



MARKET DISCIPLINE DISCLOSURE

CRDB BANK PLC - YEAR 2025



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1. Introduction

The Bank prepares and publishes its Market Discipline (Pillar 3) disclosures in accordance with the Bank of Tanzania (BOT) Market Discipline Guidelines, 2023. These disclosures are intended to enhance transparency by providing stakeholders with relevant, reliable, and timely information on the Bank's risk profile, capital adequacy, and risk management practices.

The Bank is committed to maintaining a robust disclosure framework that ensures compliance with regulatory requirements while promoting market confidence and informed decision-making.



1.1 Disclosure Governance Framework

The Bank has established a formal governance framework to oversee the preparation, review, approval, and publication of Market Discipline disclosures in line with the minimum regulatory requirements.

1.2 Disclosure Policy

The Bank maintains a Board-approved Market Discipline Disclosure Policy which defines:

- »»» The scope and objectives of disclosures
- »»» Materiality thresholds and disclosure criteria
- »»» Confidentiality principles
- »»» Frequency and format of disclosures
- »»» Internal controls and approval processes

1.3 Roles and Responsibilities

The governance of disclosures is supported by clearly defined roles across the Bank:

Board of Directors

Provides oversight and approves the Disclosure Policy, ensuring that disclosures are accurate, complete, and compliant with regulatory requirements.

Senior Management

Responsible for the implementation of the disclosure policy and ensuring regulatory compliance.

Internal Audit

Provides independent assurance to the Board and senior management on the disclosure process by evaluating the effectiveness of internal controls and explicitly verifying compliance with applicable regulatory requirements.

Relevant Committee (Risk Committee)

Oversee the effectiveness of the disclosure framework and review key disclosures prior to publication, ensuring alignment with the Bank of Tanzania's prescribed disclosure quality principles, including clarity, consistency, comparability, and completeness. The committee is responsible for confirming that all disclosures accurately reflect the Bank's risk profile, financial position, and compliance with regulatory requirements, and for providing guidance on improvements where necessary.

1.6 Frequency, Publication and Submission

- »»» The Bank publishes Pillar 3 disclosures on a semi-annual and annual basis
- »»» Disclosures are made available on the Bank's official website
- »»» All required disclosures are submitted to the Central Bank within the prescribed timelines
- »»» The Bank ensures that publication and submission processes are aligned with regulatory expectations, including defined timelines and reporting channels.

1.4 Materiality and Confidentiality

The Bank discloses all information that is material to users' understanding of its financial condition and risk profile.

Information may be withheld where it is confidential or proprietary, subject to appropriate justification and internal approval.

Any omission of material information is documented and assessed to ensure continued compliance with regulatory expectations.

1.5 Disclosure Controls and Approval Process

The Bank has established a structured process to ensure the accuracy and integrity of disclosures:

- »»» **Data Preparation** – Relevant business units compile required information
- »»» **Review and Validation** – Risk, Finance, and Compliance functions validate data
- »»» **Management Approval** – Senior Management reviews and approves disclosures
- »»» **Independent Assurance** – Internal Audit performs periodic reviews

This process ensures consistency, completeness, and in alignment with regulatory requirement.

1.7 Continuous Improvement

The Bank continuously enhances its disclosure framework to ensure full alignment with evolving regulatory requirements. This includes strengthening governance structures, improving internal controls, and enhancing the clarity and completeness of disclosures.



2. Market discipline disclosure Requirements



2.1 Qualitative information about credit risk

a) Business Model and Credit Risk Profile

Credit risk is defined as the potential for loss due to a borrower or counterparty failing to meet contractual obligations. The bank's objective is to maintain a diversified, high-quality credit portfolio that supports sustainable growth while preserving capital.

Our credit policy emphasizes on prudent lending through clear guidelines for credit assessment, approval, and monitoring, aimed at minimizing default risk and maintaining portfolio quality. It defines risk tolerance levels, ensures compliance with regulatory standards, and supports responsible credit expansion to creditworthy customers. It also emphasizes ongoing monitoring to detect early warning signs and enable timely corrective actions, fostering consistency, transparency, and accountability in credit decisions.

The bank's business model combines retail, corporate, and institutional banking lending services.

- i) Retail lending (Consumer loans, mortgages, credit cards, personal loans and MSMEs) provides diversification and granularity which focuses on high volume low value ticket sizes
- ii) Corporate lending (large corporates) introduces concentration risks that are managed through sectoral and counterparty limits.
- iii) Institutional exposures (sovereigns and interbank placements) are subject to country and counterparty risk.

As of year-end, total credit exposures (loans and advances to customers) amounted to TZS 18,965 billion made up of TZS 13,462 billion on balance sheet and TZS 5,503 billion off balance sheet. The bank also maintained investment in fixed income securities, interbank loans receivables as well corporate bonds amounting to TZS 2,942 billion in total. The on-balance sheet credit exposure was split into retail 54%, and corporate 46%. Out of which, non-performing loan book was 2.78% of total exposure with provision coverage of 61%. Credit risk-weighted assets stood at 12,117 billion under the Standardized Approach, with capital held at 4.27% above the minimum regulatory requirement. Full collateralized credit exposures accounted for 97% of the portfolio secured by eligible collaterals (primarily mortgages, cash cover, insurance and guarantees etc.).

b) Criteria and Approach for Credit Risk Policy and Limits

Our credit risk management policies are established based on:

- Regulatory frameworks (Basel II and III, local supervisory guidelines and prudential regulations).
- Internal risk appetite are reviewed and approved by the board of directors from time to time
- Quantitative criteria: borrower financial strength, sector outlook, collateral quality.
- Qualitative criteria: governance standards, management quality, sustainability of business models.

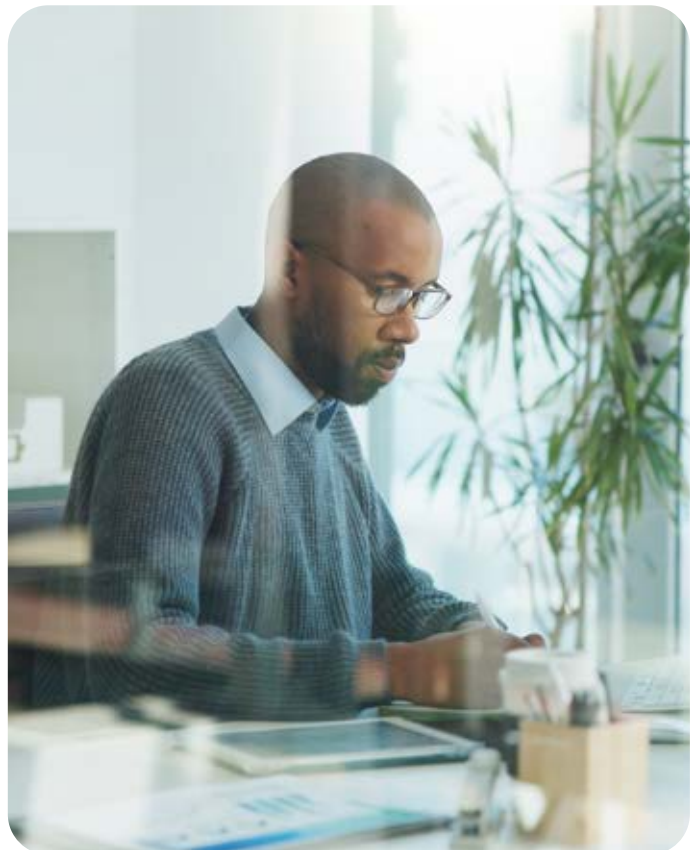
Limits are set at multiple levels including counterparty, industry, geography, and product to ensure diversification and prevent excessive concentrations.

c) Structure and Organization of Credit Risk Management and Control Function

i) Governance and Oversight Framework

The Board of Directors has the ultimate responsibility for the oversight of credit risk management. It approves the Credit Policy and risk appetite in-terms of exposure limits and ensures management complies to the requirements of the Policy. The Board Credit Committee (BCC) reviews and recommends credit risk policies, concentration limits and advises the board on credit risk-taking and management, while the Board Risk Committee (BRC) provides overarching oversight and guidance on credit risk strategy.

Management oversight is exercised through the Loan Portfolio Quality Committee and Management Risk Committee (MARC). The Credit Risk Department operates independently from business origination units, ensuring objective credit assessment, monitoring and reporting to senior management and the Board.



ii) Credit Risk Strategy and Risk Appetite

The Bank strategic positioning emphasizes sustainable growth, resilience, and risk-adjusted returns. Credit risk appetite is defined through quantitative and qualitative metrics including single borrower limits, sector exposure caps, NPL thresholds, and portfolio diversification targets.

Risk appetite metrics are reviewed annually by the Board and monitored periodically

iii) Credit Approval and Underwriting Standards

The Bank maintains structured credit approval processes with clear segregation of duties. All credit facilities undergo financial analysis, cash flow assessment, internal risk grading, and collateral evaluation prior to approval.

Delegated approval authorities are aligned with exposure size and risk rating, with large exposures escalated to the Board Credit Committee and The Main Board where applicable.

iv) Credit Risk Measurement and Monitoring

Credit risk is measured using internal risk grading models and the Standardized Approach for regulatory capital purposes, in line with Central Bank requirements.

Portfolio monitoring includes delinquency tracking, early warning indicators, concentration analysis, and periodic stress testing.

Expected Credit Loss (ECL) is calculated in accordance with IFRS 9 using forward-looking macroeconomic variables and risk parameters including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

v) Credit Risk Mitigation Techniques

The Bank employs collaterals, guarantees and covenants to mitigate credit risk. Collateral is periodically revalued and appropriate haircuts are applied in line with credit policy.

vi) Concentration Risk Management

The Bank monitors and manages concentration risk across sectors, geographic regions, products, segments and large exposures in compliance with regulatory and internal limits.

vii) Stress Testing Framework

Credit portfolio stress testing is conducted periodically under adverse macroeconomic scenarios including GDP growth, inflation and sector-specific downturns.

Key areas/shocks covered by the stress testing include default of large borrowers and key counterparts, increase in probability of defaults (PD), increase in Loss given default (LGD), default in specific sectors and overall shifts in NPL levels. Combined impact of selected shocks is also performed. Stress testing results inform capital planning and risk appetite adjustments.

viii) Capital Adequacy for Credit Risk

The Bank calculates regulatory capital for credit risk using the Standardized Approach as prescribed by the Bank of Tanzania Capital Adequacy Regulations. Capital adequacy ratios are maintained above regulatory minimums and internal risk appetite thresholds.



d) Relationships between the credit risk management, risk control, compliance and internal audit functions

i) Business units

Maintains relationship with customer, perform sales functions and collects information for submission to credit for assessment. Business units are also involved in monitoring exposures.

ii) Credit department

Performs credit appraisal and analysis, approves credit exposures or recommends the exposures to senior management and board for approval in accordance with delegated authority. They also monitor credit exposures, perform ECL assessment, manages the reporting aspects and perform recovery activities.

iii) Risk and compliance

As second line of defense, risk and compliance regularly conduct independent assessments to ensure credit risk controls are appropriately designed and operating effectively. Where weaknesses are identified, the first line is responsible for remediation, with the second line verifying that issues are satisfactorily resolved. Compliance also ensures that policies and credit management processes and programs are aligned with regulatory requirements.

iv) Internal audit

Carryout audit of the credit management processes in the Bank to ascertain compliance to this policy and adequacy of controls implemented to mitigate risks inherent in the lending business and provide assurance to the Board and Senior Management.

These functions interact through joint committees, coordinated reviews, and regular reporting, ensuring a robust control environment.

e) Reporting Scope and Content

Reporting on credit risk exposure and management includes:

- Management Reports: monthly dashboards covering portfolio composition, limit utilization, portfolio quality, covering portfolio at risk, non-performing loans, and provisioning.
- Board Reports: quarterly reviews of credit risk trends, stress test results, and compliance with policies.
- Regulatory Reports: Central bank regulatory returns and disclosures aligned with Pillar 3 requirements, ensuring transparency to external stakeholders.

Reports combine quantitative data (exposure metrics, capital allocation) with qualitative analysis (emerging risks, sector outlooks, mitigation strategies).



2.2 Prudential Regulatory Metrics

(AMOUNTS IN MILLION SHILLINGS)

S/N	METRIC	A	B	C	D	E
		DEC-25	SEPT-25	JUN-25	MAR-25	DEC-24
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	2,209,175	1,877,446	1,822,269	1,789,827	1,718,218
2	Tier 1	2,209,175	1,877,446	1,822,269	1,789,827	1,718,218
3	Total capital	2,464,431	1,974,668	1,920,874	1,897,560	1,825,661
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	13,128,459	12,335,282	12,924,820	12,102,606	10,947,112
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	16.83%	15.22%	14.10%	14.79%	15.70%
6	Tier 1 ratio (%)	16.83%	15.22%	14.10%	14.79%	15.70%
7	Total capital ratio (%)	18.77%	16.01%	14.86%	15.68%	16.68%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5%)	6.77%	4.01%	2.86%	3.68%	4.68%
9	Total of bank CET1 specific buffer requirements (%)	0%	0%	0%	0%	0%
10	CET1 available after meeting the bank's minimum capital	8.33%	6.72%	5.60%	6.29%	7.20%
Basel III leverage ratio						
11	Tier 1 Capital	2,209,175	1,877,446	1,822,269	1,789,827	1,718,218
12	Exposure measure	24,283,553	22,167,504	21,998,393	20,429,122	20,079,909
13	Basel III leverage ratio (%) (Tier 1 Capital / Exposure Measure)	9.10%	8.47%	8.28%	8.76%	8.56%
Liquidity Coverage Ratio						
14	Total high-quality liquid assets (HQLA)	4,562,379	3,823,714	4,591,023	4,001,704	3,362,907
15	Total net cash outflow	2,483,679	3,557,913	2,442,508	2,454,339	2,571,837
16	LCR (%)	183.69%	107.47%	187.96%	163.05%	130.76%
Net Stable Funding Ratio						
17	Total available stable funding	15,899,889	13,452,549	13,589,174	12,127,532	11,446,769
18	Total required stable funding	11,816,580	11,119,472	11,259,484	9,458,593	8,860,010
19	NSFR (%)	134.56%	120.98%	120.69%	128.22%	129.20%



2.3 Composition of regulatory capital

CAPITAL ADEQUACY RETURN AS OF 31 DECEMBER 2025 (AMOUNTS IN MILLION SHILLINGS)

S/N		Current Year 31.12.2025	Prior Year 31.12.2024
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Ordinary shares Capital	65,296	65,296
2	Share Premium arising from Ordinary shares	158,314	158,314
3	Retained earnings less foreseeable dividends	1,672,234	1,298,219
4	Other disclosed reserves;	-	-
5	Year to date profits of:	-	-
6	Fifty per cent of the year to date profits less foreseeable dividends where accounts are unaudited or;	-	-
7	One hundred percent of the year to date profits, less foreseeable dividends, where accounts have been audited subject to submission of the signed accounts to the Bank;	467,090	357,995
8	CET 1 before Regulatory Adjustments	2,362,935	1,879,825
9	Regulatory adjustments applied to CET1:	153,760	161,606
10	Year to date losses;	-	-
11	Goodwill;	-	-
12	Other intangible assets;	-	-
13	Deferred tax assets that rely on future profitability;	108,169	95,748
14	The amount of items where entities with which the bank has reciprocal cross holdings of Common Equity Tier 1 instrument that the Central Bank considers to have been designed to inflate artificially the own funds of the bank;	-	-
15	The amount of items required to be deducted from Additional Tier 1 items that exceed the Additional Tier 1 capital of the bank.	-	-
16	Pre-paid expenses;	45,591	65,858
17	Pre-operating expenses.	-	-
18	Common Equity Tier 1	2,209,175	1,718,218
19	Additional Tier 1 Capital		
20	Non-cumulative Irredeemable Preference Shares	-	-
21	Share Premium arising from Non-cumulative Irredeemable Preference Shares	-	-
22	Other Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
23	Additional Tier 1 Capital before regulatory adjustments	-	-
24	Total regulatory adjustment applied to Additional Tier 1 capital	-	-
25	The amount of items required to be deducted from Tier 2 items that exceed the Tier 2 capital of the bank.	-	-
26	Other Items Qualifying to be deducted from Additional Tier-1 Capital.	-	-
27	Additional Tier 1 Capital recognized for capital adequacy	-	-
28	Available Additional Tier 1 Capital	2,209,175	1,718,218
29	Tier 2 Capital		
30	Qualifying Tier 2 capital instruments and subordinated loans that meet the conditions stipulated by the Bank.	255,256	91,963
31	Share premium arising from capital instruments and subordinated loans qualifying as Tier 2 Capital	-	-
32	Instruments issued by consolidate subsidiaries and held by third parties that met the criteria stipulated by the Bank.	-	-
33	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	-	15,479

2.3 Composition of regulatory capital

CAPITAL ADEQUACY RETURN AS OF 31 DECEMBER 2025 (AMOUNTS IN MILLION SHILLINGS)

	Current Year 31.12.2025	Prior Year 31.12.2024
34 Available Tier 2 Capital	255,256	107,442
35 TOTAL CAPITAL (Tier Capital plus Tier 2 Capital).	2,464,431	1,825,661
36 Total Risk Weighted Assets (RWA) as BOT FORM 16-1 Schedule 15 (SUMMARY)	13,128,459	10,947,112
37 Capital Ratios and buffers (in percentage of risk weighted assets)		
38 CET1 to total RWA	16.83%	15.70%
39 Tier-1 capital to total RWA	16.83%	15.70%
40 Total capital to total RWA	18.77%	16.68%
41 Capital conservation buffer	6.77%	4.68%
42 National minimum capital requirements prescribed by the Bank of Tanzania		
43 CET1 to total RWA	8.50%	8.50%
44 Tier-I capital to total RWA	10.00%	10.00%
45 Total capital to total RWA	12.00%	12.00%
46 Capital conservation buffer	2.50%	2.50%



2.4 Credit Quality of Assets

S/N	ASSET TYPE	GROSS CARRYING VALUE OF		ALLOWANCES / IMPAIRMENTS	NET VALUES (A+B-C)
		DEFAULTED EXPOSURES	NON-DEFAULTED EXPOSURES		
(AMOUNTS IN MILLION SHILLINGS)					
1	Loans	373,976	13,088,387	238,558	13,223,805
2	Debt Securities	-	2,573,032	1,180	2,571,852
3	Off-Balance Sheet Items	6,668	5,496,177	10,475	5,492,370
4	Total	380,644	21,157,596	250,213	21,288,027



2.5 Standardized approach - credit risk exposure and credit risk mitigation effects

	ASSET TYPE	A	B	C	D	E	F
		EXPOSURES BEFORE CCF AND CRM		EXPOSURES POST-CCF AND POST-CRM		RWA AND RWA DENSITY	
(AMOUNTS IN MILLION SHILLINGS)							
S/N		ON- BALANCE SHEET AMOUNT	OFF-BALANCE SHEET AMOUNT	ON- BALANCE SHEET AMOUNT	OFF-BALANCE SHEET AMOUNT	RWA	RWA DENSITY
1	Sovereigns and their central banks	4,256,633	-	4,256,633	-	-	0%
2	Non-central government public sector entities	373,958	14,854	348,174	14,854	26,442	7%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks and financial institutions	2,082,028	847,390	2,082,028	847,390	628,872	21%
5	Corporates and securities firms	7,229,484	4,614,029	6,704,542	2,362,612	7,945,466	88%
6	Retail	4,376,093	20,742	3,738,347	20,605	1,872,930	50%
7	Real estate	397,617	1,678	390,447	1,678	261,590	67%
8	Defaulted exposures	222,486	4,205	222,486	4,205	273,508	121%
9	Other assets	1,825,115	-	1,825,115	-	1,108,270	61%
10	Total	20,763,415	5,502,899	19,567,772	3,251,345	12,117,079	



2.6 Standardized Approach

- Exposures by Asset Classes and Risk Weights

(AMOUNTS IN MILLION SHILLINGS)

	0%	20%	50%	100%	150%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks			
Sovereigns and their central banks	4,256,633	-	-	-	-	4,256,633			
	0%	20%	50%	100%	150%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks			
Public sector entities	321,731			41,297	-	363,028			
	0%	20%	30%	50%	100%	150%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks		
Multilateral development banks	-	-	-	-	-	-			
	0%	20%	30%	40%	50%	75%	100%	150%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks
Banks and financial institutions	424,463	1,924,548	70,008	324,956	184,932	-	512	-	2,929,418.97
	0%	20%	50%	75%	100%	150%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks		
Corporates and securities firms	408,813	699,984	-	-	7,958,357	-	9,067,154		
	50%	75%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks						
Retail	3,724,335	34,617	3,758,95						
	20%	25%	30%	40%	50%	60%	70%	100%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks
Residential real estate	30,847	12,409	38,078	16,028	26,921	38,560	100,496	128,787	392,125
Commercial	-	-				-		-	-
	100%	150%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks						
Defaulted exposures	124,646	102,045	226,691						
	0%	20%	100%	1250%	Total credit exposure amount (post-CCF and post-CRM) Sovereigns and their central banks				
Other assets	-	11	1,825,104		1,825,115				

2.7 Additional disclosure related to the credit quality of assets

A bank or financial institution shall provide the following disclosures:

Qualitative disclosures

(a) The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.

Past Due - An exposure is classified as past due when a counterparty has failed to make a contractual payment (principal and/or interest) on the scheduled due date

Impaired - An exposure is considered impaired when there is objective evidence that one or more events have occurred after initial recognition and that the event(s) have a negative measurable impact on the estimated future cash flows of the financial asset. Credit-impaired financial assets are referred to as Stage 3 assets.

Difference Between Past Due and Default (Regulatory Definition)

For regulatory purposes under Bank of Tanzania prudential guidelines, default generally occurs when:

An exposure is 90 days or more past due; or
The Bank considers the obligor unlikely to pay without realization of collateral.

While accounting impairment (Stage 3) typically aligns with regulatory non-performing loans (90+ days past due), accounting standards may also classify exposures as impaired based on forward-looking information even if they are not yet 90 days past due

(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

In limited circumstances, exposures that are more than 90 days past due may not be classified as impaired where:

»»» Delay is administrative or operational in nature, eg. System error, internal operational error or payment processing delay

»»» There is reasonable evidence of full recovery,

»»» A highly liquid, adequate and enforceable collateral exists, and recovery through realization is highly probable/certain

»»» Payments are received shortly after the reporting date.

(c) Description of methods used for determining impairment

The bank has a robust Expected Credit Loss (ECL) model under IFRS 9. Key elements include Staging Assessment, Measurement of ECL (PD, LGD and EAD), Individual vs Collective Assessment, and Write-offs.

All exposures classes (assets) are assessed at each reporting period and classified in stages after which impairment is assessed in accordance with the requirements of IFRS 9.

(d) The bank's own definition of a restructured exposure.

A restructured exposure refers to a facility whose original contractual terms have been modified due to the borrower's financial difficulty, resulting in concessions granted by the Bank.

Restructuring measures may include;

- »»» Extension of tenor,
- »»» Reduction in interest rate,

- »»» Principal repayment rescheduling,
- »»» Grace periods,

Restructured exposures are assessed for impairment and may remain classified as impaired unless sustained performance is demonstrated over a defined observation period.

Quantitative disclosures

(d) Breakdown of exposures by geographical areas, industry and residual maturity.

By Geographical Area (AMOUNTS IN MILLION SHILLINGS)		By Industry (AMOUNTS IN MILLION SHILLINGS)		By Residual Maturity (AMOUNTS IN MILLION SHILLINGS)	
Geographical Area	Total Exposure	Industry	Total Exposure	Residual Maturity	Total Exposure
Arusha	728,052	Agriculture	2,997,221	Current	2,592
Coastal	147,307	Building and Construction	600,372	1 - 30 days	42,399
Dar es salaam	5,784,887	Education	180,350	31 - 60 days	109,305
Dodoma	1,571,141	Electricity	106,777	61 - 90 days	248,891
Geita	183,133	Financial Intermediaries	759,116	91 - 180 days	574,342
Iringa	425,699	Fishing	10,338	181 days - 1 year	1,338,293
Kagera	462,960	Forest	901	1 - 2 years	2,083,259
Katavi	95,054	Gas	7,565	2 - 3 years	808,046
Kigoma	80,071	Health	116,062	3 - 5 years	1,800,966
Kilimanjaro	247,045	Hotels and restaurants	95,889	Over 5 years	6,454,270
Lindi	66,546	Leasing	1,684	Grand Total	13,462,363
Manyara	92,846	Manufacturing	539,980		
Mara	152,498	Mining and quarrying	176,522		
Mbeya	315,992	Mortgage	235,480		
Morogoro	777,012	Other Services	281,100		
Mtwara	84,502	Personal	4,488,789		
Mwanza	519,158	Real Estate	120,369		
Njombe	45,810	Tourism	125,491		
Pemba	17,932	Trade	2,249,903		
Rukwa	133,742	Transport and communication	358,135		
Ruvuma	170,535	Warehousing and storage	1,139		
Shinyanga	308,912	Water	9,180		
Simiyu	84,672	Grand Total	13,462,363		
Singida	86,888				
Songwe	80,292				
Tabora	329,689				
Tanga	122,208				
Unguja	347,780				
Grand Total	13,462,363				



(e) Amounts of impaired exposures (according to the definition used by the bank for accounting purposes) and related allowances and write-offs, broken down by geographical areas and industry.

BY GEOGRAPHICAL AREA			
(AMOUNTS IN MILLION SHILLINGS)			
Geographical Area	Total Exposure	ECL	Write-offs
Arusha	6,428	2,804	2,003
Coastal	1,487	527	117
Dar es salaam	122,683	62,905	58,260
Dodoma	5,959	3,364	1,010
Geita	3,746	2,402	370
Iringa	8,419	2,778	633
Kagera	3,581	1,342	351
Katavi	1,097	305	102
Kigoma	1,496	686	172
Kilimanjaro	4,191	1,363	240
Lindi	1,747	705	67
Manyara	1,565	592	81
Mara	4,930	2,482	434
Mbeya	16,216	4,573	1,146
Morogoro	9,546	6,405	602
Mtwara	2,988	1,066	59
Mwanza	9,057	3,395	3,561
Njombe	1,315	413	97
Pemba	156	65	5
Rukwa	1,914	603	1,939
Ruvuma	6,594	1,193	106
Shinyanga	6,159	3,715	1,260
Simiyu	4,953	1,352	146
Singida	5,086	4,673	542
Songwe	4,247	808	275
Tabora	125,936	88,978	2,796
Tanga	2,757	1,032	310
Unguja	9,723	1,890	981
Grand Total	373,976	202,416	77,665

BY INDUSTRY			
(AMOUNTS IN MILLION SHILLINGS)			
Industry	Total Exposure	ECL	Write-offs
Agriculture	169,807	102,308	8,684
Building and Construction	25,347	9,445	8,072
Education	6,147	1,093	1,344
Electricity	3,736	360	-
Financial Intermediaries	95	13	46
Fishing	55	5	-
Forest	6	3	-
Gas	-	-	-
Health	4,125	1,637	24
Hotels and restaurants	5,842	472	4,837
Leasing	-	-	16
Manufacturing	196	32	11
Mining and quarrying	632	166	83
Mortgage	3,659	422	-
Other Services	3,070	1,019	4
Personal	101,644	71,585	32,952
Real Estate	92	5	10,535
Tourism	417	38	411
Trade	43,107	13,027	8,750
Transport and communication	5,590	746	1,896
Warehousing and storage	33	3	-
Water	376	37	-
Grand Total	373,976	202,416	77,665

(f) Ageing analysis of accounting past-due exposures.

(Figures in million shillings)	
DAYS PAST DUE	TOTAL EXPOSURE
1-30 days	1,126,145
31-90 days	130,777
91-180 days	79,583
181-360 days	179,242
361 and Above	48,031
Grand Total	1,563,777

(h) Breakdown of restructured exposures between impaired and not impaired exposures.

(Figures in million shillings)	
CATEGORY	TOTAL EXPOSURE
Restructured - Impaired	166,131
Restructured - Not Impaired	926,084
Grand Total	1,092,215

2.8 Qualitative disclosure requirements related to credit risk mitigation techniques

Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting.

a) Policies and processes for on- and off-balance sheet netting.

1. Legal Enforceability

Netting is only applied where there is a legally enforceable right of set-off. All netting arrangements are supported by formal agreements (e.g., ISDA Master Agreements) and a legal opinion is obtained to confirm enforceability

2. Approval and Governance

Netting arrangements require approval from Legal, Risk, and Finance functions. Oversight is maintained through Risk Committees and Audit structures.

3. Accounting Treatment

Netting is applied in financial reporting only when criteria under IFRS are met and legal right to offset exists

4. Risk Management Integration

Netting is incorporated into counterparty credit risk measurement, limit monitoring and capital adequacy calculations (aligned with Basel principles)

5. Documentation and Review

All netting agreements and processes are documented and periodically reviewed, Regular reviews by second and third lines of deference ensure compliance with internal policy and regulatory expectations.

b) Extent to which the bank makes use of, on- and off-balance sheet netting.

a) Netting On-Balance Sheet

Applied selectively and only where strict accounting and legal criteria are satisfied.

Typically limited to:

Accounts with the same counterparty
Situations with clear settlement intent

b) Off-Balance Sheet Netting

Applied more extensively, particularly in treasury and markets activities. This is common in derivative transactions (e.g., FX, swaps)

Enabled through:

»»» ISDA agreements
»»» Collateral arrangements (CSA)

(b) Core features of policies and processes for collateral evaluation and management.

Bank maintains a comprehensive Collateral Management Policy covering,



Eligible collateral Types (Real estate (land and buildings), Cash deposits, Government securities, Motor vehicles and equipment, Guarantees),



Valuation (internal and external valuers, Periodic revaluation (frequency based on risk profile),



Monitoring (Regular review of collateral coverage, Insurance requirements and Legal perfection and enforceability checks)






Application of collateral values in impairment assessment including the use of haircuts, realization period and discounting to arrive at net present values








(c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, and collateral).

The bank’s collateral policy considers the use of credit risk mitigation techniques. These mitigations are used to reduce potential losses by either securing exposures, transferring risk to third parties, or diversifying portfolios.

These include those that qualify for capital computations purposes in accordance with the Bank of Tanzania guideline on Computation of Capital Charge for Credit Risk for Banks and Financial Institutions, 2022, issued by the Bank of Tanzania as well as those that the bank considers useful in meeting the potential loss reduction, diversification and risk transfer/sharing

The respective credit risk mitigations include;

-  Guarantee of the Government of the United Republic;
-  Guarantee of the Revolutionary Government of Zanzibar;
-  Guarantee of the Bank of Tanzania;

-  Cash, fixed deposit, treasury bills, notes or bonds, or other instruments as approved by the Bank of Tanzania
-  Unconditional and irrevocable guarantee of a first-class international bank or a first-class international financial institution
-  Guarantees provided by other institutions such as financial institutions and corporates
-  Insurance bonds
-  Corporate bonds and shares
-  Landed properties
-  Chattels



2.9 Credit risk mitigation (CRM) techniques – overview

(AMOUNTS IN MILLION SHILLINGS)				
S/N		A	B	C
		EXPOSURES CARRYING AMOUNT	EXPOSURES SECURED BY ELIGIBLE COLLATERAL	EXPOSURES NOT SECURED BY ELIGIBLE COLLATERAL (A)-(B)
1	Loans	13,462,363	3,165,120	10,297,243
2	Off Balance sheet	5,502,845	2,314,890	3,187,955
3	Total	18,965,208	5,480,010	13,485,198
4	Of which defaulted	380,644	27,931	352,713



2.10 Operational risk – Qualitative disclosures

Operational risk – Qualitative disclosures

This disclosure outlines CRDB Bank Plc’s approach to managing operational risk, including governance, policies, measurement systems, and reporting frameworks. The Bank applies international best practices and complies with Bank of Tanzania regulations to ensure robust risk management and transparency.

Policies, frameworks and guidelines for the management of operational risk.

The bank is guided by Board approved Group Risk Management Framework which sets out governance structure and risk management within group. The framework specifies roles and responsibilities of risk owners or role players in relation to the Group’s Risk Management Approach. The framework also outlines Group governance, oversight, and reporting requirements. The framework is reviewed annually to ensure relevance and effectiveness.

Supporting this framework is annually Board approved Operational Risk Management Policy, which:



Defines principles and responsibilities for managing operational risk



Establishes methodologies for identifying, assessing, mitigating, and reporting risks



Aligns with Bank of Tanzania regulatory requirements

To operationalize the framework and policy, management has established procedures and guidelines for day-to-day operations. These procedures guide risk identification, assessment, measurement, mitigation, monitoring and reporting.

The structure and organization of their operational risk management and control function.

Operational risk management is overseen by the Director of Risk and Compliance, supported by the Head of Risk and specialized risk governance teams. The Bank operates under the Three Lines of Defence model:

First Line: Business units own and manage risks within their operations.

Second Line: The Risk and Compliance functions provide oversight, set policies, and monitor adherence.

Third Line: Internal Audit provides independent assurance on the effectiveness of operational risk controls.

Oversight is reinforced through below committee structure across all levels of the organization which ensures segregation of duties, independence, and robust governance.

- »»» Main Board of Directors – Provides ultimate oversight and approves the operational risk framework, policies, and capital adequacy assessments.
- »»» Board Risk Committee – A delegated committee of the Board responsible for detailed oversight of risk management, including operational risk exposures, mitigation strategies, and compliance with regulatory requirements.
- »»» Management Audit and Risk Committee (MARC) – Chaired by senior executives, this committee reviews operational risk reports, audit findings, and ensures corrective actions are implemented. It acts as the key link between executive management and the Board Risk Committee.

- »»» Risk Management Committee (RMC) – A management-level committee responsible for day-to-day monitoring of operational risk, reviewing key risk indicators (KRIs), loss events, and emerging risks. It ensures that risk governance processes are embedded across business units.

Operational risk measurement system

The bank employs a comprehensive operational risk measurement system that combines both qualitative and quantitative methodologies. The system leverages internal loss data and scenario analysis under stress testing to estimate potential exposures.

Risks are classified as either high, medium or low based on the likelihood of occurrence and impact. Capital charge for operational risk follows Basel standardized measurement approach (SMA) as adopted by Bank of Tanzania (Central Bank).

The scope and main context of their reporting framework on operational risk to executive management and to the board of directors

Operational risk reporting is conducted through a structured framework that ensures transparency and accountability. Regular risk reports are submitted to management, highlighting key risk indicators, emerging risk trends, and mitigation actions.

The Board of Directors receives quarterly operational risk reports through the Board Risk Committee, which include detailed analyses of significant incidents and compliance with regulatory requirements.

This reporting framework ensures that both executive management and the Board are fully informed and engaged in overseeing operational risk management.

2.11 Operational risk – Quantitative disclosures

Minimum required operational risk capital

S/N	BI AND ITS SUBCOMPONENTS	2024	2023	2022	AVERAGE
(AMOUNTS IN MILLION SHILLINGS)					
1	Interest, lease and dividend component	375,221	337,809	285,505	332,845
1a	Interest income	1,406,209	1,127,947	882,749	
1b	Interest expense	378,561	326,796	211,170	
1c	2.25% of Interest-bearing assets	285,445	244,309	211,647	
1d	Financial and operating lease income	123	81	91	
1e	Financial and operating lease expenses	78,767	82,269	69,605	
1f	Dividend income	11,132	11,312	4,344	
2	Services component	632,551	521,072	421,863	525,162
2a	Fee and commission income	448,378	358,498	292,929	
2b	Fee and commission expenses	16,446	8,670	7,318	
2c	Other operating income	-	-	-	
2d	Other operating expenses	184,174	162,574	128,934	
3	Financial component	105,119	72,671	21,242	66,344
3a	Net P & L on the trading book	105,119	72,671	21,242	
3b	Net P & L on the banking book	-	-	-	
4	BI				924,351
5	Marginal Coefficient (a)				0.12
6	Capital Charge (Average*risk factor)				110,922
7	Conversion Factor				8.33
8	Calibrated Risk-Weighted Equivalent Amount				924,351



2.12 Market Risk

2.12.1 Description of Market Risk

Market risk refers to the risk of losses in on and off balance sheet positions resulting from adverse movements in market prices. CRDB Bank PLC is exposed to market risk through both its trading book and banking book activities.

The major market risk types to which the Bank is exposed include

- »»» Interest Rate Risk – arising from changes in market interest rates that affect earnings and the economic value of assets and liabilities.
- »»» Foreign Exchange Risk – arising from fluctuations in exchange rates that impact foreign currency positions and cash flows.
- »»» Equity Risk – arising from changes in the market value of equity trading positions.

The Bank manages market risk in accordance with the Bank of Tanzania prudential requirements, Board approved internal policies, and internationally recognized risk management practices. The Bank’s strategy ensures that market risks are identified, measured, monitored, controlled, and reported in a timely and effective manner to safeguard capital, liquidity, and earnings.

2.12.2 Strategies and Processes

2.12.2.1 Strategic Objectives in Undertaking Trading Activities

CRDB Bank undertakes trading activities to support its business strategy and customer needs. The key strategic objectives include:

- »»» Providing liquidity and facilitating client transactions across FX, money markets, fixed income, and derivatives.
- »»» Generating diversified trading income through disciplined market-making and selective positioning within authorized limits.
- »»» Managing structural balance sheet exposures relating to interest rates, FX, and commodities.
- »»» Supporting client hedging needs through risk mitigation products.
- »»» Applying hedging strategies to mitigate market risk arising from lending, funding, and investment activities.

All trading activities operate under a comprehensive Risk Appetite Framework, Board approved strategies, and well defined dealing mandates.



2.12.3 Market Risk Management Processes

The Bank has established a robust framework to identify, measure, monitor, and control market risk exposures. There is strong segregation of duties between Front Office, Middle Office, and Back Office. Independent oversight is provided by the **Market Risk Management function** that independently reports to the Director of Risk and Compliance.

Key processes include:

»»» Monitoring market valuation of all trading positions.

»»» Monitoring of market risk limits including positions management, Stop loss limit, VaR, and sensitivity metrics (PV01, DV01)

»»» Periodic stress testing and scenario analysis to assess vulnerability to extreme market movements.

»»» Regular reporting of exposures, limit utilizations, exceptions, and trends to ALCO, Senior Management, and the Board Risk Committee.

»»» Independent review of the Trading activities as deemed by the bank's approved policies

2.12.3 Hedging Policies and Processes

The Bank undertakes hedging activities to mitigate the adverse impact of market risk on earnings and capital. Hedging is performed within a structured policy framework that defines:

»»» Eligible hedging instruments (e.g. forwards, swaps, futures, options).

»»» Criteria for identifying hedgeable exposures.

»»» Approval and documentation requirements.

»»» Hedge performance monitoring standards.

Execution and Monitoring

- Hedges are executed with approved counterparties according to internal trading mandates.
- Risk function independently verifies exposures, monitors hedge effectiveness, and ensures compliance with strategy parameters.
- Residual exposures and exceptions are escalated through governance channels.

2.12.4 Trading Desk Structure

The Bank operates a centralized Global Markets Division under the Treasury Department designed to ensure specialization, accountability, and effective control. Activities are organized across the following trading desks supported by sophisticated Treasury management system (Calypso):

- FX Trading and Derivatives Desk
- Rates and Money Markets Desk
- Fixed Income Trading Desk
- Commodities and Structured Derivatives Desk



Each desk operates within approved mandates covering product scope, limits, and risk tolerances. The Division is led by the Head of Global Markets, supported by Senior Managers and Traders responsible for execution, client facilitation, and position management.

2.12.5 Policies for Determining Trading Book Classification

Positions are allocated to the trading book when they:

- Are held with trading intent.
- Are managed and risk monitored on a fair value basis.
- Fall within approved trading mandates and limits.

Positions that do not meet these criteria are classified in the banking book.

Stale Positions

Positions held beyond intended time horizons or that exhibit reduced liquidity are subject to:

- Enhanced review by Market Risk Management
- Escalation to Senior Management
- Risk mitigation actions where appropriate

Transfers Between Trading Book and Banking Book

- No transfers between the trading and banking books have been undertaken, as the Bank's policies and systems are designed to ensure consistent classification at origination.
- The Bank's governance framework prohibits reclassification unless explicitly permitted under IFRS 9, which is limited to cases involving a change in business model, a circumstance that has not occurred during the reporting period.
- The Bank maintains transparent documentation and oversight to ensure that classification decisions remain consistent with IFRS 9 requirements and regulatory expectations.



2.12.6 Governance Structure

CRDB Bank PLC applies the Three Lines of Defence (3LoD) model to ensure effective governance, oversight, and management of market risk. Roles and responsibilities across the lines of defence are clearly defined to maintain strong internal controls and compliance with regulatory expectations.

2.12.6.1 First Line of Defence (1LoD)

2.12.6.1.1 Treasury (Front Office)

The Treasury Front Office is responsible for managing market related activities and directly owning market risk within approved limits. Its responsibilities include:

- » Trade execution and market making
- » Strategy formulation and pricing
- » Client facilitation and delivery of hedging solutions
- » Day to day position management within authorized mandates
- » Identifying and managing risks arising from trading activities

The Front Office operates under approved policies, risk limits, and product programs.

2.12.6.1.2 Back Office (Settlements & Operations)

The Back Office reports to the Director of Banking Operations and provides essential operational control and post trade verification. Although operational, it forms part of the 1LoD as it supports trade execution and helps prevent operational and settlement risk.

Core responsibilities include:

- Trade confirmation with counterparties
- Settlement processing of cash flows and securities
- Reconciliation of positions, accounts, and cash movements
- Maintenance of static data and settlement instructions
- Ensuring trades executed by Treasury are accurately captured, confirmed, and settled

The Back Office ensures operational integrity, accuracy, and completeness of Treasury transactions, reinforcing control within 1LoD.

2.12.6.2 Second Line of Defence (2LoD) – Market Risk Management (Independent Oversight)

The Market Risk Management function sits under the Directorate of Risk and Compliance and provides independent oversight of risk taking activities conducted in 1LoD.

Key responsibilities include:



Developing and maintaining market risk frameworks, policies, and limits



Independently identifying and measuring market risk exposures



Monitoring compliance with approved limits and risk appetite



Conducting stress testing and scenario analysis



Validating valuation inputs, models, and methodologies



Reporting exposures, limit breaches, and trends to Senior Management, ALCO, and Board Committees



Providing challenge and oversight to the First Line

Independence ensures professional objectivity and strong governance.

2.12.6.3 Third Line of Defence (3LoD) – Internal Audit

Internal Audit provides independent assurance to the Board and senior management that the market risk management framework, internal controls, and governance processes are

- » Adequately designed
- » Operating effectively
- » Compliant with regulatory and internal policy requirements

Internal Audit operates independently of management and reports directly to the Board Audit Committee.

2.12.7 Scope and Nature of Risk Reporting and Measurement Systems

The Bank uses comprehensive risk measurement tools and reporting structures to ensure timely oversight of market risk exposures.

2.12.7.1 Risk Oversight Committees

Board of Directors

Holds ultimate accountability for market risk governance.

Board Risk Committee

Provides strategic oversight of market risk, reviews key reports, and approves policies and risk appetite (quarterly).

Asset and Liability Committee (ALCO)

Reviews interest rate risk, FX risk, liquidity risk, capital risk and limit utilization (monthly)

Risk Management Committee (Management Level)

Monitors overall risk exposures, including market risk, stress tests results and ensures alignment with approved risk appetite (monthly).

Audit and Risk Management Committee

Provides oversight on internal controls and risk management effectiveness (quarterly).

2.12.7.2 Market Risk Measurement, Monitoring, and Control Tools

The Bank employs the following tools:

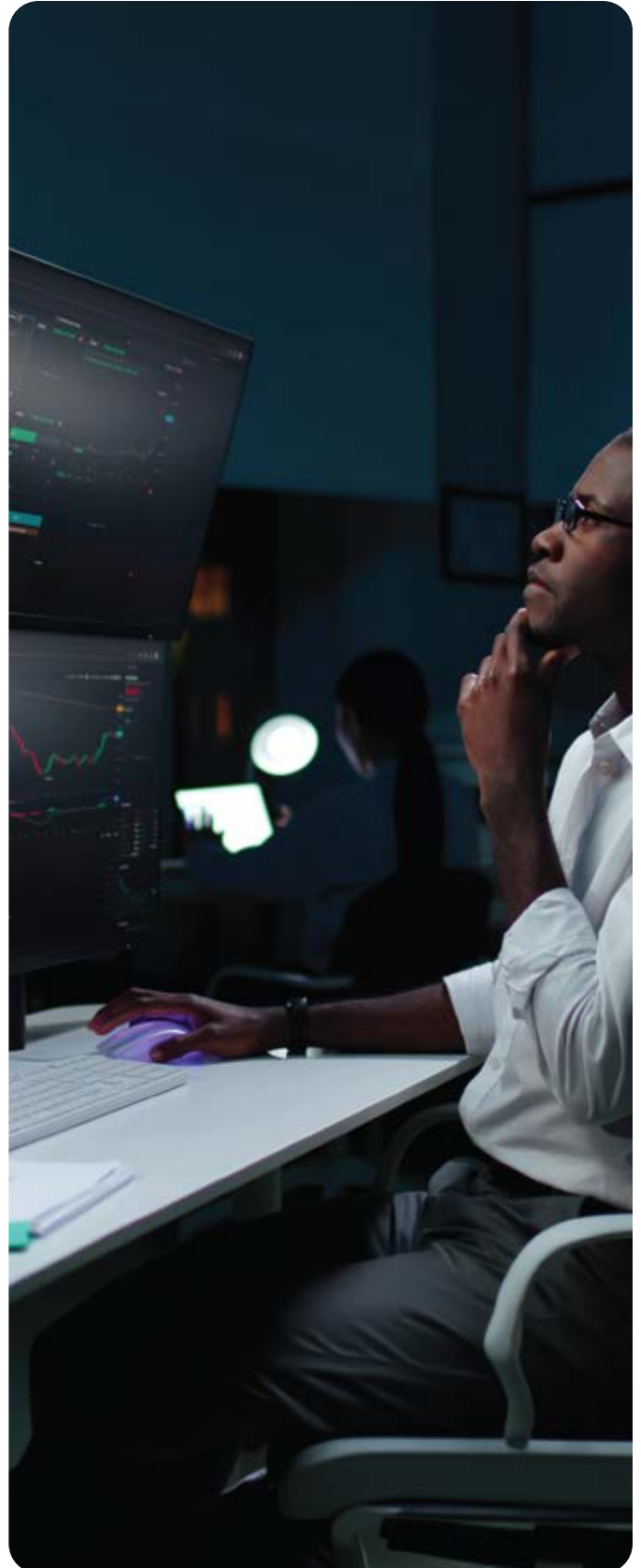
- »»» Risk Limits – Specific per risk type, product, currency, and portfolio.
- »»» Value at Risk (VaR) – For foreign currency positions.
- »»» Stress Testing and Scenario Analysis – To assess extreme but plausible shocks.
- »»» Key Risk Indicators (KRIs) – Early warning signals of rising risk.
- »»» Risk and Control Self-Assessments (RCSAs) – To identify control weaknesses.

Regular reporting ensures exposures remain aligned with the Bank’s risk appetite, and exceptions are escalated promptly.

Quantitative disclosures

(AMOUNTS IN MILLION SHILLINGS)

	CAPITAL CHARGE IN SIMPLIFIED STANDARDIZED METHOD
Interest rate risk	1,691
Equity risk	-
Foreign exchange risk	8,753



2.13 Interest rate risk in the banking book

A: Qualitative Disclosures:

The bank's IRRBB is the risk that changes in interest rates hurt a bank's earnings or its economic value because of how assets and liabilities are structured in the banking book. It arises because asset and liability cash flows don't reprice at the same time or in the same way when interest rates move. Since the bank typically borrows short-term and lends long-term, it is naturally exposed.

CRDB manages IRRBB through: -

- »»» Asset-liability matching (ALM)
- »»» Interest rate swaps and other hedges
- »»» Product pricing and repricing strategies
- »»» Behavioural modelling of deposits and prepayments
- »»» Limits and governance via ALCO

IRRBB for CRDB is mainly caused by: -

- »»» Repricing (gap) risk: - Mismatch in the timing of interest rate resets.
- »»» Yield curve risk: - Different maturities respond differently to rate changes.
- »»» Basis risk: - Different reference rates don't move perfectly together.
- »»» Optionality risk: - Embedded options held by customers.

Key assumptions used are: -

- »»» Deposit stickiness assumptions for non- maturity deposits
- »»» Number of days remaining to maturity for loans
- »»» Weighting factor of 1% up to 180-days and 3.5% for 181-365-days
- »»» Interest rates of 2% per quarter



B: Quantitative disclosures:

INTEREST RATE RISK ANALYSIS

INTEREST RATE GAP (Measure = 100bps quarterly rate movement)

(AMOUNTS IN MILLION SHILLINGS)

S/N		0-30 DAYS	31-90 DAYS	91-180 DAYS	181-365 DAYS	1-3 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
1	Total Capital								2,464,431
2	Investment in Debt Securities	9,990	129,675	78,549	444,907	222,332	179,864	1,508,894	2,574,212
3	Interbank Loans Receivable	441,604	-	-	-	-	-	-	441,604
4	Loans, advances and overdrafts	872,901	1,087,551	878,191	1,823,645	1,753,304	2,191,665	4,855,107	13,462,363
5	Total Assets	1,324,495	1,217,226	956,740	2,268,552	1,975,636	2,371,529	6,364,001	16,478,179
6	Deposits	774,476	535,451	543,352	738,037	266,191	145,533	3,905,924	6,908,963
7	- Savings	169,284	163,359	157,642	152,124	146,800	141,662	3,905,824	4,836,696
8	- Term or Notice	605,191	372,092	385,710	585,912.18	119,391	3,870	100	2,072,267
9	Loans & Advances from Other Institutions	391,500	124,771	247,705	419,285	883,753	734,756	794,697	3,596,467
10	Subordinate Debt	-	-	-	-	-	309,631	-	309,631
11	Off-Balance Sheet Items	419,551	1,716,838	1,025,046	666,931	878,781	136,884	-	4,844,031
12	Total Liabilities	1,585,527	2,377,060	1,816,103	1,824,253	2,028,725	1,326,804	4,700,621	15,659,093
13	Interest Rate Gap	(261,032)	(1,159,834)	(859,363)	444,299	(53,089)	1,044,725	1,663,380	
14	Weighting Factor	1.00%	1.00%	1.00%	3.50%	8.00%	13.00%	18.00%	
15	Adjusted Interest Rate Gap (A*B)	(2,610)	(11,598)	(8,594)	15,550	(4,247)	135,814	299,408	423,724
16	Interest Rate Risk Ratio (D/A)	(0.11%)	(0.47%)	(0.35%)	(0.63%)	(0.17%)	5.51%	12.15%	
17	Maximum Limit PER BUCKET	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
18	Aggregate Interest Rate Risk Ratio [(Sum D)/A]								17.2%
19	Maximum Limit Overall Recommended								20.0%
20	Interest Rate Risk - Impact on Net Interest Income (Review Purposes)	0-90 days	90-180 days	180-365 days					
21	Cummulative up to 12 mos Gap	(1,420,865)	(2,019,197)	(415,064)					
22	Interest Rate Shock	2.0%	2.0%	2.0%					
23	Interest Rate Impact	(28,417)	(40,384)	(8,301)					
24	Projected 4 Quarters Net Interest Income	702,156	702,156	702,156					
25	Interest Rate Impact, % of Net Interest Income	(4.05%)	(5.75%)	(1.18%)					

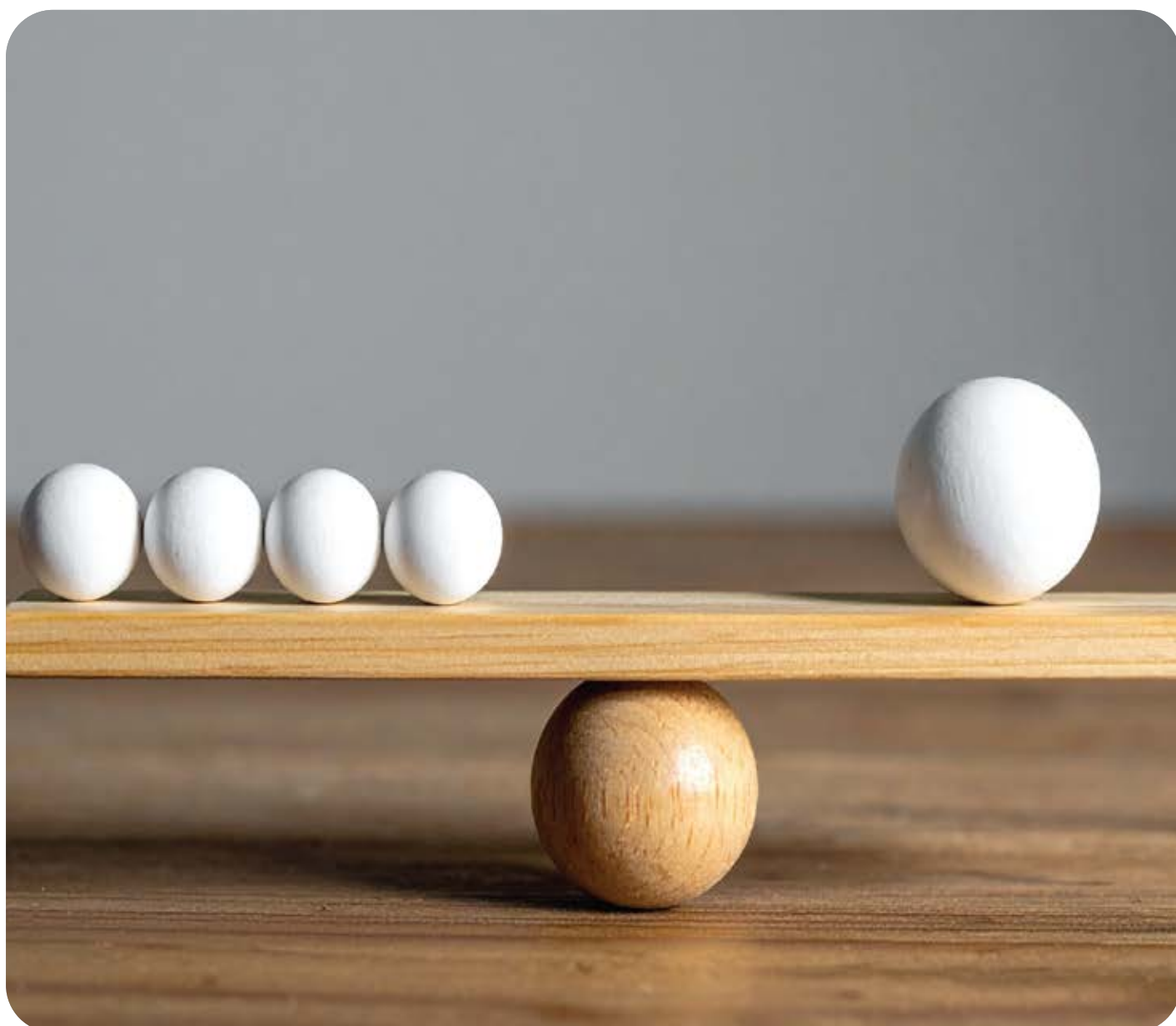
➤➤➤ For 0-30 bucket, the Bank closed December 2025 with a negative IRG, of which a 1% decrease in interest rates will have +0.11% impact on Banks Total capital and vice versa.

➤➤➤ For 0-90 bucket, the Bank closed December 2025 with a negative IRG, of which a 1% decrease in interest rates will have +4.05% impact on Banks Net Interest Income (NII) and vice versa.

2.14 Leverage Ratio:

COMPUTATION OF LEVERAGE RATIO AS AT:
BOT FORM 16-1 SCHEDULE 18 TO BE SUBMITTED MONTHLY
 (AMOUNTS IN MILLION SHILLINGS)

S/N	PARTICULARS	AMOUNT
1	Total Assets as calculated under BOT FORM 16-1 to be submitted Monthly (Line item 77)	20,763,415
2	Total Off Balance Sheet Exposures as calculated under BOT FORM 16-1 Schedule 15(ii) NEW (Line item 53)	3,520,138
3	Total Exposure Measure (Item 1 plus 2)	24,283,553
4	Tier 1 Capital as calculated under BOT Form 16-1 (Schedule 10(i)) NEW (Line item 28)	2,209,175
5	Leverage Ratio	9.10%



2.15 Computation of Liquidity Coverage Ratio (LCR) as at 31st December 2025

(AMOUNTS IN MILLION SHILLINGS)

A	B	C	D	E
1	Stock of High Quality Liquid Assets (HQLA)			
2	Cash (notes and coins)	563,076	100%	563,076
3	Balances with Bank of Tanzania to the extent that these balances can be drawn down in times of stress ¹	898,997	100%	898,997
4	Balances with Other banks and Interbank Loan Receivable callable on demand or with a maturity of less than 30 days	1,305,250	100%	1,305,250
5	Unencumbered Government securities maturing within 1 year	676,952	95%	643,104
6	Unencumbered Government securities maturing after 1 year	1,439,939	80%	1,151,951
7	Total high quality liquid assets	4,884,214	0%	4,562,379
8	Cash Outflows			
9	Demand deposits	6,645,487	10%	664,549
10	Savings deposits	4,843,924	10%	484,392
11	Time deposits (maturing in 30 days)	590,534	100%	590,534
12	Deposits from banks and financial institutions (maturing in 30 days)	130,892	100%	130,892
13	Derivatives cash outflows (sum of all net cash outflows due within 30 days)	-	100%	-
14	All other contractual cash outflows (maturing in 30 days)	722,670	100%	722,670
15	Undrawn and unexpired overdrafts	541,516	30%	162,455
16	Undrawn balances of loans	117,297	10%	11,730
17	Other contingent funding liabilities (such as guarantees and letters of credit)	4,844,031	5%	242,202
18	Total cash outflows	18,436,351	0%	3,009,422
19	Cash Inflows			
20	Loans and advances (maturing within 30 days)	98,840	50%	49,420
21	Due from banks and financial institutions (maturing in 30 days)	285,329	100%	285,329
22	All other contractual cash inflows (maturing in 30 days)	156,593	100%	156,593
23	Net derivatives cash inflows	34,402	100%	34,402
24	Total cash inflows	575,164		525,744
25	Total net cash outflows = Total cash outflows minus the lower of total cash inflows and 75% of gross outflows			2,483,679
26	Liquidity Coverage Ratio =(Total high quality liquid assets)/(Total net cash outflows)			183.69%

[1] Balances with Bank of Tanzania excluding Statutory Minimum Reserve



2.16 Liquidity Risk Management

COMPUTATION OF NET STABLE FUNDING RATIO (NSFR) AS AT 31ST DECEMBER 2025

(AMOUNTS IN MILLION SHILLINGS)

A	PARTICULARS B	CARRYING AMOUNT C	FACTOR D	WEIGHTED AMOUNT(B×C) E
1	Available Stable Funding (ASF)			
2	Common equity Tier 1	2,209,175	100%	2,209,175
3	Additional Tier 1	-	100%	-
4	Tier 2 Capital (excluding Tier 2 instruments with residual maturity of less than one year)	255,256	100%	255,256
5	Borrowings and liabilities with maturities of one year or more	2,896,215	100%	2,896,215
6	Stable demand and/or term deposits from retail and small business customers with residual maturity of less than one year.	3,069,683	95%	2,916,199
7	Less stable demand and/or term deposits from retail and small business customers with residual maturity of less than one year.	5,335,098	90%	4,801,588
8	Funding with residual maturity of less than one year provided by non-financial corporate customers	3,242,225	50%	1,621,113
9	Operational Deposits	441,905	50%	220,953
10	Funding with residual maturity of less than one year from sovereigns, public sector entities (PSEs), and multilateral and national development banks	1,532,257	50%	766,129
11	Other funding maturing within a period of six months to one year and not included in the line items above, including funding provided by central banks and financial institutions, including banks within the same cooperative network	426,524	50%	213,262
12	Deferred tax liabilities (if the effective maturity of the liability greater than one year).	-	100%	-
13	Deferred tax liabilities maturing within a period of six months to one year.	-	50%	-
14	Deferred tax liabilities maturing within six months.	-	50%	-
15	Minority Interest - If perpetual or with effective maturity of greater than or equal to one year	-	100%	-
16	Minority Interest with residual maturity between six months and less than one year.	-	50%	-
17	Minority Interest with effective maturity of less than six months.	-	0%	-
18	All other liabilities and equity not included in the above categories, including liabilities without a stated maturity.	1,181,273	0%	-
19	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets	-	0%	-
20	NSFR derivative liabilities (derivative liabilities less total collateral posted as variation margin on derivative liabilities).	-	0%	-
21	"Trade date" payables arising from purchases of financial instruments, foreign currencies	-	0%	-
22	Total Available Stable Funding (ASF) [sum (1)-(21)]			15,899,889
23	Required Stable Funding (RSF)			
24	On-balance sheet			
25	Cash	563,076	0%	-
26	Balances with Bank of Tanzania (All balances including Statutory Minimum Reserve).	1,537,819	0%	-
27	Claims on Bank of Tanzania with residual maturities of less than six months.	-	0%	-
28	Receivables arising from sales of financial instruments and foreign currencies.	-	0%	-
29	Unencumbered HQLA excluding cash and balance with the Bank of Tanzania.	2,116,891	5%	105,845
30	Unencumbered loans to banks and financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets, where a bank or financial institution has the ability to freely rehypothecate the received collateral	2,813	10%	281
31	All other unencumbered loans to banks and financial institutions with residual maturities of less than six months not included in the above categories.	442,541	15%	66,381
32	HQLA encumbered for a period of six months or more and less than one year.	105,000	50%	52,500
33	Loans to Bank of Tanzania, banks and financial institutions with residual maturities between six months and less than one year.	561,641	50%	280,821
34	Deposits held at other banks and financial institutions for operational purposes	1,305,250	50%	652,625
35	All other assets not included in the above categories with residual maturity of less than one year.	716,837	50%	358,419
36	Unencumbered residential mortgages with a residual maturity of one year or more and with a risk weight of less than or equal to 75%.	563,634	65%	366,362
37	Other unencumbered loans not included in the above categories, excluding loans to banks and financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 50%.	5,922,717	65%	3,849,766

2.16 Liquidity Risk Management

COMPUTATION OF NET STABLE FUNDING RATIO (NSFR) AS AT 31ST DECEMBER 2025

(AMOUNTS IN MILLION SHILLINGS)

	PARTICULARS	CARRYING AMOUNT	FACTOR	WEIGHTED AMOUNT(B*C)
38	Cash, securities or other assets posted as initial margin for derivative contracts and cash or other assets provided to contribute to the default fund of a Central Counter Party.	-	85%	-
39	Other unencumbered performing loans with risk weights greater than 50% and residual maturities of one year or more, excluding loans to banks and financial institutions.	5,802,162	85%	4,931,838
40	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities	351,141	85%	298,470
41	Physical traded commodities, including gold	-	85%	-
42	All other assets that are encumbered for a period of one year or more.	-	100%	-
43	Derivative assets net of derivative liabilities if derivative assets are greater than derivative liabilities.	34,402	100%	34,402
44	All other assets not included in the above categories, including non-performing loans, loans to banks and financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, items deducted from regulatory capital, retained interest, insurance assets, subsidiary interests and defaulted securities.	737,490	100%	737,490
45	Off-balance sheet	-		
46	Irrevocable and conditionally revocable credit and liquidity facilities to any client	658,814	5%	32,941
47	Unconditionally revocable credit and liquidity facilities	-	5%	-
48	Trade finance-related obligations (including guarantees and letters of credit)	4,844,031	1%	48,440
49	Guarantees and letters of credit unrelated to trade finance obligations	-	1%	-
50	Other non-contractual obligations	-	1%	-
51	All other off balance-sheet obligations not included in the above categories.	-	5%	-
52	Total Required Stable Funding (RSF) [sum (22)-(47)]	-		11,816,580
53	Net Stable Funding Ratio = (Total available stable funding)/(Total required stable funding) [B/D]			134.56%



3. Conclusion:

The Bank reaffirms its strong commitment to full compliance with the Market Discipline Guidelines issued by the Bank of Tanzania. It recognizes that transparent, accurate, and timely disclosures are fundamental to strengthening market confidence, enhancing accountability, and promoting sound financial sector practices.

Through well established governance structures, rigorous internal controls, and clearly articulated roles and responsibilities, the Bank ensures that all disclosures not only meet regulatory requirements but also present a true and fair reflection of its risk profile and financial condition.

The Bank will continue to regularly review, refine, and enhance its disclosure framework to remain aligned with evolving regulatory expectations, industry developments, and international best practices, thereby supporting sustainable growth, responsible risk management, and continued stakeholder trust.





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