ISSN 1821 - 7761

FINANCIAL STABILITY REPORT

March 2015

FINANCIAL STABILITY REPORT

March 2015

ISSN 1821-7761

For enquiries and comments contact
Directorate of Financial Stability
Bank of Tanzania
2 Mirambo Street 11884, Dar es Salaam
Tel: +255 22 223 3471/2
Fax: +255 223 4076
http://www.bot.go.tz

TABLE OF CONTENTS

LIST OF CHARTS, TABLES AND BOXES ii
LIST OF ACRONYMS iv
FOREWORD v
EXECUTIVE SUMMARY vi

1.0 MACROECONOMIC AND FINANCIAL ENVIRONMENT 1
1.1 Global Macroeconomic Developments 1
1.2 Regional Macroeconomic Environment 3
1.3 Domestic Macroeconomic Environment 5
1.4 Zanzibar's Macroeconomic Environment 5

2.0 NON- FINANCIAL CORPORATE AND HOUSEHOLD SECTORS 9
2.1 Non-Financial Corporate Sector Financial Conditions 9
2.2 Household Financial Conditions 12

3.0 FINANCIAL SECTOR DEVELOPMENTS 14
3.1 Banking Sector 14
3.2 Capital markets 19
3.3 Insurance Sector 21
3.4 Social Security Sector 23
3.5 Cross-Sector Linkages in the Financial System 25

4.0 FINANCIAL SYSTEM INFRASTRUCTURE AND REGULATORY DEVELOPMENTS 26
4.1 Payment Systems Infrastructure 26
4.2 Financial Regulatory Developments 27

5.0 FINANCIAL SYSTEM RESILIENCE AND STABILITY OUTLOOK 29
5.1 Financial System Resilience 29
5.2 Financial Stability Outlook 29

6.0 POLICY RECOMMENDATIONS 31

APPENDICES 32

LIST OF CHARTS, TABLES AND BOXES

CHARTS

Chart 1.1: World GDP Growth Rate 1

Chart 1.2: GDP Growth Rates for Emerging Markets and Developing Economies 2

Chart 1.3: Economic Growth in sub-Saharan Africa, EAC and SADC 4

Chart 1.4: Inflation Developments in the EAC Region 5

Chart 1.5: Zanzibar Inflation Developments 6

Chart 1.6: Exchange Rates Development of TZS against Selected Currencies (Jan 2010=100) 7

Chart 1.7: Tanzania's Real Effective Exchange Rate 7

Chart 1.8: Monthly Interest Rate Movements; 2012-2015 8

Chart 1.9: Monthly Interest Rate Movements in the Credit Markets; 2010-2014 8

Chart 2.1: Leverage in Domestic Currency 9

Chart 2.2: Leverage in Foreign Currency 10

Chart 2.3: Changes in Business Performance and Expectations 10

Chart 2.4: Change in Profitability by Sector 11

Chart 2.5: NFC Source of Financing 11

Chart 2.6: Household Debt to Disposable Income 12

Chart 2.7: Debt Servicing Cost to Gross Income 13

Chart 3.1: Credit Distribution and Non-Performing Loans at March 2015 16

Chart 3.2: Credit Concentration Risk 17

Chart 3.3: Herfindahl Hirschman Index 17

Chart 3.4: DSE All Share Index and Market Capitalization 19

Chart 3.5: Performance of Share indices as at March 2015 19

Chart 3.6: Dar es Salaam Stock Exchange Turnover and Foreign Investor Participation as of March 2015 19

TABLES

Table 3.1: Selected Financial Soundness Indicators for the Banking System 15

Table 3.2: Open Ended Collective Investment Schemes 21

Table 3.3: Insurance Performance 21

Table 3.4: Financial Soundness Indicators of the Insurance Sector (General and Life) 22

Table 3.5: Tanzania Mainland: Social Security Schemes Investment Portfolio.. 23

Table 3.6: Tanzania Mainland: Social Security Fund's Performance in Billions of TZS 24

Table 3.7: Zanzibar: Social Security Fund Investment Portfolio at end March 2015 24

Table 3.8: Financial System Interconnectedness (Top Ten Banks) 25

Table 4.1: The Trend of volumes and Values Transacted through the Payment Systems 26

BOXES

Box 1: Loan Officers' Opinion Survey on Bank Lending Practices and Credit Conditions 18

APPENDICIES

Appendix 1: Global Economic Performance (Real Growth Rates in Percent) 33

Appendix 2: Annual GDP Performance by Economic Activity – Mainland Tanzania 34

Appendix 3: Annual GDP Performance by Economic Activity – Zanzibar 35

Appendix 4: Non-Financial Corporate Sector Sentiment Index 36

Appendix 5: Selected Macroeconomic Indicators 37

Appendix 6: Growth Rate of Commercial Bank Lending by Sector 38

Appendix 7: Non-Performing Loans by Sectors 39

Appendix 8: Financial Soundness Indicators of the EAC Banking Systems 40

Appendix 9: Trend of Social Security Investment Portfolio.. 41

Appendix 10: Quarterly Performance of DSE 42

LIST OF ACRONYMS

ATMs	-	Automated Teller Machines
CDS	-	Central Depository System
CMCE	-	Capital Markets & Commodity Exchanges
CMSA	-	Capital Market and Securities Authority
DSE	-	Dar es salaam Stock Exchange
EAC	-	East African Community
EAPS	-	East African Payment System
ECH	-	Electronic Clearing House
EMEs	-	Emerging Market Economies
GDP	-	Gross Domestic Product
GPW	-	Gross Premium Written
HHI	-	Herfindahl Hirschman Index
ILF	-	Intraday Lombard Facility
IMF	-	International Monetary Fund
IOSCO	-	International Organization of Securities Commissions
MNOs	-	Mobile Network Operators
NFCs	-	Non-financial Corporations
NGO	-	Non-Governmental Organization
NOP	-	Net Open Position
NPLs	-	Non- Performing Loans
NPS	-	National Payment Systems
POS	-	Point-of-Sale
REER	-	Real Effective Exchange Rate
SACCOS	-	Savings and Credit Co-Operative Societies
SADC	-	Southern African Development Community
SSA	-	Sub-Saharan Africa
SSRA	-	Social Security Regulatory Authority
TFSF	-	Tanzania Financial Stability Forum
TIRA	-	Tanzania Insurance Regulatory Authority
TISS	-	Tanzania Interbank Settlement System
TRWA	-	Total Risk Weighted Assets
TZS	-	Tanzania Shilling
UK	-	United Kingdom
USD	-	United States Dollar
ZSSF	-	Zanzibar Social Security Fund

FOREWORD

Maintenance of financial stability primarily concerns the safeguard of conditions to ensure a proper and efficient functioning of the financial system, and consequently the promotion of real economic activity. Components of the financial system interact with each other, as well as with the real economy including households, non-financial corporations and the public sector to allocate financial resources and thereby redistributing financial risks or build up systemic risks depending on financial conditions. Apart from the supervision of banks, the Bank of Tanzania endeavours to ensure that the overall financial system is safe and resilient to shocks.

In order to sustain the effectiveness of oversight of the financial system, the Bank of Tanzania works closely with other regulatory agencies under the umbrella of the Tanzania Financial Stability Forum (TFSF)[1]. Established in March 2013, the Forum facilitates coordination among the members in order to ensure prompt and effective identification of, and responses to, developments that pose threats to stability of the financial system.

The Financial Stability Report for March 2015 is being released at a time when global risks are subsiding but still significant. The end of accommodative monetary policy in the US could lead to increased cost of funding in international markets, reversal of portfolio flows and depreciating currencies worldwide. Trade flows are likely to remain weak in 2015 partly due to weak demand as a result of slower growth in emerging markets and developing economies. Moreover, international prices for primary commodities have been on a downward trend in the past two years, and are expected to remain low for some time.

Another downside risk is associated with the decline in access to correspondent banking services in developing economies as a result of the growing retraction of global correspondent banking networks attributable to a growing mistrust between the regulators and banks. Decline in correspondent banking may curtail trade, investment, remittance and other related flows, which are critically dependent on links to the global financial system; even flows within the region which are intermediated through global financial institutions will be affected. In cognizance of the adverse implications of a decline in correspondent banking services, Tanzania has engaged in developing and maintaining effective Anti-Money Laundering, and sanction compliance initiatives to qualify as an appropriate correspondent banking services client.

Mindful of the risks, the Bank of Tanzania will continue to implement policies aimed at promoting the efficiency and safety of the financial system as a whole and enhance financial system soundness, through collaborative efforts with other regulators at national and regional level.

Prof. Benno Ndulu

Governor

31st March 2015

[1] Members of the Forum are the ministries of finance of the United Republic of Tanzania and Zanzibar, Capital Markets and Securities Authority, Social Security Regulatory Authority, Tanzania Insurance Regulatory Authority, Deposit Insurance Board and the Bank of Tanzania.

EXECUTIVE SUMMARY

Global economy and trade remain subdued, with uneven growth prospects across major economies. In advanced economies growth is projected to strengthen while in emerging markets and developing economies, it is expected to be weaker. Overall global growth is projected to reach 3.5 percent in 2015, slightly up from 3.4 percent in 2014 driven mainly by strong recovery in the United States.

In advanced economies, growth is supported by increased domestic demand due to enhanced income effects from decline in oil prices, moderate fiscal adjustments, continued accommodative monetary policy and depreciation of Euro and Yen. However, there is still some drag on export competitiveness, particularly in the US due to appreciation of the dollar. While monetary policy measures have led to a significant improvement in the sovereign debt crisis in the euro area, economic recovery remains weak, characterized by continued low levels of private investment, high unemployment and continued risk of deflation.

Emerging market and developing economies have shown diverse economic trends and prospects as reflected by a continued slowdown in China and growth acceleration in India. The slower growth in China is driven by structural shift from investment to consumption output while the growth in India is explained by strong performance of stock and bond markets. China is projected to slow down to 6.8 percent in 2015 from 7.4 percent in 2014 while India is projected to accelerate to 7.5 percent in 2015 from 7.2 percent in 2014.

Growth in developing economies is projected to slowdown to 4.3 percent in 2015 from 4.6 percent in 2014. The slow growth is largely explained by low export demand in emerging and advanced economies and unfavorable world commodity prices including oil. Low oil prices have diverse impact on terms of trade, real incomes and growth in different countries. While fiscal and current account balances have improved in oil importing countries, the same worsened in oil exporting countries.

Growth in Sub-Saharan Africa remained above 5.0 percent until 2014 but is projected to decline to 4.5 percent in 2015. The lower growth projection is attributable to slowdown in export markets in emerging and advanced economies. Prices of oil and other commodities are expected to remain low, with possibilities of further tightening of global financial conditions while large fiscal and current account deficits that prevail in some countries may elevate risks to growth. Despite these challenges, growth in EAC remained strong at 6.0 percent in 2014 and is projected to rise to 6.6 percent in 2015 supported by improved macroeconomic policies and institutions, increased investment in the extractive sector and infrastructure.

Tanzania's economic growth remained strong driven by investment in extractive sector, accelerated infrastructure spending and improved macroeconomic environment. Inflation declined to 4.3 percent in March 2015 from 6.1 percent in March 2014 mainly driven by low food and oil prices. However, the economy is susceptible to risks emanating from slowing down of trading partners' growth and declining commodity prices. In addition, the strengthening of US dollar has increased foreign exchange volatility, domestic prices of imports and debt burden to private and public sectors.

The Non-Financial Corporate Sector is optimistic about business performance and will increase investments in 2015 using bank financing as well as retained earnings. Survey findings established that firms would increase bank borrowing as expressed by sentiment index on usage of trade credits at 70.8 percent, bank loans at 66.7 percent and overdraft at 63.5 percent. This is consistent with expected increase in leverage positions of the firms as indicated by the increase in sentiment index to 53.1 percent in 2015 from 46.6 percent in 2014.

Household debt to disposable income and debt servicing costs continue to increase on account of increased access to credit. The ratio of debt to disposable income was 68.0 percent at end March 2015 compared to 64.8 percent recorded during the similar period in 2014. This compares favorably with other countries in the region. Debt servicing ratio increased to 19.0 percent at end March 2015 compared to 18.8 percent during a similar period in 2014. This is explained by relatively higher nominal and floating interest rates, as well as short term nature of the loans. Comparing to other countries in the region, servicing costs in Tanzania were found to be on the higher side.

The banking sector continued to grow in terms of deposits and assets supported by favorable macroeconomic environment and remained resilient to internal and external shocks. The sector remained profitable, adequately capitalized and liquid with improving quality of assets as reflected by Financial Soundness Indicators. However, return on assets recorded a decline during the period on account of narrowing interest margin.

NPLs declined in tandem with decelerating aggregate credit portfolio growth. NPL levels declined from 8.5 percent to 6.7 percent driven by intensified credit recovery efforts and improved credit risk management. Aggregate growth of credit portfolio decelerated to 16.4 percent during the year ending March 2015 from 22.8 percent registered during the corresponding period in 2014.

The sector was subjected to stress testing to examine the extent to which the banks' capital would be able to withstand an increase in credit, interest and exchange rate risk in the form of losses generated from imposed shocks. The results revealed that the banking system was adequately capitalized to weather off adverse developments.

Inadequate supervisory oversight of non-deposit taking micro-finance institutions exposes the banking and social security sectors to credit risk. The risks can be transmitted into the banking system and social security sector through credit intermediation.

Growing Inter-linkages between banking systems with mobile money platforms creates operational and cyber risks. Usage of mobile phones allows customers to access banking services through the mobile money platform, exposing the core banking system to hackers. This calls for enhanced capacity to monitor and mitigate cyber risks.

Capital and securities markets recorded strong growth in terms of market capitalization driven by share price appreciation. The upsurge was more prominent during the quarter ending March 2015, with foreign investors accounting for 91.4 percent of the trading, following lifting of capital controls to EAC residents in September 2014. While, this has increased vibrancy of the market, there is a need to closely monitor flows to ensure smooth operations and safeguard financial stability.

Accumulation of accounts receivables caused by delays in submission of underwriting proceeds by insurance brokers, increases liquidity risks in the insurance sector. The general insurers' liquidity ratio was 63.2 percent during the year ending December 2014[2] way below the minimum prudential ratio of 95.0 percent. Likewise, life insurers' liquidity ratio was 43.5 percent compared to the minimum prudential ratio of 50.0 percent.

Assets of the Social Security Sector continued to grow amid rising government loan portfolio on account of interest accumulation. The ratio of government loans to total assets stood at 19.3 percent, which was above the limit of 10.0 percent prescribed by Investment Guidelines of 2012. Meanwhile, the Government has outlined a strategy to repay the loans through issuance of government securities in the 2015/16 financial year.

To ensure safety and efficiency of the banking system, the Bank revised existing and issued a new regulation on consolidated banking supervision. The amendments, among others, were aimed at accommodating changes in the industry, mitigate inherent risks and to comply with international best practices.

The Social Security Schemes (Security of Electronic Information) Guidelines, 2014 were issued in December to ensure management of information security risks. In addition, the Social Security Schemes (Totalization of Contribution Periods) Guidelines, 2013 were amended in March 2015 to safeguard the interests of members by protecting benefit rights accruing through contributions to more than one scheme.

Tanzania's financial system is expected to remain stable in the next six to twelve months in light of positive macroeconomic outlook in the domestic economy. However, the system is vulnerable to spillovers from evolving global macroeconomic and financial developments. Moreover, the outlook is subject to addressing financial sub-sector specific risks.

[2] Most recent data available.

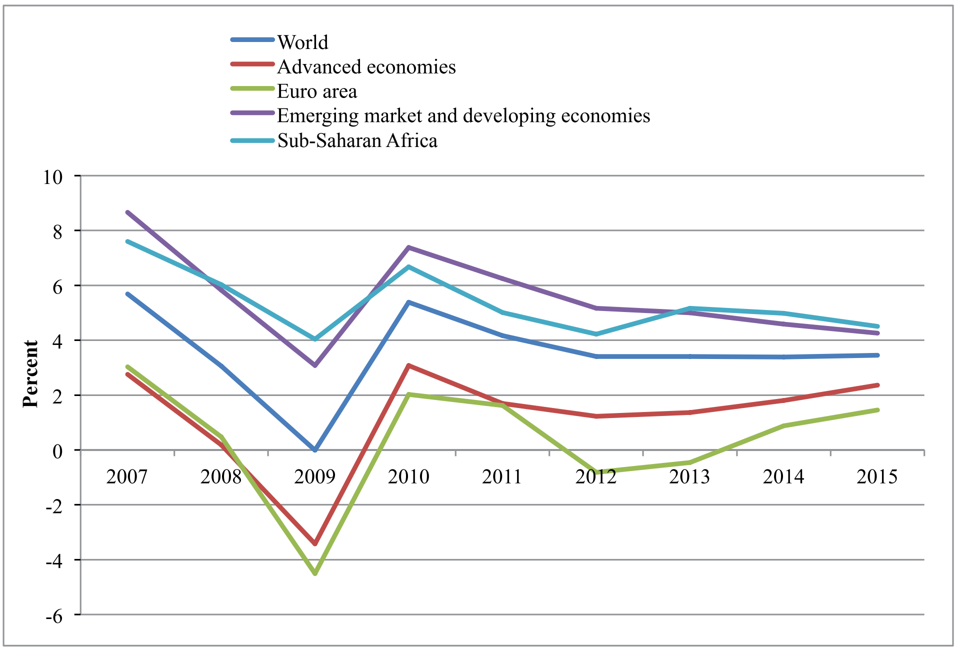
1.0 MACROECONOMIC AND FINANCIAL ENVIRONMENT

1.1 Global Macroeconomic Developments

Global economy and trade remains subdued, with uneven growth prospects across major economies. Growth in advanced economies is projected to strengthen while emerging and developing economies will slow down. Overall, global growth is projected to reach 3.5 percent in 2015, picking up slightly from 3.4 percent in 2014 (**Chart 1.1**). The higher forecast is driven by recovery prospects in advanced economies supported by strong growth in United States.

In advanced economies, growth is fueled by increase in domestic demand due to low oil prices, moderate fiscal adjustments, continued accommodative monetary policy and depreciation of Euro and Yen. Output is projected to increase to 2.4 percent in 2015 from 1.8 percent in 2014. However, the strong dollar will exert some drag on US export competitiveness. While monetary policy measures have led to a significant improvement in sovereign debt crisis in the euro area, economic recovery remains weak on account of continued low levels of private investment, high unemployment and risk of deflation.

Chart 1.1: World GDP Growth Rate



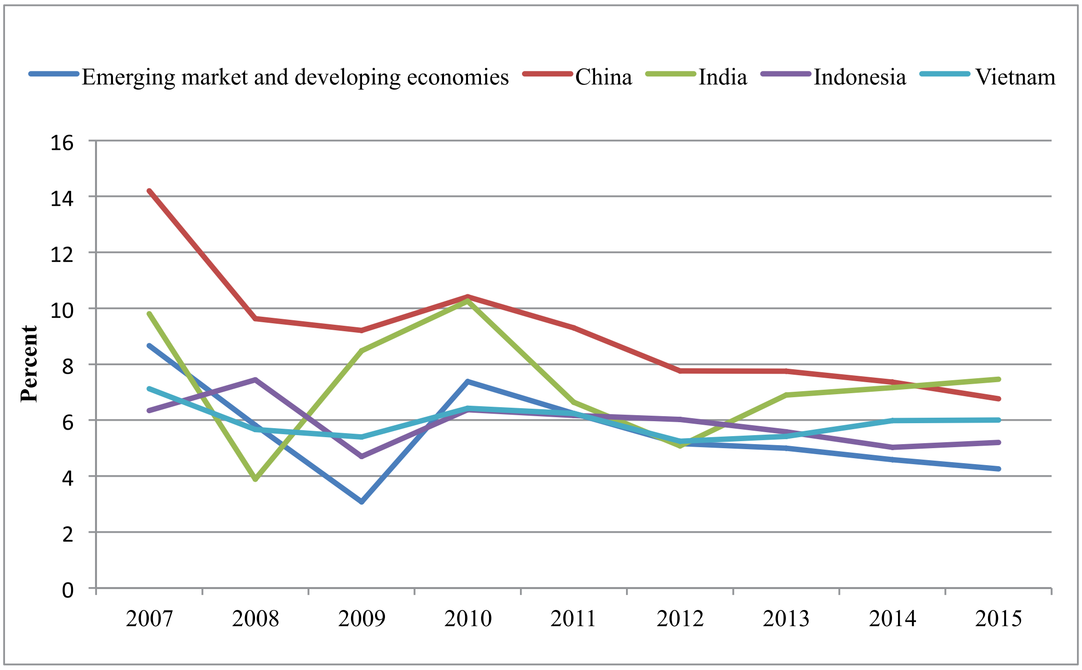
Source: IMF, World Economic Outlook, April, 2015.

Emerging market and developing economies have shown diverse economic trends and prospects as reflected by a continued slowdown in China and growth acceleration in India. The slow growth in China is driven by structural shift from investment to consumption output while the growth in India is explained by strong performance of stock and bond markets. China is projected to slow down to 6.8 percent in 2015 from 7.4 percent in 2014 while India is projected to accelerate to 7.5 percent in 2015 from 7.2 percent in 2014.

Overall growth of the EMEs and developing economies is projected to decline to 4.3 percent in 2015 from 4.6 percent recorded in 2014. Other emerging market economies face a combination of domestic and external vulnerabilities. The main domestic risks include slower potential growth, persistent structural problems resulting into weak activity in real sector and tightening of financial conditions. External vulnerabilities arise from expected end of monetary policy directed towards availability of cheap money which may elevate capital reversals in EMEs and tighter financial conditions in advanced economies.

The fall in oil prices, on the other hand, will help lower inflation and reduce current account deficit in some EMEs while weakening economic activity in oil exporting countries. The possibility of prolonged stagnation in euro area, sustained commodity price declines and slower global trade flows remain key downside risks for developing economies (**Chart 1.2**).

Chart 1.2: GDP Growth Rates for Emerging Markets and Developing Economies



Source: IMF, World Economic Outlook database, April, 2015.

Global financial conditions are expected to tighten on account of appreciation of the US dollar against other currencies, decline in oil prices and expected end of availability of cheap money (normalization of monetary policy) in the US. Even before the expected interest rate increase in the US takes place, financial conditions have tightened on account of strong dollar. However, quantitative easing in the Euro area and Japan has partly contributed to offsetting the impact. The strong dollar is gradually changing investment expectations and attracting capital outflows from EMEs into the US. However, zero bound interest rates and very low inflation and expectations in the euro area have weakened effectiveness of monetary policy which has resulted into persistent negative output gaps in advanced economies as a whole.

Emerging market economies registered strong credit growth, with increased leverage in households and corporate sectors. However, slow growth in China due to structural shift from investment to consumption and measures to contain credit expansion in real estate may lead to tightening of financial conditions in EMEs.

Low oil prices have adversely affected oil exporting countries, through decline in export revenue and currency depreciation while the strong dollar has led to increased dollar-denominated debt burden to public and private sectors.

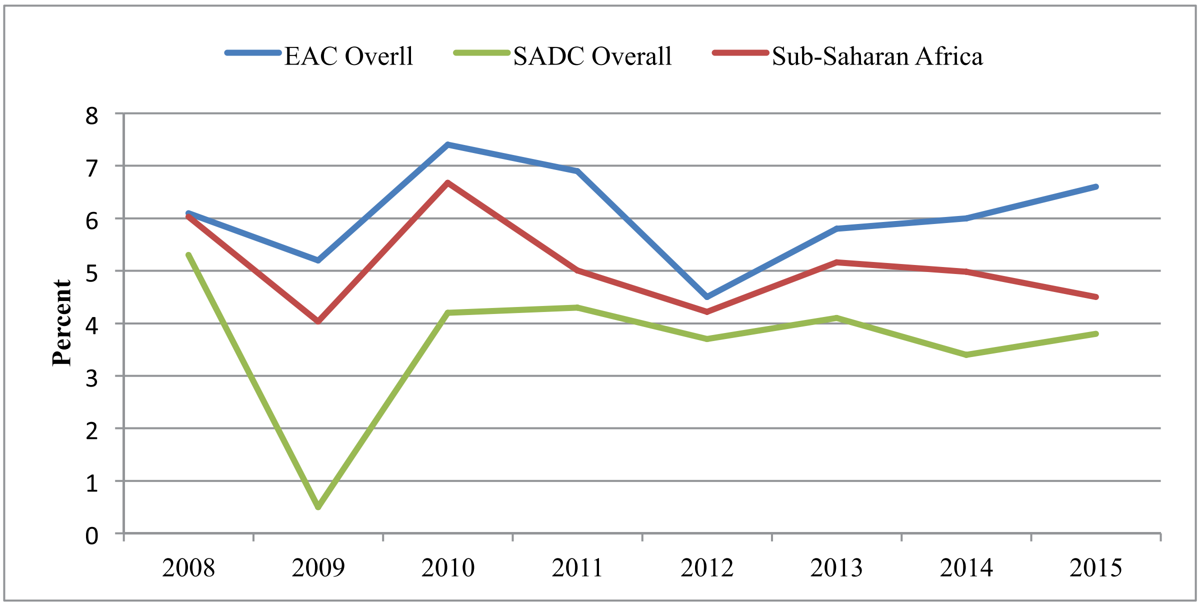
1.2 Regional Macroeconomic Environment

Growth in Sub-Saharan Africa is projected to slow down to 4.5 percent in 2015 from 5.0 percent in 2014. The markdown is explained by a decline in global oil prices whose impact has been uneven across the region. Oil exporters will be adversely affected by price decline while oil importers will benefit from low import bill. This positive effect will be partly offset by decline in the prices of other export commodities. The region is also exposed to risks arising from slowdown of export markets in emerging and advanced economies, strengthening of US dollar and security related risks in some countries. The strong dollar will make imports more expensive, lower investment and growth, and fuel inflationary pressure.

The Southern African Development Community (SADC) economy is expected to grow at 3.8 percent in 2015 compared to 3.4 percent recorded in 2014. The moderate growth is on account of anticipated recovery in South Africa and Angola.

Growth in the EAC sub-region is projected to remain strong reaching 6.6 percent in 2015 from 6.0 percent in 2014. The main drivers are strong investment in resource sectors, infrastructure spending, and improved macroeconomic policies and institutions. On average, regional inflation has remained low due to declining oil and food prices (**Chart 1.4**) but exchange rate volatility across the region may trigger inflationary pressure.

Chart 1.3: Economic Growth in sub-Saharan Africa, EAC and SADC



Source: IMF, World Economic Outlook database, April, 2015.

Financial Conditions in Sub-Saharan Africa

Financial conditions in Sub-Saharan Africa are expected to tighten in line with evolving global macro-financial developments. The strong US dollar has increased private and public debt burden exerting pressure on fiscal and current account balances. Moreover, monetary policy has tightened across countries in the region to address exchange rate volatility. Financial conditions are expected to tighten even further on account of expected end to availability of cheap money (normalization of monetary policy) in the US.

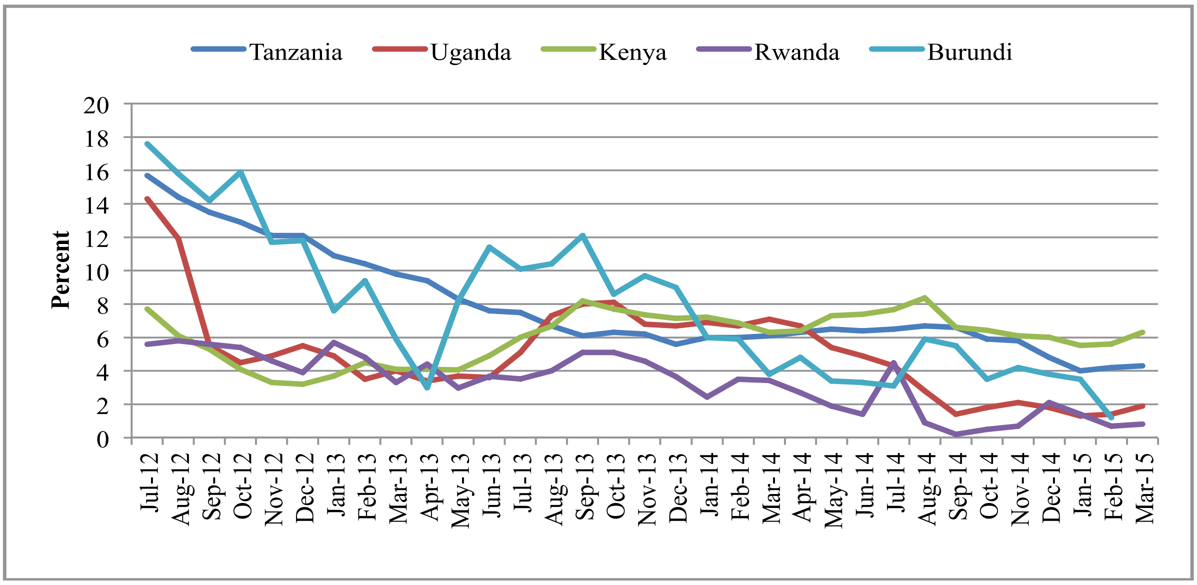
Decline in correspondent banking services on account of de-risking where international banks shutoff services to counterparties in Africa, will increase the cost of doing business, particularly for exporters and importers; constrain investment flows thus adding to further tightening of financial conditions in the region.

Financial Conditions in the EAC

Financial conditions in the EAC were moderately tight to anchor inflation expectations and mitigate exchange rate volatility, while tight lending conditions aimed at containing NPLs in some countries. The strong dollar and depreciating currencies across the region have triggered tightening of monetary conditions to mitigate exchange rate volatility and avoid macroeconomic instability. In Tanzania, banking institutions imposed stringent lending conditions to some sectors and intensified loan recovery efforts[3].

[3]Tanzania Bank Loan Officers' Opinion Survey, 2014.

Chart 1.4: Inflation Developments in the EAC Region



Source: National Bureau of Statistics

1.3 Domestic Macroeconomic Environment

Tanzania's macroeconomic environment was stable as broadly reflected by strong growth in output and low inflation sustained at single digit. Inflation dropped to 4.3 in March 2015 from 6.1 in March 2014. Contributors to the stable and low inflation have been low food prices, reliable power supply and low production cost, supported by decline in oil prices. In recent months inflation has been moving upwards from a low of 4.0 percent in January 2015 on account of increase in food prices.

Tanzania's economic growth remained strong at 7.0 percent in 2014 and is projected to grow by 7.2 percent in 2015. The main drivers of growth were investment in extractive sector, accelerated infrastructure spending and improved macroeconomic performance. However, risks to performance emerge from slowdown of trading partners' economies, particularly Emerging Markets.

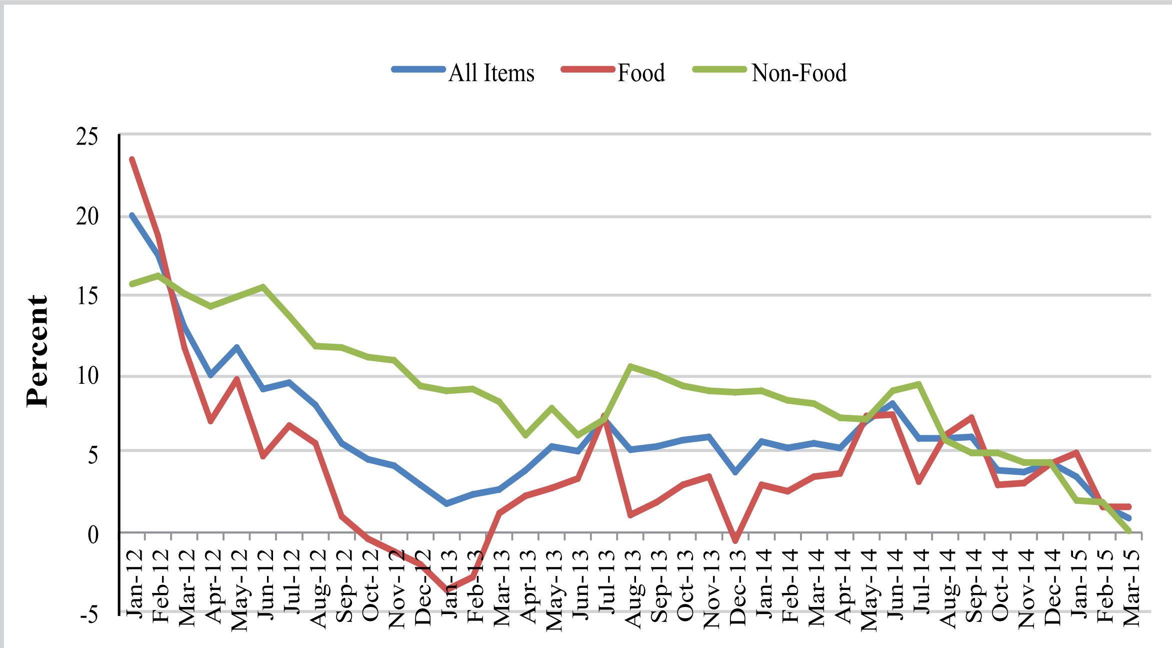
1.4 Zanzibar's Macroeconomic Environment

Zanzibar's macroeconomic environment remained stable with high GDP growth, low inflation and improved current account balance. GDP growth rate was 7.0 percent during 2014 compared with 7.2 percent in 2013. The services sector recorded a strong growth at 9.9 percent and industry, 6.0 percent. However, agriculture (cloves, fishing and forestry) contracted by 0.4 percent in 2014 from a growth rate of 13.2 percent in 2013 mainly on account of a sharp fall in cloves production and decline in world prices. Meanwhile, services contributed 48.3 percent to the growth followed by agriculture at 19.9 percent.

Inflation Developments in Zanzibar

Annual headline inflation remained in single digits at 0.9 percent in the year ending March, 2015 compared with 5.6 percent in the corresponding period in 2014. The decline is attributable to lower food and oil prices.

Chart 1.5: Zanzibar Inflation Developments



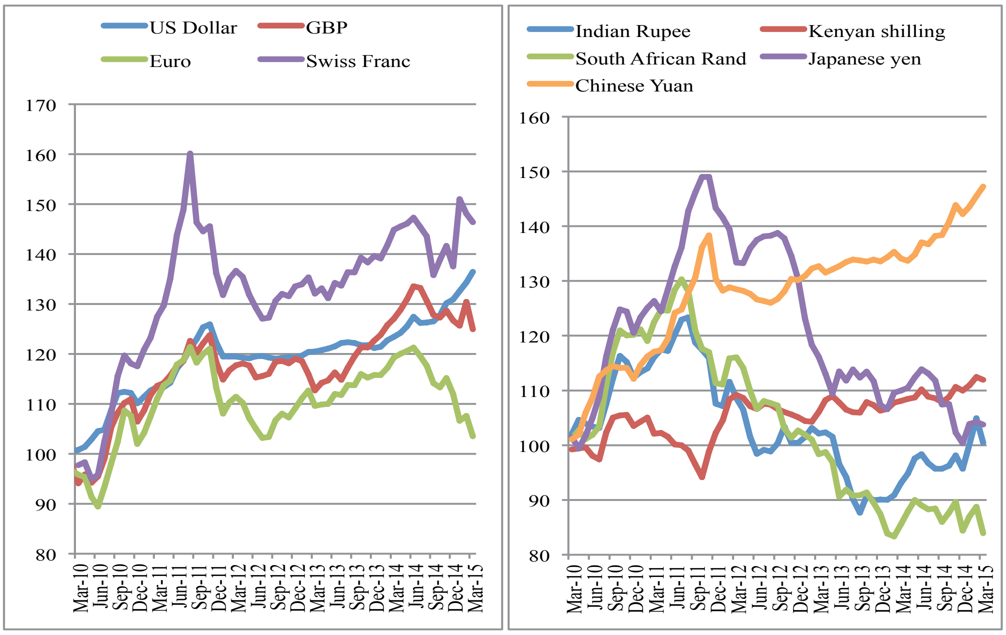
Source: Office of Chief Government Statistician.

External Sector Developments

Zanzibar's current account deficit narrowed to USD 74.8 million during the year ending March 2015 from USD 79.8 million recorded in the preceding year. The improvement was on account of decrease in imports of goods and services and an increase in receipts from tourism. Export of cloves decreased both in volume and value, from 5,300 tonnes in March 2014 to 2,900 tonnes in March 2015, and US 59.1 million to USD 31.9 million, respectively.

The strengthening US dollar has led to increased exchange rate volatility and increase in debt burden to private and public sectors. The shilling depreciated against the U.S dollar and Chinese Yuan but slightly appreciated against other major currencies, notably the Euro and Yen, in the second half of 2014 (**Chart 1.6**). It is noteworthy; the depreciation of shilling has contributed to increase in dollar denominated debt service obligations and the import bill, while the relative strengthening of the shilling against some currencies and decline in global oil prices may dampen the impact.

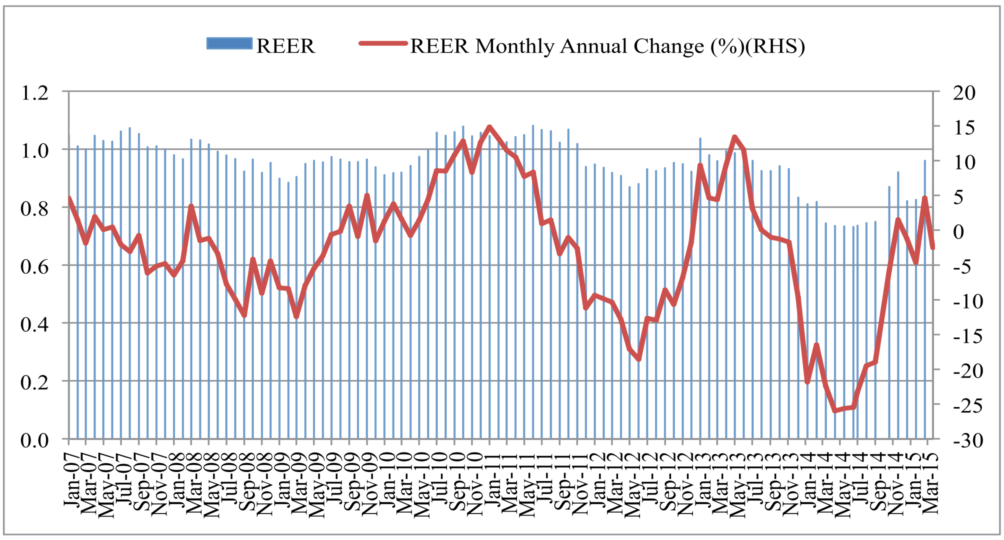
Chart 1.6: Exchange Rates Development of TZS against Selected Currencies (Jan 2010=100)



Source: Bank of Tanzania

Real Effective Exchange Rate (REER) exhibited volatility against currencies of major trading partners' from November 2014 amid declining inflation. In the period between November and December 2014, REER declined as the shilling appreciated against major trading partners' currencies. In January and February 2015, the index rose before declining towards the end of March 2015, on account of depreciation of the shilling (**Chart 1.7**). On average, Tanzania continued to maintain export competitiveness against major trading partners as indicated by declining trade weighted exchange rate index.

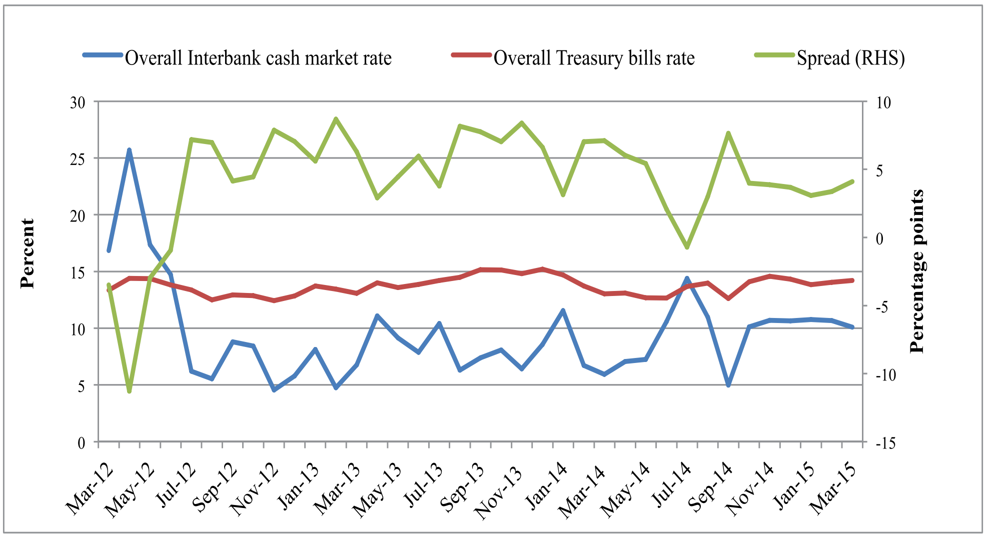
Chart 1.7: Tanzania's Real Effective Exchange Rate



Source: Bank of Tanzania

Increased liquidity in the market has eased pressure on interest rates in both wholesale and retail markets. Between January and March 2015, the overall treasury bills rate and interbank cash market rate declined, while the spread between them widened. The increase in spread is explained by a sharp decline of the latter implying easing of liquidity conditions in money markets, following easing of reserve requirements on private deposits from 10.0 percent to 8.0 percent in December 2014 (**Chart 1.8**).

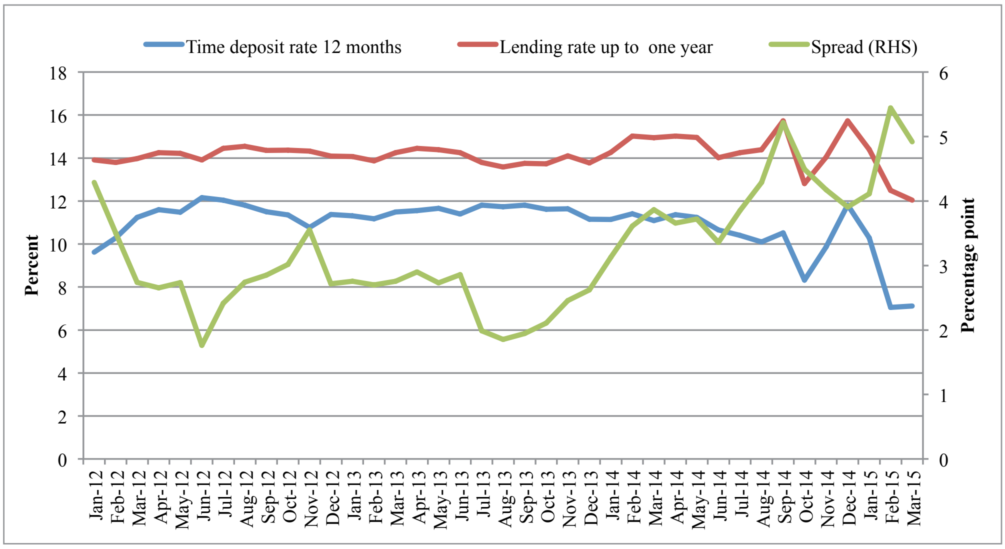
Chart 1.8: Monthly Interest Rate Movements; 2012-2015



Source: Bank of Tanzania

Average interest rates spread in retail credit markets narrowed to 3.4 percent in March, 2015 from 5.2 percent in September, 2014 mainly on account of decrease in one year lending rate (**Chart 1.9**). The decline in lending rates is partly explained by reduction in the cost of funding.

Chart 1.9: Monthly Interest Rate Movements in the Credit Markets; 2010-2014



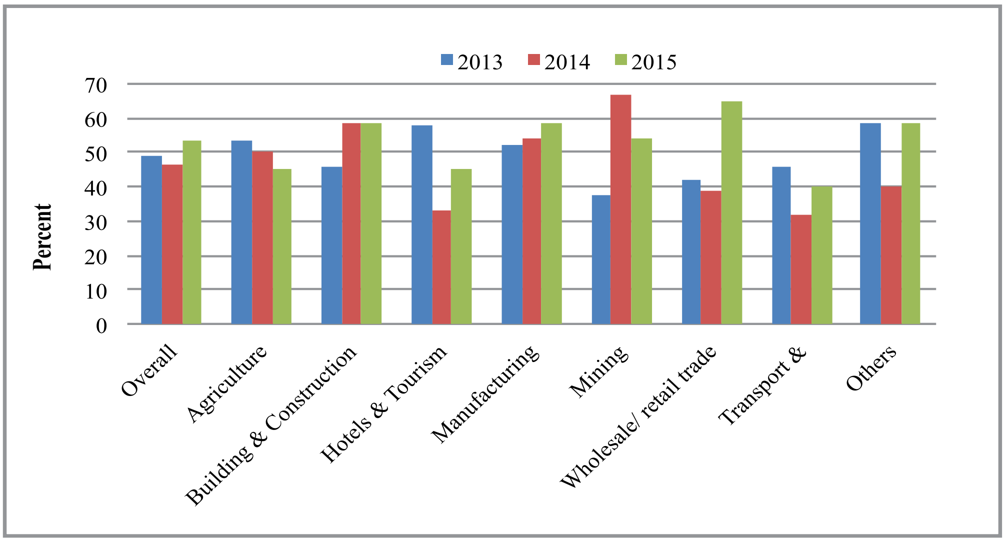
Source: Bank of Tanzania

2.0 NON- FINANCIAL CORPORATE AND HOUSEHOLD SECTORS

2.1 Non-Financial Corporate Sector Financial Conditions

The Non-Financial Corporate sector is optimistic about increased borrowing to finance investment in 2015 except for sectors exposed to decline in global commodity prices. Non-Financial Corporate sector survey findings show that, the overall sector sentiment index about leverage position increased to 53.1 percent in 2015 from 46.6 percent in 2014[4]. Specifically, hotel and tourism, trade, transport and communication recorded increase in sentiment indices, suggesting that firms in these sectors will increase borrowing. On the other hand sentiment indices in agriculture and mining declined, indicating reduction in borrowing. The reduced confidence in borrowing is attributable to decline in global and domestic commodity prices including minerals (**Chart 2.1**).

Chart 2.1: Leverage in Domestic Currency

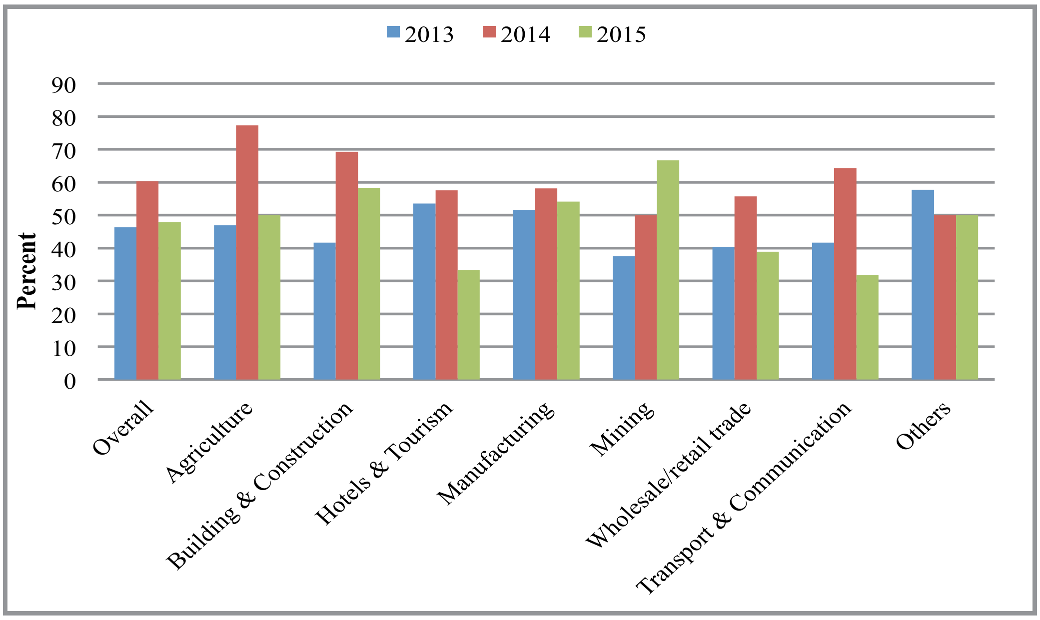


Source: BOT Non-Financial Corporate Sector Survey.

Firms will reduce borrowing in foreign currency in 2015 as confirmed by the overall sentiment index below 50.0 percent. Borrowing offshore is a derived demand for imports of investment goods in manufacturing and mining industries. The overall sentiment index regarding borrowing in foreign currency declined to 47.9 percent in 2015 from 60.3 percent in 2014 suggesting that firms will reduce borrowing. This is most likely due to appreciation of the dollar and decline in global commodity prices which have increased the debt burden and constrained ability to service debt. Findings show that, except for mining, manufacturing, building and construction, all other industries were less optimistic about borrowing offshore in 2015 (**Chart 2.2**).

[4] Sentiment Index measures dispersion of change. When above 50% the indicator is interpreted as increasing, when 50% to sustain and below 50%, decline

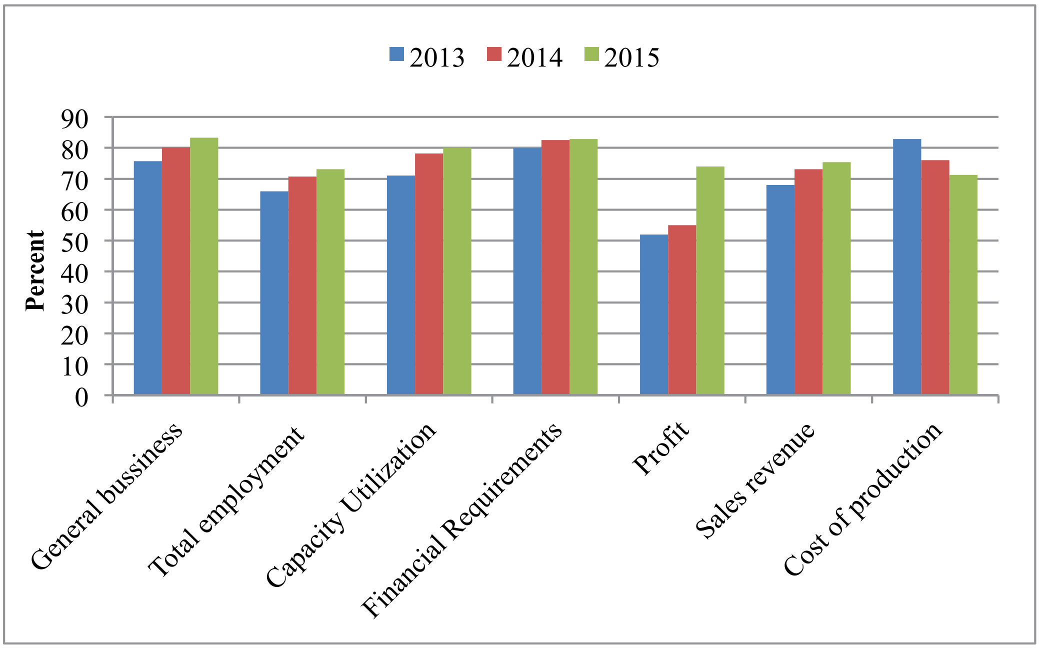
Chart 2.2: Leverage in Foreign Currency



Source: BOT Non-Financial Corporate Sector Survey.

Non-financial Corporate firms are optimistic about overall business performance with strong sentiment about increased profitability. Overall sentiment index of 83.3 percent regarding business performance in terms of employment, capacity utilization, sales revenue and profitability indicates strong performance in 2015 (**Chart 2.3**). Firms expected improvement in business environment on account of reduction in cost of production and improved access to finance.

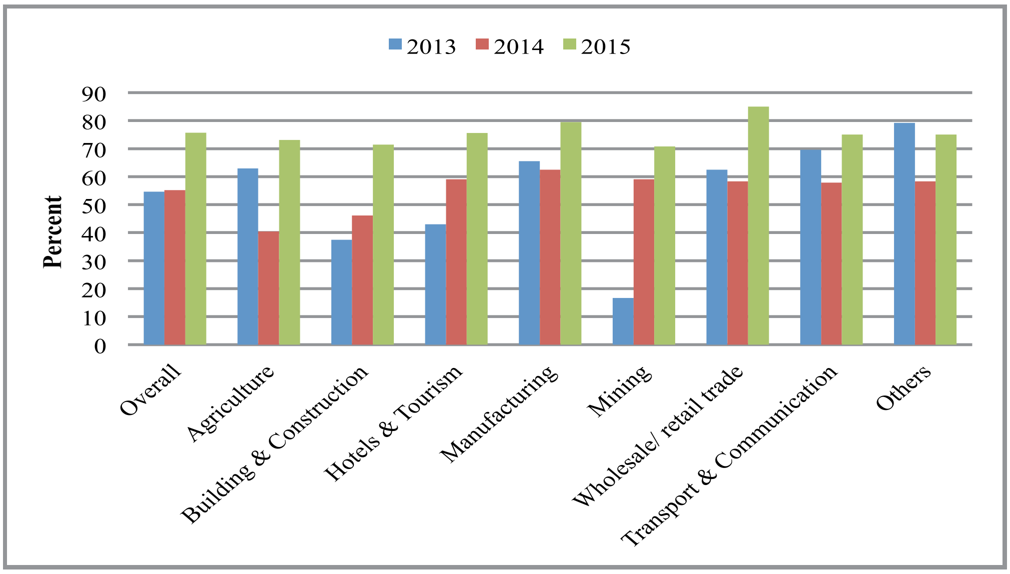
Chart 2.3: Changes in Business Performance and Expectations



Source: BOT Non-Financial Corporate Sector Survey.

Firms across all industries were optimistic about change in profitability in 2015 as reflected by increase in sentiment index. Overall sentiment index rose to 75.6 percent in 2015 from 55.2 percent in 2014, implying firms were confident about increased profitability in the next twelve months. The agricultural sector recorded the highest change in sentiment index on account of reduced cost of production owing to low oil prices and expectations on recovery of commodity prices (**Chart 2.4**).

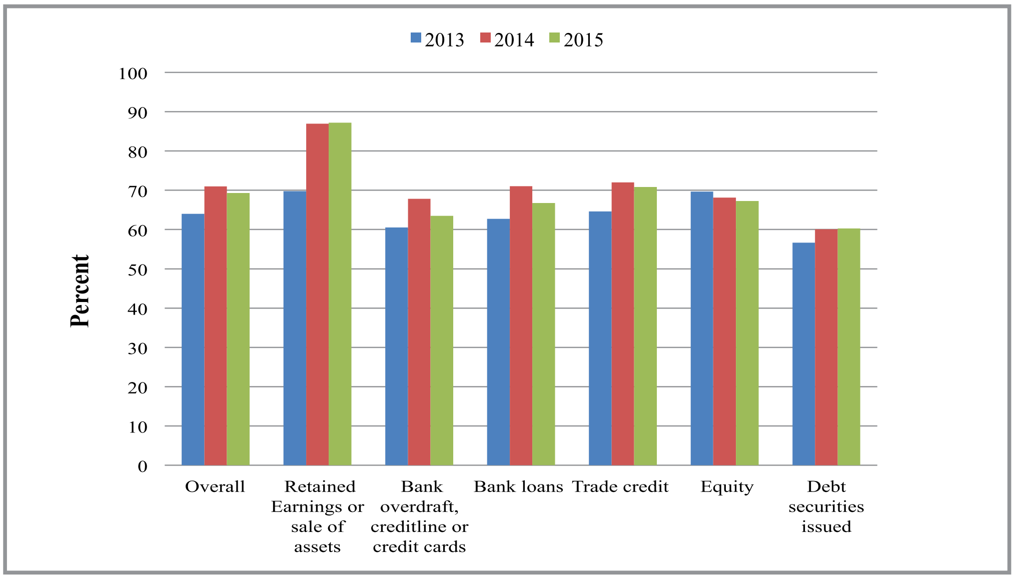
Chart 2.4: Change in Profitability by Sector



Source: BOT Non-Financial Corporate Sector Survey.

Retained earnings remained the main source of financing in 2014 and 2015 with a sentiment index above 87.0 percent. Other sources of financing including bank loans, trade credits and equity will remain important in 2015.

Chart 2.5: NFC Source of Financing



Source: BOT Non-Financial Corporate Sector Survey.

2.2 Household Financial Conditions

Household debt to disposable income and household debt servicing costs have increased since 2010[5]. A rapid growth in household bank loans and relatively high nominal interest rates explain these trends. High and volatile interest rates coupled with short maturity of bank loans has increased the cost of debt servicing and probability of debt overhang.

Currently, households have limited access to formal financial services. However, expanding links with banks and social security schemes through agent banking, increasing Mobile Network Operators platforms and expanding linkage with microfinance entities is bound to increase access.

2.2.1 Household Debt to Disposable Income

The household debt to disposable income ratio is relatively low compared to other countries when the measure of disposable income includes the informal sector earnings[6]. The informal sector has limited participation in the banking sector and is estimated to represent a small component of banking system balance sheet. Excluding informal sector, the ratio of household debt to disposable income depicts an increasing trend which is comparable to other countries in the region (**Chart 2.6**).

Chart 2.6: Household Debt to Disposable Income

Chart 2 (b): Debt to disposable income in selected countries

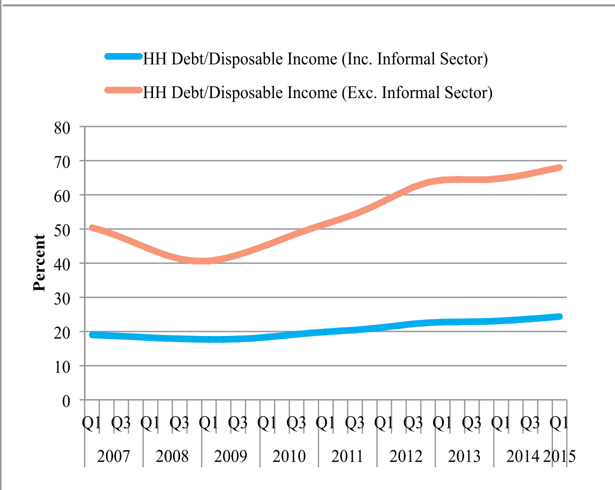
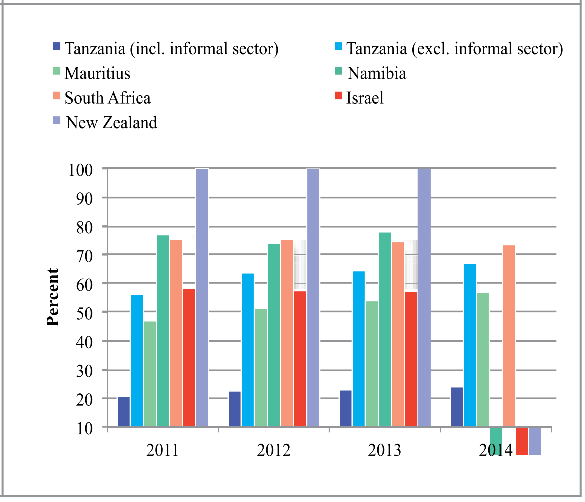


Chart 2 (b): Debt to disposable income in selected countries



Source: National Bureau of Statistics and BOT calculations.

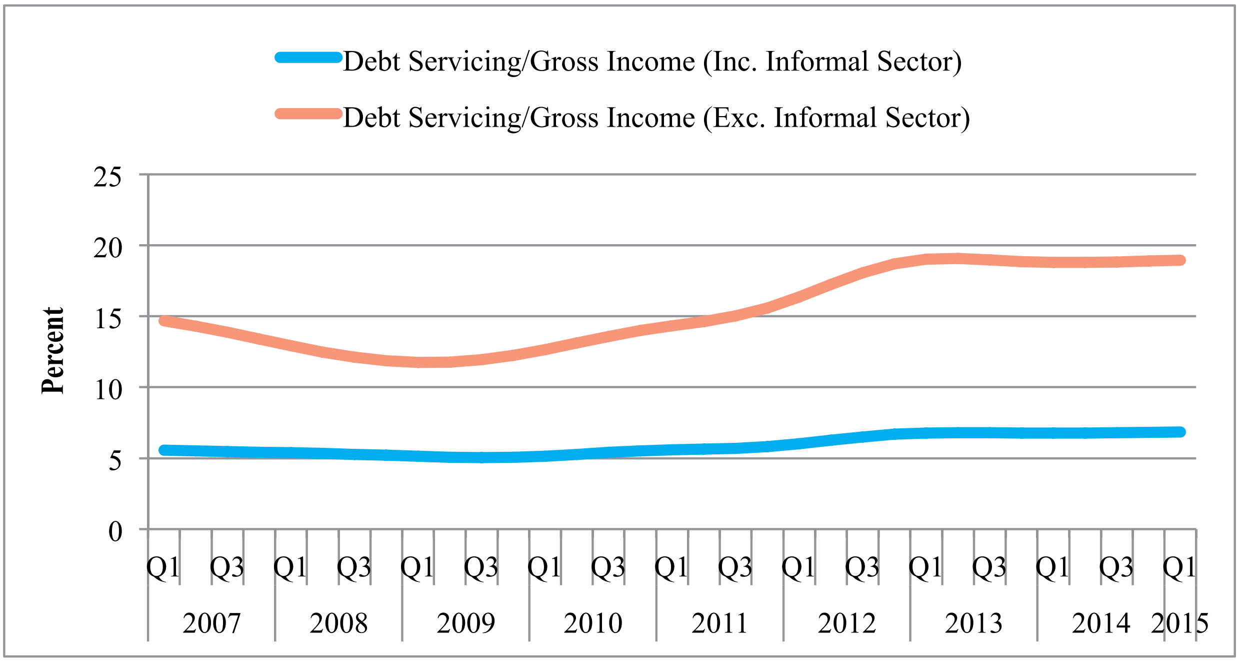
[5] Household debt is predominantly made up of personal loans contracted at varying interest rates. In the banking sector it is categorized as personal loan.

[6] 30 percent of the GDP is assumed to be generated by informal sector of which 50 percent goes to household consumption and 50 percent to capital.

2.2.2 Household Debt Servicing Costs

Debt-servicing ratio measured as the cost of household debt service relative to disposable income is relatively high, largely driven by high nominal interest rates and the short-term nature of loans[7]. About 50.0 percent of household loan portfolio is personal loans with a maturity of not more than 12 months at floating rates. The remaining is largely medium-term of up to 60 months. Compared to other countries in the region, debt servicing costs in Tanzania are on the higher side (**Chart 2.7**).

Chart 2.7: Debt Servicing Cost to Gross Income



Source: National Bureau of Statistics and BOT calculations

[7] Data on household debt servicing cost comparison across countries in the region is being compiled to benchmark the performance in Tanzania.

3.0 FINANCIAL SECTOR DEVELOPMENTS

Size of the financial system as measured by the ratio of financial assets to GDP continued to grow. The ratio of financial assets to GDP[8] in Tanzania increased to 40.9 percent in December 2014 from 37.3 percent in December 2013. This compares with Kenya at 108 percent, Rwanda 40.7 percent, Switzerland, 680 percent and UK, 439 percent in 2013. The banking sector accounted for 70.0 percent of the total assets of the financial system as of December 2014, a slight decline from 71.5 percent in the previous year. Pension funds and insurance companies accounted for 27.2 percent and 2.0 percent respectively while collective investment schemes accounted for 0.8 percent.

3.1 Banking Sector

The banking sector continued to grow in terms of deposits and assets supported by favourable macroeconomic environment. Total assets grew by 11.4 percent to TZS 23,479.1 billion in the year ending March 2015, while deposits grew by 13.9 percent to TZS. 17,904.7 billion. Meanwhile, loans, advances and overdrafts, which accounted for 53.0 percent of total assets, grew by 16.4 percent to TZS 12,477.4 billion. The growth of the sector was also driven by expansion of branch network, agent banking, and increase in linkage banking with Savings and Credit Cooperative Societies (SACCOS) and Mobile Money Operators (MNOs).

Financial Soundness Indicators

The banking system remained resilient as reflected by adequate levels of capital and mitigated liquidity risk in the provision of banking services. During the reporting period, the banking system recorded increased profitability and improved assets quality as reflected by selected financial soundness indicators (**Table 3.1**).

Capital Adequacy

The banking sector capital adequacy requirements were enhanced in August 2014 to 12.5 percent and 14.5 percent for core and total capital respectively to cushion against losses. During the year ending March 2015, the Core and Total Capital Adequacy Ratios of the banking industry were 17.9 percent and 19.1 percent respectively, being above the regulatory thresholds.

[8] Rebased GDP at current Market Prices in 2007.

Table 3.1: Selected Financial Soundness Indicators for the Banking System

Indicator	2013				2014				2015
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
1. CAPITAL ADEQUACY									
Core Capital/TRWA	18.9	17.6	17.7	17.6	18.5	16.7	16.8	16.7	17.9
Total capital/TRWA	19.4	18.1	18.4	18.2	19.4	17.8	18.0	17.8	19.1
2. LIQUIDITY									
Liquid Assets/Demand Liabilities	40.0	38.4	37.0	36.5	37.1	35.6	37.8	35.6	37.6
Total Loans/Customer Deposits	68.8	67.9	67.7	71.4	71.2	73.3	72.7	74.3	76.9
3. EARNINGS AND PROFITABILITY									
Net Interest Margin (NIM)	66.6	66.2	66.1	67.0	69.1	67.4	67.4	67.5	67.5
Non-Interest Expenses/Gross Income	63.0	65.3	66.0	66.9	63.2	65.6	66.0	66.8	63.8
Return on Assets (PBT/Average Total Assets)	2.9	2.7	2.6	2.6	3.4	3.0	2.9	2.7	3.1
4. ASSET COMPOSITION AND QUALITY									
Foreign Exchange Loans to Total Loans	34.0	34.8	35.6	35.6	33.6	35.9	35.7	36.8	37.5
Gross Non-Performing Loans to Gross Loans	7.9	8.1	7.1	6.5	8.4	8.1	8.5	6.6	6.7
Large Exposures to Total Capital	132.7	139.3	135.8	137.5	105.3	133.7	100.3	106.8	137.0
Net Loans and advances to Total assets	48.7	49.0	49.1	50.8	51.0	51.8	51.4	53.1	53.3
5. SENSITIVITY TO MARKET RISK									
FX Currency Denominated Assets/Total Assets	30.9	30.5	30.9	30.6	28.2	29.4	29.6	30.3	32.5
FX Currency Denominated Liabilities/Total Liabilities	35.1	35.2	35.3	35.1	32.6	34.4	34.5	35.8	38.9
Net Open Positions in FX/Total Capital	-0.2	1.8	2.5	1.5	2.9	1.8	-2.2	-2.5	-2.2

Source: Bank of Tanzania

Liquidity

The banking sector maintained adequate levels of liquidity. In harmony with tight liquidity conditions in the economy during the second half of 2014, caused by reduced government spending, bank liquidity also tightened towards the end of the year. The Bank of Tanzania intervened by providing additional liquidity in the market and reduced the reserve requirement from 10.0 percent to 8.0 percent. Nonetheless, liquidity risk was mitigated as demonstrated by a ratio of liquid assets to demand liabilities above the regulatory requirement of 20.0 percent.

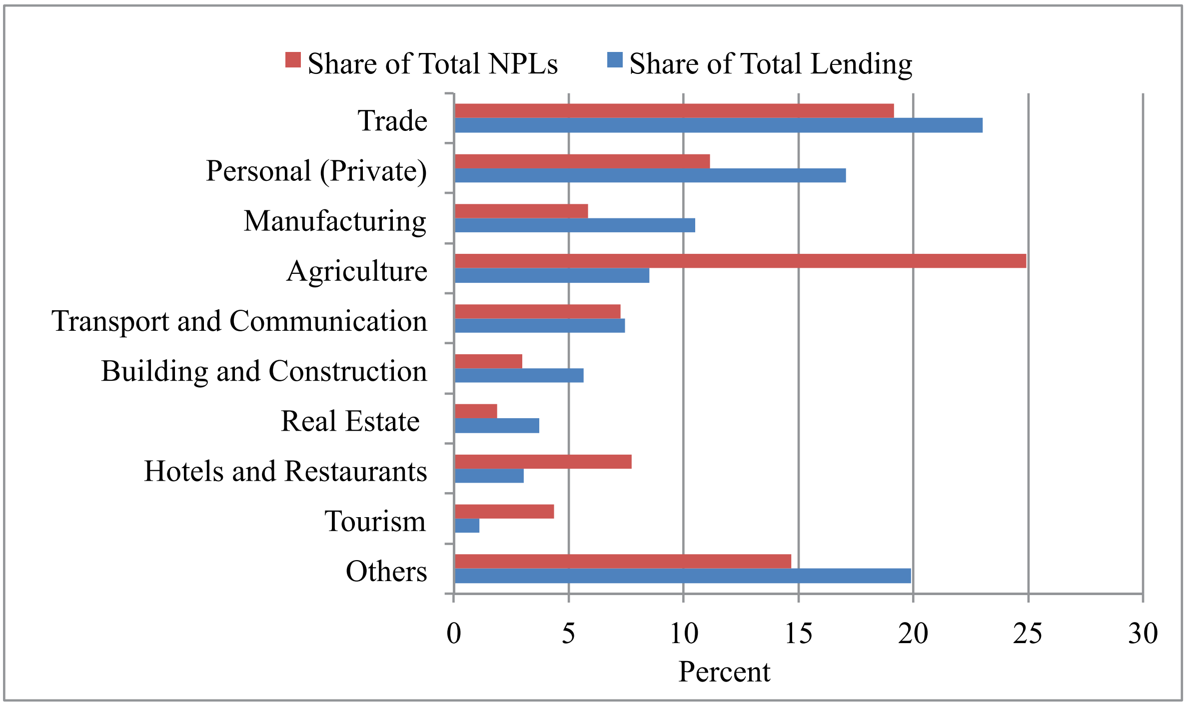
Earnings and Profitability

The banking sector remained profitable although return on assets recorded a decline to 3.1 percent in March 2015 from 3.4 percent in March 2014. The decline in profitability is associated with narrowing of interest margin caused by reduced earnings from foreign placements, government securities and substantial provisioning for bad debts.

Asset Quality and Credit Concentration

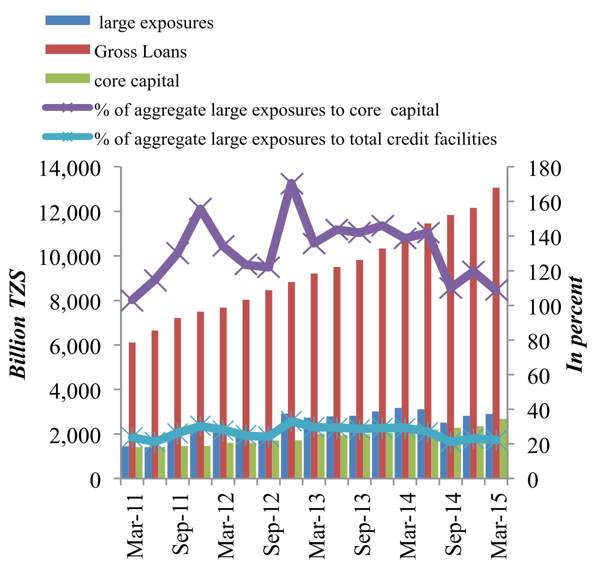
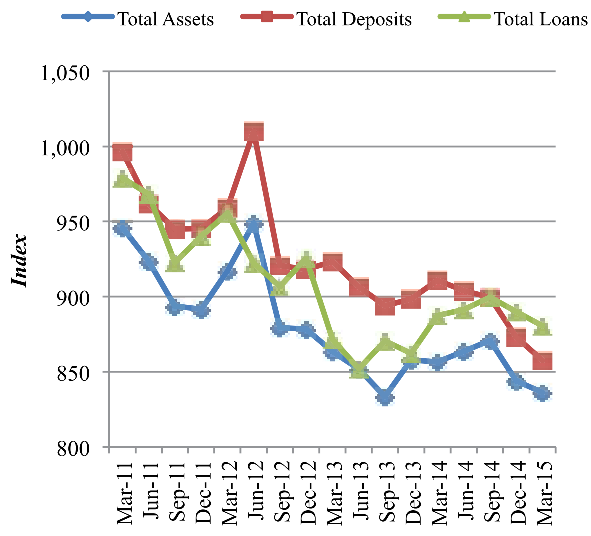
The banking sector asset quality recorded improvement. The ratio of Gross Non-Performing Loans (NPLs) to Gross Loans was 6.7 percent at end March 2015 compared to 8.5 percent recorded in corresponding period in 2014. Agriculture which accounted for 8.5 percent share of lending, recorded the highest level of NPLs, at 24.9 percent (**Chart 3.1**). Credit risk management measures together with increased loan recovery efforts contributed to the noted NPLs improvements. Credit risk remained the major risk on the asset side of the banking balance sheet, with the credit portfolio accounting for 53.1 percent of banking sector assets as at March 2015.

Chart 3.1: Credit Distribution and Non-Performing Loans at March 2015



Source: Bank of Tanzania

Diversification in the banking sector has improved as measured by various indicators of concentration. Credit concentration as measured by the ratio of aggregate large exposures to core capital improved to 109.0 percent at end March 2015 compared to 110.0 percent in the corresponding period in 2014 (**Chart 3.2**), which was within the regulatory limit of 800.0 percent. Additionally, the level of diversification, as measured by the Herfindahl Hirschman Index (HH Index), improved in the asset, deposit and loan markets. The index for assets, deposits and loans declined to 836, 858 and 881 respectively and were within the range of no concentration between 100 and 1,000 (**Chart 3.3**).

Chart 3.2: Credit Concentration Risk	*Chart 3.3: Herfindahl Hirschman Index*
	

Source: Bank of Tanzania.

Sensitivity to Market Risks

Net Open Position for foreign exchange exposure remained low, at -2.0 percent compared to the regulatory limit of 7.5 percent, implying that the industry had limited exposure to foreign exchange risk. However, foreign exchange liabilities have been increasing implying that in the event of depreciation of the shilling, banks with a short position on foreign exchange will incur losses. Conversely, banks with a net long position, namely, where foreign receivables exceed foreign liabilities will book a profit if the shilling depreciates.

Box 1: Loan Officers' Opinion Survey on Bank Lending Practices and Credit Conditions

The Bank of Tanzania introduced Loan Officers' Opinion Survey to analyze credit market trends in the economy. The aim was to collect information on credit conditions from selected commercial and community banks, savings and credit co-operative societies and Microfinance Institutions. The 2014 survey was carried out in June to assess bank lending practices and credit conditions for the first half of 2014, and establish lenders' perceptions on credit market conditions for the second half of 2014.

Summary of Findings

Survey results point to increased disbursement of loans mainly to business and trade, and households. Loans approval criteria and terms of loans (loan size, maturity, cost and collateral) in selected economic activities remained unchanged on account of adequacy of the existing standards.

*Opinion regarding demand for loans from financial institutions during the first half showed an increasing trend, consistent with observed increase in the number of applications and inquiry from existing and new customers. Majority of loan officers note either the direction of Non-Performing Loans (NPLs) decreased or remained unchanged (**Chart 1**); and indicated they have intensified credit recovery efforts mainly to trade, household, agriculture and manufacturing borrowers. In general, recovery efforts are more intensive in SMEs than Corporates (**Chart 2**)*

Chart 1: Direction of Non-Performing Loans

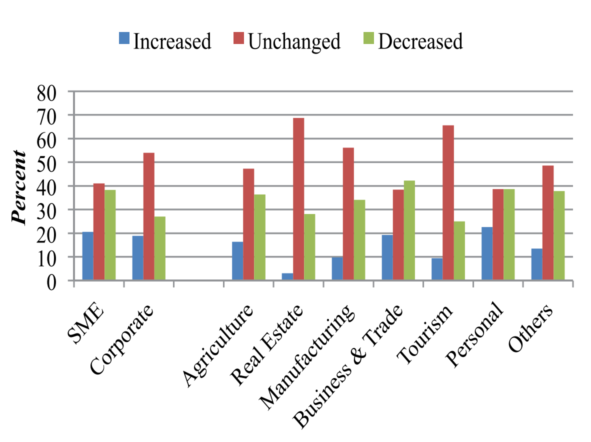
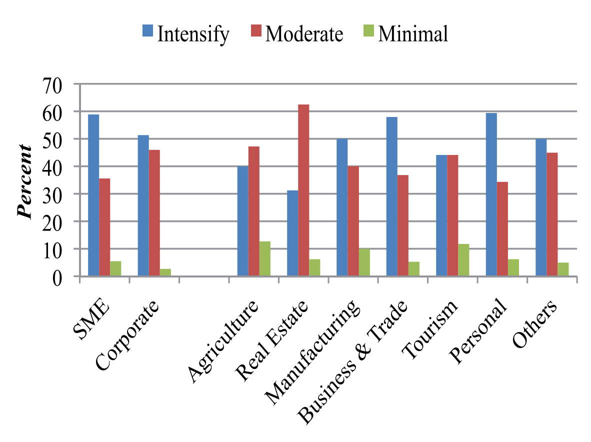


Chart 2: Credit Recovery Efforts

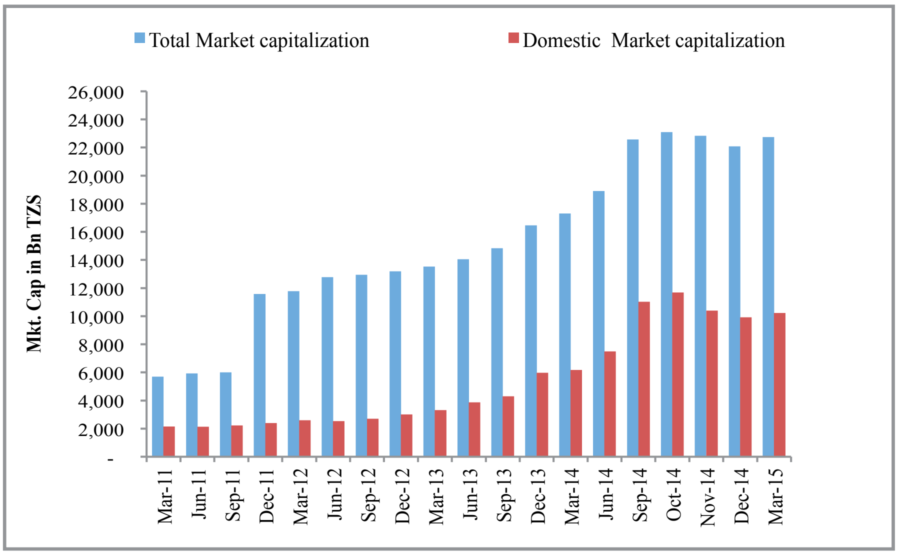


Regarding credit market outlook, most respondents expect an increase in demand for credit, loan approval criteria to be maintained while intensifying recovery efforts in the next six months.

3.2 Capital Markets

During the year ending March 2015, capital and securities markets recorded strong growth in terms of market capitalization driven by share price appreciation. During the period, total market capitalization increased to TZS 22,743.30 billion from TZS 17,301.0 billion. Domestic market capitalization increased to TZS 10,236.93 billion from TZS 6,176.0 billion recorded in the corresponding period in 2014. However, total market capitalization remained almost unchanged while domestic market capitalization declined during the six months to March 2015 (**Chart 3.4**).

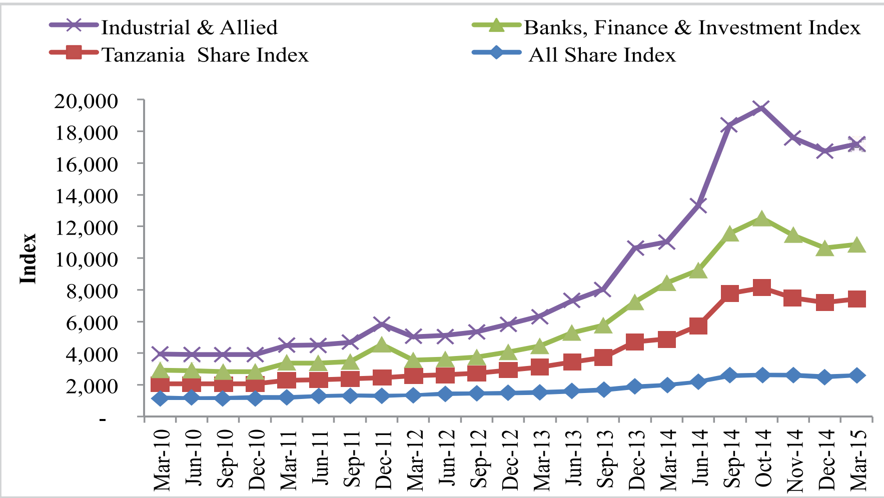
Chart 3.4: DSE All Share Index and Market Capitalization



Source: Capital Markets & Securities Authority.

The All Share Index of the Dar es Salaam Stock Exchange (DSE ASI) increased by 32.6 percent to 2,596.3 driven mainly by the Industrial and Allied sector. Other sectors which contributed to growth were commercial and financial services (**Chart 3.5**).

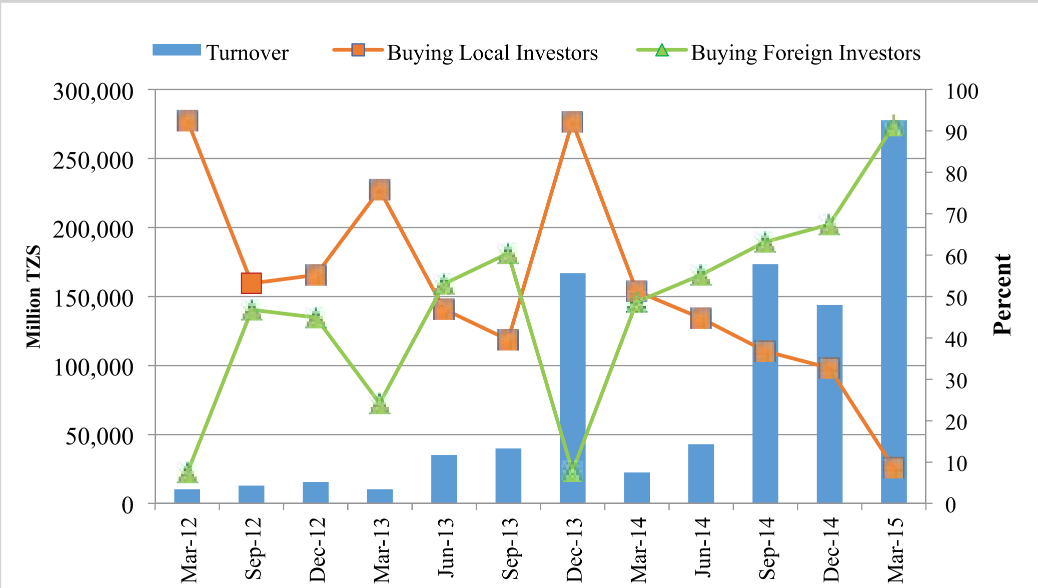
Chart 3.5: Performance of Share Indices as at March 2015



Source: Capital Markets & Securities Authority.

During the year ending March 2015, the DSE recorded a 141.1 percent increase in total turnover to TZS 638.1 billion from TZS 264.7 billion recorded in the corresponding period in 2014 (**Chart 3.6**). The upsurge was more prominent during the quarter ending March 2015 with foreign investors accounting for 91.4 percent of the trading, attributed to the lifting of restrictions on capital account to EAC residents in September 2014. While, this has increased vibrancy of the market, there is a need to closely monitor flows to ensure smooth operations and safeguard financial stability.

Chart 3.6: Dar es Salaam Stock Exchange Turnover and Foreign Investor Participation as of March 2015



Source: Capital Markets & Securities Authority.

Performance of the Bond Market

Treasury bonds worth TZS 399.6 billion were traded in the secondary market during the year ending March 2015, compared to bonds worth TZS 303.9 billion traded during the corresponding period in March 2014. Meanwhile, listed corporate bonds stock as of March 2015 stood at TZS 42.6 billion while unlisted corporate bond stock was TZS 30 billion. No corporate bonds were traded during the period.

Collective Investment Schemes

Open ended collective investment schemes recorded an increase in Net Asset Value (NAV) per unit during the period ending March 2015. The increase was mainly due to appreciation of listed equities which form a large part of the scheme's investment portfolios (**Table 3.2**).

Table 3.2: Open Ended Collective Investment Schemes

(Millions of TZS)

Scheme	Scheme Size		Net Asset Value		NAV Growth for the Quarter
	Mar-14	Mar-15	Mar-14	Mar-15	
Umoja Fund	150,715.1	211,815.9	334.2	453.2	35.6
Wekeza Maisha	2,620.1	3,492.9	225.5	305.5	35.4
Jikimu Fund	10,346.48	18,485.9	115.4	131.8	14.1
Watoto Fund	1,708.9	2,652.8	201.2	282.6	40.5
Liquid Fund	683.4	601.8	110.9	124.2	12.0

Source: Capital Markets & Securities Authority.

3.3 Insurance Sector

Insurance sector recorded growth in terms of assets with favorable financial soundness indicators albeit with elevated exposure to liquidity risk driven by accumulation of account receivables[10]. The growth in total assets was attributable to premium income and investment performance (**Table 3.3**). The general insurers' liquidity ratio was 63.2 percent during the year ending December 2014 way below the minimum prudential ratio of 95.0 percent in the corresponding period in 2013. Likewise, life insurers' liquidity ratio was below the minimum prudential ratio at 43.5 percent (**Table 3.4**). The sector's regulator continues to apply supervisory tools to address the problem including capital injection requirement for insurers where the level impairs solvency margin. Additionally, penalties are used against insurance brokers with high and past due account receivables.

Table 3.3: Insurance Performance

(Billion TZS)

Particular	Dec-13	Dec-14	% Change Dec 13 - Dec 14
Total Assets	519.0	629.0	21.2
Total Liabilities	343.7	412.0	8.5
Total Net Worth	175.3	217.5	24.1
Total Investments	348.6	395.0	3.9
Gross Premium Written			
Particular	**Dec-13**	**Dec-14**	**% Change Dec 13 - Dec 14**
General Insurance	417.6	494.1	18.3
Life Assurance	56.5	60.2	6.8
Total	**474.1**	**554.3**	**16.9**

Source: Tanzania Insurance Regulatory Authority

[10] Data available up to December 2014.

Though diversified, the insurance sector's investment mix falls below regulatory requirements in some categories. Proportions of investment portfolio in bank deposits and real estate for life insurers were non-compliant to the regulatory requirements.

Table 3.4: Financial Soundness Indicators of the Insurance Sector (General and Life)

Indicator	Prudential Indicators	Dec-2013		Dec-14	
		General	Life	General	Life
1. Capital Ratios					
Solvency Ratio	General ≥ 25; Life ≥ 8	65.0	24.0	64.2	29.5
Change in Capital and Reserves		28.0	58.0	19.8	43.4
2. Asset Quality Ratios					
Rate of Return on Investment		9.0	13.0	10.1	7.9
Investment Mix:					
Investment in government securities		17.0	5.0	15.5	5.4
Investment in bank deposits	Min 40	57.0	33.0	57.1	32.7
Investment in real estate	General Max 15, Life Max 30	12.0	34.0	10.6	34.4
3. Reinsurance Ratios					
Retention Ratio	General 30<RR<70; Life 50<RR<90	50.0	85.0	64.7	85.5
4. Actuarial Liabilities (General)					
Actuarial Provisions to Capital Ratio	Max 250	98.0	344	97.1	n/a
5. Earnings Ratios (General)					
Return on Equity		10.0	67.0	43.4	n/a
6. Liquidity Ratios					
Liquidity Ratio	General ≥ 95; Life ≥ 50	74.0	39	63.2	43.5
Total Receivables as % of Capital & Reserves	**Max 100**	**70.0**	**11.0**	**75.8**	**64.7**

Source: Tanzania Insurance Regulatory Authority.

Insurance sector was adequately capitalized in the year ending December 2014 to match with risk level. In aggregate terms, General insurers and Life Assurance capital positions increased by 19.8 percent and 44.3 percent respectively to TZS 176.1 billion and TZS 40.2 billion recorded in the corresponding period in 2013.

Solvency ratios of both general insurance and life assurance sub-sectors indicated availability of sufficient capital to support their respective insurance liabilities. During the year ending December 2014, general insurers' ratio was 64.2 percent, above the statutory minimum requirement of 25.0 percent. Likewise, life insurers' solvency ratio was 29.5 percent compared to the minimum requirement of 8.0 percent.

General Insurers' retention rates were 64.7 percent of total GPW in the year ending December 2014, close to the statutory ceiling of 70.0 percent, while life insurance was 85.5 percent also close to the ceiling of 90.0 percent. This implies that the sector maintained relatively higher risks on their balance sheets. Meanwhile, the sector's ability to withstand adverse deviations of actuarial liabilities as measured by actuarial liabilities to capital and reserves was 97.1 percent compared to the statutory limit of 250.0 percent.

The sector's performance turned around from loss to profit making recording an underwriting profit of TZS 56.6 billion, with a return on equity of 43.4 percent during the year ending December 2014.

3.4 Social Security Sector

3.4.1 Tanzania Mainland

Assets of the Social Security Sector continued to grow amid rising government loan portfolio on account of interest accumulation. The ratio of government loans to total assets stood at 19.3 percent, which was above the limit of 10.0 percent prescribed by Investment Guidelines of 2012. Meanwhile, the Government has outlined a strategy to repay the loans through issuance of government securities in the 2015/16 financial year. The sector has substantial latitude for holding government debt with a floor of 20.0 percent and a ceiling of 70.0 percent. Currently, the sector holds only 20.1 percent of government debt (**Table 3.5**).

Table 3.5: Tanzania Mainland: Social Security Schemes Investment Portfolio

In TZS Billion

Particulars	Prudential Limit as Percentage of Total Assets	Mar-14	Mar-15	Share of Total Asset at end Mar-15 (Percentage)
Real Estate	30	1,333.9	1,843.4	21.1
Government Debt	20-70	1,298.5	1,751.7	20.1
Commercial Paper, corporate bonds	40	22.7	19.2	0.2
Loans to Government	10	1,393.1	1,685.4	19.3
Ordinary and Preference Share	15	660.7	945.3	10.8
Bank Deposits	35	516.5	817.1	9.4
Loans to Corporates and Co-operative Societies	10	544.9	486.7	5.6
Infrastructure Investment	25	151.5	231.1	2.6
Investments in Licensed Collective Investment Schemes.	30	88.7	127.6	1.5
Other Assets		841.6	819.4	9.4
Total		**8,670.4**	**8,727.0**	**100**

Source: Bank of Tanzania and Social Security Regulatory Authority

Meanwhile, membership of the schemes grew by 59.5 percent to 2.1 million and the number of pensioners by 7.1 percent to 86,969. Benefit payments increased by 131.8 to TZS 1,916.2 during the period ending March 2015 compared to March 2014 (**Table 3.6**). The rapid increase is due to salary increases and maturity of benefits.

Table 3.6 : Tanzania Mainland: Social Security Fund's Performance in Billions of TZS

Item	Unit	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Quarterly Change (%)	
								Dec-14	Mar-15
Membership		1,201,955	1,319,416	1,261,337	1,979,517	2,072,028	2,104,850	4.7	1.6
Pensioners		78,429	81,185	81,022	80,940	85,259	86,969	5.3	2.0
Net Assets	TZS Billion	6,876.8	6,339.4	6,630.9	8,035.6	8,131.8	7,953.1	1.2	-2.2
Benefit Payments	TZS Billion	585.4	826.7	1,068.0	1,349.1	1,645.1	1,916.2	21.9	16.5

Source: Social Security Regulatory Authority.

Note: Membership excludes NHIF.

Dec 2014 and Mar 2015 figures are provisional.

3.4.2 Zanzibar Social Security Fund (ZSSF)

Zanzibar's social security fund recorded improved performance on account of increased membership and contributions. Membership increased by 3.1 percent to 74.4 thousand during the period ending March 2015. Investment income and members' contributions increased by TZS 12.7 billion and TZS 22.2 billion, respectively during the nine months to March 2015. Likewise, during the same period, benefit payments increased by TZS 10.4 billion. As of March 2015, the investment portfolio was dominated by treasury bonds at 33.3 percent, fixed deposits (23.8 percent) and real estate (22.7 percent), **Table 3.7**. The investment strategy of ZSSF is structured in line with investment management policy stipulated under section 5(d) of the ZSSF Act number 2 of 2005.

Table 3.7: Zanzibar: Social Security Fund Investment Portfolio at end March 2015

Investment	Value (Billions)	Share of Total (Percent)
Fixed deposit	44.7	23.8
Treasury Bond	62.4	33.3
Equity Investment	7.4	3.9
Government stock	20.6	11.0
Loan	9.9	5.3
Real Estate	42.6	22.7
Total	**187.6**	**100.0**

Source: Ministry Of Finance-ZNZ/Zanzibar Social Security Fund.

3.5 Cross-Sector Linkages in the Financial System

The deepening of financial systems inter-connectedness heightens risks transmission across sectors. Interconnectedness among the financial institutions, markets and market infrastructure; and the linkage between financial sector and the real economy continued to deepen at national and international levels (**Table 3.8**).

Table 3.8: Financial System Interconnectedness (Top Ten Banks)

(Billions TZS)

Items	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Placements with Banks Abroad	743.7	737.4	715.1	657.9	626.8	598.8
Placements with Domestic Banks	345.8	437.9	350.9	381.8	418.3	412.5
Deposits from Pension Funds	240.5	265.8	290.7	288.0	268.5	236.1
Deposits from Insurance Companies	106.8	186.0	159.3	188.6	184.4	156.7
Borrowings from Domestic Banks	299.7	369.5	277.8	341.1	297.7	373.2
Deposits from Foreign Banks	182.5	144.7	218.4	214.9	228.5	107.6
Inter-bank Contingent Claims to Foreign Banks	224.8	339.8	333.3	305.2	252.8	235.9
Deposits from Mobile Network Operators	293.5	297.9	332.9	362.1	451.0	452.0

Source: Bank of Tanzania.

Banks placements abroad continued to decline in response to low levels of return in advanced economies. During the period ending March 2015, domestic banks placements with other banks abroad declined by 18.8 percent to TZS 598.8 billion, compared to the corresponding period in 2014.

Non-Bank Financial Institutions deposits with the banking sector continued to decline. Pension funds and Insurance companies deposits in the top 10 banks decreased by 11.2 percent and 15.8 percent to TZS 236.1 billion and TZS 156.7 billion, respectively. This could be explained by the shift of investment into real estate as mortgage market grows.

Growing Inter-linkages between banking systems with mobile money platforms creates cyber risks. Usage of mobile phones allows customers to access banking services through the mobile money platform; exposing the core banking system to cyber risks. This calls for enhanced capacity to monitor and mitigate cyber risks. The National Payments Systems Act, 2015 provides a regulatory mandate for enhancing supervisory framework to mitigate potential risks arising from payment systems.

Inadequate supervisory oversight of non-deposit taking micro-finance institutions exposes the banking and social security sectors to credit risk. The risks can be transmitted into the banking system and social security sector through credit intermediation.

4.0 FINANCIAL SYSTEM INFRASTRUCTURE AND REGULATORY DEVELOPMENTS

4.1 Payment Systems Infrastructure

During the year ending March 2015, the Systemically Important Payment Systems operated without major disruptions, and recorded increase in volume and value[11]. Average growth of 30.5 percent and 375.9 percent in value and volumes respectively were recorded during the period ending March 2015 compared to the corresponding period in 2014. An increase in values and volumes through the system denotes increased customers' confidence with payment systems (**Table 4.1**).

The Bank provides Intraday Lombard Facility (ILF) to participants with temporary liquidity problems. During the reporting period, eighteen banks accessed ILF amounting to TZS 8,810.45 billion out of which 0.19 percent equivalent to TZS 200.11 billion was converted to Lombard.

Table 4.1: The Trend of volumes and Values Transacted through the Payment Systems

	Values in TZS Billion			Volumes in Thousands		
Payment Systems	**Mar-15**	**Mar-15**	**% change**	**Mar-15**	**Mar-15**	**% change**
TISS	130,124.2	159,145.6	22.3	859.7	1,287.0	49.7
Mobile Payments	32,076.2	41,756.3	30.2	1,129,050.6	1,235,948.4	9.5
ECH	11,343.3	12,114.7	6.8	4,878.8	5,233.7	7.3
ATMs	7,725.4	9,070.5	17.4	70,585.8	68,923.3	-2.4
Mobile banking	707.7	1,346.8	90.3	3,321.1	47,153.1	1,319.8
POS	397.3	496.6	25.0	766.6	880.1	14.8
Internet banking	0.0	0.0	21.2	2,102.1	28,017.1	1,232.8
Average change			**30.5**			**375.9**

Source: Bank of Tanzania.

To mitigate operational risk the Bank has undertaken a range of efforts namely through a Business Continuity Plan (BCP) including the provision of back-up system infrastructure that is on standby to replace the primary system. To ensure the backup system is maintained in a constant standby state, partial checks and test trials of the infrastructure and TISS located at disaster recovery site are conducted by the Bank of Tanzania.

[11] Systemically important payment systems are Tanzania Interbank Settlement System (TISS), East Africa Payment System (EAPS), Electronic Clearing House (ECH) for settlement of cheques and Electronic Fund Transfers, and mobile financial infrastructure.

4.2 Financial Regulatory Developments

4.2.1 Banking Sector

To enhance safety and efficiency of the banking system a new regulation on consolidated banking supervision was issued and existing prudential regulations were revised[12]. The new regulation, the Banking and Financial Institutions (Consolidated Supervision) Regulations, 2014 extends regulatory oversight to all subsidiaries and associates of banking groups. On the other hand the amendments of existing prudential banking regulations were aimed at accommodating changes in the industry, to mitigate inherent risks and to comply with international best practices. The Banking and Financial Institutions (Disclosures) Regulations, 2014 was issued to replace the Banking and Financial Institutions (Publication of Financial Statements) Regulations, 2008. This regulation aims to ensure that every bank or financial institution maintains a level of transparency.

The increased disclosure requirements will allow bank customers to make informed decisions; promote and maintain public confidence in the banking sector; and enhance market discipline by providing financial information to various stakeholders. Banking institutions are required to disclose the customer complaint redress mechanism and the relevant contact information was added. In the event the complaint is not resolved at the banking institution level, the customer can escalate it to the Complaints Handling Desk at BOT. The complaints handling mechanism at the Bank is limited to bank retail customers.

4.2.2 Social Security Sector

The Bank is in the process of amending the Social Security Schemes Investment Guidelines with a view to accommodate changes in the industry and international good practices.

The sector has established the Workers Compensation Fund which aims at providing for adequate and equitable compensations for workers who suffer occupational injuries or diseases. The fund came into operation in February 2015.

During the period, the Social Security Regulatory Authority (SSRA) reviewed and issued The Social Security Schemes (Security of Electronic Information) Guidelines, 2014 to guide the Board of Trustees of the Schemes to ensure that mechanisms are put in place to manage information security risks. In addition, the Social Security Schemes (Totalization of Contribution Periods) Guidelines, 2013 were reviewed and new guidelines were issued aiming to safeguard the interests of members by protecting their benefit rights acquired through contributing to more than one scheme.

[12] The revised and new banking regulations are available online at http://www.bot.go.tz/BankingSupervision/BankingSupervision.asp

4.2.3 Insurance Sector

During the period under review a circular on increase of capital by insurers was issued with the aim of enhancing insurers' capacity to underwrite and retain large risks for their net account through introduction of a framework for actuarially sound capital and solvency levels.

4.2.4 Capital Markets and Securities

Review of the Capital Markets and Securities Act, 1994 [as amended in 1997] is in progress to ensure it accommodates developments that have taken place in the market both at national and international levels. The review is also aimed at harmonizing the CMS Act with IOSCO principles on achieving compliance with IOSCO Multilateral Memorandum of Understanding.

Provisions for Central Depository System (CDS) law has been incorporated in the proposed CMCE (Capital Markets & Commodity Exchanges) Bill. This is intended to provide a legal framework that would ensure safety for the establishment, operation and regulation of Central Depositories and capital markets in Tanzania.

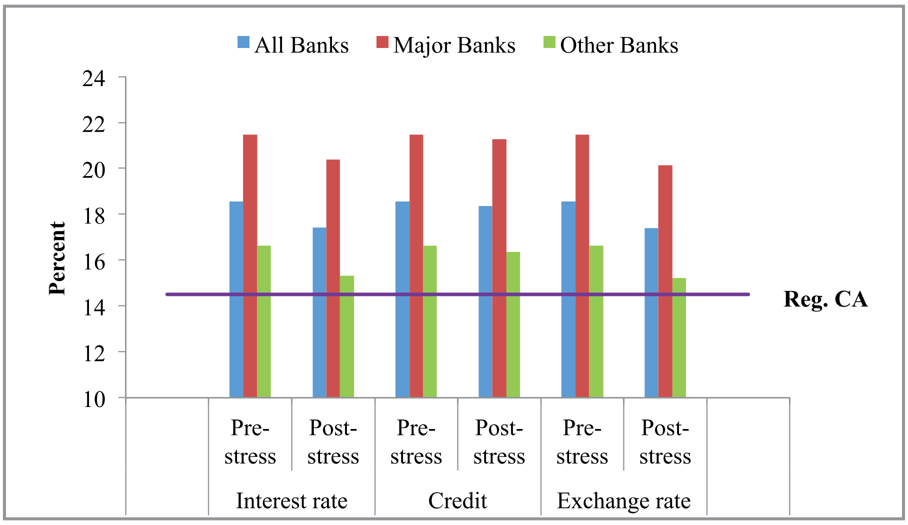
5.0 FINANCIAL SYSTEM RESILIENCE AND STABILITY OUTLOOK

5.1 Financial System Resilience

Banking Sector Resilience

Stress tests are conducted to measure the extent to which banks' capital at industry level would be able to withstand an increase in credit, interest and exchange rate risk in the form of losses generated from imposed shocks. Using financial data as at March 2015, the stress test results revealed that the banking system in Tanzania was adequately capitalized to weather off adverse developments (**Chart 5.1**).

Chart 5.1: Stress Testing Results of the Banking System



Source: Bank of Tanzania

5.2 Financial Stability Outlook

Global economy risks are expected to remain moderate with implications for EMEs and developing economies. The main drivers are strengthening of the dollar and possibility of monetary policy tightening in the United States. The anticipated developments pose risks to macroeconomic and financial stability in the EMEs and developing economies. However, continued monetary accommodation in the euro area and Japan will partially offset the expected impact from tighter global financial conditions.

The SSA region is exposed to risks arising from slowdown of export markets in EMEs and advanced economies, strengthening of US dollar and security related risks in some countries. Further weaknesses in the euro area and Japan and/or abrupt slowdown of growth in China may reduce the demand for SSA exports, lowering growth and widening fiscal and current account imbalances. Meanwhile, further appreciation of US dollar would make imports more expensive, lower investment growth, and fuel inflationary pressures.

The EAC sub-region is expected to sustain strong economic growth supported by high infrastructure spending and investment in resource sectors. However the region is exposed to risks similar to those facing the SSA.

Domestic risks remain moderate with limited impact on macro-economic stability. Fiscal stance is threatened by declining revenue and high cost of funding. Further strengthening of US dollar may lead to tightening of policy stance to mitigate exchange rate volatility. In addition, the stronger dollar will increase burden of dollar dominated public and private debt, while the decline in commodity prices will compound debt service cost. The risks notwithstanding, the economy is projected to maintain strong growth momentum driven by high infrastructure spending, investment in resource sectors and supportive macroeconomic policies.

The domestic financial system is expected to remain stable in the next six months in light of continued efforts to maintain macro-economic stability. The banking sector is expected to remain sound and to continue mobilizing financial resources to support economic activities. Outlook of the insurance sector is favorable in light of expected growth prospects and expanding business opportunities in the economy. The social security sector is expected to continue improving in terms of performance and structure. Business is expected to improve through expanded coverage and financial position. Vibrancy in the capital and securities markets is expected to continue in line with the development of new market platforms, distribution channels and increased number of products. This will contribute to increased intermediation of investable resources in an efficient and cost effective manner. The payment systems are expected to continue supporting economic activities through improved efficiency, reliability and preservation of safety. The Bank of Tanzania will continue to develop payment infrastructure and ensure its availability and accessibility while performing its role as regulator, overseer and facilitator.

6.0 POLICY RECOMMENDATIONS

While the outlook of the financial system in the next six months remains broadly favorable, it is recommended to address the remaining challenges to financial stability as follows:

- **Strengthen the credit reference system to enhance information flow to the banking system**. Commercial banks need accurate and reliable information about their customers in order to improve lending process. This would result into improved access to credit, reduced cost of borrowing and enhanced loan recovery processes.
- **Put in place a regulatory and supervisory framework for non-deposit taking microfinance institutions to mitigate risks transmission to the financial system**. Increasing relationship between banks and social security schemes on one hand and non-deposit taking microfinance institutions on the other, exposes the financial system to credit risks necessitating the need to put in place an oversight mechanism.
- **Put in place capital account management framework to mitigate potential risks from capital flows.** The lifting of restrictions on the capital account to EAC residents and later to the rest of the world call for close monitoring and use of targeted macro-prudential policy tools to mitigate risks emanating from inflow surges or disruptive outflows.

APPENDICES

Appendix 1: Global Economic Performance (Real Growth Rates in Percent)

	Actual					Projections		Difference from January 2015 WEO projections	
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2015**	**2016**
World output	**5.1**	**3.9**	**3.2**	**3.4**	**3.4**	**3.5**	**3.8**	**0.0**	**0.1**
Advanced economies	**3.0**	**1.7**	**1.2**	**1.4**	**1.8**	**2.4**	**2.4**	**0.0**	**0.0**
USA	2.4	1.8	2.8	2.2	2.4	3.1	3.1	-0.5	-0.2
Euro area	2.0	1.5	-0.7	-0.5	0.9	1.5	1.6	0.3	0.2
Japan	4.7	-0.6	1.4	1.6	-0.1	1.0	1.2	0.4	0.4
United Kingdom	1.8	1.1	0.3	1.7	2.6	2.7	2.3	0.0	-0.1
Emerging and Developing economies	**7.4**	**6.2**	**4.9**	**5.0**	**4.6**	**4.3**	**4.7**	**0.0**	**0.0**
Emerging and Developing Asia	**9.5**	**7.8**	**6.4**	**7.0**	**6.8**	**6.6**	**6.4**	**0.2**	**0.2**
China	10.4	9.3	7.7	7.8	7.4	6.8	6.3	0.0	0.0
India	10.1	6.3	3.2	6.9	7.2	7.5	7.5	1.2	1.0
Asean-5				5.2	4.5	5.2	5.3	0.0	0.0
Sub-Saharan	**6.7**	**5.0**	**4.2**	**5.2**	**5.0**	**4.5**	**5.1**	**-0.4**	**-0.1**
Excluding Nigeria and South Africa	6.3	6.0	5.1	6.4	5.6	5.4	6.4		
Nigeria				5.4	6.3	4.3	5.0	0.0	-0.2
South Africa				2.2	1.5	2.0	2.1	-0.1	-0.4
Oil Exporting	8.5	4.7	3.7	5.7	5.8	4.5	5.2		
Oil Importing	6.3	5.3	4.6	4.8	4.4	4.5	5.0		
SADC	**4.2**	**4.3**	**3.7**	**4.1**	**3.4**	**3.8**	**3.8**	**0.0**	**0.0**
Excluding South Africa									
EAC Overall	**7.4**	**6.9**	**4.5**	**5.8**	**6.0**	**6.6**	**6.8**		
Kenya	8.4	6.1	4.5	5.7	5.3	6.9	7.2		
Rwanda	6.3	7.5	8.8	4.7	7.0	7.0	7.0		
Tanzania	6.4	7.9	5.1	7.3	7.2	7.2	7.1		
Uganda	7.7	6.8	2.6	3.9	4.9	5.4	5.6		
Burundi	5.1	4.2	4.0	4.0	4.7	4.8	5.0		
Memorandum									
World Commodity prices (U.S. dollars)									
Oil				-0.9	-7.5	-39.6	12.9	1.5	0.3
Nonfuel				-1.2	-4.0	-14.1	-1.0	-4.8	-0.3

Source: IMF, World Economic Outlook, April, 2015; SSA Region Economic Outlook, April, 2015

Note: Asean-5 *includes Indonesia, Malaysia, Thailand, Philippines, and Vietnam.*

Oil prices *are simple average prices of UK Brent Dubai Fateh, and West Texas intermediate crude oil.*

Nonfuel *are average based on world commodity export weights*

Appendix 2: Mainland Tanzania Annual GDP Performance by Economic Activity

Economic Activity	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013r	2014p
Sector Share in GDP											
GDP at market prices	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Agriculture and Fishing	**29.7**	**29.1**	**28.4**	**26.8**	**27.3**	**27.2**	**26.3**	**25.2**	**24.8**	**23.8**	**23.0**
Agriculture	**28.0**	**27.3**	**26.7**	**25.2**	**25.7**	**25.7**	**24.8**	**23.8**	**23.4**	**22.5**	**21.8**
Crops	15.9	15.7	14.8	13.5	13.7	13.8	13.4	13.0	12.9	12.5	12.1
Fishing	**1.8**	**1.7**	**1.7**	**1.6**	**1.6**	**1.5**	**1.5**	**1.4**	**1.4**	**1.3**	**1.3**
Industry and construction	**18.8**	**19.4**	**19.7**	**20.2**	**20.4**	**20.0**	**20.5**	**21.3**	**21.1**	**21.5**	**22.2**
Mining and quarrying	3.9	4.2	3.5	3.5	3.0	3.4	3.4	3.3	3.4	3.3	3.4
Manufacturing	6.5	6.6	6.8	7.0	7.4	7.4	7.5	7.5	7.4	7.3	7.3
Electricity Gas &Water	2.0	2.0	1.8	1.8	1.8	1.7	1.8	1.6	1.6	1.6	1.6
Construction	6.4	6.7	7.6	7.9	8.2	7.5	7.8	8.9	8.7	9.3	9.9
Services	**46.7**	**46.8**	**47.4**	**47.4**	**46.8**	**47.0**	**47.6**	**47.8**	**48.8**	**48.7**	**48.8**
Trade and repairs	9.3	9.1	9.5	9.9	10.0	9.7	10.0	10.4	10.2	10.0	10.2
Hotels and restaurants	2.0	1.9	1.9	1.8	1.8	1.7	1.6	1.6	1.6	1.5	1.5
Transport & Communications	7.9	8.1	8.4	8.2	8.1	8.7	9.4	9.2	9.7	10.2	10.6
Financial & Insurance	2.2	2.2	2.5	2.8	3.2	3.6	3.8	4.0	4.0	4.0	4.1
Real estate and business services	10.9	10.8	10.7	10.1	10.0	9.8	10.0	9.6	9.7	9.6	9.2
Public administration & defense	8.1	8.5	8.1	8.1	7.2	6.8	6.1	6.5	6.8	6.8	6.6
Education	3.1	3.0	3.0	3.2	3.3	3.4	3.4	3.3	3.4	3.3	3.3
Health	1.6	1.6	1.7	1.6	1.6	1.7	1.6	1.6	1.7	1.7	1.7
Other social and personal services	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
less FISIM	-1.0	-1.0	-1.2	-1.2	-1.3	-1.4	-1.4	-1.6	-1.6	-1.5	-1.5
Taxes on products	5.7	5.7	5.6	6.8	6.8	7.2	7.1	7.3	7.0	7.5	7.5
GDP Growth Rate											
GDP at market prices (2007=100)	**6.8**	**7.9**	**4.7**	**8.5**	**5.6**	**5.4**	**6.4**	**7.9**	**5.1**	**7.3**	**7.0**
Agriculture and Fishing	**3.0**	**5.5**	**2.4**	**2.4**	**7.5**	**5.1**	**2.7**	**3.5**	**3.2**	**3.2**	**3.4**
Agriculture	**2.8**	**5.4**	**2.3**	**2.5**	**7.5**	**5.4**	**2.8**	**3.5**	**3.3**	**3.1**	**3.5**
Crops	3.2	6.6	-1.4	-1.5	7.8	5.5	3.7	4.8	4.2	3.5	4.0
Fishing	**6.0**	**6.7**	**2.8**	**0.9**	**7.2**	**0.5**	**0.9**	**2.6**	**2.9**	**5.5**	**2.0**
Industry and construction	**11.8**	**11.7**	**6.2**	**11.0**	**6.5**	**3.3**	**9.1**	**12.0**	**4.0**	**9.5**	**10.3**
Mining and quarrying	17.1	16.0	-13.7	9.2	-9.8	18.7	7.3	6.3	6.7	3.9	9.4
Manufacturing	9.0	9.4	8.4	11.5	11.4	4.7	8.9	6.9	4.1	6.5	6.8
Electricity Gas &Water	5.7	6.2	-2.8	3.9	5.1	4.4	7.8	-2.9	3.1	8.1	6.8
Construction	13.8	13.0	19.2	13.1	9.7	-3.8	10.3	22.9	3.2	14.6	14.1
Services	**7.5**	**8.1**	**6.0**	**8.5**	**4.2**	**5.8**	**7.8**	**8.4**	**7.2**	**7.1**	**7.2**
Trade and repairs	9.7	5.8	9.4	12.9	6.5	2.7	10.0	11.3	3.8	4.5	10.0
Hotels and restaurants	3.2	3.6	3.4	4.5	3.3	1.0	3.7	4.1	6.7	2.8	2.2
Transport & Communications	7.4	10.8	7.9	6.0	4.6	12.9	15.4	5.9	10.9	12.7	10.6
Finance & Insurance	10.7	8.3	19.1	21.7	18.8	18.4	12.6	14.8	5.1	6.2	10.8
Real estate and business services	6.5	6.8	3.6	2.9	4.0	3.4	8.3	3.3	6.4	5.9	3.2
Public administration & defence	9.6	13.6	-0.3	9.1	-6.3	-0.7	-5.0	15.9	9.1	7.8	3.9
Education	2.8	4.0	7.7	13.2	9.5	9.2	6.4	5.6	7.4	4.3	4.8
Health	8.7	7.8	9.9	7.0	5.5	7.4	3.3	5.3	11.4	8.8	8.1
Other social and personal services	2.0	3.0	4.9	5.4	5.2	4.6	5.6	5.8	6.6	5.6	5.8
less FISIM	11.7	10.1	23.4	11.7	6.8	20.0	7.9	22.6	1.2	0.1	9.7
Taxes on products	6.9	7.8	3.5	31.0	4.8	12.8	3.8	12.1	0.4	14.2	7.7
Contribution to GDP growth rate											
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Agriculture and Fishing	**13.7**	**20.5**	**14.7**	**7.9**	**36.1**	**25.9**	**11.5**	**11.6**	**15.9**	**10.9**	**11.6**
Agriculture	**12.1**	**19.0**	**13.6**	**7.8**	**34.1**	**25.7**	**11.3**	**11.1**	**15.2**	**9.9**	**11.2**
Crops	7.7	13.2	-4.8	-2.7	18.9	14.1	7.9	8.2	10.6	6.2	7.2
Fishing	**1.6**	**1.5**	**1.1**	**0.2**	**2.1**	**0.1**	**0.2**	**0.5**	**0.8**	**1.0**	**0.4**
Industry and construction	**31.2**	**27.6**	**25.8**	**25.7**	**23.7**	**12.5**	**28.5**	**31.2**	**16.7**	**27.6**	**31.9**
Mining and quarrying	9.0	7.9	-12.3	3.8	-6.1	10.4	3.8	2.7	4.3	1.8	4.4
Manufacturing	8.4	7.7	11.9	9.3	14.4	6.5	10.4	6.6	6.0	6.6	7.2
Electricity Gas &Water	1.7	1.6	-1.2	0.9	1.6	1.4	2.2	-0.6	1.0	1.7	1.5
Construction	12.1	10.4	27.4	11.8	13.8	-5.8	12.2	22.6	5.5	17.5	18.8
Services (RHS)	**51.0**	**47.6**	**60.4**	**47.4**	**35.7**	**50.2**	**57.4**	**50.5**	**67.1**	**47.8**	**50.3**
Trade and repairs	12.8	6.8	18.4	14.5	11.5	5.0	15.2	14.4	7.6	6.3	14.3
Hotels and restaurants	1.0	0.9	1.4	1.0	1.1	0.3	1.0	0.9	2.1	0.6	0.5
Transport & Communications	8.6	10.7	13.8	5.9	6.8	19.4	20.9	7.1	19.6	17.0	15.6
Financial & Insurance	3.3	2.3	9.1	6.5	9.5	10.8	7.1	7.1	4.0	3.4	6.2
Real estate and business services	10.4	9.3	8.3	3.6	7.4	6.4	12.8	4.2	11.9	7.9	4.3
Public administration	11.1	13.8	-0.6	8.7	-9.2	-1.0	-5.4	12.2	11.6	7.3	3.8
Education	1.3	1.5	4.9	4.8	5.5	5.6	3.4	2.4	4.8	2.0	2.3
Health	2.0	1.6	3.4	1.4	1.6	2.3	0.9	1.1	3.5	2.0	2.0
Other social and personal services	0.5	0.7	1.8	1.1	1.5	1.4	1.4	1.2	2.0	1.2	1.3
less FISIM	-1.6	-1.3	-5.1	-1.7	-1.5	-4.6	-1.8	-4.1	-0.4	0.0	-2.0
Taxes on products	5.8	5.6	4.2	20.7	5.9	16.0	4.3	10.8	0.6	13.7	8.2

Source: NBS and BOT Calculations.

Appendix 3: Annual GDP Performance by Economic Activity – Zanzibar

Economic Activity	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013r	2014p
Sectoral Share in total GDP											
GDP at market prices	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Agriculture and Fishing	**21.9**	**21.5**	**26.0**	**24.7**	**25.0**	**24.4**	**24.2**	**23.1**	**20.2**	**21.4**	**19.9**
Agriculture	**17.9**	**17.5**	**20.8**	**19.6**	**19.8**	**19.5**	**19.4**	**18.1**	**15.3**	**16.6**	**15.1**
Crops	13.7	13.3	14.6	13.5	13.8	13.7	13.7	12.7	9.9	11.4	9.9
Fishing	**3.9**	**4.0**	**5.3**	**5.1**	**5.2**	**4.9**	**4.8**	**5.0**	**4.9**	**4.7**	**4.8**
Industry and construction	**13.5**	**13.7**	**17.2**	**16.8**	**18.0**	**17.9**	**17.9**	**19.4**	**19.9**	**19.2**	**19.0**
Mining and quarrying	0.7	0.8	1.1	1.1	1.3	1.4	1.4	1.5	1.7	1.5	1.5
Manufacturing	5.1	5.0	8.9	8.5	8.1	8.0	7.9	7.8	7.7	7.7	7.9
Electricity Gas &Water	1.6	1.6	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.7
Construction	6.1	6.3	6.4	6.4	7.8	7.8	7.9	9.3	9.8	9.3	9.0
Services	**49.1**	**49.3**	**47.6**	**49.4**	**49.0**	**49.6**	**49.9**	**49.5**	**49.4**	**48.3**	**49.6**
Trade & repairs	9.1	9.9	11.1	11.6	10.1	9.2	8.8	8.6	7.4	7.1	7.5
Hotels & restaurants	5.7	7.7	8.9	8.8	7.9	7.5	7.3	7.9	7.7	7.8	7.8
Transport & communication	7.8	8.1	4.9	6.4	7.0	6.8	7.8	8.1	8.8	8.2	8.7
Financial intermediation	1.7	1.8	3.1	3.5	3.4	4.0	4.4	4.3	4.4	4.3	4.4
Real estate & business services	1.0	1.0	6.4	6.4	6.5	6.5	6.6	6.4	6.6	6.6	6.6
Public administration	16.4	13.5	8.0	7.7	9.0	10.6	10.2	9.5	10.1	9.9	10.3
Other social and personal services	0.4	0.4	1.2	1.2	1.1	1.1	1.1	1.1	1.0	1.0	1.0
Less FISIM			0.75	0.86	0.87	1.05	1.09	1.16	1.16	1.19	1.24
Taxes on products	15.6	15.6	9.9	10.0	8.9	9.2	9.1	9.1	11.6	12.4	12.8
GDP Growth Rate											
DP at market prices (2007=100)	**6.5**	**4.9**	**99.8**	**5.7**	**4.2**	**6.2**	**4.3**	**9.3**	**4.9**	**7.2**	**7.0**
Agriculture and Fishing	**2.8**	**2.9**	**99.7**	**0.2**	**5.5**	**3.8**	**3.3**	**4.7**	**-8.3**	**13.2**	**-0.4**
Agriculture	**-3.9**	**-2.6**	**18.9**	**-5.8**	**1.3**	**-1.9**	**-0.5**	**-6.4**	**15.4**	**8.5**	**-9.4**
Crops	2.0	1.6	99.7	-2.1	6.6	5.1	4.3	1.7	18.4	22.9	-7.2
Fishing	**4.8**	**6.3**	**99.7**	**2.4**	**5.4**	**1.9**	**1.5**	**13.9**	**2.5**	**3.6**	**8.9**
Industry and construction	**12.5**	**6.6**	**99.7**	**3.5**	**11.6**	**5.4**	**4.6**	**18.4**	**7.5**	**3.4**	**6.0**
Mining and quarrying	4.2	15.5	99.7	9.1	19.8	12.6	6.6	18.4	12.7	-3.6	4.9
Manufacturing	-5.1	2.4	99.6	0.5	-0.4	4.7	3.5	7.0	3.6	6.9	9.9
Electricity Gas &Water	6.0	7.5	99.9	7.5	0.0	1.8	0.0	19.0	5.8	4.1	5.3
Construction	37.6	8.8	99.8	6.3	27.6	5.2	5.7	29.8	9.9	1.9	3.0
Services	**6.7**	**5.3**	**99.8**	**9.4**	**3.3**	**7.1**	**4.8**	**8.3**	**4.8**	**4.6**	**9.9**
Trade and repairs	2.2	14.8	99.7	9.9	-8.9	-3.1	-1.1	7.7	10.4	2.9	13.0
Hotels and restaurants	11.5	39.9	99.7	4.5	-6.5	1.1	1.8	18.1	1.5	9.5	6.9
Transport & Communications	6.9	9.8	99.9	37.4	14.7	3.1	19.2	14.2	13.7	0.0	13.3
Finance & Insurance	19.1	13.7	-99.6	21.0	1.0	25.0	14.5	5.9	7.6	5.1	10.6
Real estate and business services	4.7	4.7	98.4	4.8	6.8	5.9	5.7	6.6	6.8	7.7	7.5
Public administration & defense	6.9	13.5	99.9	1.3	22.3	25.7	-0.1	1.7	12.0	5.2	10.8
Other social and personal services	4.3	4.3	99.2	4.3	0.5	4.4	3.3	7.9	0.1	6.5	5.3
less FISIM				21.0	5.2	28.1	8.6	15.7	4.8	10.8	11.4
Taxes on products	6.4	4.9	99.8	6.5	-7.3	10.2	3.4	9.6	33.4	14.1	10.2
Contribution to GDP growth rate											
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Agriculture and Fishing	**9.7**	**12.8**	**21.4**	**0.8**	**32.3**	**15.0**	**19.0**	**12.1**	**37.1**	**-1.3**	**19.9**
Agriculture	**6.8**	**7.7**	**17.5**	**-1.5**	**25.7**	**13.4**	**17.3**	**4.9**	**34.7**	**-7.3**	**15.1**
Crops	4.4	4.6	13.3	-5.4	21.3	11.3	13.8	2.5	31.4	-11.7	9.9
Fishing	**3.0**	**5.1**	**4.0**	**2.3**	**6.6**	**1.6**	**1.7**	**7.1**	**2.4**	**6.0**	**4.8**
Industry and construction	**24.6**	**18.3**	**13.7**	**10.6**	**46.6**	**15.5**	**19.1**	**35.2**	**9.5**	**16.5**	**19.0**
Mining and quarrying	0.5	2.4	0.8	1.8	5.4	2.7	2.2	2.8	-0.8	1.0	1.5
Manufacturing	-4.5	2.5	5.0	0.8	-0.9	6.1	6.5	6.0	7.3	10.9	7.9
Electricity Gas &Water	1.4	2.4	1.6	1.0	0.0	0.2	0.0	1.4	0.4	0.6	0.7
Construction	27.2	11.0	6.3	7.0	42.1	6.6	10.4	25.0	2.6	4.0	9.0
Services (RHS)	**50.3**	**53.3**	**49.3**	**77.4**	**38.4**	**54.9**	**54.6**	**43.3**	**30.6**	**66.7**	**48.3**
Trade and repairs	3.2	27.6	9.9	19.4	24.5	-4.9	-2.3	7.2	3.0	13.2	7.5
Hotels and restaurants	9.7	47.2	7.7	7.0	13.5	1.3	3.2	14.2	10.1	7.8	7.8
Transport & Communications	8.2	15.7	8.1	32.3	22.3	3.5	30.6	11.8	0.0	15.6	8.7
Financial & Insurance	4.4	4.7	1.8	11.4	0.8	13.7	13.6	2.8	3.1	6.5	4.4
Real estate and business services	0.7	0.9	0.9	5.4	10.4	6.2	8.7	4.7	7.0	7.1	6.6
Public administration	17.3	45.6	13.5	1.8	40.7	37.0	-0.2	1.9	7.3	15.5	10.3
Other social and personal services	0.2	0.3	0.4	0.9	0.1	0.8	0.9	0.9	0.9	0.8	1.0
less FISIM				-2.8	-1.1	-3.9	-2.1	-1.8	-1.7	-2.0	-1.2
Taxes on products	15.4	15.6	15.6	11.3	17.3	14.5	7.2	9.4	22.8	18.1	12.8

Source: Office of the Chief Government Statistician and BOT Calculations.

Appendix 4: Non-Financial Corporate Sector Sentiment Index

Sectors	Leverage						Financing									General Performance		
	Domestic Leverage			Foreign Leverage			Retained Earning			Bank Loan			Equity					
	2013	**2014**	**2015**	**2013**	**2014**	**2015**	**2013**	**2014**	**2015**	**2013**	**2014**	**2015**	**2013**	**2014**	**2015**	**2013**	**2014**	**2015**
Agriculture	53.1	50.0	45.2	46.9	77.3	50.0	72.9	51.7	83.3	56.6	74.1	74.1	62.0	63.3	63.3	59.4	80.8	80.8
Building and Construction	45.8	58.3	58.3	41.7	69.2	58.3	75.0	44.4	82.1	42.9	76.0	76.0	62.5	57.7	57.7	70.8	75.0	75.0
Hotels and Tourism	58.1	33.3	45.5	53.5	57.6	33.3	84.9	52.6	83.7	63.5	54.3	54.3	53.0	69.7	69.7	57.0	75.6	75.6
Manufacturing	52.1	54.1	58.4	51.6	58.2	54.1	82.3	76.8	88.0	58.1	64.9	64.9	52.9	70.0	70.0	72.3	87.3	87.3
Mining (minerals)	37.5	66.7	54.0	37.5	50.0	66.7	66.7	75.0	82.5	66.7	54.8	55.7	100.0	55.0	53.1	100.0	75.0	83.3
Whole sale or retail trade	42.3	38.9	65.2	40.4	55.7	38.9	94.6	78.3	93.2	47.9	63.5	63.5	65.8	65.5	65.5	67.3	89.3	89.3
Transport and communication	45.8	31.8	40.0	41.7	64.3	31.8	88.9	79.2	94.4	57.3	67.9	67.9	61.1	63.9	63.9	91.7	83.3	83.3
Others	58.3	40.0	58.3	57.7	50.0	50.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	87.5	75.0	75.0
Overall	**49.2**	**46.6**	**53.1**	**46.4**	**60.3**	**47.9**	**83.2**	**69.8**	**88.4**	**61.6**	**69.4**	**69.6**	**69.7**	**68.1**	**67.9**	**75.7**	**80.2**	**81.2**

Source: BOT Survey on Non-financial Corporate sector.

Appendix 5: Selected Macroeconomic Indicators

Item	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
National debt to GDP		58.8	33.8	32.1	30.3	34.0	36.9	34.9	35.7	37.9	38.4
o/w External debt		48.9	25.4	24.5	24.5	27.1	29.2	27.2	27.3	29.4	29.0
Inflation rate	4.7	5.0	7.2	7.0	10.3	12.2	7.6	12.6	16.0	7.7	6.1
Trade weighted exchange rate Index (TWERI)	95.9	93.2	104.8	100.0	97.2	93.4	92.2	104.8	101.4	82.0	85.6
Non-financial corporate debt to GDP					10.7	10.01	10.7	11.3	11.5	12.3	12.9
Household debt to disposable income											
Including informal sector				18.4	17.7	18.0	19.6	20.8	22.6	23.0	24.0
Excluding informal sector				45.8	40.6	43.8	50.1	56.1	63.7	64.5	67.1
Growth rate of household disposable income											
Including informal sector		61.8	15.2	14.0	22.7	9.6	10.4	14.04	12.4	12.4	13.3
Excluding informal sector		8.5	12.3	18.5	40.6	4.1	6.2	10.3	9.3	14.5	16.0
Growth rate of per capital GDP		2.3	0.7	1.1	5.0	2.7	2.7	3.8	5.3	2.7	4.2

Source: Bank of Tanzania.

Appendix 6: Growth Rate of Commercial Bank Lending by Sector

End of Period	Agriculture.	Financial Intermediaries	Mining & Quarrying	Manufacturing.	Building & Construct.	Real Estate	Transport & Communication	Trade	Tourism	Hotels & Restaurants	Electricity	Personal
Jun-13	17.0	-4.7	94.6	18.5	38.1	-4.4	15.1	12.8	59.8	-10.9	59.0	3.4
Jul-13	7.5	15.6	135.7	14.1	42.0	11.6	7.2	15.8	94.4	-8.6	58.2	1.1
Aug-13	4.6	18.9	85.2	18.3	41.8	10.5	18.2	16.7	92.7	-3.0	60.9	-2.5
Sep-13	1.3	4.0	91.2	23.3	19.5	23.9	22.6	13.8	97.8	6.2	80.1	1.6
Oct-13	-3.3	10.0	64.1	18.0	22.3	26.0	12.4	7.4	75.3	4.7	81.7	0.1
Nov-13	-0.9	8.0	68.8	10.4	29.3	26.4	19.1	17.5	87.1	1.5	-10.8	0.0
Dec-13	2.8	8.6	75.4	17.0	25.2	28.0	19.3	17.3	88.5	2.2	19.2	-1.9
Jan-14	10.6	13.5	139.1	19.1	22.3	30.0	21.2	16.2	68.4	4.3	46.4	-2.7
Feb-14	11.2	16.8	58.0	9.8	14.3	29.2	12.6	14.1	77.0	3.4	52.0	2.4
Mar-14	8.2	18.7	63.9	12.1	18.0	28.9	18.7	10.4	76.3	8.2	63.5	2.3
Apr-14	5.5	19.0	44.3	14.3	17.9	25.8	22.7	6.5	91.9	5.2	64.4	6.5
May-14	4.9	38.9	63.9	16.4	23.7	12.5	24.0	14.0	83.1	1.0	60.4	6.5
Jun-14	11.2	31.6	77.6	27.2	26.0	36.9	29.3	18.9	65.0	23.6	58.0	9.8
Jul-14	12.4	17.6	58.8	26.4	30.2	17.7	36.3	21.0	30.3	30.9	63.8	7.4
Aug-14	2.0	23.9	47.4	22.4	26.6	17.8	27.2	28.8	26.1	10.4	57.3	9.7
Sep-14	-0.7	38.2	42.1	24.6	30.0	7.4	20.5	25.3	22.7	15.0	65.1	13.2
Oct-14	4.1	32.5	51.4	27.2	31.3	4.9	32.6	34.6	22.3	17.8	56.7	14.6
Nov-14	5.3	26.9	21.4	22.6	21.2	6.6	17.0	21.9	31.1	16.4	68.0	24.0
Dec-14	9.6	23.7	71.9	19.4	28.3	1.5	27.2	22.7	14.2	17.5	9.4	20.6
Jan-15	-1.3	21.2	57.0	22.4	24.7	0.4	31.7	25.9	24.2	19.1	9.3	22.3
Feb-15	-2.1	33.1	72.4	31.8	25.0	-2.5	34.2	28.6	24.9	17.8	3.2	22.1
Mar-15	-0.9	16.5	60.1	21.9	27.9	-0.9	23.7	35.7	19.1	14.1	8.0	17.6

Source: Bank of Tanzania.

Appendix 7: Non-Performing Loans by Sectors

(In percent)

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Agriculture	199.8	214.9	136.2	113.9	138.5	157.7	164.0	122.5	164.8	197.3	213.3	189.5	200.2
Financial Intermediaries	17.4	16.8	14.5	16.1	18.5	18.2	18.8	15.2	38.5	41.4	45.9	40.6	38.8
Mining and quarrying	17.1	23.0	10.6	9.5	11.7	2.9	3.5	0.7	8.1	7.8	7.5	7.8	8.5
Manufacturing	157.0	157.6	92.4	84.2	96.3	85.4	75.8	72.9	92.5	94.1	108.3	47.9	46.8
Building & construction	67.2	27.1	17.6	26.5	28.6	16.1	20.8	15.6	22.5	22.2	22.6	21.8	23.8
Real Estate	91.8	113.1	19.4	23.0	32.6	40.0	24.1	26.5	32.5	33.8	36.9	15.1	15.2
Leasing	4.6	6.2	3.5	4.6	0.0	0.0	0.3	0.3	0.3	0.7	0.4	2.1	2.2
Transport and communication	55.5	41.9	32.6	49.7	33.6	55.0	39.7	42.8	63.3	70.1	66.0	61.0	58.2
Trade	154.5	163.8	103.5	163.2	132.9	135.0	124.8	113.3	140.0	142.0	163	138.9	153.8
Tourism	18.0	19.8	14.0	15.1	20.9	18.4	25.2	36.6	41.3	38.5	40.3	29.5	35.0
Hotels and Restaurants	56.9	64.2	36.3	54.9	38.0	68.0	39.4	51.3	62.4	67.4	90.1	80.8	62.2
Warehousing and Storage	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.4	1.0	0.1	0.0	1.8
Electricity	8.2	7.8	0.8	-0.1	0.8	0.2	0.3	0.3	0.1	2.3	2.2	2.1	2.3
Gas	2.0	4.6	-0.2	7.5	7.2	13.0	8.9	6.1	5.3	6.2	9.3	8.7	11.9
Water	0.7	1.0	0.5	0.9	0.6	1.1	1.0	0.7	0.0	0.1	0.1	0.1	0.1
Education	15.8	17.5	16.5	20.5	15.2	8.6	6.2	6.7	8.2	13.6	10.3	11.6	13.3
Health	0.7	0.9	1.1	1.3	1.7	1.9	1.3	1.7	3.0	11.2	12.0	10.6	10.4
Other Services	32.9	43.9	4.3	20.7	24.2	19.0	21.9	18.9	30.5	51.6	49.9	38.1	28.7
Personal (Private)	139.6	162.6	130.9	86.7	108.9	122.5	121.5	110.4	111.1	131.9	127.6	109.3	89.5

Source: Bank of Tanzania

Appendix 8: Financial Soundness Indicators of the EAC Banking Systems

	Dec-13					Dec-14					Mar-15				
	Burundi	Kenya	Rwanda	Tanzania	Uganda	Burundi	Kenya	Rwanda	Tanzania	Uganda	Burundi	Kenya	Rwanda	Tanzania	Uganda
CAPITAL ADEQUACY															
Core Capital/TRWA+OBSE	19.1	19.4	20.9	17.7	19.1	15.3	15.9	21.3	16.5	19.7	18.1	16.2	23.3	17.9	20.8
Total capital/TRWA+OBSE	22.3	23.2	23.1	18.2	22.1	17.3	19.2	24.0	17.7	22.2	20.5	19.2	25.9	19.1	23.2
LIQUIDITY															
Liquid Assets/Demand Liabilities	67.8	38.6	49.4	36.5	46.7	78.2	37.7	48.7	36.1	47.4	76.6	39.9	46.0	37.6	45.8
Total Loans/Customer Deposits	49.2	80.4	49.4	71.0	63.5	80.5	83.7	94.4	74.4	62.4	84.6	83.9	96.7	76.9	63.5
EARNINGS AND PROFITABILITY															
Net Interest Margin (NIM)	50.8	37.2	9.5	66.9	67.3	51.4	36.0	7.9	67.5	63.0	59.7	36.2	8.7	67.5	65.7
Non-Interest Expenses/Gross Income	77.0	41.7	65.3	67.2	63.7	67.8	40.9	60.9	66.9	59.4	69.3	39.1	61.2	63.8	61.2
Return on Assets-ROA (PBT/Average Total Assets)	1.3	3.6	1.5	2.5	3.1	1.0	3.4	1.9	2.6	3.6	0.5	3.5	2.6	3.1	3.6
ASSET QUALITY															
Gross non-performing Loans/gross Loans	10.3	5.0	6.9	6.6	6.0	11.1	5.4	6.0	6.8	4.1	12.4	5.8	6.3	6.7	4.3
NPLs net of provisions/Total Capital	5.2	5.8	6.0	14.6	6.3	7.2	7.4	13.4	16.2	6.9	6.3	7.6	16.5	14.8	6.1
Earning Assets/Total Assets	66.8	88.9	78.6	79.5	69.6	66.5	88.2	93.1	79.4	71.5	67.5	88.8	79.3	80.9	70.4
SENSITIVITY TO MARKET RISK															
FX Currency Denominated Assets/Total Assets	17.2	13.7	16.3	30.2	31.1	16.3	15.4	20.9	30.3	31.8	14.7	15.6	15.9	31.7	36.4
FX Currency Denominated Liabilities/Total Liabilities	17.5	22.9	23.4	34.5	38.1	21.3	22.6	30.2	36.0	39.2	19.8	23.0	23.7	37.6	42.3
Net Open Positions in FX/Total Capital	0.1	2.2	-2.2	1.5	-2.7	-9.2	4.3	-1.8	-2.5	-6.1	-4.9	10.2	-5.5	-2.0	-4.8

Source: Bank of Tanzania.

Appendix 9: Tanzania Mainland: Trend of Social Security Investment Portfolio

(TZS Billions)

Particulars	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Bank Deposits	516.5	533	852.7	972.2	817.1
Government Debt	1,298.50	1,317.60	1,635.20	1,688.40	1,751.70
Commercial Paper, corporate bonds	22.7	21.6	21.9	21.6	19.2
Ordinary and Preference Share	660.7	734.9	1,039.90	951.5	945.3
Investments in Licensed Collective Investment Schemes	88.7	97.5	125.7	124	127.6
Loans to Government	1,393.10	1,411.00	1,513.10	1,529.00	1,685.40
Loans to Corporates and Cooperative Societies	544.9	551.7	562.3	609.9	486.7
Infrastructure Investment	151.5	170.1	178.3	215.2	231.1
Real Estate	1,333.90	1,370.30	1,427.60	1,734.70	1,843.40
Other Assets	841.6	874.6	1,019.50	823.9	819.4
Total	**6,852.20**	**7,082.40**	**8,376.30**	**8,670.40**	**8,727.00**

Source: Bank of Tanzania.

Appendix 10: Quarterly Performance of DSE

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Total Market Capitalization (TZS Billions)	11,776.6	12,772.8	12,948.4	13,197.3	13,515.8	14,057.9	14,842.0	16,464.3	17,300.7	18,902.2	22,576.3	22,090.4	22,743.3
Domestic Market Capitalization (TZS Billions)	2,595.0	2,535.6	2,711.0	3,005.1	3,323.3	3,865.6	4,308.6	5,979.8	6,175.8	7,490.0	11,021.8	9,925.5	10,235.9
Cross listed Market Capitaliza-tion (TZS Billions)	9,181.6	10,237.2	10,237.4	10,192.3	10,192.6	10,192.3	10,533.4	10,484.5	11,124.8	11,412.2	11,554.5	12,164.9	12,507.4
GDP (TZS Billions)	61,434.2	61,434.2	61,434.2	61,434.2	70,953.2	70,953.2	70,953.2	70,953.2	79,442.5	79,442.5	79,442.5	79,442.5	79,442.5
Total Market Capitalization/ GDP (Percent)	19.2	20.8	21.1	21.5	19.0	19.8	20.9	23.2	21.8	23.8	28.4	27.8	28.6
% of domestic listed Companies	22.0	19.9	20.9	22.8	24.6	27.5	29.0	36.3	35.7	39.6	48.8	44.9	45.0
% of cross listed Companies.	78.0	80.1	79.1	77.2	75.4	72.5	71.0	63.7	64.3	60.4	51.2	55.1	55.0
Market Turn-over (TZS Millions)	1,402.0	5,525.0	3,338.0	2,047.0	5,338.0	18,124.0	9,527.0	104,814.3	9,994.0	11,761.7	61,138.1	45,044.6	638,100.0
Share Indices													
All Share Index	1,325.7	1,437.8	1,457.6	1,485.6	1,521.5	1,582.5	1,607.1	1,866.6	1,958.1	2,172.7	2,172.7	2,519.6	2,596.3
Tanzania Share Index	1,235.2	1,207.0	1,290.6	1,430.5	1,582.1	1,840.1	2,051.0	2,843.5	2,936.7	3,561.6	5,190.9	4,672.6	4,830.0
Banks, Finance & Investment Index	999.4	967.4	997.6	1,170.6	1,343.0	1,860.1	2,020.0	2,510.9	3,541.1	3,502.8	3,790.1	3,452.3	3,444.0
Industrial & Allied (IA)	1,466.8	1,498.6	1,591.7	1,723.9	1,881.7	1,998.2	2,284.0	3,414.6	3,541.1	4,071.1	6,869.3	6,101.0	6,350.0
Commercial Services (CS)	-	-	-	-	-	-	1,890.7	1,998.6	2,007.0	1,721.5	2,509.2	2,973.8	3,635.2

Source: Capital Markets and Securities Authority

For any enquiries and comments contact
Directorate of Financial Stability
Bank of Tanzania
2 Mirambo Street 11884, Dar es Salaam
Tel: +255 22 223 3471/2
Fax: +255 223 4076
http://www.bot.go.tz