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# FOREWORD FROM THE DIRECTOR OF BANKING SUPERVISION

Directorate of Banking Supervision's Annual Report 2005 is the ninth in the series of Annual Reports aimed at highlighting and informing the public of developments in the banking industry annually.

Year 2005 was another good year for Tanzanian banking system in general. The banking industry continued to be stable. The Directorate of Banking Supervision continued to rank high on its agenda the objective of ensuring that the country has safe and sound banking systems. The Directorate carried out various supervisory and regulatory activities aimed at enhancing and strengthening the stability, soundness and safety of the banking system.

During the year 2005, Tanzanian banks remained, on overall basis, adequately capitalized with paid-up capital recording an increase of 10% from year 2004. The banking sector's assets increased by 32% with the ratio of earning assets to total assets slightly increasing to 83% from 81% recorded in 2004. Total funding of the banking sector recorded an increase of 32% with the funding structure being mainly composed of deposits which accounted for 84% of total funding, and total after tax income in the banking sector increased by 46% when compared to year 2004 net income. The banking sector liquidity position was generally considered satisfactory with the ratio of liquid assets to deposit liabilities of 62%, and overall management performance was satisfactory as banks and non-bank financial institutions achieved satisfactory financial positions and improved results of operations.

Generally during year 2005, Bureau de change compliance with laws and regulations/circulars was satisfactory and the volume of their activities increased by 34.18% over the 2004 position.

In year 2005, the Directorate of Banking Supervision was engaged in various supervisory and regulatory activities. Licensing, on-site examinations and off-site surveillance on banks, non-banks financial institutions and foreign exchange bureaux were carried out in accordance with the provisions of the Bank of Tanzania Act, 1995, Banking and Financial Institutions Act, 1991, Foreign Exchange Act, 1992 and various regulations and circulars governing banking business and bureaux operations in Tanzania.

To keep abreast with dynamics in the banking business and challenges posed by contemporary innovations and changes, Bank of Tanzania continued with review of various legislation, particularly the two key pieces of legislation governing banking business in Tanzania namely



Bank of Tanzania Act, 1995 and Banking and Financial Institutions Act, 1991. Various regulations made thereunder were also reviewed and new regulations/circulars/guidelines in such areas as consolidated and cross-border supervision, anti-money laundering, credit reference bureaux, responsibilities of directors and senior management, outsourcing, risk management and physical security measures are in the process of being developed. The Bank of Tanzania is in final preparations of migrating from traditional transaction based supervision of banks and financial institutions to risk based supervision. All key stakeholders have been sensitised and pilot examinations have been undertaken. Bank of Tanzania in collaboration with other stakeholders has developed a regulatory framework for microfinance institutions.

The Directorate continued to be actively involved in assisting, supporting and monitoring restructuring and privatisation of government owned banks and non-bank financial institutions. Restructuring/privatisation process of Tanzania Postal Bank (TPB), Tanzania Investment Bank (TIB) and People's Bank of Zanzibar is in progress. During the year under review, the restructuring/privatisation of the National Micro-finance Bank Limited (NMB) was completed. The government sold 49% of its shareholding to a consortium led by Rabobank from the Netherlands.

Banking business is dynamic. Factors like financial innovation, increasing competitive pressures and on going developments in information communication and technology results in rapid and considerable changes in the risk profiles of banks and non-bank financial institutions. Since new technologies, product innovation and the size and speed of financial transactions are continually changing the nature of banking, appropriate management of risks and strong internal controls continue to remain critical to the safety and soundness of banks and non-bank financial institutions. The supervisory and regulatory framework has to be realigned to changing banking and financial landscape on an on-going basis. In keeping abreast with supervisory challenges posed by the dynamics in the banking business environment, Bank of Tanzania continued to upgrade skills of its staff and enhance cooperation with various institutions in the world. Bank of Tanzania continued with sensitisation of stakeholders on Basel II, working closely with central banks in the region on harmonization of banking supervision laws, methodology and practices on the basis of both the East African and the East and Southern African Sub-regional cooperation arrangements and cooperating and working closely with various institutions in the world in anti-money laundering and combating terrorism financing efforts.

The year under review had its reasonable share of challenges. However, the Tanzanian banking system remained safe, sound and stable, thanks to cooperation accorded by various stakeholders



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in the banking and financial system. Year 2005 was, on the overall basis, a successful year for banks, non-bank financial institutions and bureaux de change.

I thank all stakeholders for making year 2005 a success and wish them the very best for year 2006.

L. H. Mkila  
Director, Banking Supervision  
Bank of Tanzania  
P. O. Box 2939  
Dar es Salaam, Tanzania

Fax: +255 22 2113941

Tel: +255 22 2118021

E-mail: [lhmkila@hq.bot-tz.org](mailto:lhmkila@hq.bot-tz.org)



## CHAPTER ONE

### OVERVIEW OF THE BANKING SECTOR AND BUREAUX DE CHANGE IN TANZANIA

#### 1.1 COMPOSITION

As at 31<sup>st</sup> December 2005, the banking sector had 22 commercial banks, three non-bank financial institutions, five regional community banks and two regional financial institutions. During the year 2005 the industry witnessed an entry of a new regional community bank, namely Uchumi Commercial Bank Limited. On account of this development, the number of operating regional community banks by the end of 2005 increased from four to five. Federal Bank of the Middle East Limited changed its name to FBME Bank Limited.

The sector recorded growth in most of the Balance Sheet and Income Statement items. Five biggest banks represented about 67 per cent of total banking sector assets compared to 66 per cent in 2004. The market share of non-bank financial institutions in the total banking sector assets remained at 4 percent while community banks continued to hold share of less than 1 percent, as was the case in 2004.

As at 31<sup>st</sup> December 2005 the number of bureaux de change operating in Tanzania reached 135, of which 25 were in Tanzania Zanzibar. Most of the bureaux in Tanzania Mainland were in Dar es salaam (74) and Arusha (25). Tourism business has been the main factor influencing the geographical distribution of bureaux.

During the year, 30 new foreign exchange bureaux were licensed to start operations in both Tanzania Mainland and Zanzibar.

#### 1.2 BALANCE SHEET STRUCTURE OF THE BANKING SECTOR

The aggregate balance sheet of the banking sector in Tanzania, as at 31<sup>st</sup> December 2005, was TZS 4,286 billion as compared to TZS 3,238 billion as at 31<sup>st</sup> December 2004. Deposits were the major source of funding accounting for the increase in the aggregate balance sheet. Figures of aggregate balance sheet from 2001 to 2005 are as indicated in table one below:

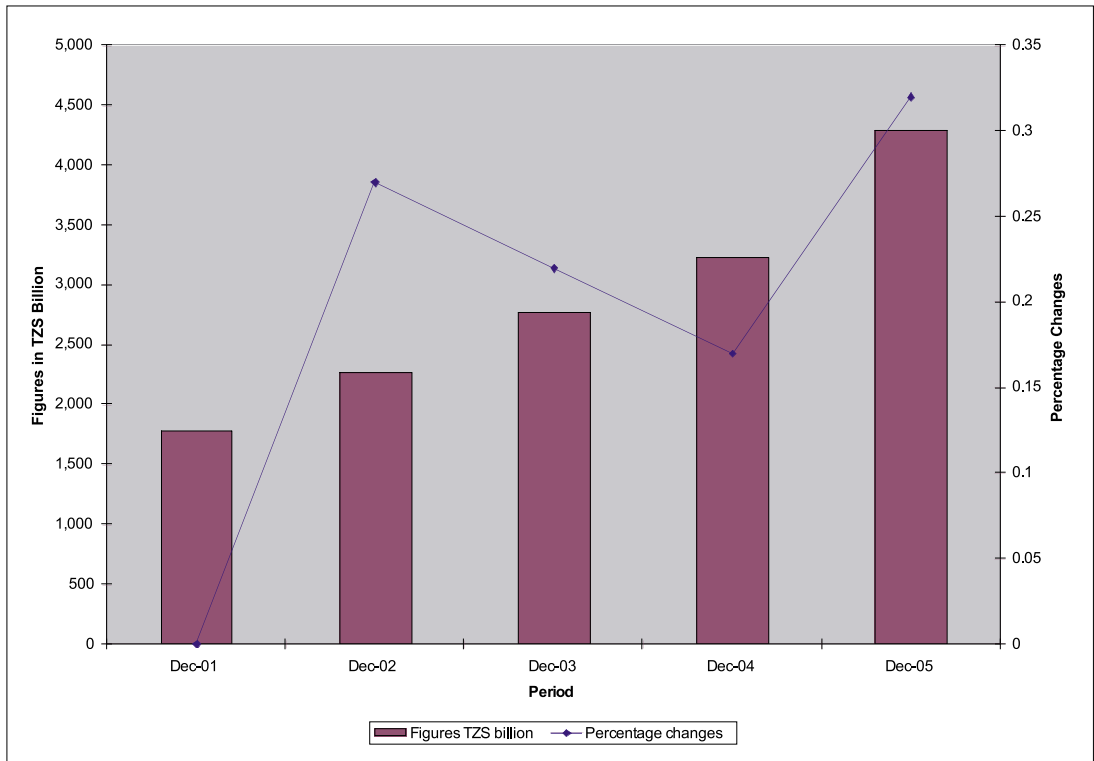


## TABLE 1: AGGREGATE BALANCE SHEET

Period	Figures TZS billion	Percentage changes
December 2001	1,782	-
December 2002	2,269	27%
December 2003	2,775	22%
December 2004	3,238	17%
December 2005	4,287	32%



## CHART 1: AGGREGATE BALANCE SHEET



### 1.2.1 ASSETS STRUCTURE

The banking sector's assets increased by TZS 1,049 billion from TZS 3,238 billion at the end of December 2004 to TZS 4,287 billion at 31st December 2005. This represented an increase of 32%.

Major components of total banking sector assets were Loans, Advances and Overdraft, which accounted for 34% of total assets followed by Cash, balances with banks and items for clearing which were 32% and Investments in Debt

Securities which was 27%. Table number 2 and Chart number 2 indicate assets composition and growth as at 31st December 2005.



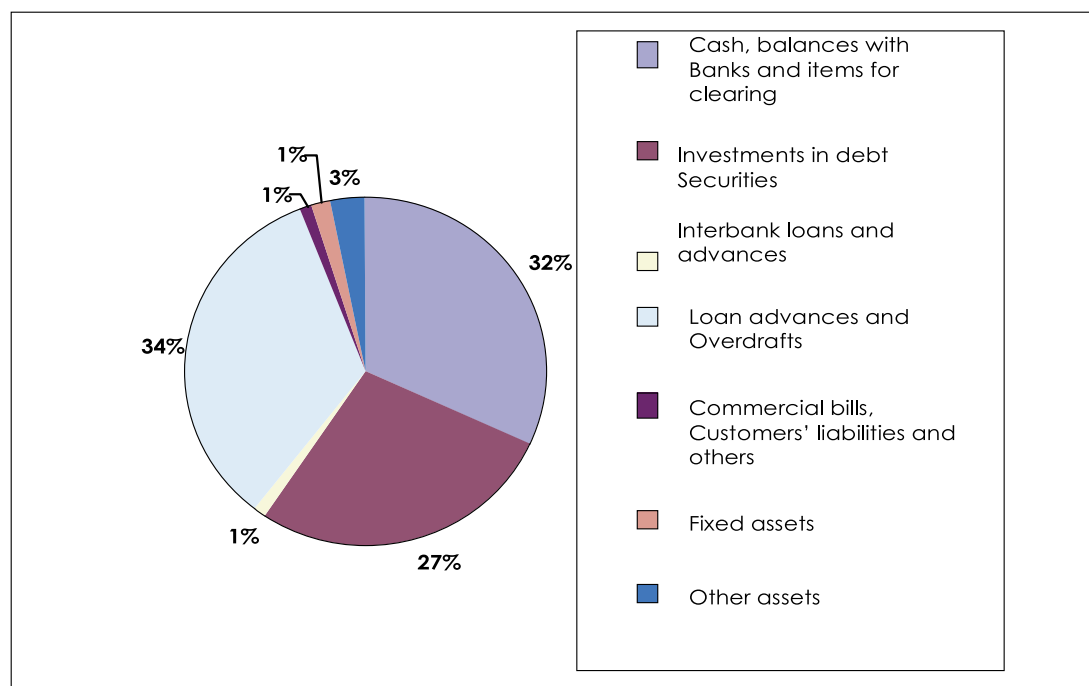


## TABLE 2: ASSETS COMPOSITION

Figures in TZS billions

Assets	December 2004	% Total Assets	December 2005	% Total Assets
Cash, balances with banks and items for clearing	1,187	36%	1,372	32%
Investments in debt securities	670	21%	1,160	27%
Interbank loans and advances	33	1%	53	1%
Loan advances and overdrafts	1,092	34%	1,446	34%
Commercial bills, customers' liabilities and other claims	65	2%	56	1%
Fixed assets	57	2%	64	1%
Other assets	133	4%	136	3%
<b>Total Assets</b>	<b>3,238</b>	<b>100%</b>	<b>4,287</b>	<b>100%</b>

## CHART 2: ASSETS COMPOSITION





The earning assets to total assets ratio showed a slight improvement from 81% at the end of 2004 to 83% at the end of 2005.

The earning assets consisted of loans and advances (40.57%), balances with other banks (23.68%), investment in debt securities (32.55%), inter-bank loans (1.49%), bills purchased and discounted (1.57%) and equity investments (0.14%).

**TABLE 3 (a): EARNING ASSETS TRENDS** (Figures in TZS billions)

Item	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	CHANGE				
						2000	2001	2002	2003	2004
						2001	2002	2003	2004	2005
Balances with banks	552	638	771	751	844	20%	16%	21%	-3%	12%
Investment Debt securities	420	603	600	671	1,160	15%	44%	0%	12%	73%
Interbank loans and advances	38	32	38	33	53	638%	-16%	19%	-13%	61%
Loans, advances and overdrafts	407	576	839	1,092	1,446	20%	42%	46%	30%	32%
Bills purchased and discounted	3	13	16	61	56	-52%	333%	23%	282%	-8%
Equity investments	1	1	1	2	5	-56%	0%	0%	100%	150%
<b>Total Earning Assets (TEA)</b>	<b>1,421</b>	<b>1,864</b>	<b>2,265</b>	<b>2,610</b>	<b>3,564</b>	<b>21%</b>	<b>31%</b>	<b>22%</b>	<b>15%</b>	<b>37%</b>
<b>Total Assets (TA)</b>	<b>1,793</b>	<b>2,269</b>	<b>2,775</b>	<b>3,238</b>	<b>4,287</b>	<b>10%</b>	<b>27%</b>	<b>22</b>	<b>17%</b>	<b>32%</b>
<b>%of TEA to TA</b>	<b>79%</b>	<b>82%</b>	<b>82%</b>	<b>81%</b>	<b>83%</b>					

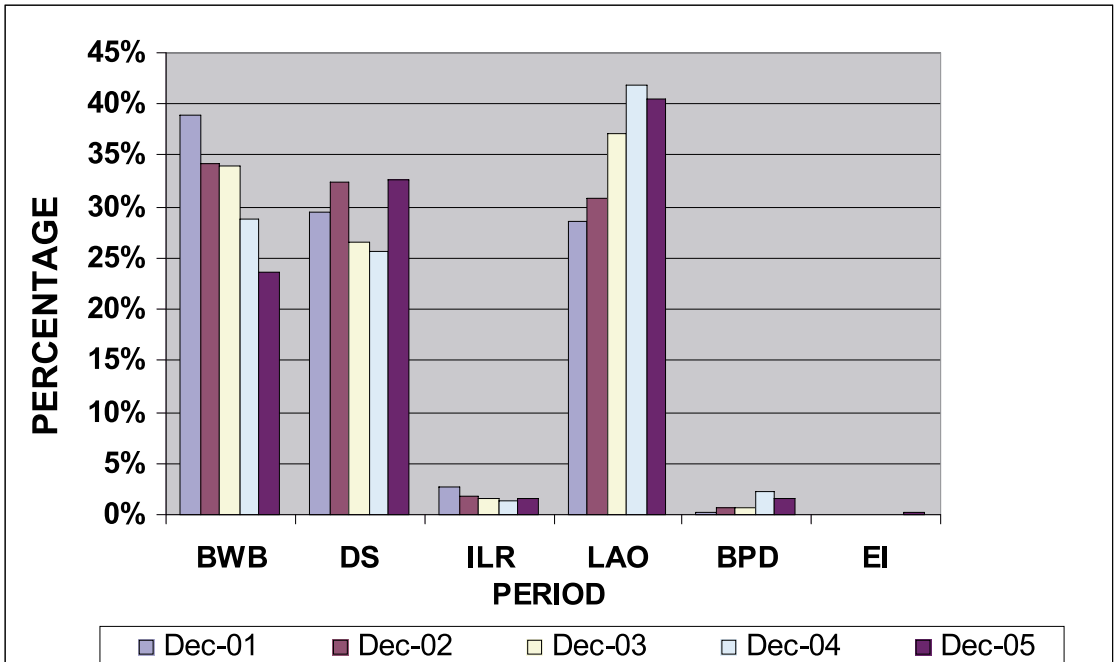


**TABLE 3 (b): EARNING ASSETS STRUCTURE**  
**Percentage of Total Earning Assets**

Item	Dec 01	Dec 02	Dec 03	Dec 04	Dec 05
Balances with banks	38.85%	34.23%	34.04%	28.77%	23.68%
Investment in Debt securities	29.56%	32.35%	26.49%	25.71%	32.55%
Interbank loans receivable	2.67%	1.72%	1.68%	1.26%	1.49%
Loans, advances and overdrafts	28.64%	30.90%	37.04%	41.84%	40.57%
Bills purchased and discounted	0.21%	0.70%	0.71%	2.34%	1.57%
Equity investments	0.07%	0.05%	0.04%	0.08%	0.14%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



**CHART 3: EARNING ASSETS STRUCTURE**



**KEY:**

- EI – Equity Investments
- BPD –Bills Purchased and Discounted
- LAO –Loans, Advances & Overdrafts
- ILR – Inter-bank Loans Receivable
- DS – Debt Securities
- BWB - Balances with Banks

**1.2.2 FUNDING STRUCTURE**

Total funding of the banking sector as at 31st December 2005 was TZS 4,287 billion as compared to TZS 3,238 billion as at 31st December 2004, indicating an increase of 32%. The funding structure was made up of deposits (84%), other

liabilities (6%) share capital (5%) and other capital (5%).

Trend analysis of funding revealed that the proportion of funding sources from deposits and other capital increased substantially during the year while funding from share capital and other liabilities increased



slightly. Funding trend and composition from 2001 to 2005 is as indicated in table 4 (a) and 4 (b) below:

**TABLE 4 (a): FUNDING TREND** (Figures in TZS billions)

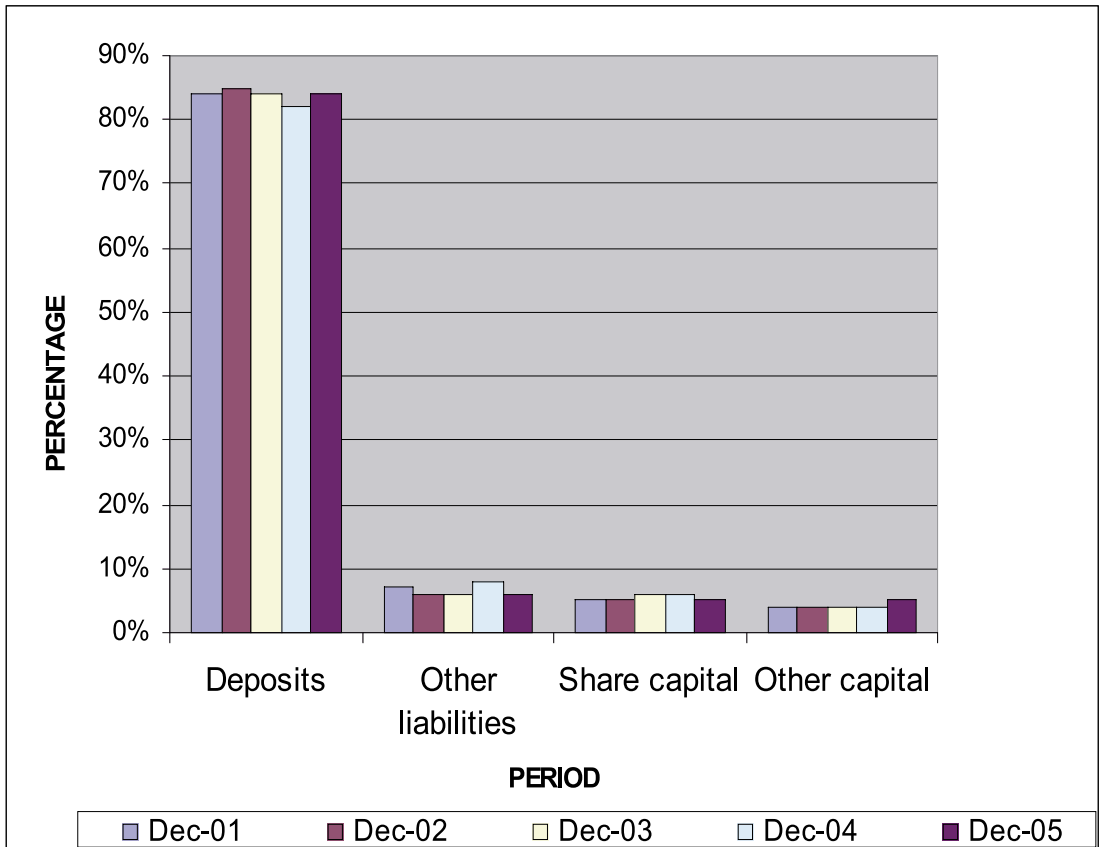
Item	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	CHANGE				
						2000 2001	2001 2002	2002 2003	2003 2004	2004 2005
Deposits	1,502	1,928	2,329	2,665	3,599	24%	28%	21%	14%	35%
Other liabilities	116	146	171	243	261	-53%	26%	17%	42%	7%
Share capital	97	108	159	189	207	14%	11%	47%	19%	10%
Other capital	78	87	116	141	220	7%	12%	33%	21%	56%
<b>Total Funding</b>	<b>1,793</b>	<b>2,269</b>	<b>2,775</b>	<b>3,238</b>	<b>4,287</b>	<b>11%</b>	<b>27%</b>	<b>22%</b>	<b>17%</b>	<b>32%</b>

**TABLE 4(b): FUNDING COMPOSITION**

Item	Dec-01	Dec-02	Dec-03	Dec - 04	Dec - 05
Deposits	84%	85%	84%	82%	84%
Other liabilities	7%	6%	6%	8%	6%
Share capital	5%	5%	6%	6%	5%
Other capital	4%	4%	4%	4%	5%
<b>Total Funding</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



**CHART 4: FUNDING STRUCTURE 2001-2005**





## CHAPTER TWO

### BANKING SECTOR AND BUREAU DE CHANGE PERFORMANCE

#### 2.1 CAPITAL ADEQUACY

During the year under review aggregate capital of the banking sector improved substantially in terms of paid up capital. However, the aggregate core capital in relation to risk weighted assets and off balance sheet exposure held by commercial banks and non-bank financial institution decreased slightly from 16.71% to 15% compared to the previous year. Paid up share capital of the banking sector as at the end of year 2005 amounted to TZS 207 billion, an increase of 10% from TZS 189 billion in year 2004. The increase was due to entry of a new bank in the banking sector, and injection of additional capital and capitalization of reserves by some existing banks and non-bank financial institutions.

As of December 2005 the banking sector recorded off balance sheet items amounting to TZS 483 billion while in year 2004, the same stood at TZS 423 billion. This represents an increase of 14.18%.

#### 2.2 ASSETS QUALITY

As at 31<sup>st</sup> December 2005, earning assets consisted of loans and advances (40.57%), balances with other banks (23.68%), investment in debt securities (32.55%), inter-bank loans (1.49%), bills purchased and discounted (1.57%) and equity investments (0.14%). The earning assets to total assets ratio slightly improved to 83% at the end of 2005 from 81% at the end of 2004.

Non-performing loans to total loans was 4.9% at the end of 2005 as compared to 3.5% in year 2004. Non-performing loans increased by 48% from TZS 50 billion in 2004 to TZS 74 billion in year 2005. Allowances for probable losses increased by 39% from TZS 23 billion in 2004 to TZS 32 billion in the year 2005. This represented 2.1% and 2.2% of the gross loan, advances and overdraft for 2004 and 2005, respectively.

The banking industry extended credits to various sectors of the economy including, Trade (31%), Mining and Manufacturing (28%), Agricultural Production (15%), Building and Construction (7%), Transport (9.0%) and Others (11%).



## 2.3 MANAGEMENT ASSESSMENT

The general assessment of management of banks and non-bank financial institutions for the year 2005 was considered to be satisfactory when seen from operational results achieved and from improved financial positions attained.

The overall level of compliance with the requirements of the banking laws, regulations and BOT circulars and directives was considered satisfactory. Wherever non-compliance was noted appropriate supervisory actions were taken.

## 2.4 EARNINGS ANALYSIS

Aggregate net income for the banking sector in year 2005 was TZS 98 billion equal to an increase of 46% compared to TZS 67 billion recorded in year 2004.

Interest income accounted for 66% of the total income compared to 61% in year 2004. Total expenses of the sector were TZS 291 billion, which comprised interest expenses (21%), provisions for probable losses and write-offs (7%) and non-interest expenses (72%). Return on total equity stood at 33% compared to 28% recorded in previous year. Efficiency ratio improved from 112% in year 2004 to 93% in year 2005. These and other earning ratios have been indicated in table 5(b).

Interest income and non-interest income exhibited an increasing trend over the years. Total income grew from TZS 180 billion in year 2001 to TZS 431 billion in year 2005. This growth trend is illustrated in Table 5 below:

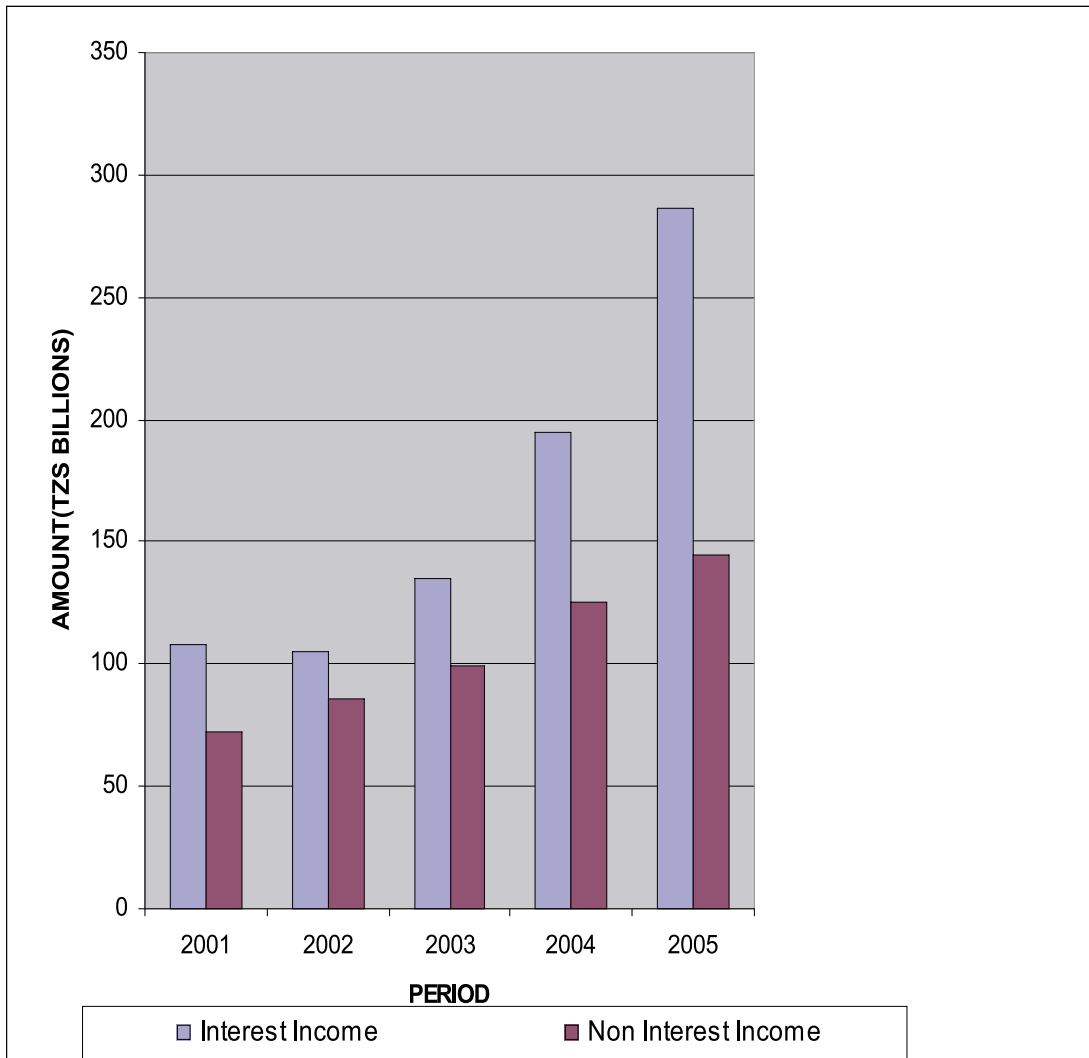
**TABLE 5(a): EARNINGS TREND** (Figures in TZS billions)

S/N	CATEGORY	2001	2002	2003	2004	2005
1	Interest Income	108	105	135	195	286
2	Non Interest Income	72	86	99	125	145
3	<b>Total</b>	<b>180</b>	<b>191</b>	<b>234</b>	<b>320</b>	<b>431</b>





**CHART 5: INTEREST INCOME VS NON-INTEREST INCOME  
2001-2005**



**TABLE 5(b): EARNINGS RATIOS**

S/N	Ratio	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05
1.	Net interest income to Earning Assets	5%	4%	5%	6%	6%
2.	Non interest expenses to net interest income	138%	152%	130%	112%	93%
3.	Return on total assets	1.22%	1.76%	2.05%	2.90%	3.31%
4.	Return on equity	13%	14%	15%	28%	33%
5.	Interest Margin to Gross Income	42.0%	48.0%	51.5%	54.8%	60.9%
6.	Non-interest expenses to Gross income	58.01%	70.1%	67.1%	61.6%	56.9%
7.	Personnel expenses to non-interest expenses	38.10%	41.3%	39.9%	39.0%	39.6%
8.	Trading and fee income to total income	40.20%	45.2%	42.3%	39.1%	33.6%
9.	Interest Rate Earned on Loans and Advances	24.51%	15.7%	13.8%	14.8%	15.0%
10	Interest Rate Paid on non-bank deposits	2.3%	3.1%	3.2%	3.5%	3.9%
11	Spread (lending vs deposits rates)	22.2%	12.6%	10.7%	11.3%	11.0%



## 2.5 LIQUIDITY ANALYSIS

As at 31<sup>st</sup> December 2005, the liquidity position of the banking sector was considered satisfactory. The ratio of liquid assets to demand liabilities remained at 62%, when compared with the level at the end of year 2004. Loans to deposit ratio decreased slightly by 1% from 41% at the end of 2004 to 40%.

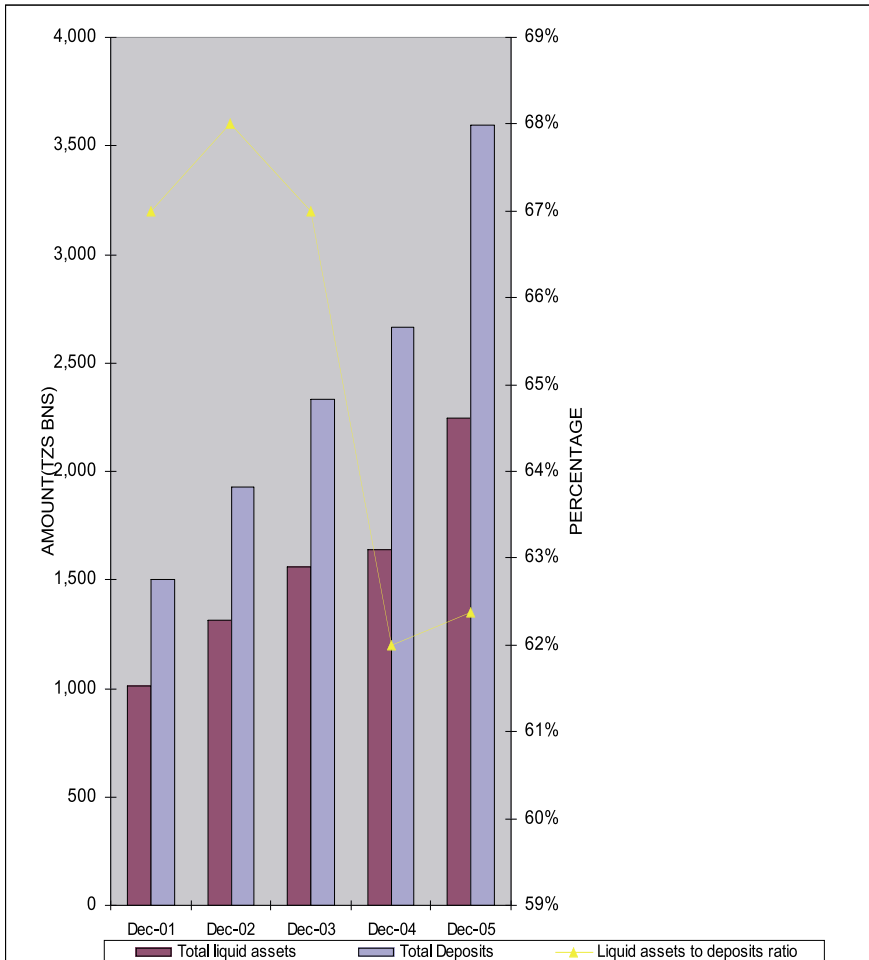
The deposits structure of the banking industry consisted of current account deposits (49%), savings deposits (21%), time deposits (24%), dormant accounts (1%), special deposits (2%) and Deposits from banks and financial institutions (3%). Proportion of foreign currency liabilities to total liabilities remained relatively stable at 35%.

**TABLE 6: LIQUID ASSETS** (Figures in TZS billions)

Item	Dec-	Dec-	Dec-	Dec-	Dec-	CHANGE				
	01	02	03	04	05	2000- 2001	2001- 2002	2002- 2003	2003- 2004	2004- 2005
Cash	59	73	84	92	121	-10%	24%	15%	10%	32%
Balances with BOT	153	158	202	279	331	19%	3%	28%	38%	19%
Balances with banks	552	638	771	751	844	20%	16%	21%	-3%	12%
Cheques and items for clearing	30	49	82	65	76	75%	63%	67%	-21%	17%
Treasury Bills	218	398	424	454	872	-40%	83%	7%	7%	92%
<b>Total liquid assets</b>	<b>1,012</b>	<b>1,316</b>	<b>1,563</b>	<b>1,641</b>	<b>2,244</b>	<b>-2%</b>	<b>30%</b>	<b>19%</b>	<b>5%</b>	<b>37%</b>
Deposits - public	1,350	1,689	2,038	2,435	3,403	25%	25%	21%	19%	40%
Deposits - special	91	121	142	81	79	2%	33%	17%	-43%	-29%
Deposits - banks	62	118	149	149	116	59%	90%	26%	0%	-22%
<b>Total Deposits</b>	<b>1,502</b>	<b>1,928</b>	<b>2,329</b>	<b>2,665</b>	<b>3,598</b>	<b>24%</b>	<b>28%</b>	<b>21%</b>	<b>14%</b>	<b>35%</b>
<b>Liquid assets to Demand Liabilities</b>	<b>67%</b>	<b>68%</b>	<b>67%</b>	<b>62%</b>	<b>62%</b>	<b>-19%</b>	<b>1%</b>	<b>-1%</b>	<b>-7%</b>	<b>0%</b>



**CHART 6: LIQUID ASSETS TO DEMAND LIABILITIES RATIO 2001-2005**



## 2.6 PERFORMANCE OF BUREAUX DE CHANGE

Purchases of foreign currency by bureaux de change for the year 2005 amounted to USD 435.75 million while sales of the same amounted to USD 437.98 million thereby recording a net outflow of USD 2.23 million. Purchases and Sales for

bureaux de change operated in Zanzibar amounted to USD 24.01 million and USD 23.94 million respectively, which is 5.49% of total volume of bureaux business. For the year 2004 purchases of foreign currency by the bureaux de change amounted to USD 318.89 million while sales was USD 330.33 million thereby recording a net outflow of USD



11.44 million. The volume of activities of bureaux de change for the year 2005 indicated an increase of 34.58% compared to 2004.

Generally during the year 2005 the level of compliance with laws and regulations by Bureaux de Change was considered satisfactory.

## **2.7 FINANCIAL SOUNDNESS INDICATORS**

One of the primary objectives of the Bank of Tanzania is to ensure a sound and stable banking system. The Directorate of Banking Supervision carries out BOT's responsibility for the soundness and stability of the banking industry by supervising and regulating banks, non-

banks financial institutions and foreign exchange bureaus. As at 31st December 2005, the banking industry was sound and stable as reflected by the following financial soundness indicators (FSI's).



**Table 7: SUMMARY OF FINANCIAL SOUNDNESS INDICATORS**

Ratios		Dec-02	Dec-03	Dec-04	Dec-05
<b>Capital Adequacy</b>	Capital to Risk Weighted Assets	20.6%	21.0%	21.2%	22.0%
	Capital to Assets	8.6%	9.9%	10.2%	10.0%
<b>Assets Composition and Quality</b>	Total loans and advances to total assets	25.4%	30.2%	33.7%	33.7%
	Sectoral distribution of loans to total loans:				
	Trade	22.1%	23.8%	22.4%	31.5%
	Mining and Manufacturing	24.4%	27.3%	22.2%	26.7%
	Agricultural Production	12.9%	14.1%	12.8%	15.4%
	Building and Construction	3.6%	5.5%	3.8%	6.9%
	Transport	11.8%	10.3%	8.3%	9.0%
	Foreign Exchange loans to total loans	28.1%	27.2%	28.9%	32.7%
	Gross non-performing loans to gross loans	8.3%	4.5%	4.4%	5.0%
	NPL's net of provisions to total capital	22.0%	9.3%	11.4%	14.8%
<b>Earnings and Profitability</b>	Large Exposures to total capital (5 largest exposures in the industry)	58.2%	59.3%	64.1%	53.3%
	Return on assets	1.8%	2.1%	2.9%	3.3%
	Return on equity	20.6%	20.7%	28.4%	33.1%
	Interest Margin to Gross Income	48.0%	51.5%	54.8%	60.9%
	Non-interest expenses to Gross income	70.1%	67.1%	61.6%	56.9%
	Personnel expenses to non-interest expenses	41.3%	39.9%	39.0%	39.6%
	Trading and fee income to total income	45.2%	42.3%	39.1%	33.6%
	Interest Rate Earned on Loans and Advances	15.7%	13.8%	14.8%	15.0%
Interest Rate Paid on non-bank deposits	3.1%	3.2%	3.5%	3.9%	



	Spread (lending vs deposits rates)	12.6%	10.7%	11.3%	11.0%
<b>Liquidity</b>	Liquid Assets to Total Assets	58.0%	56.3%	53.6%	55.0%
	Liquid Assets to Total Short Term Liabilities	68.9%	62.8%	62.0%	62.4%
	Total loans to customer deposits	34.0%	41.2%	44.4%	42.4%
	Foreign Exchange Liabilities to Total Liabilities	34.1%	36.5%	34.7%	34.9%
<b>SENSITIVITY TO MARKET RISK</b>	Net Open Positions in FX to total capital	-70.3%	-55.6%	-38.8%	-49.9%



## CHAPTER THREE

### MAJOR ACTIVITIES OF THE DIRECTORATE

#### 3.1 OVERVIEW

During the period under review the Directorate of Banking Supervision undertook various supervisory activities to monitor operations of banks, non-banks financial institutions and foreign exchange bureaux to achieve its objective of maintaining a safe and sound banking system. During the year the Directorate also continued to assist and closely monitor the restructuring and privatization of the remaining state owned banks.

#### 3.2 SUPERVISORY PRACTICES

The main supervisory activities undertaken by the directorate are, on-site examinations, off-site surveillance and regular bilateral/trilateral meetings with supervised banks and financial institutions and their respective external auditors.

##### 3.2.1 OFF SITE SURVEILLANCE

The off site surveillance focused on the following areas:

#### 1. Analysis of Statutory Returns

The Directorate continued to use off-site surveillance methodology to review quantitative factors that provides indicators of the overall performance of specific bank and/or financial institution. During the year, most of the banks and financial institutions submitted their regulatory reports on time i.e. weekly, monthly, quarterly and yearly returns. In order to improve off-site surveillance, the Directorate enhanced quality of Banking Supervision Information Systems (BSIS) by reviewing Early Warning System (EWS) and developing peer group analysis model, in which, performance of a bank and/or financial institution is gauged with respect to its peer in the respective group.

#### 2. Licensing

During the year, the Directorate issued provisional license to





two banks of which one of them i.e. Uchumi Commercial Bank Limited opened its door to the public. Similarly, thirty (30) foreign exchange bureaux were licensed to start operations in both Tanzania mainland and Zanzibar.

The Directorate also approved branch expansion of banks and non-bank financial institutions. During the period under review the Directorate approved establishment of 18 new branches of banks and non-bank financial institutions in various places within the country.

### **3.2.2 ON SITE EXAMINATION**

Full scope on-site examination is carried out on every financial institution once every twelve months. In addition, limited scope/targeted examinations are conducted in the interim if the need arises. The objectives of these examinations are to establish the financial soundness of banks, non-bank financial institutions and foreign exchange bureaux to ensure compliance with the provisions of the BOT Act of 1995, Banking and Financial Institutions Act of 1991 (as amended) and with banking regulations, guidelines, circulars and directives.

An on-site examination involves the assessment and analysis of books and records in order to determine among others; their capital adequacy, asset quality, profitability and liquidity and to evaluate management and internal controls.

During the reporting period all banks and non bank financial institutions as well as foreign exchange bureaux were examined as planned and the reports were produced and accordingly discussed in time at board of directors' meetings of respective banks and financial institutions.

### **3.2.3 BILATERAL/TRILATERAL MEETINGS**

Bilateral /trilateral meetings between the Bank of Tanzania, Supervised institutions and external auditors were held as planned to discuss issues of interest.

### **3.3 REVIEW OF BANKING LEGISLATION**

The Bank of Tanzania Act, 1995 and Banking and Financial Institutions Act, 1991 were amended to incorporate current changes /challenges in the banking and financial sector, including the recommendations in the Financial



Sector Assessment Programme (FSAP) Report of 2003, the bills for the acts were tabled in the parliament in 2005 for the first public reading.

### **3.4 MICROFINANCE REGULATIONS**

Development of activities of microfinance institutions in Tanzania necessitated introduction of regulatory framework to monitor their operations and financial system at large. During the year, in collaboration with Directorate of Microfinance, the regulatory framework for Microfinance Institutions was developed. Monitoring and supervision of the performance of selected Microfinance Institutions is expected to commence in year 2006.

#### **(i) Internal Control and Internal Audit Regulations, 2005.**

Considering the significance of effective internal control system for safe and sound operations of banks, financial institutions and cooperative societies supervised by Bank of Tanzania, *Internal Control and Internal Audit Regulations, 2005*, were developed. In these regulations, apart from other things, illustrates, various components of internal co

ntrols, responsibilities of directors and senior management in relation to internal controls, appointment of internal auditor and other pertinent issues relating to internal controls of regulated institutions.

#### **(ii) Microfinance Companies and Micro Credit Activities Regulations, 2005.**

Significance of Microfinance Companies (MFC) in providing services to the low-income segment of the society cannot be overlooked. Microfinance Companies and Micro credit Activities Regulations, 2005, were developed to provide guidance in the activities of Microfinance Companies. These regulations apart from other things, define capital requirements for the establishment of Microfinance Companies and maximum amount of credit which may be granted to borrowers. The regulations also provide directives in relation to portfolio classifications and determination of specific provision for non performing loans and other pertinent guidelines relating to internal audit of microfinance companies.

These regulations shall apply to financial institutions licensed by the Bank of Tanzania as microfinance



companies, other financial institutions engaged in micro credit and to savings and credit cooperative societies and schemes licensed by the Bank of Tanzania.

### **(iii) Financial Cooperative Societies Regulations, 2005.**

Given the importance of savings and credit cooperative societies as suppliers of microfinance services to middle and low income segments of the population, Financial Cooperative Societies Regulations, 2005 regulations were promulgated to establish the circumstances under which they become subject to legislation and supervision applicable to large scale financial intermediation, and to identify special rules that must be observed on account of their particular mode of organization as member based institutions.

These regulations shall apply to savings and credit cooperative societies incorporated under the Cooperative Societies Act, 2003 or the Cooperative Societies Act, 1986 of Zanzibar. Also the said regulations shall apply to any other savings and credit schemes with deposits from their members for an amount that totals or is greater than Tanzanian shillings eight hundred million.

## **3.5 FINANCIAL INSTITUTIONS DEVELOPMENT PROJECT (FIDP II)**

The Directorate coordinated procurement of consultants for activities financed by FIDP II. During this period, the project (FIDP II) funded the restructuring and privatization of the NMB, participated in funding of various activities/projects that are geared towards, restructuring of the remaining state owned banks, strengthening bank supervision, improving the National Payment System, establishment and strengthening of Capital Markets and Security Authority (CMSA), improving Insurance Supervisory Department (ISD), establishment of the Credit Information Bureau, promoting Insurance and Contractual Savings and conducted a study on Capital account liberalization.



## CHAPTER FOUR

### DEVELOPMENTS IN BANKING SUPERVISION

#### 4.0 OVERVIEW

The role of bank supervisors is constantly being stretched in the wake of rapid changes taking place in the financial world. As watchdog of the soundness of national banking system, the Directorate need to be alert to all developments in the field of supervision so as to take timely measures. This section of the report aims at giving recent developments that took place in the supervisory field as regards to banking sector as a whole in 2005.

#### 4.1 RISK BASED SUPERVISION PROJECT

The Directorate continues with the process of migrating from Traditional Supervision approach to Risk Based Supervision approach (RBS). Following a survey on risk management practices in Tanzania for banks and financial institutions conducted in August 2004, which revealed some deficiencies in risk management practices in the banking sector, in 2005 Bank of Tanzania developed and issued Risk Management

Guidelines to all banks and financial institutions to guide them on best practices for managing risks. Banks and financial institutions were required to develop and submit for review to Bank of Tanzania their Risk Management Programs (RMPs). Institutions may have different risk management systems depending on their sizes and complexity. That is why BOT required each institution to prepare a comprehensive RMP tailored to its needs and circumstances under which it operates.

Risk Based Supervision would require banks and financial institutions to reorient their organizational set up towards risk-based approach and put in place efficient risk management architecture, adopt risk-focused internal audit, strengthen management information system and set up compliance function. Banks and financial institutions would also be required to address Human Resource Development (HRD) issues like manpower planning, selection and deployment of staff and their training in risk management and Risk-Based Audit. It is evident that change management is a key element in RBS and banks and financial institutions should have clearly defined standards of corporate governance, well-documented



policies and efficient practices in place so as to clearly demarcate the lines of responsibility and accountability so that they align themselves to meet the requirements of RBS. Therefore the Risk Management Guidelines will provide guidance to banks and financial institutions to identify, measure, control and monitor their risks effectively.

Most of the groundwork for ensuring smooth switchover to risk based supervision approach have been accomplished. Accordingly the Directorate has completed the following activities:

1. Survey on risk management practices;
2. Development of a policy paper;
3. Development of Risk Management Guidelines;
4. Development of RBS Methodology (draft)
5. Pilot RBS on-site examinations conducted for two banks;
6. Initial training to banking supervision staff

In the coming year the Directorate plans to complete some remaining activities in the development of the RBS framework, including the following:

1. Finalization of the methodology paper;
2. Development of RBS Examination Manual;
3. Training banking supervision staff on RBS procedures;
4. Training banks and financial institutions on Risk Management Guidelines;
5. Carry out more pilot RBS on-site examinations; and
6. Improvement of Off-Site Surveillance:

## **4.2 BASEL II AND WAY FORWARD FOR TANZANIA**

Bank of Tanzania has been closely following up various developments in Basel II with a view to aligning itself and the banking sector in general in the right position to make appropriate decisions. Currently the Bank focuses on the prerequisites for the full implementation of Basel II, which are:

### **1. Full implementation of Basel I**

It was considered in various fora that before the process of full migration to Basel II is undertaken, it is important that Basel I be fully implemented by incorporating capital charge for market



risk. In view of that efforts are underway to come up with new regulation/guidelines on introduction of capital charge for market risk. Full implementation of Basel I will therefore lay a strong foundation for the implementation of Basel II.

## **2. Full compliance with Basel Core Principles (BCP) for Effective Banking Supervision**

Assessments and efforts have been stepped up for ensuring that Tanzania complies fully with Basel Core Principles in the nearest time possible. The Banking and Financial Institutions Act 1991 and the Bank of Tanzania Act 1995 have been reviewed and the draft bills tabled in the Parliament. The process of reviewing prudential regulations in line with the reviewed act has been initiated.

## **3. Implementation of Risk Based Supervision**

The process of migrating from traditional approach to Risk Based Supervision is in advanced stage as stipulated in para 3.2 of this report.

Parallel to undertaking the above prerequisite activities, Bank of Tanzania will continue with the process of studying

the framework and imparting the knowledge to the industry stakeholders. It will also involve assessment of capacity adequacy to banks, financial Institutions and the supervisory authority in terms of infrastructure both legal and regulatory framework, information communication technology and people in order to formulate appropriate strategies to build the same. This will be useful in getting the necessary preparedness of the industry at the point of implementation.

## **4.3 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Tanzania adopted the International Financial Reporting Standards (IFRS) with effect from July 1, 2004. It was promulgated by the National Board of Accountants and Auditors (NBAA) that, all entities in Tanzania must prepare their financial statements for the year ending 30th June 2005 in compliance with International Financial Reporting Standards (IFRS).

In this view all banks and non-bank financial institutions were required to prepare their accounts in compliance with IFRS. However, it was observed that some of the requirements under IFRS differed from Bank of Tanzania prudential requirements on provisioning



for non-performing assets specifically on the approach used to arrive at provisions for non-performing assets of banks and financial institutions.

During the year under review the matter was reviewed in consultation with the NBAA and accordingly agreed that every bank and financial institution shall be required to have adequate provision reserve for non-performing assets and maintain adequate capital at all times. In order to resolve this issue of difference in approaches in provisioning, all banks and financial institutions were directed to observe the following:

1. Compute provisions using both IAS 39 approach and BOT regulatory approach. IAS provision should be charged to the income statement. In case IAS provision is less than BOT provision requirement, then a special non-distributable reserve should immediately be created through an appropriation of distributable reserves to eliminate the shortfall. The transfer should be made in the statement of changes in equity and the purpose of the reserve should be stated in a note to the accounts.
2. Profit for the year should first be transferred to retained earnings, and an appropriate charge to

the regulatory non-distributable reserve made before any dividend is declared.

3. The special non-distributable reserve created shall not be part of the bank's or financial institution's core capital. In other words, the reserve will not be taken into account when computing regulatory capital of a bank or financial institution. Where institutions have made losses or have negative retained earnings, the excess provision should be added to accumulated losses when computing core capital.

There should also be a note on calculation of regulatory capital in terms of Capital Adequacy Regulations, 2001 in the audited accounts of each bank or financial institution. This note will help to show users of the accounts the size of the regulatory capital of the bank.

#### **4.4 ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM ISSUES.**

During the period under review the Directorate continued to be committed in the war against money laundering and



financing of terrorism, which are global problems that not only threaten security, but also compromise the stability, transparency and efficiency of financial systems, thus undermining economic prosperity. The global agenda to curb money laundering and the financing of terrorism calls for a cooperative approach among various stakeholders, countries, regional and international bodies. During the year under review the Bank of Tanzania extended support to the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and continued to chair the National Anti-Money Laundering Committee in addressing various issues and challenges in combating money laundering and financing of terrorism.

Trainings and capacity building measures, and raising awareness on money laundering and combating of terrorism financing continued to be of paramount importance in the war against money laundering and terrorism financing. During the period under review the Bank of Tanzania continued to expose its staff to issues on AML/CFT by sending participants workshops and trainings organized by ESAAMLG and other international bodies.

#### **4.5 TANZANIA FINANCIAL REGULATORS FORUM (TFRF)**

The growing emergence of financial conglomerates, the blurring of distinctions between the activities of firms in each financial sector, cross sectoral issues, money laundering and financing of terrorism problems have heightened the need for collaborative efforts to improve the effectiveness of supervisory methods and approaches. The heads of financial regulatory agencies considered coming together in building the collaborative efforts necessary to address the supervisory challenges.

Financial Sector Regulators in Tanzania in their first meeting on 18th February 2005 agreed to form a Joint Forum known as Tanzania Financial Regulators Forum, which will foster cooperation among them. The Forum for the regulatory bodies has been formed to have two levels. First level is the Policy Forum, which was proposed to comprise Chief Executive Officers of Bank of Tanzania, Capital Market and Securities Authority, Insurance Supervisory Department and Gaming Board of Tanzania and will be chaired by the Governor of the Bank of Tanzania. The second level is Technical Forum, which was proposed to comprise technical officers from members of the Forum.





During the period under review the Technical Forum has developed a policy paper, which among others provides a structure of the forum, the terms of reference and areas of cooperation. The Policy Paper was deliberated in the second meeting of the Technical Forum held on 30th November 2005 and it is now waiting for submission to the Policy Forum.

## **4.6 FSI CONNECT**

In August 2005 the Directorate of Banking Supervision for the first time subscribed to the FSI Connect, which is an online information and learning resource developed by the Financial Stability Institute (FSI) of the Bank for International Settlements in Switzerland.

This is considered important to examiners/supervisors as career and professional development tool and it is designed for all financial sector supervisors at all levels of experience and expertise, it covers wide areas including risk management and Basel II.



## CHAPTER FIVE

### CO-OPERATION ISSUES

#### 5.1 REGIONAL AND INTERNATIONAL COOPERATION

Bank of Tanzania through the Directorate of Banking supervision continued to collaborate with other regional institutions like the East Africa Regional Technical Assistance Centre (East- AFRITAC) that organizes and coordinates technical assistance provided by International Monetary Fund (IMF) to the region.

During the period under review, East AFRITAC offered technical assistance to the Directorate of Banking Supervision to establish Risk Based Supervision Guidelines. East AFRITAC provided guidance and in house training to ensure RBS is implemented as planned.

The Directorate continued to cooperate with other central banks in East Africa by conducting joint on site examinations and participation in meetings and deliberations of Monetary Affairs Committee (MAC) of the East African Community. Joint on site examination is done with the aim of

gaining exposure, experience as well as harmonization of supervisory practices in the region. During the year, the Directorate participated in three joint examinations in Uganda.

During the year 2005, the Directorate implemented the Memorandum of Understanding (MOU) in connection with consolidated supervision of African Banking Corporation (ABC) Holdings Limited whereby Reserve Bank of Zimbabwe, is a lead supervisory authority responsible for preparing a consolidated report of ABC Holdings Limited.

#### 5.2 HARMONIZATION OF STANDARDS FOR ACCOUNTING, AUDITING, LICENSING, AND COMPLIANCE WITH THE BASEL CORE PRINCIPLES.

In implementing FSAP recommendations and ensuring compliance with the Basel Core Principles the Directorate of Banking Supervision launched a Risk Based Supervision (RBS) project, facilitated modernization of banking laws and improved its off-site division in the



areas of data capturing, analysis modules and automated licensing modules.

### **5.3 CAPACITY BUILDING**

During the year, the Directorate participated in various in-house trainings aimed at improving and enhancing supervisory skills. Staff were trained on Risk Based Supervision guidelines and Capital Accord (Basel II). Other staff members attended various training programmes conducted outside the country. Training attended includes Money Laundering & Terrorism Financing; Business Impact Analysis; The new capital accord; Supervision of non-bank financial institutions and supervision of financial conglomerates.

The Directorate also benefited from the international and regional training workshops/courses/seminars sponsored by the Federal Reserve System, Bank of International Settlements (BIS), and The Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

### **5.4 COMMITTEE OF CENTRAL BANK GOVERNORS (CCBG) AND COMMITTEE OF CENTRAL BANK OFFICIALS (CCBO) IN SADC.**

During the year, the Bank of Tanzania through the Directorate of Banking Supervision cooperated with and participated in forums organized by SADC countries under the CCBG and CCBO. The forums covered included workshop and seminars on such themes as the New Capital Accord, the International Financial Reporting Standards and Anti-Money Laundering Measures which are contemporary issues in Banking Supervision

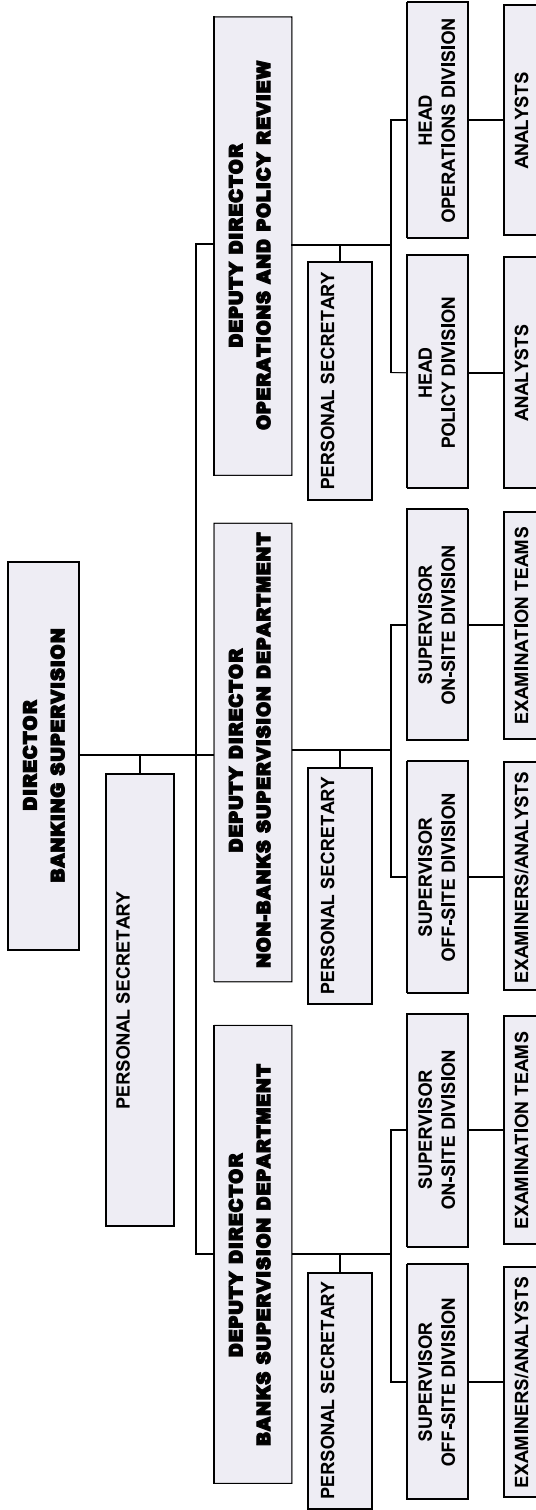
During the year the BOT continued to participate in the Committee of Central Bank Governors (CCBG) in SADC countries in implementation of projects which include development of a monetary and financial statistical database for SADC countries; development of information data bank on the structures, policies and activities of SADC central banks, as well as the financial markets in SADC; development of national payment, clearing and settlement systems in SADC countries; liberalization of exchange



control and the impact of exchange controls on cross-border flows of goods, services and capital; coordination of training of officials in SADC central banks as well as harmonization of legal and operational frameworks of SADC central banks.

The bank of Tanzania continued to cooperate with the SADC Subcommittee of Bank Supervisors (SBSS) on issues which relates to promotion and enhancement of bank supervision through adherence to and promotion of international supervisory standards; harmonization of banking legislation, supervision systems and practices; implementation of the Core Principles for Effective Banking Supervision; anti-money-laundering compliance and combating of terrorist financing and formulation of training programmes in conjunction with regional and international bodies.

**DIRECTORATE OF BANKING SUPERVISION  
ORGANIZATION**





## APPENDIX II

### DIRECTORATE OF BANKS OPERATING IN TANZANIA

S/N	NAME OF BANK	WEBSITE/E-MAIL	TELEPHONE & FAX NUMBERS	BRANCH NETWORK	TOTAL ASSETS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH	TOTAL DEPOSITS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH
					2004 TZS MILLION	2005 TZS MILLION		2004 TZS MILLIONS	2005 TZS MILLIONS	
1	STANDARD CHARTERED BANK (T) LTD	www.standardchartered.com callcentre@tz.standardchartered.com	TEL: 2122125, 2122129, 2122140, 2122143 FAX: -2113770	6	375,235.22	451,082.52	20.21	321,797.74	359981.96	11.87
2	STANBIC BANK (T) LTD	info@stanbic.com	TEL: 2112195, 200 FAX: 2113742	9	252,862.54	260711.23	3.10	180,035.37	195011.53	8.32
3	CITIBANK (T) LTD	www.citibank.co.tz.mayanmailik@citiigroup.com	TEL: 2117575, 2117601 FAX: 2113910, 2117576	1	229,137.46	343119.87	49.74	188,193.80	234932.54	24.84
4	FEDERAL BANK OF MIDDLE EAST LTD	headoffice@fbme.com	TEL: 2126000 FAX 2126006	4	55,320.43	65634.79	18.64	9,570.80	15858.44	65.70
5	EURAFRICAN BANK	eab@eurafribanbank-tz.com	TEL: 2110928, 2111229, 2110104 FAX: 2113740	2	25,137.97	48430.07	92.66	20,649.34	36870.20	78.55
6	DIAMOND TRUST BANK (T) LTD.	sanjeev@diamonddtrust.co.tz	TEL: 2114888-92 FAX: 2114210, 2118953	3	43,636.35	57398.65	31.54	35,284.75	45211.83	28.13
7	EXIM BANK TANZANIA LIMITED	www.eximbank-tz.org	TEL: 2113091 FAX: 2119737	8	155,293.41	214959.40	38.42	128,408.85	164524.46	28.13



8	NBC (1997) LTD	www.nbczt.com nbcitfd@nbczt.com	TEL.: 2113914, 2112082,2111803 FAX: 2112887	34	460,817.84	624,641.49	35.55	373,484.72	531035.42	42.18
9	NATIONAL MICROFINANCE BANK (T) LTD.	nmb.ceo@cats-net.com	TEL.: 2118785, 2116925/9, 2124048 FAX: 2114058	104	570,954.65	694050.49	21.56	496,907.47	616807.41	24.13
10	CRDB BANK	www.crdb.com crdb@raha.com	TEL.: 2117442-7 FAX: 2116714	32	486,681.64	742928.84	52.65	429,482.07	653638	52.19
11	PEOPLES BANK OF ZANZIBAR	pbzltfd@zanlink.com	TEL.: 2231118 FAX: 2231121	3	43,711.58	60005.04	37.27	44,366.54	60277.54	35.86
12	AKIBA COMMERCIAL BANK LTD	akiba@cats-net.com	TEL.: 2118340-4 FAX: 2114173	6	25,667.13	35006.01	36.38	22,815.35	28443.10	24.67
13	KENYA COMMERCIAL BANK	www.kcb.co.ke kcbtanzania@kcb.co.tz	TEL.: 2115386-8 FAX: 2115391	3	19,363.61	34083.07	76.02	14,137.61	21722.18	53.65
14	INTERNATIONAL COMMERCIAL BANK (T) LTD.	ibm@intafrika.com	TEL.:2110518, 2110538, 2110571 FAX: 2110196	3	18,914.88	21383.76	13.05	15,071.69	12621.40	-16.26
15	HABIB AFRICAN BANK	habibafrikan@raha.com	TEL.:2111107 FAX: 2111014	2	20,890.61	31216.15	49.43	18,059.59	26431.60	46.36
16	BARCLAYS BANK (T) LIMITED	www.africa.barclays.com	Tel.2129381, 2129758 Fax: 2129757	4	191,781.63	248398.01	29.52	166,112.80	158971.00	-4.30
17	UNITED BANK OF AFRICA (T) LIMITED	uba@cats-net.com	Tel. 2129776	1	9,232.72	13497.08	46.19	6,575.31	10567.14	60.71
18	CF UNION BANK LIMITED	cfunionbank@raha.com	Tel. 2117997/9 Fax: 2118750	2	15,752.64	21606.71	37.16	12,734.16	16466.14	29.31



19	AFRICAN BANKING CORPORATION (T) LTD	abctz@africanbankingcorp.com	Tel. 2111990 Fax. 2112402	1	39,194.36	31134.46	-20.56	31,781.88	21653.21	-31.87
20	AZANIA BANCORP	www.azaniabank.co.tz info@azaniabank.co.tz	TEL: 2117997/9 FAX: 2118010/11	1	28,383.85	42233.95	48.80	17,190.90	264 25.59	53.72
21	SAVINGS & FINANCE COMMERCIAL BANK LIMITED	sfidar@cats-net.com	TEL: 2118625/8 FAX: 2116733	2	23,593.64	29346.03	24.38	18,475.87	23344.43	26.35
22	BANK OF BARODA TANZANIA LTD.		Tel:212448712 Fax 2124457	1	8,250.53	25789.22	212.58	1,744.72	17125.29	881.55





## APPENDIX III

### DIRECTORY OF NON BANK FINANCIAL INSTITUTIONS OPERATING IN TANZANIA

	NAME OF FINANCIAL INSTITUTION	WEBSITE/E-MAIL	TELEPHONE & FAX NUMBER	BRANCH NETWORK	TOTAL ASSETS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %	TOTAL DEPOSITS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %
					2004 TZS MILLIONS	2005 TZS MILLIONS		2004 TZS MILLIONS	2005 TZS MILLIONS	
1.	TANZANIA INVESTMENT BANK	www.tib.co.tz tib-tz@intfrica.com	TEL: 2111708/13 FAX: 2113438	1	45,311.73	60058.58	32.55	31,258.58	21567.52	-31.00
2.	TANZANIA POSTAL BANK	www.postalbank.co.tz	TEL: 2112358/60 FAX: 2114815	7	56,306.29	67108.65	19.18	50,390.70	56803.57	12.73
3.	TWIGA BANGCORP LIMITED	info@nbdc.co.tz	TEL: 2115575/2118455 FAX: 2112350	4	16,783.25	26574.81	58.34	13,922.33	22983.74	65.09



**DIRECTORY OF REGIONAL COMMUNITY BANKS OPERATING IN TANZANIA**

	NAME OF FINANCIAL INSTITUTION	WEBSITE/E-MAIL	TELEPHONE & FAX NUMBER	BRANCH NETWORK	TOTAL ASSETS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %	TOTAL DEPOSITS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %
					2004 TZS MILLIONS	2005 TZS MILLIONS		2004 TZS MILLIONS	2005 TZS MILLIONS	
1	DAR ES SALAAM COMMUNITY BANK LIMITED	dcb@africanonline.co.tz	Tel. 2180253 Fax.2180259	2	12,098.83	20213.55	67.07	10,083.63	13650.16	35.37
2	MBINGA COMMUNITY BANK LIMITED		TEL: 025-2640-719	1	977.83	1421.33	45.36	823.95	958.48	16.33
3	KAGERA FARMERS COOPERATIVE BANK LTD	kfcbtd@africanonline.co.tz	TEL: 028-2220008 FAX: 028-2220008	1	1,365.18	2166.06	58.66	1,202.96	1818.79	51.19
4	KILIMANJARO COOPERATIVE BANK	kiiicobank@africanonline.co.tz	TEL.: 2754470 FAX: 2753570	1	3,809.85	4479.65	17.58	3,007.49	3344.91	11.22
5	UCHUMI COMMERCIAL BANK			1	-	691.41		-	335.99	



## APPENDIX V

### DIRECTORY OF REGIONAL FINANCIAL INSTITUTIONS OPERATING IN TANZANIA

	NAME OF FINANCIAL INSTITUTION	WEBSITE/E-MAIL	TELEPHONE & FAX NUMBER	BRANCH NETWORK	TOTAL ASSETS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %	TOTAL DEPOSITS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %
					2004 TZS MILLIONS	2005 TZS MILLIONS		2004 TZS MILLIONS	2005 TZS MILLIONS	
1.	MWANGA RURAL COMMUNITY BANK	chrishering@eoltz.com	TEL: 027-2754235	1	1,006.27	1988.69	97.63	720.68	1659.43	130.26
2.	MUFINDI COMMUNITY BANK LTD		FAX: 061-772165 or 026 2772544	1	1,449.33	2391.84	65.03	1,277.36	1956.77	53.19



## LIST OF BUREAU DE CHANGE OPERATING IN TANZANIA

## APPENDIX VI

S/N	NAME OF BUREAU	POSTAL ADDRESS	PHYSICAL ADDRESS
1	ARUSHA FOREX	Box 11169, Arusha	Plot No 39 BlockB/E Boma Road
2	FINANCIAL SERVICES	Box 11628 Arusha	India Street Arusha
3	EXCHANGE CENTRE	Box 14025, Arusha	Plot No. 50/E APT. NO.004 Joel Maeda Rd
4	KING'S	Box 8277, Arusha	Plot No. 39/BE Boma Rd
5	LIONS	Box 999, Arusha	Plot No.87 Sakina Nairobi Road, Arusha
6	MONEY WISE	Box 2075, Arusha	Golden Rose Hotel Annex Col Middleton Rd
7	MOTEL IMPALA	Box 7302, Arusha	Plot No. 10/11 Kijenge Commercial Centre
8	ROIKA	Box 114793, Arusha	Sokoine Road Arusha
9	SANYA	Box 7356, Arusha	Plot No. 50 Sokoine Rd
10	TANGANYIKA	Box 6143 Arusha	AICC Complex
11	WEST EAST	Box 604, Arusha	Plot No.39 Block B/E Boma Road
12	NORTHERN	Box 7302, Arusha	Plot No. 51 E/Joel Maeda St,Arusha
13	HEDAL (I) STADIUM	Box 11169, Arusha	Plot No. 36 Stadium Rd
14	HEDAL (II) SOKOINE	Box 11169, Arusha	Plot No.81E Sokoine Road
15	PESAME	Box 11525 Arusha	Plot NO. 39 Boma RD Arusha
16	COLOBUS	Box 10822 DSM	TFA Shopping Complex Shop No. 70
17	CLOCK TOWER	Box 11707 Arusha	Plot No 69E Sokoine Road
18	CLASSIC	Box 7302 Arusha	Plot No. 37 A-B KIBO ROAD MOSHI
19	CAMEL	Box 2288, Arusha	Plot No.29/E Joel Maeda Rd
20	EXECUTIVE	Box 586, Moshi	Plot No. 40 Block 'B' Section 1 Moshi
21	CHASE	Box 315 Moshi	Plot No. 63 Block 'B' Subzali Building
22	TRAST	Box 8540, Moshi	Plot No. 79, Soko Kuu
23	PANJATAN	Box 156, Kigoma	Plot No. 197Lumumba Rd
24	VICTORIA	Box 19275, Mwanza	New Mwanza Hotel
25	DBK	Box 308 Mwanza	Plot No. 630 Bantu Street



26	DCT	Box 15 Dodoma	Plot No. 27 Kuu Street
27	BLUEBIRD	Box 2574 Mbeya	Lupa Way
28	BOMA FOREX	Box 1511, Tanga	Plot No. 34 Block KB 11 Independence Avenue
29	CHOLE INTER	Box 115 Mafia	Mafia Airport
30	FOREIGNERS	Box 7356, Arusha	Plot No. 3F Gollondoi Rd, Arusha
31	SUMMIT	Box 8276 Arusha	Plot No. 29 Block T Sokoine Rd, Arusha
32	Gollondoi	P. O. Box 289 Arusha	Joel Maeda, Plot No. 29/E, Arusha
33	Alliance	P. O. Box 13441 Arusha	Plot No. 9 Swahili Street, Sinka Court Hotel, Arusha
34	TORTOES	P.O.BOX 12075 ARUSHA	Plot No. 39 A, India Street, Arusha
35	SANYA TWO	P.O.BOX 7356 ARUSHA	Plot No. 70/772 Sokoine Road Arusha
36	NIXON	P.O.BOX 11525 ARUSHA	Kilimanjaro International Airport
37	SIHA	BOX 11525 Arusha	Makongoro Road, Arusha
38	KIBO PALACE	Box 2523 DSM	Plot No. 29 E Gollondoi Joel Maeda Rd, Arusha
39	AMANI	Box 42571, DSM	Sikukuu Street Kariakoo
40	AMAFHH	Box 4504, DSM	Plot No. 344 Oysterbay Shopping Complex
41	ARCADE	Box 38132 DSM	Plot No. 72 Old Bagamoyo Road
42	BUREAU DE CHANGE 2000	Box 20263 DSM	Plot No. 2080/148 Jamhuri Street
43	CITY EXCHANGE	Box 76142 DSM	Plot No. 208/40 IPS Building
44	CROWN	Box 6672, DSM	Zanaki/ India Streets
45	DAHABSHIL	Box 21855, DSM	Livingstone Street Plot No. 22
46	EQUITY	Box 283, DSM	Royal Palm Hotel
47	GALAXY	Box 21219, DSM	Dsm International Air port
48	GALAXY M/ CHANGER	Box 21219, DSM	Plot No. 125/50 Samora Ave./ Bridge Street
49	GLOBEX	Box 21219, DSM	Coronation House, Samora/Azikiwe St.
50	GOLDEN	Box 4438, DSM	739-231 Indira Gandhi St.
51	JAMANI	Box 7495, DSM	Dar es salaam International Airport
52	JOSHUA	Box 60576 DSM	Plot No. 503 Block 99 Shauri Moyo Street
53	KAI	Box 21530, DSM	Plot No.291/50 Samora Av.
54	KARIAKOO	Box 5175, DSM	Plot No. 22/31 Swahili/Narung'ombe St.
55	LIVINGSTONE	Box 79610, DSM	Livingstone/Pemba house No.64
56	LOCAL CURRENCY	Box 5331, DSM	DIA Terminal II



57	M. G. M	Box 816, DSM	Plot No. 232/59 Morogoro Rd
58	MASAI	Box 4907, DSM	Plot No. 385/32 Samora Avenue.
59	MAXCARE	Box 79300, DSM	Namanga Shopping Centre
60	MCSOMS	Box 4504, DSM	India/Makunganya St.
61	MERMAID	Box 21032, DSM	Plot No. 397/63 Kaluta Street Dsm
62	MOBILE	Box 75639, DSM	Plot No.1001/48, Jamhuri Street Ilala
63	MONEX	Box 76018, DSM	IPS Building
64	MONEY LINK	Box 7177, DSM	Plot No. 636/59 APT 033 Samora Avenue.
65	NAMANGA	Box 105701, DSM	Plot No. 98 Old Bagamoyo Road/Makangira
66	ORIENTAL	Box 2554, DSM	IPS Building Samora Av.
67	PALACE HOTEL	Box 31673, DSM	85 Sikukuu Street
68	PRUDENTIAL	Box 9163, DSM	Plot No. 2318/108 Lehmans Build.Sam.Av.
69	RASCO	BOX 278, DSM	PLOT NO. 8 KARIAKOO DSM
70	RASILIMALI	Box 9373, DSM	Sokoine drive, Tacoshili Building
71	REALITY	Box 22164, DSM	Plot No. 97 Mosque/Indira Gandhi
72	RIKI	Box 31673, DSM	Riki Hotel Dar es Salaam
73	RIKI HOTEL	Box 31673, DSM	Plot No. 37/75 Kleist sykes Dsm
74	ROCKS	Box 70980, DSM	Plot No. 576 Block' D' Mbezi Beach
75	RUBY	Box 21718, DSM	Plot No.1450/89 Jamhuri St.
76	S. H. AMON	Box 72483, DSM	IPS Building Samora/Azikiwe Streets
77	S. H. AMON II	Box 72483, DSM	IPS Building Samora Avenue
78	SAHARA	Box 22169, DSM	Plot No. 335 Indira Gandhi Street
79	SAMORA	Box 8954, DSM	Plot No 2091/40 Samora
80	SEASIDE MONEY CHANGER	Box 3270, DSM	TOURE DRIVE OYSTERBAY
81	SHARIF ALWI	Box 3199, DSM	Plot No. 357/60- 1363 U.W.T Street
82	SMALL BUREAU	Box 6672, DSM	Plot No.2293 Crescent Flats, opposite to Haidary Plaza
83	SWISS ( BS )	Box 906, DSM	Samora Avenue
84	THE TERMINAL	Box 31673, DSM	Ubungo Buserminal
85	TORODA	Box 4082, DSM	PLOT NO. 2386-91, Azikiwe Street ILALA DSM
86	TRADE	Box 20066, DSM	Plot No. 636/59 Samora Avenue
87	TRISTAR	Box 2554, DSM	Tazara Railway Station



88	UNIQUE	Box 3269, DSM	Plot No. 1036-37/102 Samora /Morogoro Rd
89	WALJIS	Box 434, DSM	Plot No. 9966 Indira Gandhi/Zanaki St.
90	WEST	Box 5252, DSM	Plot No.158 Railway/Samora Avenue Dsm.
91	X-TREME****	Box 34025 DSM	Plot No. 31 Azikiwe /Samora
92	ZENJ AND DAR	Box 2903 DSM	Plot No. 97 Mosque/Indira Gandhi
93	KIPEPEO	Box 10221 DSM	Millenium Tower 1st Floor, Ali Hassan Mwinyi Rd
94	DESTINY	Box 1983 DSM	Plot No. 105/106 Samora Avenue/Morogoro Rd Dar
95	BRILLIANT	Box 214 DSM	Ground Floor, Kilimanjaro, Kempinski Hotel
96	SHELL	Box 12212 DSM	Plot No. 385/32 Samora Avenue, Dar es Salaam.
97	M-TRADE	BOX 22376 DSM	Ground Floor, New Red Cross Building, Dsm
98	GRAND	BOX 31673 DSM	Plot No.2273-4/32 Samora/Azikiwe Dar es Salaam
99	BEST RATES	BOX 72334 DSM	Plot No. 12 Block 14 Congo/Pemba Street Dsm
100	ISLAND FOREX	BOX 21545 DSM	Plot No. 10 Msimbazi Street Kariakoo, Dsm
101	SUNCITY	BOX 20132 DSM	Plot No. 398/63 Zanaki/Kiluta Streets-Dsm
102	DODOMAMOSHI	BOX 75605 DSM	Plot No. 2 Mkungun Street- Dar es Salaam
103	LEGACY	BOX 33699 DSM	Plot No. 2317/18 Block 108, Samora Av. Dsm
104	NEW SAMORA	BOX 12591 DSM	Plot No. 5607/48 Samora Aven- Dar es Salaam
105	ARE	BOX 19837 DSM	Plot No. 1036/37 Morogoro /Samora Avenue
106	RAYYAN	BOX 72494 DSM	Plot No. 2 Chura/Mkunguni- Dar es Salaam
107	HANS	BOX 31673 DSM	Plot No. 564/48 Samora Avenue- Dar es Salaam
108	CONDY	Box 2554, DSM	Plot No. 006, Samora Avenue, Dar es Salaam
109	TUNGWE	Box 3138, DSM	Ground Floor, IPS Building, Azikiwe Dar es Salaam
110	GREEN	Box 79946, DSM	Plot No. 5 Sokoine Drive/Mkwepu Street, Dar
111	Accurate	P.O.BOX 1732 Z'BAR	Plot No. 277 Kiponda Street Z'bar
112	Adams Exchange	P.O.BOX 2744 Z'BAR	Plot No. 16/39 Malindi Zanzibar
113	Arrival	P.O.BOX 3784 Z'BAR	Kiembe Samaki Zanzibar
114	Baghani	P.O.BOX 1642 Z'BAR	Baghani-Zanzibar
115	Darajani	P.O.BOX 245 Z'BAR	Darajani-Zanzibar
116	Departure	P.O.BOX 3784 Z'BAR	Kiembe Samaki Zanzibar
117	Eagle	P.O.BOX 3567 Z'BAR	Plot No. 298/W 18 Gizenga Zanzibar



118	Express	P.O.BOX 1537 Z'BAR	Darajani Youth League Zanzibar
119	Five Star	P. O. BOX 42 Z'BAR	MALINDI ZANZIBAR
120	Hilmy	P.O.BOX 271 Z'BAR	Zanzibar-Airport
121	Icon	P.O.BOX 1739 Z'BAR	Darajani-Zanzibar
122	Local Currency Airport	P.O.BOX 992 Z'BAR	Zanzibar Airport
123	Local Currency Shangani	P.O.BOX 992 Z'BAR	Shangani Street House No.37 Zanzibar
124	Mchambawima	P. O. Box 3784 Zanzibar	Mchambawima street/international Hotel
125	Mikembo	P.O.Box 835 Z'BAR	GIZENGA STREET
126	Ndame	P.O.BOX 3781 Z'BAR	Plot No. 57 Kenyatta Road, Shangani
127	New Malindi	P.O.BOX 3784 Z'BAR	Plot No. 944 Malindi Zanzibar
128	Queens	P.O.BOX 1739 Z'BAR	Shangani Street Zanzibar
129	Rahisi	P. O. Box 1334 Zanzibar	GIZENGA STREET
130	Royal	P. O. Box 1642 Z'bar	DARAJANI
131	Shangani	P.O.BOX 4222 Z'BAR	Shangani Street, Old Stone Town
132	Suma International	P. O. Box 3784 Zanzibar	Darajani
133	Universal	P. O. BOX 1732 Z'BAR	PLOT NO 2559 MCHANGANI
134	Utams Exchange	P. O. BOX 1732 Z'BAR	PLOT NO. 2486 MBUYUNI STRET Z'BAR
135	Old Market	P. O. Box 3684 Z'bar	House No. 1637 DARAJANI