, implementation and reviewing corporate risk profile.

43.3 Financial risks

The Bank has adopted IFRS 9 Financial Instruments (“IFRS 9”) as issued by the International Accounting Standards Board (“IASB”) in July 2014 effective for annual financial statements starting on or after 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

The Bank had early adopted the first release of IFRS 9 that dealt with classification and measurement in July 2012. Under this release, the business model classified financial assets under two categories namely: Fair Value through Profit or Loss and Amortized cost. There was no change in classification of financial liabilities except for the subsequent amendments relating to treatment of own credit risk. The Bank reclassified its marketable securities as subsequently measured at fair value through profit or loss. Other financial assets were classified as measured at amortized cost.

As permitted by the transitional provisions of IFRS 9, the Bank elected not to restate comparative figures on adoption of the 2014 vision of the standard. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period.

The consequential amendments to IFRS 7 – Financial Instruments: Disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities, and impairment of financial assets.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Bank. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period)

Financial Instruments

(a) Classification and measurement of financial instruments

The Bank performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. As a result, the Bank implemented a change in classification and measurement of foreign currency denominated securities. The Bank reclassified the unhedged foreign currency denominated securities, equivalent to TZS 5,900.3 billion, from fair value through profit or loss (FVTPL) to fair value through other comprehensive income and designation to FVTPL of hedged portfolio of foreign currency denominated securities equivalent to TZS 611.8 billion. In reclassification to FVOCI the Bank has opted for the use of fair value of assets at the date of reclassification as the new cost for the purpose of recording gains or losses and amortisation. Please refer to the Note above for detailed information regarding the new classification requirements of IFRS 9.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial instruments as shown by the tables below:

	IFRS 9 (2009 version)		IFRS 9 (2014 version)	
	Measurement category	Carrying Amount	Measurement category	Carrying Amount
Financial Assets				
Cash and balances with central banks & other banks	Amortised cost	5,773,514,102	Amortised cost	5,773,453,865
Holdings of Special Drawing Rights (SDRs)	Amortised cost	3,232,160	Amortised cost	3,232,160
Quota in International Monetary Fund (IMF)	Amortised cost	1,268,292,685	Amortised cost	1,268,292,685
Foreign currency marketable securities(FVTPL)	FVTPL	6,512,415,415	FVTPL	686,795,246
Foreign currency marketable securities(FVOCI)	n/a		FVOCI	5,825,620,169
Equity investments	FVOCI	32,203,745	FVOCI	32,203,745
Government securities	Amortised cost	1,361,728,291	Amortised cost	1,361,728,291
Advances to the Government	Amortised cost	1,943,822,268	Amortised cost	1,943,822,268
Loans and receivables	Amortised cost	418,119,142	Amortised cost	414,452,465
Other assets	Amortised cost	132,334,677	Amortised cost	132,334,677
Financial Liabilities				
Currency in circulation	Amortised cost	4,646,962,897	Amortised cost	4,646,962,897
Deposits - banks and non-bank financial institutions	Amortised cost	3,188,338,440	Amortised cost	3,188,338,440
Deposits - Governments	Amortised cost	2,544,064,269	Amortised cost	2,544,064,269
Deposits - Others	Amortised cost	2,133,912,345	Amortised cost	2,133,912,345
Foreign currency financial liabilities	Amortised cost	1,180,140,312	Amortised cost	1,180,140,312
Poverty reduction and growth facility	Amortised cost	323,441,203	Amortised cost	323,441,203
BoT liquidity papers	Amortised cost	580,698,636	Amortised cost	580,698,636
Other liabilities	Amortised cost	53,728,845	Amortised cost	53,728,845
IMF related liabilities	Amortised cost	1,077,873,263	Amortised cost	1,077,873,263
Allocation of Special Drawing Rights (SDRs)	Amortised cost	607,401,286	Amortised cost	607,401,286



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

Reconciliation of statement of financial position balances from previous IFRS 9 vision to new IFRS 9.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category their new measurement categories upon transition to IFRS 9 on 1 July 2018.

	Carrying Amount 30 June 2018	Reclassifications	Re-measurements (allowance to expected credit loss)	Carrying Amount 1 July 2018
	TZS 000	TZS 000	TZS 000	TZS 000
Amortised Cost				
Cash and balances with central banks & other banks	5,773,514,102	-	(60,237)	5,773,453,865
Holdings of Special Drawing Rights (SDRs)	3,232,160	-	-	3,232,160
Quota in International Monetary Fund (IMF)	1,268,292,685	-	-	1,268,292,685
Equity investments	32,203,745	-	-	32,203,745
Government securities	1,361,728,291	-	-	1,361,728,291
Advances to the Government	1,943,822,268	-	-	1,943,822,268
Loans and receivables	418,119,142	-	(3,666,677)	414,452,465
Other assets	132,334,677	-	-	132,334,677
	10,933,247,070	-	(3,726,914)	10,929,520,156
Fair value through profit or loss				
Foreign currency marketable securities(FVTPL)	6,512,415,415	(5,825,620,169)	-	686,795,246
Fair value through other comprehensive income				
Foreign currency marketable securities(FVOCI)	-	5,825,620,169	-	5,825,620,169
	17,445,662,485	-	(3,726,914)	17,441,935,571

The total re-measurement loss of TZS 3.7 billion in respect of expected credit loss was recognised in opening retained earnings as at 1 July 2018.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(C) Reconciliation of loss allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 July 2018.

	Loss allowance under IAS 39 TZS 000	Additional Impairment TZS 000	Loan loss allowance under IFRS 9 TZS 000
Cash and balances with central banks & other banks	-	(60,237)	(60,237)
Holdings of Special Drawing Rights (SDRs)	-	-	-
Quota in International Monetary Fund (IMF)	-	-	-
Foreign currency marketable securities (FVTPL)	-	-	-
Foreign currency marketable securities (FVOCI)	-	-	-
Equity investments	-	-	-
Government securities	-	-	-
Advances to the Government	-	-	-
Loans and receivables	(12,193,689)	(3,666,677)	(15,860,366)
Other assets	-	-	-
	(12,193,689)	(3,726,914)	(15,920,603)

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. The Bank recognises all financial instruments on its statement of financial position when it becomes a party to the contractual provision of the instrument.

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.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(ii) Classification and subsequent measurement of financial assets

From 1 June 2018, the Bank applied IFRS 9 and classifies its financial assets in the following measurement categories:

at amortised cost;

at fair value through profit or loss (“FVTPL”); or

at 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.

(ii) Classification and subsequent measurement of financial assets (continued)

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.

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 one of 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



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

adjusted by any expected credit loss (“ECL”) allowance. 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 amortisation 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.

(ii) Classification and subsequent measurement of financial assets (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. 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.

Fair value through other comprehensive income:

Financial assets that are held for collection or contractual cash flows and for selling the assets where the assets’ cash flows represent solely payment of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortised cost which are recognised in profit or loss. The amount included in ‘interest income’ is obtained using the effective interest rate method.

Fair value through profit or loss:

Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (“FVOCI”) are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented in profit or loss within gains arising from fair valuation of financial assets at fair value through profit or loss in the period in which it arises.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer’s perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer’s net assets. The Bank subsequently measures all equity instruments at FVOCI. Dividends, when representing a return on such investments, continue to be recognised in profit or loss under ‘Other income’ when the Bank’s right to receive payments is established. Gains or losses on equity investments are included in Other Comprehensive Income.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk

In its financial operations, the Bank is exposed to credit risk, defined as the probability of a complete or partial failure of a counterpart to fulfil its obligations arising from a financial transaction. Credit risk basically originates from the open market operations carried out in order to provide short term liquidity to banks within the framework of monetary policy implementation and from the investments made during foreign exchange reserve management.

Credit risk faced by the Bank during the implementation of monetary policy is an inevitable risk, such risks are managed by securing the entire transaction amount, also including a certain margin by assets that have high credit quality and are tradable in the secondary markets.

The management of the credit risk that the Bank is exposed to in the foreign exchange reserve management is based on the principal of minimizing default probabilities of the counter-parties and the financial loss in case of default. The Bank confines its investment to leading international financial institutions and debtors that meet the minimum rating criteria specified in the Investment Policy. The Bank uses credit ratings assigned by the International Credit Rating Agencies. The specified minimum rating criteria depends on whether the investment is short or long term in nature.

Accordingly, for short term investments, the Bank takes on exposure to issuers/issues having at least F2, A-2 and P-2 according to Fitch Ratings, Standard and Poor's (S&P) Financial Services LLC and Moody's respectively. The Bank can also invest in securities issued or directly guaranteed by foreign governments and Supranational which have a long-term rating of at least 'A' according to the above stated credit rating agencies. By settling this overall credit risk limit within the scope of Investment Guidelines, the Bank aims to prevent credit risk from exceeding its risk tolerance.

The institutions eligible for transactions are chosen among those institutions meeting the minimum credit rating limitation set in the guidelines. In all transactions executed with these institutions, credit risk exposure amounts that are calculated on the basis of transactions type are immediately reflected on their limits, and the use of these limits are regularly monitored and reported. Overall, the credit risk assumed during financial year 2018/19 operations remained at quite low levels as a great portion of reserves are invested in assets issued or directly guaranteed by the respective governments as well as by supranational institutions such as the World Bank, the European Investment Bank and Bank for International Settlements.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Total assets of the Bank exposed to credit risk as of 30 June 2019 and 30 June 2018 are presented in the table below according to the classification of assets (classification according to external credit rating is done based on credit ratings published by Standard and Poor's).

Description	30.06.2019		30.06.2018	
	TZS '000	Share (%)	TZS '000	Share (%)
Central Banks				
AAA to A	560,766,547	4%	785,691,252	4.5%
B+ to B	1,422,381.5	0.01%	2,904,951	0.02%
Foreign Commercial Banks				
AAA to A	4,174,310,678	30%	4,970,868,572	28.48%
B+ to B	1,634,454	0.01%	697,766.5	
Escrow accounts				
A+	11,218,286	0.08%	10,856,450	0.06%
Items in course of settlement: N	-		-	0.00%
Loans, receivables & advances to the government				
NR	1,660,968,106	12%	2,361,941,410	13.49%
Investment in securities				
Marketable securities	5,065,705,728	36%	6,512,415,415	37.32%
AAA	1,167,382,355		5,342,134,364	
AA+	2,966,056,847		145,226,864	
AA	673,006,575		659,707,682	
AA-	28,417,868		86,615,125	
A+	230,527,130		278,731,380	
Equity investments				
NR	37,073,235	0.3%	32,203,745	0.18%
Government securities				
NR	1,257,650,150	8%	1,361,728,291	7.80%
Other assets (excluding prepayments)				
NR	467,682,113	3%	126,518,145	0.73%
Holdings of Special Drawing Rights (SDRs)				
NR	67,392,346	0.5%	3,232,160	0.02%
Quota in International Monetary Fund (IMF)				
NR	1,266,185,402	9%	1,268,292,685	7.27%
	14,572,009,427	100.00%	17,437,350,843	100.00%



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

The sectoral classification of the Bank's credit exposure as at 30 June 2019 is as follows:

Details	Foreign Country Treasury TZS '000	Supranational Institutions TZS '000	Domestic Financial Institutions TZS '000	Foreign Financial Institutions TZS '000	Government Guaranteed Agencies TZS '000	Tanzania Treasury TZS '000	Total TZS '000
2019							
Central Banks, Foreign Commercial Banks and Escrow accounts							
Central Banks	561,519,866	1,422,382	-	-	-	-	562,942,247
Commercial Banks	0	0	-	4,253,757,966	-	-	4,253,757,967
Escrow accounts	-	-	-	11,218,286	-	-	11,218,286
Investment in securities							
Foreign Currency Marketable securities	4,036,795,712	252,403,877	-	688,036,746	88,469,394	-	5,065,705,728
Equity investments	-	-	-	37,073,235	-	-	37,073,235
Government securities	-	-	-	-	-	1,257,650,150	1,257,650,150
Others							
Items in course of settlement	-	-	-	-	-	-	-
Loans, receivables and advances	-	-	422,520,721	-	-	1,238,447,385	1,660,968,106
Other assets (excluding prepayments)	-	-	-	-	-	467,682,113	467,682,113
Holdings of Special Drawing Rights (SDRs)	-	67,392,346	-	-	-	-	67,392,346
Quota in International Monetary Fund (IMF)	-	1,266,185,402	-	-	-	-	1,266,185,402
	4,598,315,578	1,587,404,007	422,520,721	4,990,086,233	88,469,394	2,963,779,648	14,650,575,581



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

The sectoral classification of the Bank's credit exposure as at 30 June 2018 is as follows:

Details	Foreign Country Treasury	Supranational Institutions	Domestic Financial Institutions	Foreign Financial Institutions	Government Guaranteed Agencies	Tanzania Treasury	Total
2019	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Central Banks, Foreign Commercial Banks and Escrow accounts							
Central Banks	561,519,866	1,422,382	-	-	-	-	562,942,247
Commercial Banks	0	0	-	4,253,757,966	-	-	4,253,757,967
Escrow accounts	-	-	-	11,218,286	-	-	11,218,286
Investment in securities							
Foreign Currency Marketable securities	4,036,795,712	252,403,877	-	688,036,746	88,469,394	-	5,065,705,728
Equity investments	-	-	-	37,073,235	-	-	37,073,235
Government securities	-	-	-	-	-	1,257,650,150	1,257,650,150
Others							
Items in course of settlement	-	-	-	-	-	-	-
Loans, receivables and advances	-	-	422,520,721	-	-	1,238,447,385	1,660,968,106
Other assets (excluding prepayments)	-	-	-	-	-	467,682,113	467,682,113
Holdings of Special Drawing Rights (SDRs)	-	67,392,346	-	-	-	-	67,392,346
Quota in International Monetary Fund (IMF)	-	1,266,185,402	-	-	-	-	1,266,185,402
	4,598,315,578	1,587,404,007	422,520,721	4,990,086,233	88,469,394	2,963,779,648	14,650,575,581



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Geographical analysis of concentrations of assets and liability of the Bank as at 30 June 2019 is as follows:

Details	Foreign Country Treasury	Supranational Institutions	Domestic Financial Institutions	Foreign Financial Institutions	Government Guaranteed Agencies	Tanzania Treasury	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
2018							
Central Banks, Foreign Commercial Banks and Escrow accounts							
Central Banks	2,351,046,194	1,567,060,170	-	-	-	4,817,704	3,922,924,068
Commercial Banks	-	-	-	1,850,590,032	-	1	1,850,590,033
Escrow accounts	-	-	-	11,044,657	-	-	11,044,657
Investment in securities							
Foreign Currency Marketable securities	5,986,936,433	210,480,930	-	89,704,319	225,293,733	-	6,512,415,415
Equity investments	-	-	-	32,203,745	-	-	32,203,745
Government securities	-	-	-	-	-	1,361,728,291	1,361,728,291
Others							
Items in course of settlement	-	-	-	-	-	-	-
Loans, receivables and advances	-	-	418,119,142	-	-	1,943,822,268	2,361,941,410
Other assets (excluding prepayments)	-	-	-	-	-	126,518,145	126,518,145
Holdings of Special Drawing Rights (SDRs)	-	3,232,160	-	-	-	-	3,232,160
Quota in International Monetary Fund (IMF)	-	1,268,292,685	-	-	-	-	1,268,292,685
	8,337,982,627	3,049,065,945	418,119,142	1,983,542,753	225,293,733	3,436,886,409	17,450,890,609



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Geographical analysis of concentrations of assets and liability of the Bank as at 30 June 2018 is as follows:

Details	Tanzania	USA	UK	Other	Total
	TZS '000	TZS '000	TZS '000	Countries TZS '000	
Assets					
Cash and balances with central banks & other banks	70,376,711	1,148,271,851	387,067,480	2,643,776,782	4,816,700,214
Escrow accounts	-	-	11,218,286	-	11,218,286
Items in course of settlement	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	-	67,392,346	-	-	67,392,346
Quota in International Monetary Fund (IMF)	-	1,266,185,402	-	-	1,266,185,402
Foreign currency marketable securities	-	3,599,022,038	645,317,555	100,621,902	5,065,705,728
Equity investment	-	-	-	1,142,781	37,073,235
Government securities	1,257,650,150	-	-	-	1,257,650,150
Advances to the Government	1,238,447,385	-	-	-	1,238,447,385
Loans and receivables	422,520,721	-	-	-	422,520,721
Other assets (excluding prepayments)	467,682,113	-	-	-	467,682,113
Total assets	3,456,677,080	6,080,871,637	1,043,603,321	2,745,541,465	14,650,575,580
Liabilities					
Currency in circulation	4,965,202,559	-	-	-	4,965,202,559
Deposits - banks and non-banks financial institutions	3,457,134,887	-	-	-	3,457,134,887
Deposits - Government	-	-	-	-	-
Deposits - others	2,148,235,048	-	-	-	2,148,235,048
Foreign currency financial liabilities	919,256,948	-	-	-	919,256,948
Poverty deduction and growth facility	-	130,856,840	-	-	130,856,840
BoT liquidity papers	330,753,832	-	-	-	330,753,832
Other liabilities	72,990,052	-	-	-	72,990,052
IMF related liabilities	1,076,082,365	-	-	-	1,076,082,365
Allocation of Special Drawing Rights (SDRs)	-	606,392,081	-	-	606,392,081
Total liabilities	12,969,655,691	737,248,921	--	-	13,706,904,612



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Geographical analysis of concentrations of assets and liability of the Bank as at 30 June 2018 is as follows:

Details	Tanzania TZS '000	USA TZS '000	UK TZS '000	Other European Countries TZS '000	Other Countries TZS '000	Total TZS '000
2018						
Assets						
Cash and balances with central banks & other banks	5,318,080	1,006,405,216	430,951,617	2,200,818,430	2,130,020,759	5,773,514,102
Escrow accounts	-	-	11,044,657	-	-	11,044,657
Items in course of settlement	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	-	3,232,160	-	-	-	3,232,160
Quota in International Monetary Fund (IMF)	-	1,268,292,685	-	-	-	1,268,292,685
Foreign currency marketable securities	-	4,306,739,369	386,637,795	876,020,250	943,018,001	6,512,415,415
Equity investment	-	-	-	1,157,813	31,045,932	32,203,745
Government securities	1,361,728,291	-	-	-	-	1,361,728,291
Advances to the Government	1,943,822,268	-	-	-	-	1,943,822,268
Loans and receivables	418,119,142	-	-	-	-	418,119,142
Other assets (excluding prepayments)	126,518,145	-	-	-	-	126,518,145
Total assets	3,855,505,926	6,584,669,430	828,634,069	3,077,996,493	3,104,084,692	17,450,890,610
Liabilities						
Currency in circulation	4,646,962,897	-	-	-	-	4,646,962,897
Deposits - banks and non-banks financial institutions	3,188,338,440	-	-	-	-	3,188,338,440
Deposits - Government	2,544,064,269	-	-	-	-	2,544,064,269
Deposits - others	2,133,912,345	-	-	-	-	2,133,912,345
Foreign currency financial liabilities	1,180,140,312	-	-	-	-	1,180,140,312
Poverty deduction and growth facility	-	323,441,203	-	-	-	323,441,203
BoT liquidity papers	580,698,636	-	-	-	-	580,698,636
Other liabilities	53,728,845	-	-	-	-	53,728,845
IMF related liabilities	1,077,873,263	-	-	-	-	1,077,873,263
Allocation of Special Drawing Rights (SDRs)	-	607,401,286	-	-	-	607,401,286
Total liabilities	15,405,719,007	930,842,489	--	--	--	16,336,561,496



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Credit quality per class of financial assets

The credit quality per class of financial assets is managed by the Bank using internal ratings system. The table below shows the quality by class of asset for all financial assets exposed to credit risk, based on the Bank's credit rating system. The amount presented is gross of impairment allowances.

Details	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
	TZS '000	TZS '000	TZS '000	TZS '000
30.06.2019				
Cash and cash equivalents	4,816,700,214	-	276,784	4,816,976,998
Escrow accounts	11,218,286	-	-	11,218,286
Items in course of settlement	-	-	-	-
Foreign currency marketable securities	5,065,705,728	-	-	5,065,705,728
Equity investments	37,073,235	-	-	37,073,235
Government securities	1,257,650,150	-	-	1,257,650,150
Loans, receivables and advances	1,648,580,688	12,387,418	15,220,596	1,676,188,702
Other assets (excluding prepayments)	467,682,113	-	-	467,682,113
Holdings of Special Drawing Rights (SDRs)	67,392,346	-	-	67,392,346
Quota in International Monetary Fund	1,266,185,402	-	-	1,266,185,402
	14,638,188,162	12,387,418	15,497,380	14,666,072,960
30.06.2018				
Cash and cash equivalents	5,773,514,102	-	-	5,773,514,102
Escrow accounts	11,044,657	-	-	11,044,657
Items in course of settlement	-	-	-	-
Foreign currency marketable securities	6,512,415,415	-	-	6,512,415,415
Equity investments	32,203,745	-	-	32,203,745
Government securities	1,361,728,291	-	-	1,361,728,291
Loans, receivables and advances	2,348,219,475	1,528,246	12,193,689	2,361,941,410
Other assets (excluding prepayments)	126,518,145	-	-	126,518,145
Holdings of Special Drawing Rights (SDRs)	3,232,160	-	-	3,232,160
Quota in International Monetary Fund	1,268,292,685	-	-	1,268,292,685
	17,437,168,675	1,528,246	12,193,689	17,450,890,610

Details on provision for impairment losses on loans and receivables have been provided under **Note 24**. The Bank does not hold collateral for financial liabilities pledged as security.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

3. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Credit quality per class of financial assets (Continued)

Individually assessed allowances:

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficult has arisen, projected receipts and the expected pay-out should bankruptcy ensure, the availability of other Financial support, the realisable value of collateral and timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

	<u>30.06.2019</u>	<u>30.06.2018</u>
	<u>Gross Maximum Exposure</u>	<u>Gross Maximum Exposure</u>
	<u>TZS '000</u>	<u>TZS '000</u>
Cash and cash equivalents	4,816,700,214	5,773,514,102
Escrow accounts	11,218,286	11,044,657
Items in the course of settlements	-	-
Foreign currency marketable securities	5,065,705,728	6,512,415,415
Equity investments	37,073,235	32,203,745
Government securities	1,257,650,150	1,361,728,291
Loans, receivables and advances	1,660,968,106	2,361,941,410
Other assets (Excluding prepayments)	467,682,113	126,518,145
Holdings of Special Drawing Rights (SDRs)	67,392,346	3,232,160
Quota in International Monetary Fund	1,266,185,402	1,268,292,685

The Bank's maximum exposure to credit risk for each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet. The maximum exposure to credit risk for derivatives at the reporting date is detailed below. Futures are settled and recorded on net terms while swaps are settled on gross terms but recorded on net basis. The net values of derivatives are as follows:

	<u>Asset</u>
	<u>TZS '000</u>
2019	
Futures	595,475
Swaps	214,692
2018	
Futures	332,589
Swaps	12,253,650

Impairment

Immediately after initial recognition, an ECL allowance is recognised for financial assets measured at amortised 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.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Credit quality per class of financial assets (Continued)

As from 1 July 2018, the Bank assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost, FVOCI and with the exposure arising from loan commitments. The Bank recognises 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.

Measurement of the ECL allowance

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(i) Credit risk measurement

The estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

Government securities and Advances to the Government

The Bank has classified Government securities and advances to the Government of the United Republic of Tanzania as low credit risk financial assets. These assets carry Sovereign risk and therefore has a zero or close to zero 12-month PD, in which case expected credit losses is negligible.

Financial assets with credit rating

The Bank uses external credit risk ratings that reflect its assessment of the probability of default for Cash and balances with central banks and other banks, Holdings of Special Drawing Rights (SDRs), Quota in International Monetary Fund (IMF) and Foreign currency marketable securities.

The Bank determines whether there is a significant increase in credit risk (SICR) by comparing the movement in credit rating at origination date and credit rating at the reporting date. Notch movements give an indicator of the number of downgrades required in order for the asset to be considered to have a significant increase in credit risk. Therefore, highly rated assets for example those in the AAA category would need to move down six notches to A- (or below) for it to be



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

considered a significant increase in credit risk whereas an asset rated B- would only need to move down one notch.

Financial assets without credit rating

The Bank uses a different approach for staff loans to determine whether there is significant increase in credit risk. The Bank only determine SICR for employees who are no longer employee of the Bank and whose instalments are more than 30 days past due.

The default event is determined for the Bank ex-employees with instalment overdue for more than 90 days.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised 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 instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- (a) 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 Stages 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.

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

The remaining lifetime PD at the reporting date has increased, compared to the residual lifetime PD expected at the reporting date when the exposure was first recognised.

Balances with other banks and financial institutions, including other central banks: This is determined by a change/downgrade in external rating and depending on the original rating more than one may be needed to trigger a SICR transfer. Due to the short-term characteristics of this assets ratings changes required to trigger SICR and be applied in risk assessment have to happen in a very short-timeframe.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Investment Securities will follow a similar approach to other counterparty exposures above. This is a longer-term exposure and the effect to moving to a lifetime ECL would be significant.

The assessment of SICR incorporates forward-looking information in so far as the external ratings are constructed to reflect macro-economic outlook and impact.

Backstop

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

The Bank has used the low credit risk exemption for Government securities and advances to the Government of United Republic of Tanzania.

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 has failed to meet contractual obligations on repayment being either 90 days in arrears or in the case of staff lending has left the Bank and failed to meet contractual requirement on settling outstanding loan.

Qualitative criteria

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

- The borrower is in long-term forbearance
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

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 Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The 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 made if the default occurs in the next 12 months and Lifetime LGD is 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 and for each individual exposure or collective segment. 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 month, 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 Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

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

- For amortising facilities and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.
- For revolving facilities, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on 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. LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PDs, EADs and LGDs. These assumptions vary by asset type. Refer to the note overleaf for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis or upon new parameters being released by the ratings agencies.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information on the corporate and sovereign exposures derived through the external rating and outlook.

On staff lending the data is very sparse and does not practically lend itself to macroeconomic modelling without undue cost and effort.

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 and has analysed the non-linearities and asymmetries within the Bank’s different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Management overlays can also be applied should they seen to be justified, as approved by the Board.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Loss allowance

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances 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, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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

Loss allowance-Cash and balances with central banks and other banks	Stage 1	Stage 2	Stage 3	Total
	12-month ECL TZS 000s	Lifetime ECL TZS 000s	Lifetime ECL TZS 000s	
Loss allowance as at 30 June 2018	-	-	-	-
Restatement of the prior year	60,237	-	-	60,237
Loss allowance as at 01 July 2019	60,237	-	-	60,237
Movements with impact in the Statement of Profit or Loss				
New financial assets originated or purchased	216,547	-	-	216,547
Loss allowance as at 30 June 2019	276,784	-	-	276,784



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

	Stage 1 12-month ECL TZS '000	Stage 2 Lifetime ECL TZS '000	Stage 3 Lifetime ECL TZS '000	Total TZS '000
Loss allowance – Loans and receivables				
Loss allowance as at 30 June 2018	-	-	12,193,689	12,193,689
Restatement of the prior year	-	-	-	-
Loss allowance as at 01 July 2018	2,873,407	-	12,986,959	15,860,366
Changes in the loss allowance	-	-	-	-
– Transfer to stage 1	1,596,628	-	(1,596,628)	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	(5,704)	-	5,704	-
Other movements	(1,590,924)	-	1,590,924	-
Movements with Impact in the Statement of Profit or loss				
– Write-offs	-	-	-	-
New financial assets originated or purchased	1,284,558	6,359	1,808	1,292,725
Financial assets that have been derecognised	-240,265	-	-10,485	-250,750
Changes in models/risk parameters	-125,849	4,302	-1,560,198	-1,681,745
Total loss movement	918,444	10,661	-1,568,875	-639,770
Loss allowance as at 30 June 2019	3,791,851	10,661	11,418,084	15,220,596



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(a) Credit risk (Continued)

Write-off policy

- The Bank writes off financial assets, 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 (a) ceasing enforcement activity and (b) where the Bank's 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 subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 30 Jun 2019- Nil (30 June 2018 – Not applicable). The Bank will 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

• **Exposure to Credit Risk**

Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amounts of financial asset below also represent the Bank's maximum exposure to credit risk on these assets.

				30 Jun 2019	30 Jun 2018
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	TZS '000	TZS'000	TZS '000	TZS '000	TZS '000
Investment grade	13,548,310,920	-	-	13,548,310,920	17,194,002,861
Standard monitoring	415,248,364	97,133	12,802,607	428,148,104	76,172,590
Default	-	-	10,602,164	10,602,164	23,142,301
Gross carrying amount	13,963,559,284	97,133	23,404,771	13,987,061,188	17,293,317,752
Loss allowance	(4,068,635)	(10,661)	(11,418,084)	(15,497,380)	(12,193,689)
Net Carrying amount	13,959,490,649	86,472	11,986,687	13,971,563,808	17,281,124,063

Collateral and other credit enhancements

The Bank obtains collateral where appropriate, from Staff to manage their credit risk exposure to the Bank staff. The collateral is in the form of staff properties and staff internal terminal benefits.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(b) Liquidity risk

This arises from inability of the Bank to meet its own foreign exchange and government obligations without incurring huge price concession.

Due to its nature of business (externalisation of the government obligations), a huge amount of expected foreign cash flows is not reflected in the Statement of Financial Position. As a result, assets-liabilities management may not be effective. Thus, to manage this risk, the Bank categorizes its foreign exchange reserves into Liquidity, Investment, Stable tranches and special purposes investment tranche. The liquidity tranche is intended to meet both anticipated and unanticipated monthly cash requirements thus matching both on and off Statement of Financial Position foreign assets and liabilities. The tranche is monitored on a daily basis. It is comprised of highly liquid short-term financial instruments

The table below analyses the assets and liabilities of the Bank into relevant maturity based on the remaining period at Statement of Financial Position date to contractual maturity date.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(b) Liquidity risk (Continued)

By contractual maturity analysis of financial instruments

Details	Up to 1 Month	From 1 to 3 Months	From 3 to 12 Months	From 1 to 5 Years	Over 5 Years	Total
2019	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Assets						
Cash and balances with central banks & other banks	2,319,388,230	2,497,311,984	-	-	-	4,816,700,214
Escrow accounts	-	-	-	-	11,218,286	11,218,286
Items in course of settlement	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	67,392,346	-	-	-	-	67,392,346
Quota in International Monetary Fund (IMF)	-	-	-	-	1,266,185,402	1,266,185,402
Foreign currency marketable securities	20,283,698	221,090,519	1,080,981,008	3,739,813,161	3,537,341	5,065,705,728
Equity investment	-	-	-	-	37,073,235	37,073,235
Government securities	-	27,252,492	474,333,308	620,319,280	135,745,070	1,257,650,150
Advance to the Government	-	-	1,238,447,385	-	-	1,238,447,385
Loans and receivables	20,175,814	1,785,010	320,782,332	17,645,681	62,131,885	422,520,721
Other assets (excluding prepayments)	439,452,360	-	133,500	-	28,096,253	467,682,113
Total assets	2,866,692,448	2,747,440,005	3,114,677,533	4,377,778,122	1,543,987,472	14,650,575,580
Liabilities						
Currency in circulation	4,965,202,559	-	-	-	-	4,965,202,559
Deposit - banks and non-banks financial institutions	3,457,134,887	-	-	-	-	3,457,134,887
Deposits - Governments	-	-	-	-	-	-
Deposit others	2,148,235,048	-	-	-	-	2,148,235,048
Foreign currency financial liabilities	919,256,948	-	-	-	-	919,256,948
Items in course of settlement	25,755,244	-	-	-	-	25,755,244
Poverty Reduction and Growth Facility	-	27,508,490	55,066,670	72,960,318	45,984,597	201,520,076
BOT liquidity papers	37,990	960,572	329,755,270	-	-	330,753,832
Other liabilities	72,990,052	-	-	-	-	72,990,052
IMF Related Liabilities	-	-	-	-	1,076,082,365	1,076,082,365
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	606,392,081	606,392,081
Total liabilities	11,588,612,728	28,469,062	384,821,940	72,960,318	1,728,459,043	13,803,323,092
Net liquidity gap	(8,721,820,280)	2,718,970,943	2,729,855,593	4,304,817,804	(-184,471,571)	847,252,488



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(b) Liquidity risk (Continued)

By contractual maturity analysis of financial instruments

Details	Up to 1 Month	From 1 to 3 Months	From 3 to 12 Months	From 1 to 5 Years	Over 5 Years	Total
2018	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Assets						
Cash and balances with central banks & other banks	3,099,464,398	2,674,049,704	-	-	-	5,773,514,102
Escrow accounts	-	-	-	-	11,044,657	11,044,657
Items in course of settlement	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	3,232,160	-	-	-	-	3,232,160
Quota in International Monetary Fund (IMF)	-	-	-	-	1,268,292,685	1,268,292,685
Foreign currency marketable securities	91,516,963	310,945,769	1,705,121,254	4,404,831,429	-	6,512,415,415
Equity investment	-	-	-	-	32,203,745	32,203,745
Government securities	16,772,594	5,779,140	58,778,732	1,079,006,536	201,391,289	1,361,728,291
Advance to the Government	-	-	1,943,822,268	-	-	1,943,822,268
Loans and receivables	28,032,628	87,286	318,884,652	21,927,500	49,187,076	418,119,142
Other assets (excluding prepayments)	100,493,681	-	1,024,468	-	24,999,996	126,518,145
Total assets	3,339,512,424	2,990,861,899	4,027,631,374	5,505,765,465	1,587,119,448	17,450,890,610
Liabilities						
Currency in circulation	4,646,962,897	-	-	-	-	4,646,962,897
Deposit - banks and non-banks financial institutions	3,188,338,440	-	-	-	-	3,188,338,440
Deposits - Governments	2,544,064,269	-	-	-	-	2,544,064,269
Deposit others	2,133,912,345	-	-	-	-	2,133,912,345
Foreign currency financial liabilities	1,180,140,312	-	-	-	-	1,180,140,312
Items in course of settlement	551,547	-	-	-	-	551,547
Poverty Reduction and Growth Facility	-	26,396,151	165,744,474	78,282,107	52,792,299	323,215,031
BOT liquidity papers	83,664,080	261,083,120	241,041,030	-	-	585,788,230
Other liabilities	53,728,845	-	-	-	-	53,728,845
IMF Related Liabilities	-	-	-	-	1,077,873,263	1,077,873,263
Allocation of Special Drawing Rights (SDRs)	-	-	-	-	607,401,286	607,401,286
Total liabilities	13,831,362,735	287,479,271	406,785,504	78,282,107	1,738,066,848	16,341,976,645
Net liquidity gap	(10,491,850,311)	2,703,382,628	3,620,845,870	5,427,483,358	(150,947,400)	1,108,914,145



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(b) Liquidity risk (Continued)

The following tables detail the Bank's maturity profiles of both financial assets and liabilities.

2019	Less than 12 months	Over 12 months	Total
Assets	TZS '000	TZS '000	TZS '000
Cash and balances with central banks & other banks	4,816,700,214	-	4,816,700,214
Escrow accounts	-	11,218,286	11,218,286
Items in course of settlement	-	-	-
Holdings of Special Drawing Rights (SDRs)	67,392,346	-	67,392,346
Quota in International Monetary Fund	-	1,266,185,402	1,266,185,402
Foreign Currency Marketable securities	1,322,355,226	3,743,350,502	5,065,705,728
Equity investment	-	37,073,235	37,073,235
Government securities	501,585,800	756,064,350	1,257,650,150
Advance to the Government	1,238,447,385	-	1,238,447,385
Loans and receivables	342,743,155	79,777,566	422,520,721
Other assets (excluding prepayments)	439,585,860	28,096,253	467,682,113
	8,728,809,986	5,921,765,594	14,650,575,580
Liabilities			
Currency in circulation	4,965,202,559	-	4,965,202,559
Deposit - banks and non-banks financial institutions	3,457,134,887	-	3,457,134,887
Deposit – Others	2,148,235,048	-	2,148,235,048
Deposit – Government	-	-	-
Foreign currency financial liabilities	919,256,948	-	919,256,948
Items in course of settlement	25,755,244	-	25,755,244
Poverty reduction and growth facility	82,575,160	118,944,915	201,520,076
BOT liquidity papers	330,753,832	-	330,753,832
Other liabilities	72,990,052	-	72,990,052
IMF related liabilities	-	1,076,082,365	1,076,082,365
Allocation of Special Drawing Rights (SDRs)	-	606,392,081	606,392,081
Total liabilities	12,001,903,730	1,801,419,361	13,803,323,092
Net Liquidity gap	-3,273,093,744	4,120,346,233	847,252,488



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(b) Liquidity risk (Continued)

2018	Less than 12 months	Over 12 months	Total
Assets	TZS '000	TZS '000	TZS '000
Cash and balances with central banks & other banks	5,773,514,102	-	5,773,514,102
Escrow accounts	-	11,044,657	11,044,657
Items in course of settlement	-	-	-
Holdings of Special Drawing Rights (SDRs)	3,232,160	-	3,232,160
Quota in International Monetary Fund	-	1,268,292,685	1,268,292,685
Foreign Currency Marketable securities	2,107,583,986	4,404,831,429	6,512,415,415
Equity investment	-	32,203,745	32,203,745
Government securities	81,330,466	1,280,397,825	1,361,728,291
Advance to the Government	1,943,822,268	-	1,943,822,268
Loans and receivables	347,004,566	71,114,576	418,119,142
Other assets (excluding prepayments)	101,518,149	24,999,996	126,518,145
	10,358,005,697	7,092,884,913	17,450,890,610
Liabilities			
Currency in circulation	4,646,962,897	-	4,646,962,897
Deposit - banks and non-banks financial institutions	3,188,338,440	-	3,188,338,440
Deposit – Others	2,133,912,345	-	2,133,912,345
Deposit – Government	2,544,064,269	-	2,544,064,269
Foreign currency financial liabilities	1,180,140,312	-	1,180,140,312
Items in course of settlement	551,547	-	551,547
Poverty reduction and growth facility	197,941,961	125,499,242	323,441,203
BOT liquidity papers	580,698,636	-	580,698,636
Other liabilities	53,728,845	-	53,728,845
IMF related liabilities	-	1,077,873,263	1,077,873,263
Allocation of Special Drawing Rights (SDRs)	-	607,401,286	607,401,286
Total liabilities	14,526,339,252	1,810,773,791	16,337,113,043



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of movements in market interest rates. The price of marketable securities rises when market interest rates decline, and it falls if market rates rise. Interest rate risk increases with the maturity of a security. Interest rate risk on foreign assets is controlled through limits on the duration of these portfolios. Interest rate risk on Bank's assets is relatively lower as most of the portfolio is held in short-term. As of 30 June 2019, portfolio duration stood at 1.57 years while that of 30 June 2018 was 1.28 years. The tables below show duration for currencies;

Sensitivity to interest rate risk

For measuring the sensitivity of the Bank's foreign exchange reserves to interest rate risk, the portfolios are shocked with +/-1% parallel change in the respective government yield curves. The figures below show the effect on the Bank's profit and equity of a movement of +/-1 percentage point in interest rates, given the level, composition and modified duration of the Bank's foreign reserve as at 30 June 2019.

	<u>30.06.2019</u>		<u>30.06.2018</u>	
		TZS'000		TZS'000
USD	(22,776,665)	(52,148,523)	(27,293,374)	(62,489,793)
GBP	(1,847,970)	(5,374,689)	(991,827)	(2,884,657)
CNH	(2,866,316)	(955,359)	(3,589,327)	(1,196,342)
AUD	(5,295,045)	(8,497,240)	(5,772,028)	(9,262,679)



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(c) Interest rate risk (Continued)

Portfolio Characteristics

USD

Asset Type	30.06.2019				30.06.2018			
	Number of Securities	Duration (Years)	USD	TZS '000	Number of Securities	Duration (Years)	USD	TZS '000
Market value of Marketable Securities	165	1.39	1,717,747,036	3,932,883,459	209	1.32	2,178,149,201	4,937,395,974
Money Markets placements	57	0.13	1,276,261,190	2,922,075,496	79	0.11	1,743,999,984	3,953,112,418

EUR

Base currency	30.06.2019				30.06.2018			
	Number of Securities	Duration (Years)	EUR	TZS '000	Position of Securities	Duration (Years)	EUR	TZS '000
Market value of Marketable Securities	-	-	-	-	33	2.42	186,096,777	491,256,937

GBP

Asset Type	30.06.2019				30.06.2018			
	Number of Securities	Duration (Years)	USD	TZS '000	Number of Securities	Duration (Years)	USD	TZS '000
Market value of Marketable Securities	14	2.04	281,864,553	645,345,568	14	2.16	128,632,623	383,240,764
Money Markets placements	4	0.23	49,583,007	113,523,228	13	0.08	125,499,999	373,907,597



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(c) Interest rate risk (Continued)

Portfolio Characteristics

AUD

Asset Type	30.06.2019			30.06.2018				
	Number of Securities	Duration (Years)	USD	TZS '000	Number of Securities	Duration (Years)	USD	TZS '000
Market value of Marketable Securities	11	2.76	140,609,128	321,932,918	15	2	246,337,954	412,302,533
Money Markets placements	4	0.06	26,666,495	61,054,519	6	0	63,000,000	105,444,812

CNY

Asset Type	30.06.2019			30.06.2018				
	Number of Securities	Duration (Years)	USD	TZS '000	Number of Securities	Duration (Years)	USD	TZS '000
Market value of Marketable Securities	17	1.64	86,801,239.68	198,736,573	19	1.65	741,890,305	254,090,233
Money Markets placements	12	0.11	132,919,977	304,328,150	10	0.14	685,999,944	234,948,346

Portfolio Value-at-Risk

The Bank also uses Value-at-Risk (VaR) to measure and monitor interest rate risk. VaR is a probabilistic measure of risk, which provides an estimate of the maximum potential loss in the value of the Bank's positions due to adverse interest rate movements over a defined time horizon with a specified confidence level. The Bank applies a one-month time horizon and a 95 percent confidence level to calculate VaR reported below. This means that there is a 5 percent chance that the monthly income would fall below the expected monthly income by an amount at least as large as reported VaR. VaR for major currencies;

Details	30.06.2019	30.06.2018
	TZS '000	TZS '000
USD	7,349,012	16,825,998
EUR	0	0
GBP	939,592	2,732,736
AUD	1,285,880	2,063,520
CNY	1,588,996	529,621
		11,214,427
		3,840,832
		11,468,972
		1,7563,430
		1,761,480
		2,063,245
		3,840,832



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(c) Interest rate risk (Continued)

Stress Testing

The Bank's foreign reserves portfolios are stressed to mimic various extreme market conditions. To that end, the Bank considered three main scenarios i.e. spread widening, curve steepening and flattening by 0.5 percentage points. The result of stress testing scenarios is as shown on the table below.

(Amounts in USD equivalent)

30.06.2019						
BPS	USD	EUR	GBP	AUD	CNH	TOTAL TZS' 000
Spread widening by 50	(8,129,679)	-	(1,842,425)	(2,646,435)	(294,750)	(28,317,061)
Curve Steepening by 50	(8,224,208)	-	(1,905,349)	(2,391,138)	(1,182,092)	(28,602,567)
Curve flattening by 50	8,247,468	-	2,022,537	2,239,373	1,182,092	28,753,110

30.06.2018						
Spread widening by 50	(1,540,170)	3,982	(11,134)	(73,214)	(89,691)	(3,667,010)
Curve Steepening by 50	(9,475,077)	(1,512,659)	(1,220,502)	(2,496,601)	(4,659,351)	(34,880,903)
Curve flattening by 50	9,577,405	1,542,732	1,238,378	2,537,010	4,714,460	35,332,002



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(d) Currency risk

The exchange rate risk (or currency risk) refers to the loss of the portfolio value or purchasing power of the portfolio occasioned by adverse foreign exchange rate movements. The Bank foreign reserves portfolio is denominated in a number of currencies whose exchange rates are subject to fluctuation on international foreign exchange market.

Based on the sensitivity of the ten per cent deviation of the exchange rate against major currencies the impact on the Banks profit and equity was TZS 882,46.1 million (2018: TZS 1,056.8 million).

The Bank is exposed to this risk in the context of its holding of foreign exchange reserves, intervention in the local inter-bank foreign exchange market (IFEM) and foreign exchange transactions in the international foreign exchange market. Often, currency exposures are not out rightly hedged, but the currency risk is controlled through a target currency composition whose criteria are specified in the Investment Policy and stated in the Investment Guidelines. The target currency composition attempts to match the composition of on and off balance sheet foreign denominated obligations, thereby managing adverse currency movement at the national level. The currency positions of the Bank as of 30 June 2019 and 2018 which provides the Bank's assets, liabilities and equity at carrying amounts, categorised by currency is summarised below.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(d) Currency risk

Details	GBP TZS '000	USD TZS '000	EUR TZS '000	SDR TZS '000	TZS TZS '000	Others TZS '000	Total TZS '000
2019							
Assets							
Cash and balances with central banks & other banks	172,603,493	4,146,026,035	8,425,680	-	-	489,645,005	4,816,700,214
Escrow accounts	-	11,218,286	-	-	-	-	11,218,286
Items in course of settlement	-	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	-	-	-	67,392,307	-	-	67,392,346
Quota in International Monetary Fund (IMF)	-	-	-	1,266,184,670	-	-	1,266,185,402
Foreign currency marketable securities	645,317,555	3,899,945,550	-	-	-	520,442,623	5,065,705,728
Equity investments	-	35,930,454	1,142,781	-	-	-	37,073,235
Government securities	-	-	-	-	1,257,650,150	-	1,257,650,150
Advances to the Government	-	-	-	-	1,238,447,385	-	1,238,447,385
Loans and receivables	-	29,356,330	-	-	369,093,094	24,071,297	422,520,721
Other assets (Excluding prepayments)	-	-	-	-	467,682,113	-	467,682,113
Total financial assets	817,921,049	8,122,476,655	9,568,461	1,333,576,977	3,332,872,742	1,034,158,925	14,650,575,580
Liabilities							
Currency in circulation	-	-	-	-	4,965,202,559	-	4,965,202,559
Deposits - banks and non-bank financial institutions	-	432,187,017	-	-	3,024,947,870	-	3,457,134,887
Deposits - Governments	-	-	-	-	-	-	-
Deposits - Others	764,830	396,862,096	1,886,197	-	1,748,677,390	44,534	2,148,235,048
Items in course of settlement	-	25,534,151	-	-	221,093	-	25,755,244
Foreign currency financial liabilities	-	890,776,395	8,890,541	-	18,836,695	753,317	919,256,948
Poverty reduction and growth facility	-	-	-	130,856,840	-	-	130,856,840
BoT liquidity papers	-	-	-	-	330,753,832	-	330,753,832
Other liabilities	-	293,172	-	-	72,696,880	-	72,990,052
IMF related liabilities	-	-	-	-	1,076,082,365	-	1,076,082,365
Allocation of Special Drawing Rights (SDRs)	-	-	-	606,392,081	-	-	606,392,081
	764,830	1,745,652,830	10,776,738	737,248,921	11,237,418,684	797,851	13,732,659,856
Net liquidity gap	817,156,218	6,376,823,825	(1,208,277)	596,328,827	N/A	1,033,361,074	8,822,460,895
Scenario of 10% appreciation/depreciation	81,715,622	637,682,383	(120,828)	59,632,883	N/A	103,336,107	882,246,090



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

(d) Currency risk

Details	GBP TZS '000	USD TZS '000	EUR TZS '000	SDR TZS '000	TZS TZS '000	Others TZS '000	Total TZS '000
2018							
Assets							
Cash and balances with central banks & other banks	389,765,954	4,976,765,210	43,967,988	-	-	363,014,950	5,773,514,102
Escrow accounts	-	11,044,657	-	-	-	-	11,044,657
Items in course of settlement	-	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	-	-	-	3,232,160	-	-	3,232,160
Quota in International Monetary Fund (IMF)	-	-	-	1,268,292,685	-	-	1,268,292,685
Foreign currency marketable securities	386,637,795	4,959,545,489	495,436,062	-	-	670,796,069	6,512,415,415
Equity investments	-	31,045,932	1,157,813	-	-	-	32,203,745
Government securities	-	-	-	-	1,361,728,291	-	1,361,728,291
Advances to the Government	-	-	-	-	1,943,822,268	-	1,943,822,268
Loans and receivables	-	20,429,602	-	-	397,689,540	-	418,119,142
Other assets (Excluding prepayments)	-	-	-	-	132,334,677	-	132,334,677
Total financial assets	776,403,749	9,998,830,890	540,561,863	1,271,524,845	3,835,574,776	1,033,811,019	17,456,707,142
Liabilities							
Currency in circulation	-	-	-	-	4,646,962,897	-	4,646,962,897
Deposits - banks and non-bank financial institutions	1,385	714,035,293	116,205	-	2,471,859,007	2,326,550	3,188,338,440
Deposits – Governments	-	-	-	-	2,544,064,269	-	2,544,064,269
Deposits – Others	1,413,327	206,041,476	1,942,661	-	1,923,659,945	854,936	2,133,912,345
Items in course of settlement	-	212,604	-	-	329,193	9,750	551,547
Foreign currency financial liabilities	-	1,130,149,310	45,252,834	-	4,738,168	-	1,180,140,312
Poverty reduction and growth facility	-	-	-	323,441,203	-	-	323,441,203
BoT liquidity papers	-	-	-	-	580,698,636	-	580,698,636
Other liabilities	-	20,669,983	-	-	33,068,862	-	53,728,845
IMF related liabilities	-	-	-	-	1,077,873,263	-	1,077,873,263
	1,414,712	2,071,108,666	47,311,700	930,842,489	13,283,244,240	3,191,236	16,337,113,043
Net liquidity gap	774,989,037	7,927,722,224	493,250,163	340,682,356	N/A	1,030,619,783	10,567,263,563
Scenario of 10% appreciation/depreciation	77,498,904	792,772,222	49,325,016	34,068,236	N/A	103,061,978	1,056,726,356



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

Non-financial risks

Operational risk

This risk stems from inadequate or failed internal processes, people and systems, or from external events. The risk can potentially disrupt continuity of critical business operations and processes and thereby impede attainment of strategic goals and objectives.

The Bank addresses this risk inter alia through ensuring existence of Business Continuity Management (BCM) and sound internal control system which includes: operational and procedural manuals, ICT security policies, back up facilities, contingency planning, and independent internal audit function. Managing operational risk in the Bank is an integral part of day-to-day operations by the management. Risk management function, Risk Management Committee, Internal Audit Function, Management, Finance and Investment Committee of the Board and the Board, closely monitor this risk.

The Bank has taken various measures such as segregation of duties, instituting codes of conduct and ethics and setting out benchmark limits. The Bank understands the fact that the lower the human intervention, the lower the operational risk. In view of this fact, the Bank has automated most of its major operations.

Human resource risk

This risk relates to unavailability of skilled manpower, training and development programs, compensation, benefits, mis-aligned HR policies, work life imbalance and policy constraints. The Bank is prone to human resource risk due to its particular nature of the activities which, necessitates specialised knowledge in many areas

The Bank ensures that there is an adequate knowledge base for all specialised job requirements by investing significantly in human resource development in terms of capacity building and practical exposure. The Bank also organises workshops, seminars, conferences and job attachments to its staff as an effort to improve its human resource requirements. It also revises its staff retention scheme to compete with the prevailing labour market.

Legal risk

Legal risk arise out of adverse judgment, risks associated with failure of processes, systems and resources to support legal and regulatory requirements, or actions that can result into legal dispute against the organisation.

In mitigating this type of the risk, the Bank ensures that all business agreements are contracted under Standard Industry Contracts, e.g. ISDA, ISMA, etc. Where new contracts and substantive changes to existing contracts are entered to, external lawyers are contracted. The Bank has in place procedures for delegation of responsibilities. Also, Code of Conduct and Ethics and continuous consultations with all relevant parties are used to minimise chances of causing legal disputes between the Bank and its counterparts.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

43. RISK MANAGEMENT (CONTINUED)

43.3 Financial risks (Continued)

Reputational risk

Reputational risk arises from the failure of an organisation to meet the expectations of its clients, stakeholders and the general public. The risk also emanates from failure to comply with relevant laws and contractual agreements.

The Bank has an obligation to ensure that it performs its functions and maintains its reputation as a Central Bank in line with requirements of the provision of Section 5(1) of the Bank of Tanzania Act, 2006 and other laws and regulations.

In view of the above, the management ensures that to the best of Bank's ability fulfils its fiduciary responsibilities. The Bank adheres to the best practices and applies principle of sound corporate governance. It also ensures that all relevant employees have clear understanding of the appropriate processes in respect of the best practices and principals of good governance.

The Bank therefore sets out policies and guidelines that govern sound functional operations within the Bank. The performance of these policies and guidelines are periodically reported to different levels of the Bank's management for control and compliance monitoring.

The top management of the Bank has the necessary freedom and discretion to exercise central banking functions. However, this freedom is exercised within the context of fiduciary duties of good governance and by ensuring a proper balance between accountability and the best interests of the Bank and its various stakeholders.

The function of the Bank of overseeing and ensuring the integrity of the country's banking system exposes it to severe criticism whenever there is an incident of bank failure or systemic difficulty. The responsibilities of the Bank regarding monetary policy, the national payment system and the issuing of notes and coins also expose the Bank to significant reputation risk. The Bank adheres to international best practice and, to this end, maintains close liaison with international peers. The Bank strives towards full compliance with the principles for effective banking supervision as well as the core principles for systemically important payment systems.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

44. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. A summary of significant accounting policies in **Note 3** describes how classes of financial instruments are measured and how income and expenses, including fair value gains are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category:

2019	Amortised Cost		FVTPL		FVOCI		Total		Fair values	
	TZS '000		TZS '000		TZS '000		TZS '000		TZS '000	
Financial assets										
Cash and balances with central banks & other banks	4,816,700,214	-	-	-	-	-	4,816,700,214	-	4,816,700,214	-
Escrow accounts	11,218,286	-	-	-	-	-	11,218,286	-	11,218,286	-
Items in course of settlement	-	-	-	-	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	67,392,346	-	-	-	-	-	67,392,346	-	67,392,346	-
Quota in International Monetary Fund (IMF)	1,266,185,402	-	-	-	-	-	1,266,185,402	-	1,266,185,402	-
Foreign currency marketable securities	-	641,938,537	-	-	4,423,767,191	-	5,065,705,728	-	5,065,705,728	-
Equity investment	-	-	-	-	37,073,235	-	37,073,235	-	37,073,235	-
Government securities	1,257,650,150	-	-	-	-	-	1,257,650,150	-	1,257,650,150	-
Advances to the Government	1,238,447,385	-	-	-	-	-	1,238,447,385	-	1,238,447,385	-
Loans and receivables	422,520,721	-	-	-	-	-	422,520,721	-	422,520,721	-
Other assets (Excluding prepayments)	467,682,113	-	-	-	-	-	467,682,113	-	467,682,113	-
	9,547,796,617	641,938,537	4,460,840,426	641,938,537	14,650,575,580	4,460,840,426	14,650,575,580	14,650,575,580	14,650,575,580	14,650,575,580
Financial liabilities										
Currency in circulation	4,965,202,559	-	-	-	-	-	4,965,202,559	-	4,965,202,559	-
Deposits - banks and non-banks financial institutions	3,457,134,887	-	-	-	-	-	3,457,134,887	-	3,457,134,887	-
Deposits - others	2,148,235,048	-	-	-	-	-	2,148,235,048	-	2,148,235,048	-
Deposits - Government	-	-	-	-	-	-	-	-	-	-
Foreign currency financial liabilities	919,256,948	-	-	-	-	-	919,256,948	-	919,256,948	-
Items in course of settlement	-	-	-	-	-	-	-	-	-	-
Poverty deduction and growth facility	130,856,764	-	-	-	-	-	130,856,764	-	130,856,764	-
BoT liquidity papers	330,753,832	-	-	-	-	-	330,753,832	-	330,753,832	-
Other liabilities	72,990,052	-	-	-	-	-	72,990,052	-	72,990,052	-
IMF related liabilities	1,076,082,365	-	-	-	-	-	1,076,082,365	-	1,076,082,365	-
Allocation of Special Drawing Rights (SDRs)	606,392,081	-	-	-	-	-	606,392,081	-	606,392,081	-
	13,706,904,536	-	-	-	-	-	13,706,904,536	-	13,706,904,536	-



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

44. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2018	Amortised Cost		FVTPL	FVOCI	Total	Fair values	
	TZS '000	TZS '000				TZS '000	TZS '000
Financial assets							
Cash and balances with central banks & other banks	5,773,514,102	-	-	-	5,773,522,308	5,773,522,308	5,773,522,308
Escrow accounts	11,044,657	-	-	-	11,044,657	11,044,657	11,044,657
Items in course of settlement	-	-	-	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	3,232,160	-	-	-	3,232,160	3,232,160	3,232,160
Quota in International Monetary Fund (IMF)	1,268,292,685	-	-	-	1,268,292,685	1,268,292,685	1,268,292,685
Foreign currency marketable securities	-	6,512,415,415	-	-	6,512,415,415	6,512,415,415	6,512,415,415
Equity investment	-	-	32,203,745	-	32,203,745	32,203,745	32,203,745
Government securities	1,361,728,291	-	-	-	1,361,728,291	1,361,728,291	1,361,728,291
Advances to the Government	1,943,822,268	-	-	-	1,943,822,268	1,943,822,268	1,943,822,268
Loans and receivables	418,119,142	-	-	-	418,119,142	418,119,142	418,119,142
Other assets (Excluding prepayments)	126,518,145	-	-	-	126,518,145	126,518,145	126,518,145
	10,906,271,450	6,512,415,415	32,203,745	32,203,745	17,450,898,816	17,450,898,816	17,450,898,816
Financial liabilities							
Currency in circulation	4,646,962,897	-	-	-	4,646,962,897	4,646,962,897	4,646,962,897
Deposits - banks and non-banks financial institutions	3,188,338,440	-	-	-	3,188,338,440	3,188,338,440	3,188,338,440
Deposits - others	2,133,912,345	-	-	-	2,133,912,345	2,133,912,345	2,133,912,345
Deposits - Government	2,544,064,269	-	-	-	2,544,064,269	2,544,064,269	2,544,064,269
Foreign currency financial liabilities	1,180,140,312	-	-	-	1,180,140,312	1,180,140,312	1,180,140,312
Items in course of settlement	551,547	-	-	-	551,547	551,547	551,547
Poverty deduction and growth facility	323,441,203	-	-	-	323,441,203	323,441,203	323,441,203
BoT liquidity papers	580,698,636	-	-	-	580,698,636	580,698,636	580,698,636
Other liabilities	53,728,845	-	-	-	53,728,845	53,728,845	53,728,845
IMF related liabilities	1,077,873,263	-	-	-	1,077,873,263	1,077,873,263	1,077,873,263
Allocation of Special Drawing Rights (SDRs)	607,401,286	-	-	-	607,401,286	607,401,286	607,401,286



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

45. DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERACHY

Financial instruments recorded at fair value

Estimated fair value is the amount at which an instrument could be exchanged in a current transaction between willing parties other than enforced or liquidation sale. The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

Foreign currency marketable securities

The marketable securities are quoted in actively traded markets which is the best evidence of fair value. The valuation techniques employ only observable market data.

Fair value of derivatives

The Bank values over the counter derivative instruments like swaps using a valuation technique with market-observable inputs. Swap models use present value calculations and include market determined foreign exchange rates. For listed derivatives like futures, the Bank uses prices quoted in the active markets.

Long dated derivative contracts are valued using a valuation technique with significant non-market-observable. These derivatives are valued using models that calculate the present value and incorporate various non-observable assumptions that include market rate volatilities.

Unquoted equities securities.

These Investments are valued using the market approach. The inputs to this methodology are observable inputs based on recent transactions. The data used were from recently published accounts of these entities. These were then corroborated to arrive at the fair values at the reporting date.

Fair value of financial assets and liabilities not carried at fair value

Below are the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements:

Assets and liabilities for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to cash and cash equivalent, escrow accounts, items in course of settlements, deposits, repurchase agreements and BoT liquidity papers and other liabilities without a specific maturity.

Government securities

The fair value of Government securities carried at amortised cost is estimated by using the interest rates that discount future cash flows to zero.

Fair value of financial assets and liabilities

Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

- **Level 1 fair value measurements:** are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed debt instruments on exchanges for example Foreign Currency Marketable securities.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

45 DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERACHY (Continued)

Fair value of financial assets and liabilities (continued)

- **Level 2 fair value measurements:** are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices). Input data for this category is sourced mainly from Bloomberg and the Dar es Salaam Securities Exchange.
- **Level 3 fair value measurements:** are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Fair value hierarchy

The following table analyses within the value hierarchy the Bank are measured at fair value as at:

30.06.2019

Description	Level 1	Level 2	Level 3
	TZS '000	TZS '000	TZS '000
Foreign currency marketable securities	5,065,705,728	-	-
Equity investments	-	37,073,235	-
Total	5,065,705,728	37,073,235	-

30.06.2018

Description	Level 1	Level 2	Level 3
	TZS '000	TZS '000	TZS '000
Foreign currency marketable securities	6,512,415,415	-	-
Equity investments	-	32,203,745	-
Total	6,512,415,415	32,203,745	-

There were no transfers between levels 1, 2 and 3 in the period. If below observable inputs to valuation model were 10 per cent higher or lower while other variables were held constant, carrying amount of TZS 5,065,705.7 million and TZS 37,073.2 million Foreign Currency Marketable Securities and Equity Investments would have been higher or lower by TZS 5,065,70.6 million and TZS 3,707.3 million respectively. Futures would change by 595.5 million, and Swap by 214.7 million respectively.

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

Description	Fair value at		Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
	2019	2018				
	TZS '000	TZS '000				
Foreign currency marketable securities (Excluding futures)	5,065,705,728	6,512,415,415	1	Prices of listed securities	N/A	N/A
Equity investments	37,073,235	32,203,745	2	Prices of recent transactions	N/A	N/A
Derivatives:						
Swap Asset	214,691	214,691	2	Discounted Cash-flows, using market exchange and interest rate	N/A	N/A
Futures Asset/ (Liability)	595,475	332,589	1	Quoted prices	N/A	N/A



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

45 DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERACHY (Continued)

Fair value hierarchy (Continued)

The following table analyses within the fair value hierarchy the Bank's assets and liabilities not measured at fair value.

2019	Level 1	Level 2	Level 3	Total
	TZS '000	TZS '000	TZS '000	TZS '000
Assets				
Cash and balances with central banks & other banks	4,816,700,214	-	-	4,816,700,214
Escrow accounts	-	11,218,286	-	11,218,286
Items in course of settlement	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	-	67,392,346	-	67,392,346
Quota in International Monetary Fund (IMF)	-	1,266,185,402	-	1,266,185,402
Foreign currency marketable securities	5,065,705,728	-	-	5,065,705,728
Equity investment	-	37,073,235	-	37,073,235
Government securities	-	1,257,650,150	-	1,257,650,150
Advances to the Government	-	1,238,447,385	-	1,238,447,385
Loans and receivables	-	422,520,721	-	422,520,721
Other assets (Excluding pre-payments)	-	467,682,113	-	467,682,113
	9,882,405,942	4,768,169,638	-	14,650,575,580
Liabilities				
Currency in circulation	-	4,965,202,559	-	4,965,202,559
Deposits - banks and non-banks financial institutions	-	3,457,134,887	-	3,457,134,887
Deposits - others	-	2,148,235,048	-	2,148,235,048
Deposits - Government	-	-	-	-
Foreign currency financial liabilities	-	919,256,948	-	919,256,948
Items in course of settlement	-	25,755,244	-	25,755,244
Poverty deduction and growth facility	-	130,856,840	-	130,856,840
BoT liquidity papers	-	330,753,832	-	330,753,832
Other liabilities	-	72,990,052	-	72,990,052
IMF related liabilities	-	1,076,082,365	-	1,076,082,365
Allocation of Special Drawing Rights (SDRs)	-	606,392,081	-	606,392,081
	-	13,732,659,856	-	13,732,659,856



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

45 DETERMINATIONS OF FAIR VALUE AND FAIR VALUE HIERACHY (Continued)

Fair value hierarchy (Continued)

2018	Level 1	Level 2	Level 3	Total
Assets	TZS '000	TZS '000	TZS '000	TZS '000
Cash and balances with central banks & other banks	5,773,514,102	-	-	5,773,514,102
Escrow accounts	-	11,044,657	-	11,044,657
Items in course of settlement	-	-	-	-
Holdings of Special Drawing Rights (SDRs)	-	3,232,160	-	3,232,160
Quota in International Monetary Fund (IMF)	-	1,268,292,685	-	1,268,292,685
Foreign currency marketable securities	6,512,415,415	-	-	6,512,415,415
Equity investment	-	32,203,745	-	32,203,745
Government securities	-	1,361,728,291	-	1,361,728,291
Advances to the Government	-	1,943,822,268	-	1,943,822,268
Loans and receivables	-	418,119,142	-	418,119,142
Other assets (Excluding prepayments)	-	126,518,145	-	126,518,145
	12,285,929,517	5,164,961,093	-	17,450,890,610
Liabilities				
Currency in circulation	-	4,646,962,897	-	4,646,962,897
Deposits - banks and non-banks financial institutions	-	3,188,338,440	-	3,188,338,440
Deposits - others	-	2,133,912,345	-	2,133,912,345
Deposits - Government	-	2,544,064,269	-	2,544,064,269
Foreign currency financial liabilities	-	1,180,140,310	-	1,180,140,310
Poverty deduction and growth facility	-	551,547	-	551,547
BoT liquidity papers	-	323,441,203	-	323,441,203
Other liabilities	-	580,698,636	-	580,698,636
IMF related liabilities	-	53,728,845	-	53,728,845
Allocation of Special Drawing Rights (SDRs)	-	1,077,873,263	-	1,077,873,263
	-	16,335,142,424	-	16,335,142,424



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

46. RETIREMENT BENEFIT PLAN

Defined Benefit Plan

The Bank operates a funded lump sum end of service and Long Service Award Benefit Fund. The Scheme was registered effective 13 April 2017 by Social Security Regulatory Authority. Under the plan employees are entitled to benefits upon meeting requirements as stipulated in the Bank's Financial Regulations, 2011 and Staff Bylaws, 2015 and the Scheme rules.

The plan provides benefits of a defined benefit nature. Therefore, one of the main risks relating to the benefits under the Scheme is the rates of salary growth. As most of the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid and the present value of the benefit obligation under the Scheme.

Similarly, any increases to the fixed lump sum amounts that differ from the assumed escalation rates for these amounts will also have a direct bearing on the benefits paid and the present value of the benefit obligation under the Scheme. The plan typically exposes the Bank to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit obligations is calculated using a discount rate determined by the yield on long term Government bond. The higher the discount rate the higher the defined benefits obligations payable by the Bank.
Interest Rate Risk	A decrease in the long term government bond interest will increase the plan liability.
Longevity Risk	The present value of the defined benefits obligations is calculated by reference to the best estimate of the mortality rate of plan members both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefits obligations is calculated by reference to the future salaries of the members. As such an increase/decrease in the salary of the members will increase the plan's liability.

Actuarial valuation of the Scheme was carried out for the year ended 30 June 2019. The principle assumptions used for the purposes of the valuation included discount rate, expected return on Scheme assets, future salary increase, mortality rate, withdrawals, Ill-Health and compulsory retirement age as per the below:



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

46 RETIREMENT BENEFIT PLAN (CONTINUED)

Defined benefit Plan (Continued)

Actuarial Assumptions

	<u>30.06.2019</u>	<u>30.06.2018</u>
Discount rate (% p.a.)	15.7%	14.4%
Expected return on Scheme assets (% p.a.)	n/a	n/a
Non-Executives - Future salary increases (% p.a.)	6.0%	6.0%
Executives - Future salary increases (% p.a.)	0.0%	0.00%
Future increases in Long Service Awards (% p.a.)		
Mortality (pre-retirement)	A1949-1952	A1949-1952
Mortality (post-retirement)	n/a	n/a
Withdrawals (voluntary)	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Ill - Health	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement Age	60 years	60 years

As per the fund operations and valuation, the movements in the present value of defined benefit obligation in the current year were as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
	<u>TZS '000</u>	<u>TZS '000</u>
Opening benefit obligation	120,058,076	109,258,076
Current service costs	4,221,867	2,476,000
Past service cost	-	-
Interest cost	11,289,778	16,352,000
Employee contribution	554,919	552,000
Actuarial loss/(gain) in experience	(8,205,005)	2,425,000
Actuarial loss in assumptions	(5,351,078)	8,661,000
Benefits paid	<u>(20,584,446)</u>	<u>(19,666,000)</u>
Closing benefits obligation	<u>101,984,110</u>	<u>120,058,076</u>

A summary of the distribution of the Scheme assets as at 30 June 2019, based on the Scheme management accounts, is shown in the table below;

	<u>30.06.2019</u>	<u>30.06.2018</u>
	<u>TZS "000</u>	<u>TZS "000</u>
Cash	3,773,593	1,970,619
Treasury Bonds plus accrued Interest	79,440,707	64,260,573
Treasury Bills plus accrued Interest	30,011,775	36,136,929
Retirement Benefits Payable	<u>(3,014,309)</u>	<u>(1,295,045)</u>
Net Assets	<u>110,211,766</u>	<u>101,073,076</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

46 RETIREMENT BENEFIT PLAN (CONTINUED)

Defined benefit Plan (Continued)

Being a funded Scheme, the defined obligation/(asset) is presented in net terms after consideration of the Scheme assets as per the below;

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS "000	TZS "000
Present value of funded obligations	101,984,110	120,058,076
Fair value of Scheme assets	(110,211,766)	(101,073,076)
Present value of net obligation/ (asset)	(8,227,657)	18,985,000
Defined benefit obligation/ (asset) recognized in the balance sheet	<u>(8,227,657)</u>	<u>18,985,000</u>

Included in the computation are benefit plan expenses which are recognized in the Statement of Profit or Loss statement. Below are the components:

	<u>30.06.2019</u>
	TZS '000
Service cost	
Current service cost net of employees' contributions	4,221,867
Past service cost	-
Total Service Cost	<u>4,221,867</u>
Interest Income	
Interest cost on defined benefit obligation	11,289,778
Interest income on plan assets	(14,158,153)
Net Interest income on Balance Sheet Asset	<u>(2,868,375)</u>
Total included in profit or loss in respect of Scheme	<u>1,353,491</u>

Re-measurement on defined benefit are measured through other comprehensive Income and it is composed of the below;

	<u>30 06 2019</u>
	TZS '000
Re-measurements (OCI)	
Actuarial gain- obligation	(13,556,083)
Return on plan assets (excluding amount in interest cost)	3,974,935
Amount recognised in OCI statement for the financial year	<u>(9,581,148)</u>

Development of net obligation

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS "000	TZS "000
Net (obligation)/asset at the beginning of the year	18,985,000	16,046,813
Net expenses recognized in the income statement	1,353,491	3,976,000
Employer's contribution	-	-
Amount recognized in OCI	(9,581,148)	15,009,000
Settlement/Employer's contribution	(18,985,000)	(16,046,813)
Net (asset)/ liability at end of period	<u>(8,227,657)</u>	<u>18,985,000</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

46 RETIREMENT BENEFIT PLAN (CONTINUED)

Defined benefit Plan (Continued)

Sensitivity analysis

The results of the actuarial valuation are more sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount used, we have relied on the duration of the liability. Based on this methodology, the one percent reduction in the discount rate will result into an increase in the defined benefits obligations to TZS 106.4 billion (2018: TZS 110.0 billion).

Since the bulk of benefits payable under the arrangement are salary related, the sensitivity of a liability to a change in the salary escalation assumption is not expected to be materially different. However, the impact of a change in salary escalation is expected to be less than the impact of a change in the discount rate as a portion of the liability. In this case long service awards would not be affected by a change in the salary escalation rate. Weighted average duration of the liability as at 30 June 2019 is 4.8 years (2017: 4.5 years).

Effect on Bank's cash flow

The benefits arrangement is funded, and the Bank pays benefits from the defined benefit obligation as and when they arise. The timing of the benefit payments from the arrangement will be influenced by the age at which employees leave the Bank.

47. CAPITAL

Section 17 of the Bank of Tanzania Act, 2006 states that "the authorised capital of the Bank shall be one hundred billion shillings, provided that it may be increased by such amount as may be determined by the Board, and authorised by the Minister, by Notice published in the Government Gazette."

The capital of the Bank is subscribed and held only by the Government of the United Republic of Tanzania. The equity of the Bank includes share capital and reserves. During the year, movement of equity is as shown below and further details are provided in the statement of changes in owners' equity on page 78.

	<u>30.06.2019</u> TZS '000	<u>30.06.2018</u> TZS '000
Capital	100,000,000	100,000,000
Reserves	<u>1,914,342,188</u>	<u>2,085,140,300</u>
Total	<u>2,014,342,188</u>	<u>2,185,140,300</u>

The Bank is not subject to any capital adequacy regulatory requirements concerning the level of capital in relation to assets it holds, although the Bank of Tanzania Act, 2006 sets out how the statutory annual net profit for the year shall be allocated. The principal source of capital increase is through appropriations of annual profits to various reserves.

The Bank is not for profit organisation, nor does it seek profit maximisation. Instead it seeks to make profit commensurate with normal market returns in areas where it conducts normal commercial operations.

Capital is not actively managed and the relative low risk nature of most of the Bank's activities means that it is not capital intensive. Its purpose is to cover unexpected losses. The most significant unexpected losses are likely to rise out of the support operations and the Bank's role as the lender of last resort, or from losses on price movements and changes in exchange rates on the Bank's foreign investments.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

48. CONTINGENT LIABILITIES

Contingent liabilities arise in the normal course of the Bank's business activities. In order to meet the financial needs of the government, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

(a) External payment arrears deposit account

In the ordinary course of business, the Bank is subject to threatened or actual legal proceedings. All such material cases are periodically reassessed to determine the likelihood of the Bank incurring a liability. In those instances, where it is concluded that it is more likely that a payment will be made, a provision is established to management's best estimate of the amount required to settle the obligation at the relevant statement of financial position date. In some cases, it will not be possible to form a view, either because the facts are unclear or because further time is needed to properly assess the merits of the case and no provisions are held against such cases. However, the Bank does not currently expect the final outcome of any such case to have a material adverse effect on its financial position.

During the 1970s and 1980s there was a shortage of foreign currencies in the country, which required the Government to control and prioritise foreign payments (forex). Tanzania importers were required to remit equivalent amount of TZS with the then National Bank of Commerce (NBC) for the required amount of forex and subject to availability of forex and priority, the forex amount would be remitted to the intended overseas suppliers.

However due to the forex shortage not all funds deposited with the then NBC by private and public importers were remitted to the overseas suppliers' accounts.

In 1985, the Government of the United Republic of Tanzania formally assumed the responsibility of handling liabilities arising from External Payment Arrears deposit account (EPA) from the then NBC. The Bank was given the responsibility to manage EPA liabilities on behalf of the Government of the United Republic of Tanzania. As at 30 June 2018 the balance in this liability account has remained at the same level as it was in the previous year of TZS 2,288.4 million since the Bank has suspended all transactions relating to EPA pending reconciliation and resolution of the remaining external payment arrears. In order to undertake the reconciliation and resolution of the remaining balance, on 14 April 2009 the Bank engaged a consultant, M/S Lazard Freres's & CIE to assist in the process.

The objectives of the exercise were:

- (i) To ascertain how the remaining debt as at 2004 has been handled.
- (ii) To compile and establish the current stock of the remaining EPA debts.
- (iii) To develop, jointly with the Ministry of Finance and Planning and Bank of Tanzania, a strategy and action plan to handle the unsettled claims.

The consultant submitted an inception report in August 2009 which was not accepted by the Bank.

Further, the original contract expired on 14 January 2010 while the consultant was yet to provide the expected contract deliverables. Subsequent follow ups on the matter with the consultant's assignment proved futile. Due to non-responsiveness of the consultant to the Bank's subsequent follow ups, on 25 July 2011, the Bank wrote to the World Bank to seek for their advice on the way forward, which was not provided.

On 25 August 2011, the consultant wrote to the Bank demanding renewal of the expired contract; to include:

- Upward revision of the price of the contract to USD 843,700 from the original amount of USD 663,950;



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

48 CONTINGENT LIABILITIES (CONTINUED)

(a) External payment arrears deposit account (Continued)

- Implicitly complaining for not being paid initial fee amounting to USD 175,000 after submitting inception report; and
- Revising some items on the original contract.

Based on the original contract, the consultant would have been paid initial fee after submitting an inception report that is acceptable to the client. However, the earlier submitted report fell short of the required standard and the consultant was notified.

On 14 April 2012, the Bank officially informed the consultant about the expired contract and that the Bank had no intention to renew the same.

The consultant was further informed that since the inception report that was submitted in August 2009 was not accepted by the client, there is no any accrued liability to the Bank.

The Bank's further efforts to solicit detailed information from the World Bank on work that was done by M/S Lazard Freres during the Debt Buyback Scheme that ended in year 2004 have proved futile. The efforts were aimed at obtaining information that would have paved way for another consultant to be engaged to perform the assignment. The Bank later sought legal advice on how to bring EPA to a close. On the basis of legal advice that was obtained, and following a Board of Directors Resolution, on 20th November 2012 the Bank officially wrote to the Minister for Finance to transfer operations and management of the External Payment Arrears Account and public debt back to the Ministry of Finance and Planning. The transfer was in line with the Bank's program for shedding-off non-core activities

(b) Export credit guarantee scheme (ECGS)

The Bank is an agent of the Government on the operationalisation of the Export Credit Guarantee Scheme. The scheme is charged with the responsibility of considering guarantee applications from financial institutions, and on behalf of the Principal, issue guarantees to financial institutions covering short and long term finance to exporters as long as the capital funds in the ECGS accounts are not leveraged more than 1:5. As a result there is a contingent liability under this scheme in respect of guarantees, limited to five times the balance of the Fund in accordance with the agency agreement in force.

(c) Small and medium enterprises - credit guarantee schemes

The Bank operates this scheme by issuing guarantees on behalf of the Government to financial institutions covering medium and long-term finance to SMEs on a pilot as long as the capital funds in the CGS-SME accounts are not leveraged more that 1:3. There is a contingent liability under this scheme in respect of guarantees, limited to three times the balance of the Fund in accordance with the Agency agreement in force. As at 30 June 2019, there was no outstanding guarantees as it was for the period ended June 2018. The balance of the fund as at 30 June 2019 was TZS 521.2million (2018: TZS 403.2million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

49 OUTSTANDING COMMITMENTS

Capital commitments

As at 30 June 2019, the Bank's capital commitments in respect of, Property and Equipment, Intangible Assets and major capital projects aggregated to TZS 72,227.5 million (2018: 82,355.5 million).

The major capital expenditure commitments item is as reflected herewith below:

<u>Particulars</u>	<u>30.06.2019</u> TZS '000	<u>30.06.2018</u> TZS '000
Office buildings	3,923,830	2,506,816
Residential buildings	4,793,602	7,360,768
Machinery and equipment	19,816,988	19,170,790
Information, communication and technology (ICT)	6,967,481	4,416,115
Motor vehicles	10,192,500	4,034,500
Furniture and fittings	700,194	849,897
Intangible assets	5,822,031	2,094,759
Club premises	792,700	-
On-going projects	19,218,180	41,921,895
Total	72,227,506	82,355,540

The above commitments have been included and approved for payment in accordance with the 2019/2020 Approved Budget Estimates.

Post employment benefits

Effective July 2008, the Bank has a medical insurance arrangement, which covers retired employees and their spouses. At the reporting date the Bank had insurance commitment amounting to TZS 286.2 million (2018: TZS 242.5million) involving retired staff with their spouses who retired since financial year 2009/10.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

50 RELATED PARTY DISCLOSURES

In the course of its operations, the Bank enters into transactions with related parties, which include the Government of the United Republic of Tanzania, the ultimate shareholder of the Bank, the Deposit Insurance Fund and key management personnel. The related party transactions during the year are as follows:

(a) Loans and emoluments to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank's key management personnel are the Governor, Deputy Governors', Non-Executive Directors and Directors.

The Bank extends loans facilities to the Governor, the Deputy Governors and its members of staff. Loans and receivables (**Note 24**) included advances to employees that as at 30 June 2019 amounted to TZS 75,781.1 million (2018: TZS 77,946.2 million). The advances are granted at preferential rates of interest determined by the Bank presently at 5 percent fixed over the period of the loan.

The following is the breakdown of loans and emoluments granted to key management personnel except Non-Executive Directors.

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
i) Loans to Senior Management (i.e. Governor, Deputy Governors and Directors)		
At start of the year	2,544,089	1,739,100
Loans granted during the year	732,286	1,889,371
Loans repaid during the year	<u>(1,240,885)</u>	<u>(1,084,382)</u>
Balance end of the year	<u>2,035,490</u>	<u>2,544,089</u>
ii) Emoluments to Senior Management Personnel (Governor, Deputy Governors and Directors)		
Salaries, allowances and benefits	4,730,759	4,435,308
Post-employment benefits	<u>3,381,666</u>	<u>1,606,468</u>
Total	<u>8,112,425</u>	<u>6,041,776</u>

In accordance with Section 15 of the Bank of Tanzania Act, 2006, remuneration of the Governor and Deputy Governors is determined by the President of the United Republic of Tanzania. The Board determines remuneration of Directors including Secretary to the Bank. As at 30 June 2019, the number of key management personnel was 22 (2018: 25).

(b) Directors' remunerations

During the year ending 30 June 2019, emoluments paid to the members of the Board amounted to TZS 273.9 Million (2018: TZS 337.5 million). These emoluments include benefits of Non - Executive Directors. Non-Executive Directors are not entitled to loans and advances.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

50 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Government of the United Republic of Tanzania

Transactions entered into with the Government include:

- (a) No interest and no Bank charges on Government deposits accounts;
- (b) Cost sharing of liquidity management cost arising from issue and redemption of liquidity papers and Repurchase Agreements in accordance with the memorandum of understanding in force.
- (c) Settlement of foreign currency denominated obligations;
- (d) Financial accommodation on temporary short falls in Government revenue;
- (e) Other duties including agency of the Government as provided under the Bank of Tanzania Act, 2006.

As at the close of business on 30 June 2019, the following balances, which are included in the statement of financial position in various categories, were outstanding:

	<u>30.06.2019</u>	<u>30.06.2018</u>
	TZS '000	TZS '000
Due from Governments of Tanzania (Note 22,23 and 33)	1,491,251,650	1,943,822,268
IMF funds on-lent to the Government (Note 19)	1,266,185,402	1,268,292,685
Deposits - Revolutionary Government of Zanzibar (Note 33)	3,215,378	36,823,776
Investments in Government Securities (Note 22)	1,257,650,150	1,361,728,291
Structured Financing Facility (Note 34)	85,411,151	85,559,712
Export Credit Guarantee Fund (Note 34)	192,442	1,191,803
Small and Medium Enterprises Guarantee Fund (Note 34)	271,173	403,159

The above Schemes are administered by the Bank on behalf of the Government of the United Republic of Tanzania. Funds are deposited with the Bank and no interest is paid on these balances.

The Governments of Republic of Tanzania (URT) and Revolutionary Government of Zanzibar (RGZ) deposits are governments funds held by the Bank as Governments' bank.

Deposit Insurance Fund Board

The Bank has a close working relationship with the Deposit Insurance Board, an entity incorporated under the Banking and Financial Institution Act, 1991 (as amended 2006). The Bank provides it with staff, subvention and office accommodation.

During the year, the Bank contribution to the Deposit Insurance Board amounting to TZS 305.4 million (2018: TZS 238.4 million). The balance outstanding from the Fund included under Deposit Others as at 30 June 2019 was TZS 4,219.0 million (2018: TZS 6,105.4 million).

51 EVENT AFTER THE REPORTING DATE

There was no event after reporting period that had material impact to the financial statements.



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PART V

CALENDAR OF IMPORTANT MONETARY AND FINANCIAL EVENTS

JUNE 2011 TO JUNE 2019



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June 2019: The Foreign Exchange (Bureau de Change) Regulations, 2019 were published in the Government Notice No. 450 and become effective on 7th June 2019. For that reason, the Foreign exchange (Bureau de Change) Regulations, 2015 were revoked.

March 2019: The Bank introduced the interbank cash market electronic trading platform, which went live on 1st March 2019.

January 2019: The Bank of Tanzania officially revoked the license of Bank M Tanzania Plc (Bank M) and transferred its assets and liabilities to Azania Bank Limited effective from 15th January 2019.

November 2018: The Bank of Tanzania issued a banking business licence to China Dasheng Bank Limited, which allows the bank to carry out banking business in Tanzania as a commercial bank. China Dasheng Bank Limited commenced operations on 26th November 2018.

November 2018: On 16th November 2018, the National Assembly of Tanzania enacted a Microfinance Act 2018, in order to operationalize the National Microfinance Policy 2017.

September 2018: On 21st September 2018, the Bank of Tanzania and Bank of Zambia signed a Memorandum of Understanding (MOU) on currency convertibility and repatriation to help with the smooth flow of currency and trade between the two countries.

August 2018: The Bank of Tanzania revised downwards the discount rate to 7.0 percent from the prevailing rate of 9.0 percent effective from 27th August 2018

August 2018: Pursuant to the provision of section 30(1)(a) of the Banking and Financial Institutions Act, 2006, the Bank of Tanzania authorized the merger of Tanzania Women's Bank Plc (TWB) and TPB effective from 3rd August 2018. The new bank will retain the name "TPB Bank Plc".

August 2018: Pursuant to section 56(1)(g)(iii) of the Banking and Financial Institutions Act, 2006, the Bank of Tanzania took over the administration of Bank M Tanzania Plc (Bank M) effective from 2nd August 2018, following determination that Bank M has critical liquidity problems and is unable to meet its maturing obligations. Accordingly, the Bank of Tanzania appointed a Statutory Manager to manage the affairs of Bank M and suspended its Board of Directors and Management.

May 2018: Pursuant to the provision of Section 30(1) (a) of the Banking and Financial Institutions Act, 2006, the Bank of Tanzania authorized the merger of Twiga Bancorp Limited and TPB Bank Plc effective from 17th May 2018. The merger resulted into one bank, under the name "TPB Bank Plc".

March 2018: To improve functioning of the financial market, the Bank extend eligible collateral to accommodate government securities across all maturity spectrum.

January 2018: A banking license was issued to Guaranty Trust Bank (Tanzania) Limited to carry out banking business in Tanzania as a commercial bank.

January 2018: The Bank of Tanzania revoked licenses of Covenant Bank for Women (T) Limited, Efatha Bank Limited, Njombe Community Bank Limited, Kagera Farmers' Cooperative Bank Limited and Meru Community Bank Limited due to undercapitalization, effective from 4th January, 2018.

December 2017: On 21st December 2017, Hon. Kassim Majaliwa Majaliwa, Prime Minister of the United Republic of Tanzania, launched the second National Financial Inclusion Framework (NFIF 2018- 2022).

October 2017: H.E. Dr. John Pombe Magufuli, President of the United Republic of Tanzania appointed Prof. Florens D.A.M. Luoga as Governor of the Bank of Tanzania effective from 8th January 2018 replacing Prof. Benno J. Ndulu after completion of term of office.



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October 2017: The National Microfinance Policy 2017 was launched to create an enabling environment that promotes development of appropriate and innovative microfinance products and services to meet the real need of the low income population.

August 2017: The Bank reduced the discount rate from 12.0 percent to 9.0 percent effective from August 7, 2017 in order to increase liquidity to banks to stimulate growth of credit to private sector.

July 2017: Central Depository Systems of Bank of Tanzania and Dar es Salaam Stock Exchange were interlinked in to improve functioning of the financial market.

June 2017: The Foreign Exchange (Bureau de Change) (Amendment) Regulations, 2017 were gazette and became effective on 2nd June, 2017.

May 2017: H.E. Dr. John Pombe Magufuli, President of the United Republic of Tanzania appointed Dr. Yamungu Kayandabila as Deputy Governor, Economic and Financial Policies, and Dr. Bernard Kibesse as Deputy Governor, Financial Stability and Deepening, with effect from 31st May, 2017. They replaced Dr. Natu El-Maamry Mwamba and Mr. Lila H. Mkila, respectively, after completion of terms of office.

May 2017: On 10th May 2017 the Bank of Tanzania revoked license of Mbinga Community Bank due to undercapitalization and insolvency.

May 2017: On 5th May 2017, the Bank of Tanzania revoked the business license of FBME bank and placed it under liquidation following a court ruling in the US that suspend the bank from accessing the US financial system due to money laundering charges.

April 2017: The Bank lowered the statutory minimum reserve requirement on private sector deposits to 8.0 percent from 10.0 percent, in order to increase liquidity to banks and thereby facilitate provision of credit to the private sector.

March 2017: The Bank reduced the discount rate from 16.0 percent to 12.0 percent effective from March 6, 2017 in order to increase liquidity to banks.

January 2017: The Bank adopted reserve averaging framework, which allow banks to use part of the SMR balances during the maintenance period to meet liquidity needs.

October 2016: On 28th October 2016, the Bank of Tanzania put Twiga Bancorp Ltd. in receivership for lack of adequate capital.

June 2016: The Bank marked its 50th Anniversary, during which a charity walk to raise fund for purchasing desks for primary and secondary schools was organized. Other events included launching of books and a symposium on “Beyond Aid and Non-Concessional Loans: New Ways of Financing Development in Africa”.

January 2016: H.E. Dr. John Pombe Magufuli, President of the United Republic of Tanzania appointed Mr. Julian B. Raphael as Deputy Governor effective from 26th January, 2016. He replaced Mr. Juma Reli after completion of his term in office.

January 2016: The National Bureau of Statistics released rebased National Consumer Price Indices based on December 2015 prices in which, the weight of food and non-alcoholic beverages decreased to 38.5 percent from 47.8 percent of the total consumer basket. This was the 6th revision after that of 1966, 1976, 1992, 2001, and 2010.

June 2015: The Bank of Tanzania broadened maturity profile of eligible government securities that can be pledged by banks as collateral in accessing standby loan facilities to include securities that mature within 91 days to 180 days from the date of acquisition.

May 2015, The Bank of Tanzania introduced a Bureau de Change System to monitor transactions in real time as well as accommodate money remittance line of business.



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May 2015: The Bank of Tanzania revised the statutory minimum reserve rate charged on private deposit liabilities with banks and borrowings from the general public from 8 percent to 10 percent.

May 2015: Banks' prudential limit on foreign exchange net open position was reduced from 7.5 percent to 5.5 percent of core capital.

April 2015: Complaints Resolution Desk was established at the Bank of Tanzania to handle unresolved disputes between banking institutions and their clients.

April 2015: The National Payment System Bill was assented to an Act by the President of the United Republic of Tanzania.

April 2015: Tanzania Automated Clearing House became operational.

March 2015: Capital adequacy ratios of banks were increased from 10 percent to 12.5 percent of core capital and from 12 percent to 14.5 percent of total capital.

February 2015: Connectivity between Tanzania Inter-Bank Settlement System (TISS) and Dar es Salaam Stock Exchange (DSE) became operational.

December 2014: Statutory minimum reserve ratio on private sector deposits was reduced from 10 percent to 8 percent

June 2014: Ratification of the East African Community (EAC) Monetary Union Protocol, 25th June, 2014.

June 2014: Ratification of SADC Finance and Investment Protocol, 6th June, 2014.

May 2014: Signing of the Memorandum of Understanding amongst EAC Central Banks on currency convertibility and repatriation, 16th May, 2014.

May 2014: Further liberalization of Capital Account within the EAC region, 2nd May, 2014.

March 2014: The launch of the East African Community Payment and Settlement Systems Integration Project (EAC-PSSIP), 12th March, 2014 (Arusha).

November 2013: The signing of the East African Monetary Union Protocol by the EAC Heads of State, 30th November, 2013.

March 2013: The Deputy Minister for Finance, Janet Mbene (MP) launched the Tanzania Financial Stability Forum (TFSF) on 11th March, 2013.

January 2013: The Bank of Tanzania issued guidelines on Agency Banking. The guidelines became effective on 1st February, 2013.

November 2012: H.E. Dr. Jakaya Mrisho Kikwete, President of the United Republic of Tanzania, re-appointed Prof. Benno J. Ndulu to serve in the office for the second term as the Governor of the Bank of Tanzania effective from 8th January, 2013.

November 2012: The President of the United Republic of Tanzania, His Excellency, Dr. Jakaya Mrisho Kikwete, launched the Mwalimu Nyerere Memorial Scholarship Fund.

September 2012: The Bank launched the Credit Reference Databank.

August 2012: The Bank introduced an online bidding system for Government securities auctions (GSS).

June 2011: H.E. Dr. Jakaya Mrisho Kikwete, President of the United Republic of Tanzania, appointed Dr. Natu El-Maamry Mwamba as Deputy Governor with effect from 13th June, 2011 to replaced Dr. Enos Bukuku, who was appointed as Deputy Secretary General of the East African Community.



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PART VI

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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.1: Gross Domestic Product by Activity at Current Prices

	2012	2013	2014	2015	2016	2017	2018 ^p
	Millions of TZS						
Agriculture, hunting and forestry	16,546,181.4	19,551,225.2	21,313,803.1	25,234,560.2	29,739,110.8	34,154,593.8	36,539,300.3
Crops	8,797,362.1	10,500,527.6	11,562,090.0	13,279,392.3	16,474,729.4	19,703,004.0	20,969,477.3
Livestock	4,633,266.0	5,579,311.9	5,585,210.6	7,158,456.5	8,205,006.7	8,857,939.0	9,850,934.2
Forestry and hunting	1,736,757.2	2,069,113.2	2,477,897.1	2,920,424.8	3,094,767.2	3,310,076.0	3,459,581.4
Fishing	1,353,297.1	1,375,789.5	1,658,604.9	1,843,401.0	1,929,746.8	2,245,558.1	2,218,730.9
Agriculture support services	25,498.9	26,483.1	30,000.5	32,885.5	34,860.7	38,016.7	40,576.5
Industry and construction	15,828,627.0	18,570,322.0	20,767,733.6	23,103,647.3	26,937,139.3	29,735,584.4	34,732,006.8
Mining and quarrying	3,071,557.9	3,125,480.4	3,097,933.4	4,055,619.4	5,299,362.4	5,206,217.1	6,573,058.9
Manufacturing	5,881,780.4	6,648,876.2	7,533,519.0	7,411,671.8	8,467,126.3	9,102,281.7	10,418,294.7
Electricity supply	522,828.8	550,300.1	818,692.8	798,801.2	472,868.3	413,350.5	348,526.7
Water supply, sewerage, waste management	279,325.8	324,028.0	371,581.1	390,758.1	433,132.0	519,909.3	566,562.2
Construction	6,073,134.1	7,921,637.3	8,946,007.4	10,446,796.8	12,264,650.4	14,493,825.8	16,825,564.4
Services	25,308,527.7	29,384,671.4	34,111,643.5	38,146,528.9	42,747,407.4	45,066,596.0	47,923,307.8
Wholesale and retail trade; and repairs	6,448,378.3	7,063,672.7	8,045,701.6	8,747,862.1	9,861,677.8	10,843,498.6	11,792,071.8
Transport and storage	3,747,784.5	5,246,332.6	6,167,365.6	6,929,894.9	7,549,483.6	7,897,993.1	8,381,276.3
Hotels and restaurants	1,253,970.0	1,317,190.7	1,330,370.9	1,421,916.1	1,523,035.2	1,602,543.2	1,653,791.9
Information and communication	1,282,255.1	1,433,178.7	1,598,596.9	1,681,098.0	1,739,555.8	1,829,360.1	1,948,115.7
Financial and insurance activities	2,561,996.6	2,541,197.7	3,614,990.5	4,189,021.5	5,268,866.1	4,789,631.8	4,823,649.5
Real estate	2,308,220.7	2,551,028.9	2,721,060.8	2,949,597.6	3,162,290.5	3,334,170.7	3,553,629.7
Professional, scientific and technical activities	282,743.8	353,037.8	433,939.2	518,122.7	617,914.3	726,706.5	817,441.6
Administrative and support service activities	1,243,364.7	1,522,883.6	1,914,455.6	2,183,917.0	2,661,977.9	3,027,383.8	3,306,553.6
Public administration and defence	2,882,065.4	3,615,291.7	3,973,787.5	4,548,604.4	4,846,491.0	4,986,287.4	5,124,667.4
Education	1,498,867.7	1,728,375.7	2,027,224.7	2,413,305.9	2,673,289.1	2,864,290.0	3,081,718.3
Human health and social work activities	1,011,197.2	1,113,563.3	1,233,076.8	1,419,089.9	1,540,484.1	1,681,353.3	1,812,292.4
Arts, entertainment and recreation	174,357.7	194,938.3	223,468.1	248,510.1	285,625.6	322,352.9	374,923.9
Other service activities	474,340.1	555,957.4	661,939.3	717,898.1	831,215.7	959,152.4	1,037,611.8
Activities of households as employers	138,986.0	148,022.3	165,666.0	177,690.7	185,500.8	201,872.3	215,563.8
All economic activities	57,683,336.0	67,506,218.6	76,193,180.2	86,484,736.3	99,423,657.5	108,956,774.2	119,194,614.9
Taxes on products	4,635,323.0	5,470,981.2	6,410,207.6	7,864,579.4	8,938,666.8	9,787,724.2	10,169,738.4
GDP at market prices	62,318,659.0	72,977,199.8	82,603,387.7	94,349,315.7	108,362,324.3	118,744,498.4	129,364,353.3
Population	43.7	45.0	46.4	47.9	49.5	51.0	52.6
Per capita nominal GDP	1,427,551.7	1,621,445.2	1,778,839.6	1,968,965.2	2,191,190.2	2,327,395.4	2,458,495.6

Source: National Bureau of Statistics

Note: p denotes provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.2: Gross Domestic Product (GDP) by Activity, Percentage Share in Total GDP at Current Prices

	2012	2013	2014	2015	2016	2017	Percent 2018 ^P
Agriculture, Hunting and Forestry	26.6	26.8	25.8	26.7	27.4	28.8	28.2
Crops	14.1	14.4	14.0	14.1	15.2	16.6	16.2
Livestock	7.4	7.6	6.8	7.6	7.6	7.5	7.6
Forestry and hunting	2.8	2.8	3.0	3.1	2.9	2.8	2.7
Fishing	2.2	1.9	2.0	2.0	1.8	1.9	1.7
Agriculture support services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Industry and construction	25.4	25.4	25.1	24.5	24.9	25.0	26.8
Mining and quarrying	4.9	4.3	3.8	4.3	4.9	4.4	5.1
Manufacturing	9.4	9.1	9.1	7.9	7.8	7.7	8.1
Electricity supply	0.8	0.8	1.0	0.8	0.4	0.3	0.3
Water supply, sewerage, waste management	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Construction	9.7	10.9	10.8	11.1	11.3	12.2	13.0
Services	40.6	40.3	41.3	40.4	39.4	38.0	37.0
Wholesale and retail trade; repairs	10.3	9.7	9.7	9.3	9.1	9.1	9.1
Transport and storage	6.0	7.2	7.5	7.3	7.0	6.7	6.5
Hotels and restaurants	2.0	1.8	1.6	1.5	1.4	1.3	1.3
Information and communication	2.1	2.0	1.9	1.8	1.6	1.5	1.5
Financial and insurance activities	4.1	3.5	4.4	4.4	4.9	4.0	3.7
Real estate	3.7	3.5	3.3	3.1	2.9	2.8	2.7
Professional, scientific and technical activities	0.5	0.5	0.5	0.5	0.6	0.6	0.6
Administrative and support service activities	2.0	2.1	2.3	2.3	2.5	2.5	2.6
Public administration and defence	4.6	5.0	4.8	4.8	4.5	4.2	4.0
Education	2.4	2.4	2.5	2.6	2.5	2.4	2.4
Human health and social work activities	1.6	1.5	1.5	1.5	1.4	1.4	1.4
Arts, entertainment and recreation	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other service activities	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Activities of households as employers	0.2	0.2	0.2	0.2	0.2	0.2	0.2
All economic activities	92.6	92.5	92.2	91.7	91.8	91.8	92.1
Add Taxes on products	7.4	7.5	7.8	8.3	8.2	8.2	7.9
Total GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics

Note: p denotes provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.3: Gross Domestic Product by Activity at Constant 2015 Prices

Activity	Millions of TZS						
	2012	2013	2014	2015	2016 ^r	2017	2018 ^p
Agriculture, hunting and forestry	21,807,029.9	22,408,191.6	23,952,076.8	25,234,560.2	26,436,338.3	28,008,976.2	29,482,834.3
Crops	10,806,677.6	11,283,264.3	12,344,014.1	13,279,392.3	13,996,347.7	14,895,621.8	15,638,612.4
Livestock	6,204,979.5	6,503,187.3	6,820,846.0	7,158,456.5	7,506,592.6	7,876,591.6	8,266,048.5
Forestry and hunting	2,578,778.8	2,695,824.7	2,825,341.2	2,920,424.8	3,034,569.4	3,180,379.3	3,334,791.2
Fishing	2,187,669.1	1,896,254.0	1,930,393.7	1,843,401.0	1,864,627.3	2,020,292.5	2,205,459.4
Agriculture support services	28,924.9	29,661.2	31,481.7	32,885.5	34,201.3	36,091.0	37,922.8
Industry and construction	17,987,423.5	19,872,086.0	21,057,206.0	23,103,647.1	25,817,954.9	28,565,774.0	31,235,045.0
Mining and quarrying	3,314,742.2	3,464,720.7	3,687,273.0	4,055,619.4	4,356,708.6	4,588,623.9	4,659,195.2
Manufacturing	6,066,988.8	6,292,514.3	6,919,794.2	7,411,671.6	8,213,364.3	8,889,818.0	9,623,500.7
Electricity supply	669,068.6	723,608.1	815,296.8	798,801.2	869,262.5	877,666.6	928,174.5
Water supply, sewerage, waste management	358,360.7	367,890.2	381,759.7	390,758.1	417,899.1	444,660.1	477,510.2
Construction	7,578,263.1	9,023,352.8	9,253,082.3	10,446,796.8	11,960,720.5	13,765,005.5	15,546,664.4
Services	31,223,623.1	32,808,710.4	35,863,738.7	38,146,528.9	40,549,564.0	42,689,010.6	45,358,029.0
Wholesale and retail trade; and repairs	7,371,411.1	7,682,285.7	8,444,242.9	8,747,862.1	9,260,703.3	9,821,247.6	10,395,782.5
Transport and storage	5,710,465.9	6,050,976.3	6,577,705.7	6,929,894.9	7,324,856.3	7,815,844.6	8,736,560.6
Hotels and restaurants	1,343,923.7	1,356,204.2	1,397,782.4	1,421,916.1	1,480,052.1	1,525,618.5	1,604,390.7
Information and communication	1,266,746.6	1,414,116.3	1,560,063.7	1,681,098.0	1,718,547.6	1,824,470.9	1,989,828.8
Financial and insurance activities	3,444,161.0	3,405,939.9	3,764,112.5	4,189,021.5	4,235,515.3	4,115,392.9	4,094,972.3
Real estate	2,606,439.0	2,714,775.0	2,828,969.9	2,949,597.6	3,077,086.1	3,211,894.9	3,354,517.7
Professional, scientific and technical activities	322,260.1	385,090.4	447,920.8	518,122.7	606,206.7	694,290.6	763,332.1
Administrative and support service activities	1,417,467.5	1,660,994.2	1,976,259.6	2,183,917.0	2,611,497.7	2,892,462.9	3,054,288.2
Public administration and defence	3,623,123.3	3,974,205.6	4,242,164.3	4,548,604.4	4,793,820.0	4,907,113.3	5,058,291.8
Education	1,922,643.0	1,927,632.7	2,186,259.6	2,413,305.9	2,665,336.4	2,859,170.7	3,046,789.4
Human health and social work activities	1,284,593.7	1,245,029.6	1,349,940.7	1,419,089.9	1,497,896.4	1,611,999.2	1,742,444.2
Arts, entertainment and recreation	198,470.0	212,501.8	230,651.7	248,510.1	280,130.6	307,906.8	350,027.3
Other service activities	550,177.0	612,079.0	685,475.1	717,898.1	814,528.8	912,404.3	971,690.0
Activities of households as employers	161,741.2	166,879.6	172,189.8	177,690.7	183,386.7	189,193.2	195,113.5
All economic activities	71,018,076.5	75,088,988.1	80,873,021.5	86,484,736.1	92,803,857.2	99,263,760.8	106,075,908.3
Taxes on products	6,961,770.7	8,179,129.2	8,001,090.0	7,864,579.4	8,024,535.5	8,393,644.1	9,064,285.8
Total GDP at market prices	77,979,847.1	83,268,117.2	88,874,111.5	94,349,315.6	100,828,392.7	107,657,404.9	115,140,194.2
Population	43.7	45.0	46.4	47.9	49.5	51.0	52.6
Per capita real GDP (TZS)	1,786,307.1	1,850,094.1	1,913,877.8	1,968,965.2	2,038,846.9	2,110,088.1	2,188,173.6

Source: National Bureau of Statistics

Note: p denotes provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.4: Gross Domestic Product by Activity, Percentage Growth Rates at Constant 2015 Prices

Economic Activity	2013	2014	2015	2016	2017	2018 ^P
Agriculture, hunting and forestry	2.8	6.9	5.4	4.8	5.9	5.3
Crops	4.4	9.4	7.6	5.4	6.4	5.0
Livestock	4.8	4.9	4.9	4.9	4.9	4.9
Forestry and hunting	4.5	4.8	3.4	3.9	4.8	4.9
Fishing	-13.3	1.8	-4.5	1.2	8.3	9.2
Agriculture support services	2.5	6.1	4.5	4.0	5.5	5.1
Industry and construction	10.5	6.0	9.7	11.7	10.6	9.3
Mining and quarrying	4.5	6.4	10.0	7.4	5.3	1.5
Manufacturing	3.7	10.0	7.1	10.8	8.2	8.3
Electricity supply	8.2	12.7	-2.0	8.8	1.0	5.8
Water supply, sewerage, waste management	2.7	3.8	2.4	6.9	6.4	7.4
Construction	19.1	2.5	12.9	14.5	15.1	12.9
Services	5.1	9.3	6.4	6.3	5.3	6.3
Wholesale and retail trade; and repairs	4.2	9.9	3.6	5.9	6.1	5.8
Transport and storage	6.0	8.7	5.4	5.7	6.7	11.8
Hotels and restaurants	0.9	3.1	1.7	4.1	3.1	5.2
Information and communication	11.6	10.3	7.8	2.2	6.2	9.1
Financial and insurance activities	-1.1	10.5	11.3	1.1	-2.8	-0.5
Real estate	4.2	4.2	4.3	4.3	4.4	4.4
Professional, scientific and technical activities	19.5	16.3	15.7	17.0	14.5	9.9
Administrative and support service activities	17.2	19.0	10.5	19.6	10.8	5.6
Public administration and defence	9.7	6.7	7.2	5.4	2.4	3.1
Education	0.3	13.4	10.4	10.4	7.3	6.6
Human health and social work activities	-3.1	8.4	5.1	5.6	7.6	8.1
Arts, entertainment and recreation	7.1	8.5	7.7	12.7	9.9	13.7
Other service activities	11.3	12.0	4.7	13.5	12.0	6.5
Activities of households as employers	3.2	3.2	3.2	3.2	3.2	3.1
All economic activities	5.7	7.7	6.9	7.3	7.0	6.9
Taxes on products	17.5	-2.2	-1.7	2.0	4.6	8.0
Total GDP at market prices	6.8	6.7	6.2	6.9	6.8	7.0

Source: National Bureau of Statistics

Note: p denotes provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.5: Production of Major Agricultural Crops

	'000' Tonnes						
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 ^r	2018/19 ^p
Food crops:							
Maize	5,288.4	6,734.5	5,902.8	6,148.7	6,680.0	6,273.2	5,817.5
Rice	1,342.1	1,678.1	1,936.9	2,229.1	1,593.0	2,219.6	2,009.2
Wheat	102.5	167.0	72.5	76.4	50.0	56.7	62.4
Pulses	1,871.2	1,697.2	1,745.9	1,958.6	2,317.0	1,823.5	1,407.8
Cash crops:							
Coffee	71.2	48.8	42.0	59.6	48.3	48.3	66.6
Seed cotton	357.1	246.0	203.3	149.9	122.4	132.9	222.7
Tea	34.9	34.7	35.7	32.6	27.0	34.0	37.2
Cashewnuts	127.9	130.1	197.9	155.2	264.9	313.8	225.1
Tobacco	74.2	86.3	105.9	87.0	60.7	85.7	55.0
Sisal	34.9	37.8	40.3	41.0	35.6	43.5	32.1
Pyrethrum	6.1	6.6	1.8	1.8	2.4	n.a	n.a

Source: Ministry of Agriculture

Note: p denotes provisional data; r, revised data; and n.a, not available

Table A1.6: Agricultural Production Indices

	2013/14=100						
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 ^r	2018/19 ^p
Food crops:							
Maize	78.5	100.0	87.6	91.3	99.2	93.1	86.4
Paddy	80.0	100.0	115.4	132.8	94.9	132.3	119.7
Wheat	61.4	100.0	43.4	45.7	29.9	33.9	37.3
Pulses	110.2	100.0	102.9	115.4	136.5	107.4	82.9
Cash crops:							
Coffee	146.0	100.0	86.1	122.3	99.1	99.0	136.6
Cotton	145.2	100.0	82.2	60.9	49.8	54.0	90.5
Tea	100.6	100.0	103.0	94.0	77.7	98.0	107.2
Cashewnuts	98.3	100.0	152.1	119.3	203.6	241.2	173.0
Tobacco	86.0	100.0	122.6	100.8	70.3	99.3	63.7
Sisal	92.2	100.0	106.4	108.3	94.3	115.0	84.9
Pyrethrum	92.4	100.0	27.0	27.0	36.0	na	na

Source: Ministry of Agriculture

Note: r denotes revised data; p, provisional data; and n.a, not available



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.7: Production of Selected Industrial Products

Commodity	Unit	2012	2013	2014	2015	2016	2017	2018 ^P
Biscuits and pasta	Tonnes	16,119.0	17,440.0	15,964.0	15,274.0	15,551.0	16,451.0	16,911.0
Wheat flour	Tonnes	443,731.0	516,778.0	529,797.0	534,637.0	512,068.0	606,432.0	712,967.0
Sugar, refined	'000' Tonnes	271.1	241.3	270.1	252.9	286.7	320.3	315.9
Konyagi	'000' Lts	16,774.0	20,680.0	31,474.0	29,489.0	28,754.0	22,823.0	26,744.0
Beer	'000' Lts	338,650.0	374,238.0	379,913.0	391,742.0	393,560.0	396,864.0	477,578.0
Chibuku	'000' Lts	22,028.0	19,935.0	18,501.0	23,028.0	26,513.0	22,162.0	20,819.0
Cigarattes	Mill Pcs	7,558.0	7,710.0	8,028.0	7,837.0	8,091.0	7,412.0	7,921.0
Textiles	'000' Sq. Mt.	92,585.0	105,525.0	141,358.0	98,642.0	95,924.0	52,052.0	85,982.0
Sisal ropes and twines	Tonnes	7,754.0	6,908.0	7,871.0	8,851.0	9,131.0	8,188.0	8,116.0
Fishnet and products	Tonnes	295.0	297.0	279.0	311.0	256.0	196.0	228.0
Plywood	Cubic Mt.	776.0	1,043.0	1,038.0	1,021.0	788.0	993.0	1,023.0
Pyrethrum extract	Tonnes	73.0	113.0	199.0	118.0	126.0	134.0	139.0
Paints	'000' Lts	35,344.0	36,623.0	38,308.0	35,930.0	36,343.0	40,146.0	48,025.0
Cement	'000' Tonnes	2,581.4	2,345.6	2,809.1	3,134.9	4,071.4	4,199.9	4,509.1
Rolled steel	Tonnes	133,229.0	121,362.0	129,555.0	142,963.0	154,079.0	183,337.0	224,402.0
Iron sheets	Tonnes	81,427.0	70,831.0	69,825.0	91,385.0	91,109.0	84,541.0	81,390.0
Aluminium sheets/circles	Tonnes	37.0	54.0	27.0	32.0	0.0	0.0	0.0
Dry cells	'000' Pcs	146,100.0	75,000.0	93,000.0	87,000.0	69,000.0	122,000.0	255,000.0

Source: National Bureau of Statistics

Note: p denotes provisional data



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.8: Industrial Production Indices

Commodity	1985=100						
	2012	2013	2014	2015	2016	2017 ^f	2018 ^p
Biscuits and pasta	1,629.8	1,763.4	1,614.2	1,544.4	1,572.4	1,663.4	1,709.9
Wheat flour	1,140.4	1,328.1	1,361.6	1,374.0	1,316.0	1,558.6	1,832.3
Sugar, refined	242.0	215.5	241.1	225.8	256.0	286.0	282.1
Konyagi	1,743.7	2,149.7	3,271.7	3,065.4	2,989.0	2,372.5	2,780.0
Beer	447.0	494.0	501.5	517.1	519.5	523.8	630.4
Chibuku	201.5	182.4	169.3	210.7	242.6	202.8	190.5
Cigarattes	283.5	289.2	301.1	294.0	303.5	278.0	297.1
Textiles	159.4	181.7	243.4	169.9	165.2	89.6	148.1
Sisal ropes and twines	53.5	47.6	54.3	61.0	63.0	56.5	56.0
Fishnet and products	307.3	309.4	290.6	324.0	266.7	204.2	237.5
Plywood	48.8	65.6	65.3	64.3	49.6	62.5	64.4
Pyrethrum extract	187.2	289.7	510.3	302.6	323.1	343.6	356.4
Paints	2,591.2	2,685.0	2,808.5	2,634.2	2,664.4	2,943.3	3,520.9
Cement	686.5	623.8	747.1	833.8	1,082.8	1,168.9	1,199.2
Rolled steel	1,179.0	1,074.0	1,146.5	1,265.2	1,363.5	1,491.4	1,985.9
Iron Sheets	375.8	326.9	322.2	421.7	420.4	390.1	375.6
Aluminium sheets/circles	1.5	2.2	1.1	1.3	0.0	0.0	0.0
Dry cells	331.3	170.1	210.9	197.3	156.5	276.6	578.2

Source: National Bureau of Statistics and the Bank of Tanzania computations
Notes: p denotes provisional data; and r, revised data

Table A1.9: Mineral Recoveries

Item	Unit	2012	2013	2014	2015	2016	2017 ^f	2018 ^p
Diamond	'000' Carats	127.2	179.6	252.9	216.5	239.9	304.5	381.3
Gold	Kilograms	39,012.0	43,389.7	40,481.2	46,008.3	45,155.4	43,489.9	39,304.0
Gemstone	Tonnes	1,702.2	2,649.5	3,069.2	1,878.4	2,541.0	1,138.0	284.3
Salt	'000' Tonnes	34.0	34.0	54.8	168.9	178.2	124.5	36.6
Gypsum	'000' Tonnes	91.6	220.5	200.2	254.8	213.7	123.6	241.3
Limestone	'000' Tonnes	1,346.0	2,759.1	1,116.8	4,443.6	4,170.1	3,300.9	2,944.0
Pozzolana	Tonnes	91,221.0	61,004.0	68,924.7	342,627.6	230,045.5	104,085.1	91,645.0
Coal	'000' Tonnes	78,672.0	84,772.0	246,127.7	257,321.0	276,030.2	558,553.1	627,652.0
Tanzanite	Kilograms	32,212.0	24,804.8	18,463.7	6,370.4	30,875.2	21,581.5	n.a
Phosphate	Tonnes	19,984.1	1,023,020.0	738,000.0	222,800.0	23,658.0	1,351.0	n.a
Copper	'000' Pounds	12,426.0	12,654.0	14,027.0	14,252.3	16,247.2	6,058.4	n.a

Source: Ministry of Minerals
Note: p denotes provisional data; r, revised data; and n.a, not available



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.10(i): National Consumer Price Index (Urban and Rural) - Main Groups

Period	Total index	Food and non-alcoholic beverages (exclude food consumed at restaurants)		Housing, water, electricity, gas and other fuel		Clothing and footwear		Furnishing, housing equipment and routine maintenance of the house		Restaurants and hotels		Miscellaneous goods and services		Alcohol and narcotics		Recreation and culture		Health	
		47.8	9.5	9.2	6.7	6.7	6.4	4.5	3.3	2.1	1.7	1.3	0.9						
2013	140.8	153.0	121.9	152.6	129.0	127.2	133.7	120.9	136.4	96.4	113.2	112.6	108.1						
2014	149.5	164.4	126.6	168.9	132.9	129.6	137.3	128.2	144.4	97.0	119.1	113.4	112.0						
2015	157.8	178.7	125.8	171.6	138.4	131.6	143.6	132.0	149.6	97.3	122.7	115.3	115.4						
Base: Sep 2010 = 100																			
2015	100.0	38.5	12.5	11.6	8.3	6.3	4.2	3.1	3.7	5.6	1.5	1.6	2.9						
2016	97.9	96.6	98.6	100.6	98.1	98.0	98.8	98.2	99.0	99.6	99.5	98.2	97.6						
2017	102.9	103.8	99.5	107.3	102.2	101.7	103.1	101.7	103.2	99.1	102.3	101.1	103.4						
2018	108.4	113.3	99.9	115.4	105.8	104.7	104.4	105.0	106.6	98.2	103.2	102.3	106.0						
2018	112.2	116.6	102.5	129.2	108.9	107.4	105.7	106.7	108.4	96.6	105.8	102.8	107.4						
2018-Jan	110.1	115.5	100.6	119.1	107.1	105.7	105.0	105.7	107.9	98.1	105.3	103.1	107.0						
Feb	111.3	117.2	101.4	122.3	107.8	105.9	105.3	105.7	107.9	98.2	105.5	103.1	107.0						
Mar	112.7	119.6	101.5	125.3	107.9	106.6	105.3	105.7	107.9	98.2	105.5	103.1	107.1						
Apr	113.2	119.9	102.4	127.3	108.0	106.9	105.3	106.4	108.0	98.2	105.5	103.2	107.1						
May	113.2	119.1	102.0	130.4	108.2	107.2	105.4	106.8	107.9	98.2	105.5	102.8	107.3						
Jun	112.8	119.1	101.3	128.5	108.7	107.3	105.2	107.0	107.0	95.5	105.8	102.5	107.5						
Jul	112.4	117.6	102.0	129.1	109.1	107.6	105.4	107.0	107.6	95.5	106.0	102.5	107.1						
Aug	112.0	115.3	102.7	131.2	109.3	107.9	105.5	106.9	108.4	95.5	106.0	102.7	108.0						
Sep	112.1	114.6	102.4	133.9	109.7	107.9	106.3	107.0	109.2	95.6	106.0	102.9	107.5						
Oct	111.8	113.5	102.9	134.8	110.0	107.9	106.3	107.0	109.3	95.5	106.0	102.3	107.6						
Nov	112.2	113.4	105.2	135.1	110.0	108.1	106.5	107.2	109.3	95.5	106.0	102.6	107.6						
Dec	112.8	114.7	105.5	133.4	110.6	109.5	107.3	108.1	110.2	95.6	106.0	102.9	107.9						
2019-Jan	113.4	116.3	104.6	133.0	111.2	109.8	107.7	108.3	110.3	95.7	107.4	103.2	108.1						
Feb	114.6	117.8	104.7	137.4	111.4	110.2	109.0	108.5	110.7	96.2	107.5	103.3	108.6						
Mar	116.2	119.8	105.7	141.6	111.6	111.1	110.4	109.0	111.4	97.1	107.5	103.4	109.0						
Apr	116.8	121.0	105.9	141.8	111.9	111.3	110.5	109.3	111.5	97.1	107.7	103.8	109.5						
May	117.2	121.7	106.2	141.9	112.2	111.8	110.5	109.6	111.5	97.1	107.7	106.0	109.5						
Jun	117.0	121.9	106.2	140.0	112.0	111.7	110.3	109.5	111.5	96.5	107.7	106.0	109.5						

Source: National Bureau of Statistics



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.10 (ii): National Consumer Price Index (Urban and Rural) - Other Selected Groups

Period	Food and non alcoholic beverages (Combining food consumed at home and food consumed in restaurants)	Non - food		
		Total non-food (All items less food)	All items less food and energy	Energy and fuels (Combining electricity and other fuels for use at home with petrol and diesel)
Base: Sep 2010 = 100				
Old weights (%)	51.0	49.0	43.3	5.7
2013	152.8	128.9	123.0	170.1
2014	163.1	135.2	127.6	190.7
2015	177.2	137.6	130.5	189.0
Base: Dec 2015 = 100				
New weights (%)	37.1	62.9	54.3	8.7
2015	96.9	99.2	98.9	101.2
2016	104.2	102.3	101.5	107.6
2017	114.2	105.6	103.5	118.9
2018	118.4	110.1	105.4	139.3
2018-Jan	116.6	107.0	104.1	124.8
Feb	118.3	108.0	104.6	129.4
Mar	120.9	108.7	104.7	133.6
Apr	121.2	109.3	104.9	136.7
May	120.6	110.1	105.2	140.8
Jun	120.5	109.7	105.1	138.1
Jul	118.9	110.1	105.4	139.6
Aug	117.5	110.8	105.7	142.5
Sep	116.8	111.4	105.9	145.4
Oct	115.9	111.6	106.1	146.6
Nov	116.3	112.2	106.5	148.2
Dec	117.6	112.5	107.1	146.4
2019-Jan	119.4	112.5	107.4	144.4
Feb	121.0	113.5	107.8	149.3
Mar	123.3	114.8	108.5	154.4
Apr	124.5	115.1	108.7	154.9
May	125.3	115.3	108.9	155.5
Jun	125.7	114.9	108.7	153.3

Source: National Bureau of Statistics



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.10 (iii): National Consumer Price Index (Urban and Rural), Twelve Months Percentage Change - Main Groups

Period	Total index	Base: Sep 2010 = 100											
		Food and non-alcoholic beverages (Exclude food consumed at restaurants)	Transport	Housing, water, electricity, gas and other fuel	Clothing and footwear	Furnishing, housing equipment and routine maintenance of the house	Restaurants and hotels	Miscellaneous goods and services	Alcohol and tobacco	Communication	Education and culture	Health	
Old weights (%)	100.0	47.8	9.5	9.2	6.7	6.7	6.4	4.5	3.3	2.1	1.7	1.3	0.9
2013	7.9	15.9	10.2	25.1	8.3	6.4	8.2	11.8	20.1	0.4	7.7	2.9	6.4
2014	6.1	7.4	3.9	10.7	3.0	1.9	2.7	6.1	5.9	0.7	5.2	0.7	3.6
2015	5.6	8.7	-0.6	1.6	4.1	1.6	4.6	2.9	3.6	0.3	2.9	1.6	3.0
New weights (%)	100.0	38.5	12.5	11.6	8.3	6.3	4.2	3.1	3.7	5.6	1.5	1.6	2.9
2016	5.2	7.5	0.9	6.6	4.2	3.9	4.4	3.6	4.3	-0.5	2.9	2.9	5.9
2017	5.3	9.1	0.5	7.6	3.5	2.9	1.2	3.2	3.3	-0.9	0.9	1.3	2.6
2018	3.5	3.0	2.5	12.0	2.9	2.5	1.3	1.6	1.6	-1.6	2.4	0.5	1.3
2018-Jan	4.0	6.3	0.3	7.1	2.7	1.8	0.8	2.6	2.6	-1.0	2.5	2.0	1.6
Feb	4.1	5.4	1.6	8.6	3.3	1.6	0.9	2.7	2.3	-0.2	2.5	1.5	1.6
Mar	3.9	4.7	1.4	10.4	3.2	1.9	0.8	1.2	2.0	-0.2	2.4	1.1	1.6
Apr	3.8	3.6	1.8	13.1	2.6	2.0	0.8	0.9	1.7	0.1	2.4	1.2	1.6
May	3.6	2.6	1.9	15.0	2.4	2.3	1.0	1.2	1.3	0.1	2.3	0.7	1.2
Jun	3.4	3.4	1.6	12.0	2.2	2.4	0.7	1.4	0.3	-2.6	2.6	0.5	1.4
Jul	3.3	2.8	2.5	12.3	2.4	2.6	0.8	1.2	0.8	-2.7	2.5	0.4	0.7
Aug	3.3	2.2	3.4	12.3	2.7	3.1	1.1	1.2	1.2	-2.6	2.5	-0.2	1.7
Sep	3.4	2.0	2.8	13.1	3.2	3.0	1.9	1.3	1.9	-2.6	2.5	-0.2	1.3
Oct	3.2	1.2	3.0	14.1	3.4	2.8	1.9	1.6	1.9	-2.7	2.4	-1.0	0.8
Nov	3.0	0.4	5.1	13.4	3.3	2.9	1.9	1.7	1.6	-2.7	2.4	-0.7	0.8
Dec	3.3	1.0	5.1	12.1	3.6	4.0	2.7	2.6	2.2	-2.6	2.4	0.1	1.0
2019-Jan	3.0	0.7	4.0	11.7	3.7	3.9	2.6	2.5	2.2	-2.4	2.0	0.2	1.0
Feb	3.0	0.5	3.3	12.3	3.3	4.1	3.6	2.6	2.5	-2.1	1.8	0.2	1.5
Mar	3.1	0.1	4.1	13.0	3.4	4.3	4.8	3.1	3.2	-1.2	1.9	0.3	1.8
Apr	3.2	0.9	3.4	11.4	3.6	4.2	4.9	2.7	3.2	-1.1	2.1	0.6	2.2
May	3.5	2.2	4.1	8.8	3.7	4.3	4.9	2.5	3.4	-1.1	2.1	3.2	2.0
Jun	3.7	2.3	4.8	8.9	3.1	4.1	4.8	2.4	4.2	1.0	1.8	3.4	1.8

Source: National Bureau of Statistics



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A1.0 Output and Prices Statistics, Tanzania Mainland

Table A1.10 (iv): National Consumer Price Index (Urban and Rural), Twelve Months Percentage Change - Other Selected Groups

Period	Food and non-alcoholic beverages (Combining food consumed at home and food consumed in restaurants)	Non-food		
		Total non-food (All items less food)	All items less food and energy	Energy and fuels (Combining electricity and other fuels for use at home with petrol and diesel)
Base: Sep 2010 = 100				
Old weights (%)	51.0	49.0	43.3	5.7
2013	16.3	12.4	9.9	27.7
2014	7.7	4.8	3.7	12.2
2015	8.6	1.8	2.3	-0.9
Base: Dec 2015 = 100				
New weights (%)	37.1	62.9	54.3	8.7
2016	7.6	3.1	2.6	6.3
2017	9.6	3.2	2.0	10.5
2018	3.7	4.3	1.9	17.2
2018-Jan	6.7	2.8	1.4	10.4
Feb	5.8	3.3	1.7	12.1
Mar	5.0	3.5	1.6	14.1
Apr	4.0	3.9	1.4	18.4
May	3.2	4.5	1.6	21.2
Jun	3.8	4.0	1.6	16.8
Jul	3.0	4.2	1.6	18.5
Aug	3.2	4.6	2.0	18.7
Sep	3.1	4.8	2.2	18.9
Oct	2.5	5.0	2.3	19.5
Nov	2.0	5.3	2.6	19.2
Dec	2.6	5.4	3.1	17.7
2019-Jan	2.3	5.1	3.1	15.7
Feb	2.3	5.1	3.1	15.4
Mar	2.0	5.7	3.7	15.5
Apr	2.7	5.3	3.6	13.3
May	3.9	4.7	3.5	10.5
Jun	4.3	4.7	3.4	11.0

Source: National Bureau of Statistics



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2.0 United Republic of Tanzania Government Finance Statistics

Table A2.1: Central Government Operations

	Millions of TZS							
Item	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 ^r	2018/19 ^p
Total revenue (including LGAs)	7,221,408.6	8,442,611.2	10,182,454.7	10,957,765.3	13,906,993.4	16,639,831.5	17,944,887.0	18,527,293.2
Total revenue - central government	7,025,884.1	8,221,776.3	9,867,226.8	10,597,681.0	13,481,141.2	16,128,113.5	17,403,387.9	17,868,195.0
Tax revenue	6,480,477.8	7,729,985.9	9,294,417.0	9,891,680.3	12,410,950.8	14,055,172.6	15,091,791.4	15,387,287.9
Taxes on imports	2,555,535.8	2,915,214.6	3,535,758.5	3,928,466.7	4,898,987.8	5,092,870.6	5,488,877.4	5,668,220.5
Taxes on local goods	1,336,916.4	1,466,562.2	1,607,135.6	1,744,740.3	1,994,807.5	3,037,847.3	3,430,883.1	3,709,774.4
Income taxes	2,246,783.7	3,019,555.7	3,778,545.7	3,719,916.8	4,599,828.6	4,829,602.6	5,157,105.9	5,072,401.5
Other taxes	341,241.8	328,653.3	372,977.3	498,556.6	917,326.9	1,094,852.1	1,014,925.0	936,891.5
Non- tax revenue	545,406.4	491,790.4	572,809.8	706,000.7	1,070,190.4	2,072,940.9	2,311,596.5	2,480,907.1
LGA own sources	195,524.5	220,835.0	315,227.9	360,084.3	425,852.2	511,718.0	541,499.1	659,098.2
Total expenditure ¹	10,764,528.4	12,714,236.4	13,958,161.9	14,603,714.4	17,759,598.0	18,889,969.1	20,468,072.3	22,265,372.0
Recurrent expenditure	6,989,806.6	9,043,323.0	10,032,119.7	10,893,486.1	13,420,045.1	11,617,144.8	12,852,304.0	13,811,190.4
Wages and salaries	2,722,084.2	3,868,713.7	4,537,816.2	5,255,358.8	6,553,257.2	6,367,146.8	6,327,676.8	6,658,458.2
Interest payments	436,317.1	766,747.8	977,082.0	1,261,002.4	1,486,275.7	1,715,429.2	1,990,293.1	2,408,680.1
Domestic ³	345,125.7	589,595.0	742,728.4	917,032.8	1,009,506.3	1,215,582.1	1,317,546.0	1,622,507.9
Foreign	91,191.4	177,152.8	234,353.6	343,969.6	476,769.4	499,847.1	672,747.1	786,172.2
Other goods, services and transfers	3,831,405.4	4,407,861.4	4,517,221.5	4,377,125.0	5,380,512.2	3,534,568.8	4,534,334.2	4,744,052.1
Development expenditure and net lending	3,774,721.7	3,670,913.5	3,926,042.2	3,710,228.2	4,339,552.9	7,272,824.3	7,615,768.3	8,454,181.5
Local	1,872,311.7	2,314,717.9	2,121,211.5	2,264,506.0	2,904,529.7	5,141,450.7	5,397,033.5	6,496,222.3
Foreign	1,902,410.0	1,356,195.6	1,804,830.7	1,445,722.2	1,435,023.2	2,131,373.6	2,218,734.8	1,957,959.3
Overall balance before grants	-3,543,119.7	-4,271,625.2	-3,775,707.2	-3,645,949.0	-3,852,604.6	-2,250,137.6	-2,523,185.3	-3,738,078.8
Grants	1,855,096.6	1,378,718.2	1,587,648.6	1,024,132.7	495,356.6	1,092,495.4	930,648.4	461,201.3
Program	720,312.8	537,473.7	514,501.6	382,311.8	0.0	190,303.2	247,285.4	0.0
Project	612,030.8	345,214.7	670,911.5	514,184.4	409,157.2	733,208.3	566,197.5	285,340.0
Basket funds	301,152.2	276,039.0	188,623.3	127,636.6	86,199.3	168,983.8	117,165.4	175,861.3
HIPC relief	0.0	0.0	213,612.2	0.0	0.0	0.0	0.0	0.0
MDR/IMCA (T)	221,601.0	219,990.7	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance after grants	-1,688,023.1	-2,892,907.0	-2,188,058.6	-2,621,816.3	-3,357,248.0	-1,157,642.2	-1,592,537.0	-3,276,877.4
Expenditure float	-198,538.6	-351,395.3	-610,630.4	-247,661.3	-69,418.3	-59,647.1	-71,767.9	-10,242.6
Adjustments to cash and other items (net)	-198,538.6	439,983.1	300,809.8	62,959.4	-1,337.5	-376,841.2	-636,424.9	-941,880.6
Overall balance (cheques cleared)	-2,070,124.1	-2,804,319.3	-2,497,879.2	-2,806,518.2	-3,428,003.8	-1,594,130.5	-2,300,729.7	-4,229,000.6
Financing:	2,070,124.1	2,804,319.3	2,497,879.2	2,806,518.2	3,428,003.8	1,594,130.5	2,300,729.7	4,229,000.6
Foreign financing (net)	1,735,260.4	1,734,998.0	2,271,136.6	2,006,741.8	1,128,852.4	1,704,992.6	1,702,082.3	1,191,823.2
Loans	1,815,757.6	1,861,661.1	2,452,356.9	2,233,408.7	1,684,552.0	2,608,423.3	3,009,653.4	2,766,976.2
Program loans	246,849.8	357,480.9	526,157.3	374,704.3	291,381.3	152,482.1	0.0	125,396.0
Development project loans	1,396,695.9	1,317,844.4	1,718,534.5	1,695,527.6	1,231,328.7	2,350,950.1	2,938,575.6	2,597,299.3
o/w Non- concessional borrowing	801,281.6	1,063,006.0	1,194,515.9	1,054,803.2	453,504.0	1,226,759.8	1,474,281.6	1,144,822.3
Basket support	172,211.8	186,335.8	207,665.0	163,176.8	161,841.9	104,991.1	71,077.8	44,280.9
Amortization	-80,497.1	-126,663.1	-181,220.3	-226,666.9	-555,699.6	-903,430.8	-1,307,571.1	-1,575,153.1
Domestic (net) ³	334,863.7	1,069,321.3	226,742.6	799,776.3	2,299,151.4	-110,862.0	598,647.5	3,037,177.5
Bank and non bank financing	334,863.7	1,069,321.3	976,711.8	799,776.3	2,299,151.4	-110,862.0	598,647.5	3,037,177.5
Bank borrowing	71,249.5	667,929.9	955,495.3	487,807.9	1,522,206.6	-1,100,145.0	-343,325.5	2,383,403.3
Non-bank (net of amortization)	263,614.1	401,391.4	21,216.5	311,968.4	776,944.9	989,283.0	941,973.0	653,774.1
Domestic and contingent debt amortization	-1,326,851.5	-1,734,534.6	-1,528,152.7	-2,064,756.4	-3,005,788.8	4,615,670.4	4,835,199.3	3,713,606.8
Borrowing/Roll over	1,326,851.5	1,734,534.6	1,528,152.7	2,064,756.4	3,005,788.8	-4,615,670.4	-4,835,199.3	-3,713,606.8
Privatization proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On lending to TPDC (Gas pipeline)	0.0	0.0	-749,969.2	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance and Planning

Notes: ¹ Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures

² Domestic Interest payments and amortization include Cash and Non cash

³ Positive value means financing and a negative value means repayment

r denotes revised data; and p, provisional data



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2.0 United Republic of Tanzania Government Finance Statistics

Table A2.2. Outstanding Treasury Bills by Investor Category

Period	Total	Bank of Tanzania	Banks	of which				Private sector
				Commercial banks	Other banking institutions	Other financial institutions	Other official entities	
2013	2,975,906.4	144,455.0	2,163,812.4	2,149,002.4	14,810.0	362,406.1	97,801.4	207,431.6
2014	2,906,466.8	18,000.0	2,296,936.9	2,291,303.3	5,633.7	378,657.2	154,313.3	58,559.4
2015	2,727,771.0	111,487.0	2,022,373.0	1,982,152.6	40,220.4	373,565.0	149,789.5	70,556.5
2016	3,685,581.3	157,183.5	2,286,264.2	2,276,287.9	9,976.3	859,442.2	303,043.6	79,647.8
2017	4,158,959.0	44,904.7	3,124,187.8	3,047,446.4	76,741.4	651,029.9	200,820.7	138,015.9
2018	2,877,070.8	428,611.8	1,600,819.4	1,572,398.3	28,421.1	466,010.4	126,063.3	255,565.9
2018-Jan	4,180,658.2	2,550.0	3,186,047.3	2,711,328.7	474,718.6	630,458.6	197,020.7	164,581.6
Feb	3,579,557.3	3,850.0	2,670,007.2	2,597,523.1	72,484.2	558,199.1	185,246.9	162,254.1
Mar	3,427,195.6	0.0	2,555,176.4	2,480,792.3	74,384.2	568,087.8	159,096.9	144,834.5
Apr	3,343,294.8	22,033.4	2,425,263.4	2,357,227.9	68,035.6	576,541.2	151,096.2	168,360.5
May	3,218,720.7	50,734.1	2,313,282.4	2,260,733.8	52,548.6	457,168.1	156,450.0	241,086.1
Jun	3,244,781.4	125,871.4	2,130,258.1	2,098,031.7	32,226.4	590,394.8	157,781.7	240,475.5
Jul	3,194,657.2	67,857.5	2,147,165.9	2,118,254.8	28,911.1	607,982.3	163,686.4	207,965.1
Aug	3,100,235.2	162,627.4	1,961,496.5	1,929,045.7	32,450.8	569,229.4	158,062.4	248,819.6
Sep	3,114,302.9	192,427.9	1,934,817.6	1,893,784.3	41,033.3	570,882.1	155,527.4	260,647.9
Oct	3,023,428.6	146,358.0	1,890,057.6	1,849,535.4	40,522.2	572,808.1	155,314.2	258,890.7
Nov	2,910,910.5	206,806.5	1,809,307.3	1,776,302.9	33,004.4	475,902.2	157,578.9	261,315.7
Dec	2,877,070.8	428,611.8	1,600,819.4	1,572,398.3	28,421.1	466,010.4	126,063.3	255,565.9
2019-Jan	2,728,325.9	195,190.5	1,618,010.7	1,576,639.6	41,371.1	523,711.0	131,463.3	259,950.4
Feb	3,064,984.5	339,003.8	1,744,992.3	1,700,654.5	44,337.8	548,490.0	174,465.6	258,032.8
Mar	3,060,191.8	374,129.7	1,771,279.0	1,732,796.8	38,482.2	505,705.8	150,873.3	258,204.0
Apr	3,140,310.8	325,868.2	1,909,361.6	1,876,807.1	32,554.4	518,144.3	148,073.3	238,863.5
May	3,276,053.6	249,616.3	2,083,496.8	2,036,792.4	46,704.4	585,359.9	147,153.3	210,427.2
Jun	3,411,346.7	359,626.3	2,044,921.7	1,992,067.2	52,854.4	605,189.0	152,606.8	249,002.9

Source: Bank of Tanzania

Table A2.3: Central Government Stocks, Bonds and Notes by Holders

End of period	Bank of Tanzania	Banks	Other financial institutions	Other official entities	Private sector	Others	Total
							Millions of TZS
2013	1,444,130.4	1,981,226.0	1,186,148.5	17,010.0	23,375.6	0.0	4,651,890.7
2014	1,441,940.4	2,327,295.4	1,326,981.9	36,383.0	51,056.9	60,000.0	5,243,657.7
2015	1,439,750.4	2,451,612.4	1,688,662.2	49,417.0	64,445.0	101,519.4	5,795,406.5
2016	1,439,750.4	2,731,482.6	2,347,095.0	80,521.7	44,445.0	206,024.2	6,849,318.9
2017	1,334,750.4	3,875,222.4	3,280,296.8	127,504.1	299,509.3	74,879.6	8,992,162.6
2018	1,230,397.7	4,551,076.9	3,739,700.7	183,281.5	414,142.8	75,832.1	10,194,431.7
2018-Mar	1,334,750.4	4,418,469.5	3,415,304.7	164,224.1	333,771.2	74,879.6	9,741,399.6
Jun	1,334,750.4	4,599,830.9	3,564,759.2	192,824.4	350,345.5	74,879.6	10,117,390.1
Sep	1,264,897.7	4,670,870.9	3,644,518.8	195,092.7	374,716.1	75,832.1	10,225,928.3
Dec	1,230,397.7	4,551,076.9	3,739,700.7	183,281.5	414,142.8	75,832.1	10,194,431.7
2019-Mar	1,280,397.7	4,460,996.9	3,871,062.2	186,364.2	449,361.9	55,832.1	10,304,015.0
Jun	1,330,397.7	4,473,666.1	3,973,134.2	186,364.2	501,316.2	113,143.4	10,578,021.7

Source: Bank of Tanzania



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A3.0. Monetary Statistics

Table A3.1: Depository Corporations Survey

End of period	Millions of TZS													
	Domestic assets (net)				M3, Extended Broad Money			M2, Broad Money			M1, Narrow Money			M0, Base Money
	Domestic credit (net)				TOTAL sum (9.12) or sum (2.5) or sum (9.11)			TOTAL sum (9.10)			Currency in circulation outside banks			Foreign currency deposits
	Foreign assets (net)	Claims on government (net)	Claims on other domestic sectors (net)	Other items (net)	Foreign assets (net)	Claims on government (net)	Claims on other domestic sectors (net)	Other items (net)	Foreign currency deposits	Transferable deposits	Other deposits*	Foreign currency deposits	sum (9.14)	of which: Banks' reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2011	6,273,631.2	1,471,254.6	7,622,317.6	-2,345,881.3	13,021,322.0	9,247,939.4	5,571,986.7	2,235,829.8	3,336,156.9	3,675,952.7	3,773,382.6	4,111,917.1	1,876,087.3	
2012	6,396,026.0	2,019,403.0	9,010,380.9	-2,778,705.0	14,647,105.0	10,724,538.0	6,538,563.9	2,414,788.0	4,123,775.9	4,185,974.0	3,922,567.0	4,525,608.9	2,110,820.8	
2013	6,576,331.8	2,554,554.3	10,392,663.1	-3,416,780.9	16,106,768.4	11,890,554.2	7,218,118.5	2,763,963.0	4,454,155.6	4,672,435.7	4,216,214.2	5,027,783.6	2,263,820.6	
2014	6,551,542.5	3,651,622.2	12,412,296.1	-4,001,309.5	18,614,151.4	13,917,041.5	8,284,155.7	3,244,724.9	5,039,430.8	5,632,885.8	4,697,109.8	5,909,475.3	2,664,750.4	
2015	8,244,049.2	4,881,635.3	15,492,728.5	-6,503,097.7	22,115,315.2	15,780,115.4	9,575,698.5	3,678,503.5	5,897,195.1	6,204,416.9	6,335,199.8	6,833,088.2	3,154,584.7	
2016	8,186,324.6	4,281,969.3	16,608,885.4	-6,199,313.1	22,877,866.2	16,620,327.3	10,083,812.9	3,608,710.4	6,475,102.5	6,536,514.4	6,257,538.9	6,854,370.1	3,245,659.7	
2017	11,596,110.5	3,275,708.7	16,895,440.1	-7,052,934.7	24,714,324.6	18,349,932.9	11,155,309.0	3,891,604.4	7,323,704.5	7,194,623.9	6,364,391.7	6,954,415.2	3,122,810.8	
2018	10,629,789.0	4,481,617.2	17,726,752.0	-7,014,704.9	25,823,453.2	19,040,389.4	11,723,679.1	3,866,668.4	7,857,010.7	7,316,710.3	6,783,063.8	6,992,882.1	3,126,213.7	
2018-Jan	11,380,766.0	3,989,600.1	16,923,469.3	-7,346,635.5	24,947,199.9	18,541,950.6	11,346,892.0	3,676,320.9	7,670,571.1	7,195,058.6	6,405,249.3	7,169,185.2	3,492,864.3	
Feb	11,196,188.1	3,675,423.9	16,868,412.2	-6,860,264.0	24,879,760.2	18,179,696.3	10,975,226.3	3,614,139.5	7,361,086.8	7,204,470.0	6,700,063.9	7,143,213.6	3,529,074.1	
Mar	10,881,158.6	4,036,955.2	16,814,298.6	-7,255,566.6	24,476,845.8	18,189,807.8	11,126,675.4	3,704,011.8	7,422,663.6	7,063,132.4	6,287,038.0	6,744,869.5	3,040,857.7	
Apr	10,750,775.9	4,037,858.9	16,852,799.8	-7,207,658.6	24,433,776.0	18,074,492.9	11,028,348.2	3,620,313.5	7,408,034.7	7,046,144.7	6,359,283.1	6,487,664.4	2,867,350.9	
May	11,249,491.4	3,125,232.8	17,264,982.2	-7,116,770.2	24,522,936.2	18,304,657.5	11,110,708.8	3,749,037.3	7,361,671.5	7,193,948.7	6,218,278.8	6,811,874.8	3,062,837.5	
Jun	11,236,685.4	3,829,401.6	17,533,343.0	-7,304,890.7	25,294,539.4	18,951,216.5	11,761,952.0	3,926,245.8	7,835,706.2	7,189,264.6	6,343,322.8	7,136,631.1	3,210,385.3	
Jul	11,217,356.2	3,740,406.4	17,435,645.8	-7,688,228.1	24,705,180.2	18,265,656.4	11,180,009.2	3,885,101.2	7,294,908.0	7,085,647.2	6,439,523.8	6,680,290.8	2,795,189.6	
Aug	11,637,099.4	3,593,179.8	17,582,984.3	-7,770,858.5	25,042,405.0	18,437,420.8	11,353,635.9	3,865,819.2	7,487,816.7	7,083,785.0	6,604,984.2	6,753,213.4	2,887,394.2	
Sep	11,631,006.3	3,910,734.0	17,569,360.0	-7,835,220.5	25,275,879.8	18,601,435.6	11,536,105.0	3,835,165.8	7,700,939.2	7,065,330.7	6,674,444.2	6,487,309.5	2,652,143.7	
Oct	11,509,472.4	3,845,520.8	17,593,671.0	-7,681,199.9	25,267,484.3	18,560,944.8	11,371,675.5	3,756,213.5	7,615,461.9	7,189,269.3	6,706,519.4	6,587,212.3	2,830,998.8	
Nov	11,118,545.2	4,507,118.6	17,803,061.9	-7,938,231.0	25,490,494.6	18,892,963.7	11,753,305.6	3,773,603.8	7,979,701.8	7,139,658.0	6,597,531.0	6,789,971.1	3,016,367.3	
Dec	10,629,789.0	4,481,617.2	17,726,762.0	-7,014,704.9	25,823,453.2	19,040,389.4	11,723,679.1	3,866,668.4	7,857,010.7	7,316,710.3	6,783,063.8	6,992,882.1	3,126,213.7	
2019-Jan	10,140,835.6	4,064,358.0	18,165,034.8	-6,607,109.0	25,763,119.4	18,966,447.0	11,604,121.1	3,709,232.2	7,894,888.9	7,362,325.8	6,796,672.5	6,707,175.9	2,997,943.7	
Feb	10,434,390.0	3,825,068.6	18,426,816.4	-6,817,584.5	25,868,690.5	19,277,142.0	11,713,449.1	3,733,888.0	7,979,561.1	7,563,693.0	6,591,548.5	6,840,739.5	3,106,851.5	
Mar	10,019,155.0	3,853,565.5	18,436,361.5	-6,606,232.8	25,702,829.2	18,985,498.5	11,594,927.6	3,782,775.6	7,812,152.1	7,390,570.9	6,717,330.7	6,688,376.0	2,905,600.5	
Apr	9,409,490.7	4,714,269.2	18,641,540.1	-7,136,245.6	25,629,054.4	19,335,555.5	11,948,276.0	3,772,096.9	8,176,179.1	7,387,279.5	6,293,499.0	6,764,667.3	2,992,570.4	
May	8,999,143.7	5,250,297.4	18,811,396.7	-7,115,273.1	25,945,564.8	19,627,211.0	12,197,149.9	3,925,693.6	8,271,456.3	7,430,061.1	6,318,353.8	6,973,944.1	3,048,250.6	
Jun	9,626,325.1	6,212,800.8	18,861,062.7	-7,459,398.5	27,240,790.0	21,002,135.2	13,521,724.4	4,120,987.6	9,400,736.9	7,480,410.8	6,238,654.8	7,963,798.7	3,842,811.2	

Source: Bank of Tanzania and banks

Note: * include saving and time deposits in national currency



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A3.0. Monetary Statistics

Table A3.2: Bank of Tanzania Assets

Millions of TZS

End of period	Foreign assets			Claims on government			Lending to banks	Revaluation account	Premises and equipment	Items in process of collection	Other assets	Total
	Foreign exchange	SDRs	Quota in IMF	Advances	Other securities	Total						
2011	5,492,337.2	375,910.7	476,884.4	188,612.1	1,056,102.5	1,244,714.6	62,668.2	-992,486.9	1,000,841.0	556.5	1,193,211.4	8,854,637.0
2012	5,973,679.6	373,865.6	480,434.1	270,867.3	1,485,742.0	1,756,609.3	68,813.9	-904,076.2	1,015,303.8	556.1	1,111,364.7	9,876,550.9
2013	6,985,289.2	370,712.0	483,524.4	567,029.8	1,486,018.8	2,053,048.6	60,533.2	-820,938.6	1,033,606.2	216.6	1,013,233.3	11,179,224.9
2014	7,216,178.9	335,250.8	496,585.1	791,792.5	1,554,085.2	2,345,877.7	56,033.2	-914,901.0	1,030,945.6	657.5	1,291,340.7	11,857,968.4
2015	8,487,183.5	275,699.5	592,796.0	1,387,903.2	1,613,807.7	3,001,710.9	147,083.2	-1,039,215.7	1,047,333.2	125.3	1,253,597.8	13,766,313.6
2016	9,249,632.7	55,757.0	1,159,672.4	1,368,928.4	1,607,473.0	2,976,401.4	246,297.7	-1,520,586.5	1,210,493.0	0.0	1,722,889.6	15,100,557.4
2017	13,035,413.1	2,938.0	1,260,376.2	875,380.4	1,470,463.8	2,345,844.2	75,242.0	-1,122,935.2	1,276,018.3	17.1	1,334,131.1	18,207,044.9
2018	11,319,097.1	60,983.9	1,262,088.6	2,038,174.3	1,394,796.9	3,432,971.2	465,578.5	-1,219,882.6	1,317,859.0	0.0	1,411,649.1	18,050,344.8
2018-Jan	12,885,150.8	3,021.2	1,296,073.9	1,221,260.5	1,459,223.3	2,680,483.8	55,415.0	-1,122,998.6	1,276,398.4	0.0	1,343,378.8	18,416,923.2
Feb	12,751,590.1	31,228.0	1,296,000.3	1,400,148.9	1,479,159.2	2,879,308.1	53,215.0	-1,123,011.5	1,278,250.9	0.0	1,353,157.0	18,519,737.9
Mar	12,061,918.4	4,536.5	1,300,684.9	1,730,023.6	1,485,011.8	3,215,035.4	52,328.2	-1,123,022.0	1,284,776.1	0.0	1,355,649.9	18,151,907.5
Apr	11,666,373.4	4,513.9	1,294,214.5	1,776,934.1	1,456,437.7	3,233,371.8	72,328.2	-1,123,048.8	1,286,798.5	0.0	1,352,225.0	17,786,776.6
May	12,719,399.2	74,014.2	1,274,531.2	868,247.7	1,478,780.8	2,347,028.4	106,228.2	-1,123,059.1	1,306,171.8	33.7	1,370,829.8	18,075,177.6
Jun	12,432,245.4	3,891.2	1,266,802.9	2,198,650.8	1,463,645.4	3,662,296.2	211,097.2	-1,127,724.2	1,310,923.2	0.0	1,335,714.5	19,095,246.5
Jul	12,449,351.1	31,998.2	1,270,105.5	1,319,764.1	1,421,005.6	2,740,823.8	158,228.2	-1,127,738.4	1,310,769.7	0.0	1,332,852.8	18,166,390.9
Aug	12,381,980.1	4,527.9	1,269,251.5	1,356,846.5	1,416,667.8	2,773,514.3	256,578.2	-1,127,788.7	1,311,226.2	0.0	1,330,408.2	18,199,697.7
Sep	12,290,972.3	4,508.5	1,263,832.8	1,429,118.2	1,433,153.5	2,862,271.7	311,303.4	-1,127,802.5	1,312,901.6	0.0	1,302,797.7	18,220,785.6
Oct	11,843,502.0	130,496.9	1,253,327.1	1,559,438.1	1,413,673.0	2,973,111.1	256,654.2	-1,127,815.9	1,315,055.6	0.0	1,347,219.1	17,991,550.2
Nov	11,339,284.9	129,562.8	1,253,997.6	1,805,029.0	1,423,748.0	3,228,777.0	300,739.4	-1,127,377.7	1,315,051.9	0.0	1,310,749.0	17,750,784.9
Dec	11,319,097.1	60,983.9	1,262,088.6	2,038,174.3	1,394,796.9	3,432,971.2	465,578.5	-1,219,882.6	1,317,859.0	0.0	1,411,649.1	18,050,344.8
2019-Jan	10,976,655.0	61,327.1	1,269,190.5	1,628,213.6	1,404,042.4	3,032,256.0	225,956.9	-1,219,893.2	1,318,120.1	0.0	1,452,577.0	17,116,189.5
Feb	11,272,901.8	33,735.0	1,272,716.8	1,203,939.6	1,391,447.1	2,595,386.6	463,004.1	-1,219,975.1	1,318,239.5	0.0	1,452,274.4	17,188,283.1
Mar	10,626,009.5	33,509.5	1,264,209.9	1,277,914.0	1,418,114.4	2,696,028.4	550,871.0	-1,220,022.9	1,322,687.9	0.0	1,412,174.1	16,685,467.4
Apr	9,911,745.4	33,619.5	1,258,969.3	1,919,693.5	1,370,191.3	3,289,884.8	439,259.4	-1,220,044.0	1,323,271.1	28.2	1,456,931.9	16,493,665.5
May	9,626,671.1	136,396.9	1,254,188.9	2,450,927.9	1,378,812.1	3,829,740.0	397,619.8	-1,220,052.7	1,323,829.5	0.0	1,440,066.3	16,788,459.7
Jun	10,005,874.3	68,061.3	1,266,184.7	2,446,853.2	1,420,109.6	3,866,962.8	508,195.4	-1,224,473.3	1,325,792.9	0.0	1,491,869.0	17,308,467.1

Source: Bank of Tanzania

Table A3.3 : Bank of Tanzania Liabilities

Millions of TZS

End of period	Currency in circulation	Central government deposits	Banks' deposits	Other deposits	Foreign liabilities	International Monetary Fund	Allocation of SDRs	Other liabilities	Capital and reserves	Total
2011	2,694,169.5	1,235,421.9	1,720,844.4	69,724.3	187.1	1,024,983.5	456,771.9	1,553,119.1	99,415.4	8,854,637.0
2012	2,482,630.4	1,126,805.5	2,000,216.1	86,969.4	187.1	1,034,264.5	464,516.4	1,567,643.4	99,415.4	8,862,648.3
2013	3,324,794.6	2,550,655.3	2,034,705.2	19,956.3	7,421.4	1,181,472.7	463,131.8	1,498,411.9	98,675.7	11,179,224.9
2014	3,828,376.6	1,989,204.9	2,488,064.9	182,090.6	9,336.8	1,182,569.8	475,641.7	1,602,573.3	100,109.8	11,857,968.4
2015	4,431,833.2	1,272,358.7	3,419,493.4	280,626.2	23,423.7	1,236,275.9	567,794.9	2,434,507.5	100,000.0	13,766,313.6
2016	4,305,464.2	2,305,405.0	2,998,815.6	1,085,043.8	37,514.9	1,590,752.8	555,381.7	2,117,288.5	104,891.1	15,100,557.4
2017	4,697,211.7	4,245,516.0	3,232,417.9	1,143,707.5	78,825.3	1,466,445.1	603,610.0	2,639,316.2	99,995.3	18,207,044.9
2018	4,776,238.7	3,680,063.7	2,959,505.1	1,491,826.1	41,409.5	1,304,019.5	604,430.1	3,093,003.4	99,848.8	18,050,344.8
2018-Jan	4,453,914.4	3,597,644.4	3,524,444.1	1,388,333.4	313,590.4	1,478,256.0	620,706.0	2,940,039.2	99,995.3	18,416,923.2
Feb	4,367,633.7	4,163,074.5	3,629,468.1	1,111,011.8	292,301.3	1,478,231.6	620,670.8	2,757,350.7	99,995.3	18,519,737.9
Mar	4,433,401.7	4,211,923.3	3,013,843.8	1,295,335.0	142,346.9	1,452,679.4	622,914.3	2,879,467.8	99,995.3	18,151,907.5
Apr	4,388,256.2	4,275,693.4	2,767,829.9	1,228,229.1	160,635.4	1,450,673.4	619,815.6	2,795,648.3	99,995.3	17,786,776.6
May	4,474,116.5	4,176,766.9	3,005,268.4	1,291,637.4	432,322.7	1,495,037.8	610,389.0	2,489,643.6	99,995.3	18,075,177.6
Jun	4,639,202.1	4,718,377.4	3,270,438.8	1,774,389.1	158,406.9	1,422,967.7	606,687.8	2,404,781.3	99,995.3	19,095,246.5
Jul	4,672,739.4	3,923,340.0	2,610,400.3	1,419,909.9	388,997.6	1,423,810.0	608,269.5	2,871,977.1	246,947.2	18,166,390.9
Aug	4,642,806.0	4,154,772.0	2,825,734.2	1,343,789.0	51,342.2	1,375,111.8	607,860.5	2,930,327.3	267,954.7	18,199,697.7
Sep	4,597,062.1	3,986,307.5	2,798,016.7	1,499,256.0	84,404.6	1,373,842.8	605,265.4	3,008,878.9	267,751.5	18,220,785.6
Oct	4,542,785.9	4,020,051.1	2,729,336.8	1,451,765.7	113,642.6	1,371,382.6	600,234.1	2,894,600.0	267,751.5	17,991,550.2
Nov	4,577,824.7	3,649,742.5	2,804,968.5	1,568,117.9	57,339.1	1,371,539.6	600,555.2	2,846,041.3	274,656.1	17,750,784.9
Dec	4,776,238.7	3,680,063.7	2,959,505.1	1,491,826.1	41,409.5	1,304,019.5	604,430.1	3,093,003.4	99,848.8	18,050,344.8
2019-Jan	4,510,658.1	3,424,175.3	2,820,519.9	1,449,014.6	103,673.8	1,305,292.0	607,831.3	2,795,024.5	100,000.0	17,116,189.5
Feb	4,539,304.9	3,217,395.9	2,838,631.4	1,630,169.1	147,206.9	1,279,404.5	609,520.1	2,826,650.3	100,000.0	17,188,283.1
Mar	4,610,343.6	3,153,647.7	2,512,897.1	1,499,428.8	149,857.3	1,278,057.5	605,446.0	2,775,789.5	100,000.0	16,685,467.4
Apr	4,659,412.4	2,963,327.3	2,525,845.0	1,539,260.3	50,538.9	1,277,227.6	602,936.2	2,775,117.7	100,000.0	16,493,665.5
May	4,730,898.5	3,056,531.5	2,689,933.3	1,466,301.9	54,827.6	1,271,156.6	600,646.8	2,818,163.5	100,000.0	16,788,459.7
Jun	4,944,323.1	2,215,226.5	3,513,316.0	1,794,347.2	109,432.8	1,203,416.0	606,391.7	2,822,013.8	100,000.0	17,308,467.1

Source: Bank of Tanzania



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A3.0. Monetary Statistics

Table A3.4: Tanzania Notes in Circulation

End of period	Millions of TZS												Percent of Total					
	10/-	20/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-	Total	10/-	20/-	200/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-		
2011	99.7	497.7	1,969.0	51,519.0	83,793.4	111,196.0	420,406.8	1,982,878.0	2,652,359.4	0.0	0.0	0.1	1.9	3.2	4.2	15.9	74.8	
2012	99.7	497.7	1,968.4	54,002.4	85,192.1	118,551.0	466,563.7	2,135,935.5	2,862,810.5	0.0	0.0	0.1	1.9	3.0	4.1	16.3	74.6	
2013	99.7	497.7	1,968.0	57,544.7	99,078.4	141,056.3	553,031.7	2,467,015.3	3,320,291.9	0.0	0.0	0.1	1.7	3.0	4.2	16.7	74.3	
2014	99.7	497.7	1,967.9	56,809.6	120,860.2	165,086.2	508,703.7	2,914,805.3	3,768,830.4	0.0	0.0	0.1	1.5	3.2	4.4	13.5	77.3	
2015	99.7	497.7	1,967.4	66,216.4	141,908.3	137,161.4	664,340.2	3,011,551.7	4,023,742.8	0.0	0.0	0.0	1.6	3.5	3.4	16.5	74.8	
2016	99.7	497.7	1,967.4	35,961.3	137,203.1	168,534.6	720,628.2	3,173,144.2	4,238,036.1	0.0	0.0	0.0	0.8	3.2	4.0	17.0	74.9	
2017	99.7	497.7	1,967.4	24,582.1	134,552.2	199,968.1	777,637.8	3,437,348.2	4,576,653.2	0.0	0.0	0.0	0.5	2.9	4.4	17.0	75.1	
2018	99.7	497.7	1,967.1	22,042.8	141,019.4	177,193.9	732,230.9	3,613,026.1	4,688,077.6	0.0	0.0	0.0	0.5	3.0	3.8	15.6	77.1	
2018-Jan	99.7	497.7	1,967.4	24,400.4	130,554.6	192,734.4	727,334.0	3,279,926.6	4,357,514.7	0.0	0.0	0.0	0.6	3.0	4.4	16.7	75.3	
Feb	99.7	497.7	1,967.4	23,916.7	129,420.2	178,330.4	691,576.4	3,246,575.6	4,272,384.1	0.0	0.0	0.0	0.6	3.0	4.2	16.2	76.0	
Mar	99.7	497.7	1,967.4	23,662.3	130,929.9	172,789.4	685,302.2	3,280,929.0	4,296,177.5	0.0	0.0	0.0	0.6	3.0	4.0	16.0	76.4	
Apr	99.7	497.7	1,967.3	23,458.2	131,338.4	169,093.1	667,484.7	3,298,030.8	4,291,969.9	0.0	0.0	0.0	0.5	3.1	3.9	15.6	76.8	
May	99.7	497.7	1,967.3	23,234.3	134,165.4	171,192.4	685,248.0	3,362,055.4	4,378,460.2	0.0	0.0	0.0	0.5	3.1	3.9	15.7	76.8	
Jun	99.7	497.7	1,967.3	23,090.2	138,085.3	178,659.1	726,282.9	3,474,139.6	4,542,821.7	0.0	0.0	0.0	0.5	3.0	3.9	16.0	76.5	
Jul	99.7	497.7	1,967.4	23,480.7	137,126.8	182,869.9	734,249.3	3,495,344.7	4,575,636.1	0.0	0.0	0.0	0.5	3.0	4.0	16.0	76.4	
Aug	99.7	497.7	1,967.4	22,898.5	138,053.0	187,637.5	727,396.9	3,478,020.9	4,556,571.6	0.0	0.0	0.0	0.5	3.0	4.1	16.0	76.3	
Sep	99.7	497.7	1,967.3	22,549.4	137,652.3	177,792.8	696,888.0	3,461,422.5	4,498,869.7	0.0	0.0	0.0	0.5	3.1	4.0	15.5	76.9	
Oct	99.7	497.7	1,967.2	22,243.2	138,358.9	178,646.6	675,369.9	3,427,303.9	4,444,487.1	0.0	0.0	0.0	0.5	3.1	4.0	15.2	77.1	
Nov	99.7	497.7	1,967.1	22,135.3	138,010.2	177,420.0	687,566.1	3,433,545.8	4,461,241.9	0.0	0.0	0.0	0.5	3.1	4.0	15.4	77.0	
Dec	99.7	497.7	1,967.1	22,042.8	141,019.4	177,193.9	732,230.9	3,613,026.1	4,688,077.6	0.0	0.0	0.0	0.5	3.0	3.8	15.6	77.1	
2019-Jan	99.7	497.7	1,967.1	21,918.5	136,918.0	170,397.7	680,407.9	3,396,126.1	4,408,332.6	0.0	0.0	0.0	0.5	3.1	3.9	15.4	77.0	
Feb	99.7	497.7	1,967.1	21,879.0	137,945.6	173,090.7	688,159.0	3,413,365.1	4,437,004.0	0.0	0.0	0.0	0.5	3.1	3.9	15.5	76.9	
Mar	99.7	497.7	1,967.1	21,818.5	138,458.3	180,473.7	703,959.6	3,460,759.9	4,508,034.5	0.0	0.0	0.0	0.5	3.1	4.0	15.6	76.8	
Apr	99.7	497.7	1,967.0	21,704.3	134,952.1	186,126.0	699,101.0	3,501,299.4	4,545,747.3	0.0	0.0	0.0	0.5	3.0	4.1	15.4	77.0	
May	99.7	497.7	1,967.0	21,589.0	134,196.4	208,105.3	691,035.8	3,539,095.2	4,596,586.2	0.0	0.0	0.0	0.5	2.9	4.5	15.0	77.0	
Jun	99.7	497.7	1,967.2	21,528.0	137,590.1	226,088.9	725,242.8	3,732,516.0	4,845,540.5	0.0	0.0	0.0	0.4	2.8	4.7	15.0	77.0	

Source: Bank of Tanzania



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A3.0. Monetary Statistics

Table A3.5: Tanzania Coins in Circulation/1

End of period	Millions of TZS															Percent of Total											
	-05	-10	-20	-50	1/-	5/-	10/-	20/-	25/-	50/-	100/-	200/-	500/-	Total	-05	-10	-20	5/-	10/-	20/-	25/-	50/-	100/-	200/-	500/-		
2011	8.8	4.4	38.4	46.0	167.7	440.4	824.4	976.5	11.7	6,570.8	15,736.7	16,983.3	0.0	41,809.1	0.0	0.0	0.1	0.1	0.4	1.1	2.0	2.3	0.0	15.7	37.6	40.6	0.0
2012	8.8	4.4	38.4	46.0	167.7	440.1	820.5	965.2	11.7	7,064.4	16,978.1	20,630.7	0.0	47,175.8	0.0	0.0	0.1	0.1	0.4	0.9	1.7	2.0	0.0	15.0	36.0	43.7	0.0
2013	8.8	4.4	38.4	46.0	167.7	440.1	818.9	960.5	11.7	7,859.5	18,137.7	22,879.6	0.0	51,373.2	0.0	0.0	0.1	0.1	0.3	0.9	1.6	1.9	0.0	15.3	35.3	44.5	0.0
2014	8.8	4.4	38.4	46.0	167.8	441.1	824.7	967.6	11.8	9,511.0	22,083.0	25,882.2	0.0	57,966.8	0.0	0.0	0.1	0.1	0.3	0.8	1.4	1.7	0.0	16.4	38.1	41.2	0.0
2015	8.8	4.4	38.4	46.0	167.5	439.2	816.9	953.8	11.7	9,475.8	22,568.4	25,475.5	6,224.3	66,230.7	0.0	0.0	0.1	0.1	0.3	0.7	1.2	1.4	0.0	14.3	34.1	38.5	9.4
2016	8.8	4.4	38.4	46.0	167.5	439.2	815.4	951.0	11.7	10,449.8	25,055.8	32,681.0	15,519.7	86,188.5	0.0	0.0	0.0	0.1	0.2	0.5	0.9	1.1	0.0	12.1	29.1	37.9	18.0
2017	8.8	4.4	38.4	46.0	167.5	439.1	814.5	949.3	11.7	11,317.5	26,857.2	36,616.3	25,323.5	102,594.1	0.0	0.0	0.0	0.0	0.2	0.4	0.8	0.9	0.0	11.0	26.2	35.7	24.7
2018	8.8	4.4	38.4	46.0	167.5	439.1	814.2	948.5	11.7	11,878.6	28,616.7	40,606.6	31,329.2	114,909.6	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.3	24.9	35.3	27.3
2018-Jan	8.8	4.4	38.4	46.0	167.5	439.1	814.4	949.2	11.7	11,373.7	26,993.3	36,989.4	25,868.9	103,704.8	0.0	0.0	0.0	0.0	0.2	0.4	0.8	0.9	0.0	11.0	26.0	35.7	24.9
Feb	8.8	4.4	38.4	46.0	167.5	439.1	814.4	949.1	11.7	11,412.7	27,105.5	37,325.9	26,401.0	104,724.6	0.0	0.0	0.0	0.0	0.2	0.4	0.8	0.9	0.0	10.9	25.9	35.6	25.2
Mar	8.8	4.4	38.4	46.0	167.5	439.1	814.3	949.0	11.7	11,467.4	27,262.6	37,672.2	26,846.2	105,727.7	0.0	0.0	0.0	0.0	0.2	0.4	0.8	0.9	0.0	10.8	25.8	35.6	25.4
Apr	8.8	4.4	38.4	46.0	167.5	439.1	814.3	949.0	11.7	11,506.2	27,387.3	37,967.0	27,347.8	106,687.5	0.0	0.0	0.0	0.0	0.2	0.4	0.8	0.9	0.0	10.8	25.7	35.6	25.6
May	8.8	4.4	38.4	46.0	167.5	439.1	814.3	949.0	11.7	11,539.2	27,514.2	38,369.9	27,917.9	107,820.3	0.0	0.0	0.0	0.0	0.2	0.4	0.8	0.9	0.0	10.7	25.5	35.6	25.9
Jun	8.8	4.4	38.4	46.0	167.5	439.1	814.3	948.9	11.7	11,587.8	27,683.2	38,727.1	28,578.5	109,055.5	0.0	0.0	0.0	0.0	0.2	0.4	0.7	0.9	0.0	10.6	25.4	35.5	26.2
Jul	8.8	4.4	38.4	46.0	167.5	439.1	814.3	948.8	11.7	11,643.5	27,862.9	39,066.8	29,280.9	110,333.1	0.0	0.0	0.0	0.0	0.2	0.4	0.7	0.9	0.0	10.6	25.3	35.4	26.5
Aug	8.8	4.4	38.4	46.0	167.5	439.1	814.3	948.8	11.7	11,699.1	28,057.5	39,420.3	29,843.2	111,499.0	0.0	0.0	0.0	0.0	0.2	0.4	0.7	0.9	0.0	10.5	25.2	35.4	26.8
Sep	8.8	4.4	38.4	46.0	167.5	439.1	814.3	948.8	11.7	11,757.2	28,255.8	39,780.2	30,261.1	112,533.2	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.4	25.1	35.3	26.9
Oct	8.8	4.4	38.4	46.0	167.5	439.1	814.3	948.8	11.7	11,804.1	28,390.9	40,079.4	30,673.6	113,426.9	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.4	25.0	35.3	27.0
Nov	8.8	4.4	38.4	46.0	167.5	439.1	814.2	948.5	11.7	11,839.9	28,497.8	40,347.2	31,014.3	114,177.8	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.4	25.0	35.3	27.2
Dec	8.8	4.4	38.4	46.0	167.5	439.1	814.2	948.5	11.7	11,878.6	28,616.7	40,606.6	31,329.2	114,909.6	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.3	24.9	35.3	27.3
2019-Jan	8.8	4.4	38.4	46.0	167.5	439.1	814.2	948.5	11.7	11,902.6	28,719.4	40,727.1	31,687.3	115,515.0	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.3	24.9	35.3	27.4
Feb	8.8	4.4	38.4	46.0	167.5	439.1	814.1	948.5	11.7	11,943.1	28,828.5	40,916.0	32,026.8	116,192.9	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.3	24.8	35.2	27.6
Mar	8.8	4.4	38.4	46.0	167.5	439.1	814.1	948.5	11.7	11,983.2	28,968.6	41,077.2	32,482.6	116,990.1	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.2	24.8	35.1	27.8
Apr	8.8	4.4	38.4	46.0	167.5	439.1	814.1	948.4	11.7	12,020.4	29,082.2	41,241.3	32,956.7	117,759.2	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.2	24.7	35.0	28.0
May	8.8	4.4	38.4	46.0	167.5	439.1	814.1	948.3	11.7	12,065.4	29,225.1	41,438.3	33,589.5	118,796.6	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.2	24.6	34.9	28.3
Jun	8.8	4.4	38.4	46.0	167.5	439.1	814.1	948.3	11.7	12,107.0	29,348.2	41,635.2	34,083.8	119,652.4	0.0	0.0	0.0	0.0	0.1	0.4	0.7	0.8	0.0	10.1	24.5	34.8	28.5

Source: Bank of Tanzania

Note: /1 excludes commemorative coins



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A3.0. Monetary Statistics

Table A3.6: Commercial Banks Assets

Millions of TZS

End of period	Domestic assets						Foreign assets			Total
	Cash	Deposit with Bank of Tanzania	Treasury securities	Other securities	Loans and bills	Other	Liquid	Others	Fixed assets	
2011	458,339.7	1,716,218.7	2,040,559.3	37,407.2	7,723,629.9	900,196.5	1,505,320.6	191,567.7	634,533.4	15,207,773.0
2012	495,209.7	1,785,793.4	2,877,270.9	52,666.8	9,248,521.7	1,218,284.2	1,260,420.2	133,720.7	734,604.6	17,806,492.1
2013	560,831.6	1,954,249.3	3,700,292.0	33,052.0	10,631,959.2	1,337,929.5	1,234,830.5	134,325.3	838,798.7	20,426,268.1
2014	583,651.7	2,450,986.8	3,913,908.7	51,015.0	12,766,058.8	1,363,272.3	1,206,352.7	104,340.8	996,938.9	23,436,525.8
2015	753,329.7	3,254,339.0	3,727,326.7	64,553.6	15,807,127.5	1,472,816.5	1,643,062.3	531,390.3	1,205,745.3	28,459,690.9
2016	696,753.8	2,941,613.8	4,058,080.8	109,644.4	16,917,589.9	1,546,301.9	1,339,801.8	329,149.1	1,518,670.1	29,457,605.7
2017	865,607.2	3,276,960.8	5,594,444.1	87,635.7	17,201,346.7	2,084,935.9	1,359,611.9	261,080.6	1,735,929.7	32,467,552.6
2018-Jan	777,593.5	3,546,823.9	5,404,165.0	87,437.2	17,216,408.8	2,134,595.2	1,398,595.4	361,472.5	1,750,385.2	32,677,476.8
Feb	753,494.2	3,997,883.2	5,486,243.7	92,457.2	17,167,165.2	2,220,838.8	1,281,725.0	341,965.0	1,771,839.0	33,113,611.2
Mar	729,389.9	3,232,224.2	5,545,175.9	96,363.6	17,057,821.4	2,273,938.5	1,563,686.7	207,988.0	1,811,955.1	32,518,543.3
Apr	767,942.7	2,908,330.2	5,607,799.8	113,552.0	17,020,036.0	2,236,711.9	1,788,573.2	309,573.5	1,816,338.0	32,568,857.4
May	725,079.2	3,026,026.3	5,472,627.8	118,559.5	17,516,864.3	2,272,305.8	1,578,783.9	222,739.6	1,841,463.3	32,774,449.7
Jun	712,956.3	3,151,151.2	5,370,807.5	117,871.6	17,771,334.3	2,203,321.4	1,667,866.7	202,338.0	1,837,619.6	33,035,266.6
Jul	787,638.2	2,622,028.6	5,408,364.6	55,644.9	17,724,404.8	2,159,041.3	1,666,377.1	366,834.0	1,844,336.5	32,634,670.0
Aug	776,986.8	2,764,079.9	5,306,599.0	57,244.0	17,668,860.5	2,052,604.3	1,546,447.3	424,899.4	1,853,640.8	32,451,362.1
Sep	761,896.3	2,722,656.5	5,300,745.4	54,704.7	17,695,056.1	1,978,505.0	1,640,019.7	522,959.7	1,892,904.3	32,569,447.6
Oct	786,572.3	2,666,649.1	5,150,311.9	61,329.8	17,622,987.5	1,926,644.3	1,810,796.7	464,385.1	1,898,279.8	32,387,956.5
Nov	804,220.9	2,561,378.4	5,157,837.4	57,437.8	17,895,220.4	1,993,927.9	1,850,632.4	513,135.1	1,913,747.7	32,747,538.0
Dec	909,570.2	2,890,138.0	4,993,556.3	52,883.9	17,891,437.7	2,007,564.4	1,857,754.5	347,459.7	1,898,147.8	32,848,512.5
2019-Jan	801,425.9	2,864,573.7	5,097,434.8	62,992.0	18,335,058.9	2,067,110.8	1,712,915.3	414,575.7	1,952,813.1	33,308,900.2
Feb	805,416.9	2,824,036.2	5,105,351.8	58,277.3	18,613,134.4	2,156,451.6	1,727,537.0	466,360.2	1,946,841.0	33,703,406.3
Mar	827,568.1	2,561,773.0	4,995,752.8	59,168.2	18,833,113.9	2,317,580.1	1,862,153.4	523,121.4	1,943,676.3	33,923,907.2
Apr	887,315.5	2,594,015.8	5,105,093.0	63,805.0	18,946,969.7	2,208,020.0	1,793,448.5	568,085.8	1,964,038.5	34,130,792.0
May	805,205.0	2,744,193.0	5,190,451.7	65,144.3	19,144,304.3	2,224,836.1	1,722,760.5	625,869.5	1,967,752.5	34,490,516.9
Jun	823,335.5	3,517,553.9	5,276,896.7	72,555.5	19,157,611.3	2,227,276.7	1,772,381.3	791,059.8	1,976,676.1	35,615,346.7

Source: Banks and Bank of Tanzania computations



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A3.0. Monetary Statistics

Table A3.7: Commercial Banks Liabilities

Millions of TZS

End of period	Domestic liabilities			Foreign liabilities		Capital and reserves	Total	
	Deposits	Due to Bank of Tanzania	Due to other banks	Other	Foreign banks			Due to other
2011	10,715,782.2	0.0	357,570.4	2,072,724.7	202,667.5	83,779.5	1,775,248.6	15,207,773.0
2012	12,110,517.7	4,200.0	588,704.2	2,581,225.2	250,909.4	132,528.4	2,138,407.2	17,806,492.1
2013	13,322,900.6	14.3	800,311.0	2,782,696.7	542,898.0	437,425.6	2,540,021.8	20,426,268.1
2014	15,195,922.5	0.0	941,622.7	3,213,162.8	618,950.5	520,667.1	2,946,200.2	23,436,525.8
2015	18,160,733.2	0.0	1,174,128.5	3,863,587.6	558,479.4	900,113.3	3,802,648.9	28,459,690.9
2016	18,188,706.3	1.0	1,466,395.4	3,730,391.4	413,906.8	1,350,132.3	4,308,072.5	29,457,605.7
2017	19,824,561.1	8,501.0	1,749,055.4	4,015,889.9	381,117.4	1,793,347.0	4,695,080.8	32,467,552.6
2018	20,562,827.0	106,750.0	1,646,188.6	3,540,200.2	473,485.7	1,794,250.1	4,724,810.8	32,848,512.5
2018-Jan	19,973,504.3	9,649.9	1,671,851.0	4,158,233.6	385,271.9	1,765,723.5	4,713,242.5	32,677,476.8
Feb	20,247,144.7	8,501.0	1,822,438.6	4,169,437.2	343,208.3	1,771,908.3	4,750,973.1	33,113,611.2
Mar	19,571,499.0	8,501.0	1,874,493.0	4,328,433.3	342,307.4	1,697,408.0	4,695,901.5	32,518,543.3
Apr	19,678,643.7	8,502.5	1,835,786.1	4,272,981.3	382,351.2	1,698,997.0	4,691,595.6	32,568,857.4
May	19,574,058.5	8,501.0	1,892,020.9	4,501,918.6	409,949.0	1,672,278.2	4,715,723.5	32,774,449.7
Jun	19,891,442.4	9,612.9	1,871,154.8	4,454,972.5	377,298.9	1,771,097.5	4,659,687.5	33,035,266.6
Jul	19,663,473.7	27,039.4	1,780,231.8	4,333,963.0	392,243.2	1,753,989.4	4,683,729.5	32,634,670.0
Aug	19,927,224.8	90,794.2	1,880,247.8	3,878,837.7	407,383.8	1,548,308.5	4,718,565.3	32,451,362.1
Sep	20,040,729.6	85,998.1	1,631,082.1	4,039,403.6	507,999.6	1,519,774.3	4,744,460.4	32,569,447.6
Oct	20,161,025.3	108,055.1	1,388,070.0	4,063,058.5	488,177.1	1,419,599.1	4,759,971.3	32,387,956.5
Nov	20,252,134.3	79,505.3	1,623,330.9	4,066,786.5	488,751.9	1,449,881.9	4,787,147.3	32,747,538.0
Dec	20,562,827.0	106,750.0	1,646,188.6	3,540,200.2	473,485.7	1,794,250.1	4,724,810.8	32,848,512.5
2019-Jan	20,705,679.3	114,802.3	1,094,944.0	4,365,729.9	344,677.8	1,932,353.1	4,750,713.9	33,308,900.2
Feb	20,608,463.9	72,570.5	1,172,473.6	4,784,190.0	305,524.0	1,997,205.3	4,762,979.0	33,703,406.3
Mar	20,525,039.9	66,945.0	1,327,065.1	5,016,408.6	420,239.6	1,836,248.3	4,731,960.7	33,923,907.2
Apr	20,422,920.6	71,527.5	1,047,018.6	5,529,725.1	446,318.3	1,779,356.8	4,833,925.1	34,130,792.0
May	20,640,428.5	41,000.0	1,192,973.3	5,378,334.2	420,460.2	2,019,652.0	4,797,668.7	34,490,516.9
Jun	21,406,863.8	76,476.5	1,199,753.7	5,782,851.5	474,405.6	1,883,590.1	4,791,405.6	35,615,346.7

Source: Banks and Bank of Tanzania computations



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A3.0. Monetary Statistics

Table A3.8: Commercial Banks Domestic Assets

Millions of TZS								
End of period	Bank of Tanzania	Other financial corporation	Central Governemnt	Public non-financial corporations	State and local govt	Private sector	Other assets	Total
2011	2,174,558.4	331,196.0	2,091,028.7	598,317.1	23,009.2	6,589,844.1	1,702,931.2	13,510,884.6
2012	2,281,003.1	269,381.8	2,952,030.7	718,299.7	33,678.6	7,932,639.4	2,225,318.0	16,412,351.2
2013	2,515,081.0	446,314.8	3,847,316.7	766,036.0	29,378.2	9,093,473.9	2,359,511.8	19,057,112.3
2014	3,034,638.5	498,356.3	4,105,573.3	839,926.5	83,110.1	10,925,464.1	2,638,763.4	22,125,832.2
2015	4,007,668.7	596,052.8	4,011,058.2	1,059,716.1	48,825.4	13,654,275.2	2,907,642.0	26,285,238.3
2016	3,638,367.6	497,251.5	4,190,516.1	1,229,992.1	66,672.1	14,693,432.7	3,472,422.8	27,788,654.8
2017	4,142,568.1	479,758.2	5,735,958.7	809,345.2	76,356.3	15,420,368.1	4,182,505.6	30,846,860.2
2018	3,799,708.2	654,653.9	5,089,523.4	594,853.4	84,941.3	16,300,873.2	4,118,744.9	30,643,298.3
2018-Jan	4,324,417.4	515,334.8	5,544,545.9	801,776.6	77,369.9	15,417,677.8	4,236,286.4	30,917,408.8
Feb	4,751,377.4	552,146.4	5,633,437.2	1,061,054.4	77,399.1	15,071,809.7	4,342,697.1	31,489,921.2
Mar	3,961,614.0	553,428.2	5,662,708.2	770,865.2	76,322.5	15,313,985.4	4,407,944.9	30,746,868.5
Apr	3,676,272.9	706,038.3	5,703,724.8	501,920.3	78,677.4	15,465,435.3	4,338,641.6	30,470,710.7
May	3,751,105.5	532,506.7	5,565,231.6	730,465.5	91,786.7	15,818,285.7	4,483,544.6	30,972,926.2
Jun	3,864,107.5	540,333.1	5,462,405.8	763,648.7	89,985.0	16,052,310.8	4,392,271.0	31,165,061.8
Jul	3,409,666.8	565,273.5	5,499,438.7	1,020,948.2	91,474.8	15,674,338.6	4,340,318.3	30,601,458.9
Aug	3,541,066.7	608,367.9	5,406,197.7	645,639.6	91,309.7	16,153,278.8	4,034,155.0	30,480,015.4
Sep	3,484,552.8	1,178,693.5	5,378,545.4	1,168,534.0	84,282.7	15,054,475.4	4,057,384.4	30,406,468.2
Oct	3,453,221.4	770,412.2	5,226,902.4	591,786.5	83,539.7	16,061,542.0	3,925,370.5	30,112,774.7
Nov	3,365,599.3	681,195.3	5,241,043.9	611,559.1	85,300.0	16,333,215.5	4,065,857.4	30,383,770.6
Dec	3,799,708.2	654,653.9	5,089,523.4	594,853.4	84,941.3	16,300,873.2	4,118,744.9	30,643,298.3
2019-Jan	3,665,999.6	517,163.1	5,184,844.4	598,879.8	85,318.5	16,870,716.3	4,258,487.5	31,181,409.2
Feb	3,629,453.1	531,034.3	5,264,801.4	561,395.5	86,666.3	17,152,966.2	4,283,192.4	31,509,509.0
Mar	3,389,341.1	896,273.4	5,180,387.5	550,614.4	86,010.3	16,809,434.8	4,626,570.8	31,538,632.4
Apr	3,481,331.4	1,661,920.0	5,289,880.3	508,878.3	88,208.8	16,237,675.2	4,501,363.7	31,769,257.7
May	3,549,397.9	968,177.3	5,382,261.6	506,691.3	81,137.3	17,115,818.3	4,538,403.1	32,141,886.9
Jun	4,340,889.4	972,549.5	5,462,987.4	526,811.8	56,800.7	17,169,006.0	4,522,860.8	33,051,905.7

Source: Banks and Bank of Tanzania computations



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A3.0. Monetary Statistics

Table A3.9: Commercial Banks Lending and Holding of Securities

Millions of TZS

End of period	Domestic lending								Total	Lending to deposit ratio	Securities
	Loans to other depository corporations	Loans to other financial corporations	Loans Central Government	Loans state and local government	Loans public non-financial corporations	Loans other non-financial corporations	Loans to other resident sectors	Loans to non-residents			
2011	237,592.5	260,524.7	49,469.4	23,009.2	598,093.1	3,959,242.3	2,595,698.7	191,272.0	7,914,901.9	67.1	2,040,559.3
2012	378,787.9	189,223.1	73,759.8	33,678.6	718,176.3	3,397,428.8	4,457,467.2	133,387.2	9,381,908.9	69.9	2,877,270.9
2013	315,336.6	337,799.4	145,574.7	29,378.2	765,952.4	5,306,741.6	3,731,176.3	133,741.3	10,765,700.5	71.2	3,700,292.0
2014	428,087.4	389,381.3	190,214.7	83,110.1	839,880.0	6,329,950.8	4,505,434.6	103,752.3	12,869,811.1	75.6	3,913,908.7
2015	425,755.9	453,104.0	283,731.4	48,825.4	1,059,669.7	7,794,112.7	5,741,928.4	530,638.0	16,337,765.5	81.4	3,727,326.7
2016	629,310.6	317,480.7	132,435.3	66,672.1	1,229,946.4	8,767,305.3	5,774,439.6	328,394.1	17,245,984.1	87.3	4,058,080.8
2017	634,245.8	255,045.6	141,514.6	76,356.3	809,299.0	9,194,921.0	6,089,964.5	260,173.3	17,461,520.0	81.9	5,594,444.1
2018	445,876.5	429,616.1	95,967.1	84,941.3	594,807.4	9,519,421.0	6,720,808.3	346,552.1	18,237,989.8	82.6	4,993,556.3
2018-Jan	646,694.8	265,783.0	140,381.0	77,369.9	801,730.4	8,936,148.4	6,348,301.4	360,559.2	17,576,968.0	81.7	5,404,165.0
Feb	678,608.2	265,918.7	147,193.5	77,399.1	1,061,008.1	8,896,991.8	6,040,045.9	341,051.8	17,508,217.0	80.3	5,486,243.7
Mar	649,843.6	273,672.0	117,532.3	76,322.5	770,319.0	8,733,597.5	6,436,534.6	207,072.6	17,264,894.0	81.4	5,545,175.9
Apr	608,296.2	427,602.9	95,924.9	78,677.4	501,374.1	8,659,100.2	6,649,060.3	308,579.1	17,328,615.1	80.9	5,607,799.8
May	711,739.6	233,538.6	92,603.8	91,786.7	729,919.5	8,876,832.5	6,780,443.7	221,833.7	17,738,698.1	83.1	5,472,627.8
Jun	695,704.6	238,619.6	91,598.3	89,985.0	763,102.6	8,993,993.9	6,898,330.3	201,432.7	17,972,767.0	83.2	5,370,807.5
Jul	688,491.2	256,347.2	91,074.1	91,474.8	1,020,402.1	8,968,981.9	6,607,633.5	365,927.4	18,090,332.2	84.8	5,408,364.6
Aug	470,741.9	305,977.0	99,598.7	91,309.7	645,093.5	8,918,494.3	7,137,645.4	423,992.7	18,092,853.2	83.9	5,306,599.0
Sep	492,313.7	902,866.3	77,800.0	84,282.7	1,168,487.9	8,428,127.0	6,541,178.4	522,053.0	18,217,109.0	85.0	5,300,745.4
Oct	406,783.4	503,813.9	76,590.5	83,539.7	591,740.4	8,941,216.6	7,019,303.0	463,479.9	18,086,467.4	84.4	5,150,311.9
Nov	447,877.7	434,373.8	83,206.5	85,300.0	611,513.0	8,783,743.9	7,449,205.5	512,228.6	18,407,449.0	84.8	5,157,837.4
Dec	445,876.5	429,616.1	95,967.1	84,941.3	594,807.4	9,519,421.0	6,720,808.3	346,552.1	18,237,989.8	82.6	4,993,556.3
2019-Jan	437,456.7	324,791.7	87,409.7	85,318.5	598,879.8	9,999,969.9	6,801,232.7	413,668.0	18,748,726.8	83.9	5,067,786.6
Feb	424,156.8	337,795.5	159,449.6	86,666.3	561,395.5	10,129,846.6	6,913,824.1	465,451.2	19,078,585.6	85.8	5,094,312.4
Mar	633,351.5	679,094.8	184,634.8	86,010.3	550,614.4	9,591,911.7	7,107,496.4	505,687.5	19,338,801.4	86.2	4,984,713.4
Apr	610,145.0	1,424,047.8	184,787.3	88,208.8	508,832.2	9,044,981.4	7,085,967.3	553,695.8	19,500,665.5	87.6	5,094,053.7
May	668,622.3	689,081.1	191,809.9	81,137.3	506,645.2	9,789,665.6	7,217,342.9	611,508.7	19,755,812.9	87.6	5,179,412.4
Jun	644,240.3	689,265.9	186,090.6	56,800.7	526,765.7	9,902,745.0	7,151,703.1	776,697.3	19,934,308.6	85.3	5,266,960.1

Source: Banks and Bank of Tanzania computations



Bank of Tanzania Annual Report 2018/19

A3.0. Monetary Statistics

Table A3.10: Commercial Banks Domestic Lending by Economic Activity

End of Period	Agriculture	Fishing	Forest	Hunting	Financial intermediaries	Mining and quarrying	Manufacturing	Construction	Building and estate	Real estate	Mortgage	Leasing	Transport and communication	Trade	Tourism	Hotels and restaurants	Warehousing and storage	Electricity	Gas	Water	Education	Health	Other services	Personal	Total
2011	912,331.8	75,275.4	17,700.2	275.1	1,777,691.8	39,175.7	928,746.6	320,938.2	293,267.8	0.0	12,825.3	545,243.5	1,523,962.2	48,730.4	361,039.7	15,375.8	166,672.8	169,608.8	2,196.3	107,301.6	18,375.0	103,528.1	1,557,495.5	7,398,757.6	
2012	939,915.0	42,932.4	1,031.0	211.9	231,269.4	55,158.0	991,795.9	410,748.0	380,064.2	0.0	13,580.7	610,053.9	1,843,242.7	60,152.3	363,033.3	23,301.8	338,035.1	130,583.4	3,455.8	183,637.7	42,463.6	280,211.0	1,776,743.2	8,722,620.4	
2013	985,140.6	34,691.1	14,766.7	2,316.5	251,285.0	96,739.0	1,160,593.7	514,408.4	489,344.9	0.0	20,072.7	727,538.0	2,162,191.4	113,394.5	371,008.5	17,993.3	403,022.7	206,287.1	4,128.7	286,542.3	52,125.5	517,489.1	1,744,954.0	10,195,977.7	
2014	1,057,347.9	36,556.4	18,954.9	9,252.4	310,711.6	166,275.2	1,386,236.9	660,147.8	489,527.5	0.0	63,220.8	925,723.9	2,652,057.0	129,478.1	436,101.1	18,589.5	440,936.5	185,807.7	4,257.2	409,422.3	78,742.1	523,917.3	2,104,496.5	12,111,762.6	
2015	1,174,242.9	43,515.8	25,237.1	6,782.2	404,605.8	275,233.3	1,695,767.4	741,401.0	670,305.3	0.0	59,118.4	1,231,805.7	3,077,683.0	176,626.3	514,642.0	20,645.5	439,801.0	342,376.6	15,398.4	514,186.7	123,325.3	820,204.2	2,731,740.4	15,104,644.3	
2016	1,107,645.3	48,400.1	21,777.9	2,462.2	386,745.2	326,620.4	1,827,766.0	740,726.8	822,985.4	0.0	44,825.8	1,180,904.6	3,349,328.7	186,482.0	526,390.2	16,789.0	429,919.2	459,273.3	14,780.6	593,996.8	113,503.7	1,006,238.5	2,891,741.5	16,005,103.2	
2017	1,194,818.7	64,603.9	19,879.2	136.4	294,127.7	292,647.1	1,777,572.5	837,159.1	816,350.6	0.0	9,113.4	975,551.5	3,306,914.0	176,349.3	394,967.8	11,251.8	335,175.4	266,965.0	18,334.3	464,809.4	126,850.2	1,454,087.4	3,256,724.3	16,224,469.1	
2018	952,883.8	74,022.3	18,840.4	513.4	172,925.5	375,188.4	2,087,896.2	643,251.8	855,878.9	317,809.5	9,017.7	918,004.9	3,228,853.0	138,766.1	587,287.5	23,712.9	358,122.0	388,152.0	27,276.4	223,823.9	63,080.6	831,236.4	5,019,538.6	17,116,082.1	
2018 - Jan	1,116,968.7	58,392.3	20,298.8	141.0	286,917.2	332,606.4	1,829,046.9	783,464.4	811,958.4	0.0	8,510.0	956,000.8	3,428,602.6	178,025.7	601,120.3	15,616.3	331,490.4	294,381.3	25,264.3	455,988.8	83,803.0	1,270,306.8	3,329,126.2	16,217,998.8	
Feb	1,082,701.0	57,426.6	18,131.7	128.2	244,573.4	296,263.9	1,846,602.2	817,897.2	846,985.0	0.0	12,779.5	930,171.7	3,264,537.3	180,227.8	599,425.9	13,175.7	325,766.9	286,347.8	17,265.9	207,171.6	55,080.2	643,649.7	4,385,529.3	16,138,538.7	
Mar	1,048,378.9	56,486.7	18,593.1	127.1	246,943.9	333,878.0	1,769,116.1	822,380.8	840,237.2	0.0	12,284.6	905,600.8	3,343,101.5	175,246.0	610,560.8	11,084.6	296,430.6	280,337.4	16,893.0	214,352.6	54,907.2	839,810.6	4,387,713.1	16,063,154.6	
Apr	1,057,115.5	62,183.5	19,512.7	127.9	241,467.8	338,889.4	1,730,640.7	826,507.3	839,528.2	0.0	11,794.1	934,594.5	3,317,980.4	154,799.7	587,440.9	9,620.2	301,786.5	296,626.7	16,654.9	213,716.2	55,471.6	638,388.5	4,403,629.1	16,058,446.0	
May	1,079,429.8	65,269.2	18,973.8	77.1	217,384.8	363,845.2	1,875,542.0	723,415.7	910,850.3	0.0	11,723.9	958,797.9	3,378,169.0	155,371.6	596,881.5	9,860.4	345,612.5	291,732.5	17,196.4	218,034.0	61,072.1	657,544.5	4,486,357.8	16,437,341.8	
Jun	1,117,845.8	68,619.7	18,666.6	80.4	181,955.0	360,602.4	1,777,041.8	811,855.5	898,834.0	0.0	11,811.8	987,646.9	3,431,595.5	148,814.5	608,875.1	10,965.3	384,129.5	302,219.5	16,886.4	215,188.6	80,275.8	720,682.4	4,576,713.9	16,734,098.2	
Jul	1,088,607.7	74,719.8	18,593.8	80.0	242,739.2	358,619.9	1,820,536.7	778,404.9	894,892.5	0.0	11,408.8	970,271.5	3,291,741.1	147,378.3	579,589.9	15,437.4	342,783.6	307,603.8	16,731.7	219,243.3	75,381.7	825,775.7	4,638,587.2	16,698,829.6	
Aug	996,273.0	33,236.8	18,138.7	762.0	197,946.2	347,285.7	1,933,915.5	672,563.3	858,507.8	395,410.9	22,338.9	946,825.6	3,221,815.2	133,032.7	572,691.0	11,909.4	398,251.0	322,349.0	20,202.7	219,214.5	73,305.2	795,072.3	4,699,266.5	16,890,353.9	
Sep	989,116.1	69,620.2	17,492.2	693.3	193,699.4	379,854.1	1,892,606.0	647,548.5	883,674.9	394,307.1	21,593.0	936,015.3	3,249,712.3	143,598.0	581,188.5	23,997.9	393,320.5	332,732.8	33,255.6	221,003.3	79,524.4	891,318.9	4,481,626.4	16,857,469.7	
Oct	941,512.8	68,910.3	16,191.7	669.9	179,808.3	360,783.7	1,937,598.1	642,855.6	873,240.0	387,258.8	9,820.5	929,859.7	3,276,627.6	140,909.6	582,643.4	20,883.7	355,930.5	368,111.0	29,979.0	208,490.4	53,775.2	566,791.0	4,922,706.5	16,886,064.2	
Nov	954,144.8	70,796.6	19,667.7	578.5	176,243.9	372,308.1	1,893,608.1	639,608.9	855,129.9	398,892.1	10,220.4	921,828.9	3,314,673.0	152,590.2	577,124.4	20,928.1	358,466.2	405,177.7	29,128.2	224,755.3	52,582.0	519,404.2	5,057,703.4	17,115,342.5	
Dec	952,883.8	74,022.3	18,840.4	513.4	172,925.5	375,188.4	2,087,896.2	643,251.8	855,878.9	317,809.5	9,017.7	918,004.9	3,228,853.0	138,766.1	587,287.5	23,712.9	358,122.0	388,152.0	27,276.4	223,823.9	63,080.6	831,236.4	5,019,538.6	17,116,082.1	
2019 - Jan	1,389,694.1	71,825.7	19,822.8	467.7	166,767.6	408,392.7	2,030,816.2	697,263.3	903,603.0	398,883.3	8,598.4	909,306.2	3,327,112.4	133,923.0	380,000.4	18,920.7	362,499.0	357,128.4	27,906.0	223,137.8	68,109.0	474,344.0	5,084,720.4	17,552,932.2	
Feb	1,451,731.1	71,995.2	19,213.9	443.8	163,667.5	479,040.3	2,088,360.7	754,905.7	893,686.8	406,532.0	9,944.0	929,073.1	3,318,332.5	139,671.1	575,585.5	13,831.4	363,347.7	301,996.3	27,679.2	220,667.5	60,783.1	512,786.4	5,066,064.9	17,867,319.3	
Mar	1,528,821.3	47,599.9	18,509.8	420.8	218,646.7	459,254.6	2,084,241.9	804,767.9	862,184.8	387,988.8	7,224.8	945,051.9	3,284,272.9	134,477.4	566,523.3	14,686.2	274,787.0	392,500.2	27,554.0	238,723.4	61,697.2	474,502.8	5,131,665.5	17,943,118.0	
Apr	1,593,372.6	44,612.1	18,734.2	406.0	207,961.4	459,260.5	2,035,089.8	787,500.0	824,014.3	325,738.7	6,655.2	959,144.4	3,365,942.7	128,656.2	542,745.4	14,809.6	228,742.3	396,969.0	27,257.4	232,116.5	60,799.5	656,086.6	5,189,080.0	18,104,544.6	
May	1,579,846.1	43,396.4	18,666.5	369.6	196,885.2	477,479.1	1,996,048.2	820,349.7	810,082.0	321,461.5	6,191.7	953,475.1	3,327,329.1	131,472.2	544,439.4	13,652.5	246,241.5	377,981.2	26,868.2	233,964.0	66,619.0	606,605.9	5,372,681.5	18,086,110.4	
Jun	1,571,731.4	47,829.2	19,390.6	350.8	196,887.0	462,915.0	2,034,989.5	811,191.2	820,225.1	324,503.9	5,919.8	942,942.0	3,288,932.9	134,917.6	540,703.2	13,973.8	226,263.7	382,820.6	26,309.8	233,730.3	70,704.4	618,701.8	5,374,256.3	18,123,789.9	

Source: Banks and Bank of Tanzania computations



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A3.0. Monetary Statistics

Table A3.11: Commercial Banks Deposits

End of period	Central government	State and local government	Other financial corporations	Public non-financial corporation	Other Non-financial corporation	Other residents	Other depository corporation	Deposits of non-residents	Total	of which		
										Transferrable deposits in national currency	Other deposits in national currency*	Foreign currency deposits
2011	626,616.2	384,348.8	1,018,837.5	359,757.6	117,316.3	8,835,521.9	258,430.3	202,667.5	11,803,496.2	3,819,890.3	3,729,520.4	4,254,085.5
2012	732,515.4	540,378.4	1,114,929.3	389,460.9	159,696.4	9,906,052.8	320,733.8	250,909.4	13,414,676.3	4,819,966.6	4,190,178.4	4,404,531.3
2013	791,802.9	602,217.4	1,143,523.1	692,666.9	193,905.0	10,690,588.2	465,960.7	542,898.0	15,123,562.1	5,113,564.8	4,807,640.1	5,202,357.3
2014	808,422.1	379,796.5	1,351,803.3	577,737.5	310,323.3	12,576,262.0	406,833.5	618,950.5	17,030,128.7	5,657,524.5	5,627,920.1	5,744,684.1
2015	856,925.4	423,966.8	1,444,182.1	720,606.3	253,563.6	15,318,414.5	490,131.4	558,479.4	20,066,269.4	6,511,814.5	6,167,666.1	7,386,788.8
2016	577,788.9	478,711.3	1,578,544.3	456,829.7	249,859.1	15,424,761.8	576,800.7	413,906.8	19,757,202.7	6,655,153.1	6,473,659.1	6,628,390.4
2017	560,520.3	503,797.4	1,587,087.1	427,910.7	255,090.7	17,050,675.2	551,932.1	381,117.4	21,318,130.8	7,333,191.1	7,153,062.1	6,831,877.6
2018-Jan	632,826.3	491,876.6	1,679,214.4	452,756.0	274,377.3	17,075,280.1	528,991.5	385,271.9	21,520,594.0	7,511,722.8	7,177,247.0	6,831,624.3
Feb	669,232.1	524,498.6	1,683,597.8	510,053.2	287,060.2	17,241,934.9	555,978.2	343,208.3	21,815,563.4	7,514,920.0	7,168,905.2	7,131,738.2
Mar	623,850.0	390,257.9	1,677,038.4	442,137.3	282,621.8	16,779,443.6	682,790.6	342,307.4	21,220,447.0	7,543,693.9	6,909,939.7	6,766,813.4
Apr	619,505.7	351,009.2	1,598,587.0	487,781.0	286,450.2	16,954,816.2	726,082.3	382,351.2	21,406,583.0	7,561,468.3	6,893,543.3	6,951,571.3
May	593,152.9	346,939.9	1,521,275.3	486,959.2	282,819.1	16,936,065.0	760,135.2	409,949.0	21,337,295.7	7,473,235.2	7,041,500.8	6,822,559.6
Jun	560,111.0	399,045.7	1,528,580.9	489,416.2	281,654.7	17,192,745.0	764,775.1	377,298.9	21,593,627.4	7,701,646.1	7,008,861.7	6,883,119.6
Jul	559,685.2	224,731.2	1,430,313.4	504,254.3	283,564.3	17,220,610.5	719,863.5	392,243.2	21,335,265.7	7,444,350.6	7,021,194.7	6,869,720.4
Aug	429,217.5	281,907.5	1,679,552.3	614,420.7	371,276.3	16,980,068.0	805,156.8	407,383.8	21,568,982.9	7,552,732.4	7,026,311.4	6,989,939.1
Sep	341,211.5	286,651.7	1,373,382.1	1,188,680.8	249,032.7	16,942,982.3	533,825.8	507,999.6	21,423,766.5	7,434,091.9	6,968,423.4	7,021,251.2
Oct	331,993.4	257,725.1	1,268,419.8	858,801.6	368,011.7	17,408,067.1	449,284.1	488,177.1	21,430,480.0	7,380,470.8	7,097,460.6	6,952,548.6
Nov	310,626.8	247,943.8	1,351,732.2	978,915.2	359,250.3	17,314,292.7	643,970.1	488,751.9	21,695,483.0	7,649,356.8	7,048,194.8	6,997,931.4
Dec	358,472.4	244,120.1	1,346,079.4	766,159.5	316,584.2	17,889,883.8	689,758.9	473,485.7	22,084,544.1	7,678,712.3	7,204,236.7	7,201,595.0
2019-Jan	726,225.0	292,181.2	1,462,684.0	662,495.1	313,154.1	17,975,164.9	566,024.3	344,677.8	22,342,606.4	7,686,546.4	7,625,334.5	7,030,725.5
Feb	815,386.0	315,430.8	1,536,758.5	787,411.7	334,346.7	17,634,516.2	515,084.2	305,524.0	22,244,458.0	7,703,060.8	7,783,774.9	6,757,622.3
Mar	866,864.7	275,484.0	1,511,513.3	614,185.7	314,762.9	17,809,093.9	618,738.9	420,239.6	22,430,883.1	7,602,406.8	7,802,253.9	7,026,222.5
Apr	899,826.7	347,417.8	1,410,166.3	759,495.3	280,238.1	17,625,603.1	500,228.6	446,318.3	22,269,294.1	7,904,041.5	7,816,555.2	6,548,697.3
May	902,826.2	342,924.6	1,317,918.9	843,334.0	276,599.2	17,859,651.8	584,038.3	420,460.2	22,547,753.2	8,038,858.3	7,933,605.6	6,575,289.3
Jun	899,590.3	305,643.2	1,449,800.9	667,630.6	278,476.7	18,705,312.4	589,890.1	474,405.6	23,370,749.8	8,950,253.7	7,880,868.1	6,539,627.9

Source: Banks and Bank of Tanzania computations

Note: * include time and saving deposits



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A3.0. Monetary Statistics

Table A3.12: Interest Rate Structure, Weighted Averages

	2011	2012	2013	2014	2015	2016	2017	2018	2019					
									Jan	Feb	Mar	Apr	May	Jun
In Domestic currency														
1 Interbank cash market rates														
Overnight	7.80	11.60	7.50	8.87	11.10	13.39	5.48	1.99	2.74	1.83	1.50	1.29	1.53	1.69
2 to 7 days	7.97	12.38	9.05	10.57	12.29	13.73	6.34	2.46	3.15	2.07	1.95	1.73	2.01	2.06
8 to 14 days	6.40	13.85	10.02	11.01	12.89	13.50	6.91	2.82	4.08	2.60	1.87	1.70	2.01	2.15
15 to 30 days	6.36	14.66	11.61	11.28	15.70	13.58	7.87	3.73	4.19	3.90	3.53	3.53	3.50	3.33
31 to 60 days	3.75	17.68	10.74	10.59	11.42	13.82	9.34	5.00	5.00	5.00	5.00	5.00	5.00	5.00
61 to 90 days	5.64	21.42	12.39	11.75	15.00	14.97	13.73	3.75	8.50	8.50	3.25	3.25	3.25	3.25
91 to 180 days	5.25	8.14	13.44	12.33	14.92	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
181 days and above	7.30	7.30	11.42	13.46	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94
Overall interbank cash market rate	7.82	11.90	7.92	9.12	11.23	13.47	6.00	2.21	3.74	4.72	5.59	5.54	5.60	5.69
2 Lombard rate	9.35	14.55	9.30	10.98	16.27	20.09	9.09	3.89	6.75	6.79	7.91	7.79	7.97	8.20
3 REPO rate	4.55	5.44	3.53	4.29	7.39	5.20	3.59	2.06	4.50	4.50	4.50	4.50	4.50	4.50
4 Reverse repo rate				5.29	22.85	14.67	6.30	4.49	4.06	4.18	5.66	5.12	5.09	5.25
5 Treasury bills rates														
35 days	3.71	6.25	6.02	6.27	5.92	7.27	5.54	2.51	3.00	3.12	3.27	3.42	3.50	3.64
91 days	6.37	12.71	12.34	12.08	8.80	7.85	5.49	2.89	3.50	3.67	3.85	4.09	4.14	4.33
182 days	7.82	13.65	14.37	13.66	13.04	15.84	10.01	4.13	5.27	5.28	5.17	5.26	5.14	5.16
364 days	9.55	14.22	14.77	13.98	13.92	16.56	11.79	7.08	9.33	9.25	9.15	9.06	9.06	9.04
Overall treasury bills rate	8.31	13.64	14.22	13.56	12.91	16.17	11.10	6.43	8.54	8.73	8.67	8.20	8.58	8.69
6 Treasury bonds rates														
2-years	9.61	14.73	14.63	14.65	14.78	17.44	14.52	9.42	11.39	11.39	11.39	11.97	11.97	11.97
5-years	11.69	15.13	14.84	15.36	15.15	17.79	15.78	11.64	12.00	12.71	12.71	12.71	12.96	12.96
7-years	13.09	14.88	15.54	15.62	16.60	17.69	16.31	12.62	12.56	13.23	13.23	13.23	13.23	13.23
10-years	14.01	15.33	15.41	16.34	17.14	18.11	16.79	14.39	14.94	14.94	15.11	15.11	15.11	15.70
15-years			16.65	17.38	17.71	18.85	17.54	14.69	15.46	15.46	15.62	15.62	15.62	15.74
20-years								17.70	17.73	17.45	17.45	17.45	17.39	17.39
7 Discount rate	8.48	12.00	12.33	16.00	16.00	16.00	11.42	8.17	7.00	7.00	7.00	7.00	7.00	7.00
8 Savings deposit rate	2.56	2.96	3.09	3.13	3.45	3.35	3.03	2.52	2.60	2.54	2.59	2.46	2.45	2.44
9 Overall time deposits rate	6.25	8.38	8.94	8.44	8.89	9.19	10.04	8.24	7.33	7.25	7.64	7.03	7.35	7.43
1 month	5.85	7.80	9.16	8.56	9.71	10.05	10.79	9.25	9.24	9.66	9.16	8.12	8.64	8.58
2 months	6.95	8.67	9.72	9.04	9.71	9.88	11.33	8.88	7.31	7.21	8.26	7.46	7.15	7.44
3 months	6.78	9.55	9.97	9.86	9.90	10.50	11.18	8.20	6.61	6.81	8.01	6.99	7.28	7.63
6 months	7.39	10.55	11.02	10.43	10.16	10.00	10.96	8.63	7.43	7.50	8.03	7.70	7.99	8.30
12 months	7.95	11.28	11.58	10.85	10.80	11.47	11.66	8.78	8.65	8.51	9.00	7.92	8.74	9.05
24 months	7.66	9.70	9.09	7.89	9.19	9.68	11.43	12.05	10.10	9.79	9.53	9.73	9.86	9.78
10 Negotiated deposit rate	8.44	9.85	10.51	10.70	10.29	11.47	11.78	9.53	8.85	9.13	8.84	9.15	8.65	8.84
11 Overall lending rate	14.96	15.56	15.86	16.29	16.10	15.96	17.77	17.42	17.21	16.80	17.23	17.24	17.20	16.86
Short-term (up to 1 year)	14.55	14.18	14.04	14.70	14.25	13.66	18.30	18.21	17.00	16.38	17.47	16.94	17.07	16.43
Medium-term (1-2 years)	17.82	16.41	17.23	16.77	16.88	16.96	19.24	18.60	18.17	17.97	17.80	18.31	18.24	18.17
Medium-term (2-3 years)	14.47	15.86	16.54	16.44	16.52	16.04	17.69	17.48	17.76	17.32	18.98	17.97	17.82	17.56
Long-term (3-5 years)	14.81	16.03	15.74	16.17	15.34	15.60	17.94	17.41	17.07	16.88	16.84	16.70	17.13	16.58
Term Loans (over 5 years)	13.16	15.31	15.75	17.36	17.53	17.53	15.70	15.39	16.08	15.47	15.06	16.27	15.77	15.58
12 Negotiated lending rate	13.60	14.06	13.80	12.74	12.88	12.14	16.39	15.91	14.93	14.84	14.62	14.61	15.27	14.41
In Foreign currency														
1 Deposits rates														
Savings deposits rate	1.20	0.50	0.61	1.18	1.10	1.41	0.55	1.03	2.02	2.09	1.72	1.76	1.75	2.11
Overall time deposits rate	1.72	1.42	2.32	3.76	3.12	2.64	3.46	3.71	3.43	3.17	3.07	3.15	2.56	2.83
1-months	1.52	1.01	2.10	2.89	3.18	2.45	3.03	3.66	3.27	3.30	2.67	2.80	1.63	1.92
2-months	1.59	1.84	2.60	3.74	3.06	2.93	3.54	3.99	4.46	3.19	2.95	3.26	2.80	3.42
3-months	1.75	1.08	1.92	3.59	2.94	2.86	3.23	3.81	3.19	2.68	3.51	3.74	2.27	2.92
6-months	1.83	1.63	2.57	3.85	3.16	2.56	3.77	3.86	3.19	3.37	3.10	2.85	2.76	2.41
12-months	1.93	1.56	2.42	4.72	3.27	2.39	3.74	3.23	3.06	3.33	3.11	3.08	3.36	3.46
2 Overall lending rate	8.43	8.10	7.71	6.81	5.93	6.90	8.21	7.88	8.00	7.72	7.57	7.46	8.20	8.05
Short-term (up to 1 year)	5.19	6.12	6.06	2.59	3.45	4.74	8.66	8.29	6.76	6.82	8.23	8.17	8.51	7.93
Medium-term (1-2 years)	9.83	9.07	8.20	8.25	6.75	7.84	7.80	7.89	8.38	8.20	5.91	5.39	8.41	8.39
Medium-term (2-3 years)	8.60	8.53	8.35	8.35	7.29	7.40	8.34	7.64	8.03	7.61	7.79	7.85	7.71	7.63
Long-term (3-5 years)	9.26	8.44	7.75	7.39	6.48	6.85	8.09	7.79	8.87	7.99	8.03	8.03	8.36	8.32
Term Loans (over 5 years)	9.26	8.35	8.19	7.42	5.68	7.67	8.16	7.78	7.98	7.97	7.87	7.87	7.99	7.99

Source: Bank of Tanzania, banks and Bank of Tanzania computations



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.1: Balance of Payments

Item	2012	2013	2014 ^r	2015 ^r	2016 ^r	2017 ^r	2018 ^r
Millions of US\$							
A. Current account	-3,769.6	-4,988.5	-5,028.2	-3,987.4	-2,664.7	-1,813.9	-1,890.3
Goods: exports f.o.b.	5,889.2	5,258.1	5,194.1	5,316.8	4,949.7	4,523.9	4,379.6
Traditional	956.7	868.9	828.8	793.3	961.2	1,020.7	772.1
Non-traditional	4,164.4	3,703.3	3,798.6	4,040.1	3,538.5	3,091.9	3,209.3
o/w Gold	2,117.4	1,644.8	1,324.1	1,183.3	1,508.8	1,541.1	1,524.0
Unrecorded trade	768.2	685.8	566.8	483.3	450.0	411.3	398.1
Goods: imports f.o.b.	-10,319.1	-11,029.1	-10,917.8	-9,843.1	-8,463.6	-7,551.7	-7,752.0
Balance on goods	-4,429.9	-5,771.1	-5,723.7	-4,526.3	-3,513.9	-3,027.8	-3,372.4
Services: credit	2,786.4	3,201.7	3,396.0	3,412.4	3,599.3	3,631.9	4,014.7
Transport	641.1	811.8	902.6	1,024.9	1,053.6	1,137.4	1,222.1
Travel	1,712.7	1,880.4	2,010.1	1,902.0	2,131.6	2,250.3	2,449.4
Other	432.6	509.5	483.2	485.5	414.1	444.2	343.2
Services: debit	-2,358.9	-2,488.5	-2,648.3	-2,629.1	-2,176.4	-2,039.9	-2,131.2
Transport	-1,046.9	-1,137.8	-1,142.6	-1,047.0	-893.7	-795.7	-839.1
Travel	-967.0	-1,033.9	-1,101.6	-1,195.3	-922.3	-807.3	-738.1
Other	-344.9	-316.7	-404.1	-386.8	-360.4	-436.9	-554.1
Balance on services	427.5	713.2	747.7	783.3	1,422.9	1,706.0	1,883.4
Balance on goods and services	-4,002.4	-5,057.9	-4,976.0	-3,743.0	-2,091.1	-1,235.8	-1,489.0
Primary income: credit	131.1	130.1	118.4	110.3	98.5	125.3	155.9
o/w Investment income	109.6	99.9	86.5	87.8	67.6	86.1	106.5
Compensation of employees	21.4	30.2	31.9	22.5	31.0	39.3	47.4
Primary income: debit	-705.1	-835.8	-647.9	-834.6	-1,053.6	-1,105.4	-1,025.8
o/w Direct investment income	-560.2	-617.0	-445.0	-550.0	-625.2	-700.0	-683.7
Interest payments	-84.1	-148.2	-150.9	-248.6	-379.9	-358.0	-302.1
Compensation of employees	-57.0	-67.9	-49.1	-33.2	-46.1	-45.0	-37.6
Balance on primary income	-574.0	-705.7	-529.5	-724.3	-955.1	-980.1	-869.9
Balance on goods, services and primary income	-4,576.4	-5,763.6	-5,505.5	-4,467.3	-3,046.2	-2,215.9	-2,358.8
Secondary income: credit	912.3	836.9	535.5	560.1	452.7	485.2	535.8
Government	543.6	485.2	177.9	194.8	81.1	121.8	170.3
o/w Miscellaneous current transfers (Multilateral HIPC relief)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial corporations, nonfinancial corporations, households and NPISHs	368.7	351.7	357.6	365.3	371.6	363.4	365.5
o/w Personal transfers	368.7	351.7	357.6	365.3	371.6	363.4	365.5
Secondary income: debit	-105.4	-61.8	-58.2	-80.2	-71.2	-83.2	-67.3
Balance on secondary income	806.8	775.1	477.3	479.9	381.5	402.0	468.5
B. Capital account	777.2	684.5	547.9	380.1	446.2	376.8	221.2
Capital transfers credit	777.2	684.5	547.9	380.1	446.2	376.8	221.2
General government	713.6	620.9	483.7	316.1	383.0	313.6	157.4
Other capital transfer (Investment grant)	713.6	595.2	457.9	290.3	357.3	287.8	151.4
Financial corporations, nonfinancial corporations, households and NPISHs	63.6	63.6	64.2	64.0	63.2	63.2	63.8
Capital transfers debit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-2,992.4	-4,304.0	-4,480.3	-3,607.3	-2,218.5	-1,437.1	-1,669.1
C. Financial account, excl. reserves and related items	-3,879.6	-4,995.0	-3,109.0	-2,662.6	-1,745.4	-2,154.9	-1,741.3
Direct investments	-1,799.6	-2,087.3	-1,416.1	-1,506.0	-864.0	-937.7	-1,056.0
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	1,799.6	2,087.3	1,416.1	1,506.0	864.0	937.7	1,056.0
Portfolio investment	-6.1	-4.6	-11.5	-27.6	5.0	-2.9	0.7
Other investment	-2,073.9	-2,903.1	-1,681.4	-1,128.9	-866.4	-1,214.2	-686.0
Assets	-220.6	186.8	-28.8	331.8	-129.1	-117.8	363.3
Loans (Deposit-taking corporations, except the central bank)	-37.2	0.1	-24.8	186.9	-95.8	-34.5	35.2
Currency and deposits	-183.3	186.6	-3.9	144.9	-33.3	-83.4	328.0
Deposit-taking corporations, except the central bank	-156.3	-20.7	-87.9	69.5	-150.1	-4.9	206.9
Other sectors	-27.0	207.3	84.0	75.4	116.8	-78.5	121.1
Other assets	0.0	0.2	0.0	0.0	0.0	0.1	0.0
Liabilities	1,853.4	3,089.9	1,652.6	1,460.7	757.2	1,096.5	1,049.3
Trade credits	0.2	0.8	-1.0	-0.1	0.2	9.7	21.4
Loans	1,820.3	2,901.9	1,639.2	1,558.2	826.3	1,103.9	990.3
Monetary authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government	971.2	1,725.0	1,202.6	1,089.9	306.8	707.0	654.6
Drawings	1,022.8	1,834.4	1,367.7	1,309.4	779.0	1,238.8	1,361.1
Repayments	-51.6	-109.4	-165.1	-219.5	-472.3	-531.9	-706.5
Deposit-taking corporations, except the central bank	30.6	188.5	14.6	97.3	209.2	176.1	-32.2
Other sectors	818.6	988.3	422.0	371.0	310.3	220.8	367.9
Drawings	872.3	1,070.6	494.5	547.4	453.3	318.9	467.6
Repayments	-53.7	-82.3	-72.5	-176.4	-142.9	-98.1	-99.7
Currency and deposits	32.8	187.3	14.4	-97.5	-69.3	-17.1	37.6
Total, Groups A through C	-6,872.0	691.0	-1,371.3	-944.7	-473.1	717.8	72.1
D. Net errors and omissions	-561.1	-183.1	1,119.5	745.6	778.7	951.9	-856.2
Overall balance	326.2	507.9	-251.8	-199.1	305.5	1,669.6	-784.0
E. Reserves and related items	326.2	507.9	-251.8	-199.1	305.5	1,669.6	-784.0
Reserve assets	324.7	621.4	-307.3	-273.7	232.2	1,598.7	-871.9
Use of Fund credit and loans	1.5	-113.5	55.5	74.6	73.3	70.9	87.9
Memorandum items:							
GDP(mp) billions of TZS	62,318.7	72,977.2	82,603.4	94,349.3	108,362.3	118,744.5	129,364.4
GDP(mp) millions of USD	39,650.3	45,680.5	49,964.8	47,378.6	49,774.0	53,275.9	57,145.3
CAB/GDP	-9.5	-10.9	-10.1	-8.4	-5.4	-3.4	-3.3
CAB/GDP (excl. current official transfers)	-10.9	-12.0	-10.4	-8.8	-5.5	-3.6	-3.6
Gross official reserves	4,068.1	4,676.2	4,377.2	4,093.7	4,325.6	5,900.3	5,044.6
Months of imports	3.6	4.1	4.2	4.6	5.4	6.8	5.2
Months of Imports (Excluding FDI related imports)	4.1	4.5	4.7	4.9	5.9	7.5	5.7
Net International reserves (year end)	3,720.2	4,216.2	3,971.3	3,762.5	4,067.7	5,713.3	4,945.4
Change in net international reserves	325.0	496.0	-244.9	-208.8	305.2	1,645.6	-767.8
Exchange rate (TZS per USD) (end of period)	1,571.6	1,578.6	1,725.8	2,148.5	2,172.6	2,230.1	2,281.2
Exchange rate (TZS per USD) (annual average)	1,571.7	1,597.6	1,653.2	1,991.4	2,177.1	2,228.9	2,263.8

Source: Tanzania Revenue Authority, Bank of Tanzania, banks and Bank of Tanzania computations

Note: NPISH denotes non-profit institutions serving households; HIPC, heavily indebted poor countries; MDRI, multilateral debt relief initiative; GDP, gross domestic product; CAB, current account balance; FDI, foreign direct investment; r, revised data; p, provisional data; and o/w, of which



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.2: Balance of Payments

	2012	2013	2014 ^f	2015 ^r	2016 ^r	2017 ^r	2018 ^r
Million of TZS							
A. Current account	-5,918,263.1	-7,969,169.6	-8,327,794.7	-7,792,984.4	-5,799,454.1	-4,039,153.4	-4,257,777.0
Goods: exports f.o.b.	9,256,424.2	8,409,315.3	8,598,479.5	10,591,843.9	10,774,374.0	10,084,003.1	9,876,738.3
Traditional	1,503,262.3	1,389,587.9	1,378,762.2	1,566,838.6	2,090,239.1	2,273,932.8	1,740,028.2
Non-traditional	6,545,802.2	5,922,860.2	6,284,236.2	8,062,110.5	7,704,846.4	6,893,342.7	7,238,824.8
o/w Gold	3,328,492.2	2,629,505.9	2,186,964.9	2,350,753.8	3,285,086.6	3,435,296.9	3,438,466.2
Unrecorded trade	1,207,359.7	1,096,867.2	935,481.1	962,894.9	979,488.5	916,727.6	897,885.3
Goods: imports f.o.b.	-16,218,392.2	-17,640,018.8	-18,049,034.8	-19,447,709.9	-18,426,144.5	-16,834,141.5	-17,486,690.7
Balance on goods	-6,961,968.0	-9,230,703.5	-9,450,555.3	-8,855,866.0	-7,651,770.5	-6,750,138.4	-7,609,952.4
Services: credit	4,379,332.8	5,123,127.4	5,622,864.2	6,803,828.9	7,834,717.1	8,541,362.9	9,058,301.8
Transport	1,007,622.6	1,298,162.9	1,492,292.5	2,037,945.1	2,293,626.3	2,543,705.5	2,768,202.1
Travel	2,691,792.6	3,009,878.0	3,330,524.4	3,805,602.7	4,639,536.1	5,015,885.1	5,527,942.4
Other	679,917.7	815,086.6	800,047.4	960,281.1	901,554.7	981,772.2	762,157.2
Services: debit	-3,707,420.2	-3,979,539.6	-4,413,285.5	-5,227,548.3	-4,738,237.5	-4,547,618.3	-4,807,029.7
Transport	-1,645,429.1	-1,819,937.1	-1,923,520.6	-2,068,777.9	-1,945,867.0	-1,784,100.4	-1,903,335.5
Travel	-1,519,837.2	-1,653,136.6	-1,821,701.5	-2,387,889.8	-2,007,847.7	-1,799,550.8	-1,663,394.2
Other	-542,153.9	-506,465.9	-668,063.4	-770,886.0	-784,722.8	-963,967.1	-1,240,299.9
Balance on services	671,912.6	1,143,587.9	1,209,578.7	1,576,280.6	3,096,479.6	3,993,744.6	4,251,272.1
Balance on goods and services	-6,290,055.4	-8,087,115.7	-8,240,976.6	-7,279,585.4	-4,555,290.9	-2,756,393.8	-3,356,680.3
Primary income: credit	205,970.9	207,983.6	195,349.6	217,069.0	214,496.6	279,457.6	352,120.1
o/w Investment income	172,280.1	159,717.5	142,789.3	172,542.7	147,054.7	191,878.5	244,901.4
Compensation of employees	33,690.8	49,246.0	52,559.6	44,526.4	67,441.9	87,579.1	107,218.6
Primary income: debit	-1,102,271.4	-1,332,024.1	-1,071,712.5	-1,661,276.9	-2,288,941.7	-2,458,385.4	-2,309,309.3
o/w Direct investment income	-880,492.3	-986,403.8	-740,643.4	-1,091,981.8	-1,361,168.9	-1,560,200.3	-1,542,290.3
Interest payments	-132,275.5	-236,949.3	-249,957.7	-503,628.6	-827,342.4	-797,842.4	-682,224.4
Compensation of employees	-89,503.6	-108,670.9	-81,111.4	-65,666.5	-100,430.5	-100,342.6	-84,794.7
Balance on primary income	-896,300.5	-1,124,060.5	-876,363.6	-1,444,207.8	-2,074,445.1	-2,178,927.8	-1,957,189.7
Balance on goods, services and primary income	-7,186,355.9	-9,211,176.2	-9,117,340.2	-8,723,793.2	-6,629,736.1	-4,935,321.6	-5,315,869.6
Secondary income: credit	1,433,812.3	1,340,734.3	885,759.8	1,088,394.7	985,394.0	1,081,601.1	1,209,536.9
Government	854,367.0	778,344.4	294,945.5	364,348.3	176,445.7	217,716.3	385,057.5
o/w Miscellaneous current transfers (Multilateral HIPC relief)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial corporations, nonfinancial corporations, households and NPISHs	579,445.4	562,389.9	590,814.4	724,046.4	808,948.3	809,884.8	824,479.4
o/w Personal transfers	579,445.4	562,389.9	590,814.4	724,046.4	808,948.3	809,884.8	824,479.4
Secondary income: debit	-165,719.5	-98,727.8	-96,214.4	-157,585.9	-155,112.0	-185,433.0	-151,444.4
Balance on secondary income	1,268,092.8	1,242,006.5	789,545.4	930,808.8	830,282.0	896,168.2	1,058,092.6
B. Capital account	1,221,548.3	1,054,715.0	863,374.9	710,667.9	914,752.7	782,943.8	483,766.7
Capital transfers: credit	1,221,548.3	1,054,715.0	863,374.9	710,667.9	914,752.7	782,943.8	483,766.7
General government	1,121,587.7	953,039.9	757,208.5	583,686.3	777,228.5	642,148.1	339,841.1
Other capital transfer (Investment grant)	1,121,587.7	953,039.9	757,208.5	583,686.3	777,228.5	642,148.1	339,841.1
Financial corporations, nonfinancial corporations, households and NPISHs	99,960.6	101,675.1	106,166.4	126,981.6	137,524.2	140,795.7	143,925.5
Capital transfers: debit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-4,696,714.8	-6,914,454.6	-7,464,419.8	-7,082,316.5	-4,884,701.3	-3,256,206.6	-3,774,010.3
C. Financial account, excl. reserves and related items	-6,097,371.2	-7,980,472.3	-5,151,483.8	-5,217,962.3	-3,800,604.6	-4,801,763.7	-3,935,733.7
Direct investments	-2,828,517.4	-3,336,830.2	-2,340,094.7	-2,982,053.3	-1,881,074.7	-2,089,999.8	-2,382,132.3
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	2,828,517.4	3,336,830.2	2,340,094.7	2,982,053.3	1,881,074.7	2,089,999.8	2,382,132.3
Portfolio investment	-9,512.5	-7,240.4	-19,161.9	-56,049.9	10,908.7	-6,361.1	1,581.1
Other investment	-3,259,341.4	-4,636,401.7	-2,792,227.3	-2,179,859.1	-1,930,438.6	-2,705,402.8	-1,555,182.5
Assets	-345,653.4	299,641.1	-53,766.9	611,861.9	-280,829.1	-262,014.3	822,766.9
Loans (Deposit-taking corporations, except the central bank)	-58,431.4	855.9	-14,447.7	342,308.0	-208,847.5	-77,262.9	76,797.8
Currency and deposits	-287,222.0	298,785.2	-12,319.2	269,553.9	-71,981.5	-184,751.3	745,969.1
Deposit-taking corporations, except the central bank	-244,992.0	-31,764.2	-147,196.5	114,577.6	-326,388.5	-9,719.4	472,787.7
Other sectors	-42,229.9	330,549.4	134,877.2	154,976.3	254,407.0	-175,031.9	273,181.3
Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	2,913,688.0	4,936,042.8	2,738,460.4	2,791,721.0	1,649,609.6	2,443,388.6	2,377,949.4
Trade credits	304.4	1,236.3	-1,660.6	-187.6	458.3	21,331.8	48,900.0
Loans	2,861,779.1	4,636,904.0	2,716,561.8	3,004,948.5	1,800,415.9	2,460,828.5	2,243,998.7
Monetary authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government	1,527,178.7	2,755,420.0	1,999,212.8	2,121,565.4	668,858.4	1,575,810.3	1,480,475.9
Drawings	1,608,295.6	2,930,650.9	2,273,937.0	2,568,628.4	1,696,354.5	2,762,519.3	3,075,428.3
Repayments	-81,116.9	-175,230.9	-274,724.2	-447,062.9	-1,027,496.1	-1,186,709.0	-1,594,952.4
Deposit-taking corporations, except the central bank	48,139.3	302,291.7	23,859.5	205,797.7	455,164.5	392,374.7	-62,726.8
Other sectors	1,286,461.1	1,579,192.3	693,489.4	677,585.4	676,993.0	492,643.4	826,249.7
Drawings	1,370,862.3	1,709,494.0	814,105.9	1,050,069.4	987,905.0	711,287.3	1,051,110.0
Repayments	-84,401.2	-130,301.7	-120,616.5	-372,484.0	-311,511.9	-218,643.9	-224,860.3
Currency and deposits	51,604.5	297,902.5	23,559.2	-213,039.9	-151,264.6	-38,771.7	85,050.7
Total, Groups A through C	-10,794,086.0	-14,894,927.0	-12,615,903.6	-12,300,278.8	-8,685,306.0	-8,057,973.4	-7,709,744.1
D. Net errors and omissions	-888,143.8	-250,773.3	1,910,019.6	1,524,341.5	1,747,817.0	2,179,050.0	-1,929,762.5
Overall balance	512,512.6	815,244.4	-402,916.4	-340,012.7	663,720.3	3,724,604.9	-1,768,039.1
E. Reserves and related items	512,512.6	815,244.4	-402,916.4	-340,012.7	663,720.3	3,724,604.9	-1,768,039.1
Reserve assets	510,118.3	995,498.6	-496,720.3	-490,576.3	504,133.7	3,566,307.5	-1,966,358.8
Use of Fund credit and loans	2,394.3	-180,254.2	93,080.8	150,563.6	159,586.6	158,297.4	198,319.6
Memorandum items:							
GDP(mp) Billions of TZS	62,318.7	72,977.2	82,603.4	94,349.3	108,362.3	118,744.5	129,364.4
GDP(mp) Millions of USD	39,650.3	45,680.5	49,964.8	47,378.6	49,774.0	53,275.9	57,145.3
CAB/GDP	-9.5	-10.9	-10.1	-8.4	-5.4	-3.4	-3.3
CAB/GDP (excl. current official transfers)	-10.9	-12.0	-10.4	-8.8	-5.5	-3.6	-3.6
Gross official reserves (Millions of USD)	4,068.1	4,676.2	4,377.2	4,093.7	4,325.6	5,900.3	5,044.6
Months of imports	3.6	4.1	4.2	4.6	5.4	6.8	5.2
Net international reserves (year end)(Millions of USD)	3,720.2	4,216.2	3,971.3	3,762.5	4,067.7	5,713.3	4,945.4
Change in net international reserves (Millions of USD)	325.0	496.0	-244.9	-208.8	305.2	1,645.6	-767.8
Exchange rate (TZS per USD) (end of period)	1,571.6	1,578.6	1,725.8	2,148.5	2,172.6	2,230.1	2,281.2
Exchange rate (TZS per USD) (annual average)	1,571.7	1,597.6	1,653.2	1,991.4	2,177.1	2,228.9	2,283.8

Source: Tanzania Revenue Authority, Bank of Tanzania, banks and Bank of Tanzania computations

Note: NPISH denotes non-profit institutions serving households; HIPC, heavily indebted poor countries; MDRI, multilateral debt relief initiative; GDP, gross domestic product; CAB, current account balance; FDI, foreign direct investment; r, revised data; p, provisional data; and o/w, of which



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.3: Exports by Type of Commodity

Commodity	Unit	2012	2013	2014	2015	2016 ^r	2017 ^r	2018 ^p
Traditional exports:								
Coffee								
Value	Millions of USD	186.6	171.0	121.5	162.2	153.7	126.3	147.9
Volume	'000' Tonnes	54.8	59.5	44.1	51.9	58.7	41.8	56.6
Unit price	USD/Tonne	3,403.2	2,872.7	2,756.2	3,123.0	2,616.8	3,019.5	2,612.0
Cotton								
Value	Millions of USD	164.9	111.7	54.7	30.2	46.8	36.8	68.4
Volume	'000' Tonnes	132.0	89.0	49.5	29.1	33.0	25.3	47.4
Unit price	USD/Tonne	1,249.7	1,256.0	1,104.9	1,037.8	1,416.1	1,450.3	1,444.2
Sisal								
Value	Millions of USD	18.4	16.9	16.8	26.5	17.2	28.7	32.5
Volume	'000' Tonnes	13.5	12.6	11.5	15.2	8.6	17.0	20.3
Unit price	USD/Tonne	1,357.1	1,341.6	1,459.7	1,748.8	2,002.1	1,686.7	1,604.5
Tea								
Value	Millions of USD	56.1	56.9	45.7	44.0	44.8	49.1	45.9
Volume	'000' Tonnes	27.2	28.8	29.2	27.5	26.3	27.5	26.9
Unit price	USD/Tonne	2,061.2	1,977.9	1,568.1	1,600.9	1,700.8	1,783.6	1,707.4
Tobacco								
Value	Millions of USD	350.1	307.0	315.0	287.6	339.2	195.8	270.3
Volume	'000' Tonnes	100.6	67.8	67.4	66.3	74.3	48.3	72.2
Unit price	USD/Tonne	3,480.9	4,526.1	4,673.5	4,336.5	4,562.7	4,055.6	3,741.9
Cashewnuts								
Value	Millions of USD	142.6	162.4	222.2	218.8	320.2	529.6	196.5
Volume	'000' Tonnes	130.9	147.3	172.2	171.7	217.5	329.4	120.2
Unit price	USD/Tonne	1,089.3	1,102.5	1,290.7	1,273.8	1,472.4	1,607.7	1,634.2
Cloves								
Value	Millions of USD	38.1	43.0	52.9	24.1	39.3	54.4	10.5
Volume	'000' Tonnes	3.4	4.1	4.7	2.8	4.9	6.9	1.3
Unit price	USD/Tonne	11,198.5	10,562.8	11,231.3	8,653.1	7,976.0	7,886.6	8,031.7
Sub-Total	Millions of USD	956.7	868.9	828.8	793.3	961.2	1,020.7	772.1
Non-traditional exports:								
Minerals	Millions of USD	2,197.8	1,782.1	1,469.2	1,285.4	1,930.0	1,694.5	1,615.3
Manufactured goods	Millions of USD	1,037.3	1,072.1	1,239.6	1,277.0	714.2	693.7	794.6
Other exports	Millions of USD	929.2	849.1	1,089.8	1,487.0	894.3	703.7	799.5
Sub-Total	Millions of USD	4,164.4	3,703.3	3,798.6	4,049.3	3,538.5	3,091.9	3,209.3
Grand Total	Millions of USD	5,121.1	4,572.2	4,627.4	4,842.7	4,499.7	4,112.7	3,981.4

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Figures do not include adjustments of unrecorded trade; r denotes revised data; and p, provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.4: Exports by Type of Commodity

Commodity	Unit	2012	2013	2014	2015	2016 ^f	2017 ^f	2018 ^p
Traditional exports:								
Coffee								
Value	Millions of TZS	293,256.4	272,369.1	200,916.3	315,921.2	334,603.0	280,454.6	337,039.2
Volume	'000' Tonnes	54.8	59.5	44.1	51.9	58.7	41.8	56.6
Unit price	TZS/Tonne	5,347,916.1	4,575,966.3	4,559,364.9	6,084,326.5	5,697,005.7	6,705,580.0	5,950,960.3
Cotton								
Value	Millions of TZS	259,069.4	178,686.5	90,901.3	62,958.7	101,792.1	81,643.0	155,810.8
Volume	'000' Tonnes	132.0	89.0	49.5	29.1	33.0	25.3	47.4
Unit price	TZS/Tonne	1,963,005.7	2,008,713.5	1,835,633.0	2,164,592.3	3,082,923.4	3,220,891.9	3,290,286.7
Sisal								
Value	Millions of TZS	28,871.7	27,093.3	27,688.8	53,926.7	37,509.0	63,814.1	74,146.3
Volume	'000' Tonnes	13.5	12.6	11.5	15.2	8.6	17.0	20.3
Unit price	TZS/Tonne	2,132,982.2	2,147,195.5	2,411,434.5	3,554,123.8	4,358,641.1	3,745,807.0	3,655,500.3
Tea								
Value	Millions of TZS	88,106.6	90,767.9	75,367.7	86,284.9	97,511.7	109,118.2	104,677.0
Volume	'000' Tonnes	27.2	28.8	29.2	27.5	26.3	27.5	26.9
Unit price	TZS/Tonne	3,239,196.5	3,154,655.1	2,585,109.6	3,139,967.8	3,702,856.0	3,960,976.3	3,890,040.4
Tobacco								
Value	Millions of TZS	550,106.4	492,182.0	523,502.1	568,812.1	738,457.3	434,842.1	615,828.1
Volume	'000' Tonnes	100.6	67.8	67.4	66.3	74.3	48.3	72.2
Unit price	TZS/Tonne	5,470,229.9	7,255,844.3	7,767,751.7	8,576,002.1	9,933,315.8	9,006,727.2	8,525,233.2
Cashewnuts								
Value	Millions of TZS	224,005.3	258,301.8	373,393.1	430,022.9	697,192.3	1,176,135.4	447,609.6
Volume	'000' Tonnes	130.9	147.3	172.2	171.7	217.5	329.4	120.2
Unit price	TZS/Tonne	1,711,386.7	1,753,532.2	2,168,547.0	2,503,867.4	3,205,454.1	3,570,323.5	3,723,121.0
Cloves								
Value	Millions of TZS	59,839.5	68,643.6	86,993.0	48,912.0	85,519.6	120,802.3	23,980.3
Volume	'000' Tonnes	3.4	4.1	4.7	2.8	4.9	6.9	1.3
Unit price	TZS/Tonne	17,599,846.9	16,878,198.7	18,454,571.6	17,576,079.7	17,364,390.9	17,514,388.7	18,298,572.0
Sub-total	Millions of TZS	1,503,255.3	1,388,044.3	1,378,762.2	1,566,838.6	2,092,585.0	2,266,809.6	1,759,091.3
Non-traditional exports:								
Minerals	Millions of TZS	3,454,842.1	2,847,166.2	2,426,673.1	2,559,719.4	4,201,780.7	3,763,090.3	3,680,021.8
Manufactured goods	Millions of TZS	1,630,482.9	1,714,057.1	2,053,039.5	2,542,918.0	1,554,855.7	1,540,631.0	1,810,248.8
Other exports	Millions of TZS	1,460,432.9	1,357,912.8	1,804,523.7	2,961,161.3	1,946,980.1	1,562,815.1	1,821,531.4
Sub-total	Millions of TZS	6,545,757.9	5,919,136.1	6,284,236.2	8,063,798.7	7,703,616.5	6,866,536.4	7,311,802.0
Grand total	Millions of TZS	8,049,013.2	7,307,180.3	7,662,998.4	9,630,637.3	9,796,201.5	9,133,346.0	9,070,893.3

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Figures do not include adjustments of unrecorded trade; r denotes revised data; and p, provisional data



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Table A4.5: Imports (f.o.b) by Major Commodity Groups

Commodity	Millions of USD						
	2012	2013	2014	2015	2016 ^r	2017 ^r	2018 ^p
Capital goods	3,686.5	3,460.4	3,598.1	3,813.0	3,843.3	2,954.3	3,091.2
Transport equipment	1,158.2	1,160.2	1,214.8	1,096.5	997.4	762.8	878.4
Building and construction	805.8	959.8	1,032.4	908.0	898.0	639.3	840.3
Machinery	1,722.5	1,340.5	1,351.0	1,808.4	1,947.8	1,552.1	1,372.5
Intermediate goods	4,320.2	5,205.2	4,663.6	3,696.6	3,146.4	2,971.9	2,549.8
Oil	3,380.6	4,308.6	3,656.8	2,760.7	1,986.4	2,033.6	1,613.2
Fertilizers	133.9	160.1	122.8	145.6	130.3	137.2	176.5
Industrial raw materials	805.7	736.6	884.0	790.4	1,029.7	801.0	760.2
Consumer goods	2,312.5	2,363.5	2,656.1	2,333.5	2,311.0	2,372.4	2,111.0
Food and food stuffs	656.6	646.4	632.6	541.7	489.5	445.4	264.3
All other consumer goods	1,655.9	1,717.1	2,023.4	1,791.8	1,821.5	1,927.1	1,846.7
Total	10,319.1	11,029.1	10,917.8	9,843.1	9,300.7	8,298.6	7,752.0

Source: Tanzania Revenue Authority and Bank of Tanzania computations
Note: r denoted revised data; and p, provisional data

Table A4.6: Imports (f.o.b) by Major Commodity Groups

Commodity	Million of TZS						
	2012	2013	2014	2015	2016	2017	2018 ^p
Capital goods	5,793,811.7	5,535,619.4	5,958,684.4	7,496,994.4	7,614,357.6	5,991,925.5	6,972,971.7
Transport equipment	1,820,243.0	1,856,198.9	2,009,435.2	2,158,354.4	1,975,936.4	1,547,780.6	1,981,571.9
Building and construction	1,266,332.5	1,535,747.9	1,708,047.0	1,792,571.4	1,779,442.5	1,296,589.5	1,895,457.4
Machinery	2,707,236.3	2,143,672.6	2,241,202.2	3,546,068.6	3,858,978.7	3,147,555.4	3,095,942.4
Intermediate goods	6,790,052.2	8,324,816.4	7,699,792.0	7,325,726.0	6,233,028.3	6,029,510.7	5,751,754.9
Oil	5,313,589.9	6,889,198.8	6,031,398.4	5,459,147.5	3,934,604.9	4,125,809.1	3,638,955.1
Fertilizers	210,328.2	256,817.4	205,157.4	300,784.1	258,071.1	278,430.2	398,033.6
Industrial raw materials	1,266,134.2	1,178,800.1	1,463,236.2	1,565,794.4	2,040,352.3	1,625,271.4	1,714,766.2
Consumer goods	3,634,528.3	3,779,583.1	4,390,558.4	4,624,989.5	4,578,758.7	4,812,705.3	4,761,964.2
Food and food stuffs	1,031,846.1	1,032,264.4	1,044,754.6	1,053,778.9	970,115.6	902,932.7	596,265.9
All other consumer goods	2,599,249.5	2,743,827.2	3,342,194.8	3,566,874.5	3,603,888.4	3,909,772.5	4,165,698.3
Total	16,218,392.2	17,640,018.8	18,049,034.8	19,447,709.9	18,426,144.5	16,834,141.5	17,486,690.7

Source: Tanzania Revenue Authority and Bank of Tanzania computations
Note: p denotes provisional data



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Table A4.7: Imports(c.i.f) by Major Commodity Groups

Commodity	Million of TZS						
	2012	2013	2014	2015	2016 ^r	2017 ^r	2018 ^p
Capital goods	6,366,826.0	6,083,098.2	6,548,004.8	8,238,455.4	8,367,425.9	6,584,533.5	7,662,606.2
Transport equipment	2,000,267.0	2,039,779.0	2,208,170.5	2,371,818.0	2,171,358.7	1,700,857.8	2,177,551.5
Building and construction	1,391,574.1	1,687,635.1	1,876,974.7	1,969,858.7	1,955,431.4	1,424,823.6	2,082,920.2
Machinery	2,974,984.9	2,355,684.2	2,462,859.6	3,896,778.7	4,240,635.9	3,458,852.1	3,402,134.6
Intermediate goods	7,461,595.8	9,148,149.9	8,461,309.9	8,050,248.3	6,849,481.6	6,625,835.9	6,320,609.8
Oil	5,839,109.8	7,570,548.1	6,627,910.3	5,999,063.1	4,323,741.6	4,533,856.1	3,998,851.8
Fertilizers	231,129.8	282,217.0	225,447.7	330,531.9	283,594.6	305,967.3	437,399.5
Industrial raw materials	1,391,356.2	1,295,384.8	1,607,951.9	1,720,653.2	2,242,145.4	1,786,012.5	1,884,358.4
Consumer goods	3,990,215.0	4,149,551.2	4,820,823.5	5,077,641.1	5,026,378.0	5,288,687.1	5,232,927.7
Food and food stuffs	1,133,896.8	1,134,356.4	1,148,081.9	1,157,998.8	1,066,061.1	992,233.8	655,237.2
All other consumer goods	2,856,318.2	3,015,194.7	3,672,741.5	3,919,642.4	3,960,316.9	4,296,453.3	4,577,690.4
Total	17,818,636.9	19,380,799.3	19,830,138.2	21,366,344.8	20,243,285.5	18,499,056.5	19,216,143.7

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data; and r, revised data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.8: Exports by Country of Destination

	Millions of TZS						
	2012	2013	2014	2015	2016	2017	2018 ^p
Australia	22,196.4	12,313.2	101,079.0	8,977.4	16,497.0	10,305.2	8,757.7
Belgium	238,009.8	139,157.6	163,403.8	295,288.5	616,178.6	429,842.1	541,542.4
Burundi	72,026.5	71,932.8	71,138.1	77,673.3	113,462.1	113,236.4	107,876.7
Canada	39,683.0	20,603.7	11,691.1	11,826.1	10,146.7	8,110.8	15,644.1
China	817,984.8	491,708.1	1,130,503.4	1,112,872.5	770,945.5	316,022.0	325,410.2
Democratic Republic of Congo	285,425.7	377,511.6	465,278.5	392,428.4	634,887.1	2,693.6	304,104.7
Denmark	16,811.9	14,590.1	12,403.3	5,465.7	8,497.9	8,479.8	6,164.7
Eire/Ireland	2,912.8	538.2	280.2	1,332.1	2,561.9	1,375.5	1,019.6
France	25,291.3	18,755.4	39,817.2	27,798.9	51,990.3	30,351.3	47,613.1
Germany	455,746.3	255,313.4	366,846.8	446,692.3	250,990.0	108,583.0	90,670.3
Hong Kong	36,367.4	48,539.3	58,897.4	67,259.7	65,326.8	96,193.9	87,992.7
India	748,938.4	1,195,300.6	2,073,771.5	2,274,810.2	1,530,006.5	2,182,438.4	1,654,380.5
Indonesia	63,764.2	52,906.6	10,978.5	12,730.5	37,421.7	32,286.1	52,232.8
Italy	78,750.3	91,194.1	86,826.8	71,182.1	91,726.5	80,982.8	63,103.4
Japan	466,079.8	351,502.9	409,634.7	456,063.2	301,495.8	165,609.9	150,121.0
Kenya	520,143.0	362,976.2	737,131.7	1,452,035.1	683,147.8	390,644.5	482,237.3
Malaysia	15,423.3	2,150.0	21,736.3	57,758.0	28,474.5	21,933.6	18,717.7
Mozambique	83,499.8	106,149.0	112,551.9	37,020.8	26,853.8	29,088.9	15,378.5
Netherland	177,033.8	99,719.7	84,386.0	151,448.3	139,050.4	159,738.9	171,865.9
New Zealand	4,902.4	4,355.0	4,027.9	4,406.9	12,185.9	6,614.0	7,511.1
Norway	29,027.4	6,322.7	6,854.1	2,845.3	1,735.6	1,048.6	1,548.7
Pakistan	51,882.0	12,828.7	23,939.3	39,380.7	32,338.0	26,920.3	68,689.8
Portugal	19,820.8	22,727.6	29,981.2	38,792.5	41,004.1	43,820.8	46,677.9
Singapore	38,225.8	89,063.7	26,318.3	13,112.3	22,835.8	12,083.4	6,374.6
Somalia	1,637.0	931.2	11,043.1	5,528.6	845.8	2,885.5	2,188.6
South Africa	1,521,227.4	1,215,008.1	1,139,124.7	1,336,621.1	1,374,237.3	1,553,437.7	1,662,185.7
Spain	25,753.9	34,083.8	23,582.6	37,034.6	34,109.8	44,945.3	37,521.1
Sri Lanka	2,244.1	3,896.9	3,425.4	3,472.0	1,685.4	3,489.5	1,630.9
St. Helena	25.4	5.9	n.a	1.9	0.0	n.a	4,613.6
Sweden	8,235.1	7,939.7	8,717.9	10,228.5	12,116.0	12,751.1	7,158.2
Switzerland	1,245,696.8	643,133.7	246,227.3	304,642.7	1,671,353.8	584,189.5	584,262.2
Taiwan	1,804.8	1,710.3	3,199.9	4,370.1	4,631.0	2,467.3	2,279.1
Thailand	56,213.6	24,537.0	23,882.7	13,119.9	19,602.7	20,571.3	26,256.5
Uganda	103,386.6	105,601.3	121,218.9	99,881.8	126,744.3	53,630.2	238,736.7
United Arab Emirates	148,006.1	134,552.8	141,266.4	311,846.4	138,158.3	195,628.3	193,172.5
United Kingdom	71,042.2	88,113.3	77,063.2	45,600.3	49,680.8	40,385.9	35,146.3
United States	105,008.4	96,596.2	236,429.6	100,478.9	123,788.9	138,266.7	135,781.2
USSR/Russia	16,698.1	14,605.1	11,893.8	23,085.4	24,124.3	25,306.6	29,431.2
Yugoslavia	12.6	3.4	n.a	n.a	n.a	n.a	0.5
Zambia	112,288.0	144,886.8	223,715.6	12,439.8	70,815.5	108,312.3	114,266.0
Others	1,527,138.4	2,039,491.8	121,218.9	2,099,249.4	1,177,626.0	1,558,750.8	915,499.4
Total	9,256,365.1	8,403,257.4	8,441,486.8	11,466,802.3	10,319,280.3	8,623,421.6	8,265,765.1

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: n.a denotes not available; and p, provisional data



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Table A4.9: Imports (c.i.f) by Country of Origin

	2012	2013	2014	2015	2016	2017	2018 ^P
Argentina	192,859.5	26,237.5	12,161.6	34,528.6	15,396.7	53,566.3	7,404.0
Australia	193,689.0	242,942.6	234,399.6	205,934.2	140,445.7	145,777.0	143,092.6
Belgium	345,750.8	211,513.0	209,888.8	126,911.5	141,386.8	145,082.2	145,938.3
Brazil	90,275.9	22,395.4	24,474.9	33,932.0	60,629.3	117,490.9	45,347.0
Burundi	6,066.4	2,442.9	931.7	2,121.6	1,685.9	521.3	2,338.3
Canada	174,316.9	146,754.9	204,485.0	119,613.3	219,588.3	88,587.0	78,924.1
China	1,814,049.4	2,307,786.8	2,597,174.8	3,700,358.4	3,566,894.8	3,359,881.1	4,009,049.4
Democratic Republic of Congo	1,414.0	159.1	1,363.1	1,253.4	777.8	26.5	1,270.7
Denmark	42,975.4	72,628.2	69,106.6	131,738.8	88,470.6	95,621.2	81,594.1
Eire/Ireland	26,989.4	28,049.0	33,185.5	34,145.3	49,507.2	97,424.2	53,061.1
Finland	35,449.7	51,361.4	98,655.9	100,078.5	75,557.7	165,736.8	98,624.7
France	169,788.8	149,508.5	119,670.3	190,060.6	147,168.2	150,288.2	233,609.7
Germany, Federal	292,440.9	259,534.0	410,142.0	320,148.4	417,265.8	518,787.6	500,917.7
Hong Kong	83,187.0	52,326.9	87,939.5	90,589.6	112,306.3	114,845.3	136,597.6
India	1,373,732.4	3,338,640.8	3,055,855.5	2,512,648.4	3,110,402.5	2,610,263.5	2,769,670.5
Indonesia	370,583.0	225,874.9	154,768.5	283,642.9	140,724.0	321,368.7	302,371.7
Iran	73,137.1	53,377.7	68,651.6	33,583.1	22,956.9	39,373.5	56,950.3
Italy	182,804.2	120,370.8	131,665.5	157,773.8	190,834.7	200,995.1	218,608.4
Japan	808,560.1	746,172.6	924,642.3	790,187.5	807,663.4	919,901.8	905,518.5
Kenya	880,188.6	485,305.3	1,082,171.5	473,678.2	582,864.0	450,305.1	563,073.5
Malaysia	137,851.0	169,009.7	640,615.2	337,162.5	567,020.1	413,982.8	338,947.2
Mexico	1,713.9	1,757.3	4,545.3	14,677.5	10,474.7	13,742.2	18,374.1
Mozambique	17,471.4	106,893.9	30,332.7	66,075.2	26,026.9	20,677.0	54,600.4
Netherlands	248,542.6	198,353.3	291,741.5	189,505.4	229,584.5	189,519.6	193,776.4
New Zealand	3,862.6	4,829.0	4,765.7	7,697.3	7,841.0	6,375.3	7,638.4
Norway	92,221.8	44,249.2	73,186.9	9,426.9	15,286.5	26,402.1	189,274.7
Pakistan	122,635.0	141,018.2	101,623.6	80,888.7	70,138.4	52,770.7	89,766.7
Portugal	2,836.0	3,303.1	3,302.8	7,432.8	6,873.7	17,729.5	20,212.2
Saudi Arabia	360,197.8	322,950.3	338,854.5	4,019,058.6	479,693.6	1,051,617.0	1,292,481.2
Singapore	230,638.6	320,814.0	64,838.3	183,597.9	114,593.1	137,796.8	68,791.5
Somalia	10.2	0.0	86.2	850.6	0.0	0.0	0.0
South Africa	1,458,335.4	1,055,182.9	997,245.1	1,020,625.9	1,027,974.0	929,196.2	994,807.6
South Korea	186,529.9	234,827.3	269,999.3	450,276.3	359,878.9	315,035.1	1,569.0
Spain	73,332.5	213,692.8	55,883.5	63,214.4	68,590.7	78,248.8	83,651.9
Sri Lanka	5,430.4	7,130.7	40,385.7	21,419.7	7,042.3	7,662.1	12,317.8
Swaziland	54,770.3	54,305.6	77,929.3	74,138.8	89,699.7	83,154.4	87,520.8
Sweden	172,910.7	137,476.9	183,423.1	118,880.7	150,179.9	79,281.9	125,422.4
Switzerland	2,467,204.2	2,345,496.8	2,149,399.6	856,409.2	282,505.4	460,663.2	282,235.4
Taiwan	45,242.7	48,598.1	60,397.8	108,871.2	57,670.2	63,698.2	55,172.4
Thailand	118,265.0	133,003.5	173,054.1	183,744.2	171,077.9	205,054.4	268,363.9
Turkey	185,925.6	174,537.4	235,892.7	156,801.2	142,329.6	172,912.4	388,657.8
Uganda	169,013.6	83,917.6	79,316.6	78,309.9	66,848.5	76,481.8	119,947.2
United Arab Emirate	1,600,011.8	1,725,479.7	1,942,477.8	1,674,224.8	1,289,428.3	1,326,921.8	1,983,145.0
United Kingdom	574,249.3	401,153.7	434,709.8	361,532.2	337,544.4	293,230.7	361,990.0
United States	372,948.8	338,829.0	611,264.6	641,744.2	548,576.0	452,137.7	540,782.3
USSR/Russia	127,112.8	105,582.3	212,300.0	245,853.9	233,773.9	280,119.3	140,145.4
Yugoslavia	1.0	1.4	0.0	0.3	n.a	n.a	0.0
Zambia	62,753.6	73,899.6	104,719.7	64,729.4	72,926.8	120,357.5	116,033.2
Zimbabwe	4,569.6	5,373.2	7,896.3	11,408.7	4,520.5	2,508.9	2,803.5
Others	163,444.9	633,270.2	1,129,651.1	1,051,793.3	815,191.6	865,818.6	1,176,033.4
Total	16,218,291.3	17,628,318.7	19,841,172.6	21,443,280.1	17,145,817.7	17,338,939.4	19,368,423.9

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: n.a denotes not available; and p, provisional data



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Table A4.10: Tanzania Exports to COMESA Countries

	Millions of TZS						
	2012	2013	2014	2015	2016	2017	2018 ^P
Burundi	72,026.5	71,932.8	71,138.1	77,673.3	113,462.1	113,236.4	107,876.7
Comoro	3,287.5	1,353.1	2,682.6	371,921.3	375,192.9	11,386.0	7,338.8
Djibout	1,062.1	86.0	4,330.0	15,401.2	6,408.5	905.9	74.5
Ethiopia	4,679.1	3,253.8	8,918.2	293.8	1,789.4	5,720.4	7,503.5
Kenya	520,143.0	362,976.2	737,131.7	1,452,035.1	683,147.8	390,644.5	482,237.3
Lesotho	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Malawi	139,858.5	65,986.0	168,249.8	111,089.8	67,007.8	80,273.7	104,454.5
Mauritius	7,305.8	3,410.1	4,017.3	2,514.8	3,590.6	5,343.0	5,567.8
Rwanda	115,323.9	129,487.7	59,177.7	81,736.7	14,188.4	134,667.9	179,647.5
Somalia	1,637.0	931.2	11,043.1	5,528.6	845.8	2,885.5	2,188.6
Swaziland	3,546.4	6,396.9	1,905.1	18,074.2	247.3	1,225.7	4,613.6
Uganda	103,386.6	105,601.3	121,218.9	99,881.8	126,744.3	53,630.2	238,736.7
Zambia	112,288.0	144,886.8	223,715.6	87,513.6	70,815.5	108,312.3	114,266.0
Zimbabwe	7,478.8	10,312.6	11,668.4	12,439.8	13,821.4	18,621.3	19,784.4
Total	1,092,023.3	906,614.4	1,425,196.4	2,336,104.0	1,477,261.7	926,852.9	1,274,290.0

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: n.a denotes not available; and p, provisional data

Table A4.11: Tanzania Imports from COMESA Countries

	Millions of TZS						
	2012	2013	2014	2015	2016	2017	2018 ^P
Burundi	6,066.4	2,442.9	931.7	2,121.6	1,685.9	521.3	2,338.3
Comoro	35.3	32.1	103.3	186.7	10,153.6	37.7	67.1
Djibout	104.4	7.4	1,183.8	273.9	293.6	375.2	322.7
Ethiopia	1,615.2	885.5	436.6	4,677.4	283.2	432.0	549.2
Kenya	880,188.6	485,305.3	1,082,171.5	473,678.2	582,864.0	450,305.1	563,073.5
Lesotho	141.5	647.0	736.7	1,017.3	998.3	605.6	1,532.6
Malawi	19,599.0	15,918.5	19,875.5	26,999.1	57,834.7	36,965.5	41,657.8
Mauritius	28,331.8	23,954.2	21,037.3	49,329.4	32,900.1	17,486.4	16,840.3
Rwanda	3,305.7	2,475.5	5,279.0	2,210.7	2,444.0	2,905.4	3,099.2
Somalia	10.2	0.0	86.2	850.6	0.0	0.0	0.0
Swaziland	54,770.3	54,305.6	77,929.3	74,138.8	282,505.4	83,154.4	87,520.8
Uganda	169,013.6	83,917.6	79,316.6	78,309.9	66,848.5	76,481.8	119,947.2
Zambia	62,753.6	73,899.6	104,719.7	64,729.4	72,926.8	120,357.5	116,033.2
Zimbabwe	4,569.6	5,373.2	7,896.3	11,408.7	4,520.5	2,508.9	2,803.5
Total	1,230,505.2	749,164.4	1,401,703.4	789,931.6	1,116,258.8	792,136.9	955,785.4

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.12: Trade with SADC Member States

	Millions of USD						
	2012	2013	2014	2015	2016	2017	2018 ^P
South Africa							
Exports	967.9	760.0	689.3	673.2	631.3	699.8	736.6
Imports	927.9	725.3	603.5	514.1	472.2	415.2	440.8
Trade balance	40.0	34.7	85.9	159.2	159.1	284.6	295.7
DRC							
Exports	181.6	236.1	281.6	197.7	291.6	153.6	134.8
Imports	45.7	21.4	3.3	4.9	0.4	1.0	0.6
Trade balance	135.9	214.8	278.3	192.8	291.3	152.7	134.2
Malawi							
Exports	89.0	41.3	41.3	56.0	30.8	69.1	46.3
Imports	39.9	50.8	63.4	32.6	26.6	16.5	18.5
Trade balance	49.1	-9.5	-22.1	23.4	4.2	52.7	27.8
Zambia							
Exports	71.4	90.6	135.4	44.1	32.5	46.0	50.6
Imports	34.8	37.3	47.2	37.3	33.5	53.7	51.4
Trade balance	36.6	53.3	88.2	6.7	-1.0	-7.7	-0.8
Mozambique							
Exports	53.1	66.4	68.1	18.6	12.3	12.9	6.8
Imports	18.0	16.5	12.7	24.8	12.0	9.2	24.2
Trade balance	35.1	49.9	55.4	-6.2	0.4	3.6	-17.4
Namibia							
Exports	45.0	5.0	0.8	0.7	0.3	0.2	0.4
Imports	12.5	10.9	12.0	13.6	6.1	7.4	9.3
Trade balance	32.5	-6.0	-11.3	-12.9	-5.8	-7.2	-9.0
Madagascar							
Exports	7.0	1.9	2.3	3.3	1.0	4.6	6.8
Imports	11.1	73.5	18.4	33.3	5.6	10.9	13.8
Trade balance	-4.1	-71.6	-16.1	-30.0	-4.6	-6.3	-7.0
Zimbabwe							
Exports	4.8	6.5	7.1	6.3	6.3	8.3	8.8
Imports	6.7	1.0	3.4	0.1	2.1	1.1	1.2
Trade balance	-1.9	5.5	3.7	6.1	4.3	7.2	7.5
Mauritius							
Exports	4.6	2.1	0.0	1.3	1.6	2.4	2.5
Imports	2.9	3.7	3.4	5.7	15.1	7.9	7.5
Trade balance	1.7	-1.6	-3.4	-4.5	-13.5	-5.5	-5.0
Angola							
Exports	2.6	28.9	2.5	3.8	4.6	10.2	2.7
Imports	1.0	0.3	3.4	0.0	0.0	0.0	0.2
Trade balance	1.6	28.6	-1.0	3.8	4.5	10.2	2.4
Swaziland							
Exports	2.3	4.0	1.2	9.1	0.1	0.6	2.0
Imports	0.9	1.0	3.1	1.5	41.2	37.2	38.8
Trade balance	1.3	3.0	-1.9	7.6	-41.1	-36.7	-36.7
Seychelles							
Exports	0.5	0.4	0.2	14.0	0.2	0.2	0.0
Imports	0.9	0.1	0.8	0.6	0.1	2.4	1.9
Trade balance	-0.4	0.3	-0.6	13.4	0.2	-2.2	-1.9
Botswana							
Exports	0.4	0.3	4.2	0.1	0.0	0.4	0.4
Imports	0.1	0.4	0.4	0.5	0.3	0.2	0.3
Trade balance	0.3	-0.1	3.8	-0.4	-0.3	0.2	0.1
Lesotho							
Exports	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Imports	0.0	0.0	0.0	0.1	0.5	0.3	0.7
Trade balance	0.0	0.0	0.0	-0.1	-0.5	-0.3	-0.7
Exports to SADC	1,430.2	1,243.5	1,233.9	1,028.1	1,012.7	1,008.4	998.6
Imports from SADC	1,102.5	942.2	774.9	669.2	615.5	563.1	609.2
Trade balance	327.7	301.3	458.9	358.9	397.2	445.4	389.4

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.13: Tanzania's Shares of Trade with SADC Member States

	2011	2012	2013	2014	2015	2016	2017	2018 ^P
Percent								
Exports:								
South Africa	71.1	67.7	61.1	55.9	65.5	62.3	69.4	73.8
DRC	10.2	12.7	19.0	22.8	19.2	28.8	15.2	13.5
Malawi	4.4	6.2	3.3	3.3	5.4	3.0	6.9	4.6
Zambia	4.0	5.0	7.3	11.0	4.3	3.2	4.6	5.1
Mozambique	5.3	3.7	5.3	5.5	1.8	1.2	1.3	0.7
Namibia	0.0	3.1	0.4	0.1	0.1	0.0	0.0	0.0
Madagascar	0.9	0.5	0.2	0.2	0.3	0.1	0.5	0.7
Zimbabwe	0.4	0.3	0.5	0.6	0.6	0.6	0.8	0.9
Mauritius	0.2	0.3	0.2	0.0	0.1	0.2	0.2	0.2
Angola	2.4	0.2	2.3	0.2	0.4	0.5	1.0	0.3
Swaziland	1.1	0.2	0.3	0.1	0.9	0.0	0.1	0.2
Seychelles	0.0	0.0	0.0	0.0	1.4	0.0	0.0	0.0
Botswana	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Lesotho	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Imports:								
South Africa	86.1	84.2	77.0	77.9	76.8	76.7	73.7	72.4
DRC	0.1	4.1	2.3	0.4	0.7	0.1	0.2	0.1
Malawi	3.4	3.6	5.4	8.2	4.9	4.3	2.9	3.0
Zambia	3.7	3.2	4.0	6.1	5.6	5.4	9.5	8.4
Mozambique	0.9	1.6	1.7	1.6	3.7	1.9	1.6	4.0
Namibia	1.4	1.1	1.2	1.6	2.0	1.0	1.3	1.5
Madagascar	2.1	1.0	7.8	2.4	5.0	0.9	1.9	2.3
Zimbabwe	0.3	0.6	0.1	0.4	0.0	0.3	0.2	0.2
Mauritius	0.4	0.3	0.4	0.4	0.9	2.5	1.4	1.2
Angola	0.4	0.1	0.0	0.4	0.0	0.0	0.0	0.0
Swaziland	0.4	0.1	0.1	0.4	0.2	6.7	6.6	6.4
Seychelles	0.1	0.1	0.0	0.1	0.1	0.0	0.4	0.3
Botswana	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Lesotho	0.7	0.0	0.0	0.0	0.0	0.1	0.0	0.1

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data



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A4.0 Balance of Payments and Foreign Trade Statistics

Table A4.14: Services, Income and Transfers

Period	Millions TZS								
	Services			Primary income			Secondary income		
	Net	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments
2012	671,912.6	4,379,332.8	3,707,420.2	-896,300.5	205,970.9	1,102,271.4	688,647.4	854,367.0	165,719.5
2013	1,143,587.9	5,123,127.4	3,979,539.6	-1,124,060.5	207,963.6	1,332,024.1	679,616.6	778,344.4	98,727.8
2014	1,209,578.7	5,622,864.2	4,413,285.5	-533,029.9	195,348.9	728,378.8	198,731.0	294,945.5	96,214.4
2015	1,495,565.0	6,803,828.9	5,308,263.9	-697,334.3	217,069.0	914,403.3	761,996.7	919,582.6	157,585.9
2016 ^r	2,560,362.1	7,852,491.8	5,292,129.7	-2,627,604.7	235,570.3	2,863,175.0	889,706.1	1,053,917.5	164,211.4
2017 ^r	4,065,575.4	8,485,518.4	4,419,942.9	-2,631,483.2	281,248.5	2,912,731.6	896,168.2	1,081,601.1	185,433.0
2018 ^p	4,251,272.1	9,058,301.8	4,807,029.7	-1,957,189.3	352,120.1	2,309,309.3	1,058,092.6	1,209,536.9	151,444.4
2018-Q1	836,226.7	2,084,712.6	1,248,485.9	-585,614.6	76,421.8	662,036.4	237,351.2	284,873.2	47,522.0
Q2	808,129.9	1,987,134.5	1,179,004.6	-466,177.6	79,930.7	546,108.2	352,839.3	389,744.6	36,905.4
Q3	1,231,030.2	2,435,883.1	1,204,852.9	-416,014.3	89,301.4	505,315.7	197,440.9	235,077.7	37,636.8
Q4	1,375,885.4	2,550,571.6	1,174,686.2	-489,382.8	106,466.2	595,849.0	270,461.2	299,841.4	29,380.2
2019-Q1	1,168,463.1	2,288,689.5	1,120,226.4	-454,234.2	126,879.8	581,113.9	206,177.0	239,948.5	33,771.5
Q2	850,369.8	1,971,174.0	1,120,804.2	-514,874.8	89,984.1	604,858.9	194,078.0	226,402.1	32,324.1

Source: Tanzania Revenue Authority, and Bank of Tanzania computations
 Note: r denotes revised data; p, provisional data; and Q, quarter



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A5.0: National Debt Statistics

Table A5.1: Debt Developments

Item	Millions of USD							
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 ^r	2017/18 ^r	2018/19 ^p
1. Overall total debt committed ²	14,098.1	17,087.4	18,804.1	20,718.9	23,118.3	25,692.9	28,063.1	29,575.8
Disbursed outstanding debt	8,873.0	11,086.4	12,632.1	14,548.3	15,948.1	17,251.2	18,765.1	20,025.3
Undisbursed debt	5,225.1	6,001.0	6,172.0	6,170.6	7,170.2	8,441.7	9,298.0	9,550.5
2. Disbursed debt by creditor category ²	9,188.3	11,086.4	12,632.1	14,548.3	15,948.1	17,251.2	18,765.1	20,025.3
Bilateral debt	1,015.8	1,018.9	1,057.9	923.3	1,112.5	1,155.9	981.7	1,055.7
Multilateral debt	5,615.8	6,406.1	6,997.3	7,602.6	8,044.4	8,711.1	9,509.2	9,965.1
Commercial debt	1,944.1	2,976.4	3,780.0	4,871.5	5,572.9	5,879.8	6,498.5	6,921.5
Export credits	612.7	685.1	796.9	1,150.8	1,218.3	1,504.4	1,775.7	2,083.0
3. Disbursed debt by borrower category ²	9,188.3	11,086.4	12,632.1	14,548.3	15,948.1	17,251.2	18,765.1	20,025.3
Central government	7,141.3	8,993.6	10,416.3	11,986.8	12,944.5	13,901.6	14,978.8	15,723.2
Public corporations	404.6	454.8	491.2	427.2	337.0	282.2	180.4	95.0
Private sector	1,642.4	1,638.0	1,724.5	2,134.3	2,666.6	3,067.4	3,605.9	4,207.1
4. Disbursed debt by use of funds ²	9,188.3	11,086.4	12,632.1	14,548.3	15,948.1	17,251.2	18,765.1	20,025.3
BOP and budget support	2,611.7	2,627.0	2,582.7	2,383.8	2,544.3	3,053.6	2,723.7	2,836.4
Transport and telecommunication	1,440.7	1,821.7	2,953.5	3,291.0	3,649.3	3,891.6	4,077.0	4,630.0
Agriculture	788.5	960.3	613.7	604.1	615.7	1,118.9	1,207.0	1,256.0
Energy and mining	675.8	910.5	1,698.2	2,324.0	2,700.6	2,785.0	2,970.0	3,105.0
Industries	199.9	224.4	215.2	345.2	400.0	435.0	605.0	666.0
Social welfare and education	1,678.3	2,236.9	2,154.9	2,255.7	2,350.1	2,512.5	2,999.0	3,254.0
Finance and insurance	338.1	357.3	395.8	637.2	732.6	895.2	1,049.0	1,186.0
Tourism	123.3	104.3	101.5	97.5	46.9	67.3	68.0	171.0
Real estate and construction			182.2	555.0	733.4	796.2	1,096.0	1,109.0
Other	1,332.0	1,844.0	1,734.4	2,054.8	2,175.2	1,696.0	1,970.4	1,811.9
5. Total amount of loan contracted ¹	1,621.0	1,937.0	1,159.2	1,415.0	850.2	1,182.7	282.7	155.4
Central government	414.5	1,006.3	430.9	500.0	0.0	400.0	0.0	0.0
Public corporations	0.0	263.1	0.0	0.0	0.0	0.0	0.0	0.0
Private sector	1,206.5	667.6	728.3	915.0	850.2	782.7	282.7	155.4
6. Disbursements ¹	1,514.8	2,351.2	2,347.4	2,584.1	1,800.0	1,634.9	1,599.3	1,469.5
Central government	812.0	1,949.7	1,934.7	2,033.9	1,145.2	1,310.3	1,394.7	1,351.1
Public corporations	0.0	114.1	0.0	0.0	0.0	0.0	0.0	0.0
Private Sector	702.8	287.3	412.6	550.2	654.8	324.6	204.6	118.4
7. Actual debt service ¹	11.7	148.3	489.0	565.5	880.5	854.2	1,072.3	990.5
Principal	4.0	54.5	326.7	334.3	529.6	544.7	760.7	693.2
Interest	3.5	62.8	162.3	225.1	350.8	309.6	311.6	297.2
Other payments	4.2	31.0	0.0	6.0	0.1	0.0	0.0	0.0
8. Net flows on debt ¹	1,510.8	2,296.6	2,020.7	2,249.8	1,270.3	1,090.2	838.6	776.3
9. Net transfers on debt ¹	1,503.1	2,202.9	1,858.4	2,018.6	919.5	780.6	526.9	479.1
10. Arrears by creditors category ²	2,634.1	2,770.8	3,339.2	3,146.8	2,350.5	3,142.8	4,279.5	4,789.3
Principal	1,152.4	1,375.0	1,734.4	1,811.1	1,117.7	1,742.9	2,541.6	2,897.6
Bilateral debt	403.3	356.5	379.0	427.3	327.7	346.8	326.0	320.7
Multilateral debt	6.4	19.8	24.2	34.6	28.1	72.0	100.7	117.2
Commercial debt	464.8	674.6	831.5	754.6	416.3	730.9	807.3	1,281.5
Export credits	277.9	324.0	499.8	594.6	345.6	593.2	1,307.6	1,178.2
Interest	1,481.6	1,395.8	1,604.8	1,335.7	1,232.8	1,399.9	1,737.9	1,891.7
Bilateral debt	770.5	767.2	835.4	678.3	730.4	784.8	840.9	901.4
Multilateral debt	7.5	5.4	10.9	11.2	7.7	14.9	29.4	25.2
Commercial debt	567.9	516.1	594.5	439.8	295.3	365.7	359.9	536.2
Export credits	135.7	107.1	163.9	206.4	199.3	234.6	507.7	428.9
11. Total debt stock	13,330.5	16,001.6	18,198.5	19,692.6	21,788.1	24,639.0	26,971.0	28,408.8
External debt stock	10,670.0	12,482.2	14,236.9	15,884.0	17,180.9	18,651.1	20,503.0	21,917.0
Domestic debt stock	2,660.6	3,519.4	3,961.7	3,808.6	4,607.2	5,987.8	6,468.0	6,491.8
Memorandum items:								
Export of goods and services	7,987.5	8,341.5	8,589.3	8,852.3	8,405.8	8,430.4	8,588.5	8,561.6
GDP at market (current) prices	36,485.6	42,207.1	47,155.0	43,792.6	46,517.8	50,917.5	54,464.5	57,976.7
External debt stock as percent of GDP	29.2	29.6	30.2	36.3	36.9	36.6	37.6	37.8
Total debt stock as percent of GDP	36.5	37.9	38.6	45.0	46.8	48.4	49.5	49.0
External debt service as percent of exports	0.1	1.8	5.7	6.4	10.5	10.1	12.5	11.6
External debt as percent of exports	133.6	149.6	165.8	179.4	204.4	221.2	238.7	256.0
Domestic debt stock as percent of GDP	7.3	8.3	8.4	8.7	9.9	11.8	11.9	11.2
End of period exchange rate (TZS/USD)	1,568.9	1,602.7	1,649.7	2,020.3	2,178.9	2,230.1	2,266.4	2,289.5

Source: Bank of Tanzania

Note: Multilateral arrears are those owed by the private sector, ¹ denotes debt flows during the period; ² stock position at the end of period; r, revised data; and p, provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.1: Gross Domestic Products by Activity at Current Prices

Million of TZS							
Activity	2012	2013	2014	2015	2016	2017	2018 ^P
Agriculture, forestry and fishing	379,900.1	432,023.2	475,700.0	519,718.9	603,033.4	694,698.3	778,432.0
Crops	171,302.1	203,625.8	212,950.6	227,704.6	256,455.8	312,784.6	315,523.2
Livestock	70,436.3	80,251.0	95,981.4	113,538.0	166,745.2	165,055.7	224,549.0
Forestry	32,792.2	34,641.5	38,671.1	41,251.0	42,627.8	51,377.8	48,401.7
Fishing	105,369.6	113,505.0	128,096.9	137,225.4	137,204.6	165,480.2	189,958.1
Industry	301,515.9	348,777.0	381,614.6	433,500.9	528,604.9	631,556.9	651,993.9
Mining and quarrying	15,600.9	18,092.2	19,632.5	23,463.6	28,885.7	36,289.3	42,661.5
Manufacturing	132,421.8	147,918.2	160,376.9	180,115.0	195,133.2	210,685.0	208,938.9
Electricity and gas	5,740.0	10,221.0	7,918.9	11,658.2	28,904.8	29,866.2	31,139.1
Water supply and sewerage	6,818.4	11,777.5	18,155.7	19,565.8	20,706.8	21,589.9	22,081.2
Construction	140,935.0	160,768.0	175,530.6	198,698.4	254,974.3	333,126.5	347,173.2
Services	755,929.4	874,985.9	1,064,652.4	1,173,845.6	1,337,012.0	1,568,486.9	1,883,370.9
Trade and repairs	132,563.8	140,536.1	152,001.1	162,086.3	175,084.7	198,808.4	196,188.2
Transport and storage	75,761.9	81,424.2	93,988.9	101,969.3	109,118.4	109,288.9	115,708.3
Accommodation and food services	237,081.2	266,582.9	297,840.2	331,006.3	388,084.5	473,460.4	715,258.0
Accommodation	183,495.2	209,246.7	236,669.3	268,136.6	318,470.5	391,075.2	581,297.7
Food and beverage services	53,586.0	57,336.2	61,170.9	62,869.6	69,614.0	82,385.1	133,960.3
Information and communication	20,693.5	27,979.0	54,301.4	52,507.0	51,159.5	37,311.6	33,871.8
Financial and insurance activities	37,373.6	45,334.7	62,326.7	78,575.3	90,732.9	118,509.4	140,893.6
Real estate activities	57,544.3	78,719.6	121,813.4	127,917.6	180,398.8	273,923.7	300,646.9
Professional, scientific and technical	1,151.6	1,909.3	3,117.7	3,595.5	4,285.0	4,413.3	4,851.3
Administrative and support services	18,206.8	20,924.9	22,000.0	25,008.0	24,936.7	28,526.3	29,528.3
Public administration	110,015.0	133,410.6	159,012.9	181,857.5	194,437.9	199,330.2	211,418.2
Education	32,359.2	43,599.7	61,196.6	69,438.5	75,266.4	80,280.9	85,010.4
Human health and social work	20,549.5	23,518.4	26,624.2	29,728.4	33,802.6	36,233.0	37,317.7
Arts, entertainment and recreation	1,635.6	1,676.3	1,673.6	1,891.7	2,321.6	2,650.9	3,074.5
Other service activities	18,417.3	22,301.0	24,889.9	27,002.6	33,146.8	39,166.6	45,673.8
Domestic services	3,153.3	3,254.4	4,205.1	5,199.8	5,366.6	5,538.7	5,716.3
Less: FISIM	-10,577.1	-16,185.2	-20,339.3	-23,938.1	-31,130.3	-38,955.3	-41,786.3
GDP at basic prices	1,437,345.5	1,655,786.1	1,899,967.0	2,127,065.4	2,468,650.2	2,894,742.1	3,313,796.8
Add: Taxes on products	165,300.0	187,518.7	225,108.2	229,891.2	278,509.8	332,305.8	354,834.0
GDP at market prices	1,602,645.5	1,843,304.8	2,125,075.2	2,356,956.6	2,747,160.0	3,227,047.9	3,668,630.8
Population in '000'	1,303.6	1,348.8	1,394.7	1,441.2	1,488.0	1,534.3	1,579.8
GDP per capita in TZS '000'	1,229.4	1,366.7	1,523.7	1,635.4	1,846.2	2,103.3	2,322.1
Exchange rate TZS/USD, period average	1,571.7	1,599.2	1,653.3	1,997.0	2,177.2	2,228.9	2,264.0

Source: Office of the Chief Government Statistician, Zanzibar

Note: p denotes provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.2: Gross Domestic Product by Activity at Current Prices, Percentage Share in Total GDP

Activity	Percent						
	2012	2013	2014	2015	2016	2017	2018 ^P
Agriculture, forestry and fishing	23.7	23.4	22.4	22.1	22.0	21.5	21.2
Crops	10.7	11.0	10.0	9.7	9.3	9.7	8.6
Livestock	4.4	4.4	4.5	4.8	6.1	5.1	6.1
Forestry and hunting	2.0	1.9	1.8	1.8	1.6	1.6	1.3
Fishing	6.6	6.2	6.0	5.8	5.0	5.1	5.2
Industry	18.8	18.9	18.0	18.4	19.2	19.6	17.8
Mining and quarrying	1.0	1.0	0.9	1.0	1.1	1.1	1.2
Manufacturing	8.3	8.0	7.5	7.6	7.1	6.5	5.7
Electricity and gas	0.4	0.6	0.4	0.5	1.1	0.9	0.8
Water supply and sewerage	0.4	0.6	0.9	0.8	0.8	0.7	0.6
Construction	8.8	8.7	8.3	8.4	9.3	10.3	9.5
Services	47.2	47.5	50.1	49.8	48.7	48.6	51.3
Trade and repairs	8.3	7.6	7.2	6.9	6.4	6.2	5.3
Transport and storage	4.7	4.4	4.4	4.3	4.0	3.4	3.2
Accommodation and food services	14.8	14.5	14.0	14.0	14.1	14.7	19.5
Accommodation	11.4	11.4	11.1	11.4	11.6	12.1	15.8
Food and beverage services	3.3	3.1	2.9	2.7	2.5	2.6	3.7
Information and communication	1.3	1.5	2.6	2.2	1.9	1.2	0.9
Financial and insurance activities	2.3	2.5	2.9	3.3	3.3	3.7	3.8
Real estate activities	3.6	4.3	5.7	5.4	6.6	8.5	8.2
Professional, scientific and technical	0.1	0.1	0.1	0.2	0.2	0.1	0.1
Administrative and support services	1.1	1.1	1.0	1.1	0.9	0.9	0.8
Public administration	6.9	7.2	7.5	7.7	7.1	6.2	5.8
Education	2.0	2.4	2.9	2.9	2.7	2.5	2.3
Human health and social work	1.3	1.3	1.3	1.3	1.2	1.1	1.0
Arts, entertainment and recreation	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other service activities	1.1	1.2	1.2	1.1	1.2	1.2	1.2
Domestic services	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Less: FISIM	-0.7	-0.9	-1.0	-1.0	-1.1	-1.2	-1.1
GDP at basic prices	89.7	89.8	89.4	90.2	89.9	89.7	90.3
Taxes on products	10.3	10.2	10.6	9.8	10.1	10.3	9.7
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Office of the Chief Government Statistician, Zanzibar

Note: p denotes provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.3: Gross Domestic Product by Activity at Constant 2015 Prices

Activity	2012	2013	2014	2015	2016	2017	Millions of TZS 2018 ^P
Agriculture, forestry and fishing	464,964.1	492,339.7	493,389.3	519,718.9	539,470.4	581,961.7	603,382.1
Crops	221,849.9	236,060.5	219,172.3	227,704.6	235,942.4	261,048.2	270,623.4
Livestock	83,498.9	91,804.2	100,236.8	113,538.0	124,643.2	136,036.8	146,324.0
Forestry and hunting	40,088.7	40,011.7	40,597.8	41,251.0	42,286.7	44,076.5	44,195.5
Fishing	119,526.6	124,463.4	133,382.4	137,225.4	136,598.0	140,800.2	142,239.2
Industry	355,365.5	369,274.1	394,880.4	433,501.0	466,959.2	493,084.6	503,963.3
Mining and quarrying	20,754.6	21,546.8	21,378.2	23,463.6	27,200.7	32,719.2	37,066.7
Manufacturing	140,466.7	148,886.5	162,386.9	180,115.0	194,561.1	211,321.3	207,876.8
Electricity and gas	10,114.2	10,432.5	10,924.6	11,658.3	12,613.4	13,147.7	13,823.3
Water supply and sewerage	16,038.0	16,951.2	18,112.5	19,565.8	20,913.3	22,448.9	23,077.8
Construction	167,992.1	171,457.0	182,078.2	198,698.4	211,670.7	213,447.5	222,118.7
Services	1,006,010.8	1,044,938.6	1,131,997.0	1,196,482.6	1,265,172.3	1,360,137.6	1,495,560.3
Trade and repairs	161,373.5	168,667.8	166,921.1	162,086.3	169,431.7	180,256.9	192,220.8
Transport and storage	83,986.4	90,076.5	98,546.0	101,969.0	107,633.1	111,365.1	121,812.1
Accommodation and food services	264,116.8	282,201.2	297,813.6	331,006.3	375,533.9	429,210.0	504,749.5
Accommodation	212,807.2	227,722.2	240,546.8	268,136.6	305,243.5	350,029.4	409,489.6
Food and beverage services	51,309.6	54,479.0	57,266.8	62,869.6	70,290.4	79,180.6	95,259.9
Information and communication	53,229.5	44,791.2	57,727.2	52,507.0	44,692.8	51,598.5	53,220.8
Financial and insurance activities	52,081.1	52,167.4	64,509.3	78,575.4	83,656.5	91,571.9	95,615.7
Real estate activities	109,285.1	115,029.2	121,392.1	128,418.7	136,157.9	144,662.6	153,990.7
Professional, scientific and technical	1,552.6	2,296.2	3,291.7	3,595.5	3,941.0	3,815.6	4,013.7
Administrative and support services	22,435.4	23,760.6	22,514.1	23,206.0	22,767.9	24,415.6	25,604.1
Public administration	147,809.0	147,080.6	169,740.4	181,857.5	180,874.7	175,947.2	185,600.0
Education	54,410.9	60,241.2	67,161.8	69,438.5	71,529.8	73,336.8	78,464.1
Human health and social work	26,321.4	27,450.3	29,648.1	29,728.4	30,822.1	31,249.2	31,979.5
Arts, entertainment and recreation	1,423.2	1,528.1	1,617.4	1,891.7	2,387.2	2,734.2	3,261.8
Other service activities	23,256.0	24,766.7	26,075.8	27,002.6	30,377.3	34,435.4	39,311.1
Domestic services	4,729.9	4,881.6	5,038.2	5,199.8	5,366.6	5,538.7	5,716.3
Less FISIM	-16,930.9	-18,681.8	-21,234.1	-23,938.1	-27,901.4	-27,660.3	-24,845.8
GDP at basic prices	1,809,409.4	1,887,870.6	1,999,032.6	2,125,764.4	2,243,700.6	2,407,523.6	2,578,059.8
Add: Taxes on products	189,622.0	196,550.3	218,933.8	229,891.2	247,696.9	276,822.6	296,272.9
GDP at market prices	1,999,031.4	2,084,421.0	2,217,966.3	2,355,655.6	2,491,397.5	2,684,346.2	2,874,332.7

Source: Office of the Chief Government Statistician, Zanzibar

Note: p denotes provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.4: Gross Domestic Product by Activity at Constant 2015 Prices, Percentage Annual Growth Rates

Economic Activity	2012	2013	2014	2015	2016	2017	2018 ^P
Agriculture, forestry and fishing	-2.9	5.9	0.2	5.3	3.8	7.9	3.7
Crops	-10.7	6.4	-7.2	3.9	3.6	10.6	3.7
Livestock	16.2	9.9	9.2	13.3	9.8	9.1	7.6
Forestry and hunting	1.8	-0.2	1.5	1.6	2.5	4.2	0.3
Fishing	0.5	4.1	7.2	2.9	-0.5	3.1	1.0
Industry	11.9	3.9	6.9	9.8	7.7	5.6	2.2
Mining and quarrying	9.6	3.8	-0.8	9.8	15.9	20.3	13.3
Manufacturing	10.0	6.0	9.1	10.9	8.0	8.6	-1.6
Electricity and gas	9.5	3.1	4.7	6.7	8.2	4.2	5.1
Water supply and sewerage	6.6	5.7	6.9	8.0	6.9	7.3	2.8
Construction	14.5	2.1	6.2	9.1	6.5	0.8	4.1
Services	0.0	3.9	8.3	5.7	5.7	7.5	10.0
Trade and repairs	13.1	4.5	-1.0	-2.9	4.5	6.4	6.6
Transport and storage	-0.2	7.3	9.4	3.5	5.6	3.5	9.4
Accommodation and food services	-0.4	6.8	5.5	11.1	13.5	14.3	17.6
Accommodation	0.4	7.0	5.6	11.5	13.8	14.7	17.0
Food and beverage services	11.1	6.2	5.1	9.8	11.8	12.6	20.3
Information and communication	15.0	-15.9	28.9	-9.0	-14.9	15.5	3.1
Financial and insurance activities	5.0	0.2	23.7	21.8	6.5	9.5	4.4
Real estate activities	21.4	5.3	5.5	5.8	6.0	6.2	6.4
Professional, scientific and technical	23.2	47.9	43.4	9.2	9.6	-3.2	5.2
Administrative and support services	-0.2	5.9	-5.2	3.1	-1.9	7.2	4.9
Public administration	4.2	-0.5	15.4	7.1	-0.5	-2.7	5.5
Education	1.6	10.7	11.5	3.4	3.0	2.5	7.0
Human health and social work	-0.7	4.3	8.0	0.3	3.7	1.4	2.3
Arts, entertainment and recreation	0.0	7.4	5.8	17.0	26.2	14.5	19.3
Other service activities	3.2	6.5	5.3	3.6	12.5	13.4	14.2
Domestic services	10.2	3.2	3.2	3.2	3.2	3.2	3.2
Less FISIM	3.2	10.3	13.7	12.7	16.6	-0.9	-10.2
GDP at basic prices		4.3	5.9	6.3	5.5	7.3	7.1
Taxes on products	30.7	3.7	11.4	5.0	7.7	11.8	7.0
GDP at market prices	5.3	4.3	6.4	6.2	5.8	7.7	7.1

Source: Office of the Chief Government Statistician, Zanzibar

Note: p denotes provisional data



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.5: Production of Major Cash Crops

Crop	Tonnes						
	2012	2013	2014	2015	2016	2017	2018 ^P
Cloves	1,755.4	5,733.0	4,153.0	3,322.0	4,678.7	8,277.2	675.2
Clove stem	328.4	492.6	901.2	217.4	974.7	1,630.6	172.8
Seaweed	15,087.0	11,043.8	13,302.0	16,724.0	11,114.5	10,980.9	10,424.9
Rubber	385.0	394.1	204.2	25.0	10.0	0.0	0.0

Source: Zanzibar State Trading Corporation (ZSTC), Ministry of Agriculture, Natural Resources, Livestock and Fishing and AGROTEX Company

Note: p denotes provisional data

Table A6.6: Production of Selected Commodities

Commodity	Units	2012	2013	2014	2015	2016	2017 ^r	2018 ^P
Beverages*	Liters in '000'	14,409.0	12,409.0	12,448.0	16,972.0	19,811.0	21,699.0	20,166.0
	Mill. of TZS	7,461.8	5,407.9	4,081.6	5,314.9	7,232.2	7,921.6	7,362.0
Bread	Pcs. in '000'	114,858.0	127,815.0	143,855.0	161,911.0	174,350.0	194,893.0	209,439.0
	Mill. of TZS	14,357.3	15,976.8	17,981.9	19,720.2	20,852.9	23,192.2	24,923.2
Wheat flour	Tonnes	18,588.0	23,360.0	31,899.0	27,749.0	23,834.0	25,196.0	26,963.0
	Mill. of TZS	20,699.2	17,824.3	25,519.2	23,836.0	23,085.2	23,939.3	24,711.8
Diary products	Liters in '000'	0.0	0.0	1,528	7,745.0	10,475.5	8,174.3	7,709.3
	Mill. of TZS	0.0	0.0	2,668.6	12,552.9	13,061.3	7,751.0	8,702.2
Noodles	Kgs	199,000.0	215,915.0	222,392.0	277,990.0	181,872.0	247,350.0	295,701.0
	Mill. of TZS	257.2	323.9	369.9	500.4	327.4	445.2	532.3
Door UPVC	Pcs. in '000'	95.0	105.0	168.0	229.0	93.0	121.0	239.0
	Mill. of TZS	14.6	20.9	29.3	31.5	13.3	17.4	33.9
Window UPVC	No. in '000'	201.0	130.0	270.0	320.0	149.0	71.0	121.0
	Mill. of TZS	22.4	25.9	41.3	42.0	17.7	13.3	21.7
Gaments dish-dash	Pcs	2,877.0	3,622.0	3,950.0	3,419.0	3,674.0	3,119.0	2,973.0
	Mill. of TZS	52.6	94.6	104.9	98.3	110.8	104.6	103.6
Jewellery (gold/silver)	Gms	8,172.0	6,730.0	8,199.0	7,032.0	5,915.0	5,060.0	5,684.0
	Mill. of TZS	26.7	16.6	17.5	15.3	15.1	12.3	12.1
Sugar	Tonnes	0.0	0.0	0.0	0.0	4,818.0	677.0	3,339.0
	Mill. of TZS	0.0	0.0	0.0	0.0	6,258.2	1,211.2	5,969.5
Essential products	Pcs	0.0	0.0	0.0	0.0	0.0	227,088.0	224,045.0
	Mill. of TZS	0.0	0.0	0.0	0.0	0.0	811.8	801.0

Source: Office of the Chief Government Statistician, Zanzibar

Note: r denotes revised data; and p, provisional data

* includes mineral water, soft drinks and juice; and essential products, clove stem oil, lemongrass oil, cinnamon leaf oil, eucalyptus citriodora oil, eucalyptus camaldulensis oil and sweet basi oil



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.7: Consumer Price Index

Period	All items	Food	Non-food	Alcoholic beverages, tobacco and narcotics	Clothing and footwear	Housing, water, electricity, gas and other fuels	Furnishing, household equipment and routine household maintenance	Health	Transport	Communication	Recreation and culture	Education	Restaurants and hotels	Miscellaneous goods and services										
															Old weights (%)	2013	2014	2015	2016	New weights (%)	2017	2018 Jan	Feb	Mar
	100.0	51.7	48.3	0.3	9.3	17.1	4.6	2.8	6.3	2.6	0.8	1.3	2.1	3.2										
	103.4	99.4	108.0	107.3	110.2	107.1	104.1	102.8	104.5	120.9	110.1	116.0	100.1	113.0										
	109.2	103.8	115.3	108.9	116.0	113.3	107.7	104.2	106.6	167.6	125.0	132.5	100.7	120.7										
	115.4	111.4	119.7	113.6	123.9	116.6	112.5	110.9	102.2	192.2	128.2	137.9	113.5	126.1										
	123.1	120.2	125.4	117.5	132.4	120.7	117.9	123.6	102.6	199.5	131.2	150.6	140.2	137.5										
	100.0	43.6	57.3	0.2	6.9	18.4	5.5	2.1	9.6	4.2	1.3	1.9	3.9	2.3										
	103.4	103.7	103.1	101.7	102.2	107.0	100.9	102.8	102.0	100.0	100.3	100.0	100.6	100.1										
	107.3	105.1	109.0	106.0	105.5	113.1	114.1	105.7	112.0	99.6	105.4	105.5	101.1	102.7										
	105.2	101.7	107.7	103.3	105.0	111.0	113.1	104.6	109.4	100.3	103.5	105.2	102.0	102.0										
	105.1	101.4	107.8	103.3	105.0	110.9	112.8	104.5	110.0	100.3	105.1	105.3	102.0	102.0										
	105.2	101.5	108.0	103.3	105.1	111.4	112.9	104.5	110.3	100.3	105.1	105.3	102.0	102.0										
	106.0	102.7	108.4	103.3	105.2	111.7	113.0	104.5	111.6	100.3	105.1	105.3	102.0	101.9										
	107.6	106.9	108.2	103.3	105.3	111.1	113.7	105.9	110.6	100.5	105.1	105.3	102.0	101.8										
	108.4	107.9	108.7	103.3	105.3	112.8	114.3	106.2	110.7	99.1	105.1	105.3	102.0	102.7										
	108.2	106.5	109.5	103.3	105.5	114.5	114.5	106.5	113.3	99.1	105.1	105.3	98.7	102.7										
	109.3	108.3	110.1	108.4	105.4	115.9	114.9	106.3	113.1	99.1	105.1	105.4	100.2	102.7										
	107.9	105.6	109.7	110.2	105.2	114.5	115.4	106.4	112.9	99.1	105.1	105.4	100.2	102.7										
	108.3	106.6	109.6	110.2	105.4	114.5	114.9	106.4	113.0	99.1	105.1	105.4	100.2	102.9										
	108.0	105.0	110.3	110.2	107.0	114.8	114.7	106.2	114.0	99.1	107.7	106.3	100.8	104.4										
	108.7	106.7	110.2	110.2	107.0	114.2	114.9	106.2	114.7	99.1	107.7	106.3	100.8	104.2										
	108.3	105.5	110.4	110.4	106.9	112.6	116.4	108.9	113.9	99.1	107.7	109.7	106.3	105.6										
	107.8	105.4	109.7	110.2	106.7	112.0	116.1	108.9	111.4	99.1	107.7	109.7	106.3	105.6										
	108.2	104.5	111.0	110.2	105.2	113.1	116.0	108.9	111.5	114.8	107.7	109.7	106.3	105.6										
	109.1	106.3	111.2	110.2	105.2	112.6	116.7	109.4	112.2	114.8	107.5	109.7	106.3	106.0										
	110.9	109.4	112.1	110.2	107.2	114.2	117.0	109.5	113.1	114.8	108.1	109.7	106.3	106.7										
	111.3	110.5	111.9	110.2	107.0	113.3	117.1	109.5	113.7	114.8	109.5	109.7	106.3	107.1										

Source: Office of the Chief Government Statistician, Zanzibar



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar
Table A6.8: Consumer Price Index, Twelve Months Percentage Change

Period	Base: Aug 2012=100													
	All items	Food	Non-food	Alcoholic beverages, tobacco and narcotics	Clothing and footwear	Housing, water, electricity, gas and other fuels	Furnishing, household equipment and routine household maintenance	Health	Transport	Communication	Recreation and culture	Education	Restaurants and hotels	Miscellaneous goods and services
Old weights (%)	100.0	51.7	48.3	0.3	9.3	17.1	4.6	2.8	6.3	2.6	0.8	1.3	2.1	3.2
2013	4.6	1.4	8.4	11.7	13.0	6.4	6.1	5.6	3.2	21.1	11.5	15.7	1.5	13.8
2014	5.6	4.5	6.8	1.5	5.3	5.8	3.5	1.4	2.0	38.6	13.5	14.2	0.7	6.8
2015	5.7	7.3	3.9	4.3	6.8	2.9	4.5	6.4	-4.1	14.7	2.6	4.1	12.6	4.5
2016	6.6	7.9	4.7	3.4	6.9	3.4	4.8	11.4	0.3	3.8	2.3	9.2	23.5	9.0
New weights (%)	100.0	43.6	57.3	0.2	6.9	18.4	5.5	2.1	9.6	4.2	1.3	1.9	3.9	2.3
2017	5.6	5.5	5.8	3.5	4.6	9.6	1.6	6.8	3.8	0.0	1.6	4.1	2.3	5.0
2018	3.9	1.4	5.7	4.3	3.3	5.8	13.0	2.9	9.8	-0.4	5.1	5.5	0.5	2.5
2018 Jan	5.2	1.7	7.7	3.3	5.0	11.0	13.1	4.6	9.4	0.3	3.5	5.3	2.0	2.0
Feb	4.8	1.2	7.5	3.3	5.1	10.1	12.8	4.5	8.8	0.3	8.7	5.3	2.0	2.0
Mar	4.4	0.4	7.5	3.3	5.2	11.1	12.9	4.4	7.7	0.3	6.8	5.3	2.0	2.0
Apr	2.6	-1.4	5.4	3.3	5.4	4.1	13.0	4.1	8.6	0.3	6.8	5.3	2.0	2.1
May	2.7	-0.4	5.2	3.3	5.5	3.3	13.6	1.8	8.5	0.4	6.9	5.3	2.0	1.9
Jun	3.5	2.3	4.4	3.3	1.2	3.9	12.9	2.6	7.9	-0.9	2.7	5.3	2.0	2.5
Jul	3.9	1.9	5.4	0.0	1.5	6.0	12.9	2.8	10.9	-0.9	2.8	5.3	-2.4	2.3
Aug	4.0	2.0	5.4	4.9	1.4	5.6	13.3	2.6	11.4	-0.9	2.8	5.4	-0.8	2.4
Sep	3.5	0.1	6.1	6.6	2.3	3.5	13.9	1.9	18.8	-0.9	8.8	5.4	-0.8	2.4
Oct	3.7	2.6	4.5	6.6	1.6	3.9	12.9	2.1	8.7	-0.9	2.5	5.4	-0.8	2.5
Nov	4.4	3.5	5.2	6.6	3.0	4.9	12.8	1.5	8.9	-0.9	5.0	6.3	-0.3	4.1
Dec	3.5	2.3	4.3	6.6	2.9	3.0	12.5	1.5	8.5	-1.1	4.8	6.3	-1.1	3.8
2019 Jan	3.0	3.7	2.4	6.9	1.8	1.5	2.9	4.0	4.1	-1.1	4.0	4.2	4.1	3.5
Feb	2.6	3.9	1.7	6.6	1.7	1.0	2.9	2.9	4.1	-1.1	2.4	4.2	4.1	3.5
Mar	2.8	3.0	2.8	6.6	0.1	1.5	2.7	4.1	1.1	14.5	2.4	4.2	4.1	3.5
Apr	2.9	3.3	2.6	6.6	0.4	0.8	3.3	4.7	0.5	14.5	2.3	4.2	4.1	4.0
May	3.1	2.3	3.6	6.6	1.8	2.8	3.0	3.4	2.2	14.2	2.9	4.2	4.1	4.9
Jun	2.7	2.4	2.9	6.6	1.6	0.4	2.5	3.1	2.7	15.8	4.2	4.2	4.1	4.3

Source: Office of the Chief Government Statistician, Zanzibar



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A6.0 Output, Prices and Government Finance Statistics, Zanzibar

Table A6.9: Government Operations

	Millions of TZS							
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 ^r	2018/19 ^p
Total revenue	220,017.8	266,161.3	330,715.2	362,766.0	425,349.0	521,856.8	685,871.5	748,410.9
Tax revenue	195,528.8	254,379.4	316,098.1	342,002.0	386,738.7	465,749.8	606,932.7	653,729.7
Tax on imports	59,098.2	63,753.0	87,633.1	87,903.1	102,777.7	122,332.3	142,797.5	144,644.3
VAT and excise duties (local)	58,995.3	67,868.7	85,915.4	93,554.3	92,167.2	114,032.5	166,212.7	174,515.8
Income tax	32,569.3	60,700.1	57,187.0	56,000.9	68,455.1	81,475.6	113,151.8	143,469.3
Other taxes	44,866.0	62,057.5	85,362.6	104,543.7	123,338.6	147,909.3	184,770.6	191,100.2
Non-tax revenue	24,489.0	11,782.0	14,617.1	20,764.0	38,610.3	56,107.0	78,938.9	94,681.3
Total expenditure	375,391.2	514,348.6	469,006.0	483,800.0	484,375.8	591,246.6	924,442.3	1,131,520.6
Recurrent expenditure	233,888.7	300,248.4	327,262.7	348,373.0	400,868.4	475,465.9	623,301.0	702,831.4
Wages and salaries	118,813.0	132,663.8	164,427.1	182,378.4	196,041.2	217,865.0	282,207.0	334,629.6
Interest payment	1,356.3	0.0	1,529.0	3,327.0	0.0	0.0	0.0	0.0
Local	1,356.3	0.0	1,529.0	3,327.0	0.0	0.0	0.0	0.0
Foreign	0.0	0.0	0.0	0.0	1,000.0	0.0	0.0	0.0
Other expenditure	113,719.4	167,584.6	162,835.5	162,667.6	204,827.2	257,601.0	341,094.0	368,201.8
Development expenditure	141,502.5	214,100.1	141,743.4	135,427.0	83,507.4	113,538.8	301,141.3	428,689.1
Local	34,467.3	34,877.6	42,339.2	48,764.0	27,007.2	51,277.0	107,086.7	102,525.1
Foreign	107,035.2	179,222.6	99,404.2	86,663.0	56,500.2	62,257.7	194,054.6	326,164.1
Overall surplus/deficit before grants	-155,373.4	-248,187.3	-138,290.9	-121,034.0	-59,026.8	-69,389.9	-238,570.7	-383,109.6
Grants	71,285.7	131,873.6	76,710.2	39,121.9	28,889.9	39,004.8	40,472.1	42,708.8
4.5% Budget support	25,466.0	22,135.0	36,053.8	17,031.0	7,674.0	5,656.5	2,357.0	5,642.8
Program grant	45,819.7	109,738.6	40,656.5	22,090.9	21,215.9	33,348.3	38,115.1	37,066.0
Overall surplus/deficit after grants	-84,087.7	-116,313.6	-61,580.6	-81,912.1	-30,136.9	-30,385.1	-198,098.6	-340,400.8
Adjustment to cash and other items	-8,120.0	38,647.2	-17,184.4	24,299.0	-25,892.8	1,475.7	22,159.0	11,316.8
Overall deficit cheques cleared	-75,967.7	-77,666.4	-78,765.0	-57,613.1	-56,029.6	-28,909.4	-175,939.6	-329,084.0
Financing	75,967.7	77,666.4	78,765.0	57,613.1	56,029.6	28,909.4	175,939.6	329,084.0
Foreign	61,215.5	69,483.9	58,747.7	47,541.1	32,946.6	28,909.4	155,939.4	294,484.0
Program loans	61,215.5	69,483.9	58,747.7	47,541.1	32,946.6	28,909.4	155,939.4	294,484.0
Amortization (foreign)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (net)	14,752.2	8,182.5	20,017.3	10,072.0	23,083.0	0.0	20,000.2	34,600.0
Bank	0.0	8,182.5			23,083.0	0.0	0.0	0.0
Non-bank	14,752.2	0.0	20,017.3	10,072.0	0.0	0.0	20,000.2	34,600.0
Amortization (local)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance and Planning, Zanzibar

Note: r denotes revised data; and p, provisional data



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A7.0 International Economics and Financial Statistics

Table A7.1: Economic Performance in G-7 Countries and the Euro Area

	2012	2013	2014	2015	2016	2017	2018	2019	
								Q1	Q2
G-7 Countries:									
Canada:									
Real GDP ¹	1.7	2.5	2.9	0.7	1.1	3.0	1.9	1.4	1.6
Inflation ¹	1.5	0.9	1.9	1.1	1.4	1.6	2.3	1.6	2.1
Interest rates ²	1.0	1.0	1.0	0.6	0.5	n.a	n.a	n.a	n.a
France:									
Real GDP ¹	0.2	0.6	1.0	1.1	1.2	2.3	1.7	1.3	1.4
Inflation ¹	2.0	0.9	0.5	0.0	0.2	1.0	1.9	1.2	1.1
Interest rates ²	0.1	0.0	0.1	-0.2	-0.6	n.a	n.a	n.a	n.a
Germany:									
Real GDP ¹	0.5	0.5	2.2	1.7	2.2	2.2	1.4	0.9	0.4
Inflation ¹	2.0	1.5	0.9	0.5	0.5	1.5	1.7	1.4	1.7
Interest rates ²	0.3	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Italy:									
Real GDP ¹	-2.8	-1.7	0.1	0.9	1.1	1.7	0.9	-0.1	-0.1
Inflation ¹	3.0	1.2	0.2	0.0	-0.1	1.2	1.1	1.0	0.8
Interest rates ²	2.1	n.a	n.a	n.a	0.4	n.a	n.a	n.a	n.a
Japan:									
Real GDP ¹	1.5	2.0	0.4	1.2	0.6	1.9	0.8	1.0	1.1
Inflation ¹	-0.1	0.3	2.8	0.8	-0.1	0.5	1.0	0.3	0.8
Interest rates ²	0.1	0.1	0.1	0.1	0.0	n.a	n.a	n.a	n.a
UK:									
Real GDP ¹	1.3	1.9	2.9	2.3	1.8	1.8	1.4	1.8	1.2
Inflation ¹	2.8	2.6	1.5	0.4	1.0	2.6	2.3	1.8	2.0
Interest rates ²	0.5	0.5	0.4	0.4	0.3	n.a	n.a	n.a	n.a
USA:									
Real GDP ¹	2.2	1.7	2.5	2.9	1.6	2.2	2.9	2.7	2.3
Inflation ¹	2.1	1.5	1.6	0.1	1.3	2.1	2.4	1.6	1.8
Interest rates ²	0.1	0.1	0.1	0.3	0.4	n.a	n.a	n.a	n.a
EURO AREA:									
Real GDP ¹	-0.9	-0.3	1.4	2.1	2.0	2.4	1.9	1.2	1.1
Inflation ¹	2.5	1.3	0.4	0.2	0.2	1.5	1.8	1.4	1.4
Interest rates ²	0.1	0.1	0.1	-0.2	n.a	n.a	n.a	n.a	n.a

Source: IMF World Economic Outlook, Bloomberg system and Organization for Economic Co-operation and Development

Notes: ¹ Percentage change from the preceding year/corresponding quarter of the previous year

² Percent

Q denotes quarter; and n.a, not available



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A7.0 International Economics and Financial Statistics

Table A7.2: World Market Prices of Selected Commodities

Commodity	Unit measure	2012	2013	2014	2015	2016	2017	2018	2019	
									Q1	Q2
Coffee "Arabica"	USD per kg	4.11	3.08	4.42	3.53	3.61	3.32	2.93	2.80	2.73
Coffee "Robusta"	USD per kg	2.27	2.08	2.22	1.94	1.95	2.23	1.87	1.72	1.61
Cotton "A index"	USD per kg	1.97	1.99	1.83	1.55	1.64	1.84	2.01	1.82	1.80
Sisal "UG grade"	USD per kg	1.45	1.40	1.51	1.87	1.80	1.82	1.72	1.72	1.70
Tea "Mombasa auction"	USD per kg	2.88	2.40	2.05	2.74	2.30	2.80	2.58	2.19	2.26
Cloves (Madagascan cif Singapore)	USD per kg	10.74	11.55	12.09	10.23	8.48	8.81	7.94	7.42	6.99
Maize	USD per tonne	298.42	259.39	192.88	169.75	159.16	154.53	164.41	167.50	175.88
Rice (Thailand), 5% broken	USD per tonne	562.98	505.89	422.83	386.00	396.17	398.92	420.67	408.00	414.00
Wheat (US), hard red winter	USD per tonne	313.24	312.25	284.90	204.47	166.75	174.20	209.93	211.52	201.72
Gold	USD/troy ounce	1,669.52	1,411.46	1,265.58	1,160.66	1,248.99	1,257.56	1,269.23	1,304.24	1,309.55
Crude oil*	USD per barrel	105.01	104.08	96.24	50.75	42.81	52.81	68.35	60.50	65.06
Crude oil**	USD per barrel	95.30	94.86	89.09	51.99	45.66	53.12	69.15	63.36	67.03
White products***	USD per tonne	990.94	945.29	880.20	629.47	504.56	519.32	666.23	615.77	634.97

Source: <http://www.imf.org>; worldbank.org/prospects; World Bank Public Ledger and Bloomberg

Note: * denotes average of Brent, Dubai and West Texas Intermediate; ** f.o.b. Dubai; *** Average of premium gasoline, Gas oil and Jet/Kerosene, f. o. b. West Mediterranean; Q, quarter; and UG, under grade

