



# DIRECTORATE OF BANKING SUPERVISION



Annual Report 2006





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## **FOREWORD FROM THE DIRECTOR OF BANKING SUPERVISION**

Directorate of Banking Supervision's Annual Report 2006 is the tenth in the series of Annual Reports aimed at highlighting and informing the public developments in the banking industry in Tanzania. The Directorate of Banking Supervision continued to rank high on its agenda the objective of ensuring that the country has safe, stable and sound banking system. The Directorate carried out various supervisory and regulatory activities aimed at enhancing and strengthening the stability, soundness and safety of the banking system. During 2006 the banking industry registered significant growth and developments while continuing to be stable.

During the year 2006, Tanzanian banks remained, on overall basis, adequately capitalized, with paid-up capital recording an increase of 15% from year 2005. The banking sector's assets increased by 26% with the ratio of earning assets to total assets remaining steady at 83% as recorded in 2005. Total funding of the banking sector recorded an increase of 26% with the funding structure being mainly composed of deposits which accounted for 83% of total funding. Total after tax income increased by 36% when compared to that of year 2005. The banking sector liquidity was generally considered satisfactory, with the ratio of liquid assets to deposit liabilities of 59%, and overall management performance was satisfactory as banks and non-bank financial institutions achieved satisfactory financial condition and improved results of operations.

Generally during the year 2006, Bureaux de change compliance with laws and regulations/circulars was satisfactory and the volume of their activities decreased by 2.85% compared to that of year 2005.

In year 2006, 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.



One of the major developments during 2006 was in the legal and regulatory environment whereby, Bank of Tanzania Act, 1995 and Banking and Financial Institutions Act, 1991 were repealed and replaced by Bank of Tanzania Act, 2006 and Banking and Financial Institutions Act, 2006 which became effective in July 2006. All regulations in use were reviewed to incorporate changes brought by the new legislations and market developments. New regulations/guidelines governing Business Continuity Management, Responsibilities of Directors and Senior Management, Outsourcing and Physical Security Measures were initiated. Bank of Tanzania continued with its preparation of migrating from traditional transaction based supervision of banks and non banks financial institutions to risk based supervision. Key stakeholders continued to be sensitised and pilot examinations were undertaken. Bank of Tanzania in collaboration with other stakeholders developed regulations for microfinance institutions and efforts to establish a microfinance supervisory function at the Bank of Tanzania were initiated.

The Directorate continued to be actively involved in assisting, supporting and monitoring restructuring and privatisation of government owned banks and non-bank financial institutions. The privatization and restructuring process involved Tanzania Postal Bank (TPB) and People's Bank of Zanzibar Limited. The Tanzania Investment Bank (TIB) will now be restructured and strengthened to become a development finance institution.

Bank of Tanzania in keeping abreast with supervisory challenges posed by the developments in the banking business continued to upgrade skills of its staff and enhance cooperation with various institutions in the world. Bank of Tanzania continued with sensitization 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. The Bank is also working closely with the Government and various institutions in the world in anti-money laundering and combating terrorism financing efforts.

Despite the various challenges, the Tanzanian banking system remained safe, sound and stable during 2006, thanks to cooperation accorded by various stakeholders in the banking and financial system. Year 2006 was, on the overall



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basis, a successful year for banks, non-bank financial institutions and bureaux de change.

I thank all stakeholders for making year 2006 a success and wish them the very best for year 2007.

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# CHAPTER ONE

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

### 1.1 COMPOSITION

As at 31st December 2006, the banking sector had 22 banks, three (3) non-bank financial institutions, five (5) regional community banks and two (2) regional financial institutions. Azania Bancorp Limited changed its name to Azania Bank Limited.

The sector recorded growth in most of the Balance Sheet and Income Statement items. Five big banks represented about 66 per cent of the total banking sector assets compared to 67 per cent in 2005. The market share of non-bank financial institutions in the total banking sector assets stood at 3 percent while community banks continued to hold share of less than 1 percent, as was the case in 2005.

As at 31st December 2006 there were 149 bureaux de change operating in Tanzania, of which 27 were in Tanzania

Zanzibar. Majority of the bureaux in Tanzania Mainland were based in Dar es salaam (81) and Arusha (30). Tourism has been the main factor influencing the geographical distribution of bureaux de change

During the year, 25 new foreign exchange bureaux were licensed to start operations in both Tanzania Mainland and Zanzibar and 11 were closed.

### 1.2 BALANCE SHEET STRUCTURE OF THE BANKING SECTOR

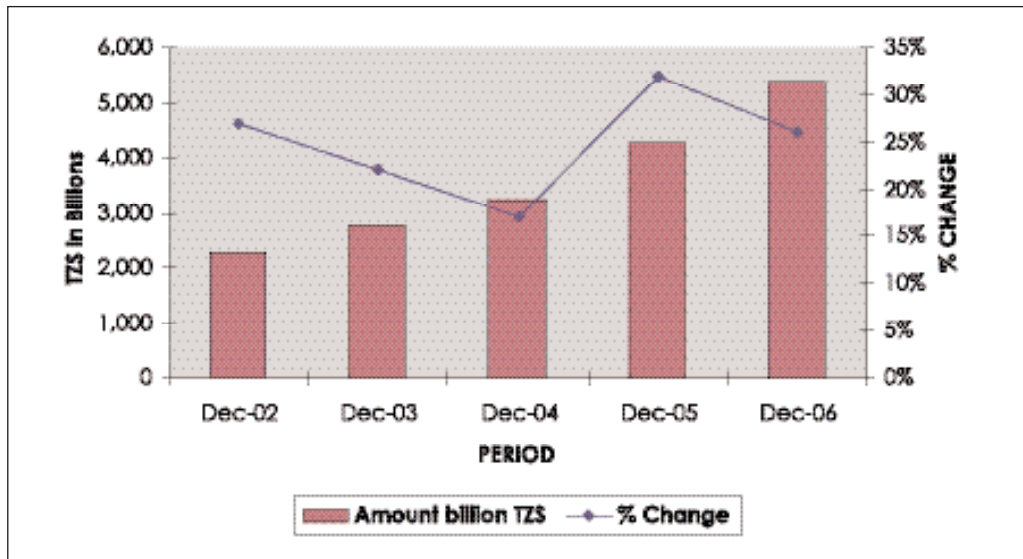
The aggregate balance sheet of the banking sector (excluding bureau de change) in Tanzania, as at 31st December 2006, was TZS 5,396 billion as compared to TZS 4,286 billion as at 31st December 2005. Deposits were the major source of funding accounting for the increase in the aggregate balance sheet. Figures of aggregate balance sheet from 2002 to 2006 are as indicated in Table 1 below:



**TABLE 1: AGGREGATE BALANCE SHEET (Total Assets)**

Period	Figures TZS billion	Percentage changes
December 2002	2,269	-
December 2003	2,775	22%
December 2004	3,238	17%
December 2005	4,286	32%
December 2006	5,396	26%

**CHART 1: AGGREGATE BALANCE SHEET TREND**



### 1.2.1 ASSETS STRUCTURE

The banking sector's assets increased by TZS 1,110 billion from TZS 4,287 billion at the end of December 2005 to TZS 5,396 billion at 31st December 2006. This represented an increase of 26%.

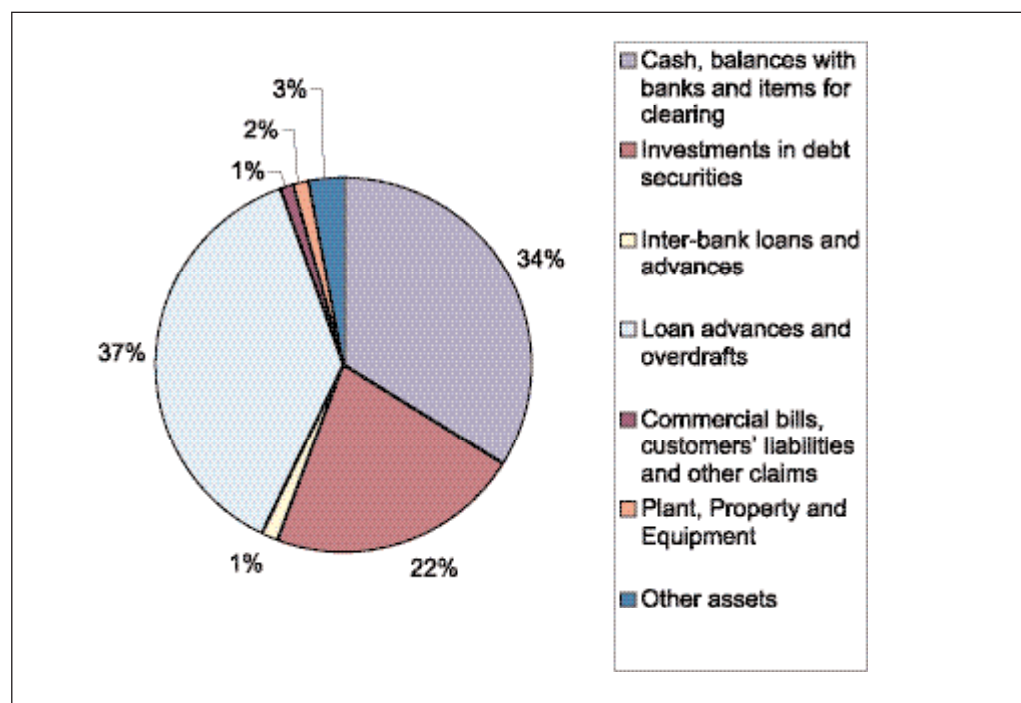
Major components of total banking sector assets were Loans, Advances and Overdraft, which accounted for 37% of total assets followed by Cash, balances with banks and items for clearing which were 34% and Investments in Debt Securities which was 22%. Table 2 and Chart 2 indicate assets composition and growth as at 31<sup>st</sup> December 2006.



**TABLE 2: ASSETS COMPOSITION (Figures in TZS billions)**

Assets	December 2005	% Total Assets	December 2006	% Total Assets
Cash, balances with banks and items for clearing	1,372	32%	1,827	34%
Investments in debt securities	1,160	27%	1,180	22%
Inter-bank loans and advances	53	1%	70	1%
Loan advances and overdrafts	1,446	34%	2,013	37%
Commercial bills, customers' liabilities and other claims	56	1%	62	1%
Plant, Property and Equipment	64	1%	79	2%
Other assets	136	3%	165	3%
<b>Total Assets</b>	<b>4,287</b>	<b>100%</b>	<b>5,396</b>	<b>100%</b>

**CHART 2: ASSETS COMPOSITION AS AT END OF DECEMBER 2006**





The earning assets to total assets ratio remained stable at 83% when compared to the end of year 2005. The earning assets consisted of loans and advances (37.31%), balances with

other banks (21.79%), investment in debt securities (21.87%), inter-bank loans (1.30%), bills purchased and discounted (1.13%) and equity investments (0.11%).

**TABLE 3 (a): EARNING ASSETS TRENDS**

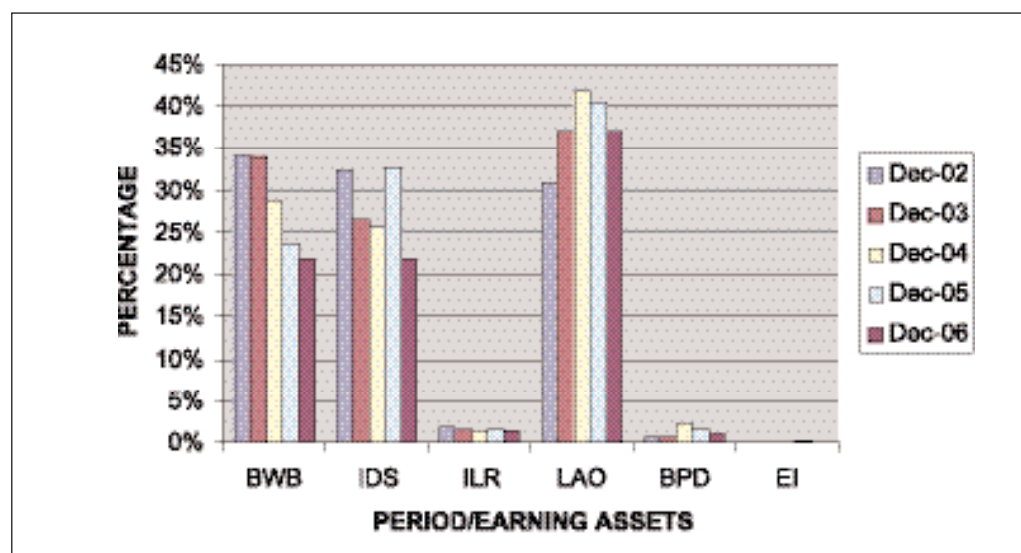
[TZS billions]	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	CHANGE				
						2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Balances with banks	638	771	751	844	1,176	16%	21%	-3%	12%	39%
Investment Debt securities	603	600	671	1,160	1,180	44%	0%	12%	73%	2%
Interbank loans and advances	32	38	33	53	70	-16%	19%	-13%	61%	32%
Loans, advances and overdrafts	576	839	1,092	1,446	2,013	42%	46%	30%	32%	39%
Bills purchased and discounted	13	16	61	56	61	333%	23%	282%	-8%	9%
Equity investments	1	1	2	5	6	0%	0%	100%	150%	20%
<b>Total Earning Assets (TEA)</b>	<b>1,864</b>	<b>2,265</b>	<b>2,610</b>	<b>3,564</b>	<b>4,506</b>	<b>31%</b>	<b>22%</b>	<b>15%</b>	<b>37%</b>	<b>26%</b>
<b>Total Assets (TA)</b>	<b>2,269</b>	<b>2,775</b>	<b>3,238</b>	<b>4,287</b>	<b>5,396</b>	<b>27%</b>	<b>22</b>	<b>17%</b>	<b>32%</b>	<b>26%</b>
<b>% of TEA to TA</b>	<b>82%</b>	<b>82%</b>	<b>81%</b>	<b>83%</b>	<b>83%</b>					



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

Item	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06
Balances with banks	34.23%	34.04%	28.77%	23.68%	21.79%
Investment in Debt Securities	32.35%	26.49%	25.71%	32.55%	21.87%
Interbank loans receivable	1.72%	1.68%	1.26%	1.49%	1.30%
Loans, advances and overdrafts	30.90%	37.04%	41.84%	40.57%	37.31%
Bills purchased and discounted	0.70%	0.71%	2.34%	1.57%	1.13%
Equity investments	0.05%	0.04%	0.08%	0.14%	0.11%

**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

As at 31st December 2006 total funding of the banking sector was TZS 5,396 billion as compared to TZS 4,287 billion as at 31st December 2005, indicating an increase of 26%. The funding structure was made up of deposits (83.04%), other liabilities (6.15%), share capital (4.43%) and other

capital (6.38%).

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 2002 to 2006 was as indicated in Table 4 (a) and 4 (b) below:

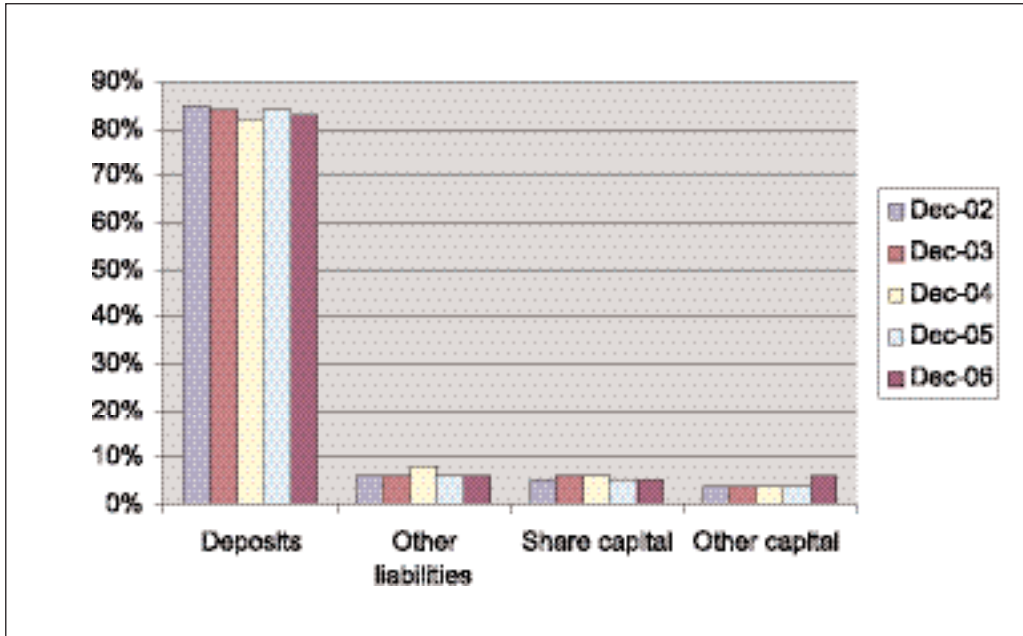
**TABLE 4 (a): FUNDING TREND**

(Figures in TZS billions)	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	% CHANGE				
						2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Deposits	1,928	2,329	2,665	3,599	4,481	28%	21%	14%	35%	24%
Other liabilities	146	171	243	261	332	26%	17%	42%	7%	28%
Share capital	108	159	189	207	239	11%	47%	19%	10%	15%
Other capital	87	116	141	220	344	12%	33%	21%	56%	53%
Total Funding	2,269	2,775	3,238	4,287	5,396	27%	22%	17%	32%	26%

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

	Dec-02	Dec-03	Dec-04	Dec - 05	Dec - 06
Deposits	85%	84%	82%	84%	83%
Other liabilities	6%	6%	8%	6%	6%
Share capital	5%	6%	6%	5%	5%
Other capital	4%	4%	4%	4%	6%
Total Funding	100%	100%	100%	100%	100%

### CHART 4: FUNDING STRUCTURE 2002-2006





## CHAPTER TWO

### **BANKING SECTOR AND BUREAU DE CHANGE PERFORMANCE**

#### **2.1 CAPITAL ADEQUACY**

For the period under review, the banking sector recorded total capital of TZS 582.35 billion which was mainly attributed by paid up share capital. This was an increase of 37.08% compared to TZS 424.82 billion recorded in 2005. The total capital in relation to risk weighted assets and off balance sheet exposure held by banks and non-bank financial institutions stood at 23% compared to 22% recorded in the previous year. Paid up share capital of the banking sector as at the end of year 2006 amounted to TZS 238.51 billion, an increase of 15.03% from TZS 207.34 billion in year 2005. The increase was due to injection of additional capital and capitalization of reserves by some of the banks and non-bank financial institutions.

As of December 2006 the banking sector recorded off

balance sheet items amounting to TZS 784 billion while in year 2005, the same stood at TZS 482 billion. This represents an increase of 62.66%.

#### **2.2 ASSETS QUALITY**

As at 31<sup>st</sup> December 2006, earning assets consisted of loans and advances (37.31%), balances with other banks (21.79%), investment in debt securities (21.87%), inter-bank loans (1.30%), bills purchased and discounted (1.13%) and equity investments (0.11%). The earning assets to total assets ratio remained at the same level of 83% as 2005.

Gross loan portfolio as 31<sup>st</sup> December 2006 stood at TZS 2,112.9 billion compared to TZS 1,487.17 billion recorded in year 2005, this represent an increase of 42.08%. Non-performing loans to total loans was 7.6% at the end of 2006 as compared to 4.9% at the end of year 2005. Allowances for probable losses increased to TZS 81 billion from TZS 32 billion recorded in the year 2005, this represent 3.08% and 2.15% of





the gross loans, advances and overdraft for 2006 and 2005, respectively.

The banking industry extended credits to various sectors of the economy including, Trade (19%), Mining and Manufacturing (23%), Agricultural Production (14%), Building and Construction (7%), Transport (10%) and Others (27%).

### **2.3 MANAGEMENT ASSESSMENT**

Management of banks and non-bank financial institutions was satisfactory on account of the level of capital adequacy, low level of non performing assets and the level of profitability attained during the year 2006. The year 2006 experienced no failure of financial institutions or any under statutory management.

Generally, compliance issues were satisfactory as most of the financial institutions complied with the requirements of the banking laws, regulations and BOT circulars and directives. However, any financial institution which was found to

be non compliant was subjected to appropriate supervisory action.

### **2.4 EARNINGS ANALYSIS**

Aggregate net income before tax for the year ended 2006 was TZS 186.44 billion equal to an increase of 28.84% compared to TZS 144.71 billion recorded in year 2005. Interest income accounted for 71% of the total income compared to 66% in year 2005. Total expenses of the sector were TZS 423 billion, which comprised interest expenses (26%), provisions for probable losses and write-offs (11%) and non-interest expenses (63%). Return on total equity and return on total assets stood at 23% and 2.5% respectively. These and other earning ratios have been indicated in table 5(b).

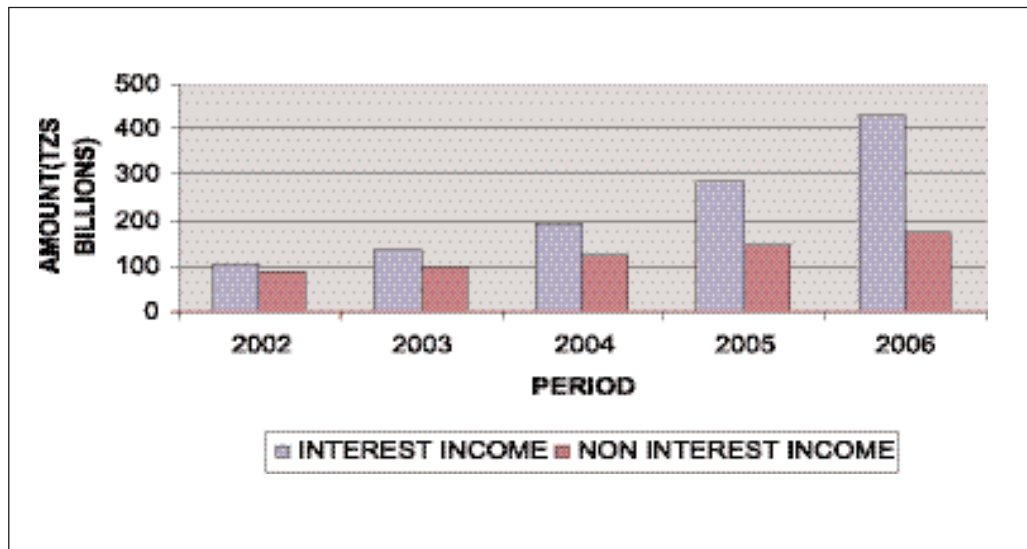
Interest income and non-interest income exhibited an increasing trend over the years. Total income grew from TZS 191 billion in year 2002 to TZS 606 billion in year 2006. This growth trend is illustrated in Table 5 below:



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

S/N	CATEGORY	2002	2003	2004	2005	2006
1	Interest Income	105	135	195	286	431
2	Non Interest Income	86	99	125	145	176
3	Total	191	234	320	431	607

**CHART 5: INTEREST INCOME VS NON-INTEREST INCOME 2002-2006**



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

S/N	Ratio	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06
1.	Net interest income to Earning Assets	4%	5%	6%	6%	7%
2.	Non interest expenses to net interest income	152%	130%	112%	93%	82%
3.	Return on total assets	1.76%	2.05%	2.90%	3.31%	2.5%
4.	Return on equity	14%	15%	28%	33%	23%
5.	Interest Margin to Gross Income	48.0%	51.5%	54.8%	60.9%	53.1%
6.	Non-interest expenses to Gross income	70.1%	67.1%	61.6%	56.9%	43.5%
7.	Personnel expenses to non-interest expenses	41.3%	39.9%	39.0%	39.6%	39.6%
8.	Trading and fee income to total income	45.2%	42.3%	39.1%	33.6%	28.9%
9.	Interest Rate Earned on Loans and Advances	15.7%	13.8%	14.8%	15.0%	10.6%
10.	Interest Rate Paid on non-bank deposits	3.1%	3.2%	3.5%	3.9%	2.0%
11.	Spread (lending vs deposits rates)	12.6%	10.6%	11.3%	11.1%	8.6%

## 2.5 LIQUIDITY ANALYSIS

As at 31st December 2006, the liquidity position of the banking sector was considered satisfactory. The ratio of liquid assets to demand liabilities declined slightly to 59%, from 62% as at the end of year 2005. Loans to deposit ratio increased slightly to 47% from 40% which was recorded at the end of 2005.

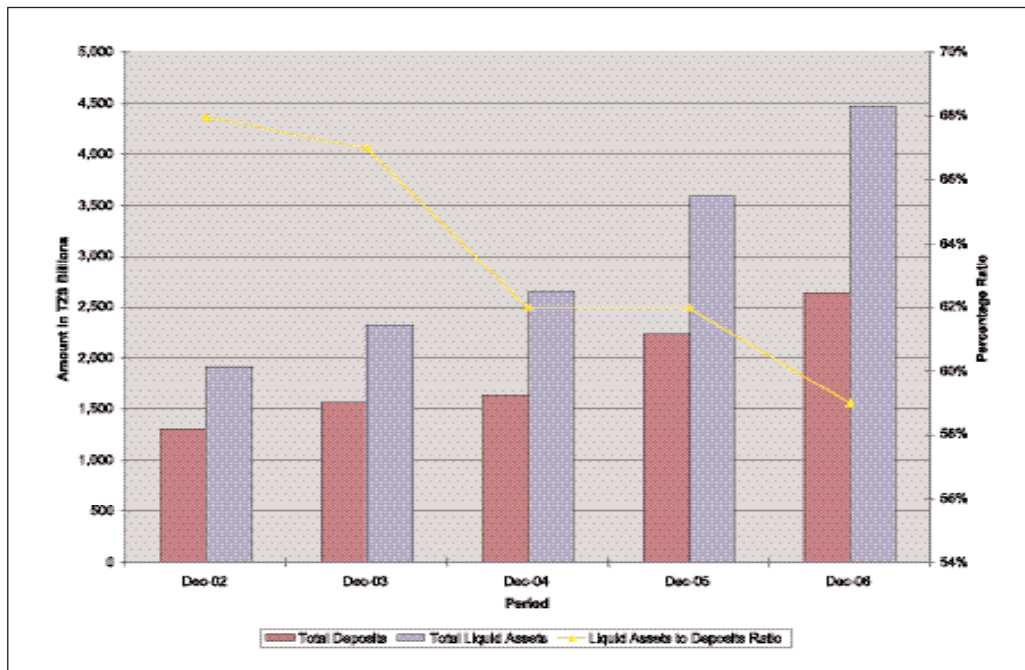
The deposits structure of the banking industry consisted of current account deposits (46%), savings deposits (22%), time deposits (24%), dormant accounts (1%), special deposits (2%) and Deposits from banks and financial institutions (5%). Proportion of foreign currency liabilities to total liabilities increased to 39% from 35% as at the end of year 2005.



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

Item	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	CHANGE				
						2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Cash	73	84	92	121	168	24%	15%	10%	32%	39%
Balances with BOT	158	202	279	331	382	3%	28%	38%	19%	15%
Balances with banks	638	771	751	844	1176	16%	21%	-3%	12%	39%
Cheques and items for clearing	49	82	65	76	101	63%	67%	-21%	17%	33%
Treasury Bills	398	424	454	872	822	83%	7%	7%	92%	-6%
<b>Total liquid assets</b>	<b>1,316</b>	<b>1,563</b>	<b>1,641</b>	<b>2,244</b>	<b>2649</b>	<b>30%</b>	<b>19%</b>	<b>5%</b>	<b>37%</b>	<b>18%</b>
Deposits - public	1,689	2,038	2,435	3,403	4216	25%	21%	19%	40%	24%
Deposits - special	121	142	81	79	68	33%	17%	-43%	-29%	-14%
Deposits - banks	118	149	149	116	197	90%	26%	0%	-22%	70%
<b>Total Deposits</b>	<b>1,928</b>	<b>2,329</b>	<b>2,665</b>	<b>3,598</b>	<b>4481</b>	<b>28%</b>	<b>21%</b>	<b>14%</b>	<b>35%</b>	<b>25%</b>
Liquid assets to Demand Liabilities	68%	67%	62%	62%	59%	1%	-1%	-7%	0%	-3%

**CHART NO 6: LIQUID ASSETS TO DEMAND LIABILITIES RATIO 2002-2006**





## 2.6 PERFORMANCE OF BUREAUX DE CHANGE

Purchases of foreign currency by bureaux de change for the year 2006 amounted to USD 425.35 million while sales of the same amounted to USD 423.51 million thereby recording a net inflow of USD 3.84 million. Purchases and Sales for bureaux de change operated in Zanzibar amounted to USD 23.04 million and USD 22.86 million respectively, which is 5.72% of total volume of bureaux business. For the year 2005 purchases of foreign currency by the bureaux de change amounted to USD 435.75 million while sales was USD 437.98 million thereby recording a net outflow of USD 2.23 million. The volume of activities of bureaux de change for the year 2006 indicated a decrease of 2.85% compared to 2005. During the period under review nineteen bureaux were licensed.

Most of bureaux de change complied with Foreign Exchange (Bureaux de Change) Regulations, 1999 and BOT circulars. This was due to enhanced annual on-site examinations and training provided to bureaux de change operators. Further, incidences of non-compliance were sternly dealt with by way

of strong warnings and where necessary penalties were imposed. During 2006, 11 bureaux de change operators decided voluntarily to close their businesses.

## 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 bureaux. As at 31<sup>st</sup> December 2006, the banking industry was adequately capitalized relative to the investment in risk assets. A significant growth of loan portfolio of 39% was recorded during the year. Loans and advances accounted for 37% of the sector's total assets. The quality of loan portfolio was fair as depicted by the level of non-performing loans relative to gross loans. The banking sector was fairly liquid partly due to reliance on investment in treasury instruments. Table 8 below contains the financial soundness indicators (FSI's) for the banking sector as at 31<sup>st</sup> December 2006.



**TABLE NO 7: SUMMARY OF FINANCIAL SOUNDNESS INDICATORS**

Ratios		Dec-03	Dec-04	Dec-05	Dec-06
<b>Capital Adequacy</b>	Total Capital to Risk Weighted Assets	21.0%	21.2%	22.0%	23.0%
	Total Capital to Total Assets	9.9%	10.2%	10.0%	10.7%
<b>Assets Composition and Quality</b>	Total loans and advances to total assets	30.2%	33.7%	33.7%	37%
	Sectoral distribution of loans to total loans:				
	Trade	23.8%	22.4%	31.5%	18.79%
	Mining and Manufacturing	27.3%	22.2%	26.7%	22.5%
	Agricultural Production	14.1%	12.8%	15.4%	14.1%
	Building and Construction	5.5%	3.8%	6.9%	6.6%
	Transport	10.3%	8.3%	9.0%	9.5%
	Foreign Exchange loans to total loans	27.2%	28.9%	32.7%	33.8%
	Non-performing loans to gross loans	4.5%	4.4%	5.0%	7.3%
	NPL's net of provisions to total capital	9.3%	11.4%	14.8%	21.6%
Large Exposures to total capital (5 largest exposures in the industry)	59.3%	64.1%	53.3%	282.95%	
<b>Earnings and Profitability</b>	Return on assets	2.1%	2.9%	3.3%	2.4%
	Return on equity	20.7%	28.4%	33.1%	26.0%
	Interest Margin to Gross Income	51.5%	54.8%	60.9%	53.1%
	Non-interest expenses to Gross income	67.1%	61.6%	56.9%	43.5%
	Personnel expenses to non-interest expenses	39.9%	39.0%	39.6%	39.6%
	Trading and fee income to total income	42.3%	39.1%	33.6%	28.9%
	Interest Rate Earned on Loans and Advances	13.8%	14.8%	15.0%	10.6%
	Interest Rate Paid on non-bank deposits	3.2%	3.5%	3.9%	2.0%
	Spread (lending vs deposits rates)	10.7%	11.3%	11.0%	8.5%
<b>Liquidity</b>	Liquid Assets to Total Assets	56.3%	53.6%	55.0%	49.1%
	Liquid Assets to Total Short Term Liabilities	62.8%	62.0%	62.4%	59.1%
	Total loans to customer deposits	41.2%	44.4%	42.4%	50.0%
	Foreign Exchange Liabilities to Total Liabilities	36.5%	34.7%	34.9%	39.0%
<b>SENSITIVITY TO MARKET RISK</b>	Net Open Positions in FX to total capital	-55.6%	-38.8%	-49.9%	-35.2%



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## CHAPTER THREE

### MAJOR ACTIVITIES OF THE DIRECTORATE

#### 3.1 OVERVIEW

The objective of the Directorate of Banking Supervision is to ensure safety, stability and soundness of the banking system in Tanzania. In achieving this objective, the Directorate is responsible for licensing of all banks, non-banks financial institutions, and bureaux de change and supervising all banking activities conducted by such institutions and monitoring compliance with laws, regulations, circulars and standards issued by BOT and other bodies.

#### 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:

##### Analysis of Statutory Returns

The Directorate continued to use off-site surveillance methodology to review quantitative factors that provide indicators of the overall performance of specific bank and/or financial institution. Each bank and financial institution submitted regulatory reports as required, the Directorate uses the information submitted to monitor compliance and for other supervisory and regulatory purposes. In order to improve off-site surveillance, the Directorate enhanced quality of Banking Supervision Information Systems (BSIS) by automating BOT Form 16 schedules and hence producing more accurate, consistent and reliable information.

##### Licensing

During the year 2006 one non-bank financial institution namely Tandahimba Community Bank was licensed. Also nineteen (19) foreign



exchange bureaux were licensed to start operations in both Tanzania mainland and Zanzibar.

The Directorate also approved opening of new branches and relocation to new premises of headquarters and branches of banks and non-bank financial institutions. During the period under review the Directorate approved establishment of 15 new branches of banks and non-bank financial institutions in various places within the country, in addition the Directorate approved establishment of one foreign subsidiary of a local bank.

### **3.2.2 ON SITE EXAMINATION**

During the period under review the Directorate continued to conduct both traditional full scope on-site examinations and pilot risk based examinations to banks and non-banks financial institutions.

During the period 33 institutions were examined. Seven (7) banks were examined using risk based approach. The objective is to shift from the traditional supervision approach to risk

based supervision (RBS) approach. This move is a product of a number of factors including increased risks and increased number of banks and non-bank financial institutions in the country.

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 Bank of Tanzania Act 2006, Banking and Financial Institutions Act, 2006 and with banking regulations, guidelines, circulars and directives.

### **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 audited financial statement and management letters issued by external auditors, implementation status of external auditor's findings, compliance with examination reports and introduction of new products and strategies.





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

The Bank of Tanzania Act, 2006 and Banking and Financial Institutions Act 2006 became effective in July 2006 following enactment of the new laws and repeal of the old legislations. The new legislations incorporate current changes /challenges in the banking and financial sector, including recommendations in the Financial Sector Assessment Programme (FSAP) Report of 2003.

In view of the new banking legislations, the Directorate of Banking Supervision is in the process of introducing new guidelines as well as reviewing existing regulations to be in line with the new Bank of Tanzania Act 2006 and the Banking and Financial Institutions Act 2006. New guidelines which are still in draft form are guidelines for Directors and Outsourcing. New regulations which are in draft form include; The Prompt Corrective Action, The Physical Security Measures for banks, financial institutions and bureaux de change.

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

The Directorate coordinated procurement of consultants for activities financed by World Bank under FIDP II. During this period, the project (FIDP II) participated in funding of various activities/projects that are geared towards, restructuring of the state owned banks like Peoples Bank of Zanzibar, Tanzania Postal Bank and Tanzania Investment Bank. In addition FIDP provided funds for strengthening bank supervision, improving the Deposit Insurance Board and National Payment System, strengthening of Capital Markets and Security Authority (CMSA), improving Insurance Supervisory Department (ISD), establishment of Credit Information Bureau, reform of the Pension Sector and privatization of the National Insurance Corporation.

FIDP II was closed in December 2006 and replaced by The Financial Sector Support Program (FSP). FSP is a five



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year project designed to implement Second Generation Financial Sector Reforms in key priority areas of the banking sector, developing the financial markets, reforming the pension sector, strengthening the insurance industry, facilitating the provision of long-term development finance and strengthening Microfinance and rural finance.



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## CHAPTER 4

### DEVELOPMENTS IN BANKING SUPERVISION

#### 4.0 OVERVIEW

During the year under review the Directorate continued to work on various contemporary issues in banking supervision so as to ensure soundness and stability of the banking system.

#### 4.1 RISK BASED SUPERVISION PROJECT

The process of migrating from traditional supervision approach to Risk Based Supervision (RBS) has reached an advanced stage. During the year under review the Directorate finalized the Risk Based Supervision Framework. This provides a detailed description of the Risk Based Supervision framework to be adopted by the Bank of Tanzania for supervision of banks and financial institutions.

During the year 2006 the Directorate reviewed Risk

Management Programmes (RMPs) submitted by banks and financial Institutions.

The Directorate continued conducting pilot RBS examinations on selective basis to some banks and financial institutions. In the year 2007 the Directorate plans to finalize RBS examination manual and improvement of off site surveillance ready for full implementation of Risk Based Supervision approach.

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

The Bank of Tanzania is in the process of creating an environment which will be supportive at the point of adoption of Basel II.

During the year under review the Bank of Tanzania has been working on the prerequisites for the full implementation of Basel II so as to lay down a strong foundation for the full implementation of Basel II in Tanzania. These pre-requisites include:



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

Tanzania had partially implemented Basel I. An element that was missing under Basel I was Capital Charge for Market Risk. Review of the Capital Adequacy Regulations has taken into consideration among others, capital charge for Market Risk. This is now incorporated in the draft regulations.

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

The legislations governing banking business in Tanzania have been reviewed and the new *Banking and Financial Institutions Act 2006* and the *Bank of Tanzania Act 2006* have been amended. These revised legislations have taken into considerations some lapses in compliance with Basel Core Principles.

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

Risk Based Supervision is another prerequisite for effective implementation of

Basel II. Update of the Risk Based Supervision Project is as provided in section 4.1.

## **4. Continuing Studying Basel II**

Bank of Tanzania will continue with the process of studying Basel II framework and imparting the knowledge to the industry. This process will also involve assessment of capacity and 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.

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

The Anti-Money Laundering Act 2006 was passed by Parliament in November 2006. The same was enacted to complement the Prevention of Terrorism Act, 2002 with a view of achieving international standards on money laundering and prevention of terrorist financing. The act also provides



for establishment of a Financial Intelligence Unit (FIU). The FIU will be responsible for receiving, analyzing and disseminating suspicious transaction reports and other information regarding potential money laundering or terrorist financing received from the reporting persons and other sources from within and outside the country.

During the year under review the Bank of Tanzania continued to chair the National Anti-Money Laundering Committee, an advisory agency to the Government on various issues and challenges in combating money laundering and financing of terrorism. The Tanzanian Government is committed to the war against money laundering and financing of terrorism and is striving to put in place a robust and modern anti-money laundering regime and institutional framework that will ensure the problem is controlled and prevented.

Tanzania takes cognizance of efforts made so far and has plans/strategies for the future, which include;

- i. Continue, carrying out vigorous sensitization and AML awareness campaigns to various stakeholders;
- ii. Cooperating with bilateral, regional and international agencies and institutions in exchange and sharing of AML information;
- iii. Establishment of Financial Intelligence Unit by 2007;
- iv. Strengthening networking and coordination forums for national authorities to cooperate in exchanging and sharing information;
- v. Training and capacity building of all key stakeholders in the war against money laundering including Police, Bank Examiners, Bankers, Investigators, Judges, and Prosecutors.

The country is fully aware of the magnitude and negative effects money laundering and financing of terrorism can have economically, politically and socially. So will continue to be committed to international cooperation in all efforts to combat and contain effects posed by money laundering and terrorism financing.



#### **4.6 PREPARATION FOR REGULATORY AND OPERATIONAL FRAMEWORK FOR THE PENSION SECTOR IN TANZANIA**

The pension system has existed in Tanzania since before independence, whereby a number of policies were made and acts passed in regard to the protection of the population against contingencies like employment injuries, death and old age.

Efforts by the Government to provide social security protection in the country have brought about significant developments. Currently there are about seven formal institutions that provide social security protection in Tanzania. These are the National Social Security Fund, PPF Fund, Public Service Pensions Fund, Local Authority Provident Fund, Zanzibar Social Security Fund, Government Employees Provident Fund and National Health Insurance Fund.

There is increased public awareness in respect of benefits offered and

investments by the social security and Pension Funds. Major setbacks have been lack of regulatory framework, low coverage, fragmentation of legislation and inadequate contribution of investments of social security funds to the development of the economy.

In addressing those major setbacks the Government has hired a consultant in August 2006 to work with the Bank of Tanzania to carry out a review of pension sector in Tanzania and come up with the following:

- I. Appropriate legal, regulatory and operational framework for public and private sector pension funds.
- II. Rational order and logical mix or otherwise of the existing pension funds, the laws and regulations to govern their operations, and the appropriate body to enforce the regulations.

Some groundwork has already been done on pension sector reform during the FSAP mission and other financial



sector reports and during the preparation of the National Social Security Policy. The final report of this assignment of developing a legal and regulatory framework for the pension sector will assist the Government to decide on the best way of reforming the pension sector.

#### **4.7 LEGAL AND REGULATORY FRAMEWORK FOR CREDIT INFORMATION SHARING**

The initial process for establishment of legal and regulatory environment for credit information sharing in Tanzania was in progress. During the year under review a consultant has been engaged to assist the process that will lead to the creation of a legal and regulatory framework for establishing, licensing, regulating, and supervising credit information bureaux.

Bank of Tanzania Act 2006 mandates the Bank of Tanzania to create a credit reference system designed to collect and provide information on the payment record of all clients of all banks and

financial institutions in the United Republic of Tanzania as well as those of savings and credit schemes and other entities engaged on a regular basis in extension of credits. Establishment of Credit Information Bureau and Credit Information Databank will facilitate informed credit decisions which will contribute in reducing the level of non performing credits.

#### **4.8 RESTRUCTURING OF STATE OWNED BANKS**

Restructuring process of the remaining state owned banks continued with cooperation of various key stakeholders. During the year under review the Government has made a decision to transform Tanzania Investment Bank (TIB) into development bank for provision of medium and long term credit. The process of transforming the Tanzania Investment Bank (TIB) into a development bank will involve increasing its capital base and enhancing training on development banking to the staff of the financial institution.



## **4.9 INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Following the adoption of the International Financial Reporting Standards in July 2004 the Directorate continued to study the standards and encourage banks and financial institutions to comply with the IFRS while ensuring adequate provisions for bad and doubtful debts for determining capital adequacy. During the year under review examiners were trained on IFRS issues so as to impart to them, necessary knowledge to face various challenges imposed by the standards.

## **4.10 FSI CONNECT**

The Directorate continued to put more emphasis on its staff career developments to sharpen their knowledge so as to keep pace with the dynamism in the banking sector and the financial market in general. During the year under review the Directorate renewed the subscriptions to the FSI connect to enable its staff benefit with this online information and learning resource developed by the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) in Switzerland.





## CHAPTER FIVE

### COOPERATION 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 co-ordinates technical assistance provided by International Monetary Fund (IMF) to the region.

East AFRITAC offered technical assistance to the Directorate of Banking Supervision by reviewing existing BOT Regulations to align them with the new Bank of Tanzania Act 2006 and Banking and Financial Institution Act 2006.

The Directorate continued to co-operate 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 examinations were conducted to gain exposure, as well as harmonize supervisory practices in the region. During the year, the Directorate received examiners from Uganda who joined Bank of Tanzania team in examination of banks and financial institutions.

#### 5.2 COMPLIANCE WITH THE BASEL CORE PRINCIPLES.

Enactment of Bank of Tanzania ACT, 2006 and Banking and Financial Institutions Act, 2006 among other issues were meant to incorporate FSAP recommendations on compliance with Basel Core Principles. Further, in an effort to ensure compliance with Basel Core Principles the directorate also reviewed the BOT form 16 schedules and Peer group analysis as well as stress testing to determine early warning signals.



### **5.3 CAPACITY BUILDING**

The Directorate continued to train Bank examiners to match the increasing supervisory challenges and complexities in the banking industry. Directorate's staff were trained on Risk Based Supervision methodology to equip them with necessary skills for implementation of RBS approach. Selected staff members attended RBS training and attachment programs in India, Canada, Zimbabwe and Uganda. Directorate staff also participated in other local and international programs such as money laundering, Risk Management, new capital accord and operations of credit reference bureaus.

The Directorate continued to benefit from the international and regional training workshops/courses/seminars sponsored by the Federal Reserve System, Bank for 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 continued to cooperate with and participated in forums organized by SADC countries under the CCBG and CCBO.

During the year the BOT participated in the SADC Sub committee on Banking Supervision (SSBS) meeting held in Pretoria, South Africa. In addition, during this period, the Committee of Central Banks Governors (CCBG) in SADC countries met in South Africa, among other things, Memorandum Understanding (MoU) on Cooperation and Coordination in the area of Banking Regulatory and Supervisory matters was tabled for approval.

The said Memorandum of Understanding establishes a framework for Cooperation and Coordination between SADC Central Banks on Banking Regulatory and



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Supervisory matters. The application of this MoU will culminate in harmonized banking regulatory and supervisory features, policy, practice, rules and procedures across the SADC Region.

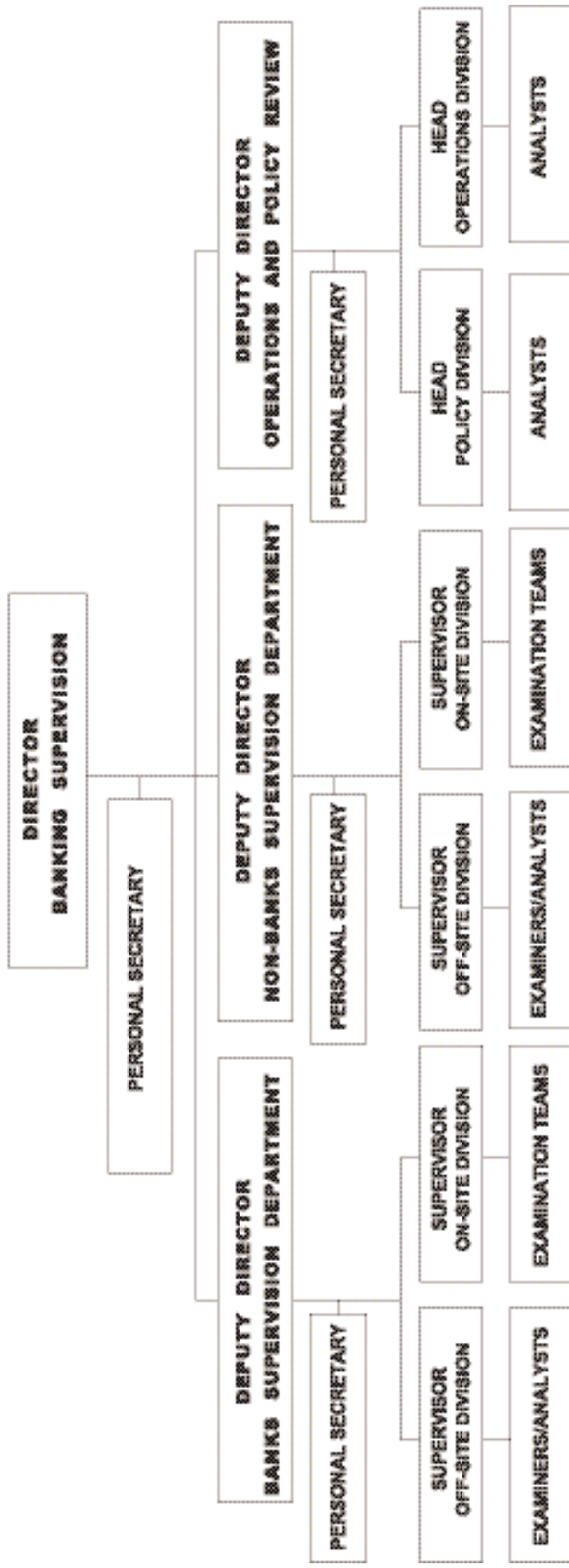
The Bank of Tanzania continued to co-operate with the SADC Subcommittee of Bank Supervisors (SBSS) on issues related to promotion and enhancement of bank supervision through

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.



## APPENDIX I: DIRECTORATE OF BANKING SUPERVISION ORGANIZATION CHART

### DIRECTORATE OF BANKING SUPERVISION ORGANIZATION





## APPENDIX II: DIRECTORY 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 (%)
					2005 TZS MILLION	2006 TZS MILLION		2005 TZS MILLIONS	2006 TZS MILLIONS	
1	STANDARD CHARTERED BANK (T) LTD	<a href="http://www.standardchartered.com">www.standardchartered.com</a> <a href="mailto:cellservice@tz-standardchartered.com">cellservice@tz-standardchartered.com</a>	TEL: 2122125, 2122128, 2122140, 2122143 FAX: 2113779	5	451,052.52	556,374.52	23	371,715.06	456,486.03	25
2	STANBIC BANK (T) LTD	<a href="http://info@stanbic.com">info@stanbic.com</a>	TEL: 2112195-250 FAX: 2113762	9	259,678.60	319,381.64	23	197,722.39	242,580.47	23
3	CITIBANK (T) LTD	<a href="http://www.citibank.co.tz">www.citibank.co.tz</a>	TEL: 2117576, 2117621 FAX: 2113910, 2117578	1	343,119.27	499,425.83	44	298,037.10	422,227.48	41
4	FBME BANK LTD	<a href="mailto:headoffice@fbms.com">headoffice@fbms.com</a>	TEL: 2125000 FAX: 2128005	4	65,634.75	85,232.53	34	16,722.86	35,852.44	115
5	EURAFRICAN BANK (T) LTD	<a href="mailto:esb@euroafricanbank.co.tz">esb@euroafricanbank.co.tz</a>	TEL: 2113826, 2111228, 2110104 FAX: 2113740	2	48,436.07	65,240.94	41	38,746.55	57,048.58	47
6	DIAMOND TRUST BANK (T) LTD.	<a href="mailto:sales@diamondtrust.co.tz">sales@diamondtrust.co.tz</a>	TEL: 2114968-82 FAX: 2114210, 2114953	3	67,388.85	75,106.53	31	47,988.07	64,653.86	34
7	EXIM BANK TANZANIA LIMITED	<a href="http://www.eximbanktz.org">www.eximbanktz.org</a>	TEL: 2113081 FAX: 2119727	8	214,359.40	267,995.42	25	180,305.40	222,616.73	24



## APPENDIX II Cont'd: DIRECTORY OF BANKS OPERATING IN TANZANIA

SN	NAME OF BANK	WEBSITE/E-MAIL	TELEPHONE & FAX NUMBERS	BRANCH NETWORK	TOTAL ASSETS AS AT 31 DECEMBER		TOTAL DEPOSITS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH (%)
					2005	2006	2005	2006	
8	NBC BANK LTD	<a href="http://www.nbc.tz">www.nbc.tz</a> nbcinfo@nbc.tz	TEL.: 2113914, 212002,211803 FAX: 2122667	34	824,641.49	812,171.59	535,177.75	683,798.95	28
9	NATIONAL MICROFINANCE BANK LTD.	<a href="mailto:nmb_cep@nmb-nel.com">nmb_cep@nmb-nel.com</a>	TEL.: 2118783, 21189250, 2124048 FAX: 2114058	115	690,305.39	794,654.55	616,865.22	687,825.76	12
10	CROB BANK LTD	<a href="http://www.crob.com">www.crob.com</a> crob@graha.com	TEL.: 2117442-7 FAX: 2116714	34	742,929.94	697,739.69	552,188.37	787,344.16	15
11	PEOPLES BANK OF ZANZIBAR LTD	<a href="mailto:pbzinfo@zanzibank.com">pbzinfo@zanzibank.com</a>	TEL.: 2221118 FAX: 2231121	3	62,787.94	77,735.08	50,558.39	65,143.48	8
12	AKIBA COMMERCIAL BANK LTD	<a href="mailto:akiba@celis-nel.com">akiba@celis-nel.com</a>	TEL.: 2118340-4 FAX: 2114173	6	35,006.01	36,351.42	29,385.83	29,910.51	2
13	KENYA COMMERCIAL BANK (T) LTD.	<a href="http://www.kcb.co.ke">www.kcb.co.ke</a> <a href="mailto:kcbtanzania@kcb.co.ke">kcbtanzania@kcb.co.ke</a>	TEL.: 2115396-8 FAX: 2115291	3	34,083.07	50,730.60	22,445.77	33,554.69	49
14	INTERNATIONAL COMMERCIAL BANK (T) LTD.	<a href="mailto:ibm@intaficoa.com">ibm@intaficoa.com</a>	TEL.: 2110518, 2110538, 2110571 FAX: 2110196	3	21,383.76	31,070.08	18,043.54	26,487.86	47
15	HABIB AFRICAN BANK LTD	<a href="mailto:habibafcoen@caha.com">habibafcoen@caha.com</a>	TEL.: 2111107 FAX: 2111014	2	31,283.43	40,906.72	27,056.01	35,276.85	30
16	BARCLAYS BANK (T) LIMITED	<a href="http://www.africoa.barclays.com">www.africoa.barclays.com</a>	Tel: 2129381, 2129758 Fax: 2129757	4	248,398.01	328,194.42	193,821.83	276,765.00	43



## APPENDIX II Cont'd: DIRECTORY OF BANKS OPERATING IN TANZANIA

SN	NAME OF BANK	WEBSITE-MAIL	TELEPHONE & FAX NUMBERS	BRANCH NETWORK	TOTAL ASSETS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH (%)	TOTAL DEPOSITS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH (%)
					2005	2006		2005	2006	
17	UNITED BANK OF AFRICA LIMITED	<a href="mailto:uba@uba-net.com">uba@uba-net.com</a>	Tel. 2129776	1	13,028.83	23,793.79	63	10,872.89	14,582.32	37
18	CF UNION BANK LIMITED	<a href="mailto:cfunionbank@naba.com">cfunionbank@naba.com</a>	Tel. 211766779 Fax. 2118750	2	21,719.55	29,507.93	36	17,508.65	24,161.96	38
19	AFRICAN BANKING CORPORATION (T) LTD	<a href="mailto:abco@afribankinggroup.com">abco@afribankinggroup.com</a>	Tel. 2119660 Fax. 2112402	1	38,194.36	31134.48	-20.56	31,781.88	21663.21	-31.87
20	AZANIA BANK LIMITED	<a href="http://www.azaniabank.co.tz">www.azaniabank.co.tz</a> <a href="mailto:info@azaniabank.co.tz">info@azaniabank.co.tz</a>	TEL: 211799779 FAX: 211801011	2	42,233.95	51,470.80	22	28,903.54	35,376.47	22
21	SAVINGS & FINANCE COMMERCIAL BANK LIMITED	<a href="mailto:sfids@cfbs-net.com">sfids@cfbs-net.com</a>	TEL: 211662518 FAX: 2118733	2	29,346.03	35,575.50	22	24,185.37	29,736.13	23
22	BANK OF BARODA TANZANIA LTD.	<a href="http://www.bankofbaroda.com">www.bankofbaroda.com</a> <a href="mailto:boib@bankofbaroda.com">boib@bankofbaroda.com</a>	Tel. 212448712 Fax. 2124457	1	25,788.22	42,695.73	66	17,125.28	30,416.91	78



### APPENDIX III: DIRECTORY OF FINANCIAL INSTITUTIONS OPERATING IN TANZANIA

S / N	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 %
					2005 TZS MILLIONS	2006 TZS MILLIONS		2005 TZS MILLIONS	2006 TZS MILLIONS	
1.	TANZANIA INVESTMENT BANK	<a href="http://www.ib.co.tz">www.ib.co.tz</a> (E- tz@intafica.com	TEL: 2111708/13 FAX: 2113438	1	60,058.56	76,965.42	28	44,967.95	48,206.18	7
2.	TANZANIA POSTAL BANK	<a href="http://www.postsbank.co.tz">www.postsbank.co.tz</a>	TEL: 2112358/80 FAX: 2114815	7 14 (ROU)*	67,413.49	73,284.90	9	58,178.43	63,063.23	8
3.	TWIGA BANCORP LIMITED	<a href="mailto:info@twiga.co.tz">info@twiga.co.tz</a>	TEL: 2115575/ 2118455 FAX: 2112950	4	28,574.81	28,929.58	9	21,239.89	23680.98	2

\*ROU= Regional Operating Units





## APPENDIX IV: DIRECTORY OF REGIONAL COMMUNITY BANKS OPERATING IN TANZANIA

S/N	NAME OF FINANCIAL INSTITUTION	WEBSITE-MAIL	TELEPHONE & FAX NUMBER	BRANCH NETWORK	TOTAL ASSETS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %	TOTAL DEPOSITS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %
					2006 TZS MILLIONS	2006 TZS MILLIONS		2006 TZS MILLIONS	2006 TZS MILLIONS	
1	DAR ES SALAAM COMMUNITY BANK LIMITED	<a href="mailto:info@afribankonline.co.tz">info@afribankonline.co.tz</a>	Tel. 2190253 Fax 2190259	2	20,170.88	28,008.33	44	16,827.73	24,033.16	42
2	MBINGA COMMUNITY BANK LIMITED	<a href="mailto:mb@mba.com">mb@mba.com</a>	TEL: 025-2840-719	1	5,421.33	1,772.26	25	1,113.79	1,438.10	29
3	KAGERA FARMERS COOPERATIVE BANK LTD	<a href="mailto:kcb@afribankonline.co.tz">kcb@afribankonline.co.tz</a>	TEL: 028-2220028 FAX: 028-2720005	1	2,166.06	2,869.07	24	1,946.54	2,219.87	14
4	KILIMNJARO COOPERATIVE BANK	<a href="mailto:kilimbanari@afribankonline.co.tz">kilimbanari@afribankonline.co.tz</a>	TEL: 2754170 FAX: 2753579	1	4,479.05	4,819.37	8	3,344.81	3,849.94	9
5	LOHUMI COMMERCIAL BANK	<a href="mailto:info@vubank.com">info@vubank.com</a>	Tel: 027 2750481 Fax 027 2750482	1	691.41	2,085.63	203	336.86	1,827.66	443.94



## APPENDIX V: DIRECTORY OF REGIONAL INSTITUTIONS OPERATING IN TANZANIA

S / N	NAME OF FINANCIAL INSTITUTION	WEBSITE/MAIL	TELEPHONE & FAX NUMBER	BRANCH NETWORK	TOTAL ASSETS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %	TOTAL DEPOSITS AS AT 31 DECEMBER		PERCENTAGE ANNUAL GROWTH %
					2008 TZS MILLIONS	2008 TZS MILLION		2008 TZS MILLIONS	2008 TZS MILLION	
1.	MWANGA RURAL COMMUNITY BANK	<a href="mailto:mwanga@bank.co.tz">mwanga@bank.co.tz</a>	TEL: 027-2754235	1	1,988.69	3,063.17	55	1,659.43	2,643.00	59
2.	MUFINDI COMMUNITY BANK LTD	<a href="mailto:mufindi@communitybank@yahoo.co.uk">mufindi@communitybank@yahoo.co.uk</a>	FAX: 061-772165 or 026 2772544	1	2,381.84	3,450.74	44	2,121.32	2,844.71	34



## APPENDIX VI: LIST OF BUREAU DE CHANGE OPERATING IN TANZANIA

S/N	NAME OF THE BUREAU	LOCATION	BCL NO.	POSTAL ADDRESS	PHYSICAL ADDRESS
1	ALLIANCE	ARUSHA	288	P. O. Box 13441 Arusha	9 Swahili Street, Simba Court Hotel
2	ARUSHA	ARUSHA	216	Box 11169 Arusha	Plot No. 39 BloodBIE Boma Road
3	CAMEL	ARUSHA	211	Box 2288, Arusha	Joel Maeda Street
4	CLASSIC	ARUSHA	204	Box 7302 Arusha	Plot No.37 A-3 Kibo Road MtnHl
5	CLOCK TOWER	ARUSHA	249	Box 11707 Arusha	Plot No.69 E Sokoina Road
6	COLBUS	ARUSHA	289	Box 10822 DSM	TPA Shopping Complex Shop#70
7	EXCHANGE CENTRE	ARUSHA	194	Box 2145, Arusha	Plot#BIE APPT.#004 Joel maeda Street
8	FINANCAL	ARUSHA	256	Box 11628 Arusha	India Street
9	FOREIGNERS	ARUSHA	283	Box 7356, Arusha	Geforodoi Road
10	GOJONDOI	ARUSHA	289	P. O. Box 266 Arusha	Joel Maeda
11	HEDAL (B) STADIUM	ARUSHA	54	Box 11169, Arusha	Plot No.36 Stadium Road
12	HEDAL (B) SOKOINE	ARUSHA	147	Box 11169, Arusha	Plot No.81E Sokoina Road
13	BONGO (New)	ARUSHA	317	Box 1267, Arusha	Plot No. 9, Stadium Street - Arusha
14	KIBO PALACE	ARUSHA	286	Box 2523, Arusha	Plot No.29E Geforodoi Joel Maeda Road
15	KING'S	ARUSHA	173	Box 8277, Arusha	Plot No.36BE Boma Road
16	LION'S	ARUSHA	17	Box 999, Arusha	Plot No.87/Saidha Nairobi Road
17	MONEYWISE	ARUSHA	214	Box 2075, Arusha	Middleton Road
18	MOTEL IMPALA	ARUSHA	20	Box 7302, Arusha	Plot No. 10/11 Kijenge Commercial Centre, In Motel Impala Hotel
19	NIXON (New)	ARUSHA	302	Box 11525 Arusha	Kilimanjaro Airport
20	NORTHERN	ARUSHA	137	Box 7302, Arusha	Plot No.61E/Joel Maeda Street
21	FESAME	ARUSHA	258	Box 11525 Arusha	Plot No.39 Boma Road
22	ROIKA	ARUSHA	254	Box 14793, Arusha	Sokoina Road
23	SANTA	ARUSHA	230	Box 7356, Arusha	Plot No.50 Sokoina Road



## APPENDIX VI Cont'd: LIST OF BUREAU DE CHANGE OPERATING IN TANZANIA

S/N	NAME OF THE BUREAU	LOCATION	BCL NO.	POSTAL ADDRESS	PHYSICAL ADDRESS
24	SANYA II	ARUSHA	299	Box 7958, Arusha	Plot No. 70/71/72 Sokoinhe Road
25	SIFA (New)	ARUSHA	304	Box 11525 Arusha	Bona Road - Arusha
26	SUMMIT	ARUSHA	284	Box 8275 Arusha	Plot 29 Block T - Sokoinhe Road - Arusha
27	TANGANYIKA	ARUSHA	262	Box 6143 Arusha	AIOC Complex
28	TARETO FOREX SHOP (New)	ARUSHA	319	Box 1436, Arusha	India Street - Safari Hotel - Arusha
29	TORTOISE	ARUSHA	298	Box 12075 Arusha	Plot No. 35A India Street
30	WEST EAST	ARUSHA	217	Box 1401, Arusha	Plot 998E Bona Road - Arusha
31	DCT	DODOMA	164	Box 15 Dodoma	Plot No. 27 Kuu Street
32	AMAF-H	DSM	119	Box 4534, DSM	Plot No. 344, Shop 3, Oysterbay Shopping Complex
33	AMAN	DSM	252	Box 42571, DSM	Siolehu Street, Karakoo
34	ARCAOE	DSM	288	Box 38192 DSM	Plot No. 72 Old Bagamoyo Road
35	ARE	DSM	305	P.O.BOX 19837 DSM	Plot No. 1036/37 Moro Rd/Samora Avenue
36	ASSENCA	DSM	318	Box 3237 DSM	Plot No. 16 Block 75 Uhuru Street
37	BABU	DSM	330	Box 70235 DSM	Plot No. 4 Pemba Street - Karakoo
38	BANJUL	DSM	323	Box 36062 DSM	House No. 171 Chaggia Street, K'koo
39	BEST RATES	DSM	294	P.O.BOX 72334 DSM	Plot No. 12 Block 14 Congu/Hemas Street
40	BRELIANT	DSM	290	P. O. Box 214 DSM	Ground Floor, Kilimanjaro Kempinski Hotel.
41	BUREAU DE CHANGE 2000	DSM	200	Box 20263 DSM	Plot No. 2063/14A, Jamhuri Street
42	CITY EXCHANGE	DSM	264	Box 75142 DSM	Plot No. 2064/0 IPS Building
43	CITY FLIER	DSM	311	Box 42811 DSM	Plot No. 20 Aggrey Street.
44	COAST	DSM	313	Box 7289 DSM	Plot No. 54/59 Msaani 'D' Mikocheni inside Mayfair Plaza Ground Floor Shop No. 7
45	CORNY	DSM	308	Box 2554 DSM	Plot No. 006 Samora Avenue
46	CROWN	DSM	311	Box 6672, DSM	Zanaki/ India Streets
47	DAHABSHL	DSM	229	Box 21955, DSM	Livingstone Street Plot No. 22
48	DEFRANK	DSM	315	Box 14012 DSM	Plot no. 27130 samora Ave - Estelcom Bldg
49	DELINA	DSM	327	Box 15351 DSM	Ubungu Plaza - Morogoro Road - Ubungu



## APPENDIX VI Cont'd: LIST OF BUREAU DE CHANGE OPERATING IN TANZANIA

SN	NAME OF THE BUREAU	LOCATION	BCL NO.	POSTAL ADDRESS	PHYSICAL ADDRESS
50	DESTINY	DSM	287	P. O. Box 1983 DSM	Plot No 103/106 Samora Ave/Maro Rd
51	DODOMAKOSHI	DSM	287	P.O.BOX 75605 DSM	Plot No. 2 Mlunguri Street, Karakoo
52	EQUITY	DSM	142	Box 263, DSM	Royal Palm Hotel
53	FAISAL	DSM	325	Box 875 DSM	Plot No. 1490/150 Indra Gandhi Street
54	GALAXY	DSM	057	Box 212*19, DSM	J. K. Nyerere International Airport
55	GALAXY W/CHANGER	DSM	458	Box 212*19, DSM	Plot No. 129/50 Samora Ave./ Bridga Street
56	GRAND	DSM	293	P.O.BOX 31673 DSM	Plot No. 2273-4/32 Samora Ave/Azikiwe Street
57	GREEN	DSM	310	Box 79946 DSM	Plot No. 5 Sokolna drive/Mowepeu Street
58	HANIS	DSM	307	P.O.BOX 31673 DSM	Plot No. 563/48 Samora Avenue
59	IMALASEKO	DSM	213	P. O. BOX 10145 DSM	Plot No. 166225/9 Garden Ave -Pambaa Hise.
60	ISLAND FOREX	DSM	296	P.O.BOX 21545 DSM	Plot No. 10 Maimbazi Street, Karakoo
61	JAIMANI	DSM	036	Box 7495, DSM	J. K. Nyerere International Airport
62	JET	DSM	328	Box 2756 DSM	Plot No. 767/59 Samora Ave. Opp Ministry of Minerals
63	JOSHUA	DSM	265	Box 80676 DSM	Plot No. 503 Block 99 Sheauri Mayo Street
64	KAI	DSM	146	Box 21530, DSM	Plot No.28150 Samora Av.
65	KARAFUJI	DSM	322	Box 2903 DSM	Ground Floor. Mafina House - Azikiwe Street
66	KARAKOO	DSM	110	Box 5175, DSM	Plot No. 2231 Swahili(Nerung'ombe St
67	KIPEPEO	DSM	285	Box 10221 DSM	1st Floor, Millennium Tower, A. H Mwinyi Rd
68	LEGACY	DSM	301	P.O.BOX 33699 DSM	Plot No. 2317/18 Block 108, Samora Ave
69	LIVINGSTONE	DSM	227	Box 79676, DSM	Livingstone/Pembe House No.64
70	M & R	DSM	262	P.O.BOX 78561 DSM	Plot No. 128/50 Samora Ave/Bridge Street
71	M. G. M	DSM	273	Box 816, DSM	Plot No. 232/59 Morogoro Rd
72	MASAI	DSM	068	Box 4907, DSM	Plot No. 36532 Samora Avenue.
73	MAXCARE	DSM	178	Box 79300, DSM	Namanga Shopping Centre
74	MCSOM'S	DSM	025	Box 4504, DSM	India/Makunganya St.
75	MERMAID	DSM	109	Box 21032, DSM	Plot No. 367/83 Kaluta Street, Dar
76	MOBILE	DSM	234	Box 75639, DSM	Plot No.100148, Jamhuri Street, Ilea



## APPENDIX VI Cont'd: LIST OF BUREAU DE CHANGE OPERATING IN TANZANIA

S/N	NAME OF THE BUREAU	LOCATION	BCL NO.	POSTAL ADDRESS	PHYSICAL ADDRESS
77	MCNEX	DSM	201	Box 75018 DSM	IFS Building
78	MONEY LINK	DSM	271	Box 7177, DSM	Plot No. 638/59 APT 033 Samara Avenue.
79	MSIMBAZI EXCHANGE	DSM	158	Box 76142 DSM	Plot No. 64 Msimbazi Street
80	M-TRADE	DSM	321	P.O.BOX 22376 DSM	15 Ground Floor, New Road Cross Bld.
81	NAMANGA	DSM	281	Box 105704 DSM	Plot No. 88 Old Bagamoyo Road/Makungira
82	NEW SAMORA	DSM	303	P.O.BOX 12597 DSM	Plot No. 5607/43, Samora Avenue
83	ORIENTAL	DSM	113	Box 2554, DSM	IFS Building Samara Avenue
84	PALACE HOTEL	DSM	212	Box 31873, DSM	85 Situkuu Street, Karatoo
85	PEMBA	DSM	331	Box 1015 DSM	Pamba House - Pamba Rd/Garden Avenue
86	PRUDENTIAL	DSM	056	Box 9183, DSM	Plot No. 2318/108 Lehmanns Bld, Samora Av.
87	RASCO	DSM	278	BOX 278 DSM	PLOT NO. 8 KARAJAKO DSM
88	RASLIMAJI	DSM	308	Box 9373, DSM	Sokoine drive, Taosohili Building
89	RAYYAN	DSM	267	P.O.BOX 72494 DSM	Plot No. 2 Chura/ Mkunguni Streets, K'kojo
90	REALITY	DSM	253	Box 22184 DSM	Plot No. 87 Mosque/Indira Gandhi
91	RKI	DSM	255	Box 31873, DSM	RKI Hotel Dar es Salaam
92	RKI HOTEL	DSM	183	Box 31873 DSM	Plot No. 3775 Kilalet Syose DSM
93	RUBY	DSM	191	Box 21718, DSM	Plot No. 1450/89 Jamhuri St.
94	S. H. AMON	DSM	251	Box 72483, DSM	IFS Building Samora/Azizia Streets
95	SAHARA	DSM	275	Box 22189 DSM	Plot No. 335 Indira Gandhi Street
96	SAMORA	DSM	250	Box 8954, DSM	Plot No. 2091/40 Samora
97	SEASIDE W/CHANGER	DSM	257	Box 3270 DSM	TOURE DIRIVE OYSTERBAY
98	SHARIF ALWI	DSM	029	Box 3199, DSM	Plot No. 357/80- 1363 U.W.T Street
99	SHELL	DSM	291	Box 12212 DSM	Plot No. 385/32 Samora Avenue
100	SIMPLE	DSM	314	Box 70191 DSM	Plot No. 84, Situkuu Street, Karatoo
101	SMALL BUREAU	DSM	157	Box 6672, DSM	Plot No.2293 Crescent Falls, Shop No. 2 Ali Hassan Mwinyi Rd opposite to Factory Plaza
102	SUN CITY	DSM	296	P.O.BOX 20132 DSM	Plot No. 388/63 Zanaki/Kiuta Street



## APPENDIX: VI Cont'd: LIST OF BUREAU DE CHANGE OPERATING IN TANZANIA

S/N	NAME OF THE BUREAU	LOCATION	BCL NO.	POSTAL ADDRESS	PHYSICAL ADDRESS
103	SWISS (BS)	DSM	197	Box 905, DSM	Samora Avenue
104	THE TERMINAL	DSM	239	Box 31673, DSM	Libungo Bus Terminal
105	TORODA	DSM	260	Box 4082, DSM	PLOT NO. 2366-91, Azikiwe Street ILALA DSM
106	TRADE	DSM	090	Box 20088, DSM	Plot No. 636/59 Samora Avenue
107	TRISTAR	DSM	155	Box 2554, DSM	Tazara Railway Station
108	TUNGWE	DSM	309	Box 3139 DSM	Ground Floor, IPS Building.
109	WALJIS	DSM	062	Box 434, DSM	Plot No. 6666 Indira Gandhi/Zamadi St.
110	WEST	DSM	179	Box 5252, DSM	Plot No. 158 Railway/Samora Avenue Darf.
111	X-TREME	DSM	280	Box 34025 DSM	Plot No. 31 Azikiwe /Samora
112	ZENU AND DAR	DSM	274	Box 2903 DSM	Plot No. 97 Mosque/Indira Gandhi
113	CAMEO (New)	KARATU	312	Box 54 Karab., Arusha	Plot 17D Ngorongoro/Arusha Rd - Karatu
114	PANJATAN	KICOMA	210	Box 159 Kgombe	Plot No. 197 Lumumbus Road.
115	CHOLE INTER	MAFIA	282	Box 115 MAFIA	Maafa Airport
116	BLUEBIRD (New)	MBEYA	276	Box 2574 Mbeya	Lupe way
117	CHASE	MOSHI	149	Box 315 Moshi	Plot No.63 BlockB Subzai Building
118	EXECUTIVE	MOSHI	60	Box 586, Moshi	Plot No.40 BlockB Section 1 Moshi
119	TRAST	MOSHI	104	Box 8540, Moshi	Plot No. 79 Soko Kuu
120	D S K	MWANZA	092	Box 308 Mwanza	Plot No. 630 Baruu Street
121	TAI FIVE	MWANZA	326	Box 1114 Mwanza	Plot No. 76 Rwigyabore Street - Mwanza
122	VICTORIA	MWANZA	192	Box 19275 Mwanza	New Mwanza Hotel
123	ACCURATE	ZANZIBAR	232	Box 1792 Z'BAR	Plot No. 277 Kiponda Street
124	ADAM'S	ZANZIBAR	224	Box 2744 Z'BAR	Plot No. 1539 Mainindi
125	ARRIVAL	ZANZIBAR	236	Box 3794 Z'BAR	Kiamba Samaki
126	BACHANI	ZANZIBAR	248	Box 1542 Z'BAR	Baghani
127	DARAJANI	ZANZIBAR	246	Box 245 Z'BAR	Darajani
128	DEPARTURE	ZANZIBAR	244	Box 3784 Z'BAR	Kiamba Samaki
129	EAGLE	ZANZIBAR	242	Box 3557 Z'BAR	Plot No. 296W 16 Gizerga Street



## APPENDIX VI Cont'd: LIST OF BUREAU DE CHANGE OPERATING IN TANZANIA

S/N	NAME OF THE BUREAU	LOCATION	BCL NO.	POSTAL ADDRESS	PHYSICAL ADDRESS
130	EXPRESS	ZANZIBAR	218	Box 1537 Z'SAR	Darajani Youth League
131	FIVE STAR	ZANZIBAR	288	Box 42 Z'SAR	Malindi
132	HILMY	ZANZIBAR	236	Box 271 Z'SAR	Zanzibar-Airport
133	ICON	ZANZIBAR	219	Box 1739 Z'SAR	Darajani
134	LOCAL CURRENCY AIRPORT	ZANZIBAR	238	Box 992 Z'SAR	Zanzibar Airport
135	LOCAL CURRENCY SHANGANI	ZANZIBAR	237	Box 992 Z'SAR	Shengari Street House No.37
136	MCHAMBAWIMA	ZANZIBAR	261	Box 3794 Z'SAR	Mchambawima Street/Intem. Hotel
137	NDAME FOREX	ZANZIBAR	223	Box 3781 Z'SAR	Plot No. 57 Kanyala Road, Shangani
138	NEW MALINDI	ZANZIBAR	241	Box 3794 Z'SAR	Plot No. 944 Malindi
139	OLD MARKET	ZANZIBAR	283	Box 3884 Z'SAR	Shengari Street
140	QUEENS	ZANZIBAR	225	Box 1739 Z'SAR	Gzanga Street
141	RAH-SI	ZANZIBAR	272	Box 1334 Z'SAR	Darajani
142	ROYAL	ZANZIBAR	279	Box 1642 Z'SAR	Shangari Street, Old Stone Town
143	SHANGANI	ZANZIBAR	220	Box 4222 Z'SAR	Darajani
144	SHIVANGI	ZANZIBAR	300	Box 1262 Z'SAR	House No. 1637 Darajani
145	SUMA	ZANZIBAR	277	Box 3794 Z'SAR	Darajani Street
146	UNIVERSAL	ZANZIBAR	259	Box 3115 Z'SAR	Plot No. 2669 Mchamgari Mbuyuni
147	RAFKI	ZANZIBAR	320	Box 2275 Z'SAR	Plot No. 245 Hurumzi Street
148	FURAHA	ZANZIBAR	316	Box 1334 Z'SAR	Plot No. 2486 Darajani Street
149	ZANZIBAR	ZANZIBAR	332	Box 4156 Z'SAR	Zanzibar International Airport





## APPENDIX VII: AUDIT FIRMS REGISTERED BY BANK OF TANZANIA TO AUDIT BANKS AND FINANCIAL INSTITUTIONS

S/N	NAME OF THE FIRM	MAIL ADDRESS	PHYSICAL ADDRESS	OTHER CONTACTS	CONTACT PERSON
1	KPMG	BOX 1160	PPF TOWER, Ohio St/Garden Av. Dar es Salaam	Tel no. 2122003 Fax: 2113343 Email: info@kpmg.co.tz	Salim Bashir Country Leader/Senior Partner
2	Globe Accountancy Services	BOX 7794	NIC Investment House Samora Av. Dar es Salaam	Tel no. 2130824 Fax: 2117286 Email: mmm@globe.co.tz veca@obs.co.tz kashonda@globe.co.tz	W. V. Mugurusi Managing Partner
3	PricewaterhouseCoopers	BOX 45	International House, Shaaban Robt St./Garden Av. Dar es Salaam	Tel no. 2133100 Facsimile: 2133200	Leonard Musubi Partner
4	Ernst & Young	BOX 2475	Utali House 36 Lalibon Rd Oysterbay Dar es Salaam	Tel no. 2667227 Fax no. 2666944 Email: info@ey.co.tz	Sydney Dvurane Partner
5	Tanna Srookumar & Co	BOX 948	Garden Av/ Azikiwe St Dar es Salaam	Tel no. 2118657 Email: sroo@tunknetz.com	B. S. Sree Kumar Partner
6	Tricon & Co	BOX 997	Kassums Building Samora Avi/Mkwepu St Dar es Salaam	Tel no. 2131789 Fax no. 2139806 Email: kaka@uf.co.tz	Kenneth Rwekikare Managing Partner



## APPENDIX VII Cont'd: AUDIT FIRMS REGISTERED BY BANK OF TANZANIA TO AUDIT BANKS AND FINANCIAL INSTITUTIONS

S/N	NAME OF THE FIRM	MAIL ADDRESS	PHYSICAL ADDRESS	OTHER CONTACTS	CONTACT PERSON
7	TAC Associates	BOX 580	Malik Road, P/O no. 114 Dar es Salaam	Tel no. 2137721/4 Email: tac@cats-net.com	S. F. Sayore Managing Partner
8	Deloitte & Touche	BOX 1559	PPF TOWER, Ohio St/Garden Av. Dar es Salaam	Tel no. 2116006 Fax no. 2116379 Email: deloitte@deloitte.co.tz	Simon Mponji Country Managing Partner
9	D. G. Patel & Co	BOX 1314	Mahavir Building Opp. Econo Lodge Off Libya St. Dar es Salaam	Tel no. 2112128/2125597/2135915 Fax: 2122300 Email: dgp-co@aha.com	K. S Bhattarai Managing Partner
10	PKF	BOX 12729	J. M. Mail Samora Av Dar es Salaam	Tel no. 2120806/7 Fax no. 2120895 Email: pkfda@tz.pkfa.com	Sujata Jaffer (Mrs) Managing Partner
11	Cooperative Audit and Supervision Corporation (COASCO)	BOX 761	COASCO Building Kisumu Av Dodoma	Tel no. (026) 2321704 Fax no. 2321496 Email: coasco@fo.ucc.co.tz	Severina K. Masha Director General



## APPENDIX VII Cont'd: AUDIT FIRMS REGISTERED BY BANK OF TANZANIA TO AUDIT BANKS AND FINANCIAL INSTITUTIONS

S/N	NAME OF THE FIRM	MAIL ADDRESS	PHYSICAL ADDRESS	OTHER CONTACTS	CONTACT PERSON
12	Mhasibu Consultants	BOX 78047	P.O. no. 430104 Nkrumah St Dar es Salaam	Tel no. 2120238 Email: mhasibuconsultants@mhasibu.com	J. M. Lyanga Managing Partner
13	Ashvin Sclaniki & Company	BOX 1537	Malipula Building Uhindi St Iringa	Tel no. 2702951 Mobile: 0754 695531 Fax no. 2701248 Email: ascauditing@hotmail.com	A. N. Sclaniki Managing Partner









