

CRDB BANK PLC

Taarifa ya Mwaka

Annual Report

2013





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China Desk

CRDB
BANK

The bank that listens

Foreign
b
RMB a

China Desk

Angalizo Kuhusu Taarifa Zinazoangazia Mbele

Caution Regarding Forward-looking Statements

CRDB Bank Plc imetengeneza taarifa zenye kuangazia mbeleni kuhusu hali yake ya sasa ya kifedha, mkakati wa biashara, mipango na malengo ya menejimenti. Taarifa hizi zinatambulika kwa matumizi ya maneno kama 'kutarajia', 'inakadiria', 'inahisi', 'amini', 'inapangilia', 'inapanga' au maneno na tungo zinazofanana na hayo.

Kwa asili yake, taarifa zinazoangazia mbeleni zinatuhitaji tufanye makisio ambayo yanaweza kukabiliwa na viashiria vya hatari na hali isiyotabirika. Kuna hatari zinazoweza kukabili biashara ambazo utabiri na taarifa zenye kuangazia mbeleni zitafanya zisiwe sahihi. Tunatoa tahadhari kwa wasomaji wa taarifa hii kutoziwekea uzito usiostahili taarifa zetu zenye kuangazia mbeleni kwa vile kuna vitu mbalimbali vinavyoweza kusababisha matokeo, hali, matendo au matukio kuwa tofauti na malengo, matarajio, makadirio na matazamia yaliyoainishwa kwenye taarifa za kuangazia mbeleni.

Matokeo ya mbeleni yanayohusiana na taarifa za kuangazia mbeleni zinaweza kuathiriwa na vitu mbali mbali, zikijumuisha na mabadiliko ya viwango vya riba na thamani ya sarafu, hali ya uchumi ya sekta na dunia na hali ya kisiasa, mabadiliko ya sheria na taratibu, athari za ushindani kijiografia na maeneo tunayofanyia biashara, matendo ya menejimenti na mabadiliko ya teknolojia. Tunatoa tahadhari kuwa orodha iliyotangulia haainishi vitu vyote viwezavyo kutokea hivyo basi mnapotumia taarifa za kuangazia mbeleni kufanya maamuzi yahasuyo Benki ya CRDB, wawekezaji na wengineo wanapaswa kuangalia sababu hizi pamoja na matukio yasiyotabirika, mambo yenye uwezekano wa kutokea na kutotabirika kwa taarifa zenyewe.

Benki huwa haiziboreshi taarifa zozote zenye kuangazia mbeleni zilizotolewa kwa nyakati tofauti, na Benki au kwa niaba yake.

CRDB Bank Plc has made various forward-looking statements with respect to its financial position, business strategy, plans and objectives of management. Such forward-looking statements are identified by use of the forward-looking words or phrases such as 'expects', 'estimates', 'anticipates', 'believes', 'intends', 'plans' or words or phrases of similar import.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this report not to place undue reliance on our forward-looking statements as a number of factors could cause future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to interest rate and currency value fluctuations, industry and worldwide economic and political conditions, regulatory and statutory developments, the effects of competition in the geographic and business areas in which we operate, management actions and technological changes. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to CRDB Bank PLC, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. The Bank does not undertake to update any forward-looking statement that may be made, from time to time, by the Bank or on its behalf.

Wajumbe wa Bodi

Board Members

JINA NAME	WADHIFA	DESIGNATION	URAIJA	NATIONALITY
Martin J. Mmari	Mwenyekiti	Chairman	Mtanzania	Tanzanian
Juma A. Abdulrahman	Mjumbe	Member	Mtanzania	Tanzanian
Rose F. Metta	Mjumbe	Member	Mtanzania	Tanzanian
Selina A. Mkony	Mjumbe	Member	Mtanzania	Tanzanian
Kai Kristoffersen	Mjumbe	Member	Mdenish	Danish
Bede P. Lyimo	Mjumbe	Member	Mtanzania	Tanzanian
Boniface C. Muhegi	Mjumbe	Member	Mtanzania	Tanzanian
Ally H. Laay	Mjumbe	Member	Mtanzania	Tanzanian
Adam H. Mayingu	Mjumbe	Member	Mtanzania	Tanzanian
Frederick T. Sumaye	Mjumbe	Member	Mtanzania	Tanzanian
Charles S. Kimei	Mkurugenzi Mtendaji	Managing Director	Mtanzania	Tanzanian

KATIBU WA BENKI COMPANY SECRETARY	CRDB Bank Plc Office Accommodation Scheme Azikiwe Street P.O. Box 268 Dar es Salaam, Tanzania
John B. Rugambo	
OFISI ILIYOSAJILIWA REGISTERED OFFICE	

WAKAGUZI	AUDITORS
PriceWaterhouseCoopers Certified Public Accountants (Tanzania) Pemba House, 369 Toure Drive, Oyster Bay P.O. Box 45, Dar es Salaam, Tanzania	

Menejimenti ya Juu

Executive Management

JINA NAME	WADHIFA	DESIGNATION	URAIJA	NATIONALITY
Charles S. Kimei	Mkurugenzi Mtendaji	Managing Director	Mtanzania	Tanzanian
Esther K. Kitoka	Naibu Mkurugenzi Mtendaji	Deputy Managing Director Shared Services	Mtanzania	Tanzanian
Saugata Bandyopadhyay	Naibu Mkurugenzi Mtendaji	Deputy Managing Director Operations & Customer Service	Mhindi	Indian

BENKI MAHSUSI	Bank of Tanzania 10 Mirambo Street P.O. Box 2939, Dar es Salaam, Tanzania
MAIN BANKER	

MWANASHERIA	LAWYER
Abenry & Company NIC Life House, 2nd Floor Ohio St/Sokoine Drive P.O. Box 3167, Dar es Salaam, Tanzania	

CRDB Bank Plc (“Benki ya CRDB” au “Benki”) na Kampuni zake tanzu (kwa pamoja “Kundi”) zinatoa huduma za benki kwa wateja wakubwa na wale wa reja reja ikiwemo huduma za microfinance hapa Tanzania na Burundi. Benki ni kampuni yenye ukomo wa dhima iliyosajiliwa chini ya Sheria ya Makampuni ya mwaka 2002 na nchini Tanzania. Benki na Kampuni Tanzu yake ya CRDB Microfinance Services Limited inafanyakazi nchini Tanzania, na kampuni Tanzu, CRDB Bank Burundi S.A inafanyakazi Bujumbura Burundi.

Shughuli ya msingi ya Benki ni kutoa huduma za benki na zile zihusuzo huduma za fedha. Kampuni tanzu ya Kundi inatoa huduma za microfinance kwa kupitia mtandao wa matawi ya Benki. Azma na dira yetu wakati wote imekuwa ni kujikita zaidi katika kuwatimizia wateja wetu wapendwa mahitaji yao, kwa matumizi pevu ya teknolojia kuwaletea wanahisa maslahi bora ilhali Benki ikijali jumuiya na jamii ili kuendeleza ukuaji wetu.

Kuhusu Benki ya CRDB

Benki ya CRDB, ni taasisi inayoongoza Tanzania kwa rasilimali, mikopo na amana za wateja, huku ikilenga kujipanua katika ukanda wa Afrika Mashariki. Pamoja na kuchangia maendeleo ya kijamii na kiuchumi ya nchi, Benki ya CRDB, imeendelea kutumia mfumo wake jadidi wa kibiashara kufuata mkakati wa kuanuaisha biashara huku ikijumuisha na kuboresha uendeshaji.

Ikiakisi falsafa ya Kampuni, Benki ya CRDB imeendelea kutoa huduma zinazoendelea kuboreshwa pamoja na suluhisho la kifedha kwa wateja binafsi na wakubwa kwa kutumia msingi wa kuaminika wa tehamu na mtandao wake mpana wa kutolea huduma. Huku, ikijivunia chapa yake imara, Benki ya CRDB, imeendelea kuboresha mahusiano endelevu na wadau wake wote.

Kundi linatoa huduma mbalimbali za wateja wakubwa, wateja rejejeje, hazina, huduma kwa wateja maalum, na huduma za microfinance za jumla na wale wa reja reja, kwa kutumia mtandao wa matawi 103, yaliyojengwa na yale yanayotembea, mashine 311 za kutolea fedha zikiwemo mashine 18 zenye uwezo wa kupokea fedha, mtandao wa mashine 1,162 za kulipia pindi mteja afanyapo manunuzi, mawakala wa Benki (fahariHuduma) wapatao 491 na taasisi washirika za microfinance 441.

CRDB Bank Plc (“CRDB Bank” or the “Bank”) and its subsidiaries (together, “the Group”) provide corporate and retail banking services including microfinance services in Tanzania as well as Burundi. The Bank is a public limited company incorporated under the Companies Act 2002 and domiciled in Tanzania. The Bank and its subsidiaries-CRDB Microfinance Services Company Limited (MFSC) operate in Tanzania; and CRDB Bank Burundi S.A. operates from Bujumbura in Burundi.

The Bank’s principal activity is the provision of banking and related financial services. The Group’s other major subsidiary provides microfinance services through the Bank’s branch network. Our Vision and Mission has always focused on meeting the needs of our esteemed customers while leveraging technology, providing competitive returns to our shareholders, and caring for the community and society to sustain our growth.

About CRDB Bank PLC

The CRDB Bank PLC is the leading banking institution in Tanzania in terms of assets, loans & advances and customer deposits, with an ambition to expand its footprint in the wider East Africa region. Besides playing an influential role in the socio-economic development of the country, CRDB Bank consistently relies on its sound business model to pursue a sensible diversification strategy, alongside consolidating and improving its banking operations.

Reflective of its corporate philosophy, CRDB Bank remains intent on providing ever-improving levels of customer experience as well as state-of-the-art financial solutions to individual and corporate clients on the strength of robust IT platforms and extensive delivery channels. Epitomising its outstanding brand, CRDB Bank keeps on building lasting relationships with all its stakeholders.

The Group offers a comprehensive range of Corporate, Retail, Treasury, Premier, and wholesale banking and microfinance services through a network of 103 static and mobile branches, 311 ATMs including 18 Depository ATMs, 1,162 Point of Sales (POS) terminals, 491 Agents (fahariHuduma) and 441 Microfinance partners’ institutions.

TZS 'Millions

Financial Highlights	2013	2012	2011	2010	2009	2008	2007
Net Interest Income	235,601	206,276	153,385	125,005	109,968	91,163	72,138
Impairment Losses on Loans & Advances	31,519	26,403	31,216	20,357	18,174	4,695	3,229
Net Fees & Commissions	92,115	74,605	61,914	46,591	39,111	30,495	26,511
Net Foreign Exchange Income	28,528	22,782	1,549	22,081	15,244	13,041	10,733
Operating Income	325,421	278,342	186,997	175,380	147,262	131,133	106,806
Operating Expenses	203,400	170,640	135,984	111,246	85,341	71,129	55,103
Net Income	84,378	80,543	37,710	47,246	45,824	40,509	37,325
Loans, Advances and Overdrafts	1,993,106	1,806,865	1,429,262	1,153,527	982,173	848,196	599,726
Total Assets	3,558,668	3,074,815	2,713,641	2,305,224	1,854,8671	1,449,800	1,142,670
Total Deposit	3,024,429	2,583,964	2,408,676	2,019,394	1,621,019	1,273,082	1,013,331
Shareholders Funds	375,750	317,432	254,764	233,511	207,774	140,933	104,628
Non Performing Loans & Advances	126,307	124,586	134,783	132,675	60,612	37,947	36,387
Key Ratio's	2013	2012	2011	2010	2009	2008	2007
Earnings Per Share	38.8	37.0	17.3	21.7	21.1	18.6	17.1
ROAA (%)	3.7%	3.7%	2.0%	3.1%	3.7%	4.6%	5.1%
ROAE (%)	24.3%	28.2%	15.4%	21.4%	26.3%	33.0%	42.9%
Cost to Income Ratio	56.9%	55.9%	61.8%	56.7%	51.5%	55.7%	53.0%
Non-Funded Income/ Total Income	37.3%	32.7%	27.9%	36.1%	33.5%	32.9%	34.4%
Net Profit Margin (%)	25.9%	24.8%	17.3%	24.1%	27.7%	29.8%	33.9%
Capital/Assets	10.6%	9.4%	10.5%	11.2%	9.7%	9.2%	7.7%
Capital/Deposits	12.4%	12.3%	10.6%	11.6%	12.8%	11.1%	8.4%
Loans/Total Deposits	65.9%	69.7%	59.3%	57.1%	60.6%	66.6%	73.9%
NPL /Total Loans	6.2%	6.8%	9.4%	11.5%	6.2%	4.5%	6.1%



**MIKOPO
LOANS**

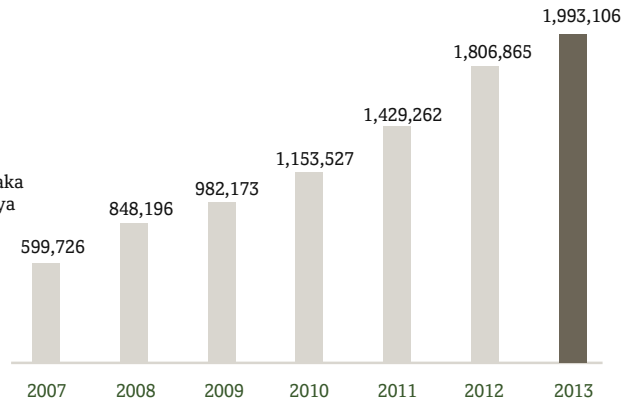
+10.31%

TZS 1,993 Billion

2012: TZS 1,807 Billion

Mikopo iliongezeka kwa asilimia 10.31 mwaka 2013 iliyochangiwa na kukua kwa mikopo ya rejareja, biashara ndogo na za kati na mikopo mikubwa.

Loans grew by 10.31% in 2013 driven by retail, SME and Corporate loan growth.



Mikopo / Loans, Advances & Overdrafts (TZS Millions)



**AMANA
DEPOSITS**

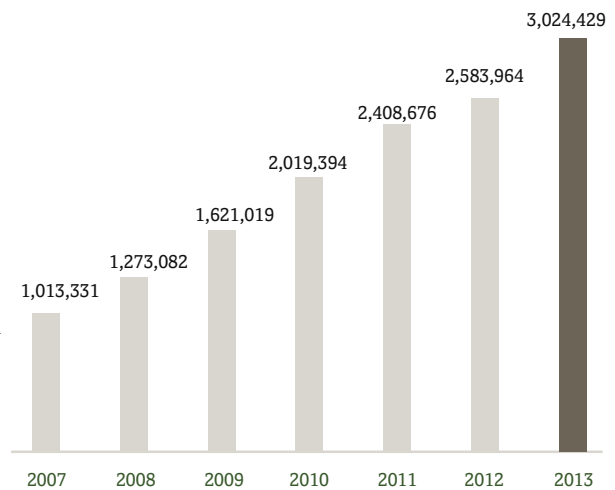
+17.05%

TZS 3,024 Billion

2012: 2,584 Billion

Amana ziliongezeka kwa asilimia 17.05 mwaka 2013 ikisababishwa na ongezeko la amana za Akaunti za Hundi na za Akiba kwa shilingi Bilioni 347

Deposits grew by 17.05% in 2013 mainly due to Current and Demand Deposits growing by TZS 347 Billion



Amana / Deposits (TZS Millions)



**MTAJI
CAPITAL & ROAE**

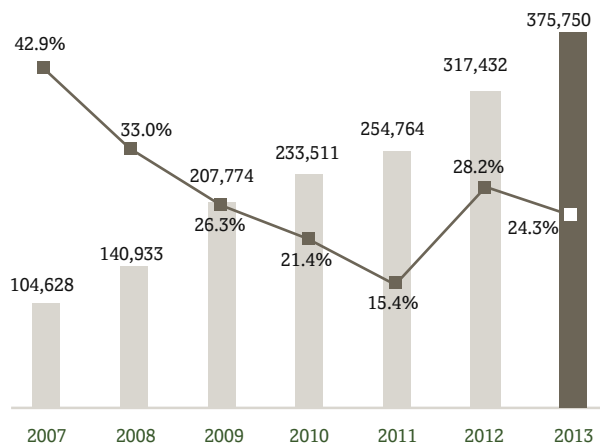
+18.37%

TZS 376 Billion

2012: 317 Billion

Kundi lina mtaji mkubwa na fedha za wanahisa zilizokua kwa asilimia 18.37 na uwiano wa mtaji (Tier 1) wa asilimia 15. Mrejesho kwenye wastani wa mtaji ulibaki asilimia 24.3

The group has a strong Capital position with Total Shareholders funds growing by 18.37% and a Tier 1 Capital Ratio of 15%. Return on Average Equity remained strong at 24.3%



Jumla ya Fedha za Wanahisa / Total Shareholders Funds (TZS Millions)



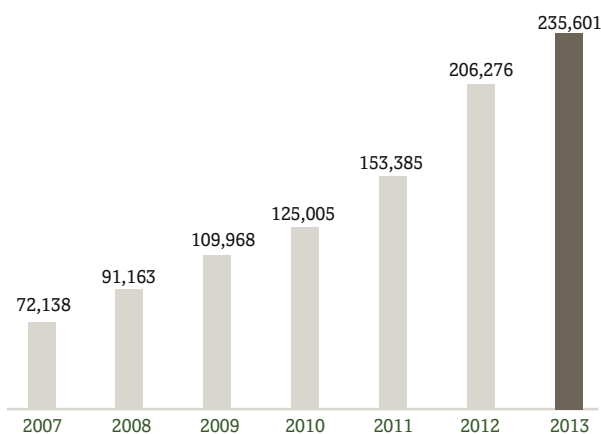
MAPATO HALISI YA RIBA
NET INTEREST INCOME

+14.22%

Mapato Halisi ya Riba yaliongezeka kwa asilimia 14.22 kutokana na ongezeko la mikopo la asilimia 10.31 na kuboreka kwa faida ya riba.

TZS 236 Billion
2012: 206 Billion

Net Interest Income grew by 14.22% due to loans growth of 10.31% and improving interest margins



Mapato Halisi ya Riba/ Net Interest Income (TZS Millions)



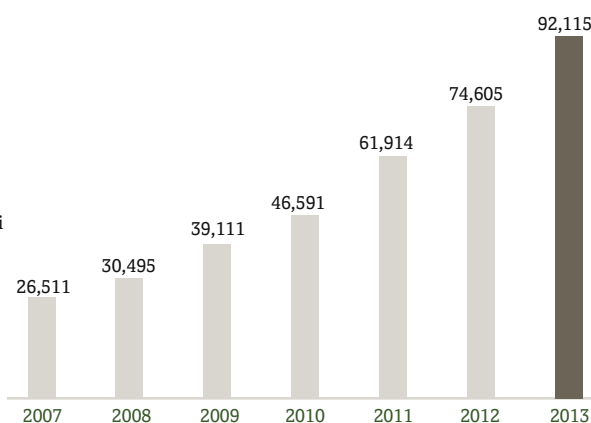
ADA NA KAMISHENI HALISI
NET FEES & COMMISSIONS

+24.33%

Ada na Kamisheni Halisi ziliongezeka kwa asilimia 24.33 kutokana na ongezeko la wingi wa miamala, kukua kwa matawi, mashine za kutolea fedha na njia nyingine mbadala za benki

TZS 93 Billion
2012: 75 Billion

Net Fees & Commissions grew by 24.33% due to general increase in transaction volumes, growth in outlets & ATM network and other alternative banking channels.



Ada na Kamisheni Halisi/ Net Fees & Commissions (TZS Millions)



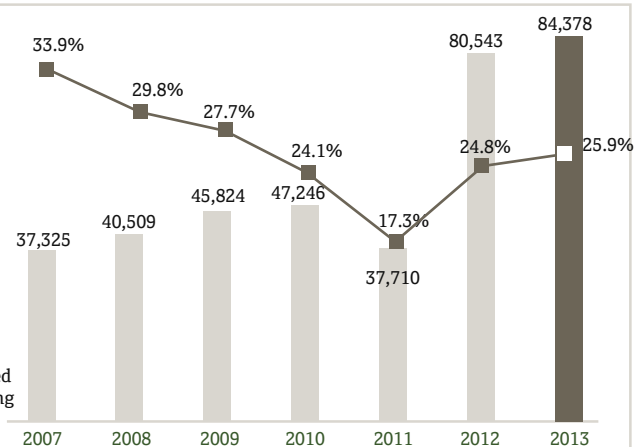
MAPATO HALISI
NET INCOME & MARGINS

+4.76%

Mapato Halisi ya Kundi yalifikia shilingi bilioni 84.3 huku faida ya riba ikiwa imara. Ukuaji wa faida umeongezeka kwa asilimia 4.8 kutokana na uwekezaji mkubwa kwenye matawi na njia mbadala za huduma kama huduma kupitia kwa wakala uliofanywa mwaka 2013.

TZS 84 Billion
2012: 80 Billion

The group Net Income is the highest achieved at TZS 84.3 Billion with Net margin remaining steady. Profit Growth had been only 4.8% due to the heavy investments in branches, ATMs and alternative banking channels such as Agent Banking undertaken in 2013



Mapato Halisi na Faida / Net Income & Margins (TZS Millions)

**Taarifa za Ziada kwa Mwaka Ulioishia
Desemba 2013
(Mamilioni ya Shilingi)**

**Value Added Statement For
The Year Ending December 2013
(All Amounts in TZS Millions)**

		GROUP 2013		GROUP 2012	
Mapato yatoakanayo na huduma za benki	Income earned from banking services	304,878		261,741	
Gharama zilizotumika kutoa huduma	Cost incurred in provision of services	-69,277		-55,465	
Ongezeko la thamani litokanalo na huduma za benki	Value added from banking services	235,601		206,276	
Mapato yasiyo ya uendeshaji	Non-operating income	121,983		99,035	
Matumizi yasiyo ya uendeshaji	Non-operating expenditure	-121,838		-103,132	
Ongezeko la thamani	Value added	235,746		202,179	
Mgawanyiko wa ongezeko la thamani	Distribution of value added				
Wafanyakazi na menejimenti	Employees and Management				
Mishahara	Salaries	43,214		32,002	
Manufaa mengine kwa watumishi	Other staff benefits	28,054		27,719	
		71,267	30%	59,721	30%
Kwa Serikali	To Government				
Kodi ya Mapato	Income Tax	37,643	16%	27,159	16%
Kodi ya Kipato na Maendeleo ya Stadi	PAYE, Skills Development levy	20,195	9%	16,330	8%
		57,838	25%	43,489	24%
Kwa Wanahisa	To shareholders				
Gawio	Dividend	30,471	13%	26,118	13%
Iliyowekezwa	Reinvestment				
Kushuka thamani na Mapato yaliohifadhiwa	Depreciation, amortization and retained profit for the year	76,170	32%	72,851	34%
		235,746	100%	202,179	100%

Mikopo kwa wajasiriamali wadogo na kati ilifikia Shilingi bilioni 170, ongezeko la asilimia 37 kwa mwaka 2013.

Financing to Small & Medium Enterprises reached TZS 170 billion, an increase of 37% in 2013.

Zaidi ya wateja 150,000 walijiunga na huduma ya e-statement ikiwa ni sehemu ya mpango wa uboreshaji wa mazingira

More than 150,000 customers signed up for e-statement as part of our environmental prevention initiatives.

Zaidi ya kadi 916,000 zilitolewa kwa mwaka 2013 na miamala ya kadi ilifikia 939,883,104,271

More than 916,000 cards issued by end of 2013, card based transactions reaching 939,883,104,271

Kupitia mtandao wa ATM 311 ambapo miamala zaidi ya 15,412,899 ilifanyika katika mwaka 2013

Throughout our network of 311 ATM's, 15,412,899 transactions were carried out in 2013.

Kupitia mikopo mahsusi kwa wajasiriamali wanawake (WAFI) zaidi ya shilingi milioni 991 zilitolewa kwao.

Women Access to Finance product loans of TZS. 991 million extended to women SMEs.

Wateja wa SimBanking walifikia 759,517 mwisho wa mwaka 2013, wakifanya miamala 9,635,658 katika mwaka 2013.

Simbanking customers reached 759,517 by end of 2013, conducting 9,635,658 transactions in 2013.

Wateja wa huduma ya Intaneti walifikia 22,028 na miamala jumla ilifika 428,131

Internet banking customers reached 22,028, carried out 428,131 transactions.

Mashine za POS zilizowekwa katika vituo vya huduma ilifikia 1,162 na jumla ya miamala iliyofanyika pasipo fedha taslimu ilifika 253,864.

1,162 POS devices installed at convenient merchant locations with 253,864 cashless transactions processed.



Martin Mmari
Mwenyekiti wa Bodi
Board Chairman

Kwa niaba ya Bodi ya Wakurugenzi wa Benki ya CRDB, ninayo furaha kuwasilisha Ripoti iliyokaguliwa ya Mahesabu ya Mwaka wa Fedha 2013.

Mwaka 2013 ulikuwa ndio mwaka wa kwanza wa utekelezaji wa mikakati ya kampuni ya mwaka 2013 hadi 2017. Mikakati wetu mkubwa ukiwa ni kuongeza rasilimali zetu maradufu hadi kufikia mwaka 2017 huku tukiboresha mapato yatokanayo na rasilimali walau kwa kiwango cha asilimia 3, tukiangazia huduma kwa wateja binafsi, wajasiriamali wadogo na wa kati na baadhi ya wateja wa kampuni wafanyaobiashara katika ukanda huu. Tunatoa huduma kupitia njia mbalimbali zilizohuishwa zikiwa na kiwango cha juu cha ufanisi katika uendeshaji ili kuwapatia wateja huduma bora na za kipekee kwa wateja wetu.

On behalf of the Board of Directors of CRDB Bank Plc, I am delighted to present the Bank's Annual Report and Audited Financial Statements for the fiscal year 2013.

2013 was the first year of implementing the Group's Business Strategy for 2013 - 2017. Our key strategic goal is to double assets by 2017, while maintaining a return on assets (ROA) of at least 3%, focusing on retail, SME and selected corporate customers operating in the region. We provide our services through use of integrated delivery channels coupled with high levels of operational excellence geared to deliver unmatched customer experience.

Mafanikio ya Kimkakati

Katika mwaka huu wa kwanza wa utekelezaji wa mkakati wa biashara, matokeo yanayoridhisha yalishuhudiwa katika kufikia malengo na matarajio licha ya changamoto tulizokutana nazo. Miongoni mwa mafanikio ni pamoja na ubunifu mbalimbali wa kuimarisha chapa ya kampuni, ripoti ya utendaji iliyofanyiwa uchambuzi ikiwalenga wawekezaji watarajiwa, ambapo kwa pamoja na ubadilishaji wa Katiba ya Kampuni kuongeza ukomo wa kiwango cha uwekezaji kuwa asilimia 20 tokea asilimia 10, pamoja na mambo mengine yalikuwa muhimu kuboresha thamani za hisa za Benki kutoka Shilingi 110 hadi Shilingi 280 hadi kufika mwisho wa Desemba 2013.

Mafanikio mengine kwa mwaka 2013 yanahusu ubunifu katika bidhaa na huduma. Benki ilizindua huduma na bidhaa mpya kwa mwaka 2013 ambazo ni; huduma za uwakala wa benki zijulikazo kama fahariHuduma (Agent Banking) ikiwa na lengo kuu la kusogeza huduma jirani na wateja wote na kupunguza gharama za kupata huduma kwa kundi la watu lisilofikiwa na huduma za benki; Mikopo ya Jijenge (Mortgage Financing) kukidhi mahitaji ya wateja ambao wangependa kumiliki makazi yao; Dawati la China na kadi za China Union Pay kutumika katika mashine zetu; na huduma za kulipa mishahara ya serikali. Zaidi ya yote, baadhi ya taratibu ziliboreshwa ili kutimiza matarajio ya wateja ambapo maboresho makuu yalikuwa ni huduma ya ufunguaji wa akaunti kwa haraka (Fast Account Opening (FAO)) ambapo wateja wanaweza kufungua na kuendesha akaunti katika maeneo mbalimbali ya huduma papo kwa hapo.

Kimkakati, Benki iliwekeza kwa kiasi kikubwa katika upanuzi wa mtandao wake wa matawi ambapo matawi 6, vituo vya huduma 4, na mashine za ATM 66 zilianzishwa. Utendaji wa kampuni Tanzu ya Burundi ulijumuishwa na kupanuliwa kufanya miamala ivukayo mipaka. Zaidi, ushirika na Shirika la Posta la Tanzania (TPC) ulianzishwa kwa lengo la kusaidia ueneaji wa fahariHuduma.

Mapitio ya Sera

Katika kipindi cha mwaka wa fedha 2013 Bodi ilipitia sera zote na viwango vya ukomo wa maamuzi vinavyohusu uendesaji wa Benki. Mapitio makuu yalifanywa kuhusu Muundo wa Udhhibiti wa Hatari za Biashara kwa Kampuni ili kuleta utawala bora hasa kuhusiana na Kampuni Tanzu ya Burundi. Bodi ilianzisha sera mpya ya udhibiti wa hatari za hasara za fedha haramu.

Strategic Milestones

In this first year of implementing the business strategy, commendable progress has been made in achieving the set goals and targets despite encountered challenges. Notable milestones include a number of initiatives to enhance the corporate brand, periodic bank performance analyst reports to the public targeting potential investors, which together with the change in the MEMARTS to increase the limit of investor stake to 20% from 10%, among other things, were instrumental to the improvement in the bank's share price from TZS110 to TZS 280 at the end of December 2013.

The other noteworthy milestones in 2013 relate to product and service innovations. The Bank launched new products and services in 2013 namely; FahariHuduma (Agent Banking) with the main objective of bringing services closer to all customers and reducing costs of banking to the unbanked population; Jijenge (Mortgage Financing) to cater for the needs of customers who wish to own their own homes; China Desk and China Union Pay card acquiring services; and Government Salary Processing. Moreover, some processes were improved to meet customer expectations, and the most notable one was the introduction of Fast Account Opening (FAO) whereby customers can open and operate accounts at various touch points instantaneously.

Strategically, the Bank invested heavily in expansion of its network where by 6 new branches, 4 service centres, and 66 ATMs were established. The operations of the Burundi subsidiary were consolidated and expanded to accommodate cross border transactions. Moreover, a partnership with Tanzania Postal Corporation was established with a view of supporting FahariHuduma rollout.

Policy Reviews

During the year under review the Board reviewed all policies and authority limits governing operations of the Bank. Fundamental review was done in respect of the Group Risk Management Framework to accommodate governance in relation to the Burundi subsidiary. The Board introduced a new policy for Fraud Risk Management.

Matokeo Makuu

Sambamba na mafanikio katika utekelezaji wa malengo mkakati na shughuli za Benki, Benki ilipanua wigo na kutia mkazo kuongeza idadi ya wateja. Hii inajionyesha katika matokeo ya fedha ya Benki kwa mwaka 2013 na ninayo furaha kutoa taarifa ya ukuaji wa asilimia 16 katika rasilimali za Kundi zilizofikia TZS 3,559 bilioni hadi kufikia Desemba 2013 (2012: TZS 3,074 bilioni). Marejesho kwa rasilimali (ROA) yalifika asilimia 3.5 yakiwa ni zaidi ya malengo yaliyopo katika mikakati ya asilimia 3.

Faida kabla ya kodi kwa mwaka ilifika Shilingi 122 bilioni (2012: TZS 107.7 bilioni) ambao ni ukuaji wa asilimia 13. Faida baada ya kodi ilikuwa shilingi 84 bilioni (2012: TZS 81). Matokeo hayo, kwa upande mwingine yalipelekea ukuaji wa fungu la wanahisa kutoka Shilingi 317 bilioni kwa mwaka 2012 hadi kufikia Shilingi 376 bilioni kwa mwaka 2013. Hii ni ongezeko la asilimia 19 kwa fungu la wanahisa.

Gawio

Bodi inapendekeza katika Mkutano Mkuu wa Wanahisa gawio la Shilingi 14 kwa kila hisa sambamba na sera ya Gawio ya Benki, inayoonyesha uwiano wa mgao kwa angalau asilimia 35 ya faida halisi ya Benki ya mwaka.

Matarajio kwa Mwaka 2014

Kwa ujumla utendaji wa uchumi mkubwa umekuwa imara, ambapo mfumuko wa bei kushuka hadi kufikia tarakimu moja na pato ghafi la taifa (GDP) kukua kwa

Key Results

Consistent with the successful performance of strategic goals and activities, the Bank widened and strengthened its customer base. This is reflected in the financial performance of the Bank in 2013 and I am pleased to report a growth of 16% in the Group's assets that reached TZS 3,559 billion at the end of December 2013 (2012: TZS 3,075 billion). Return on assets (ROA) was 3.5% above the target set in the Strategy of at least 3.0%.

Profit Before Tax for the year reached TZS 122.0 billion (2012: TZS 107.7 billion) marking a growth of 13.3%. After Tax Profit was TZS 84 billion (2012: TZS 81 billion). This performance, in turn resulted in growth of Shareholders' Funds from TZS 317 billion in 2012 to TZS 376 billion in 2013. This is a growth of 19% in Shareholders' Funds.

Dividend

The Board is recommending to the Annual General Meeting a dividend of TZS 14 per share is in line with the Bank's Dividend Policy, which stipulates a payout ratio of at least 35% of the Bank's annual net profit.

Prospects for 2014

Overall macroeconomic performance has been strong, with inflation declining to single digits and gross domestic product (GDP) growth projected at about 7% in the medium term. The main drivers of growth are telecommunications, transport, financial intermediation, manufacturing, construction, and trade.



asilimia 7 kwa kipindi cha kati. Vichocho vya ukuaji vikiwa ni pamoja na sekta za mawasiliano, usafirishaji na huduma za kifedha, uzalishaji bidhaa viwandani na ujenzi na biashara.

Mkakati wa serikali wa kuweka kipaumbele katika kilimo kwa kauli mbiu ya 'Kilimo Kwanza' ililenga katika kushughulika na utendaji mbovu wa sekta hii. Ugunduzi mpya wa gesi asilia utachangia kwa kiwango kikubwa katika kubadili hali ya uchumi wa kijamii kwa kipindi cha kati. Kwa kipekee, uwekezaji mkubwa unaondelea katika sekta ya gesi na ya nishati kwa ujumla unatarajiwa kupunguza bei ya nishati umeme na matatizo yahasuyo upatikanaji wa nishati ya umeme kuanzia robo ya mwisho ya mwaka 2014, ambapo pamoja na mpango wa usambazaji wa umeme vijijini utasaidia kuongeza thamani katika uzalishaji wa kilimo na kufungua kwa kiasi kikubwa fursa za benki vijijini. Vilevile tunataraji kuona fursa nzuri zaidi kwa wateja wakubwa wa benki na usimamizi wa utajiri kutoka kwa wawekezaji wakubwa wa nje na ndani ya nchi wanaolenga sekta ya madini na kundi la watu wenye kipato cha kati na cha juu wanaozidi kuongezeka kwa kasi kwa hivi sasa.

Benki inakadiriya kuwepo ukuaji mkubwa na uchumi imara. Uchumi imara na unaokua ni msingi muhimu kwa ukuaji wa sekta ya benki na Benki ya CRDB kama Benki kinara inawajibu wa kukamata fursa hizi.

The Government's strategy of prioritizing agriculture under the slogan of 'Kilimo Kwanza' aims at addressing the underperformance in this sector. The newly found natural gas resources will indeed play an important role in Tanzania's socio-economic transformation over the medium term. In particular, the ongoing and planned large investments in gas and energy sector are expected to reduce power tariffs and electricity supply problems from the last quarter of 2014, which together with the rural electrification initiatives will facilitate value chain creation in agriculture and open up a large part of rural folk for banking services. We also expect better opportunities for corporate banking and wealth management from large foreign and domestic investments targeting the mining sector and fast growing middle and high income classes respectively.

The Bank projects substantial growth prospects and sustainable macroeconomic stability. A stable, growing economy is a steady platform for the banking industry to prosper and CRDB Bank as an industry leader is poised to seize the opportunities.

The Bank will continue implementing the 2013 - 2017 business strategy with due consideration of emerging opportunities. It is my expectation that in 2014 the Bank will continue to be the leading bank in Tanzania.



Benki itaendelea kutekeleza mikakati yake ya biashara 2013-2017 huku ikiangazia pia fursa zilizojitokeza. Ni matarajio yangu kuwa kwa mwaka 2014 Benki ya CRDB itaendelea kuwa ndio Benki inayoongoza nchini Tanzania.

Mabadiliko katika Bodi

Katika kipindi cha mapitio, wakurugenzi watatu walistaafu kwa kuzingatia Katiba ya Benki. Bwana Boniface Charles Muhegi, Bwana Ally Hussein Laay na Bi. Joyce Ng'walu Nyanza, walistaafu na kisha kuomba tena nafasi hizo katika Mkutano Mkuu wa Wanahisa. Wakurugenzi waliostaafu walitoka katika kundi la wanahisa wenye hisa chini ya asilimia 1 ya mtaji wa Benki.

Bwana Boniface Charles Muhegi na Bwana Ally Hussein Laay wanaotoka katika kundi hilo hili walichaguliwa tena. Bwana Adam Mayingu kutoka kundi la wanahisa wenye zaidi ya asilimia moja ya hisa alichaguliwa. Namshukuru Bi Joyce Ng'walu Nyanza kwa mchango mkubwa katika Bodi na nimitakie kila la kheri katika shughuli zake. Nimkaribishe Bwana Adam Hassan Mayingu katika Bodi.

Neno la shukrani

Najihisi kuwa niliyependelewa kuwa Mwenyekiti wa Bodi imara na yenye ushirikiano, kuongoza timu imara ya menejimenti yenye upeo na zaidi ya wafanyakazi 2,000 ambao wameonyesha kujitoa na uzalendo kwa Benki yetu pamoja na wateja.

Vilevile natambua imani na ushirikiano kwa Benki toka kwa wateja, wanahisa, mamlaka zote za udhibiti, Serikali ya Tanzania na wadau wengineo.

Benki hii inayo historia ya muda mrefu ya mafanikio ambayo sote tunapaswa kujivunia. Nina amini juu ya matarajio ya baadae na natazamia mafanikio mengine kwa mwaka 2014.

Changes in the Board

In the year under review, three directors retired from the Board in line with the Bank's Memorandum and Articles of Association. Mr. Boniface Charles Muhegi, Mr. Ally Hussein Laay and Mrs. Joyce Ng'walu Nyanza, retired and subsequently offered themselves to the Annual General Meeting for re-election. The retired directors were all from the group of shareholders with shareholding of less than 1% of the Bank's share capital.

Mr. Boniface Charles Muhegi and Mr. Ally Hussein Laay belonging to the same group of shareholders were re-elected. Mr. Adam Hassan Mayingu belonging to the group of shareholders with shareholding of more than 1% was elected. I thank Mrs. Joyce Ng'walu Nyanza for her valuable contributions to the Board and wish her success in her future endeavours. I welcome Mr. Adam Hassan Mayingu to the Board.

Acknowledgement

I feel immensely privileged for chairing a strong and supportive Board, leading a strong and dynamic Management team and over 2,000 staff who have shown commitment and loyalty to both our Bank and to our customers and clients.

I also appreciate for the continued trust and support to the Bank from our customers, shareholders, all regulatory authorities, the Government of Tanzania and other stakeholders.

This Bank has a long and successful history which we should all be proud of. I am very confident of the Bank's future prospects and look forward to another successful year in 2014.



Martin Mmari
Mwenyekiti wa Bodi
Board Chairman

Bodi ya Wakurugenzi

Board of Directors



Martin Jonas Mmari
Mwenyekiti wa Bodi
Board Chairman

Bw. Martin Jonas Mmari ni Mkurugenzi wa Fedha katika Mfuko wa Pensheni wa PPF, nafasi ambayo anaitumikia tangu mwaka 2001. Pia hutumikia kama mjumbe wa Bodi za NHC/PPF IPS Building, Taasisi ya Wakurugenzi, na International House Property Ltd. Kabla ya PPF, Bw. Mmari alifanya kazi Benki Kuu ya Tanzania kama Mtahini na Mchambuzi wa Fedha. Pia ana Shahada ya Uzamili (MBA) kutoka Chuo Kikuu cha Birmingham, Shahada ya Biashara (B.Com) - UDSM na Cheti cha Uhasibu CPA (T).

Mr. Martin Jonas Mmari is the Director of Finance at the Parastatal Pension Fund (PPF), a position he has held since 2001. Prior to the current position, he worked at the Bank of Tanzania as a Bank Examiner and Financial Analyst. He holds Board membership at Institute of Directors Tanzania, NHC/PPF IPS Building Company Limited and International House Property Ltd. He holds an MBA (International Banking and Finance) - University of Birmingham, B Comm (Accounting) - University of Dar es Salaam and CPA (T).



Adam Hassan Mayingu
Mjumbe wa Bodi
Board Member

Bw. Adam Mayingu ni Mkurugenzi Mkuu wa Mfuko wa Pensheni wa Watumishi wa Umma (PSPF). Ameshatumikia kama Mtaalamu Mwandamizi, Injiniya wa Programu, Kaimu Meneja Mkuu wa Tehama na Mkuu wa Tehama Benki ya CRDB. Bw. Mayingu ana shahada ya elimu (UDSM), Uzamili (Rushmore University na South University) na Ubobevu (Wittfield University). Pia ana Cheti cha Utawala Bora na Siasa (Maastricht University).

Mr. Adam Mayingu is the Director General of Public Service Pension Fund, PSPF. He also served as Senior System Analyst, Software Engineer and Ag. Chief Manager IS and Head of Information System at CRDB Bank PLC. Mr. Mayingu holds a Bsc Ed Hons Computing Option from University of Dar es Salaam, MBA (IT) from Rushmore University, Certificate in Governance and Politics, Maastricht Graduate School of Governance (Maastricht University), Msc Leadership from South University.



Boniface Charles Muhegi
Mjumbe wa Bodi
Board Member

Injiniya Boniface Charles Muhegi ni Afisa Mtendaji Mkuu (CEO) na Msajili wa Bodi ya Wakandarasi (CRB). Kabla ya kujiunga na CRB, Bw. Muhegi aliwahi kuwa Mshauri Mkuu na Mkuu wa Idara/Baraza la Ujenzi la Taifa (NCC). Bw. Muhegi ana shahada ya Uzamili ya Sayansi na Uhandisi kutoka Chuo Kikuu cha Melbourne na Shahada ya Kwanza ya Uhandisi kutoka Chuo Kikuu cha Dar es Salaam.

Eng. Boniface Charles Muhegi is the Registrar – Contractors Registration Board and is the Chief Executive Officer. Prior to the current position, He worked at National Construction Council (NCC). Mr. Muhegi has held several other positions including; Project Manager of the Labour – Based Contractor Training Project for Arusha and Acting Chief Executive Officer NCC. He holds MSc Engineering - University of Melbourne, BSc Engineering - University of Dar es Salaam.



Selina Adolf Mkony
Mjumbe wa Bodi
Board Member

Bi. Selina Adolf Mkony ni Mshirika Mwandumizi wa R&S Partners Co. Ltd. Pia alikuwa Mratibu wa Programu ya Mabadiliko ya Usimamizi wa Fedha za Umma, Mratibu wa Mradi wa Utendaji Matokeo na Uwajibikaji. Amekuwa Mhasibu katika Mpango wa Kuboresha Shughuli za Umma, Mradi wa Kuboresha Mfumo wa Watumishi wa Umma na Mradi wa Ukimwi Tanzania.

Bi Selina ana shahada ya Uzamili ya Biashara na Utawala Chuo Kikuu cha Arbor na Stashahada ya Uhasibu kutoka Chuo Cha Usimamizi wa Maendeleo. Ana cheti cha uhasibu(CPA).

Ms. Selina Adolf Mkony is a Senior Partner with R & S Partners. She has also served as Programme Coordinator - Public Financial Management Reform Programme, Programme Coordinator - Performance Results and Accountability Project – of PSRP, Programme Accountant/Administrator- Public Service Reform Programme (PSRP), Project Accountant/Administrator-Civil Service Reform Project (CSR), Project Accountant AIDSCAP (FHI) Tanzania. Ms. Selina holds MBA degree from Arbor University, CPA (T) from NBAA; ADCA from Institute of Development Management (IDM)



Mh. Frederick Tluway Sumaye
Mjumbe wa Bodi
Board Member

Mhe. Frederick Tluway Sumaye ni Waziri Mkuu Mstaafu wa Jamhuri ya Muungano wa Tanzania. Pia ametumikia kama Waziri wa Chakula, Mifugo na Ushirika, Naibu Waziri wa Chakula na Mifugo, Mkuu wa Kitengo cha Maendeleo na Utafiti Kituo cha Zana za Kilimo na Ufundi Vijijini (CARMATEC).

Mhe. Sumaye ana Shahada ya Uzamili katika masuala ya Uongozi na Utawala kutoka Shule ya Serikali ya John F. Kennedy - Harvard nchini Marekani.

Hon. Frederick Tluway Sumaye is a former Prime Minister – United Republic of Tanzania. Hon. Sumaye served as Minister of Agriculture, Livestock and Cooperation, Deputy Minister of Agriculture and Livestock, Head of Research and Development (R&D), Centre for Agricultural Mechanization and Rural Technology (CARMATEC), Tutor (Agro – mechanization).

Hon. Sumaye is a holder of a Master's degree in Public Administration from John F. Kennedy School of Government – Harvard University – USA.



Rose Felix Metta
Mjumbe wa Bodi
Board Member

Bi. Rose Felix Metta ni Mkurugenzi wa Mipango na Uwekezaji LAPF. Pia alikuwa Meneja Msimamizi wa Uzingatiaji Taratibu LAPF. Afisa Mkuu wa Fedha – Bajeti, Afisa Mkuu Uwekezaji, Afisa Mipango Mwandumizi na Afisa Mipango katika Mfuko wa Jamii wa Taifa.

Bi. Rose ana stashahada ya masuala ya Mifuko ya Jamii, kutoka Chuo Kikuu Maastricht, shahada ya Uzamili na Shahada ya Uchumi toka Chuo Kikuu cha Dar es salaam.

Ms. Rose Felix Metta is the Director of Planning and Investments, LAPF. She served as Compliance Manager of LAPF Pension Fund, Principal Finance Officer – Budget, Principal Officer Investment, Head of Division- Capital Markets, Senior Planning Officer, and Planning Officer of National Social Security Fund.

Ms. Rose holds a Post Graduate Diploma in Social Security Financing from Maastricht University, MBA (Finance) from University of Dar es Salaam, BA in Economics from University of Dar es Salaam.



Kai Kristoffersen
Mjumbe wa Bodi
Board Member

Kai Kristoffersen amefanya kazi za uongozi wa ngazi za juu katika benki za biashara za Denmark. Tangu mwaka 1992, Bw. Kristoffersen amekuwa akifanya kazi kama Mshauri wa Masuala ya benki na fedha za umma katika nchi zinazoendelea.

Kazi yake imejumuisha nafasi ya muda mrefu kama Mshauri Mkazi na Meneja wa Miradi ya Umoja wa Ulaya katika Lithuania. Amefanya kazi pia Bulgaria, Romania, Croatia na Bosnia Herzegovina. Amekuwa mjumbe wa Bodi toka 2004. Ana Shahada ya Uzamili ya Sheria (Aarhus, Denmark) na Shahada ya Utawala wa Biashara (Aalborg, Denmark).

The career of Mr. Kai Kristoffersen has included top level management positions in Danish commercial banks. Since 1992, He has been working as a consultant on banking, financing and public finance in emerging countries. He has served as a Resident Advisor and EU Project Manager to the Lithuanian Ministry of Finance and the Lithuanian Central Bank with assignments in Bulgaria, Romania, Croatia and Bosnia-Herzegovina. Member of the Board of Directors of CRDB Bank Plc since 2004. He holds a Master of Laws degree from Aarhus University, Denmark and Bachelor of Business Administration from the Business School of Aalborg, Denmark.



Bede Philip Lyimo
Mjumbe wa Bodi
Board Member

Bw. Bede Philip Lyimo ni Mkurugenzi Mtendaji wa Kampuni ya PPP Solutions Co Ltd. tangu Februari, 2012. Kabla, Bw. Lyimo amekuwa akitumikia kama Afisa Mtendaji Mkuu wa Better Regulation Unit (BRU) katika Ofisi ya Rais, nafasi ambayo alistaafu Desemba, 2011. Awali, Bw. Lyimo alifanya kazi kama Mkurugenzi Msaidizi katika kitengo cha Multilateral Trade Programmes kwenye Idara ya Biashara, Wizara ya Viwanda na Biashara. Ameshawahi kushika nafasi mbalimbali Wizara ya Mambo ya Nje ikiwamo kufanya kazi kama Mchumi Mwandamizi, Mchumi, Katibu na Mtawala Ubalozi wa Tanzania nchini Lagos. Bw. Lyimo ana Shahada ya Uzamili wa Usimamizi wa Biashara (MBA) kutoka Chuo Kikuu cha Kikatoliki, Leuven na Shahada ya Kwanza kutoka Chuo Kikuu cha Dar es Salaam.

Mr. Bede Philip Lyimo is the Managing Director of PPP Solutions Co. Limited since February, 2012. He has also served as the Chief Executive Officer for Better Regulation Unit in the President's Office, Planning Commissioner and Policy Adviser in the Prime Minister's Office prior to retirement from government service in December 2011. Before that, Mr. Lyimo has also worked as Assistant Director, Multilateral Trade Programmes Section, in the Department of Trade, Ministry of Industry and Trade. Other previous positions include Senior Economist, in the Ministry of Foreign Affairs and Administrative Attaché, Tanzania High Commission in Lagos. Mr. Bede Philip Lyimo holds an MBA from Catholic University of Leuven, and a BA from University of Dar es Salaam.



Ally Hussein Laay
Mjumbe wa Bodi/Board Member

Bw. Ally Hussein Laay ni Mkurugenzi wa Fedha na Utawala wa Baraza la Taifa la Kuwezesha Uchumi. Ametumikia pia International Care for Aids Programs (ICAP), Mailman's School of Public Health of Columbia University ya Marekani, TASAF na Medical Stores Department, Coopers and Lybrand (sasa PWC). Vilevile Shirika la Umeme Tanzania.

Bw. Laay ana shahada ya Uzamili (MBA) Cardiff Business School, Chuo Kikuu cha Wales (UK), Stashahada ya Uhasibu (PGDA) toka Chuo cha Usimamizi wa Fedha (IFM) na Stashahada ya juu ya Uhasibu (ADA) ya Chuo cha Usimamizi wa Fedha (IFM), pia ni FCPA.

Mr. Ally Husein Laay is currently the Director of Finance and Administration of the National Economic Empowerment Council. He has also worked with the International Care for Aids Programs, Mailman's School of Public Health of Columbia University of USA, Tanzania Social Action Fund (TASAF), Medical Stores Department, Coopers and Lybrand (now PWC) and Tanzania Electric Supply Company Ltd.

Mr. Laay holds an MBA from Cardiff Business School, University of Wales (UK), Post Graduate Diploma in Accountancy (PGDA (IFM) and Advanced Diploma in Accountancy (ADA IFM), Fellow Certified Public Accountant FCPA (T).



Juma Abdallah Abdulrahman
Mjumbe wa Bodi/Board Member

Bw. Juma Abdulrahman alikuwa Mkurugenzi wa Rasilimali Watu na Utawala katika Mamlaka ya Bandari Tanzania (TPA) na pia alikuwa Meneja Msaidizi wa Bandari - Fedha na Utawala, pia aliwahi kuwa Mkurugenzi wa Ukaguzi wa Ndani na Mkuu wa Uhasibu kwa Manajimenti, Meneja Mkaguzi wa Mahesabu, Tanzania Audit Corporation.

Bw. Abdulrahman ana shahada ya Uzamili ya Sayansi katika Fedha kutoka Chuo Kikuu cha Strathclyde-Glasgow (UK). Cheti cha juu cha Uhasibu (FCPA) na Cheti cha Ukaguzi wa Mifumo ya Habari na Mawasiliano (Certified Systems Information Auditor). Pia ni Mjumbe wa Bodi ya Lindi Farmers Company Limited.

Mr. Juma Abdulrahman worked as the Director of Human Resources and Administration at Tanzania Ports Authority. He also served an Assistant Port Manager - Finance and Administration; Director of Internal Audit and Chief Management Accountant. He has also worked with Tanzania Audit Corporation as an Audit Manager.

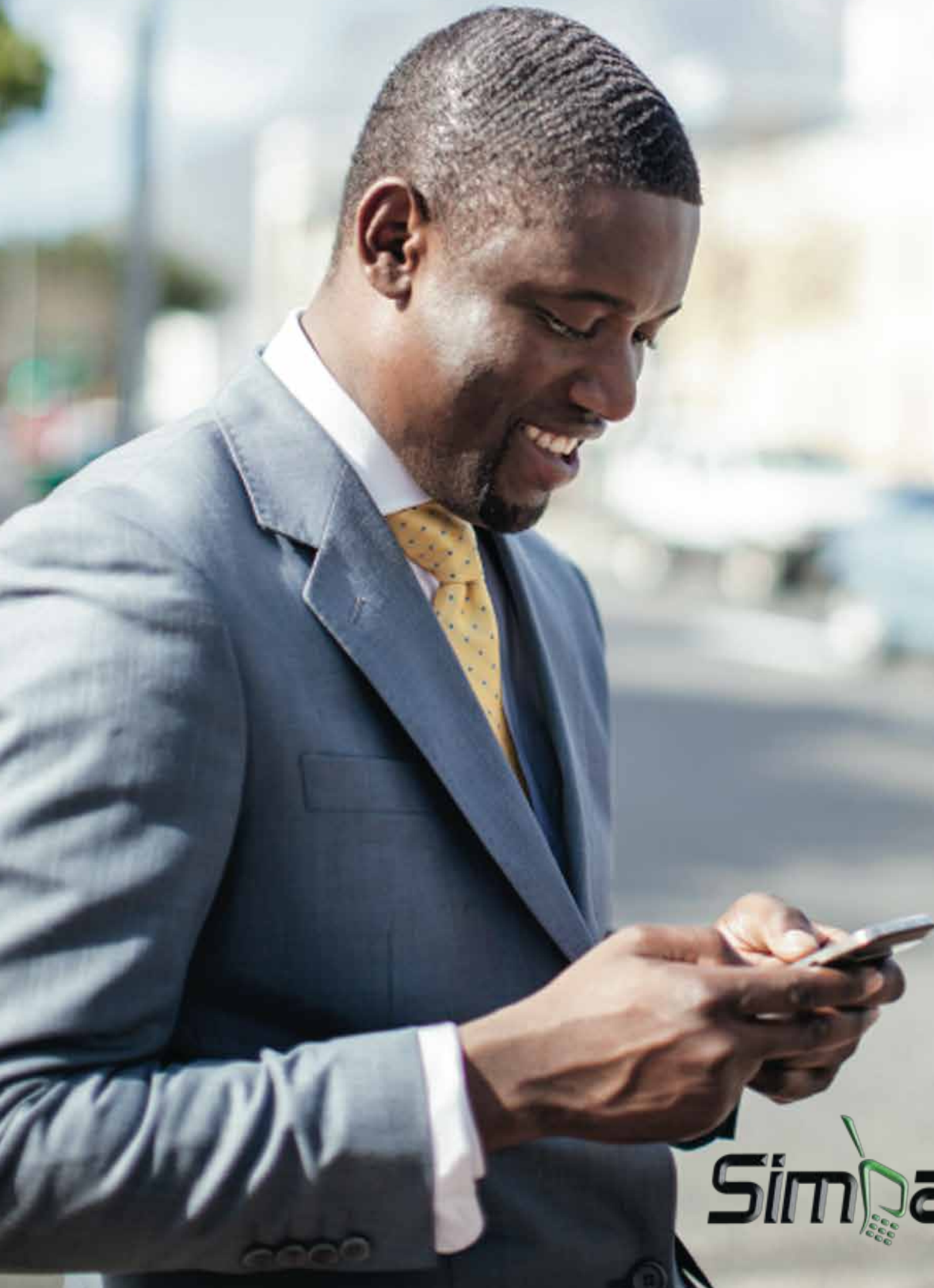
Mr. Abdulrahman holds a Masters of Science degree in Finance from Strathclyde University – Glasgow (UK), Fellow Certified Public Accountant FCPA (T) and he is also a Certified Systems Information Auditor since 2008. He also serves as a Member of the Board with Lindi Farmers Company Limited.

Ulipo Tupo

SimBanking

SimBanking ni huduma rahisi, salama na inayokuwezesha kutuma fedha kwa ndugu, jamaa na marafiki kupitia simu yako ya mkononi. Unaweza pia kununua LUKU, kuongeza salio la simu, kulipia bili ya maji na kutuma pesa kupitia mitandao ya simu kwa raha zako hapo ulipo.

Fungua akaunti leo. Benki na benki inayoongoza, fahari ya watanania. Jivunie chako.



SimBanking



Dk. Charles S. Kimei
Mkurugenzi Mtendaji
Managing Director

Mwaka 2013, Benki ya CRDB, iliendelea kukua katika maeneo viashiria vyote muhimu vya utendaji. Kufanya vizuri katika maeneo yote kulikwenda sambamba na mpango mkakati wa Benki wa miaka mitano (2013-2017), ambapo Benki ilitekeleza shughuli mbalimbali zikilenga vichocho vya ukuaji ikijumuisha uwekezaji zaidi katika tehamu ili kuchochea zaidi utendaji bora na kupanua mtandao wa Benki, sanjari na bidhaa mbalimbali ambazo zitawafikia wateja ndani ya Tanzania na kuvuka mipaka mpaka kule Burundi, lengo kubwa likiwa ni kuwafikia wale ambao hawajabahatika kupata huduma za benki. Kwa mkakati huu jadidi, Benki iliingia katika ushirika mkakati na Shirika la Posta Tanzania (TPC), Taasisi za kifedha na vyama vya kuweka na kukopa, mawakala binafsi wa benki kwa lengo la kupanua mtandao kwa gharama nafuu.

During 2013, CRDB Bank continued to register robust growth in key performance indicators. Consistent with the business strategy goals for 2013-2017, the Bank implemented activities geared at revamping its growth drivers, including further investments in Information and Communications Technology (ICT) to steer operational excellence and expansion of delivery channels and products across Tanzania and Burundi with a focus on the unbanked population. Towards this end, the bank continued to pursue strategic partnerships, particularly with Tanzania Postal Corporation (TPC), Microfinance Institutions and SACCOS, and private banking agents with a view of achieving cost effective outreach.

Maendeleo ya Biashara kwa Mwaka 2013

Mwaka 2013, Benki iliendeleza kasi ya ubunifu wa bidhaa na huduma zake ili, kukidhi mahitaji mbalimbali ya wateja inaowahudumia. Msukumo wetu, umekuwa kutekeleza mipango mbalimbali ili wateja wengi wafikiwe; kupanua, kurefusha na kuongeza kina cha huduma tunazotoa.

Niruhusu nitaje ubunifu kwa uchache. Ubunifu dhahiri ni ule uzinduzi wa FahariHuduma, ambayo ni utoaji wa huduma za benki kupitia mawakala maalum. Huduma hii, imekuwa kinara wa huduma za kibenki kupitia mawakala hapa Tanzania.

fahariHuduma, inamuwezesha mteja kupata huduma za benki kupitia mawakala maalum walioteuliwa na Benki, ikiwemo ofisi/kaunta za Shirika la Posta Tanzania (TPC), ofisi washirika za Taasisi za fedha, vyama vya kuweka na kukopa na wafanyabiashara binafsi. Huduma zinazopatikana kwa mawakala wa FahariHuduma ni pamoja na uwezesaji wa ufunguzi wa akaunti, kuweka fedha, kuhamisha fedha, kutoa fedha, taarifa fupi, kupata salio pamoja na kulipia ankara mbalimbali na ada mbalimbali (hasa ada za shule na vyuo). Mpaka kufika mwishoni mwa mwaka, Benki iliidhinisha karibu mawakala 500, miongoni mwa hawa takribani asilimia 50 walipitia ukaguzi wa Benki Kuu ya Tanzania.

Jijenge ni bidhaa nyingine ya ubunifu wa Benki, iliyozinduliwa mwaka 2013. Jijenge ni bidhaa ya mkopo kwa ajili ya kujenga, kukarabati au kununua nyumba. Huduma hii, imewalenga, wafanyakazi wa taasisi binafsi na zile za umma. Jijenge inampa mteja muda mrefu wa kuweza kulipa deni (hadi miaka 20), na pia Jijenge ni aina ya mkopo ambao mteja anaweza kujipatia kiwango kikubwa kabisa cha mkopo hadi shilingi milioni 500.

Kwa upande wa biashara za kimataifa, Benki ya CRDB, ilizindua Dawati la China na utumikaji wa kadi za kimataifa za "China Union Pay" (CUP) katika ATM za Benki na katika mashine za kufanyia malipo kwa njia ya kadi (POS) zilizopo katika maeneo mbalimbali ya biashara. Uzinduzi wa huduma hizi, umekuwa msingi wa huduma bora za benki kwa wachina wanaoishi hapa nchini wakifanya kazi au biashara. Pia, Dawati la China na matumizi ya kadi za China Union Pay, umechochea maendeleo ya biashara kati Tanzania na China. Kimahususi kabisa, kadi za China Union Pay, zinawawezesha wafanyabiashara wa kitanzania wanaofanya biashara wakiwa China, kupata huduma za benki kupitia akaunti zao, hali kadhalika,

Key Business Developments in 2013

During the year under review, CRDB Bank kept the momentum of innovation by designing products and services to meet the demands of the customer segments that we serve. Our drive has been to grow our customer base by implementing a variety of initiatives for financial inclusion through widening, lengthening and deepening of our services.

Let me mention a few of the innovations. The most notable was the launching of the FahariHuduma services platform-the flagship agent banking service in Tanzania. FahariHuduma allows customers to get services at the Bank's approved agents including TPC offices/counters, affiliated Microfinance Institutions and SACCOS and private merchant outlets. Services available at agents include: facilitation of account opening, depositing, transfer and withdrawal of funds, mini statements and account balances as well as payment of various bills and fees (mostly school and college fees). By the end of the year, the Bank had approved close to 500 Agents out of which about 50% had undergone Bank of Tanzania vetting.

Jijenge was another milestone product that was launched in 2013. It is a mortgage/housing loan product targeted at enabling employees of private and public institutions to purchase and put up residential properties. Jijenge has the longest tenor in the market (up to 20 years) as well as the largest maximum amount of loan that customers can get (up to TZS 500 million).

On the international business front, CRDB Bank pioneered launching of a China Desk and China Union Pay (CUP) card acquisition services through ATMs and Point of Sale devices at merchant outlets. This platform provides customized services to Chinese working and doing business in Tanzania, but also facilitates trade between the two countries. In particular, the CUP allows Tanzanians doing business in China to access their bank accounts while in China and also Chinese business people doing business in Tanzania to be able to access their bank accounts while in the country. In 2014 the Bank will proceed to phase two of CUP implementation which will involve issuing of China Union Pay cards to CRDB Bank's customers.

On operations front, the key Management concern continued to be credit risk. Major effort was devoted to reduction in the non-performing loans (NPL) ratio to total loans. The target was to reduce it from the 6.8% obtained in 2012 to 5.0% by end 2013. Thus, steps were initiated to gradually reduce the Bank's exposures in the sectors typified by high NPL ratios in the banking

wafanyabiashara wa Kichina, wafanyao biashara hapa Tanzania, wanawezeshwa kupata huduma za kibenki kupitia akaunti zao. Kwa mwaka 2014, Benki itaendelea na awamu ya pili Kuhusu kadi za China Union Pay (CUP), ambapo Benki sasa itaanza kutoa kadi za CUP kwa wateja wake.

Kwa upande wa uendeshaji biashara, agenda kubwa kwa uongozi wa Benki ilikuwa ni mikopo hatarishi. Jitihada kubwa ziliwekwa kupunguza uwiano kati ya mikopo isiyofanya vizuri dhidi ya mikopo jumla ya Benki. Lengo lilikuwa kupunguza uwiano kutoka 6.8% iliyokuwepo mwaka 2012 hadi 5.0% kufika mwishoni mwa 2013. Hatua za dhali zilichukuliwa, ili kupunguza ukopeshaji katika sekta ambazo zimekuwa na kiwango kikubwa cha mikopo ambayo haifanyi vizuri, ndani ya sekta ya benki hasa Kilimo. Hatua madhubuti zilichukuliwa, ili kutoa mikopo katika nyanja tofauti tofauti, kipaumbele kikiwa kwa utoaji mikopo kwa njia ya reja reja, mkazo ukiwa kwa mikopo ya nyumba, mikopo ya wafanyabiashara wadogo na wa kati, mikopo ya wateja binafsi na mikopo midogomidogo. Pia uamuzi ulifikiwa kwamba Benki iongeze matumizi ya Kituo cha Utunzaji wa Kumbukumbu za Wakopaji, wakati wa kupitia na kutathmini maombi ya wakopaji, ili kwenda sambamba na mpango mkakati wa ndani katika kutathmini na kuhakiki mikopo iliyoombwa. Pia, Benki ilifanya mapitio na maboresho ya taratibu zinazotumika kuainisha hatari katika mikopo inayoombwa na kutolewa ili kuboresha usimamizi na marejesho ya mikopo. Ninayofuraha kuwajulisha kwamba, tumefanikiwa kupunguza uwiano wa mikopo isiyofanya vizuri mpaka kufika 6.2% mwishoni mwa mwaka.

Mbali na mipango mikakati mingi iliyochukuliwa kupunguza changamoto mbalimbali katika sekta ya mikopo, bado kumekuwa na hasara itokanayo na sekta hii, hasara imekuwa juu kidogo ya iliyopatikana mwaka 2012. Mwaka huu, hasara ni Shilingi bilioni 35. Kama wadau wetu, mtakumbuka, hasara itokanayo na mikopo ilianza rasmi mwaka 2008/9 kutokana na mdororo wa uchumi duniani ambao, uliathiri sana mpango mkakati wa Benki wa kutoa mikopo kwa sekta ya mazao, hususani pamba na kahawa. Naweza kwa imani kamili kuwataarifu kwamba, mwaka 2013, ulikuwa mwisho wa kuendelea kupata madhara ya mikopo isiyofanya vizuri kwa sababu za ule mdororo wa uchumi duniani. Kwa mwelekeo wa kusonga mbele, huku tukizingatia mipango na malengo yetu ya muda wa kati, tutarajie tengu letu kuendelea kuwa chini ya kiasi cha asilimia 1.6 (2013) ya jumla ya mikopo, ambayo iko ndani ya malengo yetu ya muda mfupi wa pungufu ya asilimia 2.

industry, particularly agriculture. Moreover, concerted efforts were taken to diversify the loan portfolio in favour of the retail segment by increasing appetite in mortgages, SME, personal and microfinance loans. In addition, a decision was taken to optimize the use of Credit Reference Bureaus during credit appraisals to complement our newly developed Internal Credit Rating/Scoring model. More importantly, we reviewed our credit risk management processes with a view to achieve better results in monitoring and recovery. I am happy to report that we managed to reduce the NPL ratio to 6.2% by the year end.

Despite the drastic measures taken to address the loan portfolio weaknesses, loan loss provisions remained high - slightly above the 2012 levels - at TZS 35 billion. As our stakeholders may recall, our credit risk problems were ignited by the 2008/9 global financial crisis which impacted the Bank directly through its commodity finance exposures, especially in cotton and coffee. I can confidently report that the year 2013 marked the last traces of the major NPLs resulting from the crisis. Going forward, and in keeping with our medium term targets, we should expect provisions to remain below our 2013 level of 1.6% of the loan portfolio which is within our medium term target of less than 2%.

Financial Performance during 2013

During the year under review, the Bank's profit before tax grew by 13.3% from TZS 107.7 billion in 2012 to TZS 122.0 billion in 2013. This growth was dominated by increases in revenues from lending, fee-based income and foreign exchange operations. Similarly, improved cost management in line with the Bank's strategy contributed immensely to the profitability. Nevertheless, profit after tax (PAT) recorded a marginal rise of 4.8% from TZS 80.5 billion in 2012 to TZS 84.4 billion. The slower growth in PAT is due to the influence of abnormal deferred tax gains booked in 2012.

Interest income increased by 16.5% from TZS 262 billion in 2012 to TZS 305 billion in the year under review. This resulted largely from growth in the Bank's loan portfolio and additional investments in government securities. As of December 31, 2013, the Bank's loan portfolio stood at TZS 1,993 billion, up from TZS 1,807 billion in the previous year.

Fee-based income increased by 24.3% from TZS 75 billion in 2012 to TZS 92 billion signaling a general increase in transaction volumes partly on account of the 10 new branches, our ATM network and other Alternative Banking Channels (ABCs) powered by effective marketing campaigns.

Matokeo ya kifedha mwaka 2013

Mwaka 2013, faida ya Benki kabla ya kodi iliongezeka kwa asilimia 13.3 kutoka shilingi bilioni 107.7 mwaka 2012 hadi shilingi bilioni 122 mwaka 2013. Ongezeko hili la faida lilitokana na ongezeko la mapato yatokanayo na mikopo mbalimbali, tozo mbali mbali na biashara ya fedha za kigeni. Pia, maboresho katika udhibiti wa gharama za uendeshaji sambamba na utekelezaji wa mpango mkakati wa Benki, umechangia kwa kiasi kikubwa kuongeza kwa faida ya Benki. Hata hivyo, faida baada ya kodi iliongezeka kwa asilimia 4.8 kutoka shilingi bilioni 80.5 mwaka 2012 hadi shilingi bilioni 84.4. Ongezeko dogo la faida baada ya kodi limetokana na athari zisizo za kawaida za kodi kutokea mahesabu ya mwaka 2012.

Pato litokanalo na riba liliongezeka kwa asilimia 16 kutoka shilingi bilioni 262 mwaka 2012 hadi shilingi bilioni 305 mwaka 2013. Ongezeko hili, limetokana na kukua kwa biashara ya mikopo na ongezeko la uwekezaji katika dhamana za serikali. Mpaka kufika mwezi Disemba 31, 2013 jumla ya mikopo ya Benki ilikuwa shilingi bilioni 1,993 ikiongezeka kutoka shilingi bilioni 1,807 iliyo kuwa kwa mwaka 2012.

Pato kutokana na ada mbalimbali liliongezeka kwa asilimia 24.3 kutoka shilingi bilioni 75 mwaka 2012 hadi shilingi bilioni 92, ikiashiria ongezeko la miamala kutokana na matawi 10 mapya, mtandao wetu wa ATM na huduma zingine mbadala za Benki, zikipewa nguvu na kampeni makini za masoko.

Pato kutokana na biashara ya fedha za kigeni liliongezeka kwa shilingi bilioni 6 hadi kufika shilingi bilioni 29, licha ya kuwepo usimamizi mgumu kutoka kwa Benki Kuu ya Tanzania, usimamizi ambao uliathiri kiasi na wigo wa kufanya biashara ya fedha za kigeni. Kwa upande mwingine, gharama ya riba iliongezeka hadi shilingi bilioni 69 kutoka shilingi bilioni 55 katika mwaka uliotangulia. Hili ni ongezeko la asilimia 25 kutokana na mkakati wa Benki Kuu kuthibiti mzunguko wa fedha katika uchumi, uliopo lekea riba kwa amana za wateja kuongezeka. Kwa upande mwingine, gharama za mikopo chechefe ziliongezeka kwa asilimia 19.4 hadi shilingi bilioni 31.5 kutokana na haja ya kufuta mikopo isiyofanya vizuri kutokana na mdororo wa kifedha wa dunia. Imebainika kwamba baadhi ya wateja wakubwa wameshindwa kulipa mikopo, licha ya Benki kuwarekebishia mchakato wa kulipa, ili kuwapa muda mrefu wa kufanya marejesho na kutoa muda wa biashara zao kufanya vizuri.

Forex income also increased by TZS 6 billion to TZS 29 billion despite highly restrictive interventions from the Bank of Tanzania (BOT) which impacted volumes and spreads. On the other hand, interest expenses increased to TZS 69 billion from TZS 55 billion the previous year. This represented a 25% jump that is attributed to continued BOT liquidity mop up exercises, which eventually resulted in increased interest rates on customer deposits. On the other hand, loan impairment charges increased by 19.4% to TZS 31.5 billion owing to the need to write-off loans spilling over from the global financial crisis. It has been established that some corporate customers have failed to recover despite restructuring of their loans to allow for a longer repayment periods and for their business to pick up.

Operational expenses for the year 2013 increased by 19% from TZS 170.6 billion in 2012 to TZS 203.4 billion in 2013 particularly as a result of the expansion initiatives implemented in the year.

Earnings per share grew to TZS 38.8 (2012: TZS 37.0), an increase of 4.8% while Shareholders' funds grew by 19% from TZS 317 billion to TZS 376 billion.

On the balance sheet, the Bank's total assets grew by 16% from TZS 3,074 billion to TZS 3,559 billion, reflecting an increase in the loan portfolio (10%), investment in government securities 8% and properties and equipment 20%.

We are reporting a growth of 17% in deposits - which grew from TZS 2,584 billion to TZS 3,024 billion.

Strategic Focus for 2014

Building on the investments in delivery channels, systems and processes made in 2013, the Bank will focus on consolidation, productivity and efficiency improvement. Efforts will be made to drive sales and optimize value added services that we have developed for the market. Our resolve is to become champions of innovation and responsive bankers as the key drivers of our service delivery.

With the expansion strategy that is in place, especially the FahariHuduma platform, CRDB Bank will strive to provide distinguished customer service drawing from the recent training programs and capacity building initiatives undertaken by the Bank.

The Bank's partnership with Tanzania Postal Corporation (TPC) is expected to further CRDB Bank's leadership role in driving financial inclusion within Tanzania. The partnership gives the Bank a network of

Gharama za uendeshaji, ziliongezeka katika mwaka 2013 kwa asilimia 19 kutoka shilingi bilioni 170.6 mwaka 2012 hadi shilingi bilioni 203.4 mwaka 2013, hii imetokana na mpango mkakati wa Benki kupanua mtandao wake katika mwaka huu.

Pato kwa hisa liliongezeka mpaka shilingi 38.8 (2012: Shilingi 37.0) ongezeko la asilimia 4.8 wakati mfuko wa wanahisa uliongezeka kwa asilimia 19 kutoka shilingi bilioni 317 hadi shilingi bilioni 376.

Katika mizania ya Benki, rasilimali za Benki ziliongezeka kwa asilimia 16 kutoka shilingi bilioni 3,074 hadi shilingi bilioni 3,559 ikiashiria ongezeko la mikopo kwa asilimia 10, uwekezaji katika amana za serikali asilimia 8, nyumba na vifaa asilimia 20.

Tunaripti ongezeko la asilimia 17 katika amana ambalo ni ongezeko kutoka shilingi bilioni 2,584 hadi shilingi bilioni 3,024.

Mkakati wa Benki kwa mwaka 2014

Kwa kuzingatia, uwekezaji katika mtandao wa vituo vya kutolea huduma za Benki, mifumo ya Benki na taratibu za uendeshaji za Benki katika mwaka 2013, Benki itaendelea kujiimarisha ili kuongeza tija na ufanisi. Jitihada, zitafanywa kuongeza mauzo ya bidhaa zetu, ambazo tumezibuni na kuziingiza sokoni. Kusudi letu ni kuwa kinara wa ubunifu na Benki inayoitikia matakwa ya wateja wake.

Kwa kutumia, mpango mkakati wa kupanua wigo wake unaoendelea hasa kwa kutumia FahariHuduma, Benki itaendelea kutoa huduma bora kwa wateja wake, huku ikitumia faida itokanayo na mafunzo mbalimbali ya kujenga uwezo kwa wafanyakazi wake.

Mkakati wa Benki kushirikiana na Shirika la Posta Tanzania (TPC), unaipa Benki fursa ya kuwa kinara wa kutoa huduma za Benki kwa watu wengi ndani ya Tanzania. Kwa ushirika huu, Benki imefanikiwa kuwa na vituo 37 vya kutolea huduma kwa wateja, ambavyo vinafanya kazi.

Benki, itaendelea mkakati wake, wa kudhibiti gharama za uendeshaji, kwani umeonekana kuwa na mafanikio. Tutaendelea kutumia teknolojia ya kisasa katika uendeshaji wa biashara ili kuwahudumia wateja wetu kwa ufanisi zaidi. Kipekee, tutaendelea kuboresha mfumo wetu wa kompyuta kutoka UB 1.4 hadi UB 4.0, hatua hii iko mbele zaidi ya matarajio yetu ya awali, lengo na madhumuni ni kuongeza ufanisi katika uendeshaji. Lengo letu, ni kufanikiwa kupata uwiano wa gharama za uendeshaji kwa pato litokanalo kwa

37 service centers already in operation by the corporation.

Similarly, the Bank will continue to steadfastly implement its current cost management strategy. Technologically, we will continue to adopt frontier-end technologies to drive our business in a manner that will enhance service delivery and customer experience. More specifically, we will upgrade our core banking system from UB 1.4 to UB 4.0 ahead of our earlier expectations in order to gain on operational efficiency. Our expectation is to achieve our cost to income target of 50% and be substantially above our targets in terms of Return on Assets and Equity.

As for our CRDB Burundi subsidiary it is pleasant to note that we have been on course. In line with the business strategy of the subsidiary actions were implemented to rollout and consolidate all operational processes, systems and products - including card operations, SWIFT and cross-border transaction modalities. Our expectations in terms of deposits and assets growth as well as profitability have been met. More specifically, deposits grew from TZS 1.1 billion at end of December 2012 to TZS 15.9 billion in 2013. During the same period, total assets grew from TZS 16.2 billion to TZS 31.8 billion, but the subsidiary suffered a loss of TZS 3.4 billion just as projected in its business plan. For 2014, we plan to establish additional two branches and introduce Agent banking. We expect the growth momentum to continue and break-even to be achieved by 2015.

CRDB Microfinance Services Company Limited

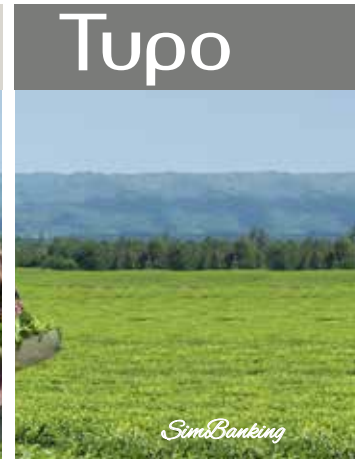
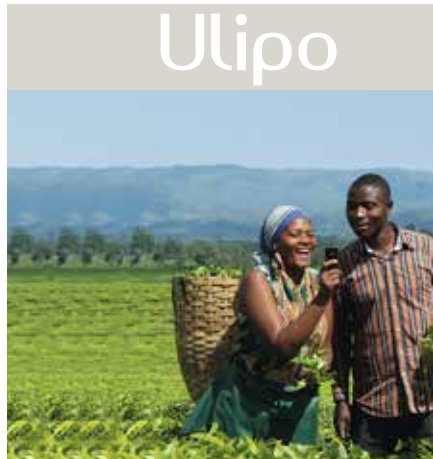
The Bank through its subsidiary deals with partnering Microfinance institutions (MFIs) under Microfinance programme, mostly savings and credit cooperative societies (SACCOS). The number of partner MFIs increased by 5% from 422 in 2012 to 441 as at 31 December 2013. As at 31 December 2013, total loans extended by the Bank to these institutions stood at TZS 155 billion from TZS 193 billion in 2012. Total deposits mobilised by the subsidiary on behalf of the Bank grew to TZS 33.3 billion from TZS 28.4 billion in 2012.

kiasi cha asilimia 50 na hatimaye iwe zaidi ya malengo yetu kwa uwiano kati ya pato litokanalo na rasilimali na mtaji.

Kwa upande wa Benki ya CRDB nchini Burundi, inatia moyo kuona kwamba biashara yetu inasonga mbele vizuri. Sambamba na mpango mkakati wa kibiashara Burundi, utekelezaji wake umefanyika kwa mafanikio, hata kupelekea uboreshaji wa taratibu za uendeshaji biashara, mifumo ya kompyuta na bidhaa mbalimbali zikiwemo- kadi, utumaji pesa kimataifa na taratibu za miamala kuvuka mipaka ya nchi. Matarajio yetu kuhusu, amana, rasilimali na faida yamefanikiwa. Kimahususi kabisa, amana zilikuwa kutoka shilingi bilioni 1.1 mwishoni mwa Desemba 2012 hadi shilingi bilioni 15.9 mwaka 2013. Katika kipindi hicho hicho, jumla ya rasilimali ziliongezeka kutoka shilingi bilioni 16.2 hadi shilingi bilioni 31.8, lakini kampuni tanzu hii ya Burundi, ilipata hasara ya shilingi bilioni 3.4 kama ilivyokuwa imeainishwa katika mpango mkakati wake wa kibiashara. Kwa mwaka 2014, tumepanga kuongeza matawi mawili na Huduma za uwakala wa Benki. Tunatarajia kasi ya kukua kwa biashara kuwa kubwa, na kuanza kupata faida kuanzia 2015.

Kampuni Tanzu ya Microfinance

Benki kupitia kampuni yake tanzu ya microfinance, inashirikiana na kampuni zinazotoa mikopo midogo midogo, hasa vyama vya kuweka na kukopa. Washirika hawa waliongezeka kwa asilimia 5 kutoka 422 mwaka 2012 hadi 441 hapo Desemba, 2013. Hadi kufika Desemba 31, 2013 jumla ya mikopo iliyotolewa na Benki kwa hivi vyama vya kuweka na kukopa ilifika shilingi bilioni 155 kutoka shilingi bilioni 193 mwaka 2012. Jumla ya amana za Benki kupitia hii kampuni tanzu ya microfinance, iliongezeka hadi shilingi bilioni 33.3 kutoka shilingi bilioni 28.4 mwaka 2012.



Shukrani

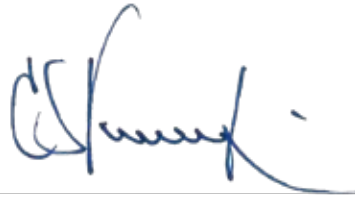
Ninawashukuru sana wajumbe wa Bodi kwa ushirikiano wao katika kipindi chote cha mwaka. Wajumbe wa Bodi, kwa ufanisi ujengao, walishughulikia mambo yote ambayo yaliwasilishwa kwao, nakutoa miongozo iliyoweza Benki kuendelea kuwa kinara katika soko. Wajumbe wa Bodi, walitoa usioyumba kwa menejimenti katika kila nyanja ilipobidi, ikiwa pamoja na ushauri pale ilipobidi. Ni matumaini yangu kwamba, kuendelea kwa Bodi kutoa ushirikiano kutaongeza tija na ufanisi katika utekelezaji wa mpango mkakati wa Benki na hatimaye kujenga familia imara ya Benki ya CRDB.

Pili, ninapenda kuishukuru timu nzima ya uongozi wa Benki kwa kazi nzuri waliyoifanya mwaka 2013. Pia, ninapenda kuwashukuru wateja wetu na wadau wote kwa ujumla kwa imani na uaminifu wao kwetu. Mwisho kabisa ninapenda kuwashukuru wafanyakazi wote wa Benki ya CRDB, bidii, ufanisi na kujituma katika kazi kwa kipindi chote cha mwaka 2013.

Acknowledgement

I sincerely thank the members of the Board for their support throughout the year. The members of the Board efficiently and constructively deliberated on all matters presented to them and gave directions that have enabled the Bank to stand out in the market. The members also offered unwavering support to management in all fronts, including counselling where it was necessary. It is my sincere hope that continued support from the Board of Directors will fortify the Bank's implementation of the strategy and create a strong CRDB Bank family.

Secondly, I wish to convey my gratitude to the Management Team for the good work done in 2013. I also wish to express sincere appreciation to our customers and other stakeholders for their loyalty and trust in us. Lastly but not least, I would like to acknowledge and greatly appreciate the work and commitment that was shown by Bank's employees in 2013.



Charles Kimei (Dr)
Mkurugenzi Mtendaji
Managing Director

Utawala wa Benki

Executive Management



Charles Steven Kimei
Mkurugenzi Mtendaji
Managing Director

Dk Charles Kimei ni Mkurugenzi Mtendaji na Mjumbe wa Bodi ya Benki ya CRDB. Dk Kimei amejiunga na Benki ya CRDB mnamo 1 Juni 1998. Ana utajiri mkubwa wa uzoefu kufanya kazi kwenye sekta ya fedha. Ametumikia kama Mkurugenzi wa Usimamizi wa Benki katika Benki kuu ya Tanzania na pia kama Mkurugenzi wa Utafiti, Uchumi na Sera na pia Meneja Utafiti wa Uchumi na Takwimu katika Benki Kuu ya Tanzania.

Anayo shahada ya Uzamivu (Uchumi) ya Chuo Kikuu cha Uppsala - Sweden, Shahada ya Uzamili ya Uchumi kutoka Chuo Kikuu cha Uppsala – Sweden na shahada ya Uchumi ya Chuo Kikuu cha Moscow.

Dr. Charles Kimei is the Managing Director and a member of the CRDB Bank Board of Directors. Dr. Kimei joined the Bank in 1st June 1998. He has a vast wealth of working experience in the banking industry. Before joining the Bank, Dr. Kimei was the Director, Banking Supervision at the Bank of Tanzania (BOT). Previously, he served as Director of Economic Research and Policy and Manager, Economic Research and Statistics at Bank of Tanzania (BOT).

He holds a PhD (Econ) from Uppsala University Sweden, MA (Econ) Uppsala University Sweden and a Bsc (Econ), Moscow State University.



Esther Kileo Kitoka
Naibu Mkurugenzi Mtendaji
Deputy Managing Director (SS)

Bi. Esther Kileo Kitoka alijiunga na Benki mwaka 2006 kama Meneja wa Hatari za Hasara na kuwa Mkurugenzi wa Idara hiyo, nafasi aliyoitumikia hadi Septemba 2011 alipoteuliwa Naibu Mkurugenzi Mtendaji Huduma Shirikishi. Kabla hajajiunga na Benki ya CRDB amefanya kazi kwa miaka tisa Benki Kuu ya Tanzania. Bi. Kitoka ana Cheti cha Uhasibu cha CPA na ana shahada ya Uzamili ya Benki na Mifumo ya Taarifa za Biashara toka Chuo Kikuu Sydney, Australia na Shahada ya Uhasibu ya Chuo kikuu cha Dar es Salaam.

Mrs. Esther Kileo Kitoka joined the Bank in 2006 as Risk Manager and later became Director of Risk, the position she held until September, 2011 when Esther became the Deputy Managing Director- Shared Services. Before joining the Bank, Esther worked for nine years with Bank of Tanzania. Mrs. Kitoka is a CPA (T) and holds Masters degree of Commerce in Banking and Business Information System from the University of Sydney, Australia and Bachelor of Commerce Degree in Accounting from the University of Dar es Salaam.



Saugata Bandyopadhyay
Naibu Mkurugenzi Mtendaji
Deputy Managing Director (OCS)

Bw. Saugata Bandyopadhyay alijiunga na Benki 2012 kama Naibu Mkurugenzi Mtendaji Uendeshaji na Huduma kwa Wateja. Anauzoefu katika masuala ya benki kwa zaidi ya miaka 19. Bw. Saugata ameshika nafasi mbalimbali za uongozi wa juu katika benki kubwa duniani. Ana shahada za juu katika nyanja za fedha, uhasibu, ukaguzi na uongozi.

Mr. Saugata Bandyopadhyay joined the Bank in 2012 as Deputy Managing Director- Operations & Customer Services. Mr. Saugata is an experienced banker with over 19 years of experience working with leading banks. Mr. Saugata has worked as Senior Vice President at Asset Reconstruction Company of India and Deutsche Post Bank HFL, General Manager of Bhutan National Bank, Chief Credit Manager of State Bank of India HFL.

Saugata holds a Fellow in International Business from Indian Institute of Management Calcutta, Fellow Chartered Accountant of India, and Fellow Cost & Management Accountant of India, Certified Management Accountant, USA, Certified in Governance of Enterprise IT (CGEIT) and Certified Information System Auditor (CISA) from ISACA USA, Masters of Business Administration (Finance) from Indira Gandhi National University, Master of Commerce from University of Calcutta and Bachelor of Commerce from St. Xavier College, Calcutta.

Utawala wa Kampuni Tanzu

Subsidiary Management



Mr. Bruce Mwile
Meneja Mkuu/ General Manager
CRDB Bank Burundi SA
Mtanzania/Tanzanian

Bw. Bruce Mwile alijiunga na Benki tarehe 13 Februari 2001. Kabla ya kuteuliwakama Meneja Mkuu wa kampuni tanzu ya CRDB Bank, Burundi alitumika kama Meneja Wateja Wakubwa, Afisa Uhusiano Mwandamizi- Wateja Wakubwa. Kabla ya kujiunga na Benki alifanya kazi benki ya Citibank kama Msimamizi Msaidizi.

Bw. Bruce ana shahada ya kwanza na ya Uzamili katika masuala ya fedha zote kutoka Chuo Kikuu cha Dar es Salaam

Mr. Bruce Mwile joined the bank on 13th February 2001. Prior to appointment as General Manager CRDB Bank Burundi , he worked as Manager Corporate Banking and Senior Relationship Manager Corporate Banking.

Before joining CRDB, he worked as the Assistant Supervisor at Citibank Tanzania Limited.

He holds Masters degree in Business Administration and Bachelor of Commerce both in Finance from the University of Dar es Salaam.



Mr. Sebastian Masaki
Meneja Mkuu/General Manager
CRDB Microfinance Services
Company Limited.
Mtanzania/Tanzanian

Bw. Sebastian Masaki alijiunga na Benki tarehe 1 Juni 1996. Kabla ya nafasi aliyonayo alitumikia kama Meneja Biashara, Meneja Microfinance, Afisa Benki - Masoko na Afisa Benki - Utafiti na Mipango.

Bw. Sebastian ana shahada ya Sayansi - Takwimu toka Chuo Kikuu cha Dar es Salaam.

Mr. Sebastian Masaki joined the Bank on 1st June 1996. Before the current position he worked as Manager Business Banking, Manager Microfinance, Bank Officer Marketing and Bank Officer Research & Planning.

He holds a Bachelor of Science in Statistics from the University of Dar Es Salaam.

Uongozi wa Benki Management Team



Nellie Mathayo Ndossa
Mkurugenzi wa Wateja Rejareja
Director Retail Banking
Mtanzania/Tanzanian



Tully Esther Mwambapa
Mkurugenzi wa Masoko, Utafiti na Huduma kwa Wateja
Director of Marketing, Research and Customer Service
Mtanzania/Tanzanian



Anderson Yohana Mlabwa
Mkurugenzi wa Mikopo
Director of Credit
Mtanzania/Tanzanian



Philip Alfred
Mkurugenzi wa Wateja Wakubwa
Director of Corporate Banking
Mtanzania/Tanzanian



Alexander Ngusaru
Mkurugenzi wa Hazina
Director of Treasury
Mtanzania/Tanzanian



Joseph Ochien'g Witts
Mkurugenzi wa Huduma Mbadala za Benki
Director of Alternative Business Channels
Mtanzania/Tanzanian

Uongozi wa Benki Management Team



John Rugambo
Mkurugenzi wa Masuala ya Kampuni
Director of Corporate Affairs
Mtanzania/Tanzanian



James Isaack Mabula
Mkurugenzi wa Udhhibiti Hali Hatarishi
Director of Risk and Compliance
Mtanzania/Tanzanian



Goodluck Lema Nkini
Mkurugenzi wa Mikakati na Ubunifu
Director Strategy & Innovations
Mtanzania/Tanzanian



Izengo Daudi Soka
Mkurugenzi wa Ukaguzi wa
Hesabu za Ndani
Director of Internal Audit
Mtanzania/Tanzanian



Dorah Hilda Ngaliga
Mkurugenzi wa Rasilimali Watu
Director of Human Resources
Mtanzania/Tanzanian



Beatus Peter Segeja
Mkurugenzi wa Utawala
Director of Administration
and Genaral Services
Tanzanian



Frederick Bayona Nshekanabo
Mkurugenzi wa Fedha
Director of Finance
Mtanzania/Tanzanian



Elyas Bartholomew Mtenga
Mkurugenzi wa Teknohama
Director of Information & Communication Technology
Mtanzania/Tanzanian

Mapitio ya Uchumi

Katika kipindi cha mwaka 2013, uchumi wa dunia ulikumbana na changamoto nyingi hasa zile zilizotokana na sakata la madeni katika nchi za umoja wa Ulaya (Eurozone debt crisis). Uchumi wa dunia ulianza kuimarika katika nusu ya pili ya mwaka 2013 kwa kiwango cha ukuaji kinachokadiriwa kuwa asilimia 2.1 kiwango cha ukuaji kinategemewa zaidi katika kipindi cha mwaka 2014-2015, ukuaji huu ukitegemewa kutokana na ukuaji wa uchumi kwenye nchi zenye uchumi mkubwa. Nchi zinazoendelea na kuibukia kiuchumi, zinatarajiwa kuendelea kukua kiuchumi kutokana na kukua kwa mahitaji katika nchi zinazoendelea, ingawa udhaifu wa ndani katika nchi hizo unabakia kuwa suala la kutia maanani. Ukuaji wa uchumi katika nchi hizi unatarajiwa kuwa asilimia 5.1 Mwiskatika kipindi cha mwaka 2014

Afrika Mashariki, matarajio ya ukuaji wa uchumi bado unatarajiwa kutokea kwenye miradi inayohusiana na bidhaa, ukuaji unaokaribia asilimia 5.1 katika mwaka 2013 na asilimia 6.1 katika mwaka 2014

Uchumi wa Kenya ulitarajiwa kukua kwa asilimia 5.9 katika kipindi cha 2013, chini ya kiwango kilichotarajiwa cha asilimia 6.2 katika kipindi cha mwaka 2014. Uganda uchumi ulikua kwa kiwango cha asilimia 5.6 katika kipindi cha 2013 na kwa mwaka 2014 uchumi ulitarajiwa kukua kwa asilimia 6.5. Burundi uchumi wake ulikuwa kwa asilimia 4.2 katika kipindi cha mwaka 2013 na unatarajiwa kukua kwa asilimia 4.7 katika kipindi cha 2014, zaidi ikiwa ni matokeo ya utekelezaji wa miradi ya miundombinu maboresho katika uzalishaji na usambazaji wa umeme na utalii.

Tanzania uchumi wake uliendelea kuimarika ukikua hadi asilimia 7 katika kipindi cha 2013 ikilinganishwa na asilimia 6.8 katika kipindi cha 2012. Kukua huku kwa uchumi kulichangiwa zaidi na sekta za mawasiliano ya simu (telecommunications), usafirishaji wa sekta za kifedha, viwanda, ujenzi na biashara. Uchumi (GDP) unatarajiwa kukua zaidi hadi asilimia 7.2 katika kipindi cha 2014. Ugunduzi wa gesi na mafuta unatarajiwa kuchangia sana katika ukuaji wa uchumi.

Mfumuko wa bei ulipungua hadi asilimia 5.6 kutoka kipindi kilichoishia Desemba 2013, toka asilimia 12.1 katika kipindi kilichoishia Desemba 2012. Kupungua huku kulitokana hasa na kushuka kwa bei ya vyakula pamoja na bidhaa nyinginezo. Benki kuu inafanya

Economic Overview

During the year, the global economy faced numerous challenges particularly due to the Eurozone debt crisis. Global economy strengthened during the second half of 2013 with an estimated growth of 2.1% which is expected to improve further in 2014-15, largely on account of recovery in the advanced economies. In many emerging market and developing economies, stronger external demand from advanced economies will lift growth, although domestic weaknesses remain a concern. Growth in emerging markets and developing economies is expected to increase to 5.1% in 2014.

In East Africa, prospects of higher growth continues, supported by commodity-related projects, closing at 5.1% in 2013 and projected at 6.1% in 2014. Kenya's economy was expected to have expanded at 5.9% in 2013, below the target and projected growth at 6.2% in 2014. Uganda's economy expanded by 5.6% in 2013 and projected at 6.5% in 2014. Burundi's GDP grew at around 4.2% in 2013 and projected to grow at 4.7% in 2014 helped by large infrastructure projects, improved power production and tourism.

Tanzanian macroeconomic performance continued to strengthen, with Gross domestic product (GDP) accelerated to 7% in 2013 against 6.8% in 2012. The main drivers of the growth continued to be telecommunications, transport, financial intermediation, manufacturing, construction, and trade. GDP is projected to rise further to 7.2% in 2014. Benefits of the developing natural gas and oil industry are expected to contribute to positive economic growth.

Tanzania annual Headline Inflation rate closed at 5.6% in December 2013, a decrease from 12.1% recorded in December 2012. The decrease in inflation rate was attributed to continuing slowing of price increases for commodities especially grains and non-food commodities. Bank of Tanzania is striving to lower inflation rate to 5% and hence will continue to maintain its tight monetary stance.

The shilling exchange rate remained stable, averaging 1,599.57 to the US dollar by end of 2013, attributed to tight shilling liquidity in the market and slowdown in demand for the dollar from government agencies and other business activities. Supply of foreign exchange was stable mainly from traditional cash crops proceeds (tobacco & cashew nuts) and tourism.

jitihada ili kuona mfumuko wa bei unashuka hadi asilimia 5.

Shilingi iliendelea kuimarika kwa wastani wa 1,599.57 hadi mwisho wa 2013, hii ilichangiwa na kuwepo dola za kimarekani za kutosha katika soko hasa kutokana na mauzo ya tumbaku, kahawa na korosho pamoja na utalii.

Mazingira ya Uendeshaji

Sekta ya kibenki iliendelea kuwa shindani ikishuhudiwa mabanki yakianzisha bidhaa na huduma bunifu kama vile Internet Banking, Mawakala (Agent Banking) na kadi za mikopo (Credit Card), hivi vikileta unafuu na urahisi kwa Wateja kupata huduma za Kibenki. Kutoka taarifa zilizotolewa na Benki zote kwa mujibu wa kifungu 32 (3) cha sheria za Benki na Taasisi za fedha, kiwango cha soko cha Jumla ya rasilimali ilikuwa kwa asilimia 17 hadi kufikia Shilingi bilioni 19,485 na asilimia 7.4 hadi kufikia Shilingi bilioni 14,455.

Benki ya CRDB iliendelea kujikita na kuweza kutawala asilimia 20 ya soko kwa kutumia mtandao wa matawi yake 103. Jumla ya Mabanki hadi 31 Desemba 2013 yalikuwa 53 yakiwa na jumla ya matawi 622.

Hadi kufikia robo ya nne ya mwaka 2013 soko la fedha la mabanki lilikuwa na tatizo la ukwasi, kutokana na hatua ya Benki kuu ya kupunguza fedha toka kwenye mzunguko kwa kutoa kwa mpigo REPOS na dhamana ya serikali ya miezi 12 (Treasury Bill) pamoja na uuzaji wa dola. Kiwango cha dhamana za serikali katika mnada uliofanyika katika robo ya mwisho ya mwaka 2013 ilikuwa asilimia 15.97, ambapo ilikuwa ni ongezeko dogo kwa asilimia 15.96 iliyofikiwa katika robo iliyopita. Ukuaji wa wastani wa fedha (M3) wa mwaka ulikuwa asilimia 13.2, ambapo ni zaidi kwa asilimia 5.9 ukulinganisha na kipindi hicho kwa mwaka 2012.

Mapitio ya Ukuaji Kifedha

Katika kipindi cha mwaka 2013, Kampuni ilipata mafanikio makubwa yafuatayo;

- Rasilimali ziliongezeka hadi kufikia Shilingi bilioni 3,559, (2012: TZS bilioni 3,075)
- Amana za wateja ziliongezeka hadi shilingi bilioni 3,024 (2012: TZS bilioni 2,584)
- Mikopo iliongezeka hadi TZS bilioni 1,993 (2012: TZS bilioni 1,807)

Mapato yatokanayo na riba yalikuwa kwa TZS bilioni 43 hadi kufikia TZS bilioni 304.9 wakati mapato halisi yatokanayo na riba yalipanda hadi TZS bilioni 35.6.

Operating Environment

The Banking Industry continued to be competitive with banks introducing innovative products and services such as Internet banking, Mobile banking, Agent banking and Credit cards which enhance accessibility and convenience of banking services to their customers. According to the data published by all banks pursuant to Section 32 (3) of the Banking and Financial Institutions Act, total assets and deposits as at 31st December 2013 recorded annual growth of 17% to TZS 19,485 billion and 7.4% to TZS 14,455 billion respectively.

CRDB Bank continued to focus on its market niche commanding about 20% of market share in loans and deposits with its customer base served in its 103 branch network. The total of Banks operating in the market as at 31st December were 53 with 622 branches.

At the end of the fourth quarter of 2013, the Interbank Cash Market was illiquid. The Central Bank took actions to mop up liquidity through issuance of Repos and T-Bills together with sale of dollars. The 1-year T-bill yield in the last auction held at the end of 2013 was 15.97%, which was an increase from 14.46% recorded in at the beginning of the year. Annual growth of extended broad money supply (M3) was 13.2 percent, which is higher than the 5.9 percent recorded in the corresponding period in 2012.

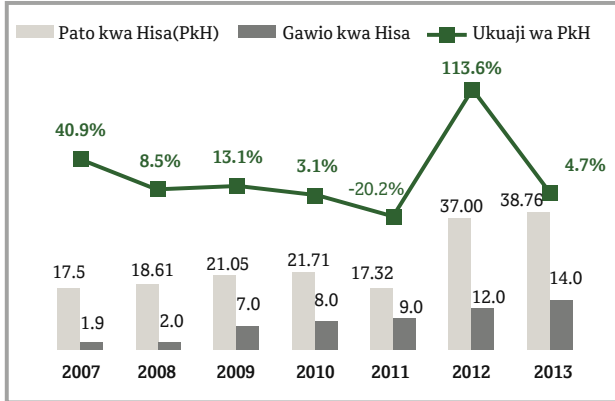
Financial Review

During the year, the Group recorded the following major achievements;

- Total assets increased to TZS 3,559 billion, (2012: TZS 3,075 billion).
- Total Deposits increased to TZS 3,024 billion, (2012: TZS 2,584 billion).
- Loans and advances increased to TZS 1,993 billion, (2012: TZS 1,807 billion).

Interest income grew by TZS 43 billion to TZS 304.9 billion while net interest income was TZS 235.6 billion. Loan impairment charges stood at TZS 31.5 billion for the year. Fees and Commissions income grew to TZS 92.8 billion from TZS 75.2 billion in the year 2012. In 2013, the Group recorded a net profit of TZS 84.4 billion (2012: TZS 80.5 billion).

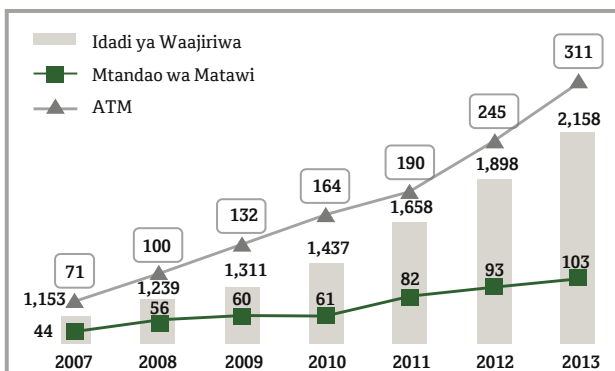
Tengo la Mikopo mibovu ilikuwa TZS bilioni 31.5 wakati huo pia mapato yatoakanayo na utoaji huduma (fees and Commission) yaliongezeka hadi TZS bilioni 92.8 toka TZS bilioni 75.2 zilizopatikana mwaka 2012. Katika kipindi cha mwaka 2013 Kampuni ilipata faida baada ya kodi TZS 84.4 (2012: TZS bilioni 80.5)



Mapitio ya Uendeshaji

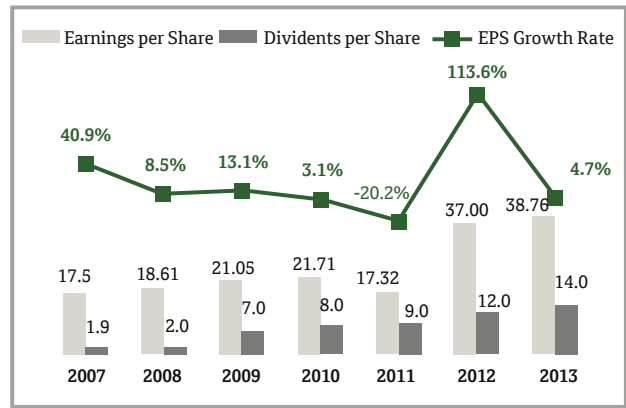
Katika mwaka uliopita Benki iliwekeza sana katika kuwafikia wateja, ilifungua matawi mapya sita (6), vituo vinne (4) vya kutolea huduma pamoja na kuweka ATM 66. Msisitizo mkubwa wa Benki katika mpango mkakati wake ilikuwa kuleta sokoni mfumo wa utoaji huduma kupitia mawakala kwa kushirikiana na Shirika la Posta kwa lengo la kusaidia usambaaaji wa huduma kupitia fahariHuduma. fahariHuduma inawawezesha wateja kupata huduma kupitia mawakala waliochaguliwa na Benki.

Mpaka mwisho wa mwaka, Benki ilikuwa na mtandao wa matawi 102 ya kawaida na yanayotembea, ATM 311 pamoja na 18 zinazopokea fedha, POS 1,162, Mawakala wa fahariHuduma 491 na washirika wa Microfinance 441.



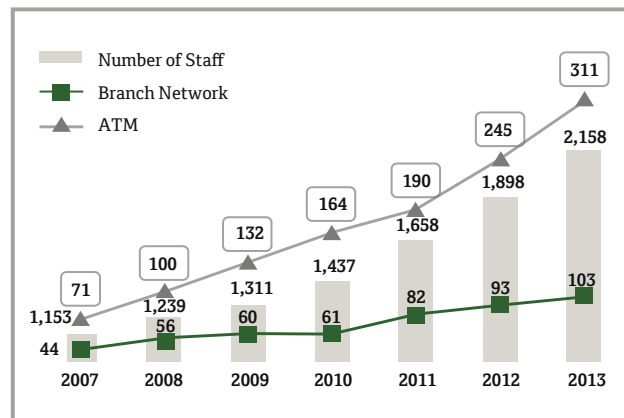
Katika mwaka, Benki ilipata mafanikio ya utendaji yafuatayo;

- Idadi ya miamala ya ATM ilikuwa 15,412,899
- Idadi ya miamala ya SimBanking ilikuwa 9,635,658
- Idadi ya miamala ya intanet ilikuwa 428,131
- Idadi ya miamala ya malipo ya kadi ilikuwa 253,864.



Operational Review

In the year under review, the Bank invested heavily in its customer outreach, opening six (6) new branches, four (4) new service centres, and 66 ATMs installed. The main focus of the Bank in its strategy was the launch of Agent Banking together with a partnership with Tanzania Postal Corporation established with a view of supporting fahariHuduma rollout. FahariHuduma allows customers to get services through banks' approved agents. By the end of the year, the Group had a network of 102 static and mobile branches, 311 ATMs including 18 Depository ATMs, 1,162 Point of Sales (POS) terminals, 491 Agents (Fahari Huduma) and 441 Microfinance partners' institutions.



During the year, the Bank had the following major operational achievements;

- Number of ATM transactions were 15,412,899
- Number of simbanking transactions were 9,635,658
- Number of Internet transactions were 428,131
- Number of POS transactions were 253,864.

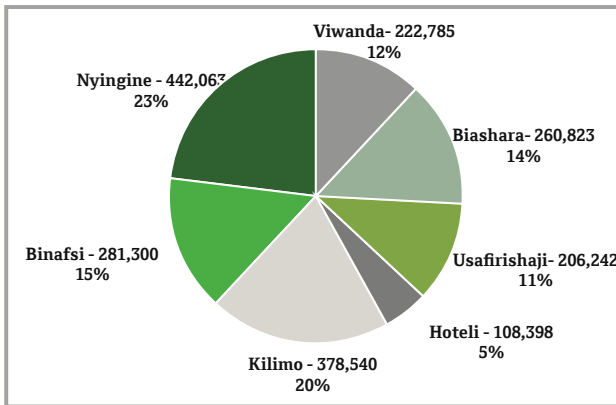
Lending

The loan portfolio grew by 10.31% from TZS 1,806.9 billion as at December 31st 2012 to TZS 1,993.1 billion as at December 31st 2013. The growth in the loan portfolio was lower than the growth achieved in 2012 due to the deliberate decision by the Bank to consolidate the loan portfolio by slowing down lending and continuing to

Mikopo

Jumla ya mikopo ilikua kwa asilimia 10.31 kutoka TZS 1,806.8 bilioni tarehe 31 Desemba 2012 hadi kufikia TZS 1,993.1 bilioni tarehe 31 Desemba 2013. Ukuaji wa jumla wa mikopo ni pungufu ukilinganisha na ukuaji wa asilimia 26 uliopatikana mwaka 2012 kutokana na maamuzi ya makusudi ya Benki ya kuhuisha jumla ya mikopo kwa kupunguza utoaji wa mikopo kwenye sekta ya kilimo ambayo kwa miaka minne mfululizo imeendelea kuwa eneo hatarishi kwa Benki kukopesha.

Mikopo kwa Wateja (sekta, Kiasi cha mikopo katika mamilioni ya TZS)



Pamoja na hatua za makusudi za kupunguza utoaji wa mikopo kwenye sekta ya kilimo, sekta hii imeendelea kuongoza kwenye jumla ya mikopo yote inayotolewa na Benki na kuwa na asilimia 20. Hata hivyo hii inaonyesha upunguaji mkubwa kutoka asilimia 28 iliyofikiwa tarehe 31 Desemba 2012.

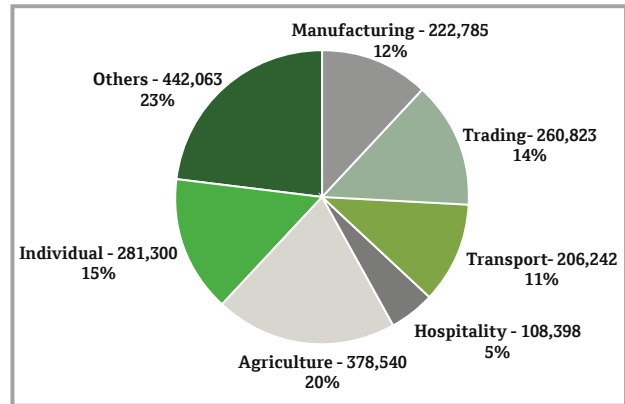
Katika mwaka 2013 ubora wa mikopo umeongezeka kutoka mikopo chechefe ya asilimia 6.8, tarehe 31 Desemba 2012 mpaka asilimia 6.2, tarehe 31 Desemba 2013. Ongezeko kubwa la ubora ni matokeo ya kuimarishwa kwa utawala wa mikopo kwenye kitengo cha mikopo na uanzishwaji wa kitengo cha mikopo kwenye kila tawi kinachoongozwa na meneja wa mikopo. Kitengo cha mikopo kina wajibu wa utawala wa mikopo katika tawi.

Wateja wa Kampuni

Kundi la wateja wa kampuni liliendelea kutoa mchango mkubwa kwenye matokeo mazuri yaliyopatikana mwaka 2013 kwa Benki, hasa kwenye ukuaji wa mikopo, amana, biashara za nje. Jumla ya mikopo ya wateja wa kampuni iliongezeka kwa asilimia 10 na kuchukua nafasi kubwa ipatayo asilimia 70 ya jumla ya mikopo yote ya Benki kufikia tarehe 31 Desemba 2013. Mikopo chechefe kwa wateja wa kampuni ilishuka kidogo kutokana na kuongezeka toka asilimia 8.3 tarehe 31 Desemba 2012 mpaka kufikia asilimia 8.5 mwishoni mwa mwaka 2013 lakini kiwango cha mikopo

reduce the exposure to agriculture sector, which for the past four years had continued to be the most risky lending area for the Bank.

Loans and advances to customers (sector, Amount in TZS millions of portfolio)



Despite the deliberate measure to reduce exposure to agriculture sector, the sector continued to dominate the credit portfolio of the Bank accounting for 20% of the total loan portfolio. However this represents a notable reduction from the composition of 28% as at December 31st 2012.

In 2013 the quality of the loan portfolio improved from non-performing loans (NPL) ratio of 6.8 % as at December 31st 2012 to 6.2% as at December 31st 2013. The noted improvement is a result of strengthening the credit administration within the Credit Department and introduction of credit unit at every branch headed by a credit manager. The credit unit is responsible for credit administration at the branch level.

Corporate Banking

Corporate Banking segment contributed strongly to the good performance achieved by the Bank in 2013, especially in loan portfolio growth, deposits mobilization and trade finance business. The corporate loan portfolio recorded a growth of 10% and it dominated 70% of the Bank's total loan portfolio as at 31st December 2013. The NPL (non-performing loans) for Corporate Banking recorded a slight deterioration from 8.3% as at 31st December, 2012 to 8.5% by the end of 2013 but corporate PAR (portfolio at risk) ratio was reduced to 10.9% as at December 31st, 2013 compared to 13.1% of as at 31st December, 2012.

In 2013 the Department registered core deposits growth of 16% and also won the tender and signed a contract to serve government and local authorities in Dar es Salaam, which accounts for approximately 35% of total government payments business.

hatarishi kilipungua mpaka asilimia 10.9, tarehe 31 Desemba 2013 ukilinganisha na asilimia 13.1 ya tarehe 31 Desemba, 2012.

Katika mwaka 2013 Idara ya Wateja wa Kampuni ilikuza amana kwa asilimia 16 na iliongoza kwenye upatikanaji wa zabuni na kusaini mkataba wa kuhudumia serikali kuu na serikali za mitaa Dar es salaam ambako kuna karibia asilimia 35 ya jumla ya biashara yote ya serikali.

Idara ya Wateja wa Kampuni kupitia Kitengo chake cha Biashara za Nje kilipata ongezeko kubwa la asilimia 200 la 'Letters of Credit' na Udhadini wa Benki mwaka 2013 ukilinganishwa na mwaka 2012.

Mikakati kwa ajili ya biashara ya makampuni ni kuendana na ukuaji wa uchumi wa nchi na kanda kwa ujumla. Idara ilianzisha madawati manne mwaka 2013 ambayo yanatoa huduma zinazohusiana na mikopo ya ushirika, biashara ya uchina, menejimenti ya fedha na huduma za bima ambazo husaidia kubakisha na kupata wateja wapya pamoja na biashara mpya. Katika mwaka wake wa kwanza Dawati la Mikopo ya Ushirika lilifanikiwa kutoka mikopo mipya ya TZS 408 Bilioni zilizotolewa pamoja na Citibank. Toka kuanzishwa kwake Machi mpaka Desemba, 2013 Dawati la China limepata wateja wapya zaidi ya 106.

Utendaji wa Idara ya Hazina

Idara ya Hazina kwa mwaka 2013 iliendelea vizuri na kukuza biashara kwa kiasi kikubwa na kuleta matokeo mazuri kifedha. Mapato ya biashara ya fedha za kigeni yalikuwa kwa asilimia 25 hadi kufikia Sh. 28.5 bilioni kutoka 22.8 Mwaka 2012. Uboreshaji wa teknolojia na miundombinu ya hazina ulikuwa ni moja ya sababu za kuongezeka kwa ufanisi na tija katika uendeshaji wa hazina.

Pamoja na mafanikio mazuri ambayo kitengo cha hazina kiliweza kuyapata. Benki iliendelea kujenga biashara ya hazina ya muda mrefu na endelevu na washirika wa ndani na wa nje. Hii imeiwezesha Benki kufanya miamala ya kigeni na kutoa ada za kiushindani kwa wateja huku ikinyumbulika kwenye miamala mbalimbali ya soko la fedha hivyo kuweza kuzitumia fursa mpya kwa kutumia bidhaa muafaka.

Benki ya CRDB iliendelea kusaidia maendeleo ya soko la fedha la ndani kwa kuwa mshiriki mzuri katika biashara ya fedha za kigeni na soko la fedha na kuongeza uwekezaji wake na benki nyingine kwa asilimia 132 katika mwaka 2013.

Benki pia ilianzisha kitengo cha Huduma za Uhifadhi kwa wawekezaji, wawe wa ndani au nje.

The Corporate Banking Department through its Trade Finance Unit registered a commendable increase of 200% in volume of letters of credit and bank guarantees processed in 2013 compared to 2012.

The strategy for the corporate business is to grow together with the growth of the economy in the country and region as a whole. The Department put into full operation four desks in 2013, which offered services relating to Loan Syndications, Chinese Business Relationships, Cash Management and Insurance Services which has resulted in the retention of existing and acquiring of new customers and business deals. In its first year, the Syndication Desk witnessed the processing and disbursement of the first new syndicated loan with Bank's participation to the tune of TZS 48.9 billion towards a syndicated loan of TZS 408 billion arranged by Citibank. Since its establishment in March to December, 2013 our China Desk recruited more than 106 new customers.

Treasury Operations

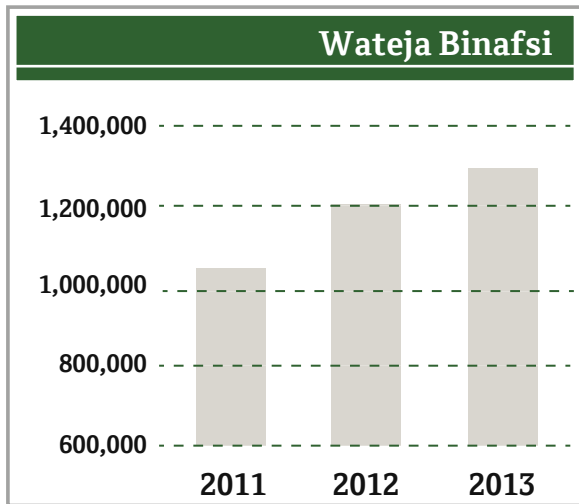
Treasury Department continued to deliver a strong business growth and impressive financial performance. The department had an impressive and strong performance in foreign exchange revenues as well as Money market revenues and volumes in the year. Treasury Operation in 2013 continued with its trend as Foreign Exchange revenue grew by 25% to reach TZS 28.5 billion from TZS 22.8 billion recorded in the previous year. Supportive Treasury technological infrastructure improvements was among the key factors towards improved effectiveness and efficiency in overall treasury operations.

In addition to the excellent performance achieved, the department has continued to make great strides in building a long-term and sustainable Treasury business with local and international counterparties. This has enabled the bank to freely conduct foreign exchange transactions and offer competitive rates to customers, as well as being flexible in many money market transactions, hence capitalizing on new business opportunities in the market with flexible and well structured products. CRDB Bank has continued to be supportive of the local financial market development by being an active Market-maker in both foreign exchange and money markets, having grown its investment with other banks by 132% in 2013.

The Bank also established a dedicated unit to handle custodial business services for local and international investors.

Biashara ya Wateja Wadogo na wa Kati

Utendaji wa mwaka huu katika idara hii ulikuwa mzuri hivyo kupelekea mikopo na mapato katokanayo na biashara hii kuongezeka.



Mwishoni mwa mwaka 2013, mikopo ya wateja wa kati na wadogo ilikua hadi kufikia TZS 169.86 bilioni likiwa ni ongezeko la asilimia 37 ukulinganisha na mwaka 2012. Mafanikio mengine yalikuwa ni;

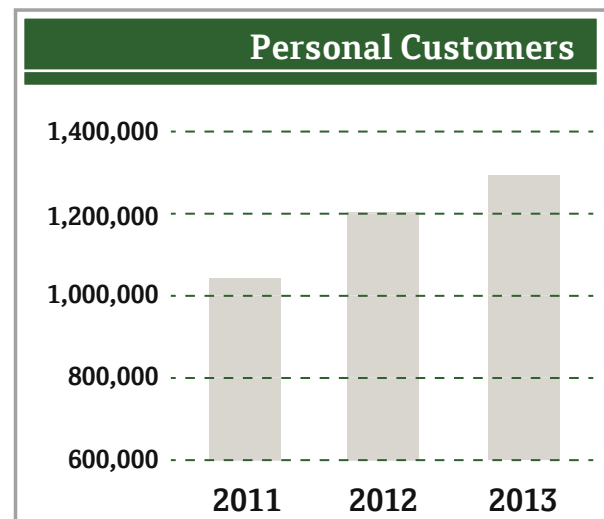
- Katika msimu wa korosho, TZS 32 bilioni zilitolewa kwa AMCOS zipatazo 337 katika mikoa ya Lindi na Mtwara.
- Mikopo ya Wanawake ilianza kutolewa kwa matawi yote na mikopo yenye thamani ya TZS 991.2 milioni ilitolewa kwa akina mama wenye biashara ndogo ndogo nchi nzima.
- Mikopo ya Wahitimu wa Chuo Kikuu cha Sokoine ilifikia TZS 645.40 milioni mwaka 2013
- Mikopo ambayo haihitaji dhamana ilitolewa kwa kiasi cha TZS 2.13 bilioni
- Kiwango cha mikopo ya Wateja wadogo na wakati kwa mteja mmoja kiliongezeka kutoka TZS 500 milioni kwa hadi TZS 750 milioni

Benki pia ilifungua vituo 20 vya wateja wa Premier (Premier Lounges) katika mwaka 2013. Pia Benki ilileta sokoni tena kadi ya Wateja maalum yaani TemboCardVisa Gold iliyoongezwa sifa kuendana na mahitaji ya wateja wa Premier.

Benki pia imeanza kutoa huduma kupitia katika ofisi za Posta kama wakala kutoka kaunta 1 mwaka 2012 hadi kuwa na kaunta 41 na inategemea kuanzisha ofisi nane (8) zitafunguliwa mwaka 2014. Benki imefanikiwa kupata mawakala 491 na ambao mawakala 169 walianza kazi kufikia tarehe 31 Desemba, 2013. Benki pia imefungua ATM 24 katika ofisi za shirika hilo la Posta

Retail Banking

In 2013, the Retail Banking Department grew strongly with an increase in transaction volumes, income and portfolio size.



The SME portfolio at end of 2013 reached TZS. 169.86 billion an increase of 37% compared to 2012. Other major achievements included;

- In Cashew nut season 2013/2014, TZS. 32 billion was extended to 337 AMCOS in Mtwara and Lindi.
- Women Access to Finance product was rolled out to all branches, with loans of TZS. 991.2 million being extended to women SMEs.
- Loans to Sokoine University graduates portfolio reached TZS. 645.40 million.
- Non-traditional lending was introduced to areas lacking traditional securities, with TZS. 2.13 billion being extended in 2013.
- SME lending limit was increased from TZS. 500.0 million per single borrower to TZS. 750.0 million.

Premier Banking opened 17 new Premier lounges and 3 Premier Centres located in branches all over the country. TemboCardVisa Gold card was re launched and branded Visa Gold Premier banking. The re-launch was in line with enhanced features for Premier Customers.

Roll out to TPC extension counters increased from 1 in 2012 to 41 counters in operation with 8 more expected to be opened in early 2014 after meeting requirements. Total of 491 Agencies have been recruited, 169 Agencies are in operation as at 31 December, 2013, and the rest will start operating after BOT approval. Total of 24 ATMs have been installed at TPC agencies.

The total personal banking deposits rose to TZS. 1,654.3 billion, a 15% increase from the previous year's total of 1,440.3 billion. During the period under view, Scholar Accounts recorded the highest growth of 35% compared

Amana za wateja reja reja zilikuwa mpaka TZS 1,654.3 bilioni hili likiwa ni ongezeko la asilimia 15 kulinganisha TZS 1,440 bilioni mwaka 2012. Katika kipindi hiki akaunti za Scholar ziliongezeka kwa asilimia 35 ukilinganisha na mwaka 2012. Benki imetoa mikopo ya TZS 217.6 bilioni ambayo ni asilimia 30 kulinganisha TZS 167.2 bilioni tarehe 31 Desemba 2012. Idadi ya wateja binafsi wa mikopo walifikia wateja 29,690 ambao ni ongezeko la asilimia 11 kulinganisha na wateja 26,858 wa mwaka 2012.

Katika kipindi cha mwaka 2013, Benki ya CRDB pia ilizindua mikopo ya nyumba ijulikanayo kama "Jijenge". Mikopo ni ya muda mrefu hadi miaka 20 ilitolewa kwaajili ya kununua, kujenga au kukarabati nyumba. Walengwa ni wafanyakazi, wajasiriamali na Watanzania waishio ughaibuni.

Mtazamo wa Benki ni kuongoza katika biashara ya mikopo ya nyumba kwa jumla ya kiasi kilichokopeshwa na idadi ya wakopaji. Katika kipindi cha 2013 jumla ya maombi 59 ya mikopo ya nyumba yenye thamani ya TZS 7.8 bilioni yalipokelewa na jumla ya mikopo 31 yenye thamani ya TZS 1.40 bilioni ilikopeshwa.

Katika kipindi cha 2013 Benki ilipata mafanikio makubwa kupitia kampuni yake tanzu ya Microfinance hasa kwa idadi ya wateja wapya waliatambulishwa kwa huduma za fedha. Kampuni hii tanzu iliongeza ikusambaa kwa mtandao wake hadi kufikia wilaya 135 (asilimia 99.3) ikilinganishwa na idadi ya wilaya zote 136 nchini kwa kupitia SACCOS washirika 441. zikitoa huduma kwa wateja wao 679,777.

Aidha Benki imekuwa ikishirikiana na kampuni za kutoa mikopo midogo 18 ambazo zipo kwenye jamii zikitoa huduma kwa wateja wenye kipato cha chini nchini. Wakulima pia wamefikia kupitiwa taasisi zao ikiwemo AMCOS, ambapo AMCOS 225 zenye wateja 67,537 walifikia.

Amana zilizopatikana kupitia asasi hizi zilifikia TZS 212 bilioni toka TZS 128 bilioni za mwaka 2012, hili likiwa ni ongezeko la asilimia 66.

Mafanikio Muhimu yaliyopatikana

- Usambazaji wa huduma za bima kwenye matawi yote ya Benki ili kusogeza kwa karibu huduma za bima kwa wateja wa Benki. Hii ilienda ilienda sambamba na kuweka wafanyakazi kwenye matawi wenye elimu ya bima.
- Utekelezaji thabiti wa huduma za mikrofinance kwa mteja mmoja mmoja ambapo matawi kwa ajili ya kutoa huduma yaliongezeka ili kurahisisha huduma kama vile uchukwaji wa fedha, uwekaji fedha na

to the year 2012. The Bank approved and disbursed a total of TZS. 217.6 billion in retail loans, which is equivalent to a 30% increase compared to a total of TZS. 167.2 billion recorded as at 31st December 2012. The total Personal loan accounts grew to 29,690 borrowers equivalent to 11% increase compared to 26,858 borrowers accounts recorded in year 2012.

CRDB Bank introduced Mortgage loan product branded as "Jijenge" in 2013 offering mortgage loans for home acquisitions. Jijenge is a long term loan facility of up to 20 years offered for acquisition of residential properties through home purchase, construction or for refurbishment. The target market for this product are Tanzanian salaried employees, self-employed, and Diaspora residents.

The focus of the Bank is to become the market leader in mortgage loan-book value and number of mortgage customers. During the period ended December 2013, a total of 59 mortgages loan application were received with a total loan value of approximately TZS 7.8 billion and 31 loans were disbursed with value of TZS. 1.40 billion.

In the year 2013, the Bank recording outstanding performance in microfinance initiatives as reflected in the outreach indicators, including the number of new customers introduced to financial services. Microfinance Services Company Limited increased its network coverage to 135 (or 99.3%) of the country's 136 districts, through strategic partnerships with 441 SACCOS that provide tailored financial services to 679,777 individual clients.

In addition, the Bank is working with 18 Microcredit companies which are community based and experienced in delivering financial services to low income earners in the country. Farmers have been reached by using their grassroots organizations including AMCOS, whereby 225 AMCOS with 67,537 individual clients were reached and linked to access financial services from the Bank. Total deposits mobilized by these microfinance institutions reached TZS 212 billion marking an increase by 66% from TZS 128 billion as at the end of December 2012.

Notable Milestones Achieved

- Scaling up of Insurance Services by expanding to all CRDB Bank branches, to provide insurance services closer to our customers. Dedicated and knowledgeable staff on insurance product have been placed in each branch to provide advice to customers on insurance products relevant to their activities.

huduma za bima. Vituo vya kutoa huduma za microfinance vilifunguliwa Mbezi Luis-Dar es salaam, Ngaramtoni na Kwa Mromboo -Arusha,

- Mabadiliko ya mikopo ya jumla kwa taasisi ndogo za fedha yamewezesha taasisi washirika kupata TZS 128.7 bilioni katika mwaka 2013 zinazowapatia uwezo wa kuwakopesha wanachama wao ili kukidhi mahitaji yao ya kiuchumi na kijamii.
- Uanzishwaji wa huduma za kusaidia kuendesha maghala (Warehouse Operation Support Services WOSS) kupitia utaratibu wa stakabadhi ghalani au mkataba wa usimamizi malighafi na dhamana inayotoa fursa ya wanajamii kupata mikopo kupitia mazao yaliyonunuliwa na kuwekwa ghalani kama dhamana ya mikopo iliyotolewa.

Tehama

Benki ya CRDB iliendelea kutumia tehama kama njia ya kuongeza tija na tija ili kukidhi mahitaji ya wateja ambayo yanabadilika kila uchao na hivyo kujidhatiti kiushindani. Katika mwaka wa mapitio, Benki iliendelea kutekeleza uwekwaji wa mifumo mbalimbali ya tehama ili kukidhi mahitaji ya utendaji wa Benki na kubadilika kwa mahitaji ya wateja. Baadhi ya mifumo hiyo ni;

- SimBanking iliboreshwa kuweza kuunganishwa na Tigo Pesa na pia huduma za kulipia ankara za DAWASCO na MORUWASA.
- Benki ilianzisha teknolojia yahuduma za benki kupitia wakala ili kuongeza mtandao wa benki kwa gharama nafuu
- Benki ilikamilisha iliboresha mfumo wake wa mawasiliano ili kuendana na mapinduzi mapya ya teknolojia kupitia uunganishwaji kwenye mkonga wa taifa wa fibre optic katika matawi yake ya uwekaji wa mtandao wa satelaiti wa Ku-band ili kusaidia itokeapo dharura ya kukatika kwa mawasiliano katika mfumo mama wa mawasiliano wa Benki.

Usimamizi wa Rasilimali Watu

Benki ina wafanyakazi wenye ujuzi na uzoefu ambao ndio rasilimali kuu katika utekelezaji wa malengo ya biashara. Wastani wa idadi ya wafanyakazi kwa mwaka ilikuwa ilikuwa ni wafanyakazi 2,038 (2012: wafanyakazi 1,898). Ongezeko la Wafanyakazi kwa mwaka ni asilimia 7.4 ambalo linaendana na ukuaji wa biashara.

Katika kipindi hicho cha mwaka, Benki ilitumia TZS 4.94 bilioni (2012: TZS 4.07 bilioni) katika mafunzo ya Wafanyakazi ili kuboresha maarifa ya wafanyakazi na

- Implementation of Retail Microfinance, whereby cost-effective microfinance service centres have been introduced to increase convenience to customers in accessing financial services like withdrawals, deposits, insurance as well as micro-loans. Service Centres targeting microfinance customers have been opened at Mbezi Luis - Dar es Salaam, Ngaramtoni and Kwa-Mrombo in Arusha.
- Transformation of wholesale microfinance has enabled affiliated microfinance institutions to access more than TZS 128.7 billion in year 2013 which provides them with funds to enhance their capacity for on-lending to their members to meet various social and economic needs.
- Warehouse Operations Support Services (WOSS) continued to be implemented through supervising stocks and collaterals of clients financed on warehouse receipt system or collateral management agreement creating an opportunity for the community to access finance from the Bank using their financed stock/commodities as security for the loans advanced

Information and Communication Technology

CRDB Bank PLC continues to leverage Information and Communication Technology (ICT) as a strategic tool to gain competitive edge, improve productivity and efficiency of the organization in order to meet the ever changing customer requirements. During the year under review, the Bank continued with implementation of various systems in order to address Bank's growth needs and the rapid change of customer requirements. Some of these include;

- Mobile Banking (SimBanking) was upgraded with additional mobile money choices such as Tigo PESA and additional bills payments of DAWASCO and MORUWASA.
- The Bank implemented an Agent Banking technology across various agents in order to expand its outreach at a low cost.
- The Bank completed upgrading its communication system to match the emerging new technologies, through connection to the national fiber optic network across all its branches and the installation of KU Band Satellite dishes as a backup to primary communication system. This ensures maximum systems availability for the Bank's operations.

Human Resource Management

The Bank has skilled and experienced employees who are considered as key resources in pursuing its business

utendaji wao. Katika mwaka 2013 Benki iliendelea kuwakumbusha wafanyakazi wake kufanya mafunzo kwa njia ya mtandao ambayo yatawawezesha kupata vyeti ambapo jumla ya wafanyakazi 378 walifanikiwa kumaliza. Wengine 259 wamesajiliwa kupata mafunzo ya taaluma mbalimbali kupitia mafunzo ya masafa marefu na 57 wamefanikiwa kumaliza mafunzo hayo.

Mahusiano ya Menejimenti na Wafanyakazi

Mwaka 2013, Benki ilitoa kozi mbalimbali zilijulikanazo kama mafunzo ya malezi kwa wazazi vijana, matumizi ya muda na uwiano maisha na kazi, kupima saratani ya matiti na uelewa kuhusu masuala ya HIV chini ya mpango wa maboresho kwa wafanyakazi. Mafunzo yalilenga uliolenga katika kutoa mafunzo kwa wafanyakazi juu ya masuala ya malezi, udhibiti wa msongo wa mawazo na mahusiano kazini, mawasiliano binafsi na uelewa wa magonjwa ya kuambukiza na upimaji (Mfano upimaji na uelewa wa VVU/UKIMWI, saratani ya ziwa na tezidume).

Mikopo ipo kwa kila mfanyakazi aliyeidhinishwa ajira yake kutegemea na mapitio ya mkopo na maamuzi ya menejimenti kutokana na mahitaji na uhalisia, ili mradi tu iwe ndani ya sera za mikopo na rasilimali watu.

Mwaka 2013 menejimenti iliongeza muda wa marejesho ya mkopo wa Nyumba wa wafanyakazi kuwa miaka 20 iliyolenga kuwafanya wafanyakazi wamiliki nyumba za kisasa pasipokuwa na mizigo wa makato ya mwezi.

Benki iliendelea kuboresha mahusiano kati ya wafanyakazi na menejimenti katika mwaka 2013 kupitia nyanja mbalimbali na kufanikiwa kufunga mwaka bila malalamiko yoyote.

Kwa mwaka huu Benki ilipata tuzo ya kuwa ya pili katika tuzo ya “Muajiri Bora” iliyoandaliwa na Chama cha Waajiri Tanzania (ATE). Benki iliwekwa nafasi ya kwanza kwa kuwa muajiri bora Mwaka 2013 zilizoandaliwa na chama cha wafanyakazi wa viwanda na biashara (TUICO).

Kwa nyongeza Benki ilipimiwa na Mfuko wa Uhifadhi ya Jamii (PPF) na kuwa ya kwanza kwa kupeleka michango ya wafanyakazi wake mapema na pia mshindi wa kwanza wa jumla kwa kupeleka mafao ya watumishi wake kwa 2013. Wakati Mfuko wa Hifadhi ya Jamii (LAPF) uliipa Benki ya CRDB nafasi ya kwanza kwa kulipa michango ya watumishi wake kwa mwaka 2013.

objectives. The average number of employees during the year was 2,158 employees (2012 -1,898 employees). The annual growth in staffing was 7.4% in line with the business growth.

During the year, the Bank spent TZS 4.94 billion (2012 - 4.09 billion) on staff training in order to improve employees' technical skills and performance. In year 2013 the Bank continued to sensitize its staff to pursue various online banking courses through e-learning and distance learning programmes for certifications where a total of 1,308 staff registered for various e-learning courses, out of which 378 staff successfully completed. Additionally 259 staff members registered to pursue different courses through distance learning and 57 successful completed.

These learning platforms provide conducive learning environment to staff by letting them have free access to the best professors/trainers and materials in the world without having to move far away from their work stations.

Management and Employees Relationship

In the year 2013 the Bank conducted a number of trainings, namely parenting skills to young parents, time management & work life balance, breast and prostate cancer screening and testing, HIV Aids awareness under Employee Wellness Programme (EWP). These trainings aimed at imparting relevant skills to our employees on parenting, stress management, staff relations and interpersonal communications, pandemic diseases awareness and testing (e.g. HIV Aids, breast and prostate cancer awareness and testing).

Loans are available to all confirmed employees depending on the assessment and discretion of the Management as to the need and circumstances, as long as it is in line with the human resources and credit policies.

In year 2013 the Management had extended the repayment period of staff housing loans to 20 years, which aimed at affording staff members opportunities to own decent houses without feeling the burden of the monthly deductions.

The Bank continued to strengthen the relationship between the employees and management in year 2013 through various initiatives and managed close the year with no unresolved complaint.

The Bank won the second overall position in the “2013 Employer of the Year Award” which was coordinated by

Mpango wa Mafao kwa Wafanyakazi

Kampuni inalipia michango ya lazima kwenye mifuko ya hifadhi ya jamii. Pia katika kipindi hicho Benki iliendelea kutoa bure huduma za afya kwa wafanyakazi wake, kupitia mfuko wa bima ya afya wa AAR.

Mwaka 2013 Benki iliandaa zoezi la upimaji wa afya ya wafanyakazi wote ili kuendana na sheria ya usalama na afya katika maeneo ya kazi (OSHA) ya mwaka 2013 kifungu namba 5. Upimaji huo ulisimamiwa na madaktari kutoka OSHA baada ya kuzinduliwa na Mkurugenzi Mtendaji na Mkaguzi Mkuu wa viwandani kutoka OSHA Dk. Angelina Kayumba.

the Association of Tanzania Employers (ATE). On top of this, the Bank had also been rated as the “The Best Employer of the Year 2013” as coordinated by the Tanzania Union of Industrial and Commercial Workers (TUICO).

In addition, the Bank was rated by the Parastatal Pension Funds (PPF) as the 1st Winner for Early Remittance of Members Contribution and the “Overall Winner for Early Remittance of Members Contribution for 2013” while the Local Authority Pension Fund (LAPF) rated the Bank as the “1st Winner in Recognition of Valuable Efforts in Members Registration and 1st Winner in Recognition of Valuable Efforts in Timely Payment of Members Contribution for 2013”.

Employees’ Benefit Plan

The Group pays mandatory contributions to publicly administered pension schemes. During the period the Bank continued to offer free medical services to its staff under Fund Administration Scheme administered by the AAR Insurance Company.

In the year 2013 the Bank also conducted Medical Examination to its entire staff to comply with the Occupational Safety and Health Administration (OSHA) Act No. 5 of 2013. The examination process was conducted and administered by the Occupational Doctors from OSHA after it was officially inaugurated by the Bank’s Managing Director and the Chief Factory Inspector of OSHA, Dr. Aquiline Kayumba.



Kazi ya msingi ya Bodi ni kulinda na kukuza thamani ya pato la wanahisa, huku tukizingatia maslahi ya wadau wengine. Bodi inao wajibu kwa ujumla kuhusu utawala bora wa kampuni ikiwa ni pamoja na kuhakikisha inatengeneza dira ya mkakati, kuweka sera katika maeneo yote ya shughuli za kampuni, kuidhinisha na kusimamia mpango wa biashara na bajeti, kuweka viwango vya mishahara, kuchagua, kuondoa na kutengeneza sera juu ya urithishaji madaraka kwa timu ya menejimenti, kuanzisha na kusimamia kufanikisha malengo na kuhakikisha uadilifu katika udhibiti wa hatari, udhibiti wa mifumo ya ndani, kufuata sheria na mifumo ya habari na mawasiliano. Pia Bodi inawajibu wa kuidhinisha na kusimamia fedha na taarifa zingine kwa wanahisa.

Wakurugenzi wanaamini utawala bora ni nguzo muhimu kwa matokeo bora ya kampuni. Hivyo basi, wameendelea kukazia utekelezaji wa utawala bora kwa kupitia sera, Kazi za Bodi na kamati zake na usimamizi wa shughuli za benki.

Bodi ya Wakurugenzi ya Benki ya CRDB imedhamiria kudumisha na kukazia kiwango cha juu cha utawala bora ili kuongeza thamani ya pato la wanahisa na kuhakikisha maslahi ya wadau wake. Utawala bora unategemea na misingi mizuri ya utawala bora ambayo inaendana na kimataifa. Ili kufikia uwazi wa taarifa kwa kiwango cha kimataifa, Taarifa ya Mwaka ya Kampuni imeboreshwa kwa kuongezewa vipengele ikiwemo taarifa ya Bodi juu ya utawala bora, majadiliano ya kina juu ya matokeo na udhibiti wa hatari.

MJUMUIISHO WA BODI YA WAKURUGENZI

Kutokana na Katiba ya Benki ya CRDB, wakurugenzi wanapaswa kustaafu kwa mzunguko. Kifungu cha katiba kinaruhusu kuchaguliwa kwa mara nyingine kwa wajumbe baada ya kufikisha kipindi cha miaka mitatu, ilimradi tu muombaji awe ametimiza vigezo muhimu. Kutokana na hilo, kwa mujibu wa Mkutano Mkuu uliofanyika tarehe 11 May 2013, Bwana Boniface Charles Muhegi, Bwana Ally Hussein Laay na Bi. Joyce Ng'walu Nyanza ambao wanatokana na kundi la wanahisa wenye hisa chini ya asilimia 1 ya mtaji wote wa Benki walistaafu. Bwana Boniface Charles Muhegi

The Board's primary role is to protect and enhance long term shareholders value, while considering the interests of other stakeholders. The board is responsible for the overall corporate governance of the Group including formulating its strategic direction, setting policies for all areas of the Group's activities, approving and monitoring business plans and budgets, setting remuneration, appointing, removing and creating succession policies for the management team, establishing and monitoring the achievement of management's goals and ensuring the integrity of risk management, internal controls, legal compliance and management information systems. The Board is also responsible for approving and monitoring financial and other reporting of the Group to shareholders.

The Directors consider corporate governance as key to good performance of the Group. In view of this, they continued to strengthen good governance practices by reviewing policies, Board and Board committees' activities and general management of the Bank.

The Board of CRDB Bank is fully committed to maintaining and sustaining the highest standards of Corporate Governance to maximize shareholders value and ensure all stakeholders interests. Good governance is dependent on adequate and effective Governance Framework which is in line with best international practices. In attaining international disclosure and reporting standards, the annual report of the Group has been enhanced with the addition of new sections including Board's report on Corporate Governance, detailed management discussion of results and risk management.

COMPOSITION OF THE BOARD OF DIRECTORS

In accordance with the Bank's Articles of Association, the directors are required to retire by rotation. The Articles allow re-election of the members after expiry of three year period as long as the candidate meets credentials. In view of this, at the Annual General Meeting held on 11 May 2013, Mr. Boniface Charles Muhegi, Mr. Ally Hussein Laay and Mrs. Joyce Ng'walu Nyanza, belonging to the group of shareholders with shareholdings of less than 1% of the Bank's share

na Bwana Ally Hussein Laay, kutoka kundi la wanahisa wenye hisa chini ya asilimia 1 ya mtaji wote wa Benki walichaguliwa tena. Kwa ziada, Bwana Adam Mayingu, kutoka kundi la wanahisa walio na hisa kati ya asilimia 1 hadi chini ya asilimia 10 ya mtaji wote wa Benki alichaguliwa kuwa Mjumbe wa Bodi.

Wakurugenzi wafuatao wamekuwepo katika Bodi kwa Mwaka wote;

capital retired. Mr. Boniface Charles Muhegi and Mr. Ally Hussein Laay, belonging to the group of shareholders with shareholding of less than 1% of the Bank's share capital were re-elected. In addition, Mr. Adam Mayingu, belonging to the group of shareholders with shareholding of 1% to less than 10% of the Bank's share capital was elected as a Board member.

The following Directors served during the year:

Jina Name	Wadhifa Position	Umri Age	Wasifu Qualification	Taifa Country	Siku ya kuteuliwa/Kustaafu Date appointment/ resignation
Martin J. Mmari	Mwenyekiti/Chairman	50	Mhasibu/Accountant	Tanzania	2001
Juma A. Abdulrahman	Mjumbe/Member	61	Mhasibu/Accountant	Tanzania	2009
Adam H. Mayingu	Mjumbe/Member	50	Mhandisi Mifumo/Systems Engineer	Tanzania	05/2013
Rose F. Metta	Mjumbe/Member	45	Mchumi/Economist	Tanzania	2012
Kai Kristoffersen	Mjumbe/Member	73	Mwanasheria/Lawyer	Denmark	2004
Bede P. Lyimo	Mjumbe/Member	63	Mchumi/Economist	Tanzania	2005
Boniface C. Muhegi	Mjumbe/Member	59	Mhandisi Ujenzi/Civil Engineer	Tanzania	2004
Ally H. Laay	Mjumbe/Member	57	Mhasibu/Accountant	Tanzania	2004
Joyce N. Nyanza	Mjumbe/Member	49	Mhasibu/Accountant	Tanzania	2007 - 05/2013
Selina A. Mkony	Mjumbe/Member	57	Mhasibu/Accountant	Tanzania	2012
Frederick T. Sumaye	Mjumbe/Member	63	Mtaalam wa Kilimo/Agricultural Specialist	Tanzania	2011
Charles S. Kimei	Mkurugenzi Mtendaji/ Managing Director	60	Mchumi/Economist	Tanzania	1998

Katibu wa Bodi hadi tarehe ya taarifa hii, ambaye amekuwepo kwa mwaka mzima ni Bwana John B. Rugambo. Bwana Rugambo pia ni Mkuu wa Kitengo cha Mambo yahasuyo Kampuni.

UTAWALA BORA

Bodi inashughulika kwa kutambua kuwa utawala bora ni nguzo muhimu ya kupata imani kwa wadau, ambayo ni muhimu kwa kufikia matokeo bora ya utendaji na kulinda thamani ya wanahisa. Uzoefu kwa hili na umahiri kwa ujumla wake inaleta vigezo tofauti na ufundi katika kutimiza kazi na wajibu wake. Bodi ndio chombo cha juu kabisa cha maamuzi ya kampuni na kisingi inawajibika kwa masuala ya uongozi kwa kampuni. Inawajibika kwa wanahisa na inatoa muelekeo kupitia mikakati ya biashara na sera muhimu. Inasimamia utekelezaji kupitia mfumo maalumu wa kutoa taarifa ikiwa ni pamoja na kupitia katika kamati zake mbalimbali. Bodi inayafanyia kazi maoni mbalimbali na uzoefu ikiwa ni sehemu muhimu kuhakikisha kuwa maeneo yote ya kimkakati na mipango yanafanyiwa kazi kwa ukamilifu. Mjumuisho wa Bodi unahakikisha kuwa kuna uwiano sawa wa kimamlaka, kiasi kwamba hakuna mtu au kikundi kinachoweza kuhodhi hatua au maamuzi, nah ii inaleta ari ya kila mtu kuleta changamoto na hoja. Wakurugenzi

The Company Secretary at the date of this report, who served throughout the year, was Mr. John B. Rugambo. Mr. Rugambo also heads the Bank's Corporate Affairs Department.

CORPORATE GOVERNANCE

The Board operates on the understanding that sound governance practices are fundamental to gaining trust of stakeholders, which is critical to sustaining performance and preserving shareholder value. Its collective experience and expertise provide a balanced mix of attributes/ skills that enable it to fulfil its duties and responsibilities. The Board is the Group's highest decision-making body and is ultimately responsible for governance matters for the Group. It is responsible to shareholders and sets the direction through the business strategy and key policies. It monitors implementation thereof through structured reporting systems including its various committees.

The Board considers diversity of views and experiences as essential part for ensuring that all aspects of strategies and plans are fully considered. The composition of the Board ensures that there is a balance of power, such that no individual or group can dominate board processes or decision-making, and stimulates robust challenge and

wasio watendaji wanaleta hoja tofauti kwa ajili ya maamuzi ya Bodi na mara zote maoni yenye tija huhimizwa.

Mwenyekiti na Mkurugenzi Mtendaji

Mwenyekiti ni Mkurugenzi asiye mtendaji, na kazi ya Mwenyekiti na Mkurugenzi Mtendaji hutofautiana, ambapo wajibu wao umeainishwa vizuri. Mwenyekiti anawajibu wa kuongoza Bodi na kuhakikisha inakuwa na ufanisi. Mkurugenzi Mtendaji wa Kundi anawajibu wa kuhakikisha utekelezaji wa mikakati ya Kundi, sera na shughuli mbalimbali kuhusu uendeshaji wakila siku wa Kundi, akisaidiwa na timu ya menejimenti na kamati ya utendaji ambayo yeye ndio mwenyekiti.

Muundo wa Bodi

Bodi inajumuisha wakurugenzi kumi ambao ni wakurugenzi wasio watendaji ambapo Mkurugenzi Mtendaji ni mjumbe wa Bodi kutokatana na wadhifa. Mwenyekiti asiye mtendaji, ambaye huchaguliwa na wajumbe wa Bodi kila mwaka, huongoza Bodi. Mfuko wa uwekezaji wa DANIDA huchagua wakurugenzi wawili. Wajumbe wa Bodi na wasifu wao umeainishwa katika ukurasa 13 hadi 16.

debate. The non-executive directors bring different perspectives to Board deliberations and constructive views are always encouraged.

Chairman and Chief Executive

The Chairman is a non-executive director, and the roles of chairman and chief executive are separate, with their responsibilities clearly defined. The chairman is responsible for leading the Board and ensuring its effectiveness. The Group Chief Executive is responsible for the execution of the group's strategy, policies and the day-to-day business of the group, supported by the management and executive committees which he chairs.

Board Structure

The Board comprises ten Directors who are non-executive while the Managing Director is an Ex-Officio member. A non-executive Chairman, who is elected by Directors every year, leads the Board. DANIDA Investment Fund appoints two Directors. The Board members and their profiles are outlined on Pages 13 - 16.

Jina la Mkurugenzi	Wadhifa	Mikutano aliyohudhuria
Name of Director	Position	Number of Board meetings attended
Martin J. Mmari	Mwenyekiti/Chairman	7
Boniface C. Muhegi	Mjumbe/Member	5
Ally H. Laay	Mjumbe/Member	6
Bede P. Lyimo	Mjumbe/Member	7
Kai Kristoffersen	Mjumbe/Member	8
Joyce N. Nyanza (alistaafu/retired, 2013)	Mjumbe/Member	4
Juma A. Abdulrahman	Mjumbe/Member	8
Fredrick T. Sumaye	Mjumbe/Member	6
Rose F. Metta	Mjumbe/Member	7
Selina A. Mkony	Mjumbe/Member	8
Adam H. Mayingu (mjumbe/member, 2013)	Mjumbe/Member	1

Mikutano ya bodi

Bodi ilifanya mikutano 8 kwa mwaka kama ilivyopangwa. Mahudhurio ya mikutano ya bodi kwa wajumbe katika mwaka yalikuwa kama ifuatavyo:

Kamati za bodi

Kazi ya kamati za Bodi ni kusaidia Bodi katika majukumu yake kwa maeneo makuu na inatekelezwa kupitia muongozo wa kamati. Hadi kufikia 31 Desemba 2012, Bodi ilikuwa na kamati tano ambazo ni Kamati ya

Board Meetings

The Board held eight meetings during the year as planned. The attendance of the Board meetings during the year was as follows:

Board Committees

The role of Board Committees is to assist the Board in its responsibilities in key areas and is operationalized through Committee charters. As at 31 December 2012, the Board had five Committees namely; Audit

Ukaguzi wa Hesabu, Kamati ya Mikopo, Kamati ya Utawala Bora na Rasilimali Watu, Kamati ya Ujira na Kamati ya Usimamizi wa Hatari ya Hasara. Kamati ya Utawala Bora na Udhhibiti wa Hatari iligawanywa mara mbili na kufanywa kuwa Kamati ya Utawala Bora na Rasilimali Watu na Kamati ya Usimamizi wa Hatari za Hasara. Kamati ya Utawala Bora na Rasilimali Watu hujigeuza na kuwa Kamati ya Ujira walau mara moja kwa mwaka. Shughuli za kamati zinasimamiwa na kamati husika.

Kazi za kamati huongozwa kwa muongozo mahususi wa kamati ambao hupitishwa na Bodi. Miongozo ya Bodi na Kamati ilipitiwa katika mwaka kuhakikisha kuwa inakuwa sambamba na dhana na misingi ya utawala bora. Ili kuhakikisha kuwa udhibiti unakuwa na makini, Benki ina kitengo cha Udhhibiti wa Hatari na kusimamia ufuataji taratibu ambacho kazi yake ni kusimamia udhibiti wa hatari ndani ya Benki. Kamati zote tano zinawajibika kwa Bodi ya Wakurugenzi.

Ufuatao ni muundo wa kila kamati:

Jina Name	Kamati ya Ukaguzi Hesabu Board Audit Committee	Kamati ya Mikopo Board Credit Committee	Kamati ya Utawala Bora na Rasilimali Watu Board Governance and Human Resource Committee	Kamati ya Ujira Board Remuneration Committee	Kamati ya Hali Hatarishi Board Risk Committee
Martin J. Mmari		✓	•	✓	
Juma A. Abdulrahman	✓				✓
Adam Mayingu	✓				✓
Rose F. Metta		✓			✓
Kai Kristoffersen	✓				•
Bede P. Lyimo		•	✓	✓	
Boniface C. Muhegi		✓	✓	•	
Ally H. Laay	•				✓
Joyce N. Nyanza	✓				✓
Selina A. Mkony	✓		✓	✓	
Frederick T. Sumaye		✓	✓	✓	

Ufunguo/Key: • Mwenyekiti/Chairperson ✓ Mjumbe/Member

Kamati ya Ukaguzi wa Hesabu

Kamati hii ilifanya mikutano mitano (5) katika mwaka kama ilivyopangwa. Wakaguzi wa nje walialikwa na walihudhuria mkutano mmoja (1) kuwasilisha matokeo ya ukaguzi na maoni yao. Mkurugenzi Mtendaji, naibu wakurugurenzi watendaji, Mkurugenzi wa Fedha na Mkurugenzi wa Ukaguzi wa Hesabu walihudhuria mikutano hiyo kama waalikwa.

Committee, Credit Committee, Governance and Human Resources Committee, Remuneration Committee and Risk Committee. The Governance and Risk Management Committee was split to form two separate Committees of Governance and Human Resources Committee and Risk Committee. The Governance and Human Resources Committee constitutes itself into a Remuneration Committee at least once a year.

The activities of the Committees are governed by the respective Committee Charters which are approved by the Board. Board Charter and Committees' charters were reviewed during the year to ensure that they are in line with best corporate governance principles. In order to ensure the controls remain adequate, the Bank has a fully-fledged Risk and Compliance Function that coordinates and oversees the implementation of enterprise wide risk management framework within the Bank. All five Committees report to the Board of Directors. The composition of each Committee is shown below.

Audit Committee

The Committee held five meetings as planned during the year. The external auditors were invited and attended one meeting to present audit findings and opinion on audited annual accounts. The Managing Director, Deputy Managing Directors, Director of Finance and Director of Internal Audit also attended the meetings as invitees.

Walishiriki katika mikutano hiyo kama walivyoalikwa:

Members of the committee and their attendance were as follows:

Jina	Wadhifa	Mikutano aliyohudhuria
Name	Position	Number of meetings attended
Ally H. Laay	Mwenyekiti/Chairman	3
Joyce N. Nyanza	Mjumbe/Member (alistaafu/retired 2013)	2
Juma A. Abdulrahman	Mjumbe/Member	4
Kai Kristoffersen	Mjumbe/Member	4
Selina A. Mkony	Mjumbe/Member	4
Adam H. Mayingu	Mjumbe/Member (tangu/from 2013)	-

Kamati ya bodi ya ukaguzi wa hesabu hupitia vidhibiti vya njia za uwasilishaji taarifa za hesabu za kiuhasibu na kupata barua kwa maandishi toka kwa wakaguzi wa hesabu wa nje juu ya kutosheleza kwa njia hizo za udhibiti. Kufuatia wajibu huo, kamati hushauri bodi juu ya uchaguzi, kuendelea au kukatiza mkataba na wakaguzi wan je.

Kamati hujadiliana na wakaguzi wannje kuhusu ubora wa watu wanaoshughulika na masuala ya hesabu za fedha za Benki na kuangalia kama utoaji wa huduma zisizo za kiukaguzi na wakaguzi wannje zinaendana katika kuhakikisha wakaguzi wanakuwa huru.

Mkaguzi wa ndani anaripoti moja kwa moja kwa kamati hivyo basi, kamati hurejea na kupitisha mipaka ya kazi za mkaguzi wa ndani ikihakikisha kuwa inajumuisha maeneo yenye viashiria vya hatari vya hali ya juu katika utendaji na kupata ripoti fupi juu ya yaliyojitokeza katika ukaguzi wa ndani na jinsi ambavyo menejimenti imefanyia kazi taarifa hizo.

Kamati ya Mikopo

kamati ilikutana mara kumi katika kipindi cha mwaka kama ilivyopangwa. Mkurugenzi mtendaji, manaibu wakurugenzi watendaji, mkurugenzi wa wateja wakubwa na mkurugenzi wa mikopo walishiriki katika mikutano hiyo.

Wajumbe wa kamati ya mikopo ni kama ifuatavyo:

The Board Audit Committee reviews significant accounting policies and financial reporting system to ensure that they are adequate and are complied with at all times. It reviews adequacy of internal control systems and monitors implementation of actions to address issues raised by internal auditors, external auditors and regulators.

The Committee assists the Board in evaluation and selection of external auditors at least annually. It can also recommend termination of existing auditor's whenever it is found that their performance is not in line with the assigned duties and responsibilities and/or there is no independence for the auditors to discharge their duties in a professional manner.

The Director of Internal Audit reports directly to the Committee. On annual basis, the Committee reviews and approves the scope of internal auditors work plan and budget for the year while ensuring that it covers all high risk areas in the Group's operations. The Committee also receives reports of findings observed by internal auditors on quarterly basis for review and recommendation to the Board.

Credit Committee

The Credit Committee held ten meetings during the year as planned. The Managing Director, Deputy Managing Directors, Director of Corporate Banking and Director of Credit participated in the meetings as invitees.

Members of the Credit Committee and their attendance were as follows:

Jina	Wadhifa	Mikutano aliyohudhuria
Name	Position	Number of meetings attended
Bede P. Lyimo	Mwenyekiti/Chairperson	8
Martin J. Mmari	Mjumbe/Member	7
Boniface C. Muhegi	Mjumbe/Member	5
Frederick T. Sumaye	Mjumbe/Member	4
Rose F. Metta	Mjumbe/Member	4

Kazi kubwa ya kamati ya mikopo ni kusimamia utendaji wa mikopo na ubora wa mikopo hiyo, kupitia na kuidhinisha mikopo kutokana na viwango vilivyowekwa na kushauri kwa Bodi kuidhinisha nje ya kiwango.

Kamati inapitia sera ya mikopo walau maramoja kwa mwaka na kuhakikisha kuwa inazo taratibu nzuri zinazosaidia kutambua, kupima, kudhibiti, na kusimamia hatari za mikopo pamoja na kuwa na mipango makini ya usimamizi wa hatari za mikopo.

Kamati za Utawala Bora na Rasilimali Watu

Kamati ya Utawala Bora na Rasilimali watu ilifanya mikutano mara tano kwa mwaka kama ilivyopangwa. Mkurugenzi mtendaji, Naibu mkurugenzi mtendaji na Mkurugenzi rasilimali watu walihudhuria mkutano huo.

Wajumbe wa mkutano huu na mahudhuria yao ni kama ifuatavyo:

Jina	Wadhifa	Mikutano aliyohudhuria
Name	Position	Number of meetings attended
Martin J. Mmari	Mwenyekiti/Chairman	2
Bede P. Lyimo	Mjumbe/Member	3
Frederick T. Sumaye	Mjumbe/Member	3
Boniface C. Muhegi	Mjumbe/Member	2
Selina A. Mkony	Mjumbe/Member	3

Kazi kuu ya kamati hii ni kuunda, kupitia na kuimarisha mpango wa Benki kuhusu utawala bora na utendaji wa usimamizi wa rasilimali watu. Kamati inahakikisha kuwa kuna urithishaji kwa nafasi muhimu za uongozi wa Benki. Pia inatoa mapendekezo ya ujumla kwa Bodi juu ya utawala bora, ikiwemo na masuala ya kiukurugenzi, kuajiri, na sera za kustaafu kwa wakurugenzi wa kampuni, masuala yatokanayo na Mkutano Mkuu, kazi na wajibu wa kamati za Bodi, na mabadiliko yoyote/au masuala ambayo kamati inaamini yanafaa katika mambo yanayotakiwa kufanywa na Bodi au yoyote katika kamati zake.

Kamati ya Kudhibiti Hatari

Kamati ya udhibiti wa hatari ilifanya mikutano minne kwa mwaka Mkurugenzi Mtendaji, Naibu Mkurugenzi Mtendaji na mkurugenzi wa Udhibiti wa Hatari walihudhuria mkutano huo.

The main function of the Credit Committee is to monitor performance and quality of the credit portfolio, appraise and approve loans within its credit approval limit and recommends to the Board for approval facilities beyond its limit. The Committee reviews the Credit Policy at least once a year and ensures that it contains sound fundamental principles that facilitate the identification, measurement, control and monitoring of credit risk as well as having appropriate plans and strategies for credit risk management.

Governance and Human Resources Committee

Governance and Human Resources Committee held five meetings during the year as planned. The Managing Director, Deputy Managing Directors and Director of Human Resources participated in the meetings.

Members of this Committee and their attendance were as follows:

The main function of this Committee is to develop, review and enhance the Bank's approach to corporate governance and human resources management practices. The Committee ensures that there is a succession plan for executives and other key positions within the group. It also makes general recommendations to the Board on corporate governance, including directorship practices, recruitment and retirement policies for Executives of the group, issues arising from AGM, the functions and duties of the Committees of the Board, and any changes/issues that the Committee believes to be desirable in the matters to be covered by the Board or any of its Committee.

Risk Committee

The Risk Committee held four meetings during the year as planned. The Managing Director, Deputy Managing Directors and Director of Risk participated in the meetings.

Wajumbe wa mkutano huu na mahudhurio yao ni kam ifuatavyo:

Members of this committee and their attendance were as follows:

Jina	Wadhifa	Mikutano aliyohudhuria
Name	Position	Number of meetings attended
Kai Kristoffersen	Mwenyekiti/Chairman	3
Ally H. Laay	Mjumbe/Member	2
Joyce N. Nyanza	Mjumbe/Member (alistaafu/retired 2013)	1
Juma A. Abdulrahman	Mjumbe/Member	3
Rose Metta	Mjumbe/Member	2
Mr. Adam H. Mayingu	Mjumbe/Member (tangu/from 2013)	-

Kazi kuu ya kamati ni kuisaidia Bodi katika kupitia mikakati na sera za udhibiti hatari na kupendekeza ziidhinishwe. Inaipa Bodi mapitio ya mara kwa mara yanayohusu hatari za kampuni na usimamizi wa hatari zilizoainishwa kwa kila robo ya mwaka na kusimamia utekelezaji wa mipango ya kusimamia hatari. Kamati pia inapitia utimilifu na utoshelezi wa mizania na hatari zitokanazo kupitia kamati ya usimamizi rasilimali-madeni (ALCO) taarifa inayowasilishwa na manejimenti kwa kamati kila robo ya mwaka.

Kamati ya Ujira

Kamati ya Ujira ilifanya mkutano mmoja kwa mwaka kama ilivyopangwa ambapo Mkurugenzi Mtendaji, manaibu wakurugenzi watendaji na Mkurugenzi rasilimali watu walihudhuria mkutano.

Wajumbe wa kamati na mahudhurio yao yalikuwa kama ifuatavyo:

The main function of the Risk Committee is to assist the Board in reviewing risk management strategies and policies and recommend them for approval. It provides the Board with regular assessments of the group risk profile and management of identified risks on quarterly basis and it monitors the implementation of risk management action plans. The Committee also reviews adequacy and effectiveness of the balance sheet management and its related risks through Asset Liability Management Committee (ALCO) reports presented by Management to the Committee every quarter.

Remuneration Committee

The Remuneration Committee held one meeting during the year as planned whereby the Managing Director, Deputy Managing Directors and Director of Human Resources participated in the meeting.

Members of this committee and their attendance were as follows:

Jina	Wadhifa	Mikutano aliyohudhuria
Name	Position	Number of meetings attended
Boniface C. Muhegi	Mwenyekiti/Chairman	1
Bede P. Lyimo	Mjumbe/Member	1
Frederick T. Sumaye	Mjumbe/Member	1
Selina A. Mkony	Mjumbe/Member	1
Martin J. Mmari	Mjumbe/Member	1

Kamati inawajibu wa kupitia na kupendekeza mkakati wa fidia na mabadiliko ya fidia kwa Bodi, Wakuuwa menejimenti na wafanyakazi wengine wa Benki.

Uteuzi wa Wakurugenzi

Wakurugenzi wa Bodi wameteuliwa kulingana na katiba ya Kampuni na mahitaji ya Mamlaka za udhibiti. Wakurugenzi wanachaguliwa n wanahisa wakati wa Mkutano Mkuu wa Mwaka ambapo wanahisa wanapatiwa taarifa za wakurugenzi watarajiwa juu ya elimu yao; uzoefu na shughuli zao nyingine pia vigezo muhimu ambavyo mkurugenzi anatakiwa kuwa navyo.

The Committee is responsible for reviewing and recommending compensation strategy and changes in compensation for the Board, senior management and other employees of the Bank.

Appointment of Directors

Directors of the Board are appointed in accordance with the Bank's Articles of Association and as per requirements of regulatory bodies. The Directors are elected by Shareholders at Annual General Meetings in which Shareholders are provided with information on the potential directors' education, qualifications,

Wakati wa Mkutano Mkuu ambao ulifanyika mwezi wa Mei, 2013, wanahisa walipitisha azimio la kuruhusu uanzishwaji wa Mkurugenzi Binafsi wa Bodi.

Mafunzo

Baada ya kuchaguliwa wakurugenzi hupata mafunzo ya pamoja na mambo muhimu ya muundo wa utawala, sheria muhimu na sera. Mafunzo ya mara kwa mara kwa wakurugenzi ni jambo linalo zingatiwa ambapo wakurugezi wanapatiwa taarifa ya sheria, viwango na pia maendeleo muhimu kwenye sekta amabayo yanaweza kuathiri kundi na shughuli zake.

Mfumo wa elimu kwa wakurugenzi huangazia zaidi mambo ya biashara na muda zaidi hupangwa nje ya mikutano ya Bodi kwa ajili ya mambo muhimu zaidi. Mambo yaliyozingatiwa mwaka 2013 ni pamoja na marejesho ya mikopo na mipango ya maazimio, bidhaa na huduma mpya pamoja na hatarishi zake na pia utawala. Katibu wa Kundi anawajibika na mafunzo ya Wakurugenzi.

Mpango wa Urithishaji

Bodi ya Wakurugenzi hupitia anagalau kwa mwaka mfumo wa Bodi na kamati zake. Mapitio haya ambayo yanazingatia mpango makakati wa Benki, yana lengo la kuhakikisha Bodi inakuwa na uwezo wa kutimiza mahitaji ya sasa na ya baadae ya Kundi.

Kuwabakisha wajumbe wa Bodi wenye uzoefu wa kutosha inaonekana kama ni jambo la msingi katika kuhakikisha uendeleo na kuwa na usimamizi wa kutosha. Mahitaji ya baadae ya Bodi yanazingatiwa kwa kuzingatia mpango wa urithishaji.

Mgongano wa Maslahi wa Wakurugenzi

Ni wajibu wa kila Mkurugenzi wa Bodi ya Benki kuainisha bayana kama yeye binafsi au mshirika wake kama anahusika moja kwa moja au kwa uchache katika biashara yoyote yenye kuleta ushindani kwa ya Benki ya CRDB.

Benki ina utaratibu na sera maalum inayomlazimu kila mkurugenzi wa bodi kuweka bayana aina ya shughuli zake binafsi kabla ya kuteuliwa kushika wadhifa huo.

Mtu yoyote hatachaguliwa kuwa mjumbe wa bodi kama biashara au kazi zake zinakinzana na biashara ya benki au kuleta upinzani wa kibiashara. Pia kama ukinzani huo utaendelea kuwepo kwa muda mrefu kama ilivyoainishwa katika waraka wa Benki kuu ya Tanzania ya mwaka 2008 juu ya uteuzi wa wakurugenzi wa bodi za taasisi na mashirika ya umma. Kama ikitokea hali kama

experience and other key directorship requirements before election. When filling the vacancies, the board and shareholders take cognizance of the knowledge, skills, experience and other commitments of the candidates, as well as other attributes considered necessary for directorship. During the AGM held in May 2013 the shareholders passed a resolution in favour of the introduction of an independent director to the Board.

Induction and Ongoing Education

On appointment, Directors receive the group's governance pack containing all relevant governance information such as governance structures, relevant legislation and policies. Ongoing director education remains a focus, whereby the Directors are kept abreast of all applicable legislation and regulations, changes to rules, standards and codes, as well as relevant sector developments that could affect the group and its operations.

Directors' education programme focuses on business issues and additional time is scheduled outside the board meetings for sessions on pertinent issues. Topics covered in 2013 included loan recovery and resolution plans, new products and services with their related risks and governance issues. The Group's Secretary is responsible for the induction and ongoing capacity building of directors.

Succession Planning

The Board of Directors reviews at least annually composition of the Board and its committees. This review, based on the Bank's strategic objectives, is aimed at ensuring that the Board is able to meet the current and future needs of the Group.

Retaining Board members with considerable experience is seen as imperative in ensuring continuity and maintaining appropriate levels of oversight. The Board's future needs are considered on an ongoing basis to ensure adequate succession planning.

Directors' Conflicts of Interest

It is the duty of a Director of the Board to disclose whether he/she or any connected person, is in any way, directly or indirectly engaged in any business that competes or conflicts with the Bank's business. The Bank has a process in place that requires all directors to disclose outside business interests before they are appointed to the Board.

A person should not serve as a director if his business or permanent occupation creates permanent conflict of interest between him and the Bank, or if it is reasonable to assume that such conflict may exist permanently as outlined in the Bank of Tanzania Guidelines for Boards of Directors of Banks and Financial Institutions, 2008. In situation of conflict of interest the bank is required to make public disclosures on shareholding and business agreement.

hiyo ya ukinzani, Benki itawajibika kuweka bayana makubaliaano yote ya kibiashara na umilikaji wa hisa.

Kipimo cha Utendaji Kazi wa Wajumbe wa Bodi

Katika kipindi hiki, Bodi ilifanya zoezi la kupima ufanyaji kazi wake binafsi na ule wa kamati zake. Wakurugenzi wote walijaza fomu maalum zilizoandaliwa na mwenyekiti wa Bodi na katibu wa Benki ili kupima ufanyaji kazi wa Bodi na kamati zake. Matokeo ya mchakato huu baadaye yaliwasilishwa kwenye bodi ambapo iliamriwa kutochukuliwa kwa hatua zozote kwani matokeo yalionyesha ufanyaji kazi mzuri wa Bodi na mchango kubwa kutoka kwa kila mjumbe.

Ujira wa Wajumbe wa Bodi

Ujira kwa wajumbe wa Bodi ya Wakurugenzi hujadiliwa kila mwisho wa mwaka ili kuhakikisha kuwa viwango vya ujira ni muafaka. Hili pia hutilia maanani viwango vya malipo vilivyopo sokoni na vile vya kimataifa. Wajumbe hulipwa kutokana na azimio la Mkutano Mkuu wa Mwaka.

Wajumbe wa Bodi hawana stahili ya malipo ya pensheni na hawahusishwi katika mpango wa ujira wa Benki. Mchanganuo mzima wa malipo ya wajumbe wa bodi ya wakurugenzi ni kama ifuatavyo;

Maelezo juu ya malipo kwa wajumbe wa Bodi ya wakurugenzi:-

Board of Directors Performance Evaluation

During the year, the Board conducted an evaluation of its own performance and that of its principal committees. Directors completed a questionnaire prepared by the Chairman and the Company Secretary to rate the collective performance of the Board and its Committees. The Company Secretary collated the evaluation results, and the Chairman reviewed an unattributed executive summary, highlighting key outcomes. A report of the findings was then presented to and discussed by the Board. No actions were considered necessary as a result of these evaluations and the Chairman confirms that each Director continues to make a valuable contribution to the Board and devotes sufficient time to the role.

Directors' Remuneration

Remuneration of all directors is subject to annual review to ensure that levels of emoluments and compensation are appropriate. This is after considering industry benchmarks and international practices. Non-executive directors are paid fees as approved by Annual General Meeting of the shareholders.

The Non-executive directors are not eligible for pension scheme membership and are not part of Bank's remuneration scheme. Information on aggregate amounts of the emoluments and fees paid to directors are disclosed below.

Details of the fees paid to Directors of the Bank during the period are as follows:-

	2013	2012
Jina/Name	TZS' Million	TZS' Million
Martin J. Mmari	55	48
Joyce W. Luhanga	-	22
Joseph C. Mchanga	-	25
Boniface C. Muhegi	40	33
Ally H. Laay	44	40
Joyce N. Nyanza	20	36
Juma A. Abdulrahman	40	33
Bede P. Lyimo	45	35
Rose F. Metta	40	9
Selina A. Mkony	40	9
Frederick T. Sumaye	40	34
Adam H. Mayingu	12	-
Kai Kristoffersen*	-	-
Charles S. Kimei **	-	-
Total	376	324

* Mr. Kai Kristoffersen hulipwa na DANIDA

** Dk. Charles Kimei ni mjumbe ambaye pia ni mwajiri wa benki. Hivyo hulipwa mshahara na benki.

* Mr. Kai Kristoffersen is not paid any Board and Committee fees by the Bank but receives remuneration from DANIDA.

** Dr. Charles S. Kimei is an ex-officio member, who is remunerated with a monthly salary by the Bank.

Umiliki wa Hisa kwa Wajumbe wa Bodi Directors Shareholding

Jina	Cheo	Status	Hisa
Name			Shareholding
Martin J. Mmari	Mwenyekiti	Chairman - Non- Executive Director	1,122,500
Boniface C. Muhegi	Mjumbe	Non-Executive Director	1,867,794
Bede P. Lyimo	Mjumbe	Non- Executive Director	200,000
Ally H. Laay	Mjumbe	Non- Executive Director	160,945
Kai Kristoffersen	Mjumbe	Non- Executive Director	0
Juma A. Abdulrahman	Mjumbe	Non-Executive Director	284,830
Hon. Frederick T.Sumaye	Mjumbe	Non- Executive Director	6,206,980
Ms. Selina A. Mkony	Mjumbe	Non –Executive Director	32,250
Ms. Rose F. Metta	Mjumbe	Non-Executive Director	13,514
Mr. Adam H. Mayingu	Mjumbe	Non-Executive Director	79,200
Dr. Charles S. Kimei	Mkurugenzi Mtendaji	Managing Director, Ex officio	993,122

Uongozi wa Benki

Benki inaongozwa na Mkurugenzi mtendaji akisaidiwa na Naibu Mkurugenzi Mtendaji wa Huduma Shirikishi na Naibu Mkurugenzi Mtendaji wa Uendeshaji na Huduma kwa Wateja. Mkurugenzi wa Viashirishi vya hatari, Mkurugenzi wa Mikakati na Uvumbuzi na Mkurugenzi wa Masuala ya Wanahisa wao huripoti moja kwa moja kwa Mkurugenzi Mtendaji.

Naibu Mkurugenzi Mtendaji wa Huduma Shirikishi anasimamia kurugenzi za Fedha, Utawala, Mawasiliano na Rasiliamari watu.

Naibu Mkurugenzi Mtendaji Uendeshaji na Huduma kwa Wateja anasimamia mikopo, huduma kwa wateja binafsi, Huduma kwa wateja wakubwa na kampuni, Masoko, Utafiti na Huduma kwa wateja, Huduma Mbadala za Benki, na Hazina. Idara zote zipo chini ya wakurugenzi.

Mkurugenzi wa Ukaguzi wa ndani anaripoti moja kwa moja kwa Kamati ya Bodi ya Ukaguzi .

Management Team

Management of the Bank is under the Managing Director assisted by Deputy Managing Director Shared Services and Deputy Managing Director Operations and Customer Service. Director of Risk and Compliance, Director of Strategy and Innovations and Director of Corporate Affairs also report directly to the Managing Director.

The Deputy Managing Director Shared Services oversees the Finance, Administration and General Services, Information and Communication Technology and Human Resources departments. All the departments are headed by Directors.

The Deputy Managing Director Operations and Customer Service oversees the Credit, Retail Banking, Corporate Banking, Marketing, Research and Customer Service, Alternative Banking Channels and Treasury departments. All the departments are headed by Directors.

The Director of Internal Audit reports directly to the Board Audit Committee.



Kamati za Uongozi

Uongozi wa Benki ya CRDB unazo kamati sita ambazo ni:

Kamati ya Uongozi wa Juu

Kamati ya Uongozi wa juu inakutana walau kila robo mwaka ili kujadili na kuangalia upya ufanisi wa mikakati ya benki na mpango mkakati. Lengo kubwa la kamati ni kutoa muongozo kwa kampuni na kuhakikisha rasilimali ya benku inatumika kwa ufanisi. Kazi zingine za kamati hii ni pamoja na;

- Kutengeneza na kupitia kila mara sera kwa ajili ya kupitishwa na Bodi.
- Kuangalia utekelezaji na kusimamia dira ya Benki, mikakati na mpango kazi wa benki.
- kuanzisha mikakati ya ujumla ya benki na malengo ya kifedha zitakazokubalika na Bodi, pia na malengo ya mmoja mmoja na ya idara pamoja na malengo ya fedha.
- Kusimamia malengo kwa kulinganisha na mipango mikakati ya benki na kuchukua hatua sahihi kuboresha utendaji.
- Kuangalia tija katika kila uwekezaji au uanzishwaji wa biashara au kuachia biashara yoyote iliyochini yake au kwa kupitishwa na bodi.
- Kuangalia na kupendekeza bajeti ya mwaka kwa kupitishwa na bodi.

Kamati za Uongozi

kamati zinawajibu wa kupitia na kusimamia utekelezaji wa mipango ya uendeshaji kuhakikisha utambuzi wa changamoto na baadhi ya mambo yanayoweza kuathiri kutofikiwa kwa malengo ili kuyatafutia ufumbuzi. Hukutana kwa mwezi mara moja.

Kamati ya Usimamzi wa Rasilimali na Madeni

Kamati hukutana kila mwezi na inaweza kufanya mkutano wa dharula inapojitokeza dharula inayohitaji maamuzi ya haraka. kamati inamajukumu yafuatayo;

Kusimamia mizania kuhakikisha rasilimali zinawekwa panapostahili kufikia malengo ya utendaji.

Kupitia hali ya ukwasi uliopo na ule unaotarajiwa na kusimamia vyanzo mbadala vya uwekezaji kuhakikisha kuna ukwasi wa kutosha unakuwepo muda wote.

Kupitia viwango vya mtaji kwa sasa na kwa baadae kuangalia utoshelezi kwa ajili ya ukuaji na ubora wa rasilimali.

Management Committees

The Management of CRDB Bank has six committees as follows:

Executive Committee

The Executive Committee meets at least quarterly to discuss and review the effectiveness of the Bank's strategies and strategic plans. The main objective of the Committee is to provide leadership to the Group and ensure efficient deployment and management of the Bank's resources. Other functions of the Committee include:

- Develop and periodically review policies for Board approval;
- Oversee implementation and monitor the Bank's corporate vision, strategies, and business plans;
- Formulate the Bank's overall strategy and financial targets that are to be agreed with the Board, as well as individual business and functional strategies and financial targets;
- Monitor performance against strategic plan of the Bank and taking appropriate actions to improve performance;
- Review viability of any acquisition or establishment of any new business or disposal of any business within its mandate or for board approval;
- Review and recommend annual budget to the Board for approval.

Management Committee

The Committee is responsible for reviewing and monitoring implementation of operational plans to ensure timely identification of challenges and issues that might affect the achievement of targets for remedial action. It meets at least monthly.

Asset Liability Management Committee

The Committee meets at least monthly and may hold extra-ordinary meetings on the occasion of exceptional events requiring immediate decision making. The Committee is responsible for:-

- Managing the balance sheet to ensure proper allocation of resources to achieve performance targets;
- Reviewing the current and prospective liquidity positions and monitoring alternative funding sources to ensure adequate liquidity is maintained at all times;
- Reviewing the current and prospective capital levels (risk based) to determine its adequacy in relation to expected growth and asset quality;

Kupitia utendaji halisi kwa kulinganisha na malengo/matarajio na bajeti na kuangalia sababu za kutofikia kwa maamuzi ya wakati.

Kupima na kusimamia hatari za uwekezaji kwa benki kwa muendelezo na kuhakikisha hali nzuri ya rasilimali inakuwa katika viwango vilivyowekwa na bodi na sheria za Benki Kuu ya Tanzania.

Kamati ya Mikopo

Kamati inakutana kila wiki. Kamati ina majukumu yafuatayo:

Kupitia na kupendekeza kupitishwa kwa maombi ya mikopo ambazo zipo nje ya kiwango cha Mkurugenzi mtendaji.

Kusimamia na kuangalia upya mikopo inayohitaji kugeuzwa na tarifa za marejesho ya mkopo na kutoa muongozo kwa hatua zinazopaswa kuchukuliwa kuboresha ubora wa mikopo.

Kuangalia kwa walau maramoja kwa kila robo mwaka hali ya mikopo, mikopo inayoweza kutolewa kulinganisha na viwango vilivyowekwa na kufuata viwango vilivyowekwa kisheria.

Kamati ya Viashiria vya Hatari

Kamati ya udhibiti wa viashiria vya hatari inatazama maeneo ya hatari katika utendaji wa Benki. Kamati inakutana mara moja kwa mwezi chini ya uenyekiti wa Mkurugenzi Mtendaji na inahudhuriwa na Wakuu wote wa Idara.

Majukumu ya Kamati hii ni;

Kutekeleza mikakati na sera za Bodi za udhibiti wa hatari.

- Kusimamia hatari zinazoweza kujitokeza kupitia viashiria vikuu vya hatari na kuamua juu ya hatua zinazofaa kudhibiti hatari hizo.
- Kusimamia mifumo ili kupima, kusimamia na kudhibiti hatari sambamba na utoaji taarifa kwa bodi na kamati ya udhibiti wa hatari kwa viwango vya hatari hizo na mikakati ya udhibiti wa hatari hizo.

Kamati ya Zabuni

Kamati inahusika katika kuangalia taratibu za manunuzi ya benki kwa niaba ya Mkurugenzi Mtendaji. Kazi kuu ya kamati ni pamoja na kutambua wazabuni bora, wakandarasi na washauri wataalamu kama inavyohitajika, kuidhinisha kwa taratibu za manunuzi

- Reviewing the actual performance against established targets/projections and budgets and analyzing the reasons for any variances for timely actions;
- Measuring and monitoring the investment risk of the Bank on an ongoing basis and ensuring a quality portfolio of assets is maintained within the limits set by the Board and Bank of Tanzania regulations.

Credit Committee

The Committee meets weekly. The Committee has the following duties:-

- Review and recommend for approval credit applications that are above the approving authorities of the Deputy Managing Director;
- Monitor and evaluate weekly turnaround and recovery reports and provide guidance on the actions to be taken to maintain quality of loan portfolio;
- Reviews at least quarterly loan portfolio trend, exposure against limits and compliance to regulatory limits and requirements.

Risk Committee

The Management Risk Committee oversees risk management practices in the Bank. The Committee meets monthly under the Chairmanship of the Managing Director and is attended by all Heads of Departments.

The main responsibilities of the Committee are:-

- Implementing strategies and policies of the Board on risk management;
- Monitor risk exposures through key risk indicators and deliberate on the actions to mitigate them;
- Implementing systems to measure, monitor and control risk together with regular reporting to the Board and its risk Committee on the level of exposure to various risks and implemented/proposed mitigation strategies.

Tender Committee

The Committee is responsible for oversight of the tender process in the Bank as delegated by the Managing Director. The main duties of the Committee includes identification of competent suppliers, contractors and consultants as required, approval of the procurement methods to be used and recommend or approval by the Managing Director exceptions from the stipulated procurement method in case of an emergency.

zitakazotumika na kupendekeza ikiwa kama kuna itakayohitaji kuidhinishwa na Mkurugenzi Mtendaji iliyo nje ya taratibu zilizopo ikiwa kutakuwa na haja ya kufanya hivyo.

Mahusiano na Wadau

Katika kutimiza wajibu, wakurugenzi wanaamini wanaongoza kwa mujibu wa maslahi ya wanahisa, wakati huohuo ikizingatia pia maslahi ya wadau wengine katika kampuni ikiwa ni pamoja na wadhibiti, wateja, wafanyakazi na wazabuni. Wakurugenzi watendaji wanamawasiliano ya mara kwa mara na wanahisa wakubwa kwa mwaka mzima, kwa kuhudhuria majadiliano na wawekezaji pamoja na mikutano ya wanahisa. Mrejesho wa mikutano hiyo inapelekwa kwenye Bodi. Benki inaendelea kuboresha mahusiano mazuri na wadau wake wote. Wanahisa wanahimizwa kuhudhuria Mkutano Mkuu wa Mwaka au kuteua wawakilishi wao ikiwa watashindwa kuhudhuria. Tunazo ajenda za Mkutano Mkuu zinazompa fursa mwanahisa kuchangia maoni kwenye mjadala katika mkutano huo.

Wanahisa wanahimizwa kuelekeza maswali yao kwenye menejimenti na Bodi na kutoa maoni kwenye tovuti ya Benki: www.crdbbank.com.

Yupo ofisa mahsusi katika kitengo cha Mambo yahasuyo Kampuni kwa ajili ya masuala ya wanahisa kama vile malipo ya gawio, kuhamisha hisa na masuala yahasuyo hisa kwa ujumla. Kitengo cha Mahusiano na Wawekezaji pia kinawajibu wa kutoa taarifa kwa umma kwa wawekezaji waliopo na watarajiwa.

Biashara ya Ndani

Benki ina sera inayotoa miongozo kuhusu watu wa ndani kuhusu biashara ya hisa. Waliondani wanaruhusiwa kufanya biashara za hisa za Benki siku tatu baada ya kutolewa kwa taarifa za hesabu za robo mwaka na za mwaka pamoja na taarifa nyingine muhimu kwa wiki tatu. Idara ya Hatari za Biashara inasimamia uzingatiwaji wa sera hii.

Ujira kwa Viongozi Muhimu

Viongozi muhimu wa Benki ni Mkurugenzi Mtendaji, Manaibu Wakurugenzi Watendaji, Mkurugenzi wa Hesabu za Ndani, na wakurugenzi wote waliochini ya Mkurugenzi Mtendaji na manaibu Wakurugenzi Watendaji. Ujira wao kwa mwaka ulikuwa TZS 5, 145 milioni (2012: TZS 4,592 milioni).

Miamala na Makundi Yenye Uhusiano

Makundi yanachukuliwa kuwa yana uhusiano iwapo kundi moja linaweza kudhibiti lingine katika maamuzi.

Relationship with Stakeholders

In fulfilling their responsibilities, the Directors believe that they govern the Group in the best interests of shareholders, whilst having due regard to the interests of other stakeholders in the Group including regulators, customers, employees and suppliers. The Executive Directors have regular and ongoing communication with major shareholders throughout the year, by participating in investor presentations and shareholders meetings. Feedback from these meetings is reported to the Board. The Bank continues to maintain good relationship with all Stakeholders. Shareholders are encouraged to attend the AGM or appoint proxies to represent them in case they fail to attend. We have a standing agenda in the AGMs which allows the shareholders to contribute their ideas on issues to be discussed during the meetings.

Shareholders are encouraged to direct questions to management and the Board and give comments through the Bank's website: www.crdbbank.com.

There is a dedicated Registrar Office under Corporate Affairs Department to handle shareholders issues immediately as they arise such as payment of dividends, transfer of shares and shareholding matters in general. Investor relations unit is also responsible for providing public information to both existing and prospective investors.

Insider Trading

The Bank has an Insider Trading policy providing guidance on the conduct of insiders in the trading of its shares. Insiders are allowed to trade three days after disclosure of quarterly, annual financial results and any other material information for a period of three weeks. Risk and compliance Department is responsible for monitoring to ensure that there are no breaches to this Policy.

Compensation of Key Management Personnel

Key Management of the bank is comprised of the Managing Director, Deputy Managing Directors, Director of Internal Audit and all Directors reporting to the Managing Director and Deputy Managing Directors. The remuneration of key management personnel during the year was TZS 5,145 million (2012: TZS 4,592 million).

Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or

Katika utendaji wa kawaida wa biashara, baadhi ya miamala ya Benki hufanywa na makundi yenye uhusiano kama vile wafanyakazi waliondani ya menejimenti na kampuni yenye uhusiano na wakurugenzi.

Mikopo kwa kampuni zenye uhusiano na wakurugenzi ni shilingi milioni 8 (2012: sh 68 milioni). mikopo kwa wakurugenzi na menejimenti ni shilingi 4.2 bilioni. Ujazo wa miamala hii kwa mwaka na bakaa lake yameainishwa na kiambatanisho 39 ya taarifa hizi.

Tabia Njema na Uadilifu wa Taasisi

Muundo wa utawala bora wa Kundi unajumuisha usimamizi na udhibiti wa mahusiano ya pamoja baina ya wadau ikiwa ni pamoja na wanahisa, wakurugenzi wa Bodi, wafanyakazi, wateja, wazabuni na jamii kwa ujumla. Kwa kuongeza, utawala bora ni pamoja na ari ya kulinda misingi ya uendeshaji wa biashara kwa uadilifu kama ilivyoainishwa katika kitabu cha uadilifu wa utendaji cha Benki, kinachotoa muongozo juu ya mahusiano ya kibiashara na wadau.


operational decisions. In the normal course of business, a number of banking relationships are entered into with related parties' i.e. key management staff, Directors, their associates and companies associated with Directors. Such relationships are guided by Policies approved by the Board to ensure the same are done at arm's length.

Loans and advances to companies associated with Directors amounted to TZS 8 million (2012: TZS 68 million), while loans and advances to Directors and other key management personnel amounted to TZS 4.2 billion (2012: TZS 3.86 billion). The volumes of related party transactions for the year and the outstanding amounts at the year-end are provided under note 39 of the financial statements.

Ethical Behaviour and Organization Integrity

The Group's corporate governance structure involves managing and controlling relations shared amongst different stakeholders including shareholders, Board of Directors, employees, customers, suppliers and the community at large. Additionally, corporate governance is also about commitment to values and ethical business practices as enshrined in the CRDB Code of Ethical conduct, which governs all its business interactions and relationships to stakeholders.

KWA IDHINI YA BODI/BY ORDER OF THE BOARD



Imesainiwa/Signed

21/03/2014

Tarehe/Date

Taarifa ya Uwajibikaji
kwa Jamii

Corporate Social
Responsibility Report



Benki ya CRDB, inatambua kwamba ustawi wa muda mrefu wa kundi yanahitaji mtazamo wa pamoja na kuwianisha kati ya utendaji wa huduma za kifedha na zile zisizo za kifedha ndani ya kundi. Kwa hiyo basi, ripoti hii, inalengo la kuainisha masuala muhimu yahasu mahusiano endelevu kwa wadau wa Benki hii. Ili kukuza biashara za kundi, tunaendelea kutathimini mazingira yetu ya biashara ili kubaini, ni masuala gani yana athari kwa mazingira hata kuwa na matokeo chanya kwa wadau wetu.

Benki ya CRDB, inakubali kwamba tunafanya biashara katika mazingira ya kijamii, kiuchumi, kisiasa, kisheria na kimamlaka, sababu ambazo zinaweza kuwa na athari kwa uendeshaji biashara wa kundi kwa siku za baadaye. Familia kubwa ya wadau, inajumuisha wanahisa wa Benki ya CRDB, wateja wetu, wafanyakazi, watoa huduma, mamlaka za udhibiti, taasisi na idara za serikali pamoja na jamii pana zaidi. Jitahada zetu za kuendeleza uhusiano zimelenga katika kuwianisha mkakati wa Benki na mwendelezo wa kuboresha uhusiano na wadau wetu.

MAJUKUMU YA KIJAMII

Mfumo wa uendeshaji biashara wa Benki ya CRDB, umejikita katika sera ya uwekezaji kwa jamii, ambayo inaelekeza Benki ijihusishe na kujishughulisha na shughuli za kijamii hata ionekane ni raia mwema mbele ya jamii ya Tanzania na Burundi. Benki inaamini katika kuendeleza mahusiano mazuri ya kijamii.

Tangu kuanzishwa kwake mwaka 1996, Benki imekuwa ikitoa misaada ya kifedha na isiyo ya kifedha katika maeneo tofauti tofauti ya kijamii, ili kuwezesha jamii kupata mafanikio makubwa. Kila mwaka Benki hutoa misaada mbalimbali kwa jamii stahiki ili kusaidia kufanikisha malengo ambayo jamii imejiweka katika kuboresha maisha ya watu wake. Mwaka 2013, Benki imechangia maendeleo ya jamii katika sekta za afya, elimu na utunzaji wa mazingira.

Kwa mujibu wa sera elekezi, Benki hutumia nguvu kazi ya wafanyakazi katika kufanikisha mchakato wa kusaidia maendeleo ya jamii katika elimu, afya na utunzaji wa mazingira. Benki ya CRDB, inaamini kwamba kupitia elimu hali ya maisha ya wananchi itakuwa bora na taifa litastawi kwa kuwa na watu wenye afya njema. Lakini haya yote yanawezekana tu panapo mazingira yenye mahusiano mazuri na uwajibikaji wa pamoja.

CRDB Bank PLC recognises that the long term sustainability of the Group requires a joint focus and balance between financial and non-financial performance measures of the Group. This report therefore aims to outline the sustainability issues relevant to the Bank's stakeholders. In order to sustain the business growth of the Group, we continuously scan our environment to identify issues that shape our environment and that can impact positively all our stakeholders.

CRDB Bank PLC accepts that we operate in an environment where social, economic, political, environmental, legal and regulatory factors impact on the future performance of the Group. Our wider stakeholder family includes CRDB Bank PLC shareholders, our esteemed customers, employees, suppliers, regulators, government agencies and departments and the wider public. Our continuous sustainability efforts are directed at aligning the group's strategy to the continuous improvement of our relationship with our stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

CRDB Bank PLC's business model is anchored on a robust Corporate Social Investment (CSI) policy that guides the Bank's involvement in community initiatives as a corporate citizen in Tanzania and Burundi. The Bank believes in playing an active role in promoting sustainability and social consciousness.

Since its establishment in 1996, CRDB Bank has continuously provided financial and non-financial support to a range of sustainable causes with the view of enabling the respective causes to achieve optimal impact. Every year, CRDB Bank makes donations and/or grants to deserving community initiatives and causes that demonstrate a direct impact on the lives of the people within the respective communities. Over the course of 2013, the Group has been actively involved in many positive causes that gave back to the communities in which it operates. The Group has successfully contributed to, as well as participated in, a number of causes focusing on health, education and the environment.

As a matter of policy, the bank utilizes the collective strengths of its workforce to support the community in areas of Education, Health and Environment. CRDB Bank PLC believes that through education, living standards will continuously improve while a healthy nation will prosper. But all these can only be achieved in a sustainable environment, which is a product of collective responsibility.

AFYA

Katika mwaka 2013, jitihada za Benki kwa upande wa majukumu ya kijamii zilijikita zaidi katika kuchangia uboreshaji wa huduma za afya ya jamii, hususani afya ya mama na mtoto. Benki ilijenga na kukarabati wadi za akina mama na watoto katika hospitali kubwa za rufaa katika mikoa mitatu hapa nchini. Hospitali zilizofaidika na mpango huu ni hospitali ya mkoa wa Morogoro, Hospitali ya Rufaa ya Meta mkoa wa Mbeya na Hospitali ya Rufaa ya Bugando mkoa wa Mwanza. Mbali na kukarabatiwa, pia hospitali zote tatu zilikabidhiwa na Benki vifaa mbalimbali vya hospitali yakiwemo mablanketi, mashuka, magodoro, vyandarua na nk. Jumla ya shilingi milioni 250 zilitumika katika kufanikisha haya yote.

Pia Benki ilitoa mchango kwa taasisi ya Mt. Laurent inayojihusisha na kampeni dhidi ya ugonjwa wa kisukari. Mchango ulilenga kufanikisha kampeni ya wiki nzima kuhamasisha umma kuhusu ugonjwa wa kisukari. Pia Benki ilichangia kampeni za AMREF zilizojulikana kama “Simama kwa ajili ya Mama wa Afrika”

Mwaka 2013, umeingia katika historia ya Benki ya CRDB kama mwaka wa “Mama na Mtoto”. Katika kipindi chote cha mwaka wa fedha, 2013, Benki ilitoa mchango mkubwa katika kuboresha afya ya mama na mtoto kwa ajili ya ukarabati wa wadi za akina mama na watoto katika hospitali kuu za rufaa katika Tanzania.

Uamuzi wa Benki kuwekeza katika ukarabati wa wadi za akina mama na watoto ulitokana na hitaji kubwa la jamii katika kupunguza ongezeko kubwa la vifo vya watoto wachanga; pia haja ya kuboresha mazingira ya afya kwa akina mama wajawazito. Aidha kusudi la Benki katika kuhifadhi kizazi kijacho lilichochea Benki kuwekeza katika eneo hili. Benki ya CRDB, inaamini kwamba ustawi wa Tanzania umu mikononi mwa kizazi cha sasa na kijacho, na kwa kupitia akina mama pekee kizazi hiki kinaweza kuhifadhiwa na kuendelezwa.

Ukarabati wa Wadi ya Akina Mama na Watoto

Mpaka kufika mwisho wa mwaka wa fedha 2013, Benki ya CRDB, ilitumia jumla ya shilingi milioni 250 katika ukarabati wa wadi za akina mama na watoto katika hospitali za rufaa katika mikoa mitatu ya Tanzania, ambazo ni hospitali ya mkoa Morogoro, hospitali ya rufaa Meta Mbeya na hospitali ya rufaa Bugando Mkoa wa Mwanza. Ukarabati wa hospitali hizi ulijumuisha kufumua na kujenga upya mifumo yote iliyoharibika, kama vile mabomba ya maji safi na taka na pia kuweka

HEALTH

In 2013, the Banks main CSR efforts were centred in improving healthcare services, particularly to mother and child. The Bank constructed and refurbished maternity and children’s wards in major hospitals in three major regions in the country. The hospitals that benefited were Morogoro Regional Hospital, Meta Referral Hospital in Mbeya and Bugando Referral Hospital in Mwanza. Apart from renovation of the wards, the three hospitals were also furnished with hospital beds, mattresses, bed sheets, blankets and other medical equipment. A total of TZS 250 million was spent on these causes.

The Bank also donated to St. Laurent Diabetes Centre to facilitate a month long diabetes awareness campaign and AMREF Tanzania in facilitating a special awareness campaign dubbed “Stand up for African Mothers”.

The year 2013 goes down in the history of CRDB Bank as “the year of the mother and child”. Throughout the year, CRDB Bank contributed immensely towards improving the health of mothers and children through targeted donations and grants that were largely channelled towards renovation of maternity and children wards in major referral hospitals across Tanzania.

The Bank’s decision to invest in mother and child health was informed by the rising need to improve maternity care and reduce infant mortality rate in Tanzania. The overarching desire to preserve the health of future generations played a significant role in identifying this project. CRDB Bank believes that Tanzania’s prosperity rests in the hands of the current and future generations and mothers are the only way that these generations can be perpetuated.

Maternity and Children’s Ward Renovations

By end of the financial year 2013, CRDB Bank had spent a total of TZS 250 Million towards renovations of Maternity and Children wards in three regional referral Hospitals in Tanzania - Morogoro Regional Hospital, Meta Referral Hospital in Mbeya and Bugando Referral Hospital in Mwanza. The refurbishments and renovations comprised complete overhaul of dilapidated facilities, fresh plumb works and furnishing. Furnishing included acquisition of a range of hospital facilities such as beds and beddings, mosquito nets (to mitigate the spread of malaria) and other medical equipment.

To maximize the impact of donations, CRDB Bank repeatedly tapped into the expertise of its employee base

vifaa vipya vya hospitali. Vifaa hivyo ni pamoja na mablanketi, mashuka, magodoro, vitanda na vyandarua kwa ajili ya kudhibiti ugonjwa wa malaria nk.

Ili kufanikisha, mchakato huu, Benki hutumia hazina kubwa ya wafanyakazi wake wenye ujuzi katika fani mbalimbali kama vile usanifu wa majengo, uuguzi na wengineo walijitolea na hivyo kupunguza gharama itokano na kukodi wataalam wa nje ambao kimsingi wanagharama kubwa. Kwa namna hii hamasa ya ushiriki wafanyakazi iliongezeka kwa kiasi kikubwa.

Kuhamasisha Juu ya Ugonjwa wa Kisukari

Ugonjwa wa kisukari, umeendelea kuwa tatizo kubwa duniani. Aina ya 1 na ya 2 ya kisukari ni miongoni mwa magonjwa yanayoua watu wengi zaidi duniani. Kwa umuhimu ambao Benki inaweka kwa afya ya binadamu, pale taasisi ya St. Laurent inayohusika na ugonjwa wa Kisukari ilipoleta ombi la kuitaka Benki ichangie katika kampeni za uhamasishaji dhidi ya ugonjwa huu, Benki haikusita bali ilikuwa mstari wa mbele katika kampeni za kudhibiti vifo vitokanavyo na ugonjwa wa kisukari.

UKIMWI

Ugonjwa wa UKIMWI umendelea kuwa kikwazo kikubwa kwa maendeleo ya kiuchumi katika Bara la Afrika. Tanzania haiko nje ya tatizo hili. Benki ya CRDB, inatambua uwepo wa Tatizo hili, mbali na kuhimiza watu kuishi kwa kujiadhari, Benki imechukua hatua za makusudi kupunguza madhara yatokanayo na UKIMWI. Katika mwaka wa fedha wa 2013, Benki ilichangia shilingi milioni 30 kwa mfuko wa Benjamin Mkapa Foundation unaojikusha na kampeni mbalimbali dhidi ya ugonjwa wa UKIMWI.

ELIMU

Katika mwaka 2013 Benki iliendelea na jitihada zake za kuchangia Chuo Kikuu cha Dar es Salaam katika mpango mkakati wake wa kujitana. Pia Benki ilichangia Chuo Kikuu cha St. John kilichopo Dodoma. Benki pia ilichangia Shule ya msingi Tuangoma iliyopo Dar es Salaam ili kusaidia shindano la kitaaluma sanjari na ujenzi wa vyumba vya madarasa.

Kwa kuzingatia sera ya kuwekeza katika jamii, misaada kwa sekta ya elimu imeendelea kuwa mikubwa zaidi kila mwaka. Katika mwaka wa fedha 2012/2013, Benki ya CRDB inafadhili miradi mbali mbali ya shule, lengo na madhumuni vikiwa kukijengea uwezo wa kimaarifa kizazi kijacho. Jumla ya shilingi milioni 29 (takribani



for specialized skills such as architects, nurses and other professionals among its workforce to volunteer their skills and manage the projects to reduce costs of hiring external professionals who are at times very expensive. The exercise was met with excitement and satisfaction that largely boosted the employee morale across the bank.

Diabetes Awareness

Diabetes remains a major health problem globally. Type 1 and 2 strains of Diabetes are among the top killer diseases around the world. With the importance that CRDB Bank attaches to human life, the CSR team - when approached by St. Laurent Diabetes Centre actively took part in creating awareness about the disease with the aim of mitigating related deaths.

HIV/AIDS

The AIDS pandemic in Africa still remains a crippling factor to the economic well-being in many countries. Tanzania is not an exception. CRDB Bank is conscious of this problem and besides advocating for responsible living, the Bank has also deliberately contributed towards mitigating the effects of HIV/AIDS. In the year 2013, CRDB Bank made contributions totalling TZS 30 Million to the Benjamin Mkapa Foundation, which complements government efforts in enhancing the delivery of quality HIV and AIDS care, treatment and other related services including reproductive and child health to Tanzanians.

EDUCATION

In the year 2013, the Bank continued with its support to the University of Dar es Salaam in facilitating its expansion strategy. The Bank also donated to St. John University in Dodoma and Tuangoma primary school in Dar es Salaam to support student's academic competition and construction of classrooms respectively.

Pursuant to the CRDB Bank Corporate Social Investment Policy, support to education causes and initiatives remains paramount every year. In the financial year

asilimia 7 ya bajeti ya mwaka 2013 kuhusu majukumu ya Benki kwa jamii) ilitumika katika elimu na utafiti kuhusiana na miradi ya elimu.

Benki ya CRDB, imekuwa mdau muhimu kwa Chuo kikuu cha Dar es Salaam katika mpango mkakati wake wa kujipanua hususani katika uanzishwaji wa kitivo kipya cha elimu. Benki imekwisha changia shilingi milioni 100 tangu mwaka 2013 na Benki imepanga kuchangia tena shilingi milioni 50 katika mwaka wa fedha 2014 kwa ajili ya upanuzi wa chuo.

Hali kadhalika, katika mwaka wa fedha 2013, Benki ilitoa pia michango mbalimbali katika miradi mbali mbali ya elimu, miongoni ni chuo kikuu cha St. John kilichopo mkoani Dodoma. Pia Benki ilitoa udhamini mbalimbali katika sekta ya elimu ya shule ya msingi, mfano katika shule ya msingi Tuangoma, iliyoko Dar es Salaam, ambapo Benki ilitumia shilingi milioni 5 kununua vitabu na madawati kwa ajili ya wanafunzi. Pia Benki ilishirikiana na mamlaka ya elimu Tanzania, katika kampeni za ujenzi wa mabweni kwa ajili ya wanafunzi wa kike katika shule zilizokuwa zimechaguliwa.

Katika sekta ya utafiti, Benki ya CRDB, imeendelea kujitoa katika kufadhili tafiti mbalimbali, ili kuchochea ugunduzi mbalimbali katika nyanja za kijamii na kiuchumi. Katika mwaka wa fedha 2013, Benki iliendelea kudhamini tafiti mbali mbali kupitia taasisi ya utafiti wa masuala ya kijamii na kiuchumi (ESRF). Benki ilichangia jumla ya shilingi milioni 5.

2013, the Bank continued its commitment to supporting education projects with the view of empowering the young generation through knowledge. A total of TZS 29 million (about 7% of the 2013 CSR budget) was spent on education and research related projects, in addition to already existing projects within the sector.

Elsewhere, CRDB Bank is a key partner in the University of Dar Es Salaam expansion program in which the university is developing a new faculty (Education). The Bank has contributed up to TZS 100 million since 2012 and is set to contribute an additional TZS 50 million in the 2014 financial year towards the expansion.

Similarly, the bank during the financial year made contributions to various projects at St John's University in form of sponsorships besides undertaking other projects in primary schools such as Tuangoma Primary in Dar es Salaam where the Bank contributed over TZS 5 million towards the purchase of books and desks for pupils. Also working with the Tanzania Education Authority, the bank contributed TZS 10 million towards construction of boarding facilities for girls in selected schools.

In Research, CRDB Bank remains committed to the sponsorship of various research studies to foster social and economic innovation. In the year 2013, the Bank continued with its sponsorship of the Economic and Social Research Foundation Funds (ESRF) to the tune of TZS 5 Million among other forms of support.





MAZINGIRA

Benki ya CRDB, imeendelea utunzaji wa mazingira, kuhifadhi rasilimali chache zilizopo, kwa njia ya ufanyaji biashara kwa kuzingatia uoto wa kijani. Benki imekuwa ikiwahamasisha wateja wake na jamii kwa ujumla kushiriki katika uhifadhi wa mazingira. Benki ya CRDB, imekuwa mstari wa mbele na kinara katika kuchangia shughuli mbalimbali za uhifadhi wa mazingira, ikianza na uanzishaji wa huduma ya kutoa taarifa ya mwezi ya akaunti ya mteja kwa njia ya mtandao pasipo kutumia karatasi. Huduma hii inajulikana kama “e-statement”. Ni njia ya kieletroniki ya kumtumia mteja taarifa ya akaunti yake ya mwezi ya akaunti kupitia barua pepe yake.

Pia Benki imekuwa inatoa msisitizo, ili wateja watumie zaidi huduma za kibenki kupitia simu za mkononi na mtandao wa intaneti, kwani huduma hizi hazihitaji matumizi ya karatasi. Ubunifu huu jadidi umesaidia kupunguza kiasi kikubwa cha karatasi ambacho kimekuwa kinatumika.

Kupitia jitihada mbalimbali za ndani na nje ya Benki. Benki imeendelea kuweka msisitizo katika kupunguza uharibifu wa mazingira na kuchochea uboreshaji mazingira.

Katika kuimarisha utamaduni wa wafanyakazi wake kupenda kutunza mazingira, Benki huwashirikisha wafanyakazi wake moja kwa moja katika zoezi la

ENVIRONMENT

CRDB is committed to a “greener” way of doing business by continually conserving the limited natural resources and helping its customers and communities do the same. In so doing, the Bank has been a champion of supporting environmental conservation activities starting with introduction of “paper-less” way of sending monthly statements to customers named “e-statement”. This is an electronic way of sending monthly statement to our customers via emails. The Bank also emphasised usage of SimBanking and electronic banking services that use cell phones and internet based services requiring no paper work. These innovations have significantly reduced the amount of paper that was previously used.

Through various initiatives both within and outside the Bank, CRDB Bank is focused on reducing its carbon footprint and significantly contribute towards the improvement of the environment.

To further promote environmental consciousness, CRDB Bank has made it a tradition to involve its staff members in tree planting exercises. During the renovations of the maternity and children wards in the three provinces listed above, CRDB Bank staff collectively planted up to 1,000 tree seedlings and 2,000 flower seedlings at the hospitals to improve the environment.

upandaji miti. Wakati wa ukarabati wa wodi za akina mama waja wazito na watoto katika hospitali kuu za rufaa zilizopo mikoa mitatu kama zilivyoainishwa hapo awali, wafanyakazi wa Benki kwa ujumla walipanda miti 1,000 na miche ya maua ipatayo 2,000, ili kuboresha mazingira ya hospitali.

Kwa upande mwingine, Benki pia imekuwa inajihusisha na ufadhili wa tafti mbalimbali zinazohusu uhifadhi wa mazingira, hususani kupitia taasisi ya usimamizi wa rasilimali (IRA) pia taasisi inayojihusisha na utafiti wa masuala ya kiuchumi na kijamii. Benki inaamini kuwa, tafti kama hizi, zinaweza kusaidia kupata suluhisho kwa matatizo mbalimbali yanayochochea uharibifu wa mazingira. Vilevile Benki ya CRDB, ilichangia mradi wa maji katika kijiji cha Kilemela, wilayani Bagamoyo, katika mkoa wa Pwani.

Utekelezaji wa mipango yote ya Benki inayohusu uwekezaji katika jamii, unaongozwa na sera husika, ambayo inasimamiwa kwa dhati kabisa kwa kufuata vigezo vilivyopitishwa na si vinginevyo. Kwa msingi huu, maombi yanayo pokelewa na kukubaliwa ni yale tu yaliyokidhi vigezo kwa misingi ya utekelezaji wa wazi, ili kuifanya dunia kuwa mahali bora pa kuishi.

On the other hand, the bank has been active in sponsoring environment related research carried out by the Institute of Resource Assessments (IRA) and the Economic and Social Research Foundation (ESRF). CRDB strongly believes that studies like these will bring solutions to various challenges that prompt environmental degradation activities. The Bank also supported water projects in Kilemela Village in Bagamoyo, Pwani.

CRDB Bank social investment initiatives are based on merit and strictly adhere to the provisions of the Bank policies. The bank remains receptive to justifiable proposals and transparent engagements that are aimed at making the world a better place.



Bodi ya wakurugenzi inao wajibu wa kuanzisha na kusimamia mfumo thabiti wa kusimamia viashiria vyote vya hatari kuhusu Kundi. Kama sehemu ya utekelezaji wa mpango mkakati wake kuhusu Utawala Bora, Bodi ya Wakurugenzi imetengeneza mfumo wa kusimamia viashiria vya hatari kwa kuvibainisha, kuvipima, kuvidhibiti (kwa kuweka vigezo vya kudhibiti) na kusimamia viashiria vya hatari za Kundi. Sera zote kuhusiana na viashiria vya hatari zimejumuishwa katika mfumo mkuu wa Benki unaodhibiti taarifa mbalimbali za Kundi, pia sera za benki zinathibitishwa na kudhibitiwa na mfumo thabiti wa utoaji taarifa.

Bodi ya wakurugenzi, inawajibika kwa kila suala kuhusu viashiria vya hatari na pia inahusika na udhibiti wa ndani wa viashiria vyote vya hatari. Bodi ya wakurugenzi imekasimisha jukumu lake la kudhibiti viashiria vya hatari kwa uongozi wa juu wa Benki kwa kuchagua kamati ndogo ambazo ni Kamati ya Viashiria Vya Hatari, ya Ukaguzi wa Mahesabu, ya Utawala Bora na Rasilimali Watu na ile ya Mikopo katika kiwango cha Bodi.

Uongozi wa juu wa Benki husimamia udhibiti wa viashiria vya hatari vya Benki kupitia kamati ya usimamizi wa viashiria vya hatari ambayo ni mwangalizi mkuu wa mfumo wote wa Benki kuhusiana na wigo wote wa viashiria vya hatari, ilhali kamati ya rasilimali na madeni (ALCO) inahusika na usimamamizi/udhibiti wa viashiria vya hatari za kifedha ambazo zinaweza kuwa na athari katika mizania ya Benki. Kamati hizi zote kuhusu usimamizi wa viashiria vya hatari hukutana mara moja kila mwezi ili kutathimini kiwango cha viashiria vya hatari dhidi ya malengo ambayo Benki imejiwekea. Kamati zote mbili hutoa taarifa kwa Bodi ya wakurugenzi katika kila robo ya mwaka.

Hata hivyo, ni wajibu wa kila mfanyakazi kutoa ushirikiano katika kudhibiti viashiria vya hatari, kupitia shughuli zake za kila siku. Msingi wa kufanikisha mchakato huu ni kuwa na mawasiliano yanayozingatia malengo na madhumuni ya Bodi. Ikizingatiwa kwamba. Bodi imeweka mfumo jumla wa kusimamia na kudhibiti viashiria vya hatari, sanjari na uwepo wa sera na taratibu za kuwaongoza wafanyakazi. Sera zinaweka

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. As part of its governance structure, the Board of Directors has embedded a comprehensive risk management framework for identifying, measuring, controlling (setting risk mitigations) and monitoring of the Group's risks. The policies are integrated in the overall management information systems of the group and supplemented by a management reporting structure.

The Board of Directors accepts ultimate responsibility for the risk management and internal control function of the Bank and has delegated the process to senior management through its sub-committees which are the Risk, Audit, Governance and Human Resources and Credit committees at the Board level. The senior management in turn oversees risk management through the risk management committee which is in charge of the entire scope of risks and the ALCO committee that is in charge of financial risks impacting the balance sheet. Both these management committees meet monthly to review the Bank's risk profile and performance against set targets. The two committees report quarterly to the Board risk committee.

However it is the responsibility of every employee to support the process by managing risks inherent in their day to day operations. Key to this process is communication of the Board's objectives and the Board has in place the Group Risk Management framework and Risk Management Policies and procedures to guide staff. The policies clearly set out risk limits and triggers to alert the Bank of potential losses from undertaken risks for timely remedial action. The senior management ensures that adequate internal control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding all aspects related to risk management in the Bank.

Efficiency of any governance process is dependent on the strict observance of prescribed measures and in order to ensure the controls remain adequate, the Bank has established a fully-fledged and independent risk and compliance function. The risk and compliance department coordinates and oversees the implementation of the enterprise wide risk management

wazi kiwango cha juu kabisa cha viashiria vya hatari na viashiria vya taarifa kwamba sasa Benki inaweza kupata hasara, ili Benki iweze kuchukua hatua za tahadhari. Uongozi wa juu wa Benki unahakikisha kwamba mfumo wa udhibiti wa ndani wa viashiria vya hatari unaendelea kuwa thabiti na endelevu ili kuwa na hakika ya kwamba hatari zote ndani ya Benki zimedhibitiwa.

Ufanisi katika taratibu za utawala bora unategemea sana uzingatiaji wa taratibu zote za kutathimini na kudhibiti viashiria vya hatari, kwa msingi huu Benki, ilianzisha kitengo mahususi cha kusimamia uzingatiaji wa taratibu zote zinazohusika na udhibiti wa viashiria vya hatari. Idara ya usimamizi wa viashiria vya hatari na uzingatiaji wa taratibu, inahusika na uratibu wa utekelezaji wa taratibu zote zihusikanazo na udhibiti wa viashiria vya hatari ndani ya Benki, idara hii hutoa taarifa zake kwa Mkurugenzi Mtendaji wa Benki. Pia, wakaguzi wa ndani wa mahesabu ya Benki, hukikagua na kukitathmini kitengo cha usimamizi wa viashiria vya hatari sanjari na uzingatiaji wa taratibu husika za kudhibiti viashiria vya hatari, na kisha kutoa ripoti kwa kamati ya Bodi inayohusika na ukaguzi wa mahesabu. Wakaguzi wa nje na mamlaka ya udhibiti hutoa taarifa kwa Mkurugenzi Mtendaji na kwa Bodi kuhusiana na uendeshaji wa mfumo wa ndani wa udhibiti ambao umefanyiwa tathmini kama sehemu ya utaratibu wa kila mwaka wa ukaguzi na tathmini ya mamlaka ya husika.

Tathmini ya Sera

Benki ya CRDB, kwa kuzingatia kuwa ni Benki inayo ongoza katika soko, inachukulia kwa umakini sana suala zima la usimamizi wa na udhibiti wa viashiria vya hatari katika shughuli zake za kila siku. Benki inawajibika kwa wanahisa wake na kwa jamii yote kwa ujumla kulinda rasilimali, amana na mtaji huku ikichangia kukua kwa uchumi wa nchi.

Katika mwaka wa fedha 2013, Bodi ilifanya tathmini ya sera zote kwa kiwango cha juu kabisa. Mapitio mapya ya sera ya udhibiti wa viashiria vya hatari ndani ya Kampuni yalizingatia uanzishwaji wa kampuni tanzu ya Benki ya CRDB nchini Burundi, ili kufanikisha utekelezaji wa mpango mkakati wa Utawala Bora, Bodi ilianzisha rasmi sera ya kudhibiti na kusimamia hatari zitokanazo na udanganyifu.

Mpango wa Usimamizi wa Viashiria vya Hatari

Shughuli za kampuni zinaathiriwa kwa namna nyingi na hatari ziambatanazo na biashara za kifedha, na viashiria vyake vinahitaji upembuzi, tathmini na

framework within the Bank, reporting directly to the Managing Director. Additionally the Bank's internal auditors review the risk management function and report directly to the Board's audit committee. External auditors and the regulator provide feedback to the management and the Board on the operation of the internal controls reviewed as part of the annual audit and regulatory review respectively.

Policy Reviews

CRDB Bank by virtue of its position as a leading Bank considers Risk Management vital in its daily business. The Bank has a responsibility to the public and shareholders to safeguard assets, deposits and capital held with it while also upholding contribution to the country's economic growth.

During the year under review the Board reviewed all policies and authority limits governing operations of the Bank. Fundamental review was done in respect of the Group Risk Management Framework to accommodate governance in relation to the Burundi subsidiary. The Board introduced a new policy for Fraud Risk Management.

Risk Management Framework

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance. The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Financial risks

Financial risks include credit, liquidity and market risks. The Bank's overall risk management policies are set out by the Board and implemented by the Management. These policies involve identification, evaluation, mitigation and monitoring of such risks. The most important type of risks in this group are:

kukubalika kwa kiasi fulani cha viashiria vya hatari au mseto wa viashiria vya hatari. Kukubali kiwango fulani cha hatari ni jambo ambalo haliepukiki katika biashara ya fedha, na hatari zitokanazo na uendeshaji wa biashara hii ni madhara ambayo yanatokana na kuwa katika biashara hii.

Madhumuni ya kampuni ni kufanikisha uwiano mzuri kati ya madhara yatokanayo na hatari za kibiashara dhidi ya mafao ya kibiashara, huku madhara mabaya kwa biashara ya fedha yakipunguzwa kwa kiasi kikubwa.

Sera ya kampuni kuhusu udhibiti wa viashiria vya hatari imetengenezwa kwa namna ambayo inaruhusu kuainisha na kupambanua viashiria vya hatari, na kisha kuweka ukomo wa viashiria hatari na mikakati muafaka ya udhibiti sanjari na uzingatiaji wa taratibu za ukomo kwa kutumia mfumo wa kisasa wa habari. Kampuni hufanya mapitio ya mara kwa mara ya sera zake kuhusu usimamizi wa udhibiti wa viashiria vya hatari na mifumo yake yote ili kwenda sambamba na mabadiliko katika soko, katika bidhaa na katika kanuni za utendaji makini.

Viashiria vya Hatari za Kifedha

Viashiria vya hatari za kifedha vinajumuisha vile vilivyomo katika mikopo, wingi au uhaba wa fedha na viashiria hatari katika soko. Sera zote zinazohusika na usimamizi wa viashiria vya hatari katika biashara za Benki zinapangwa na Bodi na kutekelezwa na uongozi wa Benki. Sera hizi zinahusisha ubainishaji, utathmini, udhibiti na usimamizi wake. Katika kundi hili, viashiria vya hatari ni:

- Viashiria vya hatari za mikopo
- Viashiria vya hatari za hali ya fedha
- Viashiria vya hatari za soko (kiwango cha riba, biashara ya fedha za kigeni na hatari za bei)

Viashiria vya Hatari za Mikopo

Kampuni na Benki vinakumbana na viashiria vya hatari katika kutekeleza biashara ya ukopeshaji hasa pale ambapo mshirika wa biashara anashindwa kutimiza wajibu wake. Viashiria vya hatari kupitia mikopo ni vya muhimu zaidi kuangaliwa katika biashara ya Kampuni, uongozi wa Benki unapaswa kudhibiti kwa makini sana viashiria vyote vya hatari kupitia mikopo.

Viashiria vya hatari kupitia mikopo, hutokea sana kupitia shughuli za ukopeshaji, kupitia dhamana za mikopo na kupitia gharama mbalimbali za rasilimali za Benki. Pia kuna viashiria vya hatari kupitia shughuli nje ya mfumo wa mizania ya Benki kama vile dhamira ya

- Credit risk
- Liquidity risk
- Market risk (interest rate, foreign exchange and price risks)

Credit Risk

The Group and Bank take on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending activities that lead to loans and advances, debt securities and other bills in the Group's and Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments, letters of credit and guarantees.

The credit risk management and control are centralised under the credit risk management team of the Bank and reported to the Board of Directors and management regularly.

Credit Risk Measurement

In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the Group and Bank reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations and (ii) current exposures to the counterparty and its likely future development, from which the Group derives the 'exposure at default'.

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are embedded in the Banks' daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses.

Group's Internal Ratings Scale

Group's rating	Description of the grade
1	Current
2	Especially Mentioned
3	Sub-standard
4	Doubtful
5	Loss

Collateral

The Group and Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced,

kukopesha, udhamini katika biashara ya nje na udhamini. Mfumo wa usimamizi na udhibiti wa viashiria vya hatari kupitia mikopo unafanywa na timu moja ya Benki na hutoa ripoti kwa Bodi na kwa uongozi wa Benki.

Kipimo cha Viashiria vya Hatari za Mikopo

Katika kupima kiwango cha viashiria hatari kutokana na mikopo itolewayo kwa wateja na kwa benki, Kampuni na Benki huangalia vitu vifuatavyo:

- i. Uwezekano wa mteja au mshirika wa biashara kuvunja makubaliano yaliyopo kwenye mkataba.
- ii. Mazingira ya sasa ya mshirika wa biashara yanayomjengea mazingira ya kukua kibiashara kwa siku za baadaye, hali ambayo inajenga mazingira ya kuvunja makubaliano.

Vipimo hivi vya upimaji wa viashiria vya hatari vinavyoonesha hasara inayotarajiwa vimezingatiwa katika utaratibu wa uendeshaji wa kila siku wa shughuli za Benki. Vipimo vya kiuendeshaji vinaweza kutathminiwa kwa kuzingatia kanuni za kimataifa za kiuhasibu namba 39 (IAS39), ambazo zinazingatia hasara zilizopatina kupitia mizania ya Benki (Muundo wa Hasara Iliyopatikana), na siyo hasara inayotarajiwa kupatikana.

Kipimo cha ndani ya Kampuni

Kipimo cha ndani	Maelezo ya kipimo
1.	Cha sasa
2.	Kinatajwa kimaalum
3.	Chini ya kiwango
4.	Inatia shaka
5.	Hasara

Dhamana

Kampuni inatumia sera na mipango mbalimbali ili kupunguza viashiria hatari katika na mikopo. Utaratibu unaotumika sana ni ule wa kuchukua dhamana ya mteja dhidi ya mkopo aliopewa. Kampuni imeweka mwongozo maalum unaoelekeza aina ya dhamana ambazo zinapaswa kutumiwa ili kupunguza athari za hatari kupitia mikopo. Aina za dhamana ni pamoja na:

- Zinazohusika kwa mikopo ya nyumba
- Zinazohusika na rasimali za biashara
- Amana na Hisa

Ili kudhibiti viashiria vya hatari kampuni inaweza kuhitaji nyongeza ya dhamana toka kwa mteja pindi kunapotokea dalili za wazi na za awali kwamba kutakuwa na ukiukwaji wa mkataba wa kulipa mkopo.

which is common practice. The Group and Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

In order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loan or advance.

Group Loans and advances are summarised as follows

(Amounts are in TZS' Million)

	2013	2012
Neither past due nor impaired	1,845,260	1,641,186
Past due but not impaired	56,824	73,568
Impaired	126,307	124,586
Gross	2,028,391	1,839,340
Less: Allowances for impairment	(35,285)	(32,475)
Net	1,993,106	1,806,865

The total impairment provision for loans and advances represents both individually impaired loans and loans assessed on a portfolio basis. Further information of the impairment allowance for loans and advances to customers is provided in Note 3.

Market Risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks are concentrated in Bank Treasury and monitored by the Risk and Compliance department separately. Regular reports are submitted to the Board of Directors and Management.

Mikopo ya kampuni kwa ufupi ni kama ifuatavyo:

(Katika milioni za shilingi)

	2013	2012
Mikopo mizuri	1,845,260	1,641,186
Mikopo iliyochelewa kulipwa lakini haijaraharibika	56,824	73,568
Mikopo mibovu	126,307	124,586
Jumla kuu	2,028,391	1,839,340
Toa: tengo kwa ajili ya tegemeo la hasara	(35,285)	(32,475)
Jumla Halisi	1,993,106	1,806,865

Jumla ya mikopo iliyoharibika inajumuisha mkopo mmoja mmoja na ile iliyothaminiwa katika mikopo ya Benki yote kwa ujumla. Taarifa zaidi kuhusu mikopo iliyo haribika inapatikana katika kifungu namba 3.

Viashiria vya Hatari Katika Soko

Kampuni inazingatia hatari zote zilizopo katika soko, kutokana na mabadiliko ya bei katika soko la biashara ya fedha. Viashiria vya hatari katika soko vinatokana na uwepo wa soko huru viwango vya riba, aina ya sarafu na bidhaa za mtaji, vyote hivi vinakumbana na mabadiliko katika hali ya soko na mnyumbuliko wa mara kwa mara wa soko hususani katika bei za riba, bei katika biashara ya fedha za kigeni na bei za mitaji ya uwekezaji. Benki hutenganisha viwango vya hatari katika soko vitokanavyo na ufanyaji biashara au shughuli zinginezo za Benki.

Viashiria vya hatari katika soko vimejikita zaidi katika biashara ya hazina na vinasimamiwa na kudhibitiwa kupitia idara ya kudhibiti viashiria hatari za biashara na kusimamia uzingatiaji wa taratibu za uendeshaji. Ripoti za mara kwa mara zinawakilishwa kwa Bodi ya wakurugenzi na uongozi wa Benki.

Ufanyaji biashara unahusisha nafasi zinazojitokeza katika soko, ambapo katika miamala husika benki inakuwa ni mshirika mkuu wa miamala sambamba na mteja au soko husika.

Mbali na miamala ya kibiashara, Benki pia inahusika na mchakato wa kusimamia riba katika kuuza rasilimali na madeni ya Benki.

Njia za Kupima Viashiria vya Hatari Katika Soko

Madhumuni ya vipimo hivi ni kusimamia na kudhibiti viashiria vyote vya hatari katika soko ndani ya ukomo unao kubalika kwa kusudi la kuongeza maslahi ya biashara dhidi ya hatari zilizopo. Idara ya kudhibiti hatari za kibiashara na kusimamia uzingatiaji wa taratibu za uendeshaji inahusika na utungaji wa sera ilhali idara ya hazina inahusika katika utekelezaji

Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and commercial banking assets and liabilities, and available-for-sale financial assets.

Market Risk Measurement Techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Bank Risk and Compliance department is responsible for the development of detailed risk management policies while Treasury is responsible for day-to-day implementation of those policies.

The Bank applies interest rate gap coupled with earnings at risk and stress testing analysis in measuring exposure to market risk for the purpose of managing and controlling market risk exposures within acceptable limits while optimising the return on risk.

Price Risk

The Group and the Bank are not exposed to equity securities price risk as it currently has no investment in listed shares, but is exposed to debt securities price risk classified on the balance sheet as available for sale. If the market price of debt had increased/decreased by 5% with all other variables held constant, the fair value reserve in debt securities would have increased/decreased as a result of gains or losses on debt securities classified as available for sale by TZS 1,462 million as at 31 December 2013 (2012: TZS 615 million).

Interest rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Group and the Bank take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may produce losses in the event that unexpected movements arise. The Bank's Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is regularly monitored by an independent Risk and Compliance department and reported regularly to ALCO and the Board.

wake. Kwa ujumla Benki hutumia utofauti katika viwango vya riba kuweka mipango mikakati ya kudhibiti viashiria vya hatari katika soko, kwa lengo la kupata faida nzuri.

Viashiria vya Hatari Kupitia Bei

Kampuni haipati madhara kupitia bei za dhamana za uwekezaji kwa kuwa haijawekeza katika hisa hazijaorodheshwa katika soko la uwekezaji. Ila viashiria vya hatari viko kupitia dhamana za madeni kama zilivyoainishwa katika mizania ya Benki. Hivyo bei ya deni katika soko inaweza kupanda au kushuka kwa asilimia 5 ukiachilia mbali mambo mengine.

Viashiria vya Hatari Kupitia Riba

Mtiririko wa fedha, unategemea mabadiliko ya riba katika siku za usoni. Hivyo kiwango cha riba kinategemea hali halisi ya mabadiliko katika soko. Kampuni inazingatia sana hali halisi ya kubadilika kwa hali ya soko na athari zake kwa kiwango cha riba inayoweza kutumika katika biashara ya benki. Bodi, imetoa mwongozo wa kiwango cha riba kinachoweza kufaa kwa biashara yenye faida ya Benki. Idara ya usimamizi na udhibiti wa hatari za kibiashara, imeelekezwa kufuatilia kwa ukaribu mabadiliko ya viwango vya riba katika soko, na kupaswa kutoa ripoti mara kwa mara kwa Bodi na kamati inayosimamia ukwasi katika Benki yaani ALCO

Viashiria vya Hatari Kutokana Na Hali Ya Fedha Katika Soko

Viashiria vya hatari kutokana na hali ya fedha, hupelekea Benki kushindwa kumudu majukumu yake ya kifedha, kam vile wanaotaka kuchukua fedha zao, pia kutomudu biashara yao.

Utaratibu wa Kusimamia na Kudhibiti Viashiria vya Hatari Kupitia Hali ya Fedha Katika Soko

Usimamizi wa hali ya ukwasi katika Kampuni na Benki unafanywa na Kamati ya Usimamizi wa Rasilimali na Madeni (ALCO) kama ifyatavyo:

- Kusimamia hali ya kifedha ya Benki ili iweze kumudu mahitaji yake kifedha. Mfano, kutafuta fedha kufidia amana za wateja zilizoiva au kukopwa na wateja. Pia kuiwezesha Benki kuwepo katika soko la fedha.
- Kuhifadhi rasilimali za Benki zenye thamani kubwa zinazo weza kufidia uhaba wa fedha pindi itokeapo dharura siku za usoni.
- Kuwianisha kiwango cha fedha katika soko na matumizi ya ndani kwa mujibu wa mamlaka husika za udhibiti.
- Kusimamia kiwango cha wigo wa madeni .

With all other variables held constant, a shift in interest rate by 90 basis points on all interest bearing assets and liabilities would have resulted in lower or higher profit after tax of TZS 7,494 million as at 31 December 2013 (2012: TZS 8,309 million).

Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity Risk Management Process

The Group's and Bank's liquidity management process is monitored by the Asset and Liability Committee (ALCO) of the Bank and includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintain an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management.

Funding Approach

The Group's major source of funding is customer deposits. To this end, the group maintains a diversified and stable funding base comprising current/demand, savings and time deposits. The Group places considerable importance on the stability of these deposits, which is achieved through the Group's retail banking activities and by maintaining depositor confidence in the Group's business strategies and financial strength.

The group borrows from the interbank market through transactions with other Banks for short term liquidity requirements. As part of the contingency funding plan, the Group has funding lines with both local and foreign banks for short term as well as long term funding requirements.

Usimamizi na utoaji wa taarifa unazingatia mtiririko wa fedha katika soko na makadirio ya hali ya kila siku, ya wiki na ya mwezi kibiashara, kwani hivi ni vipindi muhimu vinavyo toa tathmini halisi ya hali ya fedha.

Vyanzo vya Fedha

Chanzo kikuu cha fedha za kampuni ni amana za wateja. Kwa msingi huu, kampuni ina vyanzo vingi vya kupata fedha ambavyo vyote vinategemea amana za wateja.

Kampuni inaweka umuhimu wa pekee kuhakikisha amana zinadumu kwa kuwa na mikakati thabiti ya biashara ambayo itaimarisha imani ya wateja kwa kampuni.

Kampuni hutumia nafasi ya biashara na mabanki mengine ili kumudu mahitaji yake ya kifedha ya muda mfupi.

Kama sehemu ya mpango wa dharura wa kupata fedha, kampuni ina mahusiano ya kibiashara na mabanki ya kimataifa na ya kitaifa.

Viashiria Hatari Katika Fedha za Kigeni

Kuna uwezekano wa kupata hasara katika biashara ya fedha za kigeni kama kutakuepo na kubadilika kwa viwango vya ubadilishaji wa fedha za kigeni katika soko. Hivyo basi, Bodi imeweka ukomo wa viwango vya fedha za kigeni kwa kila sarafu ili kuhakikisha kuwa Kampuni iko salama kila wakati. Mfano kama kila kitu kingebakia sawa ila kiwango cha ubadilishaji dola katika soko vikabadilika kwa asilimia 4, Benki ingepata faida kabla ya kodi au hasara ya shilingi milioni 883 katika rasilimali na madeni yaliyoko katika dola za Kimarekani kwa kipindi kinachoishia Desemba 2013. (2012: shilingi milioni 693)

Viashiria Hatari Katika Utendaji

Benki inaonyesha imefuata taratibu na miongozo imara kuzuia hatari zitokanazo na mfumo wa utendaji. Sera za udhibiti na mifumo ya kuzuia vihatarishi imekuwa imara kuzuia viashiria vya hatari. Benki imekuwa ikichukua hatua na kuweka taratibu na mazingira ambayo kila mwajiriwa kuelewa jukumu lake katika utendaji kazi wake wa kila siku.

Udhibiti wa Taratibu

Katika uendeshaji wa Benki kuna hasara zitokanazo na faini, fidia za kesi, uharibifu wa mali na ukiukwaji wa mikataba ya kisheria. Benki imedhibiti hatari hizo na kupunguza garama zitokanazo na ukiukwaji wa sheria taratibu na sera za kibenki. Benki imejitahidi kufuata sheria katika kutoa huduma za kibenki na hivyo kufanya huduma za Benki kuwa imara.

Foreign Exchange Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. With all other variables held constant, a shift in foreign exchange rate by 4% on USD denominated assets and liabilities would have resulted in lower or higher profit after tax of TZS 833 million as at 31 December 2013 (2012: TZS 693 million).

Operational Risks

The Bank is exposed to operational risks that may arise from inadequate or failed internal processes, people, systems or external events. However The Bank has adequate operational risk policies and framework that cater for mitigation of these risks.

Risk management policies and systems are reviewed regularly to ensure all controls remain adequate in minimizing inherent operational risk. The Group initiatives aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Compliance Risk

This risk exposes the Bank to fines, civil money penalties, payment of damages, and the voiding of contracts. It is the current and prospective risk to earnings or capital arising from violations of, or noncompliance with, laws, regulations, internal policies and procedures, or ethical standards. Compliance risk also arises in situations where the laws or rules governing certain products or activities of the Bank's clients may be ambiguous.

The Group has set policies governing the detection, prevention, monitoring and reporting of compliance risk for both regulatory and internal controls.

Developments in Risk Management

Banking business continues to expand to reach more customers, with increase in operations and reach, rise in technology use and increase in new banking products and services. These face a challenge as fraudsters are becoming more sophisticated hence the need for banks to do more to protect depositors' and investors funds. In this respect the Risk and Compliance department formulated a Fraud Risk policy which aims to provide a coordinated approach towards managing fraud risk. The

Maendeleo katika Usimamizi wa Viashiria vya Hatari

Benki imeendelea kupanua shughuli zake ili kuwafikia wateja wengi zaidi, kwa kutumia teknolojia ya kisasa katika kutoa huduma nzuri kwa wateja. Kupanuka kwa mtandao wa benki na kuongezeka kwa huduma mbalimbali zinazotumia teknolojia ya kisasa kumefanya wahalifu nao kubuni mbinu mpya ili kutimiza malengo yao. Kwa msingi huu, Benki kupitia idara ya kudhibiti viashiria vya hatari na usimamizi katika kufuata taratibu za uendeshaji imetengeneza sera elekezi kwa kampuni nzima ili kuwa na uthabiti wa pamoja katika kudhibiti uhalifu. Sera hii inalenga kuzuia uhalifu, kufanya uchunguzi na jinsi ya kurejesha uendeshaji wa shughuli katika hali ya kawaida. Sera hii ilipitishwa na Bodi mwaka 2013.

Ili kuboresha usimamizi wa udhibiti wa viashiria vya hatari kutokana na uendeshaji, Benki imeanzisha utaratibu wa kujitathmini na kujidhibiti kwa kila kitengo cha biashara. Utaratibu huu umefanya vitengo vyote kuchukua tahadhari ili kufuatilia na kudhibiti viashiria vyote vya hatari za kibiashara.

Ili kufanikisha utekelezaji wa sera ya udhibiti wa viashiria vya hatari, kampuni iliajiri wafanyakazi zaidi. Hili linathibitisha kwamba, Benki imedhamiria kutekeleza sheria zote, taratibu na kanuni kama zinavyosimamiwa na mamlaka za udhibiti.

Katika kusaidia na kufanikisha biashara ya Benki kwa kampuni tanzu Burundi, utaratibu unaotumika kwa kampuni mama katika kuripoti viashiria vya hatari ndiyo unaotumika hata Burundi.

Majaribio ya Msongo wa Kibiashara

Majaribio haya yanalenga la kutoa picha ya kiwango cha hasara, kinachoweza kutokea nyakati za hatari. Benki hutumia kipimo maalum katika kujua kiwango cha hasara inayoweza kutokea.

Ripoti kuhusu matokeo ya majaribio hupelekwa kwenye kamati inayohusika na ukwasi wa Benki (ALCO). Majaribio katika msongo wa kibiashara huzingatia biashara husika na pia huzingatia uchambuzi muafaka.

Tathmini ya Benki kwa msongo wa kibiashara hufanyika kwa kutumia takwimu za miaka mitano iliyopita. Hapa inazingatia kwamba takwimu za kisoko kwa miaka mitano mfululizo haziwezi kubadilika. Tathmini kwa miaka mitano nyuma hutoa taswira inayoweza uongozi wa Benki kuchukua tahadhari

policy covers a framework for fraud prevention, investigation and recovery processes in CRDB Bank plc. The policy was approved by the Board of Directors in 2013.

Enhancement of Operational Risk management continued with an introduction of Risk and Control Self-Assessment (RCSA). This is qualitative operational risk management tool through periodic self-assessment of each Business Unit's risk and control environment that ensures risk owners are more aware and involved in management of their operations and process inherent risks.

A regulatory compliance framework was implemented with additional manpower being recruited for its implementation. This is in an effort to ensure that the Bank demonstrates compliance with all laws, regulations, guidelines and directives issued by the regulators.

In support of the CRDB Bank Subsidiary in Burundi, risk reporting matrices were evaluated and customized to improve the quality and adequacy of information provided by the subsidiary to the Group for decision making purposes.

Stress Tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The Bank applies risk factor stress testing, where stress movements are applied to each risk category.

The results of the stress tests are reviewed by the Asset and Liability Management Committee. The stress testing is tailored to the business and typically uses scenario analysis.

The Bank's assessment of past movements is based on data for the past five years. It also assumes that market moves occurring over this holding period will follow a similar pattern. The Bank applies the worst case scenario of these historical changes in rates, prices, etc. directly to its current positions.

The Bank carries out stress testing semi-annually to determine whether it has enough capital to withstand adverse developments. This is for the purpose of alerting the Bank's Management to unfavourable unexpected outcomes related to various risks and provides an indication of how much capital might be needed to absorb losses should large shocks occur. The results are meant to indicate weak spots in the risks tested at an early stage

ya namna ya kudhibiti mtikisiko wa kibiashara kwa kutenga kiwango muafaka cha mtaji, riba, bei n.k. Tathmini inalenga kubaini maeneo ambayo yanaonyesha dalili za awali za viashiria vya hatari, na hivyo kuwezesha Benki kuchukua hatua za kuzuia. Majaribio kuhusu viashiria vya hatari hufanyika mara mbili kwa mwaka na huenda sambamba na taratibu zingine za udhibiti wa viashiria vya hatari.

Kwa upande wa mikopo, Benki inaamini kwamba majaribio ya msongo wa kibiashara huleta matokeo sawa katika maeneo yote. Isipokuwa kwa upande wa hali ya kifedha, mabadiliko katika amana kunaleta athari kwa upande wa rasilimali, ambapo amana zikiongezeka rasilimali zitapungua kwa asilimia 20 ikiwa ni kiwango cha fedha kinachotakiwa kubakia katika fungu lisiloguswa lililoko Benki Kuu.

Matokeo ya Majaribio ya Msongo wa kibiashara kwa Desemba 31,2013

Aina ya hatari Risk type	Aina ya mtikisiko Type of shock	Kasi ya Mtikisiko Shock rate	Kiwango cha mtikisiko Impact on profit or loss
			TZS' million
Hatari za mikopo Credit risk	Ongezeko la mikopo mibovu Increase in NPL (based on equal migration)	30%	(59,892)
Hatari za riba Interest rate risk	Badiliko katika riba Change in interest rate	9%	(7,494)
Hatari za hali ya fedha Liquidity risk	Amana kupungua Run off of deposits	20%	(2,498)
Hatari za uendeshaji Operational risk	Udanganyifu na hasara nyingine Fraud and other losses	3%	(3,655)

Matokeo ya msongo wa kibiashara yanaonesha kwamba benki itakuwa katika uzingatiaji wa mahitaji ya kimsingi ya mtaji mkuu kama inavyoelekezwa na mamlaka husika.

Usimamizi wa Mtaji

Madhumuni ya Benki ni kusimamia mtaji kwa maana pana zaidi ya mtaji wa uwekezaji kama inavyoainishwa katika mizania ya Benki ni:

- Kuzingatia kiwango cha mtaji kama kinavyoelekezwa na Benki Kuu ya Tanzania
- Kulinda uhai wa Biashara ya Benki, ili wanahisa na wadau wengine waendeleo kupata manufaa na stahiki zao.
- Kuimarisha mtaji wa Benki ili biashara iendeleo

and to guide preventative actions by the Bank. Stress testing is done to supplement the Bank's other risk management approaches and measures.

In the stress testing for Credit Risk the Bank assumed equal migration on all classifications. For liquidity risk it is assumed that as the deposits decrease, on the assets side there will be a 20% decrease in the Statutory Minimum Reserve while maturing debt instruments will be used to fund the run-off.

The stress tests summary using financial data as at 31 December 2013 are summarised below:

The results of the stress test showed that the Bank would be in compliance with current regulatory minimum core and total capital requirements.

Capital Management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the Bank of Tanzania;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Utoshlevu wa kimtaji na udhibiti wake hukaguliwa kila mwezi kwa kutumia njia mbalimbali kama zilivyo ainishwa na kamati ya Basel, ambapo utekelezaji wake husimamiwa na Benki Kuu ya Tanzania. Taarifa husika zinahifadhiwa katika Benki Kuu ya Tanzania.

Benki Kuu, inaiataka kampuni izingatie yafuatayo:

- Kuwa na mtaji mkuu usiopungua shilingi bilioni 15
- Uwiano wa mtaji dhidi ya kiwango cha rasilimali zinazoweza ingia katika viashiria vya hatari (uwiano wa Basel) usizidi 10%.
- Kuwa na kiwango cha mtaji mkuu kisichopungua asilimia 12 dhidi ya rasilimali zote zinazoweza kuingia katika viashiria vya hatari.

Capital adequacy and the use of regulatory capital are monitored monthly by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania, for supervisory purposes. The required information is filed with the Central Banks on a monthly basis.

The Central Bank requires the Bank to:

- hold a minimum level of Core Capital of TZS 15 billion;
- maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%; and
- Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.

Usimamizi wa mtaji/Capital Management	Benki/Bank 2013 TZS'Million	Benki/Bank 2012 TZS'Million
Mtaji daraja I /Total qualifying Tier 1 capital	338,173	284,009
Mtaji daraja II /Total qualifying Tier 2 capital	15,004	5,771
Jumla ya mtaji simamizi /Total regulatory capital	353,177	289,780
Rasilimali zenye viashiria vya Hasara /Risk-weighted assets		
Katika mizania /On-balance sheet	2,002,569	1,679,737
Nje ya mizania /Off-balance sheet	331,804	151,779
Jumla Rasilimali zenye viashiria vya Hasara /Total risk-weighted assets	2,334,373	1,831,516

Mtaji ya Benki kama unavyosimamiwa na Idara ya Fedha ya Benki ya CRDB umegawanyika katika makundi mawili:

- Daraja la kwanza, ni mtaji utokanao na faida.
- Daraja la pili, ni mtaji utokanao na mikopo

Viashiria vya hatari kwa rasilimali hupimwa katika vigezo vitano kwa mtiririko maalum, kwa kuzingatia hasara za kibiashara katika soko, katika mikopo na kwa washirika wa kibiashara. Pia dhamana na Dhamana zinahusishwa. Mchakato kama huu unatumika katika tathmini nje ya mizania ya Benki

The Bank's regulatory capital as managed by its Finance department is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Intangible assets and prepaid expenses are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital.

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

Jedwali lifuatalo linaonesha madaraja ya mitaji kwa mwaka 2013 na 2012. Katika miaka hii miwili, Benki ilizingatia matakwa yote yahusikanayo na mitaji :

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December 2013 and year ended 31 December 2012. During those two periods, the Bank complied with all of the externally imposed capital requirements to which they are subject.

	Uwiano unaotakiwa Required ratio	Uwiano Bank's ratio 2013	Uwiano Banks Ratio 2012
Mtaji daraja 1 /Tier 1 capital	10.0%	14.5%	15.5%
Mtaji daraja 2/Tier 1 + Tier 2 capital	12.0%	15.1%	15.8%



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Wakurugenzi wa Benki ya CRDB wanayo furaha kuwasilisha taarifa ya mwaka ya kampuni na Benki kwa mwaka unaoishia tarehe 31 Desemba 2013, inayoainisha na kuweka wazi shughuli zote za Benki ya CRDB (Benki) na kampuni tanzu zake, CRDB Microfinance services Company Ltd na CRDB Bank Burundi S.A (kwa pamoja "Kundi").

USAJILI

Benki ya CRDB ilisajiliwa katika Jamhuri ya Muungano wa Tanzania chini ya Sheria ya Kampuni ya 2002, kwa namba ya usajili 30227. Benki ilisajiliwa kwenye Soko la Hisa la Dar es Salaam tarehe 17 Juni 2009 na imeanzisha kampuni zake tanzu mbili ambazo ni CRDB Microfinance Services Company Limited iliyosajiliwa katika Jamhuri ya Muungano wa Tanzania na CRDB Bank Burundi S.A iliyosajiliwa katika Jamhuri ya Burundi mwaka 2012.

DIRA

Kuwa Benki inayoongoza, inayozingatia mahitaji ya wateja na kuwapa wanahisa faida nzuri

AZMA

Kutoa huduma na bidhaa bunifu za kiushindani ikitumia teknolojia kutoa huduma za kipekee kwa wateja. Tunajituma ili kuleta thamani kwa wadau na jamii.

MISINGI YA KAMPUNI

Tunatimiza wajibu wetu ukizingatia misingi ya kampuni yetu ambayo ni;

Weledi, Usikivu, Uwajibikaji, Kujituma, Ushirikiano, Ubunifu, Kujali na Tija.

SHUGHULI ZA MSINGI

Benki imesajiliwa kupitia sheria ya Benki na Taasisi za Fedha ya Mwaka 2006 ya Tanzania. Kampuni tanzu ya Burundi imesajiliwa kama benki nchini Burundi chini ya sheria ya Benki na Taasisi za Fedha ya Mwaka 2003 ya Burundi. Shughuli za msingi za Benki na kampuni tanzu ya Burundi ni utoaji wa huduma za benki. Kazi ya msingi ya kampuni tanzu ya CRDB Microfinance Services Company (MSC) ni kutoa huduma kwenye taasisi ndogo za fedha kupitia mtandao wa matawi wa Benki.

Kundi linatoa huduma zilizosheheni kwa biashara kubwa, reja reja pamoja na za mikrofainansi kupitia mtandao wa matawi 103 ya kawaida na yale

The Directors have the pleasure of submitting their report and the audited financial statements for the year ended 31 December 2013, which disclose the state of affairs of CRDB Bank Plc ("the Bank") and its subsidiaries, CRDB Microfinance Services Company Limited and CRDB Bank Burundi S.A. (together "the Group").

INCORPORATION

The Bank is incorporated in the United Republic of Tanzania under the Companies Act, CAP 212 Act No. 12 of 2002 as a Public Company limited by shares with registration number 30227. The Bank was listed on the Dar es Salaam Stock Exchange on 17 June 2009 and has established two wholly owned subsidiaries namely CRDB Microfinance Services Company Limited incorporated in the United Republic of Tanzania in 2007 and CRDB Bank Burundi S.A. incorporated in the Republic of Burundi in 2012.

VISION

To be the leading bank, which is customer needs driven with competitive returns to shareholders.

MISSION

To provide competitive and innovative financial products and services leveraging technology to achieve distinctive customer experience. We strive to create value for all stakeholders and the society.

CORPORATE VALUES

We perform our duties in line with our corporate values which are:-

Professionalism, Responsiveness, Accountability, Commitment, Teamwork, Innovation, Courtesy and Efficiency.

PRINCIPAL ACTIVITIES

The Bank is licensed in Tanzania under the Banking and Financial Institutions Act, 2006. The Bank's subsidiary, CRDB Bank Burundi S.A is a licensed bank in Burundi under the Banks and Financial Institutions Act, 2003 of Burundi. Principal activity of the Bank and its subsidiary CRDB Bank Burundi S.A is the provision of banking services while CRDB Microfinance Services Company subsidiary is mainly engaged in provision of micro-finance services through the bank's branches.

yanayotembea, ATM 311, ikijumuisha 18 zinazopokea fedha, mashine za kupokea malipo 1,162, zaidi ya wakala 100 wa faharihuduma na taasisi washirika 441.

Huu ulikuwa mwaka wa kwanza kutekeleza mikakati ya miaka mitano ya Kundi kwa kipindi cha 2013-2017. Lengo kuu likiwa ni kukuza mizania kwa kuongeza biashara na wateja rejareja, na wafanyabiashara wadogo na wa kati huku tukihakikisha tunazingatia ubora wa huduma kwa wateja wetu na kuvutia wateja wapya. Benki imeendelea kuanzisha bidhaa za mfumo mpya ikilenga kushughulikia mahitaji ya wateja wake.

Matokeo ya Mwaka

Kwa mwaka 2013, hali ya kuridhisha ya ukuaji wa uchumi iliendelea kuchangia maendeleo katika biashara ya benki. Uchumi wa Tanzania uliendelea kuimarika kufuatia kukua kwa uchumi wa dunia huku Pato Ghafi la Taifa lilikua kwa asilimia 7 kwa mwaka na mfumuko wa bei ulifunga mwaka ukiwa ni asilimia 5.6.

Katika mwaka 2013, Benki imepata faida kabla ya kodi ya Shilingi bilioni 122.0 (2012: Shilingi bilioni 107.7), hii ikiwa ongezeko la asilimia 13.3 kutoka la mwaka jana. Ukuaji huu umechangiwa na kuongezeka mapato kutoka kwenye mikopo, ada na biashara ya fedha za kigeni

Katika kipindi cha mwaka, Mapato yatokanayo na ubadilishaji fedha za nje kwa mwaka huu yalifikia shilingi bilioni 29 (2012: shilingi bilioni 23). Soko la kubadili fedha kwa mwaka huu liligubikwa na udhibiti kufuati uingiliaji kati ya Benki Kuu ya Tanzania (BOT) iliyoleta athari kwa ujazo na faida. Hata hivyo Kundi iliweza kupata matokeo mazuri ya utendaji.

Gharama za riba ziliongezeka kutoka shilingi bilioni 55 kwa mwaka uliopita hadi kufikia shilingi bilioni 69, ikiwa ni sawa na ongezeko la asilimia 25. Ongezeko hili limechangiwa na kupungua kwa ukwasi katika soko kulikosababishwa na hatua za udhibiti zilizochukuliwa na Benki Kuu (BOT). Hali hiyo ilipelekea kuongezeka kwa viwango vya riba.

Gharama za uendeshaji ziliongezeka kwa asilimia 19 kutoka shilingi bilioni 170.6 kwa mwaka 2012 hadi kufikia shilingi bilioni 203.4 kwa mwaka 2013 ikiwa ni matokeo ya mipango ya upanuzi ya mwaka 2013.

Rasilimali za Kundi ziliongezeka kutoka shilingi bilioni 3,074 kufikia shilingi 3,599 bilioni ambayo ni ongezeko la asilimia 16 wakati jumla ya amana ziliongezeka kwa asilimia 17 kufikia shilingi bilioni 3,024 (2012: Shilingi bilioni 2,583), ambayo ni zaidi ya ukuaji wa wastani ugavi wa fedha (M3) kwa asilimia 13.2.

The Group offers a comprehensive range of corporate and retail banking services as well as microfinance services through a network of 103 static and mobile branches, 311 ATMs inclusive of 18 depository ATMs, 1,162 Point of Sales (POS) terminals, over 100 Agents (Fahari-Huduma) and 441 Microfinance partner institutions.

This was the first year of implementing the Five-year Business Strategy of the Group for the period 2013-2017. The main focus was to grow the balance sheet through expanding retail and SME business while ensuring quality customer experience to retain existing customers and attract new ones. The Bank introduced a number of new products and systems focusing on addressing customer needs and demands.

Performance for the Year

In year 2013, favourable economic developments continued to support the Banking business. Tanzanian economy continued to strengthen amid the recovering global economy with its Gross Domestic Product (GDP) growth accelerating to 7% p.a and Annual Headline Inflation rate closing at 5.6%.

In 2013, the Group recorded a profit before tax of TZS 122.0 billion (2012: TZS 107.7 billion), an increase of 13.3% from previous year. The increase is attributed to the improvement in revenue from lending, fee based income as well as foreign exchange income.

During the year, foreign exchange income was TZS 29 billion (2012: TZS 23 billion). The foreign exchange market during the year was highly restrictive following interventions from Bank of Tanzania (BOT), impacting both volume and spread. However, the Group was able to record higher performance.

Interest expenses increased from TZS 55 billion in the prior year to TZS 69 billion, representing an increase of 25%. This increase was mainly due to monetary stance taken by the Bank of Tanzania (BOT) to mop up liquidity and high competition for deposits, a situation that resulted into hiking of interest rates.

Operating cost increased by 19% from TZS 170.6 billion in 2012 to TZS 203.4 billion in 2013 as a result of expansion initiatives taken in year 2013.

The Group's total assets grew from TZS 3,074 billion to TZS 3,559 billion an increase of 16% while total deposits recorded a growth of 17% to TZS 3,024 billion (2012: TZS 2,583 billion), which is above the annual growth of the Money Supply (M3) of 13.2%.

Benki pia ilipata mkopo wa mwaka mmoja wa Dola za Kimarekani milioni 25 ili kumudu kulipia ununuzi wa fedha za kigeni. Fungu la wanahisa liliongezeka kwa 19% kutoka Shilingi bilioni 317 hadi kufikia Shilingi bilioni 376.

Utendaji wa kifedha wa Kampuni umewekwa kwa muhtasari katika Kiashiria cha Utendaji hapa chini;

The Bank also obtained a one year loan from Standard Chartered Bank, London amounting to USD 25 million to boost its foreign currency funding. Shareholders' funds grew by 19% from TZS 317 billion to TZS 376 billion.

The financial performance of the Group is summarised in key performance indicators outlined below;

Viashiria Vya Utendaji - Key Performance Indicators (KPIs)

Kiashiria cha Utendaji Key Performance Indicator	Tafsiri na Fomula Definition and Formula	Uwiano CRDB Bank ratios	
		2013	2012
		Rejesho kwenye Mtaji Return on Equity	(Faida baada ya kodi/Jumla ya Mtaji)*100% (Net profit/Total equity)*100%
Rejesho kwenye Rasilimali Return on Assets	(Faida baada ya kodi/Jumla ya Rasilimali) *100% (Profit Before Tax/Total assets) *100%	3.4%	3.5%
Gharama za Uendeshaji kwa Pato la Uendeshaji Operating Expenses to Operating Income	(Gharama za uendeshaji/Pato halisi la Riba+ Pato lisilo la Riba) *100% (Operating expense/Net interest income + Non Interest income) *100%	56.9%	55.9%
Mapato kwa Hisa Earnings per share	Faida iliyotokana na mtaji wa Wanahisa/ idadi ya Hisa za kawaida zilizotolewa Profit attributable to equity share holders/ Number of ordinary shares in issue	38.76	37.00
Jumla ya mikopo kwa amana za wateja Gross loans to customer deposits	(Mikopo kwa wateja/Amana kutoka kwa wateja) *100% (Gross loans to customers/ Total deposits from customers) *100%	67.1%	71.2%
Mikopo chechefe kwa jumla ya mikopo ** Non-performing loans to total loans **	(Mikopo isiyofaa/Jumla ya Mikopo)*100% (Non-performing loans/ Gross loans and advances)*100%	6.2%	6.8%
Ukuaji wa Jumla ya Rasilimali Growth in total assets	(Mwenendo Rasilimali za mwaka huu- Rasilimaliza mwakauliyopita)/ Rasilimali za mwaka uliyopita) *100% (Trend(Current year total assets-Previous year total asset)/Previous year total asset)*100%	15.7%	13.3%
Ukuaji wa Amana za Wateja Growth in customer deposits	(Mwenendo(Amana za mwaka huu- Amana za mwaka uliyopita)/ Amana za mwaka uliyopita) *100% (Trend(Current year deposits-Previous year deposits)/ Previous year deposits)*100%	17.0%	7.6%
Uwiano wa Mtaji wa Tier 1 Tier 1 Capital ratio	Mtaji Mkuu/Rasilimali hatarishi pamoja na zilizo nje ya mizania)*100% (Core capital/Risk weighted assets including off balance sheet items)*100%	14.5%	15.5%
Jumla ya uwiano wa Mtaji Total Capital Ratio	(Mtaji Mkuu/ Rasilimali hatarishi pamoja na zilizo nje ya mizania)*100% (Total capital/Risk weighted assets including off balance sheet items) *100%	15.1%	15.8%

** Mikopo chechefe inajumuisha ile iliyodhaminiwa na serikali inayofikia shilingi 8.3 bilioni (2012: TZS 19.9 bilioni)

** Non performing loans include Government guaranteed loans which amount to TZS 8.3 billion (2012: TZS 19.9 billion).

CRDB Microfinance Service Company Limited

Benki kupitia kampuni yake tanzu inashughulika na taasisi washirika wa microfinance (MFI) chini ya mpango wa Microfinance, vingi vikiwa ni vyama vya msingi vya kuweka na kukopa (SACCOS). Idadi ya washirika wa Microfinance iliongezeka kwa asilimia 5 kutoka 422 mwaka 2012 hadi kufikia 441 hadi 31 Desemba 2013. Hadi kufikia 31 Desemba 2013, jumla ya mikopo iliyotolewa kwa taasisi hizi ilikuwa shilingi bilioni 155 kutoka shilingi bilioni 193 mwaka 2012. Jumla ya amana kupitia kampuni Tanzania kwa niaba ya Benki zilikuwa hadi kufikia Shilingi bilioni 33.3 kutoka Shilingi bilioni 28.4 mwaka 2012.

CRDB Bank Burundi S.A

Benki ya CRDB ilifungua kampuni yake tanzu Bujumbura, mji mkuu wa Burundi. CRDB Burundi S.A ilizinduliwa rasmi tarehe 7 Desemba 2012 baada ya kuanza kutoa huduma tarehe 2 Novemba 2012. Kampuni tanzu hii ilipata hasara ya Shilingi milioni 3,471 kufikia tarehe 31 Desemba 2013 wakati jumla ya rasilimali zilifikia Shilingi milioni 31,920 na jumla ya amana zilikuwa Shilingi milioni 15,977.

Gawio

Bodi inapendekeza gawio la shilingi 14 kwa hisa katika mwaka huu (2012: Shilingi 12 kwa hisa). Jumla ya gawio kwa wanahisa ni shilingi bilioni 30.5 (2012: Shilingi bilioni 26.1), ambayo ni sawa na asilimia 36 ya faida halisi ya Benki na ongezeko la asilimia 17 kutoka mwaka 2012.

Mtiririko wa Fedha

Katika mwaka 2013, Uwekezaji wa Benki kwenye dhamana za serikali uliongezeka kwa kiasi cha shilingi bilioni 38 (2012: Shilingi bilioni 34) na mikopo kwa wateja kufikia shilingi bilioni 182 (2012: shilingi bilioni 377). Kwa upande mwingine amana za wateja ziliongezeka na kuwa shilingi bilioni 432 (2012: Shilingi bilioni 182). Shughuli hizo za uwekezaji na amana za wateja ni miongoni mwa sababu zinazopelekea kubadilika kwa mtiririko wa fedha halisi katika shughuli zake. Kutoka jumla ya uwekezaji wa amana, asilimia 58 zinatarajiwa kuiva mwaka 2014. Benki imeendelea kuwa na ukwasi wa fedha ili kumudu mahitaji ya kifedha yanayotarajiwa.

Ukwasi wa Fedha

Benki inaweka msisitizo mkubwa kwenye usimamizi na udhibiti wa viashiria vya hatari vya hali ya fedha na usimamizi wa kila siku wa mtiririko wa fedha kupitia Idara ya Hazina kuhakikisha kwamba Benki ina rasilimali ya kifedha kuiwezesha kuendelea na utendaji

CRDB Microfinance Service Company Limited

The Bank through its subsidiary deals with partnering Microfinance institutions (MFIs) under Microfinance programme, mostly savings and credit cooperative societies (SACCOS). The number of partner MFIs increased by 5% from 422 in 2012 to 441 as at 31 December 2013. As at 31 December 2013, total loans extended by the Bank to these institutions stood at TZS 155 billion from TZS 193 billion in 2012. Total deposits mobilised by the subsidiary on behalf of the Bank grew to TZS 33.3 billion from TZS 28.4 billion in 2012.

CRDB Bank Burundi S.A.

The Bank opened a new subsidiary in Bujumbura, capital city of Burundi. CRDB Bank Burundi S.A was officially launched on 7 December 2012 after the soft opening on 2 November 2012. The subsidiary recorded a loss of TZS 3,471 million as at 31 December 2013 while the total asset stood at TZS 31,920 million and total deposits was TZS 15,977 Million.

Dividends

The Board recommends a dividend of TZS 14 per share in respect of the current year (2012: TZS 12 per share). Total amount of dividend recommended is TZS 30.5 billion (2012: TZS 26.1 billion), which is 36% of the net profit, an increase of 17% from 2012.

Cash Flows

In 2013, the Bank's investment in government securities increased by TZS 38 billion (2012: TZS 34 billion) and lending to customers increased by TZS 182 billion (2012: TZS 377 billion). On the other hand, deposits from customers increased by TZS 432 billion (2012: TZS 182 billion). The above investment activities and customer deposits are the major factors explaining the Bank's movement in net cash flow generated from operations. From total investments in securities, 58% is expected to mature in 2014. The Bank continues to maintain sound liquidity position to enable it meet its cash flow commitments.

Liquidity and Funding

The Bank places strong emphasis on managing liquidity risk and daily cash flow management which is handled by the Treasury Department to ensure the Bank holds sufficient liquid assets to enable it continue with its normal operations "business as usual" market conditions. The Asset Liability Committee (ALCO) also manage the Bank's exposure to liquidity risk by ensuring that limits are in line with realistic

wake kama kawaida. Kamati inayoangalia ukwasi wa fedha (ALCO) pia inadhibiti hali ya hatari ya kifedha kuhakikisha kwamba ukomo unawekwa ukizingatia makisio na kufuatilia utimilifu kila mwezi. Majaribio na kuona ni kwa kiwango gani Benki inaweza kukabiliana na majanga yatokanayo na ukwasi wa kifedha hufanywa na Idara ya Usimamizi wa Hatari za Hasara. Vyanzo vikuu vya fedha vya Benki ni amana za wateja, fedha za wanahisa, mara chache ukopaji baina ya benki na benki ambayo ni utendaji wa kawaida wa soko.

Hali ya Fedha (Solvency)

Hali ya masuala yanayohusu Kampuni na Benki kama ilivyokuwa mnamo 31 Desemba 2013 yameainishwa vizuri katika ukurasa 31 katika Taarifa ya fedha ya Mwaka. Wakurugenzi wanatambua kuwa Kampuni na Benki zipo katika hali nzuri ya kifedha kama tafsiri iliyopo katika Sheria ya Makampuni ya mwaka 2002.

Mipango ya Maendeleo ya Baadae

Kwa mwaka 2014, Benki itaendelea kufanyia kazi mkakati wake wa miaka mitano wenye kuangazia katika kuhuisha bidhaa, mifumo na misingi iliyoanzishwa miaka iliyopita ili kuhakikisha kiwango cha huduma, kuongeza matumizi ya bidhaa na wateja, makusanyo ya mikopo na ukuaji wa mitandao ili kuongeza maeneo yanayofikiwa hasa kule ambapo haijafika huku ikiangazia umaridadi katika uendeshaji. Katika kushughulikia gharama kubwa za fedha, Benki itatilia mkazo maeneo ya soko ambayo hayajafikiwa na huduma za Benki kupitia huduma za uwakala za Faharihuduma na Mpango wa Vituo vya Kutolea Huduma, pamoja na kukopa kwa gharama nafuu kutoka benki za kimataifa.

Sera Muhimu za Kihasiibu

Matokeo ya Kundi yanaweza athirika na sera za kihasiibu, makisio na makadirio yaliyotumika kuandaa majumuisho ya Taarifa za Fedha. Wakati wa kuandaa Taarifa za Fedha ni wajibu wa Wakurugenzi chini ya Sheria ya Makampuni ya Mwaka 2002 kuchagua sera za kihasiibu zinazofaa na kufanya maamuzi na makadirio ambayo ni ya busara. Sera za kihasiibu zinazoonekana ni muhimu kwa matokeo na hali ya kifedha, sera pia inatumia kiwango cha ufikiri wakati wa kufanya makisio na makadirio. Hayo yameelezwa ndani ya muhtasari namba 2 wa Taarifa za Fedha.

Muundo wa Mtaji

Muundo wa mtaji wa Benki kwa mwaka unaopitiwa ni kama ifuatavyo:

Zilizopitishwa

Hisa za kawaida 4,000,000,000 za Shilingi 25 kwa kila hisa

assumptions and track compliance on a monthly basis. Stress testing to ascertain the bank's resilience to market shocks is done by an independent Risk and Compliance Department.

The Bank's main sources of funding are customers' deposit, shareholders' funds and occasionally interbank borrowings as part of its normal market operations.

Solvency

The state of affairs of the Group and the Bank as at 31 December 2013 are set out on page 31 of the financial statements. The Directors consider the Group and Bank to be solvent within the meaning ascribed by the Tanzania Companies Act, 2002.

Future Development Plans

In 2014, the Bank will continue implementing the 5-year strategy focusing mainly on consolidation of products, systems and platforms introduced in the previous years to ensure quality service, enhance product usage by customers, aggressive loan recovery and network expansion to increase outreach in areas where it does not have presence while focusing on operational excellence. To address high cost of funds, the Bank will aggressively focus on the untapped market through Agent banking (Fahari huduma) and service centre models, including low cost borrowing from international banks.

Critical Accounting Policies

Results of the Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility under the Tanzania Companies Act 2002 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in Notes 2 and 4 to the Financial Statements.

Capital Structure

The Bank's capital structure for the year under review is as follows:

Authorized

4,000,000,000 ordinary shares of TZS 25 each

Zilizotolewa na kulipia zote

Hisa za kawaida 2,176,532,160 za Shilingi 25 kwa kila hisa

Kwa mwaka huu hakukuwa na hisa zilizotolewa wala kununuliwa upya.

Wanahisa wa Benki

Jumla ya idadi ya wanahisa hadi kufikia mwisho wa mwaka ilikuwa 28,668 (2011 – wanahisa 29,466). Katiba ya Benki inatambua uwepo wa makundi matatu ya wanahisa, ambayo ni wanahisa wenye hisa asilimia 10 au zaidi ya jumla ya hisa zote zilizolipiwa, wanahisa wenye hisa kati ya asilimia 1 na chini ya asilimia 10 ya jumla ya hisa zote zilizolipiwa; na wanahisa wenye hisa chini ya asilimia 1. Hadi kufika mwisho wa mwaka, mgawanyo wa hisa kwa haya makundi matatu ulikuwa.

Issued and fully paid

2,176,532,160 ordinary shares of TZS 25 each

There were no shares issued or repurchased during the year.

Shareholders of the Bank

The total number of shareholders as at year end was 28,668 (2011 – 29,466 shareholders). The Bank's Articles of Association recognize three categories of shareholders, namely shareholders holding 10% or more of the total paid up shares, shareholders holding between 1% and less than 10% of the total paid up shares; and shareholders holding less than 1%. As at the end of the year, the shareholding of these three groups was as follows:

Makundi ya Wanahisa Shareholding group	2013		2012	
	Idadi ya Hisa No. of shares	%	Idadi ya Hisa No. of shares	%
10% and more	685,183,680	31.5	685,183,680	31.5
1% to less than 10%	462,572,726	21.3	411,283,530	18.9
Less than 1%	1,028,775,754	47.2	1,080,064,950	49.6
Jumla Total	2,176,532,160	100.0	2,176,532,160	100.0

Wanahisa wanaomiliki asilimia 1 au zaidi kama walivyokuwa tarehe 31 Desemba 2013 wameorodheshwa hapa chini:

Shareholders holding 1% or more as at 31 December 2013 are listed here under:

Wanahisa Shareholders	2013		2012	
	Idadi ya Hisa No. of shares	%	Idadi ya Hisa No. of shares	%
DANIDA Investment Fund	467,781,934	21.5	467,781,934	21.5
Parastatal Pension Fund (PPF)	217,401,746	10.0	217,401,746	10.0
Blakeney General Partners III Ltd	54,405,578	2.5	54,405,578	2.5
Aunali F. Rajabali and Sajjad F. Rajabali	49,031,060	2.3	-	-
Local Authority Provident Fund (LAPF)	48,397,958	2.2	44,372,958	2.0
Standard Chartered Bank Mauritius - Atree Custody Services	47,499,699	2.2	37,183,900	1.7
Standard Chartered Kenya Nominees A/C Pine bridge	40,072,400	1.8	-	-
Western Zone Tobacco Co-operative Union (WETCO)	36,000,000	1.7	36,000,000	1.7
Pictet & CIE A/C General Partners IV Ltd	35,282,392	1.6	24,582,392	1.1
Public Service Pension Fund (PSPF)	31,531,350	1.4	71,531,350	3.3
CMG Investment Limited	29,588,949	1.4	34,588,554	1.6
Epack Investment Funds Ltd	24,790,240	1.1	24,790,240	1.1
Hans Aingaya Macha	23,082,800	1.1	28,082,800	1.3
Lindi Development Corporation	21,660,000	1.0	21,660,000	1.0
Pictet & CIE A/C Patrick Schegg	21,230,300	1.0	-	-
Jumla -Total	1,147,756,406	52.8	1,096,467,210	48.8

TAARIFA YA SOKO LA HISA

Benki imeorodheshwa kwenye Soko la Hisa la Dar es Salaam. Bei ya hisa hadi kufikia tarehe 31 Disemba 2013 ilikuwa shilingi 280.00 (2012: Shilling 150.00). Thamani ya mtaji sokoni hadi kufikia tarehe 31 Disemba 2013 ilikuwa shilingi 609.43 bilioni (2012: Shilingi bilioni 326.48).

MAENEO MAKUU YA HATARI NA YASIYO NA HAKIKA

Kulingana na biashara ambayo Benki inafanya kuna maeneo makuu ya hatari na yasiyo hakika.

Hatari za Fedha.

Hatari za fedha ni pamoja na hatari ya mikopo, ukwasi na soko. Sera ya Benki ya usimamizi wa hatari za hasara inatolewa na Bodi na kufanyiwa kazi na menejimenti. Sera hizi zinahusisha utambuaaji, tathmini na njia za kukabiliana na hatari hizo. Maelezo zaidi ya hatari ya fedha zinazoikabili Benki yametolewa katika muhtasari namba 5 wa Taarifa za Hesabu.

Hatari Zihusuzo Uendeshaji

Benki ipo katika hatari za uendeshaji zinazotokana na mapungufu au kushindwa kwa mifumo ya ndani, watu, mifumo au matukio ya nje. Hata hivyo, Benki ina sera na muundo wa Benki wa udhibiti wa hatari ambavyo vinapunguza uwezekano wa kukumbana na hatari hizi.

USIMAMIZI WA HATARI ZA HASARA NA UDHIBITI WA NDANI

Bodi inakubali jukumu la mwisho la usimamaizi wa hatari za hasara na udhibiti wa mifumo ya ndani. Ni jukumu la menejimenti kuhakikisha inajenga na kuifanya endelevu mifumo imara ya ndani na usimamizi ya uendeshaji ili ilete hakika ya uwepo wa

- Uendeshaji wenye tija
- Usalama wa rasilimali za Benki
- Uzingatiaji wa sheria na taratibu
- Uendelevu wa biashara.

Utawala bora unategemea kuwepo kwa mfumo makini wa udhibiti na usimamizi wa taratibu zilizowekwa. Ili kuhakikisha kwamba mfumo wa udhibiti na usimamizi wa hatari za hasara unafanya kazi kwa tija na ufanisi. Benki inayo idara kamili ya usimamizi na udhibiti wa hatari za hasara na udhibiti wa ndani. Idara hii inasimamia na kuratibu utekelezaji wa mifumo ya Benki katika kusimamia hatari za hasara na udhibiti ndani ya Benki.

Kwa kuongezea, Bodi kupitia kamati yake ya Usimamizi wa Hatari za Hasara na Ukaguzi walitathmini mfumo

STOCK EXCHANGE INFORMATION

The Bank is listed on the Dar es Salaam Stock Exchange. The share price as at 31 December 2013 was TZS 280.00 (2012: TZS 150.00). Market capitalization as at 31 December 2013 was TZS 609.43 billion (2012: TZS 326.48 billion).

PRINCIPAL RISKS AND UNCERTAINTIES

The Bank is exposed to the following principal risks and uncertainties according to the nature of its business:

Financial Risks

Financial risks includes credit, liquidity and market risks. The Bank's overall risk management policies are set out by the Board and implemented by the Management. These policies involve identification, evaluation, mitigation and monitoring of such risks. More details of the financial risks facing the Bank are provided in note 3 to the financial statements.

Operational Risks

The Bank is exposed to operational risks that may arise from inadequate or failed internal processes, people, systems or external events. However the Bank has adequate operational risk policies and framework that cater for mitigation of these risks.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts ultimate responsibility for the risk management and internal control function of the Group. It is the responsibility of the Management to ensure that adequate internal control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- Operational efficiency;
- Safety of the Bank's assets;
- Compliance with applicable laws and regulations; and
- Business continuity.

Good governance is dependent on adequate and effective Governance Framework which is in line with best international practices. In order to ensure the internal controls remain adequate, the Bank has a fully-fledged Risk and Compliance function that coordinates and oversees the implementation of the enterprise wide risk management framework within the Group.

In addition, the Board through its Risk and Audit Committees evaluated the internal control systems during the financial year ended 31 December 2013.

wa udhibiti wa ndani kipindi cha mwaka wa fedha ulioshia tarehe 31 Desemba 2013. Ni maoni yetu kuwa vidhibiti vinatosheleza kuzuia hatari za hasara zilizomo kwenye uendeshaji wa Kundi.

UWEZO MUHIMU NA RASILIMALI

Kwa kipindi cha mwaka wa fedha wa 2013 huduma bora zenye lengo la kuboresha utimizaji wa matakwa ya mteja ziliendelea. Hii inatokana na imani kwamba mteja aliyeridhishwa na huduma hupelekea kuwa na mwanahisa aliyeridhika pia. Mkakati wetu wa kumjali mteja umejikita katika dhima kuu nne za kiuwezo nazo ni; watu, teknolojia, uzalishaji na uimara. Mara zote kuridhika kwa mteja hutokana na huduma bora kutoka kwa mfanyakazi, hivyo mfanyakazi anabaki kuwa rasilimali muhimu kama ilivyojionesha kwenye matokeo ya mwaka huu ambayo yametokana na kujituma na utendaji kazi uliotukuka wa wafanyakazi. Kundi lina wafanyakazi wenye ujuzi na uzoefu ambao ndio rasilimali kuu katika kuyafikia malengo ya biashara. Kundi imeendelea kuhamasisha mawasiliano ya kweli na wazi katika maamuzi.

Eneo jingine muhimu katika kuangazia wateja kwa miaka mingi ni uwekezaji kwenye tehamu. Tehamu ni nyenzo muhimu inayoweza upatikanaji wa tija. Tija ndio itakuwa mtazamo wa Benki kwa miaka mingi ijayo na mipango tulioifanya katika mwaka huu imetwezesha kupiga hatua katika kukazia utamaduni wa tija kwa Kundi lote.

Ndoto zetu ni kuifanya biashara yetu iwe rafiki kwa wateja wetu na yenye ufanisi kwa kipindi kirefu, wakati tukidhibiti gharama za muda mfupi ziwe za kiwango kinachokubalika. Ukichukulia uwezo wa Kundi, tuna nafasi kubwa ya kuwahudumia wateja wetu.

USTAWI WA WAFANYAKAZI

Mahusiano ya Uongozi na Wafanyakazi.

Kumekuwa na maendeleo ya mahusiano mazuri kati ya wafanyakazi na menejimenti katika mwaka 2013.

Mafunzo

Katika kipindi cha mwaka Benki ilitumia Shilingi bilioni 4.94 (2012 TZS bilioni 4.09) kwa mafunzo ya wafanyakazi ilikuongeza uwezo katika kazi. Mwaka 2013 Benki iliendelea kutoa elimu mahsusi za tehamu, hatari za biashara, menejimenti ya mahusiano na menejimenti ya mikopo kwa njia ya kielekroniki ili kuwawezesha wafanyakazi kuongeza ustadi ili kuzielewa kazi zao vema. Kundi pia limekuwa likiwawezesha wafanyakazi kujiunga na program ya

The Board is of the opinion that the available controls adequately and effectively mitigate the risks inherent in the Group's operations.

KEY STRENGTH AND RESOURCES

During the 2013 financial year, our multi-year trend of improving customer satisfaction continued. The underlying belief is that satisfied customers lead to satisfied shareholders. Our strategy of customer focus is built around four key capabilities: people, technology, productivity and strength. Customer satisfaction depends first and foremost on people and hence employees continue to be the most important asset as demonstrated by this year's result which is a tribute to their commitment and hard work. The group has skilled and experienced employees who are considered key resource in pursuing its business objectives. The group continues to encourage open and honest communication in decision making.

Another critical part of our customer focus over many years has been our investment in technology. ICT investment is also an important enabler of our group-wide focus on productivity. Productivity will be a multiyear focus for the organisation and the initiatives we embarked on during the year have seen us making a significant progress in embedding productivity culture throughout the Group.

Our aspiration is to continuously make our business more customer friendly and efficient in the long term, while managing short term expenses to an appropriate level. Given the strength of the Group we have ample capacity to support our customers.

EMPLOYEES' WELFARE

Management and Employees Relationship

There were continued good relation between employees and management for the year 2013.

Training Facilities

During the year, the Group spent TZS 4.94 billion (2012: TZS 4.09 billion) on staff training in order to improve employees' technical skills and performance. In year 2013, the Group continued to provide e-learning training courses covering soft skills and specialised courses for ICT, risk, relationship management and credit management which enable employees to acquire relevant skills for better understanding of their work. The Group also continues with Distance Learning Programme on banking certificate and diploma courses

elimu ya masafa kwa kozi za cheti na diploma za masuala ya benki zinazoweza kufikiwa na wafanyakazi wote nchi nzima.

Msaada wa Matibabu

Kundi limeendelea kutoa huduma za matibabu kwa watumishi wake, wenzi wao na watoto wasiozidi wanne. Kwa ziada, Benki inaendesha mpango wa afya kwa wafanyakazi ujulikanao kama Employee Wellness Programme (EWP) kwa kupitia mtoa huduma wa nje ili kusaidia wafanyakazi katika kuweka uwiano kati ya kazi na maisha ili kuhakikisha tija bora.

Afya na Usalama

Kundi linachukua hatua zote muhimu zinazowezekana ili kulinda afya, usalama na ustawi wa wafanyakazi wake. Mazingira salama ya kazi yamewekwa kwa kila mfanyakazi kwa kutoa vifaa vya kutosha vya kujilinda, mafunzo na usimamizi pale unapohitajika. Kundi linahakikisha mahitaji yote ya sheria ya OSHA yanatimizwa bila kukosa.

Misaada ya Fedha kwa Wafanyakazi

Mikopo inatolewa kwa wafanyakazi wote waliothibitishwa ajira zao kutegemea na tathmini na maamuzi ya menejimenti kutokana na mahitaji na hali ya mkopaji ili mradi ipo sawa na sera za rasilimali watu na mikopo.

Watu wenye Ulemavu

Ni sera ya Benki kutoa ajira kwa watu wenye ulemavu pale inapofaa. Kundi limekuwa likizingatia sera hii mara zote inapoajiri wafanyakazi.

Wafanyakazi

Hadi kufikia 31 Desemba, idadi ya wafanyakazi wa Kundi ilikuwa ni 2,158 (2012: wafanyakazi 1,898). Ukuaji wa idadi ya wafanyakazi kwa mwaka ulikuwa ni asilimia 14 ambao ni sambamba na ukuaji wa biashara. Kati ya idadi hiyo ya wafanyakazi wa Kundi hadi tarehe 31 Desemba 2013, 1,229 walikuwa ni wanaume na 929 walikuwa ni wanawake (2012: wanaume 1,083, wanawake 815). Kundi linatoa fursa sawa kwa wote katika nafasi za ajira na inahakikisha watu wenye sifa wanapata nafasi kwa kila nafasi bila kuangalia vigezo kama vile jinsia, ndoa, kabila, dini, ulemavu ambao hauna mahusiano na uwezo wa mtu katika kazi.

Misaada ya Kisiasa na Kijamii

Kundi halikutoa msaada wowote wa kisiasa katika mwaka huu. Misaada mingine ya kijamii ilifikia shilingi 512 milioni (2012: TZS 92 milioni).

that are easily accessed by all staff countrywide.

Medical Assistance

The Group continues to provide medical services to its employees, their spouses and up to four children. In addition, the Bank runs Employee Wellness Programme (EWP) through external service provider to assist employees in work-life balance and ensure better productivity.

Health and Safety

The Group takes all reasonable and practicable steps to safeguard health, safety and welfare of its employees. A safe working environment is maintained for all employees by providing adequate and proper personal protective equipment, training and supervision as necessary. The Group observes Occupational Safety and Health Administration (OSHA) requirements and ensure full compliance.

Financial Assistance to staff

Loans are available to all confirmed employees depending on the assessment and discretion of management as to the need and circumstances, as long as it is in line with the Human Resources and Credit Policies.

Persons with Disabilities

It is the Group's policy to provide employment to disabled persons wherever practicable. The Group has always considered this policy whenever it recruits.

Staffing

As at 31 December, the Group's number of employees was 2,158 employees (2012: 1,898 employees). The annual growth in staffing was 14%, in line with the business growth.

Out of the total number of staff in the Group as at 31 December 2013, 1,229 were male and 929 female (2012: 1,083 were male and 815 female). The Group gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors such as gender, marital status, tribes, religion, and disability which does not impair ability to discharge duties.

POLITICAL AND CHARITABLE DONATIONS

The Group did not make any political donations during the year. Charitable donations made amounted to TZS 512 million (2012: TZS 92 million).

PROGRAMU YA UHIFADHI MAZINGIRA

Kundi linasaidia uwekezaji katika sekta muhimu kama vile kilimo, viwanda na utalii, ambazo utunzaji na uhifadhi wa mazingira ni suala muhimu hasa katika kipindi ambacho mabadiliko ya tabia nchi yamekuwa ni changamoto kwa nchi zote ikiwemo Tanzania.

Katika kuunga mkono jitihada za uhifadhi na utunzaji wa mazingira. Kundi linakazia utimizaji wa mahitaji ya kisheria ya kufanya upembuzi wa athari za mazingira kwa kila mradi inayounga mkono.

WAKAGUZI WA HESABU

Wakaguzi wa Hesabu, Price WaterHouseCoopers, wameonyesha utayari wao kuendelea kuwa ofisini na wako tayari kwa uchaguzi mwingine. Azimio la kushauri uteuzi wao kama wakaguzi wa hesabu za Benki kwa mwaka unaofuatia utapelekwa katika Mkutano Mkuu wa Mwaka.

ENVIRONMENTAL CONTROL PROGRAMME

The Group supports investment in sectors such as agriculture, industry and tourism, in which environmental protection and conservation are a major issue at a time when climate change poses a serious challenge for all countries, including Tanzania. In supporting conservation and environmental protection efforts, the Group insists on compliance with statutory environmental impact assessment requirements for projects it supports.

AUDITORS

The auditors, PricewaterhouseCoopers have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing their reappointment as the Bank's auditors for the subsequent year will be put to the Annual General Meeting.

KWA IDHINI YA BODI/BY ORDER OF THE BOARD



Martin Mmari
Mwenyekiti/Chairman
21 /03/2014

Taarifa Juu ya Majukumu ya Wakurugenzi

Kwa Mwaka unaoishia 31 Desemba 2013

Statement of Directors' Responsibilities

For the Year Ended 31 December 2013

Sheria ya Makampuni, Namba 12 ya mwaka 2002 inawahitaji Wakurugenzi kuandaa Taarifa ya Fedha ya Mwaka inayotoa ukweli na sura halisi ya mambo ya Kundi na Benki kwa kipindi cha mwaka wa fedha kuhusu faida na hasara. Pia inahitaji wakurugenzi kuhakikisha kwamba Kundi na Benki inatunza kumbukumbu za hesabu vizuri inazotoa uwazi, kwa umakini, hali ya fedha ya Kundi na Benki. Wakurugenzi pia wanawajibika kutunza rasilimali za Kundi na Benki.

Wakurugenzi wanakubali jukumu la kuandaa taarifa za fedha za mwaka ambazo zimeandaliwa kwa kutumia sera sahihi za kiuhasibu sambamba na maamuzi na makadirio yaliyofanywa kwa kuzingatia uhalisia, yakiendana na viwango vya uwasilishaji hesabu za fedha za kimataifa na Sheria za Makampuni, Kifungu namba 12 ya mwaka 2002. Wakurugenzi wanaona kuwa taarifa za fedha za mwaka zinatoa sura ya ukweli na mtazamo halisi wa sura ya fedha ya Benki na faida yake. Wakurugenzi wanakubali jukumu la kuendelea kutunza kumbukumbu za hesabu ambazo zinaweza kutumika katika uandaaji taarifa za hesabu za fedha pamoja na mifumo ya udhibiti wa ndani wa fedha.

Hakuna kilichojitokeza kuwajulisha wakurugenzi kuonyesha Benki haitabakia tofauti na hali yake ya kawaida kwa kipindi kingine cha miezi 12 kuanzia Kutoka kwa taarifa hizi.

The Companies Act, CAP 212 Act No. 12 of 2002 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Group and Bank as at the end of the financial period and of its profit or loss. It also requires the Directors to ensure that the Group and Bank keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and Bank. The Directors are also responsible for safeguarding the assets of the Bank.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and Bank and of their profits. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.



Martin J. Mmari 21.03.2014
Mwenyekiti/ Chairman Tarehe/ Date

Report of The Independent Auditor to the Members of CRDB Bank Plc

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of CRDB Bank Plc (the Bank) and its subsidiaries (together, the Group), which comprise the statements of financial position as at 31 December 2013 of the Group and Bank, their statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

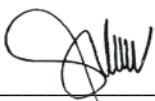
Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Group's and the Bank's financial affairs at 31 December 2013 and of their profits and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, CAP 212 Act No. 12 of 2002.

Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Michael M. Sallu, FCPA-PP

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

28 March 2014

Financial Statements

For the Year Ended 31 December 2013

Consolidated and Bank Statement of Profit or Loss and Other Comprehensive Income

	Note	GROUP		BANK	
		2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Interest and similar income	5	304,878	261,741	303,078	261,614
Interest expense	6	(69,277)	(55,465)	(69,049)	(55,464)
Net interest income		235,601	206,276	234,029	206,150
Loan impairment charges	19	(31,519)	(26,403)	(31,519)	(26,403)
Net interest income after loan impairment charges		204,082	179,873	202,510	179,747
Fee and commission income	7	92,759	75,171	88,987	71,957
Fee and commission expense		(644)	(566)	(10,774)	(7,380)
Net fee and commission income		92,115	74,605	78,213	64,577
Net foreign exchange income	8	28,528	22,782	27,854	22,252
Other operating income	9	696	1,082	57	178
Other operating expenses	10	(89,675)	(76,163)	(83,486)	(72,544)
Depreciation and amortization	11	(22,263)	(18,426)	(21,200)	(17,988)
Employee benefit expenses	12	(91,462)	(76,051)	(84,666)	(72,314)
Profit before tax		122,021	107,702	119,282	103,908
Income tax expense	13	(37,643)	(27,159)	(35,675)	(26,102)
Profit for the year		84,378	80,543	83,607	77,806
Profit for the year attributable to owners of the parent		84,378	80,543	83,607	77,806
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Revaluation gain on motor vehicles	34	-	3,983	-	3,328
Deferred tax on revaluation gain	34	-	(1,195)	-	(998)
		-	2,788	-	2,330
Items that may be subsequently reclassified to profit or loss:					
Translation reserve	34	(1,139)	(1,152)	-	-
Revaluation gain on available-for-sale	34	(162)	79	(162)	79
Government securities		(1,301)	(1,073)	(162)	79
Other comprehensive income for the year net of tax		(1,301)	1,715	(162)	2,409
Total comprehensive income for the year		83,077	82,258	83,445	80,215
Total comprehensive income for the year attributable to owners of the parent		83,077	82,258	83,445	80,215
Earnings per share					
Basic and diluted	14	38.76	37.00		

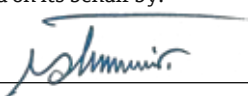
Financial Statements

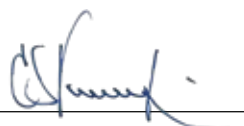
For the Year Ended 31 December 2013

Consolidated And Bank Statement of Financial Position

	Note	GROUP 2013 TZS' Million	2012 TZS' Million	BANK 2013 TZS' Million	2012 TZS' Million
ASSETS					
Cash and balances with Central Banks	16	506,222	472,641	499,203	469,088
Government securities	17	569,146	527,618	556,576	518,654
Loans and advances to banks	18	317,923	137,082	315,233	136,910
Loans and advances to customers	19	1,993,106	1,806,865	1,988,865	1,806,865
Equity investments	20	2,280	1,200	2,280	1,200
Other assets	21	44,271	26,082	43,273	26,561
Investment in subsidiaries	22	-	-	20,021	16,889
Current income tax recoverable		6,543	2,973	6,295	2,758
Property and equipment	23	97,809	81,295	93,603	77,223
Prepaid operating lease	24	515	23	515	23
Intangible assets	25	16,839	15,221	15,502	13,740
Deferred income tax asset	26	4,014	3,815	3,854	3,852
TOTAL ASSETS		3,558,668	3,074,815	3,545,220	3,073,763
LIABILITIES					
Deposits from customers	27	3,024,429	2,583,964	3,008,452	2,583,050
Deposits from banks	28	53,940	135,580	53,855	135,580
Other liabilities	29	46,142	29,279	54,585	33,527
Provisions	30	667	1,227	667	1,227
Grants	31	7,784	7,333	7,421	7,421
Short term borrowings	32.1	39,689	-	39,689	-
Subordinated debts	32.2	10,267	-	10,267	-
TOTAL LIABILITIES		3,182,918	2,757,383	3,174,936	2,760,805
EQUITY					
Share capital	33	54,413	54,413	54,413	54,413
Share premium	34	18,765	18,765	18,765	18,765
Retained earnings	34	298,753	239,566	292,871	234,469
General banking risk reserve	34	2,007	2,456	1,955	2,456
Translation reserve	34	(1,139)	(1,152)	-	-
Revaluation reserve	34	2,951	3,384	2,280	2,855
TOTAL EQUITY		375,750	317,432	370,284	312,958
TOTAL LIABILITIES AND EQUITY		3,558,668	3,074,815	3,545,220	3,073,763

The financial statements on pages 84 to 159 were approved and authorised for issue by the Board of Directors on 21 March 2014 and signed on its behalf by:


Mr. Martin J. Mmari
 Chairman


Dr. Charles S. Kimei
 Managing Director


Mr. Ally H. Laay
 Director

Financial Statements For the Year Ended 31 December 2013

Statements of Changes in Equity

GROUP	Year ended 31 December 2013	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Translation reserve TZS' Million	Total TZS' Million
	At 1 January 2013	54,413	18,765	239,566	2,456	3,384	(1,152)	317,432
	Comprehensive income							
	Profit for the year	-	-	84,378	-	-	-	84,378
	Revaluation surplus on motor vehicles	-	-	-	-	-	-	-
	Gain on available-for-sale Government securities fair valuation	-	-	-	-	(162)	-	(162)
	Translation reserve	-	-	(13)	-	-	13	-
	Transfer of excess depreciation	-	-	491	-	(491)	-	-
	Deferred tax on excess depreciation	-	-	-	-	220	-	220
	Total comprehensive income			84,856		(433)	13	84,436
	Transfer to statutory reserve	-	-	449	(449)	-	-	-
	Transactions with shareholders							
	Dividends declared	-	-	(26,118)	-	-	-	(26,118)
	At 31 December 2013	54,413	18,765	298,753	2,007	2,951	(1,139)	375,750

Financial Statements

For the Year Ended 31 December 2013

Statements of Changes in Equity (continued)

GROUP	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Translation reserve TZS' Million	Total TZS' Million
Year ended 31 December 2012							
At 1 January 2012	54,413	18,765	179,776	1,154	656	-	254,764
Comprehensive income							
Profit for the year	-	-	80,543	-	-	-	80,543
Revaluation surplus on motor vehicles	-	-	-	-	2,788	-	2,788
Gain on available-for-sale Government Securities fair valuation	-	-	-	-	79	-	79
Translation reserve	-	-	-	-	-	(1,152)	(1,152)
Transfer of excess depreciation	-	-	210	-	(210)	-	-
Deferred tax on excess depreciation	-	-	(71)	-	71	-	-
Total comprehensive income	-	-	80,682	-	2,728	(1,152)	82,258
Transfer to statutory reserve	-	-	(1,302)	1,302	-	-	-
Transactions with shareholders							
Dividends declared	-	-	(19,590)	-	-	-	(19,590)
At 31 December 2012	54,413	18,765	239,566	2,456	3,384	(1,152)	317,432

Financial Statements

For the Year Ended 31 December 2013

Statements of Changes in Equity (continued)

BANK

Year ended 31 December 2013	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Total TZS' Million
At 1 January 2013	54,413	18,765	234,469	2,456	2,854	312,957
Comprehensive income						
Profit for the year	-	-	83,607	-	-	83,607
Revaluation surplus on motor vehicles	34	-	-	-	-	-
Gain on a available-for-sale Government	34	-	-	-	(162)	(162)
Transfer of excess depreciation	34	-	412	-	(412)	-
Deferred tax on excess depreciation	-	-	-	-	-	-
Total comprehensive income	34	-	84,019	-	(574)	83,445
Transfer to statutory reserve	-	-	501	(501)	-	-
Transactions with shareholders						
Dividend declared	-	-	(26,118)	-	-	(26,118)
At 31 December 2013	54,413	18,765	292,871	1,955	2,280	370,284

Financial Statements

For the Year Ended 31 December 2013

Statements of Changes in Equity (continued)

BANK

Year ended 31 December 2012	Share capital TZS' Million	Share premium TZS' Million	Retained earnings TZS' Million	General banking risk reserve TZS' Million	Revaluation reserve TZS' Million	Total TZS' Million
At 1 January 2012	54,413	18,765	177,365	1,154	635	252,333
Comprehensive income						
Profit for the year	-	-	77,806	-	-	77,806
Revaluation surplus on motor vehicles	34	-	-	-	2,330	2,330
Gain on available-for-sale Government securities fair valuation	34	-	-	-	79	79
Transfer of excess depreciation	-	-	254	-	(254)	-
Deferred tax on excess depreciation	34	-	(64)	-	64	-
Total comprehensive income	-	-	77,996	-	2,219	80,215
Transfer to statutory reserve	-	-	(1,502)	1,502	-	-
Transactions with shareholders						
Dividend declared	-	-	(19,590)	-	-	(19,590)
At 31 December 2012	54,413	18,765	234,469	2,456	2,854	312,958

Financial Statements

For the Year Ended 31 December 2013

Consolidated and Bank Statement of Cash Flows

	Note	GROUP 2013 TZS' Million	2012 TZS' Million	BANK 2013 TZS' Million	2012 TZS' Million
Cash flow from operating activities					
Profit before income tax		122,021	107,702	119,282	103,908
Adjustment for:					
Depreciation of property and equipment	23	18,516	15,710	17,817	15,436
Amortization of intangible assets	25	3,735	2,713	3,376	2,549
Amortization of prepaid operating leases	24	6	43	6	43
(Gain)/loss on disposal of property and equipment		29	(42)	29	(42)
Loan impairment charges	19	31,519	26,403	31,519	26,403
Net interest income		(235,601)	(206,276)	(234,029)	(206,150)
Net fee and commission income		(92,115)	(74,605)	(78,213)	(64,577)
		(151,890)	(128,352)	(140,213)	(122,430)
Statutory minimum reserve		(42,054)	(3,680)	(42,054)	(3,680)
Investment securities		(47,733)	(113,110)	(44,391)	(105,126)
Loans and advances to banks		(1,122)	(140)	(1,122)	(140)
Loans and advances to customers		(205,552)	(404,031)	(201,321)	(404,006)
Other assets		(24,090)	(10,160)	(22,383)	(10,674)
Deposits from banks		(81,640)	132,679	(81,725)	132,679
Deposits from customers		433,494	175,463	418,537	174,457
Other liabilities		15,591	(6,038)	19,787	(2,575)
Grants		451	6,912	-	7,069
Change in defined liability gain		-	(8,137)	-	(8,137)
Interest received		295,956	261,741	294,825	261,614
Interest paid		(62,306)	(55,465)	(62,184)	(55,464)
Fee and commission income	7	92,759	75,171	88,987	71,957
Fee and commission expense		(644)	(566)	(10,774)	(7,380)
Income tax paid		(47,671)	(24,228)	(45,908)	(23,272)
Tax refund		6,693	-	6,693	-
Net cash from/(used in) operating activities		180,242	(101,941)	176,754	(95,108)
Cash flows from investing activities					
Other investments	20	(1,080)	-	(1,080)	-
Investment in subsidiary	22	-	-	(3,132)	(16,161)
Purchase of property and equipment	23	(35,178)	(28,119)	(34,366)	(24,999)
Acquisition of leasehold land	24	(498)	(165)	(498)	(165)
Purchase of intangible assets	25	(5,339)	(3,872)	(5,138)	(2,392)
Proceeds from disposal of property and equipment		136	315	136	315
Net cash from/(used in) investing activities		(41,959)	(31,841)	(44,078)	(43,402)

Consolidated and Bank Statement of Cash Flows (continued)

	Note	GROUP		BANK	
		2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Cash flow from financing activities					
Dividends paid		(24,848)	(19,148)	(24,848)	(19,148)
Repayment of borrowings		-	(1,920)	-	(1,920)
Proceeds from borrowings	32	49,956	-	49,956	-
Net cash from/(used in) financing activities		25,108	(21,068)	25,108	(21,068)
Cash and cash equivalents at 1 January		312,196	467,192	307,491	467,192
Net cash from/(used in) operating activities		180,242	(101,941)	176,754	(95,108)
Net cash from/(used in) investing activities		(41,959)	(31,841)	(44,078)	(43,402)
Net cash from/(used in) financing activities		25,108	(21,068)	25,108	(21,068)
Effect of exchange rate change on cash and cash equivalent		110	(146)	125	(123)
Cash and cash equivalents at 31 December	35	475,697	312,196	465,401	307,491

NOTES

1 GENERAL INFORMATION

CRDB Bank Plc (the "Bank") and its subsidiaries CRDB Microfinance Company Services Limited and CRDB Bank Burundi S.A (together, "the Group") provide corporate and retail Banking services including microfinance services in Tanzania as well as in Burundi. The Bank is a public limited company incorporated under the Companies Act 2002 and is domiciled in Tanzania.

The Bank and CRDB Microfinance Services Company Limited operate in Tanzania. CRDB Bank Burundi S.A. operates in Burundi.

The Bank's shares are listed on the Dar es Salaam Stock Exchange (DSE).

The address of its registered office is as follows:
4th Floor,
Office Accomodation Scheme Building
Azikiwe Street
PO Box 268
Dar es Salaam

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except as modified by the revaluation of motor vehicles, available-for-sale financial assets and financial assets held at fair value through profit or loss. Additional information required by the Tanzania Companies Act 2002 is included where appropriate.

The financial statements are presented in Tanzania shillings (TZS) and the amounts are rounded to the nearest million, except where otherwise indicated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The directors believe that the underlying assumptions are appropriate and that the group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

i) New and amended standards adopted by the Group and Bank

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2013 and have a material impact on the Group and Bank:

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment only affects presentation on the face of the statement of comprehensive income.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of IFRS 13 has increased the extent of fair value disclosures in the financial statements.

There are no other new or revised standards or interpretations issued and effective that would be expected to have a material impact on the Group.

ii) **New standards and interpretations not yet adopted by the Group and Bank**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group and Bank, except the following set out below:

IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group and Bank are not currently subjected to significant levies so the impact on the Group and Bank is not material. This IFRIC is effective for annual periods beginning on or after 1 January 2014.

Annual improvements 2010-2012 and 2011-2013 cycles – These are collections of 7 and 4 amendments to standards respectively as part of the IASB's programme to annual improvements. The amendments are all effective for annual periods beginning on or after 1 July 2014 and the directors are currently assessing the impact of these improvements on their financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries CRDB Microfinance Services Company Limited and CRDB Bank Burundi S.A. for the year ended 31 December 2013.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

The Bank uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Bank. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Bank

NOTES (continued)

(b) Consolidation (continued)

recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Bank companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Bank.

Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. Dividend income is recognised when the right to receive payment is established.

(c) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral

part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

(d) Fees and commission income

Fees and commission are generally recognised on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and amortised over the loan tenure

Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction.

(e) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Tanzanian Shillings (TZS), which is the Group's presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies during the year are converted into the Tanzanian Shillings using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities

(f) Foreign currency translation (continued)

denominated in foreign currencies are recognised in the profit and loss account.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- c) All resulting exchange differences are recognised in other comprehensive income and accumulated in 'translation reserve' in equity.

(g) Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. Management determines the appropriate classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Bank upon initial recognition designates as available for sale; or

- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the balance sheet as loans and advances to other banks or customers or as investment securities. Interest on loans is included in the statement of profit or loss and is reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of profit or loss as 'loan impairment charges'.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity, other than:

- (a) those that the Bank upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Bank designates as available for sale; and
- (c) those that meet the definition of loans and receivables.

Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the statement of profit or loss and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the statement of profit or loss as 'net gains/(losses) on investment securities'. Held-to-maturity investments include corporate bonds and Government securities.

(iii) Available for sale

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite

NOTES (continued)

period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income and accumulated in a separate reserve in equity, revaluation reserve, until the financial asset is derecognised.

(iv) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Bank designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed and can only be applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or

- the financial assets consist of debt host and an embedded derivatives that must be separated.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

(h) Recognition of financial assets

The Bank uses trade date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the balance sheet as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

(i) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

(i) Determination of fair value (continued)

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the balance sheet date.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

(j) Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished. Such financial liabilities include deposits from banks or customers and other liabilities.

(k) Derivative financial instruments

Derivatives, which comprise solely forward foreign exchange contracts, are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. The derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in profit or loss. These derivatives are trading derivatives and are classified as a current asset or liability.

(l) Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(m) Classes of financial instruments

The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen on the table below:

Category (as defined by IAS 39)	Class (as determined by the Bank)		Subclasses
Financial assets	Loans and receivables	Loans and advances to banks	
		Loans and advances to customers	Loans to individuals (retail)
	Loans to corporate		Corporate customers Others
	Held to maturity Investments		Investment securities debt securities
	Available - for - sale financial assets	Investment securities	Unlisted
	Investment securities - equity securities		
Financial liabilities	Financial liabilities at amortised cost	Deposits from banks	
		Deposits from customers	Retail customers Corporate customers
Off-balance sheet financial Instruments	Loan commitments		
	Guarantees, acceptances and other financial facilities		

NOTES (continued)

(n) Impairment of financial assets

(i) Assets carried at amortised cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payment;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is revised by adjusting the allowance account. The amount of the reversal is recognised in profit or loss in impairment charge for credit losses.

(ii) Assets classified as available-for-sale

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss account. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss account.

(iii) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans, when management confirms that arrears have been cleared. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

(o) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in 2013.

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(q) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial

reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(r) Provisions

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

(s) Property and equipment

Motor vehicles are stated in the statement of financial position at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The valuation is determined by independent valuers with reference to the market value of the motor vehicles. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase arising on the revaluation of such motor vehicles is recognized in other comprehensive income and cumulated in revaluation reserve in equity except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the

NOTES (continued)

(s) Property and equipment (continued)

revaluation of such motor vehicles is recognized in the profit or loss to the extent that it exceeds the balance, if any, held in revaluation reserve relating to a previous revaluation of that asset. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from 'revaluation surplus' to retained earnings.

Land and buildings comprise mainly branches and offices. All property and equipment except motor vehicles are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to profit or loss for the year operating expenses during the financial period in which they are incurred. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Bank buildings	40 years
Computer equipment	5 years
Motor vehicles	7 years
Office equipment	5 years
Furniture and fittings	5 years
Smart card equipment	8 years
Mobile branch	5 years
Security equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis

as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When revalued assets are sold, the amounts included in revaluation surplus relating to those assets are transferred to retained earnings.

(t) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (ten years for the core banking system, and three to five years for other systems).

(u) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with Bank of Tanzania, Investment securities and amounts due from other banks. Cash and cash equivalents excludes the cash reserve requirement held with Central Banks.

(v) Employee benefits

(i) Retirement benefit obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient

(v) Employee benefits (continued)

assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses are recognised in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

A settlement occurs when the Bank enters into a contractually binding agreement, and the employees concerned have made an irrevocable decision to agree to the proposal that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan. The resulting gain or loss is recognised in the statement of profit or loss and is based on:

- any resulting change in the present value of the defined benefit obligation and fair value of plan assets, and
- any related actuarial gains and losses and past service cost that had not previously been recognised.

The Group's contributions in respect of retirement benefit costs are charged to the profit or loss in the year to which they relate. The Group makes contributions to National Social Security Fund and Parastatal Pension Fund, statutory defined contribution pension schemes. The Group's obligations under the schemes are limited to specific contributions legislated from time to time and are charged to the profit or loss in the year in which they relate.

(ii) Other entitlements

Contract staff are entitled to gratuity payment at the completion of the contract. Provision is made for gratuity in line with the contracts.

Entitlements to annual leave are recognized when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued at the end of the reporting period end.

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(w) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(x) Dividend distribution

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until ratified at the Annual General Meeting. Payment of dividends is subjected to withholding tax at the enacted rate of 5%.

(y) Earnings per share

The Group presents basic and diluted earnings per share (EPS) in the consolidated financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTES (continued)

(z) Grants

Grants related to assets are treated as deferred income and released to the profit or loss over the expected useful lives of the assets concerned. Grants towards improvement of Group's processes are recognized to profit or loss over the periods necessary to match them with the related costs.

(aa) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The leases entered into by the Bank are operating leases. The total payments made under operating leases are charged to other operating expenses in the statement of profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ab) Contingencies and commitments

Transactions are classified as contingencies where the bank's obligations depend on uncertain future events. Items are classified as commitments where the bank commits itself to future transactions if the items will result in the acquisition of assets.

Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation.

Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

(ac) Comparatives

Except when a standard or an interpretation

permits or requires otherwise, all amounts are reported or disclosed with comparative information.

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

(ad) Segment reporting

In accordance with IFRS 8, the Group has the following business segments: Treasury, Retail banking and Microfinance and Corporate banking.

The following segment information has been prepared in accordance with the "management approach" which requires presentation of segments on the basis of the internal reports about components of the entity which are regularly reviewed by the Director of finance or Exco in order to allocate resources to segments as to assess its performance.

The following business segments represent the Group's organization structure as reflected in the internal management reporting system. For management purposes, the Group is divided into the following three segments:

i) Corporate banking

Includes services and products to corporate and high net worth individuals including deposits, letters of credit, guarantee, lending and other products and dealing with financial institutions.

ii) Retail banking and microfinance

Includes services and products to individuals and small and medium enterprises, including deposits and lending.

iii) Treasury

Includes treasury services, investment management services and asset management activities related to dealing managing and custody of securities. This segment also includes all other cost centers and profit centers in the head office in areas of technology services and support and currency exchange.

The following tables represent income, expenses and certain assets and liability information regarding the Group's reportable segments for the year ended 31 December 2013 and 31 December 2012.

(ad) Segment reporting

Year ended 31 December 2013	Corporate Banking TZS' Million	Retail Banking & Microfinance TZS' Million	Treasury TZS' Million	Total TZS' Million
Interest income	158,930	70,032	75,916	304,878
Interest expense	(43,428)	(25,849)	-	(69,277)
Internal net interest income/(expense)	14,226	31,884	(46,110)	-
Net interest income	129,728	76,067	29,806	235,601
Loan impairment charges	(25,968)	(5,551)	-	(31,519)
Net interest income after loan impairment charges	103,759	70,517	29,806	204,082
Fees and commission income	36,042	56,717	-	92,759
Fees and commission expenses	(242)	(402)	-	(644)
Net fees and commission income	35,800	56,315	-	92,115
Net foreign exchange income	0	674	27,854	28,528
Other operating income	34	691	(29)	696
General and administration expenses	(34,341)	(49,068)	(6,266)	(89,675)
Employee benefit expenses	(37,454)	(47,556)	(6,452)	(91,462)
Depreciation and amortisation	(8,519)	(13,744)	-	(22,263)
Profit Before Tax	59,279	17,829	44,913	122,021
Income tax expense	(17,790)	(6,380)	(13,473)	(37,643)
Profit for the year	41,489	11,448	31,440	84,378
Assets and Liabilities				
Segment assets	1,229,466	793,417	1,312,206	3,335,089
Unallocated assets	-	-	-	223,579
Total assets				3,558,668
Segment liabilities	1,406,118	1,350,976	126,750	2,883,844
Unallocated liabilities	-	-	-	299,074
Total liabilities				3,182,918

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For the Year Ended 31 December 2013

NOTES (continued)

(ad) Segment reporting (continued)

Year ended 31 December 2012	Corporate Banking TZS' Million	Retail Banking & Microfinance TZS' Million	Treasury TZS' Million	Total TZS' Million
Interest income	125,878	66,647	69,216	261,741
Interest expense	(37,211)	(18,039)	(215)	(55,465)
Internal income/(charges)	19,708	25,670	(45,378)	-
Net interest income	108,375	74,278	23,623	206,276
Loan impairment charges	(21,398)	(5,005)	-	(26,403)
Net interest income after loan impairment charges	86,977	69,273	23,623	179,873
Fees and commission income	30,449	44,722	-	75,171
Fees and commission expenses	(242)	(324)	-	(566)
Net fees and commission income	30,207	44,398	-	74,605
Net foreign exchange income	13,433	3,653	5,696	22,782
Other operating income	60	1,022	-	1,082
Other operating expenses	(34,331)	(36,474)	(5,358)	(76,163)
Employee benefit expenses	(35,539)	(35,621)	(4,891)	(76,051)
Depreciation and amortisation	(7,995)	(10,431)	-	(18,426)
Profit before income tax	52,812	35,820	19,070	107,702
Income tax expense	(14,038)	(9,032)	(4,089)	(27,159)
Profit for the year	38,774	26,788	14,981	80,543
Assets and Liabilities				
Segment assets	871,695	942,356	1,118,114	2,932,195
Unallocated assets	-	-	-	142,620
Total assets				3,074,815
Segment liabilities	1,323,484	1,271,582	119,301	2,714,367
Unallocated liabilities	-	-	-	43,017
Total liabilities				2,757,384

(ad) Segment reporting (continued)

Geographically, the Group operates in the United Republic of Tanzania and in the Republic of Burundi. The financial performance and financial position of the Group by the geographic segments is as follows:

Year ended 31 December 2013	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
External operating income			
Interest income	303,077	1,801	304,878
Interest expense	(69,049)	(228)	(69,277)
Net interest income	234,028	1,573	235,601
Loan impairment charges	(31,519)	-	(31,519)
Net interest income after loan impairment charges	202,509	1,573	204,082
Fees and commission income	92,525	234	92,759
Fees and commission expenses	(612)	(32)	(644)
Net fees and commission income	91,913	202	92,115
Net foreign exchange income	27,854	674	28,528
Other operating income	626	70	696
Other operating expenses	(86,817)	(2,342)	(89,159)
Employee benefit expenses	(89,083)	(2,379)	(91,462)
Depreciation and amortisation	(21,547)	(1,232)	(22,779)
Profit/(loss) Before Tax	125,455	(3,434)	122,021
Income Tax Expense	(37,643)	-	(37,643)
Profit/(loss) for the year	87,812	(3,434)	84,378
Assets and Liabilities			
Segment assets	3,526,930	31,738	3,558,668
Segment liabilities	3,165,592	17,326	3,182,918

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NOTES (continued)

(ad) Segment reporting (continued)

Geographically, the Group operates in the United Republic of Tanzania and in the Republic of Burundi. The financial performance and financial position of the Group by the geographic segments is as follows:

Year ended 31 December 2012	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
External operating income			
Interest income	261,614	127	261,741
Interest expense	(55,464)	(1)	(55,465)
Net interest income	206,150	126	206,276
Loan impairment charges	(26,403)	-	(26,403)
Net interest income after loan impairment charges	179,747	126	179,873
Fees and commission income	75,168	3	75,171
Fees and commission expenses	(566)	-	(566)
Net fees and commission income	74,602	3	74,605
Net foreign exchange income	22,252	530	22,782
Other operating income	1,082	-	1,082
Other operating expenses	(75,815)	(348)	(76,163)
Employee benefit expenses	(75,604)	(447)	(76,051)
Depreciation and amortisation	(18,242)	(184)	(18,426)
Net operating income/(loss)	108,022	(320)	107,702
Results			
Profit/(loss) before income tax	108,022	(320)	107,702
Tax charge	(27,159)	-	(27,159)
Profit/(loss) for the year	80,863	(320)	80,543
Assets and Liabilities			
Segment assets	3,055,631	19,184	3,074,815
Segment liabilities	2,753,311	4,072	2,757,383

(ad) Segment reporting (continued)

Geographically, the Group operates in the United Republic of Tanzania and in the Republic of Burundi. The cash flow of the Group by the geographic segments is as follows:

Year ended 31 December 2013	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
Net cash from operating activities	178,132	2,110	180,242
Net cash used in investing activities	(41,352)	(607)	(41,959)
Net cash (used in)/generated from financing activities	21,758	3,350	25,108
Net increase in cash and cash equivalent	158,538	4,853	163,391
Cash and cash equivalents at 1 January	305,214	6,982	312,196
Effect of exchange rate change in cash and cash equivalent	2,043	(1,933)	110
Cash and cash equivalent at 31 December	465,795	9,902	475,697

Year ended 31 December 2012	Tanzania TZS' Million	Burundi TZS' Million	Total TZS' Million
Net cash used in operating activities	(98,546)	(3,395)	(101,941)
Net cash used in investing activities	(27,621)	(4,220)	(31,841)
Net cash (used in)/generated from financing activities	(35,459)	14,391	(21,068)
Net (decrease)/increase in cash and cash equivalents	(161,626)	6,776	(154,850)
Cash and cash equivalents at 1 January	467,192	-	467,192
Effect of exchange rate change in cash and cash equivalent	(352)	206	(146)
Cash and cash equivalent at 31 December	305,214	6,982	312,196

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance. The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. As part of its governance structure, the Board of Directors has embedded a comprehensive risk management framework for measuring, monitoring, controlling and mitigation of the Group's risks. The policies are integrated in the overall management information systems of the group and supplemented by a management reporting structure.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered, and emerging best practice.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees / stakeholders understand their roles and obligations. The Board's Credit Committee, Governance, Human Resource, Risk

NOTES (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

Management Committee, and Audit Committee are responsible for monitoring compliance with the Group's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by the group. These committees are assisted in these functions by various management committees which undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

The most important type of risks are:

- Credit risk
- Liquidity risk
- Market risk

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

3.1 Credit risk

The Group and the Bank take on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Group and the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Group's and the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's and Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

The credit risk management and control are centralised in the credit risk management team of the Bank and reported to the Board of Directors and heads of department regularly.

3.1.1 Credit risk measurement

(a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group and Bank reflect three components (i) the 'probability of default' by the client or counterparty on its contractual obligations and (ii)

current exposures to the counterparty and its likely future development, from which the Group derives the 'exposure at default'.

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are embedded in the Banks' daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses.

- (i) The Group and Bank assess the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty in line with the Bank of Tanzania (BOT) guidelines. Customers of the Banks' are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes.

Group's internal ratings scale

Group's rating	Description of the grade
1	Current
2	Especially Mentioned
3	Sub-standard
4	Doubtful
5	Loss

- (ii) Exposure at default is based on the amounts the Group or Bank expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group and Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

3.1.2 Risk limit control and mitigation policies

The Group and Bank manages limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparties and groups, and to industries.

The Group and Bank structures the levels of credit risk they undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry

3. FINANCIAL RISK MANAGEMENT (continued)

3.1.2 Risk limit control and mitigation policies (continued)

segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits, where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group and Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group and Bank implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings on behalf of a customer authorising a third party to draw drafts on a bank up to a stipulated

amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group and the Bank are potentially exposed to loss in amounts equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group and Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(c) Lending limits (for derivatives and settlement risk)

The Group and Bank maintain strict control limits on net derivative positions (i.e difference between purchases and sales contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group and Bank (i.e assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank's market transactions on any single day.

NOTES (continued)

3.1.3 Impairment and provisioning policies

The Group and the Bank establish an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. These allowances are a specific loss component that relates to individual exposures and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

The Group writes off loans and advances net of any related allowances for impairment losses, when the Board's Credit Committee determines that the loans and advances are uncollectible and securities unrealizable. This determination is reached after considering information such as the occurrence of significant changes in the borrower or issuer's financial position such that the borrower or issuer can no longer pay the obligation, or that proceeds from sale of collateral will not be sufficient to pay back the entire exposure and after exhausting all other means including litigation. For smaller balance standardized loans, charge off decisions are generally based on a product specific past due status.

3.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

Financial instruments whose carrying amounts do not represent the maximum exposure to credit risk without taking account of any collateral held or other credit enhancements includes; guarantees and indemnities, letters of credit and commitments to extend credit as disclosed under notes 37 and 38.

The total maximum exposure for the group is derived from loans and advances to customers and loans and advances to banks at 86.2% (2012: 92.9%) and 13.8% (2012: 7.1%) respectively. The total maximum exposure for the bank is derived from loans and advances to customers and loans and advances to banks at 86.3% (2012: 93.0%) and 13.7% (2012: 7.0%) respectively.

The Directors are confident in the ability to continue to control and sustain minimal exposure of credit risk to the Group and Bank resulting from the loan and advances portfolio as corporate loans which represents the greatest group in the portfolio are backed by collaterals.

3.1.5 Loans and advances

Loans and advances are summarised as follows:

GROUP

Amounts are in TZS' Million	31 December 2013		31 December 2012	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	1,845,259	317,923	1,641,186	137,082
Past due but not impaired	56,824	-	73,568	-
Impaired	126,307	-	124,586	-
Gross	2,028,390	317,923	1,839,340	137,082
Less: Allowances for impairment	(35,284)	-	(32,475)	-
Net	1,993,106	317,923	1,806,865	137,082

BANK

Amounts are in TZS' Million	31 December 2013		31 December 2012	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	1,841,018	315,233	1,641,186	136,910
Past due but not impaired	56,824	-	73,568	-
Impaired	126,307	-	124,586	-
Gross	2,024,149	315,233	1,839,340	136,910
Less: Allowances for impairment	(35,284)	-	(32,475)	-
Net	1,988,865	315,233	1,806,865	136,910

3.1.5 Loans and advances (continued)

The total impairment provision for loans and advances represents both individually impaired loans and loans assessed on a portfolio basis. Further information of the impairment allowance for loans and advances to customers is provided in Note 19.

During the year ended 31 December 2013, the total loans and advances of the Bank increased by 10.1%

(2012: 26.4%) while the Group's total loans and advances increased by 10.3% (2012: 26.4%).

When entering into new markets or new industries, in order to minimise the potential increase of credit risk exposure, the Bank focused more on the business with large corporate enterprises or banks with good credit rating or retail customers providing sufficient collateral.

(a) Loans and advances neither past due nor impaired

The portfolio of loans and advances that were neither past due nor impaired are classified as current. These fall into the following categories:

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
MFI's	140,558	176,401	140,558	176,401
Consumer	272,696	215,634	272,696	215,634
SMEs	159,389	112,048	159,389	112,048
Corporate	1,272,616	1,137,103	1,268,374	1,137,103
Total	1,845,259	1,643,198	1,841,018	1,643,198
Advance to banks	317,923	137,082	315,472	136,910

b) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances, by class, to customers that were past due but not impaired were as follows:

Group and Bank

	2013 TZS' Million	2012 TZS' Million
MFI's	6,253	3,770
Consumer	10,280	6,821
SMEs	5,148	6,921
Corporate	35,142	56,056
Total	56,824	73,568

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NOTES (continued)

3.1.5 Loans and advances (continued)

Group and Bank

Amounts are in TZS' Million

31 December 2013	Past due up to 30 days	Past due 30 - 60 days	Past due 60-90 days	Grand Total
MFI's	1,496	3,100	1,656	6,253
Consumer	576	7,441	2,263	10,280
SME's	1,134	2,930	1,084	5,148
Corporate	6,701	4,517	23,925	35,142
Total	9,907	17,988	28,929	56,824

31 December 2012	Past due up to 30 days	Past due 30 - 60 days	Past due 60-90 days	Grand Total
MFI's	164	3,204	858	4,226
Consumer	107	4,514	2,212	6,832
SME's	3,323	1,928	1,664	6,914
Corporate	27,346	5,901	22,348	55,595
Total	30,940	15,546	27,082	73,568

c) Impaired loans and advances

The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

Group and Bank	2013 TZS' Million	2012 TZS' Million
MFI's	8,298	10,956
Consumer	7,492	8,407
SMEs	6,872	10,208
Corporate	103,644	95,015
Total	126,307	124,586

There were no individually impaired loans and advances to banks as at 31 December 2013 (2012: Nil).

3.1.6 Investment securities

The investment securities held by the Group and Bank comprise treasury bills and bonds issued by the Government and Tanzania Mortgage Refinancing Company (TMRC)'s shares. All these investments were considered to be neither past due nor impaired. These investment securities are held with the Government or institutions with good financial standing and no history of default.

3.1.7 Concentration of risks of financial assets with credit risk exposure

The following tables break down the Group's and Bank's main credit exposure at their carrying amounts, as categorised by industry sector and geographical sectors as of 31 December 2013.

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For the Year Ended 31 December 2013

NOTES (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

Industry sectors Group

Amounts are in TZS'Million

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Credit exposures as at 31 December 2013									
On Balance sheet items									
Balances with Central Banks	377,022	-	-	-	-	-	-	-	377,022
Loans and advances to banks	317,923	-	-	-	-	-	-	-	317,923
Government securities	569,146	-	-	-	-	-	-	-	569,146
Loans and advances to customers	92,955	222,785	260,823	206,242	108,398	378,540	281,300	442,063	1,993,106
Other assets*	30,046	-	-	-	-	-	-	-	30,046
	1,387,092	222,785	260,823	206,242	108,398	378,540	281,300	442,063	3,287,243
Off-Balance sheet items									
Guarantees and indemnities	-	-	-	-	-	-	-	194,365	194,365
Letters of credit	-	-	-	-	-	-	-	477,838	477,838
	-	-	-	-	-	-	-	672,203	672,203

* Other assets (excludes prepayments, stock and advance capital as they are not financial assets)

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NOTES (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

Group

Amounts are in TZS'Million

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Credit exposures as at 31 December 2012									
On Balance sheet items									
Balances with Central Banks	352,484	-	-	-	-	-	-	-	352,484
Loans and advances to banks	137,082	-	-	-	-	-	-	-	137,082
Government securities	527,618	-	-	-	-	-	-	-	527,618
Loans and advances to customers	-	179,322	209,734	140,851	108,014	438,240	232,543	498,161	1,806,865
Other assets	26,082	-	-	-	-	-	-	-	26,082
	1,043,266	179,322	209,734	140,851	108,014	438,240	232,543	498,161	2,850,131
Off-Balance sheet items									
Guarantees and indemnities	-	-	-	-	-	-	-	60,589	60,589
Letters of credit	-	-	-	-	-	-	-	164,060	164,060
	-	-	-	-	-	-	-	224,649	224,649

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For the Year Ended 31 December 2013

NOTES (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

Bank

Amounts are in TZS'Million

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Credit exposures as at 31 December 2013									
On Balance sheet items									
Balances with Central Banks	371,098	-	-	-	-	-	-	-	371,098
Loans and advances to banks	315,233	-	-	-	-	-	-	-	315,233
Government securities	556,576	-	-	-	-	-	-	-	556,576
Loans and advances to customers	92,955	222,785	260,823	207,655	108,398	378,249	281,300	436,700	1,988,865
Other assets	30,291	-	-	-	-	-	-	-	30,291
	1,366,153	222,785	260,823	207,655	108,398	378,249	281,300	436,700	3,262,063
Off-Balance sheet items									
Guarantees and indemnities	-	-	-	-	-	-	-	194,365	194,365
Letters of credit	-	-	-	-	-	-	-	477,838	477,838
	-	-	-	-	-	-	-	672,203	672,203

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For the Year Ended 31 December 2013

NOTES (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

Bank

Amounts are in TZS'Million

	Financial institutions	Manufacturing	Trading	Transport and communication	Hotel and restaurant	Agriculture	Individuals	Others	Total
Credit exposures as at 31 December 2012									
On Balance sheet items									
Balances with Central Banks	349,868	-	-	-	-	-	-	-	349,868
Loans and advances to banks	136,910	-	-	-	-	-	-	-	136,910
Government securities	518,654	-	-	-	-	-	-	-	518,654
Loans and advances to customers	-	179,322	209,734	140,851	108,014	438,240	232,543	498,161	1,806,865
Other assets	26,561	-	-	-	-	-	-	-	26,561
	1,032,165	179,322	209,734	140,851	108,014	438,240	232,543	498,161	2,839,030
Off-Balance sheet items									
Guarantees and indemnities	-	-	-	-	-	-	-	60,589	60,589
Letters of credit	-	-	-	-	-	-	-	164,060	164,060
	-	-	-	-	-	-	-	224,649	224,649

Financial Statements

For the Year Ended 31 December 2013

NOTES (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

(b) Geographical sectors

Group

(Amounts are in TZS' Million)

Year ended 31 December 2013	Tanzania	Europe	America	Others	Total
On Balance sheet items					
Balances with Central Banks	371,098	-	-	5,924	377,022
Loans and advances to banks	111,819	45,873	153,870	6,361	317,923
Government securities	556,751	-	-	12,570	569,146
Loans and advances to customers	1,993,106	-	-	-	1,993,106
Other assets	30,046	-	-	-	30,046
	3,064,254	45,873	153,870	24,855	3,287,243
Off balance sheet items					
Guarantees and indemnities	194,365	-	-	-	194,365
Letters of credit	477,838	-	-	-	477,838
	672,203	-	-	-	672,203

Year ended 31 December 2012	Tanzania	Europe	America	Others	Total
On Balance sheet items					
Balances with Central Banks	349,868	-	-	2,616	352,484
Loans and advances to banks	69,675	45,001	20,874	1,532	137,082
Government securities	518,654	-	-	8,964	527,618
Loans and advances to customers	1,806,865	-	-	-	1,806,865
Other assets	26,082	-	-	-	26,082
	2,771,144	45,001	20,874	13,112	2,850,131
Off balance sheet items					
Guarantees and indemnities	60,589	-	-	-	60,589
Letters of credit	164,060	-	-	-	164,060
	224,649	-	-	-	224,649

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

For these tables, the Group and Bank have allocated exposures to regions based on the country of domicile of its counterparties.

(b) Geographical sectors

Bank

(Amounts are in TZS' Million)

Year ended 31 December 2013	Tanzania	Europe	America	Others	Total
On Balance sheet items					
Balances with Central Bank	371,098	-	-	-	371,098
Loans and advances to banks	111,819	45,873	153,870	3,671	315,233
Government securities	556,576	-	-	-	556,576
Loans and advances to customers	1,988,865	-	-	-	1,988,865
Other assets	30,291	-	-	-	30,291
	3,058,649	45,873	153,870	3,671	3,262,063
Off balance sheet items					
Guarantees and indemnities	194,365	-	-	-	194,365
Letters of credit	477,838	-	-	-	477,838
	672,203	-	-	-	672,203

Year ended 31 December 2012	Tanzania	Europe	America	Others	Total
On Balance sheet items					
Balances with Central Bank	349,868	-	-	-	349,868
Loans and advances to banks	69,675	45,001	20,874	1,532	137,910
Government securities	518,654	-	-	-	518,654
Loans and advances to customers	1,806,865	-	-	-	1,806,865
Other assets	26,561	-	-	-	26,561
	2,771,623	45,001	20,874	1,532	2,839,030
Off balance sheet items					
Guarantees and indemnities	60,589	-	-	-	60,589
Letters of credit	164,060	-	-	-	164,060
	224,649	-	-	-	224,649

NOTES (continued)

3.2 Market risk

The Group and the Bank take on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks are concentrated in Bank Treasury and monitored by the Risk and Compliance department separately. Regular reports are submitted to the Board of Directors and Management.

Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities, and available-for-sale financial assets.

(a) Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within

acceptable limits while optimising the return on risk. The Bank Risk and Compliance department is responsible for the development of detailed risk management policies while Treasury is responsible for day-to-day implementation of those policies.

The Bank applies interest rate gap and stress testing analysis in measuring exposure to market risk for the purpose of managing and controlling market risk exposures within acceptable limits while optimising the return on investment.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The Bank applies risk factor stress testing, where stress movements are applied to each risk category.

The Bank carries out stress testing semi-annually to determine whether it has enough capital to withstand adverse developments. This is for the purpose of alerting the Bank's Management to unfavorable unexpected outcomes related to various risks and provides an indication of how much capital might be needed to absorb losses should large shocks occur. The results are meant to indicate weak spots in the risks tested at an early stage and to guide preventative actions by the Bank. Stress testing is done to supplement the Bank's other risk management approaches and measures.

Risk type	Type of shock	Shock rate	Impact on profit or loss TZS'million
Credit risk	Increase in NPL	30%	(59,892)
Interest rate risk	Change in interest rate	9%	(7,494)
Liquidity risk	Run off of deposits	20%	(2,498)
Operational risk	Fraud and other losses	3%	(3,655)

3.2.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both

overnight and intra-day positions, which are monitored daily. With all other variables held constant, a shift in foreign exchange rate by 4% on USD denominated assets and liabilities would have resulted in lower or higher profit after tax of TZS 833 million as at 31 December 2013 (2012: TZS 693 million).

Group

Concentrations of foreign currency risk - on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)							
As at 31 December 2013	TZS	USD	EURO	GBP	BIF	Others	Total
Assets							
Cash and balances with Central Banks	455,644	41,780	2,647	2,857	3,294	-	506,222
Loans and advances to banks	61,615	220,646	28,435	2,116	33	5,078	317,923
Loans and advances to customers	1,393,905	594,179	782		4,240	-	1,993,106
Government securities	556,576	-	-	-	12,570	-	569,146
Other assets*	28,170	517	-	-	1,359	-	30,046
Financial Assets	2,495,910	857,122	31,864	4,973	21,496	5,078	3,416,443
Liabilities							
Deposits from customers	2,619,199	353,763	40,664	3,094	2,990	4,720	3,024,430
Deposits from banks	47,508	6,350	-	-	76	6	53,940
Other liabilities**	33,838	3,234	-	16	963	-	38,051
Borrowings	10,267	39,689	-	-	-	-	49,956
Financial Liabilities	2,710,812	403,036	40,664	3,110	4,029	4,726	3,166,377
Net on-balance sheet financial position	(209,206)	454,086	(8,800)	1,863	17,467	352	250,065
Off balance sheet commitments	164,839	493,595	12,427	1,322	-	21	672,203

* Other assets (excludes prepayments, stock and advance capital as they are not financial assets).

** Other liabilities (excludes deferred income and statutory liabilities)

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For the Year Ended 31 December 2013

NOTES (continued)

3.2.1 Foreign exchange risk (continued)

Group

Concentrations of foreign currency risk - on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)							
As at 31 December 2012	TZS	USD	EURO	GBP	BIF	Others	Total
Assets							
Cash and balances with Central Banks	420,832	44,126	3,424	1,410	2,849	-	472,641
Loans and advances to banks	41,594	30,076	42,173	5,381	173	17,685	137,082
Loans and advances to customers	1,177,029	628,610	1,226	-	-	-	1,806,865
Government securities	527,618	-	-	-	-	-	527,618
Current income tax recoverable	2,973	-	-	-	-	-	2,973
Other assets	4,597	5,826	286	65	1,816	-	12,590
Total Financial Assets	2,174,643	708,638	47,109	6,856	4,838	17,685	2,959,796
Liabilities							
Deposits from customers	1,942,685	569,144	46,597	6,932	1,121	17,485	2,583,964
Deposits from banks	26,083	109,497	-	-	-	-	135,580
Other liabilities	2,914	22,845	103	(126)	1,751	-	27,487
Total Financial Liabilities	1,971,675	703,543	46,700	6,806	2,872	17,485	2,747,031
Net on-balance sheet financial position	201,734	5,095	409	50	1,966	200	211,511
Off balance sheet commitments	48,391	165,870	8,983	1,350	-	81	224,675

Bank

Concentrations of foreign currency risk - on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)						
As at 31 December 2013	TZS	USD	EURO	GBP	Others	Total
Assets						
Cash and balances with Central Banks	452,346	41,353	2,647	2,857	-	499,203
Loans and advances to banks	61,615	218,030	28,395	2,116	5,078	315,233
Loans and advances to customers	1,393,905	594,179	782	-	-	1,988,865
Government securities	556,576	-	-	-	-	556,576
Other assets	29,774	517	-	-	-	30,291
Total financial assets	2,494,216	854,079	31,824	4,973	5,078	3,390,168
Liabilities						
Due to customers	2,619,199	340,775	40,664	3,094	4,720	3,008,452
Deposits from banks	47,498	6,531	-	-	6	53,855
Other liabilities	43,266	3,234	-	16	-	46,516
Borrowings	10,267	39,689	-	-	-	49,956
Total financial liabilities	2,720,230	390,049	40,664	3,110	4,726	3,158,799
Net on-balance sheet financial position	(226,014)	464,028	(8,840)	1,863	352	231,389
Off balance sheet commitments	164,839	493,595	12,427	1,298	21	672,180

3.2.1 Foreign exchange risk (continued)

Bank

Concentrations of foreign currency risk - on- and off-balance sheet financial instruments.

(Amounts are in TZS' Million)						
As at 31 December 2012	TZS	USD	EURO	GBP	Others	Total
Assets						
Cash and balances with Central Banks	420,832	43,424	3,422	1,410	-	469,088
Loans and advances to banks	41,595	30,076	42,200	5,354	17,685	136,910
Loans and advances to customers	1,177,029	628,610	1,226	-	-	1,806,865
Government securities	518,654	-	-	-	-	518,654
Income tax recoverable	11,816	-	-	-	-	11,816
Other assets	7,109	7,399	286	64	-	14,858
Total financial assets	2,177,035	709,509	47,134	6,828	17,685	2,958,191
Liabilities						
Due to customers	1,942,893	569,143	46,597	6,932	17,485	2,583,050
Deposits from banks	26,083	109,497	-	-	-	135,580
Other liabilities	9,001	22,877	103	(126)	-	31,855
Total financial liabilities	1,977,977	701,517	46,700	6,806	17,485	2,750,485
Net on-balance sheet financial position	199,058	7,992	435	22	200	207,707
Off balance sheet commitments	48,391	165,870	8,983	1,350	81	224,675

3.2.2 Price risk

The Group and the Bank are not exposed to equity securities price risk as it currently has no investment in listed shares, but is exposed to debt securities price risk classified on the balance sheet as available for sale. If the market price of debt had increased/decreased by 5% with all other variables held constant, the fair value reserve in debt securities would have increased/ decreased as a result of gains or losses on debt securities classified as available for sale by TZS 1,462 million as at 31 December 2013 (2012: TZS 615 million).

fluctuate because of changes in market interest rates. The Group and the Bank take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may produce losses in the event that unexpected movements arise. The Bank's Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is regularly monitored by an independent Risk and Compliance department and reported regularly to ALCO and the Board.

3.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will

With all other variables held constant, a shift in interest rate by 90 basis points on all interest bearing assets and liabilities would have resulted in lower or higher profit after tax of TZS 7,494 million as at 31 December 2013 (2012: TZS 8,309 million).

3.2.3 Interest rate risk (continued)

Group

(Amounts are in TZS' Million)							
As at 31 December 2013	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
Assets							
Cash and balances with Central banks	-	-	-	-	-	506,222	506,222
Government securities	39,876	85,764	203,616	131,347	108,543	-	569,146
Loans and advances to banks	67,170	-	18,364	-	-	232,389	317,923
Loans and advances to customers	29,260	133,791	495,975	751,601	582,479	-	1,993,106
Other assets*	-	-	-	-	-	30,046	30,046
Total financial assets	136,307	219,555	717,955	882,948	691,022	768,657	3,416,443
Liabilities							
Deposits from Banks	46,356	-	-	-	7,499	-	53,940
Deposits from customers	2,490,354	177,033	352,814	4,228	-	-	3,024,430
Other liabilities **	-	-	-	-	-	38,051	38,051
Borrowings	267	-	39,689	-	10,000	-	49,956
Total financial liabilities	2,537,062	177,033	392,503	4,228	17,499	38,051	3,166,377
Total interest repricing gap	(2,400,755)	42,522	325,452	878,720	673,523		

* Other assets (excludes prepayments, stock and advance capital as they are not financial assets)

** Other liabilities (excludes deferred income and statutory liabilities)

(Amounts are in TZS' Million)							
As at 31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
Assets							
Cash and balances with Central banks	-	-	-	-	-	472,641	472,641
Government securities	121,510	91,218	113,746	126,573	74,571	-	527,618
Loans and advances to banks	83,208	40,143	13,731	-	-	-	137,082
Loans and advances to customers	406,024	333,973	489,508	409,951	167,409	-	1,806,865
Other assets	-	-	-	-	-	12,590	12,590
Total financial assets	610,742	465,334	616,985	536,524	241,980	485,231	2,956,769
Liabilities							
Deposits from Banks	135,580	-	-	-	-	-	135,580
Deposits from customers	1,704,581	499,522	271,863	38,636	69,362	-	2,583,964
Other liabilities	-	-	-	-	-	27,487	27,487
Total financial liabilities	1,840,161	499,522	271,863	38,636	69,362	27,487	2,747,031
Total interest repricing gap	(1,229,419)	34,188	345,122	497,888	172,618		

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NOTES (continued)

3.2.3 Interest rate risk (continued)

Bank

(Amounts are in TZS' Million)							
As at 31 December 2013	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
Assets							
Cash and balances with Central banks						499,203	499,203
Government securities	38,690	83,589	194,407	131,347	108,543	-	556,576
Loans and advances to banks	67,170	-	15,674	-	-	232,389	315,233
Loans and advances to customers	29,048	133,631	495,253	748,454	582,479		1,988,865
Other assets	-	-	-	-	-	30,291	30,291
Total financial assets	134,908	217,220	705,333	879,801	691,022	761,883	3,390,168
Liabilities							
Deposits from banks	46,356	-	-	-	7,499	-	53,855
Deposits from customers	2,481,715	177,033	345,476	4,228	-	-	3,008,452
Other liabilities	-	-	-	-	-	46,516	46,516
Borrowings	267	-	39,689	-	10,000	-	49,956
Total financial liabilities	2,528,338	177,033	385,165	4,228	17,499	46,516	3,158,779
Total interest repricing gap	(2,393,430)	40,187	320,169	875,573	673,523		

(Amounts are in TZS' Million)							
As at 31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5	Non-interest bearing	Total
Assets							
Cash and balances with Central banks	-	-	-	-	-	469,088	469,088
Government securities	120,450	91,139	107,850	199,215	-	-	518,654
Loans and advances to banks	83,036	40,143	13,731	-	-	-	136,910
Loans and advances to customers	406,024	333,973	489,508	409,951	167,409	-	1,806,865
Other assets	-	-	-	-	-	14,858	14,858
Total financial assets	609,510	465,255	611,089	609,166	167,409	483,946	2,946,375
Liabilities							
Deposits from banks	135,580	-	-	-	-	-	135,580
Deposits from customers	1,703,667	499,522	271,863	38,636	69,362	-	2,583,050
Other liabilities	-	-	-	-	-	31,855	31,855
Total financial liabilities	1,839,247	499,522	271,863	38,636	69,362	31,855	2,750,485
Total interest repricing gap	(1,229,737)	(34,267)	339,226	570,530	98,047		

3.3 Liquidity risk

Liquidity risk is the risk that a Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

3.3.1 Liquidity risk management process

The Group's and Bank's liquidity management process, as carried out within the Group and Bank and monitored by the Asset and Liability Committee (ALCO) of the individual banks, include:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group and Bank maintain an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (Note 3.3.3).

3.3.2 Funding approach

The Group's and Bank's major source of funding is customer deposits. To this end, the Group and the Bank maintain a diversified and stable funding base comprising current/demand, savings and time deposits. The Group places considerable importance on the stability of these deposits, which is achieved through the Group's retail banking activities and by maintaining depositor confidence in the Group's business strategies and financial strength.

The group borrows from the interbank market through transactions with other Banks for short term liquidity requirements.

3.3.3 Non-derivative cash flows

The tables below present the cash flows payable by the Group and Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, as the Group and Bank manage the inherent liquidity risk based on expected undiscounted cash flows.

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For the Year Ended 31 December 2013

NOTES (continued)

3.3 Liquidity risk (continued)

3.3.3 Non-derivative cash flows (continued)

Group

(Amounts are in TZS' Million)

As at 31 December 2013	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
Liabilities					
Deposits from customers	2,497,697	196,621	461,706	61,898	3,217,922
Deposits from banks	46,356	-	662	12,343	59,361
Borrowings	-	-	41,384	15,600	56,984
Other liabilities**	38,051	-	-	-	38,051
Total financial liabilities (contractual maturity dates)	2,582,104	196,621	503,752	89,841	3,372,318
Total financial assets (expected maturity dates)	907,774	228,441	772,027	1,862,991	3,771,233
As at 31 December 2012					
Liabilities					
Deposits from customers	1,710,823	500,084	274,347	114,759	2,600,013
Deposits from banks	135,651	-	-	-	135,651
Other liabilities**	27,487	-	-	-	27,487
Total financial liabilities (contractual maturity dates)	1,873,961	500,084	274,347	114,759	2,763,151
Total financial assets (expected maturity dates)	1,093,964	428,311	678,281	587,334	2,787,890

** Other liabilities (excludes deferred income and statutory liabilities)

Bank

(Amounts are in TZS' Million)

As at 31 December 2013	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
Liabilities					
Deposits from customers	2,488,950	196,621	454,475	61,898	3,201,944
Deposits from banks	46,356	-	577	12,343	59,276
Other liabilities**	53,855	-	-	-	53,855
Borrowings	-	-	41,384	15,600	56,984
Total financial liabilities (contractual maturity dates)	2,589,161	196,621	496,436	89,841	3,372,059
Total financial assets (expected maturity dates)	900,576	223,931	755,891	1,855,879	3,736,278
As at 31 December 2012					
Liabilities					
Deposits from customers	1,706,120	500,084	274,347	114,759	2,595,310
Deposits from banks	135,651	-	-	-	135,651
Other liabilities**	31,855	-	-	-	31,855
Total financial liabilities (contractual maturity dates)	1,873,626	500,084	274,347	114,759	2,762,816
Total financial assets (expected maturity dates)	1,175,551	339,430	439,135	794,869	2,748,985

** Other liabilities (excludes deferred income and statutory liabilities)

3.3 Liquidity risk (continued)

3.3.3 Non-derivative cash flows (continued)

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection and treasury and other eligible bills; loans and advances to banks; and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

Off-balance sheet items

(a) Loan commitments

The dates of the contractual amounts of the Group's and Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 38), are summarised in the table below.

(b) Financial guarantees and other financial facilities

Financial guarantees are included below based on the earliest contractual maturity date.

(c) Operating lease commitments

Where the Group and the Bank, are the lessee, the future minimum lease payments under non-cancellable operating leases, are summarised below.

(d) Investment commitments

Investment commitment is with respect to additional equity investment in the subsidiary

(e) Capital commitments

These relate to the acquisition of property and equipment.

Summary of off-balance sheet items:

Group

(Amounts are in TZS Million)

As at 31 December 2013	No later than 1 year	1 – 5 years	Over 5 years	Total
Outstanding letters of credit	406,162	71,676	-	477,838
Guarantees and indemnities	155,492	38,873	-	194,365
Commitments to extend credit	217,833	-	-	217,833
Operating lease commitments	2,899	7,056	533	10,489
Capital commitments	14,905	-	-	14,905
As at 31 December 2012				
Outstanding letters of credit	162,530	1,530	-	164,060
Guarantees and indemnities	59,333	1,236	20	60,589
Commitments to extend credit	221,488	-	-	221,488
Operating lease commitments	2,846	1,258	4,081	8,185
Capital commitments	13,731	-	-	13,731

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For the Year Ended 31 December 2013

NOTES (continued)

3.4 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The fair value of financial assets and liabilities not measured at fair value approximate carrying amounts for both Group and Bank.

(i) Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(ii) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Investment securities

The fair value for held-to-maturity assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The carrying amount is a reasonable approximation of fair value.

(iv) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount is a reasonable approximation of fair value.

(v) Off-balance sheet financial instruments

The estimated fair values of the off-balance sheet financial instruments are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

Group

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Available for sale TZS'Million	Held-to-maturity TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
31 December 2013						
Financial assets						
Cash and balances with Central Banks	-	-	-	491,883	491,883	491,883
Loans and advances to banks	-	-	317,262	-	317,262	317,262
Loans and advances to customers	-	-	1,992,565	-	1,992,565	1,992,565
Government securities	-	539,901	-	-	539,901	516,170
Other assets	-	-	44,271	-	44,271	44,271
Financial Assets	-	539,901	2,354,098	491,883	3,415,127	3,362,151
Financial liabilities						
Deposits from banks	-	-	-	93,630	93,630	93,630
Deposits from customers	-	-	-	3,024,994	3,024,994	3,024,994
Other liabilities	-	-	-	42,860	42,860	42,860
Financial Liabilities	-	-	-	3,161,484	3,161,484	3,161,484

3.4 Fair value of financial assets and liabilities (continued)

(a) Financial instruments not measured at fair value

Group

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Available for sale TZS'Million	Held-to-maturity TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
31 December 2012						
Financial assets						
Cash and balances with Central Banks	-	-	-	472,641	472,641	472,641
Loans and advances to banks	-	-	137,082	-	137,082	137,082
Loans and advances to customers	-	-	1,806,865	-	1,806,865	1,806,865
Government securities	-	515,327	-	-	515,327	500,250
Other assets	-	-	12,590	-	12,590	12,590
	-	515,327	1,956,537	472,641	2,944,505	2,929,428
Financial liabilities						
Deposits from banks	-	-	-	135,580	135,580	135,580
Deposits from customers	-	-	-	2,591,033	2,591,033	2,591,033
Other liabilities	-	-	-	27,487	27,487	27,487
	-	-	-	2,754,100	2,754,100	2,754,100

Bank

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Available for sale TZS'Million	Held-to-maturity TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
31 December 2013						
Financial assets						
Cash and balances with Central Banks	-	-	-	484,864	484,864	484,864
Loans and advances to banks	-	-	314,572	-	314,572	314,572
Loans and advances to customers	-	-	1,988,323	-	1,988,323	1,988,323
Government securities	-	527,331	-	-	527,331	503,600
	-	527,331	2,302,895	484,864	3,344,335	3,291,359
Financial liabilities						
Deposits from banks	-	-	-	93,544	93,544	93,544
Deposits from customers	-	-	-	3,009,017	3,009,017	3,009,017
	-	-	-	3,102,561	3,102,561	3,102,561

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For the Year Ended 31 December 2013

NOTES (continued)

Fair value of financial assets and liabilities (continued)

(a) Financial instruments not measured at fair value

Bank

The table below summarises the carrying amounts and fair values of financial assets and liabilities.

	Available for sale TZS'Million	Held-to- maturity TZS'Million	Loans and receivables TZS'Million	Other amortised cost TZS'Million	Total carrying amount TZS'Million	Fair value TZS'Million
31 December 2012						
Financial assets						
Cash and balances with Central Banks	-	-	-	469,088	469,088	469,088
Loans and advances to banks	-	-	136,910	-	136,910	136,910
Loans and advances to customers	-	-	1,806,865	-	1,806,865	1,806,865
Government securities	-	506,363	-	-	506,363	491,286
	-	506,363	1,943,775	469,088	2,919,226	2,904,149
Financial liabilities						
Deposits from banks	-	-	-	135,580	135,580	135,580
Deposits from customers	-	-	-	2,590,119	2,590,119	2,590,119
	-	-	-	2,725,699	2,725,699	2,725,699

3.4 Fair value of financial assets and liabilities (continued)

(a) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's and Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Group and Bank

The following table represents the Group's and Bank's financial assets that are measured at fair value at 31 December 2013. Motor vehicles that are measured at fair value are disclosed under note 23.

31 December 2013	TZS Million			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
- Treasury Bonds	29,244	-	-	29,244
- Equity Investment	-	2,280	-	2,280
Total assets	29,244	2,280	-	31,524

There were no transfers between levels 1 and 2 during the year.

Group and Bank

The following table represents the Group's and Bank's financial assets that are measured at fair value at 31 December 2012. Motor vehicles that are measured at fair value are disclosed under note 23.

31 December 2012	TZS Million			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
- Treasury Bonds	12,291	-	-	12,291
- Equity Investment	-	1,200	-	1,200
Total assets	12,291	1,200	-	13,491

There were no transfers between levels 1 and 2 during the year.

NOTES (continued)

3.4 Fair value of financial assets and liabilities (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price of debt securities from the most current Bank of Tanzania auction results. Instruments included in Level 1 comprise primarily available-for-sale Treasury Bonds.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer/Bank of Tanzania quotes for similar instruments;
- Quoted prices for identical or similar assets or liabilities in markets that are not active.

3.5 Capital management

The Bank's objectives for managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the Bank of Tanzania;

- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania, for supervisory purposes. The required information is filed with the Central Bank on a quarterly basis.

The Central Bank requires the Banking group to:

- (a) hold a minimum level of Core Capital of TZS 15 billion;
- (b) maintain a ratio of core capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%; and
- (c) Maintain total capital of not less than 12% of risk-weighted assets plus risk-weighted off-balance sheet items.

The Bank's regulatory capital as managed by its Treasury department is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Intangible assets and prepaid expenses are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital.

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

3.5 Capital management (continued)

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year

ended 31 December 2013 and year ended 31 December 2012. During those two periods, the Bank complied with all of the externally imposed capital requirements to which it is subject.

	Bank		
	2013 TZS'Million	2012 TZS'Million	
Tier 1 Capital			
Share capital	54,413	54,413	
Share Premium	18,765	18,765	
Retained earnings	292,871	234,469	
Prepaid expenses	(8,523)	(6,046)	
Intangible assets	(15,502)	(13,740)	
Deferred tax asset	(3,851)	(3,852)	
Total qualifying Tier 1 capital	338,173	284,009	
Tier 2 capital			
Portfolio general provision	2,457	2,916	
Subordinated debt	10,267	-	
Revaluation reserve	2,280	2,855	
Total qualifying Tier 2 capital	15,004	5,771	
Total regulatory capital	353,177	289,780	
Risk-weighted assets			
On-balance sheet	2,002,569	1,679,737	
Off-balance sheet	331,804	151,779	
Total risk-weighted assets	2,334,373	1,831,516	
	Required ratio	Bank's ratio	Bank's ratio
	%	2013 %	2012 %
Tier 1 capital	10.0	14.5	15.5
Tier 1 + Tier 2 capital	12.0	15.1	15.8

NOTES (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's and Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Bank and Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next period. All estimates and assumptions required are in conformity with IFRS are best estimates undertaken in accordance with the relevant standard.

a) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

(b) Held to maturity investments

The Bank and Group follows the guidance of IAS 39 on classifying non-derivative financial

assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

Critical judgements in applying the Group's and Bank's accounting policies

a) Impairment losses on loans and advances

The Bank and Group reviews its loan portfolios to assess impairment regularly. Loans and advances that are past due more than 90 days are assessed individually for impairment. The remaining loans and advances are collectively assessed for impairment. In determining whether an impairment loss should be recorded in the profit or loss, the group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans, before a decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Where the net present value of estimated cash flows to differ by 4% the impairment loss for loans would have been TZS 1,295 billion higher or lower.

Loan impairment allowances represent Management's best estimate of losses incurred on the loan portfolios at the end of the reporting period. Impairment allowances for the year were TZS 35.3 billion, representing 1.7% (2012: TZS 32.5 billion; 1.8%) of the gross loans and advances which stood at TZS 2,028 billion (2012: TZS 1,839 billion).

b) Impairment of available-for-sale equity investments

The Bank and Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

c) Provisions for legal liabilities

The Bank and Group has provided for the liabilities arising out of contractual obligations. The closing balance of provisions on litigations amounted to TZS 667 million (2012: TZS 1,227 million). Professional expert advice is taken on establishing litigation provisions. Provisions for legal proceedings and regulatory matters typically require a higher degree of judgements than other types of provisions. When cases are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists as a result of a past event, estimating the probability of outflows and making estimates of the amount of any outflows that may arise. As matters progress through

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

d) Deferred tax assets

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The deferred tax asset recognized on the Group's statement of financial position in year 2013 amounted to TZS 4,014 million (2012: TZS3,815 million).

The judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, and future reversals of existing taxable temporary differences.

(e) Property, equipment and intangible assets

Critical estimates are made by the directors in determining the useful lives of property, equipment and intangible assets as well as their residual values.

The Bank and Group reviews the estimated useful lives of property, equipment and useful lives at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

During the year, the director determined that the useful lives of certain assets as follows:

Asset category	Useful life 2013	Useful life 2012
Building	40 years	40 years
Motor vehicles	7 years	5 years
Intangible asset	5 years	10 years
Core banking software	5 years	10 years
Equipments	5 - 8 years	5-8 years

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NOTES (continued)

5. INTEREST AND SIMILAR INCOME

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Loans and advances to customers				
- Term loans	157,548	130,124	157,398	130,124
- Overdrafts	69,771	62,292	69,763	62,292
Nostro accounts	89	109	88	75
Placements and balances with other banks	3,514	1,696	3,299	1,693
Discount earned and interest on Government securities				
-Treasury bills	35,537	34,175	34,111	34,085
-Treasury bonds	38,419	33,334	38,419	33,334
Private bonds - held-to-maturity	-	11	-	11
	304,878	261,741	303,078	261,614

6. INTEREST EXPENSE

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Deposits from customers				
- current accounts	3,036	2,036	3,035	2,036
- savings accounts	15,592	9,551	15,574	9,551
- fixed deposits	47,464	43,663	47,262	43,662
Inter-bank borrowing	2,918	119	2,911	119
Subordinated debt	267	96	267	96
	69,277	55,465	69,049	55,464

7. FEE AND COMMISSION INCOME

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Service charge on customer accounts	22,536	20,064	22,477	20,062
Loan application fees	16,702	12,075	16,146	11,266
ATM withdrawal charges	7,610	7,122	7,610	7,122
VISA and master card fees	3,214	3,395	3,199	3,395
Commission on letters of credit	5,216	4,903	4,977	4,903
Fee on issue of bank cards	4,771	4,814	4,766	4,814
Fee on local transfers and drafts	4,681	2,999	4,649	2,999
Point of sale fees	2,621	2,394	2,621	2,394
Fee on international telegraphic transfers	2,568	2,297	2,568	2,297
Commission on guarantees and indemnities	2,557	2,127	2,557	1,754
Commission on mobile banking	4,560	2,625	4,560	2,625
Salary processing fees	4,074	3,258	4,074	3,258
Bills discounted	1,384	715	1,384	715
Penalties *	1,570	1,542	1,570	1,542
Other fees and commissions	8,695	4,841	5,829	2,811
	92,759	75,171	88,987	71,957

*Penalties are charged on customer accounts that are below the minimum required balance, significant cash withdrawal without prior notice and closing bank accounts less than one year old.

8. NET FOREIGN EXCHANGE INCOME

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Exchange gain on trading	23,665	16,067	22,991	16,067
Exchange gain on revaluation	4,863	6,715	4,863	6,185
	28,528	22,782	27,854	22,252

9. OTHER OPERATING INCOME

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Rental income	86	136	86	136
FSDT grant income	547	882	-	-
FSDT Assets grant income	22	22	-	-
UNCDF grant income	70	-	-	-
(Loss)/gain on disposal of property and equipment	(29)	42	(29)	42
	696	1,082	57	178

10. OTHER OPERATING EXPENSES

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Directors' fees	506	397	340	324
Auditors' fees	359	296	293	255
Provision for impairment of other assets	2,199	3,264	2,198	3,264
Hired services costs	10,647	8,932	10,400	8,861
Insurance costs	6,951	6,281	6,803	6,214
Marketing costs	7,358	5,872	6,929	5,565
Travelling expenses	8,027	5,991	7,165	5,466
Rent	7,283	5,878	6,853	5,878
Training	4,941	4,092	3,960	2,915
Information system maintenance	6,568	5,770	6,392	5,768
Printing and stationary expenses	3,601	3,259	3,433	3,199
Communication costs	5,876	5,411	5,720	5,276
Legal fees	1,336	2,321	1,318	2,309
Tembo card and Visa card expenses	5,969	4,412	5,828	4,412
Motor vehicles maintenances and running costs	5,258	3,846	4,678	3,378
Electricity	2,030	1,577	1,908	1,517
Board meetings expenses	1,371	1,367	913	1,166
Shareholders meeting expense	1,028	819	1,025	817
Other expenses	8,367	6,378	7,328	5,960
	89,675	76,163	83,486	72,544

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For the Year Ended 31 December 2013

NOTES (continued)

11. DEPRECIATION AND AMORTISATION

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Depreciation of property and equipment	18,522	15,713	17,824	15,439
Amortisation of intangible assets	3,741	2,713	3,376	2,549
	22,263	18,426	21,200	17,988

12. EMPLOYEE BENEFIT EXPENSES

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Salaries and wages	59,804	45,837	55,333	43,388
Bonus	5,751	2,872	5,499	2,783
Social security contributions	7,479	5,846	6,947	5,556
Gratuity – post retirement cost	4,740	4,014	4,242	3,731
Defined benefit scheme	-	6,159	-	5,928
Leave allowance	3,108	3,130	2,922	3,013
Medical expenses	2,037	1,670	1,949	1,607
Other staff costs	8,543	6,523	7,774	6,308
	91,462	76,051	84,666	72,314

13. INCOME TAX EXPENSES

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Current income tax – current year	37,574	31,742	35,676	30,553
Current income tax – prior years	1	679	1	679
Deferred tax – current year (Note 26)	354	161	361	71
Deferred tax – prior years	(286)	(5,423)	(363)	(5,201)
	37,643	27,159	35,675	26,102

The tax on the Group and Bank profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Profit before income tax	122,021	107,702	119,282	103,908
Tax calculated at the statutory income tax rate at 30%	36,607	32,311	35,785	31,172
Tax effect of:				
Changes in tax rate for the Bank	-	(984)	-	(984)
Non-taxable income	-	(129)	-	(129)
Depreciation on non-qualifying assets	47	267	13	223
Expenses not deductible for tax purposes	105	1,081	100	1,080
Tax credits for expenses not charged to profits or loss	(274)	(738)	(274)	(738)
Under provisions of current tax in previous years	1	679	1	679
(Over)/under provision of deferred tax in previous years	(286)	(5,423)	(363)	(5,201)
Deferred tax of subsidiary not recognized	1,030	95	-	-
Other	413	-	413	-
Income tax expense	37,643	27,159	35,675	26,102
Effective tax rate	30.85%	25.22%	29.91%	25.12%

14. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributed to the shareholders of the Group by the weighted average number of ordinary shares outstanding as at close of the year.

	2013	2012
Profit for the year (TZS' Million)	84,378	80,543
Weighted average number of shares ('Million)	2,177	2,177
Basic and diluted earnings per share (TZS)	38.76	37.00

There were no potentially dilutive ordinary shares outstanding as at 31 December 2013 (2012: Nil) Diluted earnings per share are the same as basic earnings per share.

15. DIVIDEND PER SHARE

The Directors propose payment of a dividend of TZS 14 per share, amounting to TZS 30.5 billion out of 2013 profit to be ratified at the Annual General Meeting to be held in May 2014. In 2012, dividend of TZS 12 per share, amounting to TZS 26.1 billion was approved by shareholders and paid.

16. CASH AND BALANCES WITH CENTRAL BANKS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Cash in hand	129,200	120,157	128,105	119,220
Clearing accounts with Central Banks	32,788	50,304	26,864	47,688
Statutory Minimum Reserves (SMR) *	344,234	302,180	344,234	302,180
	506,222	472,641	499,203	469,088

*In accordance with Section 44 of the Bank of Tanzania Act, 2006 and Sections 4 and 71 of the Banking and Financial Institutions Act, 2006; the Bank is required to maintain Statutory Minimum Reserves (SMR) on its total deposit liabilities and funds borrowed from the general public. The SMR deposit should be at least 10% of customers' total deposits and borrowings from the general public and 40% of government's deposits.

The SMR deposit is not available to finance the Bank's day-to-day operations and is therefore excluded from cash and cash equivalents for the purpose of the statement of cash flows (Note 35).

Cash in hand and balances with Central Banks are non-interest bearing assets. All amounts are current.

17. GOVERNMENT SECURITIES

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Held to maturity				
Treasury bills	262,937	204,927	250,367	196,050
Treasury bonds	265,280	286,916	265,280	286,829
Government bonds	11,684	23,484	11,684	23,484
	539,901	515,327	527,331	506,363
Available for sale				
Treasury Bonds	29,245	12,291	29,245	12,291
	569,146	527,618	556,576	518,654

Treasury bills and bonds are debt securities issued by the Government. As at 31 December 2013, treasury bonds amounting to TZS 99,316 million had been pledged as collateral for various short term borrowings from other banks.

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For the Year Ended 31 December 2013

NOTES (continued)

17. GOVERNMENT SECURITIES (continued)

The maturity analysis of Government securities is as follows:

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Maturing within 3 months from date of acquisition				
Treasury bills	586	7,980	-	7,000
Maturing after 3 months from date of acquisition				
Treasury bills	265,214	196,947	253,243	189,050
Treasury bonds	291,662	299,207	291,649	299,120
Government bonds	11,684	23,484	11,684	23,484
	568,560	519,638	556,576	511,654
	569,146	527,618	556,576	518,654

Government securities maturing within 3 months from date of acquisition amounting to TZS 586 million for the Group and none for the Bank, form part of cash and cash equivalents for the purpose of statement of cash flows (Note 35).

18. LOANS AND ADVANCES TO BANKS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Cheques and items for clearing	44,589	19,325	44,494	19,325
Nostro accounts balances	187,886	87,489	185,295	87,317
Placements with other banks	85,448	30,268	85,444	30,268
	317,923	137,082	315,233	136,910
Maturity analysis				
Redeemable on demand				
- Cheques and items for clearing	44,589	19,325	44,494	19,325
- Nostro accounts balances	187,886	87,489	185,295	87,317
Placements with other banks				
- Maturing within 3 months	51,803	26,941	51,799	26,941
- Maturing after 3 months but within 6 months	28,845	3,327	28,845	3,327
- Maturing after 6 months but within 12 months	4,800	-	4,800	-
	317,923	137,082	315,233	136,910

The maturity analysis is based on the remaining periods to contractual maturity from year end

19. LOANS AND ADVANCES TO CUSTOMERS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Term loans	1,377,060	1,106,215	1,372,927	1,106,215
Overdrafts	526,180	633,064	526,133	633,064
Staff loans	66,645	49,969	66,595	49,969
Interest receivable	58,505	50,092	58,494	50,092
Gross loans and advances to customers	2,028,390	1,839,340	2,024,149	1,839,340
Less:				
Provision for impairment	(35,284)	(32,475)	(35,284)	(32,475)
Net loans and advances to customers	1,993,106	1,806,865	1,988,865	1,806,865

Maturity analysis

The maturity analysis is based on the remaining periods to contractual maturity from year end.

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Maturing within 1 year	695,197	1,262,634	693,198	1,262,634
Maturing after 1 year but within 3 years	396,695	296,817	394,695	296,817
Maturing after 3 years	936,498	279,889	936,256	279,889
Gross loans and advances to customers	2,028,390	1,839,340	2,024,149	1,839,340

Analysis by geographical location

The Bank categorises loans and advances to customers into 5 regions for the purpose of regulatory reporting to the Bank of Tanzania.

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Dar es Salaam zone	918,804	780,411	918,804	780,411
Mbeya zone	361,590	339,208	361,590	339,208
Lake zone	318,209	331,261	318,209	331,261
Zanzibar zone	239,463	209,885	239,463	209,885
Arusha zone	186,083	178,575	186,083	178,575
Burundi	4,241	-	-	-
Gross loans and advances to customers	2,028,390	1,839,340	2,024,149	1,839,340

The composition of the zones is as follows:

Zone	Component regions
Dar es Salaam zone	Dar es Salaam
Lake zone	Kagera, Kigoma, Tabora, Mara, Mwanza and Shinyanga
Mbeya zone	Dodoma, Iringa, Mbeya, Rukwa, Katavi, Njombe and Ruvuma
Zanzibar zone	Coast, Unguja, Lindi, Morogoro and Mtwara
Arusha zone	Arusha, Kilimanjaro, Singida and Tanga

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For the Year Ended 31 December 2013

NOTES (continued)

19. LOANS AND ADVANCES TO CUSTOMERS (continued)

Credit impairment for loans and advances to customers

The movements in provision for impairment losses on loans and advances are as follows:

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At start of year	32,475	45,607	32,475	45,607
Movement during the year:				
Impairment charges for credit losses	36,557	26,403	36,557	26,403
Amounts written off during year	(33,748)	(39,535)	(33,748)	(39,535)
At end of year	35,284	32,475	35,284	32,475
The provision as at year is made up of the following:				
Specific allowance for impairment	32,827	29,559	32,827	29,559
General allowance for impairment	2,457	2,916	2,457	2,916
	35,284	32,475	35,284	32,475

Specific allowance for impairment

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At start of year	29,559	45,607	29,559	45,607
Movement during the year				
Impairment charges for credit losses	36,557	25,983	36,557	25,983
Amounts written off during year	(33,289)	(42,031)	(33,289)	(42,031)
At end of year	32,827	29,559	32,827	29,559

General allowance for impairment

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At start of year	2,916	-	2,916	-
Charge/(release) during the year	(459)	2,916	(459)	2,916
At end of year	2,457	2,916	2,457	2,916

Analysis of impairment by industry

	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Agriculture	13,494	10,462	13,494	10,462
Financial Intermediaries	6,286	9,319	6,286	9,319
Personal	7,457	8,734	7,457	8,734
Trade	2,505	2,221	2,505	2,221
Building and construction	2,803	824	2,803	824
Education	156	491	156	491
Hotels and restaurants	1,300	308	1,300	308
Transport	882	88	882	88
Manufacturing	171		171	
Real Estate	35		35	
Tourism	93		93	
Others	102	28	102	28
	35,284	32,475	35,284	32,475

20. EQUITY INVESTMENTS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Investment in Tanzania Mortgage Refinance Company (TMRC)	2,280	1,200	2,280	1,200

Tanzania Mortgage Refinance Company (TMRC) is a private sector institution owned by banks with the sole purpose of supporting banks to do mortgage lending by refinancing banks' mortgage portfolios. The percentage shareholding of the Bank in TMRC as at 31 December 2013 was 17.14% (2012: 14.48%).

21. OTHER ASSETS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Advance payment for capital expenditure	3,225	3,380	3,225	3,380
Prepaid expenses	9,765	7,835	8,523	6,046
Bank card stock	1,235	2,277	1,235	2,277
Due from a related party (Note 39)	-	-	512	2,592
Receivable for mobile phone companies	22,251	8,637	22,251	8,637
MasterCard receivable	-	415	-	415
Bills receivable	84	123	84	123
Other receivables	10,230	5,394	9,962	5,070
Less: Provision for impairment	(2,519)	(1,979)	(2,519)	(1,979)
	44,271	26,082	43,273	26,561

Provision for impairment is made for assets whose recoverability is considered doubtful.

All other assets are current

Movement in provision for impairment on other assets is as shown below:

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At 1 January	1,979	1,636	1,979	1,636
Increase during the year	2,199	3,264	2,199	3,264
Write offs	(1,659)	(2,921)	(1,659)	(2,921)
At 31 December	2,519	1,979	2,519	1,979

22. INVESTMENT IN SUBSIDIARIES

	Country of Incorporation	Interest Held	BANK	
			2013 TZS' Million	2012 TZS' Million
CRDB Microfinance Service Company Limited	Tanzania	100%	728	728
CRDB Bank Burundi S.A	Burundi	100%	19,293	16,161
			20,021	16,889

All subsidiaries are unlisted and have the same year end as the Bank. The investment in the subsidiaries includes the cost of shares and other initial payments made for the subsidiaries.

Financial Statements For the Year Ended 31 December 2013

NOTES (continued)

23 PROPERTY PLANT AND EQUIPMENT

Amounts are in TZS Million

GROUP Year 2013	Land & Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smartcard Equipment	Security Equipment	Mobile Branch	Work in progress	Total
Cost/Revaluation										
At 1 January	21,655	24,961	7,560	29,844	17,070	16,128	2,595	7,177	3,790	130,780
Exchange differences		7	2	2						11
Additions	914	11,467	1,736	11,073	3,716	4,002	470	18	1,782	35,178
WIP capitalization	4,538	-	-	-	-	-	-	-	(4,538)	-
Disposals	-	-	(164)	(157)	(167)	-	(11)	-	-	(499)
At 31 December	27,107	36,435	9,134	40,762	20,619	20,130	3,054	7,195	1,034	165,470
Depreciation										
At 1 January	(3,543)	(10,179)	-	(16,445)	(8,436)	(6,491)	(1,631)	(2,756)	-	(49,481)
Adjustment	-	-	3	3	-	-	-	-	-	6
Charge for the year	(520)	(5,143)	(1,243)	(5,131)	(3,121)	(1,976)	(392)	(990)	-	(18,516)
Disposal	-	-	24	142	156	-	-	8	-	330
Releases on revaluation	-	-	-	-	-	-	-	-	-	-
At 31 December	(4,063)	(15,322)	(1,216)	(21,431)	(11,401)	(8,467)	(2,015)	(3,746)	-	(67,661)
Net book value	23,044	21,113	7,918	19,331	9,218	11,663	1,039	3,449	1,034	97,809

Work in progress relates to the Bank's buildings under construction.

Leasehold land of TZS 3,820 million was previously presented under prepaid operating lease. This has been included under land and buildings.

Financial Statements For the Year Ended 31 December 2013

NOTES (continued)

23 PROPERTY AND EQUIPMENT (CONTINUED)

GROUP Year 2012	Land & Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smartcard Equipment	Security Equipment	Mobile Branch	Amounts are in TZS' Million	
									Work in progress	Total
Cost/Revaluation										
At 1 January	21,206	18,051	6,372	24,085	13,151	12,261	2,179	5,315	2,368	104,988
Additions	449	7,058	1,715	7,011	4,237	4,038	429	1,862	1,422	28,221
Revaluation	-	-	3,983	-	-	-	-	-	-	3,983
Released on revaluation	-	-	(4,192)	-	-	-	-	-	-	(4,192)
Disposals	-	(148)	(318)	(1,252)	(318)	(174)	(13)	-	-	(2,223)
At 31 December	21,655	24,961	7,560	29,844	17,070	16,125	2,595	7,177	3,790	130,777
Depreciation										
At 1 January	(3,102)	(6,013)	(3,025)	(13,495)	(6,154)	(5,108)	(1,265)	(1,593)	-	(39,755)
Charge for the year	(441)	(4,165)	(1,238)	(4,176)	(2,593)	(1,555)	(379)	(1,163)	-	(15,710)
Disposal	-	-	72	1,226	306	174	13	-	-	1,791
Released on revaluation	-	-	4,192	-	-	-	-	-	-	4,192
At 31 December	(3,543)	(10,178)	-	(16,445)	(8,441)	(6,489)	(1,631)	(2,756)	-	(49,482)
Net book value	18,112	14,783	7,561	13,399	8,629	9,636	964	4,421	3,790	81,295

Work in progress relates to the Bank's buildings under construction.

Leasehold land of TZS 3,539 million was previously presented under prepaid operating lease. This has been included under land and buildings.

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NOTES (continued)

23 PROPERTY AND EQUIPMENT (CONTINUED)

BANK Year 2013	Land & Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smartcard Equipment	Security Equipment	Mobile Branch	Work in progress	Amounts are in TZS Million	
										Total	
Cost/Revaluation											
At 1 January	21,655	23,202	6,131	28,756	16,997	16,128	2,595	7,177	3,790		126,431
Additions	914	11,216	1,468	10,879	3,617	4,002	470	18	1,782		34,366
Revaluation	4,538	-	-	-	-	-	-	-	(4,538)		-
Released on revaluation	-	-	-	-	-	-	-	-	-		-
Disposals	-	-	(164)	(157)	(167)	-	(11)	-	-		(499)
At 31 December	27,107	34,418	7,435	39,478	20,447	20,130	3,054	7,195	1,034		160,298
Depreciation											
At 1 January	(3,543)	(10,179)	-	(16,172)	(8,436)	(6,491)	(1,631)	(2,756)	-		(49,208)
Charge for the year	(520)	(4,939)	(986)	(4,926)	(3,088)	(1,976)	(392)	(990)	-		(17,817)
Disposals	-	-	24	142	156	-	8	-	-		330
Released on revaluation	-	-	-	-	-	-	-	-	-		-
At 31 December	(4,063)	(15,118)	(962)	(20,956)	(11,368)	(8,467)	(2,015)	(3,746)	-		(66,695)
Net book value											
At 31 December	23,044	19,300	6,473	18,522	9,078	11,663	1,039	3,449	1,034		93,603

Work in progress relates to the Bank's buildings under construction.

Leasehold land of TZS 3,820 million was previously presented under prepaid operating lease. This has been included under land and buildings.

Financial Statements For the Year Ended 31 December 2013

NOTES (continued)

23. PROPERTY AND EQUIPMENT (CONTINUED)

Amounts are in TZS Million

BANK Year 2012	Land & Buildings	Leasehold Improvement	Motor vehicles	Office Equipment	Computer Equipment	Smartcard Equipment	Security Equipment	Mobile Branch	Work in progress	Total
Cost/Revaluation										
At 1 January	21,206	18,051	6,495	23,770	13,151	12,261	2,179	5,315	2,368	101,253
Additions	449	5,299	1,197	6,238	4,164	4,041	429	1,862	1,422	24,999
Revaluation	-	-	3,328	-	-	-	-	-	-	3,328
Released on revaluation	-	-	(4,571)	-	-	-	-	-	-	(4,571)
Disposals	-	(148)	(318)	(1,252)	(318)	(174)	(13)	-	-	(2,223)
At 31 December	21,655	23,202	6,131	28,756	16,997	16,128	2,595	7,177	3,790	126,431
Depreciation										
At 1 January	(3,102)	(6,014)	(3,616)	(13,302)	(6,151)	(5,110)	(1,265)	(1,593)	-	(40,153)
Charge for the year	(441)	(4,165)	(1,027)	(4,115)	(2,591)	(1,555)	(379)	(1,163)	-	(15,436)
Disposals	-	-	72	1,245	306	174	13	-	-	1,810
Released on revaluation	-	-	4,571	-	-	-	-	-	-	4,571
At 31 December	(3,543)	(10,179)	-	(16,172)	(8,436)	(6,491)	(1,631)	(2,756)	-	(49,208)
Net book value										
At 31 December	18,112	13,023	6,131	12,584	8,561	9,637	994	4,421	3,790	77,223

Work in progress relates to the Bank's buildings under construction.

Leasehold land of TZS 3,839 million was previously presented under prepaid operating lease. This has been included under land and buildings.

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For the Year Ended 31 December 2013

NOTES (continued)

23. PROPERTY AND EQUIPMENT (CONTINUED)

The Company's Motor vehicles were revalued on 31 December 2012, by Mechmaster (T) limited and Toyota Tanzania limited, registered property valuers. Valuations were made on the basis of recent open market value. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in "revaluation reserve" in shareholders' equity. None of the property and equipment is pledged as security for liabilities. The valuation has been reviewed and the management is of the view that the current book value is in line with the market value.

If motor vehicles were measured using cost model, the carrying amounts would be as follows;

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Cost	10,044	8,607	8,498	7,332
Accumulated depreciation	(6,282)	(5,540)	(5,090)	(4,549)
Net book value				
At 31 December	3,762	3,067	3,408	2,783

Included in property and equipment are assets with a cost of TZS 18,239 million (2012: TZS 13,008 million) which were fully depreciated but still in use. The notional depreciation charge on these assets would have been TZS 3,373 million (2012: TZS 2,354 million).

24. PREPAID OPERATING LEASE

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Cost prepaid				
At 1 January	37	37	37	37
Additions	498	-	498	-
At 31 December	535	37	535	37
Amortisation				
At 1 January	(14)	(11)	(14)	(11)
Charge for the year	(6)	(3)	(6)	(3)
At 31 December	(20)	(14)	(20)	(14)
Net book value				
At 31 December	515	23	515	23

Prepaid operating lease relates to advance payments made for the right of occupancy of various portions of leasehold land where the Bank has its business premises.

25. INTANGIBLE ASSETS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Cost				
At 1 January	24,032	20,160	22,210	19,818
Exchange differences	14	-	-	-
Additions	5,339	3,872	5,138	2,392
At 31 December	29,385	24,032	27,348	22,210
Amortisation				
At 1 January	(8,811)	(6,098)	(8,470)	(5,921)
Charge for the year	(3,735)	(2,713)	(3,376)	(2,549)
At 31 December	(12,546)	(8,811)	(11,846)	(8,470)
Net book value At 31 December	16,839	15,221	15,502	13,740

Intangible assets relate to computer software used by the Group. Intangibles fully depreciated amounting to TZS 2,123 million (2012: TZS 2,123 million) are still in use. The notional depreciation charge would have been TZS 425 million (2012: TZS 425 million). Some fully depreciated software's are; Kindle software (branch power), Signature capture software, VISA solution software, Card-world producer software, Smart POS module.

No intangible asset was pledged as security for liabilities as at 31 December 2013. There also no restrictions other than those outlined in the software license.

26. DEFERRED INCOME TAX ASSET

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At 1 January	(3,815)	252	(3,852)	280
Charge to profit and loss	354	161	361	71
Under provision in prior year deferred income tax (Note 13)	(553)	(5,423)	(363)	(5,201)
Charge to equity	-	1,195	-	998
At 31 December	(4,014)	(3,815)	(3,854)	(3,852)

Deferred income tax asset and deferred income tax credit to the profit and loss account are attributed to the following items:

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Accelerated capital allowance	(617)	(2,385)	(693)	(2,396)
		-		-
Provisions	(3,397)	(2,625)	(3,161)	(2,454)
Revaluation gain on motor vehicles	-	1,195	-	998
	(4,014)	(3,815)	(3,854)	(3,852)

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NOTES (continued)

27. DEPOSITS FROM CUSTOMERS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Current and demand accounts	1,223,885	876,693	1,216,729	876,308
Savings accounts	942,370	827,888	940,780	827,577
Term deposits	858,174	879,383	850,943	879,165
	3,024,429	2,583,964	3,008,452	2,583,050
Current deposits	3,020,201	2,475,966	3,004,224	2,475,052
Non-current deposits	4,228	107,998	4,228	107,998
	3,024,429	2,583,964	3,008,452	2,583,050

Savings accounts, term deposits and some current and demand deposits are interest bearing accounts. These interest bearing customer deposit accounts carry variable interest rates.

Maturity analysis

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Repayable on demand	2,297,411	1,704,581	2,289,415	1,703,885
Maturing within 3 months	349,250	499,522	349,250	499,398
After 3 months but within 1 year	251,373	271,863	243,392	271,796
Maturing after 1 year	126,395	107,998	126,395	107,971
	3,024,429	2,583,964	3,008,452	2,583,050

28. DEPOSITS FROM BANKS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Deposits from banks	53,940	135,580	53,855	135,580

All deposits from banks are current.

29. OTHER LIABILITIES

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Bills payable	2,197	3,340	2,130	3,173
Dividend payable	3,419	2,148	3,419	2,148
Accrued expenses	9,005	6,004	8,667	5,873
Due to related parties (Note 39)	-	-	8,929	4,695
Deferred income	3,282	1,793	3,260	1,672
Outstanding credits	3,667	2,861	3,667	2,860
Unclaimed customer balances	11,327	8,552	11,270	8,552
Other payables	13,245	4,582	13,243	4,554
	46,142	29,279	54,585	33,527

-Bills payable represents Bankers cheques issued to customers that have not yet been presented for payment.

-Dividend payable represents uncollected dividends by the Bank's shareholders.

-Outstanding credits represent suspended customer balances while their bank accounts are in the process of being opened.

Other liabilities are expected to be settled within no more than 12 months after the reporting date.

30. PROVISIONS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Provision for litigation				
At 1 January	1,227	352	1,227	352
Additional provisions	135	970	135	970
Amount paid in the year	(695)	(95)	(695)	(95)
At 31 December	667	1,227	667	1,227

As at year end, there were several pending legal cases where the Bank was a defendant. Provision has been made for legal cases where professional advice indicates that it is probable that significant loss will arise. The directors have considered it probable that the unfavourable outcome of these cases to the Bank could result into an estimated loss of TZS.667 million (2012: TZS1,227 million). For cases whose outcomes are uncertain, contingent liabilities have been considered as disclosed in note 37. According to the nature of such disputes the outcome and timing of settlement of these cases is uncertain.

31. GRANTS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At 1 January	7,333	716	7,421	578
Grant received during the year	1,078	7,738	0	7,069
Grant amount utilised	(627)	(1,121)	0	(226)
At 31 December	7,784	7,333	7,421	7,421

31.1 FSDT GRANTS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At 1 January	6,981	138	7,069	-
Grant received during the year	681	7,737	-	7,069
Grant amount utilised	(560)	(894)	-	-
At 31 December	7,102	6,981	7,069	7,069

The group is recipient of two grants from Financial Sector Deepening Trust of Tanzania (FSDT) as disclosed below;

FSDT GRANT I

On 26 May 2008, CRDB Bank Plc signed a four year funding agreement with Financial Sector Deepening Trust of Tanzania (FSDT) amounting to USD 3,806,500 as a grant for strengthening of the Bank's microfinance partner institutions and increase outreach. In 2013 the amount of USD 415,560 was received by CRDB Bank Plc which was transferred the amount to CRDB Microfinance Services Company Limited. Total cumulative drawdown of the Grant to 31 December 2013 amounts to USD 3,806,500.

FSDT GRANT II

On 27 August 2012, CRDB Bank Plc signed a five year funding agreement with Financial Sector Deepening Trust of Tanzania (FSDT) amounting to USD 11,017,855 (USD 8,263,390 as a grant and USD 2,754,470 as a loan) to support establishment of integrated retail banking and wholesale microfinance services model via different technology linked outlets by launching service centres in remote areas. In 2012 the grant amount of USD 1,720,900 was received by CRDB Bank Plc (2013: Nil). The conditions of the grant are subject to the achievement of performance targets relating to the number of constructed service centres, purchase of mobile branches as well as target number of clients and borrowers served among other conditions. There was no drawdown of the loan as at 31 December 2013.

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NOTES (continued)

31. GRANTS (CONTINUED)

31.2 DANIDA WOMEN GRANT

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At 1 January	352	578	352	578
Grant received during the year	-	-	-	-
Grant amount utilised	-	(226)	-	(226)
At 31 December	352	352	352	352

On 10 December 2011, CRDB Bank Plc signed a three year funding agreement with DANIDA amounting to DKK 8,850,000 Million as a grant named "Women access to Finance Initiative" which aimed at enabling women to contribute to economic growth through SME loans. The drawdown of the grant up to December 2013 was DKK 3,850,000 Million equivalent to USD 364,332.

31.3 UNCDF GRANT

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At 1 January	-	-	-	-
Grant received during the year	397	-	-	-
Grant amount utilised	(67)	-	-	-
At 31 December	330	-	-	-

On 29 May 2013, CRDB Bank Burundi S.A. signed a funding agreement with United Nations Capital Development Fund (UNCDF) amounting to USD 700,000 as a grant to support and strengthening Microfinance institutions, SACCOS and establishment of Agency banking. The agreement is scheduled to expire on Jan 2017. The drawdown amount of the grant up to December 2013 was USD 250,000

32. BORROWINGS

32.1 SHORT TERM BORROWINGS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At 1 January	-	-	-	-
Loan received during the year	39,689	-	39,689	-
Interest charge for the year	-	-	-	-
Interest paid in the year	-	-	-	-
Principal repayment during the year	-	-	-	-
At 31 December	39,689	-	39,689	-

On 14th October 2013, CRDB Bank Plc signed a one year loan agreement with Standard Chartered Bank London amounting USD 25 Million secured by Treasury bonds. The loan's interest is floating three month libor plus two hundred basis points, with interest being paid on a quarterly basis. The whole amount was received in 2013.

32. BORROWINGS (CONTINUED)

31.2 SUBORDINATED DEBT

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
At 1 January	-	1,920	-	1,920
Loan received during the year	10,000	-	10,000	-
Interest charge for the year	267	96	267	96
Interest paid in the year	-	(96)	-	(96)
Principal repayment during the year	-	(1,920)	-	(1,920)
At 31 December	10,267	-	10,267	-
Non-current	10,000	-	10,000	-
Current	267	-	267	-
	10,267	-	10,267	-

The bank was granted a subordinated debt by DANIDA Investment Fund amounting to TZS 10 Billion at an interest rate of 8% that is to be paid annually. The subordinated debt is for a period of eight (8) years effective from 1st September 2013.

33. SHARE CAPITAL

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Authorised				
4,000,000,000 ordinary shares of TZS 25 each	100,000	100,000	100,000	100,000
Issued and fully paid				
2,176,532,160 ordinary shares of TZS 25 each	54,413	54,413	54,413	54,413

34. RESERVES

Share premium

Share premium represents the surplus of market price over the nominal value of the shares issued, comprising the rights issue and Initial Public offering (IPO).

Retained earnings

Retained earnings consist of profits generated by a company that was not distributed to shareholders as dividend but reinvested in business.

General banking risk reserve

General banking risk reserve represents the surplus of loan provision computed as per the Bank of Tanzania regulations over the impairment of loans and advances. This is undistributable reserves

Translation reserve

Translation reserve represents exchange differences arising from translation of the financial performance and position of a subsidiary company that has a functional currency different from the Group's presentation currency. This is undistributable reserves.

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NOTES (continued)

34. RESERVES (CONTINUED)

Revaluation Reserve

Revaluation reserve is made of periodic adjustment arising from the fair valuation of motor vehicles, net of related deferred taxation and fair valuation of available for sale financial assets and liabilities. The reserve is not available for distribution to the shareholders.

The revaluations reserve movements is as shown below:

GROUP	2013			2012		
	Motor Vehicles TZS' Million	Available for Sale TZS' Million	Total TZS' Million	Motor Vehicles TZS' Million	Available for Sale TZS' Million	Total TZS' Million
At 1 January	3,305	79	3,384	656	-	656
Increase during the year	-	(162)	(162)	2,788	79	2,867
Release to retained to earnings	(271)	-	(271)	(139)	-	(139)
Closing balance	3,034	(83)	2,951	3,305	79	3,384

BANK	2013			2012		
	Motor Vehicles TZS' Million	Available for Sale TZS' Million	Total TZS' Million	Motor Vehicles TZS' Million	Available for Sale TZS' Million	Total TZS' Million
At 1 January	2,776	79	2,854	635	0	636
Increase during the year	-	(162)	(162)	2,330	79	2,409
Release to retained to earnings	(412)	-	(412)	(190)	-	(190)
Closing balance	2,363	(83)	2,280	2,776	79	2855

35. ANALYSIS OF CASH AND CASH EQUIVALENT

For the purpose of the statement of cash flows, cash and cash equivalents comprises the following balances with less than three months maturity from the date of acquisition.

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Cash in hand (Note 16)	129,200	120,157	128,105	119,220
Balances with Central Banks (Note 16)	32,788	50,304	26,864	47,688
Loans and advances to banks (Note 18)	313,123	133,755	310,432	133,583
Government securities (Note 17)	586	7,980	-	7,000
	475,697	312,196	465,401	307,491

36. FINANCIAL INSTRUMENTS BY CATEGORY

(All amounts in TZS)

GROUP At 31 December 2013	Loans and receivables	Held to maturity	Available- for- sale	Total
Financial Assets				
Cash and balances with Central Banks	506,222	-	-	506,222
Loans and advances to banks	317,923	-	-	317,923
Loans and advances to customers	1,993,106	-	-	1,993,106
Government securities	-	540,064	29,245	569,309
Equity investment	-	-	2,280	2,280
Other assets	30,046	-	-	30,046
	2,847,297	540,064	31,525	3,418,886

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NOTES (continued)

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(All amounts in TZS)

GROUP	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
At 31 December 2013			
Financial liabilities			
Deposits from banks	-	93,630	93,630
Deposits customers	-	3,024,429	3,027,429
Other liabilities	-	38,051	38,051
	-	<u>3,156,110</u>	<u>3,159,110</u>

(All amounts in TZS)

GROUP	Loans and receivables	Held to maturity	Available- for- sale	Total
At 31 December 2012				
Financial assets				
Cash and balances with Central Banks	472,641	-	-	472,641
Loans and advances to banks	137,082	-	-	137,082
Loans and advances to customers	1,806,865	-	-	1,806,865
Government securities	-	515,327	12,291	527,618
Equity investment	-	-	1,200	1,200
Other assets	12,590	-	-	12,590
	<u>2,429,178</u>	<u>515,327</u>	<u>13,491</u>	<u>2,957,996</u>

(All amounts in TZS)

GROUP	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
At 31 December 2012			
Financial liabilities			
Deposits from banks	-	135,580	135,580
Deposits customers	-	2,583,964	2,583,964
Other liabilities	-	29,544	29,544
	-	<u>2,749,088</u>	<u>2,749,088</u>

BANK	Loans and receivables	Held to maturity	Available- for-sale	Total
At 31 December 2013				
Financial assets				
Cash and balances with Central Banks	499,203	-	-	499,203
Loans and advances to banks	315,233	-	-	315,233
Loans and advances to customers	1,988,865	-	-	1,988,865
Government securities	-	527,493	29,245	556,738
Equity investment	-	-	2,280	2,280
Other assets	30,290	-	-	30,290
	<u>2,833,591</u>	<u>527,493</u>	<u>31,525</u>	<u>3,392,609</u>

BANK	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
At 31 December 2013			
Financial liabilities			
Deposits from banks	-	53,855	53,855
Deposits customers	-	3,008,452	3,008,452
Other liabilities	-	51,992	51,992
	-	<u>3,114,299</u>	<u>3,114,299</u>

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For the Year Ended 31 December 2013

NOTES (continued)

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(All amounts in TZS)

BANK At 31 December 2012	Loans and receivables	Held to maturity	Available- for- sale	Total
Financial Assets				
Cash and balances with Central Banks	469,088	-	-	469,088
Loans and advances to banks	136,910	-	-	136,910
Loans and advances to customers	1,806,865	-	-	1,806,865
Government securities	-	506,363	12,291	518,654
Equity investment	-	-	1,200	1,200
Other assets	14,858	-	-	14,858
	<u>2,427,721</u>	<u>506,363</u>	<u>13,491</u>	<u>2,947,575</u>

(All amounts in TZS)

BANK At 31 December 2012	Financial liabilities at fair value through profit or loss	Other liabilities at amortised cost	Total
Financial liabilities			
Deposits from banks	-	135,580	135,580
Deposits customers	-	2,590,119	2,590,119
Other liabilities	-	33,879	33,879
	-	<u>2,759,578</u>	<u>2,759,578</u>

37. CONTINGENT LIABILITIES

	GROUP			BANK
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Guarantees and indemnities	194,365	60,589	194,365	60,589
Letters of credit	477,838	164,060	477,838	164,060
Outward foreign bills for collection	13	25	13	25
Interest payable-FSDT Borrowing	594	-	594	-
	<u>672,810</u>	<u>224,674</u>	<u>672,810</u>	<u>224,674</u>
Litigation against the Group	2,978	1,171	2,978	1,171

Letters of credit are commitments by the Bank to make payments to third parties, on production of agreed documents on behalf of customers and are reimbursed by the customers.

Guarantees and indemnities are generally issued by the Bank, on behalf of customers, to guarantee performance by customers to third parties. The Bank will only be required to meet these obligations in the event of default by the customer.

The Group is, in the normal course of business involved in a number of court cases. The Group has taken appropriate legal measures to defend its position. Appropriate provisions have been made by the Group for the liabilities arising as disclosed in note 30. Contingent liabilities arise for cases for which the outcome cannot be reliably determined as at the date of signing these financial statements.

38. COMMITMENTS

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Commitments to extend credit	217,833	221,488	217,833	221,488
Capital commitments				
Authorised and contracted for	14,905	13,731	14,905	13,731
Authorised and not yet contracted for	8,277	-	8,038	-
	<u>23,182</u>	<u>13,731</u>	<u>22,943</u>	<u>13,731</u>

Capital commitments authorised and contracted for are in respect of:

- (i) construction and establishment costs of agencies at Manyoni, Mpwapwa, Kondoa, Sanyajuu, Mbalari, Maswa, Nguruka, Katoro, Muleba, Sengerema, Chato and four branches;- Ifakara, Bukoba, Mafinga and Babati.
- (ii) Purchase of various equipments for various branches and Head office departments, IBM servers, upgrade of memory for p6 IBM servers, 13 units of generators, Fiber project phase II, Video conference, inverters batteries, and various network equipments.

Operating lease commitments

The future minimum lease payments of the Group (lessee) under operating leases are as follows:

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Less than 1 year	2,899	2,846	2,899	2,846
More than 1 year but less than 5 years	7,056	1,258	7,056	1,258
More than 5 years	533	4,081	533	4,081
Total	<u>10,488</u>	<u>8,185</u>	<u>10,488</u>	<u>8,185</u>

The Group leases various branch premises and offices under non-cancellable operating lease agreements. The lease terms are between 1 and 7 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

Group as a lessor	2013	2012	2013	2012
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
Rent received in the year	<u>86</u>	<u>136</u>	<u>86</u>	<u>136</u>

Rental income commitments

The Group sublets unutilized office space to earn rental income. The leases cover a period of one year with an option to renew after expiry. The future lease rental income with the Group as a lessor as at 31 December 2013 is TZS 109 million (2012: 113 million).

NOTES (continued)

39. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, a number of banking transactions are entered into with related parties' i.e. key management staff, Directors, their associates and companies associated with Directors. These include loans and deposits. Loans and advances to customers as at 31 December include loans and advances to Directors, other key management personnel and companies associated with Directors.

The volume of related party transactions for the year and the outstanding amounts at the year end are as

	Companies associated with Directors		Directors and other key management personnel	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Loans and advances				
At 1 January	68	128	3,860	1,960
Net movement during the year	(60)	(60)	389	1,900
At 31 December	8	68	4,249	3,860
Interest earned	6	9	220	201

These loans and advances are performing and therefore no provisions have been made during the year (2012: Nil).

Deposits from related parties	2013	2012	2013	2012
	TZS' Million	TZS' Million	TZS' Million	TZS' Million
At 1 January	1,824	806	1,116	789
Net movement during the year	98	(1,018)	(68)	327
At 31 December	1,922	1,824	1,048	1,116
Interest paid	24	11	8	9

	GROUP		BANK	
	2013 TZS' Million	2012 TZS' Million	2013 TZS' Million	2012 TZS' Million
Balances outstanding with related companies were as follows:				
Due from related parties				
CRDB Burundi S.A	-	-	512	2,592
Due to related parties				
CRDB Microfinance Company Services	-	-	8,929	4,677
Transactions with related companies were as follows:				
Payments made on behalf of subsidiaries				
CRDB Burundi S.A	-	-	512	2,592
CRDB Microfinance Company Services Limited	-	-	622	602
	-	-	1,134	3,194
Commission paid for loans and deposit mobilisation				
CRDB Microfinance Company Services Limited	-	-	12,139	8,985

39. RELATED PARTY TRANSACTIONS (CONTINUED)

Guarantee

In the year ending 31st December 2013, there was no guarantee given or received to/from any related party (2012: NIL).

Compensation of Key Management Personnel

Key management personnel comprise Board of directors, Managing Director, Deputy Managing Directors, and heads of departments who are reporting directly to the Managing Director and Deputy Managing Directors.

The remuneration of key management personnel during the year was as follows:

	2013 TZS' Million	2012 TZS' Million
Short term employee benefits	3,729	3,453
Post-employment benefits	1,416	1,139
Directors' fees	376	324
	<u>5,521</u>	<u>4,916</u>

The above compensation is a total salary package including all employment benefits and pension. Details of payment of Directors' fees to individual directors will be tabled at the annual general meeting.

40 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no events after the statement of financial position date which require any adjustment and disclosures in the financial statements.

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 Fax: 022 2860875
 Tel: 022 2860873-4

Quality Center

Box 40237 DSM
 Fax 022 2864787
 Tel 022 2865787

Tabata

Box 24862 DSM
 Fax 022 2808049
 Tel 022 2808050/51/52

TBL

P.O. Box 10876 Dar es Salaam
 Fax: 022 2120905
 Tel: 022 2181297

Tegeta

Box 66634
 Fax 022 2926307
 Tel 022 2926305/6

Tower

P.O. Box 2302 Dar es Salaam
 Fax: 022 2129604
 Tel: 022 2129603/2126762/64

TRA

P.O. Box 71936 Dar es Salaam
 Fax: 022 2136582
 Tel: 022 2136582

UDSM

P.O. Box 110138 Dar es Salaam
 Fax: 022 2410576
 Tel: 022 2410575/2410224/2410225

Ubungu

P.O. Box 90250 Dar es Salaam
 Fax: 022 2400369
 Tel: 022 2400573-5

Vijana

P.O. Box 10876 Dar es Salaam
 Fax: 022 2181687/2181755
 Tel: 022 2184566/2181453/21844634

Water Front

P.O. Box 71936 Dar es Salaam
 Fax: 022 2126299
 Tel: 022 2126402/7/8

DODOMA**Bunge**

P.O. Box 401 Dodoma
 Fax: 026 232284
 Tel: 026 2320007

Chamwino

Box 1224 Chamwino, Dodoma
 Fax 026 2320278
 Tel 026 2320279

Dodoma

P.O. Box 401 Dodoma
 Fax: 026 2322841
 Tel: 026 2322840/2322842

UDOM

P.O. Box 1879 Dodoma
 Fax: 026 2310101
 Address: 026 2310100

GEITA**Geita**

P.O. Box 348 Geita, Mwanza
 Fax: 028 2520308
 Tel: 028 2520304/2520302

IRINGA**Iringa**

P.O. Box 168 Iringa
 Fax: 026 2702861
 Tel: 026 2702862/2702795

Mkwawa

P.O. Box 177 Iringa
 Fax: 026 2700127
 Tel: 026 2700128

KAGERA**Bukoba**

P.O. Box 1804 Bukoba
 Fax: 028 2220909
 Tel: 028 2220081/2221130

Karagwe

P.O. Box 504 Karagwe, Kagera
 Fax: 028 2227084
 Tel: 028 2227084

KATAVI**Mpanda**

P.O. Box 226 Mpanda, Rukwa
 Fax: 025 2820473
 Tel: 025 2820473

KIGOMA

Kigoma

P.O. Box 575 Kigoma
Fax: 028 2804356
Tel: 028 2802249/2804730

KILIMANJARO

Hai

P.O. Box 96 Hai, Kilimanjaro
Fax: 027 2756190
Tel: 027 2756916

Marangu

P.O. Box 239 Marangu, Kilimanjaro
Fax: 027 2758720
Tel: 027 2758750

Moshi

P.O. Box 1302 Moshi, Kilimanjaro
Fax: 027 2751005
Tel: 027 275067/2753822

TPC

P.O. Box 1302 Moshi, Kilimanjaro
Fax: 027 2751005
Tel: 027 2758774

LINDI

Lindi

P.O. Box 266 Lindi
Fax: 023 2202385
Tel: 023 2202385/2202254

MARA

Musoma

P.O. Box 386 Musoma, Mara
Fax: 028 2622891
Tel: 028 2622484/2622192

Tarime

P.O. Box 222 Tarime, Mara
Fax: 028 2690008
Tel: 028 2690008

MBEYA

Kasumulu

P.O. Box 315 Kyela, Mbeya
Fax: 025 2504315
Tel: 025 2504367/2504389

Mbalizi

P.O. Box 4640 Mbeya
Fax: 025 2560155
Tel: 025 2560154/2560155

Mbeya

P.O. Box 315 Mbeya
Fax: 025 2504315
Tel: 025 2504367/2504389

Mbozi

P.O. Box 642 Mbozi, Mbeya
Fax: 025 2580105
Tel: 025 2580102

Mwanjelwa

P.O. Box 1785 Mbeya
Fax: 025 2500337
Tel: 025 2500435/2500446

TUNDUMA

P.O. Box 642 Momba, Mbeya
Fax: 025 2530359
Tel: 025 2530359

MOROGORO

Kilombero

P.O. Box 351 Kidatu Morogoro
Fax: 023 2626549
Tel: 023 2626547-8

Kilosa

P.O. Box 88 Kilosa, Morogoro
Fax: 023 2623243
Tel: 023 2623191

Ifakara

Box 6 Ifakara
Fax: 023 2625076
Tel: 023 2625074

Mandela

P.O. Box 150 Morogoro
Fax: 023 2613746
Tel: 023 2763421/2763153

Mazimbu

P.O. Box 1470 Morogoro
Fax: 023 2600698
Tel: 023 2600697/98

Morogoro

P.O. Box 352 Morogoro
Fax: 023 2614403
Tel: 023 2613676/2614405

Mzumbe

P.O. Box 49 Mzumbe, Morogoro
Fax: 023 2600568
Tel: 023 2600043

SUA

P.O. Box 352 Morogoro
Fax: 023 2601154
Tel: 023 2601154

MTWARA

Masasi

Box 382 Masasi
Fax 023 2510504
Tel 023 2510502/3

Mtwara

P.O. Box 182 Mtwara
Fax: 023 2333572
Tel: 023 2333572/2333466

MWANZA

Bugando

P.O. Box 5185 Mwanza
Fax: 028 2500105
Tel: 028 2500050

Mwaloni

P.O. Box 1330 Mwanza
Fax: 028 2500020
Tel: 028 2500134

Mwanza

P.O. Box 1330 Mwanza
Fax: 028 2500040
Tel: 028 2500053/2500224

NYANZA

P.O. Box 5185 Mwanza
Fax: 028 2505013
Tel: 028 2505006/7/12

NYERERE

P.O. Box 1853 Mwanza
Fax: 028 2500849
Tel: 028 250848/250045

SAUT

P.O. Box 1330 Mwanza
Mobile: 0737 195889/0732 981419

NJOMBE

Makambako

Box 312, Makambako, Njombe
Fax: 026 2730667
Tel: 026 2730666

Njombe

P.O. Box 947 Njombe, Iringa
Fax: 026 2782872
Tel: 026 2782871

PWANI

Bagamoyo

P.O. Box 160 Bagamoyo, Pwani
Fax: 023 2440325
Tel: 023 2440324/6

Kibaha

P.O. Box 30424 Kibaha, Pwani
Fax: 023 2402144
Tel: 0232402145/46

RUVUMA

Mbinga

P.O. Box 2 Mbinga Ruvuma
Fax: 025 2640067
Tel: 025 2640056

Songea

P.O. Box 121 Songea, Ruvuma
Fax: 025 2602961
Tel: 025 2602962-3

RUKWA

Sumbawanga

P.O. Box 367 Sumbawanga, Rukwa
Fax: 025 2802342
Tel: 025 2802165/2802266

SHINYANGA

Kahama

P.O. Box 609 Kahama, Shinyanga
Fax: 028 2710086
Tel: 028 2710049/2710026

Shinyanga

P.O. Box 397 Shinyanga
Fax: 028 2762297
Tel: 028 2763421/2763153

SIMIYU

Bariadi

P.O. Box 405 Bariadi, Simiyu
Fax: 028 2700091
Tel: 028 2700101/2700091

SINGIDA

Singida

P.O. Box 135 Singida
Fax: 026 2502357
Tel: 026 2502435/2502619

TABORA

Sikonge

Box 7 Sikonge, Tabora
Fax: 0732 988748
Tel: 0732 988748

Tabora

P.O. Box 889 Tabora
Fax: 026 2604451
Tel: 026 2604035/2604476

Urambo

Box 141, Urambo, Tabora
Fax: 0732988882
Tel: 0732988882

TANGA

Korogwe

P.O. Box 268 Korogwe, Tanga
Fax: 027 2650044
Tel: 027 2650045

Tanga

P.O. Box 1180 Tanga
Fax: 027 2644270
Tel: 027 2644353/2647763/2646875

HEAD OFFICE

CRDB Bank Plc

Office Accommodation Scheme
Azikiwe Street
P.O. Box 268
Dar es Salaam, Tanzania

Tel: 022 2116714/2133067
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ZANZIBAR

Zanzibar

P.O. Box 1846 Zanzibar
Fax: 024 2238184
Tel: 024 2238187/2238183/2231374/2231574

BURUNDI

CRDB Bank Burundi SA

P.O. Box 254
Bujumbura, Burundi
Tel: +257 715 00005/76153000
Fax: +257 22277769/70

MICROFINANCE SERVICES

CRDB Microfinance Services Company Ltd

P.O. Box 268
Dar es Salaam, Tanzania
Tel: 022 2923000/1
Fax: 022 2923002







The bank that listens